

Fiscal Year Ending March 2003

Brief Note on Interim Settlement of Accounts (Consolidated)

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

Code Number: 3893 Location of Corporate Headquarters: Tokyo

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

Representative:

Title of Representative Person: President

Name of Representative Person: Takahiko Miyoshi

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 Interim Settlement of Accounts: November 22, 2002

Whether U.S. Accounting Standards Are Adopted: No

1. Consolidated Results of Operations for the Interim Accounting Period of Fiscal Year 2003 (April 1, 2002 to September 30, 2002) and for the Interim Accounting Period of the Previous Fiscal Year (March 30, 2001 to September 30, 2001)

(1) Consolidated Business Results

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

	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Interim accounting period of fiscal year 2003	582,627	(-5.3)	24,752	(22.2)	19,360	(58.1)
Interim accounting period of fiscal year 2002	615,185	(-)	20,257	(-)	12,248	(-)
Full fiscal year 2002	1,211,422		42,422		28,563	

	Interim net income (loss)		Interim net income per share	Interim net income per share after adjusting for dilution
	Millions of yen	%	Yen	Yen
Interim accounting period of fiscal year 2003	4,524	(60.8)	4,190.94	4,029.97
Interim accounting period of fiscal year 2002	2,813	(-)	2,611.51	2,516.83
Full fiscal year 2002	-636			

Notes: 1. Investment income and loss due to equity method:

Interim accounting period of fiscal year 2003 -183 million yen
 Interim accounting period of fiscal year 2002 -104 million yen
 Full fiscal year 2002 -1,022 million yen

2. Interim average number of shares (consolidated):

Interim accounting period of fiscal year 2003 1,079,490.37 shares
 Interim accounting period of fiscal year 2002 1,077,408.50 shares

3. Changes in accounting method: No

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

(2) Consolidated Financial Status

	Total assets	Total shareholders' equity	Equity ratio	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
Interim accounting period of fiscal year 2003	1,682,023	400,288	23.8	370,812.84
Interim accounting period of fiscal year 2002	1,778,440	410,766	23.1	381,128.83
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 the accounting period (consolidated):

Interim accounting period of fiscal year 2003	1,079,489.63 shares
Interim accounting period of fiscal year 2002	1,077,762.93 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
Interim accounting period of fiscal year 2003	58,602	-31,357	-30,964	29,616
Interim accounting period of fiscal year 2002	31,667	-35,558	-26,467	47,508
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: 51

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): 1 company (Eliminated): 0

Equity method (New): 0 (Eliminated): 1 company

2. Projection of Consolidated Results of Operations for the Fiscal Year Ending March 2003 (April 1, 2002 to March 31, 2003)

	Net sales	Ordinary income	Net income
	Millions of yen	Millions of yen	Millions of yen
Full fiscal year	1,170,000	43,000	13,500

(Reference) Projected net income per share (full fiscal year): 12,427.33 yen

With regard to the assumptions under which the above-mentioned projections have been computed and other related matters, please refer to page 7.

All financial information has been prepared in accordance with accounting principles generally accepted in Japan.

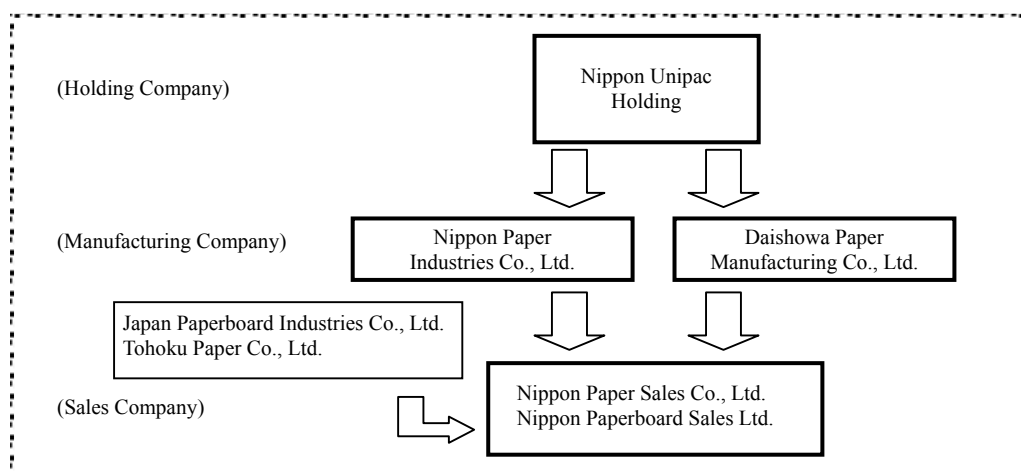
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Status of Group of Companies

On March 30, 2001, Nippon Paper Industries Co., Ltd. and Daishowa Paper Manufacturing Co., Ltd. incorporated Nippon Unipac Holding by a stock transfer and established the Nippon Unipac Holding Group.

This group of companies, which consists of Nippon Paper Industries Co., Ltd., Daishowa Paper Manufacturing Co., Ltd., their respective 174 subsidiary companies and 52 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.

In 2001, the Group integrated the respective sales departments for paper and paperboard. For paper, in July 2001 the Group established Nippon Paper Sales Co., Ltd. as a joint sales company by spinning off and combining the sales departments of Nippon Paper Industries Co., Ltd. and Daishowa Paper Manufacturing Co., Ltd. into a single entity. For paperboard, in July 2001 the Group established Nippon Paperboard Sales Ltd. as a joint sales company by spinning off and combining the paperboard sales departments of three companies, namely Daishowa Paper Manufacturing Co., Ltd., Japan Paperboard Industries Co., Ltd. and Tohoku Paper Co., Ltd., into a single entity.



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 affiliated company, 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, Dixie Japan Co., Ltd. manufactures and sells paper cartons. Nippon Paper Industries Co., Ltd. consigns production of liquid-packaging cartons to JUJO CENTRAL CO., LTD. and sells them. LINTEC Corporation manufactures and sells adhesive-related materials.
- For chemical products, Nippon Paper Industries Co., Ltd. manufactures chemical products, which are sold by SAN-MIC CHIYODA CORPORATION.

