CONSOLIDATED FINANCIAL REPORT
FOR FISCAL 2014
(The Fiscal Year Ended March 31, 2014 under Japanese GAAP)

May 7, 2014

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, 2014
Scheduled date of Securities Report filing: June 27, 2014
Scheduled date of dividend payment commencement: June 30, 2014
Preparation of annual supplementary explanatory materials: No
Annual results briefing held: Yes (For analysts)

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

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

(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 2014	37,259	14.5	2,932	26.5	3,034	26.8	1,762	29.5
Fiscal 2013	32,540	10.9	2,317	38.2	2,392	39.8	1,361	44.6

Note: Comprehensive Income Fiscal 2014: ¥1,775 million (30.4%) Fiscal 2013: ¥1,361 million (44.6%)

	Net Income per Share	Net Income per Share (Diluted)	Return on Equity	Ordinary Income / Total Assets	Operating Income / Net Sales
	(¥)	(¥)	%	%	%
Fiscal 2014	61.25	—	13.7	9.5	7.9
Fiscal 2013	47.31	—	11.8	8.6	7.1

(Reference) Equity in earnings of affiliates Fiscal 2014: ¥— million Fiscal 2013: ¥— million

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

(2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio	Net Assets per Share
	(¥ million)	(¥ million)	%	(¥)
March 31, 2014	33,524	13,655	40.7	474.53
March 31, 2013	30,118	12,110	40.2	420.84

(Reference) Shareholders' equity March 31, 2014: ¥13,655 million March 31, 2013: ¥12,110 million

Note: Effective April 1, 2013, Grandy House conducted a 1:3 common stock split. Net assets per share were calculated on the assumption that the stock split took place at the beginning of the previous consolidated 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 2014	(185)	(454)	987	5,554
Fiscal 2013	(2,099)	(866)	2,754	5,207

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 2013	—	0.00	—	24.00	24.00	230	16.9	1.9
Fiscal 2014	—	0.00	—	8.00	8.00	230	13.1	1.7
Fiscal 2015 (Forecast)	—	0.00	—	8.00	8.00		—	

Note: Effective April 1, 2013, Grandy House conducted a 1:3 common stock split. The total dividends data for Fiscal 2013 is the actual amount prior to the common stock split.

3. Consolidated Financial Results Forecasts for Fiscal 2015 (April 1, 2014 to March 31, 2015)

(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	19,000	3.1	1,470	1.2	1,520	0.6	940	1.8	32.66
Full Fiscal Year	40,000	7.4	3,050	4.0	3,150	3.8	1,880	6.7	65.33

* 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. : None
2) Changes in accounting policies other than 1) : None
3) Changes in accounting estimates : None
4) Restatements : None

(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, 2014	30,823,200 shares	March 31, 2013	30,823,200 shares
2) Number of treasury stock	March 31, 2014	2,046,198 shares	March 31, 2013	2,046,198 shares
3) Average number of shares issued and outstanding for the period	Fiscal 2014	28,777,002 shares	Fiscal 2013	28,777,050 shares

Note: Effective April 1, 2013, Grandy House conducted a 1:3 common stock split. 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 were calculated on the assumption that the stock split took place at the beginning of the previous consolidated fiscal year.

(Reference) Non-Consolidated Financial Results

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

(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 2014	19,603	11.2	1,565	31.6	2,048	34.5	1,309	32.3
Fiscal 2013	17,628	12.1	1,190	35.6	1,522	35.6	989	42.2

	Net Income per Share	Net Income per Share (Diluted)
	(¥)	(¥)
Fiscal 2014	45.49	—
Fiscal 2013	34.39	—

Note: Effective April 1, 2013, Grandy House conducted a 1:3 common stock split. Net income per share was calculated on the assumption that the stock split took place 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, 2014	20,399	11,631	57.0	404.20
March 31, 2013	20,089	10,540	52.5	366.27

(Reference) Shareholders' equity March 31, 2014: ¥11,631 million March 31, 2013: ¥10,540 million

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

2. Non-Consolidated Financial Results Forecasts for Fiscal 2015 (April 1, 2014 to March 31, 2015)

(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	10,000	(3.6)	810	(9.8)	1,450	7.8	1,100	11.8	38.22
Full Fiscal Year	20,300	3.6	1,580	0.9	2,280	11.3	1,550	18.4	53.86

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

This Consolidated Financial Report is not subject to the audit procedures required by the Financial Instruments and Exchange Act of Japan. At the time of this report's disclosure, audit procedures for consolidated financial statements under the Financial Instruments and Exchange Act 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.

