

Summary of Financial Results for the Second Quarter of the Fiscal Year Ending March, 2013 [Japan GAAP] (Consolidated)

Name of Company:	Sumitomo Forestry Co., Ltd.
Stock Exchange Listing:	Tokyo, Osaka
Stock Code	1911
URL:	http://sfc.jp/
Representative	
Title:	President / Representative Director
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Date of filing of financial report:	November 13, 2012
Date of commencement of dividend payment (tentative):	December 5, 2012
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, 2012 – September 30, 2012)

(1) Results of operations (Consolidated) (Percentage figures represent year on year changes)

	Net sales		Operating income		Recurring income		Net income	
	Million Yen	%	Million Yen	%	Million yen	%	Million yen	%
	2Q FY Ending March 2013	392,147	-0.7	6,839	-27.4	7,485	-23.3	3,608
2Q FY Ended March 2012	395,091	5.7	9,414	93.2	9,760	91.6	5,645	269.7

Note: Comprehensive income

As of September 30, 2012	1,758 million yen (-64.7%)
As of September 30, 2011	4,984 million yen (-)

	Net income per share	Net income per share fully diluted
	Yen	Yen
2Q FY Ending March 2013	20.37	-
2Q FY Ended March 2012	31.87	-

(2) Financial position (Consolidated)

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of September 30, 2012	509,655	170,404	33.3
As of March 31, 2012	503,456	169,335	33.6

(Note) Shareholders' equity

As of September 30, 2012	169,606 million yen
As of March 31, 2012	169,134 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 2012	-	7.50	-	7.50	15.00
FY Ending March 2013	-	7.50	-	7.50	15.00
FY Ending March 2013(Est.)	-	-	-	7.50	15.00

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

3. Forecast for the fiscal year ending March, 2013(Consolidated, April 1, 2012- March 31, 2013)

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

	Net sales		Operating income		Recurring income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Fiscal Year Ending March 2013	845,000	1.6	22,500	17.2	23,000	11.0	13,000	40.2	73.39

Note: Revised forecast for the quarter under review: No

* Other

(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 the revision of accounting standards, etc.: Yes

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

(c) Changes in accounting estimates: Yes

(d) Restatements: None

Paragraph 5 of Article 10 of Regulations Concerning the Terminology, Forms and Preparation Method of Quarterly Consolidated Financial Statements has been applied. For more details please refer to "2. Summary Information: Items related to 'Explanatory Notes'"

[Accompanying Materials] (Page 5).

(4) Number of shares outstanding (common stock)

(a) Shares outstanding (including treasury stock)

As of September 30, 2012	177,410,239	As of March 31, 2012	177,410,239
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(b) Treasury stock

As of September 30, 2012	272,824	As of March 31, 2012	271,922
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(c) Average number of shares during the term (cumulative for the quarter)

As of September 30, 2012	177,137,744	As of September 30, 2011	177,138,790
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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 the appropriate use of business results forecasts

The forward-looking statements in these materials regarding business results are based on available information and certain assumptions that were deemed logical at the time when they were prepared. Actual results may differ materially due to a wide range of factors. For information regarding using the assumptions that form the basis for the business results forecasts and cautionary notes about using business results forecasts, please refer to "Qualitative Information related to Consolidated Business Results Forecasts" [Accompanying Materials] (Page 4).

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1. Qualitative Information related to the Consolidated Business Results for the Quarter under Review

(1) Qualitative Information related to the Consolidated Operating Results

During the second quarter cumulative period (consolidated) under review (April-September 2012), against the backdrop of factors such as reconstruction demand from the Great East Japan Earthquake, the Japanese economy displayed signs of a gentle recovery accompanying increased public investment, corporate capital expenditures and other progress driven by domestic demand. On a negative note, uncertainty over the future continued to be fueled by fears of a global economic slowdown linked to the European debt problem, the prolonged historical appreciation of the yen, Japan's increasingly chronic deflationary economy and other trends.

On the housing market, a gentle recovery has continued to emerge under the support factors such as reconstruction demand and government measures to stimulate residential purchases, leading to an improvement in the number of new housing starts and other progress. On the other hand, the period under review saw passage of a bill to raise Japan's national consumption tax, drawing attention to the impact of the pending tax hike on upcoming economic trends, the housing market and other sectors.

Amidst this business environment, the Sumitomo Forestry Group revamped its organization in April of the current year, putting into place a system to support flexible responses to changes in the business environment and ensure efficient functioning of our management resources. Specifically, the renovation and leasing housing business department was newly established within the housing business division, putting into place an organization to address the needs of the expansion in the established housing market – the focus on the renovation business division. Unified efforts were also made to advance the domestic and overseas timber and building materials distribution business. To accelerate expansion on the global front in that sector, the overseas distribution business was transferred from the overseas business division to the timber and building materials business division, in a move aimed at bolstering sales systems primarily in the growth markets of newly emerging nations. Also newly established was the Lifestyle Service division to promote the management and operation of private pay nursing homes and other services for the elderly, insurance agency services for residential customers and other support services positioned to help realize the diversifying lifestyles of customers in Japan's steadily maturing society.

