[TRANSLATION]

The following is an unofficial English translation of "Matters Available on the Website in relation to the Notice of Convocation of the 75th Ordinary General Meeting of Shareholders" by Sumitomo Forestry Co., Ltd. ("Company"). The Company provides this English translation for your reference and convenience only and without any warranty as to its accuracy or otherwise. The Japanese original is the sole official version and shall prevail in the event of any discrepancy between this English translation and the Japanese original.

MATTERS AVAILABLE ON THE WEBSITE IN RELATION TO THE NOTICE OF CONVOCATION OF THE 75TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

（from April 1, 2014 to March 31, 2015）

Sumitomo Forestry Co., Ltd.

The information above is made available on the Company's website（http://sfc.jp/english） pursuant to the relevant laws and regulations, and Article 17 of the Articles of Incorporation of the Company.

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

Fiscal year ended March 31, 2015

(Million Yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	27,672	26,872	146,654	△272	200,925
Cumulative effect of changes in accounting policies			△574		△574
Balance at the beginning of current period reflecting changes in accounting policies	27,672	26,872	146,080	△272	200,351
Changes during the period					
Dividends from surplus			△3,366		△3,366
Net income			18,572		18,572
Purchase of treasury stock				△3	△3
Disposal of treasury stock		0		0	0
Changes to range of application of equity method			△0		△0
Net changes in items other than shareholders' equity					
Total changes during the period	―	0	15,206	△2	15,204
Balance at the end of current period	27,672	26,872	161,286	△275	215,555

	Accumulated other comprehensive income					Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of current period	14,559	21	3,284	△112	17,751	7,401	226,078
Cumulative effect of changes in accounting policies							△574
Balance at the beginning of current period reflecting changes in accounting policies	14,559	21	3,284	△112	17,751	7,401	225,503
Changes during the period							
Dividends from surplus							△3,366
Net income							18,572
Purchase of treasury stock							△3
Disposal of treasury stock							0
Changes to range of application of equity method							△0
Net changes in items other than shareholders' equity	7,783	△144	4,817	△11	12,444	7,630	20,075
Total changes during the period	7,783	△144	4,817	△11	12,444	7,630	35,279
Balance at the end of current period	22,342	△124	8,101	△124	30,195	15,032	260,782

Notes to the Consolidated Financial Statements

Significant fundamental accounting policies for preparing consolidated financial statements

1. Scope of consolidation

There are 72 consolidated subsidiaries. Principal consolidated subsidiaries are Sumitomo Forestry Crest Co., Ltd., Sumitomo Forestry Residential Co., Ltd., Sumitomo Forestry Home Engineering Co., Ltd., Sumitomo Forestry Home Service Co., Ltd., Sumitomo Forestry Landscaping Co., Ltd., Sumitomo Forestry Home Tech Co., Ltd., PT. Kutai Timber Indonesia, Alpine MDF Industries Pty Ltd., the Henley Group (Henley Arch Unit Trust and eight other companies), Nelson Pine Industries Ltd. and the Gehan Homes Group (Gehan Homes Ltd. and six other companies).

SFA Land Developments Unit Trust, SFA Land Developments Pty Ltd., PAN ASIA PACKING LTD. and the Gehan Homes Group, in which new stakes were acquired, and the newly established Hachinohe Biomass Electric Power Co., Ltd., Michinoku Bio Energy Co., Ltd. and SF Holdings (Thailand) Co., Ltd. are included in the consolidated results as of the consolidated fiscal year under review.

Additionally, Cascadia Resort Communities LLC was an equity method affiliate in the previous consolidated fiscal year, but additional stake has been acquired, so it is included in the consolidated results as of the consolidated fiscal year under review.

2. Application of equity method

(1) The consolidated financial statements include 21 affiliates that are accounted for by the equity method, including PT. Rimba Partikel Indonesia and Bloomfield Homes, L.P.
Tomakomai Biomass Power Co., Ltd., Brookhollow Mortgage Services, Ltd., Advisa Mortgage Services, Ltd. and Rainbow Alpha Holdings Limited, in which new stakes were acquired, and the newly established MOS Lumber Products Co., Ltd. are included as equity method affiliates as of the consolidated fiscal year under review.
Additionally, Partner Ally Limited was a non-equity method affiliate in the previous consolidated fiscal year, but it has grown in importance, so it is included as an equity method affiliate as of the consolidated fiscal year under review.
At the same time, Cascadia Resort Communities LLC was an equity method affiliate in the previous consolidated fiscal year, but additional stake has been acquired, so it is no longer included as an equity method affiliate as of the consolidated fiscal year under review.

