May 13, 2010

Summary of Consolidated Financial Results
For the Year Ended March 2010

Name of Company:	Sumitomo Forestry Co., Ltd.
Stock Code:	1911
Stock Exchange Listing:	Tokyo, Osaka
URL:	http://sfc.jp/
Representative	
Title:	President / Representative Director
Name:	Akira Ichikawa
Contact Person	
Title:	General Manager, Corporate Communications
Name:	Eita Muto
Phone:	+81-3-3214-2270
Date of regular general meeting of shareholders:	June 25, 2010
Date of commencement of dividend payment (tentative):	June 28, 2010
Date of filing of securities report:	June 25, 2010

(Note: Amounts are rounded to nearest million Yen.)

1. Financial results for the current fiscal year (April 1, 2009 − March 31, 2010)

(1) Result of operations (Consolidated) (Percentage figures represent year on year changes)

	Net sales		Operating income		Recurring income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY ended March 2010	723,923	-12.1	9,747	42.6	9,465	53.7	2,377	131.2
FY ended March 2009	823,810	-4.4	6,837	-5.5	6,160	-19.6	1,028	-7.8

	Net income per share	Net income per share fully diluted	Return on equity	Ratio of recurring income to assets	Operating income margin
	Yen	Yen	%	%	%
FY ended March 2010	13.42	-	1.5	2.1	1.3
FY ended March 2009	5.80	-	0.6	1.4	0.8

Note: Equity in losses of affiliates

FY ended March 2010 2,244 million yen

FY ended March 2009 576 million yen

(2) Financial Position (Consolidated)

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2010	469,738	162,930	34.6	917.82
As of March 31, 2009	427,738	156,192	36.5	880.94

Note: Shareholders' equity

FY ended March 2010: 162,588 million yen

FY ended March 2009: 156,058 million yen

(3) Cash flow position (Consolidated)

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investment activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
FY ended March 2010	37,239	(19,117)	11,546	71,662
FY ended March 2009	(8,161)	(29,062)	24,196	40,730

2. Dividends

	Dividend per share					Annual aggregate amount	Payout ratio (Consolidated)	Dividends/ net assets (Consolidated)
	End of 1Q	End of 2Q	End of 3Q	End of FY	Full year			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY ended March 2009	-	7.50	-	7.50	15.00	2,657	258.6	1.6
FY ended March 2010	-	7.50	-	7.50	15.00	2,657	111.8	1.7
FY ending March 2011 (est.)	-	7.50	-	7.50	15.00		44.3	

3. Forecast for the fiscal year ending March 2011 (Consolidated, April 1, 2010 - March 31, 2011)

	Net sales		Operating income		Recurring income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	350,000	3.9	0	-	0	-	-1,000	-	-5.65
Full year	760,000	5.0	12,000	23.1	12,000	26.8	6,000	152.4	33.87

Note: The percentage figures accompanying net sales, operating income, recurring income, and net income represent year-on-year changes.

4. Others

1. Changes in main subsidiaries (Changes in specific subsidiaries accompanied by changes in the scope of consolidation): None
2. Changes in accounting principles and procedures, presentation methods and other items in the preparation of the consolidated financial statements (Presented in the section on Changes to the Basis of Presenting the Consolidated Financial Statements)
   (a) Changes due to revision of accounting standards: Yes
   (b) Changes other than in (a): None
   Note: See the section of the Basis of Presenting the Consolidated Financial Statements for details. (Page 20)
3. Number of shares outstanding (common stock)

(a) Shares outstanding (including treasury stock)	As of March 31, 2010	177,410,239	As of March 31, 2009	177,410,239
(b) Treasury stock	As of March 31, 2010	263,750	As of March 31, 2009	260,902

Note: See the section of the Per-Share Information (Page 31) for details on the basis (number of shares) of calculating consolidated net income per share.

Non-consolidated Financial Results (For reference)

1. Financial results for the current fiscal year (April 1, 2009 − March 31, 2010)

(1) Result of operations (Non-consolidated) (Percentage figures represent year on year changes)

	Net sales		Operating income		Recurring income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY ended March 2010	593,243	-12.2	3,525	11.1	5,560	-5.0	1,936	-40.7
FY ended March 2009	675,968	-5.1	3,175	97.6	5,852	32.1	3,264	422.8

	Net income per share	Net income per share fully diluted
	Yen	Yen
FY ended March 2010	10.93	-
FY ended March 2009	18.42	-

(2) Financial Position (Non-consolidated)

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2010	426,983	145,052	34.0	818.82
As of March 31, 2009	383,098	142,582	37.2	804.87

Note: Shareholders' equity
FY ended March 2010: 145,052 million yen
FY ended March 2009: 142,582 million yen

2. Forecast for the fiscal year ending March 2011 (Non-consolidated, April 1, 2010 – March 31, 2011)

(Percentage figures represent year on year changes)

	Net sales		Operating income		Recurring income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	280,000	2.7	-2,500	-	-500	-	-500	-	-2.82
Full year	610,000	2.8	5,500	56.0	8,000	43.9	4,500	132.4	25.40

*Cautionary statement regarding forecasts of operating results and special notes

Forward-looking statements in these materials are based on information available to management at the time, this report was prepared and assumptions that management believes are reasonable.

1. Results of Operations

(1) Analysis of Results of Operations

(a) Results of Operations

In the fiscal year that ended in March 2010, Japan's economy recovered at a moderate pace despite persistent weakness in corporate earnings and capital expenditures. The recovery was backed primarily by growth in corporate exports and manufacturing as the global economy recovered due to economic stimulus programs in many countries. However, the outlook remains uncertain because of the risk of an economic downturn caused by factors such as fears of a dip in overseas economies, mainly in Europe and the United States, and the effects of prolonged deflation.

In Japan's housing industry, the rapid increase in unemployment, falling personal income and other events have made people less willing to make investments in residences. The result was a steep 25.4% drop in the number of new housing starts to 775,000 in the fiscal year that ended in March 2010. The number of owner-occupied housing starts, which is closely tied to the housing business of Sumitomo Forestry, started recovering in November 2009 because of a mortgage tax break and other beneficial government programs. For the entire fiscal year, though, the number of these construction starts decreased 7.6% to 287,000 because of the large decline in the fiscal year's first half. In the timber and building materials business as well, market conditions were weak as the big downturn in new housing starts held down demand for building materials throughout the fiscal year.

In response to this challenging business climate, the Sumitomo Forestry Group focused on further improving profitability, supplying value-added products by leveraging the group's expertise and building business operations. However, there were declines in the number of custom-built detached houses sold and in sales volumes in the distribution of timber and building materials business and the building materials manufacturing business. As a result, sales decreased 99,887 million yen, or 12.1%, to 723,923 million yen.

Selling, general and administrative expenses decreased 12,134 million yen, or 9.6%, to 114,522 million yen. This was attributable primarily to extensive cost-cutting measures across the entire group and to a decrease in personnel expenses resulting in part to an actuarial gain associated with accounting for retirement benefit obligations.

Operating income increased 2,910 million yen, or 42.6%, to 9,747 million yen. Although the gross profit was lower, earnings benefited from the actuarial gain associated with retirement benefit accounting.

Recurring income increased 3,305 million yen, or 53.7%, to 9,465 million yen. There was an equity-method loss for investments in overseas group companies but recurring income improved because of the increase in operating income and an increase in non-operating income that was due in part to a foreign exchange gain.

Net income increased 1,349 million yen, or 131.2%, to 2,377 million yen. There were extraordinary losses that included an asset impairment charge for building materials manufacturing equipment at a subsidiary in Japan and extraordinary gains that included a gain on the shift to a defined-contribution pension plan because of a change in the retirement benefit system.

A year-end dividend of 7.5 yen per share was paid as originally planned.

Business Segments

Timber and Building Materials business

In the building materials manufacturing business, which includes overseas operations, there was a recovery in sales volume in the fiscal year's second half. However, timber and building materials performance suffered because the timber and building materials market in Japan was lackluster during the entire fiscal year. As a result, segment sales decreased 16.7% to 344,874 million yen and operating income fell 55.6% to 913 million yen.

1) Timber and Building Materials Distribution Business

Performance was poor because of difficult market conditions. In response, this business aimed at maintaining the stability of earnings by carefully managing inventories, quality, delivery times and other aspects of operations. Another priority was increasing sales volume by further deepening cooperative relationships with major customers. In addition, performance benefited from rising demand for Japanese lumber because of the Japanese government's goal of meeting a higher percentage of timber demand with domestic resources. Sumitomo Forestry Wood Products Co., Ltd., which has an integrated lumber business in Japan, increased the area of forests harvested and established a tree-harvesting system that includes reforestation in order to maintain a stable supply of domestic timber. Furthermore, KIKORIN-PLYWOOD was introduced as a product in which more than half of raw materials are harvested from sustainable certified forests or plantation forests.

2) Building Materials Manufacturing Business

For operations in Japan, in response to slumping demand for building materials, the group focused on improving manufacturing efficiency and on fabricating and selling products that are less vulnerable to changes in market conditions. In overseas operations, there was a recovery in sales volume in the fiscal year's second half as the upturn in demand in the first half ended. Furthermore, there were some growth-oriented initiatives overseas. For example, PT. Sinbar Rimba Pasifik of Indonesia started manufacturing wooden materials for building interiors and the manufacture of particleboard will soon be started in Vietnam. To show its commitment to environmental protection, PT. Rimba Partikel Indonesia started providing visibility for its greenhouse gas emissions extending from raw materials procurement through manufacturing by including Carbon Footprint information*1 on the particleboard it manufactures and sells.

*1 Carbon Footprint:

The Carbon Footprint shows the amount of greenhouse gases emitted during the entire life cycle of products and services, extending from the procurement of raw materials through disposal or recycling. Information is shown by using easily understood CO_2 equivalent values. For this particleboard, the Carbon Footprint shows a CO_2 value for greenhouse gas emissions only for raw material procurement through manufacturing.

3) Forestry Business

The central theme in this business sector is conducting sustainable, environmentally sound management while aiming to achieve low-cost forestry operations based on a forest management plan that uses a long-term perspective. Another goal is building new business models in order to increase the vitality of Japan's forestry industry. One example is the registration of a project involving company-owned forests in Miyazaki prefecture under the Japan Verified Emission Reduction*2 (J-VER) scheme of the Ministry of the Environment. Some of the emission credits issued have already been traded. Another activity is the unified management of company-owned forests and adjacent government-owned forests. This makes possible efficient forest management and the joint sale of timber. In addition, as a New Energy and Industrial Technology Development Organization (NEDO) project, Sumitomo Forestry is working with an equipment manufacturer and university to develop an advanced timber-harvesting machine suited to Japan's forests, which are often located on rough terrain and steep slopes.

*2 Japan Verified Emission Reduction (J-VER)
J-VER is a system established in November 2008 by Japan's Ministry of the Environment as one way to combat global warming. This system certifies as voluntary carbon offset credits the amount of greenhouse gas emissions in Japan that is reduced or absorbed.

Housing and Housing-Related Businesses

In the first half of the fiscal year, the number of houses sold decreased mainly because of the small number of housing starts. In addition, there was a decrease in sales per newly constructed houses that also reflected a lower percentage of rebuilding and increasing percentage of younger buyers. Despite the lower sales, operating income increased because of extensive cost-reduction measures throughout the group and strong performances by the renovation and other peripheral businesses. As a result, segment sales decreased 7.6% to 375,202 million yen but operating income was up 62.7% to 13,744 million yen.

1) New Custom-Built Housing

In this business, the sales organization was reexamined to improve operating efficiency and increase market share. This business also continued to implement broad-based cuts in operating expenses and the cost of production to build a stronger base for earnings. Sales activities focused on capturing more orders. Measures included increasing orders for houses equipped with solar panels, the establishment of a system for selling post-and-beam houses and two-by-four houses together, forming ties with new business partners for referrals, and encouraging referrals from customers who live in a Sumitomo Forestry home. Regarding the product lineup, the new line of Kodachi wooden custom-built homes was introduced in response to the declining home rebuilding rate and the increasing numbers of younger customers. Outstanding basic functions and many popular types of facilities are standard in all Kodachi models. There are 300 basic plans so that customers can select designs that match their requirements. Buyers can also select solar panels and many other options. This gives Sumitomo Forestry a larger lineup of competitively priced houses that target primarily first-time buyers. Separately, to make the lineup of houses even more competitive, the BF-Si line of one and two-story houses that use Sumitomo Forestry's exclusive Big Frame construction method*3 was introduced.

The detached spec home business continued to grow because of strong sales of houses with affordable prices.

In the apartment business, rising vacancy rates are making an increasing number of individuals reluctant to start operating apartment buildings. In response, Sumitomo Forestry launched the BF-Maison line of rental housing in order to capture more orders for apartment buildings. This new line of buildings uses the Big Frame construction method to facilitate relatively simple changes in floor plans and building use to reflect changes in market conditions.

Outside Japan, the new housing business has operations in the United States, China and South Korea. In addition, Sumitomo Forestry has acquired a 50% stake in the Henley Properties Group, one of Australia's largest homebuilders, in order to start full-scale housing operations in Australia.

*3 Big Frame construction method
The Big Frame construction method is an original Sumitomo Forestry technique that has been refined since the February 2005 introduction of the Proudio-BF three-story building. This method was patented as the first wooden beam Rahmen structure in Japan. By eliminating the need for through pillars, the Big Frame construction method offers many advantages. It provides a high degree of flexibility in building plans, makes possible designs with pillar positions that differ on each floor, and makes it easy to design large spaces with few partition walls.

2) Real Estate

In the real estate business, Sumitomo Forestry started sales of units at its first condominium project. In addition, operations focused on reducing vacancy rates at leased properties under management, replacing leased properties with holdings that are more profitable, and generating consistent earnings. There is also a senior-care home business dedicated to providing reliable nursing care services in line with Sumitomo Forestry's corporate philosophy. In this business, the plan is to achieve growth by increasing the number of homes and upgrading operations in order to improve services.

