

Fiscal Year Ended March 2002

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>

Contact Information:

Title of Contact Person: Director, Member of the Board

Name of Contact Person: Hirotooshi Ishikawa

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Date on Which the Board of Directors' Meeting Was Held to Approve the Settlement of Accounts: May 24, 2002

Whether U.S. Accounting Standards Are Adopted: No

1. Consolidated Results of Operations for the Second Accounting Period of Fiscal Year 2002 (October 1, 2001 to March 31, 2002) and for the Full Fiscal Year (March 30, 2001 to March 31, 2002)

(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	%
Second accounting period of the fiscal year	596,237	(-3.1)	22,165	(9.4)	16,315	(33.2)
First accounting period of the fiscal year	615,185	(-)	20,257	(-)	12,248	(-)
Full fiscal year	1,211,422		42,422		28,563	

	Net income (loss)		Net income (loss) per share	Net income per share after adjusting for dilution	Return on equity	Ordinary margin on gross capital	Ordinary margin on sales
	Millions of yen	%	Yen	Yen	%	%	%
Second accounting period of the fiscal year	-3,449	(-)	-3,200.59	-	-0.8	0.9	2.7
First accounting period of the fiscal year	2,813	(-)	2,611.51	2,516.83	0.7	0.7	2.0
Full fiscal year	-636						

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

Second accounting period of the fiscal year -918 million yen

First accounting period of the fiscal year -104 million yen

2. Interim average number of shares (consolidated):

Second accounting period of the fiscal year 1,077,862.73 shares

First accounting period of the fiscal year 1,077,408.50 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 the previous term.

5. For reference, the results of operations for the first and second accounting periods of the fiscal year have been supplemented by the results of operations for the full fiscal year.

(2) Consolidated Financial Status

	Total assets	Total shareholders' equity	Equity ratio	Shareholders' equity per share
Second accounting period of the fiscal year	Millions of yen 1,721,745	Millions of yen 407,369	% 23.7	Yen 377,308.99
First accounting period of the fiscal year	1,778,440	410,766	23.1	381,128.83

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

Second accounting period of the fiscal year 1,079,670.04 shares

First accounting period of the fiscal year 1,077,762.93 shares

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Ending balance of cash and cash equivalents
Second accounting period of the fiscal year	Millions of yen 74,145	Millions of yen -57,033	Millions of yen -30,934	Millions of yen 33,609
First accounting period of the fiscal year	31,667	-35,558	-26,467	47,508
Full fiscal year	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: 50

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

Number of affiliated companies to which the equity method is applied: 8

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

Consolidated (New): 2 companies (Eliminated): 2 companies

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

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

	Net sales	Ordinary income	Net income
	Millions of yen	Millions of yen	Millions of yen
Interim period	600,000	12,000	5,000
Full fiscal year	1,200,000	37,000	12,000

(Reference) Projected net income per share (full fiscal year): 11,114.51 yen

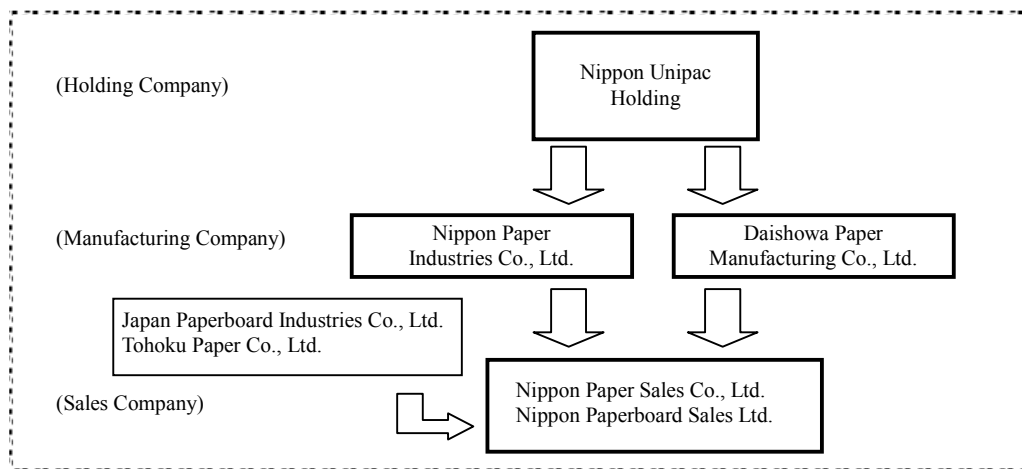
All financial information has been prepared in accordance with accounting principles generally accepted in Japan.
This document is an English-language translation of the Japanese-language original.

Status of Group of Companies

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 178 subsidiary companies and 57 affiliated companies, is mainly engaged in manufacturing and sale of pulp and paper as well as in paper-related businesses, housing and construction materials, logistics, bottling and sale of soft drinks and other beverages, and management of leisure facilities.

In the first accounting period of the fiscal year, the Group integrated the respective sales departments for paper and paperboard. For paper, in July 2001 the Group started Nippon Paper Sales Co., Ltd., which is a joint sales company established by spinning off and combining the sales departments of Nippon Paper Industries Co., Ltd. and Daishowa Paper Manufacturing Co., Ltd. in order to merge the paper sales departments into one entity. Also for paperboard, in July 2001 the Group started Nippon Paperboard Sales Ltd., which is a joint sales company established 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., in order to merge the sales departments for paperboard into one entity.



Pulp and Paper Division

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

- 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 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, etc.

- For industrial processed paper, Dixie Japan Co., Ltd. manufactures and sells paper cartons, and JUJO CENTRAL CO., LTD. produces liquid-packaging cartons for purchase and sale by Nippon Paper Industries Co., Ltd. LINTEC Corporation manufactures and sells adhesive-related materials.
- 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 Daishowa Paper Manufacturing Co., Ltd. and N&E CO., LTD. manufacture and sell construction materials. NP Development Co., Ltd. provides construction related services.

