

July 31, 2014

## Summary of Financial Results for the First Quarter of the Fiscal Year Ending March, 2015 [Japan GAAP] (Consolidated)

Name of Company:	Sumitomo Forestry Co., Ltd.
Stock Exchange Listing:	Tokyo
Stock Code	1911
URL:	<a href="http://sfc.jp/">http://sfc.jp/</a>
Representative	
Title:	President / Representative Director
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Date of filing of financial report:	August 8, 2014
Date of commencement of dividend payment (tentative):	-
Preparation of supplementary materials:	Yes
Convening of a first quarter results meeting:	Yes (for financial analysts and institutional investors)

(Note: Amounts are rounded to nearest million Yen.)

**1. Financial results for the first quarter cumulative period under review (April 1, 2014 – June 30, 2014)****(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	%
1Q FY Ending March 2015	192,479	10.0	-4,226	-	-3,977	-	-3,003	-
1Q FY Ending March 2014	175,022	7.8	-5,413	-	-4,659	-	-2,957	-

(Note) Comprehensive income

As of June 30, 2014	-638 million yen (—%)
As of June 30, 2013	869 million yen (—%)

	Net income per share	Net income per share fully diluted
	Yen	Yen
1Q FY Ending March 2015	-16.95	-
1Q FY Ending March 2014	-16.69	-

(Note) Diluted net income per share for the first quarter of the fiscal year ending March 2015 has not been recorded, because, although there are residual securities, the Company posted a net loss per share.

Diluted net income per share for the first quarter of the fiscal year ending March 2014 has also been omitted as there was no residual stock.

**(2) Financial position (Consolidated)**

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of June 30, 2014	620,897	225,944	34.7
As of March 31, 2014	645,197	226,078	33.9

(Note) Shareholders' equity

As of June 30, 2014	215,608 million yen
As of March 31, 2014	218,676 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 2014	-	9.50	-	9.50	19.00
FY Ending March 2015	-	9.50	-	9.50	19.00
FY Ending March 2015(Est.)	-	9.50	-	9.50	19.00

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

**3. Forecast for the fiscal year ending March, 2015(Consolidated, April 1, 2014- March 31, 2015)**

(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
First half	465,000	6.9	10,000	-3.1	10,500	-3.1	6,000	-45.8	33.87
Full year	990,000	1.8	31,000	-7.2	32,000	-4.7	18,000	-20.1	101.62

Note: Revised forecast for the quarter under review: No

## \* Notice

(1) Changes in main subsidiaries (Changes in specific subsidiaries accompanied by changes in the scope of consolidation): None

(2) Application of accounting treatment specific to the preparation of the consolidated quarterly financial statements: None

(3) Changes in accounting policies, accounting estimates, and restatements

(a) Changes in accounting policies due to revision of accounting standards: Yes

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

(c) Changes in accounting estimates: None

(d) Restatements: None

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

(4) Number of shares outstanding (common stock)

(a) Shares outstanding (including treasury stock)

As of June 30, 2014	177,410,239	As of March 31, 2014	177,410,239
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(b) Treasury stock

As of June 30, 2014	276,574	As of March 31, 2014	276,468
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(c) Average number of shares during the term (cumulative for the quarter)

As of June 30, 2014	177,133,711	As of June 30, 2013	177,135,938
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## \* Indication regarding the performance of quarterly review procedures

This summary of quarterly financial results is not subject to quarterly review procedures based on the Financial Instruments and Exchange Law. At the time when this report was issued, review procedures for the quarterly financial statements had not been completed pursuant to the Financial Instruments and Exchange Law.

## \* Cautionary statement regarding business results forecasts and special notes

(Caution regarding forward-looking statements)

Earnings forecasts and other forward-looking statements in this release are based on data currently available to the Company and certain assumptions that the Company believes are reasonable and are not intended to as a promise by the Company to achieve those forecasts. Actual results may differ substantially due to various factors. For information regarding using the assumptions that form the basis for the business results forecasts, please refer to "1. Qualitative Information related to the Consolidated Business Results (3) Explanation Concerning Forecasts for Consolidated Business Results and Other Future Projections" [Accompanying Materials] (page 4).

