

[TRANSLATION]

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Sumitomo Forestry Co., Ltd.
8-1, Marunouchi 1-chome
Chiyoda-ku, Tokyo

5th June 2006

Dear Fellow Shareholders:

NOTICE OF THE 66TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

We are pleased to invite you to attend our 66th Ordinary General Meeting of Shareholders to be held as follows.

If you are unable to attend the meeting in person, please carefully read the attached proxy statement, complete the enclosed proxy card to vote your shares in favor of or against the proposals, and return it to us after affixing your seal thereupon.

Yours faithfully,

Ryu Yano
President and Director

Particulars of the Meeting:

- 1. Date and Time:** Tuesday, 27th June 2006 at 10:00 a.m.
- 2. Place:** The Main Conference Room of Tokyo Headquarters on the 14th Floor of Marunouchi Trust Tower North at 8-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo
- 3. Purposes of the meeting:**
 - Matters to be reported:**
 1. To hear reports on the Business Report, Consolidated Balance Sheet and Consolidated Profit and Loss Statement, and Non-consolidated Balance Sheet and Non-consolidated Profit and Loss Statement for the 66th business term (from 1st April 2005 to 31st March 2006); and
 2. To report the results of audits of the Consolidated Financial Statements for the 66th business term by the Company's Independent Auditors and the Board of Statutory Auditors.

Matters to be resolved:

- 1st Item of Business :** Approval of the proposed Appropriation of Profit for the 66th business term(including paying the bonus to the Directors)
- 2nd Item of Business :** Amendments to the Articles of Incorporation
- 3rd Item of Business :** Election of seven Directors
- 4th Item of Business :** Election of one standby Statutory Auditor

4. Attendance by Proxy:

If you exercise your voting rights by proxy, such proxy must be a single shareholder of the Company who also has the voting right, as stipulated in Article 16 of the Articles of Incorporation.

If you attend the meeting in person, please submit the enclosed proxy card to the reception desk.

Should any descriptions of this notice of convocation and the accompanying proxy statement be corrected, we will **send the corrections by mail or post them on our website** (<http://www.sfc.co.jp/>).

PROXY STATEMENT

Proposals and Referential Information

1st Item of Business : Approval of the proposed Appropriation of Profit for the 66th business term
(including paying the bonus to the Directors)

The proposed Appropriation of Profit should be made considering the reinforcement of management bases and financial structure of the Company together, which is as described in the attached document.

The Board of Directors declared payment of a final dividend of 6.50 yen per share in line with the Company's basic policy to pay dividends on a stable and continuous basis, considering the operating performance for the 66th business term and other relevant factors together.

Accordingly, the annual dividend for the 66th business term, including the interim dividend, will be 13 yen per share.

The Company intends to pay the bonus totaling 45,000,000 yen to the seven Directors in office at the end of the 66th business term.

2nd Item of Business : Amendments to the Articles of Incorporation

1. Reasons for the proposed amendments

- (1) We propose that the relevant provisions of our Articles of Incorporation currently in effect be amended as a result of the enforcements of the Corporation Act (Law No.86 of 2005) and the Act Concerning the Refinements of the Related Laws Resulting from the Enforcement of the Corporation Act (Law No.87 of 2005) (the "Refinements Act") on 1st May 2006 in order:
 - (i) To establish the new Article 10 (Rights to the Less-Than-Unit Shares) of the proposed amendments in order to clarify the rights which our shareholders can exercise to the less-than-unit shares;
 - (ii) To establish the new Article 18 (Disclosure of Proxy Statement and Other Documents on Internet and Deemed Provision) of the proposed amendments, as it is possible to disclose the proxy statement and other documents on Internet;
 - (iii) To amend the Article 16 (Voting by Proxy) of the Articles of Incorporation currently in effect as described in Article 20 (Voting by Proxy) of the proposed amendments in order to clarify the method of certifying the power of representation and the number of proxy with respect to the exercise of the voting rights by proxy at the general meeting of shareholders pursuant to Article 310, Paragraph 5 of the Corporation Act and Article 63, Item (5) of the Enforcement Regulations of the Corporation Act (Ministry of Justice No.12 of 2006);
 - (iv) To establish the new Article 28 of the proposed amendments (Omission of Resolution at the Board of Directors) so that the members of the Board of Directors can adopt its resolutions either in a written form or by way of electromagnetic record, whenever necessary to operate the Board of Directors in a flexible manner;
 - (v) To establish the new Article 36 (Agreement for Limitation on Liabilities of Non-executive Statutory Auditors) so that the Company can enter into a limited liability agreement with each of its non-executive statutory auditor, with the goal of

enabling the Company to broadly recruit talented individuals who will be qualified to act as an non-executive statutory auditor and enabling the non-executive statutory auditors to fully play the roles they are expected to;

(vi) To establish the new Article 37 (Effect of Pre-election of Standby Statutory Auditor) of the proposed amendments in order to extend the effect of the pre-election of a standby statutory auditor to four years which are the same as the term of office of the statutory auditors, because it has become possible for the Company to extend the effect of the pre-election of a standby statutory auditor by stipulating it in its Articles of Incorporation as stipulated in Article 96, Paragraph 3 of the Enforcement Regulations of the Corporation Act; and

(vii) In addition to the above, to make the required amendments throughout the Articles of Incorporation to add, delete, amend and move the provisions, add the deemed change clauses, modify the cross-referenced articles and/or paragraphs, change the expressions and renumber the Articles affected by the additions or deletions of the provisions, all as required under the Corporation Act and the Refinements Act.

(2) We also propose that the provision of Article 26, Paragraph 2 of the Articles of Incorporation currently in effect be deleted, as we wish not to adjust the term of office of a statutory auditor elected to fill a vacancy for the purpose of making the positions of the statutory auditors more stable.