Housing and Construction Materials Division

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

Other Division

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

Organization Chart

(Pulp and Paper Division)

(Manufacturing Companies)	(Sales Companies)
Nippon Paper Industries Co., Ltd.	Nippon Paper Sales Co., Ltd.
Daishowa Paper Manufacturing Co., Ltd.	Nippon Paperboard Sales Ltd.
Tohoku Paper Co., Ltd.	SAN-MIC CHIYODA CORPORATION (Note 2)
Japan Paperboard Industries Co., Ltd.	And 3 other companies
CRECIA Corporation	
OTAKE PAPER MFG. CO., LTD.	
Fuji Coated Paper Co., Ltd.	
Daishowa North America Corporation	
Daishowa America Co., Ltd.	
Daishowa Canada Co., Ltd.	
North Pacific Paper Corporation	
Daishowa-Marubeni International Ltd.	
And 5 other companies	

(Paper-Related Division)

(Paper Cartons)	(Adhesive-Related Materials)	(Chemical Products)
Nippon Paper Industries Co., Ltd.	LINTEC Corporation	Nippon Paper Industries Co., Ltd.
JUJO CENTRAL CO., LTD.	And 1 other company	SAN-MIC CHIYODA CORPORATION (Note 2)
Dixie Japan Co., Ltd.		And 1 other company
And 2 other companies		

(Housing and Construction Materials Division)

(Wood Materials)	(Construction Materials)	(Construction)
Nippon Paper Industries Co., Ltd.	PAL CO., LTD.	NP Development Co., Ltd.
Daishowa Kohrin Co., Ltd.	SAN-MIC CHIYODA CORPORATION (Note 2)	And 4 other companies
And 3 other companies	N&E CO., LTD.	
	And 3 other companies	

(Other Division)

(Logistics)	(Soft Drinks and Other Beverages)	(Leisure, etc.)
NIPPON PAPER LOGISTICS CO., LTD.	SHIKOKU COCA•COLA BOTTLING CO., LTD. (Note 1)	NP Development Co., Ltd.
And 7 other companies		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 the leadership of Nippon Unipac Holding, the Nippon Unipac Holding Group endeavors to build up an excellent group of world-class, internationally competitive companies. We will achieve this by realizing in a timely manner the benefits of business integration and by streamlining each Group company to maximize management efficiency.

Since our establishment in March 2001, the Nippon Unipac Holding Group has successfully undertaken measures to achieve prompt realization of the synergy effects. These efforts have been so successful that we are confident we will reach our short-term goal in just two years' time—one year ahead of the original schedule.

With the business environment remaining quite unfavorable, we have decided to shift to our Step Two plans to accelerate the business integration in progress.

Step Two calls for restructuring the Group into individual businesses with the aim of maximizing the operating efficiency of each business.

The paper business, one of our mainstay operations, will be restructured as follows. Three companies—Nippon Paper Industries Co., Ltd., Daishowa Paper Manufacturing Co., Ltd. and Nippon Paper Sales Co., Ltd., which was jointly established by the other two to perform sales on their behalf—will be consolidated to form the new company, Nippon Paper Industries Co., Ltd. The new structure, which will take effect on April 1, 2003, will allow us to drive rationalization beyond the boundary of individual companies. Looking ahead, we plan to redouble our efforts to maximize the synergy effects from our business integration.

In the paperboard business, the paperboard divisions of the present Nippon Paper Industries Group and Daishowa Paper Manufacturing Co., Ltd. will be consolidated under the leadership of Japan Paperboard Industries Co., Ltd., which became a wholly owned subsidiary of Nippon Unipac Holding as a result of stock transfer on October 1, 2002. Japan Paperboard Industries Co., Ltd. will transform Tohoku Paper Co., Ltd., a part of the Nippon Paper Industries Group, and the Honsha Mill Yoshinaga Division of Daishowa Paper Manufacturing Co., Ltd. into wholly owned subsidiaries. And Japan Paperboard Industries Co., Ltd. will also spin off or merge four of its own mills. Further, it will make a fresh start under the name Nippon Daishowa Paperboard Co., Ltd., which, with four manufacturing subsidiaries, is the integrated company of the entire paperboard business. Nippon Daishowa Paperboard Co., Ltd. will spearhead anew the Group's efforts to maximize efficiency across all paperboard operations.

Additionally, the three core diversified businesses of Nippon Paper Industries Co., Ltd.—overseas lumber trading, liquid packaging, and DP and chemical products—were either spun off or restructured, with the new formation, Nippon Paper Lumber Co., Ltd., NIPPON PAPER-PAK CO., LTD. and Nippon Paper Chemicals Co., Ltd., beginning from October 2002. The new structure allows these companies to strategically focus their resources to improve their competitiveness in each business segment.

The Nippon Unipac Holding Group is formulating managerial guidelines designed to help achieve the following high-priority, post-restructuring goals: attaining higher Group profitability, undertaking radical reforms to improve the Group's financial position, and achieving substantial growth in productivity by maximizing the synergy effects from business integration.

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

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. Policy on Distribution of Profit

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

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

We originally planned to pay out dividends for the interim period under review. However, as was disclosed in the announcement released on November 6, 2002, entitled "Notice of Alteration of the Projected Dividend for the Fiscal Year Ending in March 2003 (the Third Fiscal Year)," paying out dividends for the said interim period would be in conflict with the regulations stipulated in Article 293-5 of the Commercial Code, as a result of the

resolution concerning a decrease in capital reserve and the acquisition of treasury stock, approved and adopted at the second general meeting of shareholders on June 25, 2002.

For this reason, Nippon Unipac Holding cannot pay out dividends for the interim period under review. We do, however, plan to pay out full-year dividends of 8,000 yen per share at the end of the current fiscal year. (The amount of annual dividends per share will be the same as originally planned. The decision to refrain from paying out interim dividends was based on regulations in the Commercial Code, not on unfavorable business results.)

At the same time, we aim to increase the shareholder value per share by moving as quickly as possible to acquire treasury stock, as approved during the second general meeting of shareholders.

Business Results and Financial Status

1. Business Results for the Interim Period

(1) Review of Consolidated Operations

The world's economic slowdown accelerated during the interim period under review, triggered by a decrease of the stock price simultaneously around the world initiated by the collapse in U.S. stock prices. The worsening slump had a significant effect on Japan's economy. With no prospects for a full-fledged economic upturn in sight, the outlook for recovery in corporate earnings grew bleaker, while capital investment and personal consumption continued to stagnate.