Other Division

NIPPON PAPER LOGISTICS CO., LTD. and Daishowa Transportation Co., Ltd. engage 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. Daishowa Paper Manufacturing Co., Ltd. Tohoku Paper Co., Ltd. Japan Paperboard Industries Co., Ltd. (Note 1) CRECIA Corporation OTAKE. PAPER MFG. CO., LTD. Fuji Coated Paper Co., Ltd.	Nippon Paper Sales Co., Ltd. Nippon Paperboard Sales Ltd. SAN-MIC CHIYODA CORPORATION (Note 2) And 3 other companies
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. JUJO CENTRAL CO., LTD. Dixie Japan Co., Ltd. And 2 other companies	LINTEC Corporation And 1 other company	Nippon Paper Industries Co., Ltd. SAN-MIC CHIYODA CORPORATION (Note 2) And 1 other company

(Housing and Construction Materials Division)

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

(Other Division)

(Logistics)	(Soft Drinks and Other Beverages)	(Leisure, etc.)
NIPPON PAPER LOGISTICS CO., LTD. Daishowa Transportation Co., Ltd. And 7 other companies	SHIKOKU COCA•COLA BOTTLING CO., LTD. (Note 1)	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 in 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 Group manages divisions collectively through integration of divisions, and endeavors to build up an excellent group of world-class companies that are internationally competitive. The Company will do this by reaping the benefits of integration and by comprehensively rationalizing each group company.

Events during One Year following Integration

One year has passed since Nippon Unipac Holding was established in March 2001. During this year, which has been the first step of integration, the Group has adopted integration measures that yield quick benefits and results mainly in the Paper Division, while maintaining the independence of each company. This effort achieved steady results.

In the paperboard business, in July 2001 the Group merged the paperboard sales function of three companies, Japan Paperboard Industries Co., Ltd., Daishowa Paper Manufacturing Co., Ltd. and Tohoku Paper Co., Ltd., in pursuit of the benefits of integration.

Synergistic effects are quickly being reaped under this new system, and the Paper Division and Paperboard Division of the Group are being reorganized to deliver further synergy benefits in the future.

Outline of Group Reorganization

In the paper business, the three companies of Nippon Paper Industries Co., Ltd., Daishowa Paper Manufacturing Co., Ltd. and Nippon Paper Sales Co., Ltd. will merge on April 1, 2003 to form the new company, Nippon Paper Industries Co., Ltd.

In the paperboard business, the Company will make Japan Paperboard Industries Co., Ltd. a wholly owned subsidiary by stock transfer on October 1, 2002. Japan Paperboard Industries Co., Ltd. will then turn four mills of its own, the Honsha Mill Yoshinaga Division of Daishowa Paper Manufacturing Co., Ltd. and Tohoku Paper Co. Ltd. into wholly-owned manufacturing subsidiaries and will take over Nippon Paperboard Sales Ltd. Japan Paperboard Industries Co., Ltd. will also change its name to Nippon Daishowa Paperboard Co., Ltd. and will start anew on April 1, 2003 in partnership with Nippon Paper Industries Co., Ltd. in the paper business.

Challenges

As a result of the foregoing, a new system will be established in which Nippon Unipac Holding directly and wholly owns two subsidiaries: Nippon Paper Industries Co., Ltd. which is responsible for the Group's paper business, and Nippon Daishowa Paperboard Co., Ltd., which is responsible for the Group's paperboard business.

To achieve this, the stock of Japan Paperboard Industries Co., Ltd. will be transferred in October of this year and the paperboard business will be subsequently reorganized. Preparations are also underway for the merger of the three companies of Nippon Paper Industries Co., Ltd., Daishowa Paper Manufacturing Co., Ltd. and Nippon Paper Sales Co., Ltd. in April of next year.

In preparation for the transition to the new system in April of next year, the Group is strengthening its corporate power mainly in the following two ways.

(1) Quickly Reaping the Benefits of Integration

The Group estimates that the annual benefits of integration in the first three years will be 52 billion yen. Mainly in the paper business, these will be achieved by restructuring the manufacturing system, strengthening the sales force, reducing the cost of raw materials and other materials, cutting costs by technology exchange, reviewing the logistics system, and slashing fixed costs such as labor and interest rate on borrowings. Substantial savings of 27 billion yen have already been achieved in the first year.

Before the transition to the new system in April of next year, the Group will make preparations to ensure that the results of integration will expand and accelerate beyond the boundary of individual companies.

With regard to restructuring the manufacturing system, as the first step the Group is now merging production, including suspension of one paper machine each at the Shiraoui Mill and the Honsha Mill Yoshinaga Division of Daishowa Paper Manufacturing Co., Ltd. in March of this year, and suspension of one paper machine at the Komatsushima Mill of Nippon Paper Industries Co., Ltd. in September of next year. As the second and third steps, the Group is also studying restructuring measures for mid- to long-term tasks after the transition to the new system.

(2) Strengthening the Management of Each Company of the Group

Both Nippon Paper Industries Co., Ltd. and Daishowa Paper Manufacturing Co., Ltd. have been implementing medium-term management plans for strengthening their corporate power. Fiscal 2003 is the last fiscal year for action under the present organization, and both companies are working hard to ensure a smooth start to the new system on April 1 of next year.

Nippon Paper Industries Co., Ltd. has been promoting “Selective and Focused Investment” such as strengthening main plants, rationalizing small plants and improving the management of diversified businesses and affiliated companies. Regarding diversified businesses, it plans to reorganize in October by spinning off its foreign lumber trading business, liquid packaging business and DP & Chemical Products business into separate companies.

Taking advantage of the business integration, Daishowa Paper Manufacturing Co., Ltd. has been taking radical measures to overhaul corporate performance, including improving its variable cost structure, reducing interest-bearing debt of 100 billion yen, and quickly establishing a 3,000-employee system.

With regard to employees, the Group has curbed labor by reducing regular employees to approximately 3,140 persons (including temporarily transferred personnel to this Company, Nippon Paper Sales Co., Ltd, Nippon Paperboard Sales Ltd. and spun-off companies), a reduction of approximately 120 in one year, and will further rationalize the number.

In addition, the company has been improving management efficiency such as by spinning off the maintenance section into a separate company in December of last year and spinning off the uniboard business into a separate company in April of this year. Corporate performance has also been improved in terms of variable costs by enhancing the performance of the de-inked pulp (DIP) facility and by manufacturing chemicals itself, as well as by the merits gained from the business integration. The company is accelerating implementation of the plan and strengthening its corporate base.

Through all these activities, Nippon Unipac Holding is boosting 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 Profits

The Company intends to meet investors’ expectations by strengthening its management base, raising the profit-earning capacity of the entire Group, and increasing corporate value.

With regard to dividends, it is the Company’s policy to declare stable dividends continuously after considering the business results of the Group and securing internal reserves.

