

November 5, 2013

Summary of Financial Results for the Second Quarter of the Fiscal Year Ending March, 2014 [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
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Date of filing of financial report:	November 13, 2013
Date of commencement of dividend payment (tentative):	December 5, 2013
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, 2013 – September 30, 2013)**(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 2014	434,922	10.9	10,322	50.9	10,840	44.8	11,074	206.9
2Q FY Ended March 2013	392,147	-0.7	6,839	-27.4	7,485	-23.3	3,608	-36.1

Note: Comprehensive income

As of September 30, 2013	15,868 million yen (802.8%)
As of September 30, 2012	1,758 million yen (-64.7%)

	Net income per share	Net income per share fully diluted
	Yen	Yen
2Q FY Ending March 2014	62.51	61.16
2Q FY Ended March 2013	20.37	-

(2) Financial position (Consolidated)

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of September 30, 2013	611,114	213,304	33.8
As of March 31, 2013	547,973	193,250	35.1

(Note) Shareholders' equity

As of September 30, 2013	206,764 million yen
As of March 31, 2013	192,491 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 2013	-	7.50	-	9.50	17.00
FY Ending March 2014	-	9.50	-	-	-
FY Ending March 2014(Est.)	-	-	-	9.50	19.00

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

3. Forecast for the fiscal year ending March, 2013(Consolidated, April 1, 2013- March 31, 2014)

(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 2014	935,000	10.6	30,000	18.4	30,000	11.2	21,000	31.9	118.55

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):

Yes. New - one (Company name) Henley Arch Unit Trust

(Note) For details, please refer to accompanying materials page 4, "2. Summary Information: Items related to "Explanatory Note", Changes in Main Subsidiaries during Second 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: None

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

(c) Changes in accounting estimates: None

(d) Restatements: None

(4) Number of shares outstanding (common stock)

(a) Shares outstanding (including treasury stock)

As of September 30, 2013	177,410,239	As of March 31, 2013	177,410,239
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(b) Treasury stock

As of September 30, 2013	275,272	As of March 31, 2013	273,712
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(c) Average number of shares during the term (cumulative for the quarter)

As of September 30, 2013	177,135,524	As of September 30, 2012	177,137,744
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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 be 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 and cautionary notes about using 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

The economic environment in Japan during the second quarter cumulative period (consolidated) (April to September 2013) exhibited a mild recovery. Corporate profits trended upwards, reflecting factors such as the effects of economic measures and monetary policies of the government, while signs of a recovery in capital expenditures also manifested themselves. We also saw favorable trends in consumer spending. On the other hand, while overseas economies, including that of the United States, are recovering overall, the economic slump in Europe, the slowdown of economic growth in newly emerging countries and other such factors suggest the underlying risk of the Japanese economy being pulled down.

The domestic housing market, which has a deep relationship to our Group businesses, demonstrated steady performance thanks to housing loan interest rates hovering at low levels, the benefits of government initiatives to promote housing purchases, the surge demand before the consumption tax hike and other factors which contributed to a year-on-year increase in the number of new housing starts. However, looking ahead to the future, there are risks creating uncertainty, such as a potential reactionary fall in demand following the consumption tax increase.

In terms of our financial results in such conditions, our operating results were favorable overall, with both net sales and profit levels exceeding the actual results from the same period of the previous year.

Net sales increased by 10.9% year-on-year to ¥434,922 million, and on the profit side, operating income was ¥10,322 million (an increase of 50.9% year-on-year), recurring income was ¥10,840 million (an increase of 44.8% year-on-year), and quarterly net income was ¥11,074 million (an increase of 206.9% year-on-year).

The reasons that quarterly net income increased so substantially were that additional equity interest in the Henley Properties Group (“Henley Group”), which is engaged in the housing business in Australia, was acquired in September of this year, and it was made a consolidated subsidiary, resulting in the posting of a marginal gain on step acquisition of ¥2,124 million as an extraordinary gain as well as that income taxes were reduced by ¥2,077 million due to reversal of a portion of deferred tax liabilities recorded in previous years resulting from an exemption from withholding tax on dividends payable by a subsidiary in New Zealand which became applicable as the result of amendment to the tax treaty between Japan and New Zealand.

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>

1) *Timber and Building Materials Business*

The domestic timber and building materials distribution business saw an increase in net sales owing to an increase in the overall number of products handled, particularly import products, resulting from a strong domestic housing market as well as an increase in the selling price, which was due in part to a weaker yen.

