

## Summary of Financial Results for the Second Quarter of the Fiscal Year Ending March, 2011 [Japan GAAP] (Consolidated)

|   |  |
|---|--|
| Name of Company:                                      | Sumitomo Forestry Co., Ltd.                              |
| Stock Exchange Listing:                               | Tokyo, Osaka   |
| Stock Code  | 1911   |
| URL:  | <a href="http://sfc.jp/">http://sfc.jp/</a>              |
| Representative  |  |
| Title:  | President / Representative Director                      |
| Name:   | Akira Ichikawa   |
| Contact Person:                                       |  |
| Title:  | General Manager, Corporate Communications                |
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| Phone:  | +81-3-3214-2270  |
| Date of filing of financial report:                   | November 12, 2010  |
| Date of commencement of dividend payment (tentative): | December 3, 2010   |
| Preparation of supplementary materials:               | Yes  |
| Convening of a second quarter results meeting:        | Yes (for financial analysts and institutional investors) |

(Note: Amounts are rounded to nearest million Yen.)

**1. Financial results for the second quarter cumulative period under review (April 1, 2010 - September 30, 2010)**

(1) Results of operations (Consolidated) (Percentage figures represent year on year changes)

|                         | Net sales   |       | Operating income |   | Recurring income |   | Net income  |   |
|-------------------------|-------------|-------|------------------|---|------------------|---|-------------|---|
|                         | Million Yen | %     | Million Yen      | % | Million yen      | % | Million yen | % |
| 2Q FY Ending March 2011 | 373,921     | 11.0  | 4,873            | - | 5,094            | - | 1,527       | - |
| 2Q FY Ended March 2010  | 336,759     | -16.6 | -1,145           | - | -446             | - | -1,552      | - |

|                         | Net income per share |     |
|-------------------------|----------------------|-----|
|                         | Yen                  | Yen |
| 2Q FY Ending March 2011 | 8.62                 | -   |
| 2Q FY Ended March 2010  | -8.76                | -   |

(2) Financial position (Consolidated)

|                          | Total assets | Net assets  | Equity ratio | Net assets per share |
|--------------------------|--------------|-------------|--------------|----------------------|
|                          | Million yen  | Million yen | %            | Yen                  |
| As of September 30, 2010 | 478,791      | 158,486     | 33.0         | 893.02               |
| As of March 31, 2010     | 469,738      | 162,930     | 34.6         | 917.82               |

(Note) Shareholders' equity

As of September 30, 2010 158,193 million yen

As of March 31, 2010 162,588 million yen

**2. Dividends**

|                             | Dividend per share |           |           |           |           |
|-----------------------------|--------------------|-----------|-----------|-----------|-----------|
|                             | End of 1Q          | End of 2Q | End of 3Q | End of FY | Full year |
|                             | Yen                | Yen       | Yen       | Yen       | Yen       |
| FY Ended March 2010         | -                  | 7.50      | -         | 7.50      | 15.00     |
| FY Ending March 2011        | -                  | 7.50      |           |           |           |
| FY Ending March 2011 (Est.) |                    |           | -         | 7.50      | 15.00     |

(Note) Revised dividend forecast for the quarter under review: No

### 3. Forecast for the fiscal year ending March, 2011(Consolidated, April 1, 2010 - March 31, 2011)

(Percentage figures represent year on year changes)

|                         | Net sales   |     | Operating income |      | Recurring income |      | Net income  |       | Net income per share |
|-------------------------|-------------|-----|------------------|------|------------------|------|-------------|-------|----------------------|
|                         | Million yen | %   | Million yen      | %    | Million yen      | %    | Million yen | %     | Yen                  |
| FY Ending<br>March 2011 | 770,000     | 6.4 | 15,500           | 59.0 | 16,000           | 69.0 | 7,500       | 215.5 | 42.34                |

Note: Revised forecast for the quarter under review: No

### 4. Other (for further information, please refer to “Other Information” in [Accompanying Materials] (Page 3))

- (1) Changes in main subsidiaries (changes in specific subsidiaries accompanied by changes in the scope of consolidation): None
- (2) Application of simplified accounting treatment and specific accounting treatment (application of simplified accounting treatment and accounting treatment specific to the preparation of the consolidated quarterly financial statements)
- (3) Changes in accounting principles, procedures and presentation methods in the preparation of the consolidated quarterly financial statements (presented in the section on Changes to the Basis of Presenting the Consolidated Financial Statements)
  - a) Changes due to revision of accounting standards: Yes
  - b) Changes other than in (a): None

Changes in important items considered fundamental to the preparation of the consolidated quarterly financial statements

#### (4) Number of shares outstanding (common stock)

|   |                          |             |
|---|--------------------------|-------------|
| a) Shares outstanding (including treasury stock)                            | As of September 30, 2010 | 177,410,239 |
|   | As of March 31, 2010     | 177,410,239 |
| b) Treasury stock   | As of September 30, 2010 | 267,140     |
|   | As of March 31, 2010     | 263,750     |
| c) Average number of shares during the term<br>(cumulative for the quarter) | As of September 30, 2010 | 177,145,230 |
|   | As of September 30, 2009 | 177,148,529 |

- Indication regarding the performance of quarterly review procedures  
This summary of quarterly financial results is not subject to quarterly review procedures based on the Financial Instruments and Exchange Law. At the time when this report was issued, review procedures for the quarterly financial statements had not been completed pursuant to the Financial Instruments and Exchange Law.
- Cautionary statement regarding the appropriate use of business results forecasts  
The forward-looking statements in these materials regarding business results are based on available information and certain assumptions that were deemed logical at the time when they were prepared. Actual results may differ materially due to a wide range of factors. For information regarding using the assumptions that form the basis for the business results forecasts and cautionary notes about using business results forecasts, please refer to “Qualitative Information related to Consolidated Business Results Forecasts” [Accompanying Materials] (Page 3).

