CONSOLIDATED FINANCIAL REPORT
FOR FISCAL 2013
(The Fiscal Year Ended March 31, 2013 under Japanese GAAP)

May 7, 2013

Company Name: Grandy House Corporation — Stock Exchange Listing: Tokyo Stock Exchange
Securities Code: 8999 — URL http://grandy.co.jp
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Scheduled date of the Ordinary General Meeting of Shareholders: June 27, 2013
Scheduled date of Securities Report filing: June 27, 2013
Scheduled date of dividend payment commencement: June 28, 2013
Preparation of annual supplementary explanatory materials: No
Annual results briefing held: Yes (institutional investors)

(Figures are rounded down to the nearest million yen unless otherwise stated)

1. Consolidated Financial Results for Fiscal 2013 (April 1, 2012 to March 31, 2013)

(1) Consolidated Operating Results (Percentage figures show the year-on-year increase (decrease))

	Net Sales		Operating Income		Ordinary Income		Net Income	
	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥ million)	%
Fiscal 2013	32,540	10.9	2,317	38.2	2,392	39.8	1,361	44.6
Fiscal 2012	29,355	7.8	1,676	11.4	1,711	13.3	941	17.9

Note: Comprehensive Income Fiscal 2013: ¥1,361 million (44.6%) Fiscal 2012: ¥941 million (17.9%)

	Net Income per Share	Net Income per Share (Diluted)	Return on Equity	Ordinary Income / Total Assets	Operating Income / Net Sales
	(¥)	(¥)	%	%	%
Fiscal 2013	47.31	—	11.8	8.6	7.1
Fiscal 2012	32.72	—	8.8	6.8	5.7

(Reference)Equity in earnings of affiliates Fiscal 2013: ¥— million Fiscal 2012: ¥— million

Note: Effective April 1, 2012 and April 1, 2013, Grandy House conducted common stock splits of 1:100 and 1:3, respectively.
Net income per share data is calculated on the assumption that stock splits were conducted at the beginning of the previous fiscal year.

(2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio	Net Assets per Share
	(¥ million)	(¥ million)	%	(¥)
March 31, 2013	30,118	12,110	40.2	420.84
March 31, 2012	25,387	11,037	43.5	383.54

(Reference) Shareholders' equity March 31, 2013: ¥12,110 million March 31, 2012: ¥11,037 million

Note: Effective April 1, 2012 and April 1, 2013, Grandy House conducted common stock splits of 1:100 and 1:3, respectively.
Net assets per share data is calculated on the assumption that stock splits were conducted at the beginning of the previous fiscal year.

(3) Consolidated Cash Flows

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at the End of the Period
	(¥ million)	(¥ million)	(¥ million)	(¥ million)
Fiscal 2013	(2,099)	(866)	2,754	5,207
Fiscal 2012	2,662	(31)	(535)	5,418

2. Dividends

	Annual Dividend per Shares					Total Dividends	Payout Ratio (Consolidated)	Ratio of Dividends to Net Assets (Consolidated)
	1Q-End	2Q-End	3Q-End	Period-End	Total			
	(¥)	(¥)	(¥)	(¥)	(¥)	(¥ million)	%	%
Fiscal 2012	—	0.00	—	3,000.00	3,000.00	287	30.6	2.6
Fiscal 2013	—	0.00	—	24.00	24.00	230	16.9	1.9
Fiscal 2014 (Forecast)	—	0.00	—	8.00	8.00		—	

Notes:
1. Effective April 1, 2012, Grandy House conducted a 1:100 common stock split. The total dividends data for fiscal 2012 is the actual amount prior to the common stock split.
2. Effective April 1, 2013, Grandy House conducted a 1:3 common stock split. As a result, the forecast period-end per share dividend for the fiscal year ending March 31, 2014 is calculated taking into consideration the common stock split.
3. The fiscal 2012 period-end dividend of ¥3,000 per share includes a commemorative dividend amount of ¥1,000 per share following the listing of the Company's shares on the First Section of the Tokyo Stock Exchange.

3. Consolidated Financial Results Forecasts for Fiscal 2014 (April 1, 2013 to March 31, 2014)

(Percentage figures show the year-on-year increase (decrease) for each corresponding period)

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income per Share
	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥)
Interim Period	17,500	7.8	1,230	5.1	1,260	5.3	710	5.6	24.67
Full Fiscal Year	36,000	10.6	2,640	13.9	2,700	12.9	1,500	10.2	52.12

Note: Effective April 1, 2013, Grandy House conducted a 1:3 common stock split.

* Explanatory Notes

(1) Changes in the number of important subsidiaries during the period
(changes in specified subsidiaries resulting in a change in the scope of consolidation): None
Newly included: ― Excluded: ―

(2) Changes in accounting policies, accounting estimates, and restatements
1) Changes in accounting policies in connection with revision to accounting standards, etc. : Yes
2) Changes in accounting policies other than 1) : None
3) Changes in accounting estimates : Yes
4) Restatements : None

Note: The aforementioned applies to Article 14, paragraph 7 “difficulties in distinguishing changes in accounting policies from changes in accounting estimates” of the “Regulations Concerning Terminology, Forms, and Preparation Methods of Consolidated Financial Statements.”

(3) Number of shares issued and outstanding (common stock)

1) Number of shares issued and outstanding as of the period-end (including treasury stock)	March 31, 2013	30,823,200 shares	March 31, 2012	30,823,200 shares
2) Number of treasury stock	March 31, 2013	2,046,198 shares	March 31, 2012	2,046,000 shares
3) Average number of shares issued and outstanding for the period	Fiscal 2013	28,777,050 shares	Fiscal 2012	28,777,200 shares

Note: Effective April 1, 2012 and April 1, 2013, Grandy House conducted common stock splits of 1:100 and 1:3, respectively. The number of shares issued and outstanding as of the period-end (including treasury stock), number of treasury stock as of the period-end, and average number of shares issued and outstanding for the period data is calculated on the assumption that stock splits were conducted at the beginning of the previous fiscal year.

(Reference) Non-Consolidated Financial Results

1. Non-Consolidated Financial Results for Fiscal 2013 (April 1, 2012 to March 31, 2013)

(1) Non-Consolidated Operating Results (Percentage figures show the year-on-year increase (decrease))

	Net Sales		Operating Income		Ordinary Income		Net Income	
	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥ million)	%
Fiscal 2013	17,628	12.1	1,190	35.6	1,522	35.6	989	42.2
Fiscal 2012	15,729	10.0	877	13.7	1,122	26.1	695	32.8

	Net Income per Share	Net Income per Share (Diluted)
	(¥)	(¥)
Fiscal 2013	34.39	―
Fiscal 2012	24.18	―

Note: Effective April 1, 2012 and April 1, 2013, Grandy House conducted common stock splits of 1:100 and 1:3, respectively. Net income per share data is calculated on the assumption that stock splits were conducted at the beginning of the previous fiscal year.

