



Fiscal Year Ended March 2013

Brief Note on Settlement of Accounts (Consolidated)

Name of Company Listed: **Nippon Paper Industries Co., Ltd. (for Nippon Paper Group, Inc.)**
 Stock Exchange Listings: Tokyo
 Code Number: 3863
 URL: <http://www.nipponpapergroup.com/e/>
 Representative:
 Title of Representative Person: President
 Name of Representative Person: Yoshio Haga
 Person in Charge of Contact:
 Title of Contact Person: General Manager of Accounting & Budgeting Dept.
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(Amounts indicated are displayed with amounts of less than one million yen rounded off.)

1. Consolidated Financial Results of Operations for the Accounting Period of Fiscal Year Ended March 2013 (April 1, 2012–March 31, 2013)

(1) Consolidated Results of Operations

(The percentages indicate the percentage increase or decrease compared to the same period of the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Accounting period of fiscal year ended March, 2013	1,025,078	-1.7	25,145	-31.2	23,081	281.1	10,652	–
Accounting period of fiscal year ended March, 2012	1,042,436	-5.2	36,524	2.6	6,057	-80.8	-41,675	–

Note: Comprehensive income

Accounting period of fiscal year ended March, 2013	30,553 million yen	(– %)
Accounting period of fiscal year ended March, 2012	-39,477 million yen	(– %)

	Net income per share	Net income per share after adjusting for dilution	Return on equity	Ordinary margin on gross capital	Operating income to net sales
	Yen	Yen	%	%	%
Accounting period of fiscal year ended March, 2013	92.00	–	2.8	1.5	2.5
Accounting period of fiscal year ended March, 2012	-359.90	–	-10.9	0.4	3.5

Reference: Investment income and loss accounted for by the equity method

Accounting period of fiscal year ended March, 2013	4,316 million yen
Accounting period of fiscal year ended March, 2012	-21,919 million yen

(2) Consolidated Financial Status

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2013	1,497,729	396,460	26.2	3,391.59
As of March 31, 2012	1,527,635	366,652	23.8	3,135.48

Reference: Shareholders' equity	As of March 31, 2013	392,707 million yen
	As of March 31, 2012	363,066 million yen

(3) Consolidated Cash Flow

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Accounting period of fiscal year ended March, 2013	65,978	-61,766	-14,385	110,813
Accounting period of fiscal year ended March, 2012	60,114	-46,626	1,652	119,265

2. Dividend Status

	Dividends per share					Amount of total dividends (Annual)	Dividend payout (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter end	Second quarter end	Third quarter end	End of period	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Accounting period of fiscal year ended March, 2012	—	10.00	—	20.00	30.00	3,484	—	0.9
Accounting period of fiscal year ended March, 2013	—	10.00	—	(Note) 30.00	40.00	4,641	43.5	1.2

(Note)

On April 1, 2013, Nippon Paper Group, Inc. merged with its wholly owned subsidiary, Nippon Paper Industries Co., Ltd., with Nippon Paper Industries Co., Ltd. as the surviving company. The final dividend for the fiscal year ended March 2013 will be paid to shareholders described or recorded in the shareholder registry of Nippon Paper Industries Co., Ltd. as of April 1, 2013.

3. Others

[1] Has the Company made any important changes in its subsidiaries (changes in specified subsidiaries as a result of changes in the scope of consolidation)? /Yes

New — (Company name: -)

Eliminated 1 company (Company name: Nippon Daishowa Paperboard Co., Ltd.)

[2] Changes in accounting principles, changes in accounting estimates, or restatements

(i) Has the Company made any changes in accounting principles following the revision of the Accounting Standard and others? /Yes

(ii) Has the Company made any changes in accounting principles other than those described in (i)? /No

(iii) Has the Company made any changes in accounting estimates? /Yes

(iv) Has the Company made any restatements? /No

(Note) The depreciation method is changed from the consolidated fiscal year under review, which corresponds to 'the case where it is difficult to distinguish between changes in accounting principles and changes in accounting estimates'.

