

July 29, 2016

Summary of Financial Results  
for the First Quarter of the Fiscal Year Ending March, 2017  
[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  
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 Date of filing of financial report: August 10, 2016  
 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, 2016 – June 30, 2016)**

## (1) Results of operations (Consolidated)

(Percentage figures represent year on year changes)

	Net sales		Operating income		Recurring income		Profit for the year attributable to owners of the parent	
	Million Yen	%	Million Yen	%	Million yen	%	Million yen	%
1Q FY Ending March 2017	207,662	6.1	-5,057	-	-4,030	-	-3,711	-
1Q FY Ending March 2016	195,777	1.7	-6,261	-	-5,842	-	-5,293	-

## (Note) Comprehensive income

As of June 30, 2016 -8,851 million yen (-%)  
 As of June 30, 2015 -2,048 million yen (-%)

	Net income per share	Net income per share fully diluted
	Yen	Yen
1Q FY Ending March 2017	-20.95	-
1Q FY Ending March 2016	-29.88	-

(Note) Diluted net income per share for the first quarter of the fiscal year ending March 2017 has not been recorded, because, although there are residual securities, the Company posted a net loss per share.

Diluted net income per share for the first quarter of the fiscal year ending March 2016 has also been omitted as there was no residual stock.

## (2) Financial position (Consolidated)

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of June 30, 2016	675,038	237,306	33.2
As of March 31, 2016	709,188	264,127	34.3

## (Note) Shareholders' equity

As of June 30, 2016 223,949 million yen  
 As of March 31, 2016 243,460 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 2016	-	12.00	-	12.00	24.00
FY Ending March 2017	-				
FY Ending March 2017(Est.)		15.00	-	15.00	30.00

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

**3. Forecast for the fiscal year ending March, 2017 (Consolidated, April 1, 2016- March 31, 2017)**

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

	Net sales		Operating income		Recurring income		Profit for the year attributable to Owners of the parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	529,500	8.9	13,000	1.0	14,000	4.0	7,500	8.9	42.34
Full year	1,150,000	10.5	46,000	52.9	48,000	57.3	27,000	177.6	152.43

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

(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: Yes

(b) Changes in accounting policies other than those in (a): None

(c) Changes in accounting estimates: None

(d) Restatements: None

Note: For details, please refer to accompanying materials page 4, "2. Summary Information: Items related to "Notice", Changes in Accounting Policies."

(4) Number of shares outstanding (common stock)

(a) Shares outstanding (including treasury stock)

As of June 30, 2016	177,410,239	As of March 31, 2016	177,410,239
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(b) Treasury stock

As of June 30, 2016	280,790	As of March 31, 2016	280,362
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(c) Average number of shares during the term (cumulative for the quarter)

As of June 30, 2016	177,129,622	As of June 30, 2015	177,131,571
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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 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, 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] (page4.)

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

### (1) Explanation Concerning Operating Results

During the first quarter (April-June 2016), the Japanese government announced that the consumption tax hike planned for April 2017 would once again be postponed. The hiring and income environment continued to improve, and consumer spending remained stable for the most part, but some weaknesses were also apparent, such as the stagnation of improvements in corporate profits. Overseas, there was a mild recovery overall, but uncertainty over the future increased due to the impact of economic slowdowns in emerging Asian countries and normalization of US monetary policies as well as the European economic situation arising from Britain's exit from the EU.

In the domestic housing market, which has a deep relationship to our Group businesses, there were signs of recovery in the number of new housing starts owing to various factors, including government policies to promote housing acquisition and housing loan interest rates hovering at low levels.

Under this business environment, the 2018 Sumitomo Forestry Group Medium-Term Management Plan covering the three-year period beginning this fiscal year was launched. This medium-term management plan promotes business strategies in the aim of achieving net sales of ¥1.17 trillion, recurring income of ¥55 billion (actuarial differences for retirement benefit accounting not included) and ROE of at least 10% in the target fiscal year ending on March 31, 2019.

In terms of operating results during the first quarter, net sales increased 6.1% to ¥207,662 million, while there was an operating loss of ¥5,057 million (loss of ¥6,261 million for the same period last year), a recurring loss of ¥4,030 million (loss of ¥5,842 million for the same period last year) and net loss attributable to owners of parent of ¥3,711 million (loss of ¥5,293 million for the same period last year).