○Contents of Accompanying Materials

1. Qualitative Information related to the Consolidated Business Results .....	2
(1) Explanation Concerning Operating Results .....	2
(2) Explanation Concerning Financial Status .....	3
(3) Explanation Concerning Forecasts for Consolidated Business Results and Other Future Projections .....	4
2. Summary Information: Items related to “Notice” .....	4
Changes in Accounting Policies .....	4
3. Quarterly Consolidated Financial Statements.....	5
(1) Consolidated Balance Sheet .....	5
(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income .....	7
Consolidated Statements of Income	
For the first quarter cumulative period (consolidated).....	7
Consolidated Statements of Comprehensive Income	
For the first quarter cumulative period (consolidated).....	8
(3) Explanation Concerning Consolidated Financial Statements .....	8
(Notes related to the Assumption of a Going Concern) .....	8
(Notes on Significant Changes in Shareholders’ Equity) .....	8
(Segment Information) .....	9
4. Supplementary Information.....	10
(1) Consolidated Statements of Income .....	10
(2) Breakdown of Sales and Orders Received for Housing Business (Non-consolidated).....	11

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

### (1) Explanation Concerning Operating Results

The economic environment in Japan during the first quarter cumulative period (consolidated) (April to June 2014) exhibited an overall mild recovery against a backdrop of government economic measures. Corporate profits remained on the rise, and capital expenditures increased. On the other hand, consumer spending weakened, evidencing the impact of the sharp reactive decline in surge demand following the consumption tax hike. Meanwhile, overseas, the United States and other developed countries saw economic recovery, but the slowdown of economic growth in China and newly emerging countries put a downward push on the domestic economy, showing that the risk has not been eliminated, so the future remains uncertain.

In the domestic housing market, which has a deep relationship to our Group businesses, the impact of the consumption tax hike was expected to be lessened by housing loan interest rates hovering at low levels and expansion of tax reductions on housing loans, but the sharp reactive decline associated with surge demand continued. The momentum that lasted up to the previous fiscal year reversed, and stagnation continued, primarily in the new housing market, including a downward trend in the number of new housing starts compared to the previous fiscal year.

In terms of our financial results in such conditions, net sales increased by 10.0% year-on-year to ¥192,479 million, while there was an operating loss of ¥4,226 million (loss of ¥5,413 million for the same period last year), a recurring loss of ¥3,977 million (loss of ¥4,659 million for the same period last year) and a net loss of ¥3,003 million (loss of ¥2,957 million for the same period last year).

One feature of the custom-built detached housing business, which significantly impacts the Group's business results, is that the completion and delivery of houses varies significantly by the season. For this reason, net sales in the first quarter are normally lower than in other quarters. Consequently, the Company posted a loss in its financial results for the first quarter (consolidated) under review.

An overview of conditions for each business segment is as follows. Net sales for each segment include inside net sales or transfer balances for transactions within that segment.

#### < Business Segments >

##### 1) *Timber and Building Materials Business*

In the domestic timber and building materials distribution business, net sales were down slightly year on year due to slow growth in the market as a whole, including a downward trend in the number of new housing starts. On the other hand, the domestic building materials manufacturing business showed improvement going into this year, and results were strong despite struggles in the previous year due to increased costs associated with the switch to new products.

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 ¥106,682 million (a decrease of 0.4% year-on-year) and recurring income of ¥1,010 million (a decrease of 25.1% year-on-year).

##### 2) *Housing Business*

The custom-built detached housing business saw an increase in net sales year-on-year thanks to a higher number of completed and delivered units against a backdrop of an abundant backlog of orders received. As far as costs go, although the increase in materials prices had an impact, it stayed within expectations.