[3] Number of issued and outstanding shares (common stock)

(i) Number of issued and outstanding shares (including treasury stock) as of:

March 31, 2013 116,254,892 Shares

March 31, 2012 116,254,892 Shares

(ii) Number of treasury stock as of:

March 31, 2013 466,507 Shares

March 31, 2012 461,905 Shares

(iii) Average number of shares during the periods of:

Fiscal year ended March, 2013 115,790,871 Shares

Fiscal year ended March, 2012 115,795,726 Shares

(Reference) Non-Consolidated Financial Results of Operations**Non-Consolidated Financial Results of Operations for the Accounting Period of Fiscal Year Ended March 2013 (April 1, 2012 to March 31, 2013)****(1) Non-Consolidated Results of Operations**

(The percentages indicate the percentage increase or decrease compared to the same period of the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Accounting period of fiscal year ended March, 2013	6,097	-19.6	1,181	-56.7	1,138	-57.7	1,007	-61.8
Accounting period of fiscal year ended March, 2012	7,583	-73.2	2,726	-88.6	2,692	-88.7	2,639	-88.9

	Net income per share	Net income per share after adjusting for dilution
	Yen	Yen
Accounting period of fiscal year ended March, 2013	8.68	-
Accounting period of fiscal year ended March, 2012	22.72	-

(2) Non-Consolidated Financial Status

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Accounting period of fiscal year ended March, 2013	525,987	449,100	85.4	3,866.40
Accounting period of fiscal year ended March, 2012	544,864	452,399	83.0	3,894.63

Reference: Shareholders' equity As of March 31, 2013 449,100 million yen
As of March 31, 2012 452,399 million yen

*** Presentation of implementation status of auditing procedures**

This brief note on settlement of accounts is not subject to auditing procedures in accordance with the Financial Instruments and Exchange Law and, as of the date of publication of this brief note, the auditing procedures for the consolidated financial statements are currently in progress.

***The support documentation will be posted on the following our website.**

<http://www.nipponpapergroup.com/e/ir/presentation.html>

This document is an English-language translation of the Japanese-language original.

(Appendices)

1. Consolidated Operating Results for Fiscal Year Ended March 2013

Operating results by business segment are as follows:

Pulp and Paper:

Consolidated net sales	¥ 801,312 million (down 2.0% year-on-year)
Consolidated operating income	¥ 12,955 million (down 46.5% year-on-year)

Paper-Related:

Consolidated net sales	¥ 94,460 million (up 1.1% year-on-year)
Consolidated operating income	¥ 6,238 million (down 6.7% year-on-year)

Wood Products and Construction Related:

Consolidated net sales	¥ 60,725 million (up 0.1% year-on-year)
Consolidated operating income	¥ 2,718 million (up 9.2% year-on-year)

Other:

Consolidated net sales	¥ 68,579 million (down 2.8% year-on-year)
Consolidated operating income	¥ 3,232 million (up 3.8% year-on-year)

2. Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2012	As of March 31, 2013
Assets		
Current Assets		
Cash and deposits	119,363	110,911
Notes and accounts receivable-trade	205,182	198,916
Merchandise and finished goods	84,875	81,175
Work in process	18,935	17,739
Raw materials and supplies	51,087	50,388
Deferred tax assets	24,958	7,970
Other current assets	42,708	40,883
Allowance for doubtful receivables	(765)	(650)
Total current assets	546,344	507,335
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	478,844	487,605
Accumulated depreciation	(330,600)	(341,162)
Buildings and structures, net	148,244	146,442
Machinery, equipment and vehicles	2,084,731	2,118,113
Accumulated depreciation	(1,762,573)	(1,794,789)
Machinery, equipment and vehicles, net	322,158	323,323
Land	224,301	225,729
Construction in progress	27,721	19,437
Other	89,789	92,161
Accumulated depreciation	(59,713)	(59,671)
Other, net	30,075	32,490
Total property, plant and equipment	752,501	747,423
Intangible assets		
Goodwill	17,094	15,955
Other	6,694	6,768
Total intangible assets	23,789	22,724
Investments and other assets		
Investments in securities	184,358	197,323
Deferred tax assets	7,571	7,613
Other	14,576	16,301
Allowance for doubtful receivables	(1,505)	(992)
Total investments and other assets	205,000	220,246
Total noncurrent assets	981,291	990,393
Total assets	1,527,635	1,497,729

