



BULLS

international

January 1, 2014

No. 33

Greetings for 2014

In 2013, the Japanese economy greatly improved since the inauguration of the new administration of Prime Minister Abe, and while stock prices quickly rose more than 7,000 yen and, the industrial environment turned for the better based on the cumulative total of housing construction from January to October increased nearly 10%, compared to the same period in the previous year, to 798,000 units, so an upswing in the economy has finally come started after a long time.

The fact that the business results for every company in the

Shigeru Yoshida

Chairman and CEO of JK Holdings Co., Ltd.



JK Group were in an extremely good condition, and it is very pleasing that we have made a public stock offering of 2,300,000 share at the end of December in order to strengthen our financial stability. Also this year, business is expected to continue to be in good condition just as it was last year. In the JK Group, plans are in the works to strengthen sales at overseas businesses with a reorganization in China including a newly-established base for local subsidiaries, preparations for a newly-established base in Moscow, Russia, and an increase in personnel in Vietnam and Taiwan.

Fiscal Year ending march 2014, Closing with a bang : Increase in Sales, Profits & Dividends expected

The 2nd quarter consolidated earnings results of JK Holdings Co., Ltd. for the fiscal year ending in March 2014 had net sales of 164.768 billion yen (13.6% increase compared to the same period in the previous year), current profits of 2.947 billion yen (85.0% increase compared to the same period in the previous year), and net earnings of 1.740 billion yen (131.1% increase compared to the same period in the previous year) showing a large increase in revenue and profit.

Due to the increase in demand prior to the increase in the consumption tax rate taking place, the aggregate total of new housing construction starts for the quarter was 499,000 units (12.7% increase compared to the same period in the previous year), and construction starts of owner-occupied houses, which are a mainstay for the JK Group, amounted to 182,000 units (13.5% increase compared to the same period in the previous year) greatly exceeding the amount of the same period in the previous year. Adding newly acquired Meirin Co., Ltd. to the

Takashi Yoshida

President and COO of JK Holdings Co., Ltd.



consolidated earnings from the 1st quarter also led to the increase in the earning results. In addition, the sales of laminated veneer lumber, the mainstay product of KEYTEC Co., Ltd., has increase due to a smooth expansion into the non-housing sector such as public buildings along with the increase in orders for use in housing, a large increase in revenue and profit was seen compared to the same period in the previous year.

Regarding the 3rd quarter because generally speaking a steady performance is expected, the consolidated business targets for the full year ending in March 2014 were upwardly revised with net sales at 325.000 billion yen, current profits at 5.200 billion yen, and net earnings at 2.700 billion yen. Estimated year-end dividend was revised upwards to 7 yen per a share from 5 yen per a share, so total dividend for fiscal year 2013 is expected to be 12 yen per a share.

Contents

Trend (P2)-----Market Outlook for Plywood
Survey (P2) -----Prospect of Business Condition for January-March
Topics (P3) -----Study Tour to Canton Fair

Event (P4) -----The Japanese Were the Central Figures for
Improvement of Plywood Productivity and Quality

Trend

Market Outlook for Plywood

Trend for new housing starts

It was announced that new housing starts in October were 90,226 units or 107.1% compared to the same month in the previous year, continuing to increase from the same month in the previous year for 14 consecutive months. It was the first time in 5 years since October 2008 that monthly housing starts exceeded 90,000 units. Especially, housing starts for wooden houses (53,217 units) recorded the highest figure in a decade. Housing starts in all areas including the Tokyo

metropolitan area increased from the same month in the previous year, and housing starts at a seasonally-adjusted annual rate finally crossed the 1-million mark, amounting to 1,037,000 units.

Trend for domestic plywood

The production of domestic softwood plywood in October reached an all-time high of 237,664 cubic meters while shipment also reached record volume, standing at 245,721 cubic meters. The inventory at the end of October was 136,649 cubic meters or 0.56 months, recording the lowest level in about 2 years. In November, distributors and users shifted their focus from prices to the delivery date. There are no change in prices for plywood for December offered by major manufacturers in eastern Japan, but prices offered by manufacturers in

