

Financial Overview

(Information meeting for fiscal year ended March 31, 2012) May 11, 2012



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FY3/12 Results

1. Summary ◇See earnings announcement, p41

- ◆ Results remained strong on the back of growth in new housing starts.
⇒ **Recurring income: ¥20.7 billion (+45.8% YoY)**
- ◆ Extraordinary losses: ¥3.0 billion due mainly to impairment losses on noncurrent assets of overseas subsidiaries
⇒ **Net income: ¥9.3 billion (+79.1% YoY)**

(Billion yen)	As reported in financial statements			
	FY3/11	FY3/12	Change	Pct.
(Consolidated)				
Net sales	797.5	831.9	+34.4	+4.3%
Gross profit	132.6	136.9	+4.3	+3.2%
SG&A expenses	118.3	117.7	-0.6	-0.5%
Operating income	14.2	19.2	+5.0	+34.8%
Recurring income	14.2	20.7	+6.5	+45.8%
Net income	5.2	9.3	+4.1	+79.1%

2. Summary (excluding the effect of actuarial gains and losses)

- ◆ Actuarial loss: ¥4.9 billion due mainly to changes in discount rates attributable to the downturn in Japanese government bond yields
- ◆ Recurring income on an industry basis (excluding the effect of actuarial gains and losses): ¥25.6 billion (+50.8% YoY)

(Billion yen)	Excluding the effect of actuarial gains and losses			
	FY3/11	FY3/12	Change	Pct.
(Consolidated)				
Net sales	797.5	831.9	+34.4	+4.3%
Gross profit	132.6	136.9	+4.3	+3.2%
SG&A expenses	115.5	112.8	-2.8	-2.4%
Operating income	17.0	24.1	+7.1	+41.6%
Recurring income	17.0	25.6	+8.6	+50.8%
Net income	6.9	12.2	+5.4	+78.4%

Effect of actuarial gains and losses	
FY3/11	FY3/12
+2.8	+4.9
-2.8	-4.9
-2.8	-4.9
-1.7	-2.9

