



OJI PAPER



Summary of Midterm Business Results for the Year ending March 2005

November 2, 2004

Oji Paper Co., Ltd.

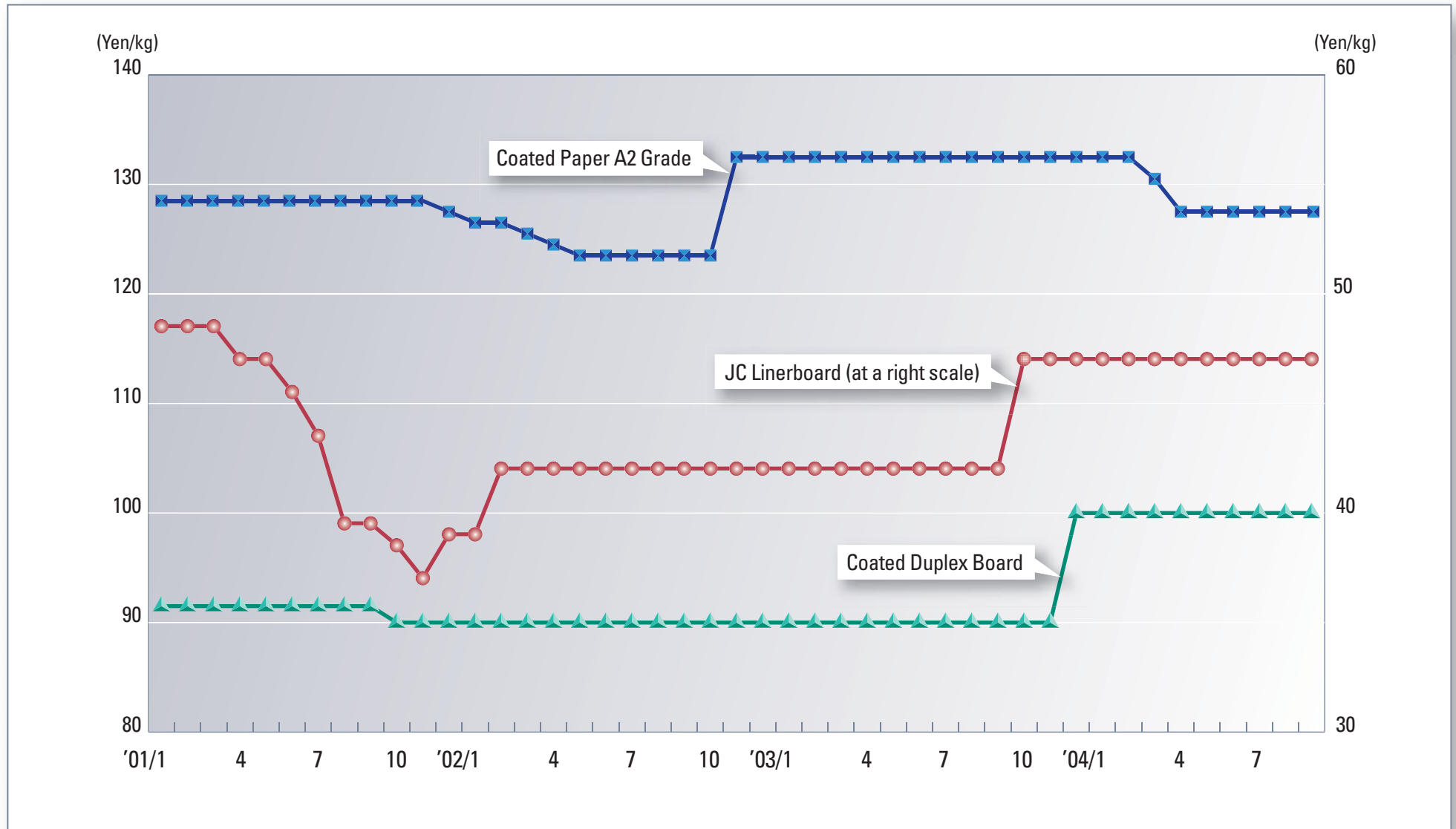
(Thousands of tons)