As one phase of support for reconstruction in the regions damaged in last year's earthquake and tsunami disaster, in July of this year the Group entered into the "Agreement for Assistance and Cooperation in Community Reconstruction" with Higashi-Matsushima City in Miyagi Prefecture. Under this pact, we will furnish support for that city's vision to mobilize its rebuilding efforts to emerge as a model eco-friendly city for the future. As a specific blueprint toward this end, the Group will assist in creating new industries and empowering Higashi-Matsushima to realize its goal of becoming a "wood – built city concept" with trees at the focus.

Examining the Group's performance under these conditions, with special factors such as the end of increased sales of imported products in the timber and building materials distribution business occurring during the same six-month period last year under the impact of the earthquake disaster, both net sales and profits declined year-on-year. Overall, however, the results for the period under review held firm.

Net sales declined by 0.7% year-on-year to ¥392,147 million. On the profit side, operating income decreased by 27.4% year-on-year to ¥6,839 million, recurring income fell 23.3% year-on-year to ¥7,485 million and net income was down 36.1% year-on-year to ¥3,608 million.

A summary of the results by business segment follows.

<Business Segments>

With regard to the classification of its business segments, the Company had adopted the categories of "Timber and Building Materials," "Overseas," "Housing," "Real Estate" and "Other Businesses." From the quarter under review, however, a change has been made in that classification to "Timber and Building Materials," "Housing," "Overseas" and "Other Businesses" segments. For the following year-on-year comparisons, therefore, comparisons have been made after replacing the figures for the same period last year with figures for the segment classification reflecting the said changes.

The sales for each segment include intersegment internal sales and transfers.

1) *Timber and Building Materials*

In the domestic timber and building materials distribution business, sales declined year-on-year as the handling volumes for products such as imported plywood, for which demand rose during the same period last year due to the earthquake, decreased. For the domestic building materials manufacturing business, sharply rising raw materials prices, intensified competition and other developments amidst an upward swing in the housing market contributed to sluggish growth in the segment's performance. Regarding the overseas distribution business being promoted within the timber and building materials business from the current fiscal year, subsidiaries were established in Shanghai, China and Ho Chi Minh, Vietnam to strengthen the sales system with the focus on newly emerging countries. As a result, the timber and building materials business posted net sales of ¥194,527 million (a decrease of 4.2% year-on-year) and recurring income of ¥1,929 million (down 27.8% year-on-year).

2) *Housing*

In the custom-built detached housing business, while the number of houses completed declined slightly year-on-year, a rise in the per-house completion unit price saw net sales rise above the same period last year. Contributing factors included the increase in sales of products adopting our proprietary Big-Frame construction method (which maintains outstanding earthquake resistance in response to heightened consumer awareness of security, safety and energy-savings in residences while also enabling highly flexible design plans), a greater percentage of homes outfitted with solar power generation systems, ENE-FARM household fuel cells and other eco-friendly equipment and other trends.

In the established housing business, the mainstay renovation business saw the marketing of the "Smart Reforest" brand. This is a product line that uses the renewable and natural material of wood in the structural components forming the foundation of buildings and the interior finishing components leading to lifestyle comfort, maximizing the merits of that material to propose shifts to lifestyles characterized by the intelligent use of energy. This comprises a response to the rising energy-savings outlook of consumers not only in new custom-built homes, but in the domain of renovation as well. Also emerging were the fruits of efforts to strengthen the sales system promoted to date, integration of products under the "Reforest" brand and other measures, with orders received and net sales both rising year-on-year.

Consequently, the housing business posted sales of ¥191,872 million (an increase of 2.6% year-on-year) and recurring income of ¥7,226 million (down 16.9% year-on-year).

With regard to orders received for custom-built detached housing, a leading performance indicator, the number of units of orders received increased year-on-year. Moreover, besides the higher percentage of homes outfitted with solar power generation systems and other eco-friendly equipment, factors including growth in orders for two-generation family home products and solid orders from customers rebuilding their homes led to growth in the average total floor area and an increase in the per-house unit price for orders received. As a result, orders received were tracked at ¥159,443 million, an increase of 5.9% year-on-year.

3) *Overseas*

For the overseas business, the building materials manufacturing business posted solid results in New Zealand, where sales to Japan turned in a robust performance. In Australia, however, energies were channeled into domestic sales in the wake of worsened export profitability linked to the impact of the high value of the Australian dollar the previous year. Despite these efforts, the performance in Australia was sluggish due to factors such as the impact of the nation's economic slowdown. Harsh conditions were also encountered in China in reflection of lackluster growth in production volume. In Vietnam, commercial production of particleboard began in May of the current year outside of Ho Chi Minh City, targeting the increased demand for furniture-use woody panels in that nation.

