

Summary of Consolidated Financial Results for the Six Months Ended September 30, 2014

Name of Company Listed: **Nippon Paper Industries Co., Ltd.**
 Stock Exchange Listings: Tokyo
 Code Number: 3863
 URL: <http://www.nipponpapergroup.com/english/>
 Representative:
 Title of Representative Person: President
 Name of Representative Person: Fumio Manoshiro
 Person in Charge of Contact:
 Title of Contact Person: Executive Officer, Deputy General Manager of Financial Div.
 General Manager of Accounting & Budgeting Dept.
 Name of Contact Person: Hirofumi Fujimori
 Telephone: +81-(0)3-6665-1111
 Planned date of Financial Report submission: November 13, 2014
 Planned date of the commencement of dividend payments: December 1, 2014
 Availability of support documentation: Yes
 Holding of financial result briefing: Yes (for institutional investors and investment analysts)

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

1. Consolidated Financial Results of Operations for the Six Months Ended September 2014 (April 1, 2014–September 30, 2014)

(1) Consolidated Results of Operations

(The percentages indicate the percentage increase or decrease compared to the same period of the previous fiscal year.)

| | Net sales | | Operating income | | Ordinary income | | Net income | |
|-------------------------------------|-----------------|------|------------------|------|-----------------|------|-----------------|-------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| Six months ended September 30, 2014 | 515,983 | -1.4 | 12,534 | 20.4 | 12,739 | 16.7 | 21,154 | 129.4 |
| Six months ended September 30, 2013 | 523,317 | – | 10,411 | – | 10,918 | – | 9,219 | – |

Note: Comprehensive income

| | | | |
|---------------------------------|--------------------|----------|--|
| Six months ended September 2014 | 22,809 million yen | (-1.1 %) | |
| Six months ended September 2013 | 23,064 million yen | (– %) | |

| | Net income per share | Net income per share after adjusting for dilution |
|-------------------------------------|----------------------|---|
| | Yen | Yen |
| Six months ended September 30, 2014 | 182.73 | – |
| Six months ended September 30, 2013 | 79.63 | – |

(2) Consolidated Financial Status

| | Total assets | Net assets | Equity ratio |
|--------------------------|-----------------|-----------------|--------------|
| | Millions of yen | Millions of yen | % |
| As of September 30, 2014 | 1,485,829 | 447,616 | 29.9 |
| As of March 31, 2014 | 1,480,894 | 426,584 | 28.6 |

Reference: Shareholders' equity As of September 30, 2014 443,952 million yen
As of March 31, 2014 422,881 million yen

2. Dividend Status

| | Dividends per share | | | | |
|---|-----------------------------|-----------------------------|-----------------------------|--------------------|--------|
| | 1 st quarter end | 2 nd quarter end | 3 rd quarter end | End of fiscal year | Annual |
| | Yen | Yen | Yen | Yen | Yen |
| Fiscal year ended March, 2014 | — | 10.00 | — | 30.00 | 40.00 |
| Fiscal year ending March, 2015 | — | 20.00 | | | |
| Fiscal year ending March, 2015 (Projection) | | | — | 30.00 | 50.00 |

Note: Recent revisions to dividend projection /No

3. Projection of Consolidated Financial Results for the Fiscal Year Ending March 2015 (April 1, 2014–March 31, 2015)

(The percentages indicate the percentage increase or decrease compared to the same period of the previous fiscal year.)

| | Net sales | | Operating income | | Ordinary income | | Net income | | Net income per share |
|------------------|-----------------|------|------------------|-----|-----------------|-------|-----------------|------|----------------------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % | Yen |
| Full fiscal year | 1,070,000 | -1.0 | 30,000 | 5.1 | 25,000 | -11.3 | 26,000 | 14.2 | 224.59 |

Note: Recent revisions to consolidated financial results /Yes

4. Others

- [1] Has the Company made any important changes in its subsidiaries (changes in specified subsidiaries as a result of changes in the scope of consolidation)? /No
 New — (Company name:)
 Eliminated — (Company name:)
- [2] Has the Company adopted a specific accounting method for preparation of quarterly consolidated financial statements? /Yes
- [3] Changes in Accounting principles, changes in accounting estimates, or restatements
 (i) Has the Company made any changes in accounting principles following the revision of the Accounting Standard and others? /Yes
 (ii) Has the Company made any changes in accounting principles other than those described in (i)? /No
 (iii) Has the Company made any changes in accounting estimates? /No
 (iv) Has the Company made any restatements? /No