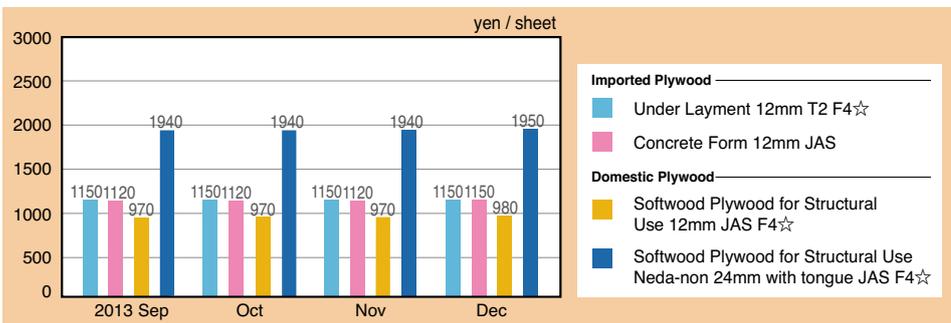
western Japan increased, and there is a possibility that prices may reach the 1,000-yen level.

Trend for imported plywood

The arrival of the imported plywood in October was 273,000 cubic meters, falling below 300,000 cubic meters for 3 consecutive months. The arrival from Indonesia increased as the demand for thin items and flooring base for the direct distribution route is firm, but the arrival of goods from Malaysia that were mainly 12mm items declined significantly. There is no data that indicates the increase in the arrival of the imported plywood in November and December, thus the adjustment of inventories at ports in various places is expected to be promoted further.

However, in response to the strong shipment figure, the conditions in the domestic market for imported plywood started growing firm rapidly. Trading companies are expected to increase product prices gradually in December. Also, since mid-November, the arrangement for trucks is getting more difficult. The increasing of inventories in advance will be necessary as the delivery is expected to take more time in future.

Wholesalers' Prices of Plywood in Tokyo



Survey

Prospect of Business Condition for January - March

Demand Forecast by Builders and Distributors

The demand forecasted for the January-March period is projected to exceed the figure that has been on the increase of since April of last year.

The forecast of the work volume at the builders' level was up by 6.6 points from the previous forecast (October – December) while the forecast of the work volume at the distributors' level

was also up by 7.6 points. At both levels, this increase was expected. The number of those who projected the increase was up significantly in most areas as it did in the previous survey. It is especially worth noting that the rate of the increase was higher in Hokkaido, Hokuriku, Shikoku and Kyusyu where a period of recession had lasted for a long time.

The reason for this data is due to the

decline in mortgage rates and to the increase in the consumption tax to 8% which will take place next April. Construction of houses whose applications for the approval that were submitted during the July – September period is moving ahead at full speed, and the movement of plywood and other materials are getting active. Housing starts from April 2013 through March 2014 are expected to be between 900,000 and 950,000

units, and the industry is active after a long time. On the negative side, there is a need to watch out for the delay in the construction work due to the shortage of workers as well as the delay in the construction schedule and delivery of materials due to the product shortage.

Sales Forecast by Major Supplying Manufacturers

The sales forecast figures by major supplying manufacturers also showed a sense of prosperity as it did in the previous survey. All manufacturers

have received a substantial number of orders, however, some of the items are in short supply. There is information that manufacturers are producing at full capacity with, no major disorder is taking place in the material supply chain. Efforts to increase production

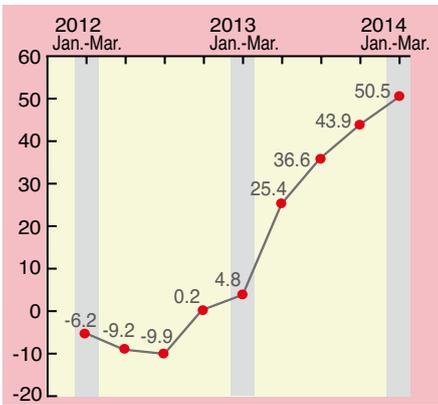
and secure inventories since last year seem to be taking effects.

For this current forecast survey for January 2014 – March 2014, an interview survey was carried out with 3,000 companies nationwide from mid-November through the end of November in 2013, after which the results were compiled.