In the overseas housing business, while business in the United States has yet to attain the level of contributing to our earnings, unit sales scored steady growth against the backdrop of an upswing in housing market there, with an improvement charted in the profit-loss situation. In Australia, sluggish growth was recorded under the impact of the soft local housing market accompanying the economic slowdown. Consequently, the overseas business posted net sales of ¥18,724 million (an increase of 13.9% year-on-year) and a recurring loss of ¥881 million (compared to the recurring loss of ¥848 million for the same period last year).

4) *Other Businesses*

Besides the aforementioned businesses, the Sumitomo Forestry Group operates private pay nursing homes, a leasing business, a wide range of service businesses for residential customers (including non-life insurance agency services), manufactures and sells farming and gardening materials and develops IT systems for its Group companies.

The other businesses recorded sales of ¥7,388 million (an increase of 7.7% year-on-year) and recurring income of ¥358 million (a decrease of 16.0%) year-on-year.

(2) Qualitative Information related to the Consolidated Financial Position

At the end of the second quarter accounting period (consolidated), total assets were up by ¥6,160 million compared to the end of the previous consolidated fiscal year, standing at ¥509,655 million. This was the result of the increase in costs on uncompleted construction contracts in line with the increase in construction in progress in the custom-built detached housing business, the rise in cash and time deposits accompanying our strong business performance and other contributing factors. Liabilities increased by ¥5,091 million versus the end of the previous consolidated fiscal year, to ¥339,251 million, primarily due to the rise in advances received on uncompleted construction contracts with the increase in construction in progress. Net assets totaled ¥170,404 million and the equity ratio was 33.3%.

Under consolidated cash flows, cash flows from operating activities provided ¥16,166 million. In addition to the listing of ¥6,897 million in income before income taxes and minority interests, this was also the result of developments such as the decline in trade receivables primarily in the timber and building materials business and the increase in advances received on uncompleted construction contracts in the housing business. Under cash flows from investing activities, net funds of ¥16,707 million were used, the result of fund management with time deposits and other moves. Cash flows from financing activities showed a capital inflow of ¥103 million, the outcome of the implementation of long-term debt despite payment of dividends. As a result of the above, the balance of cash and cash equivalents at the end of the second quarter cumulative period under review (consolidated) declined by ¥322 million compared to the end of the previous consolidated fiscal year to ¥63,518 million.

(3) Qualitative Information related to the Consolidated Business Results Forecasts

Regarding full year business results forecasts for the fiscal year ending March 2013, there has been no change in the figures announced in the Summary of Financial Results issued on July 31, 2012.

2. Summary Information: Items related to “Explanatory Notes”

Changes in Accounting Policies and Accounting Estimates/Restatements after Corrections

(Changes in accounting policies difficult to distinguish from changes in accounting estimates)

Sumitomo Forestry and one portion of its domestic consolidated subsidiaries have applied the depreciation method based upon the revised Corporation Tax Law to property, plant and equipment acquired on or after April 1, 2012, beginning with the first quarter consolidated accounting period, pursuant to revisions of the Corporation Tax Law.

The effect of this application on income for the consolidated cumulative period of the second quarter of fiscal 2013 is insignificant.

3. Quarterly Consolidated Financial Statements

(1) Consolidated Balance Sheet

(million yen)

	Previous Consolidated Fiscal Year (ended March 31, 2012)	Second Quarter Consolidated Accounting Period (ended September 30, 2012)
Assets		
Current assets		
Cash and time deposits	64,870	73,540
Notes and accounts receivable-trade	120,536	115,559
Accounts receivable from completed construction contracts	4,347	3,024
Marketable securities	15,000	16,000
Finished goods, logs and lumber	15,268	14,271
Work in process	1,172	1,277
Raw materials and supplies	4,537	4,775
Developed land and housing for sale	34,880	30,409
Costs on uncompleted construction contracts	28,397	33,529
Deferred tax assets	7,971	8,471
Short-term loans receivable	4,759	5,404
Accounts receivable-other	43,471	44,773
Other	5,052	5,041
Allowance for doubtful accounts	(1,329)	(1,325)
Total current assets	348,930	354,747
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	49,794	51,126
Accumulated depreciation	(22,944)	(23,859)
Buildings and structures, net	26,850	27,267
Machinery, equipment and vehicles	50,431	55,754
Accumulated depreciation	(38,119)	(39,566)
Machinery, equipment and vehicles, net	12,312	16,188
Land	24,475	24,184
Leased assets	8,330	8,397
Accumulated depreciation	(4,551)	(4,185)
Leased assets, net	3,779	4,211
Construction in progress	5,973	1,127
Other	18,168	18,467
Accumulated depreciation	(5,916)	(6,033)
Other, net	12,252	12,434
Total property, plant and equipment	85,641	85,411
Intangible assets		
Goodwill	924	805
Other	7,466	7,612
Total intangible assets	8,390	8,417
Investments and other assets		
Investment securities	48,487	44,904
Long-term loans receivable	2,045	1,744
Deferred tax assets	1,251	1,305
Other	11,963	16,340
Allowance for doubtful accounts	(3,211)	(3,213)
Total investments and other assets	60,534	61,080
Total noncurrent assets	154,566	154,908
Total assets	503,496	509,655

