

Financial Overview

(Information meeting for fiscal year ended March 31, 2011) May 12, 2011



◎Contents

➤ FY3/11 Results

1. Effect of the Great East Japan Earthquake on the results of operations	•••• P3
2. Summary (excluding actuarial gains and losses)	•••• P4
3. Summary	•••• P5
4. Sales and Recurring Income	•••• P6
5. Changes in Recurring Income	•••• P7
6. Housing Business Orders and Sales	•••• P8
7. Investments	•••• P9

➤ FY3/11 Forecast

1. Overview	•••• P11
2. Sales and Recurring Income	•••• P12
3. Changes in Recurring Income	•••• P13
4. Housing Business Orders and Sales	•••• P14
5. Investments	•••• P15
6. Gains/Losses and Recurring Income to Net Sales Ratio	•••• P16

FY3/11 Results

1. Effect of the Great East Japan Earthquake on the Results of Operations

<Effect on Gains/Losses for FY3/11>

- In the custom-built detached housing business, the delivery of approximately 60 homes was delayed.
⇒The number of houses completed declined in FY3/11.
- Extraordinary loss due to earthquake (780 million yen)
⇒Main items
 - Timber and building materials business: loss of/damage to inventories and noncurrent assets (approx 100 million yen)
 - Housing business: cost of restoring properties under construction to their original state, etc. (approx 100 million yen): cost of visiting and inspecting our housing products (approx 300 million yen)
 - Other: cost of restoring offices, housing display centers and factories to their original state (approx 100 million): support the recovery of customers etc. affected by the earthquake

<Effect on Gains/Losses for FY3/12>

- ⇒strong sense of uncertainty about the effect on gains/losses for FY3/12. 200 million yen in extraordinary losses was recorded

2. Summary (excluding actuarial gains and losses)

- ◆ Results remained strong on the back of growth in new housing starts.
- ◆ Recurring income on an industry basis (excluding actuarial losses) : 17.0 billion yen (up 139.4% YoY)

(Billion yen)	Excluding actuarial gains and losses			
	FY3/10	FY3/11	Change	Pct.
(Consolidated)				
Net sales	723.9	797.5	+73.6	+10.2%
Gross profit	124.3	132.6	+8.3	+6.7%
SG&A expenses	116.9	115.5	-1.3	-1.2%
Operating income	7.4	17.0	+9.6	+130.7%
Recurring income	7.1	17.0	+9.9	+139.4%
Net income	1.0	6.9	+5.9	+614.5%

Effect of actuarial differences	
FY3/10	FY3/11
-2.4	+2.8
+2.4	-2.8
+2.4	-2.8
+1.4	-1.7

3. Summary

◇ See earnings announcement, p45

◆ Actuarial loss: ¥2.8 billion due to deterioration in return on pension plan assets

⇒ Recurring income: ¥14.2 billion (+50.1%)

◆ Extraordinary losses: ¥3.2 billion due to losses related to the earthquake and related to factory transfer etc.

⇒ Net income: ¥5.2 billion (+117.7%)

(Billion yen)	As reported in financial statements			
	FY3/10	FY3/11	Change	Pct.
(Consolidated)				
Net sales	723.9	797.5	+73.6	+10.2%
Gross profit	124.3	132.6	+8.3	+6.7%
SG&A expenses	114.5	118.3	+3.8	+3.3%
Operating income	9.7	14.2	+4.5	+46.1%
Recurring income	9.5	14.2	+4.7	+50.1%
Net income	2.4	5.2	+2.8	+117.7%

