

January 31, 2014

## Summary of Financial Results for the Third 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:	<a href="http://sfc.jp/english">http://sfc.jp/english</a>
Representative	
Title:	President / Representative Director
Name:	Akira Ichikawa
Contact Person:	
Title:	General Manager, Corporate Communications
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Date of filing of financial report:	February 13, 2014
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 third quarter cumulative period under review (April 1, 2013 – December 31, 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	%
3Q FY Ending March 2014	670,090	12.7	14,027	47.2	14,251	36.6	12,554	132.7
3Q FY Ended March 2013	594,720	-2.4	9,531	-39.6	10,435	-36.3	5,394	-29.6

Note: Comprehensive income

As of December 31, 2013	20,647 million yen (172.2%)
As of December 31, 2012	7,586 million yen (108.1%)

	Net income per share	Net income per share fully diluted
	Yen	Yen
3Q FY Ending March 2014	70.87	68.48
3Q FY Ended March 2013	30.45	-

(2) Financial position (Consolidated)

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of December 31, 2013	622,641	216,689	33.7
As of March 31, 2013	547,973	193,250	35.1

(Note) Shareholders' equity

As of December 31, 2013	209,674million yen
As of March 31, 2013	192,491million 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	-	9.50	-		
FY Ending March 2014(Est.)				9.50	19.00

(Note) Revised dividend forecast for the quarter under review: None

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

(Percentage figures represent period on period changes or year on year changes)

Fiscal Year Ending March 2014	Net sales		Operating income		Recurring income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
	935,000	10.6	30,000	18.4	30,000	11.2	21,000	31.9	118.55

Note: Revised forecast for the quarter under review: None

#### \* Notice

(1) Changes in main subsidiaries (Changes in specific subsidiaries accompanied by changes in the scope of consolidation): Yes.

New - One (Company name) Henley Arch Unit Trust

(Note) For details, please refer to accompanying materials page 4, "2. Summary Information: Items related to "Notice" Changes in Main Subsidiaries during Third Quarter Cumulative Period (consolidated) under Review."

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

As of December 31, 2013	276,082	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 December 31, 2013	177,135,209	As of December 31, 2012	177,137,569
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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

(Caution regarding forward-looking statements)

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 be 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 "1. Qualitative Information related to the Consolidated Business Results (3) 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 third quarter cumulative period (consolidated) (April to December 2013) exhibited an upward trend against a backdrop of government economic measures and monetary policies. Corporate profits were on the rise, and capital expenditures also picked up. Moreover, consumer spending trended favorably, and the combination of these factors led to a slow recovery. Meanwhile, overseas, the United States and other developed countries continued to see economic recovery, but the slowdown of economic growth in newly emerging countries, the issue of European debt and other such factors continue to suggest the underlying risk of the Japanese economy being pulled down.

The domestic housing market, which has a deep relationship to our Group business, demonstrated steady performance overall thanks to housing loan interest rates hovering at low levels, the benefits of government initiatives to promote housing purchases, the surge demand before the consumption tax hike and other factors which contributed to a year-on-year increase in the number of new housing starts. However, looking ahead to the future, there are risks creating uncertainty, such as a potential reactionary drop in the surge demand following the consumption tax increase.

In the midst of these circumstances, our operating results were favorable overall, with both net sales and profit levels exceeding the actual results from the same period of the previous year.

Net sales increased by 12.7% year-on-year to ¥670,090 million, and on the profit side, operating income was ¥14,027 million (an increase of 47.2% year-on-year), recurring income was ¥14,251 million (an increase of 36.6% year-on-year), and quarterly net income was ¥12,554 million (an increase of 132.7% year-on-year).

The reasons that quarterly net income increased so substantially were that additional equity interest in the Henley Properties Group (“Henley Group”), which is engaged in the housing business in Australia, was acquired in September of last year, and it was made a consolidated subsidiary, resulting in the posting of a marginal gain on staged acquisition of ¥2,124 million as an extraordinary gain as well as that corporate and other taxes were reduced due to reversal of ¥2,077 million in deferred tax liabilities recorded in previous years resulting from an exemption from withholding tax on dividends payable by a subsidiary in New Zealand which became applicable as the result of amendment to the tax treaty between Japan and New Zealand.

An overview of conditions for each business segment is as follows. 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 owing to an increase in the overall number of products handled in conjunction with a strong domestic housing market as well as an increase in the selling price, which was due in part to a weaker yen.

