

Earnings Briefing FY Ending March, 2012

- Second Quarter Financial Results and Full Year Forecast

(2Q FY Ending March 2012 Earnings Announcement) November 10, 2011



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Second Quarter of FY3/12 Results

Second Quarter of FY3/12 Results

1. Overview ◇ Summary of Financial Results p. 12

- The number of new housing starts maintained a solid pace, while net sales were up in Timber and Building Materials as well as Housing. Recurring income rose significantly, in part because of cost savings.

(Billion yen)

(Consolidated)	2Q FY3/11	2Q FY3/12	Change	Pct.	2Q FY3/12	Change	Pct.
					Initial forecast		
Net sales	373.9	395.1	+21.2	+5.7%	380.0	+15.1	+4.0%
Gross profit	61.3	63.6	+2.3	+3.7%	63.0	+0.6	+0.9%
SG&A expenses	56.4	54.2	-2.3	-4.0%	58.5	-4.3	-7.4%
Operating income	4.9	9.4	+4.5	+93.2%	4.5	+4.9	+109.2%
Recurring income	5.1	9.8	+4.7	+91.6%	4.5	+5.3	+116.9%
Net income	1.5	5.6	+4.1	+269.7%	2.5	+3.1	+125.8%

Second Quarter of FY3/12 Results

2. Segment Sales and Recurring Income

◇Summary of Financial Results p. 12

(Billion yen)

(Consolidated)	Net sales			
	2Q FY3/11	2Q FY3/12	Change	Pct.
Timber and Building Materials	190.2	200.6	+10.4	+5.5%
Overseas	15.9	17.4	+1.5	+9.3%
Housing	153.1	169.0	+15.9	+10.4%
Real Estate	26.5	19.8	-6.8	-25.5%
Others	6.8	5.9	-0.8	-12.3%
Adjustment	-18.5	-17.6	+1.0	—
Total	373.9	395.1	+21.2	+5.7%

Recurring income			
2Q FY3/11	2Q FY3/12	Change	Pct.
2.2	2.6	+0.4	+17.2%
-0.4	-0.8	-0.4	—
4.8	8.6	+3.7	+77.2%
0.5	0.1	-0.4	-82.2%
0.2	0.3	+0.1	+35.8%
-2.3	-1.0	+1.3	—
5.1	9.8	+4.7	+91.6%

- Timber & Building Materials: Following the earthquake, there was increasing demand for imported products, causing both sales volume and unit prices to rise.
- Overseas: New businesses need time to get up to speed; losses were worse YoY.
- Housing: Increased profitability owing to rising number of houses completed and lower costs. The renovation business is growing steadily.
- Real Estate: Net sales and income declined YoY, but were as planned.

Second Quarter of FY3/12 Results

3. Home and Real Estate Orders Received and Sales (non-consolidated)

◇ Summary of Financial Results , p. 13

- Custom-built detached housing: Rising unit prices on orders owing to such factors as increasing percentage of combined home and exterior orders.
- Wooden apartments: Focus on Tokyo metropolitan region and sales reorganization led to rising orders received and net sales.
- Detached spec homes: Figures were lower YoY, but results followed the initial forecast.

(Billion yen)

(Amounts in billion yen)		Orders received			
		2Q FY3/11	2Q FY3/12	Change	Pct.
Contract Work	Custom-built detached housing	143.7	150.5	+6.8	+4.7%
	(units)	(4,621 units)	(4,606 units)	(-15 units)	(-0.3%)
	Wooden apartments	3.7	5.5	+1.8	+48.3%
	Other contracts	0.1	0.5	+0.4	+347.9%
	Detached spec homes				
	Land for custom-built housing				
	Real estate development				
	Others				