(million yen)

	Previous Consolidated Fiscal year (ended March 31, 2012)	Second Quarter Consolidated Accounting Period (ended September 30, 2012)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	98,076	98,159
Accounts payable for construction contracts	57,349	56,177
Short-term debt	20,761	20,069
Lease obligations	1,217	1,148
Income taxes payable	5,749	3,498
Advances received on uncompleted construction contracts	38,567	48,920
Deferred tax liabilities	–	47
Provision for employees' bonuses	8,931	8,885
Provision for directors' bonuses	95	–
Provision for warranties for completed construction	1,843	1,688
Provision for disaster losses	60	60
Asset retirement obligation	536	567
Other	21,237	17,870
Total current liabilities	254,421	257,089
Long-term liabilities		
Bonds issued	15,000	15,000
Long-term debt	28,284	31,153
Lease obligations	2,661	3,204
Deferred tax liabilities	7,316	6,329
Provision for employees' retirement benefits	10,033	10,089
Provision for directors' retirement benefits	81	78
Provision for loss on business liquidation	1,435	1,435
Asset retirement obligation	844	852
Other	14,085	14,023
Total long-term liabilities	79,740	82,163
Total liabilities	334,161	339,251
Net assets		
Shareholders' equity		
Common stock	27,672	27,672
Capital surplus	26,872	26,872
Retained earnings	114,223	116,502
Treasury stock	(268)	(268)
Total shareholders' equity	168,499	170,778
Accumulated Other Comprehensive income		
Valuation difference on available-for-sale securities	5,734	3,313
Deferred gains or losses on hedges	192	1
Foreign currency translation adjustment	(5,291)	(4,486)
Total accumulated Other Comprehensive income	634	(1,171)
Minority interests	202	798
Total net assets	169,335	170,404
Total liabilities and net assets	503,496	509,655

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income
 (Consolidated Statements of Income)
 (2Q Cumulative Period (Consolidated))

(million yen)

	Previous 2Q Cumulative Period (Consolidated) (April 1, 2011 - June September, 2011)	2Q Cumulative Period under Review (Consolidated) (April 1, 2012 - September 30, 2012)
Net sales	395,091	392,147
Cost of sales	331,510	329,014
Gross profit	63,580	63,133
Selling, general and administrative expenses	54,166	56,295
Operating income	9,414	6,839
Non-operating income		
Interest income	135	187
Purchase discounts	186	193
Dividends income	488	540
Foreign exchange gains	580	357
Other	583	672
Total non-operating income	1,973	1,948
Non-operating expenses		
Interest expenses	738	658
Sales discounts	299	305
Equity in losses of affiliates	368	152
Other	223	186
Total non-operating expenses	1,627	1,301
Recurring income	9,760	7,485
Extraordinary gains		
Gain on sales of noncurrent assets	113	62
Gain on sales of investment securities	5	17
Gain on transition of defined contribution pension	156	19
Total extraordinary gains	273	98
Extraordinary loss		
Loss on noncurrent assets	-	19
Loss on retirement of noncurrent assets	123	34
Impairment loss	-	46
Loss on devaluation of investment securities	72	562
Loss on changes in equity	-	25
Disaster losses	41	-
Total extraordinary losses	236	686
Income before income taxes and minority interests	9,797	6,897
Income taxes-current	4,041	3,776
Income taxes-deferred	113	(463)
Total income taxes	4,155	3,313
Net income before minority interests	5,642	3,584
Minority interest losses	(3)	(24)
Net income	5,645	3,608

(Consolidated Statements of Comprehensive Income)
(2Q Cumulative Period (Consolidated))

(million yen)

	Previous 2Q Cumulative Period (Consolidated) (April 1, 2011 - September 30, 2011)	2Q Cumulative Period under Review (Consolidated) (April 1, 2012 - September 30, 2012)
Net income before minority interests	5,642	3,584
Other comprehensive income		
Other valuation difference on available-for-sale securities	(1,400)	(2,420)
Deferred gains or losses on hedges	(297)	(191)
Foreign currency translation adjustments	851	731
Share in equity method affiliates	188	53
Total other comprehensive income	(658)	(1,826)
Comprehensive income	4,984	1,758
(Breakdown)		
Comprehensive income attributable to owners of the parent	4,989	1,802
Comprehensive income attributable to minority interests	(4)	(44)

(3) Consolidated Statements of Cash Flows

(million yen)

