The following is an unofficial English translation of "Notice of Convocation of the 73rd Ordinary General Meeting of Shareholders" ("Notice") by Sumitomo Forestry Co., Ltd. ("Company") to be held on June 21, 2013. The Company provides this English translation for your reference and convenience only and without any warranty as to its accuracy or otherwise. The Japanese original is the sole official version and shall prevail in the event of any discrepancy between this English translation and the Japanese original.

May 30, 2013

To Our Shareholders

Akira Ichikawa President/Director Sumitomo Forestry Co., Ltd. 3-2, Otemachi 1-chome Chiyoda-ku, Tokyo

### NOTICE OF THE 73RD ORDINARY GENERAL MEETING OF SHAREHOLDERS

Dear Our Shareholders:

We would like to express our appreciation for your courtesies always shown us.

You are cordially invited to our 73rd Ordinary General Meeting of Shareholders ("Meeting") to be held as described hereunder.

If you are unable to attend the Meeting, you can exercise your voting rights by either postal mail or by Internet, etc. Please refer to "Reference Documents for the General Meeting of Shareholders" (see pages 12-14) and exercise your voting rights in accordance with "Guidance Notes on the Exercise of Voting Rights" (see pages 2-3).

**1. Date and Time**: Friday, June 21, 2013 at 10:00 a.m.

**2. Place**: Main Conference Room of the Company on the 8th Floor of Keidanren

Kaikan at 3-2, Otemachi 1-chome, Chiyoda-ku, Tokyo

3. Agenda:

### Matters to be reported:

Items No 1: Reports on the Business Report, the Consolidated Financial Statements, and the

Non-consolidated Financial Statements for the 73rd Business term (from April 1, 2012 to Morah 21, 2012).

2012 to March 31, 2013);

Items No 2: Report on the Results of Audits of the Consolidated Financial Statements for the

73rd Business term by the Accounting Auditor and the Board of Statutory Auditors.

### Proposals to be resolved:

Proposal No 1: Appropriation of Surplus
Proposal No 2: Election of one (1) Director
Proposal No 3: Payment of Bonuses to Directors

### 4. Guidance Notes on Exercise of Voting Rights:

#### (1) Method of Exercising Voting Rights

- a. If you attend the Meeting in person, please submit the enclosed voting form to our receptionist at the Meeting. Please bring this notice to the Meeting with you.
- b. If you are unable to attend the Meeting in person, please exercise your voting rights via either by postal mail or by Internet etc.

#### **Voting by Postal Mail**

Please indicate your approval or disapproval of each item on the enclosed voting form, and return it to our Administrator of Share Registry no later than 5:30 p.m. on Thursday, June 20, 2013 (Japan Standard Time).

### Voting by Internet etc.

Please exercise your voting rights in accordance with "Guide to Exercising Voting Rights by Internet etc." on page 3, and register your approval or disapproval of each item to be voted <u>no later than 5:30 p.m. on Thursday, June 20, 2013 (Japan Standard Time).</u>

### (2) Matters of Exercising Voting Rights

- a. If you exercise your voting rights more than once by Internet etc., we will only accept the last exercise of your voting rights as valid.
- b. If you exercise your voting rights both by postal mail and by Internet etc., we will only accept the vote registered by Internet etc. as valid.

- End -

The Notes to the Consolidated Financial Statements and the Notes to the Non-Consolidated Financial Statements for the 73rd Business term are disclosed on our website (http://sfc.jp/english/) in accordance with the relevant laws and regulations and Article 17 of the Articles of Incorporation of the Company. Accordingly, those documents are not included in the Notice.

If there are any items that require amendments to the Reference Documents for the General Meeting of Shareholders, the Business Report, the Consolidated Financial Statements and the Non-Consolidated Financial Statements by the day before the Meeting, we will announce the amendments either by postal mail or by posting them on our website (http://sfc.jp/english/).

### [Guide to Exercising Voting Rights by Internet etc.]

#### 1. Exercising Voting Rights via the Internet

- (1) Exercising your voting rights via Internet by your personal computer is available only by accessing the voting website. This site is also available via the Internet by your cellular phone.

  Online voting site: <a href="http://www.web54.net">http://www.web54.net</a> (Japanese only)
- (2) Please access the voting website for exercising your voting rights by your personal computer or cellular phone, and log in the website with your voting code and password written on the enclosed voting form. Then, register your approval or disapproval of each item no later than 5:30 p.m. on Thursday, June 20, 2013 (Japan Standard Time), following the instructions on the screen.
- (3) Any access fees to internet service providers and any communication fees (including, but not limited to telephone fees) for the usage of the voting website for voting shall be borne by the shareholder.
- (4)When you exercise your voting rights via the Internet by your personal computer, you need to use Microsoft® Internet Explorer 5.01 SP2 or its latest version as internet browser software to access the voting website.
  - (Microsoft is a trademark of Microsoft Corporation in the United States, registered in the United States and other countries.)
- (5) When you exercise your voting rights via the Internet by your cellular phone, a type of cellular phones with 128-bit SSL communication only can access the online voting system for security purposes. Other models are not compatible with this system. In addition, you can exercise your voting rights via the Internet through full browser function of your smartphone, but please note that some models are not compatible with this system.