4. Segment Sales and Recurring Income

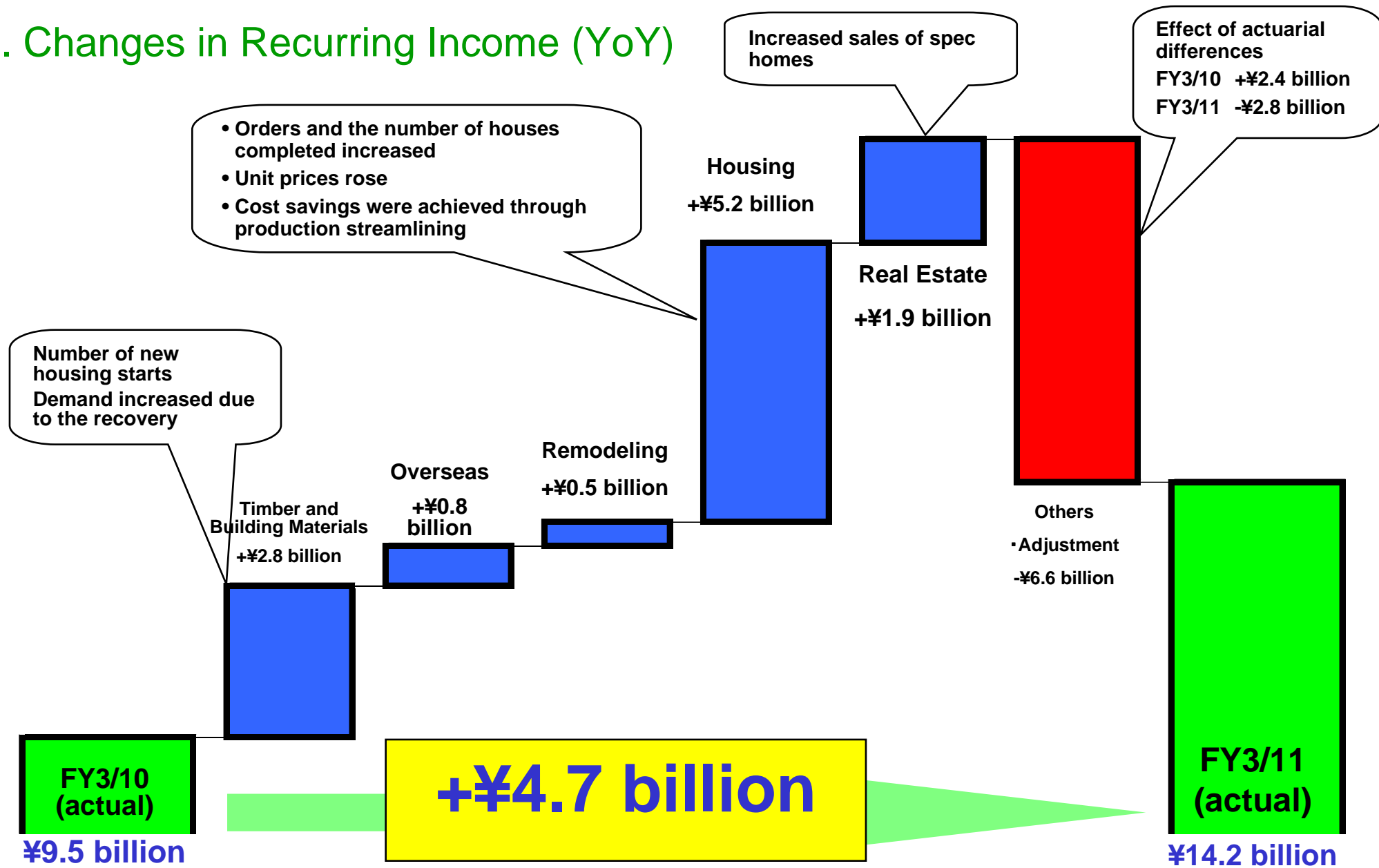
◇See earnings announcement, p. 45

(Billion yen)