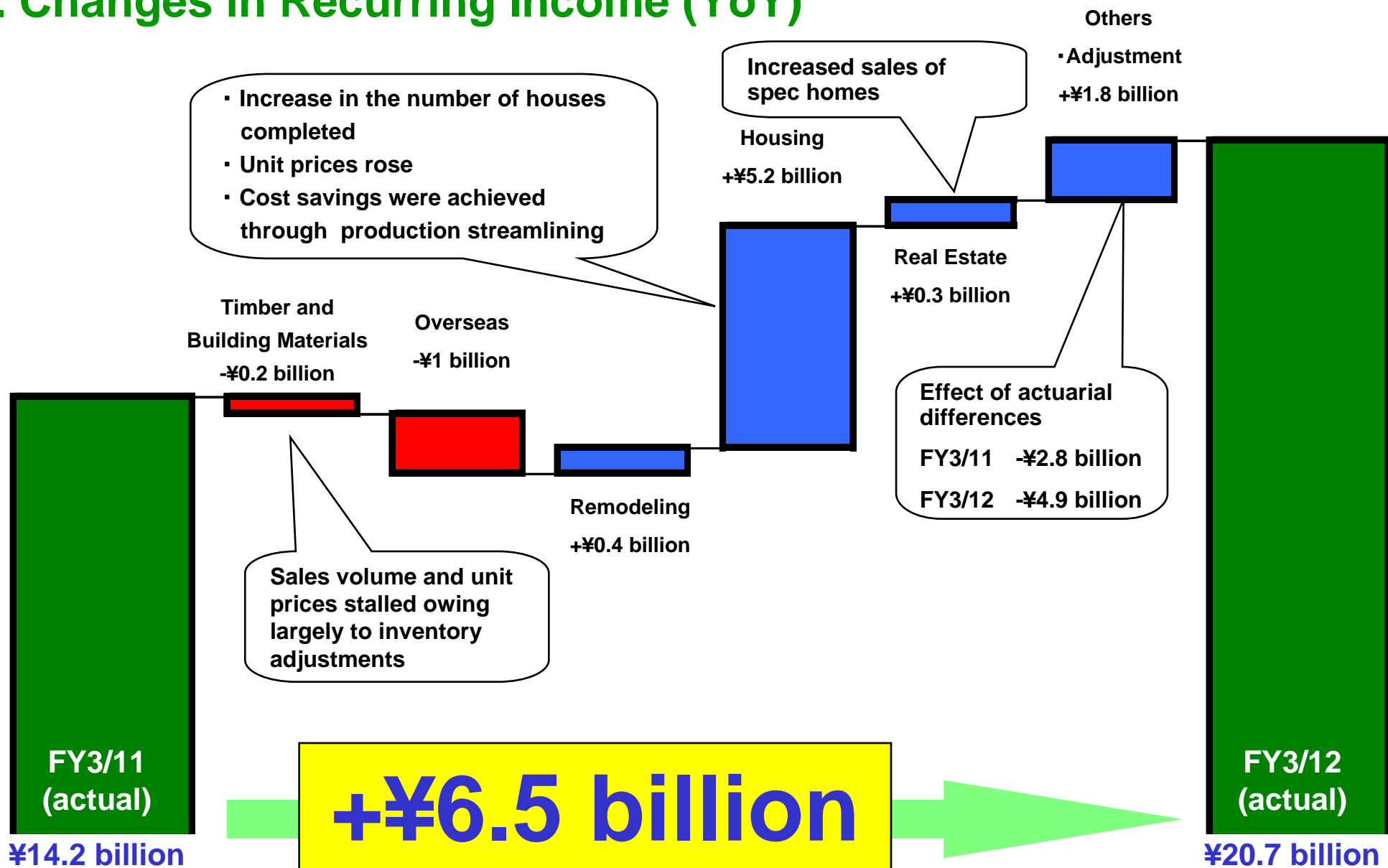
3. Segment Sales and Recurring Income

◇ See earnings announcement, p. 41
(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	399.8	+9.6	+2.5%	4.8	4.7	-0.2	-3.7%
Overseas	33.2	37.6	+4.4	+13.1%	-1.8	-2.9	-1.0	—
Housing	346.3	374.7	+28.4	+8.2%	19.0	24.6	+5.6	+29.7%
Real Estate	50.9	44.2	-6.6	-13.1%	0.9	1.2	+0.3	+32.1%
Others	13.5	12.1	-1.5	-10.8%	0.5	0.7	+0.2	+41.3%
Adjustment	-36.7	-36.5	+0.1	—	-9.2	-7.6	+1.6	—
Total	797.5	831.9	+34.4	+4.3%	14.2	20.7	+6.5	+45.8%

- Timber and building materials : While trends in the domestic distribution business were firm, the domestic timber distribution and manufacturing businesses confronted difficult conditions.
- Overseas : The manufacturing businesses in China and Australia also encountered a harsh operating environment. Housing business market conditions failed to improve and remained weak.
- Housing : Increase in the number of homes sold in the custom-built detached housing business together with an upswing in housing prices. Growth in the remodeling and renovation business.
- Real estate : Despite a slump in development business activities, increase in profits due mainly to robust contributions from the spec homes business.

4. Changes in Recurring Income (YoY)



5. Housing and Real Estate Business Orders Received and Sales

◇See earnings announcement, p.42

- ◆ Custom-built detached houses : Both orders received and sales (the amount of orders received and sales as well as 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 centralization of the ordering system for external works.
- ◆ Wooden apartment contract work : Substantial increase in both orders received and sales amounts on the back of successful efforts to expand the business and bolster profitability.

(Billion yen)		Orders Received				Sales			
		FY3/11	FY3/12	Change	Pct.	FY3/11	FY3/12	Change	Pct.
Construction	(Units)	(8,926)	(8,962)	(+36)	(+0.4%)	(8,721)	(9,007)	(+286)	(+3.3%)
	Custom-built detached houses	284.4	295.2	+10.8	+3.8%	270.9	294.1	+23.2	+8.6%
	Wooden apartments	7.3	11.2	+3.8	+52.1%	6.7	7.9	+1.2	+18.2%
	Other contracts	0.2	0.6	+0.4	+266.7%	3.6	0.6	-3.0	-83.5%
Spec homes and development business	Spec homes	—	—	—	—	9.6	9.9	+0.3	+3.1%
	Land	—	—	—	—	5.8	5.0	-0.8	-13.8%
	Real estate development	—	—	—	—	9.7	7.3	-2.4	-24.7%
	Others	—	—	—	—	6.9	11.4	+4.5	+64.9%

