Consolidated Financial Report
For Fiscal 2015
(The Fiscal Year Ended March 31, 2015 under Japanese GAAP)

May 11, 2015

Company Name: Grandy House Corporation　Stock Exchange Listing: Tokyo Stock Exchange
Securities Code: 8999　URL http://www.grandy.co.jp
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Scheduled date of the Ordinary General Meeting of Shareholders: June 26, 2015
Scheduled date of Securities Report filing: June 26, 2015
Scheduled date of dividend payment commencement: June 29, 2015
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 2015 (April 1, 2014 to March 31, 2015)

(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 2015	37,469	0.6	2,415	(17.6)	2,514	(17.1)	1,567	(11.1)
Fiscal 2014	37,259	14.5	2,932	26.5	3,034	26.8	1,762	29.5

Note: Comprehensive Income　Fiscal 2015: ¥1,583 million (−10.8%)　Fiscal 2014: ¥1,775 million (30.4%)

	Net Income per Share	Net Income per Share (Diluted)	Return on Equity	Ordinary Income / Total Assets	Operating Income / Net Sales
	(¥)	(¥)	%	%	%
Fiscal 2015	54.47	—	10.9	7.2	6.4
Fiscal 2014	61.25	—	13.7	9.5	7.9

(Reference) Equity in earnings of affiliates　Fiscal 2015: ¥— million　Fiscal 2014: ¥— million

(2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio	Net Assets per Share
	(¥ million)	(¥ million)	%	(¥)
March 31, 2015	35,846	15,084	41.9	521.57
March 31, 2014	33,524	13,655	40.7	474.53

(Reference) Shareholders' equity　Fiscal 2015: ¥15,009 million　Fiscal 2014: ¥13,655 million

(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 2015	700	(172)	531	6,614
Fiscal 2014	(185)	(454)	987	5,554

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 2014	—	0.00	—	8.00	8.00	230	13.1	1.7
Fiscal 2015	—	0.00	—	8.00	8.00	230	14.7	1.6
Fiscal 2016 (Forecast)	—	0.00	—	12.00	12.00		20.3	

3. Consolidated Financial Results Forecasts for Fiscal 2016 (April 1, 2015 to March 31, 2016)

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

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Owners of the Parent Company		Net Income per Share
	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥)
Interim Period	19,500	8.7	1,150	14.3	1,200	13.8	730	14.0	25.37
Full Fiscal Year	40,500	8.1	2,700	11.8	2,750	9.4	1,700	8.4	59.07

* 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, 2015	30,823,200 shares	March 31, 2014	30,823,200 shares
2) Number of treasury stock	March 31, 2015	2,046,198 shares	March 31, 2014	2,046,198 shares
3) Average number of shares issued and outstanding for the period	Fiscal 2015	28,777,002 shares	Fiscal 2014	28,777,002 shares

(Reference) Non-Consolidated Financial Results

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

(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 2015	18,284	(6.7)	1,084	(30.7)	1,771	(13.5)	1,327	1.4
Fiscal 2014	19,603	11.2	1,565	31.6	2,048	34.5	1,309	32.3

	Net Income per Share	Net Income per Share (Diluted)
	(¥)	(¥)
Fiscal 2015	46.14	―
Fiscal 2014	45.49	―

(2) Non-Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio	Net Assets per Share
	(¥ million)	(¥ million)	%	(¥)
March 31, 2015	22,233	12,820	57.3	442.91
March 31, 2014	20,399	11,631	57.0	404.20

(Reference) Shareholders' equity March 31, 2015: ¥12,745 million March 31, 2014: ¥11,631 million

2. Non-Consolidated Financial Results Forecasts for Fiscal 2016 (April 1, 2015 to March 31, 2016)

(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	9,270	3.0	510	12.7	1,140	3.4	910	0.4	31.62
Full Fiscal Year	19,000	3.9	1,180	8.8	1,850	4.4	1,340	0.9	46.56

*** 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

During the first half of the fiscal year ended March 31, 2015, there was a pullback from the last-minute surge in demand triggered by April's consumption tax hike. This was followed by price increases resulting from the depreciation of the yen, and together these factors caused consumer spending to remain weak. However, the Japanese economy has begun to see a moderate recovery in the expectation of a better employment and income environment buoyed by improved corporate earnings and higher stock prices due to the effects of the economic and monetary policies followed by the government and the Bank of Japan.

