

Fiscal Year Ending March 2004

Brief Note on Interim Settlement of Accounts (Consolidated)

Name of Company Listed: **Nippon Unipac Holding** Stock Exchange Listings:
Tokyo, Osaka, and Nagoya

Code Number: 3893 Location of Corporate Headquarters:
Tokyo

URL: <http://www.nipponunipac.com>

Representative:
Title of Representative Person: President
Name of Representative Person: Takahiko Miyoshi

Contact Information:
Title of Contact Person: Director, Member of the Board
Name of Contact Person: Keisuke Ito
Telephone: (03) 3218-9300

Date on Which the Board of Directors' Meeting Was Held to Approve the Interim Settlement of Accounts: November 21, 2003

Whether U.S. Accounting Standards Are Adopted: No

1. Consolidated Results of Operations for the Interim Accounting Period of Fiscal Year 2004 (April 1, 2003 to September 30, 2003)

(1) Consolidated Business Results

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

	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Interim accounting period of fiscal year 2004	594,504	(2.0)	24,952	(0.8)	21,519	(11.1)
Interim accounting period of fiscal year 2003	582,627	(-5.3)	24,752	(22.2)	19,360	(58.1)
Full fiscal year 2003	1,165,450		50,450		39,671	

	Interim net income		Interim net income per share	Interim net income per share after adjusting for dilution
	Millions of yen	%	Yen	Yen
Interim accounting period of fiscal year 2004	8,518	(88.3)	7,812.06	7,499.71
Interim accounting period of fiscal year 2003	4,524	(60.8)	4,190.94	4,029.97
Full fiscal year 2003	4,880		4,283.53	4,137.37

Notes: 1. Investment income and loss accounted for by the equity method:

Interim accounting period of fiscal year 2004 1,857 million yen
Interim accounting period of fiscal year 2003 -183 million yen
Full fiscal year 2003 -699 million yen

2. Interim average number of shares (consolidated):

Interim accounting period of fiscal year 2004 1,090,449.33 shares
Interim accounting period of fiscal year 2003 1,079,490.37 shares
Full fiscal year 2003 1,088,913.20 shares

3. Changes in accounting method: No

4. Percentages for net sales, operating income, ordinary income and interim net income indicate the percentage increase/decrease compared with the interim accounting period of the previous fiscal year.

(2) Consolidated Financial Status

	Total assets	Total shareholders' equity	Equity ratio	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
Interim accounting period of fiscal year 2004	1,648,699	413,500	25.1	379,226.37
Interim accounting period of fiscal year 2003	1,682,023	400,288	23.8	370,812.84
Full fiscal year 2003	1,630,126	408,202	25.0	374,133.23

Note: Number of issued and outstanding shares at the end of the accounting period (consolidated):

Interim accounting period of fiscal year 2004	1,090,378.06 shares
Interim accounting period of fiscal year 2003	1,079,489.63 shares
Full fiscal year 2003	1,090,484.39 shares

(3) Consolidated Cash Flows

	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
Interim accounting period of fiscal year 2004	29,240	-44,375	2,297	23,458
Interim accounting period of fiscal year 2003	58,602	-31,357	-30,964	29,616
Full fiscal year 2003	128,695	-71,891	-54,938	35,187

(4) Matters Relating to the Scope of Consolidation and Application of the Equity Method

Number of consolidated subsidiaries: 57

Number of non-consolidated subsidiaries to which the equity method is applied: 0

Number of affiliated companies to which the equity method is applied: 7

(5) Changes in the Scope of Consolidation and Application of the Equity Method

Consolidated (New): 12 companies (Eliminated): 7 companies

Equity method (New): 0 (Eliminated): 0

2. Projection of Consolidated Results of Operations for the Fiscal Year Ending March 2004 (April 1, 2003 to March 31, 2004)

	Net sales	Ordinary income	Net income
	Millions of yen	Millions of yen	Millions of yen
Full fiscal year	1,200,000	57,000	28,000

(Reference) Projected net income per share (full fiscal year): 25,679.17 yen

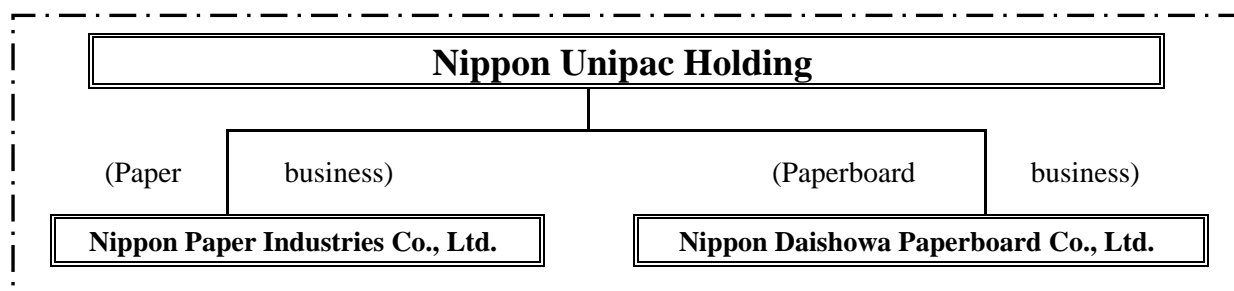
The projection of consolidated results of operations was prepared based on information available to management as of the date the projection was released. Actual results may vary from the projected numbers as a result of various factors in the future.

For information concerning the assumptions and other related items used for the above forecast, please refer to page 11 of the attached materials.

Status of Group of Companies

This group of companies, which consists of Nippon Unipac Holding and its 173 subsidiary companies and 50 affiliated companies, is engaged in business fields such as pulp and paper, paper-related businesses, housing and construction materials, and other businesses including soft drinks and other beverages, transportation and management of leisure facilities.

The Group has been promoting the integration and restructuring of the Group companies related to both paper and paperboard businesses since last year, which was successfully completed in April 2003. In the paper business, the three companies, namely, Nippon Paper Industries Co., Ltd., Daishowa Paper Manufacturing Co., Ltd., and their joint sales company, Nippon Paper Sales Co., Ltd. merged to form a new company, Nippon Paper Industries Co., Ltd. To consolidate the paperboard business, Nippon Daishowa Paperboard Co., Ltd. was established with Japan Paperboard Industries Co., Ltd. as its core, and the business of Tohoku Paper Co., Ltd. under the Nippon Paper Industries Group and the Honsha Mill Yoshinaga Div. of Daishowa Paper Manufacturing Co., Ltd. was transferred.



Pulp and Paper Division

The Pulp and Paper Division manufactures and sells paper, paperboard, household tissue, pulp, and related products.

- Nippon Paper Industries Co., Ltd. and Kitakami Paper Co., Ltd. manufacture and sell paper. Nippon Paper Industries Co., Ltd. consigns production of paper to OTAKE. PAPER MFG. CO., LTD. and KOYO PAPER MFG. CO., LTD., and purchases and sells it. North Pacific Paper Corporation, an overseas affiliated company, manufactures newsprint, which is imported and sold by Nippon Paper Industries Co., Ltd. for the Japanese market. Daishowa North America Corporation oversees its subsidiary companies in North America, such as Daishowa America Co., Ltd., and is involved in production and sales mainly in the North American market.
- Nippon Daishowa Paperboard Co., Ltd. consigns production of paperboard to its manufacturing subsidiary, Nippon Daishowa Paperboard Tohoku Co., Ltd. and three other companies, and purchases and sells it.
- CRECIA Corporation manufactures and sells household tissue.
- Nippon Paper Industries Co., Ltd., Nippon Daishowa Paperboard Tohoku Co., Ltd., Daishowa Canada Co., Ltd. and Daishowa-Marubeni International Ltd. manufacture and sell pulp.

Paper-Related Division

The Paper-Related Division manufactures and sells industrial processed paper, corrugated sheets, chemical products and other products.

- For industrial processed paper, NIPPON PAPER-PAK CO., LTD. manufactures and sells paper cartons. LINTEC Corporation manufactures and sells adhesive-related materials.
- For corrugated sheets, KG Pack Corp. manufactures and sells them.
- For chemical products, Nippon Paper Chemicals Co., Ltd. manufactures chemical products, which are sold by SAN-MIC CHIYODA CORPORATION.