2. Details of the Amendments

The details of the proposed amendments are as follows (amended portions underscored):

Articles of Incorporation currently in effect	Proposed amendments
[Newly created]	<u>Article 4. (Organs)</u> <u>The Company shall have the following organs, in addition to the general meeting of shareholders and the Directors:</u> <u>1. The Board of Directors;</u> <u>2. Statutory Auditor;</u> <u>3. Board of Statutory Auditors; and</u> <u>4. Independent Auditors.</u>
Article 4. [omitted]	Article 5. [No change]
CHAPTER II SHARES	CHAPTER II SHARES
Article 5. <u>(Total Number of Shares)</u> The <u>total number of shares authorized to be issued</u> by the Company shall be four hundred million (400,000,000) shares; <u>provided, however, that in case of a cancellation of shares, the Company shall reduce the corresponding number of shares.</u>	Article 6. <u>(Total Number of Shares Issuable)</u> The <u>total number of shares issuable</u> by the Company shall be four hundred million (400,000,000) shares.
[Newly created]	<u>Article 7. (Issuance of Share Certificates)</u> <u>The Company shall issue share certificates with respect to its shares.</u>
Article 6. (Repurchase of the Company's Shares) The Company may repurchase its own shares pursuant to a resolution of the Board of Directors as prescribed in <u>Article 211-3, Paragraph 1, Item 2 of the Commercial Code.</u>	Article 8. (Repurchase of the Company's Shares) The Company may repurchase its own shares pursuant to a resolution of the Board of Directors <u>by way of market trade or otherwise</u> , as prescribed in <u>Article 165, Paragraph 2 of the Corporation Act.</u>
Article 7. <u>(Number of Shares Constituting One Stated Unit, and Non-issuance of Shares Representing Less Than One Stated Unit)</u>	Article 9. <u>(Number of Unit Shares, and Non-issuance of Shares Representing Less Than One Stated Unit)</u>

Articles of Incorporation currently in effect	Proposed amendments
<p><u>One thousand (1,000) shares of the Company shall constitute one stated unit (<i>tangen</i>).</u></p> <p>The Company shall issue no share certificate representing any <u>shares of less than one stated unit</u>, except as otherwise stipulated in the Share Handling Regulations.</p> <p>[Newly created]</p> <p>[Moved from Article 10]</p> <p>Article 8 [omitted]</p> <p><u>Article 9. (Record Date)</u></p> <p><u>Shareholders (hereinafter including beneficial shareholders) who are entitled to exercise their rights at an ordinary general meeting of shareholders shall be those who are registered or recorded in the register of shareholders (hereafter including the register of beneficial shareholders) on the last day of each fiscal year.</u></p> <p><u>In addition to the cases provided for in the preceding paragraph or otherwise provided in these Articles of Incorporation, when necessary a record date may be temporarily designated by a resolution of the Board of Directors, upon giving public notice thereof in advance.</u></p> <p><u>Article 10. (Request for Purchase of Additional Shares of Less than One Stated Unit)</u></p> <p><u>Any shareholder owning the shares of less than one stated unit of the Company may request that the Company sell him such number of shares as necessary to form one stated unit together with the shares of less than one stated unit held by him.</u></p> <p>Article 11. (Transfer Agent)</p> <p>The Company shall maintain a <u>transfer agent with regard to its shares.</u></p> <p>The transfer agent and its handling office shall be designated by a resolution of the Board of Directors, and the Company shall give public notice thereof.</p> <p>The Company shall <u>keep its register of shareholders and register of lost share certificates at the handling office of the transfer agent, and shall have the transfer agent handle registration of transfer of shares, and handle requests for repurchase of shares of less than one stated unit and for purchase of additional shares of less than one stated unit, or</u></p>	<p><u>The unit share of the Company shall consist of one thousand (1,000) shares.</u></p> <p><u>Notwithstanding the provisions of Article 7 hereof, the Company shall issue no share certificate representing any fraction of less-than-unit share, except as otherwise stipulated in the Share Handling Regulations.</u></p> <p><u>Article 10. (Rights to the Less-than-Unit Shares)</u></p> <p><u>None of shareholders (including beneficial shareholders; hereinafter the same) of the Company may exercise any right to the less-than-unit shares held by them, except for:</u></p> <ol style="list-style-type: none"> <u>1. the rights which cannot be restricted even by the Articles of Incorporation as stipulated in law;</u> <u>2. the rights to be receive offered shares by way of allotment to shareholders or a grant of offered stock options (<i>shinkabu-yoyaku-ken</i>); and</u> <u>3. the rights to make a request set forth in the immediately following Article.</u> <p><u>Article 11. (Request for Purchase of Additional Less-Than-Unit Shares)</u></p> <p><u>Any shareholder owning the less-than-unit shares may request that the Company sell out the number of shares as necessary to form the whole number of unit shares together with the number of those less-than-unit shares to such shareholder.</u></p> <p>Article 12. [No change]</p> <p>[Deleted]</p> <p>[Moved to Article 11]</p> <p>Article 13. (<u>Register of Shareholders Manager</u>)</p> <p>The Company shall maintain a <u>register of shareholders manager.</u></p> <p>The register of shareholders manager and its handling office shall be <u>determined</u> by a resolution of the Board of Directors, and the Company shall give public notice thereof.</p> <p>The Company shall <u>entrust the register of shareholders manager to prepare and keep the register of shareholders (including the register of beneficial shareholders; hereinafter the same), register of stock options (<i>shinkabu-yoyaku-ken</i>) and register of lost share certificates, as well as to handle other administrative affairs with respect to the register of shareholders, register of stock options and register of lost</u></p>

