

Fiscal Year Ended March 2003 Brief Note on 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

Person in Charge of Contact:
 Title of Contact Person: Director, Member of the Board
 Name of Contact Person: Hirotoshi Ishikawa
 Telephone: (03) 3218-9300

Date on Which the Board of Directors' Meeting Was Held to Approve the Settlement of Accounts: May 23, 2003

Whether U.S. Accounting Standards Are Adopted: No

1. Consolidated Results of Operations for the Accounting Periods of Fiscal Year 2003 (April 1, 2002 to March 31, 2003) and Full Fiscal Year 2002

(Please note that the previous fiscal year was an irregular year consisting of two accounting periods of March 30, 2001 to September 30, 2001 and of October 1, 2001 to March 31, 2002. The term full fiscal year 2002 refers to this irregular year, and numbers given for full fiscal year 2002 were derived by simply aggregating the numbers posted in the two periods in that irregular year.)

(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	%
Accounting period of fiscal year 2003	1,165,450	(-3.8)	50,450	(18.9)	39,671	(38.9)
Full fiscal year 2002	1,211,422		42,422		28,563	

	Net income (loss)	Net income (loss) per share	Net income (loss) per share after adjusting for dilution	Return on equity	Ordinary margin on gross capital	Ordinary margin on net sales
	Millions of yen %	Yen	Yen	%	%	%
Accounting period of fiscal year 2003	4,880 (—)	4,283.53	4,137.37	1.2	2.4	3.4
Full fiscal year 2002	-636	—	—	—	—	—

- Notes: 1. Investment income and loss due to equity method:
Accounting period of fiscal year 2003 -699 million yen
Full fiscal year 2002 -1,022 million yen
2. Average number of shares (consolidated):
Accounting period of fiscal year 2003 1,088,913.20 shares
Full fiscal year 2002 1,068,363.80 shares
3. Changes in accounting method: No
4. Percentages for net sales, operating income, ordinary income, and net income (loss) indicate the percentage increase/decrease compared with full fiscal year 2002.

(2) Consolidated Financial Status

	Total assets	Total shareholders' equity	Equity ratio	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
Accounting period of fiscal year 2003	1,630,126	408,202	25.0	374,133.23
Full fiscal year 2002	1,721,745	407,369	23.7	377,308.99

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

Accounting period of fiscal year 2003	1,090,484.39 shares
Full fiscal year 2002	1,079,670.04 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
Accounting period of fiscal year 2003	128,695	-71,891	-54,938	35,187
Full fiscal year 2002	105,812	-92,591	-57,401	33,609

- (4) Matters Relating to the Scope of Consolidation and Application of the Equity Method
Number of consolidated subsidiaries: 52
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): 2 (Eliminated): 0
Equity method (New): 0 (Eliminated): 1

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

	Net sales	Ordinary income	Net income
	Millions of yen	Millions of yen	Millions of yen
Interim accounting period	590,000	23,000	10,000
Full fiscal year	1,180,000	57,000	26,000

(Reference) Projected net income per share (full fiscal year): 23,842.62 yen

Forecast performance is predicted based on the information available at the time of the announcement. Actual performance may differ from forecasts due to a variety of factors.

With regard to the assumptions under which the above-mentioned projections have been computed and other related matters, please refer to page 9.

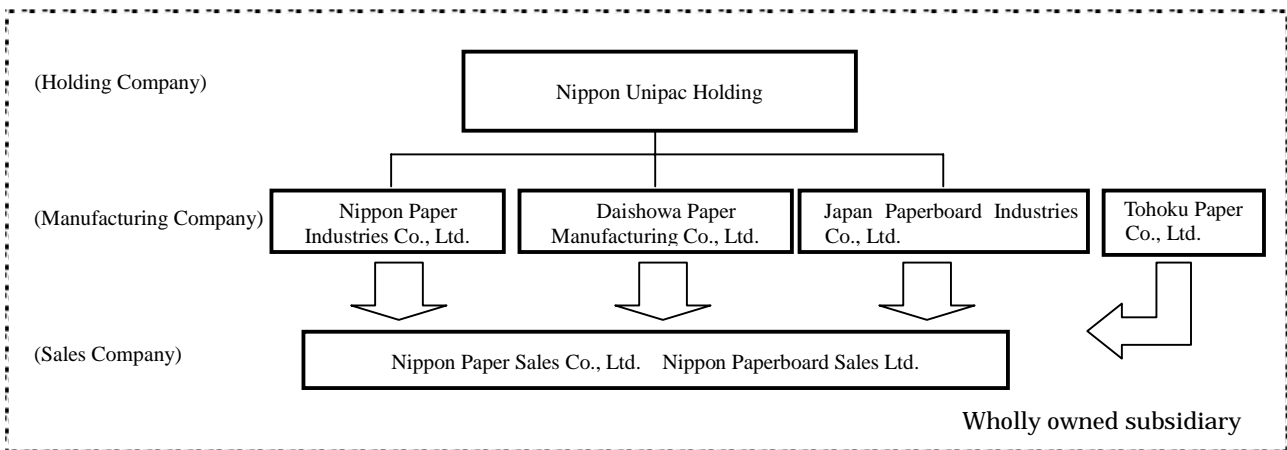
All financial information has been prepared in accordance with accounting principles generally accepted in Japan. This document is an English-language translation of the Japanese-language original.

Status of Group of Companies

This group of companies, which consists of Nippon Paper Industries Co., Ltd., Daishowa Paper Manufacturing Co., Ltd., Japan Paperboard Industries Co., Ltd. and their respective 175 subsidiary companies and 53 affiliated companies, is mainly engaged in the manufacturing and sales of pulp and paper. Additional Group business lines include paper-related businesses, housing and construction materials, logistics, bottling and sales of soft drinks and other beverages, and management of leisure facilities.

On March 30, 2001, Nippon Paper Industries Co., Ltd. and Daishowa Paper Manufacturing Co., Ltd. established Nippon Unipac Holding by a stock transfer and formed the Nippon Unipac Holding Group. The Group then proceeded to integrate the respective sales departments for paper on one hand and paperboard on the other in July 2001 to better serve clients' needs by consolidating the points of customer contact. For paper, Nippon Paper Sales Co., Ltd., a joint sales company established by spinning off and merging the sales departments of Nippon Paper Industries Co., Ltd. and Daishowa Paper Manufacturing Co. Ltd., began operations. For paperboard, Nippon Paperboard Sales Ltd., also a joint sales company established by spinning off and merging the paperboard sales departments of three companies, namely Daishowa Paper Manufacturing Co., Ltd., Japan Paperboard Industries Co., Ltd. and Tohoku Paper Co., Ltd., commenced sales activities.

Furthermore, Japan Paperboard Industries Co., Ltd., a company engaged in paperboard business, became a wholly owned subsidiary through a stock transfer on October 1, 2002.



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., Daishowa Paper Manufacturing Co., Ltd., Tohoku Paper Co., Ltd. and OTAKE. PAPER MFG. CO., LTD. manufacture paper, which is sold by Nippon Paper Sales Co., Ltd. and SAN-MIC CHIYODA CORPORATION. Fuji Coated Paper Co., Ltd. also processes and sells paper.
North Pacific Paper Corporation, an overseas consolidated subsidiary, manufactures newsprint, which is imported by Nippon Paper Industries Co., Ltd. for the Japanese market and sold by Nippon Paper Sales Co., Ltd.
- Daishowa North America Corporation oversees various companies in North America such as Daishowa America Co., Ltd. and is involved in sales mainly in the North American market.
- Daishowa Paper Manufacturing Co., Ltd., Japan Paperboard Industries Co., Ltd. and Tohoku Paper Co., Ltd. manufacture paperboard, which is sold by Nippon Paperboard Sales Ltd.
- CRECIA Corporation manufactures and sells household tissue.
- Nippon Paper Industries Co., Ltd., Tohoku Paper 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 chemical products, industrial processed paper, and other products.

