



November 6, 2013

## Summary of Consolidated Financial Results for the Six Months Ended September 30, 2013

Name of Company Listed:	<b>Nippon Paper Industries Co., Ltd.</b>
Stock Exchange Listings:	Tokyo
Code Number:	3863
URL:	<a href="http://www.nipponpapergroup.com/e/">http://www.nipponpapergroup.com/e/</a>
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.
Name of Contact Person:	Toru Nozawa
Telephone:	+81-(0)3-6665-1111
Planned date of Financial Report submission:	November 13, 2013
Planned date of the commencement of dividend payments:	December 2, 2013
Availability of support documentation:	Yes
Holding of financial result briefing:	Yes (for institutional investors and investment analysts)

On April 1, 2013, Nippon Paper Industries Co. Ltd. (the Company) merged with and absorbed its parent company, Nippon Paper Group, Inc., and assumed the consolidated financial statements of Nippon Paper Group, Inc.

Accordingly, for reference, the Consolidated Financial Results of Operations for the Six Months Ended September 2013, which show the comparison between the results of Nippon Paper Group, Inc. for the first six months of, and as of the end of, the previous consolidated fiscal year and the Company's results for the same period of the fiscal year ending March 2014, are presented below. The Dividend Status, which shows the comparison with the results of Nippon Paper Group, Inc. for the previous consolidated fiscal year, is also presented below.

(Amounts indicated are displayed with amounts of less than one million yen rounded off.)

### 1. Consolidated Financial Results of Operations for the Six Months Ended September 2013 (April 1, 2013–September 30, 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	%
Six months ended September 30, 2013	523,317	3.2	10,411	-18.3	10,918	7.5	9,219	428.2
Six months ended September 30, 2012	507,200	-0.8	12,741	-11.8	10,153	–	1,745	–

Note: Comprehensive income

Six months ended September 2013	23,064 million yen	(– %)
Six months ended September 2012	-1,039 million yen	(– %)

	Net income per share	Net income per share after adjusting for dilution
	Yen	Yen
Six months ended September 30, 2013	79.63	–
Six months ended September 30, 2012	15.07	–

(2) Consolidated Financial Status

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2013	1,464,261	415,988	28.1
As of March 31, 2013	1,497,729	396,460	26.2

Reference: Shareholders' equity As of September 30, 2013 411,528 million yen  
As of March 31, 2013 392,707 million yen

2. Dividend Status

	Dividends per share				
	1 <sup>st</sup> quarter end	2 <sup>nd</sup> quarter end	3 <sup>rd</sup> quarter end	End of fiscal year	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March, 2013 (Note)	—	10.00	—	30.00	40.00
Fiscal year ending March, 2014 (Note)	—	10.00			
Fiscal year ending March, 2014 (Projection)			—	30.00	40.00

Note: The dividends for the fiscal year ended March 2013 stated are those of Nippon Paper Group, Inc. The Company paid dividends of ¥30 per share, as the year-end dividend of Nippon Paper Group, Inc., to shareholders who were listed or recorded on the Company's shareholders' register based on the record date of April 1, 2013. These dividends are stated as year-end dividends for the fiscal year ended March 2013.

\* Dividends whose record dates are dates other than the end of a quarter of the year

Date of right allotment	Dividends per share	Total
	Yen	Yen
April 1, 2013	30.00	30.00

Note: The Company paid dividends of Nippon Paper Group, Inc. as the fiscal year ended March 2013 to shareholders who were listed or recorded on the Company's shareholders' register based on the record date of April 1, 2013.

3. Projection of Consolidated Financial Results for the Fiscal Year Ending March 2014 (April 1, 2013–March 31, 2014)

(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		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full fiscal year	1,070,000	4.4	30,000	19.3	25,000	8.3	15,000	40.8	129.55
(Previous projection)	1,050,000	2.4	30,000	19.3	25,000	8.3	15,000	40.8	129.55
(Fiscal year ended March 2013)	1,025,078	-1.7	25,145	-31.2	23,081	281.1	10,652	-	92.00

Note1: Recent revisions to consolidated financial results /Yes

Note2: The percentage increases/decreases as compared with the previous year and the same period of the previous fiscal year are determined by comparing the forecasts with the consolidated results of the operations of Nippon Paper Group, Inc. for the fiscal year ended March 2013.

4. 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)? /No

New — (Company name: )

Eliminated — (Company name: )

[2] Has the Company adopted a specific accounting method for preparation of quarterly consolidated financial statements? /Yes

[3] 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? /No

(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? /No

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

- [4] Number of issued and outstanding shares (common stock)
- (i) Number of issued and outstanding shares (including treasury stock) as of:
 

September 30, 2013	116,254,892 Shares
March 31, 2013	116,254,892 Shares
  - (ii) Number of treasury stock as of:
 

September 30, 2013	474,381 Shares
March 31, 2013	466,507 Shares
  - (iii) Average number of shares during the periods of:
 

Six months ended September 30, 2013	115,784,822 Shares
Six months ended September 30, 2012	115,792,148 Shares

Note: The Company was listed on the stock exchange on April 1, 2013 after merging with Nippon Paper Group, Inc., its parent company, through an absorption-type merger. The above numbers of shares of the previous fiscal year are those of Nippon Paper Group, Inc.

