

# Financial Results for the First Quarter of FY Ending March 2011

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<b>◆ Changes to Segments</b>	<b>.....</b>	<b>2</b>
<b>◆ Business Results for the First Quarter of FY March 2011</b>	<b>.....</b>	<b>3</b>
Summary of Financial Results		
Summary of Financial Results by Segment		
Notes on Sales (Housing & Real Estate)		
<b>◆ Earnings Forecasts for FY March 2011</b>	<b>.....</b>	<b>6</b>
Earnings Forecasts for the First Half/Full Year		
Earnings Forecast by Segment for full year		
Notes on Sales (Housing & Real Estate)		
<b>◆ Orders Received and the Full Year Forecast</b>	<b>.....</b>	<b>9</b>
<b>◆ Balance Sheets/Cash Flow</b>	<b>.....</b>	<b>10</b>
<b>◆ Capital Expenditures</b>	<b>.....</b>	<b>11</b>

## <Former Segment>

### Timber and Building Materials

Domestic Distribution & Manufacturing

Overseas Distribution & Manufacturing

Forestry Management

### Housing and Housing-related

New Custom-Built Housing

Renovation

Real Estate

Overseas Housing

### Other

Leasing, Insurance Agency etc.

### Corporate/Elimination

Headquarters' Administrative Departments

## <New Segments>

### Timber and Building Materials

Domestic Distribution & Manufacturing

### Overseas Business

Overseas Distribution & Manufacturing

Overseas Housing

### Housing Business

New Custom-Built Housing

Renovation

### Real Estate Business

Real Estate

### Other

Leasing, Insurance Agency etc.

### Adjustment

Forestry Management

Headquarters' Administrative Department

## Summary of Financial Results

- Sales grew due to a market recovery for timber and building materials distribution and the recovery in the business results for overseas manufacturing.
- In addition to growth in sales, the deficit shrank due to the reduction in selling, general and administration expenses.

(Billion yen)

	1Q FY March 2010		1Q FY March 2011		YoY Change	% of YoY Change
Net Sales		135.9		149.0	+13.1	+9.7%
Gross Profit	14.4%	19.6	14.0%	20.9	+1.3	+6.7%
Selling, General & Admin. Expenses		28.3		27.6	-0.8	-2.7%
Operating Income	-6.4%	-8.7	-4.5%	-6.7	+2.1	—
Recurring Income	-6.0%	-8.2	-4.2%	-6.3	+1.9	—
Net Income	-4.1%	-5.5	-3.0%	-4.5	+1.0	—

## Summary of Financial Results by Segment

- Revenues and income increased for the timber and building materials business segment, overseas business segment and real estate business segment.
- Sales of leasing properties held by the real estate business contributed to the growth in sales.

(Billion yen)

		1Q FY March 2010	1Q FY March 2011	YoY Change	% of YoY Change
<b>&lt;Net Sales&gt;</b>	Timber and Building Materials Business	79.2	90.5	+11.4	+14.4%
	Overseas Business	4.8	7.3	+2.5	+51.3%
	Housing Business	46.0	43.4	-2.6	-5.7%
	Real Estate Business	9.7	12.8	+3.1	+32.4%
	Other	4.0	3.4	-0.7	-16.7%
	Adjustment	-7.8	-8.4	-0.6	-
	<b>Total</b>	<b>135.9</b>	<b>149.0</b>	<b>+13.1</b>	<b>+9.7%</b>

		1Q FY March 2010	1Q FY March 2011	YoY Change	% of YoY Change
<b>&lt;Recurring Income&gt;</b>	Timber and Building Materials Business	-0.2%	0.9%	+0.9	-
	Overseas Business	-8.6%	-3.4%	+0.2	-
	Housing Business	-16.1%	-15.0%	+0.9	-
	Real Estate Business	1.2%	1.8%	+0.1	+103.3%
	Other	4.1%	3.0%	-0.1	-39.8%
	Adjustment	-	-	-0.1	-
	<b>Total</b>	<b>-6.0%</b>	<b>-4.2%</b>	<b>+1.9</b>	<b>-</b>

## Notes on Sales (Housing and Real Estate)

- Sales of custom-built detached housing underperformed the results of the previous year.
- Sales of detached spec homes were robust.