(Millions of yen)

	As of March 31, 2012	As of March 31, 2013
Liabilities		
Current liabilities		
Notes and account payable-trade	127,975	137,861
Short-term loans payable	212,231	248,235
Current portion of bonds payable	20,000	-
Accrued income taxes	5,799	3,501
Allowance for loss on seismic disaster	10,026	-
Other	121,744	86,989
Total current liabilities	497,777	476,588
Long-term liabilities		
Bonds payable	48,000	48,000
Long-term loans payable	555,724	531,992
Deferred tax liability	20,336	5,627
Accrued retirement benefits	29,274	29,252
Accrued environmental costs	599	539
Other	9,270	9,268
Total long-term liabilities	663,205	624,680
Total liabilities	1,160,983	1,101,269
Net assets		
Shareholders' equity		
Common stock	55,730	55,730
Capital surplus	266,252	266,249
Retained earnings	50,849	60,705
Treasury stock, at cost	(1,307)	(1,308)
Total shareholders' equity	371,524	381,376
Accumulated other comprehensive income		
Net unrealized holding gain on other securities	1,866	4,708
Net deferred gain on hedges	376	1,810
Translation adjustments	(10,700)	4,811
Total accumulated other comprehensive income	(8,458)	11,330
Minority interests in consolidated subsidiaries	3,586	3,753
Total net assets	366,652	396,460
Total liabilities and net assets	1,527,635	1,497,729

3. Consolidated Statements of Operations and Statements of Comprehensive Income
- Consolidated Statements of Operations -

(Millions of yen)

	Fiscal Year Ended March 31, 2012	Fiscal Year Ended March 31, 2013
Net sales	1,042,436	1,025,078
Cost of sales	803,653	796,411
Gross profit	238,783	228,667
Selling, general and administrative expenses		
Freightage related expenses	57,495	58,940
Sales related expenses	63,303	65,481
Salaries and allowances	46,147	44,737
Other	35,312	34,362
Total selling, general and administrative expenses	202,259	203,521
Operating income	36,524	25,145
Other income		
Interest income	375	420
Dividend income	2,070	1,851
Rent income	1,849	1,572
Equity in earnings of affiliates	-	4,316
Reversal profit of loss on seismic disaster	-	3,035
Other	2,950	3,906
Total other income	7,245	15,103
Other expenses		
Interest expense	11,964	12,038
Equipment rental expense	1,558	1,219
Equity in losses of affiliates	21,919	-
Other	2,270	3,909
Total other expenses	37,713	17,167
Ordinary income	6,057	23,081
Extraordinary income		
Subsidy	-	566
Gain on sales of investments in securities	613	470
Gain on sales of noncurrent assets	4,448	360
Other	947	215
Total extraordinary income	6,010	1,613
Extraordinary loss		
Business restructuring expenses	29,201	2,244
Loss on retirement of noncurrent assets	1,485	1,699
Impairment loss	779	1,072
Loss on seismic disaster	19,329	-
Other	2,357	3,632
Total extraordinary loss	53,153	8,649
Income (loss) before income taxes and minority interests in consolidated subsidiaries	(41,086)	16,045
Income taxes—current	6,853	4,830
Income taxes—deferred	(6,205)	559
Total income taxes	647	5,389
Income (loss) before minority interests	(41,733)	10,655
Minority interests in consolidated subsidiaries	(58)	2
Net income (loss)	(41,675)	10,652

- Consolidated Statements of Comprehensive Income -

(Millions of yen)