One feature of the custom-built detached housing 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. Net sales for each segment include inside net sales or transfer balances for transactions within that segment.

#### < Business Segments >

##### (a) *Timber and Building Materials Business*

In the domestic timber and building materials distribution business, there was a year-on-year increase in net sales. There were signs of a recovery in the number of new housing starts, and there were continued improvements in the balance between supply and demand in the market. In the domestic building materials manufacturing business, we focused on streamlining operations and expanding sales, and we made efforts to improve profitability.

In the overseas distribution business, we deepened our cooperation with overseas bases, especially our regional headquarters in Singapore, and poured efforts into timber and building material sales in emerging countries in Southeast Asia.

As a result, the timber and building materials business posted net sales of ¥103,478 million (an increase of 2.1% year-on-year) and recurring income of ¥982 million (an increase of 104.4% year-on-year).

*(b) Housing Business*

In the custom-built detached housing business, both the number of completed and delivered units and net sales increased year on year owing primarily to continued favorable sales of our proprietary “Big-Frame Construction method,” which offers superior earthquake resistance and enables the creation of large spaces. We also held “Sumai Haku 2016” events all over the country as places where customers could experience our Group’s house building, and we worked to expand sales.

In the apartment business, we worked to improve our sales capabilities by having representatives from the custom-built detached housing business engage in sales of rental housing as well and poured efforts into sales of fireproof products and large properties in metropolitan areas.

In the renovation business, customer interest in renovations for earthquake resistance, energy conservation and thermal insulation is on the rise, so we worked aggressively to expand sales.

Consequently, the housing business posted net sales of ¥63,685 million (an increase of 5.5% year-on-year) and a recurring loss of ¥7,005 million (compared to the recurring loss of ¥7,426 million in the same period of the previous year).

Regarding the status of orders for custom-built detached houses, which is a leading performance indicator, customer interest in purchasing our houses is still high against a backdrop of historically low interest rates, but there is increasing uncertainty with regards to the economic situation in Japan and other countries, so customers are taking longer to consider their purchases, and the amount of orders declined year on year. In the midst of this situation, we promoted support for zero-energy homes (ZEH) and actively rolled out efforts such as installation of solar power systems and improvements to energy conservation and thermal insulation.

As a result, the amount of orders decreased 0.3% year-on-year to ¥73,744 million.

*(c) Overseas Business*

In the overseas manufacturing business, plywood unit selling prices were on the decline in Indonesia, but in Australia and New Zealand, production and sales trended favorably, so results were up year on year.

In the overseas housing and real estate business, the housing markets in the United States and Australia where we engage in the housing business were strong, and the DRB Group, in which we acquired stakes in January of this year, was made a consolidated subsidiary. As a result of these and other factors, our results were favorable. Moreover, in April of this year, we acquired additional stakes in the Gehan Homes Group, an American consolidated subsidiary, and made it a wholly-owned subsidiary.

As a result, the overseas business posted net sales of ¥47,838 million (an increase of 17.2% year-on-year) and a recurring income of ¥2,651 million (an increase of 34.0% year-on-year).

In July of this year, we took 51% ownership of the Sydney, Australia-based Wisdom Group, which is engaged in the housing business, and made it a consolidated subsidiary.

(d) *Other Businesses*

Besides the aforementioned businesses, the Sumitomo Forestry Group operates a biomass power generation business, an overseas forestation business, private-pay elderly care facilities, a leasing business and a wide range of service businesses for residential customers (including non-life insurance agency services) and also manufactures and sells farming and gardening materials and develops IT systems for its Group companies. Additionally, we obtained the consent of the New Zealand government and other concerned parties to complete the purchase of a mountain forest asset of around 30,000 hectares, which we had decided on in December of last year, so in June of this year, we acquired the asset.

The other businesses recorded net sales of ¥3,945 million (a decrease of 2.2% year-on-year) and recurring income of ¥88 million (compared to the recurring loss of ¥176 million in the same period of the previous year).