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

6. Investments

◆Capital Expenditures

<when acquired>

(Billion yen)

(Consolidated)	FY3/11	FY3/12	Change	Pct.
Property, plant and equipment	11.9	11.0	-0.9	-7.6%
Intangible assets	2.4	2.7	+0.3	+12.5%
Others	0.2	0.2	-0.0	-10.0%
Total	14.6	13.9	-0.6	-4.3%

◆Main investments

Expenditure related to the construction of a particle board factory in Vietnam ...¥4.9 billion

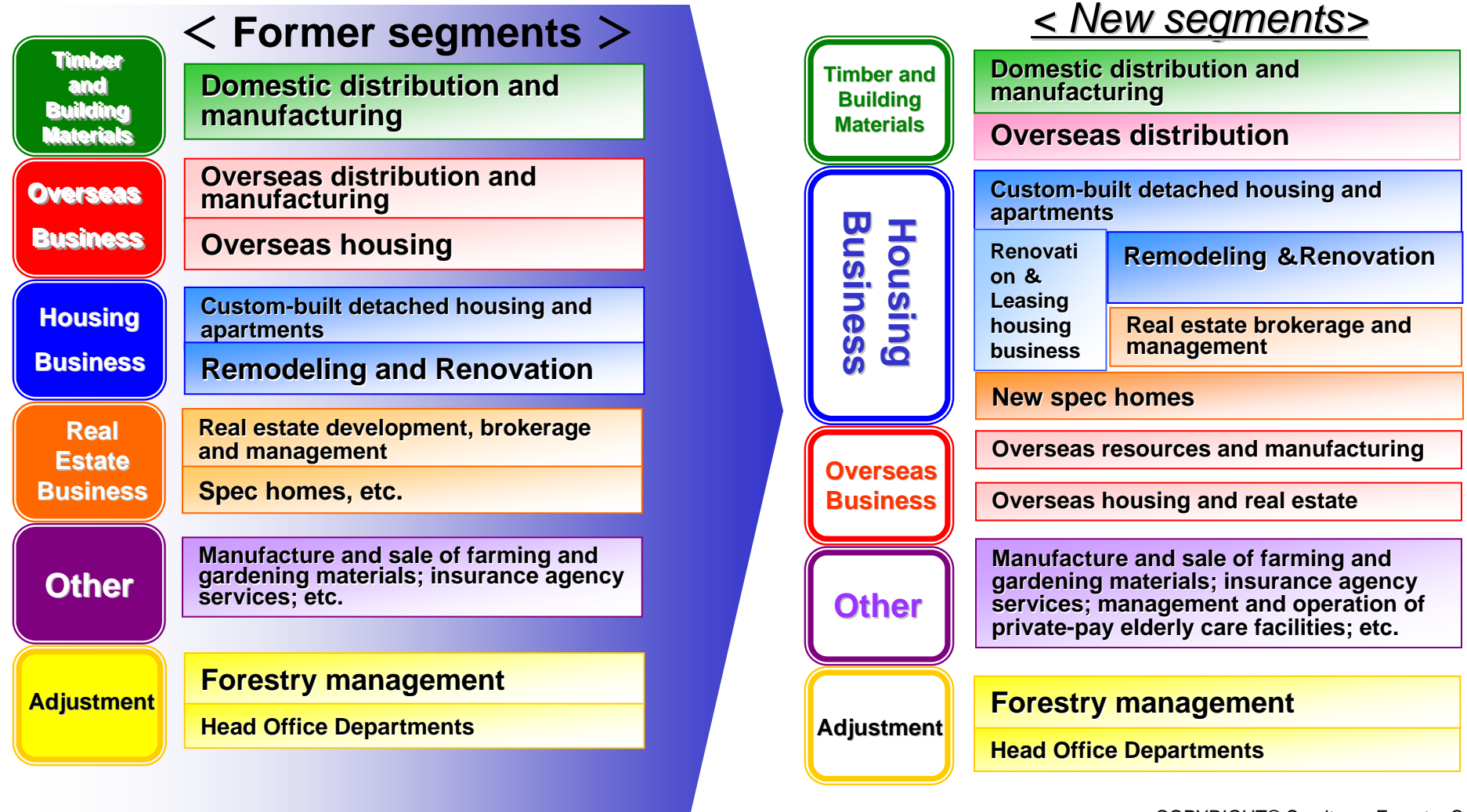
Systems investments ...¥2.5 billion

Housing display centers ...¥1.5 billion

FY3/13 Forecast

1. Reclassification of Business Segment

- Distribution business integration ⇒ Overseas distribution business included in the Timber and Building Materials segment
- Housing and Real Estate business consolidation ⇒ Business development underpinned by clearly established differentiating factors