- For industrial processed paper, NIPPON PAPER-PAK CO., LTD. and Dixie Japan Co., Ltd. manufacture and sell paper cartons, and LINTEC Corporation manufactures and sells adhesive-related materials.
- For chemical products, Nippon Paper Chemicals Co., Ltd. manufactures chemical products, which are sold by SAN-MIC CHIYODA CORPORATION.

In an effort to establish a flexible managerial structure, the liquid-packaging business of Nippon Paper Industries Co., Ltd. was spun off and merged into JUJO CENTRAL CO., LTD. in October 2002 with the latter serving as the continuing entity, and it was subsequently renamed NIPPON PAPER-PAK CO., LTD.

Similarly, the DP and Chemical Product business of Nippon Paper Industries Co., Ltd. was spun off and transformed into a new entity called Nippon Paper Chemicals Co., Ltd.

Housing and Construction Materials Division

Nippon Paper Lumber Co., Ltd. and Daishowa Kohrin Co., Ltd. sell wood materials, while PAL CO., LTD. and SAN-MIC CHIYODA CORPORATION, among others, purchase and sell construction materials. N&E CO., LTD. manufactures and sells construction materials, and NP Development Co., Ltd. provides construction-related services.

In addition, Daishowa Uniboard Co., Ltd. was formed in April 2002 by spinning off the construction material business of Daishowa Paper Manufacturing Co., Ltd. and transforming it into an independent entity to ensure expedited decision-making and flexibility in business development. Furthermore, the foreign lumber trading business of Nippon Paper Industries Co., Ltd. and the lumber business of SHINYO CO., LTD. were transferred to JUJO LUMBER CO., LTD. in October 2002 for stronger sales foundations, improved credit rating and for increased efficiency. In conjunction with this move, the company was renamed Nippon Paper Lumber Co., Ltd.

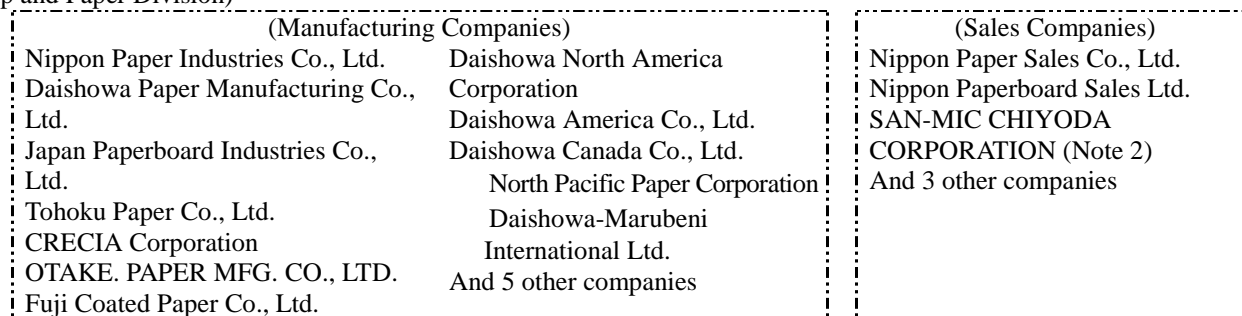
Other Division

NIPPON PAPER LOGISTICS CO., LTD., among others, is engaged in the logistics business.

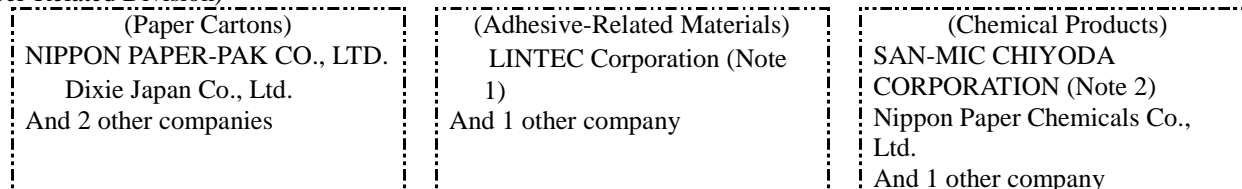
SHIKOKU COCA•COLA BOTTLING CO., LTD. bottles and markets soft drinks and other beverages, and NP Development Co., Ltd. manage leisure facilities.

Organization Chart

(Pulp and Paper Division)



(Paper-Related Division)



(Housing and Construction Materials Division)

(Wood Materials)
Nippon Paper Lumber Co., Ltd.
Daishowa Kohrin Co., Ltd.
And 2 other companies

(Construction Materials)
PAL CO., LTD.
SAN-MIC CHIYODA
CORPORATION (Note 2)
N&E CO., LTD.
And 3 other companies

(Construction)
NP Development Co., Ltd.
And 4 other companies

(Other Division)

(Logistics)
NIPPON PAPER LOGISTICS
CO., LTD.
And 7 other companies

(Soft Drinks and Other Beverages)
SHIKOKU COCA•COLA
BOTTLING CO., LTD. (Note 1)

(Leisure, etc.)
NP Development Co., Ltd.
And 5 other companies

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

Notes: 1. Firms that are listed on the First Section of the Tokyo Stock Exchange.
2. Over-the-counter firms.

Management Policy

1. Management Policy and Challenges

Under Nippon Unipac Holding, which is a holding company, the Nippon Unipac Group strives to become “Toward a Business Group with Ultimate Quality” built on the four ideals of “stable and excellent financial performance,” “reliability,” “expectation and opportunities,” and “responsibility and reputation.”

In March 2001, Nippon Paper Industries Co., Ltd. and Daishowa Paper Manufacturing Co., Ltd. underwent a business integration and established Nippon Unipac Holding, which, as parent, owns 100% of them.

Two years have passed since the business integration. In this period, the Group boosted managerial efficiency through realization of the synergy effects of the integration. As a result, the Group’s achievements exceeded its targets, as was the case with the achievement of a short-term objective one year ahead of its schedule.

However, due to the serious downturn of the economy, the Group posted a disappointing business performance in the current fiscal year under review (fiscal year 2003).

To cope with the difficult business environment, the Group greatly stepped up efforts in progress to proceed to the second step of integration as quickly as possible. As part of this measure, the Group underwent restructuring of the Group into individual businesses in April 2003. Looking ahead, the Group aims at the goal “Toward a Business Group with Ultimate Quality” by augmenting its managerial foundations mainly through a focus on the following two issues in particular.

(1) Better Business Efficiency through Reorganization of the Group into Individual Businesses

This April, a series of integrations and reorganizations by business line affecting the Group companies was carried out for the paper and paperboard businesses. For paper, three companies, namely, Nippon Paper Industries Co., Ltd., Daishowa Paper Manufacturing Co., Ltd. and Nippon Paper Sales Co., Ltd., which was a joint sales company of the two, merged to form a new company, Nippon Paper Industries Co., Ltd.

To consolidate the paperboard business, Japan Paperboard Industries Co., Ltd. became a subsidiary wholly owned by the Group last October through a stock transfer. In April, Nippon Daishowa Paperboard Co., Ltd. was established to actively play a central role, 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. were transferred.

Thus, the Group’s reorganization along business lines, which began last year, has been completed.

Looking ahead, each of the Group companies, ranging from Nippon Paper Industries Co., Ltd. in charge of paper business, Nippon Daishowa Paperboard Co., Ltd. responsible for the paperboard business, to CRECIA Corporation dealing with household tissue, including ones spun off last October, such as NIPPON PAPER-PAK CO., LTD., Nippon Paper Lumber Co., Ltd., and Nippon Paper Chemicals Co., Ltd., which were created last October, will work to achieve maximum operational efficiency to create more value for the benefit of shareholders.

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

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
Raise productivity:	10% or more

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

- [1] Prompt reorganization of business such as the accelerated 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.

(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

I. 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 the persistent demand made on its Group companies for better capital efficiency, monitoring (including auditing and supervising) of the Group companies, and accountability vis-à-vis its shareholders. For legal compliance, the Company believes that the monitoring of individual Group companies is essential.

II. 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 autonomy, independence and self-responsibility, 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, auditing plans, and auditing results on a regular basis.
- [5] There are nine 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.