Additionally, in the domestic building materials manufacturing business, the new “BeRiche” series, which offers a vast variety of products to complement a diverse range of home interior styles, was launched and expanded in June of this year to strengthen the product lineup. As a result, net sales increased, but the increased cost associated with switching to new products and a sharp rise in the cost of raw materials resulted in weak gains.

The overseas distribution business strengthened ties with overseas building materials manufacturing subsidiaries as they worked to expand sales of group company products.

As a result, the timber and building materials business posted net sales of ¥220,846 million (an increase of 13.5% year-on-year) and recurring income of ¥2,484 million (an increase of 28.7% year-on-year).

2) *Housing Business*

The custom-built detached housing business saw an increase in net sales thanks to a higher number of completed and delivered units as well as an increase in the unit price of completed projects resulting from a greater percentage of houses being equipped with environmentally sound equipment such as solar power generation systems and ENE-FARM household fuel cells.

The apartment business performed favorably against a backdrop of higher willingness to invest arising from a sense of economic recovery. Some of the efforts included reviewing sales offices in response to increasing market demand ahead of the scheduled increase in the inheritance tax and having custom-built detached housing sales representatives cross-sell apartments.

The renovation and leasing housing business increased personnel and enhanced its sales force primarily in the Tokyo Metropolitan area, its largest market, at it looks to expand renovation sales, its main business. The business also is pouring efforts into improving its technological capabilities. The business has developed a system that allows them to make high-quality renovation proposals based on “Seismic Resistance/Seismic Control Double Construction,” which combines our “Original Seismic Control Damper Model S,” a version of hydraulic damper seismic control systems used in high-rise buildings modified for wooden homes, with existing seismic resistance technology. The existing home renovation business (resale of renovated homes), which conducts the renovation and resale of used homes, has strengthened and enhanced its support business to ensure that both wood-framed detached homes and condominiums can maintain a pleasant living environment over a long period of time and providing the security and comfort of a home that can be passed down through generations.

Consequently, the housing business posted net sales of ¥204,465 million (an increase of 6.6% year-on-year) and recurring income of ¥10,117 million (an increase of 40.0% year-on-year).

Regarding the status of orders for custom-built detached housing, which is a leading performance indicator, driven by concerns of higher future interest rates for housing loans, higher consumer confidence and surge demand ahead of the consumption tax increase, both unit orders received and the amount of orders greatly exceeded the results from the same period of the previous year. Moreover, as the housing market continued to perform favorably, a new “technology housing display center,” which specializes in promoting the technical and performance benefits of our home designs, was opened in Osaka as a follow-up to the one opened in Tokyo the previous year, as part of our new housing display center strategy. We also converted existing housing display centers around the country into “proto-housing display centers,” which promote a high-quality atmosphere utilizing our unique wood design sense, as we worked on enhancing the appeal of our housing display centers to customers. As a result, orders received totaled ¥224,285 million (an increase of 40.7% year-on-year).

Our “proto-housing display centers” and “Seismic Resistance/Seismic Control Double Construction” used in the renovation business received the 2013 Good Design Award from the Japan Institute of Design Promotion.

3) *Overseas Business*

The building materials manufacturing business in Indonesia produced solid business results due to strong plywood exports. In Australia, our focus on domestic sales resulted in an improvement in business results and put us in the black. Additionally, in New Zealand, things went according to our initial plans.

Boosted by a recovery trend in the housing market, our housing business in the United States saw units sold increase, resulting in a solid performance. Additionally, in June, we acquired stake in a housing company in Texas as we look to expand operations in the United States. In Australia, the number of units sold declined year-on-year in the midst of a slow recovery in the housing market, but there was a slight uptick in business results thanks to cost reductions and other such factors.

As a result, the overseas business posted net sales of ¥22,093 million (an increase of 18.0% year-on-year) and a recurring loss of ¥765 million (compared to a recurring loss of ¥881 million in the previous year).

4) *Other Businesses*

Besides the aforementioned businesses, the Sumitomo Forestry Group operates private-pay elderly care facilities, a leasing business, a wide range of service businesses for residential customers (including non-life insurance agency services), develops IT systems for its Group companies, and manufactures and sells farming and gardening materials. The other businesses recorded net sales of ¥8,052 million (an increase of 9.0% year-on-year) and recurring income of ¥513 million (an increase of 43.3% year-on-year).