Please contact the following Help Desk for inquiries about exercising voting rights via the Internet.

Administrator of Share Registry Sumitomo Mitsui Trust & Banking Co., Ltd., (Help Desk) Phone (toll-free within Japan): 0120-652-031 (AM9:00~PM9:00, Japan Standard Time)

<Help Desk for other inquiries > Phone (on toll-free within Japan):0120-782-031 (Weekday, AM9:00~PM5:00, Japan Standard Time)

### 2. Electronic Voting Platform for Institutional Investors

Institutional investors, who have applied to use "Electronic Voting Platform for Institutional Investors" operated by ICJ Inc. in advance, may use the voting platform to exercise your voting rights.

- End -

### **CONSOLIDATED BALANCE SHEET**

	(M	illions of Yen)
<u>ASSETS</u>		
Current assets:		
Cash and deposits	¥	56,155
Notes and accounts receivable-trade		121,053
Accounts receivable from completed construction contracts		4,880
Securities		11,000
Merchandise and finished goods		15,939
Work in process		1,192
Raw materials and supplies		5,145
Real estate for sale		27,894
Costs on uncompleted construction contracts		27,057
Deferred tax assets		8,077
Short-term loans receivable		36,852
Accounts receivable-other		47,935
Other		5,589
Allowance for doubtful accounts		(1,291)
<u>Total current assets</u>		<u>367,478</u>
Noncurrent assets:		
Property, plant and equipment:		
Buildings and structures, net		26,618
Machinery, equipment and vehicles, net		17,450
Land		23,573
Lease assets, net		4,091
Construction in progress		1,346
Other, net		12,822
Total property, plant and equipment		85,900
Intangible assets:		
Goodwill		737
Other		8,420
Total intangible assets		9,157
Investments and other assets:		
Investment securities		59,588
Long-term loans receivable		1,247
Deferred tax assets		1,343
Other		25,480
Allowance for doubtful accounts		(2,220)
Total investments and other assets		85,439
<u>Total noncurrent assets</u>		<u>180,495</u>
<u>Total assets</u>	¥	<u>547,973</u>

## CONSOLIDATED BALANCE SHEET

As of March 31, 2013	
· · · · · · · · · · · · · · · · · · ·	(Millions of Yen)
<u>LIABILITIES</u>	,
Current liabilities:	
Notes and accounts payable-trade	¥ 104,655
Accounts payable for construction contracts	64,968
Short-term loans payable	25,995
Lease obligations	1,067
Income taxes payable	5,589
Advances received on uncompleted construction contracts	42,345
Provision for bonuses	9,392
Provision for directors' bonuses	110
Provision for warranties for completed construction	1,711
Provision for loss on disaster	60
Provision for loss on liquidation of subsidiaries and affiliates	344
Asset retirement obligations	569
Other	19,336
Total current liabilities	276,143
Noncurrent liabilities:	
Bonds payable	15,000
Long-term loans payable	24,189
Lease obligations	2,978
Deferred tax liabilities	10,198
Provision for retirement benefits	9,720
Provision for directors' retirement benefits	85
Provision for loss on business liquidation	1,435
Asset retirement obligations	813
Other	14,162
Total noncurrent liabilities	78,580
Total liabilities	<u>354,723</u>
NET ASSETS	
Shareholders' equity:	
Capital stock	27,672
Capital surplus	26,872
Retained earnings	127,489
Treasury stock	(269)
Total shareholders' equity	181,763
Accumulated other comprehensive income:	
Valuation difference on available-for-sale securities	12,132
Deferred gains or losses on hedges	249
Foreign currency translation adjustment	(1,654)
Total accumulated other comprehensive income	10,727
Minority interests	760
Total net assets	<u>193,250</u>
<u>Total liabilities and net assets</u>	¥ <u>547,973</u>

# CONSOLIDATED STATEMENTS OF INCOME For the year ended March 31, 2013

For the year ended March 31, 2013		
	(Mi	llions of Yen)
Net sales	¥	845,184
Cost of sales		703,748
Gross profit		<u>141,436</u>
Selling, general and administrative expenses		116,105
Operating income		25,330
Non-operating income:		
Interest income		385
Purchase discounts		402
Dividends income		947
Foreign exchange gains		941
Other		1,595
Total non-operating income		<b>4,269</b>
Total non-operating income		4,209
Non-operating expenses:		
Interest expenses		1,270
Sales discounts		642
Equity in losses of affiliates		140
Other		566
Total non-operating expenses		2,618
Ordinary income		<u> 26,981</u>
Orumary income		<u> 20,701</u>
Extraordinary income:		
Gain on sales of noncurrent assets		88
Gain on sales of investment securities		30
		19
Gain on transition of defined contribution pension		
Total extraordinary income		137
Extraordinary loss:		
Loss on sales of noncurrent assets		27
Loss on retirement of noncurrent assets		98
Impairment loss		211
Loss on valuation of investment securities		235
Loss on change in equity		25
Loss on liquidation of subsidiaries and affiliates		344
Other		30
Total extraordinary loss		971
		26 140
<u>Income before income taxes and minority interests</u>		<u>26,148</u>
In come toyon aument		10.540
Income taxes-current		10,540
Income taxes-deferred		(205)
Income before minority interests		<u>15,813</u>
Min with interest in law		/44 <b>/</b> \
Minority interests in loss		(110)
Net income	¥	<u>15,923</u>
100 income	Ť	13,743

# CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS For the year ended March 31, 2013

(Millions of Yen)

		S	hareholders' e	quity		Accu					
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Valuation difference on available-for- sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income	Minority	Total net assets
Balance as of the											
beginning of the 73rd											
business term	27,672	26,872	114,223	(268)	168,499	5,734	192	(5,291)	634	202	169,335
Changes of items during											
the period											
Dividends from surplus			(2,657)		(2,657)						(2,657)
Net income			15,923		15,923						15,923
Purchase of treasury											
stock				(1)	(1)						(1)
Net changes of items											
other than shareholders'											
equity						6,399	57	3,637	10,093	558	10,651
Total changes of items											
during the period	-	-	13,265	(1)	13,264	6,399	57	3,637	10,093	558	23,915
Balance as of the end of											
the 73rd business term	27,672	26,872	127,489	(269)	181,763	12,132	249	(1,654)	10,727	760	193,250

### NON-CONSOLIDATED BALANCE SHEET

AS 01 March 31, 2013		
A CONTROL	(M	illions of yen)
ASSETS		
Current assets:		
Cash and deposits	¥	49,778
Notes receivable-trade		51,514
Accounts receivable-trade		58,889
Accounts receivable from completed construction contracts		739
Securities		11,000
Merchandise and finished goods		11,116
Real estate for sale		27,175
Costs on uncompleted construction contracts		16,922
Advance payments-trade		379
Prepaid expenses		955
Deferred tax assets		5,206
Short-term loans receivable		28,607
Short-term loans receivable from subsidiaries and affiliates		15,458
Accounts receivable-other		70,211
Other		457
Allowance for doubtful accounts		(2,517)
Total current assets		345,888
Noncurrent assets:		
Property, plant and equipment:		
Buildings, net		10,172
Structures, net		455
Machinery and equipment, net		96
Vehicles, net		2
Tools, furniture and fixtures, net		519
Land		11,262
Timber		8,681
Produce wood creation		286
Lease assets, net		3,281
Construction in progress		912
Total property, plant and equipment		35,665
Total property, plant and equipment		22,002
Intangible assets:		
Telephone subscription right		182
Path through a forest right		169
Right of using facilities		4
Software		4,975
Lease assets		1
Total intangible assets		5,330
Total intaligible assets		3,330
Investments and other assets:		
Investment securities		48,396
Stocks of subsidiaries and affiliates		25,030
Investments in capital of subsidiaries and affiliates		2,109
		2,109
Long-term loans receivable		34
Long-term loans receivable from employees		
Long-term loans receivable from subsidiaries and affiliates		6,566
Claims provable in bankruptcy, claims provable in rehabilitation and		2.000
other		2,089
Long-term prepaid expenses		655
Long-term time deposits		14,280
Other		4,362
Allowance for doubtful accounts		(3,217)
Total investments and other assets		100,527
Total management aggets		1.41 500
Total assets	17	141,522 487 411
<u>Total assets</u>	¥	<u>487,411</u>