(Consolidated)	Net sales				Recurring income			
	FY3/10	FY3/11	Change	Pct.	FY3/10	FY3/11	Change	Pct.
Timber and Building Materials	341.4	390.2	+48.8	+14.3%	2.0	4.8	+2.8	+141.7%
Overseas	25.5	33.2	+7.8	+30.5%	-2.6	-1.8	+0.8	—
Housing	338.3	346.3	+8.0	+2.4%	13.3	19.0	+5.7	+43.3%
Real Estate	38.2	50.9	+12.7	+33.3%	-1.0	0.9	+1.9	—
Others	15.2	13.5	-1.6	-10.8%	0.6	0.5	-0.1	-14.0%
Adjustment	-34.6	-36.7	-2.0	—	-2.8	-9.2	-6.5	—
Total	723.9	797.5	+73.6	+10.2%	9.5	14.2	+4.7	+50.1%

- Timber and building materials: sales volumes increased due to the recovery in the number of new housing starts.
- Overseas: established manufacturing businesses remain strong. We are fighting an uphill battle with sales in the US housing business due to the market slump.
- Housing: income increased due to cost savings achieved through an increase in the number of houses completed and production streamlining.
- Real estate: Due to increased sales of spec homes, net sales and income increased and recurring income was in profit.

5. Changes in Recurring Income (YoY)



6. Housing Business Orders and Sales

◇See earnings announcement, p.46

◆Custom-built detached houses : both orders and houses completed (the amount of orders and the number of homes) outperformed the previous FY.

The percentage of homes built using the BF Construction Method and installed with solar panels increased, and orders and unit sales prices also rose with the unification of the ordering system for external works.

(Billion yen)		Orders Received				Sales			
		FY3/10	FY3/11	Change	Pct.	FY3/10	FY3/11	Change	Pct.
Construction	(Units)	(8,593)	(8,926)	(+333)	(+3.9%)	(8,580)	(8,721)	(+141)	(+1.6%)
	Custom-built detached houses	265.2	284.4	+19.2	+7.2%	264.2	270.9	+6.7	+2.5%
	Wooden apartment	7.0	7.3	+0.4	+5.4%	5.6	6.7	+1.1	+18.7%
	Other contracts	3.1	0.2	-2.9	-94.8%	8.0	3.6	-4.5	-55.7%
Spec homes and development business	Spec homes	—	—	—	—	7.9	9.6	+1.7	+21.9%
	Land	—	—	—	—	6.0	5.8	-0.2	-3.6%
	Real estate development	—	—	—	—	2.0	9.7	+7.7	+388.7%
	Others	—	—	—	—	7.3	6.9	-0.4	-5.6%

* Orders received are the sum of orders received each FY less the amount of orders that were cancelled during the FY.

7. Investments

◆Capital Expenditures

<*when acquired>

(Billion yen)

(Consolidated)	FY3/10	FY3/11	Change	Pct.
Property, plant and equipment	10.6	11.9	+1.3	+12.1%
Intangible assets	1.6	2.4	+0.8	+55.9%
Others	0.4	0.2	-0.2	-45.6%
Total	12.6	14.6	+2.0	+15.7%

◆Main investments

Real estate investments ...¥3.9 billion

Construction of a particle board factory in Vietnam ...¥2.2 billion

Capital expenditures for the overseas manufacturing business ...¥1.7 billion

Systems investments ...¥1.8 billion

FY3/12 Forecast

1. Summary

◇See earnings announcement, p.45

- Continue our strategy of expanding key profitable businesses (remodeling business and overseas business)
- Strive to increase market share in our core businesses (timber and building materials business and custom-built detached housing business) through regional strategies.

(Billion yen)

(Consolidated)	FY3/11 Actual	FY3/12 Forecast	Change	Pct.	FY3/11 (Without actuarial gains/losses)	Without actuarial gains/losses	
						Change	Pct.
Net sales	797.5	815.0	+17.5	+2.2%	797.5	+17.5	2.2%
Gross profit	132.6	137.5	+4.9	+3.7%	132.6	+4.9	+3.7%
SG&A expenses	118.3	119.5	+1.2	+1.0%	115.5	+4.0	+3.4%
Operating income	14.2	18.0	+3.8	+26.4%	17.0	+1.0	+5.7%
Recurring income	14.2	18.5	+4.3	+30.2%	17.0	+1.5	+8.8%
Net income	5.2	10.0	+4.8	+93.2%	6.9	+3.1	+46.0%