The housing sector was materially affected by the pullback from the last-minute surge in demand. Home orders remained sluggish, with a year-on-year decrease in the number of new housing starts for each of the twelve consecutive months until February 2015. However, the number of housing starts showed signs of recovery at the end of the fiscal year under review, which was attributable to demand supported by measures implemented to mitigate the burden of the increase in consumption tax levied on homebuyers as well as an all-time low mortgage rate. Such signs raised expectations for a recovery in demand.

Against this background, the Grandy House Group worked diligently to expand its new home sales business in line with its theme of "further strengthening the Group's core business (real estate sales)." In Chiba Prefecture, a priority area for the fiscal year under review, sales expanded in general accordance with our expectations. In order to maintain market share in our existing operating base, we opened a new branch and a showroom where customers can experience features of our houses. Total cumulative sales of new homes since the inception of the new home sales business in 1996 reached 10,000 in September 2014.

With these initiatives, new home sales during the fiscal year under review, though sluggish in the first half due to the prolonged influence of the consumption tax hike, recovered steadily after the summer, when the effects of the tax hike moderated. This trend continued to the point where we achieved record quarterly sales in the fourth quarter and record annual sales of 1,170 units. Revenues for the fiscal year under review showed a slight increase, but were unable to compensate for the decline in the first half, resulting in a decline in profits.

As a result of these factors, the Grandy House Group's consolidated results for Fiscal 2015 were as follows. Net sales were ¥37,469 million, up 0.6% from the previous fiscal year; operating income fell to ¥2,415 million, a decline of 17.6%; ordinary income was ¥2,514 million, a decline of 17.1%; and net income totaled ¥1,567 million, a decline of 11.1%.

Results by business segment are presented as follows.

① Real Estate Sales

In the new home sales business, CHIBA Grandy House (Chiba Prefecture), which was marking its second year in business, worked to secure inventory for sale and strengthen its sales structure, and was thus able to achieve an expansion in sales largely as planned. In Tochigi Prefecture, an existing major operating base, Utsunomiya Higashi Branch (Utsunomiya, Tochigi Prefecture) was opened in July 2014. Large numbers of customers were able to experience the safety, functionality and comfort of our homes at the new branch's showroom, "Grandy Plaza Utsunomiya." In terms of our product offering, we focused extensively on developing ""All-in-One Homes" that feature all-electric facilities with fitted lights in all rooms and an exterior with parking spaces for two or more vehicles. The Group's one-stop production system and long-term warranty are also selling points of this home, providing customers with safety and security in their lives. In terms of sales promotion activities, we organized campaigns to encourage customers to make online reservation for visits and held various events to commemorate the achievement of total sales of 10,000 homes, such as the "Countdown Campaign" and the "Thank You Campaign."

With these efforts, new home sales, although weak in the first half due to the prolonged influence of the consumption tax hike, recovered to set a quarterly record high of 330 units in the fourth quarter (three months ended March 31, 2015). As a result, new home sales for the fiscal year under review were up 19 units on the previous year, reaching a record-high level of 1,170 units. Profits saw a certain level of improvement in the second half as a result of thorough management of home orders, but failed to recover from a decline in the first half. With respect to our existing home sales business, the overall number of properties available in the entire industry did not recover, even though there was an increase in the number of auction properties. This situation continued to contribute to weak sales. As a result, existing home sales for the fiscal year under review were down 16 units at 112 units.

Accounting for each of these factors, revenues in the real estate sales segment rose 0.6% year-on-year to ¥34,587 million. Segment profit fell to ¥2,256 million, down 19.7% from the previous fiscal year.