Business Results and Financial Status

1. Business Results

Review of Operations during the Current Period

During the current period, the Japanese economy faced further hardships with continued sluggishness in personal consumption and capital investment, falling personal income due to the worsening employment situation, corporate restructuring accompanied by the accelerated disposal of bad loans, and the global slump caused by the sagging U.S. economy and terrorist attacks in the U.S. last September.

The Pulp and Paper Division, which is the core business of the Group, experienced a fall in demand caused by the business slowdown as a whole; the volume of paper shipped to the domestic market continues to decline each year, production and sales volume are decreasing, and even the prices of some products are falling.

To gain the benefits of business integration, the Group is working hard to reduce costs such as the cost of purchasing raw materials, and improving the cost structure.

As a result, the consolidated settlement of accounts for the current period showed net sales of 596,237 million yen, ordinary income of 16,315 million yen and a net loss of 3,449 million yen.

The situation by business segment is as follows.

Pulp and Paper Division

With regard to paper, sales volume decreased, mainly in paper used for printing and business communication purposes, due to the fall in demand for paper caused by a drastic drop in mining and industrial output and cut-backs in advertising expenditure due to declining corporate earnings. We therefore adjusted our manufacturing in line with the trend in demand and inventories in distribution, and put priority on price. As a result, a drastic drop in prices was avoided.

With regard to paperboard, container board, which is the main product, is closely linked to the state of the economy and so sales volume dropped further than expected resulting in lower sales. However, the sales price partially recovered at the end of last year.

Although we worked to restore the sales price in the household tissue and sanitary products, both sales volume and sales price remained stagnant because of increasingly severe price competition among companies.

As a result, net sales were 466,134 million yen and operating income was 18,963 million yen.

Paper-Related Division

With regard to liquid-packaging cartons, such as Pure-Pak[®], both sales volume and sales price remained favorable following our efforts to expand sales volume corresponding to consumers' needs, supported by the demand for tea-based beverages. Demand for chemical products decreased slightly, and in the functional materials sector, demand for liquid crystals slumped.

As a result, net sales were 47,219 million yen and operating income was 1,276 million yen.

Housing and Construction Materials Division

With regard to the Housing and Construction Materials Division, new housing starts, particularly those for wooden houses, decreased due to stagnant individual consumption and the worsening employment situation. Business conditions remained severe: net sales were 47,876 million yen and operating income was 399 million yen.

Other Division

We worked to meet consumers' needs and expand sales volume in the soft drink and other beverage business, but demand for other businesses such as leisure remained weak due to the economic slump, resulting in net sales of 35,007 million yen and operating income of 1,526 million yen.

Prospect for the Next Period

Japan's economy continues to suffer from the effects of corporate restructuring, weak stock market and the severe employment situation. The full-scale disposal of bad loans is suppressing economic recovery and individual consumption, capital investment and housing investment remain weak and unable to recover. Since rapid economic recovery is not expected, the harsh environment for companies will continue.

The Group has therefore decided to speed up measures being taken since the integration. As indicated in "Outline of Group Reorganization" under Management Policy, we decided to reorganize the paper business and paperboard business of the Group in April 2003.

In moving to the new system, we will reinforce the strength of the whole Group and reconstruct the manufacturing system, strengthen the sales force, reduce costs in raw materials and other materials, cut costs through technological exchange, review the logistics system, slash fixed costs such as labor, and decrease the interest rate on borrowings.

Regarding consolidated results for the next period, we estimate net sales of 1,200 billion yen, ordinary income of 37 billion yen and net income of 12 billion yen.

The estimates of results are prepared based on information available on the day of announcement and may be different from estimated figures due to various factors in the future.

2. Financial Status

Cash and cash equivalents (hereafter called "funds") on a consolidated basis at the end of the current consolidated accounting period totaled 33,609 million yen, a reduction of 13,899 million yen from the beginning of the term, as a result of using funds gained from operating activities to invest in facilities and repay interest-bearing debt. The status of each cash flow and factors are as follows.

Cash Flows from Operating Activities

Funds provided by operating activities totaled 74,145 million yen. This was mainly due to depreciation expenses of 44,172 million yen and 30,579 million yen for increasing the funds arising from a decrease, etc., of trade receivables and so on.

Cash Flows from Investing Activities

Funds used in investing activities totaled 57,033 million yen. This was mainly due to expenditure of 36,711 million yen for acquisition of property, plant and equipment and of 4,930 million yen for acquisition of investment securities.

Cash Flows from Financing Activities

Funds used in financing activities totaled 30,934 million yen. This was mainly due to a decrease of 51,660 million yen for repayment of borrowings, payment of 4,295 million yen for dividends, and an increase of 30,000 million yen arising from commercial paper.

1. Consolidated Balance Sheets

(Millions of yen)

		Current period (Second accounting period) (March 31, 2002)	Previous period (First accounting period) (September 30, 2001)	Change
Assets	Current assets	517,698	563,370	-45,672
	Cash and time deposits	34,602	42,334	-7,732
	Notes and accounts receivable	280,517	310,729	-30,212
	Inventories	143,489	154,130	-10,641
	Deferred current tax assets	8,250	7,063	1,187
	Other current assets	53,358	50,085	3,273
	Allowance for doubtful receivables	-2,520	-972	-1,548
	Fixed assets	1,203,621	1,214,505	-10,884
	Property, plant and equipment	941,428	956,633	-15,205
	Buildings and structures	210,605	216,297	-5,692
	Machinery and equipment	428,097	436,995	-8,898
	Land	243,652	243,011	641
	Others	59,073	60,329	-1,256
	Intangible fixed assets	44,615	45,540	-925
	Consolidation adjustment account	33,148	33,784	-636
	Others	11,467	11,755	-288
	Investments and other assets	217,577	212,331	5,246
	Investments in other securities	151,965	151,397	568
	Long-term loans receivable	7,765	10,810	-3,045
	Deferred tax assets	20,033	23,399	-3,366
Other assets	83,821	63,711	20,110	
Allowance for doubtful receivables	-46,008	-36,988	-9,020	
Deferred assets	425	564	-139	
Total assets	1,721,745	1,778,440	-56,695	
Liabilities, minority interests and shareholders' equity	Current liabilities	796,439	841,266	-44,827
	Notes and accounts payable	190,842	203,606	-12,764
	Short-term borrowings	453,277	503,704	-50,427
	Other current liabilities	152,319	133,955	18,364
	Long-term liabilities	487,456	493,518	-6,062
	Corporate bonds	147,500	147,500	-
	Long-term debt	242,464	243,373	-909
	Allowance for retirement benefits	75,732	73,880	1,852
	Allowance for directors' retirement bonuses	2,591	2,107	484
	Deferred tax liabilities	7,631	5,676	1,955
	Other long-term liabilities	11,535	20,981	-9,446
	Total liabilities	1,283,895	1,334,785	-50,890
	Minority interests in consolidated subsidiaries	30,480	32,888	-2,408
	Common stock	55,730	55,730	-
	Capital surplus	236,532	236,532	-
	Retained earnings	114,675	122,436	-7,761
	Unrealized gains on other marketable securities	1,262	138	1,124
	Translation adjustments	-416	-2,491	2,075
	Treasury stock	-415	-1,578	1,163
Total shareholders' equity	407,369	410,766	-3,397	
Total liabilities, minority interests and shareholders' equity	1,721,745	1,778,440	-56,695	

