

2007年3月期 一年間のご報告

Hokuetsu Paper Mills, Ltd.  
Annual Report  
**2007**  
Year Ended March 31, 2007



**北越製紙株式会社**

# 100th Anniversary



## ホクエツ・ダイヤモンド

北越製紙は、100周年と新潟工場の9号抄紙機導入を記念し、新しいシンボルマークを発表しました。社旗にある五芒星を9個、縦菱形に配置し、ダイヤモンドカットに似せております。全体をリードする頂上の星はN9を象徴し、これは、人が両手を広げて立っているように見えます。頂上のオレンジ色は、北越マンの熱い思い。北越が目指す方向を明確に示しております。

## Hokuetsu Diamond

Hokuetsu Paper Mills, Ltd. announced a new logo in commemoration of the 100th anniversary of its founding and the introduction of the No. 9 papermaking machine at the Niigata Mill. The logo looks like a diamond with nine pentagrams, which are used in the corporate flag, arranged in the shape of an oblong diamond. The star at the top, which leads the other stars, symbolizes the N9 and looks like a person standing with the two arms stretched out. The orange color at the top represents the enthusiasm of the Hokuetsu personnel, clearly indicating the direction for which Hokuetsu is heading.

**100年の歴史のなかで培われた「企業風土」を守り、全社員の「絆」を一層強くして、これからも、株主様、お得意様、地域社会の皆様をはじめとした、すべてのステークホルダーの皆様の皆様のご期待に応えてまいります。**

当社は、1907年、新潟県長岡市に設立され、本年2007年に創立100周年を迎えました。これもひとえに、すべてのステークホルダーの皆様のご支援と諸先輩や全従業員の努力の賜物と確信しております。

この100年の世界の歩みは、政治、経済ともに激しい起伏の連続であり、日本の歩みもまた、明治維新後の国力の成長、第二次世界大戦とその終戦、戦後復興を経ての経済大国への進展という、劇的な変化を遂げてきました。

このような歴史を背景に当社も幾多の波乱を乗り越えてきましたが、なかでも1964年の新潟地震は、当社存亡に関わる苦難でした。しかし、当社はこれを労使一体となって克服し、再建を果たし、企業基盤を強化して拡大と体質改善に努め、今日の地歩を確立いたしました。

現在、当社は、技術の先進性、クオリティーの高い製品、その安定供給において、お客様から高い評価をいただいております。また、事業の効率性、収益性の向上のために、たゆまぬ努力を続け、さらなる新しい発展を目指しております。さらに、植林や資源の保護を通し、地球環境の保全に努め、社会に貢献する企業でありたいと考えております。

**We will strive to meet the expectations of all our stakeholders, including shareholders, customers and residents of local communities by keeping our “corporate climate,” which has been cultivated through the history of 100 years, and further enhancing “bonds” among all employees.**

Established in Nagaoka City, Niigata Prefecture in 1907, the Company celebrated its 100th anniversary in 2007, this year. We are sure that our long prosperity is entirely attributed to the support of all stakeholders and efforts of our seniors and all employees.

The world has continuously experienced drastic political and economical ups and downs in the past 100 years. Japan has also gone through dramatic changes, such as growth of national power after the Meiji Restoration, World War II and end of the war, postwar reconstruction and development into an economic power.

Against this backdrop, the Company has also tided over a lot of disturbances. In particular, the Niigata Earthquake in 1964 was a hardship, on which the fate of the Company depended. However, we have overcome the difficulty through united efforts of labor and management, and achieved reconstruction. We have strengthened our corporate foundation and made efforts for expansion and drastic reform, establishing our present ground.

Currently, the Company is highly valued by customers in recognition of our advanced technologies, high-quality products and stable supply of products. We are also aiming at further development by continuously making efforts for the improvement of efficiency of business and profitability. In addition, we would like to be a corporation that does its utmost to protect the global environment and contributes to society through afforestation and resource preservation.

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### 【見直しに関する注意事項】

このアニュアルレポートに記載しております将来の予想に関する記載は、業界の動向、顧客の状況、その他現時点で入手可能な情報による判断及び仮定により算出しており、今後、予想に内在する不確定要因や今後の事業運営における内外状況変化などにより、変動することがあります。当社としてその確実性を保証するものではないことをご承知おきください。

### [Notes on the projections]

The future projections described in this annual report have been calculated based on the judgments and assumptions made from industry trends, customer situations and other information currently obtainable, and these projections may vary in the future due to uncertainties inherent in the projections or changes in the internal and external situations of future business operations. The Company does not guarantee these projections.



明治41年 (1908)

長岡市の工場にて板紙の生産開始。  
The production of paperboard started at the factory in Nagaoka.



大正9年 (1920)

市川工場 (現、関東工場市川工務部) が完成。上級印刷紙の生産を開始。  
Ichikawa Mill (presently, Kanto Mill Ichikawa Factory) was completed and started production of wood-free paper.

