

Summary of Financial Results for the Third Quarter of the Fiscal Year Ending March, 2011 [Japanese GAAP] (Consolidated)

Name of Company: Sumitomo Forestry Co., Ltd.
 Stock Exchange Listing: Tokyo, Osaka
 Stock Code: 1911
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 Date of filing of financial report: February 10, 2011
 Date of commencement of dividend payment (tentative): —
 Preparation of supplementary materials: Yes
 Convening of a third quarter results meeting: Yes (for financial analysts and institutional investors)

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

1. Financial results for results for the third quarter cumulative period under review (April 1, 2010 to December 31, 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	%
3Q FY Ending March 2011	569,211	12.3	7,947	-	8,543	-	2,629	-
3Q FY Ended March 2010	506,869	-17.5	-2,977	-	-3,610	-	-6,244	-

	Net income per share	Net income per share fully diluted
	Yen	Yen
3Q FY Ending March 2011	14.84	-
3Q FY Ended March 2010	-35.25	-

(2) Financial position (Consolidated)

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of December 31, 2010	492,456	159,556	32.3	899.24
As of March 31, 2010	469,738	162,930	34.6	917.82

(Note) Shareholders' equity

As of December 31, 2010 ¥159,292 million
 As of March 31, 2010 ¥162,588 million

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 March 2011	770,000	6.4	15,500	59.0	16,000	69.0	7,500	215.5	42.34

Note: Revised business results 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): Yes
- (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 December 31, 2010	177,410,239
	As of March 31, 2010	177,410,239
b) Treasury stock	As of December 31, 2010	270,154
	As of March 31, 2010	263,750
c) Average number of shares during the term (cumulative for the quarter)	As of December 31, 2010	177,143,943
	As of December 31, 2009	177,148,183

- 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 the 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

1. Qualitative Information related to the Consolidated Business Results

(1) Qualitative Information related to the Consolidated Operating Results

During the third quarter cumulative period under review (Consolidated, April - December, 2010), corporate revenues improved fanned by expanding demand from newly emerging countries and government stimulus measures. Personal consumption also recovered, although fears about an economic downturn in foreign countries, exchange rate fluctuations, persistent deflation and ongoing uncertainty about the risk of economic decline continued to plague the Japanese economy. Although harsh unemployment and income circumstances continued, we saw a gradual recovery in the housing market demand due largely to government measures aimed at stimulating residential investment.

In this difficult business environment, sales increased by 12.3% compared to the previous year to ¥569,211 million. All income categories improved significantly, as operating income totaled ¥7,947 million (an operating loss of ¥2,977 million year-on-year), recurring income totaled ¥8,543 million (a recurring loss of ¥3,610 million year-on-year) and net income totaled ¥2,629 million (a net loss of ¥6,244 million year-on-year).

<Business Segments>

1) *Timber and Building Materials*

Timber and Building Materials Business recorded sales of ¥280,965 million and recurring income of ¥3,752 million. These results were largely attributable to a recovery in the number of new housing starts, which triggered a recovery in the market for the domestic timber and building materials distribution business and building materials manufacturing business. Consequently, sales volumes increased and unit sales prices also rose.

2) *Overseas*

The overseas business recorded sales of ¥19,806 million, and a recurring loss of ¥371 million. This was chiefly due to the fact that despite the improvement in year-on-year sales volumes and business results enjoyed by New Zealand and Indonesian building materials manufacturers during the quarter, the situation in China, where operations of the building materials manufacturing business have only just started, and the state of the North American housing business remained grim.

3) *Housing*

The housing business recorded sales of ¥228,806 million and ¥7,921 million in recurring income. These results were largely attributable to the growth in sales as the number of houses completed year-on-year increased in the custom-built detached housing business. Recurring income also rose significantly, driven up by the improvement in returns on completed houses brought about by cost savings and the effects of cost-cutting. In the renovation business, strengthening of the business foundation contributed to the strong business results that were achieved.