	Domestic shipments		Customs cleared imports*1		Total	
		Year on year, %		Year on year, %		Year on year, %
Newsprint	1,709	104.1%	240	97.7%	1,949	103.2%
Printing/communication papers	5,334	103.0%	531	100.6%	5,865	102.7%
Packaging papers	477	101.7%	3	138.1%	480	101.9%
Sanitary papers	828	101.7%	—	—	828	101.7%
Miscellaneous papers	510	100.7%	24	98.0%	534	100.6%
Paper, Total	8,858	102.9%	797	99.7%	9,655	102.6%
Containerboard	4,605	100.0%	63	140.9%	4,668	100.4%
Boxboard	903	97.3%	100	137.0%	1,003	100.2%
Miscellaneous paperboard	434	99.8%	12	127.9%	446	100.5%
Paperboard, Total	5,942	99.6%	175	137.7%	6,117	100.4%
Paper and paperboard, Total	14,800	101.5%	972	104.9%	15,772	101.7%

Source: Japan Paper Association, Quick Report of Prospect of Domestic Demand for Paper & Paperboard, Japan Paper Importers Association, Pulp and Paper Import Customs Clearance Statistics

*1: Statistics for customs cleared imports of paper refer to March–August 2004.

Prices of Paper and Paperboard by Major Grade



Source: Nihon Keizai Shimbun, Paper and Paperboard Price

Development of business operations in China

- Construction of a plant in Nantong City, Jiangsu Province, China to produce high-quality coated and uncoated printing paper

Strengthening group-level sales potential

- Organizational restructuring of specialty paper business, leading to establishment of Oji Specialty Paper Co., Ltd. in October 2004