In the apartment business, sales were strengthened by such means as increasing personnel and having custom-built detached housing sales representatives cross-sell apartments in response to increased demand for asset utilization from land owners associated with an upward trend in land prices in the three major metropolitan areas on top of the scheduled increase in the inheritance tax next January. Additionally, aggressive advertising activities, including television commercials, have been carried out in an attempt to increase recognition of the Group's apartment brand, "ForestMaison," resulting in a year-on-year increase in net sales.

Regarding the renovation and leasing housing business, the main business of renovation demonstrated higher net sales than those of the same period of the previous year. Efforts were made to expand the size of the business, such as increasing the number of personnel, primarily in the Tokyo Metropolitan area—its largest market—in order to enhance its sales force. In the existing home renovation business (resale of renovated homes), which conducts the renovation and resale of used homes, the

rooms in condominium buildings are renovated and resold under the new brand “foRestia.” Sales of these properties were strong.

Consequently, the housing business posted net sales of ¥70,438 million (an increase of 10.6% year-on-year) and a recurring loss of ¥4,723 million (compared to the recurring loss of ¥5,645 million year-on-year).

Regarding the status of orders for custom-built detached housing, which is a leading performance indicator, the sharp reactive decline in surge demand accompanying with the consumption tax hike has continued, resulting in a year-on-year decrease in both the amount and number of orders received. The domestic housing market remained weak compared to the same period of the previous year, but priority was placed on achieving the targets of the plan for this year, so efforts were made to improve drawing power, including strengthening events at exhibitions. Additionally, aggressive sales activities were rolled out with an emphasis on the distinguishing characteristics of Sumitomo Forestry, including design consultation meetings by Design Partner Group, the design group in charge of special high-difficulty properties, in order to highlight the design and engineering capabilities of Sumitomo Forestry and differentiate ourselves from our competitors.

As a result, the amount of orders decreased 27.8% year-on-year to ¥64,763 million.

### 3) *Overseas Business*

The overseas resources and manufacturing business in Indonesia produced solid business results due to strong plywood exports. Net sales increased in Australia, but losses continued due to an increase in the price of raw materials. In New Zealand, things went according to our initial plans.

The number of houses sold increased in the overseas housing and real estate business, thanks in part to the acquisition of equity shares in Bloomfield Homes, L.P. and two other companies, which operate out of the Dallas-Fort Worth area of Texas where the local economy is faring well, in June of last year as well as a strong housing market in the United States. The number of houses sold also increased year on year in Australia against a backdrop of a gentle recovery in the Australian housing market, so performance trended favorably.

Overseas net sales increased substantially, due in part to the acquisition of additional equity shares in the Henley Group, which is engaged in the housing business in Australia and the United States, and making it a consolidated subsidiary in September of last year. At the same time, however, foreign exchange losses were incurred due to the impact of exchange rate fluctuations at some subsidiaries, so there was downward pressure on overall profits.

As a result, the overseas business posted net sales of ¥22,004 million (an increase of 121.8% year-on-year) and a recurring loss of ¥644 million (compared to the recurring loss of ¥446 million in the same period of the previous year).

In May of this year, new equity interest was acquired in Gehan Homes, Ltd., which is engaged in the housing business in Arizona and the greater Texas area, and six other companies. The number of houses sold in the United States is thus expected to grow in the months and years ahead.

### 4) *Other Businesses*

Besides the aforementioned businesses, the Sumitomo Forestry Group operates the biomass power generation business, management of private-pay elderly care facilities, the leasing business and a wide range of service businesses for residential customers (including non-life insurance agency services) and also manufactures and sells farming and gardening materials and develops IT systems for its Group companies. As regards the wood biomass power generation business utilizing unused left-over timber and thinnings and other materials in Mombetsu City, Hokkaido announced in October of last year, construction of the chip factory began as planned in June of this year, and we aim to launch sales operations in December 2016.