Additionally, in the domestic building materials manufacturing business, the new “BeRiche” series, which offers a vast variety of products to complement a diverse range of home interior styles, was launched and expanded in June of last year to strengthen the product lineup. As a result, net sales increased, but the increased cost associated with switching to new products and a sharp rise in the cost of raw materials resulted in weak gains.

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 ¥342,675 million (an increase of 13.7% year-on-year) and recurring income of ¥4,482 million (an increase of 27.5% year-on-year).

##### 2) *Housing Business*

The custom-built detached housing business saw an increase in net sales thanks to a higher number of completed and delivered units as well as an increase in the unit price of completed projects resulting from a greater percentage of houses being equipped with environmentally sound equipment such as solar power generation systems and ENE-FARM household fuel cells.

The apartment business performed favorably against a backdrop of higher willingness to invest arising from a sense of economic recovery. Some of the efforts included reviewing sales offices in response to increasing market demand ahead of the scheduled increase in the inheritance tax and having custom-built detached housing sales representatives cross-sell apartments.

Regarding to the renovation and leasing housing business, its main renovation business demonstrated favorable performance. Efforts were made to expand the size of the business, such as increasing the number of personnel, primarily in the Tokyo Metropolitan area—its largest market—in order to enhance its sales force with an eye to expand renovation sales, its main business. As a result, net sales exceeded those of the same period of the previous year. The existing home renovation business (resale of renovated homes), which conducts the renovation and resale of used homes, has strengthened and enhanced its support system 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.

Consequently, the housing business posted net sales of ¥299,652 million (an increase of 5.5% year-on-year) and recurring income of ¥12,595 million (an increase of 31.4% year-on-year).

Regarding the status of orders for custom-built detached housing, which is a leading performance indicator, both unit orders received and the amount of orders exceeded the results from the same period of the previous year thanks to restoration of business confidence and an improvement in consumer confidence as well as surge demand ahead of the consumption tax increase. However, since the interim measures associated with the consumption tax hike expired in October 2013, a reactionary drop in demand has been observed, bringing volatility to future trends. In the midst of these circumstances, we held “Sumai Haku” housing fairs in Yokohama and Osaka in order to strengthen our ability to attract customers. These events provided a venue for us to exhibit the solid building frames of our houses, our unique design methods and the various materials and equipment we use. We aggressively rolled out a post-consumption tax increase sales strategy in Osaka in particular, including a month-long housing fair, which was the first time we have done so since these events were first launched.

As a result, the amount of orders received increased 18.2% year-on-year to ¥273,381 million.

### 3) *Overseas Business*

The building materials manufacturing business in Indonesia produced solid business results due to strong plywood exports. In Australia, our focus on domestic sales resulted in an improvement in our bottom line. Additionally, in New Zealand, things went according to our initial plans.

Boosted by a recovery trend in the housing market, our housing business in the United States saw units sold increase, resulting in a solid performance. Additionally, in June of last year, we acquired stake in a housing company in Texas as we look to expand operations in the United States. In Australia, the number of units sold declined year-on-year in the midst of a slow recovery in the housing market, but there was a slight uptick in business results thanks to cost reductions and other such factors.

As a result, the overseas business posted net sales of ¥47,702 million (an increase of 65.5% year-on-year) and a recurring loss of ¥1,570 million (compared to a recurring loss of ¥1,463 million in the same period of the previous year).

Net sales increased substantially in September of last year when the Henley Group was made a consolidated subsidiary, but a loss on foreign exchange resulting from exchange rate fluctuations at some subsidiaries resulted in an overall downward pressure on profits.

### 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), develops IT systems for its Group companies, and manufactures and sells farming and gardening materials. The other businesses recorded net sales of ¥12,383 million (an increase of 12.7% year-on-year) and recurring income of ¥786 million (an increase of 58.8% year-on-year).

(2) Explanation Concerning Financial Status

At the end of the consolidated cumulative third quarter, total assets increased ¥74,668 million compared to the end of the previous consolidated fiscal year to ¥622,641 million due to factors such as the Henley Group, which had been an equity method affiliate, being included in the consolidated results in the consolidated cumulative second quarter, and an increase in costs on uncompleted construction contracts arising from an increase in the number of units under construction in the custom-built detached housing business. Liabilities increased ¥51,229 million compared to the end of the previous consolidated fiscal year to ¥405,952 million due to an increase in advances received on uncompleted construction contracts associated with the aforementioned increase in the number of units under construction and the issuance of bond certificates with alternative share options. Net assets totaled ¥216,689 million, and the equity ratio was 33.7%.