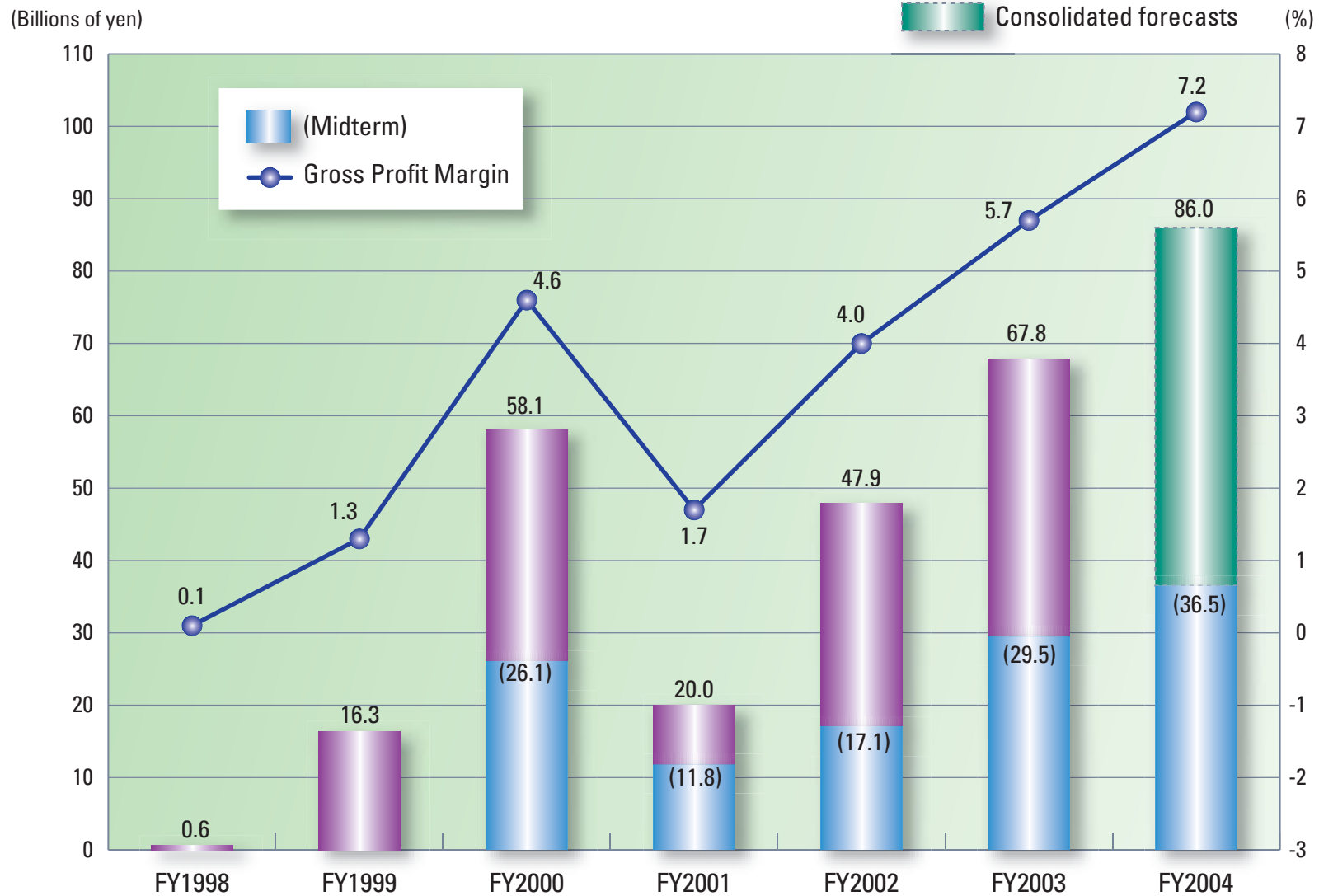
Production and business restructuring

- Sale of shares in the forest-plantation and woodchip-manufacturing company JANT Ltd. and transfer of management (April 2004)
- Decision to expand capacitor polypropylene film production for use in hybrid vehicles' condensers at the Shiga Mill (April 2004, to be completed in April 2006)

Revision of personnel systems

- Transition to new corporate pension scheme (April 2004)

Trends in Ordinary Profit (Consolidated)



(Billions of yen)

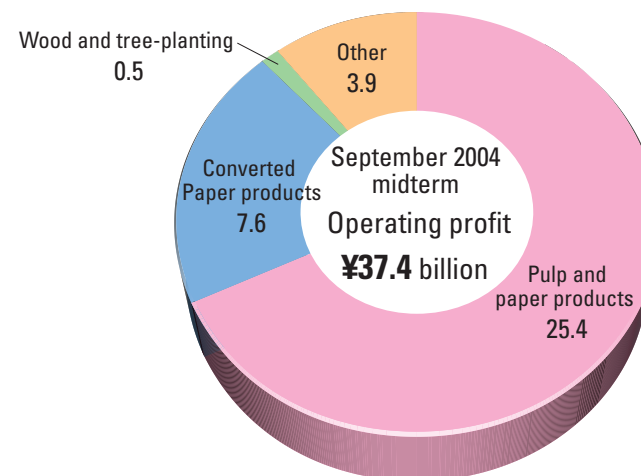
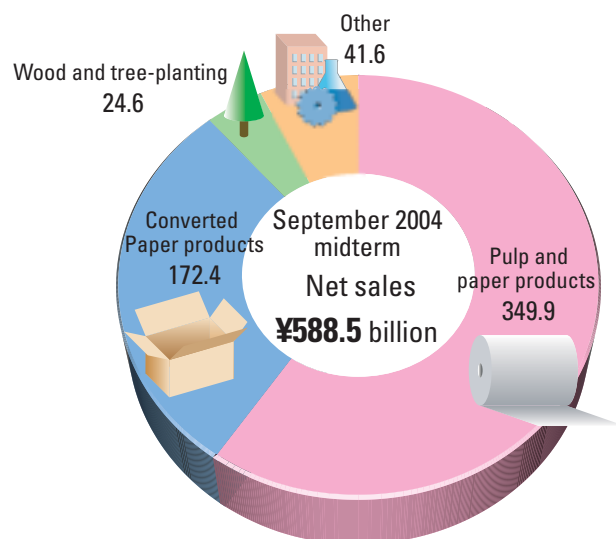
	September 2003 Midterm	September 2004 Midterm	Increase (Decrease)
Net sales	581.5	588.5	7.0
Operating profit	32.6	37.4	4.8
Ordinary profit	29.5	36.5	7.0
Midterm net income	15.0	19.3	4.3
Depreciation	41.8	38.6	(3.2)
Exchange rate (yen-U.S. dollar)	119	109	(10)

