

## Summary of Financial Results

### for the First Quarter of the Fiscal Year Ending March, 2014

### [Japan GAAP] (Consolidated)

Name of Company: Sumitomo Forestry Co., Ltd.  
 Stock Exchange Listing: Tokyo  
 Stock Code: 1911  
 URL: <http://sfc.jp/>  
 Representative  
 Title: President / Representative Director  
 Name: Akira Ichikawa  
 Contact Person:  
 Title: General Manager, Corporate Communications  
 Name: Koji Tanaka  
 Phone: +81-3-3214-2270  
 Date of filing of financial report: August 8, 2013  
 Date of commencement of dividend payment (tentative): -  
 Preparation of supplementary materials: Yes  
 Convening of a first quarter results meeting: Yes (for financial analysts and institutional investors)

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

#### 1. Financial results for the first quarter cumulative period under review (April 1, 2013 – June 30, 2013)

(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	%
1Q FY Ending March 2014	175,022	7.8	-5,413	-	-4,659	-	-2,957	-
1Q FY Ending March 2013	162,349	-0.8	-4,986	-	-3,803	-	-2,766	-

Note: Comprehensive income

As of June 30, 2013 869 million yen (—%)

As of June 30, 2012 -3,100 million yen (—%)

	Net income per share	Net income per share fully diluted
	Yen	Yen
1Q FY Ending March 2014	-16.69	-
1Q FY Ending March 2013	-15.61	-

(2) Financial position (Consolidated)

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of June 30, 2013	531,173	192,466	36.1
As of March 31, 2013	547,973	193,250	35.1

(Note) Shareholders' equity

As of June 30, 2013 191,651 million yen

As of March 31, 2013 192,491 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 2013	-	7.50	-	9.50	17.00
FY Ending March 2014	-				
FY Ending March 2014(Est.)		9.50	-	9.50	19.00

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

#### 3. Forecast for the fiscal year ending March, 2014(Consolidated, April 1, 2013- March 31, 2014)

(Percentage figures represent period on period changes (cumulative, full year) or year on year changes (2Q))

	Net sales		Operating income		Recurring income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	420,000	7.1	8,000	17.0	7,800	4.2	4,100	13.6	23.15
Full year	900,000	6.5	27,500	8.6	28,000	3.8	16,000	0.5	90.33

Note: Revised forecast for the quarter under review: No

\* Notice

- (1) Changes in main subsidiaries (Changes in specific subsidiaries accompanied by changes in the scope of consolidation): None  
 Company (Company name), Excluded —Company (Company name)
- (2) Application of accounting treatment specific to the preparation of the consolidated quarterly financial statements: None
- (3) Changes in accounting policies, accounting estimates, and restatements
- (a) Changes in accounting policies due to revision of accounting standards : None
- (b) Changes in accounting policies other than those in (a): None
- (c) Changes in accounting estimates: None
- (d) Restatements: None

(4) Number of shares outstanding (common stock)

(a) Shares outstanding (including treasury stock)

As of June 30, 2013	177,410,239	As of March 31, 2013	177,410,239
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(b) Treasury stock

As of June 30, 2013	274,588	As of March 31, 2013	273,712
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(c) Average number of shares during the term (cumulative for the quarter)

As of June 30, 2013	177,135,938	As of June 30, 2012	177,137,989
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\* 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 business results forecasts and special notes

Earnings forecasts and other forward-looking statements in this release are based on data currently available to the Company and certain assumptions that the Company believes are reasonable and are not intended to as a promise by the Company to achieve those forecasts. Actual results may differ substantially due to various 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 “Explanation Concerning Forecasts for Consolidated Business Results and Other Future Projections” [Accompanying Materials] (Page 4)

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

### (1) Explanation Concerning Operating Results

The economic environment in Japan during the first quarter (April to June 2013) was met with expectations toward government policies aimed at pulling the country out of deflation and promoting economic revitalization. Those expectations drove the stock market higher and, coupled with yen depreciation, led to an improvement in corporate profits. In addition to signs leaning towards increases in capital expenditures, we also saw favorable trends in consumer spending as the country enjoys a mood of mild recovery. However, the impact of crippling debt problems having what has become a long-term problem for Europe as well as the economic slowdown of China and other countries in Asia suggests the underlying risk of the Japanese economy being pulled down by a stagnant global economy and thus we remain in a situation where the outlook for the future is unclear.

