

Summary of Financial Results

for the First Quarter of the Fiscal Year Ending March, 2016

[Japan GAAP] (Consolidated)

Name of Company:	Sumitomo Forestry Co., Ltd.
Stock Exchange Listing:	Tokyo
Stock Code	1911
URL:	http://sfc.jp/
Representative	
Title:	President / Representative Director
Name:	Akira Ichikawa
Contact Person:	
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Date of filing of financial report:	August 7, 2015
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, 2015 – June 30, 2015)

(1) Results of operations (Consolidated)

(Percentage figures represent year on year changes)

	Net sales		Operating income		Recurring income		Profit for the year attributable to Owners of the parent	
	Million Yen	%	Million Yen	%	Million yen	%	Million yen	%
1Q FY Ending March 2016	195,777	1.7	-6,261	-	-5,842	-	-5,293	-
1Q FY Ending March 2015	192,479	10.0	-4,226	-	-3,977	-	-3,003	-

(Note) Comprehensive income

As of June 30, 2015 -2,048 million yen (—%)

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

	Net income per share	Net income per share fully diluted
	Yen	Yen
1Q FY Ending March 2016	-29.88	-
1Q FY Ending March 2015	-16.95	-

(Note) Diluted net income per share for the first quarter of the fiscal year ending March 2016 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 2015 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, 2015	648,591	256,139	37.1
As of March 31, 2015	665,538	260,782	36.9

(Note) Shareholders' equity

As of June 30, 2015 240,897 million yen

As of March 31, 2015 245,750 million yen

2. Dividends

	Dividend per share				
	End of 1Q	End of 2Q	End of 3Q	End of FY	Full year
FY Ended March 2015	Yen -	Yen 9.50	Yen -	Yen 12.00	Yen 21.50
FY Ending March 2016	-				
FY Ending March 2016(Est.)		12.00	-	12.00	24.00

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

3. Forecast for the fiscal year ending March, 2016(Consolidated, April 1, 2015- March 31, 2016)

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

	Net sales		Operating income		Recurring income		Profit for the year attributable to Owners of the parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	488,000	3.9	11,500	-5.9	12,000	-9.9	5,500	-24.4	31.05
Full year	1,062,000	6.5	35,000	3.0	36,500	0.2	19,500	5.0	110.09

Note: Revised forecast for the quarter under review: Yes

* 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, 2015	177,410,239	As of March 31, 2015	177,410,239
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(b) Treasury stock

As of June 30, 2015	278,800	As of March 31, 2015	278,529
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(c) Average number of shares during the term (cumulative for the quarter)

As of June 30, 2015	177,131,571	As of June 30, 2014	177,133,711
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* Indication regarding the performance of quarterly review procedures

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

* Cautionary statement regarding business results forecasts and special notes

(Caution regarding forward-looking statements)

Earnings forecasts and other forward-looking statements in this release are based on data currently available to the Company and certain assumptions that the Company believes are reasonable and are not intended to be a promise by the Company to achieve those forecasts. Actual results may differ substantially due to various factors. For information regarding using the assumptions that form the basis for the business results forecasts, 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] (page4.)

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1. Qualitative Information related to the Consolidated Business Results

(1) Explanation Concerning Operating Results

Against the backdrop of effective economic policy, the Japanese economy continued a gentle recovery in the first quarter under review (April to June 2015), including steady consumer spending, as corporate profits and hiring/income trended upwards. Meanwhile, overseas, there was a gentle recovery led by developed countries, but there are certain signs of weakness, including future trends in United States monetary policy, the situation in Europe with Greece's reemerging financial crisis and a clear deceleration of China's economic growth, so the outlook for the future remains uncertain.

In the domestic housing market, which has a deep relationship to our Group businesses, housing loan interest rates hovered at low levels, and government policies promoted home acquisition. As a result of these factors, there were signs that the impact of the sharp reactive decline accompanying the consumption tax hike was dissipating, including an increase in the number of new housing starts compared to the previous year.