\* Contents of Accompanying Materials

|  |    |
|--|----|
| 1. Qualitative Information related to the Consolidated Business Results for the Quarter under Review .....           | 2  |
| (1) Qualitative Information related to the Consolidated Operating Results .....                                      | 2  |
| (2) Qualitative Information related to the Consolidated Financial Position .....                                     | 3  |
| (3) Qualitative Information related to the Consolidated Business Results Forecasts .....                             | 3  |
| 2. Other Information .....   | 3  |
| (1) Changes in Main Subsidiaries .....   | 3  |
| (2) Outline of Simplified Accounting Treatment and/or Specific Accounting Treatment .....                            | 3  |
| (3) Changes in Accounting Principles, Procedures and Presentation Methods .....                                      | 4  |
| 3. Quarterly Consolidated Financial Statements .....   | 5  |
| (1) Consolidated Balance Sheet .....   | 5  |
| (2) Consolidated Statements of Income .....  | 8  |
| (3) Consolidated Statements of Cash Flows.....   | 9  |
| (4) Notes related to the Assumption of a Going Concern.....  | 11 |
| (5) Segment Information .....  | 11 |
| (6) Notes on Significant Changes in Shareholders' Equity.....  | 12 |
| 4. Supplementary Information .....   | 13 |
| (1) Consolidated Statements of Income .....  | 13 |
| (2) Breakdown of Sales and Orders Received for the Housing Business and Real Estate Business (Non-consolidated)..... | 14 |
| (3) Non-Consolidated Business Results .....  | 15 |
| (4) Main Subsidiaries .....  | 15 |

## 1. Qualitative Information related to the Consolidated Business Results

### (1) Qualitative Information related to the Consolidated Operating Results

During the second quarter cumulative period under review (Consolidated, April - September, 2010), corporate earnings improved fanned by expanding overseas demand and government stimulus measures. Personal consumption also recovered, although fears about the economic situation in Europe and the United States, yen appreciation, the stagnant stock market, persistent deflation and ongoing uncertainty about the future continued to plague the Japanese economy. Against a backdrop of ongoing harsh unemployment and income circumstances, the housing market fell short of making a full recovery. Nevertheless, government measures aimed at stimulating the housing market contributed to the rebound seen in the quarter.

In this difficult business environment, sales increased by 11.0% compared to the previous year, to ¥373,921 million. All income categories improved significantly, as operating income totaled ¥4,873 million (an operating loss of ¥1,145 million year-on-year), recurring income totaled ¥5,094 million (a recurring loss of ¥446 million year-on-year) and net income totaled ¥1,527 million (a net loss of ¥1,552 million year-on-year).

#### <Business Segments>

##### 1) *Timber and Building Materials*

The Timber and Building Materials Business recorded sales of ¥181,459 million, and ¥2,244 million in recurring income. These results were largely attributable to strong market recovery on the domestic front, which triggered an improvement in the supply-demand balance for products handled by the timber and building materials distribution business and the building materials manufacturing business. Consequently, sales volumes increased and unit sales prices also rose.

##### 2) *Overseas*

The overseas business recorded sales of ¥12,610 million, and a recurring loss of ¥402 million. This was chiefly due to the improvement in sales volumes and financial results which New Zealand and Indonesian building materials manufacturers experienced during the quarter. The housing business in Australia also enjoyed robust sales. On the other hand, housing business in North America, where the pace of recovery is slow, and in China, where operations of the building materials manufacturing business have only just started, financial results were lackluster.

##### 3) *Housing*

The housing business recorded sales of ¥151,630 million and ¥4,831 million in recurring income. These results were largely attributable to the growth in sales enjoyed by the custom-built detached housing business as the number of houses completed year-on-year increased. The improvement in returns on completed houses brought about by cost savings and the effects of cost-cutting drove up recurring income significantly. In the renovation business, strengthening of the business foundation contributed to the strong business results that were achieved.

The value of orders received totaled ¥143,731 million, an increase of 1.9% compared to the previous year. Orders received for custom-built detached housing are a leading performance indicator. Although the number of orders failed to grow during the quarter, the percentage of houses with solar power systems increased and the ordering system for external works was unified. The Company also achieved an increase in orders received for products that employ our proprietary *Big Frame construction method*. These achievements contributed to an increase in the price per home.

##### 4) *Real Estate*

The real estate business recorded sales of ¥25,922 million, and ¥518 million in recurring income during the quarter. The business was buoyed by booming sales of detached spec homes and profit on the sale of leasing properties held, which contributed to earnings.

5) *Other Businesses*

Other businesses recorded sales of ¥1,904 million and ¥241 million in recurring income. As well as the businesses mentioned above, Sumitomo Forestry Group develops IT systems for its Group companies, operates a leasing business and a wide range of service businesses for residential customers (products include housing insurance agency services), and manufactures and sells farming and gardening materials.

(2) Qualitative Information related to the Consolidated Financial Position

Despite the slump in investment securities due to stagnant stock market conditions, at the end of the second quarter consolidated fiscal period, total assets were up by ¥9,053 million compared to the end of the previous year, totalling ¥478,791 million. This was largely attributable to the growth in operating receivables, which was driven by booming sales in the timber and building materials business, as well as growth in costs on uncompleted construction contracts associated with an increase in construction in progress. Liabilities increased by ¥13,496 million compared to the end of the previous year, totalling ¥320,305 million. This improvement was mainly thanks to the increase in the number of houses under construction and growth in advances received on uncompleted construction contracts. Net assets totalled ¥158,486 million and the equity ratio was 33.0%.

Although growth in operating receivables and inventory was a cash reducing factor, operating activities delivered a cash flow benefit of ¥811 million. This was comprised mainly of ¥3,718 million in net income before income taxes etc. and an increase in advances received on uncompleted construction contracts. Net cash used for investment activities totalled ¥18,544 million, most of which was used for purchasing properties for leasing by the real estate business, capital expenditure by our manufacturing subsidiary in Vietnam and funds management and the setting of new term deposits. Cash flow from financing activities recorded a net cash outflow of ¥527 million, due mainly to the payment of dividends. As a result of the above, the balance of cash and cash equivalents at the end of the second consolidated quarter under review totalled ¥52,689 million, a decline of ¥18,974 million compared to the end of the previous year.

(3) Qualitative Information related to Consolidated Business Results Forecasts

Although the outlook for the business environment is clouded by murky economic conditions and elements of uncertainty, some government policies supporting the housing market have been extended and the housing market recovery is in full swing.

Therefore, in the full year forecast for the fiscal year ending on March 31, 2011, consolidated and non-consolidated sales, operating income, recurring income and net income are all expected to outperform initial expectations.

The full year business results forecast is as per the “Announcement Regarding Revisions to the Second Quarter Cumulative Period (Consolidated) of the Fiscal Year ending March 31, 2011, the Full Year Business Results Forecast, and the Loss on Valuation of Stocks of Subsidiaries and Affiliates” which was issued on October 29, 2010.

## 2. Other Information

(1) Changes in Main Subsidiaries

Not applicable

(2) Outline of Simplified Accounting Treatment and/or Specific Accounting Treatment

1) Simplified Accounting Treatment

Method used for Calculating Depreciation and Amortization

The declining balance method is used to calculate the depreciation and amortization of some fixed assets. This method calculates the amount of depreciation and amortization for the relevant consolidated fiscal year in proportion to a certain period of time.

2) Specific accounting treatment

Not applicable

(3) Changes in Accounting Principles, Procedures and Presentation Methods

Changes in accounting standards used for normal accounting treatment

1) Application of Accounting Standards for Asset Retirement Obligations

In the first quarter of the consolidated fiscal period, the Company started applying the “Accounting Standards for Asset Retirement Obligations” (ASBJ Statement No. 18; March 31, 2008) and the “Guidance on Accounting Standards for Asset Retirement Obligations” (ASBJ Guidance No. 21; March 31, 2008).