(2) Explanation Concerning Financial Status

At the end of the consolidated cumulative second quarter, total assets increased ¥63,141 million compared to the end of the previous consolidated fiscal year to ¥611,114 million due to factors such as the Henley Group, which had been an equity method affiliate, being included in the consolidated results, and an increase in costs on uncompleted construction contracts arising from an increase in the number of units under construction in the custom-built detached housing business. Liabilities increased ¥43,087 million compared to the end of the previous consolidated fiscal year to ¥397,810 million due to an increase in advances received on uncompleted construction contracts associated with the aforementioned increase in the number of units under construction and the issuance of bond certificates with alternative share options. Net assets totaled ¥213,304 million, and the equity ratio was 33.8%.

As for consolidated cash flow, cash flow from operating activities decreased due to an increase in inventory, a decrease in note and accounts payable, trade and payment of income taxes. At the same time, quarterly net income before income taxes and minority interests were recorded at ¥12,828 million, and an increase in cash arising from an increase in advances received on uncompleted construction contracts in the housing business resulted in financial inflow of ¥13,372 million. Looking at cash flow from investment activities, acquisition of a stake in a North American housing business company and funds management via time deposits required the use of ¥15,451 million in funds. With cash flow from financing activities, there was a financial inflow of ¥12,185 million thanks to the issuance of bond certificates with alternative share options despite repayment of borrowings and payment of dividends. As a result of the above, the balance of cash and cash equivalents at the end of the second quarter accounting period (consolidated) increased ¥10,581 million compared to the end of the previous consolidated fiscal year to ¥86,239 million.

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

Regarding the future business environment, the effect the consumption tax hike will have on the domestic housing market is unclear, but based on the actual results of the second quarter cumulative period (consolidated) under review, the consolidated business results for the full year ending March 2014 are expected to exceed the net sales, operating income, recurring income and net income forecasts from the beginning of the year.

The forecast for the full year consolidated business results is as provided in the “Announcement of Amendment to Forecast of Financial Results” published on October 31, 2013.

2. Summary Information: Items related to “Notice”

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

During the second quarter cumulative period (consolidated), additional stakes were acquired in nine companies of the Henley Group, which had been an equity method affiliate, through our subsidiary, Sumitomo Forestry Australia Pty Ltd., and it was made a consolidated subsidiary.

Out of the nine companies of the group, Henley Arch Unit Trust will be our specific subsidiary.

3. Quarterly Consolidated Financial Statements

(1) Consolidated Balance Sheets

(million yen)

	Previous consolidated fiscal year (ended March 31, 2013)	Second quarter consolidated accounting period (ended September 30, 2013)
Assets		
Current assets		
Cash and time deposits	56,155	74,906
Notes and accounts receivable-trade	121,053	124,209
Accounts receivable from completed construction contracts	4,880	3,766
Marketable securities	11,000	16,000
Finished goods, logs and lumber	15,939	21,419
Work in process	1,192	1,384
Raw materials and supplies	5,145	5,364
Developed land and housing for sale	27,894	36,418
Costs on uncompleted construction contracts	27,057	38,793
Deferred tax assets	8,077	9,462
Short-term loans receivable	36,852	37,004
Accounts receivable-other	47,935	49,600
Other	5,589	6,219
Allowance for doubtful accounts	(1,291)	(1,378)
Total current assets	367,478	423,166
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	51,621	58,739
Accumulated depreciation	(25,003)	(27,573)
Buildings and structures, net	26,618	31,166
Machinery, equipment and vehicles	61,161	65,926
Accumulated depreciation	(43,711)	(47,344)
Machinery, equipment and vehicles, net	17,450	18,582
Land	23,573	27,280
Leased assets	8,139	9,060
Accumulated depreciation	(4,048)	(3,988)
Leased assets, net	4,091	5,072
Construction in progress	1,346	2,195
Other	18,975	20,694
Accumulated depreciation	(6,153)	(7,262)
Other, net	12,822	13,433
Total property, plant and equipment	85,900	97,728
Intangible assets		
Goodwill	737	3,692
Other	8,420	8,347
Total intangible assets	9,157	12,039
Investments and other assets		
Investment securities	59,588	64,906
Long-term loans receivable	1,247	994
Deferred tax assets	1,343	1,411
Other	25,480	13,041
Allowance for doubtful accounts	(2,220)	(2,172)
Total investments and other assets	85,439	78,181
Total noncurrent assets	180,495	187,948
Total assets	547,973	611,114