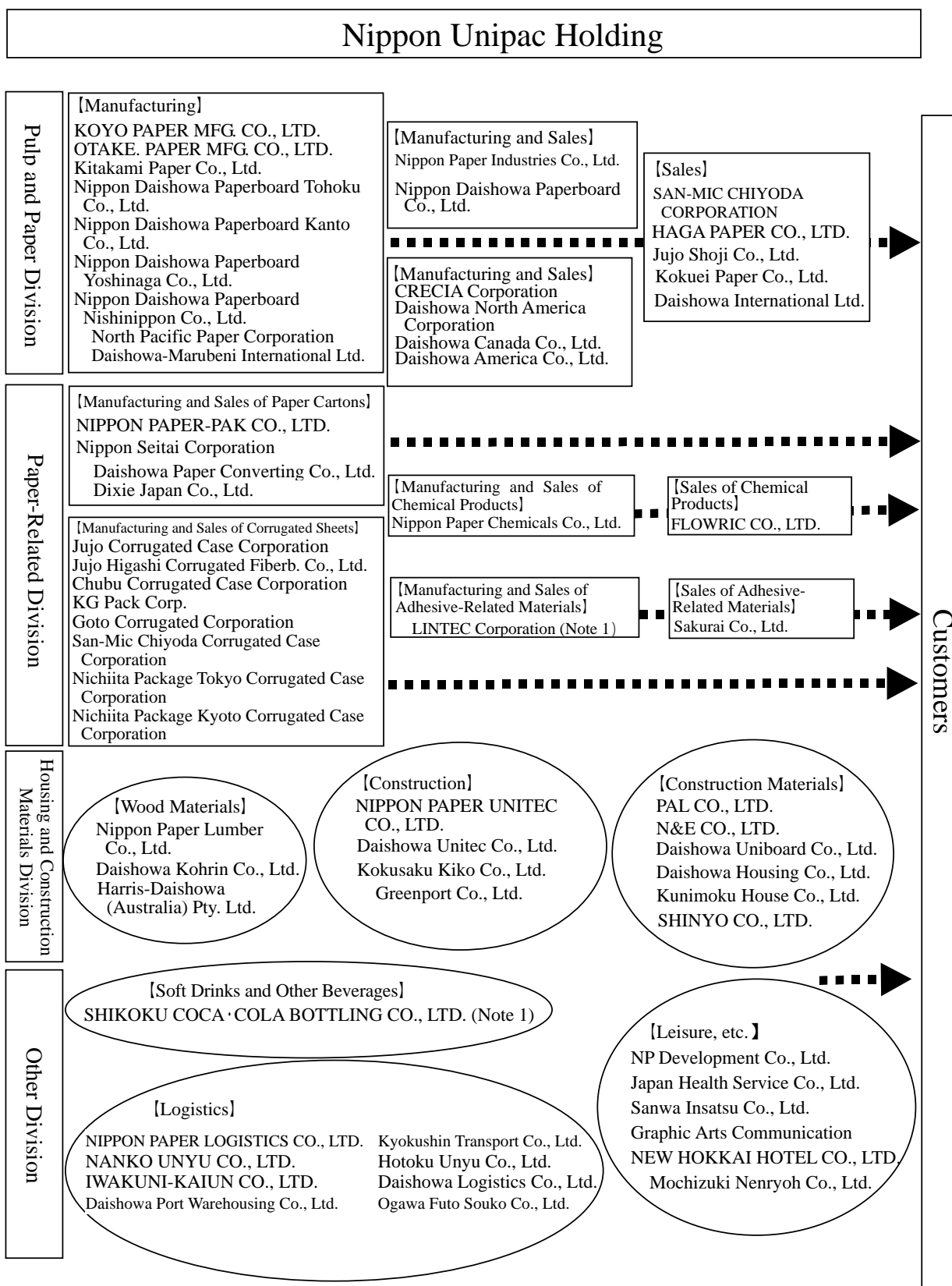
Housing and Construction Materials Division

Nippon Paper Lumber Co., Ltd. and Daishowa Kohrin Co., Ltd. sell wood materials, PAL CO., LTD. and SAN-MIC CHIYODA CORPORATION purchase and sell construction materials, and N&E CO., LTD. manufactures and sells construction materials. NIPPON PAPER UNITEC CO., LTD. provides construction-related services.

Other Division

NIPPON PAPER LOGISTICS CO., LTD. is engaged in the logistics business. SHIKOKU COCA•COLA BOTTLING CO., LTD. bottles and markets soft drinks and other beverages, and NP Development Co., Ltd. is engaged in other businesses including the leisure business.

Organization Chart



Only consolidated subsidiaries and affiliated companies to which the equity method applies are indicated.

Note: 1. Firms that are listed on the First Section of the Tokyo Stock Exchange.

indicates an affiliated company to which the equity method applies.

Management Policy

1. Management Policy and Challenges

(Management Policy)

Under the leadership of Nippon Unipac Holding, which is a holding company, the Nippon Unipac Group targets “Becoming a Business Group with Unmatched Quality” built on the four ideals of “achieving stable and excellent financial performance,” “maintaining reliability for customers,” “meeting employees’ expectations and ensuring that employees can capitalize on opportunities,” and “preserving corporate ethics.”

Through the efforts toward achieving this goal, we aim to create more value for the benefit of shareholders as well as to contribute to society in a wide variety of ways.

(Challenges)

Since the business integration of Nippon Paper Industries Co., Ltd. and Daishowa Paper Manufacturing Co., Ltd. in March 2001, the Nippon Unipac Holding Group has been working toward achieving prompt realization of the synergy effects of the integration. These efforts have been so successful that we reached our goal of achieving earnings recovery of 52 billion yen per year in just two years’ time—one year ahead of the original schedule, as seen by the earnings recovery of 56.5 billion yen in 2002.

To further accelerate these efforts, in April 2003, we established a new organizational structure as described below (1).

Looking ahead, under this new structure, the Group aims at the goal of “Becoming a Business Group with Unmatched Quality” by augmenting its managerial foundations mainly through a focus on the following two issues in particular.

(1) Pursuit of Effects from Reorganization of the Group into Individual Businesses

In April 2003, the Group consolidated both the paper and paperboard businesses under the new Nippon Paper Industries Co., Ltd. and Nippon Daishowa Paperboard Co., Ltd. respectively, in an effort to maximize management efficiency of the Group.

For the paper business, we formed a new company, Nippon Paper Industries Co., Ltd., through the merger of Nippon Paper Industries Co., Ltd., Daishowa Paper Manufacturing Co., Ltd. and Nippon Paper Sales Co., Ltd. this April. We are currently endeavoring to realize the synergy effects of the integration in a timely manner by rationalizing production facilities and streamlining personnel.

For the paperboard business, Nippon Daishowa Paperboard Co., Ltd. was established with Japan Paperboard Industries Co., Ltd. as its core in April of this year to consolidate this business segment. We are currently working to achieve maximum rationalization of the paperboard business and are undertaking measures to strengthen the corrugated sheet business, which is our downstream business.

Additionally, the three core diversified businesses—packaging, DP and chemical products, and wood materials—were either spun off or consolidated to form one company per business for more efficient business operations, which has made a significant contribution to the Group’s profit during the interim period under review. In the household tissue business, we will make efforts to significantly expand its profitability by promoting moves toward higher-value-added products and new product launches, and to reduce costs by streamlining production facilities. In this way, we will strengthen our diversified businesses to complement our paper and paperboard businesses and contribute to stabilizing the profitability and further growth of the entire Group.

(2) Promotion of the First Medium-Term Business Plan

Upon the completion of our interim objective of restructuring the Group into individual businesses, the first medium-term business plan covering the next three-year period was formulated and launched this April, to initiate the new organizational structure outlined above.

Full-fledged efforts will be made by the entire Group to reach the following targets in fiscal year 2006:

Consolidated ordinary income:	Over 100 billion yen
Consolidated interest-bearing liabilities:	Under 700 billion yen
Improvement of productivity:	10% or more

In particular, the entire Group will unite efforts to achieve the following to build a stronger business foundation:

- [1] Prompt realization of the effects from business reorganization such as rationalization of production facilities (shifting of production to cost-competitive mills).

- [2] Expansion of new products and products in growth categories; improved sales through timely response to customers and market needs.
- [3] Reduction in interest-bearing liabilities.

Business results in the current interim period under review, which is the first year of the plan, were disappointing. To ensure the achievement of the targets in fiscal year 2006, the Group as a whole is currently making efforts to implement more value-adding measures including moving forward the schedule of rationalizing production facilities, additional measures, and enhanced streamlining of personnel.

Through these activities, we are striving to boost the corporate value of the Nippon Unipac Holding Group.

* The above-mentioned targets to be achieved in fiscal year 2006 are feasible, provided the first medium-term business plan is executed as expected, and thus there is no guarantee of achievement.

Policy on Reducing Investment Unit

With regard to the investment unit, the Company recognizes the need to increase the liquidity of the Company's stock to enable individual investors to invest more easily.

However, to reduce the current investment unit, the Company must consider various factors such as the cost of undertaking the procedure, and so is studying the matter carefully.

2. Basic Policy Regarding Corporate Governance and Current Corporate Governance

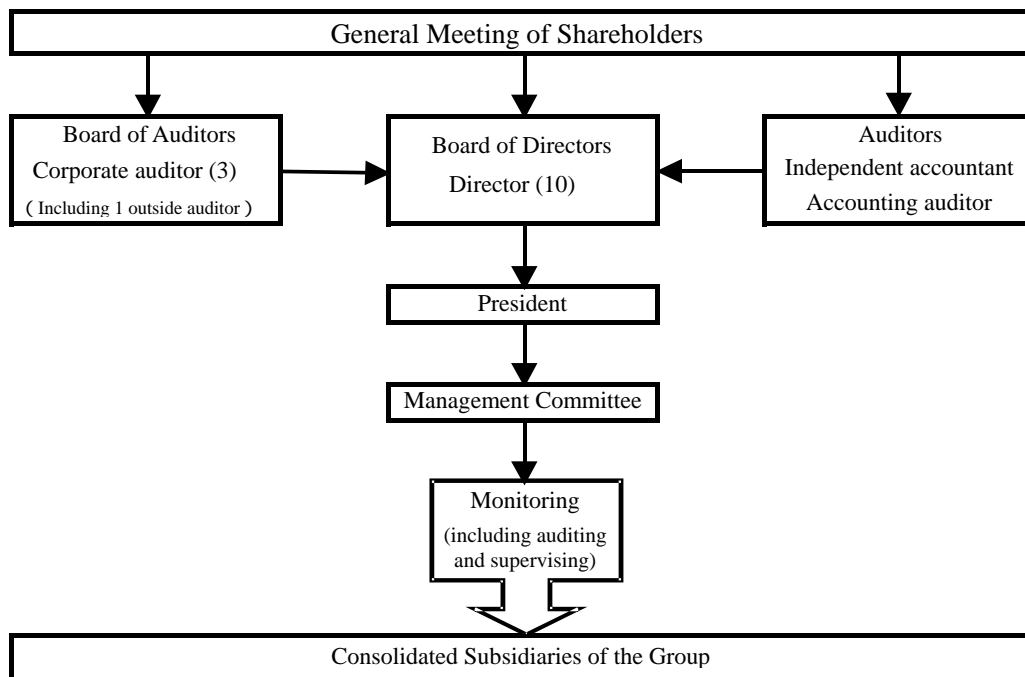
Basic Policy Regarding Corporate Governance

- [1] The Company places the highest priority on fair management practice for increased managerial transparency for the benefit of its shareholders.
- [2] Nippon Unipac Holding is a pure holding company, and as such, it believes the fundamental mission to fulfill in the area of corporate governance includes separation of management and execution and promotion of the growth strategy of each of the Group companies to increase shareholder value. It also monitors (including auditing and supervising) subsidiaries under its umbrella as a control of the Group's management to create accountability vis-à-vis its shareholders. For legal compliance, the Company aims to achieve full compliance by monitoring (including auditing and supervising) individual Group companies.