Scope of consolidation (Midterm ended September 2004)

Number of consolidated subsidiaries: 66 (+2, compared with the previous period)

Number of affiliated companies to which the method applies: 15 (-)

Net Sales and Operating Profit by Segment



(Billions of yen)

	September 2003 Midterm		September 2004 Midterm		Increase (Decrease)	
	Net sales	Operating profit	Net sales	Operating profit	Net sales	Operating profit
Pulp and paper products	352.1	21.0	349.9	25.4	(2.2)	4.4
Converted paper products	165.7	5.6	172.4	7.6	6.7	2.0
Wood and tree-planting	23.2	0.7	24.6	0.5	1.4	(0.2)
Other	40.4	5.1	41.6	3.9	1.2	(1.2)
Total (Consolidated)	581.5	32.6	588.5	37.4	7.0	4.8

Note: Net sales stated above are the sales to outside customers (excluding inter-segment sales)

Consolidated Sales by Major Types of Product



	September 2003 Midterm			September 2004 Midterm			Increase (decrease)			
	Sales volume Thousand tons	Sales unit price Yen/kg	Sales ¥ Billion	Sales volume Thousand tons	Sales unit price Yen/kg	Sales ¥ Billion	Sales volume Thousand tons	Year on year %	Sales unit price Yen/kg	Sales ¥ Billion
General papers	1,878	111.25	209.0	1,970	107.91	212.6	92	104.9	(3.34)	3.6
Packaging papers	137	92.56	12.6	145	91.12	13.2	8	106.4	(1.44)	0.6
Miscellaneous papers	258	227.90	58.7	241	212.04	51.2	(17)	93.7	(15.86)	(7.5)
Paper, Total	2,273	123.35	280.3	2,356	117.54	277.0	83	103.7	(5.81)	(3.3)
Containerboard	1,317	41.50	54.6	1,307	45.93	60.0	(10)	99.3	4.43	5.4
Other paperboard	469	76.42	35.8	460	79.54	36.6	(9)	98.0	3.12	0.8
Paperboard, Total	1,786	50.67	90.4	1,767	54.67	96.6	(19)	98.9	4.00	6.2
Corrugated containers			60.7			64.0				3.3

Note: Figures above are aggregations of production subsidiaries under consolidation. They include inter-segment consumption.

Breakdown of Increase/Decrease of Consolidated Ordinary Profit (2003 Midterm to 2004 Midterm)



(Billions of yen)

Difference		Major Items
Operating profit		
Sales and market factors	(0.1)	Selling Price: (1.0), Production and Sales Volume: 9.0
Raw material prices	(32.1)	Fuel: (2.3), Recycled Paper: 0.4, Pulp: (0.4), Woodchips: (0.5), and so forth
Cost reductions	7.0	Decrease in Number of Employees: 3.2, Capital Investment: 0.9, Purchasing Rationalization: 0.5, Rationalization and Others: 2.4
Others	1.1	Depreciation and Amortization: 3.2, Real estate business: (1.6), and so forth
Total Operating profit	4.8	
Non-operating gains/losses	2.2	Balance of financial accounts: 0.8, Equity in earnings of affiliates: 0.8, Foreign currency translation: 0.6
Total Increase/ decrease in ordinary profit	7.0	

Breakdown of Extraordinary Gains and Losses (Consolidated)



(Billions of yen)