Consequently, in the second quarter cumulative period (consolidated) under review, operating income and recurring income fell ¥48 million and net income before income taxes fell ¥757 million. Furthermore, the change in the asset retirement obligation as the application of these standards begins amounts to ¥1,368 million.

2) Application of Accounting Standards for Business Combinations

In the first quarter of the consolidated fiscal period, the Company started applying “Accounting Standards for Business Combinations” (ASBJ Statement No. 21; December 26, 2008) and the “Guidance for Accounting Standard for Business Combination and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10, December 26, 2008).

Changes in the Presentation Method

(Quarterly Consolidated Statements of Income)

Due to the application of the “Cabinet Office Ordinance for Partial Amendment of Regulations concerned with the Terminology, Format and Preparation of the Financial Statements” (Cabinet Office Ordinance No. 5; March 24, 2009) based on the “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22; December 26, 2008), in the second quarter cumulative period (consolidated) under review, “Quarterly Consolidated Statement of Income” was presented in “Net Income before Minority Interests.”

### 3. Quarterly Consolidated Financial Statements

#### (1) Consolidated Balance Sheet

|   | As of<br>September 30, 2010 | Summarized Consolidated Balance<br>Sheet for the Previous Fiscal Year<br>End (March 31, 2010) |
|---|-----------------------------|---|
| (million yen)   |                             |   |
| <b>Assets</b>   |                             |   |
| Current assets  |                             |   |
| Cash and time deposits                                    | 62,738                      | 52,714  |
| Notes and accounts receivable -trade                      | 113,672                     | 102,355   |
| Accounts receivable from completed construction contracts | 4,269                       | 5,071   |
| Marketable securities                                     | —                           | 19,000  |
| Finished goods, logs and lumber                           | 13,872                      | 12,236  |
| Work in process   | 1,246                       | 1,086   |
| Raw materials and supplies                                | 4,052                       | 3,908   |
| Developed land and housing for sale                       | 28,153                      | 26,333  |
| Costs on uncompleted construction contracts               | 34,518                      | 32,420  |
| Deferred tax assets                                       | 7,686                       | 6,308   |
| Short-term loans receivable                               | 1,145                       | 859   |
| Accounts receivable-other                                 | 44,394                      | 42,599  |
| Other   | 4,248                       | 3,719   |
| Allowance for doubtful accounts                           | -1,164                      | -836  |
| Total current assets                                      | 318,828                     | 307,772   |
| Noncurrent assets   |                             |   |
| Property, plant and equipment                             |                             |   |
| Buildings and structures                                  | 52,442                      | 50,928  |
| Accumulated depreciation                                  | -21,832                     | -21,210   |
| Buildings and structures, net                             | 30,610                      | 29,718  |
| Machinery, equipment and vehicles                         | 53,735                      | 56,957  |
| Accumulated depreciation                                  | -39,463                     | -41,073   |
| Machinery, equipment and vehicles, net                    | 14,272                      | 15,884  |
| Land  | 27,027                      | 26,692  |
| Leased assets   | 5,875                       | 4,541   |
| Accumulated depreciation                                  | -2,347                      | -1,162  |
| Leased Assets, net  | 3,528                       | 3,379   |
| Construction in progress                                  | 2,701                       | 439   |
| Other   | 17,890                      | 18,139  |
| Accumulated depreciation                                  | -5,521                      | -5,381  |
| Other, net  | 12,369                      | 12,757  |
| Total property, plant and equipment                       | 90,507                      | 88,870  |
| Intangible assets   |                             |   |
| Goodwill  | 251                         | 309   |
| Other   | 7,053                       | 6,328   |
| Total intangible assets                                   | 7,304                       | 6,637   |

(million yen)

|   | As of<br>September 30, 2010 | Summarized Consolidated Balance<br>Sheet for the Previous Fiscal Year<br>End (March 31, 2010) |
|---|-----------------------------|---|
| <b>Investments and other assets</b>                     |                             |   |
| Investment securities                                   | 46,783                      | 51,094  |
| Long-term loans receivable                              | 2,654                       | 3,094   |
| Deferred tax assets                                     | 1,202                       | 1,138   |
| Prepaid pension cost                                    | 1,780                       | 1,595   |
| Other   | 12,252                      | 11,574  |
| Allowance for doubtful accounts                         | -2,519                      | -2,037  |
| Total investments and other assets                      | 62,152                      | 66,459  |
| Total noncurrent assets                                 | 159,963                     | 161,966   |
| Total assets  | 478,791                     | 469,738   |
| <b>Liabilities</b>                                      |                             |   |
| <b>Current liabilities</b>                              |                             |   |
| Notes and accounts payable-trade                        | 94,068                      | 86,553  |
| Accounts payable for construction contracts             | 53,325                      | 61,029  |
| Short-term debt   | 16,661                      | 12,323  |
| Lease obligations                                       | 723                         | 815   |
| Income taxes payable                                    | 3,736                       | 2,205   |
| Advances received on uncompleted construction contracts | 42,441                      | 31,077  |
| Deferred tax liabilities                                | 8                           | 10  |
| Provision for employees' bonuses                        | 7,278                       | 7,337   |
| Provision for directors' bonuses                        | —                           | 35  |
| Provision for warranties for completed construction     | 1,235                       | 1,256   |
| Other   | 18,356                      | 16,794  |
| Total current liabilities                               | 237,833                     | 219,434   |
| <b>Long-term liabilities</b>                            |                             |   |
| Bonds issued  | 15,000                      | 15,000  |
| Long-term loans payable                                 | 31,709                      | 36,008  |
| Lease obligations                                       | 2,633                       | 2,640   |
| Deferred tax liabilities                                | 7,923                       | 9,358   |
| Provision for employees' retirement benefits            | 5,341                       | 5,390   |
| Provision for directors' retirement benefits            | 102                         | 164   |
| Provision for loss on business liquidation              | 1,306                       | 1,306   |
| Other   | 18,457                      | 17,509  |
| Total long-term liabilities                             | 82,472                      | 87,374  |
| Total liabilities                                       | 320,305                     | 306,808   |



(million yen)

|   | As of<br>September 30, 2010 | Summarized Consolidated Balance<br>Sheet for the Previous Fiscal Year<br>End (March 31, 2010) |
|---|-----------------------------|---|
| Net assets  |                             |   |
| Shareholders' equity                                  |                             |   |
| Common stock  | 27,672                      | 27,672  |
| Capital surplus                                       | 26,872                      | 26,872  |
| Retained earnings                                     | 105,264                     | 105,066   |
| Treasury stock  | -264                        | -262  |
| Total shareholders' equity                            | 159,544                     | 159,348   |
| Valuation and translation adjustments                 |                             |   |
| Valuation difference on available-for-sale securities | 2,725                       | 5,594   |
| Deferred gains or losses on hedges                    | 1                           | 24  |
| Foreign currency translation adjustments              | -4,076                      | -2,378  |
| Total valuation and translation adjustments           | -1,350                      | 3,241   |
| Minority interests                                    | 293                         | 342   |
| Total net assets                                      | 158,486                     | 162,930   |
| Total liabilities and net assets                      | 478,791                     | 469,738   |