(2) Explanation Concerning Financial Status

At the end of the consolidated first quarter, total assets decreased ¥34,150 million compared to the end of the previous consolidated fiscal year to ¥675,038 million due to a decrease in cash on hand, while costs on uncompleted construction contracts increased due to an increase in the number of units under construction in the custom-built detached housing business. Liabilities decreased ¥7,329 million compared to the end of the previous consolidated fiscal year to ¥437,732 million due to a decrease in accounts payable for construction contracts in conjunction with payment of construction costs as well as an increase in advances received on uncompleted construction contracts associated with an increase in the number of units under construction. Net assets totaled ¥237,306 million, and the equity ratio was 33.2%.

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

Regarding full year business results forecasts for the fiscal year ending March 2017, there has been no change in the figures in the “Summary of Financial Results for the Year Ended March 2016” published on May 12, 2016.

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

### Changes in Accounting Policies

(Application of Practical Solution for Changes in Depreciation Method Associated with Fiscal 2016 Tax Reform)

In conjunction with the revision to the Corporation Tax Act, the “Practical Solution for Changes in Depreciation Method Associated with Fiscal 2016 Tax Reform” (ASBJ PITF No. 32, June 17, 2016) has been applied as of the first quarter cumulative period (consolidated). The depreciation method associated with facilities and structures accompanying buildings acquired on or after April 1, 2016 has been changed from the declining balance method to the straight-line method.

The impact on profit and loss will be minor.

### 3. Quarterly Consolidated Financial Statements

#### (1) Consolidated Balance Sheet

(million yen)

	Previous consolidated fiscal year (ended March 31, 2016)	First quarter consolidated accounting period (ended June 30, 2016)
<b>Assets</b>		
Current assets		
Cash and time deposits	83,499	65,721
Notes and accounts receivable-trade	121,415	118,009
Accounts receivable from completed construction contracts	5,723	3,866
Marketable securities	34,000	9,000
Finished goods, logs and lumber,boards,others	17,388	16,333
Work in process	1,390	1,398
Raw materials and supplies	7,328	7,690
Costs on uncompleted construction contracts	23,906	43,270
Developed land and housing for sale	43,239	43,916
Real estate for sale in process	56,371	60,711
Deferred tax assets	7,377	9,017
Short-term loans receivable	31,709	39,694
Accounts receivable-other	46,963	32,156
Other	12,004	13,333
Allowance for doubtful accounts	(842)	(428)
Total current assets	491,469	463,687
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	62,685	60,019
Accumulated depreciation	(30,621)	(29,326)
Buildings and structures, net	32,064	30,693
Machinery, equipment and vehicles	70,991	67,885
Accumulated depreciation	(51,548)	(49,695)
Machinery, equipment and vehicles, net	19,443	18,190
Land	26,817	26,683
Leased assets	9,632	9,934
Accumulated depreciation	(5,439)	(5,563)
Leased assets, net	4,193	4,370
Construction in progress	13,572	13,683
Other	20,656	20,944
Accumulated depreciation	(8,045)	(8,159)
Other, net	12,611	12,785
Total property, plant and equipment	108,700	106,404
Intangible assets		
Goodwill	8,258	7,062
Other	9,820	9,453
Total Intangible assets	18,078	16,516
Investments and other assets		
Investment securities	74,875	71,258
Long-term loans receivable	3,481	3,612
Net defined benefit assets	74	66
Deferred tax assets	2,573	3,450
Other	12,042	12,590
Allowance for doubtful accounts	(2,104)	(2,545)
Total investments and other assets	90,942	88,431
Total noncurrent assets	217,719	211,351
<b>Total assets</b>	<b>709,188</b>	<b>675,038</b>

(million yen)