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

- [1] Two years have passed since the business integration. During this period, the Company's highest priority was on the realization of the synergy effects of the integration. With plans to increase efforts to reinforce its governance functions, the Company is currently reviewing the membership and the roles of the Board of Directors. The underlying objective of such efforts is to further clarify the functions to be played by the directors working solely for Nippon Unipac Holding and the directors who hold concurrent positions in Nippon Unipac Holding and a Group company.
- [2] For legal compliance, to ensure legality, fairness and ethical practice in corporate activities, the Company has begun revising the existing 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 Profits

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 Nippon Unipac Holding 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

Review of Operations during the Accounting Period of Fiscal Year 2003

During the accounting period of fiscal year 2003, the Japanese economy, unable to map out plans for a full-fledged recovery, remained lethargic, while capital investment and personal consumption continued to sag. At the fiscal year-end, the Nikkei Stock Average slipped further to mark a post-“bubble” record low. These developments seriously impacted the corporate business results.

The Pulp and Paper Division, which is the core business of the Group, continued to be challenged by difficult business environment. Reflecting the lingering economic slowdown, the volume of paper shipped to the domestic markets was virtually unchanged from the previous year, reflecting the markets’ significant contraction, while the prices of wastepaper and heavy fuel oil rose.

In this environment, the Group placed priority on maintaining the market price of paper, and as a result of attempts to preserve the supply-demand balance by adjusting production levels, the prices of printing and business communication paper, for which prices were revised last September, have been restored to a certain extent. Additionally, measures to reduce the cost of purchasing raw materials and other supplies and to improve the logistics and other costs were carried out in an attempt to yield business integration benefits.

As a result, the consolidated settlement of accounts for the accounting period of fiscal year 2003 showed net sales of 1,165,450 million yen, a decrease of 3.8% from full fiscal year 2002. Ordinary income increased 38.9% to 39,671 million yen, and net income was 4,880 million yen.

The results in individual business segments are as follows.

Pulp and Paper Division

Sales volume for paper, though there was a slight increase induced by the FIFA World Cup 2002, generally remained lackluster reflecting the overall weakness of the economy. The market price level recovered in the second half of the fiscal year, but the average price for the entire fiscal year was slightly below the level in full fiscal year 2002.

In the paperboard segment, sales volume of containerboard, a mainstay product, dropped somewhat compared with full fiscal year 2002 as a result of sagging demand, but sales in the term showed an increase attributable primarily to a rise in the price level beginning from the latter part of the first half of the fiscal year. This, along with cost reductions and better productivity, contributed to increased profit.

Revenue from sales of household tissue (sanitary paper) declined due to sluggish consumption but profitability rose as efforts were made to improve the quality of tissue, the mainstay product, and to conduct sales activities aiming at better price-competitiveness.

As a result, net sales decreased 5.1% from full fiscal year 2002, to 897,349 million yen and operating income rose 14.5%, to 39,939 million yen.

Paper-Related Division

With regard to liquid-packaging cartons, such as PURE-PAK[®], sales both in terms of volume and monetary amount remained healthy as concentrated efforts were made to expand sales to meet increasing demand for beverages such as tea-based ones and drinks with health benefits.

Chemical products suffered a slight decline in sales, as in the Southeast Asian market for highly chlorinated polyolefin products, and competition intensified with an influx of cheaply priced products from China, among other factors. In the functional materials sector, liquid crystal-related business was brisk as demand grew for cellular phones with a built-in camera.

As a result, net sales grew 0.2% from full fiscal year 2002 to 98,194 million yen, while operating income jumped 88.2% to 4,896 million yen.

Housing and Construction Materials Division

Despite the widespread move to hold off the purchase of residential property amidst the deteriorating employment and income outlook, as symbolized by declining housing starts for two consecutive years, the Housing and Construction Materials Division managed to post net sales of 94,004 million yen, up 1.6% from full fiscal year 2002, while operating income surged 83.0% to 948 million yen through rationalization efforts, among other measures.

Other Division

In the soft drink and other beverage business efforts were made to boost sales by better meeting consumers’ needs. Leisure and other businesses suffered lackluster demand caused by the weak economy, resulting in net sales of 75,903 million yen (up 1.1% from full fiscal year 2002) and operating income of 4,666 million yen (up 5.3%).

Prospect for the Next Period

Japan's economy in fiscal year 2004 continues to face a difficult business environment, where corporate restructuring moves accompanying the accelerated disposal of banks' bad loans to pave the way for a financial recovery along with weak employment and income outlook act as an impediment to economic recovery. As indicated in "1. Management Policy and Challenges," the Nippon Unipac Holding Group strives to achieve an early realization of benefits and positive effects of the business integration including restructuring of the manufacturing structure, by uniting and mobilizing the powers and abilities of the entire Group.

Regarding consolidated results for the next period, we estimate net sales of 1,180 billion yen, ordinary income of 57 billion yen and net income of 26 billion yen.

2. Financial Status

Cash and cash equivalents (hereafter called "cash") on a consolidated basis at the end of the current consolidated accounting period were up 1,578 million yen from the beginning of the term, to 35,187 million yen. This increase resulted primarily from our using cash gained from operating activities to make capital investments and to pay down interest-bearing debt.

The cash flows in individual areas and factors affecting changes in these flows are outlined below.

Cash Flows from Operating Activities

Cash provided by operating activities totaled 128,695 million yen, up 21.6% from full fiscal year 2002. This was mainly due to depreciation expenses of 83,223 million yen (down 4.5%) and an increase in funds amounting to 36,535 million yen (down 21.7%) arising from, among other things, a decrease in trade receivables.

Cash Flows from Investing Activities

Cash used in investing activities totaled 71,891 million yen, down 22.4%. This was mainly due to expenditure of 77,223 million yen for acquisitions of property, plant and equipment (up 0.6%) and of 7,733 million yen for acquisition of investments in other securities (down 0.9%).

Cash Flows from Financing Activities

Cash used in financing activities totaled 54,938 million yen, down 4.3%. This was mainly due to a decrease of 67,191 million yen for repayment of borrowings (down 10.0%), payment of 4,314 million yen for dividends paid by the parent company (up 0.4%), and an increase of 34,000 million yen arising from commercial paper (up 3.0%).

1. Consolidated Balance Sheets

(Millions of yen)

Subject		Accounting period of fiscal year 2003 (March 31, 2003)	Full fiscal year 2002 (March 31, 2002)	Change
Assets	Current assets	445,445	517,698	-62,253
	Cash and time deposits	35,544	34,602	942
	Notes and accounts receivable	243,252	280,517	-37,265
	Inventories	138,174	143,489	-5,315
	Deferred current tax assets	7,767	8,250	-483
	Other current assets	34,757	53,358	-18,601
	Allowance for doubtful receivables	-4,050	-2,520	-1,530
	Fixed assets	1,174,398	1,203,621	-29,223
	Property, plant and equipment	924,597	941,428	-16,831
	Buildings and structures	205,920	210,605	-4,685
	Machinery and equipment	409,735	428,097	-18,362
	Land	249,859	243,652	6,207
	Others	59,082	59,073	9
	Intangible fixed assets	44,683	44,615	68
	Consolidation adjustment account	33,924	33,148	776
	Others	10,759	11,467	-708
	Investments and other assets	205,117	217,577	-12,460
	Investments in other securities	136,791	151,965	-15,174
	Long-term loans receivable	3,308	7,765	-4,457
	Deferred tax assets	28,603	20,033	8,570
	Other assets	88,161	83,821	4,340
	Allowance for doubtful receivables	-51,748	-46,008	-5,740
Deferred assets	282	425	-143	
Total assets	1,630,126	1,721,745	-91,619	
Liabilities, minority interests and shareholders' equity	Current liabilities	760,934	796,439	35,505
	Notes and accounts payable	154,123	190,842	-36,719
	Short-term borrowings	372,935	453,277	-80,342
	Bonds to be redeemed in one year or less	55,000	15,000	40,000
	Commercial paper	71,000	37,000	34,000
	Other current liabilities	107,874	100,319	7,555
	Long-term liabilities	434,989	487,456	-52,467
	Corporate bonds	92,500	147,500	-55,000
	Long-term debt	255,152	242,464	12,688
	Allowance for retirement benefits	72,498	75,732	-3,234
	Allowance for directors' retirement bonuses	2,428	2,591	-163
	Deferred tax liabilities	3,972	7,631	-3,659
	Other long-term liabilities	8,437	11,535	-3,098
	Total liabilities	1,195,923	1,283,895	-87,972
	Minority interests in consolidated subsidiaries	26,000	30,480	-4,480
	Common stock	-	55,730	-55,730
	Capital reserve	-	236,532	-236,532
	Retained earnings	-	114,675	-114,675
	Unrealized gains on other marketable securities	-	1,262	-1,262
	Translation adjustments	-	-416	416
	Treasury stock	-	-415	415
	Common stock	55,730	-	55,730
	Capital surplus	252,964	-	252,964
	Earned surplus	112,668	-	112,668
	Unrealized gains on other marketable securities	-743	-	-743
	Translation adjustments	-4,391	-	-4,391
	Treasury stock	-8,025	-	-8,025
Total shareholders' equity	408,202	407,369	833	
Total liabilities, minority interests and shareholders' equity	1,630,126	1,721,745	-91,619	