Orders received for custom-built detached houses are a leading performance indicator. Although the number of orders received was approximately the same as the same period last year, unification of the ordering system for external works and an increase in orders received for products that employ our proprietary Big Frame construction method caused order unit prices to rise. Consequently, the Amounts of orders received during the quarter increased by 3.9% compared to the previous year, to ¥205,728 million.

4) *Real Estate*

The real estate business recorded sales of ¥36,491 million, and ¥911 million in recurring income during the quarter, buoyed by the number of detached spec homes sold, which experienced significant year-on-year growth. Proceeds from leasing and profit on the sale of leasing properties in our portfolio also contributed to earnings.

5) *Other Businesses*

Other businesses recorded sales of ¥2,547 million and ¥307 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 of farming and gardening materials.

(2) Qualitative Information related to the Consolidated Financial Position

<Consolidated Financial Position>

At the end of the third quarter consolidated accounting period, total assets were up by ¥22,718 million compared to the end of the previous year, totaling ¥492,456 million. This was largely attributable to rising notes and accounts receivable – trade for the timber and building materials business, as well as growth in costs on uncompleted construction contracts associated with an increase advances received on uncompleted construction contracts. Liabilities increased by ¥26,093 million compared to the previous year, totaling ¥332,901 million. This growth was mainly owing to the increase in trade payables for the timber and building materials business and an increase in advances received on uncompleted construction contracts due to the growing number of houses under construction. Net assets totaled ¥159,556 million and the equity ratio was 32.3%.

<Consolidated Cash Flows>

Although the company posted ¥6,007 million in net income before income taxes and also experienced growth in advances received on uncompleted construction contracts and notes and accounts payable -trade, notes and accounts receivable – trade and inventories rose sharply. Consequently, operating activities recorded a net cash outflow of ¥4,062 million. Net cash used for investment activities totaled ¥20,454 million. This was mainly used for purchasing properties for leasing by the real estate business, capital expenditure by the overseas manufacturing subsidiaries and growth in short-term loans receivable due to repurchase agreement transactions. Although a dividend was issued, domestic subsidiaries took out long-term loans and this resulted in cash flow from financing activities delivering a net cash inflow of ¥291 million. As a result of the above, the balance of cash and cash equivalents at the end of the third quarter period (consolidated) under review totaled ¥46,789 million, a decline of ¥24,874 million compared to the previous year.

(3) Qualitative Information related to the Consolidated Business Results Forecasts

As of the time when this report was written, the consolidated business results forecast for the year ending on March 31, 2011 had not changed since the "Summary of Financial Results for the Second Quarter of the Fiscal Year Ending March, 2011" which was issued on November 10, 2010. Actuarial differences in accounting for retirement benefit obligations have not been included in the full-year business results forecast.

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 third quarter cumulative period (consolidated) under review, operating income and recurring income fell ¥65 million and net income before income taxes fell ¥776 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 on Accounting Standard for Business Combination and Accounting Standard for Business Divestiture" (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 third 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

(million yen)

	As of December 30, 2010	Summarized Consolidated Balance Sheet for the Previous Fiscal Year End (March 31, 2010)
Assets		
Current assets		
Cash and time deposits	37,825	52,714
Notes and accounts receivable - trade	126,159	102,355
Accounts receivable from completed construction contracts	4,732	5,071
Marketable securities	9,000	19,000
Finished goods, logs and lumber	12,952	12,236
Work in process	1,216	1,086
Raw materials and supplies	4,126	3,908
Developed land and housing for sale	27,707	26,333
Costs on uncompleted construction contracts	44,287	32,420
Deferred tax assets	6,664	6,308
Short-term loans receivable	10,257	859
Accounts receivable -other	41,583	42,599
Other	4,563	3,719
Allowance for doubtful accounts	-1,264	-836
Total current assets	329,808	307,772
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	54,346	50,928
Accumulated depreciation	-22,215	-21,210
Buildings and structures, net	32,131	29,718
Machinery, equipment and vehicles	54,183	56,957
Accumulated depreciation	-40,176	-41,073
Machinery, equipment and vehicles, net	14,007	15,884
Land	27,230	26,692
Leased assets	6,166	4,541
Accumulated depreciation	-2,670	-1,162
Leased assets, net	3,496	3,379
Construction in progress	2,970	439
Other	17,812	18,139
Accumulated depreciation	-5,562	-5,381
Other, net	12,250	12,757
Total property, plant and equipment	92,084	88,870
Intangible assets		
Goodwill	243	309
Other	6,837	6,328
Total intangible assets	7,080	6,637