### NON-CONSOLIDATED BALANCE SHEET

Millions of yen   Millions o	AS 01 March 31, 2013	0.631	
Notes payable-trade	I I A DIU IDIOG	(Millions of y	en)
Notes payable-trade			
Accounts payable trade			
Accounts payable for construction contracts			
Current portion of long-term loans payable   9,303     Lease obligations   1,249     Accounts payable-other   6,193     Income taxes payable   3,553     Accrued consumption taxes   823     Accrued expenses   980     Advances received   902     Advances received   26,862     Unearned revenue   1,129     Provision for bonuses   6,040     Provision for directors' bonuses   110     Provision for loss on disaster   60     Provision for loss on disaster   60     Provision for loss on liquidation of subsidiaries and affiliates   483     Asset retirement obligations   569     Total carrent liabilities   5,000     Long-term loans payable   14,671     Guarantee deposited   5,028     Lease obligations   1,883     Deferred tax liabilities   5,692     Provision for loss on business of subsidiaries and affiliates   3,938     Provision for retirement benefits   5,692     Provision for retirement benefits   5,692     Provision for retirement benefits   5,692     Provision for loss on business liquidation   1,435     Asset retirement obligations   698     Other return liabilities   52,226     Total noncurrent liabilities   52,226     Total apilities   5,222     Total capital surplus   26,613     Other capital surplus   26,872     Retained earnings   2,857     Total capital surplus   26,872     Retained earnings   10,394     Total capital surplus   26,872     Retained earnings   10,394     Total capital surplus   26,872     Retained earnings   10,394     Total capital surplus   26,872     Retained earnings   10,3747     Terasury stock   (269)     Total shareholder's equity   1,444     General reserve   83,487     Retained earnings   100,394     Total shareholder's equity   1,448     Total net assets   170,510			
Lease obligations			
Accounts payable other   3,555     Accrued consumption taxes   3,555     Accrued consumption taxes   823     Accrued expenses   980     Advances received   902     Advances received   1,129     Deposits received   1,129     Provision for bonuses   6,040     Provision for bonuses   1,109     Provision for forwarranties for completed construction   1,534     Provision for forwarranties for completed construction   1,534     Provision for loss on disaster   60     Provision for loss on disaster   60     Provision for loss on diguidation of subsidiaries and affiliates   483     Asset retirement obligations   569     Total current liabilities   264,675     Noncurrent liabilities   264,675     Noncurrent liabilities   1,5000     Long-term loans payable   15,000     Long-term loans payable   14,671     Guarantee deposited   5,028     Lease obligations   1,883     Deferred tax liabilities   5,692     Provision for retirement benefits   5,692     Provision for loss on business of subsidiaries and affiliates   3,938     Provision for loss on business of subsidiaries and affiliates   3,938     Provision for loss on business liquidation   1,435     Asset retirement obligations   698     Other   213     Total noncurrent liabilities   52,226     Total languard   5,001     NET ASSETS   Shareholders' equity:   2,6613     Other capital surplus   26,872     Retained earnings   2,857     Other retained earnings   2,857     Other retained earnings   103,747     Total retained earnings   103,747     Treasury stock   (269)     Total retained earnings   103,747     Treasury stock   (269)     Total retained earnings   103,747     Treasury stock   (269)     Total valuation and translation adjustments   12,488     Total net assets   170,510			
Income taxes payable			
Accrued consumption taxes			
Accrued expenses     Advances received     Deposits received     Unearned revenue     Provision for bonuses     Provision for bonuses     Provision for bonuses     Provision for warranties for completed construction     Provision for loss on dispatter     Separate deposited     Asset retirement obligations     Total current liabilities:  Bonds payable     Long-term loans payable     Long-term loans payable     Long-term loans payable     Long-term loans payable     Lease obligations     Deferred tax liabilities     Provision for retirement benefits     Provision for loss on business of subsidiaries and affiliates     Provision for loss on business liquidation     Asset retirement obligations     Other     Pattern to business liquidation     Asset retirement obligations     Other     Capital surplus     Separate deposited     Capital surplus     Capital surplus     Capital surplus     Capital surplus     Capital surplus     Capital surplus     Legal capital surplus     Capital surplus			
Advances réceived Advances received on uncompleted construction contracts 34,594 Deposits received 26,862 Unearned revenue 1,129 Provision for bonuses 6,040 Provision for directors' bonuses 110 Provision for directors' bonuses 110 Provision for Instance of completed construction 1,534 Provision for loss on disaster 60 Provision for loss on liquidation of subsidiaries and affiliates 483 Asset retirement obligations 569 Total current liabilities 264,675  Noncurrent liabilities 15,000 Long-term loans payable 14,671 Guarantee deposited 5,028 Lease obligations 18,83 Deferred tax liabilities 5,692 Provision for loss on business of subsidiaries and affiliates 5,692 Provision for loss on business of subsidiaries and affiliates 5,692 Provision for loss on business of subsidiaries and affiliates 5,692 Provision for loss on business of subsidiaries and affiliates 7,893 Provision for loss on business of subsidiaries and affiliates 7,893 Provision for loss on business liquidation 1,435 Asset retirement obligations 6,98 Other 213 Total noncurrent liabilities 52,226 Total liabilities 316,901  NET ASSETS  Shareholders' equity: Capital stock 27,672 Capital stock 27,672 Capital surplus 26,613 Other capital surplus 26,613 Other capital surplus 259 Total capital surplus 26,872 Retained earnings 28,857 Other retained earnings 10,890 Total capital surplus 15,958 Reserve for reduction entry 1,444 General reserve 83,487 Retained earnings 100,890 Total retained earnings 252 Total valuation and translation adjustments 12,488 Total net assets 170,510			
Advances received on uncompleted construction contracts   26,862   Deposits received   1,129   Provision for bonuses   6,040   Provision for bonuses   110   Provision for directors' bonuses   110   Provision for warranties for completed construction   1,534   Provision for loss on disaster   60   Provision for loss on disaster   66   Provision for loss on disaster   560   Provision for loss on liquidation of subsidiaries and affiliates   483   Asset retirement obligations   569   Total current liabilities   264,675      Noncurrent liabilities:   264,675   Noncurrent liabilities   15,000   Long-term loans payable   15,000   Long-term loans payable   14,671   Guarantee deposited   5,028   Lease obligations   1,883   1,883   Deferred tax liabilities   5,692   Provision for retirement benefits   3,668   Provision for loss on business of subsidiaries and affiliates   3,938   Provision for loss on business liquidation   1,435   Asset retirement obligations   698   Provision for loss on business liquidation   1,435   Asset retirement obligations   698   Other   213   Total noncurrent liabilities   52,226   Total liabilities   316,901   NET ASSETS   Shareholders' equity:   27,672   Capital surplus   26,613   Other capital surplus   26,812   Retained earnings   2,857   Other retained earnings   2,857   Other retained earnings   2,857   Other retained earnings   2,857   Other retained earnings   100,890   Total retained earnings   100,890   Total retained earnings   103,747   Treasury stock   269   Total shareholder's equity   158,022   Valuation and translation adjustments   12,236   Total valuation and translation adjustments   12,488   Total net assets   170,510   Total net			
Deposits received			
Unearmed revenue			
Provision for bonuses			