明治 ● ● 大正

明治40年 (1907)

北越製紙株式会社創業。  
Hokuetsu Paper Mills, Ltd. was founded in Nagaoka.

大正4年 (1915)

新潟市に北越板紙株式会社を設立。大正6年 (1917年) に合併し北越製紙新潟工場へ。  
Hokuyetsu Board Paper Co. was founded in Niigata. It was merged with Hokuetsu Paper Mills, Ltd. in 1917 to become Niigata Mill of Hokuetsu Paper Mills, Ltd.



昭和36年 (1961)

市川工場に4号抄紙機を建設。コート白板紙生産へ進出。  
No. 4 papermaking machine was constructed at Ichikawa Mill. It started the production of duplex board.

昭和12年 (1937)

北越パルプ株式会社設立。昭和19年 (1944年) 合併し北越製紙パルプ工場へ。(現、新潟工場)  
Hokuyetsu Pulp Co. was founded. It was merged with Hokuetsu Paper Mills, Ltd. in 1944 to become a pulp mill (presently, Niigata Mill).

昭和39年 (1964)

新潟地震発生。新潟工場が被災し直ちに再建計画を決定。  
Niigata Earthquake occurred. Niigata Mill was damaged by the earthquake and a reconstruction plan was determined immediately.

昭和43年 (1968)

新潟工場に4号抄紙機を建設。高級白板紙を生産。  
No. 4 papermaking machine was constructed at Niigata Mill to produce ivory board.

昭和46年 (1971)

勝田工場を建設。液体容器及び紙加工設備完成。(現、北越パッケージ株式会社)  
Katsuta Mill was constructed. Facilities for manufacturing liquid package and converting paper (presently, Hokuetsu Package Co., Ltd.) were completed.

昭和50年 (1975)

勝田工場 (現、関東工場勝田工務部) に特殊白板紙抄紙機を建設。  
Papermaking machine for cardboard was constructed at Katsuta Mill (presently, Kanto Mill Katsuta Factory).



昭和61年 (1986)

新潟工場に6号抄紙機を建設。世界初のオンコート方式によるA3コート紙の生産。  
No. 6 papermaking machine was constructed at Niigata Mill to produce A3 coated paper through the world's first on-machine coater method.

平成

平成9年 (1997)

新潟工場にクヴァナ連続蒸解釜完成。塩素ガスを使用しないパルプ生産の開始。  
Kvaerner continuous digester was completed at Niigata Mill. It started production of chlorine-free pulp.



平成18年 (2006)

新潟工場に9号抄紙機建設計画を決定。  
A plan to construct No. 9 papermaking machine at Niigata Mill was determined.

平成10年 (1998)

新潟工場に8号抄紙機を建設。  
No. 8 papermaking machine was constructed at Niigata Mill.