\* Presentation of implementation status of quarterly review procedure

This “Summary of Consolidated Financial Results for the Six Months Ended September 30, 2013” is not subject to quarterly review procedures in accordance with the Financial Instruments and Exchange Law and, as of the date of publication of these quarterly consolidated financial results, the quarterly review procedures for the consolidated quarterly financial statements are currently in progress.

\*Disclaimer regarding forward-looking statement and other remarks:

1. Any statement in this document regarding future performance of the Company is based on the information available at the time of the announcement and certain assumptions judged to be reasonable. Actual performance may differ from forecasts due to a variety of factors.
2. 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 the Six Months Ended September 2013 (April 1, 2013–September 30, 2013)**

Operating results by business segment are as follows:

Pulp and Paper:

Consolidated net sales	¥ 412,876 million	(up 3.4% year-on-year)
Consolidated operating income	¥ 5,836 million	(down 22.5% year-on-year)

Paper-Related:

Consolidated net sales	¥ 46,853 million	(down 2.6% year-on-year)
Consolidated operating income	¥ 2,703 million	(down 21.4% year-on-year)

Wood Products and Construction Related:

Consolidated net sales	¥ 31,715 million	(up 13.9% year-on-year)
Consolidated operating income	¥ 1,050 million	(up 13.2% year-on-year)

Other:

Consolidated net sales	¥ 31,872 million	(down 0.0% year-on-year)
Consolidated operating income	¥ 820 million	(down 2.2% year-on-year)

## 2. Supplementary Financial Results Presentation Materials for the Six Months Ended September 30, 2013

The supplementary presentation materials show a comparison with the results of Nippon Paper Group, Inc. for the end of the consolidated fiscal year ended March 2013 and the second quarter of the consolidated fiscal year ended March 2013, and the results of the Company for the second quarter of the consolidated fiscal year ended March 2014.

### (1) Consolidated Balance Sheets

	(Millions of yen)	
	As of March 31, 2013	As of September 30, 2013
<b>Assets</b>		
Current assets		
Cash and deposits	110,911	90,891
Notes and accounts receivable-trade	198,916	195,529
Merchandise and finished goods	81,175	85,429
Work in process	17,739	17,618
Raw materials and supplies	50,388	53,381
Other	48,853	38,904
Allowance for doubtful receivables	(650)	(380)
Total current assets	507,335	481,373
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	487,605	490,847
Accumulated depreciation	(341,162)	(344,876)
Buildings and structures, net	146,442	145,970
Machinery, equipment and vehicles	2,118,113	2,144,170
Accumulated depreciation	(1,794,789)	(1,826,682)
Machinery, equipment and vehicles, net	323,323	317,487
Land	225,729	224,371
Construction in progress	19,437	21,314
Other	92,161	92,241
Accumulated depreciation	(59,671)	(59,505)
Other, net	32,490	32,735
Total property, plant and equipment	747,423	741,879
Intangible assets		
Goodwill	15,955	15,328
Other	6,768	6,712
Total intangible assets	22,724	22,041
Investments and other assets		
Investments in securities	197,323	200,494
Other	23,915	19,738
Allowance for doubtful receivables	(992)	(1,266)
Total investments and other assets	220,246	218,967
Total noncurrent assets	990,393	982,888
<b>Total assets</b>	1,497,729	1,464,261

(Millions of yen)

	As of March 31, 2013	As of September 30, 2013
<b>Liabilities</b>		
Current liabilities		
Notes and account payable-trade	137,861	122,777
Short-term loans payable	248,235	242,708
Accrued income taxes	3,501	4,239
Other	86,989	83,425
<b>Total current liabilities</b>	<b>476,588</b>	<b>453,151</b>
Long-term liabilities		
Bonds payable	48,000	48,000
Long-term loans payable	531,992	498,612
Accrued retirement benefits	29,252	29,131
Accrued environmental costs	539	450
Other	14,895	18,926
<b>Total long-term liabilities</b>	<b>624,680</b>	<b>595,121</b>
<b>Total liabilities</b>	<b>1,101,269</b>	<b>1,048,273</b>
<b>Net assets</b>		
Shareholders' equity		
Common stock	55,730	104,873
Capital surplus	266,249	217,105
Retained earnings	60,705	65,602
Treasury stock, at cost	(1,308)	(1,319)
<b>Total shareholders' equity</b>	<b>381,376</b>	<b>386,262</b>
Accumulated other comprehensive income		
Net unrealized holding gain on other securities	4,708	8,359
Net deferred gain on hedges	1,810	2,228
Translation adjustments	4,811	14,678
<b>Total accumulated other comprehensive income</b>	<b>11,330</b>	<b>25,266</b>
Minority interests in consolidated subsidiaries	3,753	4,459
<b>Total net assets</b>	<b>396,460</b>	<b>415,988</b>
<b>Total liabilities and net assets</b>	<b>1,497,729</b>	<b>1,464,261</b>