2. Consolidated Statements of Operations

(Millions of yen)

	Current period (Second accounting period) (October 1, 2001 to March 31, 2002)	Previous period (First accounting period) (March 30, 2001 to September 30, 2001)	Full fiscal year (March 30, 2001 to March 31, 2002)
Net sales	596,237	615,185	1,211,422
Cost of sales	449,102	470,757	919,859
Gross profit	147,134	144,427	291,561
Selling, general and administrative expenses	124,969	124,170	249,139
Operating income	22,165	20,257	42,422
Non-operating income	(5,440)	(5,038)	(10,478)
Interest and dividend income	1,131	1,738	2,869
Others	4,308	3,299	7,607
Non-operating expenses	(11,290)	(13,047)	(24,337)
Interest expense	7,218	8,424	15,642
Others	4,072	4,623	8,695
Ordinary income	16,315	12,248	28,563
Extraordinary gains	(1,921)	(4,827)	(6,748)
Gains on sales of property, plant and equipment	957	3,026	3,983
Gains on sales of investments in other securities	754	1,779	2,533
Others	209	20	229
Extraordinary losses	(20,180)	(11,351)	(31,531)
Losses on disposal of property, plant and equipment	7,529	977	8,506
Loss on net retirement benefit obligation resulting from change of the accounting standards	2,947	2,947	5,894
Losses on devaluation of investments in other securities	4,726	5,056	9,782
Others	4,975	2,369	7,344
Income (loss) before income taxes and minority interests	-1,943	5,724	3,781
Corporate, inhabitant and enterprise taxes	647	4,907	5,554
Income tax adjustment	2,804	-907	1,897
Minority interests in losses of consolidated subsidiaries	1,945	1,089	3,034
Net income (loss)	-3,449	2,813	-636

3. Consolidated Statements of Retained Earnings

(Millions of yen)

Subject	Current period (Second accounting period) (October 1, 2001 to March 31, 2002)	Previous period (First accounting period) (March 30, 2001 to September 30, 2001)	Full fiscal year (March 30, 2001 to March 31, 2002)
Retained earnings at beginning of period	122,436	132,311	132,311
Decrease in retained earnings	4,310	12,689	16,999
Cash dividends paid	4,310	-	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)	-3,449	2,813	-636
Retained earnings at end of period	114,675	122,436	114,675

4. Consolidated Statements of Cash Flows

(Millions of yen)

Subject	Current period (Second accounting period) (October 1, 2001 to March 31, 2002)	Previous period (First accounting period) (March 30, 2001 to September 30, 2001)	Full fiscal year (March 30, 2001 to March 31, 2002)
Cash flows from operating activities	74,145	31,667	105,812
Income (loss) before income taxes and minority interests	-1,943	5,724	3,781
Depreciation	44,172	42,972	87,144
Amortization of difference between cost and underlying net equity in consolidated subsidiaries	909	672	1,581
Increase in allowance for doubtful receivables	10,550	99	10,649
Increase in allowance for retirement benefits	1,763	2,090	3,853
Increase (decrease) in allowance for directors' retirement bonuses	484	-1,000	-516
Interest and dividend income	-1,131	-1,738	-2,869
Interest expense	7,218	8,424	15,642
Equity in earnings of unconsolidated subsidiaries and affiliates	918	104	1,022
Gain on sales of investment securities	-754	-1,779	-2,533
Gain on sales of property, plant and equipment	-957	-3,026	-3,983
Losses on disposal of property, plant and equipment	7,529	977	8,506
Losses on devaluation of investments in other securities	4,726	5,056	9,782
Receivables	30,579	16,104	46,683
Inventories	11,268	2,174	13,442
Payables	-13,035	-23,148	-36,183
Appropriation for bonuses to directors and corporate auditors	-	-292	-292
Others	-20,728	1,560	-19,168
Sub-total	81,570	54,975	136,545
Interest and dividends received	1,997	2,079	4,076
Interest paid	-7,352	-8,351	-15,703
Income taxes paid	-2,069	-17,035	-19,104
Cash flows from investing activities	-57,033	-35,558	-92,591
Acquisitions of time deposits	-342	-567	-909
Withdrawal of time deposits	749	2,997	3,746
Acquisitions of marketable securities	-	-589	-589
Proceeds from sale of marketable securities	2,338	600	2,938
Acquisitions of property, plant and equipment	-36,711	-40,023	-76,734
Proceeds from sale of property, plant and equipment	4,031	3,192	7,223
Acquisitions of investments in other securities	-4,930	-2,870	-7,800
Proceeds from sale of investments in other securities	1,198	3,403	4,601
Increase in short-term loans receivable	-1,948	-1,241	-3,189
Extension of long-term loans	-755	-1,387	-2,142
Collection of long-term loans	1,369	1,090	2,459
Other, net	-22,033	-162	-22,195
Cash flows from financing activities	-30,934	-26,467	-57,401
Decrease in short-term borrowings	-54,699	-3,111	-57,810
Increase in commercial paper	30,000	3,000	33,000
Proceeds from long-term debt	47,672	22,705	70,377
Reduction of long-term debt	-44,633	-42,621	-87,254
Proceeds from bond issuance	-	31,000	31,000
Payments on bond redemptions	-3,230	-29,284	-32,514
Payments for stock transfer grant	-	-4,254	-4,254
Parent company dividend payments	-4,295	-	-4,295
Dividend payments to minority shareholders	-263	-257	-520
Others	-1,484	-3,643	-5,127
Effect of exchange rate changes on cash and cash equivalents	-77	321	244
Decrease in cash and cash equivalents	-13,899	-30,036	-43,935
Cash and cash equivalents at beginning of period	47,508	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 period	33,609	47,508	33,609

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

	Current period (Second accounting period) (October 1, 2001 to March 31, 2002)	Previous period (First accounting period) (March 30, 2001 to September 30, 2001)	Full fiscal year (March 30, 2001 to March 31, 2002)
Cash and time deposits	34,602	42,334	34,602
Time deposits with maturities of over three months	-1,153	-1,375	-1,153
Marketable securities with low risk of change in value and maturities of less than three months	160	6,549	160
Cash and cash equivalents	33,609	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: 50

(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 39 other companies)

Number of non-consolidated subsidiaries: 130 (The equity method is not applied to any of these companies.)