# 連結財務ハイライト

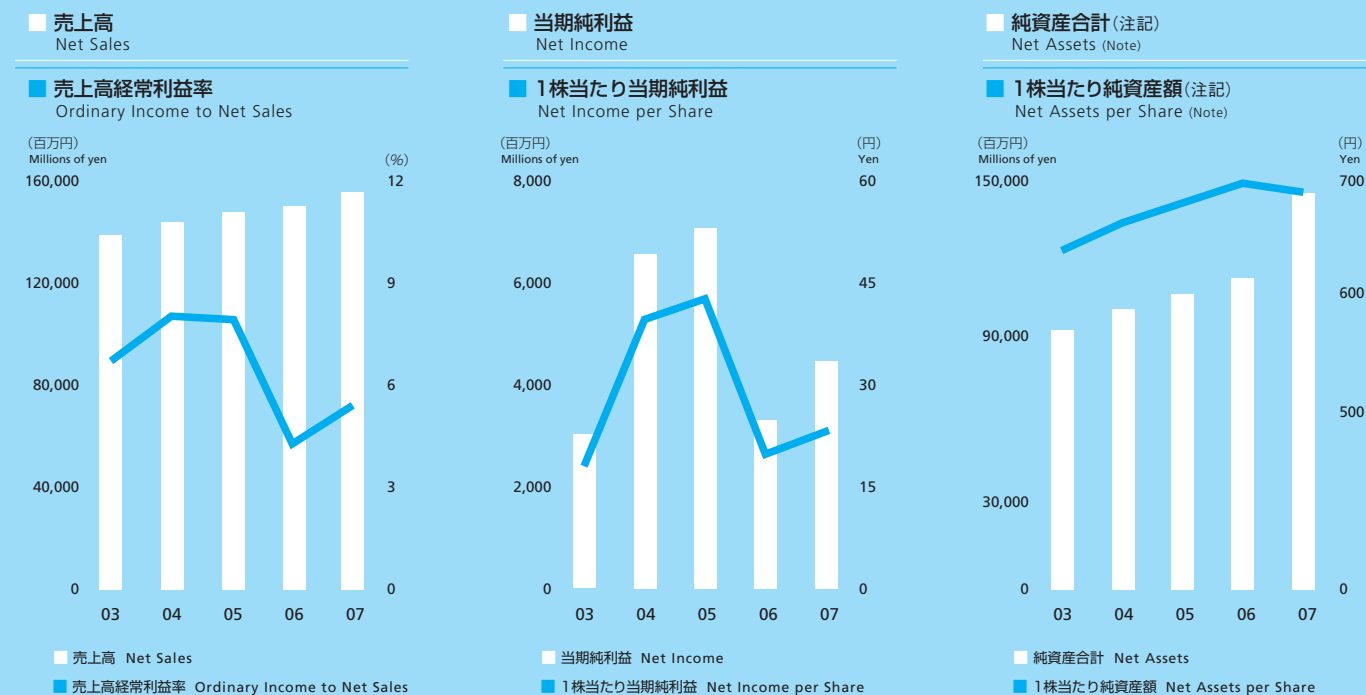
## Consolidated Financial Highlights

3月31日に終了した各会計年度  
Years ended March 31

		百万円 (1株当たりの 金額を除く)		増減率 % change	千米ドル(注記1) (1株当たりの 金額を除く)	
		2007	2006		2007/2006	2007
会計年度:	For the year					
売上高	Net sales	¥ 158,992	¥ 153,692	3.4%	\$ 1,346,363	
営業利益	Operating income	9,050	6,932	30.5	76,636	
経常利益	Ordinary income	9,220	7,205	28.0	78,078	
当期純利益	Net income	4,395	3,238	35.7	37,217	
ROE	Return on equity	3.4%	2.9%	0.5 point	3.4%	
1株当たり:	Per share data					
当期純利益	Net income	¥22.75	¥19.31	17.8%	\$ 0.19	
配当金	Cash dividends	12.00	12.00	00.0	0.10	
会計年度末:	At year-end					
総資産	Total assets	¥ 269,124	¥ 232,486	15.8%	\$ 2,278,974	
純資産合計(注記2)	Net assets (Note 2)	143,439	112,800	27.2%	1,214,658	

注記: 1. 米ドル金額は、便宜上2007年3月31日現在の東京外国為替市場での円相場1.00米ドル=118.09円で換算しています。  
2. 2006年度は、少数株主持分を差し引いた金額です。

Notes: 1. U.S. dollar amounts are converted from Japanese yen for convenience only, at the rate of ¥118.09 to US\$1.00, the approximate exchange rate prevailing on March 31, 2007.  
2. For the net assets amount in 2006, minority interests are excluded.



注記: 2003~2006年度の純資産額は、少数株主持分を差し引いた金額です。  
Note: For the net assets amounts from 2003 to 2006, minority interests are excluded.

# 事業概要

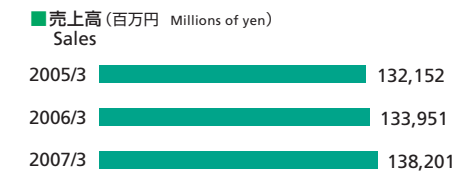
## Hokuetsu Paper at a Glance

### パルプ・紙製造事業

#### Pulp and paper manufacturing business



売上構成比  
Composition of sales **86.9%**



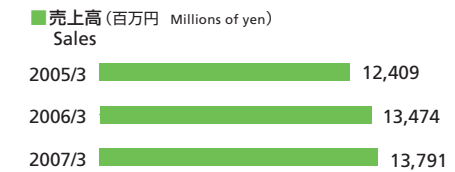
- 洋紙**  
Coated paper  
Light weight coated paper  
Wood free paper  
Ground wood (medium grade) paper
- White paperboard**  
Art post  
Ivory board  
Cardboard  
Duplex board
- Specialty paper**  
IT-related materials  
Industrial paper  
Communication paper  
Design paper  
Mixed materials for molding  
Cast-coated paper

### 紙加工品製造事業

#### Paper processing business



売上構成比  
Composition of sales **8.7%**



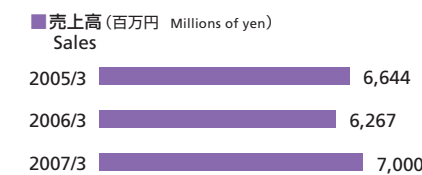
- Liquid package cartons**  
Paper containers for various types of liquid
- Laminated paper**  
Laminated paper
- Paper packages**  
Food containers, cosmetic cases
- Business forms and related materials**  
Report paper, label seals
- Functional materials**  
Various types of functional coating products
- Environmentally-friendly products**  
Various types of environmentally-friendly products