(incl. percentage of completion basis)		1Q FY March 2010	1Q FY March 2011	YoY Change	(Billion yen) % of YoY Change
<b>Contract Work</b>	Custom-built detached housing	32.3	29.4	-2.9	-8.9%
	Units	1,049	975	-74	-7.1%
	Unit price (millions)	30.8	30.2	-0.6	-1.9%
	Wooden apartments	0.2	0.1	-0.2	-77.5%
	Units	23	8	-15	-65.2%
	Other contract work	1.9	2.0	+0.2	+9.1%
Detached spec homes		1.2	2.3	+1.1	+97.9%
Units	28	48	+20	+71.4%	
Unit price (millions)	41.2	47.6	+6.4	+15.4%	
Land for custom-built housing		0.4	1.1	+0.7	+165.2%
Real estate development		1.4	3.6	+2.2	+163.6%
Other		2.0	1.4	-0.6	-27.6%

## Earnings Forecasts for the First Half/Full Year

- The first half and full year earnings forecasts have not changed since the beginning of the fiscal term.
- The Japanese economy is still plagued by uncertainty about the future.
- Materials prices may rise in the housing market.

### <First Half Forecast>

### <Full Year Forecast>

(Billion yen)	<First Half Forecast>				<Full Year Forecast>			
	1H FY March 2010	1H FY March 2011 Forecast	YoY Change	% of YoY Change	FY March 2010 Actual	FY March 2011 Forecast	YoY Change	% of YoY Change
Net Sales	336.8	350.0	+13.2	+3.9%	723.9	760.0	+36.1	+5.0%
Gross Profit	55.7	58.0	+2.3	+4.0%	124.3	128.5	+4.2	+3.4%
Selling, General & Admin. Expenses	56.9	58.0	+1.1	+1.9%	114.5	116.5	+2.0	+1.7%
Operating Income	-1.1	0	+1.1	-	9.7	12.0	+2.3	+23.1%
Recurring Income	-0.4	0	+0.4	-	9.5	12.0	+2.5	+26.8%
Net Income	-1.6	-1.0	+0.6	-	2.4	6.0	+3.6	+152.4%

## Earnings Forecast by Segment for full year

- The overseas business and real estate business will swing into profit during the current fiscal term.
- Recurring income for the housing business will fall slightly once soaring prices for materials are taken into account.

(Billion yen)

		FY March 2010	FY March 2011 Forecast	YoY Change	% of YoY Change
<b>&lt;Net Sales&gt;</b>	Timber and Building Materials Business	341.4	357.0	+15.6	+4.6%
	Overseas Business	25.5	38.0	+12.5	+49.2%
	Housing Business	338.3	345.0	+6.7	+2.0%
	Real Estate Business	38.2	44.0	+5.8	+15.3%
	Other	15.2	13.0	-2.2	-14.3%
	Adjustment	-34.6	-37.0	-2.4	-
	<b>Total</b>	<b>723.9</b>	<b>760.0</b>	<b>+36.1</b>	<b>+5.0%</b>
<b>&lt;Recurring Income&gt;</b>	Timber and Building Materials Business	0.6% 2.0	0.9% 3.1	+1.1	+54.6%
	Overseas Business	-10.1% -2.6	0.8% 0.3	+2.9	-
	Housing Business	3.9% 13.3	3.6% 12.4	-0.9	-6.4%
	Real Estate Business	-2.7% -1.0	1.4% 0.6	+1.6	-
	Other	3.8% 0.6	1.5% 0.2	-0.4	-65.7%
	Adjustment	- -2.8	- -4.6	-1.9	-
	<b>Total</b>	<b>1.3% 9.5</b>	<b>1.6% 12.0</b>	<b>+2.5</b>	<b>+26.8%</b>

\* difference in accounting for retirement benefits obligations are included in the adjustment



## Notes on Sales (Housing &amp; Real Estate)

- Sales of key custom-built detached housing are expected to outperform the sales results for last fiscal term.
- In the case of real estate development, sales are expected to increase substantially due to sales of leasing properties held and increased sales of condominiums.

(Billion yen)

(incl. percentage of completion basis)		FY March 2010	FY March 2011 Forecast	YoY Change	% of YoY Change
Contract Work	Custom-built detached housing				
		264.2	271.0	+6.8	+2.6%
	Units	8,580	8,700	+120	+1.4%
	Unit price (millions)	30.8	31.1	+0.4	+1.2%
	Wooden apartments				
		5.6	6.7	+1.1	+19.0%
	Units	670	720	+50	+7.5%
	Other contract work	8.0	3.7	-4.3	-53.9%
	Detached spec homes				
		7.9	9.4	+1.5	+19.7%
	Units	183	230	+47	+25.7%
	Unit price (millions)	42.9	40.9	-2.0	-4.7%
	Land for custom-built housing	6.0	4.5	-1.5	-25.0%
	Real estate development	2.0	12.8	+10.8	+544.6%
	Other	7.3	2.9	-4.4	-60.4%

- Orders received for the first quarter are on par with orders received the previous fiscal term.
- The full year forecast for orders received has not changed since the beginning of the fiscal term.