In terms of our financial results in such conditions, net sales were at almost the same level but slightly increased by 1.7% year-on-year to ¥195,777 million, while there was an operating loss of ¥6,261 million (loss of ¥4,226 million for the same period last year), a recurring loss of ¥5,842 million (loss of ¥3,977 million for the same period last year) and net loss attributable to owners of parent of ¥5,293 million (loss of ¥3,003 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 >

(a) *Timber and Building Materials Business*

In the domestic timber and building materials distribution business, there were signs of a recovery in the number of new housing starts, but overall, the timber and building materials market was lacking in vibrancy, and net sales decreased year on year. Additionally, sales were steady the domestic building materials manufacturing business, but the Company is currently promoting the concentration of management resources by restructuring plants and transferring subsidiary businesses, so corporate profits decreased.

In the overseas distribution business, the Company poured efforts into sales through collaboration between overseas bases to respond to demand for timber and building materials in emerging countries, especially those of Southeast Asia.

As a result, the timber and building materials business posted net sales of ¥101,312 million (a decrease of 5.0% year-on-year) and recurring income of ¥481 million (a decrease of 52.4% year-on-year).

(b) *Housing Business*

The custom-built detached housing business saw a decline in the number of completed and delivered units year on year due to a low initial backlog of orders received resulting from the impact of the sharp reactive decline in the previous term accompanying the consumption tax hike. Meanwhile, value-added proposals utilizing the Company's design capabilities lifted profits and resulted in steady sales of products using our proprietary "Big-Frame Construction method," but a decrease in the number of units completed and delivered resulted in a year-on-year decrease in net sales.

In the apartment business, sales were further strengthened by responding to increased demand in metropolitan areas for asset utilization and fire protection/fireproof performance through efforts such as the launch of our new “ForestMaison BF-Fireproof” product and having sales representatives from the custom-built detached houses business expand our sales structure to bases all over Japan.

As a result of business expansion efforts such as strengthening sales targeting owners of our detached houses, net sales in the renovation business exceeded those of the previous year.

Consequently, the housing business posted net sales of ¥60,389 million (a decrease of 14.3% year-on-year) and a recurring loss of ¥7,426 million (compared to the recurring loss of ¥4,723 million in the same period of the previous year).

Regarding the status of orders for custom-built detached houses, which is a leading performance indicator, there is a sense that the drop in consumer confidence following the consumption tax hike has bottomed out as the amount of orders received increased year on year. In the domestic housing market, housing loan interest rates hovered at low levels, and government policies such as expansion of housing loan tax credits and tax exemptions for gift tax on home acquisition provided a boost. In the midst of these circumstances, the Company worked to draw attention to value-added proposals in order to spread the word about the attractiveness of interior materials featuring wood design sense. New products were also released as efforts were poured into promoting orders, including “BF-Fireproof,” custom-built detached houses that can be up to four stories high, featuring improved fire protection/fireproof performance required in metropolitan areas, and “konoka,” featuring the perspective of women with a keen interest in living space.

As a result, the amount of orders increased 14.2% year-on-year to ¥73,988 million.

(c) Overseas Business

In the overseas manufacturing business, results in New Zealand and Australia were in line with the initial plan. On the other hand, in Indonesia, results fell short of what they were in the previous year due to lower unit selling prices for plywood and particle board compared to the previous year.

In the overseas housing and real estate business, the number of units sold and profit levels were up substantially in the United States where we engage in the housing business against the backdrop of converting the Gehan Homes Group, in which stakes were acquired last May, into a consolidated subsidiary and a steady housing market. Additionally, the housing market in Australia was also strong, boosted especially by the effect of lowering the policy interest rate. Results were favorable owing to steady promotion of sales by the Henley Group in response to actual demand in Australia, which led to an increased number of units sold. In the fiscal 2015 competition sponsored by the Australian Housing Industry Association (HIA), the Henley Group was rated No. 1 in Australia in the Professional Major Builder category, which requires outstanding well-rounded strength in things like customer service, annual sales and financial soundness.

As a result, the overseas business posted net sales of ¥40,810 million (an increase of 85.5% year-on-year) and a recurring income of ¥1,978 million (compared to the recurring loss of ¥644 million in the same period of the previous year).

(d) 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 announced in April of this year, the Group entered the day service business in order to expand our elderly care business. Our aim is to provide elderly care services that will contribute to local communities through our “Day Forest” facilities, which feature a

wood design sense.

The other businesses recorded net sales of ¥4,033 million (an increase of 4.2% year-on-year) and recurring loss of ¥176 million (compared to the recurring income of ¥257 million in the same period of the previous year).