2. Consolidated Statements of Operations

(Millions of yen)

Subject	Accounting period of fiscal year 2003 (April 1, 2002 to March 31, 2003)	Full fiscal year 2002 (March 30, 2001 to March 31, 2002)	Change
Net sales	1,165,450	1,211,422	-45,972
Cost of sales	892,906	919,859	-26,953
Gross profit	272,543	291,561	-19,018
Selling, general and administrative expenses	222,093	249,139	-27,046
Operating income	50,450	42,422	8,028
Non-operating income	(10,069)	(10,478)	(-409)
Interest and dividend income	2,495	2,869	-374
Others	7,573	7,607	-34
Non-operating expenses	(20,848)	(24,337)	(-3,489)
Interest expense	13,191	15,642	-2,451
Others	7,657	8,695	-1,038
Ordinary income	39,671	28,563	11,108
Extraordinary gains	(11,032)	(6,748)	(4,284)
Gains on sales of property, plant and equipment	8,476	3,983	4,493
Gains on sales of investments in other securities	729	2,533	-1,804
Others	1,826	229	1,597
Extraordinary losses	(42,648)	(31,531)	(11,117)
Losses on disposal of property, plant and equipment	9,931	8,506	1,425
Loss on net retirement benefit obligation resulting from change in accounting standard	-	5,894	-5,894
Losses on devaluation of investments in other securities	7,567	9,782	-2,215
Provision for doubtful receivables	19,044	2,484	16,560
Others	6,104	4,860	1,244
Income before income taxes and minority interests	8,055	3,781	4,274
Corporate, inhabitants' and enterprise taxes	9,883	5,554	4,329
Income tax adjustment	-9,684	1,897	-11,581
Minority interests in earnings (losses) of consolidated subsidiaries	2,975	-3,034	6,009
Net income (loss)	4,880	-636	5,516

3. Consolidated Statements of Retained Earnings

(Millions of yen)

Subject	Accounting period of fiscal year 2003 (April 1, 2002 to March 31, 2003)	Full fiscal year 2002 (March 30, 2001 to March 31, 2002)
Retained earnings at beginning of period	-	132,311
Decrease in retained earnings	-	16,999
Cash dividends paid	-	4,310
Bonuses to directors and corporate auditors	-	258
Adjustment for inclusion or exclusion of certain subsidiaries in the consolidation	-	12,431
Net loss	-	636
Retained earnings at end of period	-	114,675
(Capital surplus)		
Capital surplus at beginning of period	236,532	-
Capital reserve at beginning of period	236,532	-
Increase in capital surplus during period	19,444	-
Gain on stock transfer	19,444	-
Decrease in capital surplus during period	3,012	-
Loss on disposal of treasury stock	3,012	-
Capital surplus at end of period	252,964	-
(Earned surplus)		
Earned surplus at beginning of period	114,675	-
Consolidated retained earnings at beginning of period	114,675	-
Increase in earned surplus during period	4,880	-
Net income	4,880	-
Decrease in earned surplus during period	6,887	-
Cash dividends paid	4,322	-
Bonuses to directors and corporate auditors	212	-
Decrease due to changes in overseas accounting methods	2,353	-
Earned surplus at end of period	112,668	-

4. Consolidated Statements of Cash Flows

(Millions of yen)

Subject	Accounting period of fiscal year 2003 (April 1, 2002 to March 31, 2003)	Full fiscal year 2002 (March 30, 2001 to March 31, 2002)	Change
Cash flows from operating activities	128,695	105,812	22,883
Income before income taxes and minority interests	8,055	3,781	4,274
Depreciation	83,223	87,144	-3,921
Amortization of difference between cost and underlying net equity in consolidated subsidiaries	2,456	1,581	875
Increase in allowance for doubtful receivables	17,881	10,649	7,232
Increase (decrease) in allowance for accrued retirement benefits	-2,522	3,853	-6,375
Decrease in allowance for directors' retirement bonuses	-163	-516	353
Interest and dividend income	-2,495	-2,869	374
Interest expense	13,191	15,642	-2,451
Equity in losses of unconsolidated subsidiaries and affiliates	699	1,022	-323
Gain on sales of investment securities	-729	-2,533	1,804
Gain on sales of property, plant and equipment	-8,476	-3,983	-4,493
Losses on disposal of property, plant and equipment	9,931	8,506	1,425
Losses on devaluation of investments in other securities	7,567	9,782	-2,215
Receivables	36,535	46,683	-10,148
Inventories	4,672	13,442	-8,770
Payables	-36,558	-36,183	-375
Appropriation for bonuses to directors and corporate auditors	-238	-292	54
Others	2,862	-19,168	22,030
Sub-total	135,892	136,545	-653
Interest and dividends received	2,738	4,076	-1,338
Interest paid	-13,181	-15,703	2,522
Income taxes (paid) refunded	3,246	-19,104	22,350
Cash flows from investing activities	-71,891	-92,591	20,700
Acquisitions of time deposits	-995	-909	-86
Withdrawal of time deposits	1,656	3,746	-2,090
Acquisitions of marketable securities	-	-589	589
Proceeds from sale of marketable securities	2,147	2,938	-791
Acquisitions of property, plant and equipment	-77,223	-76,734	-489
Proceeds from sale of property, plant and equipment	14,627	7,223	7,404
Acquisitions of investments in other securities	-7,733	-7,800	67
Proceeds from sale of investments in other securities	4,461	4,601	-140
(Increase) decrease in short-term loans receivable	2,149	-3,189	5,338
Extension of long-term loans	-1,142	-2,142	1,000
Collection of long-term loans	1,410	2,459	-1,049
Other, net	-11,247	-22,195	10,948
Cash flows from financing activities	-54,938	-57,401	2,463
Decrease in short-term borrowings	-76,318	-57,810	-18,508
Increase in commercial paper	34,000	33,000	1,000
Proceeds from long-term debt	109,637	70,377	39,260
Reduction of long-term debt	-100,510	-87,254	-13,256
Proceeds from bond issuance	-	31,000	-31,000
Payments on bond redemptions	-15,000	-32,514	17,514
Payments for stock transfer grant	-	-4,254	4,254
Parent company dividend payments	-4,314	-4,295	-19
Dividend payments to minority shareholders	-442	-520	78
Others	-1,989	-5,127	3,138
Effect of exchange rate changes on cash and cash equivalents	-288	244	-532
Increase (decrease) in cash and cash equivalents	1,578	-43,935	45,513
Cash and cash equivalents at beginning of period	33,609	24,837	8,772
Increase in cash and cash equivalents due to transfer of stock	-	51,232	-51,232
Cash and cash equivalents of newly consolidated subsidiaries at beginning of period	-	1,261	-1,261
Increase due to merger of subsidiaries	-	214	-214
Cash and cash equivalents at end of period	35,187	33,609	1,578