Number of affiliated companies to which the equity method is applied: 8

(North Pacific Paper Corporation, LINTEC Corporation, Daishowa-Marubeni International Ltd. and 5 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 the maintenance section, the heightened importance attained by certain companies due to the acquisition of controlling rights, and business restructuring in North America.

(1) Scope of consolidation

New Daishowa Unitec Co., Ltd., Daisho Paper Transportation Co., Ltd.

Eliminated Daishowa North America Corporation (U.S.), Daishowa Sales Limited (U.S.)

(2) Application of the equity method

New None

Eliminated None

3. Fiscal years of consolidated subsidiaries

The second accounting period of the Company ran from October 1, 2001 to March 31, 2002. As such, consolidated subsidiaries' interim figures were deducted from figures for the whole year, with adjustments carried out in accordance with consolidated accounting practices.

Period for settlement of accounts of the Company: October 1, 2001 to March 31, 2002.

Period for settlement of accounts of consolidated subsidiaries in Japan: April 1, 2001 to March 31, 2002 (Date of interim settlement of accounts: September 30).

Period for settlement of accounts of consolidated subsidiaries in foreign countries: January 1, 2001 to December 31, 2001 (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

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. Deferred asset accounting methods

Incorporation costs: Depreciation of an equal amount each accounting period within five years

Stock issuance expenses: Depreciation of an equal amount each accounting period within three years

10. 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:

With respect to employees' retirement benefits, the Company records an amount based upon estimated retirement benefit liabilities and pension assets at the end of the period in question. The provision accompanying the change in accounting standards was accounted for as an expense within a single year.

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.

11. 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.

12. Valuation of consolidated subsidiary assets and liabilities

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

13. 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.

14. 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.

15. 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.

16. 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.

17. Consumption taxes
Tax-exclusion method.

18. 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

	Current period (Second accounting period of the fiscal year)	Previous period (First accounting period of the fiscal year)
1. Accumulated depreciation of property, plant and equipment	1,662,123 million yen	1,633,040 million yen
2. Guarantee liabilities	50,211 million yen	56,507 million yen
3. Discounted draft balance	1,649 million yen	2,027 million yen
4. Endorsed draft balance	-	2 million yen
5. Treasury stock (Number of shares of treasury stock)	415 million yen (1,000.19 shares)	1,578 million yen (2,907.30 shares)
6. Notes relating to lease transactions		(Millions of yen)

	Current period (Second accounting period of the fiscal year) (October 1, 2001 to March 31, 2002)	Previous period (First accounting period of the fiscal year) (March 30, 2001 to September 30, 2001)												
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="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><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="width: 80%;">Within one year</td> <td style="text-align: right;">1,650</td> </tr> <tr> <td>Over one year</td> <td style="text-align: right;">3,754</td> </tr> <tr> <td><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)</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>	1,046
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>													
Acquisition costs	10,431													
Accumulated depreciation	5,063													
<u>Net book value</u>	<u>5,368</u>													
Within one year	1,658													
Over one year	3,709													
<u>Total</u>	<u>5,368</u>													
(2) Operating lease transactions	<p>Outstanding lease charges</p> <table border="0" style="width: 100%;"> <tr> <td style="width: 80%;">Within one year</td> <td style="text-align: right;">111</td> </tr> <tr> <td>Over one year</td> <td style="text-align: right;">107</td> </tr> <tr> <td><u>Total</u></td> <td style="text-align: right;"><u>218</u></td> </tr> </table>	Within one year	111	Over one year	107	<u>Total</u>	<u>218</u>	<p>Outstanding lease charges</p> <table border="0" style="width: 100%;"> <tr> <td style="width: 80%;">Within one year</td> <td style="text-align: right;">241</td> </tr> <tr> <td>Over one year</td> <td style="text-align: right;">44</td> </tr> <tr> <td><u>Total</u></td> <td style="text-align: right;"><u>285</u></td> </tr> </table>	Within one year	241	Over one year	44	<u>Total</u>	<u>285</u>
Within one year	111													
Over one year	107													
<u>Total</u>	<u>218</u>													
Within one year	241													
Over one year	44													
<u>Total</u>	<u>285</u>													
2. Credit side														
(1) Finance lease transactions other than those in which the ownership right of the leased property is 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="width: 80%;">Acquisition costs</td> <td style="text-align: right;">123</td> </tr> <tr> <td>Accumulated depreciation</td> <td style="text-align: right;">88</td> </tr> <tr> <td><u>Net book value</u></td> <td style="text-align: right;"><u>34</u></td> </tr> </table> <p>2. Balance of outstanding leases at end of accounting period</p> <table border="0" style="width: 100%;"> <tr> <td style="width: 80%;">Within one year</td> <td style="text-align: right;">14</td> </tr> <tr> <td>Over one year</td> <td style="text-align: right;">20</td> </tr> <tr> <td><u>Total</u></td> <td style="text-align: right;"><u>35</u></td> </tr> </table> <p>Calculations are made with the interest-paid inclusive method, as the proportion of operating receivables accounted for by the sum of the balance of outstanding leases at end of accounting period and the predicted residual value is minor.</p> <p>3. Lease charges received</p>	Acquisition costs	123	Accumulated depreciation	88	<u>Net book value</u>	<u>34</u>	Within one year	14	Over one year	20	<u>Total</u>	<u>35</u>	11
Acquisition costs	123													
Accumulated depreciation	88													
<u>Net book value</u>	<u>34</u>													
Within one year	14													
Over one year	20													
<u>Total</u>	<u>35</u>													
Acquisition costs	168													
Accumulated depreciation	121													
<u>Net book value</u>	<u>47</u>													
Within one year	21													
Over one year	28													
<u>Total</u>	<u>50</u>													
(2) Operating lease transactions	<p>Outstanding lease charges</p> <table border="0" style="width: 100%;"> <tr> <td style="width: 80%;">Within one year</td> <td style="text-align: right;">32</td> </tr> <tr> <td>Over one year</td> <td style="text-align: right;">101</td> </tr> <tr> <td><u>Total</u></td> <td style="text-align: right;"><u>134</u></td> </tr> </table>	Within one year	32	Over one year	101	<u>Total</u>	<u>134</u>	<p>Outstanding lease charges</p> <table border="0" style="width: 100%;"> <tr> <td style="width: 80%;">Within one year</td> <td style="text-align: right;">41</td> </tr> <tr> <td>Over one year</td> <td style="text-align: right;">94</td> </tr> <tr> <td><u>Total</u></td> <td style="text-align: right;"><u>136</u></td> </tr> </table>	Within one year	41	Over one year	94	<u>Total</u>	<u>136</u>
Within one year	32													
Over one year	101													
<u>Total</u>	<u>134</u>													
Within one year	41													
Over one year	94													
<u>Total</u>	<u>136</u>													