3) Renovation

There are good prospects for growth in the renovation business due to the expected increase in needs associated with houses in Japan. To target this opportunity, people and other resources are being shifted to Sumitomo Forestry Home Tech Co., Ltd., which operates the renovation business in order to strengthen its sales organization. In addition, this company created a system in which a Realize Reform Team is created for each customer. Teams include sales, design, construction, after-sales service and other members. The main objective is to handle large renovation projects better. Furthermore, in addition to conducting periodic events like on-site tours, Sumitomo Forestry Home Tech took steps to strengthen its sales network in order to respond quickly to renovation demand from customers living in Sumitomo Forestry homes. Actions include deepening ties with the Owners Support Groups, which have been established at all Sumitomo Forestry Housing Division branches to handle inquiries from owners of Sumitomo Forestry houses.

Other Businesses

In addition to the operations in the above business segments, the Sumitomo Forestry Group is engaged in the development of IT systems and leasing operations for group companies and in property and casualty insurance sales and a variety of other services for housing and other customers. This segment also includes the manufacture and sale of agricultural and gardening products and other operations. Segment sales increased 2.6% to 3,847 million yen and operating income decreased 2.4% to 913 million yen.

(b) Outlook for fiscal year ending March 31, 2011

The Japanese economy continues to stage only a weak self-sustaining recovery. However, there are hopes that the slow recovery will continue due to external demand and government economic stimulus measures. But there is still a risk of an economic downturn because of deflation, worsening unemployment and other problems. As a result, the economic outlook will probably remain negative.

In this business climate, the Sumitomo Forestry Group is taking many actions aimed at sustaining growth. One way is by making substantial investments in businesses that are profitable and have good prospects for growth while preserving the optimum allocation of the group's resources. At the same time, group companies will continue to cut the cost of manufacturing and reduce operating expenses.

In the Timber and Building Materials business, the goal is to utilize the group's skill in procuring timber in Japan and overseas in order to pursue a differentiation strategy and increase market share. Initiatives also include strengthening ties with customers and suppliers and handling a larger volume of environmentally sound products and Japanese timber and wood products. In addition, to make the wooden building materials manufacturing business more competitive, Sumitomo Forestry Crest Co., Ltd. and Toyo Plywood Co., Ltd, the two companies operating this business, merged on April 1, 2010. Home Eco Logistics Co., Ltd. was established in April 2010 to operate a logistics business for the streamlined and efficient distribution of homebuilding materials.

The new custom-built housing business is benefiting from the establishment of an eco-point program for houses, adoption of the Excellent Long-Term Housing program, which promotes the use of Japanese lumber, and other items. However, from a medium-to-long-term perspective, Japan's housing market is expected to shrink because of the country's aging population and falling number of children. In response, this business will continue to work on building an operating framework that can be consistently profitable.

In overseas operations, group companies are expanding the building materials manufacturing business and other existing businesses in other countries. In response to the rising demand for timber from plantation forests, the group is also moving quickly to enlarge its forestation operations.

In the real estate business, the objective is to generate earnings by enlarging the leasing business, which is expected to produce consistent profits, and carefully selecting properties to hold and increasing real estate holdings. To target opportunities created by Japan's rapidly aging population, the real estate business plans to steadily expand its senior care business. This involves primarily the operation of private-payment senior homes with nursing care.

In the renovation business, the group plans to use proposal-linked sales activities backed by its outstanding technologies and experience in the existing-home market, which is expected to grow in the coming years. This business will focus on capturing more orders, primarily for midsize and large renovation projects.

For environmental activities, the Sumitomo Forestry Group is building a new environmental business model that takes full advantage of its exclusive know-how and networks associated with forestation, forest management and CDM projects*.

*The CDM (Clean Development Mechanism) is a method by which capital and technology from industrialized countries are used for projects to reduce greenhouse gas emissions in developing countries. The resulting emission reductions are credited to the industrialized countries.

(2) Overview on Financial Position

(a) Balance Sheet Highlights (million yen)

	Fiscal Year ended March 2009	Fiscal Year ended March 2010
Total assets	427,738	469,738
Total liabilities	271,546	306,808
Total net assets	156,192	162,930

Assets totaled 469,738 million yen at the end of the fiscal year, 42,000 million yen more than one year earlier. The increase in assets was attributable mainly to an investment in an Australian housing company to expand the overseas housing business and an increase in cash on hand resulting from the longer payment cycle caused by a change in the method for paying trade payable. Liabilities increased 35,263 million yen to 306,808 million yen. There was a decrease in the accrued employees' retirement benefits resulting from a revision in the retirement benefit system. But this was more than offset by increases in trade payables, bonds issued and other items. Net assets were 162,930 million yen and the equity ratio was 34.6%.

(b) Cash Flow (million yen)

	Fiscal Year ended March 2009	Fiscal Year ended March 2010
Cash flows from operating activities	(8,161)	37,239
Cash flows from investment activities	(29,062)	(19,117)
Cash flows from financing activities	24,196	11,546
Effect of exchange rate change on cash and cash equivalents	(717)	1,205
Net increase (decrease) in cash and cash equivalents	(13,745)	30,873
Cash and cash equivalents at beginning of period	54,475	40,730
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	-	60
Cash and cash equivalents at end of period	40,730	71,662

There was a net increase of 30,933 million yen in cash and cash equivalents to 71,662 million yen. A summary of cash flows is presented below.

1) Operating activities

Net cash provided by operating activities was 37,239 million yen. Cash was provided by income before income taxes and minority interests of 10,583 million yen, an increase in notes and accounts payable, trade resulting from the payment method, an increase in construction payables because many custom-built home completions occurred at the end of the fiscal year, and other items.

2) Investment activities

Net cash used in investment activities was 19,117 million yen. The main uses of cash were purchases of investment securities and, in the real estate business, purchases of rental properties.

3) Financing activities

Net cash provided by financing activities was 11,546 million yen. Cash was used for dividend payments and the repayment of long-term loans and cash was provided by a bond issue.

The following table shows financial indicators associated with cash flows.

	FY 3/06	FY 3/07	FY 3/08	FY 3/09	FY 3/10
Equity ratio (%)	37.7	37.5	38.4	36.5	34.6
Equity ratio based on market value (%)	45.2	44.1	27.2	27.0	28.8
Ratio of interest-bearing debt against cash flow (years)	1.3	3.6	1.0	-	1.8
Interest coverage ratio (times)	16.5	5.6	17.9	-	31.8

Notes: Equity ratio= shareholders' equity/total assets

Equity ratio based on market value = market value of total shares/total assets

Ratio of interest-bearing debt against cash flow = interest-bearing debt/operating cash flow

Interest coverage ratio = operating cash flow/interest expense

*All calculations were made on a consolidated base.

*Market value of total shares is calculated based on the number of shares issued except treasury stock.

*Amounts used for operating cash flow and interest expense were taken from "cash flows from operating activities" and "interest expense" reported in consolidated statements of cash flows. Interest incurring debt consists of all debts appearing on the balance sheet that incurs interest.

(3) Policy on Profit Distribution and Dividends for FY 3/10 and FY 3/11

The fundamental policy is to make stable and continuous distributions of earnings to shareholders, which Sumitomo Forestry positions as one of its highest priorities. The company places priority on improving the return on capital employed as a performance indicator in order to become more profitable. In addition, the company distributes a suitable level of earnings in relation to total earnings while taking into account the need to preserve balance among these distributions and the base of operations, financial position, investment plans and other items.

For the fiscal year that ended in March 2010, the company paid an interim dividend of 7.50 yen per share and a year-end dividend of 7.50 yen per share. For the fiscal year ending in March 2011, the company plans to pay a dividend of 15 yen per share, the sum of interim and year-end dividends of 7.50 yen each.

Retained earnings are used effectively by making effective investments, funding R&D programs and supporting other activities in line with a long-term management plan.

(4) Business Risk

(a) Housing Market Trends

The Sumitomo Forestry Group business results are heavily reliant on the trends in the housing market. Changes in the following business conditions may cause significant declines in housing orders that could impact the Group's business results.

1) Economic Cyclical Changes

An economic slump or deterioration in the economic outlook, as well as a decline in personal consumption caused by such factors, could affect the Group's business results by weakening customer interest in purchasing housing.

2) Interest Rate Fluctuations

Interest rate increases, particularly rises in long-term interest rates, can have an adverse effect on demand as they cause an increase in total payments for customers purchasing detached housing, many of whom take out loans for the purchase, and for customers who build collective housing for the effective use of their land. The anticipation of rises in interest rates can induce a temporary surge in home purchases, however, as consumers seek to avoid high loan costs.

3) Land Price Fluctuations

A sharp rise in land prices can have a negative effect on consumer inclination to purchase land on which to build housing. Conversely, a steep drop in land prices is a form of asset deflation and can reduce demand for home reconstruction. Consequently, substantial rises or drops in land prices both have the potential to impact the Group's business results.

4) Tax System Changes

An increase in the consumption tax rate that would directly apply to housing purchase amounts would potentially significantly reduce housing demand and could impact the Group's business results.

(b) Statutory Changes

Laws and regulations surrounding the housing business include the Personal Information Protection Act in addition to the Building Standards Law, Construction Industry Law, Building Lots and Building Transaction Business Law, Urban Planning Law, National Land Use Planning Law, Housing Quality Assurance Law, and Waste Disposal and Public Cleaning Law (law concerning procedures for waste disposal and site clean-up). The Sumitomo Forestry Group diligently conforms to all laws and regulations while recognizing that the abolition, revision, or adoption of laws and regulations can substantially influence the Group's business results.

(c) Timber and Building Materials Market Conditions

Declines in prices for timber and building materials reduce the profitability of the timber and building materials business. On the other hand, steep increases in prices for timber and building materials, as well as rises in prices for other building materials, can lead to higher materials costs for the housing business which could impact group results. Price fluctuations for other raw materials, such as oil, can directly or indirectly affect raw materials prices and influence the Group's business results.

(d) Exchange Rate Fluctuations

The Group is taking measures to reduce the foreign exchange risks involved in foreign currency-denominated imports through foreign exchange forward contracts and other means. However, foreign exchange rate fluctuations could push the Group's costs temporarily up or down. Meanwhile, a Group company that manufactures and sells wooden building materials abroad, for example, could be impacted if the currency of its host country appreciates against the currency used for settlement.

(e) Product Quality Assurance

The Group endeavors to implement complete quality control of its products, housing, and in all aspects of its operations. However, unforeseen circumstances can potentially lead to a significant quality issue that could influence the Group's business results.

(f) Overseas Business Activities

The Group conducts various business activities overseas and engages in business transactions, such as product transactions, with various business partners overseas. Consequently, as is the case with domestic Japanese operations, laws and regulations, economic and social conditions, and consumer trends in the foreign countries in which the Group conducts business can influence the Group's business results.

(g) Retirement Benefit Obligations

A significant deterioration in the operating environment for the Group's pension assets, such as substantial fluctuations in the domestic stock market or the necessity to revise the assumptions for pension actuarial calculations, can require an increase in pension assets or can increase the costs associated with the pension accounts, and could influence the Group's business results and financial position.

(h) Stock Market

Volatile stock price fluctuations could cause the Group to book evaluation losses on its securities holdings, thereby negatively impacting its business results and financial position.

(i) Natural Disasters

Damage from a major earthquake, wind, flood, or other destructive natural element could result in cost increases from operating interruptions at facilities, safety verification of our housing products, completion delays for construction contracts, or other actions. A significant increase in costs caused by a natural disaster could influence Group business results.

(j) Information Security

The Group makes every possible effort to ensure the proper and secure management of the large volume of customer information it holds, through establishing necessary rules and systems and conducting extensive education and training of executives and employees. Despite such precautions, customer information could leak out due to a computer system breach by a malicious third party, the theft of recording media holding such information, a human error by an employee or contracted worker, an accident, or other causes. In such cases, the Group could face customer claims for compensatory damages and lose the trust of customers and the market, which could affect its business results.

(k) Environmental Risk

"Symbiosis with the Environment" is a top priority for the Group and is one of the four action guidelines of the Group's corporate philosophy. Changes to environmental regulations in Japan or overseas or the occurrence of major environmental issues could lead to fines, compensation payments, costs associated with resolving environmental problems, or other expenses that could influence the Group's business results.

(l) Decline in Value of Held Assets

In the event of a decline in the value of assets held by the Group, such as real estate holdings and products, due to marked worsening of market conditions, there is the possibility valuation losses would be booked and of disposal of impaired assets, which may influence the Group's business results and financial position.

(m) Provision of Credit to Business Partners

The Group provides credit to business partners in the form of trade receivables, etc., and makes provisions for setting appropriate limits and reserves for credit losses to avoid exposure to credit risk. As these measures do not ensure complete avoidance of exposure to credit risk, the potential exists that exposure to credit risk may influence the Group's business results and financial position.

(n) Litigation Risk

As the Group is engaged in a range of business activities in Japan and overseas, there exists the possibility that said activities could be subject to litigation and/or dispute. In the event of these activities becoming subject to litigation, the Group's business results and financial position may be influenced accordingly.

(o) Fundraising Risk

The Group conducts fundraising, such as borrowing from financial institutions, and as such there is the possibility that fundraising costs may increase or fundraising itself could be regulated due to changes in the economic environment or lowering of credit ratings. In this event, the possibility exists of this influencing the Group's business results and financial position.

*Statements in this annual report with respect to matters in the future are forward-looking statements deemed by the Group as of the date of the production of this report.

2. Corporate Group

The Sumitomo Forestry Group (Sumitomo Forestry and its related companies) consists of Sumitomo Forestry, 45 subsidiaries and 12 affiliated companies. These companies are engaged primarily in the forestry business, which includes the procurement, manufacture, processing and sale of timber and building materials, the construction and sale of detached houses and apartment buildings, and other activities as well as operations associated with these activities.