2. Segment Sales and Recurring Income

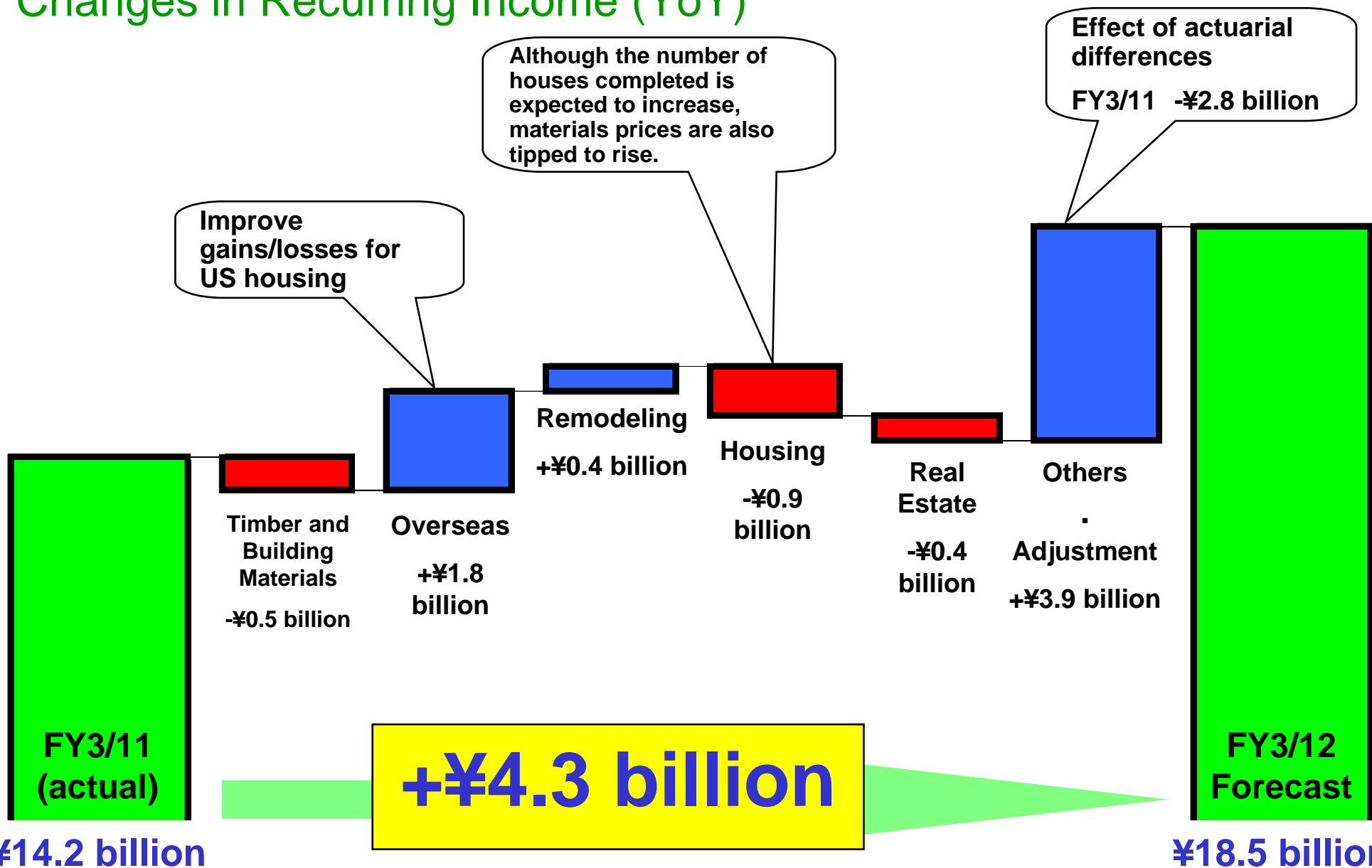
◇See earnings announcement, p. 45

(Billion yen)