- [4] Number of issued and outstanding shares (common stock)
- (i) Number of issued and outstanding shares (including treasury stock) as of:
- | | |
|--------------------|--------------------|
| September 30, 2014 | 116,254,892 Shares |
| March 31, 2014 | 116,254,892 Shares |
- (ii) Number of treasury stock as of:
- | | |
|--------------------|----------------|
| September 30, 2014 | 490,067 Shares |
| March 31, 2014 | 484,315 Shares |
- (iii) Average number of shares during the periods of:
- | | |
|-------------------------------------|--------------------|
| Six months ended September 30, 2014 | 115,768,080 Shares |
| Six months ended September 30, 2013 | 115,784,822 Shares |

* Presentation of implementation status of quarterly review procedure

This “Summary of Consolidated Financial Results for the Six Months Ended September 30, 2014” is not subject to quarterly review procedures in accordance with the Financial Instruments and Exchange Law and, as of the date of publication of these quarterly consolidated financial results, the quarterly review procedures for the consolidated quarterly financial statements are currently in progress.

*Disclaimer regarding forward-looking statement and other remarks:

1. Any statement in this document regarding future performance of the Company is based on the information available at the time of the announcement and certain assumptions judged to be reasonable. Actual performance may differ from forecasts due to a variety of factors.
2. The support documentation will be posted on the following our website.
<http://www.nipponpapergroup.com/english/ir/library.html>

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

(Appendices)

1. Consolidated Operating Results for the Six Months Ended September 2014 (April 1, 2014–September 30, 2014)

Operating results by business segment are as follows:

Pulp and Paper:

| | | |
|-------------------------------|-------------------|--------------------------|
| Consolidated net sales | ¥ 409,711 million | (down 0.8% year-on-year) |
| Consolidated operating income | ¥ 8,893 million | (up 52.4% year-on-year) |

Paper-Related:

| | | |
|-------------------------------|------------------|---------------------------|
| Consolidated net sales | ¥ 46,623 million | (down 0.5% year-on-year) |
| Consolidated operating income | ¥ 2,346 million | (down 13.2% year-on-year) |

Wood Products and Construction Related:

| | | |
|-------------------------------|------------------|---------------------------|
| Consolidated net sales | ¥ 27,573 million | (down 13.1% year-on-year) |
| Consolidated operating income | ¥ 564 million | (down 46.3% year-on-year) |

Other:

| | | |
|-------------------------------|------------------|---------------------------|
| Consolidated net sales | ¥ 32,075 million | (up 0.6% year-on-year) |
| Consolidated operating income | ¥ 729 million | (down 11.0% year-on-year) |

2. Revisions to Projections for Consolidated Financial Results for the Fiscal Year Ending March 2015 (April 1, 2014–March 31, 2015)

| | Net Sales | Operating income | Ordinary income | Net income | Net income per share |
|---|------------------------------|---------------------------|---------------------------|---------------------------|----------------------|
| Previously announced projection (A) | Millions of yen 1,100,000 | Millions of yen 40,000 | Millions of yen 35,000 | Millions of yen 26,000 | Yen 224.58 |
| Revised projection (B) | 1,070,000 | 30,000 | 25,000 | 26,000 | 224.59 |
| Change (B-A) | -30,000 | -10,000 | -10,000 | — | — |
| Rate of change (%) | -2.7 | -25.0 | -28.6 | — | — |
| (Reference) Fiscal Year Ended March 2014 | 1,081,277 | 28,536 | 28,188 | 22,770 | 196.67 |

3. Supplementary Financial Results Presentation Materials for the Six Months Ended September 30, 2014

(1) Consolidated Balance Sheets

(Millions of yen)