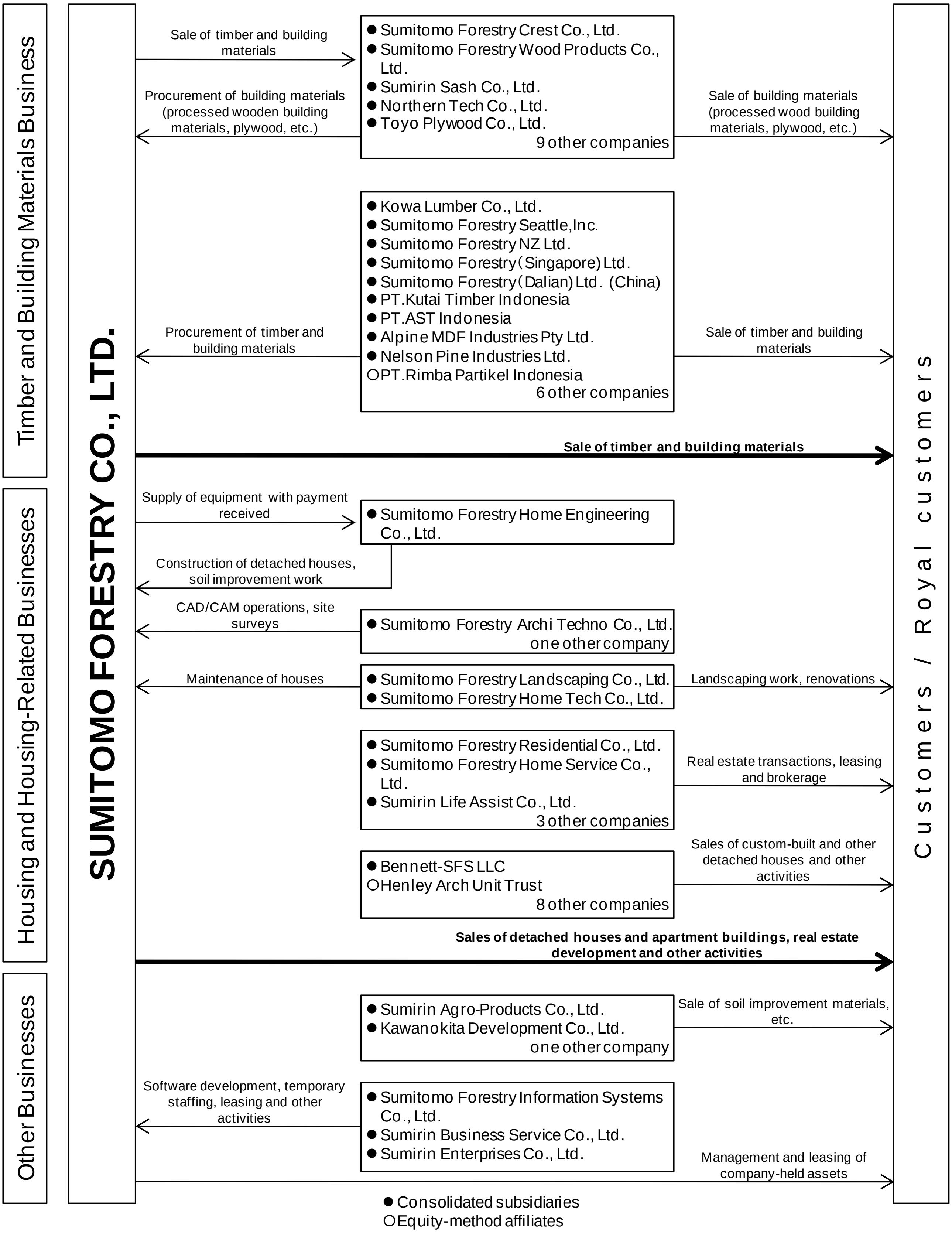
The following table shows business activities and the positioning of these businesses within the group.

The following three business sectors are the same as the business segments used for financial reporting.

Timber and Building Materials Business	Business description	Planting, harvesting and management of forests in Japan and overseas; procurement, manufacture, processing and sale of timber (logs, lumber, laminated lumber, chips, etc.) and building materials (processed wooden building materials, ceramic building materials, metal building materials, housing equipment, plywood, fiberboard, etc.)
	Major related companies	Sumitomo Forestry Crest Co., Ltd., Sumitomo Forestry Wood Products Co., Ltd., Sumirin Sash Co., Ltd., Kowa Lumber Co., Ltd., Northern Tech Co., Ltd., Sumitomo Forestry Seattle, Inc., Sumitomo Forestry NZ Ltd., Sumitomo Forestry (Singapore) Ltd., Sumitomo Forestry (Dalian) Ltd., PT. Kutai Timber Indonesia, PT. AST Indonesia, Toyo Plywood Co., Ltd., Alpine MDF Industries Pty Ltd., Nelson Pine Industries Ltd., PT. Rimba Partikel Indonesia
Housing and Housing-Related Businesses	Business description	Construction, sale, maintenance and renovations of detached houses and apartment buildings, leasing and management of apartment buildings, real estate transactions and rental property brokerage, landscaping and greenery services, outsourced CAD/CAM operations, site surveys, soil stabilization work, sale of interior products
	Major related companies	Sumitomo Forestry Residential Co., Ltd., Sumitomo Forestry Home Engineering Co., Ltd., Sumitomo Forestry Home Service Co., Ltd., Sumitomo Forestry Landscaping Co., Ltd., Sumitomo Forestry Archi Techno Co., Ltd., Sumitomo Forestry Home Tech Co., Ltd., Sumirin Life Assist Co., Ltd., Bennett-SFS LLC, Henley Arch Unit Trust
Other Businesses	Business description	Temporary staffing, software development, leasing, insurance agency, manufacture and sale of soil improvement materials and landscaping products, others
	Major related companies	Sumitomo Forestry Information Systems Co., Ltd., Sumirin Agro-Products Co., Ltd., Sumirin Business Service Co., Ltd., Sumirin Enterprises Co., Ltd., Kawanokita Development Co., Ltd.

Note: Sumitomo Forestry Crest Co., Ltd. absorbed Toyo Plywood Co., Ltd. on April 1, 2010.

The diagram below presents the information in the table above in a flow chart format.



3. Management Policy

(1) Fundamental Management Policy

The corporate philosophy of the Sumitomo Forestry Group is “to utilize timber as a renewable, healthy, and environmentally friendly natural resource, and to contribute to a prosperous society through all types of housing-related services.” The fundamental management policy is to use this philosophy to achieve the goal of maximizing shareholder value.

To accomplish this goal, the group conducts business operations by placing priority on improving operating efficiency and profitability. Operations are guided by four action guidelines: adherence to the “Sumitomo Spirit,” which places emphasis on fairness and trust and on conducting business activities that are beneficial to society; a dedication to “Respect for Humanity” by promoting diversity and an open and energetic corporate culture; extensive activities concerning “Environmental Responsibility” to help create a sustainable society; and “Putting Customers First” in order to achieve complete customer satisfaction by supplying products and services with outstanding quality.

Another goal is improving the quality of management by using an aggressive disclosure program to increase the transparency of the group’s management.

(2) Targeted performance indicators

Sales and recurring income are positioned as performance indicators that show the growth of the entire Sumitomo Forestry Group. In addition, emphasis is placed on the return on capital employed as an indicator of operating efficiency.

(3) Medium and long-term strategies and important issues

The goal of the Sumitomo Forestry Group is to become an organization that utilizes “wood” to conduct a comprehensive portfolio of businesses associated with housing. There are two core businesses: new custom-built housing and the distribution and manufacture of timber and building materials. There are also three businesses that the group plans to focus on strengthening so they can contribute to earnings. The first is overseas business. This involves the manufacture and sale of wooden building materials, the sale of detached houses and other activities in growing overseas markets. The second is the real estate business, which includes the sale of spec homes, real estate development, brokerage services, rental property management and other activities. The third is the renovation business, which serves both houses and buildings constructed by the group and other companies. Rapidly developing these activities into core businesses will preserve the stability of earnings for the entire group regardless of changes in the operating environment. These priority growth businesses will also enable the group to contribute to creating a prosperous society as an organization able to supply services associated with housing. The group is determined to continue making steady progress with management strategies in order to fulfill these medium and long-term goals.

The Sumitomo Forestry Group has been growing forests and trees for more than three centuries since its inception while coexisting with nature. A dedication to sustainability has become the group’s corporate culture. Based on this dedication, the group is taking the lead among Japanese companies in the preservation of biodiversity along with the utilization of biodiversity and educational activities. The objective is to conduct high-quality business activities that are in harmony with the environment and society.

4. Consolidated Financial Statements

(1) Consolidated balance sheet

(million yen)

	As of March 31, 2009	As of March 31, 2010
Assets		
Current assets		
Cash and time deposits	23,854	52,714
Notes and accounts receivable-trade	106,167	102,355
Accounts receivable from completed construction contracts	4,889	5,071
Marketable securities	17,194	19,000
Finished goods, logs and lumber	15,350	12,236
Work in process	1,111	1,086
Raw materials and supplies	4,045	3,908
Developed land and housing for sale	21,593	26,333
Costs on uncompleted construction contracts	30,119	32,420
Deferred tax assets	6,647	6,308
Short-term loans receivable	3,656	859
Accounts receivable-other	39,682	42,599
Other	4,668	3,719
Allowance for doubtful accounts	(740)	(836)
Total current assets	278,237	307,772
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	46,792	50,928
Accumulated depreciation	(20,161)	(21,210)
Buildings and structures, net	26,631	29,718
Machinery, equipment and vehicles	49,693	56,957
Accumulated depreciation	(34,371)	(41,073)
Machinery, equipment and vehicles, net	15,322	15,884
Land	28,299	26,692
Leased assets	2,615	4,541
Accumulated depreciation	(282)	(1,162)
Leased assets, net	2,334	3,379
Construction in progress	2,938	439
Other	17,351	18,139
Accumulated depreciation	(4,729)	(5,381)
Other, net	12,623	12,757
Total property, plant and equipment	88,146	88,870
Intangible assets		
Goodwill	745	309
Other	5,694	6,328
Total intangible assets	6,439	6,637
Investments and other assets		
Investment securities	35,072	51,094
Long-term loans receivable	8,551	3,094
Deferred tax assets	1,761	1,138
Prepaid pension cost	-	1,595
Other	11,285	11,574
Allowance for doubtful accounts	(1,752)	(2,037)
Total investments and other assets	54,916	66,459
Total noncurrent assets	149,502	161,966
Total assets	427,738	469,738

(million yen)

	As of March 31, 2009	As of March 31, 2010
Liabilities		
Current liabilities		
Notes and accounts payable-trade	74,119	86,553
Accounts payable for construction contracts	52,828	61,029
Short-term debt	10,619	12,323
Lease obligations	514	815
Income taxes payable	1,307	2,205
Advances received on uncompleted construction contracts	34,028	31,077
Deferred tax liabilities	6	10
Provision for employees’ bonuses	7,452	7,337
Provision for directors' bonuses	39	35
Provision for warranties for completed construction	1,308	1,256
Other	14,318	16,794
Total current liabilities	196,537	219,434
Long-term liabilities		
Bonds issued	-	15,000
Long-term debt	36,145	36,008
Lease obligations	1,849	2,640
Deferred tax liabilities	2,989	9,358
Provision for employees’ retirement benefits	18,414	5,390
Provision for directors' retirement benefits	139	164
Provision for loss on business liquidation	888	1,306
Other	14,585	17,509
Total long-term liabilities	75,009	87,374
Total liabilities	271,546	306,808
Net assets		
Shareholders' equity		
Common stock	27,672	27,672
Capital surplus	26,872	26,872
Retained earnings	105,346	105,066
Treasury stock	(260)	(262)
Total shareholders' equity	159,630	159,348
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	2,359	5,594
Deferred gains or losses on hedges	29	24
Foreign currency translation adjustment	(5,961)	(2,378)
Total valuation and translation adjustments	(3,572)	3,241
Minority interests	135	342
Total net assets	156,192	162,930
Total liabilities and net assets	427,738	469,738

(2) Consolidated statements of income

(million yen)

	FY ended March 2009	FY ended March 2010
Net sales	823,810	723,923
Cost of sales	690,317	599,654
Gross profit	133,493	124,269
Selling, general and administrative expenses	126,656	114,522
Operating income	6,837	9,747
Non-operating income		
Interest income	623	521
Purchase discounts	804	459
Dividends income	785	528
Foreign exchange gains	-	1,194
Other	1,599	1,445
Total non-operating income	3,812	4,147
Non-operating expenses		
Interest expenses	1,363	1,162
Sales discounts	640	486
Equity in losses of affiliates	576	2,244
Foreign exchange losses	1,047	-
Other	864	537
Total non-operating expenses	4,489	4,429
Recurring income	6,160	9,465
Extraordinary gains		
Gain on sales of noncurrent assets	149	69
Gain on sales of investment securities	16	173
Gain on applying Accounting Standard for Construction Contracts	-	321
Gain on transition of defined contribution pension	-	1,714
Amortization of prior service cost	-	2,068
Total extraordinary gains	166	4,346
Extraordinary loss		
Loss on retirement of noncurrent assets	243	283
Impairment loss	532	2,049
Loss on devaluation of investment securities	2,214	179
Head office transfer cost	-	255
Litigation settlement	-	462
Loss on devaluation of inventories	421	-
Loss on liquidation of subsidiaries and affiliates	622	-
Other	330	-
Total extraordinary loss	4,361	3,228
Income before income taxes and minority interests	1,964	10,583
Income taxes-current	2,129	3,001
Income taxes-deferred	(1,149)	5,228
Total income taxes	979	8,229
Minority interests	(44)	(24)
Net income	1,028	2,377

(3) Consolidated statements of changes in net assets

(million yen)