	Previous consolidated fiscal year (ended march 31, 2016)	First quarter consolidated accounting period (ended June 30, 2016)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	107,651	105,699
Accounts payable for construction contracts	68,793	38,094
Short-term debt	27,586	31,132
Current portion of bonds	5,000	5,000
Lease obligations	1,691	1,772
Income taxes payable	7,572	1,181
Advances received on uncompleted construction contracts	48,627	65,978
Provision for employees' bonuses	10,873	5,655
Provision for directors' bonuses	130	–
Provision for warranties for completed construction	2,770	2,575
Asset retirement obligation	478	496
Other	32,081	29,897
<b>Total current liabilities</b>	<b>313,254</b>	<b>287,479</b>
<b>Long-term liabilities</b>		
Bonds issued	–	20,000
Convertible bonds	20,000	20,000
Long-term debt	62,115	61,435
Lease obligations	2,676	2,779
Deferred tax liabilities	5,022	4,147
Provision for directors' retirement benefits	82	78
Net defined benefit liabilities	23,718	23,454
Asset retirement obligation	927	943
Other	17,267	17,418
<b>Total long-term liabilities</b>	<b>131,807</b>	<b>150,253</b>
<b>Total liabilities</b>	<b>445,061</b>	<b>437,732</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Common stock	27,672	27,672
Capital surplus	26,872	19,089
Retained earnings	166,762	160,926
Treasury stock	(278)	(278)
<b>Total shareholders' equity</b>	<b>221,028</b>	<b>207,409</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	16,270	13,940
Deferred gains or losses on hedges	(58)	(408)
Foreign currency translation adjustment	6,497	3,278
Remeasurements of defined benefit plans	(276)	(270)
<b>Total accumulated other comprehensive income</b>	<b>22,432</b>	<b>16,541</b>
Subscription rights to shares	36	48
Non-controlling interests	20,631	13,309
<b>Total net assets</b>	<b>264,127</b>	<b>237,306</b>
<b>Total liabilities and net assets</b>	<b>709,188</b>	<b>675,038</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 IQ Cumulative Period (Consolidated) (April 1, 2015 - June 30, 2015)	1Q Cumulative Period under Review (Consolidated) (April 1, 2016 - June 30, 2016)
Net sales	195,777	207,662
Cost of sales	167,210	175,731
Gross profit	28,567	31,931
Selling, general and administrative expenses	34,828	36,988
Operating income (loss)	(6,261)	(5,057)
Non-operating income		
Interest income	115	106
Purchase discounts	85	91
Dividends income	584	593
Equity in earnings of affiliates	141	814
Other	350	600
Total non-operating income	1,275	2,204
Non-operating expenses		
Interest expenses	242	571
Sales discount	169	167
Foreign exchange losses	212	118
Other	233	322
Total non-operating expenses	856	1,177
Recurring income (loss)	(5,842)	(4,030)
Extraordinary gains		
Gain on sales of investment noncurrent assets	31	152
Gain on sales of investment securities	17	-
Subsidy income	705	-
Gain on abolishment of retirement benefit plan	149	-
Total extraordinary gains	902	152
Extraordinary loss		
Loss on sales of noncurrent assets	0	7
Loss on retirement of noncurrent assets	37	52
Loss on reduction of noncurrent assets	705	-
Special retirement expenses	11	-
Total extraordinary loss	753	59
Income (loss) before income taxes and non-controlling interests	(5,694)	(3,937)
Income taxes-current	1,073	919
Income taxes-deferred	(2,570)	(2,379)
Total income taxes	(1,497)	(1,460)
Profit (loss)	(4,197)	(2,477)
Profit attributable to non-controlling interests	1,095	1,234
Profit (loss) attributable to owners of parent	(5,293)	(3,711)

## (Consolidated Statements of Comprehensive Income)

(For the first quarter cumulative period (consolidated))

(million yen)

	Previous 1Q Cumulative Period (Consolidated) (April 1, 2015 – June 30, 2015)	1Q Cumulative Period under Review (Consolidated) (April 1, 2016 – June 30, 2016)
Net income (loss)	(4,197)	(2,477)
Other comprehensive income		
Valuation difference on available-for-sale securities	4,364	(2,332)
Deferred gains or losses on hedges	283	(350)
Foreign currency translation adjustment	(2,480)	(2,934)
Share in equity method affiliates	(18)	(759)
Total other comprehensive income	2,150	(6,375)
Comprehensive income	(2,048)	(8,851)
Comprehensive income attributable to owners of parent	(2,728)	(9,602)
Comprehensive income attributable to non-controlling interests	680	751

## (3) Explanation Concerning Consolidated Financial Statements

(Notes related to the Assumption of a Going Concern)

Not applicable

(Notes on Significant Changes in Shareholders' Equity)

On April 29, 2016, we acquired additional stakes in the Gehan Homes Group, a consolidated subsidiary, through Sumitomo Forestry America, Inc., another consolidated subsidiary. As a result, capital surplus decreased ¥7,783 million during the first quarter cumulative period (consolidated) to ¥19,089 million at the end of the period.