(2) Non-Consolidated Financial Position

	Total Assets	Net Assets	Shareholders’ Equity Ratio	Net Assets per Share
	(¥ million)	(¥ million)	%	(¥)
March 31, 2013	20,089	10,540	52.5	366.27
March 31, 2012	18,276	9,838	53.8	341.88

(Reference) Shareholders’ equity March 31, 2013: ¥10,540 million March 31, 2012: ¥9,838 million

Note: Effective April 1, 2013, Grandy House conducted a 1:3 common stock split. Net assets per share data is calculated on the assumption that the stock split was conducted at the beginning of the previous fiscal year.

2. Non-Consolidated Financial Results Forecasts for Fiscal 2014 (April 1, 2013 to March 31, 2014)

(Percentage figures show the year-on-year increase (decrease) for each corresponding period)

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income per Share
	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥)
Interim Period	9,250	5.4	620	2.8	1,030	14.1	725	14.9	25.19
Full Fiscal Year	18,500	4.9	1,260	5.9	1,700	11.6	1,060	7.1	36.83

Effective April 1, 2013, Grandy House conducted a 1:3 common stock split.

*** Disclosure concerning the implementation status of audit procedures**

This financial report is exempt from the audit procedure provisions stipulated under the Financial Instruments and Exchange Act of Japan. As of the date of disclosure, audit procedures in connection with consolidated financial statements were in progress.

*** Explanation concerning the appropriate use of forecasts and other special instructions**

(Disclaimer)

Results forecasts and other forward-looking statements contained in this report are based on assumptions, beliefs, and uncertainties in light of information available to the Company’s management as of the publication date. Actual results may differ materially from forecasts due to a variety of factors. Therefore, the Company does not guarantee the accuracy of forecasts and other forward-looking statements and its ability to achieve stated targets. Please refer to “1. Analysis of Operating Results and Financial Position (1) Analysis of Operating Results on page 2 of the attachment materials for information regarding the underlying assumptions for financial results forecasts and an explanation concerning the appropriate use of forecasts and other notes.

Please also note that effective April 1, 2013, Grandy House conducted a 1:3 common stock split.

Attachment Materials: Table of Contents

1. ANALYSIS OF OPERATING RESULTS AND FINANCIAL POSITION

(1) Analysis of Operating Results

In fiscal 2013, the fiscal year ended March 31, 2013, the Japanese economy witnessed mixed conditions. On the one hand, the economy remained shrouded in uncertainty due mainly to the prolonged financial crisis in Europe and a slowdown in export activity to China reflecting the flow-on effects of territorial disputes. On the other hand, domestic consumption was supported by a variety of factors including reconstruction demand following the Great East Japan Earthquake. The business environment was also buoyed by growing expectations toward a recovery in economic conditions including a positive turnaround in stock prices on the back of monetary easing and economic policies announced by the new administration launched at the end of the previous year.

In the housing sector, new housing starts continued to rally. This was largely attributable to the favorable impact of the government's housing purchase assistance and other measures against the backdrop of a low interest rate environment. In addition, interest in such variables as housing measures and the timing for acquisition heightened in the lead up to the planned increase in the consumption tax rate.

Under these circumstances, the Grandy House Group worked in unison to address growing market concerns regarding security and safety as well as the creation and conservation of energy in the aftermath of the Great East Japan Earthquake. Turning to new home sales, orders received surpassed 1,000 in the fiscal year under review. This was an historic high and allowed the Group to achieve its medium-term target one year in advance. Total cumulative sales since the Company entered the housing sales business in 1996 reached 8,000 in December 2012.

As a result of these factors, consolidated net sales in fiscal 2013 were ¥32,540 million, up 10.9% compared with the previous fiscal year. From a profit perspective, operating income climbed 38.2% year on year to ¥2,317 million. Ordinary income grew 39.8% to ¥2,392 million and net income improved 44.6% to ¥1,361 million.

Results by business segment are presented as follows.

Real Estate Sales

As a core business, the Company took steps to further bolster its real estate sales structure and systems in an effort to secure sustainable growth. Guided by this overarching policy, we worked diligently to increase our market share in new home sales by implementing a variety of effective measures including the expansion of sales and marketing areas and an increase in the number of sales staff. From a product perspective, we strengthened efforts to address growing market concerns regarding security and safety as well as the creation and conservation of energy in the aftermath of the Great East Japan Earthquake by shining a light on the appeal of the Group's quality and technologies. Buoyed by these activities, orders received surpassed 1,000 in the fiscal year under review. This was an historic high and allowed the Group to achieve its medium-term target one year in advance. On a year-on-year basis, new home sales increased by 102 amounting to 997 in the fiscal year under review.

In existing home sales, we undertook measures aimed at reinforcing our purchasing structure while upgrading and increasing properties. Despite these endeavors, the number of existing homes sold decreased by one compared with the previous fiscal year to 170 in fiscal 2013. This reflected the increasingly fierce competition within the market.

Accounting for each of these factors, revenues in the real estate sales segment rose 11.5% year on year to ¥30,117 million. Segment profit surged 49.2% compared with the previous fiscal year to ¥2,078 million.

Construction Material Sales

In the construction material sales segment, sales including Group companies improved. These results reflect growth in productivity on the back of a variety of measures, including efforts to improve production management, as well as the focus on sales of items other than precut materials. Reflecting the robust demand of Group companies, on the other hand, external sales edged up only slightly. In addition, trends in timber prices, which continued to hover at low levels, and the effects of increased production contributed to segment profits.

As a result, revenues in the construction material sales segment increased 4.3% compared with the previous fiscal year to ¥2,095 million while segment profit jumped 88.9% year on year to ¥164 million.

Real Estate Leasing

In the real estate leasing business, the sale of one pay-by-the-hour parking facility in Utsunomiya City, Tochigi Prefecture during the previous fiscal year resulted in a decline in rental income of non-Group companies. Revenues for this segment accordingly decreased 2.0% year on year to ¥327 million. In addition, a factory site and building in Kanuma City, Tochigi Prefecture leased to a subsidiary was sold to that subsidiary. As a result, segment profits fell 16.6% compared with the previous fiscal year to ¥193 million.

Outlook
Expectations of a recovery in corporate-sector earnings have begun to emerge throughout the Japanese economy thanks largely to measures implemented following the change of government. While there are concerns regarding the impact of an increase in the consumption tax rate and the weak yen on material prices, the housing industry is expected to benefit from efforts by the government to maintain and expand initiatives aimed at stimulating housing demand and continued access to low interest-rate housing loans on the back of the Bank of Japan's monetary easing measures.

Against this backdrop, Grandy House will allocate management resources to the core real estate sales business segment on a concentrated basis in order to secure sustainable growth. As a part of efforts to expand its business area, the Company established Chiba Grandy House in Kashiwa City, Chiba Prefecture in February 2013 to oversee business activities in Chiba Prefecture. The new company commenced operations in April 2013. Moreover, and as a platform that underpins business expansion, we will take steps to significantly strengthen our housing land development capabilities.

Accounting for each of the aforementioned factors, Grandy House is forecasting consolidated net sales of ¥36,000 million for the fiscal year ending March 31, 2014. This represents a 10.6% increase year on year. Operating income is projected to climb 13.9% to ¥2,640 million. Ordinary income is anticipated to increase 12.9% to ¥2,700 million with net income improving 10.2% to ¥1,500 million.

