

Summary of Financial Results for the Third 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/>
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Date of filing of financial report: February 10, 2017
 Date of commencement of dividend payment (tentative): –
 Preparation of supplementary materials: Yes
 Convening of a third 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, 2016 – December 31, 2016)

(1) Results of operations (Consolidated) (% : change from the same period of the previous year)

	Net sales		Operating income		Recurring income		Profit for the year attributable to owners of the parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
3Q FY Ending March 2017	771,827	5.7	22,755	28.7	26,047	47.6	15,492	283.4
3Q FY Ended March 2016	730,067	4.4	17,681	20.7	17,643	5.2	4,041	-48.9

Note: Comprehensive income 3Q FY Ending March 2017 10,873 million yen (462.5%)
 3Q FY Ended March 2016 1,933 million yen (-89.0%)

	Net income per share	Net income per share fully diluted
	Yen	Yen
3Q FY Ending March 2017	87.46	82.45
3Q FY Ended March 2016	22.81	21.51

(2) Financial position (Consolidated)

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of December 31, 2016	731,295	255,947	32.8
As of March 31, 2016	710,318	265,257	34.3

Note: Shareholders' equity As of December 31, 2016 240,133 million yen
 As of March 31, 2016 243,460 million yen

Note: In the third quarter cumulative period (consolidated), provisional accounting treatment related to business combinations was determined, so the monetary amount as of March 31, 2016 reflects adjustments of the purchase price allocation following the determination of the provisional accounting treatment.

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	–	15.00	–	–	–
FY Ending March 2017(Est.)	–	–	–	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)

(% : change from the previous year)

	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
Fiscal Year Ending March 2017	1,110,000	6.7	47,500	57.8	50,000	63.9	29,000	198.1	163.72

Note: Revised forecast for the year under review: Yes

For details, please refer to "1. Qualitative Information related to the Consolidated Business Results (3) Explanation Concerning Forecasts for Consolidated Business Results and Other Future Projections" on page 4.

* Notice

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

New Company 1 (Company name) Tasman Pine Forests Ltd.

Note: For details, please refer to accompanying materials page 5, “2. Summary Information: Items related to “Notice,” (1) 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: 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 5, “2. Summary Information: Items related to “Notice,” (2) Changes in Accounting Policies.”

(4) Number of shares outstanding (common stock)

(a) Shares outstanding (including treasury stock)

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

As of December 31, 2016	281,486	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 December 31, 2016	177,129,240	As of December 31, 2015	177,131,048
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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] (page 4.)

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1. Qualitative Information related to the Consolidated Business Results

(1) Explanation Concerning Operating Results

During the third quarter (April to December 2016), the Japanese economy showed signs of weakness, including in exports, affected by the stronger yen since the beginning of the year. On the other hand, the employment environment continued to improve, and by the end of the year, there were some signs of recovery in consumer spending and production as a result of a weaker yen and a recovery in stock prices. Overseas, there was an increasing sense of uncertainty about the future due to the election of a new administration and trends in monetary policy in the United States as well as the British exit from the EU and the economic slowdown in China. However, overall the overseas economy exhibited mild growth owing to internal demand in Europe and solid real economic activity in the United States as well as economic recovery in emerging countries.

The domestic housing market, which has a deep relationship to our Group businesses, was favorable, with the number of new housing starts trending higher than the previous year against a backdrop of continued low housing loan interest rates and demand for construction of rental housing, especially in urban areas.

In terms of our financial results in the third quarter, net sales were ¥771,827 million (an increase of 5.7% year-on-year), operating income was ¥22,755 million (an increase of 28.7% year-on-year), recurring income was ¥26,047 million (an increase of 47.6% year-on-year) and profit attributable to owners of parent was ¥15,492 million (an increase of 283.4% year-on-year). The conversion of the Gehan Homes Group into a wholly-owned subsidiary during the year contributed to an increase in net income attributable to owners of the parent.

An overview of conditions for each business segment is as follows. Net sales for each segment include intersegment internal sales and transfers.

(a) Timber and Building Materials Business

In the domestic timber and building materials distribution business, net sales, primarily of imports, were sluggish, but profits were up owing in part to a recovery in the number of new housing starts and the yen's continuing strength.