② Construction Material Sales

In the construction material sales segment, orders remained sluggish due to a decline in the number of new housing starts. After the consumption tax hike, prices of timber used in construction were on a downward track due to a decline in demand resulting from the pullback from the housing demand surge. From December 2014 onwards, the depreciation of the euro against the yen caused a fall in the prices of materials, particularly those from Europe.

Under these circumstances, we continued to carry out careful sales targeting of customers and promoted sales of processed construction materials in addition to pre-cut materials, resulting in a rise in profits in the segment. However, sales dropped slightly due to an increase in the ratio of sales to Group companies.

As a result, revenues in the construction material sales segment decreased 0.4% year-on-year to ¥2,600 million, while segment profit was ¥153 million, up 27.0% from the previous fiscal year.

③ Real Estate Leasing

In the real estate leasing segment, the office leasing market around Utsunomiya—a major area of business development—was stable in general, with small-scale demand mainly for properties with new facilities. Under these circumstances, we continued to work to increase the profitability of existing properties. In consideration of long-term profitability, we sold a rental condominium (Utsunomiya, Tochigi Prefecture) in March 2015.

As a result, revenues in the real estate leasing segment increased 7.7% year-on-year to ¥281 million, while segment profit was ¥172 million, up 29.7% from the previous fiscal year.

Outlook

The Japanese economy is forecast to continue to see a moderate recovery supported by an expectation that the results of the government and Bank of Japan's ongoing economic and monetary easing policies and of improvements in corporate earnings will contribute to improvements in employment, wages, and consumer spending.

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 and continue to focus on expanding our operating base and increasing market share. We will work to strengthen our business foundation with the aim of achieving a continuous increase in revenues and profits for the year ending March 31, 2016 and for the years beyond.

Taking into account the above factors, Grandy House is forecasting consolidated net sales of ¥40,500 million for the fiscal year ending March 31, 2016. This represents an 8.1% increase year-on-year. Operating income is forecast to rise 11.8% to ¥2,700 million. Ordinary income is forecast to increase 9.4% to ¥2,750 million, with net income attributable to owners of the parent company improving 8.4% to ¥1,700 million.

(2) Analysis of Financial Position

a. Consolidated Balance Sheet

Total assets stood at ¥35,846 million as of March 31, 2015, up ¥2,321 million compared with the end of the previous fiscal year. This upswing was mainly due to, in addition to the increase of ¥1,058 million in cash and deposits, the change in the inventory level of completely-finished new homes (real estate for sale) and the strengthening of our procurement activities aimed at an increase in the number of existing properties—which together resulted in an increase of ¥2,339 million in total current assets.

Total liabilities grew ¥892 million compared with the previous fiscal year-end to ¥20,762 million. This increase mainly consisted of the growth in the funds for projects (short-term debts) stemming from the increase in the amount of real estate for sale, the rise in accounts payable for construction contracts, and an issuance of corporate bonds (¥150 million).

Total net assets stood at ¥15,084 million as of the end of the fiscal year under review. This represents an increase of ¥1,428 million from the balance recorded as of March 31, 2014. After accounting for the payment of ¥230 million of dividends, this increase was largely attributable to ¥1,567 million of net income for the fiscal year under review.

b. Cash Flows

Cash flows from operating and investing activities resulted in increases in cash and cash equivalents respectively, and cash flows from financing activities resulted in a decrease 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 ¥6,614 million, up ¥1,059 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 provided by operating activities amounted to ¥700 million (a decrease of ¥185 million for the fiscal year ended March 31, 2014). This was mainly attributable to the total net income before income taxes and depreciation and amortization of ¥2,739 million, while there was an increase in inventories (¥1,058 million) and income taxes paid (¥1,092 million).

(Cash Flows from Investing Activities)

Net cash used in investment activities amounted to ¥172 million (a decrease of ¥454 million for the fiscal year ended March 31, 2014). This was primarily because, despite having sold assets including the "Grandy Heights Wakakusa" rental condominium (Utsunomiya, Tochigi Prefecture), we purchased a business site (Oyama, Tochigi Prefecture), and constructed the Interpark branch (to be opened in May 2015) and the adjoining "Grandy Plaza Interpark" showroom (Utsunomiya, Tochigi Prefecture).