5. Segment Information

(1) Business segment information

Current period (Second accounting period of the fiscal year) (October 1, 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 (loss)							
Sales							
(1) Sales to third parties	466,134	47,219	47,876	35,007	596,237	-	596,237
(2) Intragroup sales and transfers	758	4,083	17,068	7,798	29,708	(29,708)	-
Total sales	466,892	51,303	64,944	42,805	625,946	(29,708)	596,237
Operating expenses	447,929	50,026	64,545	41,279	603,781	(29,708)	574,072
Operating income	18,963	1,276	399	1,526	22,165	(-)	22,165
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	37,407	2,818	767	3,179	44,172	-	44,172
Capital expenditures	29,264	2,677	554	1,469	33,965	-	33,965

Previous term (First accounting period of the fiscal year) (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
I Sales and operating income (loss)							
Sales							
(1) Sales to third parties	479,788	50,744	44,612	40,039	615,185	-	615,185
(2) Intragroup 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
II Assets, depreciation and capital expenditures							
Total assets	1,313,125	101,184	101,651	98,103	1,614,065	164,374	1,778,440
Depreciation	36,867	2,348	725	3,031	42,972	-	42,972
Capital expenditures	30,131	1,974	1,335	2,105	35,547	-	35,547

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 299,724 million yen in the current period and 273,592 million yen in the previous period. 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.

Full year (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 (loss)							
Sales							
(1) Sales to third parties	945,922	97,963	92,488	75,046	1,211,422	-	1,211,422
(2) Intragroup 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

(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		Current period (Second accounting period of the fiscal year) (October 1, 2001 to March 31, 2002)	Previous period (First accounting period of the fiscal year) (March 30, 2001 to September 30, 2001)	Full fiscal year 2001 (March 30, 2001 to March 31, 2002)
Pulp and Paper Division	Volume	4,144,972	4,211,318	8,356,290
Paper	Volume	2,789,777	2,844,794	5,634,571
Paperboard, household tissue	Volume	1,185,553	1,163,743	2,349,296
Pulp	Volume	169,642	202,781	372,423
Paper-Related Division	Value	30,675	32,020	62,695
Housing and Construction Materials Division	Value	1,658	1,710	3,368
Other Division	Value	15,892	16,826	32,718

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		Current period (Second accounting period of the fiscal year) (October 1, 2001 to March 31, 2002)	Previous period (First accounting period of the fiscal year) (March 30, 2001 to September 30, 2001)	Full fiscal year 2001 (March 30, 2001 to March 31, 2002)
Pulp and Paper Division	Value	466,134	479,788	945,922
Paper	Volume	2,783,290	3,007,257	5,790,547
	Value	338,241	366,812	705,053
Paperboard, household tissue	Volume	1,437,272	1,210,363	2,647,635
	Value	101,247	84,504	185,751
Pulp	Volume	162,017	189,047	351,064
	Value	10,267	11,776	22,043
Raw materials for manufacturing paper	Value	16,377	16,695	33,072
Paper-Related Division	Value	47,219	50,744	97,963
Housing and Construction Materials Division	Value	47,876	44,612	92,488
Other Division	Value	35,007	40,039	75,046
Total	Value	596,237	615,185	1,211,422

7. Securities

At the end of the current period (second accounting period of the fiscal year) (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	1,105	1,118	12
Securities whose carrying value exceeds their fair value	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 acquisition cost exceeds their carrying value			
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 the current period (October 1, 2001 to March 31, 2002) (Millions of yen)

Sale amount	Total profit from sale	Total loss from sale
973	654	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
Other	56
Total	1,056
Other securities	
Non-listed equity securities other than OTC securities	25,543
Other	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

At the end of the previous period (first accounting period of the fiscal year) (As of September 30, 2001)

(1) Held-to-maturity securities with fair value (September 30, 2001) (Millions of yen)

	Carrying value	Fair value	Difference
Securities whose fair value exceeds their carrying value	1,187	1,222	34
Securities whose carrying value exceeds their fair value	299	201	-98
Total	1,487	1,423	-64

(2) Other securities with fair value (September 30, 2001) (Millions of yen)

	Acquisition cost	Carrying value	Difference
Securities whose fair value exceeds their carrying value			
Stocks	19,123	26,254	7,130
Bonds	1,955	2,148	192
Others	4,703	4,731	28
Sub-total	25,782	33,134	7,352
Securities whose carrying value exceeds their fair value			
Stocks	30,597	23,234	-7,362
Others	12	7	-4
Sub-total	30,609	23,241	-7,367
Total	56,391	56,376	-15

(3) Other securities sold during the previous period (March 30, 2001 to September 30, 2001) (Millions of yen)

Sale amount	Total profit from sale	Total loss from sale
949	412	0

(4) Information regarding marketable securities which are not carried at fair value (September 30, 2001)

(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

(5) Amount of scheduled redemption for other securities with maturation dates and held-to-maturity securities (September 30, 2001)

(Millions of yen)

	Due in one year or less	Due after one year through five years	Due after five years
Bonds			
Corporate bonds	930	658	-
Others	1,566	1,109	10
Total	2,496	1,767	10

