

Financial Results for the Third Quarter

of FY Ending March, 2013  SUMITOMO FORESTRY CO.,LTD.

◆ Third Quarter of FYE March 2013 and Full Year Forecast	2
◆ Sales/Orders Received and Full Year Forecast	7
◆ Balance Sheet	9

3Q Summary of Cumulative Financial Results

- The domestic housing market is moving stably, with new housing starts in an upward trend, etc.
- In our custom-built detached housing business, the volume of completed construction greatly decreased on a year-on-year basis. This had a major impact, resulting in decreased sales and profit. However, our full year forecast is for steady performance.

(Billion yen)	3Q FY3/12 Cumulative		3Q FY3/13 Cumulative		Pct.	
Net sales		609.4		594.7	-14.6	-2.4%
Gross profit	16.2%	98.7	15.9%	94.6	-4.1	-4.1%
SG&A expenses		82.9		85.1	+2.2	+2.6%
Operating income	2.6%	15.8	1.6%	9.5	-6.3	-39.6%
Recurring income	2.7%	16.4	1.8%	10.4	-6.0	-36.3%
Net income	1.3%	7.7	0.9%	5.4	-2.3	-29.6%

3Q Cumulative Results by Segment

- Timber and building materials
 - ⇒ Due to the large impact from a sharp rise in plywood demand in the first half of the previous year (FYE March, 2013), revenue and profits were both significantly lower in this period.
- Housing
 - ⇒ In our custom-built detached housing business, the volume of completed construction fell, resulting in a major decrease in sales and profit.
- Renovation
 - ⇒ Due to expansion of business scale, expenses increased ahead of sales, so profit leveled off. But we expect steady performance.
- Overseas
 - ⇒ Earnings improved, but as always results varied by region and by business.

(Billion yen)		3Q FY3/12 Cumulative		3Q FY3/13 Cumulative		Pct.	
<Net sales>	Timber and building materials	309.7	301.4	-8.2	-2.7%		
	Housing	291.9	284.0	-7.9	-2.7%		
	Incl. Renovation	36.0	39.2	+3.2	+8.9%		
	Overseas	25.7	28.8	+3.2	+12.4%		
	Others	10.2	11.0	+0.8	+7.5%		
	Adjustment	-28.1	-30.6	-2.5	-		
	Total	609.4	594.7	-14.6	-2.4%		
<Recurring income>	Timber and building materials	1.3%	4.1	1.2%	3.5	-0.6	-15.2%
	Housing	5.4%	15.7	3.4%	9.6	-6.1	-38.9%
	Incl. Renovation	5.7%	2.0	5.2%	2.0	-0	-0.1%
	Overseas	-6.2%	-1.6	-5.1%	-1.5	+0.1	-
	Others	4.8%	0.5	4.5%	0.5	+0	+0.9%
	Adjustment	-	-2.4	-	-1.7	+0.7	-
	Total	2.7%	16.4	1.8%	10.4	-6.0	-36.3%

Analysis of Housing Business Segment

<Custom-built detached housing business>

- In the previous year (FY ended 3/12), the volume of completed construction in our custom-built detached houses segment was concentrated in 3Q (October-December) due to the expiration of “Housing Eco Points” and to scaling down in the tax deduction on home loans.
- As a result, in this 3Q (October-December), the volume of completed construction fell significantly on a year-on-year basis.
- At present we are tracking the annual pace and expect to achieve our full year forecast.

Custom-built Detached Housing Business Sales and Full Year Forecast

	FY3/12 3Q cumulative	FY3/13 3Q cumulative	Pct.		FY3/12 Results	FY3/13 forecast	(Billion yen) Pct.	
Custom-built detached houses								
(Amounts)	206.8	195.8	-11.0	-5.3%	294.1	298.0	+3.9	+1.3%
(Units)	6,336	5,879	-457	-7.2%	9,007	9,000	-7	-0.1%
million yen (Unit price)	32.6	33.3	+0.7	+2.0%	32.7	33.1	+0.5	+1.4%

(Reference) Amount of home loan deduction for tax reduction and trend in deduction %
(for long term prime housing loans)

Year of residence	Maximum amount of loan deductible	Deduction period	Deduction rate	Maximum deduction amount
2011	¥50 million	10 years	1.2%	¥6 million
2012	¥40 million	10 years	1.0%	¥4 million

- Our full year forecast remains unchanged since the time we announced our 2Q financial results. We fully expect to achieve our full year forecast.
- We are building a structure that is capable of generating stable recurring income of ¥20.0 billion.