Articles of Incorporation currently in effect	Proposed amendments
<p><u>other business with respect to shares.</u></p> <p>Article <u>12</u>. (Regulations Concerning Handling of Shares) <u>Registration of transfer of shares</u> of the Company, and handling of requests for purchase of shares less than one stated unit and for purchase of additional shares of less than one stated unit, or other procedures and charges with respect to shares shall be governed by Share Handling Regulations to be established by the Board of Directors.</p> <p style="text-align: center;">CHAPTER III GENERAL MEETINGS OF SHAREHOLDERS</p> <p>Article <u>13</u> [omitted] [Newly created]</p> <p>Article <u>14</u> [omitted] [Newly created]</p> <p>Article <u>15</u>. (Adoption of Resolutions) Unless otherwise provided by law or by these Articles of Incorporation, resolutions of general meetings of shareholders shall be adopted by a majority of the votes of shareholders present at such meetings.</p> <p>The resolution of the general meeting of shareholders as set forth in <u>Article 343 of the Commercial Code</u> shall be adopted by a majority comprising at least two-thirds of the voting rights of shareholders holding not less than one-third of the voting rights of <u>total shareholders</u> of the Company present thereat.</p> <p>Article <u>16</u>. (Voting by Proxy) A shareholder may exercise his right of voting by proxy; provided, however, that such proxy shall be a shareholder of the Company who is entitled to exercise his right of voting.</p> <p>Such proxy shall <u>present</u> to the Company a <u>power of attorney thereof</u>.</p> <p style="text-align: center;">CHAPTER IV DIRECTORS AND THE BOARD OF DIRECTORS</p> <p>Article <u>17</u>[omitted]</p> <p>Article <u>18</u>. (Election) The resolution of election of Directors shall be adopted by a simple majority of the voting rights cast by shareholders holding not less than one third of the voting rights of <u>total</u></p>	<p><u>share certificates, which shall not be handled by the Company.</u></p> <p>Article <u>14</u>. (Regulations Concerning Handling of Shares) <u>Alteration in the entries in the register of shareholders of the Company, such as the shareholder's name</u>, and handling of requests for purchase of less-than-unit shares and for purchase of additional less-than-unit shares, or other procedures and charges with respect to shares shall be governed by the Share Handling Regulations to be established by the Board of Directors, <u>as well as by law or the Articles of Incorporation.</u></p> <p style="text-align: center;">CHAPTER III GENERAL MEETINGS OF SHAREHOLDERS</p> <p>Article <u>15</u>. [No change]</p> <p><u>Article 16. (Record Date for the Ordinary General Meeting of Shareholders)</u> <u>The record date for voting at the ordinary general meeting of shareholders of the Company shall be March 31 of each year.</u></p> <p>Article <u>17</u>. [No change]</p> <p><u>Article 18. (Disclosure of Proxy Statement and Other Documents on Internet and Deemed Provision)</u> <u>The Company may deem to have provided its shareholders with information to be described or indicated in the proxy statement, business report, financial statements and consolidated financial statements for the purpose of convening the general meeting of shareholders by disclosing such information using Internet as prescribed in the Ministry of Justice Ordinance.</u></p> <p>Article <u>19</u>. (Adoption of Resolutions) Unless otherwise provided by law or by these Articles of Incorporation, resolutions of general meetings of shareholders shall be adopted by a majority of the votes of shareholders <u>entitled to exercise their voting rights who are</u> present at such meetings.</p> <p>The resolution of the general meeting of shareholders as set forth in <u>Article 309, Paragraph 2 of the Corporation Act</u> shall be adopted by a majority comprising at least two-thirds of the voting rights of shareholders holding not less than one-third of the voting rights of shareholders <u>entitled to exercise their voting rights who are</u> present thereat.</p> <p>Article <u>20</u>. (Voting by Proxy) A shareholder may exercise his right of voting by proxy; provided, however, that such proxy shall be a <u>single</u> shareholder of the Company who is entitled to exercise his right of voting.</p> <p><u>The relevant shareholder or his proxy shall submit to the Company a document certifying the power of representation at each time of the general meeting of shareholders.</u></p> <p style="text-align: center;">CHAPTER IV DIRECTORS AND THE BOARD OF DIRECTORS</p> <p>Article <u>21</u> [No change]</p> <p>Article <u>22</u>. (Election) The resolution of election of Directors shall be adopted by a simple majority of the voting rights cast by shareholders holding not less than one third of the voting rights of</p>

Articles of Incorporation currently in effect	Proposed amendments
<p><u>shareholders</u> of the Company present at the general meeting of shareholders.</p> <p>No cumulative voting shall be used for election of Directors.</p> <p>Article 19. (Term of Office)</p> <p>The term of office of Directors shall expire at the close of the ordinary general meeting of shareholders to be held with regard to the <u>last fiscal term</u> ending within two years after their <u>assumption of office</u>; provided, however, that the term of office of any Director elected to fill a vacancy or because of an increase in the number of Directors shall coincide with the term of other Directors then serving.</p> <p>Article 20. (Remuneration)</p> <p><u>The Remuneration for Directors</u> shall be determined by a resolution of a general meeting of shareholders.</p> <p>Article 21. (Representative Directors)</p> <p>The Board of Directors shall <u>appoint</u> several Representative Directors by resolution.</p> <p>Article 22. (Directors with Special Titles)</p> <p>The Board of Directors, by its resolution, may <u>appoint</u> from among its members one Chairman of the Board, one President, and several Executive Vice Presidents, Senior Managing Directors (<i>senmu</i>) and Manaing Directors (<i>jomu</i>).</p> <p>Article 23 [omitted]</p> <p>[Newly created]</p> <p>Article 24 [omitted]</p> <p style="text-align: center;">CHAPTER V AUDITORS AND THE BOARD OF AUDITORS</p> <p>Article 25. (Election)</p> <p>The resolution of election of Auditors shall be adopted by a simple majority of the voting rights cast by shareholders holding not less than one third of the voting rights of <u>total shareholders</u> of the Company present at the general meeting of shareholders.</p> <p>Article 26. (Term of Office)</p> <p>The term of office of Auditors shall expire at the close of the ordinary general meeting of shareholders to be held with regard to the last fiscal term ending within four years after their assumption of office; <u>provided, however, that the term of office of an Auditor elected to fill a vacancy shall be <u>conterminous with the remaining term of office of his predecessor.</u></u></p>	<p>shareholders <u>entitled to exercise their voting rights who are</u> present at the general meeting of shareholders.</p> <p>No cumulative voting shall be used for election of Directors.</p> <p>Article 23. (Term of Office)</p> <p>The term of office of Directors shall expire at the close of the ordinary general meeting of shareholders to be held with regard to the <u>last of the business years</u> ending within two years after their <u>election</u>; provided, however, that the term of office of any Director elected to fill a vacancy or because of an increase in the number of Directors shall coincide with the term of other Directors then serving.</p> <p>Article 24. (Remunerations)</p> <p><u>Financial benefits to be received by Directors from the Company in the form of remuneration, bonus or other consideration for business executions (hereinafter referred to as the "Remunerations")</u> shall be determined by a resolution of the general meeting of shareholders.</p> <p>Article 25. (Representative Directors)</p> <p>The Board of Directors shall <u>designate</u> several Representative Directors by its resolution.</p> <p>Article 26. (Directors with Special Titles)</p> <p>The Board of Directors, by its resolution, may <u>designate</u> from among its members one Chairman of the Board, one President and Director, and several Executive Vice Presidents, Senior Managing Directors (<i>senmu</i>) and Manaing Directors (<i>jomu</i>).</p> <p>Article 27 [No change]</p> <p><u>Article 28. (Omission of Resolution at the Board of Directors)</u></p> <p><u>If any Director proposes a matter to be voted on at the meeting of the Board of Directors, the Board of Directors shall be deemed to adopt the resolution approving it, provided that all of the Directors who are eligible to vote on such matter express their consents in a written form or by way of electromagnetic record and the Statutory Auditors raise no objection thereto.</u></p> <p>Article 29[No change]</p> <p style="text-align: center;">CHAPTER V AUDITORS AND THE BOARD OF AUDITORS</p> <p>Article 30. (Election)</p> <p>The resolution of election of Statutory Auditors shall be adopted by a simple majority of the voting rights cast by shareholders holding not less than one third of the voting rights of shareholders <u>entitled to exercising their voting rights who are</u> present at the general meeting of shareholders.</p> <p>Article 31. (Term of Office)</p> <p>The term of office of Statutory Auditors shall expire at the close of the ordinary general meeting of shareholders to be held with regard to the last <u>of the business years</u> ending within four years after their <u>election</u>. [deleted].</p>