(2) For equity-method affiliates that have a fiscal year end that differs from the Company’s fiscal year end, financial statements for these different fiscal years are used.

3. Accounting periods of consolidated subsidiaries

The fiscal year end of two consolidated subsidiaries, Daiichisansho Co., Ltd. and Nihei Co., Ltd., is March 20. Financial statements used in the preparation of the consolidated financial statements of the two subsidiaries are as of March 20, 2015. The fiscal year end of Kowa Lumber Co., Ltd. and overseas consolidated subsidiaries is December 31. The financial statements used in the preparation of the consolidated financial statements for these subsidiaries are as of December 31, 2014.
The fiscal year end of subsidiaries in Japan, excluding the three subsidiaries above, is March 31. The financial statements used in the preparation of the consolidated financial statements for these subsidiaries are as of March 31, 2015.

4. Accounting standards

(1)Valuation standards and methods for important assets

a. Securities
Held-to-maturity securities
Amortized cost method (Straight-line method)

Other securities:
Securities with a market value
Value method based on the market price on the closing date (unrealized gains and losses are reported in the shareholders' equity section. Sales cost of securities is determined by the moving-average method.)

Securities with no market value
Cost method based on the moving-average method

b. Derivatives
Market value method

c. Inventories
Purchased products, manufactured products, work in process, raw materials and supplies are stated at cost, which is mainly determined by the moving average method. Housing projects in progress, developed land and housing for sale and land, and real estate for sale in process are stated at cost, determined by the specific cost method. Net book value of inventories as shown in the consolidated balance sheet is written down when profitability declines.

(2)Method of depreciating significant assets

a. Property, plant and equipment (excluding lease assets)
The declining-balance method of depreciation is mainly used. However, the straight-line method is used for buildings (excluding structures) acquired on or after April 1, 1998.

b. Intangible assets (excluding lease assets)
The straight-line method is used. The straight-line method is used for the amortization of software used internally based on the estimated internal use period (5 years).

c. Leased assets
Finance leases that do not transfer ownership of the leased assets are depreciated down to a residual value of zero over their useful lives using the straight-line method.

(3)Standards for significant allowances

a. Allowance for doubtful accounts
In order to prepare for expected losses from bad debts, estimated unrecoverable amounts are recorded for general claims based on historical bad-debt ratios, and for specific claims including doubtful accounts, based on individual recoverability.

b. Provision for bonuses
Estimated bonus payments to be charged to income in the current fiscal year are recorded to prepare for accrued bonus payments to employees.

c. Provision for directors' bonuses
Bonus payments to be charged to income in the current fiscal year are recorded to prepare for

accrued bonus payments to directors of the Company and certain consolidated subsidiaries.

d. Provision for warranties for completed construction
A warranty reserve is recorded to prepare for repair costs that may be required for completed construction. The reserve is based on historical costs and future estimates.

e. Provision for directors' retirement benefits
To prepare for the payment of directors' retirement benefits, accrued retirement benefits to directors of certain subsidiaries are recorded based on the amount required at year end in accordance with established internal regulations.

(4) Accounting process method of retirement benefits

a. Service period attribution method for projected retirement benefits
The method of attributing projected retirement benefits to the period up to fiscal year ended March 2015 when calculating retirement benefit obligations is as per the benefit formula standard.

b. Method of accounting for actuarial differences and past service liabilities
Actuarial differences and past service liabilities are typically accounted for collectively in the fiscal year in which they occur.

(5) Completed contracts and cost of completed contracts

At the end of the fiscal year that ended in March 2015, construction revenue is recognized by the percentage-of-completion method if the outcome of a construction contract could be estimated reliably (percentage of completion is estimated as a percentage of the estimated total cost, based on the cost incurred). The completed contract method is used for other short-term construction contracts.

(6)Main hedge accounting methods

a. Hedge accounting method
Deferred hedge accounting is adopted.
Appropriation accounting foreign currency transactions is applied to foreign exchange hedging transactions. Special accounting treatment is used for interest rate swaps when they satisfy the requirements for special treatment.

b. Hedging policy
Foreign exchange forward contracts and foreign currency swaps are utilized to mitigate foreign exchange risks. Interest rate swap transactions are utilized to mitigate interest rate risks.

c. Scope of hedging
Certain foreign exchange transactions, including planned transactions, and borrowings exposed to interest rate risks are hedged in accordance with policies laid out in the management regulations.

d. Method of evaluation for hedge effectiveness
The Company believes foreign exchange forward contracts and foreign currency swaps to be highly effective hedging instruments. Therefore, an evaluation of their effectiveness is omitted. An evaluation of the effectiveness of the special accounting treatment used for interest rate swaps is omitted.