(Cash Flows from Financing Activities)

Net cash provided by financing activities amounted to ¥531 million (an increase of ¥987 million for the fiscal year ended March 31, 2014). This was mainly due, besides dividend payments, to an increase in short-term debts accompanied by the rise in inventories and an issuance of corporate bonds to raise funds for capital expenditure.

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

	Fiscal 2013	Fiscal 2014	Fiscal 2015
Shareholders' equity ratio (%)	40.2	40.7	41.9
Equity ratio on market value basis (%)	34.7	28.2	24.5
Interest-bearing liabilities to cash flow ratio (years)	—	—	23.1
Interest coverage ratio (times)	—	—	2.5

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 2015 and Fiscal 2016

Grandy House focuses on increasing the corporate value and returning more profits to shareholders as one of its priority management issues. Until the fiscal year under review, the fundamental profit allocation policy was to ensure the stable and continuous payment of dividends, with an increase in dividend payout based on business growth. In the fiscal year ending March 31, 2016 and afterwards, however, the Company will adopt a new dividend policy in which dividends will be paid in line with the Group's performance, targeted at a consolidated dividend payout ratio of 20%.

Purchase of treasury stock will be made depending on the Company's financial position with the aim of increasing the value and profit per share and enhancing the Company's capital efficiency.

Guided by the above-mentioned dividend policies, Grandy House has declared an annual dividend of ¥8 per share for the fiscal year under review. The annual divided forecast for the year ending March 31, 2016 is ¥12 per share (up by ¥4 year-on-year).

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.

(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 2015, the ratio of sales generated from activities in Tochigi Prefecture was as high as 53.9%. 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, Ushiku, other), Gunma Prefecture (Takasaki, Ota, other), and Chiba Prefecture (Kashiwa, other) sales as a ratio to total sales were 24.8%, 11.4%, and 9.6%, 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, 2015, the balance of interest-bearing liabilities stood at ¥16,161 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 non-current 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 non-current 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 (4) No. 5942 October 21, 2014–October 20, 2019	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		
	General Livetech Corporation	First class architect office registration The Governor of Tochigi Prefecture Registration No. A3461 December 9, 2014–December 8, 2019		
	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.