### その他の事業

#### Other businesses



売上構成比  
Composition of sales **4.4%**



- Wood business**  
Construction, machinery production, sales and maintenance  
Transportation and warehousing business  
Others



新しい企業価値創造への挑戦

Challenge to new corporate value creation

代表取締役社長CEO  
三輪 正明  
Representative Director, President & CEO  
Masaaki Miwa

創業100周年を迎えて

2007年4月27日。おかげさまで北越製紙株式会社は創業100周年を迎えることができました。ちょうど100年前の4月。信濃川の豊かな水量、新潟平野の恵みの稲藁、近隣の石油産地、水力発電による電力供給開始などの利点をベースに、なりよりも、商業都市長岡に近代的工業としての製紙業を興し、地域の経済、雇用に貢献しようとの創業者諸氏の熱く強烈な愛郷精神により、新潟県で初めての近代的製紙業としての北越製紙が発足いたしました。以来、国の内外にわたる起伏の激しい歴史を背景に当社も波瀾に満ちた時代を乗り越えてまいりましたが、とりわけ当社にとって決して忘れられない出来事は「新潟地震」であります。1964年6月、新潟地方を襲った地震は当社新潟工場を直撃し甚大な被害をもたらしました。「北越製紙の再建はありえない」との風評まで出る、まさに当社存亡の危機でありました。そのようななか、当時の経営者の果敢なリーダーシップに労働組合の苦渋の選択も加わり、労使一体となった努力によってこれを克服し、再建を果たしたわけです。以来「苦闘のなかで構築された全社員の絆」は当社の企業風土となって今日まで続いていると確信しております。そして地震を契機として全社一丸となって企業基盤の強化、拡大と体質改善に努め、時代時代の苦難を乗り越えてまいりました。1986年には「乾坤一擲」の挑戦で新潟6号抄紙機の設備投資を行い塗工紙市場に参入。日本で最初に塗工紙を原紙から表面塗工まで一貫した

ラインで生産することに成功し、その後の7号機、8号機と併せて企業基盤をさらに強固なものとしてまいりました。また、市川市とひたちなか市の関東工場、そして長岡工場と恵まれた立地にはそれぞれ白板紙、特殊紙の生産拠点を配し、その最適生産バランスと三本柱の生産品構成は今日の当社経営に厚みをもたせております。

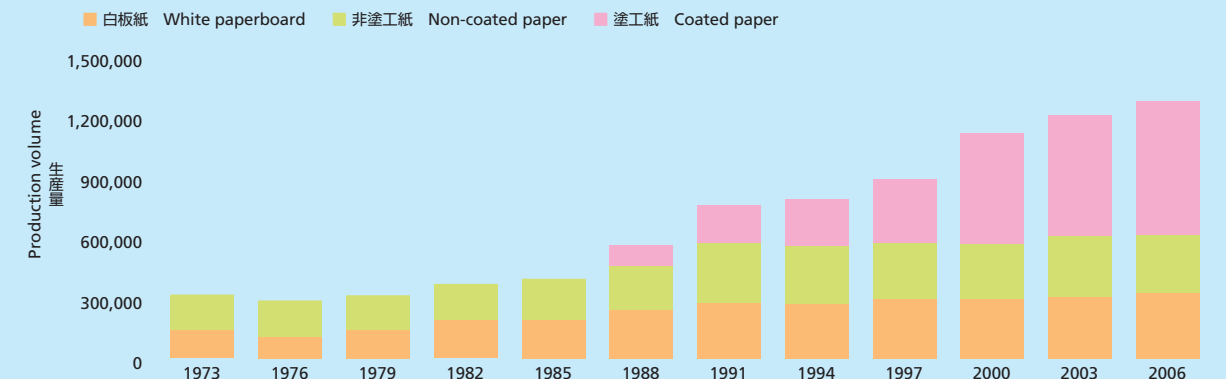
今日までの100年間、当社におきましては、その時代時代における様々な経営施策に対し、全社全グループあげて心をひとつにし、その実現に全力を傾注してまいりました。

次の新しい歴史へ向けての第一歩を迎えるにあたり、当社はこれまでどおり奇をてらうことなく一つずつ愚直に、実直に「紙づくり」を経営の基軸として邁進し、時代を切り拓いてまいりたいと考えております。

2006年度決算概要とジャンプ100計画の点検

2006年度の北越製紙グループの決算につきましては、売上高は1,589億92百万円と前年比で約53億円、3.4%の増収となり、4期連続の新記録となっております。営業利益は90億50百万円と前年比約21億円、30.5%の増益。経常利益は92億20百万円と前年比約20億円、28.0%の増益。当期純利益は43億95百万円と前年比約11億円、35.7%の増益となりました。その結果、売上高経常利益率についても前年の4.7%から5.8%へと向上。純利益率も前年の2.1%から2.8%へと向上しております。内訳を見てまいり