| | As of March 31, 2014 | As of September 30, 2014 |
|--|-------------------------|-----------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 97,247 | 88,746 |
| Notes and accounts receivable-trade | 201,713 | 195,788 |
| Merchandise and finished goods | 81,465 | 91,065 |
| Work in process | 16,884 | 18,859 |
| Raw materials and supplies | 52,899 | 57,757 |
| Other | 55,468 | 57,356 |
| Allowance for doubtful receivables | (261) | (460) |
| Total current assets | 505,417 | 509,112 |
| Noncurrent assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 491,774 | 489,748 |
| Accumulated depreciation | (348,323) | (349,462) |
| Buildings and structures, net | 143,450 | 140,285 |
| Machinery, equipment and vehicles | 2,164,286 | 2,175,274 |
| Accumulated depreciation | (1,849,355) | (1,868,778) |
| Machinery, equipment and vehicles, net | 314,930 | 306,495 |
| Land | 223,863 | 223,687 |
| Construction in progress | 14,649 | 18,517 |
| Other | 90,940 | 91,137 |
| Accumulated depreciation | (58,655) | (58,758) |
| Other, net | 32,284 | 32,378 |
| Total property, plant and equipment | 729,179 | 721,365 |
| Intangible assets | 21,804 | 20,337 |
| Investments and other assets | | |
| Investments in securities | 201,973 | 212,835 |
| Other | 23,701 | 23,165 |
| Allowance for doubtful receivables | (1,182) | (987) |
| Total investments and other assets | 224,493 | 235,013 |
| Total noncurrent assets | 975,477 | 976,716 |
| Total assets | 1,480,894 | 1,485,829 |

(Millions of yen)

| | As of March 31, 2014 | As of September 30, 2014 |
|---|-------------------------|-----------------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and account payable-trade | 130,997 | 125,853 |
| Short-term loans payable | 292,326 | 292,165 |
| Accrued income taxes | 4,561 | 4,097 |
| Other | 81,348 | 86,918 |
| Total current liabilities | 509,234 | 509,035 |
| Long-term liabilities | | |
| Bonds payable | 48,000 | 63,000 |
| Long-term loans payable | 432,719 | 401,578 |
| Accrued environmental costs | 783 | 681 |
| Net defined benefit liability | 37,650 | 34,053 |
| Other | 25,921 | 29,863 |
| Total long-term liabilities | 545,075 | 529,177 |
| Total liabilities | 1,054,309 | 1,038,212 |
| Net assets | | |
| Shareholders' equity | | |
| Common stock | 104,873 | 104,873 |
| Capital surplus | 217,105 | 217,105 |
| Retained earnings | 77,994 | 97,459 |
| Treasury stock, at cost | (1,336) | (1,347) |
| Total shareholders' equity | 398,636 | 418,091 |
| Accumulated other comprehensive income | | |
| Net unrealized holding gain on other securities | 7,814 | 9,098 |
| Net deferred gain on hedges | 1,325 | 1,561 |
| Translation adjustments | 21,567 | 19,569 |
| Remeasurements of defined benefit plans | (6,463) | (4,367) |
| Total accumulated other comprehensive income | 24,244 | 25,860 |
| Minority interests in consolidated subsidiaries | 3,703 | 3,664 |
| Total net assets | 426,584 | 447,616 |
| Total liabilities and net assets | 1,480,894 | 1,485,829 |

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

| | Six months ended September 30, 2013 | Six months ended September 30, 2014 |
|--|--|--|
| Net sales | 523,317 | 515,983 |
| Cost of sales | 410,320 | 403,013 |
| Gross profit | 112,997 | 112,969 |
| Selling, general and administrative expenses | | |
| Freightage related expenses | 31,192 | 30,779 |
| Sales related expenses | 32,211 | 31,471 |
| Salaries and allowances | 22,370 | 21,669 |
| Other | 16,811 | 16,514 |
| Total selling, general and administrative expenses | 102,586 | 100,435 |
| Operating income | 10,411 | 12,534 |
| Other income | | |
| Interest income | 169 | 164 |
| Dividend income | 1,243 | 1,068 |
| Equity in earnings of affiliates | 3,577 | 2,906 |
| Other | 3,774 | 3,144 |
| Total other income | 8,765 | 7,283 |
| Other expenses | | |
| Interest expense | 5,756 | 5,315 |
| Other | 2,501 | 1,763 |
| Total other expenses | 8,257 | 7,079 |
| Ordinary income | 10,918 | 12,739 |
| Extraordinary income | | |
| Gain on sales of noncurrent assets | 5,804 | 15,705 |
| Other | 883 | 304 |
| Total extraordinary income | 6,688 | 16,009 |
| Extraordinary loss | | |
| Business restructuring expenses | 544 | 1,392 |
| Loss on retirement of noncurrent assets | 571 | 657 |
| Other | 635 | 1,021 |
| Total extraordinary loss | 1,750 | 3,071 |
| Income before income taxes and minority interests in consolidated subsidiaries | 15,856 | 25,677 |
| Income taxes—current | 3,388 | 3,299 |
| Income taxes—deferred | 3,368 | 1,234 |
| Total income taxes | 6,756 | 4,533 |
| Income before minority interests | 9,100 | 21,143 |
| Minority interests in consolidated subsidiaries | (119) | (11) |
| Net income | 9,219 | 21,154 |