(2) Consolidated Statements of Operations and Statements of Comprehensive Income  
- Consolidated Statements of Operations -

(Millions of yen)

	Six months ended September 30, 2012	Six months ended September 30, 2013
Net sales	507,200	523,317
Cost of sales	393,509	410,320
Gross profit	113,691	112,997
Selling, general and administrative expenses		
Freightage related expenses	28,983	31,192
Sales related expenses	32,052	32,211
Salaries and allowances	22,716	22,370
Other	17,197	16,811
Total selling, general and administrative expenses	100,950	102,586
Operating income	12,741	10,411
Other income		
Interest income	247	169
Dividend income	1,062	1,243
Equity in earnings of affiliates	2,654	3,577
Subsidy	317	1,831
Other	2,130	1,942
Total other income	6,412	8,765
Other expenses		
Interest expense	6,110	5,756
Other	2,890	2,501
Total other expenses	9,000	8,257
Ordinary income	10,153	10,918
Extraordinary income		
Gain on sales of noncurrent assets	211	5,804
Other	667	883
Total extraordinary income	878	6,688
Extraordinary loss		
Loss on retirement of noncurrent assets	790	571
Business restructuring expenses	996	544
Other	5,648	635
Total extraordinary loss	7,436	1,750
Income before income taxes and minority interests in consolidated subsidiaries	3,595	15,856
Income taxes—current	2,357	3,388
Income taxes—deferred	(442)	3,368
Total income taxes	1,915	6,756
Income before minority interests	1,680	9,100
Minority interests in consolidated subsidiaries	(65)	(119)
Net income	1,745	9,219

- Consolidated Statements of Comprehensive Income -

(Millions of yen)

	Six months ended September 30, 2012	Six months ended September 30, 2013
Income before minority interests	1,680	9,100
Other comprehensive income		
Net unrealized holding gain (loss) on other securities	(1,887)	3,532
Net deferred gain (loss) on hedges	(761)	(727)
Translation adjustments	566	3,133
Share of other comprehensive income of affiliates accounted for using the equity method	(636)	8,025
Total other comprehensive income	(2,719)	13,964
Comprehensive income	(1,039)	23,064
(Details)		
Comprehensive income attributable to shareholders	(994)	23,057
Comprehensive income attributable to minority interests	(44)	6



## (3) Consolidated statements of Cash Flows

(Millions of yen)

	Six Months Ended September 30, 2012	Six Months Ended September 30, 2013
<b>Operating Activities</b>		
Income (loss) before income taxes and minority interests in consolidated subsidiaries	3,595	15,856
Depreciation	31,943	31,284
Increase (decrease) in accrued retirement benefits	(352)	41
Increase (decrease) in accrued environmental costs	(4)	(88)
Interest and dividend income	(1,310)	(1,413)
Interest expense	6,110	5,756
Equity in (earnings) losses of affiliates	(2,654)	(3,577)
Net loss (gain) on sales of noncurrent assets	(211)	(5,804)
Loss on retirement of noncurrent assets	790	571
Business restructuring expenses	996	544
Decrease (increase) in receivables	(8,848)	4,947
Decrease (increase) in inventories	(10,788)	(4,817)
Increase (decrease) in payables	(7,665)	(17,252)
Other	8,763	9,225
Subtotal	20,365	35,272
Interest and dividends received	2,308	3,281
Interest paid	(6,097)	(6,236)
Payments for supplementary retirement benefits	(2,237)	-
Income taxes paid	(1,928)	(2,413)
Net cash provided by (used in) operating activities	12,409	29,905
<b>Investing Activities</b>		
Purchases of noncurrent assets	(26,860)	(25,500)
Proceeds from sales of noncurrent assets	764	6,604
Purchases of investments in other securities	(732)	(86)
Proceeds from sales of investments in other securities	194	11,880
Decrease (increase) in short-term loans receivable	(805)	(40)
Payments of long-term loans receivable	(56)	(61)
Collection of long-term loans receivable	214	156
Other	(1,098)	3,057
Net cash provided by (used in) investing activities	(28,380)	(3,990)
<b>Financing Activities</b>		
Increase (decrease) in short-term loans payable	14,102	4,373
Proceeds from long-term loans payable	40,678	576
Repayment of long-term loans payable	(35,527)	(47,118)
Redemption of bonds	(20,000)	-
Cash dividends paid	(2,320)	(3,475)
Finance lease principal payments	(685)	(572)
Other	(47)	(67)
Net cash provided by (used in) financing activities	(3,799)	(46,284)
Effect of exchange rate changes on cash and cash equivalents	102	197
Increase (decrease) in cash and cash equivalents	(19,667)	(20,171)
Cash and cash equivalents at beginning of year	119,265	110,813
Increase due to inclusion of certain subsidiaries in consolidation	731	152
Cash and cash equivalents at end of period	100,329	90,793