(2) Analysis of Financial Position

a. Consolidated Balance Sheet
Total assets stood at ¥30,118 million as of March 31, 2013, up ¥4,730 million compared with the end of the previous fiscal year. This upswing was mainly due to the increase of ¥4,163 million in total current assets reflecting the higher balance of real estate for sale in process (principally land) against the backdrop of real estate sales business growth.

Total liabilities grew ¥3,656 million compared with the previous fiscal year-end to ¥18,007 million. In advancing its real estate sales business activities, the Company increased its purchases of land. In order to fund each acquisition, Grandy House undertook higher levels of short-term loans payable. As a result, total current liabilities climbed ¥3,592 million.

Total net assets stood at ¥12,110 million as of the end of the fiscal year under review. This was ¥1,073 million higher than the balance recorded as of March 31, 2012 and mainly comprised the increase in retained earnings. After accounting for the payment of dividends totaling ¥287 million, this increase was largely attributable to net income for the period of ¥1,361 million.

b. Cash Flows
Cash flows from operating and investing activities resulted in decreases in cash and cash equivalents respectively, and cash flows from financing activities resulted in an increase in cash and cash equivalents in the fiscal year under review. As a result, the balance of cash and cash equivalents at end of the period amounted to ¥5,207 million, down ¥210 million from March 31, 2012.

Factors contributing to movements in the Company's cash flows during the fiscal year under review are presented as follows.

(Cash Flows from Operating Activities)
Net cash used in operating activities came to ¥2,099 million in fiscal 2013 compared with net cash provided by operating activities of ¥2,662 million in the previous fiscal year. Major cash inflows for the period were net income before income taxes and an increase in notes and accounts payable-trade. These inflows were more than offset by the substantial increase in inventories representing the purchase of land.

(Cash Flows from Investing Activities)
Net cash used in investing activities amounted to ¥866 million, up ¥834 million compared with the previous fiscal year. This outflow is largely attributable to the construction of a subsidiary headquarter office in Takasaki City, Gunma Prefecture as a base for real estate sales as well as the increase in investment securities representing the purchase of government bonds as deposit assets in accordance with provisions stipulated under Japan's Act on Assurance of Performance of Specified Housing Defect Warranty.

(Cash Flows from Financing Activities)
Net cash provided by financing activities was ¥2,754 million in the fiscal year under review compared with net cash used in financing activities of ¥535 million in fiscal 2012. The principal factor was the net increase in short-term loans payable to fund the purchase of land.

Trends in the Group's cash flow-related indices are presented as follows.

	Fiscal 2011	Fiscal 2012	Fiscal 2013
Shareholders' equity ratio (%)	41.5	43.5	40.2
Equity ratio on market value basis (%)	16.9	24.3	34.7
Interest-bearing liabilities to cash flow ratio (years)	12.5	4.2	—
Interest coverage ratio (times)	4.2	12.9	—

Shareholders' equity ratio: Shareholders' equity / total assets
Equity ratio on a market value basis: Market capitalization / total assets
Interest-bearing liabilities to cash flow ratio: Interest-bearing liabilities / cash flows
Interest coverage ratio: Cash flows / interest payments

Notes:
1. Each index is calculated based on consolidated financial data.
2. Market capitalization is calculated based on the number of shares issued and outstanding as of the period-end (after deducting treasury stock).
3. Cash flows from operating activities are used in calculations that use cash flows. As operating cash flows for the fiscal year ended March 31, 2013 were negative, interest-bearing liabilities to cash flow ratio and interest coverage ratio data have been omitted for that year.
4. Interest-bearing liabilities include all liabilities that bear interest under the liabilities section recorded on consolidated balance sheets.

(3) Basic Policy Concerning the Allocation of Profits and Dividends for Fiscal 2013 and Fiscal 2014
Grandy House maintains the fundamental profit allocation policy of ensuring the stable and continuous payment of dividends while taking into consideration the need to retain sufficient internal reserves to engage in future business development and strengthen its financial position. At the same time, the Company is conscious of proactively returning profits to its shareholders through the payment of periodic extraordinary and commemorative dividends depending on the timing and in light of performance growth.

Guided by this policy, Grandy House has declared an annual dividend of ¥24 per share for the fiscal year under review. For fiscal 2014, the Company plans to pay a dividend of ¥8 per share, which takes into account the 1:3 common stock split conducted on April 1, 2013. Restating the forecast dividend in pre-stock split terms, the dividend for fiscal 2014 translates to ¥24 per share.

Under its Articles of Incorporation, Grandy House has adopted a flexible and fluid approach toward the payment of dividends from surplus based, which is subject to a resolution of the Company's Board of Directors. In accordance with standard practice, however, Grandy House plans to continue paying a single annual dividend to shareholders of record as of March 31 each year. Complementing the payment of dividends, the Company will undertake the purchase of treasury stock depending on its financial position as a part of comprehensive efforts to return profits to shareholders through an increase in profits per share.

(4) Business and Other Risks
The Grandy House Group recognizes that a variety of factors has the potential to impact its operating results, financial position, and share price. Details are presented briefly as follows. Readers are reminded that forward-looking statements are based on judgments in light of information currently available to management as of the date of this publication.

1) Risks relating to real estate sales

i. Housing demand

The Grandy House Group is mainly engaged in the sale of real estate and construction materials as well as real estate leasing operations. In the fiscal year under review, sales from the real estate sales segment accounted for 92.6% of total net sales on a consolidated basis. Real estate sales activities entail the sale of detached and custom-built houses, the development and sale of land for housing use, and related additional exterior construction work. The sale of houses and land for housing use is affected by the willingness of purchasers to spend as well as demand trends. The willingness of purchasers to spend as well as demand trends are in turn susceptible to such factors as movements in economic conditions, interest rates, and land prices as well as forecasts of the future and tax systems applicable to the housing sector. Shifts in any of these factors have the potential to impact the Group's performance and financial position.

ii. Sales and marketing area

The Grandy House Group maintains its operating base largely in the North Kanto area. In fiscal 2013, the ratio of sales generated from activities in Tochigi Prefecture was as high as 60.8%. In recent years, the Group has worked diligently to expand its operating base and lift the ratios of revenue generated in prefectures outside Tochigi. In the fiscal year under review, the share of Ibaraki Prefecture (Mito City, Ushiku City, other), Gunma Prefecture (Takasaki City, Ota City, other), and Chiba Prefecture (Kashiwa City, other) sales as a ratio to total sales were 27.2%, 10.5%, and 1.5%, respectively. Despite these endeavors, and for a variety of reasons including competitive relationships, the Group's performance and financial position may be affected if the Company is unable to advance its strategies with respect to areas of particular emphasis according to plans.

iii. Competition

In relative terms, the Grandy House Group maintains competitive advantage in Tochigi Prefecture. In the event, however, that a new entity with the capacity to significantly impact the Group's land supply structure enters the market, substantial potential exists for the Group's performance and financial position to be affected.

