

Independent Auditor's Report

The Board of Directors
Sumitomo Forestry Co., Ltd.

We have audited the accompanying consolidated financial statements of Sumitomo Forestry Co., Ltd. and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2018, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Sumitomo Forestry Co., Ltd. and its consolidated subsidiaries as at March 31, 2018, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Convenience Translation

We have reviewed the translation of these consolidated financial statements into U.S. dollars, presented for the convenience of readers, and, in our opinion, the accompanying consolidated financial statements have been properly translated on the basis described in Note 4.

Ernst & Young ShinNihon LLC

June 22, 2018
Tokyo, Japan

Sumitomo Forestry Group Overview

(As of July 31, 2018)

Domestic Group Overview

■ Sumitomo Forestry Crest Co., Ltd.	Manufacture and sale of various types of plywood, building components for housing, and adhesives, etc.
■ Sumitomo Forestry Wood Products Co., Ltd.	Procurement and sale of Japanese timber, management of forest, and forestry-related businesses
■ Sumirin Sash Co., Ltd.	Secondary processing and sale of aluminum sashes, exterior finishing
■ Sumikyo Wintec Co., Ltd.	Sale of door and window sashes for housing and low- and mid-rise buildings, and exterior finishing materials
■ Sumikyo Co., Ltd.	Secondary processing and sale of aluminum sashes, exterior finishing
■ Igeto Co., Ltd.	Sale of housing materials and equipment
■ Daiichisansho Co., Ltd.	Sale of housing materials and equipment, interior and exterior finishing
■ Nihei Co., Ltd.	Sale of housing materials and equipment, ancillary work
■ Home Eco Logistics Co., Ltd.	Distribution services for home building materials
■ Nichiha Fuji Tech Co., Ltd.	Manufacture and sale of ceramics and construction materials
■ Sumitomo Forestry Home Service Co., Ltd.	Sales agent for land and housing
■ Sumitomo Forestry Residential Co., Ltd.	Management of condominiums and apartments
■ Sumitomo Forestry Home Tech Co., Ltd.	Renovation and maintenance of Sumitomo Forestry's custom-built wooden detached homes and renovation of regular detached houses, stores and offices, as well as condominiums
■ Sumitomo Forestry Landscaping Co., Ltd.	Urban greening, landscaping for private residences, plant management, procurement and sale of trees and landscape materials, plant rental, production and sale of nursery compost, culture soil for gardening, etc.
■ Sumitomo Forestry Home Engineering Co., Ltd.	Construction and construction supervision of Sumitomo Forestry's custom-built wooden detached homes
■ Sumitomo Forestry Archi Techno Co., Ltd.	Design, production support, site and foundation surveys, analysis of foundation and application for housing performance evaluation for Sumitomo Forestry's custom-built wooden detached homes
■ Meikan Honchoshia PFI Co., Ltd.	Redevelopment of headquarters, etc., of Nagoya Port Authority
■ Japan Bio Energy Co., Ltd.	Intermediate processing of industrial waste products, and supply and sale of wood chips
■ Kawasaki Biomass Electric Power Co., Ltd.	Electric power generation using wood-chip biomass, wholesale of electric power
■ Okhotsk Bio Energy Co., Ltd.	Supply and sale of wood chips
■ Mombetsu Biomass Electric Power Co., Ltd.	Electric power generation using wood-chip biomass, wholesale of electric power
■ Michinoku Bio Energy Co., Ltd.	Supply and sale of wood chips
■ Hachinohe Biomass Electric Power Co., Ltd.	Electric power generation using wood-chip biomass, wholesale of electric power
■ Tomakomai Biomass Power Co., Ltd.	Electric power generation using wood-chip biomass, wholesale of electric power
■ Sumitomo Forestry Information Systems Co., Ltd.	Development of computer systems, etc.
■ Sumirin Wood Peace Co., Ltd.	Bed log shiitake mushroom cultivation and sale, production and processing of timber and interior products, printing
■ Sumirin Enterprises Co., Ltd.	Various services for insurance agency, equipment leasing, office services, etc.
■ Sumirin Business Service Co., Ltd.	Staffing business, training, business contracting
■ Kawanokita Development Co., Ltd.	Management of the Takinomiya Country Club golf course
■ Sumirin Fill Care Co., Ltd.	Management of private-pay elderly care facilities, etc.
■ Sumirin Care Life Co., Ltd.	Management of private-pay elderly care facilities, home nursing care service
■ Kumagai Gumi Co., Ltd.	Construction and peripheral businesses