(Consolidated)	Net sales				Recurring income			
	FY3/11	FY3/12	Change	Pct.	FY3/11	FY3/12	Change	Pct.
Timber and Building Materials	390.2	388.0	-2.2	-0.6%	4.8	4.3	-0.5	-11.3%
Overseas	33.2	38.0	+4.8	+14.3%	-1.8	0	+1.8	—
Housing	346.3	367.0	+20.7	+6.0%	19.0	18.5	-0.5	-2.6%
Real Estate	50.9	48.0	-2.9	-5.7%	0.9	0.5	-0.4	-44.6%
Others	13.5	11.0	-2.5	-18.7%	0.5	0.3	-0.2	-40.2%
Adjustment	-36.7	-37.0	-0.3	—	-9.2	-5.1	+4.1	—
Total	797.5	815.0	+17.5	+2.2%	14.2	18.5	+4.3	+30.2%

- Timber and building materials: seek to respond to market needs and achieve profits as the industry's No. 1 trading company.
- Overseas: improve gains/losses for the manufacturing business and US housing business.
- Housing: although revenues are expected to increase due to an increase in the number of houses completed, material prices are also tipped to rise.
- Real estate: restructure the business model to enhance profitability.

3. Changes in Recurring Income (YoY)



4. Housing Business Orders and Sales

◇see earnings announcement, p.46

- ◆Custom-built detached housing: although orders are expected to recover in earthquake affected areas, there are also fears that customers will feel less inclined to buy housing. By steadily implementing metropolitan area and product strategies, we plan to increase orders by 74 units, to 9000 units YoY. Due to the order backlog at the beginning of the year, the number of completed houses is expected to reach 8,900 units.

(Billion yen)

		Orders Received				Sales			
		FY3/11	FY3/12	Change	Pct.	FY3/11	FY3/12	Change	Pct.
(Units)		(8,926)	(9,000)	(+74)	(+0.8%)	(8,721)	(8,900)	(+179)	(+2.1%)
Construction	Custom-built detached houses	284.4	289.0	+4.6	+1.6%	270.9	285.4	+14.5	+5.4%
	Wooden apartment	7.3	8.6	+1.3	+17.1%	6.7	6.7	+0	+0.3%
	Other contracts	0.2	1.0	+0.8	+526.6%	3.6	0.5	-3.1	-85.9%
Spec homes and development business	Spec homes	—	—	—	—	9.6	10.0	+0.4	+4.5%
	Land	—	—	—	—	5.8	4.6	-1.2	-20.5%
	Real estate development	—	—	—	—	9.7	11.8	+2.1	+21.6%
	Others	—	—	—	—	6.9	7.0	+0.1	+1.2%

* Orders received are the sum of orders received each FY less the amount of orders that were cancelled during the FY.

5. Investments

◆ Capital Expenditures

<*when acquired>

(Billion yen)

(Consolidated)	FY3/11	FY3/12	Change	Pct.	FY3/10
Property, plant and equipment	11.9	12.5	+0.6	+4.8%	10.6
Intangible assets	2.4	3.3	+0.9	+35.6%	1.6
Others	0.2	0.2	-0.0	-7.0%	0.4
Total	14.6	16.0	+1.4	+9.8%	12.6