We also saw an improvement in consumer thinking in relation to the domestic housing market, a factor which impacts our consolidated results. Furthermore, the benefits of government initiatives to promote housing purchases as well as the benefits from demand related to disaster recovery efforts have all contributed to an increase in the number of new housing starts, we view as a clear sign of recovery for the market.

In terms of our financial results in such conditions, net sales increased by 7.8% year-on-year to ¥175,022 million, while there was an operating loss of ¥5,413 million (loss of ¥4,986 million for the same period last year), a recurring loss of ¥4,659 million (loss of ¥3,803 million for the same period last year) and a net loss of ¥2,957 million (loss of ¥2,766 million for the same period last year).

One feature of the contract housing construction business, which significantly impacts the Group's business results, is that the completion and delivery of houses varies significantly by the season. For this reason, net sales in the first quarter are normally lower than in other quarters. Consequently, the Company posted a loss in its financial results for the first quarter (consolidated) under review.

An overview of conditions for each business segment is as follows. Furthermore, net sales for each segment include inside net sales or transfer balances for transactions within that segment.

#### <Business Segments>

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

The domestic timber and building materials distribution business saw an increase in net sales due to an increase in the number of new housing starts, which led to an increase in the overall number of product handled and particularly import products. Furthermore, as part of an effort to strengthen their product lineup, in June of this year the domestic building materials manufacturing business launched and was working to expand the "BeRiche" series, which offered a vast variety products from flooring to doors, storage, and a variety of other housing-related components to complement a diverse range of home interior styles. The overseas distribution business strengthened ties with overseas building materials manufacturing subsidiaries as they worked to expand sales of group company products. As a result, the timber and building materials business posted net sales of ¥107,107 million (an increase of 12.6% year-on-year) and recurring income of ¥1,348 million (an increase of 65.4% year-on-year).

##### 2) *Housing Business*

The custom-built detached housing business has seen an increase in consumer feelings toward the sense of comfort, security, and energy conservation offered by residential homes and the percentage of houses equipped with environmentally sound equipment such as solar power generation systems and residential fuel cells ("ENE-FARM") has increased. Additionally, we saw increased sales of products using our proprietary "Big-Frame Construction method," which ensures superior earthquake resistance while also enabling highly individualized design plans, which led to an increase in completion unit price of each home. However, an overall decline in the number of completed and delivered units resulting in net sales falling below results from the previous term.

Looking to adapt to diversifying of housing needs and lifestyle changes as well as propose a new approach to home life, the wooden apartments business launched the rental housing product "Forest Maison Sharehouse," apartments designed based on ample specifications and facilities, which provide open spaces for communication between residents. The business is working to enhance its product line while also expand on order volume.

The renovation and leasing housing business increased personnel and enhanced its sales force primarily in the Tokyo Metropolitan area, its largest market, at it looks to expand renovation sales, its main business. The business also is pouring efforts into improving its technological capabilities. The business has developed a system that allows them to make high-quality renovation proposals based on “Seismic Resistance/Seismic Mitigation Double Construction,” which combines our “Original Seismic Mitigation Damper Model S,” a version of hydraulic damper seismic mitigation systems used in high-rise buildings modified for wooden homes, with existing seismic resistance technology. This expansion of business has resulted in net sales that exceeded results from the previous term.

The existing home renovation business (resale of renovated homes), which conducts the renovation and resale of used homes, has strengthened and enhanced its support business to ensure that both wood-framed detached homes and condominiums can maintain a pleasant living environment over a long period of time and providing the security and comfort of a home that can be passed down through generations. The business has seen a gradual improvement in results, including the resale of Forest Haven HYOTANYAMA, a former company housing unit converted into a condominium designed with a theme of providing an environment for raising children, in June of this year.

Consequently, the housing business posted net sales of ¥63,683 million (a decrease of 0.5% year-on-year) and a recurring loss of ¥5,645 million (compared to the recurring loss of ¥4,513 million year-on-year).

Regarding the status of orders for custom-built detached housing, which is a leading performance indicator, driven by concerns of higher future interest rates for housing loans and increased expectations for an economic boost, unit orders received greatly exceeded results from the same period of the previous year. To take advantage of the strong consumer desire for home purchases, as a follow-up to the FY2012 Tokyo opening of a “technology housing display center,” part of our new housing display center strategy that specifically promotes the technical and performance benefits of our home designs, we also opened a new housing display center in Osaka. We also converted existing housing display centers around the country into “proto-housing display centers,” which promote a high-quality atmosphere utilizing our unique wood design sense, and work to enhance the appeal of our housing display centers to customers.