	FY ended March 2009	FY ended March 2010
Shareholders' equity		
Common stock		
Balance at the end of previous period	27,672	27,672
Balance at the end of current period	27,672	27,672
Capital surplus		
Balance at the end of previous period	26,876	26,872
Changes during the period		
Disposal of treasury stock	(4)	(0)
Total changes during the period	(4)	(0)
Balance at the end of current period	26,872	26,872
Retained earnings		
Balance at the end of previous period	107,198	105,346
Changes in accounting policy change at foreign subsidiaries	(222)	-
Changes during the period		
Cash dividends(￥15.00 per share)	(2,658)	(2,657)
Net income	1,028	2,377
Total changes during the period	(1,629)	(280)
Balance at the end of current period	105,346	105,066
Treasury stock at cost		
Balance at the end of previous period	(249)	(260)
Changes during the period		
Purchase of treasury stock	(23)	(2)
Disposal of treasury stock	12	0
Total changes during the period	(11)	(2)
Balance at the end of current period	(260)	(262)
Total shareholders' equity		
Balance at the end of previous period	161,497	159,630
Changes in accounting policy change at foreign subsidiaries	(222)	-
Changes during the period		
Cash dividends (¥15.00 per share)	(2,658)	(2,657)
Net income	1,028	2,377
Purchase of treasury stock	(23)	(2)
Disposal of treasury stock	8	0
Total changes during the period	(1,644)	(282)
Balance at the end of current period	159,630	159,348

(million yen)

	FY ended March 2009	FY ended March 2010
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	9,085	2,359
Changes during the period		
Net changes in items other than shareholders' equity	(6,725)	3,235
Total changes during the period	(6,725)	3,235
Balance at the end of current period	2,359	5,594
Deferred gains or losses on hedges		
Balance at the end of previous period	59	29
Changes during the period		
Net changes in items other than shareholders' equity	(30)	(5)
Total changes during the period	(30)	(5)
Balance at the end of current period	29	24
Foreign currency translation adjustment		
Balance at the end of previous period	2,278	(5,961)
Changes during the period		
Net changes in items other than shareholders' equity	(8,239)	3,583
Total changes during the period	(8,239)	3,583
Balance at the end of current period	(5,961)	(2,378)
Minority interests		
Balance at the end of previous period	169	135
Changes during the period		
Net changes in items other than shareholders' equity	(35)	207
Total changes during the period	(35)	207
Balance at the end of current period	135	342
Total net assets		
Balance at the end of previous period	173,089	156,192
Effect of changes in accounting policies applied to foreign subsidiaries	(222)	-
Changes during the period		
Dividends from surplus	(2,658)	(2,657)
Net income	1,028	2,377
Purchase of treasury stock	(23)	(2)
Disposal of treasury stock	8	0
Net changes in items other than shareholders' equity	(15,029)	7,020
Total changes during the period	(16,674)	6,738
Balance at the end of current period	156,192	162,930

(4) Consolidated statements of cash flows

(million yen)

	FY ended March 2009	FY ended March 2010
Cash flows from operating activities		
Income before income taxes and minority interests	1,964	10,583
Depreciation and amortization	8,477	8,502
Impairment loss	532	2,049
Amortization of goodwill	294	213
Provision for (reversal of) doubtful accounts	524	382
Provision for (reversal of) employees’ bonuses	(186)	(115)
Provision for (reversal of) directors' bonuses	(3)	(4)
Provision for (reversal of) warranties for completed construction	(18)	(53)
Provision for (reversal of) loss on business liquidation	-	418
Provision for (reversal of) retirement benefits, less payments	3,421	(14,672)
Provision for (reversal of) directors' retirement benefits	(21)	25
Interest and dividends income	(1,408)	(1,049)
Interest expenses	1,363	1,162
Equity in (earnings) losses of affiliates	576	2,244
Losses (gains) on sales of marketable securities and investment securities, net	(16)	(173)
Losses on devaluation of marketable securities and investment securities	2,214	179
Losses (gains) on sales/disposal of fixed assets, net	94	214
Decrease (increase) in notes and accounts receivable-trade	7,833	3,657
Inventories	(9,796)	5,842
Other current assets	5,852	(2,947)
Notes and accounts payable, trade	(20,628)	24,987
Advances received	(91)	(59)
Advances received on uncompleted construction contracts	(6,350)	(2,951)
Accrued consumption taxes	262	531
Other current liabilities	426	(409)
Other, net	1,201	(290)
Subtotal	(3,488)	38,265
Interest and dividends income received	1,550	965
Interest paid	(1,180)	(1,170)
Income taxes paid	(5,043)	(821)
Net cash provided by (used in) operating activities	(8,161)	37,239

(million yen)

	FY ended March 2009	FY ended March 2010
Cash flows from investment activities		
Payments into time deposits	(41)	(63)
Proceeds from withdrawal of time deposits	131	36
Proceeds from sales of marketable securities	-	295
Decrease (increase) in short-term loans receivable	(2,183)	934
Payments for purchases of fixed assets	(23,925)	(10,400)
Proceeds from sales of fixed assets	2,978	2,046
Payments for purchases of intangible assets	(2,005)	(1,604)
Payments for purchase of investment securities	(1,628)	(11,104)
Proceeds from sales of investment securities	546	317
Payments for additional acquisition of stock of consolidated subsidiaries	(100)	-
Proceeds from purchase of stock of subsidiary newly consolidated	-	26
Payments of long-term loans receivable	(2,277)	(1,017)
Repayments of long-term loans receivable	163	1,149
Other payments	(1,515)	(1,974)
Other proceeds	793	2,243
Net cash used in investment activities	(29,062)	(19,117)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term debt	1,467	880
Repayments of finance lease obligations	(279)	(923)
Proceeds from long-term debt	29,977	1,911
Repayment of long-term debt	(4,362)	(2,898)
Proceeds from issuance of bonds	-	15,000
Proceeds from stock issuance to minority shareholders	67	234
Cash dividends paid	(2,658)	(2,657)
Cash dividends paid to minority shareholders	(1)	(0)
Other proceeds	8	0
Other payments	(23)	(2)
Net cash provided by (used in) financing activities	24,196	11,546
Effect of exchange rate change on cash and cash equivalents	(717)	1,205
Net increase (decrease) in cash and cash equivalents	(13,745)	30,873
Cash and cash equivalents at the beginning of period	54,475	40,730
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	-	60
Cash and cash equivalents at the end of period	40,730	71,662

(5) Events or situations causing serious doubt about going-concern premise

None

(6) Basis of Presenting the Consolidated Financial Statements

(a) Scope of consolidation

The consolidated financial statements include the accounts of the Company and its 45 subsidiaries. Names of major consolidated subsidiaries are omitted because they are listed in the “2. Corporate Group.” Beginning with the fiscal year that ended in March 2010, the following companies are included in the scope of consolidation: PT. AST Indonesia, which was an equity-method affiliate, because the Company acquired additional shares of this company; Bennett-SFS LLC, which became a subsidiary because the Company acquired a controlling interest in this company; and PT. Sinar Rimba Pasifik due to its establishment.

Beginning with the fiscal year that ended in March 2010, consolidated subsidiary Step Kanri Center (Tokyo) Co., Ltd. and three other consolidated subsidiaries were excluded from the scope of consolidation due to a merger through absorption on April 1, 2009 with Sumitomo Forestry Residential Co., Ltd. as the surviving entity. Additionally, beginning with the fiscal year that ended in March 2010, consolidated subsidiary Nabeshima Kenzai Co., Ltd. was excluded from the scope of consolidation due to the merger on April 1, 2009 through absorption with Igeto Co., Ltd., with the latter as the surviving entity. Beginning with the fiscal year that ended in March 2010, Sumirin Base Techno Co., Ltd. was excluded from the scope of consolidation due to merger on January 1, 2010 through absorption with Sumitomo Forestry Archi Techno Co., Ltd., with the latter as the surviving entity. Beginning with the fiscal year that ended in March 2010, Sumirin Investments Pty Ltd. and Sumirin Australia Pty Ltd. were excluded from the scope of consolidation due to their liquidation on April 13, 2009 and Pacific Wood Products, LLC was excluded from the scope of consolidation due to its liquidation on December 17, 2009.

Sun Step Co., Ltd., which was a consolidated subsidiary in the previous fiscal year, was renamed Sumitomo Forestry Residential Co., Ltd. on April 1, 2009, Sumirin Holdings Pty Ltd. was renamed Sumitomo Forestry Australia Pty Ltd. on April 30, 2009, and Sumirin CAD Systems Co., Ltd. was renamed Sumitomo Forestry Archi Techno Co., Ltd., respectively, on January 1, 2010.

(b) Application of equity method

1) The consolidated financial statements include 12 affiliates, including PT. Rimba Partikel Indonesia and Henley Arch Unit Trust, that are accounted for by the equity method. Beginning with the fiscal year that ended in March 2010, PT.AST Indonesia was excluded from equity method affiliates because this company was included in the scope of consolidation because the Company acquired additional shares. Beginning with the fiscal year that ended in March 2010, Benett-SFS LLC was excluded from equity method affiliates because this company was included in the scope of consolidation as the Company acquired a controlling interest. Beginning with the fiscal year that ended in March 2010, Henley Arch Unit Trust and Henley Arch Pty Ltd. and its subsidiary became affiliates that are accounted for by the equity method.

2) For equity-method affiliates that have a fiscal year end that differs from the Company’s fiscal year end, financial statements for these different fiscal years are used.

(c) Fiscal year-end of consolidated subsidiaries

The fiscal year end of two consolidated subsidiaries, Daicihisansho Co., Ltd. and Nihei Co., Ltd., is March 20. Financial statements of the two subsidiaries as of March 20 are used in the preparation of the consolidated financial statements. The fiscal year end of Kowa Lumber Co., Ltd. and overseas consolidated subsidiaries is December 31. Financial statements of these subsidiaries as of December 31 are used in the preparation of the consolidated financial statements.

The fiscal year end of subsidiaries in Japan, excluding the three subsidiaries above, is March 31. Financial statements as of March 31 for these subsidiaries are used in the preparation of the consolidated financial statements.

(d) Significant accounting policies

1) Valuation of significant assets

(i) Securities

Held-to-Maturity Securities		Amortized cost method (straight-line method)
Other securities	With market value	Market value method using the market price on the closing date (Unrealized gains and losses are reported in the shareholders’ equity section. Sales cost of securities is determined by the moving-average method.)
	Without market value	Cost method based on the moving-average method

(ii) Derivatives
Market value method

(iii) Inventories
Purchased products, manufactured products, work in process, raw materials and supplies are stated at cost, determined by the moving average method. Developed land and housing for sale and land and housing projects in progress are stated at cost, determined by the specific cost method. Net book value of inventories as shown in the consolidated balance sheet is written down when profitability declines.

2) Depreciation and amortization method for principal assets

i) Property, plant and equipment (excluding lease assets)
The declining-balance method of depreciation is mainly used. However, the straight-line method is used for buildings (excluding structures) acquired on or after April 1, 1998.

ii) Intangible assets (excluding lease assets)
For amortization of software at the Company, the straight-line method based on the estimated internal use period (five years) is used. For amortization of other intangible assets, the straight-line method is used.

iii) Lease assets
For finance leases that do not transfer ownership of the leased assets are depreciated down to a residual value of zero, using the straight-line method over their lease service lives.

3) Significant allowances

i) Allowances for doubtful accounts
To prepare against expected losses from bad debts, estimated amounts to be uncollectible are accrued for general claims, computing on historical bad-debt ratios, and for specific claims including doubtful accounts, considering their own recoverability.

ii) Provision for employees' bonuses
Accrued employee bonuses are provided based on estimated bonuses to be paid to employees, which are to be charged to income in the current fiscal year.

iii) Provision for directors' bonuses
Accrued bonuses to directors of the Company and certain consolidated subsidiaries are provided based on estimated bonuses to be paid to these directors, which are to be charged to income in the current fiscal year.

iv) Warranty reserve for completed construction
A warranty reserve is provided for repair costs that may be required for completed construction. The reserve is based on historical costs and future estimates.

v) Provision for retirement benefits
Accrued employees' retirement benefits are provided based on the projected retirement benefit obligation and the plan assets at year-end. In the event that the estimated amount of pension fund assets exceeds the projected retirement benefit obligation, the excess amount is accounted for as prepaid expenses. Unrecognized actuarial gains (losses) are amortized in the fiscal year in which they arise.

(Additional information)
In February 2010, the Company revised its retirement benefit system by transferring about 25% of the defined-benefit pension plan to a defined-contribution pension plan. In addition, for the remaining portion of the defined-benefit pension plan, the Company has reduced the proportion of the lifetime annuity and increased the proportion of the fixed-term annuity. This transition was accounted for in accordance with the "Revision of Accounting Standard for Accrued Retirement Benefits (Implementation Guidance on Accounting Standards; Guidance No. 1)." As a result, a gain of 1,714 million yen from the partial transition to a defined-contribution pension plan and a gain of 2,068 million yen (related to prior-service cost) from the transition to a defined-benefit pension plan were recognized as extraordinary income.

vi) Provision for directors' retirement benefits
Accrued retirement benefits to directors of certain subsidiaries are provided based on the amount required at year-end in accordance with established internal regulations.

vii) Provision for loss on business liquidation
Provision for loss on business liquidation is based on the estimated loss.

4) Completed contracts and cost of completed contracts

At the end of the fiscal year that ended in March 2010, construction revenue was recognized by the percentage-of-completion method if the outcome of a construction contract could be estimated reliably (percentage of completion is estimated based on the cost incurred as a percentage of the estimated total cost). The completed-contract method was used for other short-term construction contracts.

5) Accounting for hedges

i) Hedge accounting method
Deferral hedge accounting is used.
Appropriated accounting for foreign currency transactions is applied to foreign exchange hedging transactions. A special accounting procedure is used for interest rate swaps as they satisfy the requirements for a special accounting procedure.

ii) Hedging Policy
Foreign exchange forward contracts and foreign currency swaps are utilized to mitigate foreign exchange risks. Interest rate swap transactions are utilized to mitigate interest rate risks.

iii) Scope of hedging
Certain foreign exchange transactions, including planned transactions, and borrowings exposed to interest rate risks, in accordance with policies laid out in management regulations.

iv) Assessment of hedge effectiveness
The Companies believe foreign exchange forward contracts and foreign currency swaps to be highly effective as hedging instruments. Therefore effectiveness evaluation is omitted.