(7) Amortization method and period of goodwill
Goodwill is amortized by the straight-line method over a period of up to 20 years. However, if its materiality is low, the goodwill is amortized in the year in which it is recognized.

(8)Other important items for compiling consolidated financial statements
Consumption tax
National and regional consumption taxes are accounted for using the net-of-tax method.

Change in Accounting Policy

(Application of the accounting standards, etc. related to retirement benefits)
Starting April 1, 2014, the Company adopted the provisions of Paragraph 35 of the Accounting Standard for Retirement Benefits (Accounting Standards Board of Japan (ASBJ) Statement No. 26, May 17, 2012; the "Accounting Standard for Retirement Benefits”) and Paragraph 67 of the Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25, March 26, 2015; the " Guidance on Accounting Standard for Retirement Benefits”). As a result, the Company revised its calculation method of retirement benefit obligations and service costs, and changed its method for attributing estimated retirement benefits to accounting periods from the straight-line method to the benefit formula method. At the same time, the method of determining the discount rate was reviewed, and a decision was made to switch from a method based on a bond yield for a single maturity matching the average remaining service years to a method based on bond yields for multiple maturities matching each estimated timing of benefit payment.
In accordance with the transitional application as provided in Paragraph 37 of the Accounting Standard for Retirement Benefits, the Company has added or deducted amounts corresponding to the effects of the changes in calculation method for retirement benefit obligations and service costs in the starting balance of retained earnings for the consolidated fiscal year under review.
As a result, the starting balance of net defined benefit asset increased 203 million yen, net defined benefit liability increased 1,393 million yen and retained earnings declined 574 million yen in the consolidated fiscal year under review. The adjustments also reduced operating income, recurring income, and income before income taxes and minority interests by 789 million yen in the consolidated fiscal year under review.
The resulting reductions in the consolidated fiscal year under review were 7.04 yen for net assets per share, 4.45 yen for net income per share, and 4.20 yen for fully diluted net income per share.

Changes in methods of presentation

(Consolidated balance sheet)
Due to an increase in monetary importance, “real estate for sale in process,” which was included for disclosure as “costs on uncompleted construction contracts” under current assets in the previous fiscal year under review, was reclassified for separate disclosure from the consolidated fiscal year under review.
The amount of “real estate for sale in process” in the previous fiscal year was 11,132 million yen.

Notes to the consolidated balance sheet (Million yen)

1. Pledged assets and secured liabilities

(1) Pledged assets

Cash and time deposits	4,330
Notes and accounts receivable-trade	1,534
Cost on uncompleted construction contracts	587
Developed land and housing for sale	15,342
Real estate for sale in process	22,821
Accounts receivable-other	34
Buildings and structures	3,936
Machinery, equipment and vehicles	467
Land	3,258
Construction in progress	62
Investment securities	362
Other	1,321
Total	54,055

In addition to the above, a deposit for 12 million yen has been pledged as security with respect to the execution of tree-planting business and other agreements.
Investment Securities totaling 13,556 million yen have been also pledged as security with Japan Customs. Moreover, investment securities totaling 1,803 million yen have been pledged as a guarantee deposit for operation as well as a guarantee deposit in accordance with “Act on Performance of Warranties against defects for Housing” to Japan Legal Affairs Bureau.

(2) Secured liabilities

Short-term debt	7,047
Long-term debt	15,851
Total	22,898

2. Accumulated depreciation of property, plant and equipment 101,169

3. Guaranteed Liabilities etc.

(1) Guarantee on loans etc. from financial institutions

Kawasaki Biomass Electric Power Co., Ltd.	1,227
Purchasers with housing loans applied	30,172
Total	31,399

(2) Guarantee on rent payment

Sumikyo Co., Ltd.	127

Notes to the consolidated statements of changes in net assets

1. The number of issued shares as of the end date of the consolidated fiscal year

Common stock	177,410,239

2. The number of treasury stock as of the end date of the consolidated fiscal year

Common stock	278,529

3. Items related to dividend

(1) Dividend payment

Resolution	Type of stock	Total amount of dividend (Million yen)	Dividend per share (Yen)	Base date	Effective date
Ordinary General Meeting of Shareholders on June 20, 2014	Common stock	1,683	9.50	March 31, 2014	June 23, 2014
Board of Directors' Meeting on November 6, 2014	Common stock	1,683	9.50	September 30, 2014	December 5, 2014

(2) Dividends which base dates belong to the consolidated fiscal year and whose effective dates come after the end of the consolidated fiscal year

The following matters are due to be resolved at the Meeting.