(2) Explanation Concerning Financial Status

At the end of the consolidated first quarter, total assets decreased ¥16,947 million compared to the end of the previous consolidated fiscal year to ¥648,591 million due to a decrease in cash on hand resulting primarily from payment of construction costs for construction completed on houses, while costs on uncompleted construction contracts increased due to an increase in the number of units under construction in the custom-built detached housing business. Liabilities decreased ¥12,304 million compared to the end of the previous consolidated fiscal year to ¥392,452 million due to a decrease in accounts payable for construction contracts in conjunction with payment of construction costs as well as an increase in advances received on uncompleted construction contracts associated with an increase in the number of units under construction. Net assets totaled ¥256,139 million, and the equity ratio was 37.1%.

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

Regarding full year business results forecasts for the fiscal year ending March 2016, in light of the most recent developments, we expect there to be changes in the numbers since the “Summary of Financial Results for the Year Ended March 2015” published on May 11, 2015, so we have revised the forecast of financial results for the cumulative consolidated second quarter of the current year.

For details, see the “Announcement of Amendment to Forecast of Financial Results” issued today (July 31, 2015).

2. Summary Information: Items related to “Notice”

Changes in Accounting Policies

(Application of Accounting Standard for Business Combination)

“Accounting Standard for Business Combination” (ASBJ Statement No. 21, September 13, 2013; the “Business Combinations Accounting Standard”), “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, September 13, 2013; the “Consolidation Accounting Standard”), “Accounting Standard for Business Divestitures (ASBJ Statement No. 7, September 13, 2013; the “Business Divestitures Accounting Standard”) and other standards have been applied from the first quarter under review, effecting changes in the accounting method to record the difference associated with the changes in equity in subsidiaries remaining under the control of the Company as capital surplus, and to record acquisition-related costs as expenses for the consolidated fiscal year in which such costs are incurred. For business combinations implemented on or after the beginning of the first quarter under review, the accounting method would change to reflect the adjustments to the allocated amount of acquisition costs under the finalization of provisional accounting treatment in the consolidated financial statements for the quarter containing the date of such business combinations. Furthermore, the method of disclosing profit has been changed, and minority interests have been changed to non-controlling interests. In order to reflect these changes, quarterly and full-year consolidated financial statements for the previous quarter and year have been restated.

The Business Combinations Accounting Standard and other standards were applied transitionally as determined in Clause 58-2 (4) of the Business Combinations Accounting Standard, Clause 44-5 (4) of the Consolidation Accounting Standard and Clause 57-4 (4) of the Business Divestitures Accounting Standard. These standards are applicable from the beginning of the first quarter under review going forward.

This has no impact on profit or loss.

3. Quarterly Consolidated Financial Statements

(1) Consolidated Balance Sheet

(million yen)

	Previous consolidated fiscal year (ended March 31, 2015)	First quarter consolidated accounting period (ended June 30, 2015)
Assets		
Current assets		
Cash and time deposits	81,756	45,244
Notes and accounts receivable-trade	118,156	116,728
Accounts receivable from completed construction contracts	6,059	4,053
Marketable securities	26,000	33,114
Finished goods, logs and lumber	18,351	17,902
Work in process	1,299	1,378
Raw materials and supplies	6,909	6,671
Costs on uncompleted construction contracts	22,863	41,566
Developed land and housing for sale	39,232	41,178
Real estate for sale in process	37,063	39,870
Deferred tax assets	7,590	9,288
Short-term loans receivable	32,571	25,562
Accounts receivable-other	44,619	33,220
Other	8,752	10,420
Allowance for doubtful accounts	(998)	(988)
Total current assets	450,220	425,206
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	62,856	62,465
Accumulated depreciation	(30,968)	(31,190)
Buildings and structures, net	31,888	31,275
Machinery, equipment and vehicles	78,696	77,155
Accumulated depreciation	(57,492)	(56,668)
Machinery, equipment and vehicles, net	21,204	20,486
Land	27,007	26,892
Leased assets	10,299	10,443
Accumulated depreciation	(4,815)	(5,193)
Leased assets, net	5,484	5,250
Construction in progress	8,628	13,166
Other	22,730	22,678
Accumulated depreciation	(7,895)	(7,930)
Other, net	14,835	14,748
Total property, plant and equipment	109,046	111,818
Intangible assets		
Goodwill	5,981	5,280
Other	10,306	10,028
Total Intangible assets	16,286	15,308
Investments and other assets		
Investment securities	75,322	81,011
Long-term loans receivable	3,051	3,142
Net defined benefit assets	303	301
Deferred tax assets	2,196	2,680
Other	11,567	11,494
Allowance for doubtful accounts	(2,452)	(2,370)
Total investments and other assets	89,986	96,259
Total noncurrent assets	215,318	223,384
Total assets	665,538	648,591

