

**Summary of Financial Results**  
**for the Third Quarter of the Fiscal Year Ending March, 2012**  
**[Japan GAAP] (Consolidated)**

Name of Company: Sumitomo Forestry Co., Ltd.  
 Stock Exchange Listing: Tokyo, Osaka  
 Stock Code: 1911  
 URL: <http://sfc.jp/english>  
 Representative  
 Title: President / Representative Director  
 Name: Akira Ichikawa  
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 Date of filing of financial report: February 13, 2011  
 Date of commencement of dividend payment (tentative): —  
 Preparation of supplementary materials: Yes  
 Convening of a first quarter results meeting: Yes (for financial analysts and institutional investors)

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

**1. Financial results for the first quarter cumulative period under review (April 1, 2011 – December 31, 2011)**

(1) Results 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	%
3Q FY Ending March 2012	609,360	7.1	15,786	98.6	16,391	91.9	7,667	191.6
3Q FY Ended March 2011	569,211	12.3	7,947	-	8,543	-	2,629	-

Note: Comprehensive income

As of December 31, 2011 3,646 million yen (—%)  
 As of December 31, 2010 -711 million yen (—%)

	Net income per share	Net income per share fully diluted
	Yen	Yen
3Q FY Ending March 2012	43.28	-
3Q FY Ended March 2011	14.84	-

(2) Financial position (Consolidated)

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of December 31, 2011	498,884	164,129	32.9
As of March 31, 2011	489,417	163,110	33.3

(Note) Shareholders' equity

As of December 31, 2011 163,905 million yen  
 As of March 31, 2011 162,886 million yen

**2. Dividends**

	Dividend per share				
	End of 1Q	End of 2Q	End of 3Q	End of FY	Full year
	Yen	Yen	Yen	Yen	Yen
FY Ended March 2011	-	7.50	-	7.50	15.00
FY Ending March 2012	-	7.50	-	7.50	15.00
FY Ending March 2012(Est.)	-	-	-	7.50	15.00

(Note) Revised dividend forecast for the quarter under review: None

### 3. Forecast for the fiscal year ending March, 2012(Consolidated, April 1, 2011- March 31, 2012)

(Percentage figures represent period on period changes or 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
Fiscal Year Ending March 2012	830,000	4.1	23,000	61.5	23,000	61.9	10,000	93.2	56.45

Note: Revised forecast for the quarter under review: Yes

### 4. Other

- (1) Changes in main subsidiaries (changes in specific subsidiaries accompanied by changes in the scope of consolidation): None
- (2) Application of accounting treatment specific to the preparation of the consolidated quarterly financial statements: None
- (3) Changes in accounting policies, accounting estimates and restatements
  - (a) Changes in accounting policies due to the revision of accounting standards, etc.: None
  - (b) Changes in accounting policies other than (a): None
  - (c) Changes in accounting estimates: None
  - (d) Restatements: None
- (4) Number of shares outstanding (common stock)

(a) Shares outstanding (including treasury stock)	As of December 31, 2011	177,410,239	As of March 31, 2011	177,410,239
(b) Treasury stock	As of December 31, 2011	271,679	As of March 31, 2011	270,845
(c) Average number of shares during the term(cumulative for the quarter)	As of December 31, 2011	177,138,725	As of December 31, 2010	177,143,943

#### \* Indication regarding the performance of quarterly review procedures

This summary of quarterly financial results is not subject to quarterly review procedures based on the Financial Instruments and Exchange Law. At the time when this report was issued, review procedures for the quarterly financial statements had not been completed pursuant to the Financial Instruments and Exchange Law.

#### \* Cautionary statement regarding the appropriate use of business results forecasts

The forward-looking statements in these materials regarding business results are based on available information and certain assumptions that were deemed logical at the time when they were prepared. Actual results may differ materially due to a wide range of factors.

For information regarding using the assumptions that form the basis for the business results forecasts and cautionary notes about using business results forecasts, please refer to "Qualitative Information related to Consolidated Business Results Forecasts" [Accompanying Materials] (Page 3).