## (2) Consolidated Statements of Income

(million yen)

|  | Previous 2Q Cumulative<br>Period (Consolidated)<br>(April 1, 2009 -<br>September 30, 2009) | 2Q Cumulative Period under<br>Review (Consolidated)<br>(April 1, 2010 - September 30,<br>2010) |
|--|--|--|
| Net Sales  | 336,759  | 373,921  |
| Cost of sales  | 281,009  | 312,628  |
| Gross profit   | 55,750   | 61,292   |
| Selling, general and administrative expenses                                   | 56,894   | 56,419   |
| Operating income (loss)  | -1,145   | 4,873  |
| Non-operating income   |  |  |
| Interest income  | 230  | 93   |
| Purchase discounts   | 271  | 176  |
| Dividends income   | 313  | 420  |
| Equity in earnings of affiliates   | —  | 209  |
| Foreign exchange gains   | 1,378  | —  |
| Other  | 676  | 706  |
| Total non-operating income   | 2,867  | 1,604  |
| Non-operating expenses   |  |  |
| Interest expenses  | 553  | 650  |
| Sales discounts  | 246  | 264  |
| Equity in losses of affiliates   | 1,101  | —  |
| Foreign exchange losses  | —  | 343  |
| Other  | 268  | 127  |
| Total non-operating expenses   | 2,169  | 1,384  |
| Recurring income (loss)  | -446   | 5,094  |
| Extraordinary gains  |  |  |
| Gain on sales of noncurrent assets   | 58   | 25   |
| Gain on sales of investment securities   | 7  | —  |
| Gain on sales of shares in subsidiaries  | —  | 273  |
| Gain on applying Accounting Standard for Construction Contracts                | 321  | —  |
| Total extraordinary gains  | 386  | 298  |
| Extraordinary loss   |  |  |
| Loss on retirement of noncurrent assets  | 86   | 110  |
| Impairment loss  | —  | 695  |
| Loss on sale of investment securities  | —  | 5  |
| Loss on devaluation of investment securities                                   | 6  | 159  |
| Head office transfer cost  | 255  | —  |
| Loss on litigation   | 470  | —  |
| Gain (loss) on applying Accounting Standard for Asset Retirement<br>Obligation | —  | 706  |
| Total extraordinary loss   | 817  | 1,675  |
| Income (loss) before income taxes and minority interests                       | -878   | 3,718  |
| Income taxes- current  | 1,065  | 3,442  |
| Income taxes- deferred   | -384   | -1,211   |
| Total income taxes   | 681  | 2,231  |
| Net income before minority interests   | —  | 1,487  |
| Minority interests   | -7   | -40  |
| Net income (loss)  | -1,552   | 1,527  |

## (3) Consolidated Statements of Cash Flows

(million yen)

|  | Previous 2Q Cumulative Period<br>(Consolidated)<br>(April 1, 2009 - September<br>30, 2009) | 2Q Cumulative Period under<br>Review (Consolidated)<br>(April 1, 2010 - September<br>30, 2010) |
|--|--|--|
| Cash flows from operating activities   |  |  |
| Income (loss) before income taxes and minority interests                         | -878   | 3,718  |
| Depreciation and amortization  | 4,081  | 4,131  |
| Impairment loss  | —  | 695  |
| Amortization of goodwill   | 106  | 54   |
| Provision for (reversal of) doubtful accounts                                    | -100   | 813  |
| Provision for (reversal of) employees' bonuses                                   | 27   | -17  |
| Provision for (reversal of) directors' bonuses                                   | -39  | -33  |
| Provision for (reversal of) warranties for completed construction                | -20  | -21  |
| Provision for (reversal of) losses on litigation                                 | 470  | —  |
| Provision for (reversal of) employees' retirement benefits, less payments        | -896   | -162   |
| Provision for (reversal of) directors' retirement benefits                       | 12   | -55  |
| Interest and dividends income  | -543   | -513   |
| Interest expenses  | 553  | 650  |
| Equity in (earnings) losses of affiliates  | 1,101  | -209   |
| Losses (gains) on devaluation of marketable securities and investment securities | 6  | 159  |
| Losses (gains) on sales of marketable securities and investment securities       | -7   | -268   |
| Losses (gains) on sales/disposal of fixed assets, net                            | 28   | 85   |
| Losses (gains) on applying Accounting Standard for Asset Retirement Obligation   | —  | 706  |
| Decrease (increase) in notes and accounts receivable-trade                       | 6,446  | -11,677  |
| Inventories  | 3,218  | -6,324   |
| Other current assets   | -1,216   | -2,434   |
| Notes and accounts payable, trade  | -3,083   | 944  |
| Advances received  | 677  | 1,262  |
| Advances received on uncompleted construction contracts                          | 4,686  | 11,364   |
| Accrued consumption taxes  | -30  | -460   |
| Other current liabilities  | -930   | -254   |
| Other, net   | -278   | 110  |
| Subtotal   | 13,392   | 2,263  |
| Interest and dividends income received   | 577  | 941  |
| Interest paid  | -522   | -585   |
| Income taxes paid (refunded)   | 133  | -1,808   |
| Net cash provided by (used in) operating activities                              | 13,579   | 811  |

(million yen)