(million yen)

	3Q FY Ending March 2011	Summarized Consolidated Balance Sheet for the Previous Fiscal Year End (March 31, 2010)
Investments and other assets		
Investment securities	48,053	51,094
Long-term loan receivable	2,717	3,094
Deferred tax assets	1,243	1,138
Prepaid pension cost	1,862	1,595
Other	12,220	11,574
Allowance for doubtful accounts	-2,610	-2,037
Total investments and other assets	63,484	66,459
Total noncurrent assets	162,648	161,966
Total assets	492,456	469,738
Liabilities		
Current liabilities		
Notes and accounts payable - trade	105,173	86,553
Accounts payable for construction contracts	46,222	61,029
Short-term debt	18,494	12,323
Lease obligations	845	815
Income taxes payable	2,620	2,205
Advances received on uncompleted construction contracts	49,514	31,077
Deferred tax liabilities	9	10
Provision for employees' bonuses	4,261	7,337
Provision for directors' bonuses	—	35
Provision for warranties for completed construction	1,232	1,256
Other	21,288	16,794
Total current liabilities	249,658	219,434
Long-term liabilities		
Bonds issued	15,000	15,000
Long-term loans payable	32,009	36,008
Lease obligations	2,487	2,640
Deferred tax liabilities	8,719	9,358
Provision for employees' retirement benefits	5,185	5,390
Provision for directors' retirement benefits	97	164
Provision for loss on business liquidation	1,306	1,306
Other	18,440	17,509
Total long-term liabilities	83,243	87,374
Total liabilities	332,901	306,808

(million yen)

	3Q FY Ending March 2011	Summarized Consolidated Balance Sheet for the Previous Fiscal Year End (March 31, 2010)
Net assets		
Shareholders' equity		
Common stock	27,672	27,672
Capital surplus	26,872	26,872
Retained earnings	105,039	105,066
Treasury stock	-266	-262
Total shareholders' equity	159,316	159,348
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	4,108	5,594
Deferred gains or losses on hedges	-100	24
Foreign currency translation adjustments	-4,031	-2,378
Total valuation and translation adjustments	-24	3,241
Minority interests	263	342
Total net assets	159,556	162,930
Total liabilities and net assets	492,456	469,738

(2) Consolidated Statements of Income

(million yen)

	Previous 3Q Cumulative Period (Consolidated) (April 1, 2009 - December 31, 2009)	3Q Cumulative Period under Review (Consolidated) (April 1, 2010 - December 31, 2010)
Net sales	506,869	569,211
Cost of sales	423,551	476,225
Gross profit	83,318	92,987
Selling, general and administrative expenses	86,295	85,039
Operating income (loss)	-2,977	7,947
Non-operating income		
Interest income	375	166
Purchase discounts	373	279
Dividends income	518	727
Equity in earnings of affiliates	—	218
Foreign exchange gains	1,021	—
Other	970	1,127
Total non-operating income	3,256	2,516
Non-operating expenses		
Interest expenses	813	962
Sales discounts	380	427
Equity in losses of affiliates	2,352	—
Foreign exchange losses	—	318
Other	344	213
Total non-operating expenses	3,889	1,921
Recurring income (loss)	-3,610	8,543
Extraordinary gains		
Gain on sales of noncurrent assets	62	46
Gain on sales of investment securities	19	17
Gain on sales of shares in subsidiaries	—	273
Gain on applying Accounting Standard for Construction Contracts	321	—
Gain on abolishment of retirement benefit plan	—	100
Total extraordinary gains	401	436
Extraordinary loss		
Loss on retirement of noncurrent assets	179	157
Impairment loss	1,656	695
Loss on sale of investment securities	—	5
Loss on devaluation of investment securities	336	1,053
Head office transfer cost	255	—
Loss on litigation	462	—
Gain (loss) on applying Accounting Standard for Asset Retirement Obligation	—	706
Special retirement benefits	—	356
Total extraordinary loss	2,889	2,972
Income (loss) before income taxes and minority interests	-6,098	6,007
Income taxes - current	1,778	3,620
Income taxes - deferred	-1,625	-185
Total income taxes	152	3,435
Net income before minority interests	—	2,572
Minority interests	-7	-58
Net income (loss)	-6,244	2,629