FY3/12 Results by Business Segment (comparative data based on new and former business segment classifications)

(Billion yen)

Net sales	<Former segments>	FY3/12	Change	Pct.
	Timber and Building Materials	399.8	+9.6	+2.5%
	Overseas	37.6	+4.4	+13.1%
	Housing	374.7	+28.4	+8.2%
	Real Estate	44.2	-6.6	-13.1%
	Others	12.1	-1.5	-10.8%
	Adjustment	-36.5	+0.1	-
	Total	831.9	+34.4	+4.3%



<New segments>	FY3/12	Change	Pct.
Timber and Building Materials	405.3	+11.3	+2.9%
Housing	415.1	+21.5	+5.5%
Overseas	35.0	+3.2	+10.2%
Others	14.0	-1.3	-8.4%
Adjustment	-37.6	-0.3	-
Total	831.9	+34.4	+4.3%

Recurring income	<Former segments>	FY3/12	Change	Pct.
	Timber and Building Materials	4.7	-0.2	-3.7%
	Overseas	-2.9	-1.0	-
	Housing	24.6	+5.6	+29.7%
	Real Estate	1.2	+0.3	+32.1%
	Others	0.7	+0.2	+41.3%
	Adjustment	-7.6	+1.6	-
	Total	20.7	+6.5	+45.8%



<New segments>	FY3/12	Change	Pct.
Timber and Building Materials	4.8	-0.2	-3.8%
Housing	25.8	+5.9	+29.1%
Overseas	-2.9	-1.0	-
Others	0.7	+0.4	+94.2%
Adjustment	-7.7	+1.5	-
Total	20.7	+6.5	+45.8%

2. Summary

◇See earnings announcement, p.41

- Secure recurring income of ¥23.0 billion despite an increase in costs
- Principal factors for the increase in SG&A expenses: growth in priority businesses (the remodeling and overseas businesses; increases in personnel, education and training, research and development-related, direct sales and marketing as well as other expenses

(Billion yen)

(Consolidated)	FY3/12 Actual	FY3/13 Forecast	Change	Pct.	FY3/12 (Without actuarial gains/losses)	Without actuarial gains/losses	
						Change	Pct.
Net sales	831.9	845.0	+13.1	+1.6%	831.9	+13.1	+1.6%
Gross profit	136.9	140.5	+3.6	+2.7%	136.9	+3.6	+2.7%
SG&A expenses	117.7	118.0	+0.3	+0.3%	112.8	+5.2	+4.6%
Operating income	19.2	22.5	+3.3	+17.2%	24.1	-1.6	-6.7%
Recurring income	20.7	23.0	+2.3	+11.0%	25.6	-2.6	-10.3%
Net income	9.3	13.0	+3.7	+40.2%	12.2	+0.8	+6.4%

3. Segment Sales and Recurring Income ◇See earnings announcement, p. 41

(Billion yen)

(Consolidated)	Net sales				Recurring income			
	FY3/12	FY3/13	Change	Pct.	FY3/12	FY3/13	Change	Pct.
Timber and Building Materials	405.4	400.0	-5.4	-1.3%	4.8	4.4	-0.4	-8.0%
Housing	415.1	430.0	+14.9	+3.6%	25.8	23.7	-2.1	-8.1%
Overseas	35.0	40.0	+5.0	+14.4%	-2.9	-1.4	+1.5	—
Others	14.0	15.0	+1.0	+6.8%	0.7	0.5	-0.2	-31.3%
Adjustment	-37.6	-40.0	-2.4	—	-7.7	-4.2	+3.5	—
Total	831.9	845.0	+13.1	+1.6%	20.7	23.0	+2.3	+11.0%