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

There have been no changes in the numbers given in the forecast for financial results for the current 2014 fiscal year within the “Summary of Financial Results for the Second Quarter of the Fiscal Year Ending March 2014” published on November 5, 2013.

**2. Summary Information: Items related to “Notice”**

Changes in Main Subsidiaries during Third Quarter Cumulative Period (consolidated) under Review

During the second quarter cumulative period (consolidated), additional stakes were acquired in nine companies of the Henley Group, which had been an equity method affiliate, through our subsidiary, Sumitomo Forestry Australia Pty Ltd., and it was made a consolidated subsidiary.

Out of the nine companies of the group, Henley Arch Unit Trust will be our specific subsidiary.

### 3. Quarterly Consolidated Financial Statements

#### (1) Consolidated Balance Sheet

(million yen)

	Previous consolidated fiscal year (ended March 31, 2013)	Third quarter consolidated accounting period (ended December 31, 2013)
<b>Assets</b>		
Current assets		
Cash and time deposits	56,155	65,313
Notes and accounts receivable-trade	121,053	138,182
Accounts receivable from completed construction contracts	4,880	2,548
Marketable securities	11,000	33,000
Finished goods, logs and lumber	15,939	19,847
Work in process	1,192	1,530
Raw materials and supplies	5,145	5,422
Developed land and housing for sale	27,894	38,832
Costs on uncompleted construction contracts	27,057	48,571
Deferred tax assets	8,077	7,495
Short-term loans receivable	36,852	10,715
Accounts receivable-other	47,935	46,432
Others	5,589	7,709
Allowance for doubtful accounts	(1,291)	(1,343)
<b>Total current assets</b>	<b>367,478</b>	<b>424,253</b>
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	51,621	58,669
Accumulated depreciation	(25,003)	(27,848)
Buildings and structures, net	26,618	30,821
Machinery, equipment and vehicles	61,161	67,285
Accumulated depreciation	(43,711)	(48,484)
Machinery, equipment and vehicles, net	17,450	18,802
Land	23,573	26,663
Leased assets	8,139	9,036
Accumulated depreciation	(4,048)	(4,020)
Leased assets, net	4,091	5,016
Construction in progress	1,346	6,665
Other	18,975	21,003
Accumulated depreciation	(6,153)	(7,337)
Other, net	12,822	13,666
<b>Total property, plant and equipment</b>	<b>85,900</b>	<b>101,633</b>
Intangible assets		
Goodwill	737	3,347
Other	8,420	8,552
<b>Total intangible assets</b>	<b>9,157</b>	<b>11,899</b>
Investments and other assets		
Investment securities	59,588	68,382
Long-term loans receivable	1,247	799
Deferred tax assets	1,343	1,473
Other	25,480	16,090
Allowance for doubtful accounts	(2,220)	(1,889)
<b>Total investments and other assets</b>	<b>85,439</b>	<b>84,856</b>
<b>Total noncurrent assets</b>	<b>180,495</b>	<b>198,387</b>
<b>Total assets</b>	<b>547,973</b>	<b>622,641</b>

(million yen)

	Previous consolidated fiscal year (ended March 31, 2013)	Third quarter consolidated accounting period (ended December 31, 2013)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	104,655	121,517
Accounts payable for construction contracts	64,968	52,476
Short-term debt	25,995	24,979
Current portion of bonds payable	—	10,000
Lease obligations	1,067	1,432
Income taxes payable	5,589	1,344
Advances received on uncompleted construction contracts	42,345	72,000
Provision for employees' bonuses	9,392	4,831
Provision for directors' bonuses	110	—
Provision for warranties for completed construction	1,711	1,904
Provision for disaster losses	60	—
Provision for loss on liquidation of subsidiaries and affiliates	344	648
Asset retirement obligation	569	598
Other	19,336	27,448
<b>Total current liabilities</b>	<b>276,143</b>	<b>319,177</b>
<b>Long-term liabilities</b>		
Bonds issued	15,000	5,000
Convertible bonds	—	20,000
Long-term debt	24,189	21,730
Lease obligations	2,978	3,635
Deferred tax liabilities	10,198	10,629
Provision for retirement benefits	9,720	9,805
Provision for directors' retirement benefits	85	66
Provision for loss on business liquidation	1,435	13
Asset retirement obligation	813	870
Other	14,162	15,027
<b>Total long-term liabilities</b>	<b>78,580</b>	<b>86,775</b>
<b>Total liabilities</b>	<b>354,723</b>	<b>405,952</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	136,677
Treasury stock	(269)	(272)
<b>Total shareholders' equity</b>	<b>181,763</b>	<b>190,949</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	12,132	17,984
Deferred gains or losses on hedges	249	262
Foreign currency translation adjustment	(1,654)	478
<b>Total accumulated other comprehensive income</b>	<b>10,727</b>	<b>18,725</b>
<b>Minority interests</b>	<b>760</b>	<b>7,015</b>
<b>Total net assets</b>	<b>193,250</b>	<b>216,689</b>
<b>Total liabilities and net assets</b>	<b>547,973</b>	<b>622,641</b>