- Consolidated Statements of Comprehensive Income -

(Millions of yen)

| | Six months ended September 30, 2013 | Six months ended September 30, 2014 |
|---|--|--|
| Income before minority interests | 9,100 | 21,143 |
| Other comprehensive income | | |
| Net unrealized holding gain on other securities | 3,532 | 1,201 |
| Net deferred gain (loss) on hedges | (727) | 689 |
| Translation adjustments | 3,133 | 716 |
| Remeasurements of defined benefit plans | - | 865 |
| Share of other comprehensive income of affiliates accounted for using the equity method | 8,025 | (1,807) |
| Total other comprehensive income | 13,964 | 1,665 |
| Comprehensive income | 23,064 | 22,809 |
| (Details) | | |
| Comprehensive income attributable to shareholders | 23,057 | 22,770 |
| Comprehensive income attributable to minority interests | 6 | 38 |

(3) Consolidated statements of Cash Flows

(Millions of yen)

| | Six months ended September 30, 2013 | Six months ended September 30, 2014 |
|---|--|--|
| Operating Activities | | |
| Income (loss) before income taxes and minority interests in consolidated subsidiaries | 15,856 | 25,677 |
| Depreciation | 31,284 | 30,369 |
| Increase (decrease) in accrued retirement benefits | 41 | - |
| Increase (decrease) in net defined benefit liability | - | (844) |
| Increase (decrease) in accrued environmental costs | (88) | (102) |
| Interest and dividend income | (1,413) | (1,232) |
| Interest expense | 5,756 | 5,315 |
| Equity in (earnings) losses of affiliates | (3,577) | (2,906) |
| Net loss (gain) on sales of noncurrent assets | (5,804) | (15,705) |
| Loss on retirement of noncurrent assets | 571 | 657 |
| Business restructuring expenses | 544 | 1,392 |
| Decrease (increase) in receivables | 4,947 | 5,918 |
| Decrease (increase) in inventories | (4,817) | (16,126) |
| Increase (decrease) in payables | (17,252) | (5,282) |
| Other | 9,225 | 4,809 |
| Subtotal | 35,272 | 31,939 |
| Interest and dividends received | 3,281 | 3,414 |
| Interest paid | (6,236) | (5,346) |
| Payments for supplementary retirement benefits | - | (770) |
| Income taxes paid | (2,413) | (3,485) |
| Net cash provided by (used in) operating activities | 29,905 | 25,750 |
| Investing Activities | | |
| Purchases of noncurrent assets | (25,500) | (19,997) |
| Proceeds from sales of noncurrent assets | 6,604 | 15,020 |
| Purchases of investments in other securities | (86) | (10,639) |
| Proceeds from sales of investments in other securities | 11,880 | 488 |
| Decrease (increase) in short-term loans receivable | (40) | 130 |
| Payments of long-term loans receivable | (61) | (143) |
| Collection of long-term loans receivable | 156 | 100 |
| Other | 3,057 | 345 |
| Net cash provided by (used in) investing activities | (3,990) | (14,695) |
| Financing Activities | | |
| Increase (decrease) in short-term loans payable | 4,373 | 1,713 |
| Proceeds from long-term loans payable | 576 | 4,350 |
| Repayment of long-term loans payable | (47,118) | (36,462) |
| Proceeds from bonds | - | 15,000 |
| Cash dividends paid | (3,475) | (3,476) |
| Finance lease principal payments | (572) | (492) |
| Other | (67) | (59) |
| Net cash provided by (used in) financing activities | (46,284) | (19,425) |
| Effect of exchange rate changes on cash and cash equivalents | 197 | (129) |
| Increase (decrease) in cash and cash equivalents | (20,171) | (8,500) |
| Cash and cash equivalents at beginning of year | 110,813 | 97,149 |
| Increase due to inclusion of certain subsidiaries in consolidation | 152 | - |
| Cash and cash equivalents at end of period | 90,793 | 88,648 |