

November 1, 2005



Announcement of Establishment of Subsidiary

Sumitomo Forestry Co., Ltd. (Head office: 1-8-1 Marunouchi, Chiyoda-ku, Tokyo; President: Ryu Yano) announced that it was decided at the Board of Directors Meeting held on July 12, 2005, to establish a subsidiary in Dalian, China, for the purpose of delegating to the subsidiary some part of its CAD operations and administrative work currently carried out in Japan. Procedures for payment of a portion of the capital for the new subsidiary were completed on October 20. Details regarding the subsidiary are described below.

1. Outline of the Subsidiary

Company name:	Dalian Sumirin Information Technology Service Co., Ltd.
Date established:	September 6, 2005
Address:	International Finance Tower No. 15 Renmin Road, Zhongshan District Dalian, CHINA
Representative:	Hidekazu Tanaka
President:	Akira Sekimoto
Capital:	¥ 50,000,000
Shareholders:	100% owned by Sumitomo Forestry Co., Ltd.
Business activities:	CAD operations and processing of delivery data
Fiscal year-end:	December 31
Number of employees:	13 (as of November 1, 2005)

2. Reason for Establishing Subsidiary

At present, CAD operations and administrative work for Sumitomo Forestry's housing business are carried out in Japan. In order to achieve cost reductions without disclosing to an outside party its original system operations or know-how for handling these tasks, Sumitomo Forestry established a wholly-owned subsidiary in China to be exclusively engaged in these tasks.

3. Schedule for Establishment

Acquisition of operating license:	September 6, 2005
Start of operations:	January 2006 (plan)

4. Future Prospects

The establishment of the subsidiary is expected to have minimal impact on the results of Sumitomo Forestry's operations for the fiscal year ending March 2006, and no changes shall be made to the business forecast currently disclosed.