Current Status Regarding Implementation of Measures Supporting Corporate Governance

(1) Corporate Governance Structure for Managerial Decision-Making and Business Managerial Organization Pertaining to Execution and Supervision

- [1] One characteristic of the Group lies in the clearly defined organizations and roles as well as the separation of governance administered by Nippon Unipac Holding from the business execution of individual Group companies. To put the governance mechanism into practice, the Group companies base their business activities on the principles of independence and self-management, while the involvement of Nippon Unipac Holding in the business execution is kept at a minimal level.
- [2] The Board of Directors is positioned as an organization where fundamental principles concerning the management of Nippon Unipac Holding and the Group and other managerial matters are decided along with matters stipulated by law and by the corporate bylaws. It is also responsible for supervising the state of business executed. Under the Board of Directors is a management committee. Comprising the Chairman, all directors and auditors, the committee discusses fundamental principles and strategies concerning the management of Nippon Unipac Holding and the entire Group as well as important matters concerning the business execution of Group companies. It also administers measures to ensure thorough legal compliance.
- [3] For the performance of auditing functions, a corporate auditor system has been in place. The auditors attend important meetings including the meetings of the Board of Directors and the Management Committee, and administer strict supervision on the business execution of the directors. In addition, they apply auditing standards rigidly to ensure that the entire business operations of the Group are carried out properly and in compliance with laws.
- [4] The Nippon Unipac Holding Auditors Information Network was created for auditors of Group companies. Designed to strengthen coordination with auditors belonging to individual Group companies, it serves as a forum of consultation and a channel of mutual informational exchanges to discuss auditing principles and auditing methods on a regular basis.
- [5] There are ten directors, all of whom were appointed from within, with no outside directors. There are three auditors, including one outside auditor.



- [6] To ensure managerial transparency, an investor relations office was set up. Reporting directly to the President, the office is designed to familiarize shareholders and investors with our business management and activity.
- [7] Shin Nihon & Co. is appointed as our accounting auditor to whom we provide accurate management information under the audit contract so that the audit can be conducted in a fair and unbiased manner. Further, our corporate lawyers provide advice in a timely manner when legal judgment is required.

(2) Specific Activities Implemented in the Last Year to Enhance Corporate Governance

- [1] Since the business integration was carried out until today, the Company's highest priority has been on the realization of the synergy effects of the integration. With plans to increase efforts to reinforce its governance functions, the Company reviewed the membership and the roles of the Board of Directors. Three new directors who hold concurrent positions in Nippon Unipac Holding and a Group company were appointed with the approval at the Ordinary General Meeting of Shareholders held in June 2003. This has further clarified the respective functions to be played by the directors working solely for Nippon Unipac Holding and by the directors who hold concurrent positions in Nippon Unipac Holding and a Group company.
- [2] In order to encourage corporate social responsibility (CSR) in management, in October 2003, the Company established a Nippon Unipac Holding Group CSR Committee whose aim is to enhance its contributions to communities and society. An Executive Vice-President is appointed as a CSR Director and the Group CSR Committee Chairman. A CSR Office was established as a Committee secretariat, reporting directly to the President. The entire Group will work as one to achieve socially responsible environmental management that effectively balances the three aspects of economic prosperity, environment and social justice.
- [3] For legal compliance, to ensure legality, fairness and ethical practice in corporate activities, the Company has been revising the corporate code of conduct, which serves as a guideline for the code of conduct applicable to all employees of Nippon Unipac Holding and all of its Group companies.

3. Policy on Distribution of Profit

Nippon Unipac Holding will continue to strive to meet investors' expectations by strengthening our management base, boosting our profit-earning capacity, and working to increase the corporate value of companies throughout the Group.

It is the policy of Nippon Unipac Holding to pay out stable dividends continuously to the best of the Company's ability, while taking into consideration such factors as the Group's business results and the need to maintain adequate internal reserves.

Business Results and Financial Status

1. Business Results for the Interim Period

(1) Review of Consolidated Operations

The Japanese economy showed some signs of recovery during the interim period under review, supported by strong capital investment driven by export demand. However, due to the weak sales of seasonal products affected by the cold summer in addition to the worsening of the deflationary economy and sluggish job market, the domestic business environment continued to be difficult.

In the pulp and paper industry, the volume of paper shipments to the domestic market dropped below the previous year's level for seven consecutive months since March 2003, and decreased by 2% compared to the previous year during the first half of fiscal year 2004, affected by the growth of imported paper, particularly coated paper after the price revision implemented last fall. The volume of paperboard shipments to the domestic market, especially for beverages and fruits and vegetables, continued to be solid, posting a nearly 1% increase from the previous year triggered by the speculative demand in anticipation of a price rise.

Although the Pulp and Paper Division, the core business of the Group, has been working to maintain the market price of paper by reducing production as appropriate, the selling prices of paper generally remained lackluster. The steep rise in the price of waste paper and crude oil has somewhat settled, yet raw material prices continued to be the factor putting pressure on profits as seen by the increase in imported chip prices. Under such circumstances, the Group has successfully completed the restructuring of both the paper and paperboard businesses in April 2003, which originally started last year. By aiming to achieve the maximum management efficiency, measures to reduce costs, including rationalization of production facilities and cost improvement, were carried out.

As a result, during the interim period under review net sales increased 2.0% year on year to 594,504 million yen, ordinary income rose 11.1% to 21,519 million yen, and net income rose 88.3% to 8,518 million yen, all on a consolidated basis.

The results in individual business segments are as follows.

Pulp and Paper Division

In the paper business, reflecting the rebound from the Fédération Internationale de Football Association (FIFA) World Cup Games held last year, the volume of newsprint shipments to the domestic market decreased from the previous year's level. The selling prices of newsprint were unchanged. Sales of other paper, coated paper in particular, remained steady and as a result, domestic shipments were virtually unchanged from the previous year. The selling prices of paper became somewhat lackluster after the summer compared to the price level revised last fall.

In the paperboard business, domestic shipments of containerboard, our mainstay product, declined from the previous year's level because of the decreased consumption in the food product industry due to the cold summer. The selling prices of paperboard held steady at year-end 2001 levels, and a further price revision was introduced in October 2003 against the backdrop of the rise in the prices of wastepaper raw materials. For household tissue and sanitary products, sales volumes of the tissue newly launched in February of this year grew owing to its moderate price. The selling prices of household tissue and sanitary products were maintained at the level that was restored last October.

As a result, net sales declined 0.4% year on year to 446,127 million yen, and operating income decreased 1.6% to 18,507 million yen.

Paper-Related Division

Sales volume of liquid-packaging cartons, such as PURE-PAK[®], decreased slightly from the previous year because the demand for beverages declined due to the cold summer. In the corrugated sheet business, the volume of shipments continued to be lackluster, reflecting the economic slump. With regard to sales of chemical products, PPC for paint was brisk, while CMC for engineering applications and animal food remained flat. In the functional material sector, demand for liquid crystals used in laptops and cellular phones was robust. Beginning with the interim period under review, eight companies engaged in corrugated sheet business are newly added to the scope of consolidation.

As a result, net sales increased 25.0% year on year to 61,459 million yen, and operating income rose 11.9% to 2,804 million yen.

Housing and Construction Materials Division

In the Housing and Construction Materials Division, housing starts remained virtually unchanged from the previous year's level. However, there was last-minute demand before the completion of the special tax deduction

program for mortgages, and at the same time, sales of low formalin construction materials, our mainstay product, continued to be buoyant.

As above, net sales during the interim period under review edged up 1.5% year on year to 45,311 million yen, while operating income surged 247.6% to 1,134 million yen.

Other Division

In the soft drink and other beverage business, efforts were made to boost sales volume by responding to consumer needs more effectively. In other businesses including the leisure business, however, sales were blunted by stagnant personal consumption. As a result, net sales increased 1.4% year on year to 41,606 million yen, while operating income decreased 19.6% to 2,505 million yen.

(2) State of Cash Flows

Cash and cash equivalents (hereafter referred to as “cash”) on a consolidated basis at the end of the interim period under review were down 11,728 million yen (33.3%) from the end of fiscal year 2003, to 23,458 million yen. This decrease resulted primarily from our using cash gained from operating activities to make capital investments and reducing cash reserves through the promotion of the financial centralization of the entire Group.

Cash Flows from Operating Activities

Cash provided by operating activities totaled 29,240 million yen during the interim period under review, representing a decrease of 29,362 million yen, or 50.1% compared with the same period of the previous year.

The major factor for the decrease is the decline in payables of 29,641 million yen caused by the unification of the payment terms accompanied with the merger of Nippon Paper Industries Co., Ltd. and Daishowa Paper Manufacturing Co., Ltd. in April this year. In addition, there was an increase in receivables of 20,349 million yen and a decrease in payables of 24,325 million yen during the same period of the previous year, which was because March 31, 2002 was a holiday.

Cash Flows from Investing Activities

Cash used in investing activities during the interim period under review were 44,375 million yen, an increase of 41.5% or 13,018 million yen compared with the same period of the previous year.

Major activities included acquisition of property, plant and equipment totaling 37,453 million yen (a decrease of 0.9% compared with the same period of the previous year).