In the domestic building materials manufacturing business, profitability improved thanks not only to our focus on selling building materials to group companies but also to the impact of business restructuring and operational streamlining efforts last year. In the overseas distribution business, we continued to work on expanding sales of timber and building materials, focusing on Southeast Asia.

As a result, the timber and building materials business posted net sales of ¥319,320 million (a decrease of 0.4% year-on-year) and recurring income of ¥4,327 million (an increase of 51.2% year-on-year).

(b) Housing Business

In the custom-built detached housing business, net sales were up year on year owing to strong sales of houses built using our original Big-Frame Construction method, which offers both excellent flexibility of design and high earthquake resistance, and an increase in the selling price per unit. Additionally, to further improve the image of our houses, we introduced a virtual reality system at our showrooms allowing visitors to experience the depth of the rooms, spaciousness, height of the windows and other features based on design drawings.

In our apartment business, we opened "Shinjuku Forest Maison Plaza," a hands-on consulting space for apartments as a new effort and expanded our proposal system for long-term stable management with wooden apartments.

In the renovation business, we presented renovation proposals to existing customers and attempted to differentiate ourselves with original technologies like our Seismic Resistance/Seismic Mitigation Double Construction while pouring effort into getting renovation orders for older houses and the general market.

Our MOCCA (timber solution) business promotes adoption of wood construction and material in medium- to large-sized buildings and is one of the businesses we are focusing on. We completed construction of a wooden schoolhouse for Miyanomori Elementary School (ordered by Higashimatsushima City), thereby contributing to the local community.

As a result, the housing business posted net sales of ¥303,271 million (an increase of 3.6% year-on-year) and recurring income of ¥12,287 million (an increase of 21.5% year-on-year).

Regarding the status of orders for custom-built detached housing, which is a leading performance indicator, the environment is ripe for buying homes, including continued record low housing loan interest rates and home acquisition support policies, but the amount of orders declined year on year due to continued economic uncertainty despite the decision to postpone the consumption tax hike. In the midst of these circumstances, we worked to increase orders by drawing attention to the performance of multi-storied wooden housing and strengthening our proposals involving zero-energy homes (ZEH) by equipping them with environmentally sound features like solar panels and enhancing their specifications.

As a result, the amount of orders decreased 1.4% year-on-year to ¥217,603 million.

(c) Overseas Business

In the manufacturing business, earnings were sluggish in Indonesia due to slumping demand for plywood in Europe and other main destinations for the product. However, in New Zealand sales of medium density fiberboard (MDF) made primarily for Japan were steady, and manufacturing costs were down, owing in part to the impact of foreign exchange. As a result, profits increased significantly year on year.

In the housing and real estate business, the number of houses sold by the DRB Group, in which stakes were acquired in January last year, and existing housing business companies increased against the backdrop of a strong housing market in the United States and Australia. As a result, the business continued to perform favorably. A 51% stake was acquired in Australia-based Wisdom Group in July of last year, and a 70% stake was acquired in the Edge Homes Group, which engages in the housing business in the western United States, in January of this year. The decision was made to make them both consolidated subsidiaries.

As a result, the overseas business posted net sales of ¥167,881 million (an increase of 21.2% year-on-year) and a recurring income of ¥11,520 million (an increase of 32.3% year-on-year).

(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. In the resources and environment field, we engaged in capital and business alliances related to the renewable energy business and acquired a forest asset in New Zealand. We also launched operations at a biomass power plant in Mombetsu City, Hokkaido.

The other businesses recorded net sales of ¥14,400 million (an increase of 16.7% year-on-year) and recurring income of ¥940 million (loss of ¥1,171 million for the same period last year).

(2) Explanation Concerning Financial Status

Total assets increased ¥20,977 million compared to the end of the previous consolidated fiscal year to ¥731,295 million. This was attributable mainly to an increase of timber in conjunction with the acquisition of a forest asset in New Zealand, an increase in properties under construction in the custom-built detached housing business and an increase in inventories accompanying expansion of the overseas housing and real estate business despite a decrease in liquidity. Liabilities increased ¥30,287 million compared to the end of the previous consolidated fiscal year to ¥475,348 million due to an increase in advances received on uncompleted construction contracts in addition to the issuance of bond certificates allocated to the aforementioned forest asset acquisition. Net assets totaled ¥255,947 million, and the equity ratio was 32.8%.