Articles of Incorporation currently in effect	Proposed amendments
<p>Article <u>27</u>. (Remuneration)</p> <p>The remuneration for Auditors shall be determined by a resolution of a general meeting of shareholders.</p> <p>Article <u>28</u>. (Auditors to Work Full-time)</p> <p>Auditors shall appoint <u>from among themselves several</u> Auditors to work full-time <u>by mutual election</u>.</p> <p>Article <u>29</u>. (Senior Auditors)</p> <p>Auditors may appoint from among themselves several Senior Auditors (<i>jonin kansayaku</i>) <u>by mutual election</u>.</p> <p>Article <u>30</u> [omitted]</p> <p>[Newly created]</p> <p>[Newly created]</p> <p>Article <u>31</u>[omitted]</p> <p style="text-align: center;">CHAPTER VI ACCOUNTS</p> <p>Article <u>32</u>. (Fiscal Year)</p> <p>The <u>Fiscal Year</u> of the Company shall commence with the first day of April of each year and end on the 31st day of March of the succeeding year.</p> <p>Article <u>33</u>. (Dividends)</p> <p><u>Dividends shall be paid</u> to the shareholders or <u>registered pledgees</u> of record in the register of shareholders as of the last day of each fiscal year.</p> <p>Article <u>34</u>. (Interim Dividends)</p> <p>The Company may, by a resolution of the Board of Directors, <u>distribute cash distribution pursuant to Article 293-5 of the Commercial Code (hereinafter “interim dividends”)</u> to the shareholders or <u>registered pledgees</u> of record in the register of shareholders as of September 30 of each year.</p> <p>Article <u>35</u>. (Prescription Period of Dividends)</p> <p>Should any <u>dividends and/or interim dividends</u> not be received within three years from the date of commencement of payment thereof, the Company shall be released from the obligation to make such payment.</p>	<p>Article <u>32</u>. (Remunerations)</p> <p>The remunerations for Statutory Auditors shall be determined by a resolution of a general meeting of shareholders.</p> <p>Article <u>33</u>. (Full-time Statutory Auditors)</p> <p><u>The Board of Statutory Auditors</u> shall appoint full-time Statutory Auditors by <u>its resolution</u>.</p> <p>Article <u>34</u>. (Senior Auditors)</p> <p><u>The Board of Statutory Auditors</u> may appoint an unspecified number of Senior Statutory Auditors (<i>jonin kansayaku</i>) by <u>its resolution</u>.</p> <p>Article <u>35</u>. [No change]</p> <p><u>Article 36. (Agreement for Limitation on Liabilities of Non-executive Statutory Auditors).</u></p> <p><u>The Company may enter into an agreement with each non-executive Statutory Auditor for limitation on his liabilities for compensation for damage due to the failure to perform his duty as prescribed in Article 427, Paragraph 1 of the Corporation Act; provided, however, that the upper limit on liabilities under such agreement shall be such amount as stipulated by law.</u></p> <p><u>Article 37. (Effect of Pre-election of Standby Statutory Auditor)</u></p> <p><u>The effect of pre-election of a standby Statutory Auditor shall extend to the beginning of the ordinary general meeting of shareholders with regard to the last of the business years ending within four years subsequent to the adoption of underlying resolution.</u></p> <p>Article <u>38</u>. [No change]</p> <p style="text-align: center;">CHAPTER VI ACCOUNTS</p> <p>Article <u>39</u>. (Fiscal Year)</p> <p>The <u>business year</u> of the Company shall commence with the first day of April of each year and end on the 31st day of March of the succeeding year.</p> <p>Article <u>40</u>. (Distribution of Retained Earnings)</p> <p><u>The Company may pay a final dividend</u> to the shareholders or <u>registered share pledgees</u> of record in the register of shareholders as of the last day of each <u>business year</u>.</p> <p>Article <u>41</u>. (Interim Dividends)</p> <p>The Company may, by a resolution of the Board of Directors, <u>pay an interim dividend</u> to the shareholders or <u>registered share pledgees</u> of record in the register of shareholders as of the 30th day of September of each year.</p> <p>Article <u>42</u>. (Prescription Period of Dividends)</p> <p>Should any <u>dividend</u> not be received within three years from the date of commencement of payment thereof, the Company shall be released from the obligation to make such payment, <u>provided that property for such dividend is cash.</u></p>

3rd Item of Business : Election of seven Directors

The term of office of all of the seven Directors will expire at the closing of the general meeting. The Company recommends that shareholders vote FOR the election of seven Directors.

Candidates for the Directors are as follows.

(current titles and responsibilities underscored):

No.	Name (Date of birth)	Brief personal history, other representations, and title and responsibilities while actually serving as the Director of the Company		No. of shares held
1	Ryu Yano (April 21, 1940)	April 1963 December 1988 June 1992 June 1995 April 1999 June 2002	Joined the Company Director Managing Director Senior Executive Director <u>President/Director</u> <u>President and Executive Officer</u>	47,775shares
2	Shoichi Takahashi (September 18, 1948)	April 1971 June 2000 April 2002 June 2002 April 2003 June 2004 April 2005 August 2005 April 2006	Joined the Company Director Appointed as General Manager of Information Systems Division Appointed as General Manager of Personnel Division Retired from the office of Director Executive Officer Managing Executive Officer Appointed as Executive Manager of Business Headquarters <u>Director</u> <u>Senior Executive Officer</u> Appointed as Executive Manager of Business Headquarters and General Manager of Building Materials Divisions, Business Headquarters <u>Appointed as Executive Manager of Business Headquarters</u> <u>Head of Environmental Management,</u> <u>Intellectual Property and Forest Management</u>	11,000 shares
3	Hideki Nose (July 4, 1949)	April 1972 October 1999 June 2002 April 2003 April 2004 June 2004 April 2006	Joined the Company General Manager of Building Materials Procurement Division, Housing Headquarters Executive Officer Appointed as Asst. Executive Manager of Housing Headquarters and General Manager of Production & Building Materials Procurement Division, Housing Headquarters and General Manager of Product Development Division, Housing Headquarters <u>Managing Executive Officer</u> Appointed as Executive Manager of International Business Headquarters <u>Director</u> <u>Appointed as Executive Manager of Collective Housing Headquarters</u>	3,225 shares