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

	Accounting period of fiscal year 2003 (April 1, 2002 to March 31, 2003)	Full fiscal year 2002 (March 30, 2001 to March 31, 2002)	Change
Cash and time deposits	35,544	34,602	942
Time deposits with maturities of over three months	-491	-1,153	662
Marketable securities with low risk of change in value and maturities of less than three months	134	160	-26
Cash and cash equivalents	35,187	33,609	1,578

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: 52
(Nippon Paper Industries Co., Ltd., Daishowa Paper Manufacturing Co., Ltd., Japan Paperboard Industries Co., Ltd., Tohoku Paper Co., Ltd., CRECIA Corporation, Daishowa North America Corporation, Nippon Paper Sales Co., Ltd., Nippon Paperboard Sales Ltd., SAN-MIC CHIYODA CORPORATION, NIPPON PAPER-PAK CO., LTD., SHIKOKU COCA•COLA BOTTLING CO., LTD. and 41 other companies)
 - Number of non-consolidated subsidiaries: 126 (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 spinning off of the diversified businesses of Nippon Paper Industries Co., Ltd., the spinning off of the construction materials business of Daishowa Paper Manufacturing Co., Ltd., and the bankruptcy of an affiliated company.
 - (1) Scope of consolidation
 - [1] New Nippon Paper Chemicals Co., Ltd., Daishowa Uniboard Co., Ltd.
 - [2] Eliminated None
 - (2) Application of the equity method
 - [1] New None
 - [2] Eliminated Daishowa Transportation Co., Ltd.
3. Fiscal years of consolidated subsidiaries
 - Period for settlement of accounts of consolidated subsidiaries in Japan: April 1, 2002 to March 31, 2003
 - Period for settlement of accounts of consolidated subsidiaries in foreign countries: January 1, 2002 to December 31, 2002
4. Capital consolidation procedures
 - Nippon Paper Industries Co., Ltd. and Daishowa Paper Manufacturing Co., Ltd. have jointly incorporated Nippon Unipac Holding, which becomes 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.
5. Marketable security valuation standards and methods
 - Held-to-maturity bonds: Amortized cost method (Straight-line method)
 - Stocks held in subsidiaries and affiliated companies: Cost method based on the moving average method.
 - Other securities:
 - With fair value: Fair value method based on the market value on the last day of the period. Valuation profit or loss is processed entirely by the direct capitalization method, with cost of sale being calculated by the moving average method.
 - Without fair value: Cost method based on the moving average method.
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 based upon projected retirement benefit liabilities and pension assets at the end of the period in question.

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 shorter than 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 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 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 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. Valuation of consolidated subsidiary assets and liabilities

We have adopted the fair value method for all valuations of consolidated subsidiary assets and liabilities.

12. Consolidated adjustment account

The consolidated adjustment account is depreciated over five years with the equal installment method. Goodwill arising from applying the purchase method to Daishowa Paper Manufacturing Co., Ltd. and its consolidated subsidiaries is depreciated over 20 years using the equal installment method by including it in the consolidated adjustment account.

13. Appropriation of retained earnings

The consolidated statements of retained earnings are based upon that portion of parent company retained earnings for which appropriation was settled during the current year.

14. 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.

15. 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.

16. Important matters related to basis for preparing consolidated financial statements

Consumption taxes

Tax-exclusion method.

Accounting for treasury stock and the reversal of legal reserve, etc.

Effective from the current accounting period under review, the Company has applied Accounting Standards for Treasury Stock and the Reversal of Legal Reserve, etc. (Corporate Accounting Standard No. 1). Following revisions made on the regulations governing the presentation of consolidated financial statements, shareholders' equity in the consolidated balance sheets and the consolidated statements of retained earnings for the current accounting period under review were presented in accordance with the revised regulations.

Per share information

Effective from this accounting period under review, the Company has applied Accounting Standards for Net Income per Share (Corporate Accounting Standard No. 2) and "Guide to Application of Accounting Standards for Net Income per Share" (Corporate Accounting Standard Application Guide No. 4).

17. 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.

Notes to Consolidated Balance Sheets

	Accounting period of fiscal year 2003	Full fiscal year 2002
1. Accumulated depreciation of property, plant and equipment	1,678,438 million yen	1,662,123 million yen
2. Guarantee liabilities	39,794 million yen	50,211 million yen
3. Discounted draft balance	-	1,649 million yen
4. Treasury stock (Number of shares of treasury stock)	8,025 million yen (14,751.24 shares)	415 million yen (1,000.19 shares)

5. Notes relating to lease transactions (Millions of yen)

	Accounting period of fiscal year 2003 (April 1, 2002 to March 31, 2003)	Full fiscal year 2002 (March 30, 2001 to March 31, 2002)																								
1. Debit side																										
(1) Finance lease transactions other than those in which the ownership rights of the leased property are deemed to transfer to the lessee	<p>1. Amounts equivalent to acquisition costs, accumulated depreciation and net book values of leased property:</p> <table border="0" style="width: 100%;"> <tr> <td style="padding-left: 20px;">Acquisition costs</td> <td style="text-align: right;">10,187</td> </tr> <tr> <td style="padding-left: 20px;">Accumulated depreciation</td> <td style="text-align: right;">4,975</td> </tr> <tr> <td style="padding-left: 20px;"><u>Net book value</u></td> <td style="text-align: right;"><u>5,211</u></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 accounting period</p> <table border="0" style="width: 100%;"> <tr> <td style="padding-left: 20px;">Within one year</td> <td style="text-align: right;">1,621</td> </tr> <tr> <td style="padding-left: 20px;">Over one year</td> <td style="text-align: right;">3,590</td> </tr> <tr> <td style="padding-left: 20px;"><u>Total</u></td> <td style="text-align: right;"><u>5,211</u></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 Straight-line method, taking the lease period to be the useful life and the scrap value to be zero.</p>	Acquisition costs	10,187	Accumulated depreciation	4,975	<u>Net book value</u>	<u>5,211</u>	Within one year	1,621	Over one year	3,590	<u>Total</u>	<u>5,211</u>	<p>1. Amounts equivalent to acquisition costs, accumulated depreciation and net book values of leased property:</p> <table border="0" style="width: 100%;"> <tr> <td style="padding-left: 20px;">Acquisition costs</td> <td style="text-align: right;">10,326</td> </tr> <tr> <td style="padding-left: 20px;">Accumulated depreciation</td> <td style="text-align: right;">4,921</td> </tr> <tr> <td style="padding-left: 20px;"><u>Net book value</u></td> <td style="text-align: right;"><u>5,404</u></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 accounting period</p> <table border="0" style="width: 100%;"> <tr> <td style="padding-left: 20px;">Within one year</td> <td style="text-align: right;">1,650</td> </tr> <tr> <td style="padding-left: 20px;">Over one year</td> <td style="text-align: right;">3,754</td> </tr> <tr> <td style="padding-left: 20px;"><u>Total</u></td> <td style="text-align: right;"><u>5,404</u></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) 1,989</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	10,326	Accumulated depreciation	4,921	<u>Net book value</u>	<u>5,404</u>	Within one year	1,650	Over one year	3,754	<u>Total</u>	<u>5,404</u>
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5. Segment Information

(1) Business segment information

Accounting period of 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
I 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
II Assets, depreciation and capital expenditures							
Total assets	1,229,832	95,200	91,519	92,681	1,509,234	120,892	1,630,126
Depreciation	72,108	3,834	1,421	5,859	83,223	-	83,223
Capital expenditures	68,599	3,225	1,263	3,816	76,904	-	76,904

Full fiscal year 2002 (March 30, 2001 to March 31, 2002)

(Millions of yen)

	Pulp and Paper Division	Paper-Related Division	Housing and Construction Materials Division	Other Division	Total	Eliminations or corporate	Consolidated
I Sales and operating income							
Sales							
(1) Sales to third parties	945,922	97,963	92,488	75,046	1,211,422	-	1,211,422
(2) Intergroup sales and transfers	1,293	7,746	34,135	16,154	59,330	(59,330)	-
Total sales	947,216	105,711	126,623	91,200	1,270,753	(59,330)	1,211,422
Operating expenses	912,345	103,108	126,105	86,769	1,228,331	(59,330)	1,168,999
Operating income	34,870	2,601	518	4,431	42,422	-	42,422
II Assets, depreciation and capital expenditures							
Total assets	1,250,405	100,871	94,410	90,842	1,536,530	185,215	1,721,745
Depreciation	74,274	5,166	1,492	6,210	87,144	-	87,144
Capital expenditures	59,395	4,651	1,889	3,574	69,512	-	69,512

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, pulp, raw materials for manufacturing paper

Paper-Related Division: Chemical products, industrial processed paper

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

Other Division: Beverages, transportation, leisure facilities, others

3. Company assets included in "Eliminations or corporate" amounted to 225,942 million yen in the accounting period of fiscal year 2003 and 299,724 million yen in full fiscal year 2002. These figures are predominantly accounted for by surplus operating funds (cash and securities), long-term investment funds (investment securities) and deferred tax assets that cannot be easily divided among segments.