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

In regards to the forecast for the fiscal year ending March 2017, we are revising the numbers announced on November 7, 2016 based on the latest developments. The forecasts for operating income, recurring income and profit (loss) attributable to owners of parent have been revised due to the yen trending lower than expected in currency conversions calculated in the overseas business and profitability of the overseas housing and real estate business exceeding expectations against a backdrop of strong sales in the North American housing business.

Revised Forecast for Fiscal Year Ending March 31, 2017 (April 1, 2016 – March 31, 2017)

	Net sales	Operating income	Recurring income	Profit (loss) attributable to owners of parent	Net income per share
	Million Yen	Million Yen	Million Yen	Million Yen	Yen
Previous Forecast (A) (published on November 7, 2016)	1,110,000	46,000	48,000	27,000	152.43
Revised Forecast (B)	1,110,000	47,500	50,000	29,000	163.72
Change (B-A)	–	1,500	2,000	2,000	–
YoY (%)	–	3.3	4.2	7.4	–
Note: Results from Previous Fiscal Year (FY3/16)	1,040,524	30,093	30,507	9,727	54.92

2. Summary Information: Items related to “Notice”

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

Newly established Tasman Pine Forests Ltd. is included within the consolidated results as of the first quarter consolidated accounting period. The capital was increased in the second quarter consolidated accounting period, and as a result, the subsidiary became a specific subsidiary.

(2) 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)	Third quarter consolidated accounting period (ended December 31, 2016)
Assets		
Current assets		
Cash and time deposits	83,499	56,899
Notes and accounts receivable-trade	121,415	128,705
Accounts receivable from completed construction contracts	5,723	4,937
Marketable securities	34,000	6,500
Finished goods, logs and lumber, boards, others	17,388	14,073
Work in process	1,390	1,641
Raw materials and supplies	7,328	7,771
Costs on uncompleted construction contracts	23,906	43,545
Developed land and housing for sale	43,239	46,412
Real estate for sale in process	56,371	61,690
Deferred tax assets	7,377	5,623
Short-term loans receivable	31,709	40,173
Accounts receivable-other	46,963	39,909
Other	12,004	16,762
Allowance for doubtful accounts	(842)	(407)
Total current assets	491,469	474,232
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	62,685	61,571
Accumulated depreciation	(30,621)	(29,451)
Buildings and structures, net	32,064	32,120
Machinery, equipment and vehicles	70,991	75,493
Accumulated depreciation	(51,548)	(46,699)
Machinery, equipment and vehicles, net	19,443	28,794
Land	26,817	29,503
Forest assets	10,099	34,389
Leased assets	9,632	10,761
Accumulated depreciation	(5,439)	(5,741)
Leased assets, net	4,193	5,021
Construction in progress	13,572	4,049
Other	10,556	10,813
Accumulated depreciation	(8,045)	(7,982)
Other, net	2,512	2,831
Total property, plant and equipment	108,700	136,709
Intangible assets		
Goodwill	6,563	7,156
Other	11,883	10,193
Total Intangible assets	18,445	17,348
Investments and other assets		
Investment securities	74,875	86,566
Long-term loans receivable	3,481	3,228
Net defined benefit assets	74	80
Deferred tax assets	3,336	3,248
Other	12,042	12,433
Allowance for doubtful accounts	(2,104)	(2,550)
Total investments and other assets	91,704	103,006
Total noncurrent assets	218,849	257,063
Total assets	710,318	731,295

(million yen)