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## 1. Qualitative Information related to the Consolidated Business Results

### (1) Qualitative Information related to the Consolidated Financial Results

During the third quarter cumulative period under review (consolidated, April-December, 2011), with the ongoing recovery and reconstruction from the Great East Japan Earthquake, corporate capital expenditures trended upward and personal consumption picked up, indicating a recovery, albeit gradual, in Japanese economy. On the other hand, issues such as the international financial instability caused by Europe's fiscal problems together with the sluggish American economic recovery have heightened concern over a possible worldwide economic slowdown. Thus, with stock prices hovering at a low level, the strong yen persisting, and other such impediments, the future direction of the economy remains unclear.

Meanwhile, the domestic housing market which is closely linked to our company's business continued a gradual trend of recovery, with reconstruction-related demand being seen in areas affected by the earthquake, the number of new housing starts remaining strong, and other positive factors. There had been concern that expiration of some of the government measures to stimulate home purchasing which had supported demand would result in a dampening of consumers' willingness to purchase homes. However, it was decided to re-introduce the preferential interest rate treatment, such as Housing Ecopoint and Flat 35S, and they were included in the third supplementary budget for fiscal 2011, so negative impact on the housing market was limited.

Our group provided assistance to the area affected by the Great East Japan Earthquake through actions such as construction of emergency housing, the sale of detached homes at affordable prices and remodeling products. Moreover, in addition to such material assistance, we are endeavoring to provide assistance in a variety of ways, bringing together the strengths of our group. For example we succeeded in cultivating new seedlings for the Takata Matsubara (Rikuzentakata City, Iwate Prefecture) "Pine of Hope," the lone tree that survived the tsunami destruction.

In this business environment our operating results show that net sales increased by 7.1% year-on-year to ¥609,360 million, while on the profit side, operating income rose 98.6% year-on-year to ¥15,786 million, recurring income increased by 91.9% year-on-year to ¥16,391 million, and net income rose 191.6% to ¥7,667 million, reflecting a substantial increase in profit year-on-year.

### <Business Segments>

#### 1) *Timber and building materials*

In the domestic timber and building materials distribution business, immediately following the Great East Japan Earthquake a temporary situation of supply-demand imbalance, primarily involving plywood, persisted due to material shortages and other factors. However, backed by a robust housing market, the market stabilized in the second half of the year and, overall, the volume handled increased year-on-year and the unit price of sales increased. In contrast our domestic building materials manufacturing business had difficulty improving its performance, due to factors such as the impact of increased raw material prices.

As a result, net sales for the timber and building materials business were ¥291,706 million (an increase of 3.8% year-on-year) and recurring income was ¥4,068 million (an increase of 8.4% year-on-year).

#### 2) *Overseas*

The building materials manufacturing business, our company's forte, performed solidly in Indonesia and New Zealand, but performance in Australia was below par, because of the impact of the economic slowdown in that country and the strength of the Australian dollar. In China, our business has not yet made contribution to profit in spite of our implementing ongoing profit-improvement programs. In our housing business, results in the US have remained low due to the lagging recovery of the housing market, while business in Australia was also sluggish due to weakness in the housing market there.

Consequently, our overseas business posted net sales of ¥20,851 million (an increase of 5.3% year-on-year) and recurring loss of ¥1,522 million (the loss in the same period of the previous year was ¥371 million.)

In addition, we recorded an impairment loss on a portion of a foreign subsidiary's building materials manufacturing facilities, resulting in a one-time charge of ¥2,463 million.

3) *Housing*

In our custom-built detached housing business, the number of houses completed and delivered surpassed that of the year-ago period and the completion price per house also rose. As a result, net sales increased and with the effect of cost control measures and other factors, recurring income increased significantly.

