

Summary of Consolidated Financial and Business Results
for the First Half of the Year Ending March 2010

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(All yen figures are rounded down to the nearest one million yen)

1. Results for the First Half of the Year Ending March 31, 2010 (April 1, 2009 - September 30, 2009)
(Unaudited)

(1) Consolidated Business Results

(Figures shown in percentage are ratios compared to the previous year)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First Half of FY2009	570,940	(15.6)	31,537	70.9	24,838	60.5	8,954	104.5
First Half of FY2008	676,272	—	18,453	—	15,478	—	4,378	—

	Net income per share	Diluted net income per share
	Yen	Yen
First Half of FY2009	9.06	9.05
First Half of FY2008	4.43	4.42

(2) Consolidated Financial Condition

	Total assets	Net assets	Net worth/total assets	Net assets per share
	Millions of yen	Millions of yen	%	yen
First Half of FY2009	1,654,939	452,390	26.4	442.74
Year ended March 2009	1,707,492	429,707	24.4	421.04

Note: Shareholders' equity First Half of FY2009 437,629 million yen FY2008 416,248 million yen

2. Dividend Conditions

(Basic Date)	Dividend per stock				
	End of 1Q	End of 2Q	End of 3Q	End of FY	Yearly
FY2008	—	6.00	—	4.00	10.00
FY2009	—	5.00			
FY2009 (Forecast)			—	5.00	10.00

Note : Change in forecast of dividend ... None

3. Consolidated Forecasts for the Year Ending March 2010 (April 1, 2009 - March 31, 2010)

(Figures shown in percentage are ratios compared to the previous year)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Yearly	1,150,000	(9.2)	63,000	91.8	50,000	73.6	20,000	—	20.23

Note : Change in consolidated forecasts ... Yes

The above forecasts are based on forecasts of future economic conditions as of the date of publication.

The actual results may differ from these forecasts due to various factors that may arise in the future.

4. In Addition

(1) Changes in scope of consolidation

Newly included: None

Excluded: None

(2) Application of simple accounting methods and quarterly peculiar accounting methods : Yes

(3) Changes in accounting methods compared with recent consolidated accounting periods

① Changes due to accounting standard changes: Yes

② Changes besides ①: None

(4) Outstanding balance of issued stocks (common stock)

① Outstanding balance of issued stocks at the end of each period (Including treasury stocks)

First Half of FY2009	1,064,381,817	FY2008	1,064,381,817
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② Outstanding balance of treasury stocks at the end of each period

First Half of FY2009	75,922,229	FY2008	75,757,072
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③ Weighted average number of stocks during the six months ended September 30 of each year

First Half of FY2009	988,506,171	First Half of FY2008	989,064,689
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Qualitative Information Concerning Business Performance

(1) Overview of the first half of FY2009

During the first half of FY2009, Japanese economy remained sluggish and short of full recovery. Although inventory adjustment and effect of economic measures were seen in part, overall demand remained seriously stagnant, and situations of capital investment, employment and others were not really improved due to worsened corporate earnings. In pulp and paper industry, the situation of the weak demand for advertising and others was still unchanged and imports increased. Thus, sales volume decreased significantly comparing to the same period a year earlier.

Under these circumstances, Oji Paper Group worked on quick change of cost structure appropriate to the production level, focusing on maintaining production level to keep the balanced supply and demand. In addition, Oji Paper Group reorganized production system including the permanent halt of the operation of several paper manufacturing facilities and reexamined the fixed cost such as repair expenses and labor cost drastically.

Factors above has lead to the results shown below.

Results for the first half (April 1, 2009 - September 30, 2009) were as follows

Consolidated net sales:	¥570,940 million (15.6% decrease)
Consolidated operating income:	¥31,537 million (70.9% increase)
Consolidated ordinary income:	¥24,838 million (60.5% increase)
Consolidated net income:	¥8,954 million (104.5% increase)

(2) Segment Overview

Pulp and Paper Products Division

•General Papers

Domestic sales of newsprint decreased mainly due to less advertisement, while export sales remained static.

In the printing paper category, domestic sales was extremely sluggish at all grades (coated, light-coated and non-coated paper) because of less copies of catalogs and magazines and decrease of advertisement and flyers.

•Packaging Papers

Domestic sales of packaging papers decreased significantly due to economic downturn, while export sales slightly increased.

•Sanitary Papers and Miscellaneous Papers

Sales of miscellaneous papers was sluggish due to economic downturn.

As for sanitary paper products, sales of both tissue and toilet rolls slightly decreased.

•Paperboards

Sales of containerboards decreased significantly due to economic downturn and unseasonable weather.