(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. Production, Orders Received and Sales

(1) Production

Units: { Volume: Tons
Value: Millions of yen

Segment		Accounting period of fiscal year 2003 (April 1, 2002 to March 31, 2003)	Full fiscal year 2002 (March 30, 2001 to March 31, 2002)	Change
Pulp and Paper Division	Volume	8,195,902	8,356,290	-160,388
Paper	Volume	5,619,438	5,634,571	-15,133
Paperboard, household tissue	Volume	2,290,192	2,349,296	-59,014
Pulp	Volume	286,272	372,423	-86,151
Paper-Related Division	Value	63,767	62,695	1,072
Housing and Construction Materials Division	Value	3,727	3,368	359
Other Division	Value	32,000	32,718	-718

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

2. The Paper-Related Division, the 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		Accounting period of fiscal year 2003 (April 1, 2002 to March 31, 2003)	Full fiscal year 2002 (March 30, 2001 to March 31, 2002)	Change
Pulp and Paper Division	Value	897,349	945,922	-48,573
Paper	Volume	5,679,942	5,790,547	-110,605
	Value	656,751	705,053	-48,302
Paperboard, household tissue	Volume	2,556,291	2,647,635	-91,344
	Value	188,876	185,751	3,125
Pulp	Volume	296,799	351,064	-54,265
	Value	19,251	22,043	-2,792
Raw materials for manufacturing paper	Value	32,469	33,072	-603
Paper-Related Division	Value	98,194	97,963	231
Housing and Construction Materials Division	Value	94,004	92,488	1,516
Other Division	Value	75,903	75,046	857
Total	Value	1,165,450	1,211,422	-45,972

7. Securities

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

(1) Held-to-maturity securities with fair value (March 31, 2003) (Millions of yen)

	Carrying value	Fair value	Difference
Securities whose fair value exceeds their carrying value			
Corporate bonds	100	100	0
Others	26	26	0
Sub-total	126	127	0
Securities whose fair value equals to or is less than their carrying value			
Government and municipal bonds	280	280	0
Others	99	99	0
Sub-total	380	380	0
Total	506	507	0

(2) Other securities with fair value (March 31, 2003) (Millions of yen)

	Acquisition cost	Carrying value	Difference
Securities whose carrying value exceeds their acquisition cost			
Stocks	8,718	14,579	5,861
Bonds	1,858	2,053	195
Others	0	0	0
Sub-total	10,577	16,633	6,056
Securities whose carrying value equals to or is less than their acquisition cost			
Stocks	28,886	21,393	-7,492
Others	19	14	-5
Sub-total	28,906	21,408	-7,497
Total	39,483	38,042	-1,441

(3) Other securities sold during the accounting period of fiscal year 2003

(April 1, 2002 to March 31, 2003)

(Millions of yen)

Sale amount	Total profit from sale	Total loss from sale
3,048	189	295

(4) Information regarding marketable securities which are not carried at fair value and their carrying values

(March 31, 2003)

(Millions of yen)

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

(5) Amount of scheduled redemption for other securities with maturation dates and held-to-maturity securities

(March 31, 2003)

(Millions of yen)

	Due in one year or less	Due after one year through five years	Due after five years
Bonds			
Government and corporate bonds	100	280	-
Others	219	41	-
Total	319	322	-

At the end of full fiscal year 2002 (As of March 31, 2002)

(1) Held-to-maturity securities with fair value (March 31, 2002)

(Millions of yen)

	Carrying value	Fair value	Difference
Securities whose fair value exceeds their carrying value			
Government and municipal bonds	106	106	-
Corporate bonds	999	1,011	12
Sub-total	1,105	1,118	12
Securities whose fair value equals to or is less than their carrying value			
Corporate bonds	100	90	-9
Total	1,205	1,208	3

(2) Other securities with fair value (March 31, 2002)

(Millions of yen)

	Acquisition cost	Carrying value	Difference
Securities whose carrying value exceeds their acquisition cost			
Stocks	21,036	28,586	7,550
Bonds	1,956	2,086	129
Others	1,050	1,063	13
Sub-total	24,042	31,736	7,693
Securities whose carrying value equals to or is less than their acquisition cost			
Stocks	26,028	20,134	-5,893
Others	16	12	-4
Sub-total	26,044	20,146	-5,897
Total	50,087	51,882	1,795

(3) Other securities sold during this period (March 30, 2001 to March 31, 2002)

(Millions of yen)

Sale amount	Total profit from sale	Total loss from sale
1,922	1,066	0

(4) Information regarding marketable securities which are not carried at fair value (March 31, 2002)

(Millions of yen)

	Carrying value
Held-to-maturity bonds	
Non-listed	1,000
Others	56
Total	1,056
Other securities	
Non-listed equity securities other than OTC securities	25,543
Others	1,153
Total	26,697

(5) Amount of scheduled redemption for other securities with maturation dates and held-to-maturity securities (March 31, 2002)

(Millions of yen)

	Due in one year or less	Due after one year through five years	Due after five years
Bonds			
Corporate bonds	2,162	100	-
Others	72	109	1,000
Total	2,235	209	1,000

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

(1) Forward exchange contracts

No applicable items.

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

(2) Interest rate swaps

(Millions of yen)

	Type	Accounting period of fiscal year 2003 (March 31, 2003)				Full fiscal year 2002 (March 31, 2002)			
		Contract amount, etc.		Fair value	Valuation gain/loss	Contract amount, etc.		Fair value	Valuation gain/loss
			Over one year				Over one year		
Non-market transactions	Interest rate swaps								
	Receive - variable, pay - fixed	1,325	50	-8	-8	2,275	1,325	-34	-34
	Receive - fixed, pay - variable	5,000	5,000	211	211	5,000	5,000	252	252
	Receive - variable, pay - variable	-	-	-	-	1,600	-	-5	-5
	Interest rate cap								
	To buy	8,000	8,000	0	0	8,000	8,000	3	3
	Total			-	202			-	215

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.

9. Retirement Benefits

(1) Outline of company retirement benefit plan

The Company and its consolidated subsidiaries have defined benefit plans, i.e., welfare pension fund plans, tax-qualified pension plans and lump-sum payment plans. They may also pay additional moneys on a case-by-case basis. Two consolidated subsidiaries have established a retirement benefit trust fund.

(2) Retirement benefit obligations

(Millions of yen)

	Accounting period of fiscal year 2003 (March 31, 2003)	Full fiscal year 2002 (March 31, 2002)
(1) Retirement benefit obligation	-268,171	-266,077
(2) Plan assets at fair value	114,211	137,555
(3) Unfunded retirement benefit obligation ((1)+(2))	-153,960	-128,521
(4) Unrecognized actuarial gain or loss	84,594	57,875
(5) Unrecognized prior service cost (deduction of liabilities)	-907	-1,753
(6) Net retirement benefit obligation ((3)+(4)+(5))	-70,273	-72,399
(7) Prepaid pension cost	2,224	3,332
(8) Allowance for retirement benefits ((6)-(7))	-72,498	-75,732

Notes: 1. The above values include those amounts for which the Company acts on behalf of the welfare pension fund.