Because it is an area where the market is expected to expand, our renovation business integrated its products under the “Reforest” brand to enhance their appeal. In addition, it focused on expanding business by bolstering its personnel and business sites, especially in the Tokyo metropolitan area.

As a result, the housing business posted net sales of ¥262,266 million (an increase of 14.6% year-on-year) and recurring income of ¥15,222 million (an increase of 92.2% year-on-year).

Orders received for custom-built detached housing are a leading performance indicator. This period more homes came equipped with ENE-FARM household fuel cells and orders for products that employ our proprietary Big-Frame construction method increased, with consumers becoming increasingly mindful of the need for “confidence,” “safety,” and “energy conservation” in relation to their homes. We also promoted order-taking for complete external construction and together these factors led to an increase in the unit price per house. In addition, our Big-Frame construction method won the “Good Design Award 2011” sponsored by the Japan Institute of Design Promotion.

Also, to stimulate consumer demand, we have strengthened our on-site sales promotion events and at the same time have put effort into promotions like TV commercials to achieve greater consumer awareness of our product brands. Moreover, in response to the greater diversity of lifestyles we endeavored to expand our product line. For example, in June we launched “mamato” a product with the concept of allowing free design so that houses can be arranged to facilitate child rearing and housework for those raising children and in October we launched “ikiki,” a two-household product with industry-leading soundproofing to let occupants share one building comfortably and free of stress.

As a result, orders received amounted to ¥215,486 million, an increase of 4.7% year-to-year.

4) *Real estate*

In our real estate business, the real estate distribution business fought an uphill battle in a market that had come to a standstill due to the earthquake. In the detached spec home business, although the number of homes sold gradually recovered in the second half of the year, the number of homes sold for the period actually fell, due in part to the impact of our reconsideration of the timing of offering homes for sale in the immediate aftermath of the earthquake. Also, as a new venture, in Ota Ku, Tokyo we built a 3-storey commercially-based nursing home featuring a fire-resistant wooden structure, the first in Tokyo’s 23 “Ku”. Further, this facility is the first building project involving design and construction by our Office for Promoting the Switch to Timber which we established in April of last year. The vision of that home is to expand new applications for timber resources by promoting the adoption of wood construction and the switch to wood for interior decoration, etc. in the area of non-residential buildings, an area expected to grow in the future.

As a result, the real estate business posted net sales of ¥30,979 million (a decrease of 15.1% year-on-year) and recurring income of ¥466 million (a decrease of 48.8% year-on-year).

5) *Other Businesses*

As well as the businesses mentioned above, the Sumitomo Forestry Group develops IT systems for its Group companies, operates a leasing business and a wide range of service businesses for residential customers, including home insurance agency services. It also manufactures and sells farming and gardening materials.

These other businesses recorded sales of ¥2,996 million (an increase of 17.6% year-on-year) and recurring income of ¥471 million (an increase of 53.5% year-on-year).

## (2) Qualitative Information related to the Consolidated Financial Position

At the end of the third quarter accounting period (consolidated), total assets increased by ¥9,467 million over the previous year end, standing at ¥498,884 million. This increase was due to factors such as an increase in operating receivables in the timber and building materials business and an increase in costs on uncompleted construction contracts which increased in line with the number of houses under construction. Liabilities increased by ¥8,448 million over the previous year end to ¥334,755 million. This increase was primarily due to factors such as an increase in trade payables in the timber and building materials business and an increase in advances received on uncompleted construction contracts accompanying the increase in the number of houses under construction. Net assets totaled ¥164,129 million and the equity ratio was 32.9%.

## (3) Qualitative Information related to Consolidated Business Results Forecasts

The consolidated business results forecast for the fiscal year ending March, 2012 contains no changes to net sales, operating income, or recurring income from the “Summary of Financial Results for the Second Quarter of the Fiscal Year Ending March, 2012” announced November 9, 2011. However, in the third quarter closing, we recorded an impairment loss on a portion of a foreign subsidiary’s building materials manufacturing facilities as an extraordinary loss. This has caused our forecast of net income to be lower than the previous forecast.