As a result, orders received totaled ¥89,680 million (an increase of 21.7% year-on-year).

### 3) *Overseas Business*

The building materials manufacturing business in Indonesia produced solid business results due to strong plywood sales.

In Australia, where the impact of appreciation of the Australian dollar led to a decline in profitability for exports, a focus on domestic sales resulted in an improvement in business results. Also, our particle board plant in Vietnam, which began commercial production in May of last year, has worked to develop its production system as it prepares to begin full-scale production.

Boosted by a recovery trend in the housing market, our housing business in the USA saw strong unit sales and an improvement in the state of profit/loss. Also, we acquired stake in a housing company in Texas as we look to expand operations in the USA. In Australia, the pace of the housing market recovery remains stagnant and sales remain sluggish. Consequently, the overseas business posted net sales of ¥9,921 million (an increase of 11.8% year-on-year) and recurring loss of ¥446 million (compared to the recurring income of ¥13 million year-on-year).

Furthermore, the influence of foreign exchange gains during the same period of the previous year was significant to the point of driving up overseas business but this declined in the quarter under review.

### 4) *Other Businesses*

Besides the aforementioned businesses, the Sumitomo Forestry Group operates private-pay elderly care facilities, a leasing business, a wide range of service businesses for residential customers (including non-life insurance agency services), manufactures and sells farming and gardening materials and develops IT systems for its Group companies.

The other businesses recorded net sales of ¥4,043 million (an increase of 11.5% year-on-year) and recurring income of ¥190 million (an increase of 83.9% year-on-year).

(2) Explanation Concerning Financial Status

At the end of the first quarter accounting period (consolidated), total assets were down by ¥16,800 million year-on-year, standing at ¥531,173 million. This was largely attributable to the fact that while growth in costs on uncompleted construction contracts increased in line with the increase in construction in progress in the custom-built detached housing business on one hand, cash and cash equivalents declined due to payments for construction contracts completed by end of the previous fiscal year on the other hand. Liabilities fell by ¥16,016 million to ¥338,707 million, due primarily to the fact that accounts payable from construction in progress were reduced linked to the aforementioned payments for construction contracts. Net assets totaled ¥192,466 million and the equity ratio was 36.1%.

(3) Explanation Concerning Forecasts for Consolidated Business Results and Other Future Projections

Regarding full year business results forecasts for the fiscal year ending March 2014, there has been no change in the figures announced in the Summary of Financial Results issued on May 9, 2013.

**2. Summary Information: Items related to “Explanatory Note”**

No relevant information.

### 3. Quarterly Consolidated Financial Statements

#### (1) Consolidated Balance Sheet

(million yen)

	Previous consolidated fiscal year (ended March 31, 2013)	First quarter consolidated accounting period (ended June 30, 2013)
<b>Assets</b>		
<b>Current assets</b>		
Cash and time deposits	56,155	45,806
Notes and accounts receivable-trade	121,053	124,213
Accounts receivable from completed construction contracts	4,880	2,961
Marketable securities	11,000	5,000
Finished goods, logs and lumber	15,939	20,214
Work in process	1,192	1,236
Raw materials and supplies	5,145	5,573
Developed land and housing for sale	27,894	26,728
Costs on uncompleted construction contracts	27,057	45,325
Deferred tax assets	8,077	9,672
Short-term loans receivable	36,852	17,153
Accounts receivable-other	47,935	35,641
Other	5,589	6,361
Allowance for doubtful accounts	(1,291)	(1,223)
<b>Total current assets</b>	<b>367,478</b>	<b>344,660</b>
<b>Noncurrent assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures	51,621	53,119
Accumulated depreciation	(25,003)	(25,939)
Buildings and structures, net	26,618	27,180
Machinery, equipment and vehicles	61,161	65,924
Accumulated depreciation	(43,711)	(47,316)
Machinery, equipment and vehicles, net	17,450	18,608
Land	23,573	23,683
Leased assets	8,139	8,261
Accumulated depreciation	(4,048)	(4,128)
Leased assets, net	4,091	4,133
Construction in progress	1,346	2,628
Other	18,975	19,369
Accumulated depreciation	(6,153)	(6,217)
Other, net	12,822	13,152
<b>Total property, plant and equipment</b>	<b>85,900</b>	<b>89,385</b>
<b>Intangible assets</b>		
Goodwill	737	755
Other	8,420	8,492
<b>Total intangible assets</b>	<b>9,157</b>	<b>9,248</b>
<b>Investments and other assets</b>		
Investment securities	59,588	66,686
Long-term loans receivable	1,247	1,141
Deferred tax assets	1,343	1,743
Other	25,480	20,532
Allowance for doubtful accounts	(2,220)	(2,223)
<b>Total investments and other assets</b>	<b>85,439</b>	<b>87,880</b>
<b>Total noncurrent assets</b>	<b>180,495</b>	<b>186,513</b>
<b>Total assets</b>	<b>547,973</b>	<b>531,173</b>