Sales Forecast by Major Supplying Manufacturers

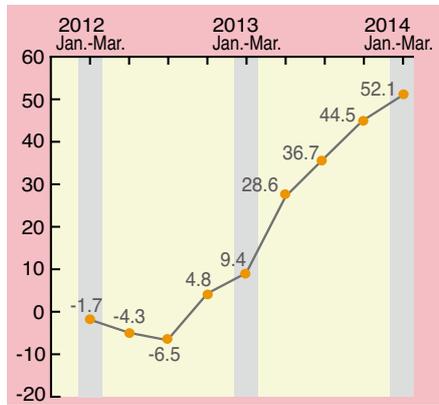
	increase			level-off	decrease		
	over 15%	14~10%	below 10%		below 10%	10~14%	over 15%
Plywood (15 firms)	1.3	9.2	58.0	31.5	0.0	0.0	0.0
Wooden Building Materials (10 firms)	6.3	18.8	48.7	22.4	3.8	0.0	0.0
Ceramic Building Materials (13 firms)	10.6	22.1	60.6	6.7	0.0	0.0	0.0
House Equipments (9 firms)	9.7	37.5	44.5	8.3	0.0	0.0	0.0
	7.1	21.9	52.9	17.2	0.9	0.0	0.0

Demand Forecast by Builders



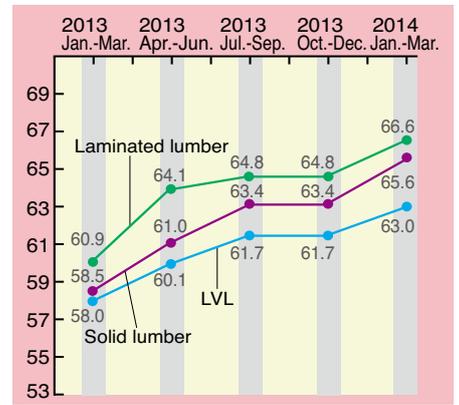
point 0=business result in April-June, 1992

Demand Forecast by Distributors



point 0=business result in April-June, 1992

Dealing volume of Lumber



point 100=all responses expect increase

Topics

Japan Kenzai Co., Ltd. conducted a study tour of 13 people to the 114th Canton Fair in China with nine cooperative manufacturers of its private brand goods, Bulls, on October 15, 2013. The Canton Fair (China Import and Export Fair) is an exhibition of the largest scale in China with 24,000 exhibitors and well over 200 thousand buyers from all over the world.

There is growing demand for products with higher grade and quality in China due to the increase of the national income with the significant economic growth. The Bulls' items should not

Study Tour to Canton Fair

be sold only in Japan in the future, but we must consider the overseas markets as well, especially China, the major neighboring market. "We realized once again that China is an

important market after all," commented positively some tour participants from the manufacturers.



Event

The Japanese Were the Central Figures for Improvement of Plywood Productivity and Quality

The Wood & Plywood Museum (NPO) (Trustee: Shigeru Yoshida) and the Japan Plywood Manufacturers' Association (Chairman: Atsuhiko Inoue) have decided November 3 as "Plywood Day." On November 3, 1907, Kichijiro Asano was said to have produced plywood by a modern method for the first time in Japan. The first commemorative ceremony for "Plywood Day" was held at the headquarters building of JK Holdings on November 5 with over 250 attendees from the industry, related organizations, and government offices, and an award ceremony for distinguished performance was conducted as well.

The First "Plywood Day" award for distinguished performance went to Katsuji

Hasegawa, the founder of Meinan Machinery Works, Inc. Mr. Hasegawa has given great contribution to the improvement of the quality of plywood through the machines he developed as a manufacturer of plywood production machinery, such as drum sanders, splicers, and aristo-lathe, which keep the thickness and shape of veneers stable. Among these machines, the aristo-lathe with outer periphery drive, he was the first put to practical use ahead of others throughout the world. The machine has reduced the volume of improvement-cut trees from second growth forests as it has spread, and made it possible to make use of logs with small diameter and curved logs, having largely contributed to the rise of wood self-sufficiency in Japan. Also Mr.

Hasegawa gave his employees education won his own philosophy which achieved great results. These achievements were contributed to his selection for the award.



For a Fullfilling Life Style
JK Holdings Co., Ltd.

WOOD LAND TOWER 1-7-22 Shinkiba, Koto-Ku, TOKYO 136-8405 JAPAN

Phone +81-3-5534-3800 Fax +81-3-5534-3835

E-mail kouhou@jkhd.co.jp

URL <http://www.jkhd.co.jp/>