The Sumitomo Forestry Group conducts batch processing of actuarial differences related to retirement benefit accounting at the end of the year when incurred. Amounts of differences resulting from servicing of pension assets are determined at the end of each period based on the results of that servicing. In addition, the amounts of differences resulting from changes in the discount rate used to calculate the projected benefit obligation are also determined at the end of each period based on trends in market interest rates. As a result, these actuarial differences related to retirement benefit accounting may have a large impact on the Group’s business results and financial position, depending on future movements in financial markets.

The forecasted values herein do not include these actuarial differences related to retirement benefit accounting. For details such as pro-forma calculations of the amount of impact at the present time, refer to the “Financial Overview” for the third quarter of fiscal year ending March, 2012 posted on our company’s homepage.

Forecasts for the fiscal year ending March, 2012 (Consolidated, April 1, 2011 to March 31, 2012)

	Net sales	Operating income	Recurring income	Net income	Net income per share
	Million yen	Million yen	Million yen	Million yen	Yen
Previous forecast (A)	830,000	23,000	23,000	13,000	73.39
Revised forecast (B)	830,000	23,000	23,000	10,000	56.45
Difference (B – A)	-	-	-	(3,000)	-
Difference (%)	-	-	-	(23.1)	-
Actual results for previous period (for reference) (Year ended March 2011)	797,493	14,238	14,206	5,175	29.21

**2. Quarterly Consolidated Financial Statements**

## (1) Consolidated Balance Sheet

(million yen)

	Previous consolidated accounting year (As of March 31, 2011)	Third quarter consolidated accounting period (As of December 31, 2011)
<b>Assets</b>		
Current assets		
Cash and time deposits	55,618	50,596
Notes and accounts receivable-trade	112,427	126,686
Accounts receivable from completed construction contracts	6,024	3,023
Marketable securities	20,000	—
Finished goods, logs and lumber	13,843	15,004
Work in process	1,123	1,335
Raw materials and supplies	4,049	4,559
Developed land and housing for sale	31,492	31,107
Costs on uncompleted construction contracts	31,242	38,685
Deferred tax assets	7,915	6,735
Short-term loans receivable	1,204	20,808
Accounts receivable -other	45,513	44,898
Other	4,260	4,970
Allowance for doubtful accounts	(1,272)	(1,488)
<b>Total current assets</b>	<b>333,439</b>	<b>346,919</b>
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	51,244	50,204
Accumulated depreciation	(22,414)	(22,613)
Buildings and structures, net	28,830	27,591
Machinery, equipment and vehicles	54,532	48,512
Accumulated depreciation	(40,667)	(37,155)
Machinery, equipment and vehicles, net	13,865	11,357
Land	26,048	25,743
Leased assets	6,615	7,805
Accumulated depreciation	(3,001)	(4,171)
Leased assets, net	3,615	3,634
Construction in progress	3,062	7,559
Other	17,800	18,005
Accumulated depreciation	(5,618)	(5,870)
Other, net	12,181	12,135
<b>Total property, plant and equipment</b>	<b>87,602</b>	<b>88,019</b>
Intangible assets		
Goodwill	201	1,049
Other	6,867	6,978
<b>Total intangible assets</b>	<b>7,068</b>	<b>8,027</b>
Investments and other assets		
Investment securities	48,458	43,628
Long-term loans receivable	2,512	2,173
Deferred tax assets	1,354	1,217
Prepaid pension cost	—	94
Other	12,130	12,012
Allowance for doubtful accounts	(3,146)	(3,203)
<b>Total investments and other assets</b>	<b>61,309</b>	<b>55,919</b>
<b>Total noncurrent assets</b>	<b>155,978</b>	<b>151,966</b>
<b>Total assets</b>	<b>489,417</b>	<b>498,884</b>

(million yen)