Attachment Materials: Table of Contents

1. ANALYSIS OF OPERATING RESULTS AND FINANCIAL POSITION

(1) Analysis of Operating Results

In Fiscal 2014, the 12 months ended March 31, 2014, the Japanese economy continued to expand steadily supported by the yen’s downward trend and higher stock prices due to the effects of monetary easing, part of the government’s economic policies. The fiscal year also witnessed last-minute demand mainly for consumer durables (e.g., houses and automobiles) prior to the consumption tax rate hike scheduled for April 2014.

In the housing sector, there was a remarkable rush of custom-built house orders in the first half of the fiscal year under review. This was attributable to a transitional measure implemented in association with the consumption tax increase, which allowed future payment for said houses to remain at the pre-increase tax rate (5%) if contracts were signed by the end of September 2013. The latter half of the year saw a significant decrease in orders following the rush. Overall, however, demand for homes, including condominiums and detached houses, remained robust owing to continued low interest rates as well as tax benefits (e.g., tax breaks on home loans).

Under these circumstances, the Grandy House Group worked diligently to expand its business operations in line with its medium-term target to “further strengthen the Group’s core business (real estate sales).” Specifically, the Company spurred sales activities into full gear in Kashiwa City, Chiba Prefecture from the beginning of this fiscal year and worked to increase market share in all areas. The Company also improved its land procurement system, a mainstay of its business, and opened a branch in Isesaki City, Gunma Prefecture in March 2014. These approaches brought about favorable results; new home sales were up 15.4% year-on-year at 1,151 units, setting a new record over that of the previous year.

As a result of these factors, the Grandy House Group’s consolidated results for Fiscal 2014 were as follows. Net sales were ¥37,259 million, up 14.5% from the previous fiscal year; operating income climbed to ¥2,932 million, an increase of 26.5%; ordinary income reached ¥3,034 million, an increase of 26.8%; and net income totaled ¥1,762 million, an increase of 29.5%.

Results by business segment are presented as follows.

Real Estate Sales

In the new home sales business, we strived to build close relationship with landowners by further enhancing our land procurement system and assigning dedicated staff members to each area. From a product perspective, we stepped up energy generation and conservation efforts (e.g., adoption of LEDs as lighting equipment and responses to next-generation energy efficiency standards) while pursuing higher quality design and functionality. With respect to the existing home sales business, the number of orders received declined considerably from the previous fiscal year due to a slump in the number of properties available on the market. To increase order volume, we focused on improving our procurement and sales systems. As a result, new home sales were up 154 units at 1,151 units while existing home sales were down 42 units at 128 units on a year-on-year basis.

Accounting for each of these factors, revenues in the real estate sales segment rose 14.2% year-on-year to ¥34,388 million. Segment profit grew to ¥2,809 million, up 35.1% from the previous fiscal year.

Construction Material Sales

In the construction material sales segment, orders received grew favorably owing to strong housing demand and growth in the Company’s housing division. Efforts to enhance our manufacturing system led to increased sales. However, segment profit fell due to a surge in raw material costs (i.e., timber prices).

As a result, revenues in the construction material sales segment increased 24.5% year-on-year to ¥2,609 million, while segment profit was ¥120 million, down 26.7% from the previous fiscal year.

Real Estate Leasing

In the real estate leasing segment, although there was no acquisition or sale of properties, revenues totaled ¥261 million, down 20.3% from the previous fiscal year, and segment profit was ¥133 million, down 31.1%. This was largely a reflection of the transfer of properties (¥64 million of revenues in the previous fiscal year) temporarily leased during the previous fiscal year to land for sale as their original purpose of use (Moka Oyadai New Town).