Resolution	Type of stock	Total amount of dividend (Million yen)	Source of dividend	Dividend per share (Yen)	Base date	Effective date
Ordinary General Meeting of Shareholders on June 23, 2015	Common stock	2,126	Retained earnings	12.00	March 31, 2015	June 24, 2015

<u>Notes on financial instruments</u>

1. Matters relating to the state of financial instruments

The Company and its consolidated subsidiaries ("Group") invest temporary surplus funds in highly safe and secure financial instruments, and use bank loans as the primary means for raising capital. The Group is working to reduce customers' credit risks relating to operating receivables, notes and accounts receivable-trade and accounts receivable-other, in accordance with its credit control regulations. Short-term loans receivable mainly included repurchase agreement (gensaki transactions) between financial institutions with a certain credit rating, for the purpose of short-tern fund management. The credit risk is minor. In addition, securities are negotiable certificates of deposit subject to settlement in the short term. In addition, for investment securities which are primarily held-to-maturity bonds and securities, the Group grasps financial conditions and other aspects of the issuing entities (corporate customers). The Group also consistently reviews the ownership of financial instruments excluding bonds held to maturity, in consideration of its relationships with corporate customers. Almost all operating debts such as notes and accounts payable-trade and accounts payable for construction contracts, are payable within one year.

The Group uses loans payable and Bonds payable primarily to finance its operations and capital investment. The Group takes steps to stabilize its interest cost by interest rate swaps against the risk of interest rate fluctuations for the part of its long-term loans payable.

With respect to derivatives, the Group seeks to use them within the certain limit based on past records relating to ordinary business transactions in foreign currency etc. The Group will not engage in speculation transaction.

2. Matters relating to the market value of financial instruments

The amounts stated in consolidated balance sheets, market value and their differences as of March 31, 2015 are shown in the table below. For your information, items of account for which is of less important in the consolidated balance sheet are omitted from this table. Also, items of account for which an accurate grasp of market value is recognized to be extremely difficult are not stated in this table. (refer to the (note 2))

(Million yen)

	Amount stated in consolidated balance sheets*1	Market value*1	Difference
(1) Cash and time deposits	81,756	81,756	—
(2) Notes and accounts receivable-trade	118,156	118,156	—
(3) Securities and Investment securities			
a. Bonds held to maturity	1,808	1,883	74
b. Other securities	85,085	85,085	—
(4) Accounts receivable-other	44,619	44,619	—
Total assets	331,423	331,497	74
(5) Notes and accounts payable-trade	(102,951)	(102,951)	—
(6) Accounts payable for construction contracts	(64,612)	(64,612)	—
(7) Long-term debt *2	(49,564)	(49,663)	△100
Total liabilities	(217,126)	(217,226)	△100
(8) Derivatives transactions*3			
a. Hedge accounting not applied	171	171	—
b. Hedge accounting applied	(252)	(252)	—
Total derivatives	(81)	(81)	—

*1 Amounts stated under liabilities are shown in brackets.

*2 Amount of Long-term debt includes Long-term debt due within 1 year.

*3 Assets and liabilities from derivatives transactions are shown in the net amount. If the total is negative figure, the amount is shown in brackets.

(Note 1) Methods for calculating the market value of financial instruments and matters relating to securities and derivatives trading

(1) Cash and time deposits, (2) Notes and accounts receivable-trade and (4) Accounts receivable-other

Book value is stated for these items. Book value is almost the same as market value because short-term settlement makes their market value.

(3) Securities and Investment securities

The market value stated for shares is the exchange quote value. The market value stated for bonds is the exchange quote value or the value indicated by financial institutions.

In addition, for negotiable deposit certificates, the book value is almost the same as the market value because short-term settlement creates the market value.

(5) Notes and accounts payable-trade and (6) Accounts payable for construction contracts
Book value is stated for these items. Book value is almost the same as market value because short-term settlement makes their market value.

(7) Long-term debt
Book value is stated for long-term debt with a variable interest rate because their market value and book value are assumed to be close. The reasons for this assumption are that the loans reflect market interest rates in the short term and the credit condition of the Company did not significantly change after the loan offer. The present value is calculated for long-term debt with a fixed interest rate. The present value is calculated by similar debt from the aggregate amount of principal and interest for long-term debt classified according to fixed terms. (*)
(*)For long-term debt subject to special accounting for interest rate swaps, the aggregate amount of principal and interest based on the interest rate swap is comprised.

