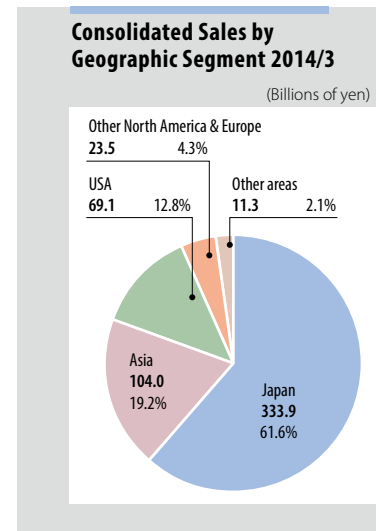
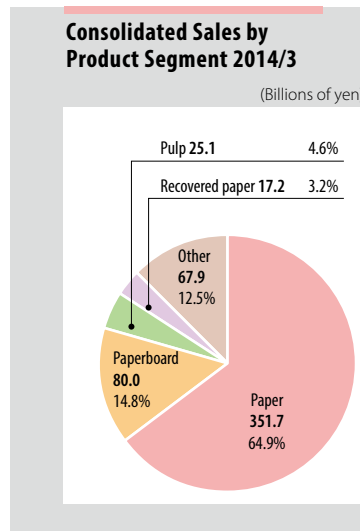
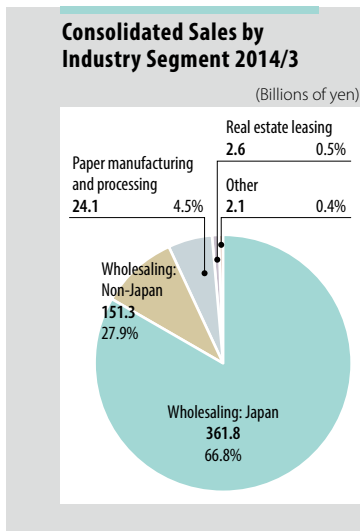
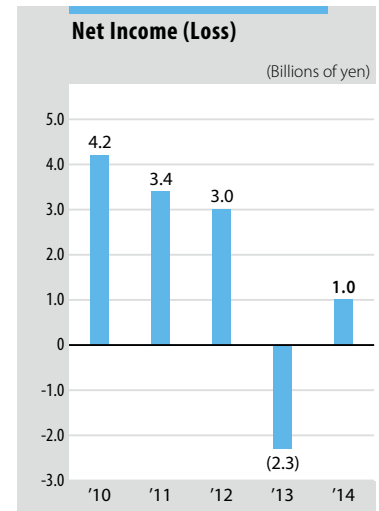
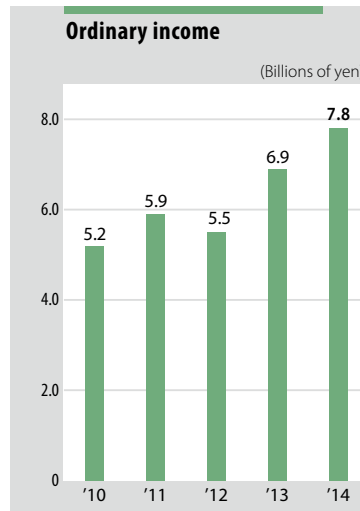
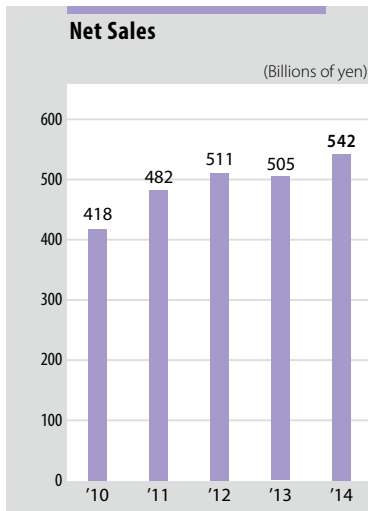


Annual Review 2014

Consolidated Financial Highlights

Japan Pulp and Paper Company Limited and Consolidated Subsidiaries
 Years ended March 31, 2014, 2013, 2012, 2011 and 2010



* Wholesaling is segmented as Japan or Non-Japan in accordance with the location of the business base.