北越製紙生産高推移(トン) Changes in production output of Hokuetsu Paper Mills (tons)



On the 100th Anniversary of the Company's Establishment

On April 27, 2007, Hokuetsu Paper Mills, Ltd. was proud to celebrate its 100th year in business. A hundred years ago in April, the Company was inaugurated as the first company to engage in a modern papermaking business in Niigata Prefecture, making use of the abundant water in the Shinano River, bountiful rice production in Niigata Plain, abundant oil production in the surrounding areas, and a new power supply from a waterpower plant. The founders of the Company had the enthusiasm and passion to establish a modern papermaking industry in their home province of Nagaoka, which was a merchant town then, and contribute to the development of the economy and increase employment in the district. Since then, the Company has survived stormy years during times that were historically tough in Japan, both domestically and internationally. In particular, the Niigata Earthquake is an unforgettable event in the Company's history, since the earthquake, which struck Niigata Prefecture in June 1964, directly hit the Company's Niigata Mill and caused tremendous damage. It really plunged the Company into crisis, threatening its very existence to such an extent that rumors spread that Hokuetsu Paper Mills would never recover. Despite these circumstances, the Company rode out the crisis and recovered from the disaster by a joint effort between the management executives at the time, who displayed valiant leadership, and the labor union, which had to make agonizing decisions. Since then, I believe that the sense of unity established in the hard times has been maintained till now as a corporate culture of the Company. And, taking advantage of the Company's experiences while recovering from the earthquake, all members of the Company have strived to

strengthen and expand the foundations of the business and improve the business structure, and have worked together to overcome difficulties year by year. In 1986, the Company took a life-or-death challenge to invest in the construction of the Niigata No. 6 papermaking machine and entered the coated paper market. It was the first success in the country to produce coated paper in an integrated line covering all processes from the production of base paper to surface coating. The Company then built No. 7 and No. 8 papermaking machines to further shore up the corporate base. Furthermore, the Company placed production bases at excellent locations such as Kanto Mills, located in Ichikawa City and Hitachinaka City to make white paperboard, and Nagaoka Mill to produce specialty paper. Such optimum production balance and a product mix consisting of three major products gave the Company's management room to maneuver.

During the past hundred years, the Company has done its best to implement various management policies at each moment by unifying the intentions of the whole company and the whole group.

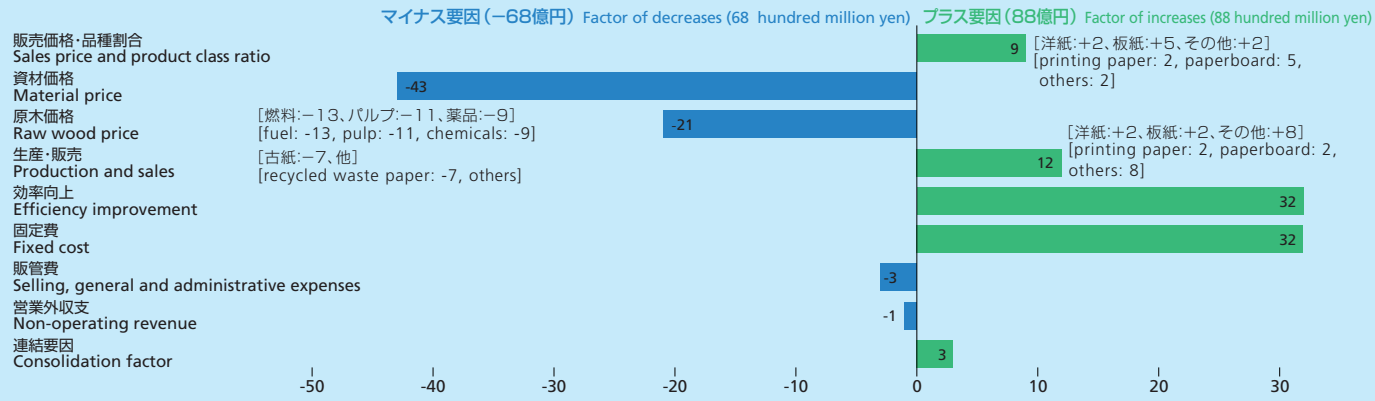
At this commemorative moment in which we take a first step of the Company's history, we are determined to concentrate on paper production, honestly and steadily without going to extremes, just as we have done, and conform to the needs of the time.