Outlook

Although concerns remain about the negative impact of the higher consumption tax rate on consumer spending, the Japanese economy is expected to continue to grow due to expected factors such as improvements in wages and the job market, wealth effects stemming from ongoing monetary easing policies by the Bank of Japan, and the benefits of the government's economic policies.

Given such a business environment, we will stick to our business strategy of concentrating management resources on our core business—the new home sales business. Seeking to expand our operating base and increase market share, we will continue to focus on enhancing our production system.

Taking into account the above factors, Grandy House is forecasting consolidated net sales of ¥40,000 million for the fiscal year ending March 31, 2015. This represents a 7.4% increase year-on-year. Operating income is forecast to rise 4.0% to ¥3,050 million. Ordinary income is forecast to increase 3.8% to ¥3,150 million, with net income improving 6.7% to ¥1,880 million.

(2) Analysis of Financial Position

a. Consolidated Balance Sheet

Total assets stood at ¥33,524 million as of March 31, 2014, up ¥3,406 million compared with the end of the previous fiscal year. This upswing was mainly due to the increase of ¥3,248 million in total current assets reflecting the higher balance of land for sale (real estate for sale) accompanying the expansion of areas in which the Company operates in the real estate sales business.

Total liabilities grew ¥1,861 million compared with the previous fiscal year-end to ¥19,869 million. This increase mainly consisted of the rise in total current liabilities (up ¥2,157 million), which reflected the higher levels of short-term loans payable in order to fund the acquisition of land for sale.

Total net assets stood at ¥13,655 million as of the end of the fiscal year under review. This represents an increase of ¥1,544 million from the balance recorded as of March 31, 2013 and mainly comprised the increase in retained earnings. After accounting for the payment of dividends totaling ¥230 million, this increase was largely attributable to net income for the period of ¥1,762 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 the end of the period amounted to ¥5,554 million, up ¥346 million year-on-year.

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 totaled ¥185 million in Fiscal 2014 (down ¥1,913 million compared with the previous fiscal year). This was the result of higher cash outflows due to increases in inventories and income taxes paid, compared with cash inflows such as net income before income taxes and increased notes and accounts payable-trade.

(Cash Flows from Investing Activities)

Net cash used in investing activities amounted to ¥454 million (down ¥411 million compared with the previous fiscal year). This outflow is largely attributable to an increase in deposits paid as guarantee in accordance with provisions stipulated under Japan's Act on Assurance of Performance of Specified Housing Defect Warranty as well as an increase in investment securities representing the acquisition of shares of Ashikaga Holdings Co., Ltd. for the purpose of strengthening business ties with that company.

(Cash Flows from Financing Activities)

Net cash provided by financing activities totaled ¥987 million (down ¥1,767 million from the previous fiscal year). This was mainly due to a net increase in short-term loans payable to fund the purchase of land for sale.

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

	Fiscal 2012	Fiscal 2013	Fiscal 2014
Shareholders' equity ratio (%)	43.5	40.2	40.7
Equity ratio on market value basis (%)	24.3	34.7	28.2
Interest-bearing liabilities to cash flow ratio (years)	4.2	—	—
Interest coverage ratio (times)	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 as "cash flows" in the above calculation. As operating cash flows for the fiscal years ended March 31, 2013 and March 31, 2014 were negative, interest-bearing liabilities to cash flow ratio and interest coverage ratio data have been omitted for these two years.
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 2014 and Fiscal 2015

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 ¥8 per share for the fiscal year under review. The annual dividend forecast for the year ending March 31, 2015 is ¥8 per share, the same as for Fiscal 2014.

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 92.3% 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 2014, the ratio of sales generated from activities in Tochigi Prefecture was as high as 58.1%. 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 26.7%, 9.7%, and 5.3%, 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, 2014, the balance of interest-bearing liabilities stood at ¥15,396 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	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	Grandy House 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	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		
	Grandy Reform Corporation	Second class architect office registration The Governor of Tochigi Prefecture Registration No. B4539 June 7, 2013 – June 6, 2018		

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 operates mainly in Chiba Prefecture.

