

Summary of Consolidated Financial Results for the Fiscal Year Ended March 2014 (unaudited)

Name of Company Listed: **Nippon Paper Industries Co., Ltd.**
 Stock Exchange Listings: Tokyo
 Code Number: 3863
 URL: <http://www.nipponpapergroup.com/english/>
 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 Ordinary General Meeting of Shareholders: June 27, 2014
 Planned date of Financial Report submission: June 27, 2014
 Planned date of the commencement of dividend payments: June 30, 2014
 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 for the Fiscal Year Ended March 2014, which show the comparison between the results of Nippon Paper Group, Inc. for the twelve 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 ended 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 Fiscal Year Ended March 2014 (April 1, 2013–March 31, 2014)

(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	%
Fiscal Year ended March 2014	1,081,277	5.5	28,536	13.5	28,188	22.1	22,770	113.7
Fiscal Year ended March 2013	1,025,078	-1.7	25,145	-31.2	23,081	281.1	10,652	–

Note: Comprehensive income

Fiscal Year ended March 2014	41,864 million yen	(37.0 %)
Fiscal Year ended March 2013	30,553 million yen	(– %)

	Net income per share	Net income per share after adjusting for dilution	Return on equity	Ordinary income to gross capital	Operating income to net sales
	Yen	Yen	%	%	%
Fiscal Year ended March 2014	196.67	–	5.6	1.9	2.6
Fiscal Year ended March 2013	92.00	–	2.8	1.5	2.5

(2) Consolidated Financial Status

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2014	1,480,894	426,584	28.6	3652.76
As of March 31, 2013	1,497,729	396,460	26.2	3391.59

Reference: Shareholders' equity As of March 31, 2014 422,881 million yen
As of March 31, 2013 392,707 million yen

(2) Consolidated Cash Flow

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended March 2014	75,763	-24,861	-65,487	97,149
Fiscal year ended March 2013	65,978	-61,766	-14,385	110,813

2. Dividend Status

	Dividends per share					Amount of total dividends (Annual)	Dividend payout (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1 st quarter end	2 nd quarter end	3 rd quarter end	End of fiscal year	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 2013 (Note)	—	10.00	—	30.00	40.00	4,641	43.5	1.2
Fiscal year ended March 2014 (Note)	—	10.00	—	30.00	40.00	4,638	20.3	1.1
Fiscal year ending March 2015 (Projection)	—	20.00	—	30.00	50.00		22.3	

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 2015 (April 1, 2014–March 31, 2015)

(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
Six months ended September 30, 2014	535,000	2.2	16,000	53.7	15,000	37.4	18,000	95.2	155.48
Full fiscal year	1,100,000	1.7	40,000	40.2	35,000	24.2	26,000	14.2	224.58

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] Changes in Accounting principles, changes in accounting estimates, or restatements
(i) Has the Company made any changes in accounting principles following the revision of the Accounting Standard and others? /Yes
(ii) Has the Company made any changes in accounting principles other than those described in (i)? /No
(iii) Has the Company made any changes in accounting estimates? /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:
March 31, 2014 116,254,892 Shares
March 31, 2013 116,254,892 Shares
(ii) Number of treasury stock as of:
March 31, 2014 484,315 Shares
March 31, 2013 466,507 Shares
(iii) Average number of shares during the periods of:
Fiscal year ended March 2014 115,779,680 Shares
Fiscal year ended March 2013 115,790,871 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 auditing procedure

This “Summary of Consolidated Financial Results for the Fiscal Year Ended March 2014” is not subject to auditing procedures in accordance with the Financial Instruments and Exchange Law and, as of the date of publication of these consolidated financial results, the auditing procedures for the consolidated 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/english/ir/library/>

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

(Appendices)

1. Consolidated Operating Results for the Fiscal Year Ended March 2014 (April 1, 2013–March 31, 2014)

Operating results by business segment are as follows:

Pulp and Paper:

Consolidated net sales	¥ 848,145 million	(up 5.8% year-on-year)
Consolidated operating income	¥ 17,440 million	(up 34.6% year-on-year)

Paper-Related:

Consolidated net sales	¥ 93,004 million	(down 1.5% year-on-year)
Consolidated operating income	¥ 5,045 million	(down 19.1% year-on-year)

Wood Products and Construction Related:

Consolidated net sales	¥ 69,543 million	(up 14.5% year-on-year)
Consolidated operating income	¥ 2,403 million	(down 11.6% year-on-year)

Other:

Consolidated net sales	¥ 70,584 million	(up 2.9% year-on-year)
Consolidated operating income	¥ 3,647 million	(up 12.8% year-on-year)

2. Supplementary Financial Results Presentation Materials for the Fiscal Year Ended March 2014

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 results of the Company for the consolidated fiscal year ended March 2014.