	Previous consolidated accounting year (As of March 31, 2011)	Third quarter consolidated accounting period (As of December 31, 2011)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	93,018	105,912
Accounts payable for construction contracts	57,143	53,620
Short-term debt	18,588	20,558
Lease obligations	1,095	1,233
Income taxes payable	6,909	1,005
Advances received on uncompleted construction contracts	37,524	46,717
Deferred tax liabilities	10	4
Provision for employees' bonuses	8,256	4,471
Provision for directors' bonuses	60	—
Provision for warranties for completed construction	2,007	1,933
Provision for disaster losses	545	321
Asset retirement obligation	455	521
Other	18,165	22,349
Total current liabilities	243,774	258,643
Long-term liabilities		
Bonds issued	15,000	15,000
Long-term debt	32,101	27,966
Lease obligations	2,445	2,512
Deferred tax liabilities	8,782	7,125
Provision for employees' retirement benefits	6,152	5,449
Provision for directors' retirement benefits	61	73
Provision for loss on business liquidation	1,435	1,435
Asset retirement obligation	940	859
Other	15,616	15,692
Total long-term liabilities	82,532	76,112
Total liabilities	326,307	334,755
<b>Net assets</b>		
Shareholders' equity		
Common stock	27,672	27,672
Capital surplus	26,872	26,872
Retained earnings	107,584	112,624
Treasury stock	(267)	(267)
Total shareholders' equity	161,861	166,900
Accumulated Other Comprehensive income		
Valuation difference on available-for-sale securities	4,876	2,668
Deferred gains or losses on hedges	154	(30)
Foreign currency translation adjustment	(4,005)	(5,633)
Total accumulated Other Comprehensive income	1,025	(2,995)
Minority interests	224	224
Total net assets	163,110	164,129
<b>Total liabilities and net assets</b>	<b>489,417</b>	<b>498,884</b>



(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income  
 (Consolidated Statements of Income)  
 (For the third quarter cumulative period (consolidated))

(million yen)

	Previous 3Q Cumulative Period (Consolidated) (April 1, 2010 - December 31, 2010)	3Q Cumulative Period under Review (Consolidated) (April 1, 2011 - December 31, 2011)
Net sales	569,211	609,360
Cost of sales	476,225	510,676
Gross profit	92,987	98,683
Selling, general and administrative expenses	85,039	82,898
Operating income	7,947	15,786
Non-operating income		
Interest income	166	181
Purchase discounts	279	294
Dividends income	727	875
Equity in earnings of affiliates	218	—
Foreign exchange gains	—	274
Other	1,127	920
Total non-operating income	2,516	2,544
Non-operating expenses		
Interest expenses	962	958
Sales discounts	427	463
Equity in losses of affiliates	—	184
Foreign exchange losses	318	—
Other	213	335
Total non-operating expenses	1,921	1,939
Recurring income	8,543	16,391
Extraordinary gains		
Gain on sales of noncurrent assets	46	159
Gain on sales of investment securities	17	5
Gain on transfer to defined contribution plans	—	156
Gain on sales of stock of subsidiaries	273	—
Gain on abolishment of retirement benefit plan	100	—
Total extraordinary gains	436	320
Extraordinary loss		
Loss on retirement of noncurrent assets	157	153
Impairment loss	695	2,463
Loss on sales of investment securities	5	—
Loss on devaluation of investment securities	1,053	68
Disaster losses	—	56
Loss on sale of shares of affiliated companies	—	88
Monetary effect of applying Accounting Standard for Asset Retirement Obligation	706	—
Special retirement expenses	356	—
Total extraordinary loss	2,972	2,828
Income before income taxes and minority interests	6,007	13,884
Income taxes - current	3,620	4,988
Income taxes - deferred	(185)	1,221
Total income taxes	3,435	6,209
Net income before minority interests	2,572	7,675
Minority interests or loss	(58)	8
Net income	2,629	7,667

(Consolidated Statements of Comprehensive Income)  
(For the third quarter cumulative period (consolidated))

(million yen)