(Billion yen)	FY3/12 Results		FY3/12 Results (Without actuarial gains/losses)		FY3/13 Full Year Forecast		Pct.		Pct. (Without actuarial gains/losses)	
Net sales		831.9	—		845.0		+13.1	+1.6%	—	—
Gross profit	16.5%	136.9	—		16.6% 140.5		+3.6	+2.7%	—	—
SG&A expenses		117.7	112.8		118.0		+0.3	+0.3%	+5.2	+4.6%
Operating income	2.3%	19.2	2.9%	24.1	2.7% 22.5		+3.3	+17.2%	-1.6	-6.7%
recurring income	2.5%	20.7	3.1%	25.6	2.7% 23.0		+2.3	+11.0%	-2.6	-10.3%
Net income	1.1%	9.3	1.5%	12.2	1.5% 13.0		+3.7	+40.2%	+0.8	+6.4%

There are no changes to the forecast figures that for full year forecast by segment that we presented at the time of announcement of our 2Q financial results.

- Timber and building materials business
 - There is still some impact from the disaster of the previous quarter, but business results continue to be strong.
- Housing business → In our custom-built detached houses segment, with the expectation of an increase in the volume of completed construction in 4Q, we expect to achieve our full year forecast.
- Overseas business → We expect to reduce the losses in this segment through earnings improvement in our US housing business, our Australian building materials manufacturing business, etc.

(Billion yen)		FY3/12 Results		FY3/12 Results (Without actuarial gains/losses)		FY3/13 Full Year Forecast		Pct.		Pct. (Without actuarial gains/losses)		
		FY3/12 Results										
<Net sales>	Timber and building materials business	405.4		—		400.0		-5.4	-1.3%		—	
	Housing business	415.1		—		430.0		+14.9	+3.6%		—	
	Incl. Renovation	47.9		—		55.7		+7.8	+16.2%		—	
	Overseas business	35.0		—		40.0		+5.0	+14.4%		—	
	Other	14.0		—		15.0		+1.0	+6.8%		—	
	Adjustment	-37.6		—		-40.0		-2.4	—		—	
	Total	831.9		—		845.0		+13.1	+1.6%		—	
<Recurring incomes>	Timber and building materials business	1.2%	4.8	—		1.1%	4.4	-0.4	-8.0%		—	
	Housing business	6.2%	25.8	—		5.6%	24.2	-1.6	-6.2%		—	
	Incl. Renovation	5.5%	2.6	—		5.4%	3.0	+0.4	+13.6%		—	
	Overseas business	-8.4%	-2.9	—		-4.8%	-1.9	+1.0	—		—	
	Other	5.2%	0.7	—		3.3%	0.5	-0.2	-31.3%		—	
	Adjustment	—	-7.7	—	-2.7	—	-4.2	+3.5	—		-1.5	—
	Total	2.5%	20.7	3.1%	25.6	2.7%	23.0	+2.3	+11.0%		-2.6	-10.3%

Sales and Full Year Forecast

- Custom-built detached houses** --> We expect to achieve our full year forecast through a major increase in the volume of completed construction planned for 4Q.
- Wooden apartments and Detached spec homes** --> The trend is favorable and we expect to achieve our full year forecast.

		FY3/12 3Q Cumulative	FY3/13 3Q Cumulative	Pct.		FY3/12 Results	FY3/13 Forecast	(Billion yen) Pct.	
Contracts business	Custom-built detached (Amounts)	206.8	195.8	-11.0	-5.3%	294.1	298.0	+3.9	+1.3%
	(Units)	6,336	5,879	-457	-7.2%	9,007	9,000	-7	-0.1%
	million yen (Unit price)	32.6	33.3	+0.7	+2.0%	32.7	33.1	+0.5	+1.4%
	Wooden apartments (Amounts)	3.1	3.8	+0.8	+24.3%	7.9	9.4	+1.5	+19.0%
	(Units)	305	319	+14	+4.6%	772	959	+187	+24.2%
	Other contracts (Amounts)	0.6	0.1	-0.4	-80.6%	0.6	1.0	+0.4	+70.9%
	Spec homes (Amounts)	7.0	8.6	+1.5	+21.6%	9.9	11.3	+1.4	+14.6%
	(Units)	162	190	+28	+17.3%	225	250	+25	+11.1%
	million yen (Unit price)	43.4	45.0	+1.6	+3.7%	43.8	45.2	+1.4	+3.1%
Land for custom-built housing (Amounts)	3.4	3.3	-0.1	-2.4%	5.0	4.3	-0.7	-13.8%	
Real estate development (Amounts)	4.0	5.4	+1.3	+33.0%	7.3	15.0	+7.7	+105.3%	
Other (Amounts)	8.9	5.4	-3.5	-39.2%	11.4	9.4	-2.0	-17.6%	
Renovation (construction completed) (Amounts)	34.1	37.2	+3.1	+9.2%	45.3	53.5	+8.2	+18.2%	