Provision for directors' bonuses   110     Provision for warranties for completed construction   1,534     Provision for loss on disaster   60     Provision for loss on liquidation of subsidiaries and affiliates   483     Asset retirement obligations   264,675     Noncurrent liabilities   264,675     Noncurrent liabilities:     15,000     Long-term loans payable   15,000     Long-term loans payable   14,671     Guarantee deposited   5,028     Lease obligations   1,883     Deferred tax liabilities   5,692     Provision for retirement benefits   3,668     Provision for retirement benefits   3,668     Provision for loss on business of subsidiaries and affiliates   3,938     Provision for loss on business liquidation   1,435     Asset retirement obligations   698     Other   213     Total noncurrent liabilities   52,226     Total liabilities   316,901     NET ASSETS   Shareholders' equity:   27,672     Capital stock   27,672     Capital surplus   26,613     Other capital surplus   26,872     Retained earnings   2,857     Other retained earnings   2,857     Other retained earnings   2,857     Other retained earnings   100,890     Total retained earnings brought forward   15,958     Total retained earnings   100,890     Total shareholder's equity   158,022    Valuation and translation adjustments   12,236     Deferred gains or losses on hedges   252     Total net assets   170,510			
Provision for warranties for completed construction         1,534           Provision for loss on disaster         60           Provision for loss on liquidation of subsidiaries and affiliates         483           Asset retirement obligations         264,675           Total current liabilities:         8           Bonds payable         15,000           Long-term loans payable         14,671           Guarantee deposited         5,028           Lease obligations         1,883           Deferred tax liabilities         5,692           Provision for retirement benefits         3,668           Provision for loss on business of subsidiaries and affiliates         3,938           Provision for loss on business liquidation         1,435           Asset retirement obligations         698           Other         213           Total noncurrent liabilities         52,226           Total liabilities         316,901           NET ASSETS           Shareholders' equity:         2           Capital surplus         26,613           Capital surplus         26,613           Other capital surplus         26,872           Retained earnings:         2,857           Other retained earnings         3,487		6,040	
Provision for loss on disaster	Provision for directors' bonuses		
Provision for loss on liquidation of subsidiaries and affiliates	Provision for warranties for completed construction	1,534	
Asset retirement obligations	Provision for loss on disaster	60	
Asset retirement obligations         569           Total current liabilities:         264,675           Bonds payable         15,000           Long-term loans payable         14,671           Guarantee deposited         5,028           Lease obligations         1,883           Deferred tax liabilities         5,692           Provision for retirement benefits         3,668           Provision for loss on business of subsidiaries and affiliates         3,938           Provision for loss on business liquidation         1,435           Asset retirement obligations         698           Other         213           Total noncurrent liabilities         52,226           Total liabilities         316,901           NET ASSETS         Shareholders' equity:           Capital stock         27,672           Capital stock         27,672           Capital storplus:         26,613           Other capital surplus         26,872           Retained earnings         26,872           Retained earnings         2,857           Other retained earnings         2,857           Other retained earnings         10,374           Retained earnings         103,747           Teasury stock	Provision for loss on liquidation of subsidiaries and affiliates	483	
Total current liabilities:         264,675           Noncurrent liabilities:         15,000           Bonds payable         15,000           Long-term loans payable         14,671           Guarantee deposited         5,028           Lease obligations         1,883           Deferred tax liabilities         5,692           Provision for loss on business of subsidiaries and affiliates         3,668           Provision for loss on business liquidation         1,435           Asset retirement obligations         698           Other         213           Total noncurrent liabilities         52,226           Total liabilities         316,901           NET ASSETS         Shareholders' equity:           Capital stock         27,672           Capital surplus:         26,613           Legal capital surplus         26,613           Other capital surplus         259           Total capital surplus         26,872           Retained earnings         2,857           Other retained earnings         2,857           Other retained earnings         3,487           Reserve for reduction entry         4,444           General reserve         83,487           Retained earnings		569	
Noncurrent liabilities:         15,000           Long-term loans payable         14,671           Guarantee deposited         5,028           Lease obligations         1,883           Deferred tax liabilities         5,692           Provision for retirement benefits         3,668           Provision for loss on business of subsidiaries and affiliates         3,938           Provision for loss on business liquidation         1,435           Asset retirement obligations         698           Other         213           Total noncurrent liabilities         52,226           Total liabilities         316,901           NET ASSETS         Shareholders' equity:           Capital stock         27,672           Capital surplus:         2           Legal capital surplus         26,613           Other capital surplus         259           Total capital surplus         2,857           Retained earnings:         2,857           Other retained earnings         2,857           Other retained earnings         2,857           Other retained earnings         100,890           Total other retained earnings         100,890           Total retained earnings         100,890           Tot		264,675	
Bonds payable		,	
Bonds payable	Noncurrent liabilities:		
Long-term loans payable Guarantee deposited Lease obligations 1,883 Deferred tax liabilities 5,692 Provision for retirement benefits 7,038 Provision for ross on business of subsidiaries and affiliates 7,938 Provision for loss on business liquidation 8,368 Provision for loss on business liquidation 1,435 Asset retirement obligations 698 Other 213 Total noncurrent liabilities 52,226 Total liabilities 52,226 Total liabilities 52,226 Total surplus:  Capital surplus:  Legal capital surplus 1,259 Total capital surplus 26,613 Other capital surplus 26,872 Retained earnings: Legal retained earnings Reserve for reduction entry 6,612 General reserve 83,487 Retained earnings Total other retained earnings Total retained earnings Total other retained earnings Total other retained earnings Total other retained earnings Total other retained earnings Total		15,000	
Guarantee deposited         5,028           Lease obligations         1,883           Deferred tax liabilities         5,692           Provision for retirement benefits         3,668           Provision for loss on business of subsidiaries and affiliates         3,938           Provision for loss on business liquidation         1,435           Asset retirement obligations         698           Other         213           Total noncurrent liabilities         52,226           Total liabilities         316,901           NET ASSETS         Starcholders' equity:           Capital surplus         27,672           Capital surplus         26,613           Other capital surplus         259           Total capital surplus         26,872           Retained earnings:         26,872           Retained earnings         2,857           Other retained earnings         1,444           General reserve         83,487           Retained earnings brought forward         15,958           Total other retained earnings         100,890           Total retained earnings         100,890           Total shareholder's equity         158,022           Valuation and translation adjustments:         252			