		Sales			
		2Q FY3/11	2Q FY3/12	Change	Pct.
	Custom-built detached housing	118.8	131.2	+12.4	+10.4%
	(units)	(3,862 units)	(4,076 units)	(+214 units)	(+5.5%)
	Wooden apartments	1.8	2.6	+0.7	+40.8%
	Other contracts	2.8	0.3	-2.5	-87.9%
	Detached spec homes	4.9	4.1	-0.8	-16.9%
	Land for custom-built housing	2.8	2.3	-0.5	-18.3%
	Real estate development	7.0	2.3	-4.7	-66.6%
	Others	3.2	6.6	+3.4	+107.5%

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

4. Capital Expenditures

<*When acquired> (Billion yen)

(Consolidated)	2Q FY3/11	2Q FY3/12	Change	Pct.
Property, plant and equipment	6.6	6.1	-0.4	-6.7%
Intangible assets	1.6	0.7	-0.9	-55.6%
Others	0.1	0.1	-0.0	-37.0%
Total	8.3	6.9	-1.4	-16.9%

◆Major investments, 2Q FY3/12

Construction of a particle board factory in Vietnam	3.3 billion yen
Housing display centers	0.6 billion yen
Systems investments	0.7 billion yen

5. Balance Sheet/Cash flow

◇See Summary of Financial Results p. 5, 6, 9, 10

(Billion yen)

	FY3/11	2Q FY3/12	Change		FY3/11	2Q FY3/12	Change
Cash, deposits, securities	75.6	59.4	-16.2	Payables	150.2	153.9	+3.7
Receivables	118.5	122.3	+3.8	Short-term loans	18.6	18.5	-0.1
Finished goods, logs and lumber	19.0	22.1	+3.1	Advances received on uncompleted construction contracts	37.5	47.8	+10.2
Developed land and housing for sale	31.5	30.8	-0.6	Other current liabilities	37.5	35.2	-2.3
Costs on uncompleted construction contracts	31.2	36.6	+5.4	Long-term loans/bonds	47.1	46.7	-0.4
Other current assets	57.6	73.5	+15.9	Other long-term liabilities	35.4	34.7	-0.7
Total current assets	333.4	344.8	+11.3	Total liabilities	326.3	336.7	+10.4
Property, plant and equipment	87.6	91.9	+4.3	Shareholders' equity	161.9	166.2	+4.3
Intangible assets	7.1	8.4	+1.3	Accumulated other comprehensive income	1.0	0.4	-0.7
Investment securities	48.5	45.8	-2.6	Minority interests	0.2	0.2	-0.0
Other fixed assets	12.9	12.6	-0.3				
Total fixed assets	156.0	158.7	+2.7	Net assets	163.1	166.8	+3.7
Total assets	489.4	503.5	+14.0	Total liabilities and net assets	489.4	503.5	+14.0

	2Q FY3/11	2Q FY3/12
Operating cash flows	0.8	7.5
Investment cash flows	-18.5	-13.3
Free cash flows	-17.7	-5.8
Financing cash flows	-0.5	-3.6

FY3/12 Forecast

FY3/12 Forecast

1. Overview

◇ Summary of Financial Results p. 12

- We forecast about 850,000 new housing starts in the period.
- However, there are many uncertainties in the economic trends in Japan and abroad. We project recurring income of ¥23 billion.
- Recurring income with actuarial differences from previous term excluded will be up ¥6 billion YoY.

(Billion yen)

(Consolidated)	FY3/11	FY3/12 Forecast	Change	Pct.	FY3/12 Initial forecast	Change	Pct.
Net sales	797.5	830.0	+32.5	+4.1%	815.0	+15.0	+1.8%
Gross profit	132.6	138.5	+5.9	+4.5%	137.5	+1.0	+0.7%
SG&A expenses	118.3	115.5	-2.8	-2.4%	119.5	-4.0	-3.3%
Operating income	14.2	23.0	+8.8	+61.5%	18.0	+5.0	+27.8%
Recurring income	14.2	23.0	+8.8	+61.9%	18.5	+4.5	+24.3%
Net income	5.2	13.0	+7.8	+151.2 %	10.0	+3.0	+30.0%