(million yen)

	Previous consolidated fiscal year (ended March 31, 2013)	First quarter consolidated accounting period (ended June 30, 2013)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	104,655	99,889
Accounts payable for construction contracts	64,968	37,624
Short-term debt	25,995	27,856
Lease obligations	1,067	1,253
Income taxes payable	5,589	673
Advances received on uncompleted construction contracts	42,345	64,470
Provision for employees' bonuses	9,392	4,791
Provision for directors' bonuses	110	–
Provision for warranties for completed construction	1,711	1,692
Provision for disaster losses	60	60
Provision for loss on liquidation of subsidiaries and affiliates	344	344
Asset retirement obligation	569	566
Other	19,336	22,457
<b>Total current liabilities</b>	<b>276,143</b>	<b>261,675</b>
<b>Long-term liabilities</b>		
Bonds issued	15,000	15,000
Long-term debt	24,189	22,328
Lease obligations	2,978	3,018
Deferred tax liabilities	10,198	10,441
Provision for retirement benefits	9,720	9,785
Provision for directors' retirement benefits	85	70
Provision for loss on business liquidation	1,435	1,435
Asset retirement obligation	813	810
Other	14,162	14,144
<b>Total long-term liabilities</b>	<b>78,580</b>	<b>77,032</b>
<b>Total liabilities</b>	<b>354,723</b>	<b>338,707</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Common stock	27,672	27,672
Capital surplus	26,872	26,872
Retained earnings	127,489	122,849
Treasury stock	(269)	(270)
<b>Total shareholders' equity</b>	<b>181,763</b>	<b>177,122</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	12,132	13,043
Deferred gains or losses on hedges	249	21
Foreign currency translation adjustment	(1,654)	1,464
<b>Total accumulated other comprehensive income</b>	<b>10,727</b>	<b>14,528</b>
<b>Minority interests</b>	<b>760</b>	<b>816</b>
<b>Total net assets</b>	<b>193,250</b>	<b>192,466</b>
<b>Total liabilities and net assets</b>	<b>547,973</b>	<b>531,173</b>



(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income  
 (Consolidated Statements of Income)  
 (For the first quarter cumulative period (consolidated))

(million yen)

	Previous 1Q Cumulative Period (Consolidated) (April 1, 2012 - June 30, 2012)	1Q Cumulative Period under Review (Consolidated) (April 1, 2013 - June 30, 2013)
Net sales	162,349	175,022
Cost of sales	139,573	151,761
Gross profit	22,776	23,260
Selling, general and administrative expenses	27,763	28,673
Operating income (loss)	(4,986)	(5,413)
Non-operating income		
Interest income	96	114
Purchase discounts	93	98
Dividends income	499	537
Foreign exchange gains	774	482
Other	329	266
Total non-operating income	1,791	1,497
Non-operating expenses		
Interest expenses	332	293
Sales discounts	147	171
Equity in losses of affiliates	86	189
Other	43	90
Total non-operating expenses	608	743
Recurring income (loss)	(3,803)	(4,659)
Extraordinary gains		
Gain on sales of investment noncurrent assets	–	3
Gain on sales of investment securities	–	25
Gain on transition of defined contribution pension	19	–
Total extraordinary gains	19	28
Extraordinary loss		
Loss on retirement of noncurrent assets	13	21
Loss on devaluation of investment securities	344	–
Loss from change in equity interest	25	–
Total extraordinary loss	383	21
Income (loss) before income taxes and minority interests	(4,167)	(4,652)
Income taxes-current	305	298
Income taxes-deferred	(1,710)	(1,967)
Total income taxes	(1,405)	(1,669)
Net Income (loss) before minority interests	(2,762)	(2,982)
Minority interests	4	(25)
Net income (loss)	(2,766)	(2,957)