In major metropolitan areas, competition is heating up between the Group's industry peers. Thanks largely to the Group's insistence on providing high value-added products including houses built for sale that offer such outstanding qualities as excellent room layout, external appearance, and townscaping, Grandy House is essentially holding the line against home builders who are promoting a low-price strategy. Should competition continue to intensify resulting in a marked drop in prices, the potential exists for the Group's performance and financial position to be affected.

iv. The procurement of sites and inventory for sale

In its real estate sales business, the Grandy House Group engages in a full range of activities. These activities include negotiations for the purchase of land (sites), discussions with government agencies, site development, the acquisition of permits and approvals, construction work, and maintenance. The period from the purchase of land to construction completion generally takes about eight months. In the event of such wide-ranging circumstances as the inability to purchase land or sites according to plans in advance of sales due to difficulties in securing land that offers a favorable location and conditions, and a sharp rise in land prices, or any other unforeseen matter including a natural disaster that delays the period of construction resulting in the failure to produce inventory for sale, the potential exists for the Group's performance and financial position to be affected.

v. Employees

The real estate industry is distinguished by the substantial mobility of its human resources and high rate of personnel turnover. The Grandy House Group is no exception and continuously confronts a high attrition rate particularly with respect to its sales staff. The principal reason is the extremely high product unit price and the significant amount of time and experience required for employees to achieve stable results. Accordingly, it is not uncommon for employees to change jobs before reaching this point of stability. Under these circumstances, the Company takes great pains to fully explain the nature of its work at the time of recruiting and hiring. Moreover, and in order to improve its retention rate, Grandy House provides new employees with substantial education and on-the-job training. Every effort is made to ensure that all employees are conversant with the Company's sales and marketing activities that are deeply rooted in the local community. In the event, however, that Grandy House is unable to secure sales staff on a stable basis and according to plans, is unable to sufficiently foster the necessary human resources required to carry out the important role of driving the Company's business forward, and fails to improve its retention rate, the potential exists for the Group's performance and financial position to be affected.

vi. Natural and other disasters

Large-scale natural and other disasters may give rise to substantial repair expenditure due to the damage to business assets including operating bases as well as other damage to such merchandise as detached houses. At the same time, any of the aforementioned disasters may force a suspension or delay of operations at business bases and work sites owing to physical injuries, property damage, and interruptions to essential lifelines and social infrastructure. Furthermore, disasters may result in delays in construction and delivery reflecting such factors as the time required to complete repairs and delays in the delivery of construction materials. In each case, the potential exists for the Group's performance and financial position to be affected.

2) Risks relating to financial position and operating results

i. Dependence on debt

In the conduct of its real estate sales activities, the Grandy House Group procures all or a portion of the funds required to purchase land earmarked for development and to meet development as well as building construction expenses from financial and other institutions on an individual project basis. The subject land is generally lodged as collateral for each loan. In addition, debt finance is primarily the source of funds used to purchase and/or construct properties that underpin the Group's real estate leasing activities as well as purchase and/or construct properties that are used to establish business bases. As of March 31, 2013, the balance of interest-bearing liabilities stood at ¥14,152 million.

In this context, a rise in interest rates or a prolonged period during which interest rates hover at a high level due to such factors as changes in economic conditions and restrictions on the access to debt and other funding owing to a deterioration in the Group's credit standing can lead to difficulties in the conduct of business such as an increase in the interest expense burden, or a change in business plans. As a result, the potential exists for the Group's performance and financial position to be affected.

ii. Decline in the values of noncurrent assets and real estate for sale

With its operating base in the North Kanto area, the Grandy House Group engages in such wide-ranging activities as the acquisition, development, sale, and leasing of real estate. In the event of a deterioration in real estate market conditions, the Group may incur an impairment of its noncurrent assets or a major write-down of its real estate for sale and other assets. This then has the potential to affect the Group's performance and financial position.

iii. Change in performance due to delays in delivery

Revenues from the sale of detached housing are recorded for accounting purposes at the time of delivery. While certain large-scale projects require a considerable amount of time through to delivery, the period required from the purchase of land to building completion is generally around eight months. Naturally, strict management is undertaken to monitor progress. In the event, however, of a delay in construction due to such factors as natural disasters or other unforeseen circumstance, or a substantial delay in delivery owing to unexpected contingencies that result in the carryover of sales into the next period, the potential exists for the Group's performance to be affected. In addition, in the event that a hit product that contributes to the shortening of sales periods emerges, or orders received exceed the forecast number of properties sold due to a variety of factors including economic trends, and a drop-off in the supply of products for sale arises thereafter, the potential exists for the Group's performance and financial position to be affected.

iv. Sharp rise in material prices

The detached housing products handled by the Group employ timber- and petroleum-related materials. On this basis, and in the event of difficulties in reducing costs or passing on to consumers any increase in the prices of materials procured owing to fluctuations in market conditions and foreign currency exchange rates, the potential exists for the Group's performance and financial position to be affected.

3) Risks relating to statutory and regulatory requirements

The Grandy House Group engages in business activities that are regulated by such wide-ranging legislation as Building Lots and Buildings Transaction Business Act, Construction Business Act, and Act on Architects and Building Engineers. In addition, the Group is subject to a variety of statutory and regulatory requirements including those stipulated under Japan's City Planning Act, National Land Use Planning Act, Act on Regulation of Residential Land Development, Building Standards Act, Housing Quality Assurance Act, and the Act on Assurance of Performance of Specified Housing Defect Warranty. In the event that a revision or abolition of any of the aforementioned or other applicable statutory and regulatory requirements, or the establishment of any new statute or regulation leads to an increase in expenditure or delays in assessment periods by governing agencies, the potential exists for the Group's performance to be affected.

Legislation related to such key issues as permits and approvals including Building Lots and Buildings Transaction Business Act, Construction Business Act, and Act on Architects and Building Engineers stipulate the duration of validity and causes for cancellation. The Grandy House Group adheres strictly to all statutory and regulatory requirements and as of the date of this report has not incurred any cancellation or refusal to renew permits and approvals. However, if for whatever reason a permit or approval is cancelled, or renewal is refused, and the Group incurs difficulties in carrying out its mainstay business activities, the potential exists for the Group's performance to be seriously affected.

Details of the Grandy House Group's principal permits and approvals as well as durations of validity and causes of cancellation are presented in the following table.