|  | Previous 2Q Cumulative<br>Period<br>(Consolidated, April 1, 2009<br>- September 30, 2009) | 2Q Cumulative Period<br>under Review<br>(Consolidated, April 1, 2010 -<br>September 30, 2010) |
|--|---|---|
| Cash flows from investment activities  |   |   |
| Payments into time deposits  | -18   | -10,018   |
| Proceeds from withdrawal of time deposits  | 18  | 18  |
| Decrease (increase) in short-term loans receivable   | 357   | -52   |
| Proceeds from sales of marketable securities   | 295   | —   |
| Payments for purchases of fixed assets   | -6,696  | -6,427  |
| Proceeds from sales of fixed assets  | 1,328   | 440   |
| Payments for purchases of intangible assets  | -532  | -1,620  |
| Payments for purchases of investment securities  | -10,684   | -1,065  |
| Proceeds from sales of investment securities   | 48  | 19  |
| Proceeds from purchase of stock of subsidiary newly consolidated                                   | 26  | —   |
| Payments from sales of stock of subsidiaries accompanied by a change in the scope of consolidation | —   | -27   |
| Payments of long-term loans receivable   | -621  | -27   |
| Proceeds from long-term loans receivable   | 909   | 73  |
| Other payments   | -1,077  | -435  |
| Other proceeds   | 1,680   | 575   |
| Net cash used in investment activities   | -14,969   | -18,544   |
| Net cash provided by (used in) financing activities  |   |   |
| Net increase (decrease) in short-term debt   | -1,499  | 1,247   |
| Repayments of finance lease obligations  | -408  | -605  |
| Proceeds from long-term debt   | 659   | 200   |
| Repayments of long-term debt   | -1,140  | -39   |
| Proceeds from issuance of bonds  | 15,000  | —   |
| Proceeds from stock issuance to minority shareholders  | 234   | —   |
| Cash dividends paid  | -1,329  | -1,329  |
| Cash dividends paid to minority shareholders   | -0  | -0  |
| Other proceeds   | 0   | 0   |
| Other payments   | -1  | -2  |
| Net cash provided by (used in) financing activities  | 11,517  | -527  |
| Effect of exchange rate change on cash and cash equivalents  | 847   | -713  |
| Net Increase (decrease) in cash and cash equivalents   | 10,974  | -18,974   |
| Cash and cash equivalents at beginning of term   | 40,730  | 71,662  |
| Cash and cash equivalents at end of quarter  | 51,704  | 52,689  |

- (4) Notes related to the Assumption of a Going Concern  
Not applicable
- (5) Segment Information

Operating segment information

Previous 2Q Cumulative Period (million yen)  
(Consolidated, April 1, 2009 – September 30, 2009)

|                                     | Timber and Building Materials Business | Housing and Housing-related Business | Other | Total   | Elimination/Corporate | Consolidated |
|-------------------------------------|--|--------------------------------------|-------|---------|-----------------------|--------------|
| Sales                               |  |                                      |       |         |                       |              |
| (1) Sales to unaffiliated customers | 166,587                                | 168,254                              | 1,917 | 336,759 | -                     | 336,759      |
| (2) Inter-segment sales/transfers   | 7,817                                  | 224                                  | 6,007 | 14,048  | (14,048)              | -            |
| Total                               | 174,404                                | 168,479                              | 7,924 | 350,806 | (14,048)              | 336,759      |
| Operating income /loss              | -414                                   | 1,047                                | 410   | 1,044   | (2,188)               | -1,145       |

(Notes)

- Business activities are divided into three segments from the standpoint of similarities among the types and characteristics of business activities.
- Major activities of each segment are as follows.
  - Timber and building materials: procurement, manufacture and sale of timber and building materials
  - Housing and housing-related: construction of detached houses and apartment buildings; house exteriors; landscaping; real estate transactions, leasing and brokerage; others
  - Others: leasing; insurance agent business; others
- Changes in accounting treatment methods (criteria for recording net sales of completed construction and cost of sales of completed construction)

In the first quarter of the consolidated fiscal period, the Company started applying “Accounting Standards for Construction Contracts” (ASBJ Statement No. 15; December 27, 2007) and “Guidance for Accounting Standard for Construction Contracts” (ASBJ Guidance No. 18; December 27, 2007). With these changes, net sales connected to housing and housing-related businesses were reduced by ¥708 million and operating income fell by ¥99 million compared to what these would amount to if the former method was used.

Segment Information

1) Outline of Reporting Segments

Reporting segments are discrete constituent units of the Company for which financial statements are separately prepared. In order to determine the allocation of the Company’s management resources and evaluate its business results, the Board of Directors regularly discusses the reporting segments.

The Company has established divisions in its Headquarters to handle its products, services and regions. Each division formulates comprehensive strategies for the products and services that it handles and uses these strategies to conduct its business activities.

Therefore, the Company consists of different product, service and region-oriented segments which are based around divisions. There are 4 reporting segments: Timber and Building Materials Business, Overseas Business, Housing Business and the Real Estate Business.

The Timber and Building Materials Business procures, manufactures and sells timber and building materials. The Overseas Business procures, manufactures and sells timber and building materials overseas, constructs detached houses and sells spec homes. The Housing Business constructs residential property such as detached and collective housing, conducts renovations and exterior work and carries out landscaping and planting. The Real Estate Business mediates real estate purchases, sales and rentals and sells spec homes.

2) Information regarding Sales and Income (Loss) for each Reporting Segment

2Q cumulative period under review

(million yen)

(Consolidated, April 1, 2010 - September 30, 2010)

|                                      | Reporting segment                               |                      |                     |                         |         | Other<br>(Note 1) | Total   | Adjustment<br>(Note 2) | Amount<br>recorded in the<br>quarterly,<br>consolidated<br>Statements of<br>Income<br>(Note 3) |
|--------------------------------------|---|----------------------|---------------------|-------------------------|---------|-------------------|---------|------------------------|--|
|                                      | Timber and<br>Building<br>Materials<br>Business | Overseas<br>Business | Housing<br>Business | Real Estate<br>Business | Total   |                   |         |                        |  |
| Sales                                |   |                      |                     |                         |         |                   |         |                        |  |
| (1) Unaffiliated<br>customers        | 181,459   | 12,610               | 151,630             | 25,922                  | 371,622 | 1,904             | 373,526 | 394                    | 373,921  |
| (2) Inter-segment<br>sales/transfers | 8,741   | 3,277                | 1,423               | 622                     | 14,063  | 4,849             | 18,911  | - 18,911               | -  |
| Total                                | 190,200   | 15,887               | 153,053             | 26,544                  | 385,685 | 6,753             | 392,437 | -18,517                | 373,921  |
| Operating income<br>/ loss           | 2,244   | - 402                | 4,831               | 518                     | 7,192   | 241               | 7,432   | - 2,338                | 5,094  |

(Notes)

1. "Other" are business segments that are not included in the reporting segments. Such segments include the Leasing Business and Insurance Agency Business.
2. The adjusted business loss of ¥2,338 million includes ¥56 million in eliminated inter-segment transactions and ¥2,282 million in corporate expenses etc. Corporate expenses etc. are mainly selling, general and administrative expenses, which are not allocated to any reporting segments.
3. Total segment income (loss) is adjusted against recurring income in the quarterly consolidated statements of income.

3) Information regarding goodwill or impairment loss on fixed assets for each reporting segment

(Significant impairment loss related to fixed assets)

In the Timber and Building Materials segment, impairment loss was booked as an extraordinary loss due to the decision to transfer some subsidiary businesses. In the second quarter cumulative period (consolidated) under review, the booked impairment loss amounted to ¥695 million.

(Additional Information)

In the first quarter consolidated fiscal period, the Company started applying the "Accounting Standards for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Statement No. 17; March 27, 2009) and "Guidance on Accounting Standards for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Guidance No. 20; March 21, 2008).