Cash Flows from Financing Activities

Cash increased by financing activities totaled 2,297 million yen (cash used in the same period of the previous year was 30,964 million yen).

Highlights included proceeds of 15,000 million yen from bond issuance and redemptions (payments of 15,000 million yen at the same time of the previous year), as well as reduction of long-term debt totaling 9,211 million yen (an increase of 76.0% compared with the same period of the previous year).

	Full fiscal year 2002 (First and Second Accounting Periods)	Fiscal year ended March 2003 (End of Accounting Period)	Fiscal year ending March 2004 (Interim Accounting Period)
Capital-to-asset ratio (%)	23.7	25.0	25.1
Capital-to-asset ratio based on market capitalization (%)	39.3	29.6	34.9
Years of debt redemption (years)	8.5	6.6	-
Interest coverage ratio (times)	6.7	9.8	5.1

Notes: Equity ratio: Total shareholders' equity / Total assets

Equity ratio based on market capitalization: Market capitalization / Total assets

Years of debt redemption: Interest-bearing debt / Operating cash flows (not indicated in the interim accounting period)

Interest coverage ratio: Operating cash flows / Interest paid

* The above indexes are calculated based on the figures in the consolidated financial statements.

* Market capitalization is calculated based on closing price at the end of the accounting period multiplied by the number of issued and outstanding shares at the end of the accounting period, excluding treasury stock.

* Operating cash flows are equal to cash flows from operating activities in the consolidated statements of cash flows. Interest-bearing debt includes all the liabilities in the consolidated balance sheets that incur interest expense. Additionally, interest paid is the amount of interest paid in the consolidated statements of cash flows.

* Fiscal year 2002 was an irregular year consisting of the First Accounting Period (March 30, 2001–September 30, 2001) and the Second Accounting Period (October 1, 2001–March 31, 2002), thereby is calculated as full fiscal year 2002.

2. Consolidated Business Forecasts for the Full Fiscal Year

In Japan, during the second half of the current fiscal year, although business confidence increased, the yen appreciated, triggered by the joint statement released after the G-7 finance ministers' meeting on September 20, creating a cause for concern about the economic recovery of Japan, which relies on exports. Looking ahead, unless the current deflation is addressed, the employment and income environment will continue to be difficult. Overall, the Japanese economy lacks buoyancy, and the economic situation is expected to remain in the balance.

In such a difficult business environment, as described Challenges section in the Management Policy, the Group will strengthen the business foundation of the Group by steadily carrying out all the measures set in the first medium-term business plan, which started at the same time as the rebirth of Nippon Paper Industries Co., Ltd. this April.

We estimate that, over the course of the full fiscal year, net sales will amount to around 1,200 billion yen, ordinary income to around 57 billion yen, and net income to around 28 billion yen, all on a consolidated basis.

These forecasts are based on information available at the time of this announcement. Accordingly, actual figures may differ from these forecasts due to various factors in the future.

1. Interim Consolidated Balance Sheets

(Millions of yen)

Subject		Interim accounting period of fiscal year 2004 (September 30, 2003)	Interim accounting period of fiscal year 2003 (September 30, 2002)	Fiscal year 2003 (March 31, 2003)
Assets	Current assets	468,972	488,130	455,445
	Cash and time deposits	23,601	30,695	35,544
	Notes and accounts receivable	257,941	259,422	243,252
	Inventories	141,060	140,059	138,174
	Deferred tax assets	7,740	5,400	7,767
	Other current assets	42,585	55,062	34,757
	Allowance for doubtful receivables	-3,957	-2,510	-4,050
	Fixed assets	1,179,513	1,193,523	1,174,398
	Property, plant and equipment	915,962	938,330	924,597
	Buildings and structures	204,629	207,157	205,920
	Machinery and equipment	402,136	416,346	409,735
	Land	254,340	247,789	249,859
	Others	54,855	67,037	59,082
	Intangible fixed assets	48,646	43,424	44,683
	Consolidation adjustment account	32,801	32,389	33,924
	Others	15,844	11,034	10,759
	Investments and other assets	214,905	211,768	205,117
	Investments in other securities	153,554	145,586	136,791
	Long-term loans receivable	21,656	6,877	3,308
	Deferred tax assets	21,137	23,187	28,603
	Other assets	71,936	77,812	88,161
	Allowance for doubtful receivables	-53,378	-41,695	-51,748
Deferred assets	213	369	282	
Total assets	1,648,699	1,682,023	1,630,126	
Liabilities, minority interests and shareholders' equity	Current liabilities	776,223	782,841	760,934
	Notes and accounts payable	137,083	166,392	154,123
	Short-term borrowings	389,607	393,074	372,935
	Bonds to be redeemed in one year or less	65,000	25,000	55,000
	Commercial paper	71,000	82,000	71,000
	Other current liabilities	113,532	116,374	107,874
	Long-term liabilities	432,028	466,909	434,989
	Corporate bonds	97,500	122,500	92,500
	Long-term debt	244,871	246,513	255,152
	Allowance for retirement benefits	73,427	74,654	72,498
	Allowance for directors' retirement bonuses	1,952	2,067	2,428
	Deferred tax liabilities	6,599	9,532	3,972
	Other long-term liabilities	7,677	11,640	8,437
	Total liabilities	1,208,251	1,249,750	1,195,923
	Minority interests in consolidated subsidiaries	26,947	31,984	26,000
	Common stock	55,730	55,730	55,730
	Capital surplus	252,963	236,609	252,964
	Earned surplus	106,668	112,312	112,668
	Unrealized gains (loss) on other marketable securities	8,226	621	-743
	Translation adjustments	-1,991	-4,189	-4,391
Treasury stock	-8,097	-795	-8,025	
Total shareholders' equity	413,500	400,288	408,202	
Total liabilities, minority interests and shareholders' equity	1,648,699	1,682,023	1,630,126	

2. Interim Consolidated Statements of Income

(Millions of yen)

Subject	Interim accounting period of fiscal year 2004 (April 1, 2003 to September 30, 2003)	Interim accounting period of fiscal year 2003 (April 1, 2002 to September 30, 2002)	Fiscal year 2003 (April 1, 2002 to March 31, 2003)
Net sales	594,504	582,627	1,165,450
Cost of sales	460,803	444,451	892,906
Gross profit	133,701	138,176	272,543
Selling, general and administrative expenses	108,748	113,424	222,093
Operating income	24,952	24,752	50,450
Non-operating income	(7,005)	(4,912)	(10,069)
Interest and dividend income	1,544	1,634	2,495
Equity in earnings of unconsolidated subsidiaries and affiliates	1,857	-	-
Others	3,603	3,278	7,573
Non-operating expenses	(10,438)	(10,303)	(20,848)
Interest expense	5,792	6,766	13,191
Equity in losses of unconsolidated subsidiaries and affiliates	-	183	699
Others	4,645	3,353	6,957
Ordinary income	21,519	19,360	39,671
Extraordinary gains	(1,859)	(8,767)	(11,032)
Gains on sales of property, plant and equipment	1,156	8,242	8,476
Gains on sales of investments in other securities	547	515	729
Others	154	9	1,826
Extraordinary losses	(4,903)	(11,915)	(42,648)
Losses on disposal of property, plant and equipment	1,545	2,395	9,931
Loss on devaluation of investments in other securities	784	1,242	7,567
Provision for doubtful receivables	1,196	6,614	19,044
Others	1,376	1,663	6,104
Interim income before income taxes and minority interests	18,475	16,212	8,055
Corporate, inhabitants' and enterprise taxes	5,108	7,713	9,883
Income tax adjustment	4,048	490	-9,684
Minority interests in earnings of consolidated subsidiaries	799	3,484	2,975
Interim net income	8,518	4,524	4,880

3. Interim Consolidated Statements of Retained Earnings

(Millions of yen)

Subject	Interim accounting period of fiscal year 2004 (April 1, 2003 to September 30, 2003)	Interim accounting period of fiscal year 2003 (April 1, 2002 to September 30, 2002)	Fiscal year 2003 (April 1, 2002 to March 31, 2003)
(Capital surplus)			
Capital surplus at beginning of period	252,964	236,532	236,532
Capital reserve at beginning of period		236,532	236,532
Increase in capital surplus during period	-	77	19,444
Gain on stock transfer	-	-	19,444
Gain on disposal of treasury stock	-	77	-
Decrease in capital surplus during period	1	-	3,012
Loss on disposal of treasury stock	1	-	3,012
Capital surplus at end of interim period	252,963	236,609	252,964
(Earned surplus)			
Earned surplus at beginning of period	112,668	114,675	114,675
Consolidated retained earnings at beginning of period		114,675	114,675
Increase in earned surplus during period	8,518	4,524	4,880
Interim net income	8,518	4,524	4,880
Decrease in earned surplus during period	14,519	6,887	6,887
Cash dividends paid	8,729	4,322	4,322
Bonuses to directors and corporate auditors	198	212	212
Decrease due to inclusion of certain subsidiaries in the consolidation	5,575	-	-
Decrease due to exclusion of certain subsidiaries in the consolidation	15	-	-
Decrease due to changes in overseas accounting methods	-	2,353	2,353
Earned surplus at end of interim period	106,668	112,312	112,668

4. Interim Consolidated Statements of Cash Flows

(Millions of yen)