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	Current period (Second accounting period of the fiscal year) (March 31, 2002)				Previous period (First accounting period of the fiscal year) (September 30, 2001)			
		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	2,275	1,325	-34	-34	2,275	1,975	-49	-49
	Receive—fixed, pay—variable	5,000	5,000	252	252	5,000	5,000	274	274
	Receive—variable, pay—variable	1,600	-	-5	-5	1,600	-	-11	-11
	Interest rate cap								
	To buy	8,000	8,000	3	3	8,000	8,000	8	8
	Total			-	215			-	221

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)

	Current period (Second accounting period of the fiscal year (March 31, 2002))	Previous period (First accounting period of the fiscal year (September 30, 2001))
(1) Retirement benefit obligation	-266,077	-248,366
(2) Plan assets at fair value	137,555	155,525
(3) Unfunded retirement benefit obligation ((1)+(2))	-128,521	-92,841
(4) Unrecognized net retirement benefit obligation at transition	-	2,947
(5) Unrecognized actuarial gain or loss	57,875	21,104
(6) Unrecognized prior service cost (deduction of liabilities)	-1,753	-2,255
(7) Net retirement benefit obligation ((3)+(4)+(5)+(6))	-72,399	-71,044
(8) Prepaid pension cost	3,332	2,836
(9) Allowance for retirement benefits ((7)-(8))	-75,732	-73,880

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)

	Current period (Second accounting period of the fiscal year (October 1, 2001 to March 31, 2002))	Previous period (First accounting period of the fiscal year (March 30, 2001 to September 30, 2001))
(1) Service cost (See notes 1 and 2)	4,715	4,043
(2) Interest cost	4,428	4,062
(3) Expected return on plan assets	-2,474	-2,306
(4) Loss on recognition of net retirement benefit obligation at transition	2,947	2,947
(5) Recognized actuarial gain or loss	736	747
(6) Amortization of prior service cost	-34	-80
(7) Net periodic benefit cost ((1)+(2)+(3)+(4)+(5)+(6))	10,319	9,413

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

Current period: Mainly 3.0% Previous period: Mainly 3.5%

(3) Expected return on plan assets

Current period: Mainly 4.0% Previous period: 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 shorter than 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 shorter than 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.

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

1. Consolidated Balance Sheet

(Millions of yen)

Current period (March 31, 2002)			
Assets		Liabilities	
Current assets	455,215	Current liabilities	581,503
Cash and time deposits	22,786	Notes and accounts payable	188,698
Notes and accounts receivable	273,385	Short-term borrowings	268,148
Inventories	108,294	Others	124,656
Deferred current tax assets	7,588	Long-term liabilities	336,255
Others	43,158	Corporate bonds	147,500
Fixed assets	795,181	Long-term debt	140,194
Property, plant and equipment	598,453	Allowance for retirement benefits	44,200
Buildings and structures	151,384	Others	4,360
Machinery and equipment	302,469	Total liabilities	917,759
Land	103,380	Minority interests	
Others	41,218	Minority interests	28,778
Intangible fixed assets	7,549	Total shareholders' equity	
Investments and other assets	189,178	Common stock	104,873
Investments in other securities	147,812	Capital surplus	97,402
Deferred tax assets	19,769	Retained earnings	103,610
Others	21,596	Unrealized gains on other marketable securities	799
Deferred assets	20	Translation adjustments	-2,805
Total assets	1,250,417	Total shareholders' equity	303,879
		Total liabilities, minority interests and shareholders' equity	1,250,417

2. Consolidated Statement of Operations

(Millions of yen)

	Current period (April 1, 2001 to March 31, 2002)
Net sales	1,101,946
Cost of sales	877,695
Gross profit	224,250
Selling, general and administrative expenses	197,261
Operating income	26,988
Non-operating income	(7,989)
Interest and dividend income	2,007
Others	5,981
Non-operating expenses	(15,348)
Interest expense	8,451
Others	6,896
Ordinary income	19,630
Extraordinary gains	(4,761)
Gains on sales of property, plant and equipment	3,675
Others	1,085
Extraordinary losses	(24,080)
Losses on disposal of property, plant and equipment	6,661
Losses on devaluation of investments in other securities	6,709
Others	10,709
Income before income taxes and minority adjustments	310
Corporate, inhabitant and enterprise taxes	4,152
Income tax adjustment	567
Minority interests in losses of consolidated subsidiaries	3,102
Net loss	-1,307

1. Consolidated Balance Sheet

(Millions of yen)

Current period (March 31, 2002)			
Assets		Liabilities	
Current assets	115,250	Current liabilities	275,330
Cash and time deposits	11,775	Notes and accounts payable	51,250
Notes and accounts receivable	55,531	Short-term borrowings	190,028
Inventories	34,251	Others	34,051
Deferred current tax assets	666	Long-term liabilities	208,409
Others	13,025	Long-term debt	132,270
Fixed assets	421,889	Deferred tax liabilities	1,505
Property, plant and equipment	347,664	Deferred tax liabilities relating to revaluation	31,532
Buildings and structures	59,114	Others	43,101
Machinery and equipment	125,627	Total liabilities	483,739
Land	145,282	Minority interests	
Others	17,640	Minority interests	2,128
Intangible fixed assets	4,736	Total shareholders' equity	
Investments and other assets	69,487	Common stock	31,784
Investments in other securities	23,946	Capital surplus	22,419
Deferred tax assets	21,607	Revaluation gains	45,620
Others	23,933	Retained earnings	-38,270
		Unrealized gains on other marketable securities	1,208
		Translation adjustments	-11,489
		Total shareholders' equity	51,272
Total assets	537,140	Total liabilities, minority interests and shareholders' equity	537,140

2. Consolidated Statement of Income

(Millions of yen)

	Current period (April 1, 2001 to March 31, 2002)
Net sales	286,736
Cost of sales	217,435
Gross profit	69,300
Selling, general and administrative expenses	52,486
Operating income	16,813
Non-operating income	(3,172)
Interest and dividend income	812
Others	2,360
Non-operating expenses	(9,584)
Interest expenses	7,133
Others	2,451
Ordinary income	10,401
Extraordinary gains	(1,783)
Gains on sale of property, plant and equipment	207
Others	1,575
Extraordinary losses	(8,765)
Losses on devaluation of investments in other securities	3,985
Others	4,779
Income before income taxes and minority interests	3,419
Corporate, inhabitant and enterprise taxes	1,243
Income tax adjustment	841
Minority interests in earnings of consolidated subsidiaries	132
Net income	1,202