	Previous consolidated fiscal year (ended March 31, 2016)	Third quarter consolidated accounting period (ended December 31, 2016)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	107,651	120,643
Accounts payable for construction contracts	68,793	49,747
Short-term debt	27,586	37,183
Current portion of bonds	5,000	—
Lease obligations	1,691	1,766
Income taxes payable	7,572	914
Advances received on uncompleted construction contracts	48,627	61,424
Provision for employees' bonuses	10,873	5,760
Provision for directors' bonuses	130	—
Provision for warranties for completed construction	2,770	2,208
Asset retirement obligation	478	551
Other	32,081	32,095
Total current liabilities	313,254	312,291
Long-term liabilities		
Bonds issued	—	20,000
Convertible bonds	20,000	20,000
Long-term debt	62,115	69,527
Lease obligations	2,676	3,454
Deferred tax liabilities	5,022	8,110
Provision for directors' retirement benefits	82	75
Net defined benefit liabilities	23,718	23,443
Asset retirement obligation	927	920
Other	17,267	17,528
Total long-term liabilities	131,807	163,057
Total liabilities	445,061	475,348
Net assets		
Shareholders' equity		
Common stock	27,672	27,672
Capital surplus	26,872	18,637
Retained earnings	166,762	177,471
Treasury stock	(278)	(279)
Total shareholders' equity	221,028	223,501
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	16,270	23,982
Deferred gains or losses on hedges	(58)	481
Foreign currency translation adjustment	6,497	(7,575)
Remeasurements of defined benefit plans	(276)	(256)
Total accumulated other comprehensive income	22,432	16,631
Subscription rights to shares	36	70
Non-controlling interests	21,761	15,744
Total net assets	265,257	255,947
Total liabilities and net assets	710,318	731,295

(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, 2015 - December 31, 2015)	3Q Cumulative Period under Review (Consolidated) (April 1, 2016 - December 31, 2016)
Net sales	730,067	771,827
Cost of sales	607,307	637,133
Gross profit	122,760	134,694
Selling, general and administrative expenses	105,079	111,939
Operating income	17,681	22,755
Non-operating income		
Interest income	341	315
Purchase discounts	270	283
Dividends income	1,165	1,180
Equity in earnings of affiliates	303	2,951
Other	1,384	1,516
Total non-operating income	3,463	6,245
Non-operating expenses		
Interest expenses	933	1,560
Sales discount	520	508
Foreign exchange losses	1,415	147
Other	634	738
Total non-operating expenses	3,501	2,953
Recurring income	17,643	26,047
Extraordinary gains		
Gain on sales of noncurrent assets	191	184
Gain on sales of investment securities	31	109
Gain on liquidation of subsidiaries and affiliates	–	48
Subsidy income	705	–
Gain on abolishment of retirement benefit plan	144	–
Total extraordinary gains	1,072	341
Extraordinary loss		
Loss on sales of noncurrent assets	20	16
Loss on retirement of noncurrent assets	129	106
Impairment loss	4,002	–
Loss on reduction of noncurrent assets	705	–
Special retirement expenses	47	–
Loss on sales of stocks of subsidiaries and affiliates	3	–
Total extraordinary loss	4,905	122
Income before income taxes and non-controlling interests	13,809	26,267
Income taxes-current	6,430	6,256
Income taxes-deferred	(756)	1,196
Total income taxes	5,673	7,452
Profit	8,135	18,815
Profit attributable to non-controlling interests	4,095	3,323
Profit attributable to parent company shareholders	4,041	15,492

(Consolidated Statements of Comprehensive Income)

(For the third quarter cumulative period (consolidated))

(million yen)

	Previous 3Q Cumulative Period (Consolidated) (April 1, 2015 - December 31, 2015)	3Q Cumulative Period under Review (Consolidated) (April 1, 2016 - December 31, 2016)
Net income	8,135	18,815
Other comprehensive income		
Valuation difference on available-for-sale securities	(198)	7,720
Deferred gains or losses on hedges	(18)	539
Foreign currency translation adjustment	(6,111)	(14,521)
Share in equity method affiliates	124	(1,680)
Total other comprehensive income (loss)	(6,202)	(7,942)
Comprehensive income	1,933	10,873
Comprehensive income attributable to owners of parent	(1,014)	9,692
Comprehensive income attributable to non-controlling interests	2,947	1,182

(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 ¥8,234 million during the third quarter cumulative period (consolidated) to ¥18,637 million at the end of the period.