## (Segment Information)

## I Previous First Quarter Cumulative Period (Consolidated, April 1, 2015–June 30, 2015)

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

(million yen)

	Reporting segment				Other (Note1)	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	96,449	60,362	36,987	193,798	1,728	195,526	251	195,777
(2) Intersegment sales/transfers	4,863	27	3,822	8,713	2,305	11,017	(11,017)	–
Total	101,312	60,389	40,810	202,511	4,033	206,544	(10,766)	195,777
Segment income (loss)	481	(7,426)	1,978	(4,967)	(176)	(5,144)	(699)	(5,842)

- Notes: 1. “Other” is business segments not included in the reporting segments. Such segments include biomass power generation business, private-pay elderly care facilities business, leasing business, insurance agency business and farming and gardening material manufacturing and sales business.
2. The adjusted business loss of ¥699 million includes ¥122 million in eliminated intersegment transactions, as well as ¥576 million in corporate loss, etc., which are not allocated to any of the reporting segments. Corporate income (loss) is primarily selling, general and administrative expenses, non-operating income or non-operating expenses not belonging to any reporting segments.
3. Total segment income (loss) is adjusted against recurring loss in the quarterly consolidated statements of income.

## 2. Information on Impairment Loss on Noncurrent Assets, Goodwill, etc., for each Reporting Segment

Not applicable

## II First Quarter Cumulative Period under Review (Consolidated, April 1, 2016 - June 30, 2016)

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

(million yen)

	Reporting segment				Other (Note1)	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	98,211	63,642	43,866	205,720	1,670	207,390	272	207,662
(2) Intersegment sales/transfers	5,267	43	3,972	9,282	2,274	11,556	(11,556)	–
Total	103,478	63,685	47,838	215,001	3,945	218,946	(11,284)	207,662
Segment income (loss)	982	(7,005)	2,651	(3,372)	88	(3,284)	(746)	(4,030)

- Notes: 1. “Other” is business segments not included in the reporting segments. Such segments include biomass power generation business, private-pay elderly care facilities business, leasing business, insurance agency business and farming and gardening material manufacturing and sales business.
2. The adjusted business loss of ¥746 million includes ¥84 million in eliminated intersegment transactions, as well as ¥661 million in corporate losses, etc., which are not allocated to any of the reporting segments. Corporate income (loss) is primarily selling, general and administrative expenses, non-operating income or non-operating expenses not belonging to any reporting segments.
3. Total segment income (loss) is adjusted against recurring loss in the quarterly consolidated statements of income.

## 2. Information on Impairment Loss on Noncurrent Assets, Goodwill, etc., for each Reporting Segment

Not applicable

### 3. Changes to Reporting Segments

(Application of Practical Solution for Changes in Depreciation Method Associated with Fiscal 2016 Tax Reform)

As stated under “Changes in Accounting Policies,” the “Practical Solution for Changes in Depreciation Method Associated with Fiscal 2016 Tax Reform” (ASBJ PITF No. 32, June 17, 2016) has been applied as of the first quarter cumulative period (consolidated). The depreciation method associated with facilities and structures accompanying buildings acquired on or after April 1, 2016 has been changed from the declining balance method to the straight-line method.

The impact on profit and loss will be minor.

(Important Subsequent Events)

(Acquisition of Important Assets)

At the meeting of the board of directors held on December 9, 2015, a resolution was passed to acquire the forest asset held by Tasman Bay Forests Company, and on June 30, 2016, the asset was acquired through consolidated subsidiary Tasman Pine Forests Ltd.

#### 1. Purpose of acquisition

Demand for timber in the medium to long term, in other words, demand for sustainable forestation assets is expected to grow against a backdrop of population and economic growth, especially in newly emerging countries, and increasing concern for the global environment.