(Consolidated Statements of Comprehensive Income)  
(For the first quarter cumulative period (consolidated))

(million yen)

	Previous 1Q Cumulative Period (Consolidated) (April 1, 2012 - June 30, 2012)	1Q Cumulative Period under Review (Consolidated) (April 1, 2013 - June 30, 2013)
Net income (loss) before minority interests	(2,762)	(2,982)
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,455)	911
Deferred gains or losses on hedges	(339)	(228)
Foreign currency translation adjustment	2,011	2,529
Share in equity method affiliates	445	639
Total other comprehensive income	(338)	3,852
Comprehensive income	(3,100)	869
Comprehensive income attributable to owners of the parent	(3,108)	844
Comprehensive income attributable to minority interests	9	25

## (3) Explanation Concerning Consolidated Financial Statements

(Notes related to the Assumption of a Going Concern)

Not applicable

(Notes on Significant Changes in Shareholders' Equity)

Not applicable

(Segment Information)

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

The previous first quarter cumulative period (consolidated)

(Consolidated, April 1, 2012 - June 30, 2012)

(million yen)

	Reporting segment				Other (Note 1)	Total	Adjustment (Note 2)	Amount recorded in the quarterly, consolidated Statements of Income (Note 3)
	Timber and Building Materials	Housing	Overseas	Total				
Net Sales								
(1) Unaffiliated customers	90,655	63,928	5,931	160,514	1,632	162,146	203	162,349
(2) Intersegment sales/transfers	4,466	78	2,943	7,487	1,993	9,480	(9,480)	-
Total	95,121	64,006	8,873	168,000	3,625	171,626	(9,276)	162,349
Segment income (loss)	815	(4,513)	13	(3,686)	103	(3,582)	(220)	(3,803)

- (Notes)
1. "Other" are business segments not included in the reporting segments. Such segments include the leasing business, insurance agency business and private pay nursing home business.
  2. The adjusted business loss of ¥220 million includes ¥64 million in eliminated intersegment transactions, as well as ¥156 million in corporate expenses, etc., which are not allocated to any of the reporting segments. Corporate expenses, etc. are primarily selling, general and administrative expenses not belonging to any reporting segments.
  3. Total segment income (loss) is adjusted against recurring loss in the quarterly consolidated statements of income.

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

First quarter cumulative period under review

(Consolidated, April 1, 2013 - June 30, 2013)

(million yen)

	Reporting segment				Other (Note 1)	Total	Adjustment (Note 2)	Amount recorded in the quarterly, consolidated Statements of Income (Note 3)
	Timber and Building Materials	Housing	Overseas	Total				
Net Sales								
(1) Unaffiliated customers	102,722	63,655	6,570	172,947	1,901	174,848	174	175,022
(2) Intersegment sales/transfers	4,385	27	3,351	7,764	2,142	9,906	(9,906)	-
Total	107,107	63,683	9,921	180,711	4,043	184,753	(9,732)	175,022
Segment income (loss)	1,348	(5,645)	(446)	(4,742)	190	(4,552)	(106)	(4,659)

- (Notes)
1. "Other" are business segments not included in the reporting segments. Such segments include the leasing business, insurance agency business and private pay nursing home business.
  2. The adjusted business loss of ¥106 million includes ¥81 million in eliminated intersegment transactions, as well as ¥25 million in corporate expenses, etc., which are not allocated to any of the reporting segments. Corporate expenses, etc. are primarily selling, general and administrative expenses not belonging to any reporting segments.
  3. Total segment income (loss) is adjusted against recurring loss in the quarterly consolidated statements of income.

(Major subsequent events)

In accordance with a resolution by the board of directors at the meeting held on July 9, 2013, our company issued Zero Coupon Convertible Bonds due 2018 and completed payment on July 25.

An overview is as follows.