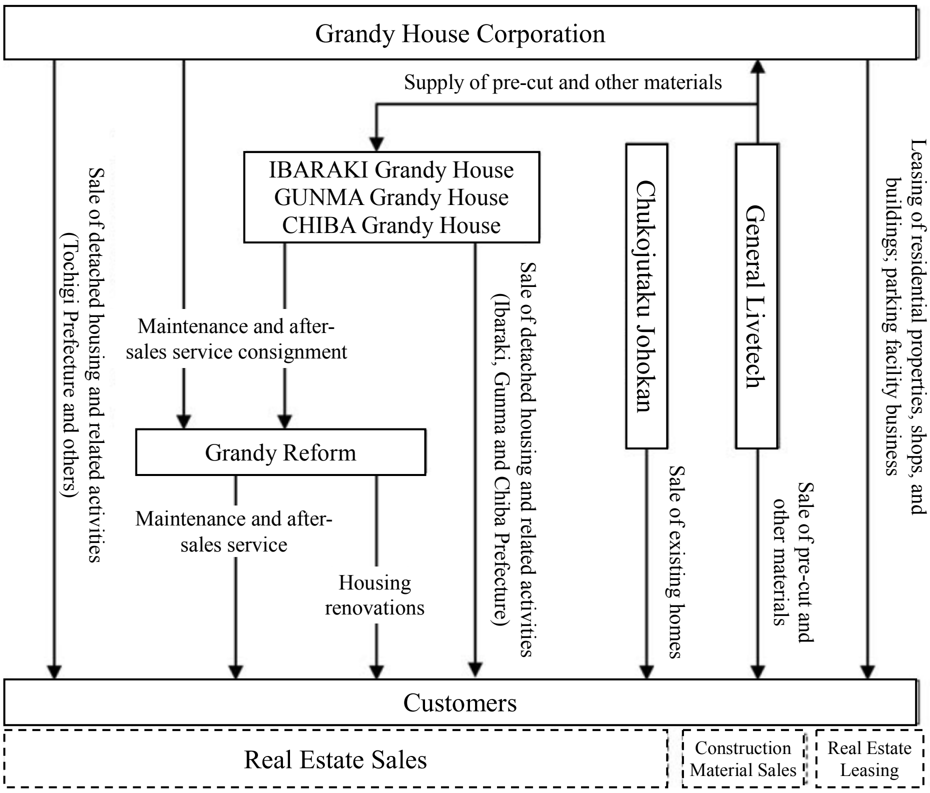
(2) Construction Material Sales

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, 2015).



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. We will continue to work to enhance our corporate value by delivering better homes to more customers and strive to meet various expectations of all stakeholders. At the same time, we will fulfill our responsibility as a good corporate citizen.

(2) Target Management Benchmarks

The Grandy House Group seeks to expand its business, in particular focusing on an increase in net sales and ordinary income as important benchmarks to measure its growth.

The Group's targeted level of ROE, an indicator that demonstrates the maintenance of capital efficiency and shareholder gains, is 8% or above.

(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.

In the new home sales business, our core business, we will aim to achieve a steady growth in line with the following basic strategies that take advantage of our strengths:

① Provision of high-value-added properties (conveniently situated land for sale, safety and security of land, value-added townscapes, high-quality homes clearly differentiated from low-cost ones, and safety and reassurance through long-term inspections and warranties, etc.) supported by the Group's integrated operations that encompass land procurement through to land development, housing design, construction management, and after-sales service.

② Exploration of business opportunities in operating areas through community-based sales activities and expansion of business to areas adjacent to existing operating bases by taking advantage of the reputation for reliability we have established in these bases exemplified by the motto "When it comes to detached homes, Grandy House."

③ Strengthening of marketing capabilities in self-cultivation (cultivate a wide range of customers and highlight the advantages of the Company's products) under the direct sales system.

With respect to the existing home sales business, we will work to expand our operating base in the existing home market that will likely grow over the long term while differentiating our products from those of competitors using the concept Design Renovated Homes.

Our business has expanded to the level where total sales of new homes exceeded 10,000 units. We will work to expand home-related businesses such as home renovation for existing customers.

With respect to corporate governance, we plan to move to a "Company with Audit and Supervisory Committee" organizational structure starting this fiscal year. Under the new organizational structure involving outside directors, we will strive to strengthen corporate governance and further increase our corporate value.

(4) Pending Issues

The Japanese economy is expected to continue to see a moderate recovery, but quite a few factors causing instability still exist, such as a further consumption tax hike and fluid movement of the world economy.

In recognition of the fact that the consumption tax hike in April 2014 affected our business results for the fiscal year under review, the Grandy House Group will take various initiatives in order to build a robust management base that will not be affected by external factors. Such initiatives include cultivating new operating bases, securing an adequate volume of favorable land for housing, establishing a sales system that allows us to avoid exposure to price competition, and securing and developing human resources in line with an expansion in business. With these initiatives, we will aim to achieve ongoing growth in profits and other aspects.

(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. BASIC APPROACH TO THE SELECTION OF ACCOUNTING STANDARDS

At present, the Grandy House Group operates its business only in Japan and most of its stakeholders are shareholders, lenders, and business partners in Japan. There is no plan to raise funds from overseas markets. Against this background, the Group will prepare its consolidated financial statements based on Japanese GAAP for the time being.

For the application of International Financial Reporting Standards (IFRS), we will take adequate actions while paying attention to various situations inside and outside Japan.