(6) Notes on Significant Changes in Shareholders' Equity

Not applicable

4. Supplementary Information  
(1) Consolidated Statements of Income

(million yen)

|   | 2Q FY Ended<br>March 2010<br>(Reference figures) |             | 2Q FY Ending<br>March 2011 |              | YoY<br>change  | % of YoY<br>Change | FY Ended<br>March 2010<br>(Reference figures) | FY Ending<br>March 2011 (Forecast) |                | YoY<br>change | % of YoY<br>change |               |
|---|--|-------------|----------------------------|--------------|----------------|--------------------|---|------------------------------------|----------------|---------------|--------------------|---------------|
| Timber and Building<br>Materials Business       | 165,283  |             | 190,200                    |              | +24,917        | +15.1%             | 341,432                                       | 372,000                            | +30,568        | +9.0%         |                    |               |
| Overseas Business                               | 11,194   |             | 15,887                     |              | +4,693         | +41.9%             | 25,472  | 34,000                             | +8,528         | +33.5%        |                    |               |
| Housing Business                                | 148,972  |             | 153,053                    |              | +4,081         | +2.7%              | 338,295                                       | 345,000                            | +6,705         | +2.0%         |                    |               |
| Real Estate Business                            | 19,001   |             | 26,544                     |              | +7,543         | +39.7%             | 38,169  | 47,000                             | +8,831         | +23.1%        |                    |               |
| Other Businesses                                | 7,538  |             | 6,753                      |              | -786           | -10.4%             | 15,171  | 13,000                             | -2,171         | -14.3%        |                    |               |
| Adjustment                                      | -15,230  |             | -18,517                    |              | -3,287         | -                  | -34,617                                       | -41,000                            | -6,383         | -             |                    |               |
| <b>Sales</b>                                    | <b>336,759</b>                                   |             | <b>373,921</b>             |              | <b>+37,162</b> | <b>+11.0%</b>      | <b>723,923</b>                                | <b>770,000</b>                     | <b>+46,077</b> | <b>+6.4%</b>  |                    |               |
| Gross profit                                    | 16.6%  | 55,750      | 16.4%                      | 61,292       | +5,542         | +9.9%              | 17.2%   | 124,269                            | 17.3%          | 133,000       | +8,731             | +7.0%         |
| Selling, general and<br>administrative expenses | 56,894   |             | 56,419                     |              | -476           | -0.8%              | 114,522                                       | 117,500                            | +2,978         | +2.6%         |                    |               |
| Operating income                                | -0.3%  | -1,145      | 1.3%                       | 4,873        | +6,018         | -                  | 1.3%  | 9,747                              | 2.0%           | 15,500        | +5,753             | +59.0%        |
| Non-operating income                            | 2,867  |             | 1,604                      |              | -1,263         | -44.0%             | 4,147   | 3,000                              | -1,147         | -27.7%        |                    |               |
| Non-operating expenses                          | 2,169  |             | 1,384                      |              | -785           | -36.2%             | 4,429   | 2,500                              | -1,929         | -43.6%        |                    |               |
| Non-operating income<br>(loss)                  | 698  |             | 221                        |              | -478           | -68.4%             | -282  | 500                                | +782           | -             |                    |               |
| Timber and Building<br>Materials Business       | 0.3%   | 511         | 1.2%                       | 2,244        | +1,732         | +338.8%            | 0.6%  | 2,006                              | 1.0%           | 3,700         | +1,694             | +84.5%        |
| Overseas Business                               | -8.8%  | -989        | -2.5%                      | -402         | +587           | -                  | -10.1%  | -2,582                             | -1.2%          | -400          | +2,182             | -             |
| Housing Business                                | 0.9%   | 1,339       | 3.2%                       | 4,831        | +3,492         | +260.7%            | 3.9%  | 13,250                             | 5.2%           | 17,800        | +4,550             | +34.3%        |
| Real Estate Business                            | -1.2%  | -231        | 2.0%                       | 518          | +749           | -                  | -2.7%   | -1,042                             | 1.5%           | 700           | +1,742             | -             |
| Other   | 3.6%   | 272         | 3.6%                       | 241          | -32            | -11.6%             | 3.8%  | 583                                | 2.3%           | 300           | -283               | -48.5%        |
| Adjustment                                      | -1,349   |             | -2,338                     |              | -989           | -                  | -2,750  | -6,100                             | -3,350         | -             |                    |               |
| <b>Recurring Income</b>                         | <b>-0.1%</b>                                     | <b>-446</b> | <b>1.4%</b>                | <b>5,094</b> | <b>+5,540</b>  | <b>-</b>           | <b>1.3%</b>                                   | <b>9,465</b>                       | <b>2.1%</b>    | <b>16,000</b> | <b>+6,535</b>      | <b>+69.0%</b> |
| Extraordinary gains                             | 386  |             | 298                        |              | -87            | -22.6%             | 4,346   | 700                                | -3,646         | -83.9%        |                    |               |
| Extraordinary losses                            | 817  |             | 1,675                      |              | +857           | +104.9%            | 3,228   | 2,200                              | -1,028         | -31.8%        |                    |               |
| Extraordinary gains (loss)                      | -431   |             | -1,376                     |              | -945           | -                  | 1,118   | -1,500                             | -2,618         | -             |                    |               |
| Net income                                      | -0.5%  | -1,552      | 0.4%                       | 1,527        | +3,079         | -                  | 0.3%  | 2,377                              | 1.0%           | 7,500         | +5,123             | +215.5%       |

(2) Breakdown of Sales and Orders Received for the Housing Business and Real Estate Business (Non-consolidated)

1) Second Quarter (Cumulative)