Through April 2002 the pulp and paper industry, mirroring the prolonged sluggishness of the economy at large, had suffered 15 consecutive months of year-on-year declines in volume of domestic paper shipments. Demand remained virtually flat despite the Fédération Internationale de Football Association (FIFA) World Cup Games in June and held at the previous year's depressed level throughout the period.

Under these circumstances, the Pulp and Paper Division, which is the Nippon Unipac Holding Group's core business, sought to keep supply and demand in balance by adjusting production levels appropriately and seeking to expand exports. Despite these efforts, however, paper prices continued to slip steadily, although no sharp decline in prices was observed.

Meanwhile, companies throughout the Group worked hard to rein in costs and derive additional benefits from the business integration.

As a result, during the interim period under review net sales declined 5.3% year on year to 582,627 million yen, ordinary income rose 58.1% to 19,360 million yen, and net income rose 60.8% to 4,524 million yen, all on a consolidated basis.

The results in individual business segments are as follows.

Pulp and Paper Division

Due to the continued and prolonged economic slump affecting industries across the board, domestic demand for paper remained weak. Although growth in exports led to an increase in sales volume, overall selling prices fell, in particular with the price of printing and business communication paper. In the paperboard business, the price of containerboard climbed back to year-end 2001 levels, and has since held steady there.

For household tissue and sanitary products, attempts were made to push selling prices back up to previous levels, but both sales volumes and prices remained flat throughout the period due to intensified competition.

As a result, net sales declined 6.7% year on year to 447,790 million yen, while operating income increased 18.2% to 18,803 million yen.

Paper-Related Division

Sales of liquid-packaging cartons, such as PURE-PAK[®], continued to be strong. Chemical products remained virtually unchanged, and in the functional material sector, demand for liquid crystals saw partial recovery.

As a result, net sales declined 3.1% year on year to 49,176 million yen, and operating income rose 89.0% to 2,505 million yen.

Housing and Construction Materials Division

The Housing and Construction Materials Division continued to face harsh conditions, as capital investment contracted and housing starts declined in the face of gloomy economic prospects, deteriorating employment and pessimistic income outlooks. Net sales during the interim period under review rose 0.1% year on year to 44,644 million yen, while operating income increased 173.9% to 326 million yen.

Other Division

In the soft drink and other beverage business, efforts were made to boost sales volume by responding to consumer needs more effectively. In other businesses including the leisure business, however, sales were blunted

by stagnant personal consumption. As a result, net sales edged up 2.4% year on year to 41,015 million yen, while operating income rose 7.3% to 3,116 million yen.

(2) State of Cash Flows

Cash and cash equivalents (hereafter referred to as “cash”) on a consolidated basis at the end of the interim period under review were down 3,993 million yen from the end of fiscal year 2002, to 29,616 million yen. This decrease 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 effecting changes in these flows are outlined below.

Cash Flows from Operating Activities

Cash provided by operating activities totaled 58,602 million yen during the interim period under review, representing an increase of 26,935 million yen, or 85.1% compared with the same period of the previous year.

Major cash flows include depreciation of 40,893 million yen and income before income taxes and minority interests totaling 16,212 million yen, among others.

Cash Flows from Investing Activities

Cash used in investing activities during the interim period under review were 31,357 million yen, a decrease of 11.8% or 4,201 million yen compared with the same period of the previous year.

Major activities included acquisition of property, plant and equipment totaling 37,784 million yen and proceeds from sale of property, plant and equipment totaling 13,560 million yen. There was also an increase of 2,236 million yen in short-term loans receivable.

Cash Flows from Financing Activities

Cash used in financing activities were 30,964 million yen, an increase of 17.0% or 4,497 million yen compared with the same period of the previous year.

Highlights included a drop of 55,787 million yen in long-term and short-term borrowings, an inflow of 45,000 million yen resulting from an increase in commercial paper, and payments of 15,000 million yen in bond redemptions.

2. Consolidated Business Forecasts for the Full Fiscal Year

In Japan, during the second half of the current fiscal year, accompanied with the accelerated disposal of bad loans for the sake of bolstering financial structures, corporate restructuring and a worsening of the employment and income environment, may very well dampen hopes of economic recovery. Moreover, there is concern that the political tensions surrounding Iraq may lead to higher crude oil prices, and prospects in the foreign exchange market remain cloudy.

Under these circumstances, the Nippon Unipac Holding Group will focus on achieving our immediate managerial goal, which is to reap further benefits from the business integration ahead of schedule, for restructuring into individual business next year.

In the paper business, our mainstay operation, up to now we have sought to keep supply and demand in balance by adjusting production levels appropriately. As of September 21, 2002, we have instituted a new price schedule for printing and business communication paper in an effort to restore depressed selling prices to previous levels. We will work to promote the wider acceptance of and adherence to this revised price structure, which we consider a top priority during the second half of the fiscal year.

We estimate that, over the course of the full fiscal year, net sales will amount to around 1,170 billion yen, ordinary income to around 43 billion yen, and net income to around 13.5 billion yen, all on a consolidated basis.

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

1. Interim Consolidated Balance Sheets

(Millions of yen)