Domestic sales of paperboards decreased significantly due to economic downturn. Domestic sales of high-grade paperboards also decreased due to demand decline.

Sales decreased at each grade, but the effect of the cost reduction including fixed cost reexamination resulted for this segment as follows.

Consolidated net sales:	¥307,181 million (17.7% decrease)
Consolidated operating income:	¥19,269 million (268.9% increase)

Converted Paper Products

•Corrugated Containers (Corrugated Sheets and Boxes)

Sales of corrugated sheets and boxes decreased due to economic downturn and unseasonable weather.

•Other Converted Paper Products (Paperware, Thermal Papers, Adhesive Papers, Paper Diapers, etc.)

Sales of thermal papers decreased significantly both in domestic and for export due to economic downturn.

Sales of disposable diapers for infants increased, but those for adults remained static.

The results for this segment were as follows.

Consolidated net sales:	¥212,128 million (11.5% decrease)
Consolidated operating income:	¥7,406 million (7.4% decrease)

Wood and Tree Planting

Less sales of lumber by the the low-toned house construction resulted for this segment as follows.

Consolidated net sales:	¥15,450 million (24.6% decrease)
Consolidated operating loss:	¥276 million (—)

Other Activities

Cornstarch and machinery business were sluggish due to economic downturn, while sales of large-scale property contributed to real estate business. The results for this segment were as follows.

Consolidated net sales:	¥36,179 million (16.0% decrease)
Consolidated operating income:	¥5,137 million (27.7% increase)

Consolidated balance sheets

(Unit : Millions of yen)

	1st half / FY2009 Sep 30,2009	FY2008 Mar 31,2009
Assets		
Current assets		
Cash and deposits	54,795	91,781
Notes and accounts receivable-trade	259,933	271,404
Short-term investment securities	1	1
Merchandise and finished goods	80,463	85,944
Work in process	18,521	16,983
Raw materials and supplies	43,849	51,778
Other	32,887	32,782
Allowance for doubtful accounts	(1,872)	(1,665)
Total current assets	<u>488,580</u>	<u>549,010</u>
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	201,056	203,148
Machinery, equipment and vehicles	372,191	391,464
Land	230,234	230,462
Other	117,492	86,872
Total property, plant and equipment	<u>920,975</u>	<u>911,946</u>
Intangible assets		
Goodwill	8,146	9,275
Other	11,563	11,397
Total intangible assets	<u>19,709</u>	<u>20,672</u>
Investments and other assets		
Investment securities	176,556	170,211
Other	54,782	60,048
Allowance for doubtful accounts	(5,665)	(4,396)
Total investments and other assets	<u>225,673</u>	<u>225,863</u>
Total noncurrent assets	<u>1,166,359</u>	<u>1,158,482</u>
Total assets	<u>1,654,939</u>	<u>1,707,492</u>

(Unit : Millions of yen)

	1st half / FY2009	FY2008
	Sep 30,2009	Mar 31,2009
Liabilities		
Current liabilities		
Notes and accounts payable-trade	178,437	178,708
Short-term loans payable	315,602	335,614
Commercial papers	6,000	54,000
Current portion of bonds	20,000	—
Income taxes payable	9,239	7,858
Provision	2,286	1,345
Other	67,400	72,903
Total current liabilities	<u>598,966</u>	<u>650,429</u>
Noncurrent liabilities		
Bonds payable	80,000	100,000
Long-term loans payable	436,838	440,228
Provision		
Provision for retirement benefits	47,200	47,824
Provision for directors' retirement benefits	1,522	1,830
Provision for environmental measures	1,756	1,749
Provision for special repairs	113	104
Total provisions	<u>50,593</u>	<u>51,509</u>
Other	<u>36,150</u>	<u>35,617</u>
Total noncurrent liabilities	<u>603,582</u>	<u>627,355</u>
Total liabilities	<u>1,202,548</u>	<u>1,277,785</u>
Net assets		
Shareholders' equity		
Capital stock	103,880	103,880
Capital surplus	113,028	113,031
Retained earnings	266,156	261,092
Treasury stock	(42,960)	(42,914)
Total shareholders' equity	<u>440,105</u>	<u>435,090</u>
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	11,611	6,597
Deferred gains or losses on hedges	(197)	(557)
Revaluation reserve for land	3,781	3,787
Foreign currency translation adjustment	(17,671)	(28,669)
Total valuation and translation adjustments	<u>(2,475)</u>	<u>(18,841)</u>
Subscription rights to shares	214	188
Minority interests	<u>14,546</u>	<u>13,270</u>
Total net assets	<u>452,390</u>	<u>429,707</u>
Total liabilities and net assets	<u>1,654,939</u>	<u>1,707,492</u>