|  |                               |                                  | 2Q FY Ended March 2010<br>(Actual) |         |            | 2Q FY Ending March 2011<br>(Actual) |         |            | (million yen)<br>Change |        |
|--|-------------------------------|----------------------------------|------------------------------------|---------|------------|-------------------------------------|---------|------------|-------------------------|--------|
|  |                               |                                  | Volume                             | Amount  | Unit price | Volume                              | Amount  | Unit price | Volume                  | Amount |
| Orders Received                        | Contract Work                 | Custom-built detached housing    | 4,628                              | 141,038 | 30.5       | 4,621                               | 143,731 | 31.1       | -0.2%                   | +1.9%  |
|  |                               | Wooden apartments                | 328                                | 3,056   | 9.3        | 397                                 | 3,730   | 9.4        | +21.0%                  | +22.0% |
|  |                               | Other contracts                  |                                    | 2,280   | -          |                                     | 118     | -          |                         | -94.8% |
| Sales                                  | Contract Work                 | Custom-built detached housing *1 | 3,713                              | 115,205 | 31.0       | 3,862                               | 118,775 | 30.8       | +4.0%                   | +3.1%  |
|  |                               | Wooden apartments *1             | 176                                | 1,543   | 8.8        | 199                                 | 1,825   | 9.2        | +13.1%                  | +18.3% |
|  |                               | Other contracts                  |                                    | 3,625   | -          |                                     | 2,791   | -          |                         | -23.0% |
|  | Detached spec homes *2        | 82                               | 3,542                              | 43.2    | 114        | 4,896                               | 42.9    | +39.0%     | +38.2%                  |        |
|  | Land for custom-built housing |                                  | 1,991                              | -       |            | 2,768                               | -       |            | +39.0%                  |        |
|  | Real estate development *2    |                                  | 1,544                              | -       |            | 6,994                               | -       |            | +353.1%                 |        |
|  | Other                         |                                  | 3,695                              | -       |            | 3,177                               | -       |            | -14.0%                  |        |
| Total                                  |                               |                                  | 131,146                            | -       |            | 141,225                             | -       |            | +7.7%                   |        |
| Backlog of Orders Received at Term End | Contract Work                 | Custom-built detached housing    | 9,096                              | 272,997 | 30.0       | 8,953                               | 273,110 | 30.5       | -1.6%                   | +0.0%  |
|  |                               | Wooden apartments                | 918                                | 7,674   | 8.4        | 1,030                               | 9,405   | 9.1        | +12.2%                  | +22.6% |
|  |                               | Other contracts                  |                                    | 7,012   | -          |                                     | 725     | -          |                         | -89.7% |

2) Full year

|  |                               |                                  | FY Ended March 2010<br>(Actual) |         |            | FY Ending March 2011<br>(Forecast) |         |            | (million yen)<br>Change |        |
|--|-------------------------------|----------------------------------|---------------------------------|---------|------------|------------------------------------|---------|------------|-------------------------|--------|
|  |                               |                                  | Volume                          | Amount  | Unit price | Volume                             | Amount  | Unit price | Volume                  | Amount |
| Orders Received                        | Contract Work                 | Custom-built detached housing    | 8,593                           | 265,203 | 30.9       | 9,000                              | 283,000 | 31.4       | +4.7%                   | +6.7%  |
|  |                               | Wooden apartments                | 736                             | 6,969   | 9.5        | 920                                | 8,500   | 9.2        | +25.0%                  | +22.0% |
|  |                               | Other contracts                  |                                 | 3,069   | -          |                                    | 400     | -          |                         | -87.0% |
| Sales                                  | Contract Work                 | Custom-built detached housing *1 | 8,580                           | 264,215 | 30.8       | 8,850                              | 275,000 | 31.1       | +3.1%                   | +4.1%  |
|  |                               | Wooden apartments *1             | 670                             | 5,630   | 8.4        | 720                                | 6,700   | 9.3        | +7.5%                   | +19.0% |
|  |                               | Other contracts                  |                                 | 8,028   | -          |                                    | 3,400   | -          |                         | -57.6% |
|  | Detached spec homes *2        | 183                              | 7,851                           | 42.9    | 230        | 9,400                              | 40.9    | +25.7%     | +19.7%                  |        |
|  | Land for custom-built housing |                                  | 6,002                           | -       |            | 4,900                              | -       |            | -18.4%                  |        |
|  | Real estate development *2    |                                  | 1,986                           | -       |            | 11,000                             | -       |            | +454.0%                 |        |
|  | Other                         |                                  | 7,332                           | -       |            | 7,600                              | -       |            | +3.7%                   |        |
| Total                                  |                               |                                  | 301,043                         | -       |            | 318,000                            | -       |            | +5.6%                   |        |
| Backlog of Orders Received at Term End | Contract Work                 | Custom-built detached housing    | 8,194                           | 248,153 | 30.3       | 8,344                              | 256,153 | 30.7       | +1.8%                   | +3.2%  |
|  |                               | Wooden apartments                | 832                             | 7,499   | 9.0        | 1,032                              | 9,299   | 9.0        | +24.0%                  | +24.0% |
|  |                               | Other contracts                  |                                 | 3,398   | -          |                                    | 398     | -          |                         | -88.3% |

\* 1: Sales volumes for custom-built housing and wooden apartments are delivered houses (number of houses is shown).

\* 2: Spec homes and Real Estate Development figures are for the total of land and building.



## (3) Non-consolidated Business results

(million yen)

| Company Name<br>Head Office                           | Founded   | Capital<br>stock | Accounting term                 | Statements of Income |                     |                     |               | Balance Sheets  |            |
|---|-----------|------------------|---------------------------------|----------------------|---------------------|---------------------|---------------|-----------------|------------|
|   |           |                  |                                 | Sales                | Operating<br>income | Recurring<br>income | Net<br>income | Total<br>assets | Net assets |
| Sumitomo Forestry<br>Co., Ltd.<br>(Chiyoda-ku, Tokyo) | Feb, 1948 | 27,672           | 2Q FY Ended March 2010          | 272,737              | -2,210              | -593                | -591          | 405,413         | 141,958    |
|   |           |                  | 2Q FY Ending March 2011         | 304,933              | 2,211               | 4,774               | 254           | 423,503         | 141,106    |
|   |           |                  | FY Ended March 2010             | 593,243              | 3,525               | 5,560               | 1,936         | 426,983         | 145,052    |
|   |           |                  | FY Ending March 2011 (Forecast) | 640,000              | 10,000              | 13,000              | 5,000         | -               | -          |

## (4) Main Subsidiaries

(million yen)