- Excluding actuarial gains and losses

Operating income	17.0	23.0	+6.0	+35.0%
Recurring income	17.0	23.0	+6.0	+35.3%

FY3/12 Forecast

2. Segment Sales and Recurring Income

◇Summary of Financial Results p. 12

(Billion yen)

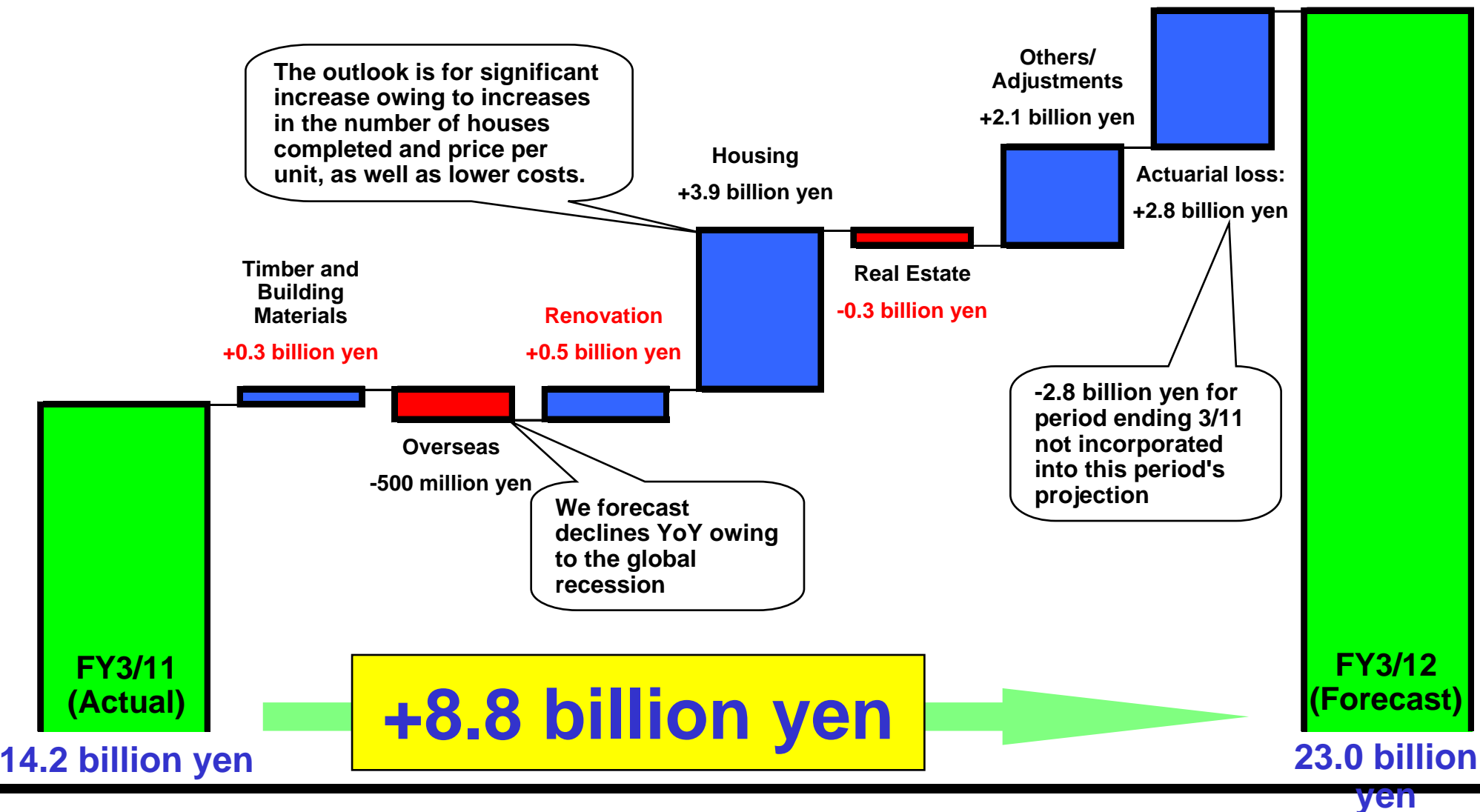
(Consolidated)	Net sales					Recurring income				
	FY3/11	FY3/12 Forecast	Change	Pct.	Change from initial forecast	FY3/11	FY3/12 Forecast	Change	Pct.	Change from initial forecast
Timber and Building Materials	390.2	402.0	+11.8	+3.0%	+14.0	4.8	5.1	+0.3	+5.2%	+0.8
Overseas	33.2	39.0	+5.8	+17.4%	+1.0	-1.8	-2.3	-0.5	—	-2.3
Housing	346.3	373.0	+26.7	+7.7%	+6.0	19.0	23.4	+4.4	+23.2%	+4.9
Real Estate	50.9	45.0	-5.9	-11.6%	-3.0	0.9	0.6	-0.3	-33.6%	+0.1
Others	13.5	11.0	-2.5	-18.7%	0.0	0.5	0.5	0.0	-0.3%	+0.2
Adjustment	-36.7	-40.0	-3.3	—	-3.0	-9.2	-4.3	+4.9	—	+0.8
Total	797.5	830.0	+32.5	+4.1%	+15.0	14.2	23.0	+8.8	+61.9%	+4.5