* Segments are based on the location of customers.

Consolidated Financial Statements

Consolidated Balance Sheets

Japan Pulp and Paper Company Limited and Consolidated Subsidiaries
Years ended March 31, 2014 and 2013

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
ASSETS			
Current assets:			
Cash and deposits	¥ 4,881	¥ 4,769	\$ 47,424
Notes and accounts receivable-trade	142,047	142,091	1,380,168
Inventories	26,288	22,339	255,421
Deferred tax assets	2,032	1,705	19,742
Other	4,795	3,455	46,585
Allowance for doubtful accounts	(3,263)	(1,253)	(31,708)
Total current assets	176,779	173,106	1,717,633
Property, plant and equipment:			
Buildings and structures, net	28,613	29,344	278,009
Land	26,246	26,865	255,011
Lease assets, net	107	112	1,035
Other	20,446	11,991	198,656
Total property, plant and equipment	75,411	68,311	732,713
Intangible assets			
Goodwill	1,250	1,483	12,142
Other	1,163	1,233	11,296
Total intangible assets	2,412	2,716	23,438
Investments and other assets:			
Investment securities	33,948	28,121	329,850
Deferred tax assets	1,677	2,136	16,291
Other	2,440	2,465	23,708
Total investments and other assets	38,065	32,723	369,851
Deferred assets	19	35	181
Total assets	¥292,686	¥276,891	\$2,843,818
	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
LIABILITIES AND NET ASSETS			
Current liabilities:			
Notes and accounts payable-trade	¥102,796	¥103,760	\$ 998,798
Short-term loans payable	46,235	39,180	449,235
Current portion of long-term loans payable	2,541	9,702	24,684
Commercial papers	14,000	13,000	136,027
Current portion of bonds	80	180	777
Lease obligations	54	48	525
Income taxes payable	1,141	831	11,084
Provision for bonuses	1,552	1,522	15,081
Other	8,220	6,590	79,872
Total current liabilities	176,620	174,813	1,716,087
Non-current liabilities:			
Bonds payable	15,075	15,155	146,472
Long-term loans payable	16,133	7,560	156,756
Lease obligations	101	79	979
Deferred tax liabilities	2,208	1,522	21,453
Provision for retirement benefits	—	2,333	0
Net defined benefit liability	2,445	—	23,755
Other	5,387	6,418	52,337
Total non-current liabilities	41,349	33,067	401,755
Net assets:			
Shareholders' equity			
Capital stock	16,649	16,649	161,765
Capital surplus	15,247	15,247	148,147
Retained earnings	35,977	35,677	349,564
Treasury stock	(2,146)	(2,198)	(20,850)
Total shareholders' equity	65,727	65,375	638,626
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	5,122	1,536	49,767
Deferred gains or losses on hedges	(3)	(5)	(32)
Foreign currency translation adjustments	570	(818)	5,535
Remeasurements of defined benefit plans	157	—	1,529
Total accumulated other comprehensive income	5,846	713	56,800
Subscription rights to shares	166	140	1,610
Minority interests	2,978	2,783	28,936
Total net assets	74,717	69,011	725,974
Total liabilities and net assets	¥292,686	¥276,891	\$2,843,818

Notes: Unless otherwise specified, all dollar figures in this annual review refer to U.S. currency.

All U.S. dollar amounts are presented solely for the readers' convenience and are translated at ¥102.92=US\$1, the approximate exchange rate at March 31, 2014.