	Previous 2Q Cumulative Period (Consolidated) (April 1, 2011 - September 30, 2011)	2Q Cumulative Period under Review (Consolidated) (April 1, 2012 - September 30, 2012)
Cash flows from operating activities		
Income before income taxes and minority interests	9,797	6,897
Depreciation and amortization	4,067	4,324
Impairment loss	–	46
Amortization of goodwill	54	138
Provision for (reversal of) doubtful accounts	120	(9)
Provision for (reversal of) employees' bonuses	(73)	(47)
Provision for (reversal of) directors' bonuses	(60)	(95)
Provision for (reversal of) warranties for completed construction	(68)	(155)
Provision for (reversal of) disaster losses	(210)	–
Provision for (reversal of) retirement benefits, less payments	(498)	50
Provision for (reversal of) directors' retirement benefits	7	(2)
Interest and dividends income	(623)	(727)
Interest expenses	738	658
Equity in losses (gains) of affiliates	368	152
Losses (gains) on devaluation of marketable securities and investment securities	72	562
Losses (gains) on sales of marketable securities and investment securities	(5)	(17)
Losses (gains) on sales/disposal of fixed assets	11	(9)
Decrease (increase) in notes and accounts receivable-trade	(3,543)	6,469
Decrease (increase) in inventory assets	(7,477)	139
Decrease (increase) in other current assets	(2,035)	(1,587)
Increase (decrease) in notes and accounts payable-trade	3,529	(4,281)
Increase (decrease) in advances received	949	701
Increase (decrease) in advances received on uncompleted construction contracts	10,247	10,353
Increase (decrease) in accrued consumption taxes	(571)	(580)
Increase (decrease) in other current liabilities	(197)	(845)
Other	(218)	89
Subtotal	14,380	22,227
Interest and dividends income received	929	654
Interest paid	(764)	(669)
Income taxes paid	(7,080)	(6,047)
Net cash provided by (used in) operating activities	7,467	16,166

(million yen)

	Previous 2Q Cumulative Period (Consolidated) (April 1, 2011 - September 30, 2011)	2Q Cumulative Period under Review (Consolidated) (April 1, 2012 - September 30, 2012)
Cash flows from investment activities		
Payments into time deposits	(15,000)	(30,291)
Proceeds from withdrawal of time deposits	9,028	16,020
Decrease (increase) in short-term loans receivable	(273)	(623)
Payments for purchases of fixed assets	(5,832)	(2,761)
Proceeds from sales of fixed assets	1,480	1,940
Payments for purchases of intangible assets	(694)	(837)
Payments for purchase of investment securities	(129)	(255)
Proceeds from sales of investment securities	19	63
Payments for additional acquisition of stock of consolidated subsidiaries	(1,984)	–
Payments of long-term loans receivable	(249)	(7)
Repayments of long-term loans receivable	310	342
Other payments	(311)	(598)
Other proceeds	369	301
Net cash used in investment activities	(13,265)	(16,707)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term debt	1,020	(1,325)
Repayments of finance lease obligations	(829)	(946)
Proceeds from long-term debt	2,179	5,532
Repayment of long-term debt	(4,632)	(2,568)
Proceeds from stock issuance to minority shareholders	–	739
Cash dividends paid	(1,329)	(1,329)
Cash dividends paid to minority shareholders	(0)	(0)
Other proceeds	0	–
Other payments	(1)	(1)
Net cash provided by (used in) financing activities	(3,591)	103
Effect of exchange rate change on cash and cash equivalents	222	116
Net increase (decrease) in cash and cash equivalents	(9,166)	(322)
Cash and cash equivalents at the beginning of period	75,582	63,839
Cash and cash equivalents at the end of period	66,415	63,518

- (4) Notes related to the Assumption of a Going Concern
Not applicable
- (5) Notes on Significant Changes in Shareholders' Equity
Not applicable
- (6) Segment Information

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

Previous second quarter cumulative period

(Consolidated, April 1, 2011 –September 30, 2011)

(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 business	Overseas business	Total				
Net sales								
(1) Unaffiliated customers	194,072	186,906	10,761	391,739	2,987	394,726	365	395,091
(2) Intersegment sales/transfers	8,894	92	5,671	14,657	3,875	18,532	(18,532)	-
Total	202,966	186,998	16,433	406,397	6,862	413,258	(18,168)	395,091
Segment income (loss)	2,671	8,691	(848)	10,514	308	10,822	(1,062)	9,760

- (Notes) 1. "Other" are business segments not included in the reporting segments. Such segments include the leasing business, insurance agency business and Senior citizen nursing care facility management business.
2. The adjusted business loss of ¥1,062 million includes ¥33 million in eliminated intersegment transactions, as well as ¥1,030 million in corporate expenses, etc., which are not allocated to any of the reporting segments. Corporate expenses, etc. are primarily selling, general and administrative expenses not belonging to any reporting segments.
3. Total segment income (loss) is adjusted against recurring income in the quarterly consolidated statements of income.