Financial summary for fiscal 2006 and outlook of J-100 plan

In fiscal 2006, Hokuetsu Paper Mills Group marked consolidated net sales of ¥158,992 million, which is an increase of about ¥5,300 million or 3.4% on a year-on-year basis, and is an all-time high for the fourth consecutive year. Consolidated operating

■ 経常利益対前年同期増減益要因 [連結] (億円)  
The factors of year-on-year increases and decreases for consolidated ordinary income (Hundred millions of yen)

【2007年3月期 92.2億円—2006年3月期 72.1億円→+20億円】 [From ¥72.1 hundred million in March 2006 to ¥92.2 hundred million in March 2007, an increase of approx. ¥20 hundred million]



まずと、経常利益のプラス要因として88億円、マイナス要因として68億円があげられます。

マイナス要因としてはまず資材価格が43億円。昨年来続いている原油の値上がりによる燃料費の増加、石化薬品等の高騰、パルプの価格上昇、中国需要増加による古紙価格上昇の影響、さらには為替の円安などもあり、主要資材すべてにおいてマイナスとなる状況でした。原木については21億円。これは輸入先現地通貨高に伴う価格の上昇、バンカーオイルの上昇、為替の円安の影響です。その他には販売費、営業外収支です。

次にプラス要因としては、販売価格・品種割合が9億円。洋紙の価格修正については、時期、幅とも予想ほどではありませんでしたが、板紙については上期の価格修正が寄与しております。生産・販売は12億円。洋紙・板紙とも増産を主目的とした改造効果が寄与しておりますが、勝田工務部のバイオマスボイラーによる発電設備の設置に伴う電力販売の効果が最も大きくなっております。そして効率向上で32億円。新潟工場の8号回収ボイラー、勝田・新潟のバイオマスボイラー効果、長岡工場のガス化など燃料効率で大きな改善を図ることができました。固定費については32億円。これは主に減価償却方法変更であります。

2007年度は引き続き資材価格の上昇を見込んでおりますが、経常利益は昨年実施しました販売価格の修正と新潟工場3号・7号抄紙機の改造工事による生産増加、勝田工務部の発電量の増加による販売増を見込み、

2006年度より8億円増加の100億円を見込んでおります。

2003年4月にスタートした中期経営計画であるジャンプ100計画では、最終年度の2007年度経常利益目標を170億円としており今回の業績予想では大幅な未達となっております。当初計画では生産・販売の増加、効率向上及び固定費の改善により2002年度比プラス43億円と計画しておりました。これに対して今回2007年度予想ではこの3つの項目で、3倍以上となる2002年度対比154億円と大幅な改善を見込んでおり、ジャンプ100計画における総額700億円の設備投資が当初計画以上の成果をあげているということが出来ます。しかしながらこの5年間での資材・原木価格の高騰が147億円にもなったことから、2007年度経常利益は2002年度の101億円と同レベルに止まると見込んでおります。最終年度を迎えたジャンプ100計画では、生産量の増加やエネルギーコスト改善投資を中心に進め、特にエネルギーコストの改善については、重油からバイオマスエネルギーあるいはガスへの転換を図り、重油使用量の削減を進めることができました。これにより、今後は重油価格の高騰による影響を最小限にとどめることができるようになり、着実に企業基盤の強化は進められております。

■ J-100計画進捗状況 J-100 Plan Progress

	2003年3月期 S-21計画最終年度 FY2002 The final year of S-21 Plan	2005年3月期 J-100計画2年目 FY2004 The second year of J-100 Plan	2006年3月期 J-100計画3年目 FY2005 The third year of J-100 Plan	2007年3月期 J-100計画4年目 FY2006 The fourth year of J-100 Plan	2008年3月期 目標 FY2007 targets	目標に対する 達成度 % to targets
経常利益 Ordinary income (百万円 / Millions of yen)	10,118	12,548	7,205	9,220	17,000	54.2%
売上高経常利益率 Ordinary income to net sales (%)	7.1	8.3	4.7	5.8	10%以上 10% or more	58.0%
ROA Return on assets (%)	4.7	5.7	3.2	3.7	7%以上 7% or more	52.9%
自己資本比率 Equity ratio (%)	44.1	48.4	48.5	53.0	50%以上 50% or more	106.0%
D/Eレシオ Debt/equity ratio (倍 / Times)	0.85	0.67	0.65	0.54	0.6以下 0.6 times or less	90.0%
売上高EBITDA比率 EBITDA/net sales (%)	17.8	17.5	14.0	12.9	18%以上 18% or more	71.7%

EBITDA：経常利益+支払利息+減価償却費  
EBITDA: Ordinary income + interest expenses paid + depreciation and amortization

income was ¥9,050 million, up roughly ¥2,100 million or 30.5% on a year-on-year basis and consolidated ordinary income was ¥9,220 million, up around ¥2,000 million or 28.0% on a year-on-year basis. Consolidated net income after tax was ¥4,395 million, up about ¥1,100 million or 35.7% on a year-on-year basis. As a result, the ordinary income to net sales ratio improved from 4.7% in the previous year to 5.8%, and the net income ratio also improved from 2.1% in the previous year to 2.8%. Looking in more detail, ordinary income is made up of plus factors of ¥8,800 million and minus factors of ¥6,800 million.