The other businesses recorded net sales of ¥3,871 million (a decrease of 4.2% year-on-year) and recurring income of ¥257 million (an increase of 35.1% year-on-year).

## (2) Explanation Concerning Financial Status

At the end of the consolidated cumulative first quarter, total assets decreased ¥24,300 million compared to the end of the previous consolidated fiscal year to ¥620,897 million. Although assets increased due to including Gehan Homes, Ltd. and six other companies in which new stakes were acquired in the consolidated results and costs on uncompleted construction contracts increased in conjunction with the increase in the number of houses under construction in the custom-built detached housing business, payment of construction costs for construction completed as of the end of the previous fiscal year resulted in a decrease in cash and time deposits. Liabilities decreased ¥24,166 million compared to the end of the previous consolidated fiscal year to ¥394,953 million due

to a decrease in accounts payable for construction contracts primarily in conjunction with payment of the aforementioned construction costs. Net assets totaled ¥225,944 million, and the equity ratio was 34.7%.

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

Regarding full year business results forecasts for the fiscal year ending March 2015, there has been no change in the figures in the “Summary of Financial Results for the Year Ended March 2014” published on May 8, 2014.

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

### Changes in Accounting Policy

(Application of accounting standard for retirement benefits)

Beginning the first quarter of the current consolidated fiscal year, the Company adopted the provisions of Paragraph 35 of the Accounting Standard for Retirement Benefits and Paragraph 67 of the Guidance on Accounting Standard for Retirement Benefits as provided in the Accounting Standard for Retirement Benefits (Accounting Standard No.26, May 17, 2012) and the Guidance on Accounting Standard for Retirement Benefits (Accounting Standard No. 25, May 17, 2012). Under this new accounting policy, the Company has revised its method of calculating retirement benefit obligations and service costs. The Company has replaced the straight-line attribution basis with the benefit formula basis for the method of attributing expected benefit to periods. The method of determining the discount rate was reviewed, and the decision was made to switch from a method based on single year bond yield for average remaining service years to a method based on multiple bond yields set for each estimated timing of benefit payment.

In accordance with the transitional application as provided in Paragraph 37 of the Accounting Standard for Retirement Benefits, the Company has, beginning with the start of the first quarter of the current consolidated fiscal year, taken the effects of the changes in calculation method for retirement benefit obligations and service costs directly to retained earnings.

As a result, net defined benefit assets at the beginning of the first quarter of the current consolidated fiscal year increased ¥203 million, and net defined benefit liabilities increased ¥1,393 million, while retained earnings decreased ¥574 million. In addition, the effect of this accounting change on operating losses, recurring loss or income (loss) before income taxes and minority interests for the current first quarter of the cumulative consolidated fiscal year is not material.

### 3. Quarterly Consolidated Financial Statements

#### (1) Consolidated Balance Sheet

(million yen)

	Previous consolidated fiscal year (ended March 31, 2014)	First quarter consolidated accounting period (ended June 30, 2014)
<b>Assets</b>		
Current assets		
Cash and time deposits	75,694	56,501
Notes and accounts receivable-trade	128,580	122,727
Accounts receivable from completed construction contracts	4,341	3,118
Marketable securities	43,000	29,000
Finished goods, logs and lumber	19,831	20,380
Work in process	1,215	1,549
Raw materials and supplies	5,877	6,102
Costs on uncompleted construction contracts	24,433	40,508
Developed land and housing for sale	31,514	38,657
Real estate for sale in process	11,132	25,171
Deferred tax assets	8,754	9,681
Short-term loans receivable	33,397	16,148
Accounts receivable-other	54,254	40,545
Other	5,559	8,866
Allowance for doubtful accounts	(724)	(728)
Total current assets	446,855	418,225
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	59,845	59,796
Accumulated depreciation	(28,514)	(28,940)
Buildings and structures, net	31,331	30,855
Machinery, equipment and vehicles	71,418	72,195
Accumulated depreciation	(51,284)	(52,513)
Machinery, equipment and vehicles, net	20,134	19,682
Land	26,665	26,376
Leased assets	9,214	9,295
Accumulated depreciation	(4,350)	(4,428)
Leased assets, net	4,864	4,867
Construction in progress	6,917	7,968
Other	20,826	21,685
Accumulated depreciation	(7,005)	(7,445)
Other, net	13,821	14,240
Total property, plant and equipment	103,733	103,988
Intangible assets		
Goodwill	3,122	7,002
Other	8,570	8,434
Total Intangible assets	11,692	15,436
Investments and other assets		
Investment securities	65,499	68,073
Long-term loans receivable	649	440
Net defined benefit assets	68	271
Deferred tax assets	1,797	2,147
Other	16,997	14,507
Allowance for doubtful accounts	(2,093)	(2,191)
Total investments and other assets	82,917	83,248
Total noncurrent assets	198,342	202,672
<b>Total assets</b>	<b>645,197</b>	<b>620,897</b>

