



Kikorin and Friends of the Earth

Earnings Briefing
Second Quarter, Fiscal Year 2011

Earnings Summary and Business Plans

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President / Representative Director

First-Half Earnings: Year-on-Year Sales, Profit Growth Exceed our Initial Plan

Strong performance in Timber & Building Materials, Housing (core segments)

External Factors

Recovery of housing starts

(2Q FY2011: Owner-occupied housing starts up 7.4% year-on-year to 159,000)

Effect of housing assistance programs (Flat 35S, Eco-Point Program, etc.)

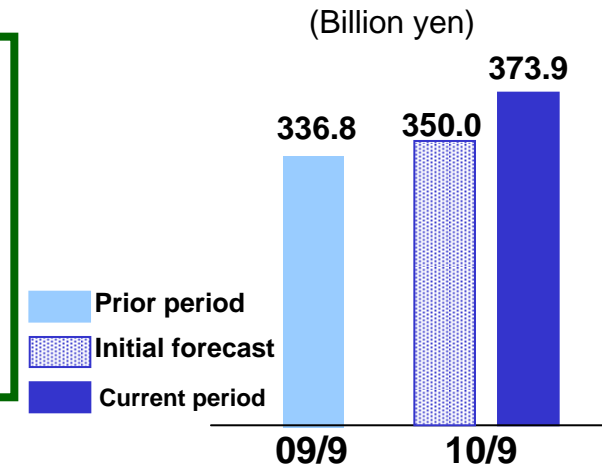
Internal Factors

Housing: Advances in reducing production costs and business expenses

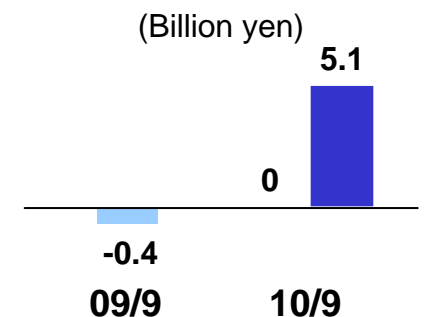
Timber & Building Materials:

- (1) Stronger domestic/foreign partner relationships
- (2) Strict inventory/quality/delivery controls

(2Q Cumulative Sales)



(2Q Cumulative Recurring Income)



Second Half Earnings: Market environment likely to remain stable

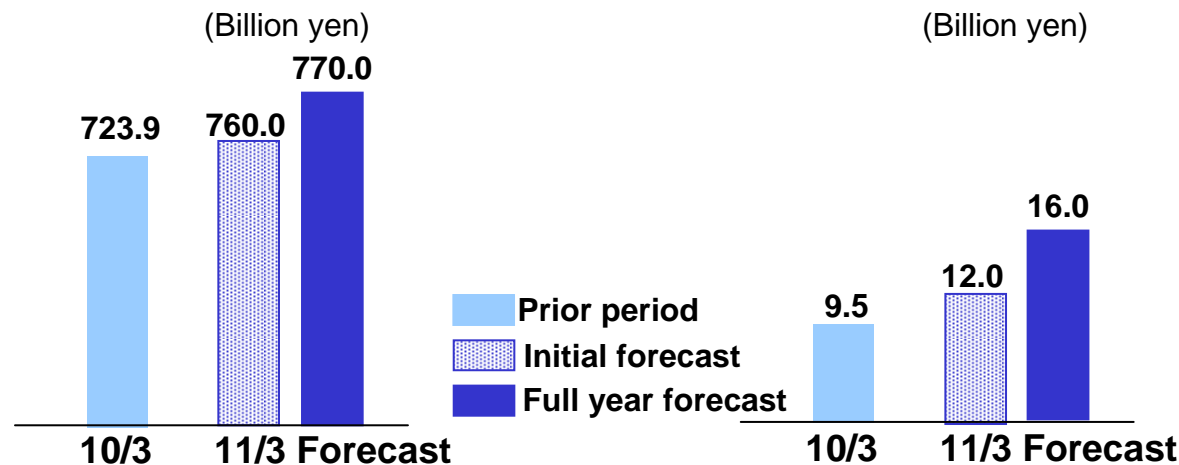
However, second-half earnings outlook is not optimistic

Housing start recovery likely to continue

Yen appreciation and other factors cause concerns for economic stagnation domestically

Dividends: Interim payments according to "stable payment" policy

(Full-Year Sales Forecast) (Full-Year Recurring Income Forecast)



Orders: Stronger measures targeting 9,000 starts for the full year

Second-Half Policies

Recommence Housing fairs (Tokyo, Osaka, Nagoya)

Cancelled last year due to influenza outbreak

Stronger Ad Strategy

Big Frame Construction TV commercial

IT Strategy Development

New Internet-based strategies

Continue “Mini” Housing Fairs at Branch Locations

Current TV commercial broadcast



These policies were designed to work synergistically together and, by doing so, to increase the number of orders we receive.

Greater Profitability

Reduce Housing costs and SGA

Distinct Business Models

Housing: New “Smart House” model homes opened

Timber & Building Materials: Grow third-party logistics business

Priority Growth Businesses

Overseas Business:

Begin construction on particle board factory in Vietnam

Real Estate Business:

Push the use of local timber in Tama region construction

Renovation Business:

Continue to invest in staff, offices, etc. to prepare for growth

Business development related to domestic timber and environment

An environment has been created that enables the Company to show its experience and know-how

- The government is promoting the use of domestic timber, and has set goals of improving timber self-sufficiency rates to 50%.
- Environmental business markets are expanded on a global scale.

Assess short-term actions and mid to long-term actions, and move forward



Our Company's booth at the biodiversity promotion fair held in conjunction with COP10

**Field oriented: Combine the strength of each employee to realize
the Group's overall total power**

**Expand the services and products that utilize
our Company's management resources**

Preserve the DNA and identity of things such as trees and the environment,
Develop our businesses in our own distinctive way



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The assessment figures in these materials are based on current forecasts and actual financial results may differ from these assessment projections.