1. Name of bonds issued: Sumitomo Forestry Co., Ltd. Zero Coupon Convertible Bonds due 2018
2. Total price: ¥20,000 million and the total amount of the face price of bonds issued corresponding to bonds certificates with alternative share options.
3. Issue price (paid price): 100% of face price (face price of each bond issued: ¥10 million)
4. Offer price (issue price): 102.5% of face price
5. Interest rate: Interest not accrued
6. Closing date and issue date of bonds issued: July 25, 2013 (London time)
7. Redemption amount: 100% of face price
8. Redemption period: August 24, 2018 (London time)
9. Matters related to share options
  - (1) Class of stock subject to share options: Normal company stock
  - (2) Total number of share options issued  
2,000 options and the total derived by dividing the total face price of bonds issued corresponding to bond certificates with alternative share options by ¥10 million.
  - (3) Converted price  
¥1,868 per share (initial)
  - (4) Execution period  
From August 8, 2013 to August 10, 2018 (local time at market where execution order received)
10. Collateral or guarantee: No collateral or guarantee.
11. Application of capital
  - (1) Approximately ¥10.0 billion for repayment of domestic unsecured bonds with expected maturity on 17<sup>th</sup> July, 2014.
  - (2) Approximately ¥4.0 billion as capital expenditure for further increasing added-value and competitiveness in the timber and building materials business (principally) overseas.
  - (3) Approximately ¥2.5 billion as part of the funds required for payment (such payment having already been made on 28<sup>th</sup> June, 2013 with cash then in hand) in respect of the Group's acquisition of a 50 percent stake in a U.S. housing company, for the purposes of expanding the scope of the Group's housing business in North America.
  - (4) Approximately ¥1.5 billion as working capital for the forest plantation business in Indonesia.
  - (5) The balance for investment in the Group's information systems with a view to improving efficiency and profitability in the custom-built housing business, the timber and building materials business and the renovation business.

#### 4. Supplementary Information

##### (1) Consolidated Statements of Income

(million yen)

	1Q FY3/13		1Q FY3/14		YoY change	% of YoY change	FY3/13		FY3/14 (Forecast)		YoY change	% of YoY Change
Timber and building materials business	95,121		107,107		+11,986	+12.6%	401,266		430,000		+28,734	+7.2%
Housing business	64,006		63,683		(323)	(0.5%)	430,774		450,000		+19,226	+4.5%
Overseas business	8,873		9,921		+1,048	+11.8%	38,657		44,000		+5,343	+13.8%
Other	3,625		4,043		+417	+11.5%	15,406		16,000		+594	+3.9%
Adjustment	(9,276)		(9,732)		(455)	-	(40,919)		(40,000)		+919	-
<b>Net sales</b>	<b>162,349</b>		<b>175,022</b>		<b>+12,672</b>	<b>+7.8%</b>	<b>845,184</b>		<b>900,000</b>		<b>+54,816</b>	<b>+6.5%</b>
Gross profit	14.0%	22,776	13.3%	23,260	+484	+2.1%	16.7%	141,436	16.6%	149,500	+8,064	+5.7%
Selling, general and administrative expenses		27,763		28,673	+911	+3.3%		116,105		122,000	+5,895	+5.1%
Operating income	(3.1%)	(4,986)	(3.1%)	(5,413)	(427)	-	3.0%	25,330	3.1%	27,500	+2,170	+8.6%
Non-operating income		1,791		1,497	(294)	(16.4%)		4,269		3,500	(769)	(18.0%)
Non-operating expenses		608		743	+135	+22.2%		2,618		3,000	+382	+14.6%
Non-operating income/loss		1,183		754	(429)	(36.3%)		1,651		500	(1,151)	(69.7%)
Timber and building materials business	0.9%	815	1.3%	1,348	+533	+65.4%	1.2%	4,704	1.1%	4,900	+196	+4.2%
Housing business	(7.1%)	(4,513)	(8.9%)	(5,645)	(1,131)	-	6.1%	26,227	6.3%	28,200	+1,973	+7.5%
Overseas business	0.1%	13	(4.5%)	(446)	(459)	-	(4.8%)	(1,840)	(2.3%)	(1,000)	+840	-
Other	2.9%	103	4.7%	190	+87	+83.9%	4.9%	754	5.0%	800	+46	+6.0%
Adjustment		(220)		(106)	+114	-		(2,863)		(4,900)	(2,037)	-
<b>Recurring income</b>	<b>(2.3%)</b>	<b>(3,803)</b>	<b>2.7%</b>	<b>4,659</b>	<b>(856)</b>	<b>-</b>	<b>3.2%</b>	<b>26,981</b>	<b>3.1%</b>	<b>28,000</b>	<b>+1,019</b>	<b>+3.8%</b>
Extraordinary gains		19		28	+9	+46.6%		137		-	(137)	-
Extraordinary losses		383		21	(362)	(94.6%)		971		-	(971)	-
Extraordinary gains/losses		(364)		7	+371	-		(833)		-	+833	-
Net income	(1.7%)	(2,766)	(1.7%)	(2,957)	(191)	-	1.9%	15,923	1.8%	16,000	+77	+0.5%