(million yen)

	Previous consolidated fiscal year (ended March 31, 2014)	First quarter consolidated accounting period (ended June 30, 2014)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	115,294	106,700
Accounts payable for construction contracts	76,136	45,224
Short-term debt	26,434	29,692
Current portion of bonds payable	10,000	10,000
Lease obligations	1,468	1,668
Income taxes payable	8,102	964
Advances received on uncompleted construction contracts	55,120	69,246
Provision for employees' bonuses	10,360	5,185
Provision for directors' bonuses	120	—
Provision for warranties for completed construction	2,035	2,183
Asset retirement obligation	559	509
Other	20,502	25,326
Total current liabilities	326,130	296,696
Long-term liabilities		
Bonds issued	5,000	5,000
Convertible bonds	20,000	20,000
Long-term debt	26,616	30,260
Lease obligations	3,458	3,447
Deferred tax liabilities	10,807	10,812
Provision for directors' retirement benefits	64	65
Net defined benefit liabilities	11,038	12,514
Asset retirement obligation	874	867
Other	15,133	15,293
Total long-term liabilities	92,989	98,257
Total liabilities	419,120	394,953
Net assets		
Shareholders' equity		
Common stock	27,672	27,672
Capital surplus	26,872	26,872
Retained earnings	146,654	141,394
Treasury stock	(272)	(272)
Total shareholders' equity	200,925	195,666
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	14,559	16,268
Deferred gains or losses on hedges	21	(38)
Foreign currency translation adjustment	3,284	3,824
Remeasurements of defined benefit plans	(112)	(112)
Total accumulated other comprehensive income	17,751	19,942
Minority interests	7,401	10,337
Total net assets	226,078	225,944
Total liabilities and net assets	645,197	620,897



## (2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

(Consolidated Statements of Income)

(For the first quarter cumulative period (consolidated))

(million yen)

	Previous 1Q Cumulative Period (Consolidated) (April 1, 2013 - June 30, 2013)	1Q Cumulative Period under Review (Consolidated) (April 1, 2014 - June 30, 2014)
Net sales	175,022	192,479
Cost of sales	151,761	165,113
Gross profit	23,260	27,366
Selling, general and administrative expenses	28,673	31,592
Operating income (loss)	(5,413)	(4,226)
Non-operating income		
Interest income	114	113
Purchase discounts	98	98
Dividends income	537	588
Equity in earnings of affiliates	—	165
Foreign exchange gains	482	—
Other	266	275
Total non-operating income	1,497	1,238
Non-operating expenses		
Interest expenses	293	256
Sales discounts	171	188
Equity in losses of affiliates	189	—
Foreign exchange losses	—	473
Other	90	73
Total non-operating expenses	743	990
Recurring income (loss)	(4,659)	(3,977)
Extraordinary gains		
Gain on sales of investment noncurrent assets	3	2
Gain on sales of investment securities	25	—
Total extraordinary gains	28	2
Extraordinary loss		
Loss on sales of noncurrent assets	—	1
Loss on retirement of noncurrent assets	21	44
Loss on sales of investment securities	—	3
Other	—	11
Total extraordinary loss	21	59
Income (loss) before income taxes and minority interests	(4,652)	(4,035)
Income taxes-current	298	417
Income taxes-deferred	(1,967)	(1,588)
Total income taxes	(1,669)	(1,171)
Net Income (loss) before minority interests	(2,982)	(2,864)
Minority interests	(25)	138
Net income (loss)	(2,957)	(3,003)