Name of Permit, Approval, etc.	Company Name	Permits / Approval Number ・Period of Validity	Regulation / Statute	Causes of Permit, Approval, etc. Cancellation, Other
Real estate operator license	Grandy House Corporation	Minister of Land, Infrastructure and Transportation (3) No. 5942 October 21, 2009 – October 20, 2014	Building Lots and Buildings Transaction Business Act	Article 65, Article 66, Article 67
	IBARAKI Grandy House Corporation	The Governor of Ibaraki Prefecture (2) No. 6548 December 1, 2012 – November 30, 2017		
	GUNMA Grandy House Corporation	The Governor of Gunma Prefecture (2) No. 6860 December 12, 2012 – December 11, 2017		
	CHIBA Grandy House Corporation (Note)	The Governor of Chiba Prefecture (1) No. 16460 April 4, 2013 – April 3, 2018		
	Chukojutaku Johokan Corporation	Minister of Land, Infrastructure and Transportation (1) No. 8039 September 1, 2010 – August 31, 2015		
Construction license	Chukojutaku Johokan Corporation	The Governor of Tochigi Prefecture Authorization (Special-24) No. 22719 February 1, 2013 – January 31, 2018	Construction Business Act	Article 28, Article 29, Article 29-2
	IBARAKI Grandy House Corporation	The Governor of Ibaraki Prefecture Authorization (General-24) No. 32248 March 6, 2013 – March 5, 2018		
Architect office registration	Grandy House Corporation	First class architect office registration The Governor of Tochigi Prefecture Registration A(c) No. 2430 November 28, 2011 – November 27, 2016	Act on Architects and Building Engineers	Article 26
		First class architect office registration The Governor of Tochigi Prefecture Registration A(b) No. 2694 January 4, 2011 – January 3, 2016		
	IBARAKI Grandy House Corporation	First class architect office registration The Governor of Ibaraki Prefecture Registration No. A3316 March 6, 2013 – March 5, 2018		
		Second class architect office registration The Governor of Ibaraki Prefecture Registration No. B5348 March 29, 2013 – March 28, 2018		
	GUNMA Grandy House Corporation	First class architect office registration The Governor of Gunma Prefecture Registration No.4164 November 30, 2012 – November 29, 2017		
	CHIBA Grandy House Corporation (Note)	First class architect office registration The Governor of Chiba Prefecture Registration No. 1-1304-7782 April 19, 2013 – April 18, 2018		
	Chukojutaku Johokan Corporation	Second class architect office registration The Governor of Tochigi Prefecture Registration No. B(a) 4320 April 25, 2012 – April 24, 2017		
	General Livetech Corporation	Second class architect office registration The Governor of Tochigi Prefecture Registration No. B4467 March 1, 2011 – February 29, 2016		

Note: Permits, approvals, etc. received after the last day of the fiscal year under review (April 1, 2012 to March 31, 2013)

4) Personal information protection

The Grandy House Group handles individual, customer, and related personal information in the normal course of its order activities. The Group takes great care to put in place a sound information management structure and systems which are complemented by the continuous update of internal rules and regulations. In the event, however, of the leakage of personal information to external parties that leads to a loss of credibility or the payment of compensation for damages, the potential exists for the Group's performance and financial position to be affected.

2. OVERVIEW OF THE CORPORATE GROUP

The Grandy House Group (Grandy House and the Company’s affiliated companies) is comprised of Grandy House and six subsidiary companies. The Group’s principal business activities include the sales of real estate, the sale of construction materials, and the leasing of real estate.

Details of the business activities of the Group and the activities undertaken by the Company and each subsidiary company are presented as follows.

(1) Real Estate Sales

The Grandy House Group engages in a wide range of real estate-related activities from the procurement of land for sale in lots through the acquisition of related permits and approvals to the management of housing land development work, housing design and construction, sales, and after-sales maintenance and service.

In its mainstay detached housing sale, design, and construction activities, the Group has adopted an oversight structure by individual operating area. This takes into account the Group’s focus on operations that remain deeply rooted in the local community. Each company is active within its own basic area of operations. Grandy House operates mainly in Tochigi Prefecture and a portion of Ibaraki Prefecture. IBARAKI Grandy House and GUNMA Grandy House operate mainly in Ibaraki Prefecture and Gunma Prefecture, respectively. CHIBA Grandy House, which commenced business on April 12, 2013) operates mainly in Chiba Prefecture.

Chukojutaku Johokan is primarily engaged in the sale of existing homes. Grandy Reform Co., Ltd. is active in housing maintenance and after-sales service as well as housing renovations.

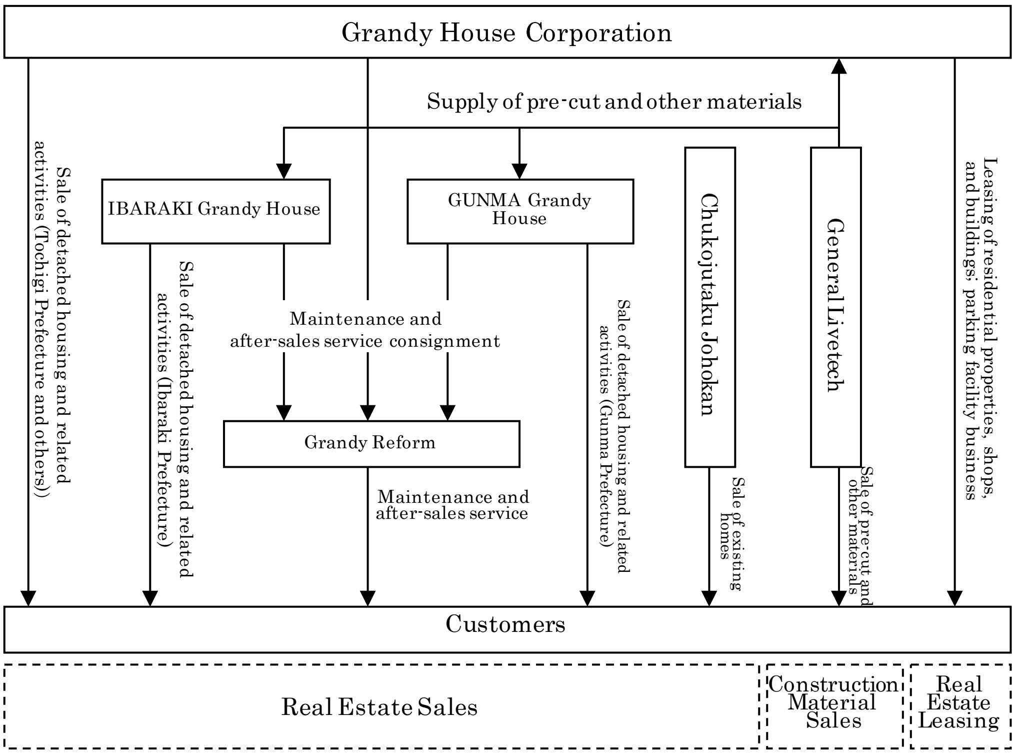
(2) Construction Material Sales

General Livetech is involved mainly in the sale of construction materials and items focusing primarily on precut materials.

(3) Real Estate Leasing

Grandy House is engaged in such activities as the leasing of its own buildings for rent as well as condominiums and other properties. The Company is also active in the parking business.

The following schematic provides an overview of the structure and businesses of the Grandy House Group (as of March 31, 2013).



3. MANAGEMENT POLICY

(1) Basic Management Policy

The Grandy House Group's basic management policy entails providing homes that deliver comfort and peace of mind to help realize a rich and abundant society. Guided by this policy, we have continued to nurture our housing land development capabilities since foundation. With this as our core competence, we have taken consistently positive steps to add significant value to both land and buildings and provide attractive and appealing homes through a proprietary integrated system that extends from the purchase of land through housing design to construction, sales, maintenance, and after-sales service. Looking ahead, we will continue to make every effort toward delivering better homes by developing new technologies, enhancing quality, and upgrading and expanding our menu of services. At the same time, we will do our utmost to meet the expectations of society as a good corporate citizen.