◆ Main investments

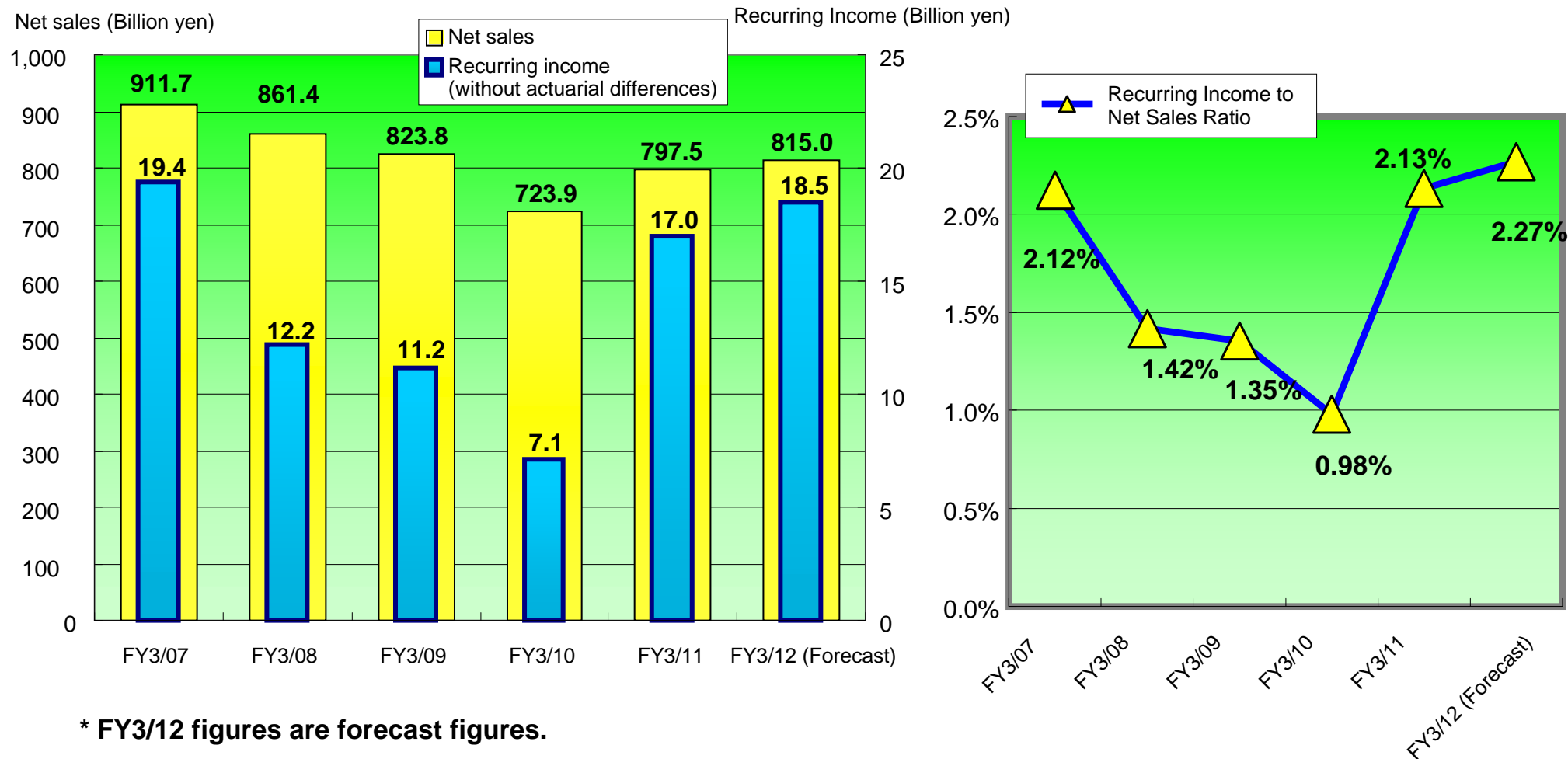
Construction of a particle board factory in Vietnam ...¥3.9 billion

Housing display centers ...¥2.9 billion

Capital expenditures at domestic and overseas production bases ...¥2.0 billion

Software ... ¥2.0 billion

6. Trends in Gains/Losses and Recurring Income to Net Sales Ratio (excluding actuarial gains and losses)



* FY3/12 figures are forecast figures.

* Actuarial differences are excluded from recurring income figures

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.