(1) Consolidated Balance Sheets

	(Millions of yen)	
	As of March 31, 2013	As of March 31, 2014
Assets		
Current assets		
Cash and deposits	110,911	97,247
Notes and accounts receivable-trade	198,916	201,713
Merchandise and finished goods	81,175	81,465
Work in process	17,739	16,884
Raw materials and supplies	50,388	52,899
Deferred tax assets	7,970	16,273
Other	40,883	39,194
Allowance for doubtful receivables	(650)	(261)
Total current assets	507,335	505,417
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	487,605	491,774
Accumulated depreciation	(341,162)	(348,323)
Buildings and structures, net	146,442	143,450
Machinery, equipment and vehicles	2,118,113	2,164,286
Accumulated depreciation	(1,794,789)	(1,849,355)
Machinery, equipment and vehicles, net	323,323	314,930
Land	225,729	223,863
Construction in progress	19,437	14,649
Other	92,161	90,940
Accumulated depreciation	(59,671)	(58,655)
Other, net	32,490	32,284
Total property, plant and equipment	747,423	729,179
Intangible assets	22,724	21,804
Investments and other assets		
Investments in securities	197,323	201,973
Deferred tax assets	7,613	9,614
Net Defined benefit assets	-	1,562
Other	16,301	12,524
Allowance for doubtful receivables	(992)	(1,182)
Total investments and other assets	220,246	224,493
Total noncurrent assets	990,393	975,477
Total assets	1,497,729	1,480,894

(Millions of yen)

	As of March 31, 2013	As of March 31, 2014
Liabilities		
Current liabilities		
Notes and account payable-trade	137,861	130,997
Short-term loans payable	248,235	292,326
Accrued income taxes	3,501	4,561
Other	86,989	81,348
Total current liabilities	476,588	509,234
Long-term liabilities		
Bonds payable	48,000	48,000
Long-term loans payable	531,992	432,719
Deferred tax liability	5,627	16,031
Accrued retirement benefits	29,252	-
Accrued environmental costs	539	783
Net defined benefit liability	-	37,650
Other	9,268	9,889
Total long-term liabilities	624,680	545,075
Total liabilities	1,101,269	1,054,309
Net assets		
Shareholders' equity		
Common stock	55,730	104,873
Capital surplus	266,249	217,105
Retained earnings	60,705	77,994
Treasury stock, at cost	(1,308)	(1,336)
Total shareholders' equity	381,376	398,636
Accumulated other comprehensive income		
Net unrealized holding gain on other securities	4,708	7,814
Net deferred gain on hedges	1,810	1,325
Translation adjustments	4,811	21,567
Remeasurements of defined benefit plans	-	(6,463)
Total accumulated other comprehensive income	11,330	24,244
Minority interests in consolidated subsidiaries	3,753	3,703
Total net assets	396,460	426,584
Total liabilities and net assets	1,497,729	1,480,894

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

	(Millions of yen)	
	Fiscal year ended March 2013	Fiscal year ended March 2014
Net sales	1,025,078	1,081,277
Cost of sales	796,411	844,603
Gross profit	228,667	236,674
Selling, general and administrative expenses		
Freightage related expenses	58,940	63,418
Sales related expenses	65,481	66,085
Salaries and allowances	44,737	44,607
Other	34,362	34,025
Total selling, general and administrative expenses	203,521	208,137
Operating income	25,145	28,536
Other income		
Interest income	420	371
Dividend income	1,851	1,961
Equity in earnings of affiliates	4,316	6,704
Subsidy	645	1,922
Reversal profit of loss on seismic disaster	3,035	-
Other	4,833	4,177
Total other income	15,103	15,138
Other expenses		
Interest expense	12,038	11,259
Other	5,129	4,227
Total other expenses	17,167	15,486
Ordinary income	23,081	28,188
Extraordinary income		
Gain on sales of noncurrent assets	360	5,854
Gain on sales of investments in securities	470	3,272
Subsidy	566	-
Other	215	392
Total extraordinary income	1,613	9,519
Extraordinary loss		
Loss on retirement of noncurrent assets	1,699	2,053
Business restructuring expenses	2,244	1,356
Impairment loss	1,072	1,352
Other	3,632	2,446
Total extraordinary loss	8,649	7,209
Income before income taxes and minority interests in consolidated subsidiaries	16,045	30,498
Income taxes—current	4,830	6,210
Income taxes—deferred	559	1,939
Total income taxes	5,389	8,150
Income before minority interests	10,655	22,348
Minority interests in consolidated subsidiaries	2	(422)
Net income	10,652	22,770