(8) Derivatives
The market value is the future quotation value or the value indicated by financial institutions. The market value of derivatives, to which special accounting for interest rate swaps is applied, is stated as part of the market value of long-term debt because these derivatives are operated collectively with the hedged long-term debt as accounting treatment.

(Note 2) Unlisted shares (stated as 1,603 million yen in the consolidated balance sheets),and shares and debt of subsidiaries and affiliates (stated as 12,825 million yen in the consolidated balance sheets) are not included in the amount of "(3) Securities and investment securities, b.Other securities" because they have no market value and it is considered to be very difficult to calculate their prevailing prices.

<u>Notes on leasehold properties and other types of real estate</u>

1. Matters relating to the state of leasehold properties and other types of real estate
The Company and some of its consolidated subsidiaries own rental houses etc. in metropolitan Tokyo and other areas.

2. Matters relating to the market value of leasehold properties and other types of real estate

(Million yen)

Amount stated in the consolidated balance sheets	Market value
8,639	8,392

(Note 1) The amount above stated in the consolidated balance sheet is calculated by deducting the accumulated depreciation and accumulated impairment loss from the acquisition cost.

(Note 2) The amounts based on real estate appraisal by independent real estate appraisers and the amounts based on indices assumed to reflect market value appropriately are adopted as the market value of major properties and the market value of other properties at the end of the reporting fiscal year respectively.

<u>Notes to per-share information</u>

	(Yen)
Net assets per share	1,387.39
Net income per share	104.85

<u>Notes to matters relating to important subsequent events</u>

There are no relevant items.

NON-CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

Fiscal year ended March 31, 2015

(Million yen)

	Shareholders' equity									
	Capital stock	Capital surplus		Retained earnings					Treasury stock	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Legal retained earnings	Other retained earnings					
					Reserve for special depreciation	Reserve for reduction entry	General reserve	Retained earnings brought forward		
Balance at the beginning of current period	27,672	26,613	259	2,857	156	1,444	94,387	17,629	△272	170,745
Cumulative effect of changes in accounting policies								△1,403		△1,403
Balance at the beginning of current period reflecting changes in accounting policies	27,672	26,613	259	2,857	156	1,444	94,387	16,226	△272	169,342
Changes during the period										
Provision of reserve for special depreciation					7			△7		–
Reversal of reserve for special depreciation					△22			22		–
Provision of reserve for reduction entry						229		△229		–
Provision of general reverse							12,500	△12,500		–
Dividends from surplus								△3,366		△3,366
Net income								14,851		14,851
Purchase of treasury stock									△3	△3
Disposal of treasury stock			0						0	0
Net changes in items other than shareholders' equity										
Total changes during the period	–	–	0	–	△16	229	12,500	△1,228	△2	11,483
Balance at the end of current period	27,672	26,613	259	2,857	140	1,673	106,887	14,998	△275	180,825

	Valuation and translation adjustments		Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	
Balance at the beginning of current period	14,666	28	185,439
Cumulative effect of changes in accounting policies			△1,403
Balance at the beginning of current period reflecting changes in accounting policies	14,666	28	184,036
Changes during the period			
Provision of reserve for special depreciation			–
Reversal of reserve for special depreciation			–
Provision of reserve for reduction entry			–
Provision of general reverse			–
Dividends from surplus			△3,366
Net income			14,851
Purchase of treasury stock			△3
Disposal of treasury stock			0
Net changes of items other than shareholders' equity	7,723	△190	7,533
Total changes during the period	7,723	△190	19,015
Balance at the end of current period	22,389	△162	203,052

Notes to Non-Consolidated Financial Statements

Summary of significant accounting policies

1. Valuation standards and method for short-term securities

(1) Held-to-maturity securities
Amortized cost method (Straight-line method)

(2) Shares held in subsidiaries and affiliates
Valuation at cost based on the moving-average method.

(3) Other securities:
Securities with a market value
Value method based on the market price on the closing date (unrealized gains and losses are reported in the shareholders' equity section. Sales cost of securities is determined by the moving-average method.)

Securities with no market value
Cost method based on the moving-average method

2. Valuation standards and method for inventories

Purchased products are stated at cost, which is mainly determined by the moving average method. Housing projects in progress, developed land and housing for sale and land, and real estate for sale in process are stated at cost, determined by the specific cost method. Net book value of inventories as shown in the consolidated balance sheet is written down when profitability declines.