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

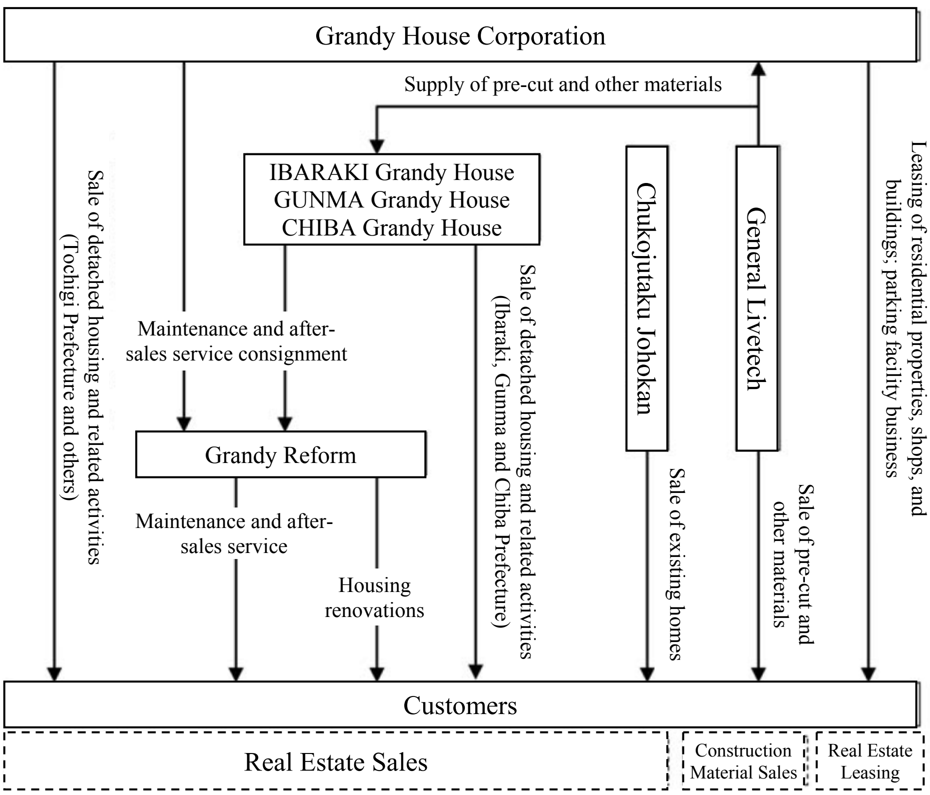
(2) Construction Material Sales

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, 2014).



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 annual growth of 10% or more.

(3) Medium- and Long-Term Management Strategies

The medium-term basic policy of the Grandy House Group is to aim for sustainable growth by strengthening our core business, namely real estate sales focusing on new homes. As a strategy to ensure such growth, we have been expanding our operating base and increasing market share in each area. During the previous fiscal year, we started restructuring operations for the Kashiwa area of Chiba Prefecture. In March 2014, we opened a branch in Isesaki City, Gunma Prefecture, and we started initiatives to increase order volume in the Gunma area.

In addition, we seek to ensure an even stronger management base by developing and enhancing our production system in line with the Group's growth strategy. In the detached home sales business, productivity and quality are both secured at a high level through one-stop operations within the Group, encompassing land procurement through to land development, housing design, and construction management. We will continue to focus on developing and strengthening our construction system as well as enhancing our land procurement capability in an effort to distinguish ourselves from competitors.

(4) Pending Issues

Expectations are that the Japanese economic recovery will continue against the backdrop of improved corporate earnings and a better employment environment (e.g., wage increases), though concerns remain about decreases in consumer spending resulting from the higher consumption tax rate and a drop in housing investment following the increased demand experienced prior to the tax hike.

Under such an economic environment, the Grandy House Group has consistently sought to achieve sustainable growth by strengthening the Group's core business, namely real estate sales focusing on new homes, as its basic policy. The Group's management priority is to ensure a broader operating base and higher market share in each area. To this end, we will further strengthen our management base through various initiatives in order to enhance our production system (e.g., by increasing the number of staff members in charge of land-for-sale procurement and securing construction personnel for new areas). With such a stronger management base, we will focus on sales activities closely tailored to each region in which we operate, thereby pursuing higher profitability.