No.	Name (Date of birth)	Brief personal history, other representations, and title and responsibilities while actually serving as the Director of the Company		No. of shares held
4	Hideyuki Kamiyama (November 29, 1951)	April 1975 April 2002	Joined the Company General Manager of Housing Strategy Division, Housing Headquarters and General Manager of Product Development Division, Housing Headquarters April 2003 General Manager of Housing Administrative Division, Housing Headquarters April 2004 General Manager of Housing Administrative Division, Housing Headquarters and General Manager of Product Development Division, Housing Headquarters June 2004 Executive Officer Appointed as Asst. Executive Manager of Housing Headquarters and General Manager of Housing Administrative Division, Housing Headquarters and General Manager of Product Development Division, Housing Headquarters April 2005 <u>Managing Executive Officer</u> <u>Appointed as Executive Manager of Housing</u> <u>Headquarters</u> June 2005 <u>Director</u> April 2006 <u>Head of Tsukuba Research Institute</u>	5,000 shares
5	Mamoru Inoue (August 12, 1948)	April 1972 April 2003 April 2004 June 2004 October 2004 April 2005 August 2005 October 2005 April 2006	Joined the Company President and Director, Sumitomo Forestry Crest Co., Ltd. General Manager of Business Administrative Division, Business Headquarters and General Manager of Business Management Division, Business Headquarters Executive Officer Appointed as Asst. Executive Manager of Business Headquarters and General Manager of Business Administrative Division, Business Headquarters and General Manager of Business Management Division, Business Headquarters Appointed as Asst. Executive Manager of Business Headquarters and General Manager of Business Management Division, Business Headquarters Appointed as Asst. Executive Manager of Business Headquarters and General Manager of Building Materials Division, Business Headquarters Counselor, Ataka Kenzai Co., Ltd. President, Ataka Kenzai Co., Ltd. <u>Managing Executive Officer</u> <u>Appointed as Executive Manager of Business</u> <u>Development Headquarters</u> (Representations in other companies) <u>President, Sumitomo Forestry NZ Ltd.</u> <u>Chairman, Nelson Pine Industries Limited</u>	3,000 shares

No.	Name (Date of birth)	Brief personal history, other representations, and title and responsibilities while actually serving as the Director of the Company		No. of shares held
6	Shigehiko Shiozaki (May 16, 1952)	April 1975 April 2002 April 2004 June 2005 April 2006	Joined the Company General Manager of Osaka Office, Business Headquarters General Manager of Personnel Division Executive Officer <u>Appointed as General Manager of Personnel Division</u> <u>Managing Executive Officer</u>	6,000 shares
7	Hitoshi Hayano (July 10, 1953)	April 1977 April 2003 June 2005 April 2006	Joined the Company General Manager of Corporate Planning Division Executive Officer <u>Appointed as General Manager of Corporate Planning Division</u> <u>Managing Executive Officer</u>	5,000 shares

Notes:

1. The Company has the new house construction contract with the candidate Mr. Hideki Nose.
2. There is no other special interest reportable between each remaining candidate and the Company.

4th Item of Business : Election of one standby Statutory Auditor

Currently, we have four Statutory Auditors, of whom Messrs. Hiroshi Miki and Satohiko Sasaki are non-executive Statutory Auditors.

Meanwhile, we propose that our shareholders vote FOR the pre-election of a standby statutory auditor to prepare for the vacancy which may arise in the number of non-executive statutory auditors stipulated in the applicable law or regulation.

The effect of the pre-election of a standby statutory auditor is as set forth in Article 37 of the Articles of Incorporation of the Company, subject to approval of shareholders to the 2nd Item of Business "Amendment to the Articles of Incorporation."

It should be noted that the Board of Directors may, pursuant to its resolution, revoke the effect of the election of Mr. Shihei Yamazaki with the consent of the Board of Statutory Auditors, only before he officially becomes statutory auditor of the Company.

Candidate for the standby Statutory Auditor is as follows.

The company has obtained the consent of the Board of Statutory Auditors to this item of business.

Name (Date of birth)	Brief personal history, other representations, and title and responsibilities while actually serving as the Statutory Auditor of the Company		No. of shares held
Shihei Yamazaki (June 26, 1950)	April 1979 April 1985	Admitted to practice the law Yamazaki Shihei Law Office (founder) (up to the present)	3,000shares

Notes:

1. There is no special interest reportable between the candidate and the Company.
2. Mr. Shihei Yamazaki meets the qualifications for non-executive statutory auditor set forth in the Corporation Act.
3. Mr. Shihei Yamazaki has agreed to assume the office of statutory auditor if a vacancy arises in the number of statutory auditors set forth in the applicable law or regulation, or the Articles of Incorporation of the Company.

<Referential data> Number of the voting rights held by total shareholders: 173,771

CONSOLIDATED BALANCE SHEET

March 31, 2006

(Yen in millions)

<u>Assets</u>	
Current assets:	
Cash and cash in banks	¥ 44,720
Notes receivable and accounts receivable-trade	134,880
Accounts receivable-housing construction	3,379
Marketable securities	5,000
Inventories	22,413
Real estate for sale	10,071
Work in process	15,628
Deferred tax assets	7,597
Short-term loans	10,478
Other receivables	40,747
Other assets	6,431
Allowance for doubtful accounts	(913)
	<u>300,431</u>
Non-current assets:	
Property, plant and equipment:	
Buildings and other structures	18,969
Machinery, equipment and vehicles	17,852
Land	19,973
Construction in progress	4,426
Other property, plant and equipment	<u>12,713</u>
	<u>73,933</u>
Intangibles:	
Consolidation adjustment account	1,532
Other intangibles	<u>5,575</u>
	<u>7,107</u>
Investments and other assets:	
Investment securities	71,413
Long-term loans	380
Deferred tax assets	1,242
Other investments/assets	11,784
Allowance for doubtful accounts	(2,097)
	<u>82,722</u>
	<u>163,761</u>
Total assets	¥ <u>464,193</u>

