

August 8, 2011

Sumitomo Forestry Co., Ltd.

### **Regarding a Fire at a Building Materials Manufacturing Subsidiary in Indonesia**

A fire broke out at the Probolinggo Plant (Probolinggo, East Java, Indonesia) of PT. Kutai Timber Indonesia, a subsidiary of Sumitomo Forestry and manufacturer of wood building materials, around 8 p.m. local time (10 p.m. JST) on August 4, 2011. The fire was put out the following day, and no injuries were caused by the fire.

The fire spread to a section of one of the company's five plant buildings and damaged some of the in-process inventory there. This had no impact on the company's ability to supply building material products, as PT. Sinar Rimba Pasifik, another subsidiary of Sumitomo Forestry that manufactures primarily wood interior materials in Indonesia, and others in Sumitomo Forestry's network provided replacement goods. It also had zero impact on plywood and particle board manufacturing activities.

Sumitomo Forestry extends its sincerest apologies for the trouble and worry this event has caused to local communities and the customers and business partners of Kutai Timber Indonesia.

While Sumitomo Forestry is currently conducting an investigation to quickly determine the cause of the accident, it will also strive to prevent similar accidents from happening in the future.

Sumitomo Forestry is also assessing the impact of the fire on its financial performance, but expects the impact to be minor.

#### Corporate Profile of PT. Kutai Timber Indonesia

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|-------------------------|--|
| 1. Established:         | September 1970   |
| 2. President:           | Takaaki Ono  |
| 3. Capital:             | US\$ 27 million  |
| 4. Capital structure:   | Sumitomo Forestry 99.8%, Other 0.2%                                |
| 5. Location:            | Probolinggo Factory, Probolinggo, East Java, Republic of Indonesia |
| 6. Annual revenue:      | US\$ 99.85 million ( for fiscal year ended December 31, 2010 )     |
| 7. Number of employees: | 1,614 (as of December 31, 2010; includes only permanent employees) |
| 8. Business activities  | Manufacture of plywood and particle board; wood processing         |