(million yen)

	Previous consolidated fiscal year (ended March 31, 2013)	Second quarter consolidated accounting period (ended September 30, 2013)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	104,655	106,934
Accounts payable for construction contracts	64,968	63,105
Short-term debt	25,995	29,507
Current portion of bonds payable	–	10,000
Lease obligations	1,067	1,427
Income taxes payable	5,589	5,289
Advances received on uncompleted construction contracts	42,345	62,768
Provision for employees' bonuses	9,392	9,791
Provision for directors' bonuses	110	–
Provision for warranties for completed construction	1,711	2,223
Provision for disaster losses	60	–
Provision for loss on liquidation of subsidiaries and affiliates	344	344
Asset retirement obligation	569	613
Other	19,336	19,965
Total current liabilities	276,143	311,967
Long-term liabilities		
Bonds issued	15,000	5,000
Convertible bonds	–	20,000
Long-term debt	24,189	21,726
Lease obligations	2,978	3,701
Deferred tax liabilities	10,198	9,739
Provision for retirement benefits	9,720	9,831
Provision for directors' retirement benefits	85	67
Provision for loss on business liquidation	1,435	13
Asset retirement obligation	813	871
Other	14,162	14,896
Total long-term liabilities	78,580	85,843
Total liabilities	354,723	397,810
Net assets		
Shareholders' equity		
Common stock	27,672	27,672
Capital surplus	26,872	26,872
Retained earnings	127,489	136,880
Treasury stock	(269)	(271)
Total shareholders' equity	181,763	191,152
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	12,132	15,619
Deferred gains or losses on hedges	249	36
Foreign currency translation adjustment	(1,654)	(44)
Total accumulated other comprehensive income	10,727	15,611
Minority interests	760	6,540
Total net assets	193,250	213,304
Total liabilities and net assets	547,973	611,114

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income
 (Consolidated Statements of Income)
 (For the second quarter cumulative period (consolidated))

(million yen)

	Previous 2Q Cumulative Period (Consolidated) (April 1, 2012 - September 30, 2012)	2Q Cumulative Period under Review (Consolidated) (April 1, 2013 - September 30, 2013)
Net sales	392,147	434,922
Cost of sales	329,014	365,434
Gross profit	63,133	69,487
Selling, general and administrative expenses	56,295	59,165
Operating income	6,839	10,322
Non-operating income		
Interest income	187	238
Purchase discounts	193	202
Dividends income	540	604
Foreign exchange gains	357	107
Other	672	733
Total non-operating income	1,948	1,885
Non-operating expenses		
Interest expenses	658	569
Sales discounts	305	356
Equity in losses of affiliates	152	76
Other	186	367
Total non-operating expenses	1,301	1,367
Recurring income	7,485	10,840
Extraordinary gains		
Gain on sales of investment noncurrent assets	62	32
Gain on sales of investment securities	17	26
Gain on step acquisitions	–	2,124
Gain on transition of defined contribution pension	19	–
Total extraordinary gains	98	2,182
Extraordinary loss		
Loss on sales of noncurrent assets	19	–
Loss on retirement of noncurrent assets	34	46
Impairment loss	46	147
Loss on devaluation of investment securities	562	–
Loss on sale of stocks of subsidiaries and affiliates	–	1
Loss from change in equity interest	25	–
Total extraordinary loss	686	193
Income before income taxes and minority interests	6,897	12,828
Income taxes-current	3,776	5,206
Income taxes-deferred	(463)	(3,400)
Total income taxes	3,313	1,806
Net income before minority interests	3,584	11,022
Minority interests	(24)	(51)
Net income	3,608	11,074

(Consolidated Statements of Comprehensive Income)
 (For the second quarter cumulative period (consolidated))

(million yen)

	Previous 2Q Cumulative Period (Consolidated) (April 1, 2012 - September 0, 2012)	2Q Cumulative Period under Review (Consolidated) (April 1, 2013 - September 30, 2013)
Net income before minority interests	3,584	11,022
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,420)	3,487
Deferred gains or losses on hedges	(191)	(213)
Foreign currency translation adjustment	731	1,948
Share in equity method affiliates	53	(377)
Total other comprehensive income	(1,826)	4,845
Comprehensive income	1,758	15,868
Comprehensive income attributable to owners of the parent	1,802	15,957
Comprehensive income attributable to minority interests	(44)	(90)

(3) Consolidated Statements of Cash Flows

(million yen)