## (Consolidated Statements of Comprehensive Income)

(For the first quarter cumulative period (consolidated))

(million yen)

	Previous 1Q Cumulative Period (Consolidated) (April 1, 2013 - June 30, 2013)	1Q Cumulative Period under Review (Consolidated) (April 1, 2014 - June 30, 2014)
Net Income (loss) before minority interests	(2,982)	(2,864)
Other comprehensive income		
Valuation difference on available-for-sale securities	911	1,707
Deferred gains or losses on hedges	(228)	(59)
Foreign currency translation adjustment	2,529	749
Share in equity method affiliates	639	(171)
Total other comprehensive income	3,852	2,226
Comprehensive income	869	(638)
Comprehensive income attributable to owners of the parent	844	(812)
Comprehensive income attributable to minority interests	25	174

## (3) 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 Previous first quarter Cumulative Period (Consolidated, April 1, 2013 –June 30, 2013)

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

(million yen)

	Reporting segment				Other (Note 1)	Total	Adjustment (Note 2)	Amount recorded in the quarterly, consolidated Statements of Income (Note 3)
	Timber and Building Materials	Housing	Overseas	Total				
Net sales								
(1) Unaffiliated customers	102,722	63,655	6,570	172,947	1,901	174,848	174	175,022
(2) Intersegment sales/transfers	4,385	27	3,351	7,764	2,142	9,906	(9,906)	–
Total	107,107	63,683	9,921	180,711	4,043	184,753	(9,732)	175,022
Segment income (loss)	1,348	(5,645)	(446)	(4,742)	190	(4,552)	(106)	(4,659)

- (Notes)
- “Other” are business segments not included in the reporting segments. Such segments include the leasing business, insurance agency business and private-pay elderly care facilities business.
  - The adjusted business loss of ¥106 million includes ¥81 million in eliminated intersegment transactions, as well as ¥25 million in corporate losses, etc., which are not allocated to any of the reporting segments. Corporate income (loss) is primarily selling, general and administrative expenses, non-operating income or non-operating expenses not belonging to any reporting segments.
  - Total segment income (loss) is adjusted against recurring loss in the quarterly consolidated statements of income.

## 2. Information on impairment loss on noncurrent assets, goodwill, etc., for each Reporting Segment

Not applicable

## II. First quarter cumulative period under review (Consolidated, April 1, 2014 - June 30, 2014)

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

(million yen)

	Reporting segment				Other (Note 1)	Total	Adjustment (Note 2)	Amount recorded in the quarterly, consolidated Statements of Income (Note 3)
	Timber and Building Materials	Housing	Overseas	Total				
Net sales								
(1) Unaffiliated customers	101,505	70,408	18,672	190,584	1,655	192,239	240	192,479
(2) Intersegment sales/transfers	5,177	31	3,332	8,540	2,216	10,756	(10,756)	–
Total	106,682	70,438	22,004	199,124	3,871	202,995	(10,516)	192,479
Segment income (loss)	1,010	(4,723)	(644)	(4,357)	257	(4,100)	122	(3,977)

- (Notes)
- “Other” are business segments not included in the reporting segments. Such segments include biomass power generation business, private-pay elderly care facilities business, the leasing business, insurance agency business and Sale of farming and gardening materials, etc.
  - The adjusted business income of ¥122 million includes ¥120 million in eliminated intersegment transactions, as well as ¥243 million in corporate income, etc., which are not allocated to any of the reporting segments. Corporate income (loss) is primarily selling, general and administrative expenses, non-operating income or non-operating expenses not belonging to any reporting segments.
  - Total segment income (loss) is adjusted against recurring loss in the quarterly consolidated statements of income.