(2) Target Management Benchmarks

The Grandy House Group targets stable and sustainable growth. In this context, we place considerable importance on various benchmarks that measure the growth potential and earning capacity of net sales and ordinary income. In specific terms, we are targeting net sales and ordinary income growth of 10% or more.

(3) Medium- and Long-Term Management Strategies

The housing industry continues to confront a wide range of issues in connection with the environment, energy and a shrinking population attributable to the declining birth rate. Grandy House is aiming for sustainable growth by expanding its development activities to areas adjacent to and surrounding its mainstay north Kanto area of business. In specific terms, the Company is advancing the following growth strategies.

1) Strengthen core businesses

We are concentrating the allocation of management resources into the real estate sales business in an effort to secure sustainable growth. Under this policy, we are working to increase our market share in the detached housing business in the mainstay north Kanto (Tochigi Prefecture, Ibaraki Prefecture, and Gunma Prefecture) area. At the same time, we have established a company to oversee business in Chiba Prefecture with the aim of expanding our area of operations and increasing sales. We have positioned the sale of existing homes as a second mainstay business pillar and are eyeing the expansion of operations from the principal Tochigi Prefecture into areas around north Kanto (Ibaraki Prefecture and Gunma Prefecture). In this manner, we will increase our business activities in this field.

2) Enhance development capabilities and establish a robust operating platform

In our dominant detached housing sales business, we have continued to distinguish ourselves from competitors by adopting a comprehensive in-house system. By engaging directly in the full range of activities from the purchase of land through housing land development work to housing design and construction, we have consistently added value in the sale of detached housing while enhancing quality. This defining feature has in fact served as our wellspring for growth. In this context, our housing land development capabilities form the core of our business model while underpinning growth. Accordingly, we are increasing the number of development personnel and placing considerable weight on education and training to ensure that development staff are given every opportunity to excel. Through these means, we are building a robust operating platform.

(4) Pending Issues

The Grandy House Group is aiming for sustainable growth by further strengthening its core real estate sales business. Building a stable procurement and sales structure is therefore critical to this task. In an effort to achieve its established goals, the Group is undertaking a variety of initiatives. Moving forward, we will increase the number of employees focusing mainly on housing land development while securing sales staff, who are capable of engaging in marketing activities that are deeply rooted in the local community. At the same time, we will provide staff with the necessary tools to make an immediate impact. Drawing on these initiatives, we will increase our market share in existing areas and expand activities into the Chiba area where we have established a new operating base.

From a financial perspective, we will continue to stringently manage finished stock in order to improve our earning capacity and the efficiency of our assets. These efforts are a part of comprehensive measures aimed at further strengthening our financial position.

(5) Other Matters Important to the Company's Management

The products and services handled by the Grandy House Group are essentially geared toward the individual customer. In this regard, there are instances where members of the Board of Directors pursue dealings with the Company. This includes the purchase and/or construction of homes. In each case, transactions are conducted at the same price and profit level as those that apply to the Group's general customer base. Again, this includes the price for houses built for sale and ensures that transactions are conducted at an appropriate level of profit. For other products such as custom-built homes, the terms and conditions of transactions are based on calculations regarding fair and appropriate prices as well as formal appraisals. Moreover, transactions are subject to prior approval by the Company's Board of Directors.

4. CONSOLIDATED FINANCIAL STATEMENTS

(1) Consolidated Balance Sheets

(Thousands of Yen)

	FY2012 (As of March 31, 2012)	FY2013 (As of March 31, 2013)
Assets		
Current assets		
Cash and deposits	5,429,022	5,218,245
Notes and accounts receivable-trade	413,072	394,082
Real estate for sale	5,821,893	6,171,787
Costs on uncompleted construction contracts	7,944	10,159
Real estate for sale in process	3,483,184	7,404,313
Merchandise and finished goods	196,056	252,665
Raw materials and supplies	81,906	113,328
Deferred tax assets	109,368	124,336
Other	239,215	256,258
Allowance for doubtful accounts	(3,258)	(2,788)
Total current assets	15,778,406	19,942,389
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	4,432,171	4,663,682
Accumulated depreciation	(1,226,027)	(1,324,144)
Buildings and structures, net	3,206,144	3,339,538
Machinery, equipment and vehicles	16,171	16,171
Accumulated depreciation	(9,580)	(11,627)
Machinery, equipment and vehicles, net	6,590	4,543
Tools, furniture and fixtures	271,469	276,085
Accumulated depreciation	(219,394)	(231,095)
Tools, furniture and fixtures, net	52,074	44,989
Land	5,938,230	5,915,880
Lease assets	224,892	253,914
Accumulated depreciation	(59,448)	(99,175)
Lease assets, net	165,443	154,738
Construction in progress	6,431	—
Total property, plant and equipment	9,374,914	9,459,690
Intangible assets	67,050	64,062
Investments and other assets		
Investment securities	15,000	514,882
Long-term loans receivable	41,451	29,987
Deferred tax assets	90,827	86,295
Other	64,917	57,245
Allowance for doubtful accounts	(44,812)	(36,283)
Total investments and other assets	167,385	652,127
Total noncurrent assets	9,609,350	10,175,880
Total assets	25,387,757	30,118,269

(Thousands of Yen)

	FY2012 (As of March 31, 2012)	FY2013 (As of March 31, 2013)
Liabilities		
Current liabilities		
Accounts payable for construction contracts	1,844,310	2,299,933
Short-term loans payable	8,484,630	11,639,900
Current portion of long-term loans payable	578,262	482,612
Lease obligations	43,956	49,630
Income taxes payable	460,705	579,313
Provision for warranties for completed construction	51,215	55,433
Other	695,275	644,494
Total current liabilities	12,158,355	15,751,317
Noncurrent liabilities		
Long-term loans payable	1,798,255	1,828,171
Lease obligations	146,013	123,134
Provision for retirement benefits	179,679	221,276
Provision for directors' retirement benefits	—	17,241
Other	68,343	66,493
Total noncurrent liabilities	2,192,290	2,256,316
Total liabilities	14,350,646	18,007,633
Net assets		
Shareholders' equity		
Capital stock	2,077,500	2,077,500
Capital surplus	2,205,165	2,205,165
Retained earnings	7,106,226	8,179,785
Treasury stock	(351,780)	(351,814)
Total shareholders' equity	11,037,110	12,110,636
Total net assets	11,037,110	12,110,636
Total liabilities and net assets	25,387,757	30,118,269

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

(Thousands of Yen)