	Previous 2Q Cumulative Period (Consolidated) (April 1, 2012 - September 30, 2012)	2Q Cumulative Period under Review (Consolidated) (April 1, 2013 - September 30, 2013)
Cash flows from operating activities		
Income before income taxes and minority interests	6,897	12,828
Depreciation and amortization	4,324	4,539
Impairment loss	46	147
Amortization of goodwill	138	163
Provision for (reversal of) doubtful accounts	(9)	(43)
Provision for (reversal of) employees' bonuses	(47)	398
Provision for (reversal of) directors' bonuses	(95)	(110)
Provision for (reversal of) warranties for completed construction	(155)	(22)
Provision for loss on business liquidation	–	(1,422)
Provision for (reversal of) disaster losses	–	(60)
Provision for (reversal of) retirement benefits, less payments	50	76
Provision for (reversal of) directors' retirement benefits	(2)	(18)
Interest and dividends income	(727)	(843)
Interest expenses	658	569
Equity in (earnings) losses of affiliates	152	76
Losses (gains) on sales of marketable securities and investment securities, net	(17)	(25)
Losses on devaluation of marketable securities and investment securities	562	–
Losses (gains) on step acquisitions	–	(2,124)
Losses (gains) on sales/disposal of fixed assets, net	(9)	14
Decrease (increase) in notes and accounts receivable-trade	6,469	208
Inventories	139	(10,689)
Other current assets	(1,587)	(911)
Notes and accounts payable, trade	(4,281)	(4,299)
Advances received	701	520
Advances received on uncompleted construction contracts	10,353	20,423
Accrued consumption taxes	(580)	(430)
Other current liabilities	(845)	(1,301)
Other	89	777
Subtotal	22,227	18,440
Interest and dividends income received	654	1,149
Interest paid	(669)	(585)
Income taxes paid	(6,047)	(5,632)
Net cash provided by (used in) operating activities	16,166	13,372

(million yen)

	Previous 2Q Cumulative Period (Consolidated) (April 1, 2012 - September 30 2012)	2Q Cumulative Period under Review (April 1, 2013 - September 30 2013)
Cash flows from investment activities		
Payments into time deposits	(30,291)	(8,000)
Proceeds from withdrawal of time deposits	16,020	3,023
Decrease (increase) in short-term loans receivable	(623)	(858)
Payments for purchases of fixed assets	(2,761)	(3,884)
Proceeds from sales of fixed assets	1,940	2,016
Payments for purchases of intangible assets	(837)	(664)
Payments for purchase of investment securities	(255)	(7,350)
Proceeds from sales of investment securities	63	80
Payments for additional acquisition of stock of consolidated subsidiaries	–	(4)
Payments of long-term loans payable	(7)	(3)
Repayments of long-term loans receivable	342	380
Other payments	(598)	(798)
Other proceeds	301	611
Net cash used in investment activities	(16,707)	(15,451)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term debt	(1,325)	(2,100)
Repayments of finance lease obligations	(946)	(900)
Proceeds from long-term debt	5,532	0
Repayment of long-term debt	(2,568)	(3,126)
Proceeds from issuance of convertible bonds	–	20,000
Proceeds from stock issuance to minority shareholders	739	–
Cash dividends paid	(1,329)	(1,683)
Cash dividends paid to minority shareholders	(0)	(5)
Other payments	(1)	(2)
Net cash provided by (used in) financing activities	103	12,185
Effect of exchange rate change on cash and cash equivalents	116	475
Net increase (decrease) in cash and cash equivalents	(322)	10,581
Cash and cash equivalents at the beginning of period	63,839	75,658
Cash and cash equivalents at the end of period	63,518	86,239

(4) Explanation Concerning Consolidated Financial Statements

(Notes related to the Assumption of a Going Concern)

Not applicable

(Notes on Significant Changes in Shareholders' Equity)

Not applicable

(Segment Information)

I The previous second quarter cumulative period (Consolidated, April 1, 2012 - September 30, 2012)

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

	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	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 private pay nursing home 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.

(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 land classified as idle assets is recorded as extraordinary loss.

Note that the amount of impairment loss posted for the second quarter cumulative period under review is ¥46 million.