2. Certain subsidiaries adopt simplified methods of calculating retirement benefit obligations.

(3) Retirement benefit expenses

(Millions of yen)

	Accounting period of fiscal year 2003 (April 1, 2002 to March 31, 2003)	Full fiscal year 2002 (March 30, 2001 to March 31, 2002)
(1) Service cost (See notes 1 and 2)	8,663	8,758
(2) Interest cost	7,806	8,490
(3) Expected return on plan assets	-4,245	-4,780
(4) Recognized net retirement benefit obligation at transition	-	5,894
(5) Recognized actuarial gain or loss	4,238	1,483
(6) Amortization of prior service cost	-58	-114
(7) Net periodic benefit cost ((1)+(2)+(3)+(4)+(5)+(6))	16,403	19,732

Notes: 1. Employees' contribution to the welfare pension fund is omitted.

2. Retirement benefit expenses of consolidated subsidiaries that use simplified methods are recorded under "(1) Service cost."

(4) Retirement obligation calculations

(1) Periodical distribution method for estimated amount of retirement benefits

Periodical fixed amount standard

(2) Discount rate

Accounting period of fiscal year 2003: Mainly 3.0% Full fiscal year 2002: Mainly 3.5%

(3) Expected return on plan assets

Accounting period of fiscal year 2003: Mainly 4.0% Full fiscal year 2002: Mainly 4.5%

(4) Number of years for amortization of prior service cost

Prior service costs are recognized as costs with the straight-line method, over periods which are within the average remaining years of service of the employees at the time of the recognition.

(5) Number of years for amortization of actuarial losses

Actuarial losses are recognized as costs predominantly with the straight-line method, over periods which are within the average remaining years of service of the employees at the time of the recognition.

(6) Number of years for amortization of retirement obligation resulting from change in accounting standard

Costs were recognized within one year.

1. Consolidated Balance Sheet

(Millions of yen)

Accounting period of fiscal year 2003 (March 31, 2003)			
Assets		Liabilities	
Current assets	375,642	Current liabilities	481,678
Cash and time deposits	22,957	Notes and accounts payable	139,939
Notes and accounts receivable	217,774	Short-term borrowings	142,728
Inventories	99,911	Corporate bonds to be redeemed within one year	55,000
Deferred tax assets	4,891	Commercial paper	71,000
Others	30,107	Others	73,009
Fixed assets	701,123	Long-term liabilities	266,004
Property, plant and equipment	526,078	Corporate bonds	92,500
Buildings and structures	134,869	Long-term debt	137,109
Machinery and equipment	242,347	Allowance for retirement benefits	32,347
Land	100,994	Others	4,046
Others	47,867	Total liabilities	747,682
Intangible fixed assets	6,387	Minority interests	
Investments and other assets	168,656	Minority interests	24,518
Investments in other securities	134,312	Total shareholders' equity	
Deferred tax assets	15,000	Common stock	104,873
Others	19,344	Capital surplus	97,402
Total assets	1,076,765	Earned surplus	106,682
		Unrealized gains on other marketable securities	456
		Translation adjustments	-4,849
		Total shareholders' equity	304,564
		Total liabilities, minority interests and shareholders' equity	1,076,765

2. Consolidated Statement of Income

(Millions of yen)

Subject	Accounting period of fiscal year 2003 (April 1, 2002 to March 31, 2003)
Net sales	1,094,364
Cost of sales	877,561
Gross profit	216,802
Selling, general and administrative expenses	180,506
Operating income	36,296
Non-operating income	(7,434)
Interest and dividend income	1,923
Others	5,510
Non-operating expenses	(13,433)
Interest expense	6,973
Others	6,459
Ordinary income	30,296
Extraordinary gains	(12,495)
Gains on sales of property, plant and equipment	8,223
Others	4,272
Extraordinary losses	(17,527)
Losses on disposal of property, plant and equipment	4,376
Losses on devaluation of investments in other securities	5,889
Provision for doubtful receivables	4,162
Others	3,099
Income before income taxes and minority adjustments	25,264
Corporate, inhabitants' and enterprise taxes	12,704
Income tax adjustment	-1,603
Minority interest in earnings of consolidated subsidiaries	3,332
Net income	10,830

(Reference) Daishowa Paper Manufacturing Co., Ltd.
Consolidated Balance Sheet / Consolidated Statement of Income

1. Consolidated Balance Sheet

(Millions of yen)

Accounting period of fiscal year 2003 (March 31, 2003)			
Assets		Liabilities	
Current assets	88,012	Current liabilities	253,878
Cash and time deposits	11,085	Notes and accounts payable	43,969
Notes and accounts receivable	43,686	Short-term borrowings	178,813
Inventories	30,532	Others	31,095
Deferred tax assets	1,191	Long-term liabilities	198,728
Others	1,517	Long-term debt	130,433
Fixed assets	415,144	Deferred tax liabilities	3,197
Property, plant and equipment	346,315	Deferred tax liabilities relating to revaluation	29,981
Buildings and structures	58,928	Others	35,117
Machinery and equipment	126,571	Total liabilities	452,607
Land	146,749	Minority interests	
Others	14,066	Minority interests	1,590
Intangible fixed assets	4,455	Total shareholders' equity	
Investments and other assets	64,373	Common stock	31,784
Investments in other securities	17,669	Earned surplus	-14,967
Deferred tax assets	33,241	Gain or loss from revaluation of land	44,737
Others	13,462	Unrealized gains on other marketable securities	85
Deferred assets	12	Translation adjustments	-12,669
Total assets	503,169	Total shareholders' equity	48,971
		Total liabilities, minority interests and shareholders' equity	503,169

2. Consolidated Statement of Income

(Millions of yen)

Subject	Accounting period of fiscal year 2003 (April 1, 2002 to March 31, 2003)
Net sales	259,711
Cost of sales	205,883
Gross profit	53,827
Selling, general and administrative expenses	38,800
Operating income	15,027
Non-operating income	(2,858)
Interest and dividend income	518
Others	2,340
Non-operating expenses	(6,662)
Interest expenses	5,917
Others	745
Ordinary income	11,222
Extraordinary gains	(1,529)
Gains on sale of property, plant and equipment	195
Others	1,333
Extraordinary losses	(21,025)
Losses on disposal of property, plant and equipment	5,124
Provision for doubtful receivables	11,339
Others	4,561
Income before income taxes and minority interests	8,273
Corporate, inhabitants' and enterprise taxes	239
Income tax adjustment	-11,521
Minority interests in losses of consolidated subsidiaries	347
Net income	3,355

Fiscal Year Ended March 2003 Outline of 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		
Person in Charge of Contact:			
Title of Contact Person:	Director, Member of the Board		
Name of Contact Person:	Hirotoishi Ishikawa		
	Telephone: (03) 3218-9300		
Date on Which the Board of Directors' Meeting Was Held to Approve the Settlement of Accounts:	April 25, 2003	Whether the Interim Dividend System Is Adopted:	Yes
Date of Ordinary General Meeting of Shareholders:	June 27, 2003	Whether the Unit Share System Is Adopted:	No

2. Non-Consolidated Results of Operations for the Accounting Periods of Fiscal Year 2003 (April 1, 2002 to March 31, 2003) and Full Fiscal Year 2002

(Please note that the previous fiscal year was an irregular year consisting of two accounting periods of March 30, 2001 to September 30, 2001 and of October 1, 2001 to March 31, 2002. The term full fiscal year 2002 refers to this irregular year, and numbers given for full fiscal year 2002 were derived by simply aggregating the numbers posted in the two periods in that irregular year.)