(3) Quarterly Consolidated Statements of Cash Flows

(million yen)

	Previous 3Q Cumulative Period (Consolidated) (April 1, 2009 - December 31, 2009)	3Q Cumulative Period under Review (Consolidated) (April 1, 2010 - December 31, 2010)
Cash flows from operating activities		
Income (loss) before income taxes and minority interests	-6,098	6,007
Depreciation and amortization	6,243	6,273
Impairment loss	1,656	695
Amortization of goodwill	159	82
Provision for (reversal of) doubtful accounts	-92	1,005
Provision for (reversal of) employees' bonuses	-3,772	-3,034
Provision for (reversal of) directors' bonuses	-39	-33
Provision for (reversal of) warranties for completed construction	-29	-24
Provision for (reversal of) employees' retirement benefits, less payments	-1,335	-403
Provision for (reversal of) directors' retirement benefits	18	-60
Interest and dividends income	-893	-893
Interest expense	813	962
Equity in (earnings) losses of affiliates	2,352	-218
Losses (gains) on devaluation of marketable securities and investment securities	336	1,053
Losses (gains) on sales of marketable securities and investment securities	-19	-285
Losses (gains) on sales/disposal of fixed assets, net	117	111
Losses (gains) on applying Accounting Standard for Asset Retirement Obligation	—	706
Decrease (increase) in notes and accounts receivable, trade	-3,165	-24,782
Inventories	-9,847	-15,001
Other current assets	1,130	-108
Notes and accounts payable - trade	7,620	4,849
Advances received	1,915	2,213
Advances received on uncompleted construction contracts	10,772	18,436
Accrued consumption taxes	-332	-568
Other current liabilities	667	1,461
Other	-39	131
Subtotal	8,141	-1,425
Interest and dividends income received	895	1,277
Interest paid	-865	-920
Income taxes paid (refunded)	-932	-2,994
Net cash provided by (used in) operating activities	7,240	-4,062

(million yen)

	Previous 3Q Cumulative Period (Consolidated, April 1, 2009 - December 31, 2009)	3Q Cumulative Period under Review (Consolidated, April 1, 2010 - December 31, 2010)
Cash flows from investment activities		
Payments into time deposits	-55	-10,021
Proceeds from withdrawal of time deposits	36	10,033
Decrease (increase) in short-term loans receivable	952	-9,109
Proceeds from sales of marketable securities	295	—
Payments for purchases of fixed assets	-8,109	-9,419
Proceeds from sales of fixed assets	1,736	627
Payments for purchases of intangible assets	-1,041	-1,946
Payments for purchases of investment securities	-10,698	-1,346
Proceeds from sales of investment securities	60	474
Payments for additional acquisition of stock of consolidated subsidiaries	—	-2
Proceeds from purchase of stock of subsidiary newly consolidated	26	—
Proceeds from sales of stock of consolidated subsidiaries accompanied by a change in the scope of consolidation	—	313
Payments of long-term loans receivable	-1,025	-381
Proceeds from long-term loans receivable	954	105
Other payments	-1,521	-576
Other proceeds	2,046	794
Net cash used in investment activities	-16,344	-20,454
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term debt	-1,667	1,118
Repayments of finance lease obligations	-607	-928
Proceeds from long-term debt	695	2,818
Repayments of long-term debt	-2,798	-56
Proceeds from issuance of bonds	15,000	—
Proceeds from stock issuance to minority shareholders	234	—
Cash dividends paid	-2,657	-2,657
Cash dividends paid to minority shareholders	-0	-0
Other proceeds	0	0
Other payments	-2	-4
Net cash provided by (used in) financing activities	8,199	291
Effect of exchange rate changes on cash and cash equivalents	1,179	-648
Net increase (decrease) in cash and cash equivalents	274	-24,874
Cash and cash equivalents at beginning of term	40,730	71,662
Net increase (decrease) in the balance of cash and cash equivalents due to changes in the scope of consolidation	85	—
Cash and cash equivalents at end of quarter	41,088	46,789