(Billion yen)

		1Q FY March 2010	1Q FY March 2011	YoY Change		FY March 2010 Actual	FY March 2011 Forecast	YoY Change	
Orders Received	Custom-built detached housing	64.4	64.3	-0.2	-0.3%	265.2	288.0	+22.8	+8.6%
	Units	2,090	2,106	+16	+0.8%	8,593	9,000	+407	+4.7%
	Unit price (millions)	30.8	30.5	-0.3	-1.0%	30.9	32.0	+1.1	+3.7%
	Wooden apartments	1.1	1.6	+0.5	+44.2%	7.0	9.1	+2.1	+30.6%
	Units	121	176	+55	+45.5%	736	990	+254	+34.5%
	Other contract work	1.5	0.1	-1.4	-93.4%	3.1	0.4	-2.7	-87.0%
Backlog of Orders Received	Custom-built detached housing	279.3	283.0	+3.7	+1.3%	248.2	265.2	+17.0	+6.9%
	Units	9,222	9,325	+103	+1.1%	8,194	8,494	+300	+3.7%
	Unit price (millions)	30.3	30.3	+0.1	+0.2%	30.3	31.2	+0.9	+3.1%
	Wooden apartments	7.0	9.0	+2.0	+28.8%	7.5	9.9	+2.4	+32.0%
	Units	864	1,000	+136	+15.7%	832	1,102	+270	+32.5%
	Other contract work	8.0	1.5	-6.6	-81.7%	3.4	0.1	-3.3	-97.1%

## Results for the First Quarter of FY March 2011

(Billion yen)

	End FY March 2010	1Q FY March 2011	Change		End FY March 2010	1Q FY March 2011	Change
Cash, deposits, securities	71.7	42.9	-28.9	Payables	147.6	121.5	-26.1
Receivables	107.4	110.0	+2.6	Short-term loans	12.3	17.4	+5.1
Finished goods, logs and lumber	17.2	19.6	+2.4	Other current liabilities	59.5	75.2	+15.7
Developed land and housing for sale	26.3	22.1	-4.2	Long-term loans/bonds	51.0	46.8	-4.2
Other current assets	85.1	96.3	+11.2	Provision for employees' retirement benefits	5.4	5.4	-0
<b>Total current assets</b>	<b>307.8</b>	<b>290.9</b>	<b>-16.9</b>	Other long-term liabilities	31.0	30.7	-0.3
Buildings and structures	29.7	31.4	+1.7	<b>Total liabilities</b>	<b>306.8</b>	<b>297.0</b>	<b>-9.9</b>
Land	26.7	27.8	+1.1	Shareholders' equity	159.3	153.5	-5.8
Investment securities	51.1	46.2	-4.9	Valuation and translation adjustments	3.2	0.1	-3.2
Other fixed assets	54.5	54.5	+0	Minority interest	0.3	0.3	-0
<b>Total fixed assets</b>	<b>162.0</b>	<b>160.0</b>	<b>-2.0</b>	Net assets	162.9	153.9	-9.0
<b>Assets</b>	<b>469.7</b>	<b>450.9</b>	<b>-18.9</b>	<b>Total liabilities and net assets</b>	<b>469.7</b>	<b>450.9</b>	<b>-18.9</b>

### Balance Sheet Notes

- As seasonal factors, payable and cash, deposits, securities declined in 1Q.
- Developed land and housing for sale declined due to the sales of leasing properties held.

	1Q FY March 2010	1Q FY March 2010	Change
Operating cash flows	-11.4	-24.4	-13.1
Investment cash flows	-3.1	-3.3	-0.2
Free cash flows	-14.4	-27.7	-13.3
Financing cash flows	-2.4	-1.0	+1.4

## The plan for the full year remains unchanged

- In the real estate business, one leasing property was acquired

(Billion yen)	1Q FY March 2011	FY March 2011 Forecast
Tangible Fixed Assets	3.8	18.0
Intangible Fixed Assets (software)	0.1	2.8
Other	0.1	0.2
Total	4.0	21.0

◎ Breakdown of our main investments  
(1Q)

Real Estate Investment	2.72
Plant Equipment Replacement	0.22
Leases model home etc.)	0.35

◎ Breakdown of our main investments  
(full year)

Real Estate Investments	7.3
Construction of Particle Board Factory in Vietnam	3.6
Capital Expenditures on Existing Manufacturing Bases	3.1
Software for Realigning Housing- Related Systems	2.0



# Financial Results for the First Quarter of FY Ending March 2011

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**The forecast figures in this presentation are based on  
projections deemed logical at the time when it was prepared.**

**Actual performance may differ materially from these  
projections.**