(Segment Information)

1 Previous Third Quarter Cumulative Period (April 1, 2015 - December 31, 2015)

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	304,328	292,510	127,055	723,894	5,437	729,331	736	730,067
(2) Intersegment sales/transfers	16,212	363	11,474	28,049	6,905	34,954	(34,954)	—
Total	320,541	292,873	138,529	751,943	12,342	764,285	(34,218)	730,067
Segment income (loss)	2,862	10,115	8,710	21,687	(1,171)	20,516	(2,873)	17,643

- Notes:
1. "Other" is business segments not included in the reporting segments. Such segments include the 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 ¥2,873 million includes ¥244 million in eliminated intersegment transactions, as well as ¥2,629 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 income (loss) 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 rental condominiums is recorded as extraordinary loss. The total impairment loss in the third quarter cumulative period under review is ¥420 million.

In the other segment, impairment loss associated with forestation business assets is recorded as extraordinary loss. The total impairment loss in the third quarter cumulative period under review is ¥3,581 million.

□ Third Quarter Cumulative Period under Review (Consolidated) (April 1, 2016 - December 31, 2016)

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	304,370	302,862	155,942	763,175	7,824	770,998	829	771,827
(2) Intersegment sales/transfers	14,950	410	11,939	27,298	6,576	33,874	(33,874)	–
Total	319,320	303,271	167,881	790,472	14,400	804,872	(33,045)	771,827
Segment income (loss)	4,327	12,287	11,520	28,134	940	29,073	(3,026)	26,047

- Notes: 1. “Other” is business segments not included in the reporting segments. Such segments include biomass power generation business, an overseas forestation 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 ¥3,026 million includes ¥179 million in eliminated intersegment transactions, as well as ¥2,847 million in corporate loss, 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 income (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.

4. Supplementary Information

(1) Consolidated Statements of Income

(million yen)

	3Q FY3/16		3Q FY3/17		YoY change	% of YoY change	FY3/16		FY3/17 (Forecast)		YoY change	% of YoY change
Timber and Building Materials Business	320,541		319,320		(1,220)	(0.4%)	426,965		420,000		(6,965)	(1.6%)
Housing Business	292,873		303,271		+10,398	+3.6%	454,604		468,000		+13,396	+2.9%
Overseas Business	138,529		167,881		+29,352	+21.2%	187,926		243,000		+55,074	+29.3%
Other	12,342		14,400		+2,058	+16.7%	16,874		22,500		+5,626	+33.3%
Adjustment	(34,218)		(33,045)		+1,173	-	(45,844)		(43,500)		+2,344	-
Net sales	730,067		771,827		+41,761	+5.7%	1,040,524		1,110,000		+69,476	+6.7%
Gross profit	16.8%	122,760	17.5%	134,694	+11,934	+9.7%	17.6%	183,134	18.2%	202,000	+18,866	+10.3%
Selling, general and administrative expenses	105,079		111,939		+6,859	+6.5%	153,041		154,500		+1,459	+1.0%
Operating income	2.4%	17,681	2.9%	22,755	+5,075	+28.7%	2.9%	30,093	4.3%	47,500	+17,407	+57.8%
Non-operating income	3,463		6,245		+2,782	+80.3%	5,088		7,500		+2,412	+47.4%
Non-operating expenses	3,501		2,953		(548)	(15.7%)	4,674		5,000		+326	+7.0%
Non-operating income/loss	(38)		3,292		+3,330	-	414		2,500		+2,086	+504.6%
Timber and Building Materials Business	0.9%	2,862	1.4%	4,327	+1,465	+51.2%	0.8%	3,352	1.1%	4,500	+1,148	+34.2%
Housing Business	3.5%	10,115	4.1%	12,287	+2,172	+21.5%	6.9%	31,512	6.7%	31,500	(12)	(0.0%)
Overseas Business	6.3%	8,710	6.9%	11,520	+2,810	+32.3%	7.0%	13,091	7.4%	18,000	+4,909	+37.5%
Other	(9.5%)	(1,171)	6.5%	940	+2,111	-	(6.1%)	(1,022)	4.4%	1,000	+2,022	-
Adjustment	(2,873)		(3,026)		(153)	-	(16,427)		(5,000)		+11,427	-
Recurring income	2.4%	17,643	3.4%	26,047	+8,405	+47.6%	2.9%	30,507	4.5%	50,000	+19,493	+63.9%
Extraordinary gains	1,072		341		(731)	(68.2%)	1,441		350		(1,091)	(75.7%)
Extraordinary loss	4,905		122		(4,784)	(97.5%)	5,704		350		(5,354)	(93.9%)
Extraordinary gains/losses	(3,834)		219		+4,053	-	(4,264)		-		+4,264	-
Profit (loss) attributable to owners of parent	0.6%	4,041	2.0%	15,492	+11,452	+283.4%	0.9%	9,727	2.6%	29,000	+19,273	+198.1%