5. CONSOLIDATED FINANCIAL STATEMENTS

(1) Consolidated Balance Sheets

(Thousands of Yen)

	FY2014 (As of March 31, 2014)	FY2015 (As of March 31, 2015)
Assets		
Current assets		
Cash and deposits	5,562,541	6,621,018
Notes and accounts receivable – trade	584,984	734,021
Real estate for sale	8,903,433	10,704,928
Costs on uncompleted construction contracts	9,388	6,251
Real estate for sale in process	7,373,275	6,688,779
Merchandise and finished goods	174,064	145,413
Raw materials and supplies	138,064	111,279
Deferred tax assets	126,944	122,613
Other	321,913	401,046
Allowance for doubtful accounts	(4,196)	(5,344)
Total current assets	23,190,415	25,530,008
Non-current assets		
Property, plant and equipment		
Buildings and structures	4,680,319	4,627,088
Accumulated depreciation	(1,435,893)	(1,543,369)
Buildings and structures, net	3,244,425	3,083,718
Machinery, equipment and vehicles	25,121	23,840
Accumulated depreciation	(13,112)	(15,055)
Machinery, equipment and vehicles, net	12,009	8,785
Tools, furniture and fixtures	273,207	287,254
Accumulated depreciation	(231,169)	(238,268)
Tools, furniture and fixtures, net	42,038	48,986
Land	5,817,230	5,851,832
Lease assets	256,360	263,698
Accumulated depreciation	(114,981)	(156,372)
Lease assets, net	141,378	107,325
Construction in progress	—	58,652
Total property, plant and equipment	9,257,082	9,159,301
Intangible assets	68,487	67,616
Investments and other assets		
Investment securities	744,408	767,434
Long-term loans receivable	41,707	19,870
Deferred tax assets	100,514	108,270
Other	155,166	197,708
Allowance for doubtful accounts	(32,818)	(3,816)
Total investments and other assets	1,008,979	1,089,467
Total non-current assets	10,334,548	10,316,385
Total assets	33,524,964	35,846,393

(Thousands of Yen)

	FY2014 (As of March 31, 2014)	FY2015 (As of March 31, 2015)
Liabilities		
Current liabilities		
Accounts payable for construction contracts	2,636,832	2,772,752
Short-term loans payable	13,347,080	14,074,690
Current portion of long-term loans payable	410,495	400,508
Current portion of bonds	—	21,000
Lease obligations	49,770	43,999
Income taxes payable	735,391	582,687
Provision for warranties for completed construction	63,040	51,167
Other	666,258	721,606
Total current liabilities	17,908,869	18,668,411
Non-current liabilities		
Bonds payable	—	129,000
Long-term loans payable	1,461,426	1,409,644
Lease obligations	103,482	69,525
Provision for directors’ retirement benefits	45,166	71,204
Net defined benefit liability	286,655	358,010
Other	63,825	56,416
Total non-current liabilities	1,960,555	2,093,801
Total liabilities	19,869,425	20,762,212
Net assets		
Shareholders’ equity		
Capital stock	2,077,500	2,077,500
Capital surplus	2,205,165	2,205,165
Retained earnings	9,712,087	11,049,455
Treasury stock	(351,814)	(351,814)
Total shareholders’ equity	13,642,938	14,980,306
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	12,600	28,874
Total valuation and translation adjustments	12,600	28,874
Subscription rights to shares	—	75,000
Total net assets	13,655,539	15,084,180
Total liabilities and net assets	33,524,964	35,846,393

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

(Thousands of Yen)