(million yen)

	Previous consolidated fiscal year (ended March 31, 2015)	First quarter consolidated accounting period (ended June 30, 2015)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	102,951	100,323
Accounts payable for construction contracts	64,612	37,440
Short-term debt	31,340	28,294
Lease obligations	2,146	1,918
Income taxes payable	4,617	1,362
Advances received on uncompleted construction contracts	46,791	64,909
Provision for employees' bonuses	9,866	5,269
Provision for directors' bonuses	135	—
Provision for warranties for completed construction	2,275	2,383
Asset retirement obligation	467	471
Other	26,910	34,800
Total current liabilities	292,110	277,169
Long-term liabilities		
Bonds issued	5,000	5,000
Convertible bonds	20,000	20,000
Long-term debt	41,214	43,103
Lease obligations	3,669	3,501
Deferred tax liabilities	12,244	13,431
Provision for directors' retirement benefits	75	74
Net defined benefit liabilities	13,066	12,689
Asset retirement obligation	975	978
Other	16,403	16,507
Total long-term liabilities	112,646	115,283
Total liabilities	404,756	392,452
Net assets		
Shareholders' equity		
Common stock	27,672	27,672
Capital surplus	26,872	26,872
Retained earnings	161,286	153,868
Treasury stock	(275)	(275)
Total shareholders' equity	215,555	208,136
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	22,342	26,705
Deferred gains or losses on hedges	(124)	160
Foreign currency translation adjustment	8,101	6,031
Remeasurements of defined benefit plans	(124)	(135)
Total accumulated other comprehensive income	30,195	32,760
Non-controlling interests	15,032	15,242
Total net assets	260,782	256,139
Total liabilities and net assets	665,538	648,591

(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, 2014 - June 30, 2014)	1Q Cumulative Period under Review (Consolidated) (April 1, 2015 - June 30, 2015)
Net sales	192,479	195,777
Cost of sales	165,113	167,210
Gross profit	27,366	28,567
Selling, general and administrative expenses	31,592	34,828
Operating income (loss)	(4,226)	(6,261)
Non-operating income		
Interest income	113	115
Purchase discounts	98	85
Dividends income	588	584
Equity in earnings of affiliates	165	141
Other	275	350
Total non-operating income	1,238	1,275
Non-operating expenses		
Interest expenses	256	242
Sales discounts	188	169
Foreign exchange losses	473	212
Other	73	233
Total non-operating expenses	990	856
Recurring income (loss)	(3,977)	(5,842)
Extraordinary gains		
Gain on sales of investment noncurrent assets	2	31
Gain on sales of investment securities	—	17
Subsidy income	—	705
Gain on abolishment of retirement benefit plan	—	149
Total extraordinary gains	2	902
Extraordinary loss		
Loss on sales of noncurrent assets	1	0
Loss on retirement of noncurrent assets	44	37
Loss on sales of investment securities	3	—
Loss on reduction of noncurrent assets	—	705
Special retirement expenses	—	11
Other	11	—
Total extraordinary loss	59	753
Income (loss) before income taxes and non-controlling interests	(4,035)	(5,694)
Income taxes-current	417	1,073
Income taxes-deferred	(1,588)	(2,570)
Total income taxes	(1,171)	(1,497)
Profit (loss)	(2,864)	(4,197)
Profit attributable to non-controlling interests	138	1,095
Profit (loss) attributable to owners of parent	(3,003)	(5,293)

(Consolidated Statements of Comprehensive Income)

(For the first quarter cumulative period (consolidated))

(million yen)