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

(million yen)

	Previous 3Q Cumulative Period (Consolidated) (April 1, 2012 - December 31, 2012)	3Q Cumulative Period under Review (Consolidated) (April 1, 2013 - December 31, 2013)
Net sales	594,720	670,090
Cost of sales	500,113	564,697
Gross profit	94,607	105,393
Selling, general and administrative expenses	85,076	91,366
Operating income	9,531	14,027
Non-operating income		
Interest income	295	349
Purchase discounts	302	309
Dividends income	922	1,041
Foreign exchange gains	380	–
Other	956	1,084
Total non-operating income	2,855	2,784
Non-operating expenses		
Interest expenses	981	842
Sales discounts	477	555
Equity in losses of affiliates	163	181
Foreign exchange losses	–	487
Other	330	495
Total non-operating expenses	1,951	2,560
Recurring income	10,435	14,251
Extraordinary gains		
Gain on sales of investment noncurrent assets	63	81
Gain on sales of investment securities	28	31
Gain on step acquisitions	–	2,124
Gain on transition of defined contribution pension	19	–
Total extraordinary gains	110	2,236
Extraordinary loss		
Loss on sales of noncurrent assets	25	38
Loss on retirement of noncurrent assets	58	139
Impairment loss	46	304
Loss on devaluation of investment securities	497	189
Loss on sale of stocks of subsidiaries and affiliates	–	1
Transfer to provision for loss on liquidation of subsidiaries and affiliates	–	304
Loss from change in equity interest	25	–
Total extraordinary loss	651	975
Income before income taxes and minority interests	9,894	15,512
Income taxes-current	3,392	4,733
Income taxes-deferred	1,165	(1,928)
Total income taxes	4,557	2,805
Net income before minority interests	5,337	12,707
Minority interests	(57)	153
Net income	5,394	12,554

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

(million yen)

	Previous 3Q Cumulative Period (Consolidated) (April 1, 2012 - December 31, 2012)	3Q Cumulative Period under Review (Consolidated) (April 1, 2013 - December 31, 2013)
Net income before minority interests	5,337	12,707
Other comprehensive income		
Valuation difference on available-for-sale securities	850	5,851
Deferred gains or losses on hedges	234	14
Foreign currency translation adjustment	1,052	2,494
Share in equity method affiliates	113	(418)
Total other comprehensive income	2,249	7,940
Comprehensive income	7,586	20,647
Comprehensive income attributable to owners of the parent	7,678	20,551
Comprehensive income attributable to minority interests	(92)	96

## (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 The previous third quarter cumulative period (Consolidated, April 1, 2012 - December 31, 2012)

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

(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	286,308	283,758	19,261	589,327	4,810	594,137	583	594,720
(2) Intersegment sales/transfers	15,123	266	9,570	24,960	6,180	31,140	(31,140)	-
Total	301,432	284,024	28,831	614,287	10,991	625,278	(30,558)	594,720
Segment income (loss)	3,514	9,583	(1,463)	11,635	495	12,130	(1,695)	10,435

- (Notes)
1. "Other" are business segments not included in the reporting segments. Such segments include the leasing business, insurance agency business, private pay nursing home business and agricultural and horticultural material manufacturing and sales business.
  2. The adjusted business loss of ¥1,695 million includes ¥88 million in eliminated intersegment transactions, as well as ¥1,607 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 income in the quarterly consolidated statements of income.

(2) Information on impairment loss on noncurrent assets, goodwill, etc., for Each Reporting Segment

(Material impairment loss on noncurrent assets)

In the Housing business segment, impairment loss associated with land classified as idle assets is recorded as extraordinary loss.

Note that the amount of impairment loss posted for the third quarter cumulative period under review is ¥46 million.