	Fiscal 2014 (From April 1, 2013 to March 31, 2014)	Fiscal 2015 (From April 1, 2014 to March 31, 2015)
Net sales	37,259,532	37,469,060
Cost of sales	30,207,471	30,869,711
Gross profit	7,052,061	6,599,348
Selling, general and administrative expenses	4,119,884	4,183,500
Operating income	2,932,176	2,415,848
Non-operating income		
Interest income	1,435	1,489
Dividends income	138	4,391
Operations consignment fee	195,811	203,546
Office work fee	142,160	136,793
Other	26,881	36,271
Total non-operating income	366,427	382,493
Non-operating expenses		
Interest expenses	263,944	279,207
Other	—	4,828
Total non-operating expenses	263,944	284,035
Ordinary income	3,034,659	2,514,306
Extraordinary income		
Gain on sales of non-current assets	—	2,051
Total extraordinary income	—	2,051
Extraordinary loss		
Loss on sale of non-current assets	—	1,070
Loss on retirement of non-current assets	18,192	12,763
Impairment loss	112,590	—
Loss on cancellation of lease contracts	3,575	3,089
Total extraordinary loss	134,358	16,924
Net income before income taxes	2,900,301	2,499,433
Income taxes-current	1,161,509	942,000
Income taxes-deferred	(23,726)	(10,150)
Total income taxes	1,137,782	931,849
Income before minority interests	1,762,518	1,567,583
Net income	1,762,518	1,567,583

(Consolidated Statements of Comprehensive Income)

(Thousands of Yen)

	Fiscal 2014 (From April 1, 2013 to March 31, 2014)	Fiscal 2015 (From April 1, 2014 to March 31, 2015)
Income before minority interests	1,762,518	1,567,583
Other comprehensive income		
Valuation difference on available-for-sale securities	12,600	16,273
Total other comprehensive income	12,600	16,273
Comprehensive income	1,775,119	1,583,857
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent	1,775,119	1,583,857
Comprehensive income attributable to minority interests	—	—

(3) Consolidated Statements of Changes in Net Assets

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

Fiscal 2015 (From April 1, 2014 to March 31, 2015)

	Shareholders' equity				
	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	9,712,087	(351,814)	13,642,938
Changes of items during the period					
Dividends from surplus			(230,216)		(230,216)
Net income			1,567,583		1,567,583
Net changes to items other than shareholder equity					
Total changes of items during the period	—	—	1,337,367	—	1,337,367
Balance as of the end of the period	2,077,500	2,205,165	11,049,455	(351,814)	14,980,306

(Thousands of Yen)

	Valuation and translation adjustments		Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance as of the beginning of the period	12,600	12,600	—	13,655,539
Changes of items during the period				
Dividends from surplus				(230,216)
Net income				1,567,583
Net changes to items other than shareholder equity	16,273	16,273	75,000	91,273
Total changes of items during the period	16,273	16,273	75,000	1,428,641
Balance as of the end of the period	28,874	28,874	75,000	15,084,180

(4) Consolidated Statements of Cash Flows

(Thousands of Yen)

	Fiscal 2014 (From April 1, 2013 to March 31, 2014)	Fiscal 2015 (From April 1, 2014 to March 31, 2015)
Net cash provided by (used in) operating activities		
Net income before income taxes	2,900,301	2,499,433
Depreciation and amortization	230,359	239,699
Stock compensation expense	—	75,000
Increase (decrease) in provision for retirement benefits	(221,276)	—
Increase (decrease) in provision for directors' retirement benefits	27,924	26,037
Increase (decrease) in provision for warranties for completed construction	7,606	(11,872)
Increase (decrease) in allowance for doubtful accounts	(2,057)	(27,854)
Increase (decrease) in net defined benefit liability	286,655	71,355
Interest and dividends income	(1,574)	(5,881)
Interest expenses	263,944	279,207
Impairment loss	112,590	—
Loss (gain) on sales of property, plant and equipment	—	(981)
Loss on retirement of non-current assets	18,192	12,763
Decrease (increase) in notes and accounts receivable-trade	(187,423)	(141,270)
Decrease (increase) in inventories	(2,645,973)	(1,058,425)
Increase (decrease) in notes and accounts payable-trade	336,899	135,919
Other	(25,659)	(27,707)
Subtotal	1,100,510	2,065,422
Interest and dividends income received	1,574	5,881
Interest expenses paid	(280,858)	(278,476)
Income taxes paid	(1,006,985)	(1,092,098)
Net cash provided by (used in) operating activities	(185,759)	700,729
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(108,956)	(301,704)
Proceeds from sale of property, plant and equipment	—	202,147
Purchase of intangible assets	(20,833)	(24,873)
Purchase of investment securities	(210,000)	—
Payments of loans receivable	(14,700)	—
Collection of loans receivable	4,179	4,005
Payments for guarantee deposits	(111,582)	(54,820)
Proceeds from collection of guarantee deposits	1,176	13
Other payments	(15,500)	(11,000)
Other proceeds	21,440	13,313
Net cash provided by (used in) investing activities	(454,776)	(172,917)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	1,707,180	727,610
Proceeds from long-term loans payable	50,000	464,300
Repayment of long-term loans payable	(488,862)	(526,069)
Proceeds from issuance of bonds	—	145,973
Cash dividends paid	(229,828)	(229,555)
Repayments of lease obligations	(51,157)	(50,594)
Net cash provided by (used in) financing activities	987,332	531,664
Net increase (decrease) in cash and cash equivalents	346,796	1,059,476
Cash and cash equivalents at beginning of the period	5,207,745	5,554,541
Cash and cash equivalents at end of the period	5,554,541	6,614,018