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

Second quarter cumulative period under review

(Consolidated, April 1, 2012 –September 30, 2012)

(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 business	Overseas business	Total				
Net sales								
(1) Unaffiliated customers	185,010	191,514	12,482	389,007	2,764	391,770	377	392,147
(2) Intersegment sales/transfers	9,517	358	6,242	16,117	4,624	20,741	(20,741)	-
Total	194,527	191,872	18,724	405,123	7,388	412,511	(20,364)	392,147
Segment income (loss)	1,929	7,226	(881)	8,274	358	8,631	(1,146)	7,485

- (Notes) 1. "Other" are business segments not included in the reporting segments. Such segments include the leasing business, insurance agency business and Senior citizen nursing care facility management business.
2. The adjusted business loss of ¥1,146 million includes ¥83 million in eliminated intersegment transactions, as well as ¥1,063 million in corporate expenses, etc., which are not allocated to any of the reporting segments. Corporate expenses, etc. are primarily selling, general and administrative expenses not belonging to any reporting segments.
3. Total segment income (loss) is adjusted against recurring income in the quarterly consolidated statements of income.

Items related to Changes in Reporting Segments

Pursuant to organizational revisions effective April 2012, from the consolidated accounting period of the first quarter, changes have been made in the Company's business segment classification from the conventional five segments of "Timber and Building Materials," "Overseas," "Housing," "Real Estate" and "Other Businesses" to the four segments of "Timber and Building Materials," "Housing," "Overseas" and "Other Businesses."

As the key points of change, the overseas timber and building materials procurement and sales business formerly contained in the Overseas segment is now placed in the Timber and Building Materials segment. In addition, the real estate management, sales, leasing and agency business, and the spec home sales business formerly included in the Real Estate are now included in the Housing segment, while private pay nursing homes and other operations are contained in Other Businesses.

In this regard, the segment information for the consolidated accounting period of the second quarter of the previous fiscal year has been prepared pursuant to the reporting segment classification subsequent to the changes.

4. Supplementary Information

(1) Consolidated Statements of Income

(million yen)

	2Q FY12		2Q FY13		YoY change	% of YoY change	FY12 Full Year (Actual)		FY13 Full Year (Forecast)		YoY change	% of YoY change
Timber and Building Materials Business	202,966		194,527		(8,439)	(4.2%)	405,350		400,000		(5,350)	(1.3%)
Housing Business	186,998		191,872		+4,874	+2.6%	415,098		430,000		+14,902	+3.6%
Overseas Business	16,433		18,724		+2,291	+13.9%	34,971		40,000		+5,029	+14.4%
Other Businesses	6,862		7,388		+526	+7.7%	14,049		15,000		+951	+6.8%
Adjustment	(18,168)		(20,364)		(2,196)	-	(37,599)		(40,000)		(2,401)	-
Net sales	395,091		392,147		(2,944)	(0.7%)	831,870		845,000		+13,130	+1.6%
Gross profit	16.1%	63,580	16.1%	63,133	(447)	(0.7%)	16.5%	136,873	16.6%	140,500	+3,627	+2.7%
Selling, general and administrative expenses	54,166		56,295		+2,128	+3.9%	117,682		118,000		+318	+0.3%
Operating income	2.4%	9,414	1.7%	6,839	(2,576)	(27.4%)	2.3%	19,191	2.7%	22,500	+3,309	+17.2%
Non-operating income	1,973		1,948		(25)	(1.2%)	4,219		3,000		(1,219)	(28.9%)
Non-operating expenses	1,627		1,301		(326)	(20.0%)	2,695		2,500		(195)	(7.2%)
Non-operating income/losses	346		647		+301	+87.0%	1,524		500		(1,024)	(67.2%)
Timber and Building Materials Business	1.3%	2,671	1.0%	1,929	(741)	(27.8%)	1.2%	4,781	1.1%	4,400	(381)	(8.0%)
Housing Business	4.6%	8,691	3.8%	7,226	(1,465)	(16.9%)	6.2%	25,800	5.6%	24,200	(1,600)	(6.2%)
Overseas Business	(5.2%)	(848)	(4.7%)	(881)	(34)	-	(8.4%)	(2,938)	(4.8%)	(1,900)	+1,038	-
Other Businesses	4.5%	308	4.8%	358	+49	+16.0%	5.2%	728	3.3%	500	(228)	(31.3%)
Adjustment	(1,062)		(1,146)		(84)	-	(7,655)		(4,200)		+3,455	-
Recurring income	2.5%	9,760	1.9%	7,485	(2,275)	(23.3%)	2.5%	20,714	2.7%	23,000	+2,286	+11.0%
Extraordinary gains	273		98		(176)	(64.2%)	455		100		(355)	(78.0%)
Extraordinary loss	236		686		+450	+190.3%	3,487		600		(2,887)	(82.8%)
Extraordinary gains/losses	37		(589)		(625)	-	(3,032)		(500)		+2,532	-
Net income	1.4%	5,645	0.9%	3,608	(2,037)	(36.1%)	1.1%	9,271	1.5%	13,000	+3,729	+40.2%