◆ Outlook for second half

- Timber and Building Materials: An adjustment of trade inventory is necessary, but the balance of supply and demand is expected to settle down.
- Housing: The initial forecast incorporates some concern about materials prices rising; revenue and income are both expected to keep rising. We are doing housing fairs, in Tokyo, Osaka and Nagoya as we aim to increase orders received.

FY3/12 Forecast

3. Changes in Recurring Income (YoY)



3. Home and Real Estate Orders Received and Sales (non-consolidated)

◇ Summary of Financial Results p. 13

- Custom-built detached housing: Our focus is on stepping up orders received; achieved initial forecast of 9,000 units.
- Custom-built detached housing: 9,000 units projected (+279 YoY, +100 over initial forecast)

(Billion yen)

		Orders received			
		FY3/11	FY3/12 Forecast	Change	Pct.
Contract Work	Custom-built detached housing (units)	284.4 (8,926 units)	292.0 (9,000 units)	+7.6 (74 units)	+2.7% (+0.8%)
	Wooden apartments	7.3	10.0	+2.7	+36.2%
	Other contracts	0.2	1.0	+0.8	+526.6%
	Spec homes				
	Land				
	Real estate development				
	Others				

		Sales			
		FY3/11	FY3/12 Forecast	Change	Pct.
	Custom-built detached housing (units)	270.9 (8,721 units)	293.0 (9,000 units)	+22.1 (+279 units)	+8.2% (+3.2%)
	Wooden apartments	6.7	7.8	+1.1	+16.8%
	Other contracts	3.6	0.5	-3.1	-85.9%
	Spec homes	9.6	9.8	+0.2	+2.4%
	Land	5.8	4.3	-1.5	-25.7%
	Real estate development	9.7	8.0	-1.7	-17.6%
	Others	6.9	9.6	+2.7	+38.8%

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

4. Capital Expenditures

<*When acquired>

(Billion yen)