	Previous 1Q Cumulative Period (Consolidated) (April 1, 2014 - June 30, 2014)	1Q Cumulative Period under Review (Consolidated) (April 1, 2015 - June 30, 2015)
Net income (loss)	(2,864)	(4,197)
Other comprehensive income		
Valuation difference on available-for-sale securities	1,707	4,364
Deferred gains or losses on hedges	(59)	283
Foreign currency translation adjustment	749	(2,480)
Share in equity method affiliates	(171)	(18)
Total other comprehensive income	2,226	2,150
Comprehensive income	(638)	(2,048)
Comprehensive income attributable to owners of parent	(812)	(2,728)
Comprehensive income attributable to non-controlling interests	174	680

(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, 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)
1. “Other” is business segments not included in the reporting segments. Such segments include biomass power generation business, private-pay elderly care facilities business, leasing business, insurance agency business and farming and gardening material manufacturing and sales business.
 2. 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.
 3. 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.

II. First Quarter Cumulative Period under Review (Consolidated, April 1, 2015 - June 30, 2015)

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	96,449	60,362	36,987	193,798	1,728	195,526	251	195,777
(2) Intersegment sales/transfers	4,863	27	3,822	8,713	2,305	11,017	(11,017)	–
Total	101,312	60,389	40,810	202,511	4,033	206,544	(10,766)	195,777
Segment income (loss)	481	(7,426)	1,978	(4,967)	(176)	(5,144)	(699)	(5,842)

- (Notes)
1. “Other” is business segments not included in the reporting segments. Such segments include biomass power generation business, private-pay elderly care facilities business, leasing business, insurance agency business and farming and gardening material manufacturing and sales business.
 2. The adjusted business loss of ¥699 million includes ¥122 million in eliminated intersegment transactions, as well as ¥576 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.
 3. 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

4. Supplementary Information

(1) Consolidated Statements of Income

(million yen)

	1Q FY3/15		1Q FY3/16		YoY change	% of YoY change	FY3/15		FY3/16 (Forecast)		YoY change	% of YoY change
Timber and Building Materials Business	106,682		101,312		(5,369)	(5.0%)	423,020		445,000		+21,980	+5.2%
Housing Business	70,438		60,389		(10,050)	(14.3%)	453,940		465,000		+11,060	+2.4%
Overseas Business	22,004		40,810		+18,806	+85.5%	147,024		182,000		+34,976	+23.8%
Other	3,871		4,033		+161	+4.2%	16,565		17,000		+435	+2.6%
Adjustment	(10,516)		(10,766)		(250)	—	(43,293)		(47,000)		(3,707)	—
Net sales	192,479		195,777		+3,298	+1.7%	997,256		1,062,000		+64,744	+6.5%
Gross profit	14.2%	27,366	14.6%	28,567	+1,201	+4.4%	17.0%	169,492	16.9%	179,000	+9,508	+5.6%
Selling, general and administrative expenses	31,592		34,828		+3,236	+10.2%	135,498		144,000		+8,502	+6.3%
Operating income	(2.2%)	(4,226)	(3.2%)	(6,261)	(2,035)	—	3.4%	33,994	3.3%	35,000	+1,006	+3.0%
Non-operating income	1,238		1,275		+36	+2.9%	5,005		5,000		(5)	(0.1%)
Non-operating expenses	990		856		(134)	(13.5%)	2,575		3,500		+925	+35.9%
Non-operating income/loss	248		418		+170	+68.5%	2,430		1,500		(930)	(38.3%)
Timber and Building Materials Business	0.9%	1,010	0.5%	481	(530)	(52.4%)	1.0%	4,039	1.1%	4,800	+761	+18.8%
Housing Business	(6.7%)	(4,723)	(12.3%)	(7,426)	(2,703)	—	6.2%	28,302	6.0%	28,000	(302)	(1.1%)
Overseas Business	(2.9%)	(644)	4.8%	1,978	+2,621	—	4.2%	6,126	4.6%	8,300	+2,174	+35.5%
Other	6.6%	257	(4.4%)	(176)	(433)	—	7.1%	1,175	0.6%	100	(1,075)	(91.5%)
Adjustment	122		(699)		(821)	—	(3,219)		(4,700)		(1,481)	—
Recurring income	(2.1%)	(3,977)	(3.0%)	(5,842)	(1,865)	—	3.7%	36,424	3.4%	36,500	+76	+0.2%
Extraordinary gains	2		902		+900	—	531		—		(531)	—
Extraordinary loss	59		753		+694	—	2,217		—		(2,217)	—
Extraordinary gains/losses	(58)		148		+206	—	(1,686)		—		+1,686	—
Profit (loss) attributable to owners of parent	(1.6%)	(3,003)	(2.7%)	(5,293)	(2,290)	—	1.9%	18,572	1.8%	19,500	+928	+5.0%