(2) <Housing Business> Sales and Orders Received

(million yen)

Second Quarter			Q2 FY12 (Actual)			Q2 FY13 (Actual)			Change	
			Volume	Amount	Unit price	Volume	Amount	Unit price	Volume	Amount
<<Sumitomo Forestry – Non-consolidated>>										
Orders Received	Contract Work	Custom-built detached housing	4,606	150,520	32.7	4,628	159,443	34.5	+0.5%	+5.9%
		Wooden apartments	485	5,532	11.4	507	5,338	10.5	+4.5%	(3.5%)
		Other contract work		528	-		104	-		(80.4%)
Sales	Contract Work	Custom-built detached housing *1	4,076	131,155	32.2	4,037	133,493	33.1	(1.0%)	+1.8%
		Wooden apartments *1	263	2,569	9.8	219	2,528	11.5	(16.7%)	(1.6%)
		Other contract work		339	-		104	-		(69.4%)
	Detached spec homes business *2	97	4,070	42.0	117	5,411	46.2	+20.6%	+32.9%	
	Land for custom-built housing		2,262	-		2,150	-		(5.0%)	
	Real estate development *2		2,337	-		4,305	-		+84.2%	
	Other *3		6,591	-		3,589	-		(45.5%)	
	Total		149,323	-		151,580	-		+1.5%	
Profit Ratio		Gross profit	25.3%	37,790		24.4%	37,059			
Backlog of Orders Received at Term End	Contract Work	Custom-built housing	8,929	281,035	31.5	8,945	288,734	32.3	+0.2%	+2.7%
		Wooden apartments	1,105	11,125	10.1	1,385	14,242	10.3	+25.3%	+28.0%
		Other contract work		189	-		-	-		-

<<Sumitomo Forestry Home Tech Co., Ltd.

(Renovation)>>

Orders Received	Contract Work			24,670	-			27,341	-		+10.8%
Completion				21,198	-			23,831	-		+12.4%
Backlog of Orders Received at Term end				18,880	-			21,432	-		+13.5%

(million yen)

Full Year			FY12 Full Year (Actual)			FY13 Full Year (Forecast)			Change	
			Volume	Amount	Unit price	Volume	Amount	Unit price	Volume	Amount
<<Sumitomo Forestry – Non-consolidated>>										
Orders Received	Contract Work	Custom-built detached housing	8,962	295,194	32.9	9,000	310,500	34.5	+0.4%	+5.2%
		Wooden apartments	986	11,169	11.3	1,250	12,500	10.0	+26.8%	+11.9%
		Other contract work		585	-		1,200	-		+105.0%
Sales	Contract Work	Custom-built detached housing *1	9,007	294,081	32.7	9,000	298,000	33.1	(0.1%)	+1.3%
		Wooden apartments *1	772	7,899	10.2	959	9,400	9.8	+24.2%	+19.0%
		Other contract work		585	-		1,000	-		+70.9%
	Detached spec homes business *2	225	9,862	43.8	250	11,300	45.2	+11.1%	+14.6%	
	Land for custom-built housing		4,987	-		4,300	-		(13.8%)	
	Real estate development *2		7,306	-		15,000	-		+105.3%	
	Other *3		11,409	-		9,400	-		(17.6%)	
	Total		336,129	-		348,400	-		+3.7%	
Profit Ratio		Gross profit	25.2%	84,805		24.5%	85,500			
Backlog of Orders Received at Term End	Contract Work	Custom-built housing	8,354	262,784	31.5	8,354	275,284	33.0	+0.0%	+4.8%
		Wooden apartments	1,097	11,432	10.4	1,388	14,532	10.5	+26.5%	+27.1%
		Other contract work		-	-		200	-		-

<<Sumitomo Forestry Home Tech Co., Ltd.

(Renovation)>>

Orders received	Contract Work			47,792	-			55,800	-		+16.8%
Completion				45,278	-			53,500	-		+18.2%
Backlog of Orders Received at Term End				17,922	-			20,222	-		+12.8%

- *1: Sales volumes for custom-built detached housing and wooden apartments are delivered houses (number of houses is shown).
- *2: Spec Homes Business and Real Estate Development figures are for the total of land and building.
- *3: Sales of interior products and rental proceeds from leasing properties in our portfolio etc.