	Previous 3Q Cumulative Period (Consolidated) (April 1, 2010 - December 31, 2010)	3Q Cumulative Period under Review (Consolidated) (April 1, 2011 - December 31, 2011)
Net income before minority interests	2,572	7,675
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,487)	(2,209)
Deferred gains or losses on hedges	(125)	(184)
Foreign currency translation adjustments	(1,452)	(1,198)
Share in equity method affiliates	(219)	(438)
Total other comprehensive income	(3,283)	(4,029)
Comprehensive income	(711)	3,646
Comprehensive income attributable to owners of the parent	(635)	3,646
Comprehensive income attributable to minority interests	(76)	0

- (3) Notes related to the Assumption of a Going Concern  
Not applicable.

(4) Segment Information

I. Previous Third Quarter Cumulative Period (Consolidated April 1, 2010 – December 31, 2010)

(a) Information regarding Sales and Income (Loss) for each Reporting Segment

(million yen)

	Reporting segments					Other (Note 1)	Total	Adjustment (Note 2)	Amount recorded in the quarterly, consolidated statements of income (Note 3)
	Timber and Building Materials	Overseas	Housing	Real Estate	Total				
Net sales									
(1) Unaffiliated customers	280,965	19,806	228,806	36,491	566,067	2,547	568,614	597	569,211
(2) Inter-segment sales/ transfers	13,620	4,999	1,706	664	20,990	7,441	28,430	(28,430)	-
Total	294,585	24,805	230,512	37,154	587,057	9,988	597,045	(27,833)	569,211
Operating income (loss)	3,752	(371)	7,921	911	12,213	307	12,520	(3,977)	8,543

- (Notes) 1. "Other" means business segments that are not included in the reporting segments. Such segments include the Leasing Business and Insurance Agency Business.  
2. The adjusted business loss of ¥3,977 million includes ¥28 million in eliminated inter-segment transactions and ¥3,949 million in corporate expenses, etc. which had not been allocated among the reporting segments. Corporate expenses, etc. are mainly selling, general and administrative expenses not attributable to any reporting segments.  
3. Total segment income (loss) is adjusted against recurring income in the quarterly consolidated statements of income.

(b) Information on Impairment Loss on Noncurrent Assets, Goodwill, etc., for each Reporting Segment

(Material Impairment Loss on Noncurrent Assets)

The "Timber and Building Materials" segment recorded an impairment loss as an extraordinary loss following the decision to transfer a portion of a subsidiary's business.

The recorded amount of the impairment loss for the third quarter cumulative period under review (consolidated) was ¥695 million.

II Third Quarter Cumulative Period under Review (Consolidated, April 1, 2011 – December 31, 2011)

(a) Information on Net Sales and Income/Loss in each Reporting Segment

(million yen)

	Reporting segments					Other (Note 1)	Total	Adjustment (Note 2)	Amount recorded in the quarterly, consolidated statements of income (Note 3)
	Timber and Building Materials	Overseas	Housing	Real Estate	Total				
Net sales									
(1) Unaffiliated customers	291,706	20,851	262,266	30,979	605,802	2,996	608,798	562	609,360
(2) Inter-segment sales/ transfers	14,015	6,613	1,046	154	21,828	5,774	27,602	(27,602)	-
Total	305,722	27,464	263,312	31,133	627,631	8,770	636,400	(27,041)	609,360
Operating income (loss)	4,068	(1,522)	15,222	466	18,234	471	18,705	(2,314)	16,391

- (Notes) 1. "Other" means business segments that are not included in the reporting segments. Such segments include the Leasing Business and Insurance Agency Business.  
2. The adjusted business loss of ¥2,314 million includes ¥24 million in eliminated transactions between segments and ¥2,290 million in corporate expenses, etc. which had not been allocated among the reporting segments. Corporate expenses, etc. are mainly selling, general and administrative expenses not attributable to any reporting segments.  
3. Total segment income (loss) is adjusted against recurring income in the quarterly consolidated statements of income.