A special accounting procedure is used for interest rate swaps. Therefore effectiveness evaluation is omitted.

6) Other significant accounting policies

Consumption tax
National consumption taxes and regional consumption taxes are accounted for using the net-of-tax method,

(e) Valuation of assets and liabilities of consolidated subsidiaries

Assets and liabilities of consolidated subsidiaries are valued using the all-fair-value method.

(f) Amortization of goodwill

Goodwill is amortized by the straight-line method over a period of 20 years. However, goodwill of insignificant amounts is amortized in the year in which it is recognized.

(g) Cash and cash equivalents in the consolidated statements of cash flows

The scope of cash (cash and cash equivalents) on the consolidated statements of cash flows is cash on hand, deposits readily convertible to cash and short-term investments that mature within three months and that have little risk of price fluctuation.

(7) Changes in the basis of presenting the consolidated financial statements

(a) Recognition of completed contracts and cost of completed contracts

For fiscal years ended on and before March 31, 2009, revenue from construction work was recognized by the completed-contract method. In the year ended March 31, 2010, the Company and its consolidated subsidiaries adopted Accounting Standard for Construction Contracts (ASBJ Statement No. 15, December 27, 2007) and Guidance on Accounting Standards for Construction Contracts (ASBJ Guidance No. 18, December 27, 2007). The percentage-of-completion method was applied to construction contracts outstanding at the beginning of the fiscal year and to construction contracts that started in the current fiscal year if the outcome of a construction contract up to the end of the fiscal year could be estimated reliably (percentage of completion is estimated based on the cost incurred as a percentage of the estimated total cost). Other short-term construction contracts are accounted for by the completed-contract method.

The effect of this change in the accounting principle caused revenue to decline by 518 million yen and operating income and recurring income to decline by 159 million yen each, and income before income taxes and minority interests increased 162 million yen.

The effect of this change on Segment Information is reported in the section on Segment Information.

(b) Provision for retirement benefits

Beginning with the fiscal year that ended in March 2010, the Company and its consolidated subsidiaries adopted the Accounting Standard “Partial Amendments to Accounting Standard for Retirement Benefits (Part 3).” (ASBJ Statement No. 19; July 31, 2008).

Adoption of the new standard resulted in amortization of 899 million yen of the actuarial difference and unrecognized prior service costs. As a result, operating income, recurring income and income before income taxes and minority interests increased 899 million yen compared to the amounts that would have been reported if the previous standard had been applied consistently.

The effect of this change on Segment Information is reported in the section on Segment Information.

(8) Notes to consolidated financial statements

(Consolidated balance sheets)

FY ended March 2009 (For the year ended March 31, 2009)	FY ended March 2010 (For the year ended March 31, 2010)
1. Accumulated depreciation 59,542 million yen The above accumulated depreciation includes an impairment loss of 532 million yen	1. Accumulated depreciation 68,826 million yen
2. Guarantee obligation 15,150 million yen	2. Guarantee obligation 22,389 million yen
3. Certain buildings and land held as real estate for sale have been reclassified and reported as follows in the fixed assets section because the purpose of holding these assets was changed during the fiscal year: Buildings 367 million yen Land 1,957 million yen Total 2,325 million yen	3. Certain buildings and land held as real estate for sale have been reclassified and reported as follows in the fixed assets section because the purpose of holding these assets was changed during the fiscal year: Buildings 441 million yen Land 307 million yen Total 748 million yen
4. -	4. Certain buildings and land held as fixed assets have been reclassified and included in real estate for sale because the purpose of holding these assets was changed during the fiscal year. Buildings and structures 2,860 million yen Land 2,773 million yen Others 0 million yen Total 5,634 million yen

(Consolidated statements of income)

FY ended March 2009 (For the year ended March 31, 2009)	FY ended March 2010 (For the year ended March 31, 2010)
1.-	1. The monetary amount of the effect of the application of the accounting standard for construction contracts, in accordance with Paragraph 25 of "Accounting Standard for Construction Contracts" (ASBJ Statement No. 15, December 27, 2007), is the amount of earnings corresponding to the percentage of completion at construction projects in prior fiscal years for contracts that existed as of April 1, 2009 due to the adoption of this standard. The amount of construction revenue and cost of construction for progress of construction in past fiscal years is ¥2,070 million and ¥1,749 million, respectively.
2.-	2. Information about the gain on the transfer to a defined-contribution pension plan and the write-off of past-service obligations is presented in item 3) v) Provision for retirement benefits (Additional Information) in "Basis of Presenting Consolidated Financial Statements."
3. In this fiscal year, the Company posted the asset impairment losses in the following asset groups.	3. In this fiscal year, the Company posted the asset impairment losses in the following asset groups.

FY ended March 2009:

Application	Location	Type	Impairment losses (million yen)
Head office	Chiyoda-ku, Tokyo	Buildings and, fixtures and supplies	532

The entire book value of the above assets has been written off because these assets are no longer used due to the relocation of the Company's head office (in May 2009).

The above amount is the sum of ¥490 million of buildings and ¥42 million of fixtures and supplies.

FY ended March 2010:

Application	Location	Type	Impairment losses (million yen)
Building materials manufacturing equipments	Komatsushima-city, Tokushima	Buildings and structures	300

		Machinery, equipment and vehicles	968
		Land	367
		Others	22
		Total	1,656
Idle asset	Ashigara Shimo gun, Kanagawa	Land	39
Idle asset	Chuo-ku, Tokyo	Buildings and land	7
Others	-	Goodwill	346

The Group determines asset groupings based on the units used for administrative accounting in order to monitor earnings on a continuous basis.

In the building materials manufacturing business, book values were reduced to the amounts that can be recovered because the amount that can be recovered from this asset grouping from the continuous operation of business activities is less than the corresponding book values. The amount of the reduction was recognized as an extraordinary loss for an asset impairment loss.

For idle assets, book values were reduced to the amounts that can be recovered and the reduction was recognized as an extraordinary loss for an asset impairment loss. The amount that can be recovered is the net sales proceeds. Land is valued using real estate appraisals and the *rosenka* land price index. The value of other assets that cannot be sold or used in another way is zero.

For goodwill, an asset impairment loss has been recognized because earnings at some consolidated subsidiaries are less than had been anticipated.

Previous fiscal year	Current fiscal year
4. The primary component of extraordinary losses is expenses for construction to restore vacated space to its original condition in conjunction with the head office relocation.	4. -
5.-	5. The litigation settlement is a payment concerning litigation regarding an increase in rent at a property that the Company leased in the past.

(Statement of changes in consolidated shareholders' equity)

Previous fiscal year (April 1, 2008 – March 31, 2009)

1. Type and number of shares issued and type and number of treasury stock

	Number of shares at the end of the previous fiscal year (shares)	Increase during the current fiscal year (shares)	Decrease during the current fiscal year (shares)	Number of shares at the end of the current fiscal year (shares)
Shares issued and outstanding				
Common shares	177,410,239	-	-	177,410,239
Total	177,410,239	-	-	177,410,239
Treasury stock				
Common shares (Note)	237,846	34,696	11,640	260,902
Total	237,846	34,696	11,640	260,902

Note 1: Increase due to purchase of odd-lot shares: 34,696

Note 2: Decrease due to sell of odd-lot shares: 11,640

2. Dividends

(1) Cash dividends

Resolution	Type of shares	Aggregate amount of dividend (million yen)	Dividend per share (yen)	Record date	Effective date
Regular general meeting of shareholders (June 20, 2008)	Common shares	1,329	7.50	March 31, 2008	June 23, 2008
Board meeting (November 6, 2008)	Common shares	1,329	7.50	September 30, 2008	December 5, 2008

(2) Of the dividends for which the record date is in the fiscal year under review, dividends for which the effective date falls after the end of the fiscal year under review:

Resolution	Type of shares	Aggregate amount of dividend (million yen)	Dividend resource	Dividend per share (yen)	Record date	Effective date
Regular general meeting of shareholders (June 23, 2009)	Common shares	1,329	Retained earnings	7.50	March 31, 2009	June 24, 2009

Current fiscal year (April 1, 2009 – March 31, 2010)

1. Type and number of shares issued and type and number of treasury stock

	Number of shares at the end of the previous fiscal year (shares)	Increase during the current fiscal year (shares)	Decrease during the current fiscal year (shares)	Number of shares at the end of the current fiscal year (shares)
Shares issued and outstanding				
Common shares	177,410,239	-	-	177,410,239
Total	177,410,239	-	-	177,410,239
Treasury stock				
Common shares (Note)	260,902	3,132	284	263,750
Total	260,902	3,132	284	263,750

Note 1: Increase due to purchase of odd-lot shares: 3,132

Note 2: Decrease due to sell of odd-lot shares: 284

2. Dividends

(1) Cash dividends

Resolution	Type of shares	Aggregate amount of dividend (million yen)	Dividend per share (yen)	Record date	Effective date
Regular general meeting of shareholders (June 23, 2009)	Common shares	1,329	7.50	March 31, 2009	June 24, 2009
Board meeting (November 9, 2009)	Common shares	1,329	7.50	September 30, 2009	December 4, 2009

(2) Of the dividends for which the record date is in the fiscal year under review, dividends for which the effective date falls after the end of the fiscal year under review:

Resolution	Type of shares	Aggregate amount of dividend (million yen)	Dividend resource	Dividend per share (yen)	Record date	Effective date
Regular general meeting of shareholders (June 25, 2010)	Common shares	1,329	Retained earnings	7.50	March 31, 2010	June 28, 2010

(Statements of cash flows)

FY ended March 2009 (For the year ended March 31, 2009)	FY ended March 2010 (For the year ended March 31, 2010)
1. Reconciliation of balance sheet items to cash and cash equivalents in the consolidated statements of cash flows. (As of March 31, 2009) (million yen) Cash and deposits 23,854 Deposits over 3 month (24) Certificates of deposit issued by domestic companies included in marketable securities 16,900 Cash and cash equivalents at end of period 40,730	1. Reconciliation of balance sheet items to cash and cash equivalents in the consolidated statements of cash flows. (As of March 31, 2010) (million yen) Cash and deposits 52,714 Deposits over 3 month (51) Certificates of deposit issued by domestic companies included in marketable securities 19,000 Cash and cash equivalents at end of period 71,662
2. -	2. Major components of assets of company that became a consolidated subsidiary due to acquisition of stock PT. AST Indonesia became a consolidated subsidiary following the purchase of its stock. The relationship between assets and liabilities when this company was first consolidated and acquisition and the acquisition cost of the stock and revenue from this acquisition (net) is presented below. (million yen) Current assets 535 Noncurrent assets 423 Goodwill 19 Current liabilities (438) Noncurrent liabilities (223) Minority interests (149) Cost of acquisition of PT. AST Indonesia stock 168 PT. AST Indonesia cash and deposits 194 Less: Revenue from acquisition of PT. AST Indonesia (26)

(Segment information)

1. Operating segment information

FY 3/2009 (April 1, 2008 – March 31, 2009) (million yen)

	Timber and Building Materials	Housing and Housing-related	Other	Total	Elimination and/or Corporate	Consolidated
Ⅰ Sales and contract revenues:						
(1) Unaffiliated customers	413,995	406,064	3,751	823,810	-	823,810
(2) Inter-segment sales/transfers	19,652	287	12,303	32,243	(32,243)	-
Total	433,648	406,351	16,054	856,053	(32,243)	823,810
Operating expenses	431,594	397,904	15,119	844,616	(27,643)	816,973
Operating income (loss)	2,054	8,447	936	11,436	(4,599)	6,837
Ⅱ Identifiable assets, depreciation and amortization, impairment loss and capital investment:						
Identifiable assets	197,259	149,543	11,449	358,251	69,487	427,738
Depreciation and amortization	3,890	2,860	854	7,604	873	8,477
Impairment loss	-	-	-	-	532	532
Capital investment	5,272	18,960	850	25,082	1,156	26,238

FY 3/2010 (April 1, 2009 – March 31, 2010) (million yen)

	Timber and Building Materials	Housing and Housing-related	Other	Total	Elimination and/or Corporate	Consolidated
Ⅰ Sales and contract revenues:						
(1) Unaffiliated customers	344,874	375,202	3,847	723,923	-	723,923
(2) Inter-segment sales/transfers	16,938	456	12,024	29,419	(29,419)	-
Total	361,812	375,658	15,871	753,341	(29,419)	723,923
Operating expenses	360,899	361,914	14,958	737,772	(23,596)	714,176
Operating income (loss)	913	13,744	913	15,570	(5,823)	9,747
Ⅱ Identifiable assets, depreciation and amortization, impairment loss and capital investment:						
Identifiable assets	191,811	158,410	13,001	363,222	106,516	469,738
Depreciation and amortization	3,310	3,595	847	7,752	751	8,502
Impairment loss	1,656	393	-	2,049	-	2,049
Capital investment	2,806	7,307	712	10,825	1,767	12,592

Notes

1. Business activities are divided into three segments from the standpoint of similarities among the types and characteristics of business activities.
2. Major activities of each segment are as follows.
   (1) Timber and building materials: Procurement, manufacture and sale of timber and building materials
   (2) Housing and housing-related: Construction of detached houses and apartment buildings; house exteriors; landscaping; real estate transactions, leasing and brokerage; others
   (3) Others: Leasing; insurance agent business; others
3. Some operating expenses are included in elimination and/or corporate because these expenses cannot be assigned to a particular business segment. These expenses were ¥4,457 million in the previous fiscal year and ¥5,644 million in the fiscal year that ended in March 2010.
4. Some assets are included in elimination and/or corporate because they do not belong to a particular business segment. These assets were ¥75,182 million in the previous fiscal year and ¥113,197 million in the fiscal year that ended in March 2010. Major components of these assets are unused funds under management by the head office (cash, deposits and securities), long-term investments (investment securities) and assets used by administrative departments.
5. Depreciation expenses and capital expenditures include long-term prepaid expenses and write-offs associated with these expenses.
6. Changes in accounting methods

   Accounting Standard for Construction Contracts

   As is explained in item (a) in “Changes in the basis of presenting the consolidated financial statements,” beginning with the fiscal year that ended in March 2010, the Company and its consolidated subsidiaries adopted “Accounting Standard for Construction Contracts” (ASBJ Statement No. 15, December 27, 2007) and “Guidance on Accounting Standard for Construction Contracts” (ASBJ Guidance No. 18, December 27, 2007). This change reduced sales by ¥518 million and operating income by ¥159 million in the housing segment compared with the previous accounting method.