	September 2003 Midterm	September 2004 Midterm	Difference
Extraordinary gains	5.3	0.2	(5.1)
Gain on sale of fixed assets	1.0	0.2	(0.8)
Gain on sale of investments in securities	4.3		(4.3)
Extraordinary losses	(10.6)	(6.2)	4.4
Loss on write-down of investments in securities	(0.5)	(0.1)	0.4
Loss on retirement of fixed assets	(1.3)	(2.9)	(1.6)
Special retirement benefits	(8.5)	(1.8)	6.7
Others	(0.3)	(1.4)	(1.1)
Midterm income before income taxes and minority interests	24.2	30.5	6.3
Taxes and minority interests	(9.2)	(11.2)	(2.0)
Midterm net income	15.0	19.3	4.3

Comparison of Consolidated Balance Sheets



(Billions of yen)

Items	As of March 31, 2004	As of September 30, 2004	Increase (Decrease)	Items	As of March 31, 2004	As of September 30, 2004	Increase (Decrease)
Cash and bank deposits	32.9	36.3	3.4	Accounts payable—trade	176.6	181.9	5.3
Accounts receivable—trade	266.9	311.5	*1 44.6	Short-term bank loans, Commercial paper and current portion of debentures	355.4	373.1	17.7
Inventories	138.8	139.2	0.4	Other	72.8	74.9	2.1
Other	47.4	42.9	(4.5)	Current liabilities	604.9	629.9	25.0
Current assets	486.2	530.0	43.8	Long-term bank loans and debentures	398.0	404.5	6.5
				Other	125.0	120.0	(5.0)
Property, plant and equipment	887.7	876.5	*2 (11.2)	Non-current liabilities	523.1	524.6	1.5
Intangible fixed assets	11.2	10.9	(0.3)	Total Liabilities	1,128.0	1,154.5	26.5
Other	220.7	216.6	(4.1)	Minority interests in consolidated subsidiaries	5.5	6.0	0.5
Fixed assets	1,119.7	1,104.2	(15.5)	Total Shareholders' Equity	472.3	473.5	*3 1.2
Total assets	1,606.0	1,634.2	28.2	Total Liabilities, Minority interests in consolidated subsidiaries and Shareholders' Equity	1,606.0	1,634.2	28.2
				Interest-bearing debt (including bill discount)	754.8	778.2	23.4

Notes: *1 Decrease in the balance of liquidation for accounts receivable—trade: +32.9, and so forth

*2 Capital investment: +30.7, Depreciation and amortization: -38.6, and so forth

*3 Midterm net income: +19.3, Difference in valuation of investments in securities: -5.6, Treasury stock: -7.1, Appropriation of earnings: -6.4, and so forth

(Billions of yen)

	September 2003 Midterm	September 2004 Midterm
Cash flows from operating activities	33.8	24.5
Cash flows from investment activities	(20.7)	(32.5)
Free cash flows	13.1	(8.0)
Cash flows from financing activities	(21.5)	10.9
Change in scope of consolidation, etc.	(0.8)	0.4
Net increase/decrease in cash and cash equivalent	(9.2)	3.3
Cash and cash equivalents at end of period	25.4	36.0

(Billions of yen)

	Fiscal 2003	Forecast for Fiscal 2004	Increase (Decrease)
Net sales	1,180.4	1,194.0	13.6
Operating profit	73.9	89.0	15.1
Ordinary profit	67.8	86.0	18.2
Extraordinary profit (losses)	(20.4)	(12.0)	8.4
Net income	31.3	48.0	16.7
Depreciation	84.0	78.5	(5.5)
Exchange rate (yen–U.S. dollar)	114	110	(4)

Basis for Forecasts for Second Half of Fiscal 2004 (September 2004–March 2005)

- Sales prices The forecasts are based on the reversal of declines in printing paper prices, resulting in a 2.5% increase in the average domestic price of printing papers compared with the first half of the fiscal year. It was assumed that other prices would remain static at the levels as of September 30.
- Sales volumes Year-on-year increase (decrease) in domestic sales