Overseas Group Overview

< Singapore >		
■ Sumitomo Forestry (Singapore) Ltd.		Import/export and wholesale of timber and building materials, oversight and participation in management of affiliates in Asia
< Hong Kong >		
■ 住林香港有限公司 SUMIRIN HONG KONG LIMITED		Management of affiliated companies in Hong Kong
■ 怡峰控股有限公司 Rainbow Alpha Holdings Limited		Development of condominium complexes
< China >		
■ 住友林業(大連)商貿有限公司 Sumitomo Forestry (Dalian) Ltd.		Import/export and wholesale of timber and building materials
■ 派爾剛聯合木製品(大連)有限公司 Paragon Wood Product (Dalian) Co., Ltd.		Design and construction of wooden housing, interior design and construction of housing and offices
■ 派爾剛木製品(上海)有限公司 Paragon Wood Product (Shanghai) Co., Ltd.		Interior design and construction of housing and offices, manufacturing, processing and sale of trusses
■ 大連住林信息技術服務有限公司 Dalian Sumirin Information Technology Service Co., Ltd.		Contracted CAD work and other business processing
■ 北京金隅裝飾工程有限公司 Beijing BBMG Decoration Engineering Co., Ltd.		Interior design and construction of housing and offices

< U.S.A. >		
■ Sumitomo Forestry America, Inc.		Oversight and participation in management of affiliated companies in U.S.A.
■ Canyon Creek Cabinet Company		Manufacture and sale of kitchen cabinets
■ Bloomfield Group Bloomfield Homes, L.P.		Construction and sale of spec homes
■ Gehan Homes Group Gehan Homes, Ltd.		Construction and sale of spec homes
■ MainVue Homes Group MainVue Homes LLC		Construction and sale of spec homes
■ Dan Ryan Builders Group DRB Enterprises, LLC		Construction and sale of spec homes
■ Edge Homes Group Edge Utah HoldCo, LLC		Construction and sale of spec homes
■ Crescent Communities II, LLC		Multi-family housing development, commercial complex development, etc.
■ Mark III Properties, LLC		Land development



< Indonesia >		
■ PT. Sumitomo Forestry Indonesia		Import/export and wholesale of timber and building materials
■ PT. Mayangkara Tanaman Industri		Large-scale forestation
■ PT. Wana Subur Lestari		Large-scale forestation
■ PT. Kutai Timber Indonesia		Manufacture and sales of plywood, secondary processed plywood, processed timber products and particle board
■ PT. Rimba Partikel Indonesia		Manufacture and sale of particle board
■ PT. Sinar Rimba Pasifik		Manufacture and sale of wooden interior products
■ PT. AST Indonesia		Manufacture and sale of materials for musical instruments, speaker materials and wooden building materials
< Myanmar >		
■ Sumitomo Forestry (Singapore) Ltd. Yangon Branch		Import/export and wholesale of timber and building materials, collect information on overseas locations
■ MOS Lumber Products Co., Ltd.		Manufacture and sale of processed timber products
< Thailand >		
■ SF Holdings (Thailand) Co., Ltd.		Management of affiliated companies in Thailand
■ PAN ASIA PACKING LTD.		Procurement and sale of wooden packaging materials and wood products
< Vietnam >		
■ Sumitomo Forestry (Vietnam) Co., Ltd.		Import/export and wholesale of timber and building materials
■ Vina Eco Board Co., Ltd.		Manufacture and sale of particle board
< India >		
■ Sumitomo Forestry India Pvt. Ltd.		Import/export and wholesale of timber and building materials, etc.
■ Spacewood Furnishers Pvt. Ltd.		Manufacture and sale of wooden interior products