Orders Received and Full Year Forecast

Custom-built detached houses

--> With orders received being strong, we are now increasing the full year forecast that we presented at the time of the announcement of 2Q financial results.

From the forecast of sales of ¥ 310.5 billion and 9,000 units we gave at the time of our 2Q announcement → we are now revising that upward to ¥313.3 billion and 9,100 units.

Wooden apartments --> We succeeded in strengthening our business structure and expect to achieve our full year forecast.

		FY3/12 3Q cumulative	FY3/13 3Q cumulative	Pct.		FY3/12 Results	FY3/13 forecast	(Billion yen) Pct.	
Contracts business	Custom-built detached								
	(Amounts)	215.5	231.2	+15.7	+7.3%	295.2	313.3	+18.1	+6.1%
	(Units)	6,577	6,716	+139	+2.1%	8,962	9,100	+138	+1.5%
	million yen (Unit price)	32.8	34.4	+1.7	+5.1%	32.9	34.4	+1.5	+4.5%
	Wooden apartments								
	(Amounts)	8.2	8.5	+0.3	+3.4%	11.2	12.5	+1.3	+11.9%
	(Units)	714	790	+76	+10.6%	986	1,250	+26.4	+26.8%
	Other contracts								
	(Amounts)	0.6	0.5	-0.1	-17.3%	0.6	1.2	+0.6	+105.0%
	Renovation								
(Amounts)	35.6	39.4	+3.8	+10.7%	47.8	55.8	+0.80	+16.8%	



[Reference]

Some scenes at Housing Expo 2012 at Yokohama Minato Mirai (October 6-8, 2012)

[Left] Overall view of the exhibition site

[Right] Structural frame for New BF construction

Third Quarter of FYE March 2013 Financial Results

(Billion yen)

	End of March 2012	3Q 3/13	Change		End of March 2012	3Q 3/13	Change
Cash, deposits, securities	79.9	77.9	-2.0	Payables	155.4	154.8	-0.6
Receivables	124.9	123.6	-1.3	Short-term debt	20.8	23.7	+3.0
Finished goods	21.0	21.0	+0	Advances received on uncompleted construction contracts	38.6	55.7	+17.2
Developed land and housing for sale	34.9	29.1	-5.8	Other current liabilities	39.7	29.8	-9.8
Costs on uncompleted construction contracts	28.4	41.1	+12.7	Current liabilities	254.4	264.1	+9.7
Accounts receivable-other	43.5	44.0	+0.5	Long-term debt /Bonds issued	43.3	38.7	-4.6
Other current assets	16.5	19.3	+2.8	Provision for employees' retirement benefits	10.0	10.1	+0.0
Total current assets	348.9	356.0	+7.0	Other long-term liabilities	26.4	27.6	+1.1
Buildings and structures	26.8	27.0	+0.1	Long-term liabilities	79.7	76.3	-3.4
Land	24.5	24.2	-0.3	Shareholders' equity	168.5	171.2	+2.7
Investment securities	48.5	49.8	+1.3	Accumulated other comprehensive income	0.6	2.9	+2.3
Other noncurrent assets	54.8	58.4	+3.6	Minority interests	0.2	0.7	+0.5
Total noncurrent assets	154.6	159.4	+4.8	Net assets	169.3	174.9	+5.6
Assets	503.5	515.4	+11.9	Total liabilities/net asset	503.5	515.4	+11.9

B/S points

Total assets grew to ¥515.4 billion, an increase of ¥11.9 billion compared to End of March 2012 figures. Due to an increase in properties under construction, under current assets, costs on uncompleted construction contracts increased. Under current liabilities, advances received on uncompleted construction contracts likewise increased.

FYE March 2013

Third Quarter of FYE SUMITOMO FORESTRY CO.,LTD. March 2013 Results

The forecast figures in this presentation are based on projections deemed logical at the time when it was prepared. Actual performance may differ materially from these projections.