(Important change in the amount of goodwill)

Not applicable

## II Third quarter cumulative period under review (Consolidated, April 1, 2013 - December 31, 2013)

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

(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	327,516	299,331	36,985	663,831	5,697	669,528	561	670,090
(2) Intersegment sales/transfers	15,159	321	10,718	26,198	6,686	32,884	( 32,884)	-
Total	342,675	299,652	47,702	690,029	12,383	702,412	( 32,323)	670,090
Segment income (loss)	4,482	12,595	(1,570)	15,506	786	16,292	( 2,041)	14,251

- (Notes)
1. "Other" are business segments not included in the reporting segments. Such segments include the leasing business, insurance agency business, private pay nursing home business and agricultural and horticultural material manufacturing and sales business.
  2. The adjusted business loss of ¥2,041 million includes ¥104 million in eliminated intersegment transactions, as well as ¥1,937 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 income in the quarterly consolidated statements of income.

## (2) Information on impairment loss on noncurrent assets, goodwill, etc., for Each Reporting Segment

## (Material impairment loss on noncurrent assets)

In the timber and building materials business segment, impairment loss associated with certain backbone system development costs (software suspense account) is recorded as extraordinary loss. Note that the amount of impairment loss posted for the third quarter cumulative period under review is ¥158 million.

Under "Other," impairment loss associated with equipment at culture soil producing plants is recorded as extraordinary loss. Note that the amount of impairment loss posted for the third quarter cumulative period under review is ¥147 million.

## (Important change in the amount of goodwill)

In the Overseas business segment, an additional stake was acquired in the Henley Group, which had been an equity method affiliate, and it is now a consolidated subsidiary. The increase in goodwill from this event in the third quarter cumulative period under review is ¥2,986 million.

#### 4. Supplementary Information

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

(million yen)

	3Q FY3/13		3Q FY3/14		YoY change		% of YoY change		FY3/13		FY3/14 (Forecast)		YoY change		% of YoY Change	
Timber and building materials business		301,432		342,675		+41,243		+13.7%		401,266		440,000		+38,734		+9.7%
Housing business		284,024		299,652		+15,628		+5.5%		430,774		455,000		+24,226		+5.6%
Overseas business		28,831		47,702		+18,871		+65.5%		38,657		75,000		+36,343		+94.0%
Other		10,991		12,383		+1,393		+12.7%		15,406		16,000		+594		+3.9%
Adjustment		(30,558)		(32,323)		(1,765)		-		(40,919)		(51,000)		(10,081)		-
<b>Net sales</b>		<b>594,720</b>		<b>670,090</b>		<b>+75,369</b>		<b>+12.7%</b>		<b>845,184</b>		<b>935,000</b>		<b>+89,816</b>		<b>+10.6%</b>
Gross profit	15.9%	94,607	15.7%	105,393		+10,786		+11.4%	16.7%	141,436	16.9%	158,000		+16,564		+11.7%
Selling, general and administrative expenses		85,076		91,366		+6,290		+7.4%		116,105		128,000		+11,895		+10.2%
Operating income	1.6%	9,531	2.1%	14,027		+4,496		+47.2%	3.0%	25,330	3.2%	30,000		+4,670		+18.4%
Non-operating income		2,855		2,784		(71)		(2.5%)		4,269		3,500		(769)		(18.0%)
Non-operating expenses		1,951		2,560		+609		+31.2%		2,618		3,500		+882		+33.7%
Non-operating income/loss		904		224		(680)		(75.2%)		1,651		-		(1,651)		-
Timber and building materials business	1.2%	3,514	1.3%	4,482		+967		+27.5%	1.2%	4,704	1.1%	4,900		+196		+4.2%
Housing business	3.4%	9,583	4.2%	12,595		+3,012		+31.4%	6.1%	26,227	6.6%	30,000		+3,773		+14.4%
Overseas business	(5.1%)	(1,463)	(3.3%)	(1,570)		(108)		-	(4.8%)	(1,840)	(0.7%)	(500)		+1,340		-
Other	4.5%	495	6.3%	786		+291		+58.8%	4.9%	754	3.8%	600		(154)		(20.5%)
Adjustment		(1,695)		(2,041)		(346)		-		(2,863)		(5,000)		(2,137)		-
<b>Recurring income</b>	<b>1.8%</b>	<b>10,435</b>	<b>2.1%</b>	<b>14,251</b>		<b>+3,816</b>		<b>+36.6%</b>	<b>3.2%</b>	<b>26,981</b>	<b>3.2%</b>	<b>30,000</b>		<b>+3,019</b>		<b>+11.2%</b>
Extraordinary gains		110		2,236		+2,126		-		137		2,200		+2,063		-
Extraordinary losses		651		975		+324		+49.7%		971		200		(771)		(79.4%)
Extraordinary gains/losses		(541)		1,261		+1,802		-		(833)		2,000		+2,833		-
<b>Net income</b>	<b>0.9%</b>	<b>5,394</b>	<b>1.9%</b>	<b>12,554</b>		<b>+7,160</b>		<b>+132.7%</b>	<b>1.9%</b>	<b>15,923</b>	<b>2.2%</b>	<b>21,000</b>		<b>+5,077</b>		<b>+31.9%</b>