## 2. Information on impairment loss on noncurrent assets, goodwill, etc., for each Reporting Segment

(Important change in the amount of goodwill)

In the Overseas business segment, a stake was acquired in Gehan Homes, Ltd. and six other companies, and it is now a consolidated subsidiary. The increase in goodwill from this event in the first quarter cumulative period under review is ¥4,187 million.

## 4. Supplementary Information

## (1) Consolidated Statements of Income

(million yen)

	1Q FY3/14		1Q FY3/15		YoY change	% of YoY change	FY3/14		FY3/15 (Forecast)		YoY change	% of YoY change
Timber and Building Materials Business	107,107		106,682		(425)	(0.4%)	458,611		420,000		(38,611)	(8.4%)
Housing Business	63,683		70,438		+6,756	+10.6%	465,368		470,000		+4,632	+1.0%
Overseas Business	9,921		22,004		+12,083	+121.8%	76,320		128,000		+51,680	+67.7%
Other	4,043		3,871		(171)	(4.2%)	17,286		15,000		(2,286)	(13.2%)
Adjustment	(9,732)		(10,516)		(785)	–	(44,617)		(43,000)		+1,617	–
Net sales	175,022		192,479		+17,457	+10.0%	972,968		990,000		+17,032	+1.8%
Gross profit	13.3%	23,260	14.2%	27,366	+4,105	+17.7%	16.5%	160,162	17.0%	168,000	+7,838	+4.9%
Selling, general and administrative expenses		28,673		31,592	+2,919	+10.2%		126,747		137,000	+10,253	+8.1%
Operating income	(3.1%)	(5,413)	(2.2%)	(4,226)	+1,187	–	3.4%	33,415	3.1%	31,000	(2,415)	(7.2%)
Non-operating income		1,497		1,238	(259)	(17.3%)		3,536		4,000	+464	+13.1%
Non-operating expenses		743		990	+247	+33.3%		3,384		3,000	(384)	(11.3%)
Non-operating income/loss		754		248	(506)	(67.1%)		152		1,000	+848	+559.0%
Timber and Building Materials Business	1.3%	1,348	0.9%	1,010	(338)	(25.1%)	1.1%	4,950	1.0%	4,200	(750)	(15.2%)
Housing Business	(8.9%)	(5,645)	(6.7%)	(4,723)	+922	–	6.9%	32,211	6.1%	28,500	(3,711)	(11.5%)
Overseas Business	(4.5%)	(446)	(2.9%)	(644)	(198)	–	(0.2%)	(149)	2.0%	2,500	+2,649	–
Other	4.7%	190	6.6%	257	+67	+35.1%	4.8%	821	4.7%	700	(121)	(14.8%)
Adjustment		(106)		122	+229	–		(4,268)		(3,900)	+368	–
Recurring income	(2.7%)	(4,659)	(2.1%)	(3,977)	+681	–	3.4%	33,567	3.2%	32,000	(1,567)	(4.7%)
Extraordinary gains		28		2	(26)	(93.7%)		2,254		–	(2,254)	–
Extraordinary loss		21		59	+38	+184.7%		1,192		–	(1,192)	–
Extraordinary gains/losses		7		(58)	(65)	–		1,063		–	(1,063)	–
Net income	(1.7%)	(2,957)	(1.6%)	(3,003)	(46)	–	2.3%	22,531	1.8%	18,000	(4,531)	(20.1%)

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

## 1) Results

(million yen)