(b) Information on Impairment Loss on Noncurrent Assets, Goodwill, etc., for each Reporting Segment (Material Impairment Loss on Fixed Assets)

In the "Overseas" segment, concerning a building materials manufacturing facility held by a subsidiary, we considered the current business environment and future prospects and studied the likelihood of recovering our investment. As a result, we recorded an impairment loss as an extraordinary loss.

The recorded amount of the impairment loss for the third quarter cumulative period under review (consolidated) was ¥2,463 million.

- (5) Notes on Significant Changes to Shareholders' Equity  
No such events occurred.

### 3. Supplementary Information

#### (1) Consolidated Statements of Income

(million yen)

	3Q FY Ended March 2011		3Q FY Ending March 2012		YoY Change	% Change YoY	FY Ended					
							March 2011	FY Ending March 2012 (Forecast)	YoY Change	% Change YoY		
Timber and Building Materials Business	294,585		305,722		+11,136	+3.8%	390,231	402,000	+11,769	+3.0%		
Overseas Business	24,805		27,464		+2,659	+10.7%	33,234	39,000	+5,766	+17.4%		
Housing Business	230,512		263,312		+32,800	+14.2%	346,279	373,000	+26,721	+7.7%		
Real estate Business	37,154		31,133		-6,021	-16.2%	50,881	45,000	-5,881	-11.6%		
Other Businesses	9,988		8,770		-1,218	-12.2%	13,529	11,000	-2,529	-18.7%		
Adjustment	-27,833		-27,041		+792	-	-36,662	-40,000	-3,338	-		
<b>Net sales</b>	<b>569,211</b>		<b>609,360</b>		<b>+40,148</b>	<b>+7.1%</b>	<b>797,493</b>	<b>830,000</b>	<b>+32,507</b>	<b>+4.1%</b>		
Gross profit	16.3%	92,987	16.2%	98,683	+5,697	+6.1%	16.6%	132,568	16.7%	138,500	+5,932	+4.5%
Selling, general and administrative expenses		85,039		82,898	-2,142	-2.5%		118,330		115,500	-2,830	-2.4%
Operating income	1.4%	7,947	2.6%	15,786	+7,839	+98.6%	1.8%	14,238	2.8%	23,000	+8,762	+61.5%
Non-operating income		2,516		2,544	+28	+1.1%		3,425		3,000	-425	-12.4%
Non-operating expenses		1,921		1,939	+18	+1.0%		3,458		3,000	-458	-13.2%
Non-operating income (loss)		596		606	+10	+1.6%		-32		-	+32	-
Timber and Building Materials Business	1.3%	3,752	1.3%	4,068	+316	+8.4%	1.2%	4,848	1.3%	5,100	+252	+5.2%
Overseas Business	-1.5%	-371	-5.5%	-1,522	-1,151	-	-5.5%	-1,829	-5.9%	-2,300	-471	-
Housing Business	3.4%	7,921	5.8%	15,222	+7,300	+92.2%	5.5%	18,988	6.3%	23,400	+4,412	+23.2%
Real estate Business	2.5%	911	1.5%	466	-445	-48.8%	1.8%	903	1.3%	600	-303	-33.6%
Other	3.1%	307	5.4%	471	+164	+53.5%	3.7%	502	4.5%	500	-2	-0.3%
Adjustment		-3,977		-2,314	+1,663	-		-9,206		-4,300	+4,906	-
<b>Recurring income</b>	<b>1.5%</b>	<b>8,543</b>	<b>2.7%</b>	<b>16,391</b>	<b>+7,848</b>	<b>+91.9%</b>	<b>1.8%</b>	<b>14,206</b>	<b>2.8%</b>	<b>23,000</b>	<b>+8,794</b>	<b>+61.9%</b>
Extraordinary gains		436		320	-116	-26.5%		767		500	-267	-34.8%
Extraordinary losses		2,972		2,828	-144	-4.8%		3,964		3,500	-464	-11.7%
Extraordinary gains (loss)		-2,536		-2,507	+28	-		-3,196		-3,000	+196	-
Net income	0.5%	2,629	1.3%	7,667	+5,037	+191.6%	0.6%	5,175	1.2%	10,000	+4,825	+93.2%