CONSOLIDATED BALANCE SHEET

March 31, 2006

(Yen in millions)

<u>Liabilities</u>	
Current liabilities:	
Notes payable and accounts payable-trade	¥ 93,782
Accounts payable-housing construction	60,242
Short-term borrowings	13,159
Corporate bonds due within one year	60
Income taxes payable	1,596
Advances received for construction	36,509
Deferred tax liabilities	0
Allowance for bonuses	8,078
Warranty reserve for completed construction	1,323
Allowance for losses on restructuring	844
Other liabilities	<u>16,799</u>
	<u>232,394</u>
Non-current liabilities:	
Corporate bonds	160
Long-term borrowings	8,688
Deferred tax liabilities	15,136
Allowance for retirement benefits	15,875
Retirement allowance for directors	382
Other non-current liabilities	<u>13,228</u>
	<u>53,469</u>
	<u>285,862</u>
<u>Minority's Interest</u>	
Minority's interest	<u>3,124</u>
	<u>3,124</u>
<u>Shareholders' Equity</u>	
Common stock	27,672
Capital reserves	25,655
Earned surplus	99,319
Other securities valuation difference	22,125
Foreign currency translation adjustment account	1,052
Treasury stock	<u>(617)</u>
	<u>175,206</u>
Total liabilities, minority's interest and shareholders' equity	¥ <u>464,193</u>

CONSOLIDATED PROFIT AND LOSS STATEMENT

Year ended March 31, 2006

(Yen in millions)

Net sales:		
Sales	¥	439,516
Sales of completed construction		<u>351,612</u> 791,128
Cost of sales:		
Cost of sales		408,124
Cost of completed construction		255,151 663,275
Gross profit on sales		127,853
Selling, general and administrative expenses		<u>112,407</u> <u>112,407</u>
Operating profit		<u>15,446</u>
Non-operating income:		
Interests and dividends		1,498
Income from equity-method investments		327
Other income		<u>1,925</u> 3,750
Non-operating expenses:		
Interests		1,572
Other expenses		<u>824</u> <u>2,396</u>
Ordinary profit		<u>16,800</u>
Extraordinary gain:		
Gains on sales of non-current assets		82
Gains on sales of investment securities		53
Gains from transfer of business		229 363
Extraordinary loss:		
Losses on sales of non-current assets		492
Losses on retirement of non-current assets		165
Appraisal losses on investment securities		15
Expenses for integration		455 1,128
Net income before income taxes		16,035
Income taxes - Current		2,254
- Deferred		2,705
Minority interests in earnings		235
Net income		<u>¥ 10,842</u>

Significant Accounting Policies Regarding the Preparation of Consolidated Financial Statements

1. Scope of consolidation

There are 47 consolidated subsidiaries that include Sumitomo Forestry Two-By-Four Homes Co., Ltd., Sumitomo Forestry Crest Co., Ltd., Sumitomo Forestry Home Service Co., Ltd., Sumitomo Forestry Landscaping Co., Ltd., Sumitomo Forestry Home Tech. Co., Ltd., Sumirin Construction Co., Ltd., Sun Step Co., Ltd., PT. Kutai Timber Indonesia, Alpine MDF Industries Pty Ltd, and Nelson Pine Industries Limited. We included Toyo Plywood Co., Ltd., Ataka Kenzai Co., Ltd., their subsidiaries, and Dalian Sumirin Information Technology Service Co., Ltd. as consolidated subsidiaries in the current fiscal year. The Company purchased a controlling stake of Toyo Plywood Co., Ltd., Ataka Kenzai, and their subsidiaries during the current fiscal year. We newly established Dalian Sumirin Information Technology Service Co., Ltd. during the current fiscal year.

On the other hand, we excluded Sumirin Exterior (Tokyo) and Sumirin Exterior (Osaka) from the scope of consolidation, because they were absorbed by Sumitomo Forestry Landscaping Co., Ltd., another consolidated subsidiary, on 1st April 2005. Secondly, we excluded Sumitomo Forestry Component House Co., Ltd. from the scope of consolidation since the company completed its liquidation on 20th January 2006.

2. Application of equity method

- (1) There are six affiliated companies to which the equity method is applicable, including PT. Rimba Partikel Indonesia, PT. AST Indonesia, and Bennett-SFS LLC.
- (2) As for equity-method affiliated companies whose dates of settlement differ from the date of consolidated statements, their financial statements for the corresponding fiscal year are used.

3. Accounting periods of consolidated subsidiaries

The fiscal year for two consolidated subsidiaries, Daiichi Sansho Co., Ltd. and Nihei & Co. ends on 20th March. In preparing the consolidated financial statements for the fiscal year under review, their statement as of 20th March 2006 are used. The rest of the domestic consolidated subsidiaries' fiscal year all fall on 31st March.

In preparing the consolidated financial statements for the fiscal year under review, their statements as of 31st March 2006 are used. Meanwhile, the overseas consolidated subsidiaries' fiscal years all fall on 31st December and their statements as of 31st December 2005 are used for preparing the consolidated financial statements.

4. Accounting standards

(1) Valuation standards and methods for principal assets

a. Marketable securities

Held-to-maturity securities

Stated at amortized cost using the straight-line method.

Other securities with a market value

Principally carried at market value. The difference between the acquisition cost and the carrying value of other securities, including unrealized gains and losses, is recognized in "Other securities valuation difference." The cost of other securities sold is computed based on the moving-average method.

Other securities with no market value

Carried at cost based on the moving-average method.

b. Inventories

Merchandise is carried at cost using the moving-average method, while real estate held for sale and work in process are stated at cost using the specific cost method.

(2) Depreciation Method

a. Property, plant and equipment

Depreciated using mainly the declining-balance method. Buildings (excluding building fixtures) acquired on or after 1st April 1998 are depreciated using the straight-line method.

b. Intangible assets

Amortized using straight-line method. Computer software for internal use is amortized over estimated useful life (5 years) using straight-line method.