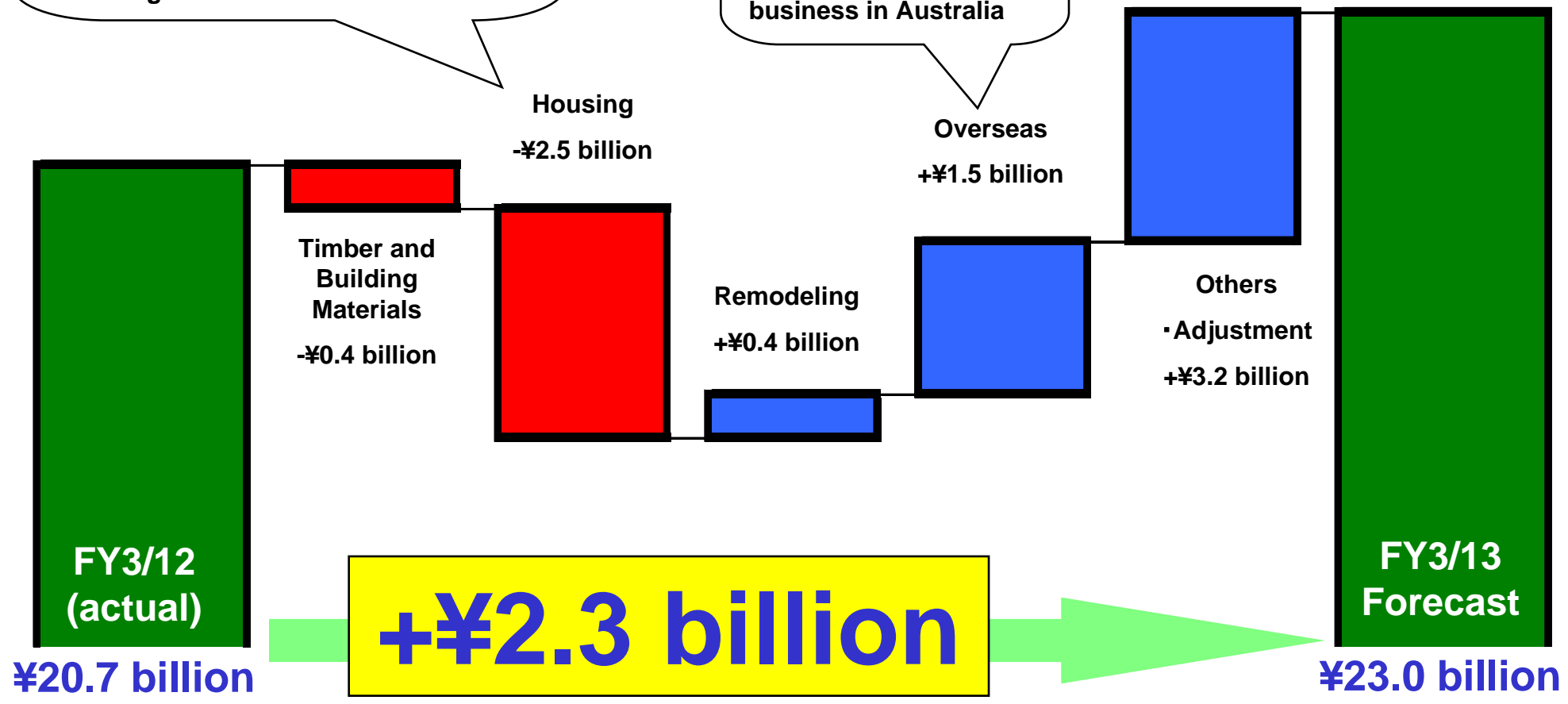
- Timber and building materials : Promote domestic regional and global distribution strategies
- Housing : Increase in the cost burden; work toward enhancing added-value in the custom-built detached housing business and reduce costs
Take full advantage of synergy effects in the stock housing business and build a unique proprietary business model
Steady business growth in the remodeling and renovation business contributing to an increase in revenues and earnings
- Overseas : Take steps to improve performance focusing mainly on the Group's MDF manufacturing business in Australia after recording impairment losses in the previous fiscal year as well as the housing business in North America

4. Changes in Recurring Income (YoY)

- Increase in the cost burden
- Enhance added-value in the custom-built detached housing business
- Improve profitability in the stock housing business

Improve earnings in the housing business in North America and the MDF manufacturing business in Australia

Effect of actuarial differences
FY3/12 -¥4.9 billion



5. Housing and Real Estate Business Orders Received and Sales

◇see earnings announcement, p.42

◆ Custom-built detached housing : Target an increase in added value and achieve orders received for 9,000 homes by continuing to carry out and strengthen the metropolitan area strategy and differentiating products.