First Quarter			Q1 FY3/14 (Actual)			Q1 FY3/15 (Actual)			Change	
			Volume	Amount	Unit price	Volume	Amount	Unit price	Volume	Amount
Orders Received	Contract Business	Custom-built detached housing*1	2,544	89,680	31.4	1,792	64,763	32.4	(29.6%)	(27.8%)
		Wooden apartments*1	307	3,935	12.5	249	3,716	14.7	(18.9%)	(5.6%)
		Other contracts		26	-		3	-		(88.6%)
Sales	Contract Business	Custom-built detached housing*2	1,090	37,624	34.5	1,307	45,888	35.1	+19.9%	+22.0%
		Wooden apartments*2	53	852	16.1	76	1,323	17.4	+43.4%	+55.3%
		Other contracts		300	-		303	-		+1.1%
	Detached spec homes business*3	50	2,072	41.4	21	789	37.6	(58.0%)	(61.9%)	
	Land for custom-built housing		893	-		775	-		(13.2%)	
	Existing Home Renovation (Resale of Renovated Homes)*4		535	-		759	-		+42.0%	
	Other *5		2,475	-		1,613	-		(34.8%)	
Total			44,750	-		51,450	-		+15.0%	
Profit ratio		Gross profit	24.3%	10,885		23.5%	12,083			
Backlog of Orders Received at Term End	Contract Business	Custom-built housing	9,914	328,144	33.1	9,066	314,611	34.7	(8.6%)	(4.1%)
		Wooden apartments	1,631	18,187	11.2	1,566	19,870	12.7	(4.0%)	+9.3%
		Other contracts		364	-		1,524	-		+318.2%
<<Sumitomo Forestry Home Tech (Renovation)>>										
Orders Received	Contract Business			14,187	-			12,535	-	(11.6%)
Construction Completed				9,906	-			10,243	-	+3.4%
Backlog of Orders Received at Term End					25,709	-			25,388	-

## 2) Forecast

(million yen)

Full Year			FY3/14 (Actual)			FY3/15 (Forecast)			Change	
			Volume	Amount	Unit price	Volume	Amount	Unit price	Volume	Amount
Orders Received	Contract Business	Custom-built detached housing*1	9,364	339,909	32.1	9,000	313,500	31.5	(3.9%)	(7.8%)
		Wooden apartments*1	1,140	15,502	13.1	1,250	16,500	13.2	+9.6%	+6.4%
		Other contracts		2,562	-		1,500	-		(41.4%)
Sales	Contract Business	Custom-built detached housing*2	9,243	320,260	34.6	9,000	313,500	34.8	(2.6%)	(2.1%)
		Wooden apartments*2	1,124	13,130	11.7	1,250	14,800	11.8	+11.2%	+12.7%
		Other contracts		1,375	-		2,000	-		+45.4%
	Detached spec homes business *3	242	9,723	40.2	300	12,000	40.0	+24.0%	+23.4%	
	Land for custom-built housing		5,579	-		6,800	-		+21.9%	
	Existing Home Renovation (Resale of Renovated Homes)*4		8,999	-		8,000	-		(11.1%)	
	Other*5		9,623	-		7,000	-		(27.3%)	
Total			368,689	-		364,100	-		(1.2%)	
Profit ratio		Gross profit	24.7%	91,203		24.4%	89,000			
Backlog of Orders Received at Term End	Contract Business	Custom-built housing	8,581	295,736	34.5	8,581	295,736	34.5	+0.0%	+0.0%
		Wooden apartments	1,393	17,477	12.5	1,393	19,177	13.8	+0.0%	+9.7%
		Other contracts		1,824	-		1,324	-		(27.4%)
<<Sumitomo Forestry Home Tech (Renovation)>>										
Orders Received	Contract Business			61,004	-			65,000	-	+6.6%
Construction Completed				59,336	-			64,000	-	+7.9%
Backlog of Orders Received at Term End					23,096	-			24,096	-

\* 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 figures are for the total of land and building.

\* 4: "Real Estate Development" has been changed to "Existing Home Renovation (Resale of Renovated Homes)" as of the fiscal year ended March 31, 2014.

\* 5: Other sales include sales of interior products, condominium buildings, etc.