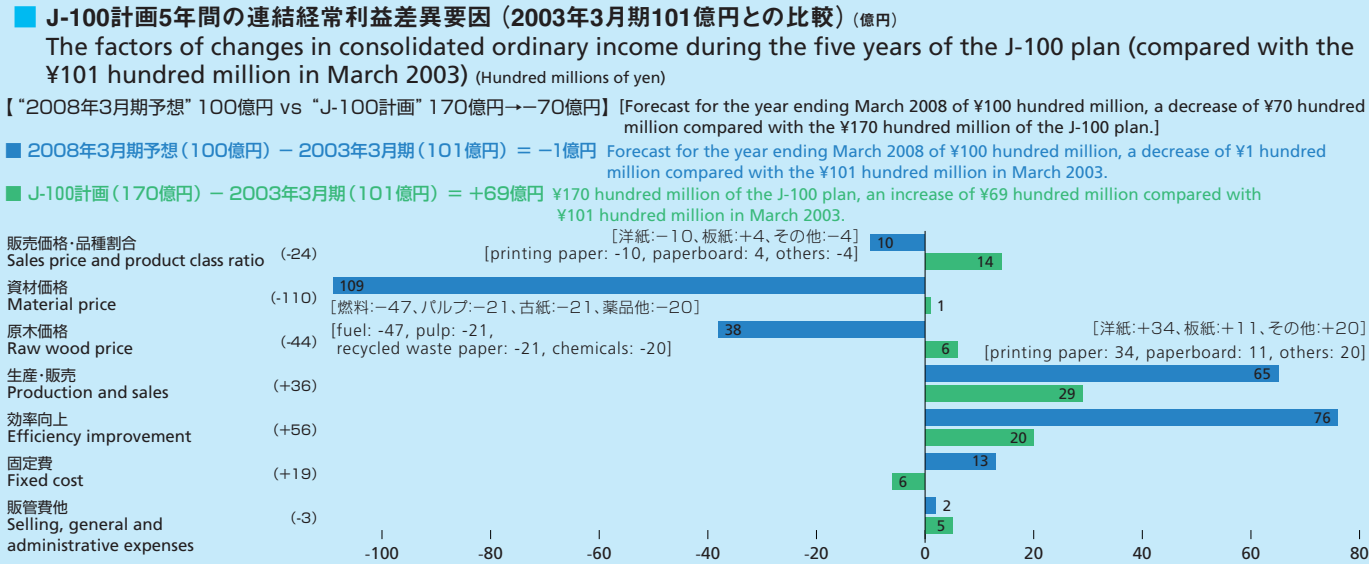
The biggest minus factor was the increase in costs of raw materials to the tune of ¥4,300 million. All main raw materials were minus factors due to increased fuel costs caused by price hikes of crude oil since last year, inflated prices of petrochemical agents, increased pulp prices, increased amounts of recycled waste paper because of an increase in demand from China and, further, a weak yen. Another factor was the increase of tree tips in the amount of ¥2,100 million. This was due to a price increase of woody materials caused by currency appreciations in exporting countries, an increase in bunker oil prices, and a weak yen. In addition, sales administration expenses and non-operating income & expense were minus factors.

One of the plus factors was the sales price and product mix which contributed ¥900 million. The price adjustment of printing paper was not as good as expected in both timing and rate, but the price adjustment of paperboard made in the first half of the year was effective. The production and sales of this paper contributed ¥1,200 million. We revamped our facilities mainly to increase production, and this contributed well to our income, but our sales of electric power associated with the installation of a biomass boiler

power generation plant at Katsuta Factory was the most effective. Our improvements in efficiency contributed ¥3,200 million because our fuel efficiency was largely improved by installing the No. 8 boiler at Niigata Mill, the effects of biomass boilers installed at Niigata Mill and Katsuta Factory, and our switching to gas for fuel at the Nagaoka Mill. The fixed costs contributed ¥3,200 million, which was mainly due to the change in our depreciation method.

In fiscal 2007, we expect raw material prices to continue to increase. Nevertheless, we forecast ordinary income to increase by ¥800 million over fiscal 2006 to ¥10,000 million. This is because of our adjustments to sales prices that we made in the previous year, an increase in production as a result of revamping the No. 3 and No. 7 papermaking machines of Niigata Mill, and an increase in sales of electricity by increasing the amount of power generated at Katsuta Factory.