Subject	Interim accounting period of fiscal year 2004 (April 1, 2003 to September 30, 2003)	Interim accounting period of fiscal year 2003 (April 1, 2002 to September 30, 2002)	Fiscal year 2003 (April 1, 2002 to March 31, 2003)
Cash flows from operating activities	29,240	58,602	128,695
Interim income before income taxes and minority interests	18,475	16,212	8,055
Depreciation	40,541	40,893	83,223
Amortization of difference between cost and underlying net equity in consolidated subsidiaries	1,253	940	2,456
Increase in allowance for doubtful receivables	1,111	6,281	17,881
Decrease in allowance for retirement benefits	-715	-398	-2,522
Decrease in allowance for directors' retirement bonuses	-475	-523	-163
Interest and dividend income	-1,544	-1,634	-2,495
Interest expense	5,792	6,766	13,191
Equity in losses (earnings) of unconsolidated subsidiaries and affiliates	-1,857	183	699
Gain on sales of investment securities	-547	-515	-729
Gain on sales of property, plant and equipment	-1,156	-8,242	-8,476
Losses on disposal of property, plant and equipment	1,545	2,395	9,931
Losses on devaluation of investments in other securities	784	1,242	7,567
Increase (decrease) in receivables	-4,153	20,349	36,535
Increase (decrease) in inventories	-1,309	2,854	4,672
Payables	-29,641	-24,325	-36,558
Appropriation for bonuses to directors and corporate auditors	-223	-238	-238
Others	13,571	-3,851	2,862
Sub-total	41,447	58,389	135,892
Interest and dividends received	1,647	1,751	2,738
Interest paid	-5,716	-6,746	-13,181
Income taxes (paid) refunded	-8,139	5,208	3,246
Cash flows from investing activities	-44,375	-31,357	-71,891
Acquisitions of time deposits	-217	-865	-995
Withdrawal of time deposits	416	803	1,656
Proceeds from sale of marketable securities	15	1,600	2,147
Acquisitions of property, plant and equipment	-37,453	-37,784	-77,223
Proceeds from sale of property, plant and equipment	1,908	13,560	14,627
Acquisitions of investments in other securities	-1,545	-1,907	-7,733
Proceeds from sale of investments in other securities	609	464	4,461
Proceeds from sale of stocks held in subsidiaries due to changes in the scope of consolidation	323	-	-
Increase (decrease) in short-term loans receivable	-4,219	-2,236	2,149
Extension of long-term loans	-2,724	-808	-1,142
Collection of long-term loans	997	923	1,410
Other, net	-2,484	-5,107	-11,247
Cash flows from financing activities	2,297	-30,964	-54,938
Decrease (increase) in short-term borrowings	6,379	-50,554	-76,318
Increase in commercial paper	-	45,000	34,000
Proceeds from long-term debt	31,799	45,045	109,637
Reduction of long-term debt	-41,010	-50,278	-100,510
Proceeds from bond issuance	40,000	-	-
Payments on bond redemptions	-25,000	-15,000	-15,000
Parent company dividend payments	-8,701	-4,310	-4,314
Dividend payments to minority shareholders	-257	-243	-442
Others	-911	-622	-1,989
Effect of exchange rate changes on cash and cash equivalents	512	-273	-228
Decrease (increase) in cash and cash equivalents	-12,326	-3,993	1,578
Cash and cash equivalents at beginning of period	35,187	33,609	33,609
Cash and cash equivalents of newly consolidated subsidiaries at beginning of period	998	-	-
Decrease in cash and cash equivalents due to elimination from the scope of consolidation	-400	-	-
Cash and cash equivalents at end of interim period	23,458	29,616	35,187

1. Relationship between cash and cash equivalents at end of interim period and amounts recorded in the interim consolidated balance sheets (Millions of yen)

	Interim accounting period of fiscal year 2004 (April 1, 2003 to September 30, 2003)	Interim accounting period of fiscal year 2003 (April 1, 2002 to September 30, 2002)	Fiscal year 2003 (April 1, 2002 to March 31, 2003)
Cash and time deposits	23,601	30,695	35,544
Time deposits with maturities of over three months	-381	-1,214	-491
Marketable securities with low risk of change in value and maturities of less than three months	239	135	134
Cash and cash equivalents	23,458	29,616	35,187

Significant Items Regarding Preparation of Consolidated Financial Statements

1. Matters relating to the scope of consolidation and application of the equity method

Number of consolidated subsidiaries: 57

(Nippon Paper Industries Co., Ltd., Nippon Daishowa Paperboard Co., Ltd., CRECIA Corporation, NIPPON PAPER-PAK CO., LTD., Nippon Paper Chemicals Co., Ltd., Nippon Paper Lumber Co., Ltd., Daishowa North America Corporation, SAN-MIC CHIYODA CORPORATION, SHIKOKU COCA•COLA BOTTLING CO., LTD. and 48 other companies)

Number of non-consolidated subsidiaries: 116 (The equity method is not applied to any of these companies.)

Number of affiliated companies to which the equity method is applied: 7

(North Pacific Paper Corporation, LINTEC Corporation, Daishowa-Marubeni International Ltd. and 4 other companies)

2. Change in scope of consolidation and application of equity method

The following changes have been made in response to the merger and division of certain companies due to the restructuring of the paper and paperboard businesses, and the heightened importance attained by certain companies.

(1) Scope of consolidation

New	HAGA PAPER CO., LTD., Nippon Daishowa Paperboard Kanto Co., Ltd., Nippon Daishowa Paperboard Yoshinaga Co., Ltd., Nippon Daishowa Paperboard Nishinippon Co., Ltd., Jujo Corrugated Case Corporation, Jujo Higashi Corrugated Fiberb. Co., Ltd., Chubu Corrugated Case Corporation, KG Pack Corp., Goto Corrugated Corporation, San-Mic Chiyoda Corrugated Case Corporation, Nichiita Package Tokyo Corrugated Case Corporation, Nichiita Package Kyoto Corrugated Case Corporation
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Eliminated	Daishowa Paper Manufacturing Co., Ltd., Nippon Paper Sales Co., Ltd, Nippon Paperboard Sales Ltd., Fuji Coated Paper Co., Ltd., Daishowa C.P.F. Co., Ltd., Daishowa C.P.S. Co., Ltd., Daishowa C.P.I. Co., Ltd.
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(2) Application of the equity method

New	None
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Eliminated	None
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3. Fiscal years of consolidated subsidiaries

The date of interim settlement of accounts of consolidated subsidiaries in foreign countries is June 30. Financial statements as of this date were used when preparing consolidated financial statements, whereas any significant transactions that occurred before the consolidated interim closing date were adjusted in accordance with consolidated accounting practices.

4. Capital consolidation procedures

On March 30, 2001, Nippon Paper Industries Co., Ltd. and Daishowa Paper Manufacturing Co., Ltd. jointly incorporated Nippon Unipac Holding, which became an exclusive parent company, by means of stock transfer. The capital consolidation procedure for this business integration is based on the "Capital Consolidation Procedure When Establishing an Exclusive Parent and Subsidiary Relationship by Means of Stock Exchange and Transfers" (Study Report No. 6 of the Accounting System Committee, Japanese Institute of Certified Public Accountants). At the time of capital consolidation, comprehensive consideration of the stock transfer ratio and other factors led to Nippon Paper Industries Co., Ltd. becoming the acquiring company and Daishowa Paper Manufacturing Co., Ltd. the acquired company. The equity pooling method has been applied to Nippon Paper Industries Co., Ltd. and its consolidated subsidiaries; and the purchase method has been applied to Daishowa Paper Manufacturing Co., Ltd. and its consolidated subsidiaries.

* Daishowa Paper Manufacturing Co., Ltd. merged with Nippon Paper Industries Co., Ltd. on April 1, 2003.

5. Marketable security valuation standards and methods

Held-to-maturity bonds:	Amortized cost method (Straight-line method)
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Other securities:

With fair value:	Fair value method based on the market value on the last day of the interim period. Valuation profit or loss is processed entirely by the direct capitalization method, with cost of sale being calculated by the moving average method.
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Without fair value:	Cost method based on the moving average method.
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6. Derivative valuation standards and methods

Fair value method

7. Inventory valuation standards and methods

Cost method, principally determined by the moving average method or the average method.

8. Fixed assets depreciation methods

Property, plant and equipment: Predominantly the declining-balance method. However, the straight-line method is used for those buildings (excluding annexes) acquired on or after April 1, 1998.

Intangible fixed assets: Predominantly the straight-line method. Software for in-house use is accounted for with the straight-line method over the usable life (five years).

9. Allowance recording standards

Allowance for doubtful receivables:

In order to prepare for irrecoverable notes and accounts receivable, the Company records the estimated irrecoverable amount for standard receivables on the basis of the actual loan default rate. Doubtful accounts are recorded for on an individual basis, based on estimates of the irrecoverable amount in question.

Allowance for retirement benefits:

In preparation for the disbursement of retirement benefits, the Company records an amount deemed to have been incurred during the consolidated interim period under review, based upon projected retirement benefit liabilities and pension assets at the end of the current consolidated fiscal year under review.

Past service costs are accounted for as costs with the straight-line method over a predetermined number of years within the average remaining employee service period at the time of occurrence.

Actuarial gains and losses are amortized in the year following the year in which the gain or loss is recognized primarily by the straight-line method over periods which are within the average remaining years of service of the employees.

Allowance for directors' retirement bonuses:

In order to prepare for directors' retirement bonuses, the Company and certain of its consolidated subsidiaries record estimated amounts required at the end of the interim period in question in accordance with internal regulations.

10. Foreign currency translation

All assets and liabilities denominated in foreign currencies are translated into yen at exchange rates on the interim consolidated closing date. Translation gains and losses are credited or charged to income accordingly.

The balance sheet accounts of the foreign consolidated subsidiaries are translated into yen at the rates of exchange in effect at the interim balance sheet date. Revenue and expense accounts are translated at the average rate of exchange in effect during the period, and recorded under translation adjustments in minority interests and shareholders' equity.

11. Leases

At domestic consolidated subsidiaries, finance leases other than those in which ownership rights of the leased property are deemed to transfer to the lessee are accounted for with the same standards as operating leases.