Forecast of 9,000 homes sold after taking into consideration the order backlog at the beginning of the year and trends in housing starts

◆ Real estate development : Build a renovation business structure and systems specializing in existing resale properties (Billion yen)

		Orders Received				Sales			
		FY3/12	FY3/13	Change	Pct.	FY3/12	FY3/13	Change	Pct.
Construction	(Units)	(8,962)	(9,000)	(+38)	(+0.4%)	(9,007)	(9,000)	(-7)	(-0.1 %)
	Custom-built detached houses	295.2	297.9	+2.7	+0.9%	294.1	296.1	+2.0	+0.7%
	Wooden apartments	11.2	12.5	+1.3	+11.9%	7.9	9.4	+1.5	+19.0%
	Other contracts	0.6	1.2	+0.6	+105.0%	0.6	1.0	+0.4	+70.9%
Spec homes and development business	Spec homes	—	—	—	—	9.9	11.3	+1.4	+14.6%
	Land	—	—	—	—	5.0	4.3	-0.7	-13.8%
	Real estate development	—	—	—	—	7.3	15.0	+7.7	+105.3%
	Others	—	—	—	—	11.4	9.4	-2.0	-17.6%

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

6. Investments

◆ Capital Expenditures

<when acquired>

(Billion yen)

(Consolidated)	FY3/12	FY3/13	Change	Pct.	FY3/11
Property, plant and equipment	11.0	11.2	+0.2	+1.6%	11.9
Intangible assets	2.7	3.5	+0.8	+29.4%	2.4
Others	0.2	0.1	-0.0	-37.6%	0.2
Total	13.9	14.9	+0.9	+6.5%	14.6