Lease obligations Deferred tax liabilities Deferred tax liabilities Deferred tax liabilities Provision for loss on business of subsidiaries and affiliates Provision for loss on business of subsidiaries and affiliates Provision for loss on business liquidation Asset retirement obligations Other 213  Total noncurrent liabilities 52,226  Total liabilities  Shareholders' Shareholders' equity: Capital stock Capital surplus: Legal capital surplus 126,613 Other capital surplus 26,613 Other capital surplus 26,872 Retained earnings Retained earnings Other retained earnings Reserve for reduction entry General reserve 83,487 Retained earnings Total other retained earnings Total retained			
Deferred tax liabilities 5,692 Provision for retirement benefits 3,668 Provision for loss on business of subsidiaries and affiliates 3,938 Provision for loss on business liquidation 1,435 Asset retirement obligations 698 Other 213 Total noncurrent liabilities 52,226 Total liabilities 316,901  NET ASSETS Shareholders' equity: Capital stock 27,672 Capital surplus: Legal capital surplus 26,613 Other capital surplus 259 Total capital surplus 26,872 Retained earnings: Legal retained earnings Reserve for reduction entry 1,444 General reserve 83,487 Retained earnings brought forward 15,958 Total other retained earnings 100,890 Total retained earnings 103,747 Treasury stock (269) Total shareholder's equity 158,022  Valuation and translation adjustments: Valuation and translation adjustments 12,236 Deferred gains or losses on hedges 252 Total net assets 170,510			
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Provision for loss on business liquidation         1,435           Asset retirement obligations         698           Other         213           Total noncurrent liabilities         52,226           Total liabilities         316,901           NET ASSETS           Shareholders' equity:           Capital stock         27,672           Capital surplus:         26,613           Other capital surplus         259           Total capital surplus         26,872           Retained earnings:         2,857           Legal retained earnings         2,857           Other retained earnings         2,857           Other retained earnings         1,444           General reserve         83,487           Retained earnings brought forward         15,958           Total other retained earnings         100,890           Total retained earnings         103,747           Treasury stock         (269)           Total shareholder's equity         158,022           Valuation and translation adjustments:         252           Valuation and translation adjustments         12,236           Deferred gains or losses on hedges         252           Total valuation and translation adjustment			
Asset retirement obligations Other Other 213 Total noncurrent liabilities 52,226 Total liabilities 316,901  NET ASSETS Shareholders' equity: Capital stock Capital surplus: Legal capital surplus Legal capital surplus Other capital surplus 26,613 Other capital surplus 26,872 Retained earnings: Legal retained earnings Legal retained earnings Reserve for reduction entry General reserve 83,487 Retained earnings brought forward 15,958 Total other retained earnings 100,890 Total retained earnings Total retained earnings 103,747 Treasury stock 2699 Total shareholder's equity 158,022  Valuation and translation adjustments: Valuation difference on available-for-sale securities Deferred gains or losses on hedges Total valuation and translation adjustments 112,488  Total net assets			
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Capital stock Capital surplus: Legal capital surplus Other capital surplus 259 Total capital surplus 26,613 Other capital surplus 26,872 Retained earnings: Legal retained earnings Legal retained earnings Reserve for reduction entry 4,444 General reserve 83,487 Retained earnings brought forward 15,958 Total other retained earnings Total retained earnings 100,890 Total retained earnings 103,747 Treasury stock (269) Total shareholder's equity 158,022  Valuation and translation adjustments: Valuation difference on available-for-sale securities Deferred gains or losses on hedges 252 Total valuation and translation adjustments 112,488  Total net assets			
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Legal capital surplus26,613Other capital surplus259Total capital surplus26,872Retained earnings:2,857Legal retained earnings2,857Other retained earnings1,444General reserve for reduction entry1,444General reserve83,487Retained earnings brought forward15,958Total other retained earnings100,890Total retained earnings103,747Treasury stock(269)Total shareholder's equity158,022Valuation and translation adjustments: Valuation difference on available-for-sale securities Deferred gains or losses on hedges252Total valuation and translation adjustments12,488Total net assets170,510		,	
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Reserve for reduction entry General reserve 83,487 Retained earnings brought forward 15,958 Total other retained earnings 100,890  Total retained earnings 103,747  Treasury stock (269) Total shareholder's equity 158,022  Valuation and translation adjustments: Valuation difference on available-for-sale securities Deferred gains or losses on hedges 252 Total valuation and translation adjustments 11,488  Total net assets 170,510		2,037	
General reserve 83,487 Retained earnings brought forward 15,958 Total other retained earnings 100,890  Total retained earnings 103,747 Treasury stock (269) Total shareholder's equity 158,022  Valuation and translation adjustments: Valuation difference on available-for-sale securities Deferred gains or losses on hedges 252 Total valuation and translation adjustments 12,488  Total net assets 170,510		1 444	
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Total other retained earnings  Total retained earnings Treasury stock Total shareholder's equity  Valuation and translation adjustments:  Valuation difference on available-for-sale securities Deferred gains or losses on hedges Total valuation and translation adjustments  Total net assets  100,890 (269) 158,022  Valuation and translation adjustments:  12,236 252 Total valuation and translation adjustments 11,488			
Total retained earnings Treasury stock Total shareholder's equity  Valuation and translation adjustments:  Valuation difference on available-for-sale securities Deferred gains or losses on hedges Total valuation and translation adjustments  Total net assets  103,747 (269) 158,022  Valuation and translation adjustments: 12,236 252 Total valuation and translation adjustments 11,488			
Treasury stock Total shareholder's equity  Valuation and translation adjustments:  Valuation difference on available-for-sale securities Deferred gains or losses on hedges Total valuation and translation adjustments  Total net assets  (269)  158,022  Valuation and translation adjustments  12,236 252 Total valuation and translation adjustments  1170,510		·	
Total shareholder's equity  Valuation and translation adjustments:  Valuation difference on available-for-sale securities Deferred gains or losses on hedges  Total valuation and translation adjustments  12,236 252 Total valuation and translation adjustments  12,488  Total net assets			
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Valuation difference on available-for-sale securities Deferred gains or losses on hedges 252 Total valuation and translation adjustments 12,488  Total net assets 170,510	Total shareholder's equity	158,022	
Valuation difference on available-for-sale securities Deferred gains or losses on hedges 252 Total valuation and translation adjustments 12,488  Total net assets 170,510	Walandan and Amendada Day 4		
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	Total not aggets	1 <b>7</b> 0 <b>2</b> 10	
1 Otal nabilities and liet assets # 487,411			
	Total nadmues and het assets	₹ <u>48/,411</u>	