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

## 1) Third Quarter

(million yen)

			Q3 FY3/13 (Actual)			Q3 FY3/14 (Actual)			Change	
			Volume	Amount	Unit price	Volume	Amount	Unit price	Volume	Amount
Orders Received	Contract Business	Custom-built detached housing *1	6,716	231,226	30.4	7,416	273,381	32.1	+10.4%	+18.2%
		Wooden apartments*1	790	8,521	10.5	981	13,330	12.9	+24.2%	+56.4%
		Other contracts		460	-		2,239	-		+386.9%
Sales	Contract Business	Custom-built detached housing *2	5,879	195,813	33.3	5,970	206,517	34.6	+1.5%	+5.5%
		Wooden apartments *2	319	3,845	12.1	490	5,686	11.6	+53.6%	+47.9%
		Other contracts		108	-		890	-		+725.9%
	Detached spec homes business *3	190	8,554	45.0	144	6,064	42.1	(24.2%)	(29.1%)	
	Land for custom-built housing		3,336	-		3,149	-		(5.6%)	
	Real estate development *3		5,375	-		4,625	-		(14.0%)	
	Other *4		5,388	-		5,563	-		+3.2%	
Total			222,420	-		232,494	-		+4.5%	
Profit Ratio		Gross profit	24.5%	54,473		24.9%	57,978			
Backlog of Orders Received at Term End	Contract Business	Custom-built housing	9,191	298,197	32.4	9,906	342,952	34.6	+7.8%	+15.0%
		Wooden apartments	1,568	16,108	10.3	1,868	22,748	12.2	+19.1%	+41.2%
		Other contracts		352	-		1,986	-		+464.2%
<<Sumitomo Forestry Home Tech (Renovation)>>										
Orders Received	Contract Business			39,440	-		47,364	-		+20.1%
Construction Completed				37,227	-		40,547	-		+8.9%
Backlog of Orders Received at Term End				20,135	-		28,245	-		+40.3%

## 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 Business	Custom-built detached Housing *1	9,105	314,240	30.6	9,700	337,500	32.0	+6.5%	+7.4%
		Wooden apartments *1	1,138	13,043	11.2	1,250	14,400	11.5	+9.8%	+10.4%
		Other contracts		977	-		3,500	-		+258.1%
Sales	Contract Business	Custom-built detached housing *2	8,999	300,936	33.4	9,200	312,800	34.0	+2.2%	+3.9%
		Wooden apartments *2	858	9,371	10.9	960	10,500	10.9	+11.9%	+12.1%
		Other contracts		340	-		2,000	-		+488.8%
	Detached spec homes business *3	254	11,376	44.8	270	11,300	41.9	+6.3%	(0.7%)	
	Land for custom-built housing		5,505	-		6,900	-		+25.3%	
	Real estate development *3		9,610	-		12,200	-		+27.0%	
	Other *4		7,663	-		8,000	-		+4.4%	
Total			344,801	-		363,700	-		+5.5%	
Profit Ratio		Gross profit	24.9%	85,730		24.9%	90,500			
Backlog of Orders Received at Term End	Contract Business	Custom-built housing	8,460	276,087	32.6	8,960	300,787	33.6	+5.9%	+8.9%
		Wooden apartments	1,377	15,104	11.0	1,667	19,004	11.4	+21.1%	+25.8%
		Other contracts		638	-		2,138	-		+235.2%
<<Sumitomo Forestry Home Tech (Renovation)>>										
Orders Received	Contract Business			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: The unit price of custom-built detached housing and wooden apartment orders is calculated from the amount of orders at the time contracts were signed for the units ordered this period, so the amount of orders for additional construction are not included.

\*2: Sales volumes for custom-built detached housing and wooden apartments are delivered houses (number of houses is shown).

\*3: Spec Homes Business and Real Estate Development figures are for the total of land and building.

\*4: Other sales include sales of interior products, rental proceeds from leasing properties, etc.