## (2) Breakdown of Sales and Orders Received for the Housing Business and Real Estate Business (Non-consolidated)

## 1) Third Quarter (cumulative)

(million yen)

			3Q FY Ended March 2010 (Actual)			3Q FY Ended March 2011 (Actual)			Change	
			Volume	Amount	Unit price	Volume	Amount	Unit price	Volume	Amount
Orders Received	Contract Work	Custom-built detached housing	6,495	205,728	31.7	6,577	215,486	32.8	+1.3%	+4.7%
		Wooden apartments	584	5,570	9.5	714	8,240	11.5	+22.3%	+48.0%
		Other contracts		121	-		556	-		+360.1%
Sales	Contract Work	Custom-built detached housing *1	5,702	176,853	31.0	6,336	206,799	32.6	+11.1%	+16.9%
		Wooden apartments *1	254	2,510	9.9	305	3,093	10.1	+20.1%	+23.3%
		Other contracts		3,268	-		556	-		-83.0%
	Detached spec homes business *2	187	7,929	42.4	162	7,034	43.4	-13.4%	-11.3%	
	Land for custom-built housing		3,878	-		3,417	-		-11.9%	
	Real estate development *2		7,768	-		4,042	-		-48.0%	
	Other *3		4,955	-		8,863	-		+78.9%	
Total			207,160	-		233,804	-		+12.9%	
Profit Ratio		Gross profit	25.6%	53,066		25.2%	59,001			
Backlog of Orders Received at Term End	Contract Work	Custom-built housing	8,987	277,029	30.8	8,640	270,357	31.3	-3.9%	-2.4%
		Wooden apartments	1,162	10,559	9.1	1,292	13,309	10.3	+11.2%	+26.0%
		Other contracts		251	-		-	-		-

## 2) Full Year

(million yen)

			FY Ended March 2011 (Actual)			FY Ending March 2012 (Forecast)			Change	
			Volume	Amount	Unit price	Volume	Amount	Unit price	Volume	Amount
Orders Received	Contract Work	Custom-built detached housing	8,926	284,420	31.9	9,000	292,000	32.4	+0.8%	+2.7%
		Wooden apartments	775	7,343	9.5	950	10,500	11.1	+22.6%	+43.0%
		Other contracts		160	-		1,000	-		+526.6%
Sales	Contract Work	Custom-built detached housing *1	8,721	270,903	31.1	9,000	293,000	32.6	+3.2%	+8.2%
		Wooden apartments *1	724	6,681	9.2	780	7,800	10.0	+7.7%	+16.8%
		Other contracts		3,558	-		600	-		-83.1%
	Spec homes business*2	226	9,567	42.3	230	9,800	42.6	+1.8%	+2.4%	
	Land for custom-built housing		5,784	-		4,300	-		-25.7%	
	Real estate development *2		9,704	-		7,000	-		-27.9%	
	Other *3		6,919	-		10,500	-		+51.8%	
Total			313,116	-		333,000	-		+6.4%	
Profit Ratio		Gross profit	25.4%	79,476		25.2%	83,800			
Backlog of Orders Received at Term End	Contract Work	Custom-built housing	8,399	261,670	31.2	8,399	260,670	31.0	+0.0%	-0.4%
		Wooden apartments	883	8,162	9.2	1,053	10,862	10.3	+19.3%	+33.1%
		Other contracts		-	-		400	-		-

\* 1: Sales volumes for custom-built housing and wooden apartments are delivered houses (number of houses is shown).

\* 2: Spec Homes Business and Real Estate Development figures are for the total of land and building.

\* 3: Sales of interior products and rental proceeds from leasing properties in our portfolio, etc.