	Newsprint	Printing Papers	Household Papers	Containerboard
1st half FY2004 (actual)	+0.3%	+6.3%	-17.2%	-0.4%
2nd half FY2004 (forecast)	+1.5%	+6.5%	+8.6%	+2.1%
FY2004 (forecast)	+0.9%	+6.4%	-4.5%	+0.9%

- Raw material/fuel prices
 - Chips: It was assumed that there would be a 6% increase in Southeast Asian products.
 - Used paper: Prices were projected to remain static at September 30 levels.
 - Fuel oil: The forecasts are based on a Dubai crude oil price of \$34.50 per barrel (\$34.70 per barrel in first half of fiscal 2004).
 - Coal: The forecasts allow for a price increase of ¥630 per ton compared with the level in the first half.

Note: The above forecasts are based on forecasts made at the time of publication concerning future economic conditions and other factors. It is possible that actual results will differ from these forecasts for various reasons.

Forecast of Net Sales and Operating Profit by Segment, for the Year Ending FY2004



(Billions of yen)

	Year ended March 31, 2004		Year ending March 31, 2005		Increase (Decrease)	
	Net sales	Operating profit	Net sales	Operating profit	Net sales	Operating profit
Pulp and paper products	704.9	48.7	703.0	58.0	(1.9)	9.3
Converted paper products	335.2	12.0	345.0	16.0	9.8	4.0
Wood and tree-planting	51.2	1.5	52.0	1.5	0.8	0.0
Others	89.1	11.6	94.0	13.5	4.9	1.9
Total (Consolidated)	1,180.4	73.9	1,194.0	89.0	13.6	15.1

Note: Net sales stated above are the sales for outside customers (excluding inter-segment sales).

Forecasted Sales by Major Types of Product (Consolidated)



	Year ended March 31, 2004			Year ending March 31, 2005			Increase (Decrease)			
	Sales volume Thousand tons	Sales unit price Yen/kg	Sales ¥ Billion	Sales volume Thousand tons	Sales unit price Yen/kg	Sales ¥ Billion	Sales volume Thousand tons	Year on year %	Sales unit price Yen/kg	Sales ¥ Billion
General papers	3,819	110.07	420.3	3,971	106.00	420.9	152	104.0	(4.07)	0.6
Packaging papers	275	91.51	25.1	283	91.31	25.9	8	103.1	(0.20)	0.8
Miscellaneous papers	516	225.76	116.6	513	211.71	108.7	(3)	99.5	(14.05)	(7.9)
Paper, Total	4,610	121.92	562.0	4,767	116.51	555.5	157	103.4	(5.41)	(6.5)
Containerboard	2,591	43.31	112.2	2,608	45.67	119.1	17	100.6	2.36	6.9
Other paperboard	920	77.26	71.1	933	79.35	74.1	13	101.5	2.09	3.0
Paperboard, Total	3,511	52.20	183.3	3,541	54.55	193.2	30	100.9	2.35	9.9
Corrugated containers			123.3			128.6				5.3

Note: Figures above are aggregations of production subsidiaries under consolidation. They include inter-segment consumption.