Subject		Interim accounting period of fiscal year 2003 (September 30, 2002)	Interim accounting period of fiscal year 2002 (September 30, 2001)	Full fiscal year 2002 (March 31, 2002)
Assets	Current assets	488,130	563,370	517,698
	Cash and time deposits	30,695	42,334	34,602
	Notes and accounts receivable	259,422	310,729	280,517
	Inventories	140,059	154,130	143,489
	Deferred tax assets	5,400	7,063	8,250
	Other current assets	55,062	50,085	53,358
	Allowance for doubtful receivables	-2,510	-972	-2,520
	Fixed assets	1,193,523	1,214,505	1,203,621
	Property, plant and equipment	938,330	956,633	941,428
	Buildings and structures	207,157	216,297	210,605
	Machinery and equipment	416,346	436,995	428,097
	Land	247,789	243,011	243,652
	Others	67,037	60,329	59,073
	Intangible fixed assets	43,424	45,540	44,615
	Consolidation adjustment account	32,389	33,784	33,148
	Others	11,034	11,755	11,467
	Investments and other assets	211,768	212,331	217,577
	Investments in other securities	145,586	151,397	151,965
	Long-term loans receivable	6,877	10,810	7,765
	Deferred tax assets	23,187	23,399	20,033
	Other assets	77,812	63,711	83,821
	Allowance for doubtful receivables	-41,695	-36,988	-46,008
Deferred assets	369	564	425	
Total assets	1,682,023	1,778,440	1,721,745	
Liabilities, minority interests and shareholders' equity	Current liabilities	782,841	841,266	796,439
	Notes and accounts payable	166,392	203,606	190,842
	Short-term borrowings	393,074	503,704	453,277
	Other current liabilities	223,374	133,955	152,319
	Long-term liabilities	466,909	493,518	487,456
	Corporate bonds	122,500	147,500	147,500
	Long-term debt	246,513	243,373	242,464
	Allowance for retirement benefits	74,654	73,880	75,732
	Allowance for directors' retirement bonuses	2,067	2,107	2,591
	Deferred tax liabilities	9,532	5,676	7,631
	Other long-term liabilities	11,640	20,981	11,535
	Total liabilities	1,249,750	1,334,785	1,283,895
	Minority interests in consolidated subsidiaries	31,984	32,888	30,480
	Common stock	-	55,730	55,730
	Capital reserve	-	236,532	236,532
	Retained earnings	-	122,436	114,675
	Unrealized gains on other marketable securities	-	138	1,262
	Translation adjustments	-	-2,491	-416
	Treasury stock	-	-1,578	-415
	Total shareholders' equity	-	410,766	407,369
	Common stock	55,730	-	-
	Capital surplus	236,609	-	-
Earned surplus	112,312	-	-	
Unrealized gains on other marketable securities	621	-	-	
Translation adjustments	-4,189	-	-	
Treasury stock	-795	-	-	
Total shareholders' equity	400,288	-	-	
Total liabilities, minority interests and shareholders' equity	1,682,023	1,778,440	1,721,745	

2. Interim Consolidated Statements of Operations

(Millions of yen)

Subject	Interim accounting period of fiscal year 2003 (April 1, 2002 to September 30, 2002)	Interim accounting period of fiscal year 2002 (March 30, 2001 to September 30, 2001)	Full fiscal year 2002 (March 30, 2001 to March 31, 2002)
Net sales	582,627	615,185	1,211,422
Cost of sales	444,451	470,757	919,859
Gross profit	138,176	144,427	291,561
Selling, general and administrative expenses	113,424	124,170	249,139
Operating income	24,752	20,257	42,422
Non-operating income	(4,912)	(5,038)	(10,478)
Interest and dividend income	1,634	1,738	2,869
Others	3,278	3,299	7,607
Non-operating expenses	(10,303)	(13,047)	(24,337)
Interest expense	6,766	8,424	15,642
Others	3,537	4,623	8,695
Ordinary income	19,360	12,248	28,563
Extraordinary gains	(8,767)	(4,827)	(6,748)
Gains on sales of property, plant and equipment	8,242	3,026	3,983
Gains on sales of investments in other securities	515	1,779	2,533
Others	9	20	229
Extraordinary losses	(11,915)	(11,351)	(31,531)
Losses on disposal of property, plant and equipment	2,395	977	8,506
Loss on net retirement benefit obligation resulting from change in accounting standard	-	2,947	5,894
Loss on devaluation of investments in other securities	1,242	5,056	9,782
Provision for doubtful receivables	6,614	-	2,484
Others	1,663	2,369	4,860
Interim income before income taxes and minority interests	16,212	5,724	3,781
Corporate, inhabitants' and enterprise taxes	7,713	4,907	5,554
Income tax adjustment	490	-907	1,897
Minority interests in earnings (losses) of consolidated subsidiaries	3,484	-1,089	-3,034
Interim net income (loss)	4,524	2,813	-636

3. Interim Consolidated Statements of Retained Earnings

(Millions of yen)

Subject	Interim accounting period of fiscal year 2003 (April 1, 2002 to September 30, 2002)	Interim accounting period of fiscal year 2002 (March 30, 2001 to September 30, 2001)	Full fiscal year 2002 (March 30, 2001 to March 31, 2002)
Retained earnings at beginning of period	-	132,311	132,311
Decrease in retained earnings	-	12,689	16,999
Cash dividends paid	-	-	4,310
Bonuses to directors and corporate auditors	-	258	258
Adjustment for inclusion or exclusion of certain subsidiaries in the consolidation	-	12,431	12,431
Net income (loss)	-	2,813	-636
Retained earnings at end of period	-	122,436	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	77	-	-
Gain on disposal of treasury stock	77	-	-
Capital surplus at end of interim period	236,609	-	-
(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	4,524	-	-
Interim net income	4,524	-	-
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 interim period	112,312	-	-

4. Interim Consolidated Statements of Cash Flows

(Millions of yen)

Subject	Interim accounting period of fiscal year 2003 (April 1, 2002 to September 30, 2002)	Interim accounting period of fiscal year 2002 (March 30, 2001 to September 30, 2001)	Full fiscal year 2002 (March 30, 2001 to March 31, 2002)
Cash flows from operating activities	58,602	31,667	105,812
Interim income before income taxes and minority interests	16,212	5,724	3,781
Depreciation	40,893	42,972	87,144
Amortization of difference between cost and underlying net equity in consolidated subsidiaries	940	672	1,581
Increase in allowance for doubtful receivables	6,281	99	10,649
Increase (decrease) in allowance for retirement benefits	-398	2,090	3,853
Decrease in allowance for directors' retirement bonuses	-523	-1,000	-516
Interest and dividend income	-1,634	-1,738	-2,869
Interest expense	6,766	8,424	15,642
Equity in earnings of unconsolidated subsidiaries and affiliates	183	104	1,022
Gain on sales of investment securities	-515	-1,779	-2,533
Gain on sales of property, plant and equipment	-8,242	-3,026	-3,983
Losses on disposal of property, plant and equipment	2,395	977	8,506
Losses on devaluation of investments in other securities	1,242	5,056	9,782
Receivables	20,349	16,104	46,683
Inventories	2,854	2,174	13,442
Payables	-24,325	-23,148	-36,183
Appropriation for bonuses to directors and corporate auditors	-238	-292	-292
Others	-3,851	1,560	-19,168
Sub-total	58,389	54,975	136,545
Interest and dividends received	1,751	2,079	4,076
Interest paid	-6,746	-8,351	-15,703
Income taxes (paid) refunded	5,208	-17,035	-19,104
Cash flows from investing activities	-31,357	-35,558	-92,591
Acquisitions of time deposits	-865	-567	-909
Withdrawal of time deposits	803	2,997	3,746
Acquisitions of marketable securities	-	-589	-589
Proceeds from sale of marketable securities	1,600	600	2,938
Acquisitions of property, plant and equipment	-37,784	-40,023	-76,734
Proceeds from sale of property, plant and equipment	13,560	3,192	7,223
Acquisitions of investments in other securities	-1,907	-2,870	-7,800
Proceeds from sale of investments in other securities	464	3,403	4,601
Increase in short-term loans receivable	-2,236	-1,241	-3,189
Extension of long-term loans	-808	-1,387	-2,142
Collection of long-term loans	923	1,090	2,459
Other, net	-5,107	-162	-22,195
Cash flows from financing activities	-30,964	-26,467	-57,401
Decrease in short-term borrowings	-50,554	-3,111	-57,810
Increase in commercial paper	45,000	3,000	33,000
Proceeds from long-term debt	45,045	22,705	70,377
Reduction of long-term debt	-50,278	-42,621	-87,254
Proceeds from bond issuance	-	31,000	31,000
Payments on bond redemptions	-15,000	-29,284	-32,514
Payments for stock transfer grant	-	-4,254	-4,254
Parent company dividend payments	-4,310	-	-4,295
Dividend payments to minority shareholders	-243	-257	-520
Others	-622	-3,643	-5,127
Effect of exchange rate changes on cash and cash equivalents	-273	321	244
Decrease in cash and cash equivalents	-3,993	-30,036	-43,935
Cash and cash equivalents at beginning of period	33,609	24,837	24,837
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 interim period	29,616	47,508	33,609