12. Hedge accounting

Predominantly deferred hedge accounting. However, the Company applies designation accounting to those assets and liabilities denominated in foreign currencies to which forward exchange contracts apply in those cases where the necessary conditions are met. The Company also applies special case accounting to those interest rate swaps that fulfill the necessary conditions.

13. Consumption taxes

Tax-exclusion method.

14. Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits, and all highly liquid investments, generally with original maturities of three months or less, that are readily convertible to known amounts of cash and are so near maturity that they present insignificant risk of changes in value because of changes in interest rates.

(Subsequent event)

[Return of the substitutional portion of the welfare pension fund plan]

On October 1, 2003, Nippon Paper Industries Co., Ltd., our consolidated subsidiary, obtained an approval of exemption from future payment obligations related to the substitutional portion of the welfare pension fund by the Ministry of Health, Labour and Welfare.

Nippon Paper Industries Co., Ltd. has calculated the substitutional portion of the governmental welfare pension fund as of the date of Ministerial approval in accordance with provisional measures specified in Section 47-2 of the “Practical Guidelines of Accounting for Retirement Benefits (Interim Report)” (Report No. 13 of the Accounting System Committee, Japanese Institute of Certified Public Accountants), and has recognized the extinction of the substitutional portion of the projected retirement benefit obligations and related plan assets.

The Company expects to record extraordinary income of approximately 5.4 billion yen on the return of the substitutional portion of the welfare pension fund in the current consolidated fiscal year.

Notes to Interim Consolidated Balance Sheets

	Interim accounting period of fiscal year 2004	Interim accounting period of fiscal year 2003	Fiscal year 2003
1. Accumulated depreciation of property, plant and equipment	1,721,042 million yen	1,688,262 million yen	1,678,438 million yen
2. Guarantee liabilities	30,853 million yen	39,242 million yen	39,794 million yen
3. Discounted draft balance	3,058 million yen	21 million yen	-
4. Endorsed draft balance	172 million yen	-	-
5. Treasury stock (Number of shares of treasury stock)	8,097 million yen (14,857.57 shares)	795 million yen (1,180.60 shares)	8,025 million yen (14,751.24 shares)

6. Notes relating to lease transactions

(Millions of yen)

	Interim accounting period of fiscal year 2004 (April 1, 2003 to September 30, 2003)	Interim accounting period of fiscal year 2003 (April 1, 2002 to September 30, 2002)	Fiscal year 2003 (April 1, 2002 to March 31, 2003)																																				
<p>1. Debit side</p> <p>(1) Finance lease transactions other than those in which the ownership rights of the leased property are deemed to transfer to the lessee</p>	<p>1. Amounts equivalent to acquisition costs, accumulated depreciation and net book values of leased property:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Acquisition costs</td> <td style="text-align: right;">10,558</td> </tr> <tr> <td>Accumulated depreciation</td> <td style="text-align: right;">5,299</td> </tr> <tr> <td style="border-top: 1px solid black;">Net book value</td> <td style="text-align: right; border-top: 1px solid black;">5,259</td> </tr> </table> <p>Amounts equivalent to acquisition costs are calculated with the interest paid-inclusive method as the proportion of property, plant and equipment accounted for by the balance of outstanding leases is minor.</p> <p>2. Balance of outstanding leases at end of interim accounting period</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Within one year</td> <td style="text-align: right;">1,565</td> </tr> <tr> <td>Over one year</td> <td style="text-align: right;">3,735</td> </tr> <tr> <td style="border-top: 1px solid black;">Total</td> <td style="text-align: right; border-top: 1px solid black;">5,301</td> </tr> </table> <p>Balance of outstanding leases at end of interim accounting period is calculated with the interest paid-inclusive method as the proportion of property, plant and equipment accounted for by this figure is low.</p> <p>3. Lease charges paid (amount equivalent to depreciation) 882</p> <p>4. Calculation method for amount equivalent to depreciation Straight-line method, taking the lease period to be the useful life and the scrap value to be zero.</p>	Acquisition costs	10,558	Accumulated depreciation	5,299	Net book value	5,259	Within one year	1,565	Over one year	3,735	Total	5,301	<p>1. Amounts equivalent to acquisition costs, accumulated depreciation and net book values of leased property:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Acquisition costs</td> <td style="text-align: right;">9,953</td> </tr> <tr> <td>Accumulated depreciation</td> <td style="text-align: right;">4,739</td> </tr> <tr> <td style="border-top: 1px solid black;">Net book value</td> <td style="text-align: right; border-top: 1px solid black;">5,213</td> </tr> </table> <p>Same as at left</p> <p>2. Balance of outstanding leases at end of interim accounting period</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Within one year</td> <td style="text-align: right;">1,626</td> </tr> <tr> <td>Over one year</td> <td style="text-align: right;">3,587</td> </tr> <tr> <td style="border-top: 1px solid black;">Total</td> <td style="text-align: right; border-top: 1px solid black;">5,213</td> </tr> </table> <p>Same as at left</p> <p>3. Lease charges paid (amount equivalent to depreciation) 925</p> <p>4. Calculation method for amount equivalent to depreciation Same as at left</p>	Acquisition costs	9,953	Accumulated depreciation	4,739	Net book value	5,213	Within one year	1,626	Over one year	3,587	Total	5,213	<p>1. Amounts equivalent to acquisition costs, accumulated depreciation and net book values of leased property:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Acquisition costs</td> <td style="text-align: right;">10,187</td> </tr> <tr> <td>Accumulated depreciation</td> <td style="text-align: right;">4,975</td> </tr> <tr> <td style="border-top: 1px solid black;">Net book value</td> <td style="text-align: right; border-top: 1px solid black;">5,211</td> </tr> </table> <p>Same as at left</p> <p>2. Balance of outstanding leases at end of accounting period</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Within one year</td> <td style="text-align: right;">1,621</td> </tr> <tr> <td>Over one year</td> <td style="text-align: right;">3,590</td> </tr> <tr> <td style="border-top: 1px solid black;">Total</td> <td style="text-align: right; border-top: 1px solid black;">5,211</td> </tr> </table> <p>Balance of outstanding leases at end of accounting period is calculated with the interest paid-inclusive method as the proportion of property, plant and equipment accounted for by this figure is low.</p> <p>3. Lease charges paid (amount equivalent to depreciation) 1,759</p> <p>4. Calculation method for amount equivalent to depreciation Same as at left</p>	Acquisition costs	10,187	Accumulated depreciation	4,975	Net book value	5,211	Within one year	1,621	Over one year	3,590	Total	5,211
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<p>(2) Operating lease transactions</p>	<p>Outstanding lease charges</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Within one year</td> <td style="text-align: right;">799</td> </tr> <tr> <td>Over one year</td> <td style="text-align: right;">529</td> </tr> <tr> <td style="border-top: 1px solid black;">Total</td> <td style="text-align: right; border-top: 1px solid black;">1,328</td> </tr> </table>	Within one year	799	Over one year	529	Total	1,328	<p>Outstanding lease charges</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Within one year</td> <td style="text-align: right;">318</td> </tr> <tr> <td>Over one year</td> <td style="text-align: right;">275</td> </tr> <tr> <td style="border-top: 1px solid black;">Total</td> <td style="text-align: right; border-top: 1px solid black;">593</td> </tr> </table>	Within one year	318	Over one year	275	Total	593	<p>Outstanding lease charges</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Within one year</td> <td style="text-align: right;">616</td> </tr> <tr> <td>Over one year</td> <td style="text-align: right;">783</td> </tr> <tr> <td style="border-top: 1px solid black;">Total</td> <td style="text-align: right; border-top: 1px solid black;">1,400</td> </tr> </table>	Within one year	616	Over one year	783	Total	1,400																		
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<p>2. Credit side</p> <p>(1) Finance lease transactions other than those in which the ownership right of the leased property is deemed to transfer to the lessee</p>	<p>1. Amounts equivalent to acquisition costs, accumulated depreciation and net book values of leased property:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Acquisition costs</td> <td style="text-align: right;">134</td> </tr> <tr> <td>Accumulated depreciation</td> <td style="text-align: right;">111</td> </tr> <tr> <td style="border-top: 1px solid black;">Net book value</td> <td style="text-align: right; border-top: 1px solid black;">23</td> </tr> </table> <p>2. Balance of outstanding leases at end of interim accounting period</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Within one year</td> <td style="text-align: right;">22</td> </tr> <tr> <td>Over one year</td> <td style="text-align: right;">44</td> </tr> <tr> <td style="border-top: 1px solid black;">Total</td> <td style="text-align: right; border-top: 1px solid black;">67</td> </tr> </table> <p>Calculations are made with the interest-paid inclusive method, as the proportion of operating receivables accounted for by the sum of the balance of outstanding leases at end of interim accounting period and the predicted residual value is minor.</p> <p>3. Lease charges received 9</p> <p>4. Depreciation expenses 9</p>	Acquisition costs	134	Accumulated depreciation	111	Net book value	23	Within one year	22	Over one year	44	Total	67	<p>1. Amounts equivalent to acquisition cost, accumulated depreciation and net book values of leased property:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Acquisition costs</td> <td style="text-align: right;">144</td> </tr> <tr> <td>Accumulated depreciation</td> <td style="text-align: right;">85</td> </tr> <tr> <td style="border-top: 1px solid black;">Net book value</td> <td style="text-align: right; border-top: 1px solid black;">59</td> </tr> </table> <p>2. Balance of outstanding leases at end of interim accounting period</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Within one year</td> <td style="text-align: right;">20</td> </tr> <tr> <td>Over one year</td> <td style="text-align: right;">39</td> </tr> <tr> <td style="border-top: 1px solid black;">Total</td> <td style="text-align: right; border-top: 1px solid black;">59</td> </tr> </table> <p>Same as at left</p> <p>3. Lease charges received 9</p> <p>4. Depreciation expenses 9</p>	Acquisition costs	144	Accumulated depreciation	85	Net book value	59	Within one year	20	Over one year	39	Total	59	<p>1. Amounts equivalent to acquisition costs, accumulated depreciation and net book values of leased property:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Acquisition costs</td> <td style="text-align: right;">144</td> </tr> <tr> <td>Accumulated depreciation</td> <td style="text-align: right;">93</td> </tr> <tr> <td style="border-top: 1px solid black;">Net book value</td> <td style="text-align: right; border-top: 1px solid black;">51</td> </tr> </table> <p>2. Balance of outstanding leases at end of accounting period</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Within one year</td> <td style="text-align: right;">20</td> </tr> <tr> <td>Over one year</td> <td style="text-align: right;">29</td> </tr> <tr> <td style="border-top: 1px solid black;">Total</td> <td style="text-align: right; border-top: 1px solid black;">49</td> </tr> </table> <p>Calculations are made with the interest-paid inclusive method, as the proportion of operating receivables accounted for by the sum of the balance of outstanding leases at end of accounting period and the predicted residual value is minor.</p> <p>3. Lease charges received 19</p> <p>4. Depreciation expenses 19</p>	Acquisition costs	144	Accumulated depreciation	93	Net book value	51	Within one year	20	Over one year	29	Total	49
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<p>(2) Operating lease transactions</p>	<p>Outstanding lease charges</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Within one year</td> <td style="text-align: right;">39</td> </tr> <tr> <td>Over one year</td> <td style="text-align: right;">69</td> </tr> <tr> <td style="border-top: 1px solid black;">Total</td> <td style="text-align: right; border-top: 1px solid black;">109</td> </tr> </table>	Within one year	39	Over one year	69	Total	109	<p>Outstanding lease charges</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Within one year</td> <td style="text-align: right;">34</td> </tr> <tr> <td>Over one year</td> <td style="text-align: right;">88</td> </tr> <tr> <td style="border-top: 1px solid black;">Total</td> <td style="text-align: right; border-top: 1px solid black;">122</td> </tr> </table>	Within one year	34	Over one year	88	Total	122	<p>Outstanding lease charges</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Within one year</td> <td style="text-align: right;">12</td> </tr> <tr> <td>Over one year</td> <td style="text-align: right;">76</td> </tr> <tr> <td style="border-top: 1px solid black;">Total</td> <td style="text-align: right; border-top: 1px solid black;">88</td> </tr> </table>	Within one year	12	Over one year	76	Total	88																		
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5. Segment Information