3. Method of depreciation of noncurrent assets

(1) Property, plant and equipment (excluding lease assets)
The declining-balance method of depreciation is used. However, the straight-line method is used for buildings (excluding structures) acquired on or after April 1, 1998.

(2) Intangible assets (excluding lease assets)
The straight-line method is used. The straight-line method is used for the amortization of software used internally based on the estimated internal use period (5 years).

(3) Leased assets
Finance leases that do not transfer ownership of the leased assets are depreciated down to a residual value of zero over their useful lives using the straight-line method.

4. Standards for allowance

(1) Allowance for doubtful accounts
In order to prepare for expected losses from bad debts, estimated unrecoverable amounts are recorded for general claims based on historical bad-debt ratios, and for specific claims including doubtful accounts, based on individual recoverability.

(2) Provision for employees' bonuses
Estimated bonus payments to be charged to income in the current fiscal year are recorded to prepare for accrued bonus payments to employees.

(3) Provision for directors' bonuses

Bonus payments to be charged to income in the current fiscal year are recorded to prepare for accrued bonus payments to directors of the Company.

(4) Provision for warranties for completed construction

A warranty reserve is recorded to prepare for repair costs that may be required for completed construction. The reserve is based on historical costs and future estimates.

(5) Provision for retirement benefits

A provision for retirement benefits is provided for the necessary amounts based on the estimates of retirement benefit obligations and pension assets at the end of the reporting fiscal year. Should the total estimated figure for pension assets at the end of the reporting fiscal year exceed the total estimated figure for retirement benefit obligations, the surplus is recognized as prepaid pension cost.

a. Service period attribution method for projected retirement benefits

The method of attributing projected retirement benefits to the period up to fiscal year ended March 2015 when calculating retirement benefit obligations is as per the benefit formula standard.

b. Method of accounting for actuarial differences and past service liabilities

Actuarial differences and past service liabilities are typically accounted for collectively in the fiscal year in which they occur.

(6)Provision for losses on business of subsidiaries and affiliates

A provision for losses on business of subsidiaries and affiliates is provided to prepare for the possible losses by taking into consideration the financial position of the company.

5. Completed contracts and cost of completed contracts

At the end of the fiscal year that ended in March 2015, construction revenue is recognized by the percentage-of-completion method if the outcome of a construction contract could be estimated reliably (percentage of completion is estimated as a percentage of the estimated total cost, based on the cost incurred). The completed contract method is used for other short-term construction contracts.

6. Hedge accounting methods

(1) Hedge accounting method

Deferred hedge accounting is adopted.

Appropriation accounting foreign currency transactions is applied to foreign exchange hedging transactions. Special accounting treatment is used for interest rate swaps when they satisfy the requirements for special treatment.

(2) Hedging policy

Foreign exchange forward contracts and foreign currency swaps are utilized to mitigate foreign exchange risks. Interest rate swap transactions are utilized to mitigate interest rate risks.

(3) Scope of hedging

Certain foreign exchange transactions, including planned transactions, and borrowings exposed to interest rate risks are hedged in accordance with policies laid out in the management regulations.

(4) Method of evaluation for hedge effectiveness

The Company believes foreign exchange forward contracts and foreign currency swaps to be highly effective hedging instruments. Therefore, an evaluation of their effectiveness is omitted. An evaluation of the effectiveness of the special accounting treatment used for interest rate swaps is omitted.

7. Other important items for compiling non-consolidated financial statements
Consumption tax
National and regional consumption taxes are accounted for using the net-of-tax method.

Changes in accounting policies

(Application of accounting standard for retirement benefits)

Starting April 1, 2014, the Company adopted the provisions of Paragraph 35 of the Accounting Standard for Retirement Benefits (Accounting Standards Board of Japan (ASBJ) Statement No. 26, May 17, 2012; the "Accounting Standard for Retirement Benefits") and Paragraph 67 of the Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25, March 26, 2015; the " Guidance on Accounting Standard for Retirement Benefits"). As a result, the Company revised its calculation method of retirement benefit obligations and service costs, and changed its method for attributing estimated retirement benefits to accounting periods from the straight-line method to the benefit formula method. At the same time, the method of determining the discount rate was reviewed, and a decision was made to switch from a method based on a bond yield for a single maturity matching the average remaining service years to a method based on bond yields for multiple maturities matching each estimated timing of benefit payment.