# NON-CONSOLIDATED STATEMENTS OF INCOME For the year ended March 31, 2013

	(	(Millions of yen)
Net sales:	v	271 411
Net sales of goods Net sales of completed construction contracts	¥	371,411 311,021
Total net sales		682,432
Cost of sales:		252.006
Cost of goods sold Cost of sales of completed construction contracts		353,006 231,289
Total cost of sales		584,295
Gross profit		<u>98,137</u>
Selling, general and administrative expenses:		78,826
Operating income		<u>19,311</u>
Non-operating income:		
Interest income Interest on securities		316
Purchase discounts		17 336
Dividends income		3,253
Other Total non-anarating income		1,279 <b>5,202</b>
Total non-operating income		5,202
Non-operating expenses:		
Interest expenses		446
Interest on bonds Sales discounts		203 521
Other		296
Total non-operating expenses		1,466
Ordinary income		<u>23,047</u>
Extraordinary income:		
Gain on sales noncurrent assets		46
Gain on sales of investment securities Gain on extinguishment of tie-in shares		21 80
Total extraordinary income		<b>147</b>
Extraordinary loss:		
Loss on sales of noncurrent assets		21
Loss on retirement of noncurrent assets		65 186
Impairment loss Loss on valuation of investment securities		235
Loss on valuation of investments in capital of subsidiaries and		200
affiliates		817
Loss on valuation of stocks of subsidiaries and affiliates Provision for loss on liquidation of subsidiaries and affiliates		197 483
Total extraordinary loss		2,005
<u>Income before income taxes</u>		<u>21,189</u>
Income taxes-current		7,009
Income taxes-deferred		(445)
Net income	¥	<u>14,625</u>

## NON-CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

For the year ended March 31, 2013

(Millions of yen)