Consolidated statements of income

(Unit : Millions of yen)

	1st half / FY2008 Apr '08 - Sep '08	1st half / FY2009 Apr '09 - Sep '09
Net sales	676,272	570,940
Cost of sales	542,404	438,136
Gross profit	133,868	132,803
Selling, general and administrative expenses		
Freightage related expenses	63,181	54,828
Other	52,233	46,436
Total selling, general and administrative expenses	115,414	101,265
Operating income	18,453	31,537
Non-operating income		
Interest income	1,410	548
Dividends income	2,472	1,753
Equity in earnings of affiliates	1,680	—
Other	2,325	2,584
Total non-operating income	7,889	4,887
Non-operating expenses		
Interest expenses	5,317	6,437
Equity in losses of affiliates	—	3,084
Foreign exchange losses	3,035	—
Other	2,511	2,064
Total non-operating expenses	10,864	11,586
Ordinary income	15,478	24,838
Extraordinary income		
Gain on sales of noncurrent assets	736	519
Gain on sales of investment securities	608	46
Other	—	32
Total extraordinary income	1,344	598
Extraordinary loss		
Loss on retirement of noncurrent assets	1,863	2,208
Business structure improvement expenses	519	2,181
Special retirement expenses	1,629	1,645
Loss on valuation of investment securities	856	276
Loss on valuation of inventories	1,172	—
Loss on litigation	602	—
Other	424	1,559
Total extraordinary losses	7,067	7,872
Income before income taxes and minority interests	9,755	17,564
Income taxes-current	4,845	8,184
Income taxes-deferred	575	258
Total income taxes	5,420	8,442
Minority interests in income (loss)	(43)	168
Net income	4,378	8,954

Consolidated statements of cash flows

(Unit : Millions of yen)

	1st half / FY2008 Apr '08 - Sep '08	1st half / FY2009 Apr '09 - Sep '09
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	9,755	17,564
Depreciation and amortization	43,605	42,414
Impairment loss	254	393
Amortization of goodwill	851	670
Increase (decrease) in allowance for doubtful accounts	(362)	1,403
Increase (decrease) in provision for retirement benefits	(1,394)	(1,006)
Interest and dividends income	(3,882)	(2,302)
Interest expenses	5,317	6,437
Foreign exchange losses (gains)	2,851	(504)
Equity in (earnings) losses of affiliates	(1,680)	3,084
Loss (gain) on sales of investment securities	(608)	(46)
Loss (gain) on valuation of investment securities	856	276
Loss on retirement of noncurrent assets	1,863	2,208
Loss (gain) on sales of noncurrent assets	(736)	(276)
Business structure improvement expenses	519	2,181
Decrease (increase) in notes and accounts receivable-trade	(7,606)	14,771
Decrease (increase) in inventories	(23,487)	12,404
Increase (decrease) in notes and accounts payable-trade	14,251	(3,763)
Other	(1,520)	7,080
Subtotal	38,846	102,993
Interest and dividends income received	4,254	2,498
Interest expenses paid	(5,172)	(6,390)
Income taxes paid	(9,182)	(7,084)
Net cash provided by (used in) operating activities	28,744	92,016
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment and intangible assets	(58,565)	(59,802)
Proceeds from sales of property, plant and equipment and intangible assets	2,213	3,965
Purchase of investment securities	(1,857)	(1,217)
Proceeds from sales of investment securities	3,819	1,063
Payments of loans receivable	(2,599)	(2,302)
Collection of loans receivable	2,672	2,218
Proceeds from purchase of investments in subsidiaries in change in scope of consolidation	—	1,075
Other	866	935
Net cash provided by (used in) investing activities	(53,451)	(54,062)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(656)	(4,529)
Net increase (decrease) in commercial papers	25,000	(48,000)
Proceeds from long-term loans payable	14,747	35
Repayment of long-term loans payable	(13,049)	(20,107)
Purchase of treasury stock	(199)	(59)
Cash dividends paid	(5,943)	(3,960)
Other	28	(194)
Net cash provided by (used in) financing activities	19,926	(76,814)
Effect of exchange rate change on cash and cash equivalents	(3,278)	1,836
Net increase (decrease) in cash and cash equivalents	(8,058)	(37,024)
Cash and cash equivalents at beginning of period	71,348	90,943
Increase in cash and cash equivalents resulting from merger	—	3
Increase in cash and cash equivalents from newly consolidated subsidiary	487	—
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	—	94
Cash and cash equivalents at end of period	63,777	54,018