In accordance with the transitional application as provided in Paragraph 37 of the Accounting Standard for Retirement Benefits, the Company has added or deducted amounts corresponding to the effects of the changes in calculation method for retirement benefit obligations and service costs in the starting balance of retained earnings for the reporting fiscal year.

As a result, the starting balance of provision for retirement benefits increased 2,179 million yen and retained earnings declined 1,403 million yen in the reporting fiscal year. The adjustments also reduced operating income, recurring income, and income before income taxes and minority interests by 718 million yen in the reporting fiscal year.

The resulting reductions in the reporting fiscal year were 10.53 yen for net assets per share, 4.05 yen for net income per share, and 3.82 yen for fully diluted net income per share.

Changes in methods of presentation

(Balance sheet)

Due to an increase in monetary importance, "real estate for sale in process," which was included for disclosure as "costs on uncompleted construction contracts" under current assets in the previous fiscal year, was reclassified for separate disclosure from the reporting fiscal year.

The amount of "real estate for sale in process" in the previous fiscal year was 3,067 million yen.

Notes to the non-consolidated balance sheet (Million yen)

1. Pledged assets

(1)Pledged assets

Investment securities	353
Stocks of subsidiaries and affiliates	6
Long-term loans receivable from subsidiaries and affiliates	122
Total	481

Besides the above, investment Securities of 13,556 million yen to Japan Customs are pledged as security. Investment securities for 1,803 million yen to Japan Legal Affairs Bureau are also pledged as deposit for operation and deposit pursuant to "Act on Performance of Warranties against defects for Housing".

(2)Liabilities for pledge

Long-term debt due within 1 year	26
Long-term debt	339
Total	365

2. Accumulated depreciation on property, plant and equipment	20,766
3. Accumulated advanced depreciation on property, plant and equipment	771

4. Guaranteed liabilities

(1) Guarantee on loans etc. of subsidiaries and affiliates from financial institutions

Vina Eco Board Co., Ltd.	7,334
Sumitomo Forestry America, Inc.	5,859
Sumitomo Forestry (Singapore) Ltd.	2,740
Sumirin Hong Kong Limited	2,511
PT. Kutai Timber Indonesia	2,349
Sumitomo Forestry Australia Pty Ltd.	1,154
Kawasaki Biomass Electric Power Co., Ltd.	1,227
Paragon Wood Product（Dalian）Co., Ltd.	459
PT. AST Indonesia	451
Alpine MDF Industries Pty Ltd.	295
Paragon Wood Product（Shanghai）Co., Ltd.	281
Fill Care Co., Ltd.	133
Sumikyo Co., Ltd.	128
PT. Sumitomo Forestry Indonesia	84
Japan Bio Energy Co., Ltd.	29
Hachinohe Biomass Electric Power Co., Ltd.	6
Sumikyo Wintec Co., Ltd.	4
Total	25,043

(2) Guarantee on other loans from financial institutions

Purchasers with housing loans applied	29,550

5. Monetary receivables from and payables to subsidiaries and affiliates (excluding amounts disclosed under separate classifications)

Short-term monetary receivable	35,503
Short-term monetary payable	60,318
Long-term monetary payable	2,933

Notes to non-consolidated statements of income (Million yen)

Transactions with subsidiaries and affiliates

Net sales	27,461
Purchase of goods	140,334
Non-operating income	
Interest income	503
Dividends income	3,979
Other	186
Non-operating expenses	82

Notes to non-consolidated statements of changes in net assets

The number of treasury stock as of the end of the reporting fiscal year

Common stock	278,529

Notes to tax effect accounting (Million yen)

1. Details of the main reason for occurrence of deferred tax assets and liabilities

Deferred tax assets	
Allowance for doubtful accounts	1,418
Provision for bonuses	1,913
Loss on valuation of real estate for sale etc.	608
Provision for retirement benefit	1,909
Provision for loss on business of subsidiaries and affiliates	1,305
Loss on valuation of securities of subsidiaries and affiliates	4,931
Loss on valuation of investment securities and golf club membership	1,892
Provision for warranties for completed construction	452
Other	3,694
Subtotal deferred tax assets	18,122
Valuation reserve	△10,171
Total deferred tax assets	7,951
Deferred tax liabilities	
Reserve for advanced depreciation on noncurrent assets	799
Gain on contribution of securities to retirement benefit trust	1,286
Valuation difference on available-for-sale securities	9,288
Other	1,661
Total deferred tax liabilities	13,034
Deferred tax liabilities in net	△5,083