(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)

	FY2013 (As of March 31, 2013)	FY2014 (As of March 31, 2014)
Assets		
Current assets		
Cash and deposits	5,218,245	5,562,541
Notes and accounts receivable-trade	394,082	584,984
Real estate for sale	6,171,787	8,903,433
Costs on uncompleted construction contracts	10,159	9,388
Real estate for sale in process	7,404,313	7,373,275
Merchandise and finished goods	252,665	174,064
Raw materials and supplies	113,328	138,064
Deferred tax assets	124,336	126,944
Other	256,258	321,913
Allowance for doubtful accounts	(2,788)	(4,196)
Total current assets	19,942,389	23,190,415
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	4,663,682	4,680,319
Accumulated depreciation	(1,324,144)	(1,435,893)
Buildings and structures, net	3,339,538	3,244,425
Machinery, equipment and vehicles	16,171	25,121
Accumulated depreciation	(11,627)	(13,112)
Machinery, equipment and vehicles, net	4,543	12,009
Tools, furniture and fixtures	276,085	273,207
Accumulated depreciation	(231,095)	(231,169)
Tools, furniture and fixtures, net	44,989	42,038
Land	5,915,880	5,817,230
Lease assets	253,914	256,360
Accumulated depreciation	(99,175)	(114,981)
Lease assets, net	154,738	141,378
Total property, plant and equipment	9,459,690	9,257,082
Intangible assets	64,062	68,487
Investments and other assets		
Investment securities	514,882	744,408
Long-term loans receivable	29,987	41,707
Deferred tax assets	86,295	100,514
Other	57,245	155,166
Allowance for doubtful accounts	(36,283)	(32,818)
Total investments and other assets	652,127	1,008,979
Total noncurrent assets	10,175,880	10,334,548
Total assets	30,118,269	33,524,964

(Thousands of Yen)

	FY2013 (As of March 31, 2013)	FY2014 (As of March 31, 2014)
Liabilities		
Current liabilities		
Accounts payable for construction contracts	2,299,933	2,636,832
Short-term loans payable	11,639,900	13,347,080
Current portion of long-term loans payable	482,612	410,495
Lease obligations	49,630	49,770
Income taxes payable	579,313	735,391
Provision for warranties for completed construction	55,433	63,040
Other	644,494	666,258
Total current liabilities	15,751,317	17,908,869
Noncurrent liabilities		
Long-term loans payable	1,828,171	1,461,426
Lease obligations	123,134	103,482
Provision for retirement benefits	221,276	—
Provision for directors’ retirement benefits	17,241	45,166
Net defined benefit liability	—	286,655
Other	66,493	63,825
Total noncurrent liabilities	2,256,316	1,960,555
Total liabilities	18,007,633	19,869,425
Net assets		
Shareholders’ equity		
Capital stock	2,077,500	2,077,500
Capital surplus	2,205,165	2,205,165
Retained earnings	8,179,785	9,712,087
Treasury stock	(351,814)	(351,814)
Total shareholders’ equity	12,110,636	13,642,938
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	—	12,600
Total valuation and translation adjustments	—	12,600
Total net assets	12,110,636	13,655,539
Total liabilities and net assets	30,118,269	33,524,964

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

(Thousands of Yen)

	Fiscal 2013 (From April 1, 2012 to March 31, 2013)	Fiscal 2014 (From April 1, 2013 to March 31, 2014)
Net sales	32,540,755	37,259,532
Cost of sales	26,484,807	30,207,471
Gross profit	6,055,947	7,052,061
Selling, general and administrative expenses	3,738,810	4,119,884
Operating income	2,317,137	2,932,176
Non-operating income		
Interest income	900	1,435
Dividends income	139	138
Operations consignment fee	161,020	195,811
Office work fee	135,062	142,160
Other	31,747	26,881
Total non-operating income	328,869	366,427
Non-operating expenses		
Interest expenses	214,420	263,944
Commission for syndicate loan	32,198	—
Other	6,909	—
Total non-operating expenses	253,527	263,944
Ordinary income	2,392,479	3,034,659
Extraordinary loss		
Loss on retirement of noncurrent assets	20,251	18,192
Impairment loss	46,260	112,590
Loss on cancellation of lease contracts	41	3,575
Environmental expenses	27,399	—
Total extraordinary loss	93,953	134,358
Net income before income taxes	2,298,525	2,900,301
Income taxes-current	947,629	1,161,509
Income taxes-deferred	(10,435)	(23,726)
Total income taxes	937,194	1,137,782
Income before minority interests	1,361,331	1,762,518
Net income	1,361,331	1,762,518