- Consolidated Statements of Comprehensive Income -

(Millions of yen)

	Fiscal year ended March 2013	Fiscal year ended March 2014
Income before minority interests	10,655	22,348
Other comprehensive income		
Net unrealized holding gain (loss) on other securities	2,728	2,960
Net deferred gain (loss) on hedges	625	(1,043)
Translation adjustments	10,232	6,007
Share of other comprehensive income of affiliates accounted for using the equity method	6,311	11,591
Total other comprehensive income	19,897	19,516
Comprehensive income	30,553	41,864
(Details)		
Comprehensive income attributable to shareholders	30,299	42,049
Comprehensive income attributable to minority interests	254	(184)

(3) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended March 2013	Fiscal year ended March 2014
Operating Activities		
Income (loss) before income taxes and minority interests in consolidated subsidiaries	16,045	30,498
Depreciation	64,903	63,181
Amortization of goodwill	1,433	2,284
Increase (decrease) in allowance for doubtful receivables	(169)	(205)
Increase (decrease) in allowance for loss on seismic disaster	(10,026)	-
Increase (decrease) in accrued retirement benefits	(271)	-
Increase (decrease) in net defined benefit liability	-	(391)
Increase (decrease) in accrued environmental costs	(60)	244
Interest and dividend income	(2,271)	(2,333)
Interest expense	12,038	11,259
Equity in (earnings) losses of affiliates	(4,316)	(6,704)
Net loss (gain) on sales of noncurrent assets	(360)	(5,854)
Net loss (gain) on sales of investments in securities	(470)	(3,272)
Loss on retirement of noncurrent assets	1,699	2,053
Business restructuring expenses	2,244	1,356
Impairment loss	1,072	1,352
Decrease (increase) in receivables	8,028	(230)
Decrease (increase) in inventories	8,722	1,069
Increase (decrease) in payables	8,486	(9,499)
Other	(24,256)	3,426
Subtotal	82,470	88,233
Interest and dividends received	4,026	4,703
Interest paid	(12,133)	(11,771)
Payments for supplementary retirement benefits	(3,256)	(8)
Income taxes paid	(5,128)	(5,392)
Net cash provided by (used in) operating activities	65,978	75,763
Investing Activities		
Purchases of time deposits	(98)	(100)
Withdrawals of time deposits	97	100
Purchases of noncurrent assets	(58,048)	(51,414)
Proceeds from sales of noncurrent assets	1,390	7,218
Purchases of investments in other securities	(1,823)	(673)
Proceeds from sales of investments in other securities	677	15,214
Proceeds from redemption of investments in securities	-	2,500
Decrease (increase) in short-term loans receivable	(1,358)	(138)
Payments of long-term loans receivable	(267)	(126)
Collection of long-term loans receivable	370	305
Other	(2,705)	2,253
Net cash provided by (used in) investing activities	(61,766)	(24,861)
Financing Activities		
Increase (decrease) in short-term loans payable	12,551	4,817
Proceeds from long-term loans payable	43,043	4,061
Repayment of long-term loans payable	(45,058)	(68,531)
Redemption of bonds	(20,000)	-
Purchases of treasury stock	(8)	(33)
Proceeds from sales of treasury stock	2	1
Cash dividends paid	(3,488)	(4,662)
Repayment to minority shareholders	(81)	(81)
Finance lease principal payments	(1,345)	(1,058)
Net cash provided by (used in) financing activities	(14,385)	(65,487)
Effect of exchange rate changes on cash and cash equivalents	990	768
Increase (decrease) in cash and cash equivalents	(9,183)	(13,816)
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	110,813	97,149