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Consolidated Financial Report  
for the First Quarter of Fiscal 2014 Ending March 31, 2014 (Japanese GAAP)

August 5, 2013

Company Name:	Grandy House Corporation	Stock Exchange Listing:	Tokyo Stock Exchange
Securities Code:	8999	URL	<a href="http://www.grandy.co.jp">http://www.grandy.co.jp</a>
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Scheduled date of quarterly securities report filing:		August 8, 2013	
Scheduled date of dividend payment commencement:		—	
Preparation of quarterly supplementary explanatory materials:		None	
Quarterly results briefing meeting held:		None	

(Figures are rounded down to the nearest million yen.)

**1. Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2014 (April 1, 2013 to June 30, 2013)**

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

	Net Sales		Operating Income		Ordinary Income		Net Income	
	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥ million)	%
Three months ended June 30, 2013	9,097	11.7	759	14.4	789	19.3	477	24.3
Three months ended June 30, 2012	8,142	8.1	664	55.2	661	51.7	384	60.4

Note: Comprehensive Income Three months ended June 30, 2013: ¥477 million (24.3%) Three months ended June 30, 2012: ¥384 million (60.4%)

	Net Income per Share	Net Income per Share (Diluted)
	(¥)	(¥)
Three months ended June 30, 2013	16.60	—
Three months ended June 30, 2012	13.35	—

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

(2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio	Net Assets per Share
	(¥ million)	(¥ million)	%	(¥)
June 30, 2013	31,271	12,358	39.5	429.45
March 31, 2013	30,118	12,110	40.2	420.84

Reference: Shareholders' equity June 30, 2013: ¥12,358 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 are calculated on the assumption that stock split was conducted at the beginning of the previous fiscal year.

**2. Dividends**

	Annual Dividend per Shares				
	1Q-End	2Q-End	3Q-End	Period-End	Total
	(¥)	(¥)	(¥)	(¥)	(¥)
Fiscal 2013	—	0.00	—	24.00	24.00
Fiscal 2014	—	—	—	—	—
Fiscal 2014 (Forecast)	—	0.00	—	8.00	8.00

Note: Revisions to the most recently announced forecast of cash dividends in the current quarter: None

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

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

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

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

Note: Revisions to the most recently announced financial forecasts in the current quarter: None

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

\* Explanatory Notes

(1) Changes in the number of important subsidiaries during the period

(changes in specified subsidiaries resulting in a change in the scope of consolidation): None

Newly included: — Excluded: —

(2) Adoption of specific accounting methods for preparation of the quarterly consolidated financial statements: None

(3) 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

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

1) Number of shares issued and outstanding as of the period-end (including treasury stock)

June 30, 2013	30,823,200 shares	March 31, 2013	30,823,200 shares
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2) Number of treasury stock

June 30, 2013	2,046,198 shares	March 31, 2013	2,046,198 shares
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3) Average number of shares issued and outstanding for the period

Three months ended June 30, 2013	28,777,002 shares	Three months ended June 30, 2012	28,777,154 shares
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Note: Effective April 1, 2013, Grandy House conducted a 1:3 common stock split. Number of shares issued and outstanding (common stock) is calculated on the assumption that stock split was conducted at the beginning of the previous fiscal year.

\* Disclosure concerning the implementation status of quarterly review procedures

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

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

The forecast data presented in this report are based on currently available information and contain a significant number of uncertainties. Actual results may differ from forecast data due to changes in business conditions.

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## 1. QUALITATIVE INFORMATION ON FINANCIAL STATEMENTS

### (1) Explanation regarding Operating Results

In the first quarter, the three-month period from April 1, 2013 to June 30, 2013, of fiscal 2014, the fiscal year ending March 31, 2014, the Japanese economy exhibited signs of a modest economic recovery. Amid expectations toward the government's economic policies, large-scale monetary easing measures by the Bank of Japan, and other factors, trends in personal consumption were firm with indications of an improvement in the earnings of mainly exporting companies within the corporate sector.

In the housing sector, new housing starts continued to rally. This was largely attributable to the prolonged low level of housing loan interest rates and market trends prior to the planned increase in the consumption tax rate. Also, decisions were made to expand relaxation measures to prevent drastic changes in demand. In addition to expanding the system of personal income tax reduction applicable to housing loan users in line with loan balances, there were also signs that a housing acquisition benefit system would be adopted as a support measure in the event that an increase in the consumption tax rate was implemented.

Under these circumstances, Grandy House is working diligently to strengthen site procurement capabilities of a housing land development department and to expand its sales and marketing areas while increasing its market share in each area as a part of the medium-term target of further bolstering its core real estate sales business. In the period under review, the Company strove to increase orders through such sales and promotional activities as the campaign to commemorate achieving 1,000 orders received for the year in fiscal 2013. In addition, Chiba Grandy House (Kashiwa City, Chiba Prefecture), a company charged with the responsibility overseeing business operations and expansion in the Chiba Prefecture area, commenced operations from April.

As a result of these factors, consolidated net sales in the first quarter of fiscal 2014 were ¥9,097 million, up 11.7% compared with the corresponding period of the previous fiscal year. Operating income was ¥759 million, up 14.4%, ordinary income was ¥789 million, up 19.3%, and net income was ¥477 million, up 24.3% compared with the corresponding period of the previous fiscal year.

Results by business segment are presented as follows.