Consolidated Financial Statements

Consolidated Statements of Income

Japan Pulp and Paper Company Limited and Consolidated Subsidiaries
Years ended March 31, 2014 and 2013

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Net sales	¥541,897	¥505,205	\$5,265,224
Cost of sales	491,541	458,220	4,775,956
Gross profit	50,355	46,985	489,268
Selling, general and administrative expenses	42,512	40,267	413,058
Operating income	7,844	6,718	76,209
Non-operating income:			
Interest and dividend income	655	670	6,368
Equity in earnings of affiliates	62	231	603
Foreign exchange gains	206	248	2,001
Other	546	536	5,300
Total	1,469	1,685	14,273
Non-operating expenses:			
Interest expenses	1,327	1,381	12,894
Other	192	167	1,864
Total	1,519	1,548	14,759
Ordinary income	7,794	6,855	75,724
Extraordinary income:			
Gain on sales of investment securities	116	81	1,126
Gain on sales of non-current assets	86	345	837
Subsidy income	30	421	287
Gain on bargain purchase	14	332	134
Other	19	130	187
Total	265	1,308	2,572
Extraordinary loss:			
Provision of allowance for doubtful accounts	2,575	307	25,019
Provision of reserve for loss on dissolution of employee's pension fund	768	—	7,461
Loss on disposal of non-current assets	597	427	5,800
Bad debts written off	565	—	5,484
Loss on valuation of investment securities	—	5,986	—
Other	73	608	706
Total	4,577	7,327	44,472
Income before income taxes	3,481	837	33,824
Income taxes—current	2,188	2,107	21,254
Income taxes—deferred	249	474	2,417
Income (loss) before minority interests	1,045	(1,744)	10,152
Minority interests in income	71	565	687
Net income (loss)	¥ 974	¥ (2,309)	\$ 9,464
		Yen	U.S. dollars
Per share data:			
Net income (loss)	¥ 6.78	¥ (15.88)	\$ 0.07
Cash dividends	10.00	10.00	0.10

Consolidated Statements of Comprehensive Income

Japan Pulp and Paper Company Limited and Consolidated Subsidiaries
Years ended March 31, 2014 and 2013

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Income (loss) before minority interests	¥1,045	¥(1,744)	\$10,152
Other comprehensive income			
Valuation difference on available-for-sale securities	3,511	3,705	34,109
Deferred gains or losses on hedges	1	2	13
Foreign currency translation adjustment	1,479	770	14,366
Share of other comprehensive income of associates accounted for using equity method	102	(95)	987
Total other comprehensive income	5,092	4,382	49,476
Comprehensive income	6,137	2,637	59,629
Comprehensive income attributable to			
Comprehensive income attributable to owners of the parent	5,950	2,021	57,808
Comprehensive income attributable to minority interests	187	617	1,820

Consolidated Financial Statements

Consolidated Statements of Changes in Net Assets

Japan Pulp and Paper Company Limited and Consolidated Subsidiaries
Year ended March 31, 2014

	Millions of yen												
	Shareholders' equity					Accumulated other comprehensive income					Stock acquisition rights	Minority interests	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at April 1, 2013	¥16,649	¥15,247	¥35,677	¥(2,198)	¥65,375	¥1,536	¥(5)	¥(818)	—	¥ 713	¥140	¥2,783	¥69,011
Changes of items during the period													
Dividends from surplus			(1,439)		(1,439)								(1,439)
Net income			974		974								974
Purchase of treasury stock				(7)	(7)								(7)
Disposal of treasury stock		(19)		59	40								40
Change in the scope of consolidation			784		784								784
Transfer to capital surplus from retained earnings		19	(19)		—								—
Net changes of items other than shareholders' equity						3,586	1	1,388	157	5,133	25	195	5,353
Total changes of items during the period	—	—	300	53	353	3,586	1	1,388	157	5,133	25	195	5,706
Balance at March 31, 2014	¥16,649	¥15,247	¥35,977	¥(2,146)	¥65,727	¥5,122	¥(3)	¥570	¥157	¥5,846	¥166	¥2,978	¥74,717