(3) Calculation Basis of Allowances

a. Allowance for doubtful accounts

An allowance for doubtful accounts has been established for the possible losses from uncollectible monetary rights such as receivables and loans. An allowance is estimated based on individual evaluation for doubtful monetary rights, and by the historical rate of credit loss for normal monetary rights.

b. Allowance for bonuses

An allowance for bonuses has been provided based on estimated bonuses to be paid to employees which should be charged to income in the current year.

c. Warranty reserve for completed constructions

A warranty reserve has been provided for repair costs which may be required for the completed constructions. The reserve is estimated based on the past experience and future estimates.

d. Allowance for losses on restructuring

An allowance has been provided for the possible losses incurred as a result of restructuring.

e. Allowance for retirement benefits

The Company established an allowance for retirement benefits to prepare a disbursement scheme of such benefits for employees. We posted this allowance based on the value of retirement benefit obligations and the estimated value of pension assets at the end of the current fiscal year. We process unrecognized actuarial losses en bloc for the year in which they occur.

f. Retirement allowance for directors

For some consolidated subsidiaries, we have provided an allowance for retirement benefit based on the estimated benefits to be paid to directors at the year-end in accordance with the company's established policy. Please note that we abolished the retirement allowance for directors at the ordinary general meeting of shareholders on 29th June 2005. The company includes amounts equivalent to the retirement allowance for directors in "Other non-current liabilities."

(4) Accounting for Leases

Financing leases, other than those under which the ownership of the leased assets is regarded to be transferred to the lessee, are accounted for as ordinary operating leases.

(5) Accounting for Hedge

a. Accounting for hedge

Hedged foreign trade transactions are accounted for under the allocation method. (The allocation method requires recognized foreign currency receivables or payables to be translated using the corresponding foreign exchange contract rate.)

b. Instruments used for hedge

In order to manage risks arising from fluctuations in foreign currency exchange rates, the Company enters into foreign exchange contracts.

c. Hedged items

The Company hedges certain foreign trade transactions including forecasted transactions within the scope of established company policy.

d. Effectiveness of hedge

As hedging through foreign exchange contracts is recognized as highly effective, the evaluation of its effectiveness is omitted.

(6) Other important items for compiling consolidated financial statements

Consumption Tax

Transactions subject to consumption tax and the local consumption tax are recorded under net tax method.

5. Valuation for assets and liabilities of consolidated subsidiaries

Assets and liabilities of consolidated subsidiaries are fully valued at market value.

6. Depreciation of consolidation adjustment account

The consolidation adjustment account is amortized evenly over a five-year period. In case the amount is insignificant, such account is depreciated in the fiscal year when it accrued.

Notes to Consolidated Balance Sheet

(1) Any amount less than one million yen is rounded off to the nearest million.

(2) Accumulated depreciation of fixed assets ¥58,538 million

(3) Assets pledged ¥19,624 million

(4) Amount guaranteed by the Group

1) Contingent liabilities ¥20,880 million

2) Repurchase of notes receivable discounted ¥328 million

3) Repurchase of notes receivable endorsed ¥35 million

Notes to Consolidated Profit and Loss Statement

(1) Any amount less than one million yen is rounded off to the nearest million.

(2) Net income per share ¥ 61.28

NON-CONSOLIDATED BALANCE SHEET

March 31, 2006

(Yen in millions)

<u>Assets</u>	
Current assets:	
Cash and cash in banks	¥ 35,873
Notes receivable	40,439
Accounts receivable-trade	40,827
Accounts receivable-housing construction	624
Marketable securities	5,000
Inventories	11,030
Real estate for sale	9,993
Work in process	10,187
Advance payments	500
Prepaid expenses	693
Deferred tax assets	6,193
Short-term loans	21,946
Other receivables	56,159
Income taxes receivable	2,079
Other assets	78
Allowance for doubtful accounts	<u>(1,512)</u>
	<u>240,108</u>
Non-current assets:	
Property, plant and equipment:	
Buildings	6,428
Other structures	545
Machinery and equipment	105
Vehicles	19
Tools, furniture and fixtures	1,074
Land	7,113
Forest	8,414
Forestation projects	413
Construction in progress	<u>1,204</u>
	<u>25,315</u>
Intangibles:	
Facility utilization and other rights	502
Computer software	<u>4,526</u>
	<u>5,028</u>
Investments and other assets:	
Investment securities	63,067
Stocks of affiliated companies and investment in affiliated companies	16,636
Long-term loans	10,712
Other investments/assets	7,478
Allowance for doubtful accounts	<u>(1,948)</u>
	<u>95,945</u>
	<u>126,288</u>
Total assets	¥ <u>366,396</u>

NON-CONSOLIDATED BALANCE SHEET

March 31, 2006

(Yen in millions)

<u>Liabilities</u>	
Current liabilities:	
Notes payable	¥ 8,798
Accounts payable-trade	40,123
Accounts payable-housing construction	71,699
Short-term borrowings	1
Other payables	5,476
Accrued consumption taxes	584
Accrued expenses	594
Advances from customers	1,039
Advances received for construction	30,855
Deposits received	14,716
Unearned income	986
Allowance for bonuses	5,200
Warranty reserve for completed construction	1,019
Allowance for losses on restructuring of affiliated companies	844
Other liabilities	<u>66</u>
	<u>182,001</u>
Non-current liabilities:	
Deposits received for guarantees	4,147
Deferred tax liabilities	11,732
Allowance for retirement benefits	10,404
Allowance for losses of affiliated company operations	3,362
Other liabilities	<u>579</u>
	<u>30,224</u>
 <u>Shareholders' Equity</u>	
Common stock	27,672
Capital reserves:	
Capital legal surplus	25,651
Additional paid-in capital	4
Gains on sales of treasury stock	<u>4</u>
	<u>25,655</u>
Earned surplus:	
Legal earned surplus	2,857
Voluntary reserve	73,425
Reserve for deferred income taxes	1,638
Unconditional reserve	71,787
Unappropriated profits at end of the year	<u>3,825</u>
	<u>80,107</u>
Other securities valuation difference	<u>21,354</u>
Treasury stock	<u>(617)</u>
	<u>154,171</u>
Total liabilities and shareholders' equity	¥ <u><u>366,396</u></u>

NON-CONSOLIDATED PROFIT AND LOSS STATEMENT

Year ended March 31, 2006

(Yen in millions)