(Consolidated Statements of Comprehensive Income)

(Thousands of Yen)

	Fiscal 2013 (From April 1, 2012 to March 31, 2013)	Fiscal 2014 (From April 1, 2013 to March 31, 2014)
Income before minority interests	1,361,331	1,762,518
Other comprehensive income		
Valuation difference on available-for-sale securities	—	12,600
Total other comprehensive income	—	12,600
Comprehensive income	1,361,331	1,775,119
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent	1,361,331	1,775,119
Comprehensive income attributable to minority interests	—	—

(3) Consolidated Statements of Changes in Net Assets

Fiscal 2013 (From April 1, 2012 to March 31, 2013)

(Thousands of Yen)

	Shareholders' equity					Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	
Balance as of the beginning of the period	2,077,500	2,205,165	7,106,226	(351,780)	11,037,110	11,037,110
Changes of items during the period						
Dividends from surplus			(287,772)		(287,772)	(287,772)
Net income			1,361,331		1,361,331	1,361,331
Purchase of treasury stock				(33)	(33)	(33)
Net changes to items other than shareholder equity						
Total changes of items during the period	—	—	1,073,559	(33)	1,073,525	1,073,525
Balance as of the end of the period	2,077,500	2,205,165	8,179,785	(351,814)	12,110,636	12,110,636

Fiscal 2014 (From April 1, 2013 to March 31, 2014)

(Thousands of Yen)

	Shareholders' equity					Valuation and translation adjustments		Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance as of the beginning of the period	2,077,500	2,205,165	8,179,785	(351,814)	12,110,636	—	—	12,110,636
Changes of items during the period								
Dividends from surplus			(230,216)		(230,216)			(230,216)
Net income			1,762,518		1,762,518			1,762,518
Net changes to items other than shareholder equity						12,600	12,600	12,600
Total changes of items during the period	—	—	1,532,302	—	1,532,302	12,600	12,600	1,544,903
Balance as of the end of the period	2,077,500	2,205,165	9,712,087	(351,814)	13,642,938	12,600	12,600	13,655,539

(4) Consolidated Statements of Cash Flows

(Thousands of Yen)

	Fiscal 2013 (From April 1, 2012 to March 31, 2013)	Fiscal 2014 (From April 1, 2013 to March 31, 2014)
Net cash provided by (used in) operating activities		
Net income before income taxes	2,298,525	2,900,301
Depreciation and amortization	220,766	230,359
Increase (decrease) in provision for retirement benefits	41,597	(221,276)
Increase (decrease) in provision for directors' retirement benefits	17,241	27,924
Increase (decrease) in provision for warranties for completed construction	4,218	7,606
Increase (decrease) in allowance for doubtful accounts	(8,998)	(2,057)
Increase (decrease) in net defined benefit liability	—	286,655
Interest and dividends income	(1,039)	(1,574)
Interest expenses	214,420	263,944
Impairment loss	46,260	112,590
Loss on retirement of noncurrent assets	20,251	18,192
Decrease (increase) in notes and accounts receivable-trade	19,355	(187,423)
Decrease (increase) in inventories	(4,331,279)	(2,645,973)
Increase (decrease) in notes and accounts payable-trade	455,622	336,899
Other	(52,645)	(25,659)
Subtotal	(1,055,703)	1,100,510
Interest and dividends income received	1,039	1,574
Interest expenses paid	(214,353)	(280,858)
Income taxes paid	(830,434)	(1,006,985)
Net cash provided by (used in) operating activities	(2,099,451)	(185,759)
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(353,103)	(108,956)
Purchase of intangible assets	(19,192)	(20,833)
Purchase of investment securities	(499,880)	(210,000)
Payments of loans receivable	—	(14,700)
Collection of loans receivable	5,517	4,179
Payments for guarantee deposits	(41)	(111,582)
Proceeds from collection of guarantee deposits	4,063	1,176
Other payments	(21,600)	(15,500)
Other proceeds	18,000	21,440
Net cash provided by (used in) investing activities	(866,236)	(454,776)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	3,155,270	1,707,180
Proceeds from long-term loans payable	943,000	50,000
Repayment of long-term loans payable	(1,008,734)	(488,862)
Purchase of treasury stock	(33)	—
Cash dividends paid	(286,913)	(229,828)
Repayments of lease obligations	(47,678)	(51,157)
Net cash provided by (used in) financing activities	2,754,910	987,332
Net increase (decrease) in cash and cash equivalents	(210,776)	346,796
Cash and cash equivalents at beginning of the period	5,418,522	5,207,745
Cash and cash equivalents at end of the period	5,207,745	5,554,541