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

(million yen)

Third Quarter			3Q FY3/16 (Actual)			3Q FY3/17 (Actual)			Change	
			Volume	Amount	Unit price	Volume	Amount	Unit price	Volume	Amount
Orders Received	Contract business	Custom-built detached housing *1	5,720	220,585	34.0	5,570	217,603	34.2	(2.6%)	(1.4%)
		Apartments *1	1,165	17,722	14.6	1,120	17,124	14.8	(3.9%)	(3.4%)
		Other contracts		3,283	-		1,561	-		(52.5%)
Sales	Contract business	Custom-built detached housing *2	5,016	190,415	38.0	5,099	195,668	38.4	+1.7%	+2.8%
		Apartments *2	545	9,609	17.6	678	10,087	14.9	+24.4%	+5.0%
		Other contracts		1,272	-		3,125	-		+145.8%
	Detached spec homes business *3	193	7,469	38.7	184	6,958	37.8	(4.7%)	(6.8%)	
	Land for custom-built housing		2,876	-		3,239	-		+12.6%	
	Existing Home Renovation (Resale of Renovated Homes)		3,172	-		2,839	-		(10.5%)	
	Other *4		5,211	-		6,107	-		+17.2%	
	Total		220,024	-		228,023	-		+3.6%	
Profit ratio		Gross profit	25.2%	55,417		25.2%	57,452			
Backlog of Orders Received at Term End	Contract business	Custom-built detached housing	8,346	302,741	36.3	7,881	292,160	37.1	(5.6%)	(3.5%)
		Apartments	2,485	33,810	13.6	2,506	35,187	14.0	+0.8%	+4.1%
		Other contracts		2,479	-		1,183	-		(52.3%)
<< Sumitomo Forestry Home Tech (Renovation) >>										
Orders Received	Contract business			46,820	-		48,450	-		+3.5%
Construction Completed				44,753	-		44,797	-		+0.1%
Backlog of Orders Received at Term End				24,394	-		27,859	-		+14.2%

(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	8,000	304,000	34.1	+3.5%	+2.2%
		Apartments *1	1,523	22,967	14.6	1,650	24,000	14.6	+8.3%	+4.5%
		Other contracts		4,371	-		4,500	-		+3.0%
Sales	Contract business	Custom-built detached housing *2	7,962	299,837	37.7	8,000	305,600	38.2	+0.5%	+1.9%
		Apartments *2	1,324	20,514	15.5	1,510	21,900	14.5	+14.0%	+6.8%
		Other contracts		2,091	-		4,400	-		+110.4%
	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	-		5,100	-		+3.6%	
	Existing Home Renovation (Resale of Renovated Homes)		4,756	-		4,500	-		(5.4%)	
	Other *4		8,011	-		7,400	-		(7.6%)	
	Total		351,737	-		361,000	-		+2.6%	
Profit ratio		Gross profit	25.5%	89,860		25.2%	91,100			
Backlog of Orders Received at Term End	Contract business	Custom-built detached housing	7,410	270,224	36.5	7,410	268,624	36.3	+0.0%	(0.6%)
		Apartments	2,064	28,151	13.6	2,204	30,251	13.7	+6.8%	+7.5%
		Other contracts		2,748	-		2,848	-		+3.6%
<< Sumitomo Forestry Home Tech (Renovation) >>										
Orders Received	Contract business			63,604	-		67,500	-		+6.1%
Construction Completed				61,724	-		63,500	-		+2.9%
Backlog of Orders Received at Term End				24,207	-		28,207	-		+16.5%

* 1: The unit price of custom-built detached housing and wooden 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.