Net sales:		
Sales	¥	299,095
Sales of completed constructions		<u>296,898</u> 595,993
Cost of sales:		
Cost of sales		287,047
Cost of completed construction		<u>220,263</u> 507,310
Gross profit on sales		88,683
Selling, general and administrative expenses		<u>77,184</u> <u>77,184</u>
Operating profit		<u>11,499</u>
Non-operating income:		
Interests and dividends		2,175
Other income		<u>1,011</u> 3,187
Non-operating expenses:		
Interests		365
Other expenses		<u>372</u> <u>737</u>
Ordinary profit		<u>13,948</u>
Extraordinary gain:		
Gains on sales of non-current assets		98
Gains on sales of investment securities		6
Gains from liquidation of affiliated companies		112 216
Extraordinary loss:		
Losses on sales of non-current assets		567
Losses on retirement of non-current assets		82
Appraisal losses on investment securities		15
Expenses for integration		286 949
Net income before income taxes		13,215
Income taxes - Current		170
- Deferred		10,393
Net income		2,652
Unappropriated retained earnings brought forward		2,316
Interim dividends		1,143
Unappropriated profits at end of the year		<u>3,825</u>

Summary of Significant Accounting Policies

1. Valuation Basis and Method of Securities

a. Held-to-maturity securities

Stated at amortized cost using the straight-line method.

b. Investment in subsidiaries and affiliated companies

Stated at cost based on the moving-average method.

c. Other securities with a market value

Principally carried at market value. The difference between the acquisition cost and the carrying value of other securities, including unrealized gains and losses, is recognized in "Other securities valuation difference." The cost of other securities sold is computed based on the moving-average method.

Other securities with no market value

Carried at cost based on the moving-average method.

2. Valuation Basis and Method of Inventories, Real estate for sale and Work in process

Inventories are carried at cost using the moving-average method. Real estate for sale and work in process are stated at cost using the specific cost method.

3. Depreciation Method

Property, plant and equipment

Depreciated using the declining-balance method. Buildings (excluding building fixtures) acquired on or after 1st April 1998 are depreciated using the straight-line method.

Intangible assets

Amortized using straight-line method. Computer software for internal use is amortized over estimated useful life (5 years) using straight-line method.

4. Calculation Basis of Allowances

(1) Allowance for doubtful accounts

An allowance for doubtful accounts has been established for the possible losses from uncollectible monetary rights such as receivables and loans. An allowance is estimated based on individual evaluation for doubtful monetary rights, and by the historical rate of credit loss for normal monetary rights.

(2) Allowance for bonuses

An allowance for bonuses has been provided based on estimated bonuses to be paid to employees which should be charged to income in the current year.

(3) Warranty reserve for completed constructions

A warranty reserve has been provided for repair costs which may be required for the completed constructions. The reserve is estimated based on the past experience and future estimates.

(4) Allowance for losses on restructuring of affiliated companies

An allowance for losses on restructuring of affiliated companies has been provided based on loss estimated, as stipulated by Article 43 of Pre-Commercial Code Implementation Rules.

(5) Allowance for retirement benefits

The Company established an allowance for retirement benefits to prepare a disbursement scheme of such benefits for employees. We posted this allowance based on the value of retirement benefit obligations and the estimated value of pension assets at the end of the current fiscal year. We process unrecognized actuarial losses en bloc for the year in which they occur.

(6) Retirement allowance for directors

We abolished the retirement allowance for directors at the ordinary general meeting of shareholders on 29th June 2005. The company includes amounts equivalent to the retirement allowance for directors in “Other non-current liabilities.”

(7) Allowance for losses of affiliated company operations

An allowance for losses of affiliated companies’ operations has been provided to prepare for the possible losses such as operations of golf courses, etc., as stipulated by Article 43 of Pre-Commercial Code Implementation Rules

5. Accounting for Leases

Financing leases, other than those under which the ownership of the leased assets is regarded to be transferred to the lessee, are accounted for as ordinary operating leases.

6. Accounting for Hedge

(1) Accounting for hedge

Hedged foreign trade transactions are accounted for under the allocation method. (The allocation method requires recognized foreign currency receivables or payables to be translated using the corresponding foreign exchange contract rate.)

(2) Instruments used for hedge

In order to manage risks arising from fluctuations in foreign currency exchange rates, the Company enters into foreign exchange contracts.

(3) Hedged items

The Company hedges certain foreign trade transactions including forecasted transactions within the scope of established company policy.

(4) Effectiveness of hedge

As hedging through foreign exchange contracts is recognized as highly effective, the evaluation of its effectiveness is omitted.

7. Other important items for compiling financial statements

Consumption Tax

Transactions subject to the consumption tax and the local consumption tax are recorded under net tax method.

Notes to Non-Consolidated Balance Sheet

- (1) Any amount less than one million yen is rounded off to the nearest million.
- (2) Short-term monetary receivables due from affiliated companies ¥42,119 million
- Long-term monetary receivables due from affiliated companies ¥10,574 million
- Short-term monetary payables due to affiliated companies ¥36,653 million
- (3) Accumulated depreciation of fixed assets ¥9,208 million
- (4) Accumulated reduced book value of fixed assets by deferred capital gains ¥689 million
- (5) In addition to property, plant and equipment included in the balance sheet, the Company uses houses in the housing exhibition area under lease agreements.
- (6) Amount guaranteed by the Company ¥31,570 million
- (7) Net assets as stipulated by Article 124, Item 3 of Pre-Commercial Code Implementation Rules ¥21,354 million

Notes to Non-Consolidated Profit and Loss Statement

- (1) Any amount less than one million yen is rounded off to the nearest million.
- (2) Sales to affiliated companies ¥12,970 million
- (3) Purchase from affiliated companies ¥76,485 million
- (4) Non-operating transactions with affiliated companies ¥380 million
- (5) Net income per share ¥ 14.82

STATEMENT OF PROPOSED APPROPRIATION OF PROFIT

(Yen)

Unappropriated profits at end of the year	¥ 3,824,801,973
Reversal of reserve for advanced depreciation	<u>217,249,893</u>
Total	4,042,051,866

The proposed appropriation of the above unappropriated profits at end of the year is as follows:

Dividends	1,142,974,638
(6.5 yen per share)	
Directors' bonuses	45,000,000
Unconditional reserve	500,000,000
Unappropriated retained earnings to be carried forward	¥ <u>2,354,077,228</u>

- (Note) 1. Interim dividends in the amount of ¥1,143,285,670 (6.5 yen per share) were paid out at 9th December 2005.
2. Amount for reversal of reserve for advanced depreciation is in accordance with the Special Taxation Measures Law.