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

(million yen)

First Quarter			Q1 FY3/15 (Actual)			Q1 FY3/16 (Actual)			(million yen) Change	
			Volume	Amount	Unit price	Volume	Amount	Unit price	Volume	Amount
Orders Received	Contract Business	Custom-built detached housing *1	1,792	64,763	32.4	1,906	73,988	33.8	+6.4%	+14.2%
		Apartments *1	249	3,716	14.7	358	5,554	15.5	+43.8%	+49.5%
		Other contracts		3	—		3	—		(2.2%)
Sales	Contract Business	Custom-built detached housing *2	1,307	45,888	35.1	855	34,501	40.4	(34.6%)	(24.8%)
		Apartment *2	76	1,323	17.4	55	910	16.5	(27.6%)	(31.2%)
		Other contracts		303	—		435	—		+43.6%
	Detached spec homes business *3		21	789	37.6	48	1,835	38.2	+128.6%	+132.6%
	Land for custom-built housing			775	—		425	—		(45.1%)
	Existing Home Renovation (Resale of Renovated Homes)			759	—		810	—		+6.7%
	Other *4			1,613	—		1,348	—		(16.4%)
	Total			51,450	—		40,264	—		(21.7%)
Profit ratio		23.5%	12,083		23.1%	9,311				
Gross profit										
Backlog of Orders Received at Term End	Contract Business	Custom-built housing	9,066	314,611	34.7	8,693	312,058	35.9	(4.1%)	(0.8%)
		Apartments	1,566	19,870	12.7	2,168	30,342	14.0	+38.4%	+52.7%
		Other contracts		1,524	—		36	—		(97.7%)
<< Sumitomo Forestry Home Tech (Renovation) >>										
Orders Received		Contract Business		12,535	—		14,440	—		+15.2%
Construction Completed				10,243	—		10,668	—		+4.1%
Backlog of Orders Received at Term End				25,388	—		26,099	—		+2.8%

(million yen)

Full Year			FY3/15 (Actual)			FY3/16 (Forecast)			Change	
			Volume	Amount	Unit price	Volume	Amount	Unit price	Volume	Amount
Orders Received	Contract Business	Custom-built detached housing *1	7,804	290,203	33.2	8,600	313,800	33.2	+10.2%	+8.1%
		Apartments *1	1,486	21,790	14.4	1,550	22,700	14.5	+4.3%	+4.2%
		Other contracts		1,435	—		4,200	—		+192.7%
Sales	Contract Business	Custom-built detached housing *2	8,743	313,396	35.8	8,200	299,100	36.5	(6.2%)	(4.6%)
		Apartments *2	1,014	13,569	13.4	1,340	18,700	14.0	+32.1%	+37.8%
		Other contracts		2,791	—		4,100	—		+46.9%
	Detached spec homes business *3		272	10,174	37.4	295	11,800	40.0	+8.5%	+16.0%
	Land for custom-built housing			5,532	—		5,300	—		(4.2%)
	Existing Home Renovation (Resale of Renovated Homes)			5,685	—		5,900	—		+3.8%
	Other *4			8,026	—		8,900	—		+10.9%
	Total			359,173	—		353,800	—		(1.5%)
Profit ratio			24.6%			24.5%				
Gross profit				88,341			86,600			
Backlog of Orders Received at Term End	Contract Business	Custom-built housing	7,642	272,571	35.7	8,042	287,271	35.7	+5.2%	+5.4%
		Apartments	1,865	25,698	13.8	2,075	29,698	14.3	+11.3%	+15.6%
		Other contracts		468	—		568	—		+21.4%
<< Sumitomo Forestry Home Tech (Renovation) >>										
Orders Received		Contract Business		55,887	—		69,200	—		+23.8%
Construction Completed				56,656	—		68,200	—		+20.4%
Backlog of Orders Received at Term End				22,327	—		23,327	—		+4.5%

* 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: Other sales include sales of interior products, commission sales from insurance agency business, etc.