## (2) Breakdown of Sales and Orders Received for Housing Business (Non-consolidated)

1) First Quarter (million yen)

			Q1 FY3/13 (Actual)			Q1 FY3/14 (Actual)			Change	
			Volume	Amount	Unit price	Volume	Amount	Unit price	Volume	Amount
Orders Received	Contract Work	Custom-built detached housing	2,158	73,694	34.1	2,544	89,680	35.3	+17.9%	+21.7%
		Wooden apartments	258	2,699	10.5	307	3,935	12.8	+19.0%	+45.8%
		Other contracts		102	-		26	-		(73.9%)
Sales	Contract Work	Custom-built detached housing *1	1,186	39,598	33.4	1,090	37,624	34.5	(8.1%)	(5.0%)
		Wooden apartments *1	15	399	26.6	53	852	16.1	+253.3%	+113.6%
		Other contracts		66	-		300	-		+351.0%
	Detached spec homes business *2	59	2,728	46.2	50	2,072	41.4	(15.3%)	(24.1%)	
	Land for custom-built housing		642	-		893	-		+39.1%	
	Real estate development *3		1,354	-		1,458	-		+7.6%	
	Other *3		1,589	-		1,553	-		(2.3%)	
Total				46,376	-		44,750	-		(3.5%)
Profit Ratio		Gross profit	24.6%	11,430		24.3%	10,885			
Backlog of Orders Received at Term End	Contract Work	Custom-built housing	9,326	296,880	31.8	9,914	328,144	33.1	+6.3%	+10.5%
		Wooden apartments	1,340	13,732	10.2	1,631	18,187	11.2	+21.7%	+32.4%
		Other contract work		35	-		364	-		+938.2%
<<Sumitomo Forestry Home Tech (Renovation)>>										
Orders Received				12,813	-		14,187	-		+10.7%
Construction Completed				9,638	-		9,906	-		+2.8%
Backlog of Orders Received at Term End				21,097	-		25,709	-		+21.9%

2) Full Year (million yen)

			FY3/13(Actual)			FY3/14 (Forecast)			Change	
			Volume	Amount	Unit price	Volume	Amount	Unit price	Volume	Amount
Orders Received	Contract Work	Custom-built detached housing	9,105	314,240	34.5	9,700	337,500	34.8	+6.5%	+7.4%
		Wooden apartments	1,138	13,043	11.5	1,250	14,400	11.5	+9.8%	+10.4%
		Other contracts		977	-		3,500	-		+258.1%
Sales	Contract Work	Custom-built detached housing *1	8,999	300,936	33.4	9,150	311,100	34.0	+1.7%	+3.4%
		Wooden apartments *1	858	9,371	10.9	960	10,500	10.9	+11.9%	+12.1%
		Other contract work		340	-		3,000	-		+783.3%
	Detached spec homes business *2	254	11,376	44.8	280	11,800	42.1	+10.2%	+3.7%	
	Land for custom-built housing		5,505	-		6,900	-		+25.3%	
	Real estate development *3		9,610	-		12,200	-		+27.0%	
	Other *3		7,663	-		6,500	-		(15.2%)	
Total				344,801	-		362,000	-		+5.0%
Profit Ratio		Gross profit	24.9%	85,730		24.6%	89,000			
Backlog of Orders Received at Term End	Contract Work	Custom-built housing	8,460	276,087	32.6	9,010	302,487	33.6	+6.5%	+9.6%
		Wooden apartments	1,377	15,104	11.0	1,667	19,004	11.4	+21.1%	+25.8%
		Other contract work		638	-		1,138	-		+78.4%
<<Sumitomo Forestry Home Tech (Renovation)>>										
Orders Received				53,818	-		60,000	-		+11.5%
Construction Completed				50,312	-		57,000	-		+13.3%
Backlog of Orders Received at Term End				21,428	-		24,428	-		+14.0%

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

- \* 2: Spec Homes Business 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.