This mountain forest is a Radiata pine plantation spanning roughly 30,000 hectares in Nelson, New Zealand. Radiata pine grows quickly, allowing a stable supply, and it is homogenous and versatile, so we expect to have an edge in price competition and earn long-term, stable profits. Moreover, thanks to the prime location of this mountain forest, it has a high level of competitiveness and is expected to offer synergy with the Group’s manufacturing and distribution businesses.

#### 2. Description of acquired asset

- |                                    |                 |
|------------------------------------|-----------------|
| (1) Description of acquired asset: | Forest asset    |
| (2) Date of acquisition:           | June 30, 2016   |
| (3) Acquisition price:             | NZ\$368 million |
- Reference: Acquisition price in yen comes to approx. ¥26,900 million

## 4. Supplementary Information

## (1) Consolidated Statements of Income

(million yen)

	1Q FY3/16		1Q FY3/17		YoY change	% of YoY change	FY3/16		FY3/17 (Forecast)		YoY change	% of YoY change
Timber and Building Materials Business	101,312		103,478		+2,166	+2.1%	426,965		448,000		+21,035	+4.9%
Housing Business	60,389		63,685		+3,296	+5.5%	454,604		481,000		+26,396	+5.8%
Overseas Business	40,810		47,838		+7,028	+17.2%	187,926		258,000		+70,074	+37.3%
Other	4,033		3,945		(88)	(2.2%)	16,874		23,500		+6,626	+39.3%
Adjustment	(10,766)		(11,284)		(517)	-	(45,844)		(60,500)		(14,656)	-
<b>Net sales</b>	<b>195,777</b>		<b>207,662</b>		<b>+11,885</b>	<b>+6.1%</b>	<b>1,040,524</b>		<b>1,150,000</b>		<b>+109,476</b>	<b>+10.5%</b>
Gross profit	14.6% 28,567		15.4% 31,931		+3,364	+11.8%	17.6% 183,134		17.8% 205,000		+21,866	+11.9%
Selling, general and administrative expenses	34,828		36,988		+2,160	+6.2%	153,041		159,000		+5,959	+3.9%
Operating income	(3.2%) (6,261)		(2.4%) (5,057)		+1,204	-	2.9% 30,093		4.0% 46,000		+15,907	+52.9%
Non-operating income	1,275		2,204		+930	+72.9%	5,088		7,000		+1,912	+37.6%
Non-operating expenses	856		1,177		+321	+37.5%	4,674		5,000		+326	+7.0%
Non-operating income/loss	418		1,027		+608	+145.4%	414		2,000		+1,586	+383.6%
Timber and Building Materials Business	0.5% 481		0.9% 982		+501	+104.4%	0.8% 3,352		1.0% 4,500		+1,148	+34.2%
Housing Business	(12.3%) (7,426)		(11.0%) (7,005)		+421	-	6.9% 31,512		6.7% 32,000		+488	+1.5%
Overseas Business	4.8% 1,978		5.5% 2,651		+673	+34.0%	7.0% 13,091		6.0% 15,500		+2,409	+18.4%
Other	(4.4%) (176)		2.2% 88		+264	-	(6.1%) (1,022)		4.3% 1,000		+2,022	-
Adjustment	(699)		(746)		(47)	-	(16,427)		(5,000)		+11,427	-
<b>Recurring income</b>	<b>(3.0%) (5,842)</b>		<b>(1.9%) (4,030)</b>		<b>+1,813</b>	<b>-</b>	<b>2.9% 30,507</b>		<b>4.2% 48,000</b>		<b>+17,493</b>	<b>+57.3%</b>
Extraordinary gains	902		152		(750)	(83.2%)	1,441		-		(1,441)	-
Extraordinary loss	753		59		(694)	(92.1%)	5,704		-		(5,704)	-
Extraordinary gains/losses	148		93		(56)	(37.6%)	(4,264)		-		+4,264	-
Profit (loss) attributable to owners of parent	(2.7%) (5,293)		(1.8%) (3,711)		+1,582	-	0.9% 9,727		2.3% 27,000		+17,273	+177.6%