Fiscal Year Ended March 2002 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>

Contact Information:
 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 24, 2002 Whether the interim dividend system is adopted: Yes

Date of Ordinary General Meeting of Shareholders: June 25, 2002 Whether the unit share system is adopted: No

1. Non-Consolidated Results of Operations for the Second Accounting Period of Fiscal Year 2002 (October 1, 2001 to March 31, 2002) and for the Full Fiscal Year (March 30, 2001 to March 31, 2002)

(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	%
Second accounting period of the fiscal year	10,419	(69.5)	9,719	(78.2)	9,588	(80.8)
First accounting period of the fiscal year	6,145	(-)	5,454	(-)	5,301	(-)
Full fiscal year	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 sales
	Millions of yen	%	Yen	Yen	%	%	%
Second accounting period of the fiscal year	9,541	(81.7)	8,829.64	8,471.19	2.4	2.2	92.0
First accounting period of the fiscal year	5,251	(-)	4,859.93	4,668.31	1.3	1.3	86.3
Full fiscal year	14,792						

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

Second accounting period of the fiscal year 1,080,592.67 shares

First accounting period of the fiscal year 1,080,670.23 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 the previous term.

(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	%	%
Second accounting period of the fiscal year	4,000.00	4,322	45.3	1.1
First accounting period of the fiscal year	4,000.00	4,322	82.3	1.1

Note: Breakdown of dividends at the end of the second accounting period of the fiscal year: Ordinary dividend 4,000.00 yen

(3) Non-Consolidated Financial Status

	Total assets	Total shareholders' equity	Equity ratio	Shareholders' equity per share
Second accounting period of the fiscal year	Millions of yen 439,607	Millions of yen 408,240	% 92.9	Yen 377,820.15
First accounting period of the fiscal year	434,395	403,115	92.8	373,023.72

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

Second accounting period of the fiscal year 1,080,514.38 shares

First accounting period of the fiscal year 1,080,670.23 shares

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

Second accounting period of the fiscal year 155.85 shares

First accounting period of the fiscal year 7.99 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		
				Interim	End of the year	
Interim period	Millions of yen 4,200	Millions of yen 3,500	Millions of yen 3,400	Yen 4,000.00	Yen -	Yen -
Full fiscal year	9,400	7,900	7,800	-	4,000.00	8,000.00

(Reference) Projected net income per share (full fiscal year): 7,218.78 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)

		Current period (Second accounting period of the fiscal year) (March 31, 2002)	Previous period (First accounting period of the fiscal year) (September 30, 2001)	Change
Assets	Current assets	7,022	1,698	5,324
	Cash and time deposits	40	27	13
	Short-term borrowings	4,899	411	4,488
	Deferred current tax assets	16	17	-1
	Others	2,066	1,243	823
	Fixed assets	432,180	432,157	23
	Investments and other assets	432,180	432,157	23
	Stock held in affiliated companies	402,133	402,133	-
	Long-term loans	30,000	30,000	-
	Deferred tax assets	47	24	23
	Deferred assets	405	540	-135
Incorporation costs	405	540	-135	
Total assets	439,607	434,395	5,212	
Liabilities and shareholders' equity	Current liabilities	255	223	32
	Accrued income tax	79	91	-12
	Others	176	132	44
	Long-term liabilities	31,111	31,055	56
	Convertible bonds	31,000	31,000	-
	Allowance for directors' retirement bonuses	111	55	56
	Total liabilities	31,367	31,279	88
	Common stock	55,730	55,730	-
	Capital surplus	342,133	342,133	-
	Retained earnings	432	-	432
	Unappropriated retained earnings	10,038	5,251	4,787
	(Net income)	(9,541)	(5,251)	(4,290)
	Treasury stock	-94	-	-94
	Total shareholders' equity	408,240	403,115	5,125
Total liabilities and shareholders' equity	439,607	434,395	5,212	

2. Non-Consolidated Statements of Income

(Millions of yen)

Subject	Current period (Second accounting period of the fiscal year) (October 1, 2001 to March 31, 2002)	Previous period (First accounting period of the fiscal year) (March 30, 2001 to September 30, 2001)	Full fiscal year (March 30, 2001 to March 31, 2002)
Net sales	10,419	6,145	16,564
Dividends received	9,487	5,217	14,704
Management guidance fee	932	928	1,860
Operating expenses	700	691	1,391
General and administrative expenses	700	691	1,391
Operating income	9,719	5,454	15,173
Non-operating income	(38)	(31)	(69)
Interest received	36	26	62
Others	2	5	7
Non-operating expenses	(169)	(184)	(353)
Interest payable on corporate bonds	31	26	57
Depreciation of incorporation costs	135	135	270
Others	3	22	25
Ordinary income	9,588	5,301	14,889
Income before income taxes	9,588	5,301	14,889
Corporate, inhabitant and enterprise taxes	69	91	160
Income tax adjustment	-22	-41	-63
Net income	9,541	5,251	14,792
Income carried forward from previous period	497	-	-
Unappropriated income for current period	10,038	5,251	-

3. Appropriation of Income Proposal

(Millions of yen)

Subject	Current period (Second accounting period of the fiscal year) (October 1, 2001 to March 31, 2002)	Previous period (First accounting period of the fiscal year) (March 30, 2001 to September 30, 2001)
Unappropriated income for current period	10,038	5,251
The above unappropriated income was appropriated as follows:		
Retained earnings	-	432
Dividends (4,000 yen per share)	4,322	4,322
Bonuses for directors	44	-
Income carried forward to the next term	5,672	497

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. Deferred asset accounting methods
 Incorporation costs: Depreciation of an equal amount each accounting period within five years.
3. Allowance recording standards
 Directors' retirement bonuses:
 In order to prepare for directors' retirement bonuses, the Company records estimated amounts required at the end of the period in question in accordance with internal regulations.
4. Consumption taxes
 Tax-exclusion method

Non-Consolidated Balance Sheets

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

Additional information:

From the current period, treasury stock, which had previously been included under "Others" in current assets, has been included at the end of shareholders' equity as a deduction, in accordance with revisions to "Regulations Concerning Financial Statement Terms, Format, and Preparation Methods." Treasury stock included under "Others" in current assets in the previous period came to 5 million yen.