| Company Name<br>(Business)<br>(Head Office)  | Founded             | Capital<br>stock                      | Owner-<br>ship<br>*1 | Accounting term                    | Statements of Income |                     |                     |               | Balance Sheets  |               |
|--|---------------------|---------------------------------------|----------------------|------------------------------------|----------------------|---------------------|---------------------|---------------|-----------------|---------------|
|  |                     |                                       |                      |                                    | Sales                | Operating<br>income | Recurring<br>income | Net<br>income | Total<br>assets | Net<br>assets |
| Sumitomo Forestry<br>Crest Co., Ltd.<br>(Timber and Building<br>Materials) *2<br>(Nagoya, Aichi Pref.) | August,<br>1959     | 800                                   | 100.0%               | 2Q FY Ended March 2010             | 9,918                | -276                | -284                | -288          | 14,593          | 3,223         |
|  |                     |                                       |                      | 2Q FY Ending March 2011            | 19,755               | 269                 | 201                 | -250          | 22,352          | 1,254         |
|  |                     |                                       |                      | FY Ended March 2010                | 20,551               | 51                  | 11                  | -4,505        | 11,295          | 1,506         |
|  |                     |                                       |                      | FY Ending March 2011<br>(Forecast) | 38,900               | 500                 | 310                 | -920          | -               | -             |
| Sumitomo Forestry<br>Residential Co., Ltd<br>(Real Estate )<br>(Shinjuku-ku, Tokyo)                    | March,<br>1985      | 150                                   | 100.0%               | 2Q FY Ended March 2010             | 12,771               | 14                  | 3                   | 487           | 9,246           | 2,016         |
|  |                     |                                       |                      | 2Q FY Ending March 2011            | 8,196                | 130                 | 125                 | 72            | 9,511           | 2,143         |
|  |                     |                                       |                      | FY Ended March 2010                | 25,588               | 241                 | 205                 | 542           | 9,507           | 2,071         |
|  |                     |                                       |                      | FY Ending March 2011<br>(Forecast) | 16,000               | 390                 | 350                 | 210           | -               | -             |
| Sumitomo Forestry<br>Home<br>Engineering Co., Ltd.<br>(Housing)<br>(Shinjuku-ku, Tokyo)                | December,<br>1999   | 75                                    | 100.0%               | 2Q FY Ended March 2010             | 34,987               | 241                 | 289                 | 151           | 28,376          | 2,723         |
|  |                     |                                       |                      | 2Q FY Ending March 2011            | 38,038               | 530                 | 582                 | 301           | 30,790          | 2,873         |
|  |                     |                                       |                      | FY Ended March 2010                | 80,862               | 813                 | 948                 | 516           | 31,490          | 3,087         |
|  |                     |                                       |                      | FY Ending March 2011<br>(Forecast) | 88,800               | 1,140               | 1,250               | 690           | -               | -             |
| Sumitomo Forestry<br>Home Services Co.,<br>Ltd<br>(Real Estate )<br>(Shinjuku-ku, Tokyo)               | September,<br>1964  | 400                                   | 100.0%               | 2Q FY Ended March 2010             | 2,682                | -89                 | -99                 | -185          | 2,585           | -555          |
|  |                     |                                       |                      | 2Q FY Ending March 2011            | 2,717                | 68                  | 60                  | 39            | 2,246           | -507          |
|  |                     |                                       |                      | FY Ended March 2010                | 5,410                | 9                   | -12                 | -177          | 2,489           | -546          |
|  |                     |                                       |                      | FY Ending March 2011<br>(Forecast) | 5,300                | 160                 | 120                 | 110           | -               | -             |
| Sumitomo Forestry<br>Landscaping Co.,<br>Ltd.<br>(Housing)<br>(Nakano-ku, Tokyo)                       | April,<br>1977      | 200                                   | 100.0%               | 2Q FY Ended March 2010             | 10,168               | 4                   | 17                  | 0             | 7,726           | 2,802         |
|  |                     |                                       |                      | 2Q FY Ending March 2011            | 9,293                | -233                | -222                | -143          | 7,463           | 2,660         |
|  |                     |                                       |                      | FY Ended March 2010                | 21,095               | 408                 | 447                 | 234           | 8,756           | 3,037         |
|  |                     |                                       |                      | FY Ending March 2011<br>(Forecast) | 20,600               | -170                | -150                | -90           | -               | -             |
| Sumitomo Forestry<br>Home Tech Co., Ltd.<br>(Housing)<br>(Chiyoda-ku, Tokyo)                           | October,<br>1988    | 100                                   | 100.0%               | 2Q FY Ended March 2010             | 17,799               | 581                 | 628                 | 308           | 13,931          | 2,663         |
|  |                     |                                       |                      | 2Q FY Ending March 2011            | 19,136               | 709                 | 784                 | 395           | 15,600          | 2,751         |
|  |                     |                                       |                      | FY Ended March 2010                | 37,466               | 1,429               | 1,556               | 806           | 14,804          | 3,161         |
|  |                     |                                       |                      | FY Ending March 2011<br>(Forecast) | 40,800               | 1,570               | 1,710               | 980           | -               | -             |
| PT.Kutai Timber<br>Indonesia<br>(Overseas) *3<br>(Jakarta, Indonesia)                                  | September<br>, 1970 | 27,000<br>(Thou-<br>sands of<br>US\$) | 99.8%                | 2Q FY Ended 2009                   | 3,337                | -433                | -485                | -350          | 7,322           | 2,317         |
|  |                     |                                       |                      | 2Q FY Ending 2010                  | 4,274                | 85                  | 73                  | 73            | 6,860           | 1,935         |
|  |                     |                                       |                      | FY Ended 2009                      | 7,273                | -404                | -507                | -630          | 6,883           | 1,940         |
|  |                     |                                       |                      | FY Ending 2010 (Forecast)          | 8,900                | 220                 | 200                 | 200           | -               | -             |
| Alpine MDF<br>Industries Pty Ltd.<br>(Overseas) *4<br>(Wangaratta, Victoria,<br>Australia)             | May,<br>1994        | 62,474<br>(Thou-<br>sands of<br>AU\$) | (100.0%)             | 2Q FY Ended 2009                   | 1,723                | -83                 | -121                | -131          | 5,492           | 2,416         |
|  |                     |                                       |                      | 2Q FY Ending 2010                  | 2,462                | -29                 | -59                 | -67           | 5,096           | 2,311         |
|  |                     |                                       |                      | FY Ended 2009                      | 4,361                | -45                 | -77                 | -102          | 5,575           | 2,600         |
|  |                     |                                       |                      | FY Ending 2010 (Forecast)          | 5,400                | 80                  | -40                 | -80           | -               | -             |
| Nelson Pine<br>Industries Ltd.<br>(Overseas) *5<br>(Richmond, Nelson,<br>New Zealand)                  | October,<br>1984    | 45,500<br>(Thou-<br>sands of<br>NZ\$) | (100.0%)             | 2Q FY Ended 2009                   | 4,120                | 67                  | 1,083               | 758           | 14,532          | 11,130        |
|  |                     |                                       |                      | 2Q FY Ending 2010                  | 5,104                | 611                 | 611                 | 428           | 13,043          | 11,484        |
|  |                     |                                       |                      | FY Ended 2009                      | 9,284                | 600                 | 1,499               | 1,060         | 14,212          | 11,956        |
|  |                     |                                       |                      | FY Ending 2010 (Forecast)          | 9,600                | 1,240               | 1,250               | 880           | -               | -             |

\*1 Figures in parentheses are for indirect investments.

\*2 Sumitomo Forestry Crest Co., Ltd. absorbed Toyo Plywood Co., Ltd. in April 2010.

\*3 \*4 \*5 The following exchange rates were used to convert into yen in the income statements of overseas group companies.

|                           | *3<br>US\$ | *4<br>AU\$ | *5<br>NZ\$ |
|---------------------------|------------|------------|------------|
| 2Q FY Ended 2009          | 95.50      | 68.10      | 54.37      |
| 2Q FY Ending 2010         | 91.46      | 81.76      | 64.47      |
| FY Ended 2009             | 93.57      | 74.01      | 59.35      |
| FY Ending 2010 (Forecast) | 87.60      | 80.40      | 63.00      |