   As is explained in item (b) in “Changes in the basis of presenting the consolidated financial statements,” beginning with the fiscal year that ended in March 2010, the Company and its consolidated subsidiaries adopted “Partial Amendments to Accounting Standard for Retirement Benefits (Part 3)” (ASBJ Statement No. 19; July 31, 2008). This change reduced operating income by ¥154 million in the timber and building materials business, ¥692 million in the housing and housing-related businesses and ¥12 million in the other business and increased elimination and/or corporate by ¥41 million.

2. Geographical segment information

FY 3/2009 (April 1, 2008 – March 31, 2009) (million yen)

	Japan	Other area	Total	Elimination or Corporate	Consolidated
Ⅰ Sales and contract revenues:					
(1) Unaffiliated customers	799,069	24,741	823,810	-	823,810
(2) Intersegment transfers	2,213	7,152	9,365	(9,365)	-
Total	801,282	31,893	833,175	(9,365)	823,810
Operating expenses	790,797	30,583	821,381	(4,408)	816,973
Operating income (loss)	10,484	1,310	11,794	(4,957)	6,837
Ⅱ Identifiable assets	329,893	42,432	372,325	55,413	427,738

FY 3/2010 (April 1, 2009 – March 31, 2010) (million yen)

	Japan	Other area	Total	Elimination or Corporate	Consolidated
Ⅰ Sales and contract revenues:					
(1) Unaffiliated customers	703,958	19,965	723,923	-	723,923
(2) Intersegment transfers	1,801	5,603	7,404	(7,404)	-
Total	705,759	25,568	731,327	(7,404)	723,923
Operating expenses	689,733	25,796	715,529	(1,353)	714,176
Operating income (loss)	16,026	(228)	15,798	(6,051)	9,747
Ⅱ Identifiable assets	328,784	50,978	379,761	89,977	469,738

Notes:

1. Countries and regions are classified according to geographical proximity.
2. Major countries and regions outside Japan are broken down into the following geographical areas:
   Other area : Asia, North America and Oceania
3. Some operating expenses are included in elimination and/or corporate because these expenses cannot be assigned to a particular geographic segment. These expenses were ¥4,457 million in the previous fiscal year and ¥5,644 million in the fiscal year that ended in March 2010. These are expenses associated with the Company's head office and administrative departments.
4. Some assets are included in elimination and/or corporate because they do not belong to a particular geographic segment. These assets were ¥75,182 million in the previous fiscal year and ¥113,197 million in the fiscal year that ended in March 2010. Major components of these assets are unused funds under management by the head office (cash, deposits and securities), long-term investments (investment securities) and assets used by administrative departments.

3. Overseas sales

Overseas sales are not shown because these sales were less than 10% of consolidated net sales in the fiscal years that ended in March 2009 and March 2010.

(Retirement Benefits)

1. Summary of retirement benefit program

   The company, its consolidated subsidiaries in Japan and some overseas consolidated subsidiaries have a defined-payment pension system. This system includes a corporate pension fund plan, a contract-type corporate pension plan, a tax-qualified pension plan and lump-sum retirement payments. Some consolidated subsidiaries in Japan belong to the Smaller Enterprise Retirement Allowance Mutual Aid Plan. In addition, additional retirement payments are made in some cases when employees resign or leave for other reasons.

   The Company revised its retirement benefit system in February 2010 by transferring approximately 25% of the defined-benefit pension plan to a defined-contribution pension plan. In addition, for the remaining portion of the defined-benefit pension plan, the Company has reduced the proportion of the lifetime annuity and increased the proportion of the fixed-term annuity.

2. Liabilities for employees' retirement benefits

	FY ended March 2009 (For the year ended March 31, 2009)	FY ended March 2010 (For the year ended March 31, 2010)
a. Projected benefit obligation	(53,871)	(45,759)
b. Fair value of plan assets	35,457	41,965
c. Unfunded benefit obligations (a + b)	(18,414)	(3,794)
d. Unrecognized actuarial loss	-	-
e. Unrecognized prior service obligations (reduction in obligations)	-	-
f. Net liability shown on balance sheet (c + d + e)	(18,414)	(3,794)
g. Prepaid pension cost	-	1,595
h. Accrued employees' retirement benefits (f – g)	(18,414)	(5,390)

Notes:

1. Some consolidated subsidiaries use a simplified method to calculate retirement benefit obligations.
2. The effect of the Company's partial transition to a defined-contribution pension plan is as follows.

Decrease in projected benefit obligations	8,466 million yen
Unrecognized actuarial loss	(152 million yen)
Decrease in accrued employees' retirement benefits	8,314 million yen

   The transfer of rollover assets of ¥6,600 million to the defined-contribution pension plan is to take place over a period of four years. The remaining amount of this transfer was ¥4,717 million as of March 31, 2010 is included in other accounts payable (included in "other current liabilities) and long-term other accounts payable (included in "other long-term liabilities).

3. Retirement benefit cost

	FY ended March 2009 (For the year ended March 31, 2009)	FY ended March 2010 (For the year ended March 31, 2010)
a. Service cost (Note 1)	3,161	3,068
b. Interest cost	980	1,076
c. Expected return on plan assets	(1,286)	(1,262)
d. Recognized actuarial loss	4,986	(2,364)
e. Amortization of prior service cost (Note 2)	13	(2,068)
f. Expense of changing accounting method (Note 3)	578	-
g. Net periodic benefit cost (a+b+c+d+e+f)	8,432	(1,550)
h. Gain on transition of defined-contribution plan	-	(1,714)
i. Other(Note 4)	-	112
j. Total periodic benefit cost	8,432	(3,152)

Notes

FY ended March 2009 (For the year ended March 31, 2009)	FY ended March 2010 (For the year ended March 31, 2010)
1. The net periodic benefit cost for consolidated subsidiaries using the simplified calculation method and the contribution to the Smaller Enterprise Retirement Allowance Mutual Aid Plan are included in "a. Service cost."	1. The net periodic benefit cost for consolidated subsidiaries using the simplified calculation method is included in "a. Service cost."
2. This amount is the prior service cost resulting from the revision of retirement benefit programs at some consolidated subsidiaries that was recognized as expenses.	2. This amount is the prior service cost resulting from the transition of part of the defined-benefit pension plan from a lifetime pension to a fixed-term pension that was recognized as expenses.
3. At some consolidated subsidiaries, method of calculating retirement benefit obligations was changed from the simplified method to the default method during this fiscal year.	3. -
4. -	4. This amount is the contribution to the defined-contribution pension plan and the Smaller Enterprise Retirement Allowance Mutual Aid Plan.

4. Basis for Calculating Retirement Benefit Cost

	FY ended March 2009 (For the year ended March 31, 2009)	FY ended March 2010 (For the year ended March 31, 2010)
a. Allocation method for projected retirement benefit cost	Straight-line standard	Straight-line standard
b. Discount rate	2.1%	2.2%
c. Expected rate of return on plan assets	3.6%	3.6%
d. Years for amortization of past service obligations	All obligations amortized in fiscal year in which they are recognized	All obligations amortized in fiscal year in which they are recognized
e. Recognition period of actuarial gain/loss	All obligations amortized in fiscal year in which they are recognized	All obligations amortized in fiscal year in which they are recognized

(Investment property)
FY 3/2010 (For the year ended March 31, 2010)

The Company and some consolidated subsidiaries own apartment buildings and other rental properties in Tokyo and other areas. The carrying amount in the consolidated balance sheet and the fair value of investment property are as follows.

The carrying amount in the consolidated balance sheet	The fair value as of March 31, 2010
16,486 million yen	17,813 million yen

Notes:
1. The carrying amount in the consolidated balance sheet is calculated by the sum of accumulated depreciation and impairment losses from the acquisition cost.
2. Value as of March 31, 2010 is based on real estate appraisal reports by independent real estate appraisers for major investment properties and on indicators that are believed to reflect market values appropriately for other properties.

    (Additional information)
    Beginning with the year ended March 31, 2010, the Company has applied “Accounting Standard for Disclosure about Fair Value of Investment and Rental Property” (ASBJ Statement No. 20, November 28, 2008) and the “Guidance on Accounting Standard for Disclosures about Fair Value of Investment and Rental Property” (ASBJ Guidance No. 23, November 28, 2008).

(Per-Share Information)

(yen)

	FY ended March 2009 (For the year ended March 31, 2009)	FY ended March 2010 (For the year ended March 31, 2010)
Net assets per share	880.94	917.82
Net income per share	5.80	13.42

Notes

1. Net income per share (diluted) is not presented, since there is no potential stock.

2. The basis for calculating net asset per share is as follows.

	FY ended March 2009 (For the year ended March 31, 2009)	FY ended March 2010 (For the year ended March 31, 2010)
Total net assets (million yen)	156,192	162,930
Minority interests (million yen)	135	342
Total net assets for common stock (million yen)	156,058	162,588
Number of common stocks issued (shares)	177,410,239	177,410,239
Number of treasury stocks (shares)	260,902	263,750
Number of common stocks used for calculation of net asset per share (shares)	177,149,337	177,146,489

3. The basis for calculating net income per share is as follows.

	FY ended March 2009 (For the year ended March 31, 2009)	FY ended March 2010 (For the year ended March 31, 2010)
Net income (million yen)	1,028	2,377
Income not available to common stockholders (million yen)	-	-
Income (loss) available to common stockholders (million yen)	1,028	2,377
Weighted average number of shares issued (shares)	177,163,309	177,147,826

(Omission of disclosure)

Information on lease transactions, related-party transactions, tax-effect accounting, financial instruments, marketable securities, and derivatives transactions, is not presented since the information is not significant in the context of the Summary of Consolidated Financial Results

5. **Non-consolidated Financial Statements**

(1) Balance sheets

(million yen)

	As of March 31, 2009	As of March 31, 2010
Assets		
Current assets		
Cash and time deposits	15,640	47,109
Notes receivable-trade	44,053	39,642
Accounts receivable-trade	50,653	52,338
Accounts receivable from completed construction contracts	682	3,582
Marketable securities	17,194	19,000
Finished goods, logs and lumber	9,398	7,537
Developed land and housing for sale	21,637	25,586
Costs on uncompleted construction contracts	24,951	21,790
Advance payments	307	376
Prepaid expenses	897	765
Deferred tax assets	4,688	4,371
Short-term loans receivable	-	9
Short-term loans receivable from subsidiaries and affiliates	17,016	12,272
Accounts receivable-other	58,443	65,562
Other	1,550	140
Allowance for doubtful accounts	(2,018)	(2,646)
Total current assets	265,092	297,434
Noncurrent assets		
Property, plant and equipment		
Buildings	18,610	19,116
Accumulated depreciation	(6,205)	(5,898)
Buildings, net	12,405	13,218
Structures	3,015	3,000
Accumulated depreciation	(2,615)	(2,594)
Structures, net	400	406
Machinery and equipment	1,221	1,214
Accumulated depreciation	(887)	(1,055)
Machinery and equipment, net	334	158
Vehicles	70	70
Accumulated depreciation	(51)	(55)
Vehicles, net	19	15
Tools, furniture and fixtures	4,362	4,620
Accumulated depreciation	(2,994)	(3,464)
Tools, furniture and fixtures, net	1,369	1,157
Land	13,034	11,623
Mature timber	8,810	8,822
Growing timber	245	214
Leased assets	2,487	4,225
Accumulated depreciation	(262)	(1,098)
Leased assets, net	2,225	3,128
Construction in progress	1,584	309
Total property, plant and equipment	40,424	39,049

(million yen)

	As of March 31, 2009	As of March 31, 2010
Intangible assets		
Goodwill	57	28
Telephone subscription right	184	183
Leasehold right	4	4
Right of utilization on forest road	227	222
Right of using facilities	3	3
Software	4,044	4,007
Leased assets	-	5
Total intangible assets	4,519	4,452
Investments and other assets		
Investment securities	31,786	40,422
Stocks of subsidiaries and affiliates	18,517	23,464
Investments in other securities of subsidiaries and affiliates	26	4
Investments in capital of subsidiaries and affiliates	731	631
Long-term loans receivable	176	184
Long-term loans receivable from employees	43	37
Long-term loans receivable from subsidiaries and affiliates	17,341	16,279
Claims provable in bankruptcy, claims provable in rehabilitation and other	1,592	1,793
Long-term prepaid expenses	980	802
Prepaid pension cost	-	1,595
Deferred tax assets	192	-
Other	4,580	4,254
Allowance for doubtful accounts	(2,902)	(3,418)
Total investments and other assets	73,063	86,049
Total noncurrent assets	118,006	129,550
Total assets	383,098	426,983
Liabilities		
Current liabilities		
Notes payable-trade	6,412	6,434
Accounts payable-trade	54,155	66,637
Accounts payable for construction contracts	67,939	79,933
Lease obligations	715	1,037
Accounts payable-other	4,772	6,539
Income taxes payable	-	563
Accrued consumption taxes	275	700
Accrued expenses	749	800
Advances received	661	695
Advances received on uncompleted construction contracts	28,983	25,530
Deposits received	14,473	19,772
Unearned revenue	1,217	1,108
Provision for employees’ bonuses	4,600	4,600
Provision for directors' bonuses	35	35
Provision for warranties for completed construction	1,115	1,075
Other	25	43
Total current liabilities	186,126	215,502