	Thousands of U.S. dollars												
	Shareholders' equity					Accumulated other comprehensive income					Stock acquisition rights	Minority interests	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at April 1, 2013	\$161,765	\$148,147	\$346,647	\$(21,360)	\$635,199	\$14,921	\$(46)	\$(7,947)	—	\$ 6,927	\$1,364	\$27,043	\$670,535
Changes of items during the period													
Dividends from surplus			(13,979)		(13,979)								(13,979)
Net income			9,464		9,464								9,464
Purchase of treasury stock				(66)	(66)								(66)
Disposal of treasury stock		(186)		577	390								390
Change in the scope of consolidation			7,618		7,618								7,618
Transfer to capital surplus from retained earnings		186	(187)		—								—
Net changes of items other than shareholders' equity						34,846	13	13,483	1,529	49,873	246	1,892	52,012
Total changes of items during the period	—	—	2,916	510	3,427	34,846	13	13,483	1,529	49,873	246	1,892	55,439
Balance at March 31, 2014	\$161,765	\$148,147	\$349,564	\$(20,850)	\$638,626	\$49,767	\$(32)	\$ 5,535	\$1,529	\$56,800	\$1,610	\$28,936	\$725,974

Consolidated Financial Statements

Consolidated Statements of Cash Flows

Japan Pulp and Paper Company Limited and Consolidated Subsidiaries
Years ended March 31, 2014 and 2013

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
Net cash provided by (used in) operating activities:			
Income before income taxes	¥ 3,481	¥ 837	\$ 33,824
Depreciation and amortization	4,011	3,985	38,969
Increase (decrease) in allowance for doubtful accounts	1,883	324	18,292
Interest expenses	1,327	1,381	12,894
Loss (gain) on valuation of investment securities	—	5,986	—
(Gain) loss on sales of investment securities	(110)	(75)	(1,072)
Decrease (increase) in notes and accounts receivable-trade	5,326	4,492	51,746
Decrease (increase) in inventories	(2,607)	3,824	(25,326)
Increase (decrease) in notes and accounts payable-trade	(3,303)	1,258	(32,096)
Increase (decrease) in other current liabilities	(641)	(842)	(6,226)
Others, net	791	(1,023)	7,681
Subtotal	10,157	20,147	98,688
Interest and dividend income received	684	693	6,649
Interest expenses paid	(1,366)	(1,325)	(13,268)
Income taxes paid	(1,916)	(3,105)	(18,619)
Net cash provided by (used in) operating activities	7,559	16,410	73,449
Net cash provided by (used in) investing activities:			
Purchase of property, plant and equipment	(10,936)	(3,744)	(106,258)
Proceeds from sales of property, plant and equipment	802	921	7,793
Purchase of intangible assets	(53)	(319)	(519)
Purchase of investment securities	(1,344)	(492)	(13,054)
Proceeds from sales of investment securities	301	131	2,920
Others, net	469	816	4,555
Net cash provided by (used in) investing activities	(10,762)	(2,686)	(104,563)
Net cash provided by (used in) financing activities:			
Net increase (decrease) in short-term loans payable	2,076	(4,078)	20,169
Increase (decrease) in commercial papers	1,000	(2,000)	9,716
Proceeds from long-term loans payable	11,062	419	107,481
Repayment of long-term loans payable	(9,735)	(4,438)	(94,584)
Redemption of bonds	(180)	(425)	(1,748)
Repayment of finance lease obligations	(52)	(69)	(509)
Cash dividends paid	(1,439)	(1,465)	(13,979)
Others, net	(25)	(734)	(240)
Net cash provided by (used in) financing activities	2,707	(12,789)	26,302
Effects of exchange rate change on cash and cash equivalents	606	163	5,892
Net increase (decrease) in cash and cash equivalents	111	1,097	1,080
Cash and cash equivalents at beginning of period	4,751	3,645	46,161
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	1	—	6
Increase in cash and cash equivalents resulting from merger between consolidated subsidiaries and unconsolidated subsidiaries	—	8	—
Cash and cash equivalents at end of period	¥ 4,863	¥ 4,751	\$ 47,249