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

	Interim accounting period of fiscal year 2003 (April 1, 2002 to September 30, 2002)	Interim accounting period of fiscal year 2002 (March 30, 2001 to September 30, 2001)	Full fiscal year 2002 (March 30, 2001 to March 31, 2002)
Cash and time deposits	30,695	42,334	34,602
Time deposits with maturities of over three months	-1,214	-1,375	-1,153
Marketable securities with low risk of change in value and maturities of less than three months	135	6,549	160
Cash and cash equivalents	29,616	47,508	33,609

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: 51
(Nippon Paper Industries Co., Ltd., Daishowa Paper Manufacturing Co., Ltd., Tohoku Paper Co., Ltd., Japan Paperboard Industries Co., Ltd., CRECIA Corporation, Daishowa North America Corporation, Nippon Paper Sales Co., Ltd., Nippon Paperboard Sales Ltd., SAN-MIC CHIYODA CORPORATION, JUJO CENTRAL CO., LTD., SHIKOKU COCA•COLA BOTTLING CO., LTD. and 40 other companies)
 - Number of non-consolidated subsidiaries: 125 (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 construction materials department and due to bankruptcy of an affiliated company.
 - (1) Scope of consolidation
 - New Daishowa Uniboard Co., Ltd.
 - Eliminated None
 - (2) Application of the equity method
 - New None
 - 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 (Date of interim settlement of accounts: September 30).
 - Period for settlement of accounts of consolidated subsidiaries in foreign countries: January 1, 2002 to December 31, 2002 (Date of interim settlement of accounts: June 30).
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)
 - Other securities:
 - With fair value: Fair value method based on the market value on the last day of the interim period. Valuation profit or loss is processed entirely by the direct capitalization method, with cost of sale being calculated by the moving average method.
 - 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 deemed to have been incurred during the consolidated interim period under review, based upon projected retirement benefit liabilities and pension assets at the end of the current consolidated fiscal year under review.

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

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

Allowance for directors' retirement bonuses:

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

10. Foreign currency translation

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

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

11. 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 interim 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. Consumption taxes

Tax-exclusion method.

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.

(Additional information)

Beginning with the interim period under review, Corporate Accounting Standard No. 1, “Accounting Standard Concerning Mobilization of Treasury Stock and Legal Reserve *et al.*,” is in use.

The impact of this change on earnings of the interim period under review is negligible.

The shareholders’ equity section of the current interim consolidated balance sheet and the current interim consolidated statement of retained earnings were prepared pursuant to the revised rules governing the interim consolidated balance sheet.

Notes to Interim Consolidated Balance Sheets

	Interim accounting period of fiscal year 2003 (April 1, 2002 to September 30, 2002)	Interim accounting period of fiscal year 2002 (March 30, 2001 to September 30, 2001)	Full fiscal year 2002 (March 30, 2001 to March 31, 2002)
1. Accumulated depreciation of property, plant and equipment	1,688,262 million yen	1,633,040 million yen	1,662,123 million yen
2. Guarantee liabilities	39,242 million yen	56,507 million yen	50,211 million yen
3. Discounted draft balance	21 million yen	2,027 million yen	1,649 million yen
4. Endorsed draft balance	-	2 million yen	-
5. Treasury stock (Number of shares of treasury stock)	795 million yen (1,180.60 shares)	1,578 million yen (2,907.30 shares)	415 million yen (1,000.19 shares)

6. Notes relating to lease transactions

(Millions of yen)