(million yen)

	As of March 31, 2009	As of March 31, 2010
Long-term liabilities		
Bonds issued	-	15,000
Long-term loans payable	31,000	31,000
Guarantee deposited	5,288	5,122
Lease obligations	1,519	2,125
Deferred tax liabilities	-	5,528
Provision for retirement benefits	12,437	-
Provision for loss on business of subsidiaries and affiliates	3,014	2,960
Provision for loss on business liquidation	888	1,306
Other	245	3,390
Total noncurrent liabilities	54,390	66,430
Total liabilities	240,516	281,932
Net assets		
Shareholders' equity		
Capital stock	27,672	27,672
Capital surplus		
Legal capital surplus	26,613	26,613
Other capital surplus	259	259
Total capital surpluses	26,872	26,872
Retained earnings		
Legal retained earnings	2,857	2,857
Other retained earnings		
Reserve for reduction entry	1,347	1,347
General reserve	76,787	77,487
Retained earnings brought forward	4,702	3,281
Total retained earnings	85,693	84,973
Treasury stock	(260)	(262)
Total shareholders' equity	139,977	139,254
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	2,577	5,778
Deferred gains or losses on hedges	28	20
Total valuation and translation adjustments	2,605	5,798
Total net assets	142,582	145,052
Total liabilities and net assets	383,098	426,983

(2) Statements of income

(million yen)

	FY ended March 2009	FY ended March 2010
Net sales		
Net sales of goods	368,209	314,557
Completed contracts	307,759	278,687
Total net sales	675,968	593,243
Cost of sales		
Cost of goods sold		
Beginning goods	37,588	46,078
Cost of purchased goods	366,125	296,420
Transfer to other account	2,649	(4,885)
Total	401,064	347,383
Ending goods	46,078	46,417
Total cost of goods sold	354,986	300,966
Cost of completed contracts	229,733	207,615
Total cost of sales	584,719	508,581
Gross profit	91,249	84,662
Selling, general and administrative expenses	88,075	81,137
Operating income	3,175	3,525
Non-operating income		
Interest income	553	476
Interest on securities	16	10
Purchase discounts	760	432
Dividends income	1,987	1,537
Other	811	1,082
Total non-operating income	4,127	3,538
Non-operating expenses		
Interest expenses	383	722
Sales discounts	516	395
Other	550	387
Total non-operating expenses	1,449	1,503
Recurring income	5,852	5,560
Extraordinary gains		
Gain on sales of noncurrent assets	129	57
Gain on sales of investment securities	15	132
Gain on adjustment for changes of accounting standard for construction contracts	-	323
Reversal of allowance for doubtful accounts	-	854
Gain on transition of defined contribution pension	-	1,714
Amortization of prior service cost	-	2,608
Gain on liquidation of subsidiaries	75	-
Total extraordinary gains	219	5,148

(million yen)

	Fiscal year ended March 31, 2009	Fiscal year ended March 31, 2010
Extraordinary loss		
Loss on retirement of noncurrent assets	163	179
Impairment loss	532	-
Loss (gain) on valuation of investment securities	2,174	167
Head office transfer cost	-	255
Litigation settlement	-	462
Loss on valuation of stocks of subsidiaries and affiliates	100	3,086
Loss on valuation of investments in capital of subsidiaries and affiliates	2	100
Loss on valuation of inventories	354	-
Loss on liquidation of subsidiaries and affiliates	1,451	-
Other	287	-
Total extraordinary losses	5,063	4,248
Income before income taxes	1,008	6,460
Income taxes-current	22	489
Income taxes-deferred	(2,278)	4,035
Total income taxes	(2,255)	4,524
Net income	3,264	1,936

(3) Statements of changes in net assets

(million yen)

	FY ended March 2009	FY ended March 2010
Shareholders' equity		
Capital stock		
Balance at the end of previous period	27,672	27,672
Balance at the end of current period	27,672	27,672
Capital surplus		
Legal capital surplus		
Balance at the end of previous period	26,613	26,613
Balance at the end of current period	26,613	26,613
Other capital surplus		
Balance at the end of previous period	263	259
Changes during the period		
Disposal of treasury stock	(4)	(0)
Total changes during the period	(4)	(0)
Balance at the end of current period	259	259
Retained earnings		
Legal retained earnings		
Balance at the end of previous period	2,857	2,857
Balance at the end of current period	2,857	2,857
Other retained earnings		
Reserve for reduction entry		
Balance at the end of previous period	1,347	1,347
Balance at the end of current period	1,347	1,347
General reserve		
Balance at the end of previous period	78,787	76,787
Changes during the period		
Provision of general reserve	-	700
Reversal of general reserve	(2,000)	-
Total changes during the period	(2,000)	700
Balance at the end of current period	76,787	77,487
Retained earnings brought forward		
Balance at the end of previous period	2,096	4,702
Changes during the period		
Provision of general reserve	-	(700)
Reversal of general reserve	2,000	-
Dividends from surplus	(2,658)	(2,657)
Net income	3,264	1,936
Total changes during the period	2,606	(1,421)
Balance at the end of current period	4,702	3,281
Treasury stock		
Balance at the end of previous period	(249)	(260)
Changes during the period		
Purchase of treasury stock	(23)	(2)
Disposal of treasury stock	12	0
Total changes during the period	(11)	(2)
Balance at the end of current period	(260)	(262)
Total shareholders' equity		
Balance at the end of previous period	139,386	139,977
Changes during the period		
Dividends from surplus	(2,658)	(2,657)
Net income	3,264	1,936

(million yen)

	FY ended March 2009	FY ended March 2010
Purchase of treasury stock	(23)	(2)
Disposal of treasury stock	8	0
Total changes during the period	591	(723)
Balance at the end of current period	139,977	139,254
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	9,244	2,577
Changes during the period		
Net changes in items other than shareholders' equity	(6,667)	3,201
Total changes during the period	(6,667)	3,201
Balance at the end of current period	2,577	5,778
Deferred gains or losses on hedges		
Balance at the end of previous period	(78)	28
Changes during the period		
Net changes in items other than shareholders' equity	106	(8)
Total changes during the period	106	(8)
Balance at the end of current period	28	20
Net assets		
Balance at the end of previous period	148,552	142,582
Changes during the period		
Dividends from surplus	(2,658)	(2,657)
Net income	3,264	1,936
Purchase of treasury stock	(23)	(2)
Disposal of treasury stock	8	0
Net changes in items other than shareholders' equity	(6,561)	3,193
Total changes during the period	(5,970)	2,470
Balance at the end of current period	142,582	145,052

(4) Events or situations causing serious doubt about going-concern premise
None

(5) Significant accounting policies

(a) Securities

1)	Held-to-Maturity Securities		Amortized cost method (straight-line method)
2)	Stock of subsidiaries and affiliated companies		Cost method based on the moving-average method
3)	Other securities	With market value	Market value method using the market price on the closing date (Unrealized gains and losses are reported in the shareholders' equity section. Sales cost of securities is determined by the moving-average method.)
		Without market value	Cost method based on the moving-average method

(b) Evaluation standard and method for inventories
Purchased products are stated at cost determined by the moving average method and developed land and housing for sale and housing projects in progress are stated at cost determined by the specific identification method.

(c) Depreciation method for fixed assets

1) Property, plant and equipment (excluding lease assets)
The declining-balance method of depreciation is mainly used. However, the straight-line method is used for buildings (excluding structures) acquired on or after April 1, 1998.

2) Intangible assets (excluding lease assets)
For amortization of software at the Company, the straight-line method based on the estimated internal use period (five years) is used. For amortization of other intangible assets, the straight-line method is used.

3) Lease assets
For finance leases that do not transfer ownership of the leased assets are depreciated down to a residual value of zero, using the straight-line method over their lease service lives.

(d) The basis for calculating allowances

1) Allowances for doubtful accounts
To prepare against expected losses from bad debts, estimated amounts to be uncollectible are accrued for general claims, computing on historical bad-debt ratios, and for specific claims including doubtful accounts, considering their own recoverability.

2) Provision for employees' bonuses
Accrued employee bonuses are provided based on estimated bonuses to be paid to employees, which are to be charged to income in the current fiscal year.

3) Provision for directors' bonuses
Accrued bonuses to directors of the Company are provided based on estimated bonuses to be paid to these directors, which are to be charged to income in the current fiscal year.

4) Warranty reserve for completed construction
A warranty reserve is provided for repair costs that may be required for completed construction. The reserve is based on historical costs and future estimates.

5) Provision for retirement benefits
Accrued employees' retirement benefits are provided based on the projected retirement benefit obligation and the plan assets at year-end. In the event that the estimated amount of pension fund assets exceeds the projected retirement benefit obligation, the excess amount is accounted for as prepaid expenses.

Unrecognized actuarial gains (losses) are amortized in the fiscal year in which they arise.

(Additional information)
In February 2010, the Company changed its retirement benefit system by transferring about 25% of the defined-benefit pension plan to a defined-contribution pension plan. In addition, the Company has reduced the proportion of the lifetime annuity and increased the proportion of the fixed-term annuity in the defined-benefit pension plan. This transition was accounted for in accordance with the "Revision of Accounting Standard for Accrued Retirement Benefits (Implementation Guidance on Accounting Standards; Guidance No. 1). As a result, a gain of 1,714 million yen from the partial transition to a defined-contribution pension plan and a gain of 2,068 million yen from the transition to a defined-benefit pension plan were recognized as extraordinary income.

6) Provision for loss on business of subsidiaries and affiliates
In anticipation of a loss resulting mainly from the golf course business of a consolidated company, the Company has established an allowance equal to the Company's estimated exposure to this loss.

7) Provision for loss on business liquidation
Provision for loss on business liquidation is based on the estimated loss.

(e) Completed contracts and cost of completed contracts
At the end of the fiscal year that ended in March 2010, construction revenue was recognized by the percentage-of-completion method if the outcome of a construction contract could be estimated reliably (percentage of completion is

estimated based on the cost incurred as a percentage of the estimated total cost). The completed-contract method was used for other short-term construction contracts.

(f) Accounting for hedges

1) Hedge accounting method
Deferral hedge accounting is used.
Appropriated accounting for foreign currency transactions is applied to foreign e-exchange hedging transactions. A special accounting procedure is used for interest rate swaps as they satisfy the requirements for a special accounting procedure.

2) Hedging Policy
Foreign exchange forward contracts and foreign currency swaps are utilized to mitigate foreign exchange risks. Interest rate swap transactions are utilized to mitigate interest rate risks.

3) Scope of hedging
Certain foreign exchange transactions, including planned transactions, and borrowings exposed to interest rate risks, in accordance with policies laid out in management regulations.

4) Assessment of hedge effectiveness
The Company believes foreign exchange forward contracts and foreign currency swaps to be highly effective as hedging instruments. Therefore effectiveness evaluation is omitted.
A special accounting procedure is used for interest rate swaps. Therefore effectiveness evaluation is omitted.

(g) Other significant accounting policies
Consumption tax
National consumption taxes and regional consumption taxes are accounted for using the net-of-tax method,

(6) Changes in the basis of presenting the consolidated financial statements

(a) Recognition of completed contracts and cost of completed contracts
For fiscal years ended on and before March 31, 2009, revenue from construction work was recognized by the completed-contract method. In the year ended March 31, 2010, the Company and its consolidated subsidiaries adopted Accounting Standard for Construction Contracts (ASBJ Statement No. 15, December 27, 2007) and Guidance on Accounting Standards for Construction Contracts (ASBJ Guidance No. 18, December 27, 2007). The percentage-of-completion method was applied to construction contracts outstanding at the beginning of the fiscal year and to construction contracts that started in the current fiscal year if the outcome of a construction contract up to the end of the fiscal year could be estimated reliably (percentage of completion is estimated based on the cost incurred as a percentage of the estimated total cost). Other short-term construction contracts are accounted for by the completed-contract method.

This change increased net sales by ¥2,109 million, decreased operating income and recurring income by ¥33 million, and increased income before income taxes by ¥290 million.

(b) Provision for retirement benefits
Beginning with the fiscal year that ended in March 2010, the Company adopted the Accounting Standard “Partial Amendments to Accounting Standard for Retirement Benefits (Part 3).” (ASBJ Statement No. 19; July 31, 2008).

Adoption of the new standard resulted in amortization of 747 million yen of the actuarial difference and unrecognized prior service costs. As a result, operating income and income before income taxes increased 747 million yen.

6. **Others**

(1) Changes in directors and corporate auditors
An announcement was made on February 26, 2010.

(2) Orders received and construction completions
Orders received and construction work performed in the housing segment in the fiscal year that ended on March 31, 2010 were as follows.

FY 3/2010 (April 1, 2009 – March 31, 2010) (million yen)

Business segment	Category	Orders carried over from previous fiscal year	Orders received	Total	Construction completions	Orders carried over to next fiscal year			Construction work performed
						Order backlog	Construction work performed included		
Housing and Housing-Related Businesses	Custom-built housing	8,181 units 247,947	8,593 units 265,203	16,774 units 513,151	8,580 units 264,750	8,194 units 248,401	15,352	6.2%	261,892
	Apartment buildings, etc.	15,091	9,110	24,201	9,717	14,484	2,476	17.1%	11,172
	Total	263,038	274,314	537,352	274,467	262,885	17,828	6.80%	273,064

Notes:
1. Custom-built housing orders include new orders received during the fiscal year as well as orders associated with additional construction work during the fiscal year.
2. Apartment buildings, etc. are apartment buildings, buildings and other special structures that are not classified as custom-built housing. The number of buildings is not shown because of differences in the size, structure and monetary values of each building.
3. Construction work performed for orders carried over to next fiscal year is an estimate of completed work within the order backlog based on the progress made at each project.
4. Construction work performed is the sum of construction completions and construction work performed carried over to the next fiscal year less construction work performed that was carried over from the previous fiscal year.
5. Compared with the previous fiscal year, orders received decreased 1.9%, orders carried over decreased 0.1% and construction work performed decreased 11.1%.
6. The above figures do not include consumption taxes.
7. The above figures do not include orders received and construction work performed in the spec homes development business and housing-related business.
8. Construction completions are based on the completed-contract method.