Under the medium-term management plan "J-100," which started in April 2003, the target for ordinary income in the last year of the plan, or fiscal 2007, was ¥17,000 million, but we expect to fall considerably short of this in our present business performance outlook. According to the initial plan, the ordinary income would increase by ¥4,300 million compared with fiscal 2002 owing to the increase in production and sales, improvements in efficiency and reductions of fixed costs. Our present forecast for fiscal 2007 estimates the improvements in these three categories to be ¥15,400 million compared with fiscal 2002, which is three times more than our initial plan. This proves that our total capital investment of ¥70,000 million made in the "J-100" plan yielded better-than-expected results. However, because the inflation of raw materials and tree tips in these five years amounted to



9号抄紙機完成予想図 Conceptual drawing of the No. 9 papermaking machine



**新たな企業価値創造にむけて**

当社は2006年7月三菱商事株式会社と業務提携契約を締結するとともに、同社が2006年8月7日付で当社株式の第三者割当増資を引受け、相互の関係を強化いたしました。これにより当社にとっての川上(原料調達)と川下(輸出を含む製品販売部門)が強化されることとなり、当社の本業である製紙関連製品の製造強化・効率向上に一層邁進していける体勢となりました。また、12月には日本製紙株式会社と戦略的業務提携契約を、大王製紙株式会社とは技術提携基本契約をそれぞれ締結しております。日本製紙株式会社との業務提携契約においては、当社と日本製紙株式会社が互いの自主経営を尊重しながら、「生産体制・物流」「原料調達」「技術」分野での協力関係を構築することにより、国内外の市場において紙パルプ事業におけるプレゼンスの拡大を目指してまいります。

大王製紙株式会社との技術提携基本契約並びに株式の相互保有につきましては、互いのパルプ製造技術及び環境関連技術に関する情報を開示するとともに、共同で新技術の開発を進めることにより、企業価値を向上させることを目指してまいります。

2007年はジャンプ100計画の最終年度であり、創業100周年の記念の年でもあります。これまで培われてきた「北越」の良いを継承しながらも一方で新たな北越製紙を創る気概も必要であり、その第一歩が今新潟工場に建設中のN9マシンを軸とする事業展開であります。

そして新たな北越製紙の歴史を切り拓き、さらに安定的・魅力的な企業となるため、持続的な成長を続け社会との共存共栄を図ってまいりたいと考えております。

経営をとりまく環境は大きく変化し厳しさを増しておりますが、株主をはじめとするすべてのステークホルダーにとって魅力的で信頼される会社を創るようさらに邁進する所存ですので、皆様におかれましては今後ともかわらぬご支援を賜りますようお願い申し上げます。



¥14,700 million, we estimate that ordinary income for fiscal 2007 will remain at ¥10,100 million, which is the same level as in fiscal 2002. Under the “J-100” plan, which is now in its final year, we have so far concentrated mainly on investments to increase production and improve energy costs, and particularly regarding the improvement of energy costs, we managed to convert our fuel from heavy oil to biomass and gas, thereby curtailing our consumption of heavy oil. In this way, we firmly reinforced the foundation of our corporate operations, since we will be able to minimize the effects of any future price hikes in heavy oil.

**Efforts to create new corporate value**

The Company concluded a business cooperation agreement with Mitsubishi Corporation in July 2006. In addition, Mitsubishi Corporation acquired stocks in the Company that were issued by third-party allotment on August 7, 2006 to increase our paid-in capital. This stock acquisition was made to strengthen mutual relations. Through this collaboration, the Company was able to reinforce both its upstream (procurement of raw materials) and downstream (product sales including exports) operations and establish a corporate structure to further concentrate on enhancing production and improving efficiency with regard to papermaking products which are the main business line of the Company. In December, the Company concluded a strategic alliance agreement with Nippon Paper Industries Co., Ltd. and a technical cooperation basic agreement with Daio Paper Corporation. Through the alliance agreement with Nippon Paper Industries, both companies intend to increase their presence in the domestic and overseas markets of the paper and pulp industry by establishing a mutually

cooperative relationship in the fields of production system & logistics, raw materials procurement, and technology, while respecting the independence of each other’s management.

By concluding the technical cooperation agreement and cross-shareholding with Daio Paper Corporation, both companies intend to improve their corporate value by mutually disclosing pulp and paper production technologies and environmental technologies, and by jointly developing new technologies.

The year 2007 is the last year of the “J-100” plan and a memorable year in which we celebrate the 100th anniversary of our establishment. We must continue with the virtues of Hokuetsu, which have been cultivated over our long history and, at the same time, have the mettle to create new a Hokuetsu Paper Mills. The business development associated with N9 machine, presently under construction at Niigata Mill, will be the first step toward this objective.

And, we intend to forge a new history of Hokuetsu Paper Mills and let the Company grow continuously to be a stable and attractive entity which coexists and prospers with society.

Inasmuch as the circumstances surrounding the corporate management is rapidly changing and becoming more severe, we are determined to proceed with the establishment of an attractive and reliable company for all the stakeholders including shareholders. We would like to ask for the continued understanding and support of our stakeholders in all our future endeavors.

代表取締役社長CEO 三輪 正明  
 Representative Director, President & CEO  
 Masaaki Miwa

三輪正明