(3) Non-consolidated Business Result

(million yen)

Company name Head office	Founded	Capital stock	Accounting term	Statements of income				Balance sheets	
				Net sales	Operating income	Recurring income	Net income	Total assets	Net assets
Sumitomo Forestry Co., Ltd. (Chiyoda-ku, Tokyo)	Feb, 1948	27,672	2Q 3/12	323,085	6,779	9,292	6,465	447,279	147,545
			3/12 Full year	680,189	13,713	17,383	9,791	447,510	152,156
			2Q 3/13	315,201	4,943	7,834	4,870	456,712	153,093
			3/13 Full year (F)	685,000	16,500	19,500	12,000	-	-

(4) Main Subsidiaries

(million yen)

Name of company (Location)	Founded	Capital stock	Ownership *1	Accounting term	Statements of income				Balance sheets	
					Net sales	Operating income	Recurring income	Net income	Total assets	Net assets
Sumitomo Forestry Crest Co., Ltd. (Nagoya, Aichi) (Timber and building materials business)	8/1959	800	100.0%	2Q 3/12	17,420	274	214	114	19,948	1,000
				3/12 Full year	36,063	273	173	188	19,427	1,071
				2Q 3/13	17,491	70	11	(26)	19,815	1,035
				3/13 Full year (F)	35,500	330	220	150	-	-
Sumitomo Forestry Residential Co., Ltd. (Shinjuku-ku, Tokyo) (Housing business)	3/1985	150	100.0%	2Q 3/12	8,829	228	209	89	9,459	2,350
				3/12 Full year	17,868	502	472	236	9,839	2,498
				2Q 3/13	9,444	255	236	167	9,604	2,664
				3/13 Full year (F)	18,700	540	500	310	-	-
Sumitomo Forestry Home Engineering Co., Ltd. (Shinjuku-ku, Tokyo) (Housing business)	12/1999	75	100.0%	2Q 3/12	39,145	519	541	285	30,484	2,856
				3/12 Full year	83,829	852	932	473	27,534	3,045
				2Q 3/13	38,979	322	362	207	29,668	2,779
				3/13 Full year (F)	84,400	750	800	450	-	-
Sumitomo Forestry Home Service Co., Ltd. (Shinjuku-ku, Tokyo) (Housing business)	9/1964	400	100.0%	2Q 3/12	2,537	(36)	(46)	(52)	2,213	(500)
				3/12 Full year	5,294	149	132	122	2,910	(326)
				2Q 3/13	2,668	12	4	(6)	2,708	(332)
				3/13 Full year (F)	5,400	170	150	120	-	-
Sumitomo Forestry Landscaping Co., Ltd. (Nakano-ku, Tokyo) (Housing business)	4/1977	200	100.0%	2Q 3/12	9,987	(33)	(19)	(22)	7,370	2,686
				3/12 Full year	22,471	102	124	1	8,638	2,710
				2Q 3/13	10,682	(78)	(61)	(38)	7,674	2,667
				3/13 Full year (F)	22,900	210	240	150	-	-
Sumitomo Forestry Home Tech Co., Ltd. (Chiyoda-ku, Tokyo) (Housing business)	10/1988	100	100.0%	2Q 3/12	22,498	1,003	1,094	735	18,589	3,090
				3/12 Full year	47,909	2,410	2,641	1,582	19,292	3,937
				2Q 3/13	25,186	1,001	1,101	603	19,905	2,958
				3/13 Full year (F)	55,700	2,800	3,000	1,860	-	-
PT. Kutai Timber Indonesia (Jakarta, Indonesia) (Overseas business) ※2	9/1970	27,000 (Thousand US\$)	99.9%	2Q 12/11	4,749	174	166	166	6,557	1,950
				12/11 Full year	9,584	163	207	215	6,289	1,929
				Q2 12/12	4,882	111	135	135	6,528	2,103
				12/12 Full year (F)	9,500	220	240	200	-	-
Alpine MDF Industries Pty Ltd. (Wangaratta, Victoria, Australia) (Overseas business) ※3	5/1994	62,474 (Thousand AUS)	(100.0%)	2Q 12/11	2,480	(248)	(254)	(233)	5,619	2,371
				12/11 Full year	4,465	(403)	(457)	(1,833)	3,478	626
				Q2 12/12	1,854	(69)	(128)	(70)	3,410	562
				12/12 Full year (F)	4,000	0	(100)	(50)	-	-
Nelson Pine Industries Ltd. (Richmond, Nelson, New Zealand) (Overseas business) ※4	10/1984	45,500 (Thousand NZ\$)	(100.0%)	2Q 12/11	5,287	433	440	317	14,653	12,862
				12/11 Full year	11,569	1,126	1,152	829	13,242	11,433
				Q2 12/12	5,981	410	417	300	13,227	11,810
				12/12 Full year (F)	12,000	1,000	1,000	720	-	-

*1 Figures in parentheses are for indirect investments.

*2, *3, *4 The following exchange rates were used to convert into yen in the income statements of overseas group companies.

	*2 US\$	*3 AUS	*4 NZ\$
2Q 12/11	81.93	84.69	63.74
12/11 Full year	79.70	82.31	63.07
Q2 12/12	79.69	82.29	64.10
12/12 Full year (Forecast)	79.50	82.30	64.40