	Interim accounting period of fiscal year 2003 (April 1, 2002 to September 30, 2002)	Interim accounting period of fiscal year 2002 (March 30, 2001 to September 30, 2001)	Full fiscal year 2002 (March 30, 2001 to March 31, 2002)																																				
<p>1. Debit side</p> <p>(1) Finance lease transactions other than those in which the ownership rights of the leased property are deemed to transfer to the lessee</p>	<p>1. Amounts equivalent to acquisition costs, accumulated depreciation and net book values of leased property:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Acquisition costs</td> <td style="text-align: right;">9,953</td> </tr> <tr> <td>Accumulated depreciation</td> <td style="text-align: right;">4,739</td> </tr> <tr> <td style="border-top: 1px solid black;">Net book value</td> <td style="text-align: right; border-top: 1px solid black;">5,213</td> </tr> </table> <p>Amounts equivalent to acquisition costs are calculated with the interest paid-inclusive method as the proportion of property, plant and equipment accounted for by the balance of outstanding leases is minor.</p> <p>2. Balance of outstanding leases at end of interim accounting period</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Within one year</td> <td style="text-align: right;">1,626</td> </tr> <tr> <td>Over one year</td> <td style="text-align: right;">3,587</td> </tr> <tr> <td style="border-top: 1px solid black;">Total</td> <td style="text-align: right; border-top: 1px solid black;">5,213</td> </tr> </table> <p>Balance of outstanding leases at end of interim accounting period is calculated with the interest paid-inclusive method as the proportion of property, plant and equipment accounted for by this figure is low.</p> <p>3. Lease charges paid (amount equivalent to depreciation) 925</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	9,953	Accumulated depreciation	4,739	Net book value	5,213	Within one year	1,626	Over one year	3,587	Total	5,213	<p>1. Amounts equivalent to acquisition costs, accumulated depreciation and net book values of leased property:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Acquisition costs</td> <td style="text-align: right;">10,431</td> </tr> <tr> <td>Accumulated depreciation</td> <td style="text-align: right;">5,063</td> </tr> <tr> <td style="border-top: 1px solid black;">Net book value</td> <td style="text-align: right; border-top: 1px solid black;">5,368</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. 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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	10,431	Accumulated depreciation	5,063	Net book value	5,368	Within one year	1,658	Over one year	3,709	Total	5,368	<p>1. Amounts equivalent to acquisition costs, accumulated depreciation and net book values of leased property:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Acquisition costs</td> <td style="text-align: right;">10,326</td> </tr> <tr> <td>Accumulated depreciation</td> <td style="text-align: right;">4,921</td> </tr> <tr> <td style="border-top: 1px solid black;">Net book value</td> <td style="text-align: right; border-top: 1px solid black;">5,404</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. 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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	Net book value	5,404	Within one year	1,650	Over one year	3,754	Total	5,404
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5. Segment Information

(1) Business segment information

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

(Millions of yen)

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

Interim accounting period of fiscal year 2002 (March 30, 2001 to September 30, 2001)

(Millions of yen)

	Pulp and Paper Division	Paper-Related Division	Housing and Construction Materials Division	Other Division	Total	Eliminations or corporate	Consolidated
Sales and operating income							
Sales							
(1) Sales to third parties	479,788	50,744	44,612	40,039	615,185	-	615,185
(2) Intergroup sales and transfers	535	3,663	17,067	8,356	29,622	(29,622)	-
Total sales	480,324	54,408	61,679	48,395	644,807	(29,622)	615,185
Operating expenses	464,416	53,082	61,560	45,490	624,550	(29,622)	594,927
Operating income	15,907	1,325	119	2,905	20,257	-	20,257

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
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

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

(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		Interim accounting period of fiscal year 2003 (April 1, 2002 to September 30, 2002)	Interim accounting period of fiscal year 2002 (March 30, 2001 to September 30, 2001)	Full fiscal year 2002 (March 30, 2001 to March 31, 2002)
Pulp and Paper Division	Volume	4,132,684	4,211,318	8,356,290
Paper	Volume	2,824,166	2,844,794	5,634,571
Paperboard, household tissue	Volume	1,129,445	1,163,743	2,349,296
Pulp	Volume	179,073	202,781	372,423
Paper-Related Division	Value	32,628	32,020	62,695
Housing and Construction Materials Division	Value	1,799	1,710	3,368
Other Division	Value	17,845	16,826	32,718

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

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

(2) Orders received

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

(3) Sales

Units: { Volume: Tons
Value: Millions of yen

Segment		Interim accounting period of fiscal year 2003 (April 1, 2002 to September 30, 2002)	Interim accounting period of fiscal year 2002 (March 30, 2001 to September 30, 2001)	Full fiscal year 2002 (March 30, 2001 to March 31, 2002)
Pulp and Paper Division	Value	447,790	479,788	945,922
Paper	Volume	2,976,494	3,007,257	5,790,547
	Value	335,827	366,812	705,053
Paperboard, household tissue	Volume	1,191,286	1,210,363	2,647,635
	Value	84,955	84,504	185,751
Pulp	Volume	195,410	189,047	351,064
	Value	10,679	11,776	22,043
Raw materials for manufacturing paper	Value	16,327	16,695	33,072
Paper-Related Division	Value	49,176	50,744	97,963
Housing and Construction Materials Division	Value	44,644	44,612	92,488
Other Division	Value	41,015	40,039	75,046
Total	Value	582,627	615,185	1,211,422

7. Securities

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

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

(Millions of yen)

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

(2) Other securities with fair value

(Millions of yen)

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

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

(Millions of yen)

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

At the end of the interim accounting period of fiscal year 2002 (As of September 30, 2001)

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

(Millions of yen)

	Carrying value	Fair value	Difference
Government and municipal bonds	120	120	0
Corporate bonds	1,367	1,302	-64
Total	1,487	1,423	-64

(2) Other securities with fair value

(Millions of yen)

	Acquisition cost	Carrying value	Difference
Stocks	49,720	49,488	-231
Bonds	1,955	2,148	192
Others	4,715	4,739	23
Total	56,391	56,376	-15

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

(Millions of yen)

	Carrying value
Held-to-maturity bonds	
Non-listed	1,000
Others	1,556
Total	2,556
Other securities	
Non-listed equity securities other than OTC securities	24,293
Money management funds	3,628
Others	1,379
Total	29,301

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

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

(Millions of yen)

	Carrying value	Fair value	Difference
Government and municipal bonds	106	106	0
Corporate bonds	1,099	1,102	3
Total	1,205	1,208	3

(2) Other securities with fair value

(Millions of yen)

	Acquisition cost	Carrying value	Difference
Stocks	47,064	48,720	1,656
Bonds	1,956	2,086	129
Others	1,066	1,075	9
Total	50,087	51,882	1,795

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

(Millions of yen)

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

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

(Millions of yen)

	Type	Interim accounting period of fiscal year 2003 (September 30, 2002)			Interim accounting period of fiscal year 2002 (September 30, 2001)			Full fiscal year 2002 (March 31, 2002)		
		Contract amount, etc.	Fair value	Valuation gain/loss	Contract amount, etc.	Fair value	Valuation gain/loss	Contract amount, etc.	Fair value	Valuation gain/loss
Non-market transactions	Currency options									
	US\$									
	To sell	789	21	-8	-	-	-	-	-	-
	To buy	789	17	-29	-	-	-	-	-	-
	Interest rate swaps									
	Receive—variable, pay—fixed	1,475	-17	-17	2,275	-49	-49	2,275	-34	-34
	Receive—fixed, pay—variable	5,000	238	238	5,000	274	274	5,000	252	252
Receive—variable, pay—variable	-	-	-	1,600	-11	-11	1,600	-5	-5	
Interest rate cap										
To buy	8,000	1	1	8,000	8	8	8,000	3	3	
	Total		-	183		-	221		-	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.