	Fiscal 2012 (From April 1, 2011 to March 31, 2012)	Fiscal 2013 (From April 1, 2012 to March 31, 2013)
Net sales	29,355,644	32,540,755
Cost of sales	24,112,298	26,484,807
Gross profit	5,243,345	6,055,947
Selling, general and administrative expenses	3,567,228	3,738,810
Operating income	1,676,117	2,317,137
Non-operating income		
Interest income	626	900
Dividends income	63	139
Operations consignment fee	126,317	161,020
Office work fee	119,083	135,062
Other	29,168	31,747
Total non-operating income	275,260	328,869
Non-operating expenses		
Interest expenses	212,275	214,420
Commission for syndicate loan	22,812	32,198
Other	5,007	6,909
Total non-operating expenses	240,094	253,527
Ordinary income	1,711,283	2,392,479
Extraordinary income		
Gain on sales of noncurrent assets	27,864	—
Gain on reversal of provision for loss on disaster	9,211	—
Total extraordinary income	37,075	—
Extraordinary loss		
Loss on retirement of noncurrent assets	18,920	20,251
Impairment loss	52,766	46,260
Loss on cancellation of lease contracts	—	41
Loss on disaster	7,768	—
Environmental expenses	—	27,399
Total extraordinary loss	79,455	93,953
Net income before income taxes	1,668,903	2,298,525
Income taxes-current	758,336	947,629
Income taxes-deferred	(30,965)	(10,435)
Total income taxes	727,370	937,194
Income before minority interests	941,533	1,361,331
Net income	941,533	1,361,331

(Consolidated Statements of Comprehensive Income)

(Thousands of Yen)

	Fiscal 2012 (From April 1, 2011 to March 31, 2012)	Fiscal 2013 (From April 1, 2012 to March 31, 2013)
Income before minority interests	941,533	1,361,331
Comprehensive income	941,533	1,361,331
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent	941,533	1,361,331
Comprehensive income attributable to minority interests	―	―

(3) Consolidated Statements of Changes in Net Assets

(Thousands of Yen)

	Fiscal 2012 (From April 1, 2011 to March 31, 2012)	Fiscal 2013 (From April 1, 2012 to March 31, 2013)
Shareholders' equity		
Capital stock		
Balance as of the beginning of the period	2,077,500	2,077,500
Changes of items during the period		
Total changes of items during the period	—	—
Balance as of the end of the period	2,077,500	2,077,500
Capital surplus		
Balance as of the beginning of the period	2,205,165	2,205,165
Changes of items during the period		
Total changes of items during the period	—	—
Balance as of the end of the period	2,205,165	2,205,165
Retained earnings		
Balance as of the beginning of the period	6,356,541	7,106,226
Changes of items during the period		
Dividends from surplus	(191,848)	(287,772)
Net income	941,533	1,361,331
Total changes of items during the period	749,685	1,073,559
Balance as of the end of the period	7,106,226	8,179,785
Treasury stock		
Balance as of the beginning of the period	(351,780)	(351,780)
Changes of items during the period		
Purchase of treasury stock	—	(33)
Total changes of items during the period	—	(33)
Balance as of the end of the period	(351,780)	(351,814)
Total shareholders' equity		
Balance as of the beginning of the period	10,287,425	11,037,110
Changes of items during the period		
Dividends from surplus	(191,848)	(287,772)
Net income	941,533	1,361,331
Purchase of treasury stock	—	(33)
Total changes of items during the period	749,685	1,073,525
Balance as of the end of the period	11,037,110	12,110,636
Total net assets		
Balance as of the beginning of the period	10,287,425	11,037,110
Changes of items during the period		
Dividends from surplus	(191,848)	(287,772)
Net income	941,533	1,361,331
Purchase of treasury stock	—	(33)
Total changes of items during the period	749,685	1,073,525
Balance as of the end of the period	11,037,110	12,110,636

(4) Consolidated Statements of Cash Flows

(Thousands of Yen)

	Fiscal 2012 (From April 1, 2011 to March 31, 2012)	Fiscal 2013 (From April 1, 2012 to March 31, 2013)
Net cash provided by (used in) operating activities		
Net income before income taxes	1,668,903	2,298,525
Depreciation and amortization	227,335	220,766
Increase (decrease) in provision for retirement benefits	41,438	41,597
Increase (decrease) in provision for directors' retirement benefits	—	17,241
Increase (decrease) in provision for warranties for completed construction	2,348	4,218
Increase (decrease) in allowance for doubtful accounts	(1,054)	(8,998)
Increase (decrease) in provision for loss on disaster	(74,498)	—
Interest and dividends income	(690)	(1,039)
Interest expenses	212,275	214,420
Impairment loss	52,766	46,260
Loss on retirement of noncurrent assets	18,920	20,251
Loss (gain) on sales of noncurrent assets	(27,864)	—
Decrease (increase) in notes and accounts receivable-trade	(54,234)	19,355
Decrease (increase) in inventories	1,336,504	(4,331,279)
Increase (decrease) in notes and accounts payable-trade	318,038	455,622
Other	(119,020)	(52,645)
Subtotal	3,601,166	(1,055,703)
Interest and dividends income received	690	1,039
Interest expenses paid	(205,940)	(214,353)
Income taxes paid	(733,731)	(830,434)
Net cash provided by (used in) operating activities	2,662,185	(2,099,451)
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(185,067)	(353,103)
Proceeds from sales of property, plant and equipment	156,691	—
Purchase of intangible assets	(8,717)	(19,192)
Purchase of investment securities	—	(499,880)
Payments of loans receivable	(3,600)	—
Collection of loans receivable	7,304	5,517
Other payments	(16,690)	(21,641)
Other proceeds	18,753	22,063
Net cash provided by (used in) investing activities	(31,325)	(866,236)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	43,090	3,155,270
Proceeds from long-term loans payable	988,000	943,000
Repayment of long-term loans payable	(1,334,980)	(1,008,734)
Purchase of treasury stock	—	(33)
Cash dividends paid	(191,192)	(286,913)
Repayments of lease obligations	(40,242)	(47,678)
Net cash provided by (used in) financing activities	(535,324)	2,754,910

(Thousands of Yen)

	Fiscal 2012 (From April 1, 2011 to March 31, 2012)	Fiscal 2013 (From April 1, 2012 to March 31, 2013)
Net increase (decrease) in cash and cash equivalents	2,095,534	(210,776)
Cash and cash equivalents at beginning of the period	3,322,987	5,418,522
Cash and cash equivalents at end of the period	5,418,522	5,207,745

(5) Notes to Consolidated Financial Statements

(Notes Concerning Going Concern Assumptions)

Not applicable.

(Segment and Other Information)

a. Segment Information

1. Overview of reportable segments
The reportable segments of the Group are components for which separate financial information is available and whose operating results are regularly reviewed by the Company's Board of Directors when making decisions about the allocation of management resources and assessing performance.

The Grandy House Group is engaged in real estate- and housing-related business activities. The Group's principal real estate, product, and service activities include the manufacture of general wood frame housing, which mainly comprise houses built for sale, and pre-cut materials, sale of construction materials, and the provision of office, parking facility, and other leasing services. The Group puts forward comprehensive plans on an individual real estate, product, and service basis as a part of its business development activities. Taking each of the aforementioned into consideration, the Grandy House Group's business is classified into the three Real Estate Sales, Construction Material Sales, and Real Estate Leasing segments based on real estate, products, and services.

In the Real Estate Sales business, activities include the sale of such properties as new detached housing and existing homes. In the Construction Material Sales business, the Group engages in the manufacture and sale of precut materials as well as the sale of construction materials for housing use. In the Real Estate Leasing business, activities comprise the leasing of office, homes, related properties, and parking facilities.