(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 the following businesses: new home sales, existing home sales, home renovation, construction material sales and real estate leasing (all of which are operated in Japan). A portion or all of operations for new home sales, existing home sales and home renovation are conducted by subsidiaries. From the perspective of similarity, relationships, and sharing of common management resources, these three businesses are regarded as one business segment, Real Estate Sales. The Company devises overall strategies for this real estate sales segment and conducts business activities.

Accordingly, the Group's three reportable segments are classified as Real Estate Sales, Construction Material Sales, and Real Estate Leasing.

The Real Estate Sales business includes sales of new homes (including building contract and sale of land, etc.) and existing homes and home renovation. The Construction Material Sales business comprises of production and sale of pre-cut materials for housing and sale of construction materials and home facilities and equipment. In the Real Estate Leasing business, activities comprise the leasing of office, homes, related properties, and parking facilities, etc.

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, 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

The fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)

(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	34,587,410	2,600,345	281,304	37,469,060	—	37,469,060
Inter-segment sales and transfers	—	2,959,748	71,770	3,031,518	(3,031,518)	—
Total	34,587,410	5,560,094	353,074	40,500,579	(3,031,518)	37,469,060
Segment profit	2,256,735	153,262	172,670	2,582,669	(68,363)	2,514,306
Segment assets	24,980,105	2,121,938	4,316,649	31,418,693	4,427,699	35,846,393
Segment liabilities	19,330,658	1,728,512	73,513	21,132,684	(370,472)	20,762,212
Other items						
Depreciation and amortization	143,435	44,205	52,057	239,699	—	239,699
Interest income	1,456	33	—	1,489	—	1,489
Interest expenses	267,118	11,861	227	279,207	—	279,207
Increase in property, plant and equipment and intangible assets	306,277	22,927	13,016	342,222	—	342,222

Note 1: Details of adjustments are presented as follows.

Segment profit

(Thousands of Yen)

	Fiscal 2014	Fiscal 2015
Eliminations of inter-segment translation	(28,240)	(68,363)
Total	(28,240)	(68,363)

Segment assets

(Thousands of Yen)

	Fiscal 2014	Fiscal 2015
Eliminations of inter-segment receivables	(331,050)	(368,558)
Eliminations of inter-segment unrealized profit	(23,452)	(35,079)
Corporate assets	3,612,593	4,831,337
Total	3,258,090	4,427,699

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 2014	Fiscal 2015
Eliminations of inter-segment payables	(328,110)	(370,472)
Total	(328,110)	(370,472)

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

[Related Information]

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.

The fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)

1. Information by product and service

(Thousands of Yen)

	Real Estate Sales	Construction Material Sales	Real Estate Leasing	Total
Sales to outside customers	34,587,410	2,600,345	281,304	37,469,060

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 Non-current Assets by Reportable Segment]

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

The fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)

Not applicable.

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

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

Not applicable.

The fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)

Not applicable.

[Information concerning Gain on Negative Goodwill by Reportable Segment]

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

Not applicable.

The fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015)

Not applicable.