(Reference) Nippon Paper Industries Co., Ltd.
Interim Consolidated Balance Sheet / Interim Consolidated Statement of Income

1. Interim Consolidated Balance Sheet

(Millions of yen)

Interim accounting period of fiscal year 2003 (September 30, 2002)			
Assets		Liabilities	
Current assets	424,843	Current liabilities	566,467
Cash and time deposits	21,925	Notes and accounts payable	164,667
Notes and accounts receivable	253,348	Short-term borrowings	212,344
Inventories	104,658	Others	189,454
Deferred tax assets	4,555	Long-term liabilities	318,286
Others	40,355	Corporate bonds	122,500
Fixed assets	792,622	Long-term debt	147,455
Property, plant and equipment	591,164	Allowance for retirement benefits	43,822
Buildings and structures	149,003	Others	4,508
Machinery and equipment	292,492	Total liabilities	884,753
Land	103,361	Minority interests	
Others	46,306	Minority interests	30,160
Intangible fixed assets	7,068	Total shareholders' equity	
Investments and other assets	194,389	Common stock	104,873
Investments in other securities	144,824	Capital surplus	97,402
Deferred tax assets	22,919	Earned surplus	104,379
Others	26,645	Unrealized gains on other marketable securities	928
Deferred assets	18	Translation adjustments	-5,014
Total assets	1,217,483	Total shareholders' equity	302,569
		Total liabilities, minority interests and shareholders' equity	1,217,483

2. Interim Consolidated Statement of Income

(Millions of yen)

Subject	Interim accounting period of fiscal year 2003 (April 1, 2002 to September 30, 2002)
Net sales	566,438
Cost of sales	457,453
Gross profit	108,984
Selling, general and administrative expenses	93,043
Operating income	15,941
Non-operating income	(4,055)
Interest and dividend income	1,365
Others	2,690
Non-operating expenses	(6,871)
Interest expense	3,754
Others	3,116
Ordinary income	13,125
Extraordinary gains	(8,786)
Gains on sales of property, plant and equipment	8,128
Others	658
Extraordinary losses	(7,226)
Losses on disposal of property, plant and equipment	1,667
Losses on devaluation of investments in other securities	838
Provision for doubtful receivables	3,290
Others	1,429
Interim income before income taxes and minority adjustments	14,685
Corporate, inhabitants' and enterprise taxes	7,271
Income tax adjustment	-201
Minority interests in earnings of consolidated subsidiaries	3,356
Interim net income	4,258

1. Interim Consolidated Balance Sheet

(Millions of yen)

Interim accounting period of fiscal year 2003 (September 30, 2002)			
Assets		Liabilities	
Current assets	99,016	Current liabilities	258,719
Cash and time deposits	8,754	Notes and accounts payable	45,189
Notes and accounts receivable	42,477	Short-term borrowings	179,245
Inventories	34,451	Others	34,284
Deferred tax assets	836	Long-term liabilities	202,300
Others	12,497	Long-term debt	129,058
Fixed assets	413,711	Deferred tax liabilities	3,079
Property, plant and equipment	349,205	Deferred tax liabilities relating to revaluation	30,478
Buildings and structures	58,049	Others	39,683
Machinery and equipment	123,853	Total liabilities	461,019
Land	146,786	Minority interests	
Others	20,515	Minority interests	2,106
Intangible fixed assets	4,777	Total shareholders' equity	
Investments and other assets	59,728	Common stock	31,784
Investments in other securities	22,720	Earned surplus	-14,589
Deferred tax assets	20,707	Gain or loss from revaluation of land	44,095
Others	16,300	Unrealized gains on other marketable securities	965
Deferred assets	14	Translation adjustments	-12,640
Total assets	512,742	Total shareholders' equity	49,616
		Total liabilities, minority interests and shareholders' equity	512,742

2. Interim Consolidated Statement of Income

(Millions of yen)

Subject	Interim accounting period of fiscal year 2003 (April 1, 2002 to September 30, 2002)
Net sales	129,796
Cost of sales	98,963
Gross profit	30,833
Selling, general and administrative expenses	21,533
Operating income	9,299
Non-operating income	(1,271)
Interest and dividend income	268
Others	1,002
Non-operating expenses	(3,437)
Interest expenses	3,018
Others	418
Ordinary income	7,134
Extraordinary gains	(46)
Gains on sale of property, plant and equipment	46
Others	0
Extraordinary losses	(2,489)
Losses on disposal of property, plant and equipment	670
Others	1,818
Interim income before income taxes and minority interests	4,691
Corporate, inhabitants' and enterprise taxes	355
Income tax adjustment	627
Minority interests in earnings of consolidated subsidiaries	59
Interim net income	3,648

Fiscal Year Ending March 2003

Outline of Interim Non-Consolidated Financial Statements

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

Code Number: 3893 Location of Corporate Headquarters: Tokyo

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

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

Person in Charge of Contract:
 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 Interim Settlement of Accounts: October 28, 2002

Whether the Interim Dividend System Is Adopted: Yes

Whether the Unit Share System Is Adopted: No

1. Non-Consolidated Results of Operations for the Interim Accounting Period of Fiscal Year 2003 (April 1, 2002 to September 30, 2002) and for the Interim Accounting Period of the Previous Fiscal Year (March 30, 2001 to September 30, 2001)

(1) Non-Consolidated Business Results

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

	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Interim accounting period of fiscal year 2003	4,224	(-31.3)	3,545	(-35.0)	3,482	(-34.3)
Interim accounting period of fiscal year 2002	6,145	(-)	5,454	(-)	5,301	(-)
Full fiscal year 2002	16,564		15,173		14,889	

	Interim net income		Interim net income per share
	Millions of yen	%	Yen
Interim accounting period of fiscal year 2003	3,410	(-35.1)	3,156.58
Interim accounting period of fiscal year 2002	5,251	(-)	4,859.93
Full fiscal year 2002	14,792		

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

Interim accounting period of fiscal year 2003 1,080,400.48 shares

Interim accounting period of fiscal year 2002 1,080,670.23 shares

2. Changes in accounting method: No

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

(2) Non-Consolidated Dividend Status

	Interim dividends per share	Annual dividends per share
	Yen	Yen
Interim accounting period of fiscal year 2003	0.00	-
Interim accounting period of fiscal year 2002	-	4,000.00
Full fiscal year 2002	-	8,000.00

Note: As was disclosed in the announcement released on November 6, 2002 entitled "Notice of Alteration of the Projected Dividend for the Fiscal Year Ending in March 2003 (the Third Fiscal Year)" we are unable to declare dividends for the interim period under review, as this would prevent us from fulfilling the requirements stipulated in the Commercial Code for the implementation of decisions approved during the second general meeting of shareholders with respect to a decrease in capital reserve and the acquisition of treasury stock.