(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	%
Accounting period of fiscal year 2003	9,329	(-43.7)	8,047	(-47.0)	7,884	(-47.0)
Full fiscal year 2002	16,564		15,173		14,889	

	Net income		Net income per share	Net income per share after adjusting for dilution	Return on equity	Ordinary margin on gross capital	Ordinary margin on net sales
	Millions of yen	%	Yen	Yen	%	%	%
Accounting period of fiscal year 2003	7,748	(-47.6)	7,077.70	6,813.64	1.9	1.8	84.5
Full fiscal year 2002	14,792		-	-	-	-	-

Notes: 1. Average number of shares:

Accounting period of fiscal year 2003 1,089,774.27 shares

Full fiscal year 2002 1,080,631.83 shares

2. Changes in accounting method: No

3. Percentages for net sales, operating income, ordinary income, and net income indicate the percentage increase/decrease compared with full fiscal year 2002.

(2) Non-Consolidated Dividend Status

	Dividends per share	Amount of total dividends	Dividend payout ratio	Ratio of dividends to shareholders' equity
	Yen	Millions of yen	%	%
Accounting period of fiscal year 2003	8,000.00	8,729	112.7	2.1
Full fiscal year 2002	8,000.00	8,644	58.4	2.1

Note: Breakdown of dividends at the end of the second accounting period of the fiscal year (October 1, 2001 to March 31, 2002):
Ordinary dividend 4,000.00 yen

(3) Non-Consolidated Financial Status

	Total assets	Total shareholders' equity	Equity ratio	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
Accounting period of fiscal year 2003	449,440	417,930	93.0	382,957.16
Full fiscal year 2002	439,607	408,240	92.9	377,820.15

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

Accounting period of fiscal year 2003 1,091,233.90 shares

Full fiscal year 2002 1,080,514.38 shares

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

Accounting period of fiscal year 2003 14,001.73 shares

Full fiscal year 2002 155.85 shares

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

	Operating income	Ordinary income	Net income	Annual dividends per share		
				Interim	End of the year	
	Millions of yen	Millions of yen	Millions of yen	Yen	Yen	Yen
Interim period	4,300	4,400	4,300	4,000.00	-	-
Full fiscal year	8,700	8,800	8,700	-	4,000.00	8,000.00

(Reference) Projected net income per share (full fiscal year): 7,972.63 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. Non-Consolidated Balance Sheets

(Millions of yen)

Subject		Accounting period of fiscal year 2003 (March 31, 2003)	Full fiscal year 2002 (March 31, 2002)	Change
Assets	Current assets	3,202	7,022	-3,820
	Cash and time deposits	13	40	-27
	Short-term loans receivable	1,496	4,899	-3,403
	Deferred tax assets	27	16	11
	Others	1,665	2,066	-401
	Fixed assets	445,967	432,180	13,787
	Investments and other assets	445,967	432,180	13,787
	Stock held in affiliated companies	415,893	402,133	13,760
	Long-term loans	30,000	30,000	-
	Deferred tax assets	74	47	27
	Deferred assets	270	405	-135
Incorporation costs	270	405	-135	
Total assets	449,440	439,607	9,833	
Liabilities and shareholders' equity	Current liabilities	328	255	73
	Accrued income tax	174	79	95
	Others	153	176	-23
	Long-term liabilities	31,181	31,111	70
	Convertible bonds	31,000	31,000	-
	Allowance for directors' retirement bonuses	181	111	70
	Total liabilities	31,509	31,367	142
	Common stock	-	55,730	-55,730
	Capital reserve	-	342,133	-342,133
	Retained earnings	-	432	-432
	Unappropriated retained earnings	-	10,038	-10,038
	(Net income)	-	(9,541)	(-9,541)
	Treasury stock	-	-94	94
	Common stock	55,730	-	55,730
	Capital surplus	355,894	-	355,894
	Capital reserve	342,894	-	342,894
	Other capital surplus	13,000	-	13,000
	Earned surplus	13,852	-	13,852
	Retained earnings	432	-	432
	Unappropriated retained earnings	13,420	-	13,420
	(Net income)	(7,748)	-	(7,748)
	Treasury stock	-7,546	-	-7,546
	Total shareholders' equity	417,930	408,240	9,690
Total liabilities and shareholders' equity	449,440	439,607	9,833	

2. Non-Consolidated Statements of Income

(Millions of yen)

Subject	Accounting period of fiscal year 2003 (April 1, 2002 to March 31, 2003)	Full fiscal year 2002 (March 30, 2001 to March 31, 2002)	Change
Net sales	9,329	16,564	-7,235
Dividends received	7,589	14,704	-7,115
Management guidance fee	1,739	1,860	-121
Operating expenses	1,282	1,391	-109
General and administrative expenses	1,282	1,391	-109
Operating income	8,047	15,173	-7,126
Non-operating income	(74)	(69)	(5)
Interest received	73	62	11
Others	0	7	-7
Non-operating expenses	(237)	(353)	(-116)
Interest payable on corporate bonds	62	57	5
Depreciation of incorporation costs	135	270	-135
Others	40	25	15
Ordinary income	7,884	14,889	-7,005
Income before income taxes	7,884	14,889	-7,005
Corporate, inhabitants' and enterprise taxes	174	160	14
Income tax adjustment	-38	-63	25
Net income	7,748	14,792	-7,044
Income carried forward from previous period	5,672	-	5,672
Unappropriated income for current period	13,420	-	13,420

3. Proposed Appropriation of Income

(Millions of yen)

Subject	Accounting period of fiscal year 2003 (April 1, 2002 to March 31, 2003)
<u>Disposal of unappropriated income for current period</u>	
Unappropriated income for current period	13,420
The above unappropriated income is appropriated as follows:	
Retained earnings	-
Dividends	8,729
	(8,000 yen per share)
Bonuses for directors	35
Income carried forward to the next term	4,655
<u>Disposal of other capital surplus</u>	
Other capital surplus	13,000
The above unappropriated income is appropriated as follows:	
Amount carried forward to the next term	13,000

Note: No figures are provided for full fiscal year 2002, as it was an irregular year consisting of two accounting periods of the first accounting period (March 30, 2001 to September 30, 2001) and the second accounting period (October 1, 2001 to March 31, 2002).

Significant Items Regarding Preparation of Non-Consolidated Financial Statements

1. Marketable security valuation standards and methods
Stock held in subsidiaries: Cost method based on the moving average method.
2. 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 period in question in accordance with internal regulations.
3. Other important matters related to the basis for preparing non-consolidated financial statements
Consumption taxes
Tax-exclusion method.
Accounting for treasury stock and the reversal of legal reserve, etc.
Effective from the current accounting period under review, the Company has applied Accounting Standards for Treasury Stock and the Reversal of Legal Reserve, etc. (Corporate Accounting Standard No. 1).
The impact of this adoption on net income for the current term under review is immaterial.
Following revisions made on the regulations governing the presentation of non-consolidated financial statements, shareholders' equity in the balance sheets for the current accounting period under review was presented in accordance with the revised regulations.
Per share information
Effective from this accounting period under review, the Company has applied Accounting Standards for Net Income per Share (Corporate Accounting Standard No. 2) and "Guide to Application of Accounting Standards for Net Income per Share" (Corporate Accounting Standard Application Guide No. 4).

Notes to Non-Consolidated Balance Sheets

1. Increase in the number of issued and outstanding shares
New shares issued in conjunction with rights offering at the time of stock exchange: 24,565.40 shares
2. Stock with fair value held in subsidiaries
There are no applicable items.

Announcement Regarding Changes in Directors
(Tentatively scheduled for June 27, 2003)

1. Change in representative: None
2. Changes affecting other directors:
 - 1) Candidates for new appointments to the posts of directors:
 - Masatomo Nakamura for Director (currently serving as Managing Director of Nippon Paper Industries Co., Ltd.
 - Keisuke Ito for Director (Currently serving as Director of Nippon Paper Industries Co., Ltd.)
 - Tsuyoshi Yamashita for Director (Currently serving as Director of Nippon Paper Industries Co., Ltd.)
 - 2) Candidate for new appointments to the post of auditor
 - Yoshinari Inoue for Corporate Auditor (Currently serving as Advisor for Nippon Paper Industries Co., Ltd.)
 - 3) Outgoing directors
 - Ikuo Kuwajima, Director
 - Masayuki Hayashi, Director
 - 4) Outgoing auditor
 - Kiichiro Sakai, Corporate Auditor