(5) Notes to Consolidated Financial Statements

(Notes Concerning Going Concern Assumptions)

Not applicable.

(Segment and Other Information)
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, 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

The fiscal year ended March 31, 2014 (April 1, 2013 to March 31, 2014)

(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	34,388,656	2,609,566	261,308	37,259,532	—	37,259,532
Inter-segment sales and transfers	—	2,677,549	73,485	2,751,035	(2,751,035)	—
Total	34,388,656	5,287,116	334,794	40,010,567	(2,751,035)	37,259,532
Segment profit	2,809,029	120,697	133,173	3,062,899	(28,240)	3,034,659
Segment assets	23,668,428	2,096,663	4,501,781	30,266,873	3,258,090	33,524,964
Segment liabilities	18,357,219	1,750,983	89,332	20,197,535	(328,110)	19,869,425
Other items						
Depreciation and amortization	138,886	40,458	51,014	230,359	—	230,359
Interest income	1,395	39	—	1,435	—	1,435
Interest expenses	251,612	11,886	446	263,944	—	263,944
Increase in property, plant and equipment and intangible assets	122,499	41,596	5,174	169,270	—	169,270

Note 1: Details of adjustments are presented as follows.

Segment profit

(Thousands of Yen)

	Fiscal 2013	Fiscal 2014
Eliminations of inter-segment translation	(44,084)	(28,240)
Total	(44,084)	(28,240)

Segment assets

(Thousands of Yen)

	Fiscal 2013	Fiscal 2014
Eliminations of inter-segment receivables	(247,517)	(331,050)
Eliminations of inter-segment unrealized profit	(30,952)	(23,452)
Corporate assets	3,405,607	3,612,593
Total	3,127,137	3,258,090

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 2013	Fiscal 2014
Eliminations of inter-segment payables	(248,733)	(328,110)
Total	(248,733)	(328,110)

Interest income

(Thousands of Yen)

	Fiscal 2013	Fiscal 2014
Eliminations of inter-segment transactions	—	—
Total	—	—

Interest expenses

(Thousands of Yen)

	Fiscal 2013	Fiscal 2014
Eliminations of inter-segment transactions	—	—
Total	—	—

Increase in property, plant and equipment and intangible assets

(Thousands of Yen)

	Fiscal 2013	Fiscal 2014
Eliminations of inter-segment transactions	—	—
Total	—	—

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

Related Information

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.

The fiscal year ended March 31, 2014 (April 1, 2013 to March 31, 2014)

1. Information by product and service

(Thousands of Yen)

	Real Estate Sales	Construction Material Sales	Real Estate Leasing	Total
Sales to outside customers	34,388,656	2,609,566	261,308	37,259,532

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.

Information concerning Impairment Loss on Noncurrent Assets by Reportable Segment

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

The fiscal year ended March 31, 2014 (April 1, 2013 to March 31, 2014)

(Thousands of Yen)

	Real Estate Sales	Construction Material Sales	Real Estate Leasing	Total	Adjustment Amount	Total
Impairment loss	112,590	—	—	112,590	—	112,590

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

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

The fiscal year ended March 31, 2014 (April 1, 2013 to March 31, 2014)
Not applicable.

Information concerning Gain on Negative Goodwill by Reportable Segment

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

The fiscal year ended March 31, 2014 (April 1, 2013 to March 31, 2014)
Not applicable.