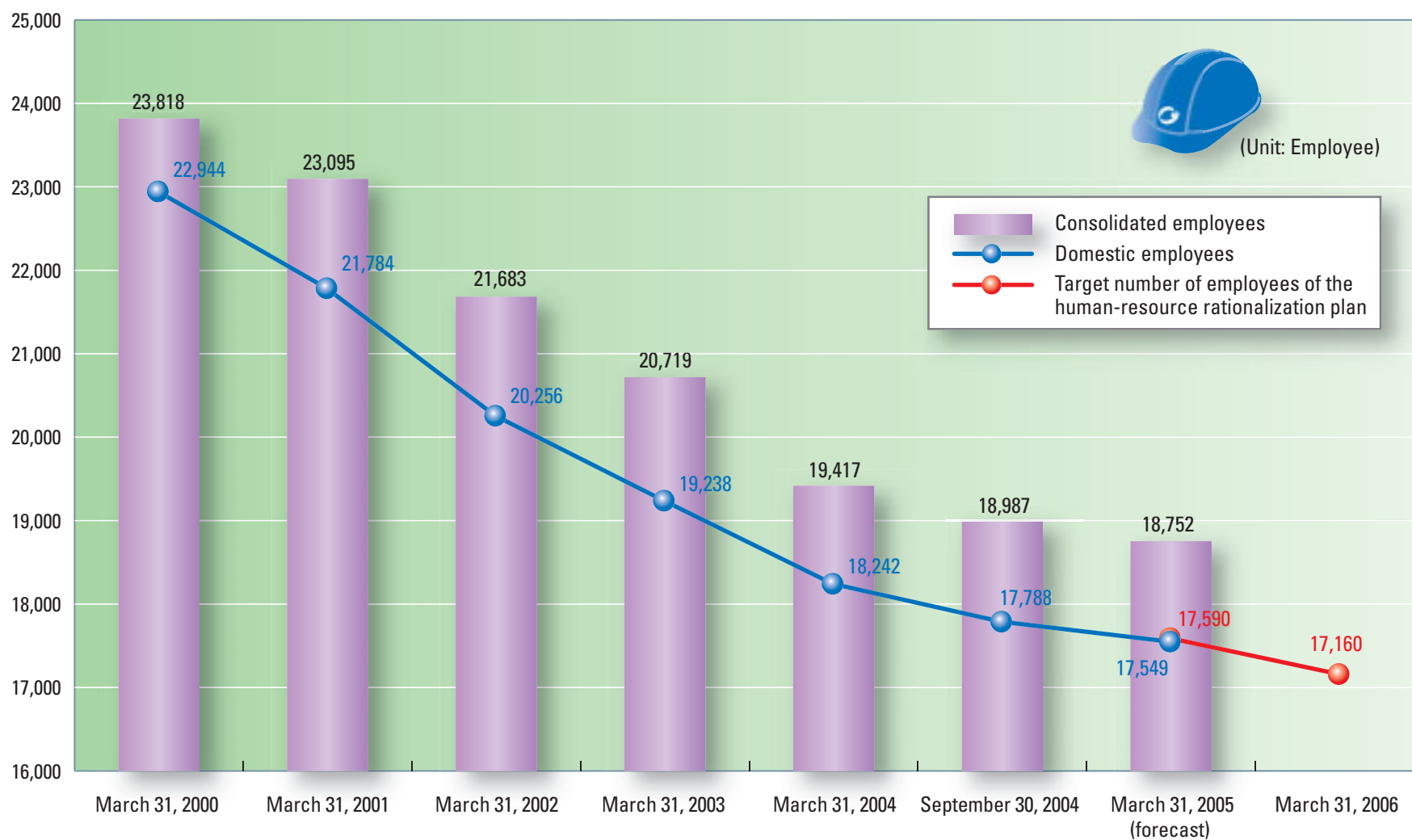
Breakdown of Increase/Decrease of Consolidated Ordinary Profit (Year Ended March 31, 2004 to Year Ending March 31, 2005)