(Important change in the amount of goodwill)

Not applicable

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

(1) Second quarter cumulative period under review

(Consolidated, April 1, 2013 - September 30, 2013)

(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	211,382	204,286	15,129	430,797	3,768	434,565	357	434,922
(2) Intersegment sales/transfers	9,464	179	6,965	16,607	4,285	20,892	(20,892)	-
Total	220,846	204,465	22,093	447,405	8,052	455,457	(20,535)	434,922
Segment income (loss)	2,484	10,117	(765)	11,836	513	12,348	(1,509)	10,840

- (Notes)
1. "Other" are business segments not included in the reporting segments. Such segments include the leasing business, insurance agency business and private pay nursing home business.
 2. The adjusted business loss of ¥1,509 million includes ¥79 million in eliminated intersegment transactions, as well as ¥1,429 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.

(2) Information on impairment loss on noncurrent assets, goodwill, etc., for each reporting segment

(Material impairment loss on noncurrent assets)

Under "Other," impairment loss associated with equipment at culture soil producing plants is recorded as extraordinary loss.

Note that the amount of impairment loss posted for the second quarter cumulative period under review is ¥147 million.

(Important change in the amount of goodwill)

In the Overseas business segment, an additional stake was acquired in the Henley Group, which had been an equity method affiliate, and it is now a consolidated subsidiary.

The increase in goodwill from this event in the second quarter cumulative period under review is ¥2,986 million.

4. Supplementary Information

(1) Consolidated Statements of Income

(million yen)

	2Q FY3/13		2Q FY3/14		YoY change	% of YoY change	FY3/13	FY3/14 (Forecast)	YoY change	% of YoY Change		
Timber and building materials business	194,527		220,846		+26,319	+13.5%	401,266	440,000	+38,734	+9.7%		
Housing business	191,872		204,465		+12,593	+6.6%	430,774	455,000	+24,226	+5.6%		
Overseas business	18,724		22,093		+3,369	+18.0%	38,657	75,000	+36,343	+94.0%		
Other	7,388		8,052		+664	+9.0%	15,406	16,000	+594	+3.9%		
Adjustment	(20,364)		(20,535)		(171)	-	(40,919)	(51,000)	(10,081)	-		
Net sales	392,147		434,922		+42,775	+10.9%	845,184	935,000	+89,816	+10.6%		
Gross profit	16.1%	63,133	16.0%	69,487	+6,354	+10.1%	16.7%	141,436	16.9%	158,000	+16,564	+11.7%
Selling, general and administrative expenses		56,295		59,165	+2,871	+5.1%		116,105		128,000	+11,895	+10.2%
Operating income	1.7%	6,839	2.4%	10,322	+3,484	+50.9	3.0%	25,330	3.2%	30,000	+4,670	+18.4%
Non-operating income		1,948		1,885	(64)	(3.3%)		4,269		3,500	(769)	(18.0%)
Non-operating expenses		1,301		1,367	+66	+5.1%		2,618		3,500	+882	+33.7%
Non-operating income/loss		647		517	(130)	(20.0%)		1,651		-	(1,651)	-
Timber and building materials business	1.0%	1,929	1.1%	2,484	+554	+28.7%	1.2%	4,704	1.1%	4,900	+196	+4.2%
Housing business	3.8%	7,226	4.9%	10,117	+2,891	+40.0%	6.1%	26,227	6.6%	30,000	+3,773	+14.4%
Overseas business	(4.7%)	(881)	(3.5%)	(765)	+116	-	(4.8%)	(1,840)	(0.7%)	(500)	+1,340	-
Other	4.8%	358	6.4%	513	+155	+43.3%	4.9%	754	3.8%	600	(154)	(20.5%)
Adjustment		(1,146)		(1,509)	(363)	-		(2,863)		(5,000)	(2,137)	-
Recurring income	1.9%	7,485	2.5%	10,840	+3,354	+44.8%	3.2%	26,981	3.2%	30,000	+3,019	+11.2%
Extraordinary gains		98		2,182	+2,084	-		137		2,200	+2,063	-
Extraordinary losses		686		193	(493)	(71.8%)		971		200	(771)	(79.4%)
Extraordinary gains/losses		(589)		1,989	+2,577	-		(833)		2,000	+2,833	-
Net income	0.9%	3,608	2.5%	11,074	+7,466	+206.9%	1.9%	15,923	2.2%	21,000	+5,077	+31.9%

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

1) Second Quarter

(million yen)