2. Breakdown of major items giving rise to material differences between the statutory effective tax rate and the effective rate of corporate and other income taxes after application of tax effect accounting

Statutory effective tax rate	35.6%
(Adjustment)	
Non-deductible expenses such as entertainment expense	0.6%
Non-taxable income such as dividends received	△7.3%
Inhabitants' tax-per capita levy	0.9%
Valuation allowance	4.3%
Downward adjustment to the fiscal year-end balance of deferred tax asset due to changes in tax rates	1.4%
Other	△2.0%
Effective rate of corporate and other income taxes after application of tax effect accounting	33.5%

3. Change in the statutory effective tax rate

Following the promulgation of the Act for Partial Amendment of the Income Tax Act, etc. (Act No.9 of 2015) on March 31, 2015, the effective rate of corporate and other income taxes has been lowered for the fiscal years beginning on or after April 1, 2015.Consequently, the statutory effective tax rate used to calculate deferred tax assets and deferred tax liabilities has been lowered from 35.6% previously to 33.1% once temporary differences are reversed as expected for the fiscal year beginning on April 1, 2015, and will be lowered to 32.3% once temporary differences are reversed as expected for the fiscal years beginning on or after April 1, 2016.As a result of the above change, the amount of deferred tax assets (after deducting the amount of deferred tax liabilities) increased by 630 million yen, income tax deferred increased by 312 million yen, valuation difference on available-for-sale securities increased by 948 million yen and the deferred gains or losses on hedges decreased by 6 million yen.

4. Change in the effective tax rate after the end of the reporting fiscal year
The "Ordinance for Partially Revising the Tokyo Metropolitan Government Tax Ordinance and Sections of the Tokyo Metropolitan Government Tax Ordinance" (Tokyo Metropolitan Government Ordinance No. 93 of 2015) was promulgated on April 1, 2015. As a result, the rate on Tokyo's enterprise tax has been lowered for the fiscal years beginning on or after April 1, 2015.

Notes to noncurrent assets used by lease

Besides the noncurrent assets in the non-consolidated balance sheet, a part of business equipment and vehicles etc. uses based on finance lease agreements where there is no transfer of title on the lease property to the lessee.

Notes to related party transactions

Subsidiaries and Affiliates etc.

(Million yen)

Type	Name of company	Share of voting rights owned by the Company	Relationship	Transaction description	Transaction amount (* 5)	Accounting item	Year-End balance (* 5)
Subsidiary	Sumitomo Forestry Home Engineering Co., Ltd.	Direct 100.0%	Supply of paid materials Construction of ordered housing Interlock of directors	Construction of housing ordered by the Company (* 1)	80,952	Accounts receivable Accounts payable for construction contracts	21,943 21,405
Subsidiary	Sumitomo Forestry Home Tech Co. Ltd.	Direct 100.0%	After maintenance of housing Interlock of directors	Deposit of surplus fund to the Company (* 2)	-	Deposits received	13,417
Subsidiary	Sumitomo Forestry America, Inc.	Direct 100.0%	Financial assistance Interlock of directors	Loan (* 3) Debt guarantee (* 4)	13,782 5,859	Short-term debt -	14,753 -
Subsidiary	Vina Eco Board Co., Ltd	Direct 40.0% Indirect 40.0%	Financial assistance Interlock of directors	Debt guarantee (* 4)	7,334	-	-

(*1) Transaction terms and policy for determining transaction terms are determined in the same way as for general transaction conditions.
(*2) Transaction amounts are not shown, because transactions perform repeatedly and purpose for this is to centralize fund management within the Group.
(*3) Loan to related parties is determined based on market interest rates.
(*4) The Company guarantees debt for loans borrowed from financial institutions.
(*5) Transaction amounts do not include consumption tax etc., while year-end balances include consumption tax etc.

2. Directors and major individual shareholders, etc.

(Million yen)

Type	Name of company	Share of voting rights the Company owns (or owned by affiliate)	Relationship	Transaction description	Transaction amount (*2)	Accounting item	Year-end balance (*2)
Director	Akira Ichikawa	Direct (0.0%)	Director of the Company	Contracting of housing construction (*1)	23	Advances received on uncompleted construction contracts	25

(*1) Transaction terms and the policy for determining transaction terms are determined in the same way as for general transaction conditions.
(*2) Transaction amounts do not include consumption tax etc., while year-end balances include consumption tax etc.

Notes to per-share information

(Yen)

Net assets per share	1,146.33
Net income per share	83.84

Notes to matters relating to important subsequent events

There are no relevant items.