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

(million yen)

First Quarter			Q1 FY3/16 (Actual)			Q1 FY3/17 (Actual)			Change	
			Volume	Amount	Unit price	Volume	Amount	Unit price	Volume	Amount
Orders Received	Contract Business	Custom-built detached housing *1	1,906	73,988	33.8	1,894	73,744	33.9	(0.6%)	(0.3%)
		Apartments *1	358	5,554	15.5	346	5,633	15.0	(3.4%)	+1.4%
		Other contracts		3	-		312	-		
Sales	Contract Business	Custom-built detached housing *2	855	34,501	40.4	897	36,972	41.2	+4.9%	+7.2%
		Apartment *2	55	910	16.5	116	1,257	10.8	+110.9%	+38.2%
		Other contracts		435	-		806	-		+85.2%
	Detached spec homes business *3	48	1,835	38.2	36	1,332	37.0	(25.0%)	(27.4%)	
	Land for custom-built housing		425	-		830	-		+95.2%	
	Existing Home Renovation (Resale of Renovated Homes)		810	-		703	-		(13.2%)	
	Other *4		1,348	-		1,403	-		+4.0%	
	Total			40,264	-		43,303	-		+7.5%
Profit ratio		Gross profit	23.1%	9,311		23.4%	10,136			
Backlog of Orders Received at Term End	Contract Business	Custom-built housing	8,693	312,058	35.9	8,407	306,996	36.5	(3.3%)	(1.6%)
		Apartments	2,168	30,342	14.0	2,294	32,526	14.2	+5.8%	+7.2%
		Other contracts		36	-		2,254	-		
<< Sumitomo Forestry Home Tech (Renovation) >>										
Orders Received	Contract Business			14,440	-			15,552	-	+7.7%
Construction Completed				10,668	-			10,316	-	(3.3%)
Backlog of Orders Received at Term End				26,099	-			29,442	-	+12.8%

(million yen)

Full Year			FY3/16 (Actual)			FY3/17 (Forecast)			Change	
			Volume	Amount	Unit price	Volume	Amount	Unit price	Volume	Amount
Orders Received	Contract Business	Custom-built detached housing *1	7,730	297,490	34.1	8,200	310,800	33.4	+6.1%	+4.5%
		Apartments *1	1,523	22,967	14.6	1,750	25,500	14.6	+14.9%	+11.0%
		Other contracts		4,371	-		4,500	-		+3.0%
Sales	Contract Business	Custom-built detached housing *2	7,962	299,837	37.7	8,100	307,000	37.9	+1.7%	+2.4%
		Apartment *2	1,324	20,514	15.5	1,620	23,500	14.5	+22.4%	+14.6%
		Other contracts		2,091	-		4,700	-		+124.8%
	Detached spec homes business *3	303	11,606	38.3	320	12,100	37.8	+5.6%	+4.3%	
	Land for custom-built housing		4,921	-		4,500	-		(8.6%)	
	Existing Home Renovation (Resale of Renovated Homes)		4,756	-		4,500	-		(5.4%)	
	Other *4		8,011	-		8,100	-		+1.1%	
	Total			351,737	-		364,400	-		+3.6%
Profit ratio		Gross profit	25.5%	89,860		25.5%	92,900			
Backlog of Orders Received at Term End	Contract Business	Custom-built housing	7,410	270,224	36.5	7,510	274,024	36.5	+1.3%	+1.4%
		Apartments	2,064	28,151	13.6	2,194	30,151	13.7	+6.3%	+7.1%
		Other contracts		2,748	-		2,548	-		(7.3%)
<< Sumitomo Forestry Home Tech (Renovation) >>										
Orders Received	Contract Business			63,604	-			71,600	-	+12.6%
Construction Completed				61,724	-			69,300	-	+12.3%
Backlog of Orders Received at Term End				24,207	-			26,507	-	+9.5%

\* 1: The unit price of custom-built detached housing and apartment orders is calculated from the orders received at the time contracts were signed for the units ordered this period, so the orders received for additional construction are not included.

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

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

\* 4: Other sales include sales of interior products, commission sales from insurance agency business, etc.