(1) Business segment information

Interim accounting period of fiscal year 2004 (April 1, 2003 to September 30, 2003)

(Millions of yen)

	Pulp and Paper Division	Paper-Related Division	Housing and Construction Materials Division	Other Division	Total	Eliminations or corporate	Consolidated
Sales and operating income							
Sales							
(1) Sales to third parties	446,127	61,459	45,311	41,606	594,504	-	594,504
(2) Intergroup sales and transfers	5,829	6,200	18,197	18,152	48,380	(48,380)	-
Total sales	451,957	67,660	63,509	59,758	642,885	(48,380)	594,504
Operating expenses	433,449	64,856	62,375	57,252	617,933	(48,380)	569,552
Operating income	18,507	2,804	1,134	2,505	24,952	-	24,952

Interim accounting period of fiscal year 2003 (April 1, 2002 to September 30, 2002)

(Millions of yen)

	Pulp and Paper Division	Paper-Related Division	Housing and Construction Materials Division	Other Division	Total	Eliminations or corporate	Consolidated
Sales and operating income							
Sales							
(1) Sales to third parties	447,790	49,176	44,644	41,015	582,627	-	582,627
(2) Intergroup sales and transfers	743	3,622	19,097	12,298	35,761	(35,761)	-
Total sales	448,533	52,798	63,742	53,314	618,389	(35,761)	582,627
Operating expenses	429,730	50,293	63,415	50,197	593,637	(35,761)	557,875
Operating income	18,803	2,505	326	3,116	24,752	-	24,752

Fiscal year 2003 (April 1, 2002 to March 31, 2003)

(Millions of yen)

	Pulp and Paper Division	Paper-Related Division	Housing and Construction Materials Division	Other Division	Total	Eliminations or corporate	Consolidated
Sales and operating income							
Sales							
(1) Sales to third parties	897,349	98,194	94,004	75,903	1,165,450	-	1,165,450
(2) Intergroup sales and transfers	2,458	10,149	39,303	26,716	78,628	(78,628)	-
Total sales	899,808	108,344	133,307	102,619	1,244,079	(78,628)	1,165,450
Operating expenses	859,868	103,447	132,358	97,953	1,193,628	(78,628)	1,115,000
Operating income	39,939	4,896	948	4,666	50,450	-	50,450

Notes: 1. Business classification methods

We classify business segments on the basis of manufacturing methods and similarity in products.

2. Major products by division

Pulp and Paper Division: Paper, paperboard, household tissue, pulp, raw materials for manufacturing paper

Paper-Related Division: industrial processed paper, corrugated sheet, chemical products

Housing and Construction Materials Division: Logs and lumber, construction materials, civil engineering

Other Division: Beverages, transportation, leisure facilities

* Beginning with the interim period under review, corrugated sheet is included in the Paper-Related Division.

(2) Geographical segment information

Geographical segment information has been excluded here as "Japan" accounts for more than 90% of total sales and asset in all segments.

(3) Overseas sales

Overseas sales have been excluded here as they account for less than 10% of consolidated net sales.

6. Securities

At the end of the interim accounting period of fiscal year 2004 (As of September 30, 2003)

(1) Held-to-maturity securities with fair value (Millions of yen)

	Carrying value	Fair value	Difference
Government and municipal bonds	270	269	-0
Corporate bonds	200	199	-0
Others	111	111	0
Total	581	580	-1

(2) Other securities with fair value (Millions of yen)

	Acquisition cost	Carrying value	Difference
Stocks	37,710	50,023	12,313
Bonds	1,858	2,852	994
Total	39,658	52,875	13,307

(3) Information regarding marketable securities which are not carried at fair value (Millions of yen)

	Carrying value
Other securities	
Non-listed equity securities other than OTC securities	27,899
Others	1,010
Total	28,910

At the end of the interim accounting period of fiscal year 2003 (As of September 30, 2002)

(1) Held-to-maturity securities with fair value (Millions of yen)

	Carrying value	Fair value	Difference
Government and municipal bonds	99	99	0
Corporate bonds	654	659	5
Total	753	759	5

(2) Other securities with fair value (Millions of yen)

	Acquisition cost	Carrying value	Difference
Stocks	45,395	46,079	683
Bonds	1,858	2,067	209
Others	18	14	-4
Total	47,272	48,161	889

(3) Information regarding marketable securities which are not carried at fair value (Millions of yen)

	Carrying value
Held-to-maturity bonds	
Non-listed	1,000
Others	46
Total	1,046
Other securities	
Non-listed equity securities other than OTC securities	25,463
Others	1,020
Total	26,484

At the end of fiscal year 2003 (As of March 31, 2003)

(1) Held-to-maturity securities with fair value

(Millions of yen)

	Carrying value	Fair value	Difference
Government and municipal bonds	280	280	0
Corporate bonds	100	100	0
Others	126	126	0
Total	506	507	0

(2) Other securities with fair value

(Millions of yen)

	Acquisition cost	Carrying value	Difference
Stocks	37,605	35,973	-1,631
Bonds	1,858	2,053	195
Others	20	15	-4
Total	39,483	38,042	-1,441

(3) Information regarding marketable securities which are not carried at fair value

(Millions of yen)

	Carrying value
Other securities	
Non-listed equity securities other than OTC securities	27,904
Others	1,010
Total	28,914

7. Derivative Transactions – Contract Amounts, Estimated Fair Values and Valuation Gains and Losses

(Millions of yen)

	Type	Interim accounting period of fiscal year 2004 (September 30, 2003)			Interim accounting period of fiscal year 2003 (September 30, 2002)			Fiscal year 2003 (March 31, 2003)		
		Contract amount, etc.	Fair value	Valuation gain/loss	Contract amount, etc.	Fair value	Valuation gain/loss	Contract amount, etc.	Fair value	Valuation gain/loss
Non-market transactions	Currency options									
	US\$									
	To sell	-	-	-	789	21	-8	-	-	-
	To buy	-	-	-	789	17	-29	-	-	-
	Interest rate swaps									
	Receive—variable, pay—fixed	175	-0	-0	1,475	-17	-17	1,325	-8	-8
	Receive—fixed, pay—variable	5,000	161	161	5,000	238	238	5,000	211	211
Interest rate cap										
To buy	8,000	0	0	8,000	1	1	8,000	0	0	
Total			-	161		-	183		-	202

Notes: 1. Fair value calculation methods

Calculations are based on the estimated fair values provided by financial institutions with which the Company concludes the contract in question.

2. Derivative transactions to which hedge accounting applies are not included here.

Production, Orders Received and Sales

(1) Production

Units: { Volume: Tons
Value: Millions of yen

Segment		Interim accounting period of fiscal year 2004 (April 1, 2003 to September 30, 2003)	Interim accounting period of fiscal year 2003 (April 1, 2002 to September 30, 2002)	Fiscal year 2003 (April 1, 2002 to March 31, 2003)
Pulp and Paper Division	Volume	4,049,412	4,132,684	8,195,902
Paper	Volume	2,816,157	2,824,166	5,619,438
Paperboard, household tissue	Volume	1,078,190	1,129,445	2,290,192
Pulp	Volume	155,065	179,073	286,272
Paper-Related Division	Value	31,260	32,628	63,767
Housing and Construction Materials Division	Value	2,125	1,799	3,727
Other Division	Value	18,553	17,845	32,000

Notes: 1. Pulp used within the group is excluded from these figures.