< Australia >		
■ Sumitomo Forestry Australia Pty Ltd.		Oversight and participation in management of affiliated companies in Australia; import / export and wholesale of timber and building materials
■ Henley Group Henley Arch Pty Ltd. (Henley Arch Unit Trust)		Construction and sale of custom-built homes and spec homes
■ Wisdom Group Wisdom Properties Group Pty Ltd.		Construction and sale of custom-built homes and spec homes
< New Zealand >		
■ Sumitomo Forestry NZ Ltd.		Management of affiliated companies in New Zealand
■ Nelson Pine Industries Ltd.		Manufacture and sale of medium-density fiberboard (MDF), veneer and laminated veneer lumber (LVL)
■ Tasman Pine Forests Ltd.		Large-scale forestation
< Papua New Guinea >		
■ Open Bay Timber Ltd.		Large-scale forestation

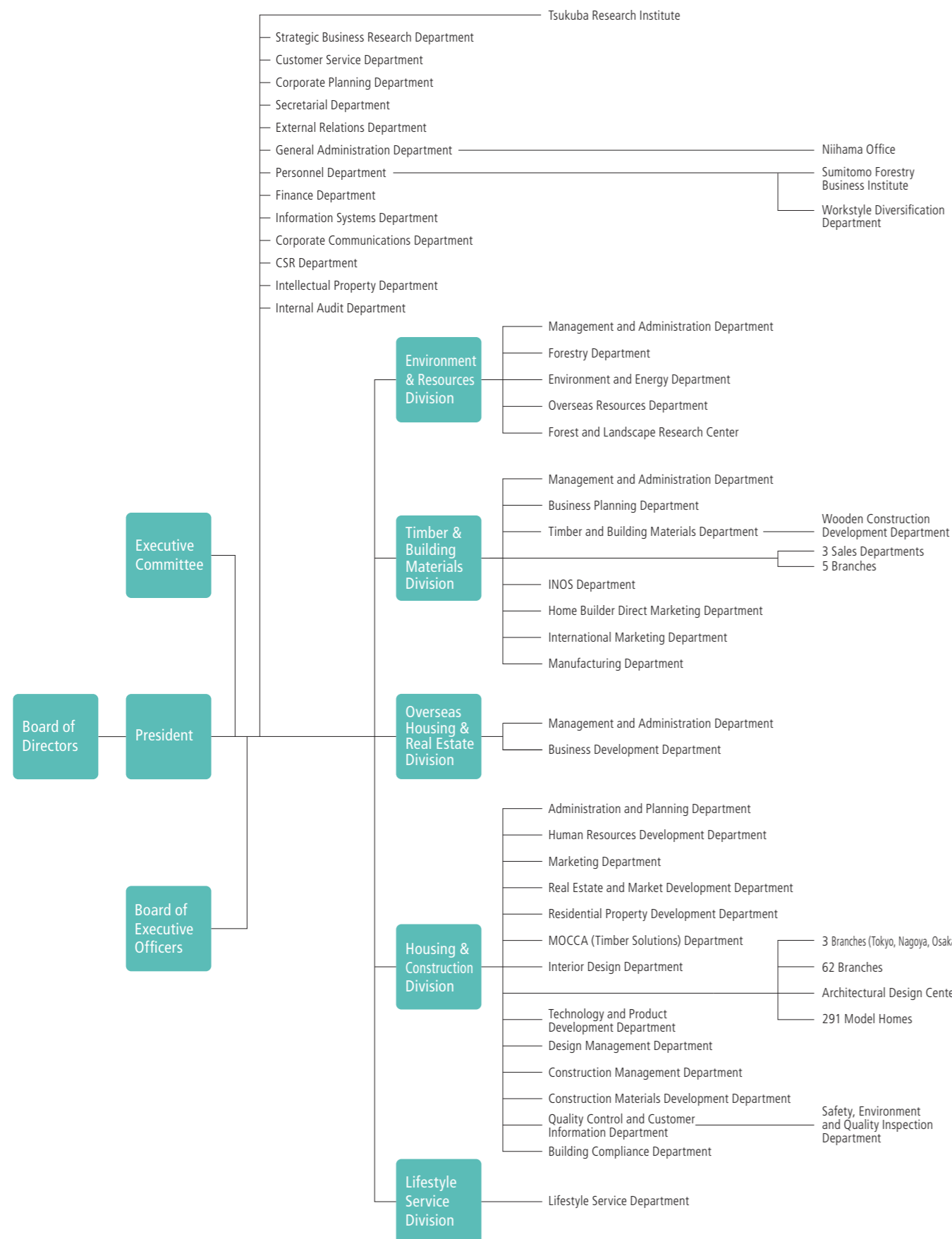
■ Timber and Building Materials Business
 ■ Overseas Housing and Real Estate Business
 ■ Other Businesses