(4) Notes related to the Assumption of a Going Concern
Not applicable

(5) Segment Information

Operating segment information

Previous 3Q Cumulative Period (million yen)
(Consolidated, April 1, 2009 – December 31, 2009)

	Timber and Building Materials Business	Housing and Housing-related Businesses	Other	Total	Elimination/Corporate	Consolidated
Sales						
(1) Sales to unaffiliated customers	257,625	246,477	2,767	506,869	-	506,869
(2) Inter-segment sales/transfers	12,693	359	9,260	22,312	(22,312)	-
Total	270,318	246,835	12,028	529,181	(22,312)	506,869
Operating income /loss	630	123	636	1,390	(4,366)	-2,977

(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 Standard for Construction Contracts” (ASBJ Statement No. 15; December 27, 2007) and “Guidance on 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 ¥122 million and operating income fell by ¥56 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 homes and sells spec houses. 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

3Q Cumulative Period

(million yen)

(Consolidated, April 1, 2010 – December 31, 2010)

	Reporting segment					Other (Note 1)	Total	Adjustment (Note 2)	Amount recorded in the quarterly, consolidated Statements of Income (Note 3)
	Timber and Building Materials Business	Overseas Business	Housing Business	Real Estate Business	Total				
Sales									
(1) Unaffiliated customers	280,965	19,806	228,806	36,491	566,067	2,547	568,614	597	569,211
(2) Inter-segment sales/transfers	13,620	4,999	1,706	664	20,990	7,441	28,430	-28,430	-
Total	294,585	24,805	230,512	37,154	587,057	9,988	597,045	-27,833	569,211
Segment income / loss	3,752	-371	7,921	911	12,213	307	12,520	-3,977	8,543

(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 ¥3,977 million includes ¥28 million in eliminated inter-segment transactions and ¥3,949 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 third 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 Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Statement No. 17; March 27, 2009) and "Guidance on Accounting Standard 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)