			Q2 FY3/13 (Actual)			Q2 FY3/14 (Actual)			Change	
			Volume	Amount	Unit price	Volume	Amount	Unit price	Volume	Amount
Orders Received	Contract Work	Custom-built detached housing *1	4,628	159,443	30.3	5,944	224,285	32.5	+28.4%	+40.7%
		Wooden apartments*1	507	5,338	10.2	755	10,533	13.1	+48.9%	+97.3%
		Other contracts		104	-		2,023	-		-
Sales	Contract Work	Custom-built detached housing *2	4,037	133,493	33.1	4,118	141,134	34.3	+2.0%	+5.7%
		Wooden apartments *2	219	2,528	11.5	374	4,605	12.3	+70.8%	+82.2%
		Other contracts		104	-		620	-		+497.5%
	Detached spec homes business *3	117	5,411	46.2	106	4,527	42.7	(9.4%)	(16.3%)	
	Land for custom-built housing		2,150	-		2,421	-		+12.6%	
	Real estate development *3		4,305	-		3,895	-		(9.5%)	
	Other *4		3,859	-		3,599	-		+0.3%	
Total				151,580	-		160,800	-		+6.1%
Profit Ratio		Gross profit	24.4%		37,059	25.2%		40,454		
Backlog of Orders Received at Term End	Contract Work	Custom-built housing	8,945	288,734	32.2	10,286	359,239	34.9	+15.0%	+24.4%
		Wooden apartments	1,385	14,242	10.3	1,758	21,032	12.0	+26.9%	+47.7%
		Other contract work			-		2,041	-		-
<<Sumitomo Forestry Home Tech (Renovation)>>										
Orders Received	Contract Work			27,341	-		34,342	-		+25.6%
Construction Completed				23,831	-		25,763	-		+8.1%
Backlog of Orders Received at Term End				21,432	-		30,007	-		+40.0%

2) Full Year

(million yen)

			FY3/13(Actual)			FY3/14 (Forecast)			Change	
			Volume	Amount	Unit price	Volume	Amount	Unit price	Volume	Amount
Orders Received	Contract Work	Custom-built detached Housing *1	9,105	314,240	30.6	9,700	337,500	32.0	+6.5%	+7.4%
		Wooden apartments *1	1,138	13,043	11.2	1,250	14,400	11.5	+9.8%	+10.4%
		Other contracts		977	-		3,500	-		+258.1%
Sales	Contract Work	Custom-built detached housing *2	8,999	300,936	33.4	9,200	312,800	34.0	+2.2%	+3.9%
		Wooden apartments *2	858	9,371	10.9	960	10,500	10.9	+11.9%	+12.1%
		Other contract work		340	-		2,000	-		+488.8%
	Detached spec homes business *3	254	11,376	44.8	270	11,300	41.9	+6.3%	(0.7%)	
	Land for custom-built housing		5,505	-		6,900	-		+25.3%	
	Real estate development *3		9,610	-		12,200	-		+27.0%	
	Other *4		7,663	-		8,000	-		+4.4%	
Total				344,801	-		363,700	-		+5.5%
Profit Ratio		Gross profit	24.9%		85,730	24.9%		90,500		
Backlog of Orders Received at Term End	Contract Work	Custom-built housing	8,460	276,087	32.6	8,960	300,787	33.6	+5.9%	+8.9%
		Wooden apartments	1,377	15,104	11.0	1,667	19,004	11.4	+21.1%	+25.8%
		Other contract work		638	-		2,138	-		+235.2%
<<Sumitomo Forestry Home Tech (Renovation)>>										
Orders Received	Contract Work			53,818	-		60,000	-		+11.5%
Construction Completed				50,312	-		57,000	-		+13.3%
Backlog of Orders Received at Term End				21,428	-		24,428	-		+14.0%

*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 wooden apartments are delivered houses (number of houses is shown).

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

*4: Other sales include sales of interior products, rental proceeds from leasing properties, etc.

(3) Non-consolidated Business Results

(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 3/13	315,201	4,943	7,834	4,870	456,712	153,093
			3/13 Full year	682,432	19,311	23,047	14,625	487,411	170,510
			2Q 3/14	348,743	7,463	10,491	8,148	529,841	180,247
			3/14 Full year (F)	730,000	21,000	24,500	16,500	-	-

(4) Main Subsidiaries

(million yen)