2. Calculation method of net sales, profit and loss, assets, liabilities, and other items by reportable segment
The accounting method for reportable segments is the same as that outlined under "Important Items Fundamental to the Preparation of Consolidated Financial Statements (This part is omitted on this translation)." Segment profit and loss are based on ordinary income. Inter-segment sales or transfers are calculated based on market prices.

3. Information relating to the amounts of net sales, profit and loss, assets, liabilities, and other items by reportable segment

The fiscal year ended March 31, 2012 (April 1, 2011 to March 31, 2012)

(Thousands of Yen)

	Reportable Segment				Adjustments (Note 1)	Amount Recorded on Consolidated Financial Statements (Note 2)
	Real Estate Sales	Construction Material Sales	Real Estate Leasing	Total		
Net sales						
Sales to outside customers	27,012,575	2,008,389	334,679	29,355,644	－	29,355,644
Inter-segment sales and transfers	－	1,810,962	112,217	1,923,179	(1,923,179)	－
Total	27,012,575	3,819,351	446,896	31,278,824	(1,923,179)	29,355,644
Segment profit	1,393,033	87,204	231,516	1,711,754	(471)	1,711,283
Segment assets	15,509,357	1,795,965	4,833,341	22,138,665	3,249,092	25,387,757
Segment liabilities	13,529,574	941,127	142,205	14,612,908	(262,261)	14,350,646
Other items						
Depreciation and amortization	140,598	31,952	54,784	227,335	－	227,335
Interest income	673	29	－	703	(76)	626
Interest expenses	202,900	5,789	3,661	212,351	(76)	212,275
Increase in property, plant and equipment and intangible assets	211,637	590,912	－	802,549	(586,192)	216,357

The fiscal year ended March 31, 2013 (April 1, 2012 to March 31, 2013)

(Thousands of Yen)

	Reportable Segment				Adjustments (Note 1)	Amount Recorded on Consolidated Financial Statements (Note 2)
	Real Estate Sales	Construction Material Sales	Real Estate Leasing	Total		
Net sales						
Sales to outside customers	30,117,269	2,095,652	327,833	32,540,755	—	32,540,755
Inter-segment sales and transfers	—	2,204,599	59,314	2,263,913	(2,263,913)	—
Total	30,117,269	4,300,252	387,147	34,804,669	(2,263,913)	32,540,755
Segment profit	2,078,680	164,725	193,157	2,436,563	(44,084)	2,392,479
Segment assets	20,337,501	1,936,179	4,717,452	26,991,132	3,127,137	30,118,269
Segment liabilities	16,533,145	1,623,026	100,194	18,256,367	(248,733)	18,007,633
Other items						
Depreciation and amortization	128,704	39,311	52,750	220,766	—	220,766
Interest income	869	31	—	900	—	900
Interest expenses	202,590	11,145	684	214,420	—	214,420
Increase in property, plant and equipment and intangible assets	384,339	21,203	285	405,827	—	405,827

Note 1: Details of adjustments are presented as follows.

Segment profit

(Thousands of Yen)

	Fiscal 2012	Fiscal 2013
Eliminations of inter-segment translation	(471)	(44,084)
Total	(471)	(44,084)

Segment assets

(Thousands of Yen)

	Fiscal 2012	Fiscal 2013
Eliminations of inter-segment receivables	(261,730)	(247,517)
Eliminations of inter-segment unrealized profit	(14,834)	(30,952)
Corporate assets	3,525,658	3,405,607
Total	3,249,092	3,127,137

Note: Corporate assets mainly comprise cash and deposits as well as investment securities which are not attributable to reportable segments.

Segment liabilities

(Thousands of Yen)

	Fiscal 2012	Fiscal 2013
Eliminations of inter-segment payables	(262,261)	(248,733)
Total	(262,261)	(248,733)

Interest income

(Thousands of Yen)

	Fiscal 2012	Fiscal 2013
Eliminations of inter-segment transactions	(76)	–
Total	(76)	–

Interest expenses

(Thousands of Yen)

	Fiscal 2012	Fiscal 2013
Eliminations of inter-segment transactions	(76)	–
Total	(76)	–

Increase in property, plant and equipment and intangible assets

(Thousands of Yen)

	Fiscal 2012	Fiscal 2013
Eliminations of inter-segment transactions	(586,192)	–
Total	(586,192)	–

Note 2: Segment profit is adjusted with the ordinary income recorded in consolidated financial statements.

b. Related Information

The fiscal year ended March 31, 2012 (April 1, 2011 to March 31, 2012)

1. Information by product and service

(Thousands of Yen)

	Real Estate Sales	Construction Material Sales	Real Estate Leasing	Total
Sales to outside customers	27,012,575	2,008,389	334,679	29,355,644

2. Information by geographic segment

(1) Net sales

There are no sales to outside customer other than in Japan. Accordingly, there is no applicable information to report.

(2) Property, plant and equipment

There are no property, plant and equipment located outside of Japan. Accordingly, there is no applicable information to report.

3. Information by principal customer

There is no single outside customer who accounts for 10% or more of the total net sales recorded in the consolidated statements of income. Accordingly, there is no applicable information to report.

The fiscal year ended March 31, 2013 (April 1, 2012 to March 31, 2013)

1. Information by product and service

(Thousands of Yen)

	Real Estate Sales	Construction Material Sales	Real Estate Leasing	Total
Sales to outside customers	30,117,269	2,095,652	327,833	32,540,755

2. Information by geographic segment
(1) Net sales
There are no sales to outside customer other than in Japan. Accordingly, there is no applicable information to report.
(2) Property, plant and equipment
There are no property, plant and equipment located outside of Japan. Accordingly, there is no applicable information to report.

3. Information by principal customer
There is no single outside customer who accounts for 10% or more of the total net sales recorded in the consolidated statements of income. Accordingly, there is no applicable information to report.

c. Information concerning Impairment Loss on Noncurrent Assets by Reportable Segment

The fiscal year ended March 31, 2012 (April 1, 2011 to March 31, 2012)

(Thousands of Yen)

	Real Estate Sales	Construction Material Sales	Real Estate Leasing	Total	Adjustment Amount	Total
Impairment loss	48,586	―	4,180	52,766	―	52,766

The fiscal year ended March 31, 2013 (April 1, 2012 to March 31, 2013)

(Thousands of Yen)

	Real Estate Sales	Construction Material Sales	Real Estate Leasing	Total	Adjustment Amount	Total
Impairment loss	25,571	―	20,689	46,260	―	46,260

d. Information concerning the Amount of Goodwill Amortization and the Balance of Unamortized Goodwill by Reportable Segment

The fiscal year ended March 31, 2012 (April 1, 2011 to March 31, 2012)
Not applicable.

The fiscal year ended March 31, 2013 (April 1, 2012 to March 31, 2013)
Not applicable.

e. Information concerning Gain on Negative Goodwill by Reportable Segment

The fiscal year ended March 31, 2012 (April 1, 2011 to March 31, 2012)
Not applicable.

The fiscal year ended March 31, 2013 (April 1, 2012 to March 31, 2013)
Not applicable.