	Fiscal Year Ended March 31, 2012	Fiscal Year Ended March 31, 2013
Income (loss) before minority interests	(41,733)	10,655
Other comprehensive income		
Net unrealized holding gain (loss) on other securities	8,713	2,728
Net deferred gain (loss) on hedges	346	625
Translation adjustments	(7,053)	10,232
Share of other comprehensive income of affiliates accounted for using the equity method	249	6,311
Total other comprehensive income	2,255	19,897
Comprehensive income	(39,477)	30,553
(Details)		
Comprehensive income attributable to shareholders	(39,321)	30,299
Comprehensive income attributable to minority interests	(156)	254

4. Consolidated Statements of Changes in Net Assets

(Millions of yen)

	Fiscal Year Ended March 31, 2012	Fiscal Year Ended March 31, 2013
Shareholders' equity		
Common stock		
Balance at the beginning of current period	55,730	55,730
Changes of items during the period		
Total changes of items during the period	-	-
Balance at the end of current period	55,730	55,730
Capital surplus		
Balance at the beginning of current period	266,254	266,252
Changes of items during the period		
Disposition of treasury stock	(1)	(2)
Total changes of items during the period	(1)	(2)
Balance at the end of current period	226,252	266,249
Retained earnings		
Balance at the beginning of current period	95,014	50,849
Changes of items during the period		
Cash dividends paid	(3,475)	(3,475)
Net income (loss)	(41,675)	10,652
Changes in scope of consolidation	193	2,678
Changes in scope of equity method application	792	-
Total changes of items during the period	(44,165)	9,856
Balance at the end of current period	50,849	60,705
Treasury stock		
Balance at the beginning of current period	(1,296)	(1,307)
Changes of items during the period		
Purchase of treasury stock	(12)	(8)
Disposition of treasury stock	6	7
Changes in scope of consolidation	(3)	-
Changes in scope of equity method application	(0)	-
Changes in treasury stock due to changes in equity in affiliates accounted for by equity method	(0)	-
Total changes of items during the period	(10)	(1)
Balance at the end of current period	(1,307)	(1,308)
Total shareholders' equity		
Balance at the beginning of current period	415,701	371,524
Changes of items during the period		
Cash dividends paid	(3,475)	(3,475)
Net income (loss)	(41,675)	10,652
Purchase of treasury stock	(12)	(8)
Disposition of treasury stock	4	4
Changes in scope of consolidation	189	2,678
Changes in scope of equity method application	791	-
Changes in treasury stock due to changes in equity in affiliates accounted for by equity method	(0)	-
Total changes of items during the period	(44,177)	9,851
Balance at the end of current period	371,524	381,376

(Millions of yen)

	Fiscal Year Ended March 31, 2012	Fiscal Year Ended March 31, 2013
Accumulated other comprehensive income		
Net unrealized holding gain (loss) on other securities		
Balance at the beginning of current period	(6,873)	1,866
Changes of items during the period		
Changes in items other than shareholders' equity (net)	8,739	2,842
Total changes of items during the period	8,739	2,842
Balance at the end of current period	1,866	4,708
Net deferred gain (loss) on hedges		
Balance at the beginning of current period	(84)	376
Changes of items during the period		
Changes in items other than shareholders' equity (net)	461	1,433
Total changes of items during the period	461	1,433
Balance at the end of current period	376	1,810
Translation adjustments		
Balance at the beginning of current period	(3,851)	(10,700)
Changes of items during the period		
Changes in items other than shareholders' equity (net)	(6,849)	15,512
Total changes of items during the period	(6,849)	15,512
Balance at the end of current period	(10,700)	4,811
Total accumulated other comprehensive income		
Balance at the beginning of current period	(10,808)	(8,458)
Changes of items during the period		
Changes in items other than shareholders' equity (net)	2,350	19,788
Total changes of items during the period	2,350	19,788
Balance at the end of current period	(8,458)	11,330
Minority interests in consolidated subsidiaries		
Balance at the beginning of current period	3,870	3,586
Changes of items during the period		
Changes in items other than shareholders' equity (net)	(283)	166
Total changes of items during the period	(283)	166
Balance at the end of current period	3,586	3,753
Total net assets		
Balance at the beginning of current period	408,762	366,652
Changes of items during the period		
Cash dividends paid	(3,475)	(3,475)
Net income (loss)	(41,675)	10,652
Purchase of treasury stock	(12)	(8)
Disposition of treasury stock	4	4
Changes in scope of consolidation	189	2,678
Changes in scope of equity method application	791	-
Changes in treasury stock due to changes in equity in affiliates accounted for by equity method	(0)	-
Changes in items other than shareholders' equity (net)	2,066	19,955
Total changes of items during the period	(42,110)	29,807
Balance at the end of current period	366,652	396,460

5. Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal Year Ended March 31, 2012	Fiscal Year Ended March 31, 2013
Operating Activities		
Income (loss) before income taxes and minority interests in consolidated subsidiaries	(41,086)	16,045
Depreciation	74,352	64,903
Amortization of goodwill	1,433	1,433
Increase (decrease) in allowance for doubtful receivables	113	(169)
Increase (decrease) in allowance for loss on seismic disaster	(36,018)	(10,026)
Increase (decrease) in accrued retirement benefits	(1,688)	(271)
Increase (decrease) in accrued environmental costs	(2)	(60)
Interest and dividend income	(2,445)	(2,271)
Interest expense	11,964	12,038
Equity in (earnings) losses of affiliates	21,919	(4,316)
Net loss (gain) on sales of noncurrent assets	(4,448)	(360)
Net gain on sales of investments in securities	(613)	(470)
Net loss on disposal of noncurrent assets	1,485	1,699
Business restructuring expenses	29,201	2,244
Impairment loss	779	1,072
Decrease (increase) in receivables	6,580	8,028
Decrease (increase) in inventories	(14,144)	8,722
Increase (decrease) in payables	17,040	8,486
Other	7,380	(24,256)
Subtotal	71,804	82,470
Interest and dividends received	3,906	4,026
Interest paid	(11,749)	(12,133)
Payments for supplementary retirement benefits	(2,346)	(3,256)
Payments for loss on disaster	(38)	-
Income taxes paid	(1,461)	(5,128)
Net cash provided by (used in) operating activities	60,114	65,978
Investing Activities		
Purchases of time deposits	(99)	(98)
Withdrawals of time deposits	89	97
Purchases of noncurrent assets	(46,236)	(58,048)
Proceeds from sales of noncurrent assets	5,479	1,390
Purchases of investments in other securities	(9,527)	(1,823)
Proceeds from sales of investments in other securities	1,662	677
Decrease (increase) in short-term loans receivable	507	(1,358)
Payments of long-term loans receivable	(1,079)	(267)
Collection of long-term loans receivable	224	370
Other	2,351	(2,705)
Net cash provided by (used in) investing activities	(46,626)	(61,766)

(Millions of yen)

	Fiscal Year Ended March 31, 2012	Fiscal Year Ended March 31, 2013
Financing Activities		
Increase (decrease) in short-term loans payable	(65,503)	12,551
Proceeds from of long-term loans payable	138,597	43,043
Repayment of long-term loans payable	(39,853)	(45,058)
Redemption of bonds	(20,000)	(20,000)
Purchases of treasury stock	(12)	(8)
Proceeds from sales of treasury stock	2	2
Cash dividends paid	(3,492)	(3,488)
Repayment to minority shareholders	(126)	(81)
Finance lease principal payments	(7,959)	(1,345)
Net cash provided by (used in) financing activities	1,652	(14,385)
Effect of exchange rate changes on cash and cash equivalents	(619)	990
Increase (decrease) in cash and cash equivalents	14,520	(9,183)
Cash and cash equivalents at beginning of year	104,739	119,265
Increase due to inclusion of certain subsidiaries in consolidation	6	731
Cash and cash equivalents at end of year	119,265	110,813