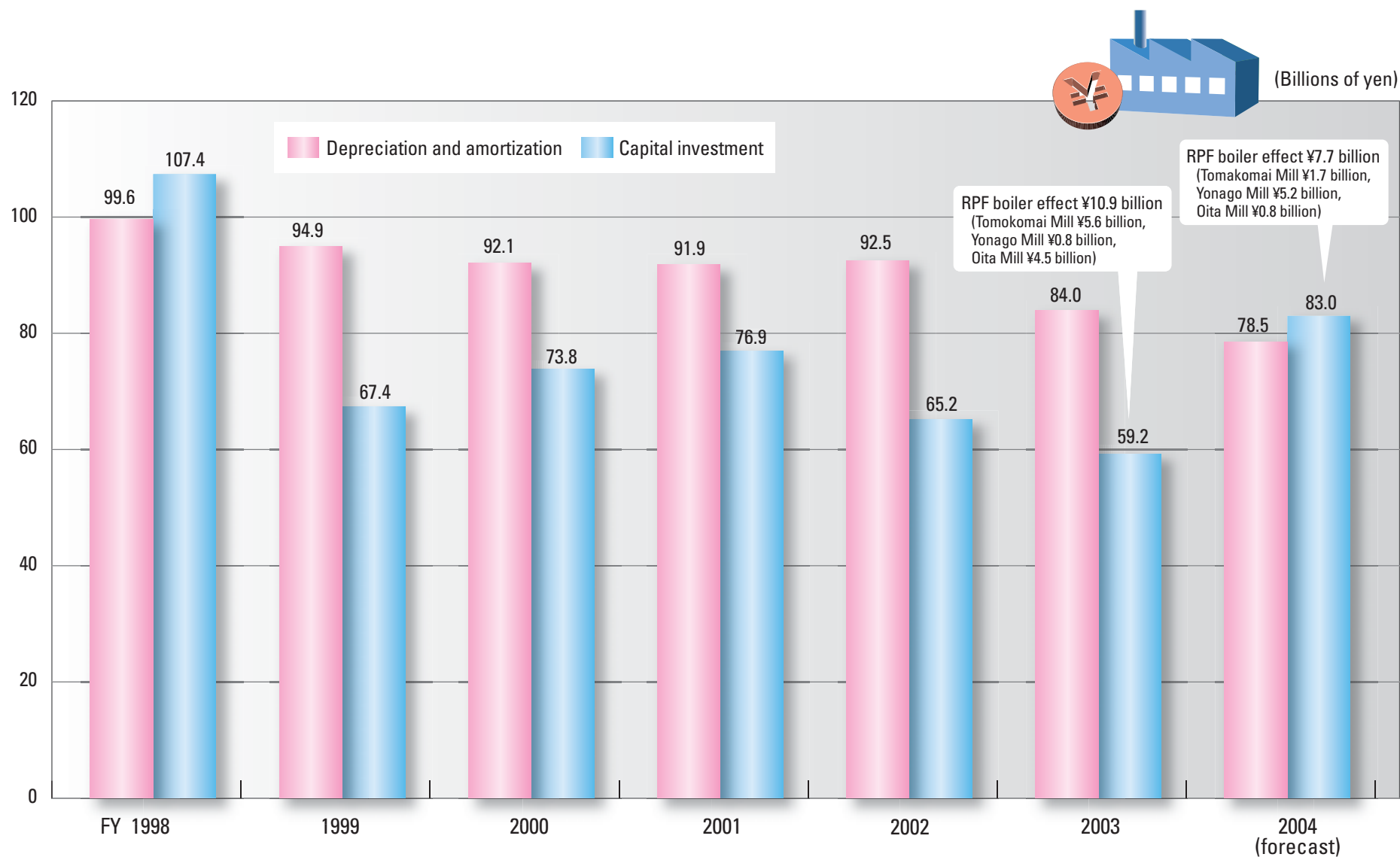
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Difference		Major Items
Operating profit		
Sales and market factors	3.5	Selling price: 0.8, Production and sales volume: 2.7
Raw material prices	(9.0)	Fuel: (5.8), Pulp: (1.0), Woodchips: (1.4), and so forth
Cost reductions	15.1	Decrease in number of employees: 6.2, Capital investment effect: 2.5, Purchasing Rationalization: 0.9, Rationalization and others: 5.5
Others	5.5	Depreciation and amortization: 5.5, and so forth
Total Operating profit	15.1	
Non-operating gains/losses	3.1	Balance of financial accounts: 1.0, Foreign currency translation: 2.1
Total Increase/ decrease in ordinary profit	18.2	

Consolidated Employee Trends



Trends of Consolidated Capital Investment and Depreciation and Amortization



Interest-bearing Debt Balance Trends