Overseas Offices

- Vancouver Office (Canada)
- Amsterdam Office (Netherlands)
- Kota Kinabalu Office (Malaysia)

Organization Chart

(As of April 1, 2018)



Stock Information

Company Outline (As of March 31, 2018)

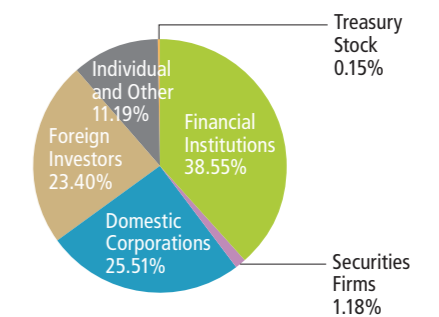
Company Name	Sumitomo Forestry Co., Ltd.
Founded	1691
Incorporated	1948
Paid-in Capital	¥32,672 million
Stock Exchange Listing	Tokyo
Total Number of Authorized Shares	400,000,000
Total Number of Shares Issued	182,607,739
Ordinary Shareholders' Meeting	June
Number of Shareholders	10,502
Head Office	Keidanren Kaikan, 3-2, Otemachi 1-chome, Chiyoda-ku, Tokyo 100-8270, Japan
Consolidated Subsidiaries	110 (Overseas 80)
Affiliated Companies	29 (Overseas 24)
Number of Employees (Consolidated)	18,195
Homepage	http://sfc.jp/english/
Independent Auditors	Ernst & Young ShinNihon LLC
Contact Information	Sumitomo Forestry Co., Ltd. Corporate Communications Department IR Team Tel : 81-3-3214-2270 Fax: 81-3-3214-2272

Major Shareholders (As of March 31, 2018)

Shareholders	Number of shares held (Thousand shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (trust account)	10,419	5.7
Sumitomo Metal Mining Co., Ltd.	10,110	5.5
Japan Trustee Services Bank, Ltd. (trust account)	7,332	4.0
The Iyo Bank, Ltd.	5,849	3.2
Kumagai Gumi Co., Ltd.	5,197	2.8
Japan Trustee Services Bank, Ltd. (trust account 9)	4,442	2.4
Sumitomo Corporation	4,383	2.4
Sumitomo Life Insurance Company	4,227	2.3
The Hyakujushi Bank, Ltd.	4,197	2.3
Sumitomo Mitsui Banking Corporation	4,136	2.2

* Rounded down to the nearest thousand.
* The shareholding ratio is calculated by subtracting treasury stock from the total number of outstanding shares.

Breakdown of Shareholders (As of March 31, 2018)



Stock Price and Trading Volume