2. The Paper-Related Division, Housing and Construction Materials Division and Other Division produce a great variety of products, making the formulation of figures for volume problematic. As such, the figures above were calculated by multiplying the average sales price by the volume in each division.

(2) Orders received

Orders received have been excluded here, as the group's production activities are based on considerations relating to demand and production facilities.

(3) Sales

Units: { Volume: Tons
Value: Millions of yen

Segment		Interim accounting period of fiscal year 2004 (April 1, 2003 to September 30, 2003)	Interim accounting period of fiscal year 2003 (April 1, 2002 to September 30, 2002)	Fiscal year 2003 (April 1, 2002 to March 31, 2003)
Pulp and Paper Division	Value	446,127	447,790	897,349
Paper	Volume	3,026,731	2,976,494	5,679,942
	Value	341,107	335,827	656,751
Paperboard, household tissue	Volume	1,043,268	1,191,286	2,556,291
	Value	81,376	84,955	188,876
Pulp	Volume	136,759	195,410	296,799
	Value	8,169	10,679	19,251
Raw materials for manufacturing paper	Value	15,475	16,327	32,469
Paper-Related Division	Value	61,459	49,176	98,194
Housing and Construction Materials Division	Value	45,311	44,644	94,004
Other Division	Value	41,606	41,015	75,903
Total	Value	594,504	582,627	1,165,450

(Reference) Net Sales and Operating Income by Product Category

(Millions of yen)

		Net sales	Operating income
		Interim accounting period of fiscal year 2004 (April 1, 2003 to September 30, 2003)	Interim accounting period of fiscal year 2004 (April 1, 2003 to September 30, 2003)
	Paper, etc.	364,751	15,461
	Paperboard	49,105	778
	Household tissue	32,271	2,268
Pulp and Paper Division Total		446,127	18,507
Paper-Related Division		61,459	2,804
Housing and Construction Materials Division		45,311	1,134
Other Division		41,606	2,505
Total		594,504	24,952

Note: 1. Paper, etc. in the Pulp and Paper Division includes pulp, raw materials for manufacturing paper, etc.

Fiscal Year Ending March 2004 Outline of Interim Non-Consolidated Financial Statements

Name of Company Listed: **Nippon Unipac Holding** Stock Exchange Listings:
Tokyo, Osaka, and Nagoya

Code Number: 3893 Location of Corporate Headquarters:
Tokyo

URL: <http://www.nipponunipac.com>

Representative:
Title of Representative Person: President
Name of Representative Person: Takahiko Miyoshi

Contact Information:
Title of Contact Person: Director, Member of the Board
Name of Contact Person: Keisuke Ito
Telephone: (03) 3218-9300

Date on Which the Board of Directors' Meeting Was Held to Approve the Interim Settlement of Accounts: October 27, 2003

Whether the Interim Dividend System Is Adopted: Yes

Whether the Unit Share System Is Adopted: No

1. Non-Consolidated Results of Operations for the Interim Accounting Period of Fiscal Year 2004 (April 1, 2003 to September 30, 2003)

(1) Non-Consolidated Business Results

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

	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Interim accounting period of fiscal year 2004	5,085	(-20.4)	4,451	(-25.5)	4,364	(-25.3)
Interim accounting period of fiscal year 2003	4,224	(-31.3)	3,545	(-35.0)	3,482	(-34.3)
Full fiscal year 2003	9,329		8,047		7,884	

	Interim net income		Interim net income per share
	Millions of yen	%	Yen
Interim accounting period of fiscal year 2004	4,316	(-26.6)	3,955.59
Interim accounting period of fiscal year 2003	3,410	(-35.1)	3,156.58
Full fiscal year 2003	7,748		7,077.70

Notes: 1. Interim average number of shares (non-consolidated):

Interim accounting period of fiscal year 2004 1,091,198.84 shares
Interim accounting period of fiscal year 2003 1,080,400.48 shares
Full fiscal year 2003 1,089,774.27 shares

2. Changes in accounting method: No

3. Percentages for net sales, operating income, ordinary income, and interim net income indicate the percentage increase/decrease compared with the interim accounting period of the previous fiscal year.

(2) Non-Consolidated Dividend Status

	Interim dividends per share	Annual dividends per share
	Yen	Yen
Interim accounting period of fiscal year 2004	4,000.00	-
Interim accounting period of fiscal year 2003	0.00	-
Full fiscal year 2003	-	8,000.00

(3) Non-Consolidated Financial Status

	Total assets	Total shareholders' equity	Equity ratio	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
Interim accounting period of fiscal year 2004	814,371	413,430	50.8	378,902.46
Interim accounting period of fiscal year 2003	438,524	407,134	92.8	376,874.80
Full fiscal year 2003	449,440	417,930	93.0	382,957.16

Note: Number of issued and outstanding shares at the end of the accounting period:

Interim accounting period of fiscal year 2004 1,091,127.57 shares

Interim accounting period of fiscal year 2003 1,080,291.99 shares

Full fiscal year 2003 1,091,233.90 shares

Number of treasury stock at the end of the accounting period:

Interim accounting period of fiscal year 2004 14,108.06 shares

Interim accounting period of fiscal year 2003 378.24 shares

Full fiscal year 2003 14,001.73 shares

2. Projection of Non-Consolidated Results of Operations for the Fiscal Year Ending in March 2004 (April 1, 2003 to March 31, 2004)

	Net sales	Ordinary income	Net income	Annual dividends per share	
				End of the year	
	Millions of yen	Millions of yen	Millions of yen	Yen	Yen
Full fiscal year	10,400	9,000	8,800	4,000.00	8,000.00

(Reference) Projected net income per share (full fiscal year): 8,065.05 yen

Projected non-consolidated results of operations are prepared based on currently available information as of the day of announcement and may be different from those projected figures due to various factors in the future.

*All financial information has been prepared in accordance with accounting principles generally accepted in Japan.
This document is an English-language translation of the Japanese-language original.*

1. Interim Non-Consolidated Balance Sheets

(Millions of yen)

Subject		Interim accounting period of fiscal year 2004 (September 30, 2003)	Interim accounting period of fiscal year 2003 (September 30, 2002)	Fiscal year 2003 (March 31, 2003)
Assets	Current assets	295,708	5,994	3,202
	Cash and time deposits	26	15	13
	Short-term loans receivable	294,265	5,116	1,496
	Deferred tax assets	12	18	27
	Others	1,405	845	1,665
	Fixed assets	518,460	432,192	445,967
	Investments and other assets	518,460	432,192	445,967
	Stock held in affiliated companies	418,387	402,133	415,893
	Long-term loans	100,000	30,000	30,000
	Deferred tax assets	73	59	74
Deferred assets	202	337	270	
Incorporation costs	202	337	270	
Total assets	814,371	438,524	449,440	
Liabilities and shareholders' equity	Current liabilities	299,760	251	328
	Short-term borrowings	228,212	-	-
	Commercial paper	71,000	-	-
	Accrued income tax, etc.	31	86	174
	Other current liabilities	516	164	153
	Long-term liabilities	101,179	31,138	31,181
	Corporate bonds	40,000	-	-
	Convertible bonds	31,000	31,000	31,000
	Long-term debt	30,000	-	-
	Allowance for directors' retirement bonuses	179	138	181
	Total liabilities	400,940	31,389	31,509
	Common stock	55,730	55,730	55,730
	Capital surplus	355,893	342,133	355,894
	Capital reserve	342,894	329,133	342,894
	Other capital surplus	12,998	13,000	13,000
	Earned surplus	9,404	9,514	13,852
	Retained earnings	432	432	432
Unappropriated retained earnings for (current) interim period	8,971	9,082	13,420	
Treasury stock	-7,596	-243	-7,546	
Total shareholders' equity	413,430	407,134	417,930	
Total liabilities and shareholders' equity	814,371	438,524	449,440	

2. Interim Non-Consolidated Statements of Income

(Millions of yen)

Subject	Interim accounting period of fiscal year 2004 (April 1, 2003 to September 30, 2003)	Interim accounting period of fiscal year 2003 (April 1, 2002 to September 30, 2002)	Fiscal year 2003 (April 1, 2002 to March 31, 2003)
Net sales	5,085	4,224	9,329
Dividends received	4,269	3,320	7,589
Management guidance fee	816	903	1,739
Operating expenses	634	678	1,282
General and administrative expenses	634	678	1,282
Operating income	4,451	3,545	8,047
Non-operating income	(792)	(38)	(74)
Interest received	531	37	73
Others	261	0	0
Non-operating expenses	(879)	(102)	(237)
Interest expense	401	-	-
Interest payable on corporate bonds	129	31	62
Corporate bond issuance expenses	222	-	-
Depreciation of incorporation costs	67	67	135
Others	58	3	40
Ordinary income	4,364	3,482	7,884
Interim income before income taxes	4,364	3,482	7,884
Corporate, inhabitants' and enterprise taxes	32	86	174
Income tax adjustment	16	-14	-38
Interim net income	4,316	3,410	7,748
Income carried forward from previous period	4,655	5,672	5,672
Interim unappropriated income for current period	8,971	9,082	13,420

Significant Items Regarding Preparation of Interim Non-Consolidated Financial Statements

1. Marketable security valuation standards and methods
Stock held in subsidiaries: Cost method based on the moving average method.
2. Deferred asset accounting methods
Incorporation costs: An equal amount is amortized at each accounting period within five years.
Corporate bond issuance expenses: A full amount is processed at the time expenses are incurred.
3. Allowance recording standards
Directors' retirement bonuses:
In order to prepare for directors' retirement bonuses, the Company records estimated amounts required at the end of the interim period in question in accordance with internal regulations.
4. Consumption taxes
Tax-exclusion method

Non-Consolidated Balance Sheets

1. Increase in the number of issued and outstanding shares
There are no applicable items.
2. Stock with fair value held in subsidiaries
There are no applicable items.