Consolidated statements of income (million yen)

	FY ended March 2009	FY ended March 2010	YoY change	% of YoY change	Forecast of FY ended March 2011	YoY change	% of YoY change
Timber and Building Materials Business	433,648	361,812	-71,836	-16.6%	388,000	+26,188	+7.2%
Housing and Housing-Related Businesses	406,351	375,658	-30,692	-7.6%	390,000	+14,342	+3.8%
Other Businesses	16,054	15,871	-183	-1.1%	14,000	-1,871	-11.8%
Elimination and/or Corporate	(32,243)	(29,419)	+2,824	-	(32,000)	-2,581	-
Net sales	823,810	723,923	-99,887	-12.1%	760,000	+36,077	+5.0%
Gross profit	16.2% 133,493	17.2% 124,269	-9,224	-6.9%	16.9% 128,500	+4,231	+3.4%
Selling, general and administrative expenses	126,656	114,522	-12,134	-9.6%	116,500	+1,978	+1.7%
Timber and Building Materials Business	0.5% 2,054	0.3% 913	-1,141	-55.6%	1.1% 4,100	+3,187	+349.3%
Housing and Housing-Related Businesses	2.1% 8,447	3.7% 13,744	+5,297	+62.7%	3.5% 13,500	-244	-1.8%
Other Businesses	5.8% 936	5.8% 913	-22	-2.4%	4.3% 600	-313	-34.3%
Elimination and/or Corporate	(4,599)	(5,823)	-1,223	-	(6,200)	-377	-
Operating income	0.8% 6,837	1.3% 9,747	+2,910	+42.6%	1.6% 12,000	+2,253	+23.1%
Non-operating income	3,812	4,147	+336	+8.8%	3,000	-1,147	-27.7%
Non-operating expenses	4,489	4,429	-60	-1.3%	3,000	-1,429	-32.3%
Non-operating income/loss	(677)	(282)	+395	-	-	+282	-
Recurring income	0.7% 6,160	1.3% 9,465	+3,305	+53.7%	1.6% 12,000	+2,535	+26.8%
Extraordinary income	166	4,346	+4,180	-	-	-4,346	-
Extraordinary loss	4,361	3,228	-1,134	-26.0%	1,000	-2,228	-69.0%
Extraordinary income/loss	(4,196)	1,118	+5,314	-	(1,000)	-2,118	-
Net income	0.1% 1,028	0.3% 2,377	+1,349	+131.2%	0.8% 6,000	+3,623	+152.4%

Non-consolidated statements of income (million yen)

	FY ended March 2009	FY ended March 2010	YoY change	% of YoY change	Forecast of FY ended March 2011	YoY change	% of YoY change
Timber	83,263	58,593	-24,669	-29.6%	62,000	+3,407	+5.8%
Building Materials	267,886	232,869	-35,017	-13.1%	236,000	+3,131	+1.3%
Timber and Building Materials Business	351,148	291,462	-59,687	-17.0%	298,000	+6,538	+2.2%
Detached housing	313,382	284,154	-29,228	-9.3%	286,000	+1,846	+0.6%
Collective houses, etc	10,642	16,889	+6,247	+58.7%	25,000	+8,111	+48.0%
Housing Business	324,024	301,043	-22,981	-7.1%	311,000	+9,957	+3.3%
Other Businesses	796	738	-57	-7.2%	1,000	+262	+35.4%
Net sales	675,968	593,243	-82,725	-12.2%	610,000	+16,757	+2.8%
Timber and Building Materials Business	3.3% 11,596	3.5% 10,151	-1,445	-12.5%	3.5% 10,500	+349	+3.4%
Housing Business	24.3% 78,866	24.5% 73,804	-5,062	-6.4%	23.9% 74,300	+496	+0.7%
Other Businesses	99.0% 788	95.8% 707	-80	-10.2%	70.0% 700	-7	-1.0%
Gross profit	13.5% 91,249	14.3% 84,662	-6,587	-7.2%	14.0% 85,500	+838	+1.0%
Personnel expenses	47,236	41,039	-6,197	-13.1%	41,400	+361	+0.9%
Advertising expenses	4,648	4,656	+8	+0.2%	5,600	+944	+20.3%
Other expenses	36,190	35,441	-749	-2.1%	33,000	-2,441	-6.9%
Selling, general and administrative expenses	88,075	81,137	-6,938	-7.9%	80,000	-1,137	-1.4%
Timber and Building Materials Business	0.0% 67	0.2% 686	+619	+919.4%	0.5% 1,500	+814	+118.7%
Housing Business	2.4% 7,877	2.9% 8,694	+817	+10.4%	3.2% 10,000	+1,306	+15.0%
Other Businesses	26.5% 211	27.2% 201	-10	-4.6%	30.0% 300	+99	+49.4%
Corporate	(4,980)	(6,055)	-1,075	-	(6,300)	-245	-
Operating income	0.5% 3,175	0.6% 3,525	+351	+11.1%	0.9% 5,500	+1,975	+56.0%
Non-operating income	4,127	3,538	-590	-14.3%	4,200	+662	+18.7%
Non-operating expenses	1,449	1,503	+54	+3.7%	1,700	+197	+13.1%
Non-operating income/loss	2,678	2,034	-644	-24.0%	2,500	+466	+22.9%
Recurring income	0.9% 5,852	0.9% 5,560	-293	-5.0%	1.3% 8,000	+2,440	+43.9%
Extraordinary income	219	5,148	+4,930	-	-	-5,148	-
Extraordinary loss	5,063	4,248	-814	-16.1%	700	-3,548	-83.5%
Extraordinary income/loss	(4,844)	900	+5,744	-	(700)	-1,600	-
Net income	0.5% 3,264	0.3% 1,936	-1,327	-40.7%	0.7% 4,500	+2,564	+132.4%

*Percentages shown above the monetary amounts are earnings as a percentage of sales.

Summary of Housing and Real Estate Businesses

1. Orders and Sales

(1) Order amounts (net of cancelations) (million yen)

(Construction)	FY ended March 2009	FY ended March 2010	YoY change	% of YoY change	FY ended March 2011 Forecast	YoY change	% of YoY change
Custom-built housing	268,889	265,203	-3,686	-1.4%	288,000	+22,797	+8.6%
RC structures (Note 1)	4,423	2,141	-2,282	-51.6%	400	-1,741	-81.3%
Wood-frame apartments	6,439	6,969	+531	+8.2%	9,100	+2,131	+30.6%
(Real estate)							
Spec housing development (in Japan)	3,141	4,790	+1,649	+52.5%	5,100	+310	+6.5%
Real estate development	526	651	+125	+23.7%	8,100	+7,449	-
Land	8,488	12,188	+3,700	+43.6%	14,900	+2,712	+22.3%

(2) Order units (net of cancelations)

(Construction)	FY ended March 2009	FY ended March 2010	YoY change	% of YoY change	FY ended March 2011 Forecast	YoY change	% of YoY change
Custom-built housing	8,703	8,593	-110	-1.3%	9,000	+407	+4.7%
RC structures (for residence)	194	61	-133	-68.6%	35	-26	-42.6%
Wood-frame apartments	758	736	-22	-2.9%	990	+254	+34.5%
(Real estate)							
Spec housing development (in Japan)	140	215	+75	+53.6%	230	+15	+7.0%

(3) Sales amounts (million yen)

(Construction)	FY ended March 2009	FY ended March 2010	YoY change	% of YoY change	Forecast of FY ended March 2011	YoY change	% of YoY change
Custom-built housing	294,551	264,750	-29,801	-10.1%	271,000	+6,250	+2.4%
RC structures (Note 1)	3,983	4,087	+104	+2.6%	7,300	+3,213	+78.6%
Wood-frame apartments	5,729	5,631	-99	-1.7%	6,700	+1,069	+19.0%
(Real estate)							
Spec housing development (in Japan)	3,253	3,995	+742	+22.8%	5,100	+1,105	+27.6%
Real estate development	-	1,020	+1,020	-	7,800	+6,780	+664.7%
Land	7,619	10,823	+3,204	+42.1%	15,800	+4,977	+46.0%

(4) Sales units

(Construction)	FY ended March 2009	FY ended March 2010	YoY change	% of YoY change	FY ended March 2011 Forecast	YoY change	% of YoY change
Custom-built housing	9,297	8,580	-717	-7.7%	8,700	+120	+1.4%
RC structures (for residence)	225	205	-20	-8.9%	155	-50	-24.4%
Wood-frame apartments	674	670	-4	-0.6%	720	+50	+7.5%
(Real estate)							
Spec housing development (in Japan)	144	183	+39	+27.1%	230	+47	+25.7%

*1 RC construction contracts and sales include non-residential buildings.
*2 Construction sales and the number of buildings/houses sold in these materials are all based the completed-contract method.

2. Custom-built housing business summary

		FY ended March 2009	FY ended March 2010	YoY change	% of YoY change	FY ended March 2011 Forecast	YoY change	% of YoY change
Orders	Price per house (million yen)	30.9	30.9	-0.0	-0.1%	32.0	+1.1	+3.7%
Orders	Average floor area (tsubo≒3.3 ㎡)	40.9	40.1	-0.8	-1.9%	-	-	-
Orders	Average price per tsubo (thousand yen)	756	770	+14	+1.9%	-	-	-
Sales	Price per house (million yen)	31.7	30.9	-0.8	-2.6%	31.1	+0.3	+0.9%
Sales	Average floor area (tsubo)	42.4	41.4	-1.0	-2.4%	-	-	-
Sales	Average price per tsubo (thousand yen)	746	745	-1	-0.2%	-	-	-
Order backlog at end of year (million yen)		247,947	248,401	+454	+0.2%	265,401	+17,000	+6.8%
Order backlog at end of year (units)		8,181	8,194	+13	+0.2%	8,494	+300	+3.7%
Sales personnel		1,570	1,517	-53	-3.4%	1,485	-32	-2.1%
Sales offices		89	85	-4	-4.5%	85	0	+0.0%
Home exhibition sites		321	304	- 17	-5.3%	287	- 17	-5.6%

*Shows orders net of cancellations

Main Subsidiaries

(million yen)

Name of company (Location)	Founded	Capital Stock	Ownership *1	FY	Statements of income				Balance sheets	
					Net sales	Operating income	Recurring income	Net income	Total assets	Net assets
Sumitomo Forestry Crest Co., Ltd. (Chiyoda-ku, Tokyo) *2	8/1959	800	100.0%	March 2009	24,546	-188	-258	-207	15,713	3,510
				March 2010	20,551	51	11	-4,505	11,295	1,506
				March 2011 Forecast	38,000	520	340	60	-	-
Sumitomo Forestry Residential Co., Ltd. (Shinjuku-ku, Tokyo)	3/1985	150	100.0%	March 2009	26,502	355	373	213	10,404	1,529
				March 2010	25,588	241	205	542	9,507	2,071
				March 2011 Forecast	16,400	390	350	210	-	-
Sumitomo Forestry Home Engineering Co., Ltd., (Shinjuku-ku, Tokyo)	12/1999	75	100.0%	March 2009	77,340	575	695	381	26,469	2,953
				March 2010	80,862	813	948	516	31,490	3,087
				March 2011 Forecast	83,700	890	1,000	550	-	-
Sumitomo Forestry Home Service Co., Ltd. (Shinjuku-ku, Tokyo)	9/1964	400	100.0%	March 2009	5,908	-545	-569	-1,025	2,643	-370
				March 2010	5,410	9	-12	-177	2,489	-546
				March 2011 Forecast	5,500	150	100	90	-	-
Sumitomo Forestry Landscaping Co., Ltd., (Nakano-ku, Tokyo)	4/1977	200	100.0%	March 2009	27,947	217	206	111	9,458	2,911
				March 2010	21,095	408	447	234	8,756	3,037
				March 2011 Forecast	22,400	160	170	100	-	-
Sumitomo Forestry Home Tech Co., Ltd. (Chiyoda-ku, Tokyo)	10/1988	100	100.0%	March 2009	28,343	727	766	164	11,382	2,520
				March 2010	37,466	1,429	1,556	806	14,804	3,161
				March 2011 Forecast	41,200	1,530	1,600	960	-	-
PT.Kutai Timber Indonesia （Jakarta, Indonesia） *3	9/1970	27,000 (Thousand US$)	(99.8)%	December 2008	8,542	263	72	-30	7,566	2,531
				December 2009	7,273	-404	-507	-630	6,883	1,940
				December 2010 Forecast	9,700	220	150	110	-	-
Alpine MDF Industries Pty Ltd. (Wangaratta, Victoria, Australia） *4	5/1994	62,474 (Thousand AU$)	(100.0%)	December 2008	5,533	95	-141	-157	4,325	2,067
				December 2009	4,361	-45	-77	-102	5,575	2,600
				December 2010 Forecast	4,900	210	100	80	-	-
Nelson Pine Industries Ltd. （Richmond, Nelson, New Zealand) *5	10/1984	45,500 (Thousand NZ$)	(100.0%)	December 2008	14,632	1,485	772	580	11,741	8,618
				December 2009	9,284	600	1,499	1,060	14,212	11,956
				December 2010 Forecast	10,200	1,150	1,150	810	-	-

*1 Figures in parentheses are for indirect investments.
*2 Sumitomo Forestry Crest Co., Ltd. absorbed Toyo Plywood Co., Ltd. in April 2010.
*3 *4 *5 The following exchange rates were used to convert into yen the income statements of overseas group companies.

	*3 US$	*4 AU$	*5 NZ$
December 2008	103.32	88.49	74.08
December 2009	93.57	74.01	59.35
December 2010 Forecast	93.00	85.00	66.00