Company name (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 Prefecture) (Timber and Building Materials Business)	8/1959	800	100.0%	2Q 3/13	17,491	70	11	(26)	19,815	1,035
				3/13 Full year	36,353	270	165	37	19,368	1,138
				2Q 3/14	18,817	(15)	(63)	(79)	20,717	1,054
				3/14 Full year (F)	39,000	200	0	0	-	-
Sumitomo Forestry Residential Co., Ltd. (Shinjuku-ku, Tokyo) (Housing Business)	3/1985	150	100.0%	2Q 3/13	9,444	255	236	167	9,604	2,664
				3/13 Full year	19,230	574	536	335	10,038	2,833
				2Q 3/14	10,169	124	111	67	9,782	2,899
				3/14 Full year (F)	20,400	500	400	270	-	-
Sumitomo Forestry Home Engineering Co., Ltd. (Shinjuku-ku, Tokyo) (Housing Business)	12/1999	75	100.0%	2Q 3/13	38,979	322	362	207	29,668	2,779
				3/13 Full year	83,778	698	769	467	30,721	3,039
				2Q 3/14	41,100	456	480	261	31,952	2,833
				3/14 Full year (F)	88,100	800	900	520	-	-
Sumitomo Forestry Home Service Co. Ltd. (Shinjuku-ku, Tokyo) (Housing Business)	9/1964	400	100.0%	2Q 3/13	2,668	12	4	(6)	2,708	(332)
				3/13 Full year	5,545	227	210	172	2,773	(154)
				2Q 3/14	2,872	63	53	32	2,746	(122)
				3/14 Full year (F)	5,800	330	300	260	-	-
Sumitomo Forestry Landscaping Co., Ltd. (Nakano-ku, Tokyo) (Housing Business)	4/1977	200	100.0%	2Q 3/13	10,682	(78)	(61)	(38)	7,674	2,667
				3/13 Full year	23,790	204	209	21	8,619	2,725
				2Q 3/14	10,966	106	126	70	8,226	2,775
				3/14 Full year (F)	24,200	350	400	260	-	-
Sumitomo Forestry Home Tech Co., Ltd. (Chiyoda-ku, Tokyo) (Housing Business)	10/1988	100	100.0%	2Q 3/13	25,186	1,001	1,101	603	19,905	2,958
				3/13 Full year	53,006	2,494	2,705	1,652	21,596	4,007
				2Q 3/14	27,150	1,124	1,262	701	24,530	3,057
				3/14 Full year (F)	59,600	3,100	3,300	2,000	-	-
PT.Kutai Timber Indonesia (Jakarta, Indonesia) (Overseas Business) *2	9/1970	27,000 (Thousand US\$)	99.9%	2Q 12/12	4,882	111	135	135	6,528	2,103
				12/12 Full year	9,579	153	200	167	6,707	2,330
				2Q 12/13	5,791	365	365	274	7,794	2,936
				12/13 Full year (F)	11,500	500	500	400	-	-
Alpine MDF Industries Pty Ltd. (Wangaratta, Victoria, Australia) (Overseas Business) *3	5/1994	62,474 (Thousand AUS)	(100.0%)	2Q 12/12	1,854	(69)	(128)	(70)	3,410	562
				12/12 Full year	3,894	(32)	(150)	(52)	3,771	653
				2Q 12/13	2,262	74	30	29	3,987	690
				12/13 Full year (F)	5,200	150	30	20	-	-
Nelson Pine Industries Ltd. (Richmond, Nelson, New Zealand) (Overseas Business) *4	10/1984	45,500 (Thousand NZ\$)	(100.0%)	2Q 12/12	5,981	410	417	300	13,227	11,810
				12/12 Full year	12,610	1,133	1,407	1,014	15,487	13,662
				2Q 12/13	6,867	226	237	173	16,657	14,910
				12/13 Full year (F)	13,800	900	900	650	-	-
Henley Properties Group (Mount Waverley, Victoria, Australia) (Overseas Business) *3*5	10/1989	42,325 (Thousand AUS)	(51.0%)	2Q 12/12	19,493	486	336	233	22,515	9,402
				12/12 Full year	42,711	1,733	1,487	1,182	26,980	11,475
				2Q 12/13	23,334	786	695	432	27,004	11,706
				12/13 Full year (F)	52,000	2,800	2,400	1,700	-	-

*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.

*5 The Henley Properties Group consists of nine companies, including Henley Arch Unit Trust and Henley USA LLC.

	*2 US\$	*3 AUS	*4 NZ\$
2Q 12/12	76.69	82.29	64.10
12/12 Full year	79.80	82.65	64.66
2Q 12/13	95.46	96.85	79.04
12/13 Full year (Forecast)	96.00	98.00	79.00