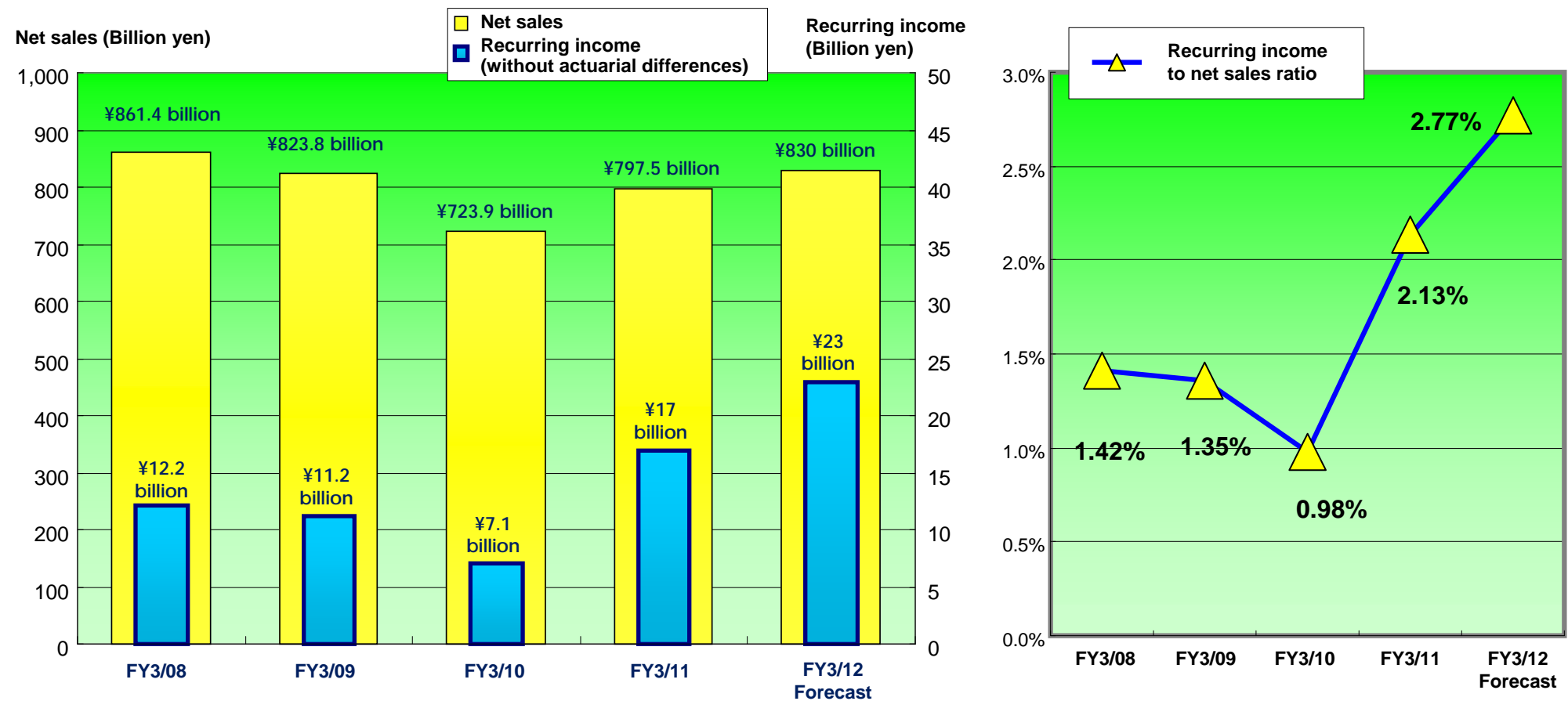
(Consolidated)	FY3/11	FY3/12	Change	Pct.	Initial forecast
Property, plant and equipment	11.9	12.7	+0.8	+6.5%	12.5
Intangible assets	2.4	3.1	+0.7	+27.4%	3.3
Others	0.2	0.1	-0.1	-53.5%	0.2
Total	14.6	15.9	+1.3	+9.1%	16.0

◆ Major investments planned, FY3/12

Construction of a particle board factory in Vietnam	4.7 billion yen
Housing display centers	3.0 billion yen
Systems investments	3.1 billion yen
Other plant related capital expenditures	1.8 billion yen

FY3/12 Forecast

5. Trends in Gains/Losses and Recurring Income to Net Sales Ratio



* FY3/12 figures are forecast figures.

* Actuarial differences are excluded from recurring income figures prior to FY3/11

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.