Shareholders' equity											
	Capital	surplus	Retained earnings						Valuation		1
		0.1		Other	Retained ear			Total	difference	Deferred	Total net
Capital stock	Legal capital surplus	Other capital surplus	Legal retained earnings	Reserve for advanced depreciation	General reserve	Retained earnings brought forward	Treasury stock	Total shareholders' equity	on available- for-sale securities	available- losses on for-sale hedges	assets
27,672	26,613	259	2,857	1,444	76,387	11,090	(268)	146,055	5,906	195	152,156
					7,100	(7,100)		-			-
						(2,657)		(2,657)			(2,657)
						14,625		14,625			14,625
							(1)	(1)			(1)
									6,330	56	6,386
-	-	-	-	-	7,100	4,868	(1)	11,967	6,330	56	18,353
27,672	26,613	259	2,857	1,444	83,487	15,958	(269)	158,022	12,236	252	170,510
	27,672	Capital stock Legal capital surplus  27,672 26,613	stock capital surplus  27,672 26,613 259	Capital surplus  Legal capital surplus  Legal capital surplus  27,672 26,613 259 2,857	Capital stock  Legal capital surplus  Capital stock  Legal capital surplus  Capital surplus  Capital surplus  Capital capital surplus  Capital surplus  Capital capital surplus  Capital capital capital earnings  Reserve for advanced depreciation  27,672  26,613  259  2,857  1,444	Capital stock  Legal capital surplus  Legal capital surplus  Legal capital surplus  27,672  26,613  259  2,857  1,444  76,387  7,100	Capital strock    Capital strock   Legal capital strock   Legal capital strock   Legal capital surplus   Legal capital surplus   Participated capital surplus   Participated capital surplus   Participated capital surplus   Participated carnings   Participated capital carnings   Participated carnings   Participated carnings   Participated capital carnings   Participated carnings   Particip	Capital surplus	Capital surplus	Capital surplus	Capital surplus   Capital surplus   Capital stock   Capital stock   Capital stock   Capital stock   Capital surplus   Capital surplus   Capital stock   Capital surplus   Ca

(Amounts less than one (1) million yen in the Consolidated Financial Statements and the Non-consolidated Financial Statements are rounded to the nearest million yen.)

### **Reference Documents for the General Meeting of Shareholders**

### **Proposal No 1: Appropriation of Surplus**

The Company hereby proposes to appropriate the surplus from a comprehensive view point towards reinforcement of our management base and financial strength as follows:

1. Year-end dividend for the 73rd business term

In terms of returning the Company's profit to our shareholders, the dividend in the 73rd business term is increased from seven point five (7.5) yen in the 72nd business term to nine point five (9.5) yen per share by the result that takes into account of operating performance for the 73rd business term and other relevant factors in accordance with the Company's basic policy (i.e. "Dividend of surplus should be distributed continuously and stably from a comprehensive view point of returning the Company's profit to our shareholders").

Accordingly, the annual dividend for the 73rd business term is seventeen (17) yen per share including the interim dividends.

(1) Type of dividend assets:

Cash

(2) Allocation of dividend assets to our shareholders and the total amount of annual dividends:

9.5 yen per ordinary share of common stock Total amount:1,682,797,007 yen

(3) Effective date of the dividend payment:

June 24, 2013

### 2. Appropriation of other surplus

The Company hereby proposes to provide for amount as general reserve in order to reinforce its management base and prepare for future business development as follows:

(1) The item of surplus to be increase, and the amount thereof:

General reserve 10,900,000,000 yen

(2) The item of surplus to be decrease, and the amount thereof:

Retained earnings brought forward

10,900,000,000 yen

### **Proposal No 2:** Election of One (1) Director

One director, Hideo Watabe will resign as director at the closing of the General Meeting. Accordingly, the Company hereby proposes the election of one (1) director.

The term of director, who will elect at the General Meeting, is until the same expiration of the term of the other current directors as set forth in Article 22 of the Article of Incorporation. The candidate for the director is as follows:

(Current positions, responsibilities and significant concurrent positions are underscored)

	(Current posi	tions, responsion	lities and significant concurrent positions are	underscored)
No.	Name (Date of birth)	Career sur Compar	Number of shares in the Company owned	
1	* Tatsuru Satoh (December 14, 1955)	April 1978 April 2008  October 2008  January 2009  April 2009  April 2011 June 2011  April 2012  June 2012	Joined the Company President / Director of Sumitomo Forestry Two-By-Four Homes Co., Ltd. General Manager of Administration Department and Two-By-Four Business Department, Housing Division and President /Director of Two-By-Four Homes Co., Ltd. General Manager of Administration Department and Two-By-Four Business Department, Housing Division General Manager of Administration Department, Housing Division General Manager of Personnel Department Supervisory Officer General Manager of Personnel Department Supervisory Officer General Manager of General Administration Department Executive Officer General Manager of General Administration Department Managing Executive Officer In charge of General Administration, Personnel, Corporate Communications, Internal Audit, Intellectual Property, Environmental Management	13,300 shares

### Note:

- 1. 💥 means a candidate as newly appointed director.
- 2. The candidate above has no special conflicts of interest with the Company.
- 3. Number of shares in the Company owned by the candidate stated above are as of March 31, 2013.
- 4. Two-By- Four is one of housing construction methods.

### **Proposal No 3: Payment of Bonuses to Directors**

The Company hereby proposes to pay bonuses total amount of 105,000,000 yen for seven (7) directors in office at the end of the current fiscal year, taking into account of the operating performance for the 73rd business term and other relevant factors comprehensively.

The Company also proposes that decision for the amounts of bonus to each director is determined by the Board of Directors.

- End -