	3Q FY Ended		3Q FY Ending		YoY change	% of YoY Change	FY Ended		FY Ending		YoY change	% of YoY Change
	March 2010 (Reference figures)		March 2011				March 2010 (Reference figures)	March 2011 (Forecast)				
Timber and Building Materials Business	255,894		294,585		+38,692	+15.1%	341,432		379,000		+37,568	+11.0%
Overseas Business	18,287		24,805		+6,518	+35.6%	25,472		32,000		+6,528	+25.6%
Housing Business	218,218		230,512		+12,294	+5.6%	338,295		345,000		+6,705	+2.0%
Real Estate Business	27,656		37,154		+9,498	+34.3%	38,169		47,000		+8,831	+23.1%
Other	11,433		9,988		-1,445	-12.6%	15,171		13,000		-2,171	-14.3%
Adjustment	-24,618		-27,833		-3,215	-	-34,617		-46,000		-11,383	-
Sales	506,869		569,211		+62,342	+12.3%	723,923		770,000		+46,077	+6.4%
Gross profit	16.4%	83,318	16.3%	92,987	+9,668	+11.6%	17.2%	124,269	17.3%	133,000	+8,731	+7.0%
Selling, general and administrative expenses		86,295		85,039	-1,256	-1.5%		114,522		117,500	+2,978	+2.6%
Operating income	-0.6%	-2,977	1.4%	7,947	+10,924	-	1.3%	9,747	2.0%	15,500	+5,753	+59.0%
Non-operating income		3,256		2,516	-739	-22.7%		4,147		3,000	-1,147	-27.7%
Non-operating expenses		3,889		1,921	-1,969	-50.6%		4,429		2,500	-1,929	-43.6%
Non-operating income (loss)		-634		596	+1,230	-		-282		500	+782	-
Timber and Building Materials Business	0.6%	1,545	1.3%	3,752	+2,206	+142.8%	0.6%	2,006	1.2%	4,400	+2,394	+119.4%
Overseas Business	-14.8%	-2,715	-1.5%	-371	+2,345	-	-10.1%	-2,582	-5.0%	-1,600	+982	-
Housing Business	0.4%	824	3.4%	7,921	+7,097	+861.3%	3.9%	13,250	5.3%	18,300	+5,050	+38.1%
Real Estate Business	-2.4%	-654	2.5%	911	+1,564	-	-2.7%	-1,042	1.5%	700	+1,742	-
Other	3.5%	399	3.1%	307	-93	-23.2%	3.8%	583	3.1%	400	-183	-31.4%
Adjustment		-3,010		-3,977	-967	-		-2,750		-6,200	-3,450	-
Recurring income	-0.7%	-3,610	1.5%	8,543	+12,153	-	1.3%	9,465	2.1%	16,000	+6,535	+69.0%
Extraordinary gains		401		436	+34	+8.6%		4,346		700	-3,646	-83.9%
Extraordinary losses		2,889		2,972	+83	+2.9%		3,228		2,200	-1,028	-31.8%
Extraordinary gains (loss)		-2,488		-2,536	-48	-		1,118		-1,500	-2,618	-
Net income	-1.2%	-6,244	0.5%	2,629	+8,873	-	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) Third Quarter (Cumulative)

(million yen)

			3Q FY Ended March 2010 (Actual)			3Q FY Ending March 2011 (Actual)			Change	
			Volume	Amount	Unit price	Volume	Amount	Unit price	Volume	Amount
Orders Received	Contract Work	Custom-built detached housing	6,471	198,019	30.6	6,495	205,728	31.7	+0.4%	+3.9%
		Wooden apartments	488	4,615	9.5	584	5,570	9.5	+19.7%	+20.7%
		Other contracts		2,292	-		121	-		-94.7%
Sales	Contract Work	Custom-built detached housing *1	5,408	167,551	31.0	5,702	176,853	31.0	+5.4%	+5.6%
		Wooden apartments *1	203	1,823	9.0	254	2,510	9.9	+25.1%	+37.7%
		Other contracts		5,514	-		3,268	-		-40.7%
	Detached spec homes *2	129	5,613	43.5	187	7,929	42.4	+45.0%	+41.3%	
	Land for custom-built housing		3,174	-		3,878	-		+22.2%	
	Real estate development *2		1,803	-		7,768	-		+330.8%	
	Other*3		5,364	-		4,955	-		-7.6%	
Total			190,841	-		207,160	-		+8.6%	
Backlog of Orders Received at Term End	Contract Work	Custom-built detached housing	9,244	277,632	30.0	8,987	277,029	30.8	-2.8%	-0.2%
		Wooden apartments	1,051	8,953	8.5	1,162	10,559	9.1	+10.6%	+17.9%
		Other contracts		5,135	-		251	-		-95.1%

2) Full year

(million yen)

			FY Ended March 2010 (Actual)			FY Ending March 2011 (Forecast)			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 *3		7,332	-		7,600	-		+3.7%	
Total			301,043	-		318,000	-		+5.6%	
Balance 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 detached 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: Sales of interior products and rental proceeds from leasing properties in our portfolio etc.