(3) Non-Consolidated Financial Status

	Total assets	Total shareholders' equity	Equity ratio	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
Interim accounting period of fiscal year 2003	438,524	407,134	92.8	376,874.80
Interim accounting period of fiscal year 2002	434,395	403,115	92.8	373,023.72
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:

Interim accounting period of fiscal year 2003 1,080,291.99 shares
Interim accounting period of fiscal year 2002 1,080,670.23 shares
Full fiscal year 2002 1,080,514.38 shares

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

Interim accounting period of fiscal year 2003 378.24 shares
Interim accounting period of fiscal year 2002 7.99 shares
Full fiscal year 2002 155.85 shares

**2. Projection of Non-Consolidated Results of Operations for the Fiscal Year Ending in March 2003
(April 1, 2002 to March 31, 2003)**

	Operating income	Ordinary income	Net income	Annual dividends per share	
				End of the year	
	Millions of yen	Millions of yen	Millions of yen	Yen	Yen
Full fiscal year	8,000	7,900	7,800	8,000.00	8,000.00

(Reference) Projected net income per share (full fiscal year): 7,174.48 yen

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

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

1. Interim Non-Consolidated Balance Sheets

(Millions of yen)

Subject		Interim accounting period of fiscal year 2003 (September 30, 2002)	Interim accounting period of fiscal year 2002 (September 30, 2001)	Full fiscal year 2002 (March 31, 2002)
Assets	Current assets	5,994	1,698	7,022
	Cash and time deposits	15	27	40
	Short-term loans receivable	5,116	411	4,899
	Deferred tax assets	18	17	16
	Others	845	1,243	2,066
	Fixed assets	432,192	432,157	432,180
	Investments and other assets	432,192	432,157	432,180
	Stock held in affiliated companies	402,133	402,133	402,133
	Long-term loans	30,000	30,000	30,000
	Deferred tax assets	59	24	47
	Deferred assets	337	540	405
Incorporation costs	337	540	405	
Total assets	438,524	434,395	439,607	
Liabilities and shareholders' equity	Current liabilities	251	223	255
	Accrued income tax	86	91	79
	Others	164	132	176
	Long-term liabilities	31,138	31,055	31,111
	Convertible bonds	31,000	31,000	31,000
	Allowance for directors' retirement bonuses	138	55	111
	Total liabilities	31,389	31,279	31,367
	Common stock	-	55,730	55,730
	Capital reserve	-	342,133	342,133
	Retained earnings	-	-	432
	Unappropriated retained earnings	-	5,251	10,038
	(Net income)	(-)	(5,251)	(9,541)
	Treasury stock	-	-	-94
	Total shareholders' equity	-	403,115	408,240
	Common stock	55,730	-	-
	Capital surplus	342,133	-	-
	Capital reserve	329,133	-	-
	Other capital surplus	13,000	-	-
	Earned surplus	9,514	-	-
	Retained earnings	432	-	-
	Unappropriated retained earnings for interim period	9,082	-	-
Treasury stock	-243	-	-	
Total shareholders' equity	407,134	-	-	
Total liabilities and shareholders' equity	438,524	434,395	439,607	

2. Interim Non-Consolidated Statements of Income

(Millions of yen)

Subject	Interim accounting period of fiscal year 2003 (April 1, 2002 to September 30, 2002)	Interim accounting period of fiscal year 2002 (March 30, 2001 to September 30, 2001)	Full fiscal year 2002 (March 30, 2001 to March 31, 2002)
Net sales	4,224	6,145	16,564
Dividends received	3,320	5,217	14,704
Management guidance fee	903	928	1,860
Operating expenses	678	691	1,391
General and administrative expenses	678	691	1,391
Operating income	3,545	5,454	15,173
Non-operating income	(38)	(31)	(69)
Interest received	37	26	62
Others	0	5	7
Non-operating expenses	(102)	(184)	(353)
Interest payable on corporate bonds	31	26	57
Depreciation of incorporation costs	67	135	270
Others	3	22	25
Ordinary income	3,482	5,301	14,889
Interim income before income taxes	3,482	5,301	14,889
Corporate, inhabitants' and enterprise taxes	86	91	160
Income tax adjustment	-14	-41	-63
Interim net income	3,410	5,251	14,792
Income carried forward from previous period	5,672	-	-
Interim unappropriated income for current period	9,082	5,251	-

Significant Items Regarding Preparation of Interim Non-Consolidated Financial Statements

1. Marketable security valuation standards and methods

Stock held in subsidiaries: Cost method based on the moving average method.

2. Allowance recording standards

Directors' retirement bonuses:

In order to prepare for directors' retirement bonuses, the Company records estimated amounts required at the end of the interim period in question in accordance with internal regulations.

3. Consumption taxes

Tax-exclusion method

Non-Consolidated Balance Sheets

1. Increase in the number of issued and outstanding shares

There are no applicable items.

2. Stock with fair value held in subsidiaries

There are no applicable items.

(Additional information)

Beginning with the interim period under review, Corporate Accounting Standard No. 1, "Accounting Standard Concerning Mobilization of Treasury Stock and Legal Reserve *et al.*," is in use.

The impact of this change on earnings of the interim period under review is negligible.

The shareholders' equity section of the current interim balance sheet was prepared pursuant to the revised rules governing the interim balance sheet.

Accordingly, treasury stock, which was included under "Others" in current assets in the interim accounting period of fiscal year 2002, has been included at the end of shareholders' equity as a deduction in the current interim period. Treasury stock included under "Others" in current assets in the interim accounting period of fiscal year 2002 came to 5 million yen.