◆ Main investments

Systems investments ...¥3.4 billion

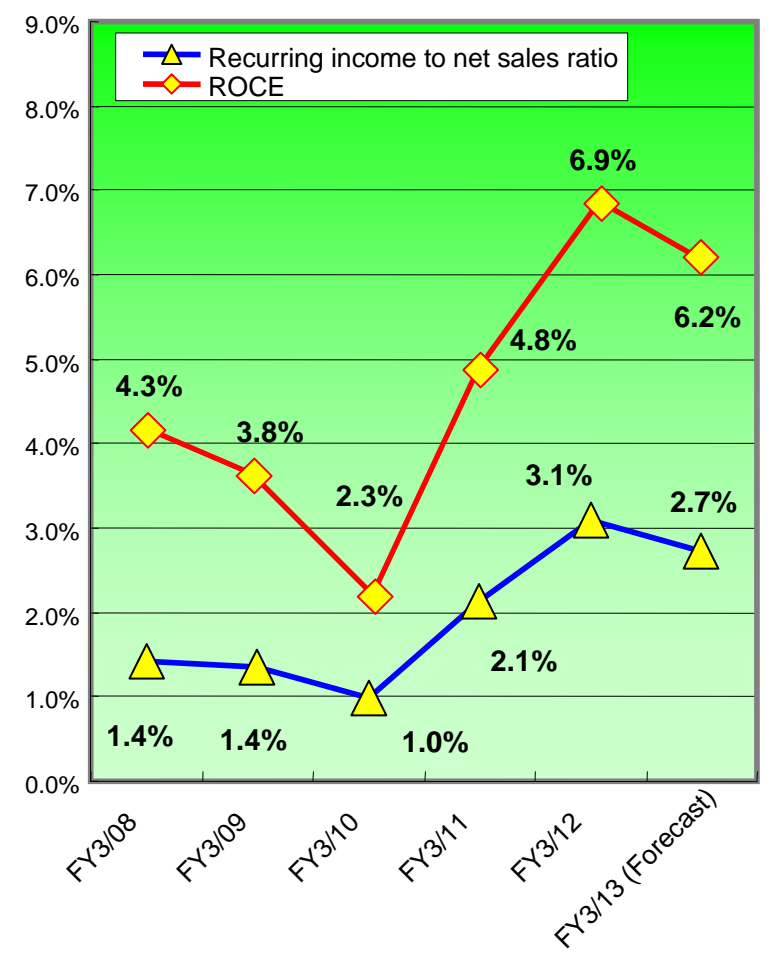
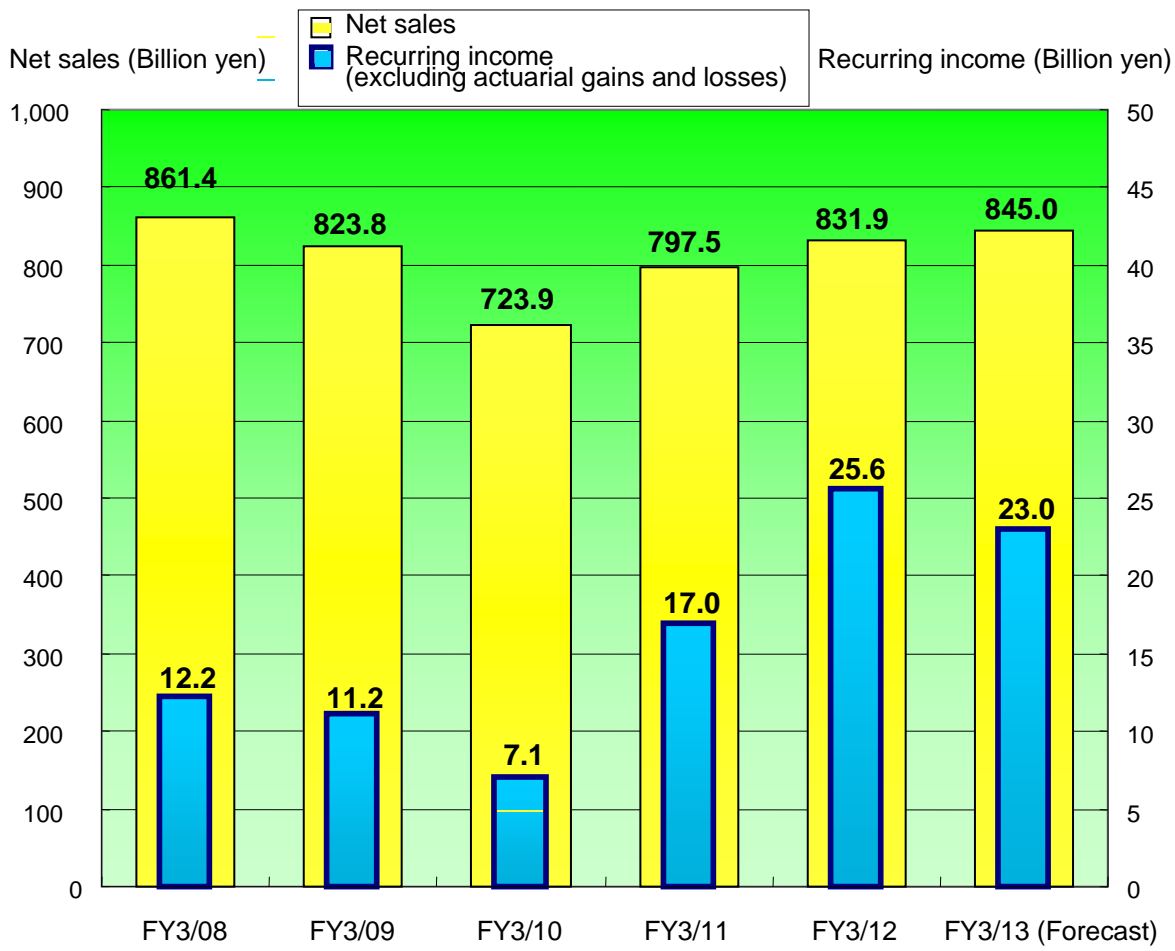
Housing display centers ...¥2.9 billion

Expenditure related to the construction

of a particle board factory in Vietnam ...¥1.4 billion

Capital expenditures at other domestic and overseas production bases ...¥1.7 billion

7. Trends in Gains/Losses, Recurring Income to Net Sales Ratio and ROCE (excluding the effect of actuarial gains and losses)



* FY3/13 figures are forecast figures.

* Actuarial differences are excluded from recurring income figures prior to FY3/12

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.