#### *Real Estate Sales*

In new home sales, the Company worked hard to enhance its information collection capabilities by strengthening its housing land development department that procures site and activities while endeavoring to secure prime land. Orders received also progressed soundly for such projects as Utsunomiya Technopolis (covering 29 blocks in Utsunomiya City, Tochigi Prefecture) and Moka Oyadai New Town (covering 47 blocks in Moka City, Tochigi Prefecture) for which sales were newly commenced. In addition, the newly established Chiba Grandy House (Kashiwa City, Chiba Prefecture) commenced operations taking steps to boost orders in the Chiba Prefecture area. As a result, the number of new homes sold in the first quarter of fiscal 2014 was 277, up 39 homes compared with the corresponding period of the previous fiscal year. In existing home sales, the number of homes available was limited making for a continued harsh procurement environment. These and other factors impacted sales. As a result, the number of existing homes sold in the first quarter of fiscal 2014 was 43, down 5 homes compared with the corresponding period of the previous fiscal year.

As a result of the aforementioned factors, revenues in the real estate sales segment in the first quarter of fiscal 2014 were ¥8,437 million, up 10.7% compared with the corresponding period of the previous fiscal year. Segment profit was ¥757 million, up 27.4% compared with the corresponding period of the previous fiscal year.

#### *Construction Material Sales*

In the construction materials sales segment, the procurement price of laminated lumber, a mainstay material, began to increase from its low price range from the end of last year. Due to the substantial increase up to the first quarter of fiscal 2014, the Company pursued negotiations regarding the revision of transaction prices with purchasers. At the same time, the Company worked diligently to expand orders by engaging in such activities as the development of business in the southern area of the Tohoku region while endeavoring to gradually decrease production costs attributable to the increase in production.

As a result of the aforementioned factors, revenues in the construction material sales segment in the first quarter of fiscal 2014 were ¥595 million, up 38.9% compared with the corresponding period of the previous fiscal year. Due to the increase in material costs and delays in passing on these increases to sales prices, segment profit was ¥30 million, down 24.7% compared with the corresponding period of the previous fiscal year.

### *Real Estate Leasing*

In the real estate leasing business, there were no new acquisitions or sales of real estate for leasing comprising land and buildings. Every effort was made to increase the revenues of existing real estate for leasing. However, revenues in the real estate leasing segment in the first quarter of fiscal 2014 were ¥64 million, down 31.4% compared with the corresponding period of the previous fiscal year. This largely reflected the transfer of real estate (¥28 million of revenues in the corresponding period of the previous fiscal year) temporarily used for leasing purposes in the previous fiscal year to its originally planned use of site for sale (Moka Oyadai New Town). Segment profit was ¥34 million, down 44.6% compared with the corresponding period of the previous fiscal year. As a result, the Company recorded a decline in revenues and earnings in the real estate leasing business.

### (2) Explanation regarding Financial Position

Total assets stood at ¥31,271 million as of June 30, 2013, up ¥1,153 million compared with the end of the previous fiscal year. The major factor was the increase in real estate for sale in process owing mainly to progress in the acquisition of real estate for sale.

Total liabilities stood at ¥18,913 million as of June 30, 2013, up ¥906 million compared with the end of the previous fiscal year. The major factor was the increase in short-term loans payable as project funding owing mainly to progress in the acquisition of real estate for sale.

Total net assets stood at ¥12,358 million as of June 30, 2013, up ¥247 million compared with the end of the previous fiscal year. This movement reflected such factors as net income for the first quarter of fiscal 2014 of ¥477 million and the payment of dividends to shareholders.

### (3) Explanation regarding Future Prospects Including Consolidated Financial Forecasts

There is no change to financial forecasts announced on May 7, 2013.

## 2. MATTERS CONCERNING SUMMARY INFORMATION (Notes)

### (1) Changes of Significant Subsidiaries during the Term

Not applicable.

### (2) Adoption of Specific Accounting Methods for Preparation of the Quarterly Consolidated Financial Statements

Not applicable.

### (3) Changes in Accounting Policies, Accounting Estimates and Restatement of Revisions

Not applicable.

### 3. QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS

#### (1) Quarterly Consolidated Balance Sheets

(Thousands of Yen)

	FY2013 (As of March 31, 2013)	First Quarter of FY2014 (As of June 30, 2013)
Assets		
Current assets		
Cash and deposits	5,218,245	5,469,850
Notes and accounts receivable-trade	394,082	473,366
Real estate for sale	6,171,787	5,710,191
Costs on uncompleted construction contracts	10,159	14,762
Real estate for sale in process	7,404,313	8,700,026
Merchandise and finished goods	252,665	199,046
Raw materials and supplies	113,328	133,278
Deferred tax assets	124,336	91,103
Other	256,258	357,848
Allowance for doubtful accounts	(2,788)	(3,489)
Total current assets	19,942,389	21,145,984
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	3,339,538	3,304,553
Machinery, equipment and vehicles, net	4,543	4,121
Tools, furniture and fixtures, net	44,989	43,134
Land	5,915,880	5,915,880
Lease assets, net	154,738	144,241
Construction in progress	—	294
Total property, plant and equipment	9,459,690	9,412,225
Intangible assets	64,062	62,872
Investments and other assets		
Investment securities	514,882	514,888
Long-term loans receivable	29,987	28,509
Deferred tax assets	86,295	85,197
Other	57,245	58,249
Allowance for doubtful accounts	(36,283)	(36,081)
Total investments and other assets	652,127	650,764
Total noncurrent assets	10,175,880	10,125,862
Total assets	30,118,269	31,271,847

(Thousands of Yen)

	FY2013 (As of March 31, 2013)	First Quarter of FY2014 (As of June 30, 2013)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable for construction contracts	2,299,933	2,518,542
Short-term loans payable	11,639,900	12,556,300
Current portion of long-term loans payable	482,612	447,554
Lease obligations	49,630	48,209
Income taxes payable	579,313	198,772
Provision for warranties for completed construction	55,433	52,262
Other	644,494	925,488
<b>Total current liabilities</b>	<b>15,751,317</b>	<b>16,747,129</b>
<b>Noncurrent liabilities</b>		
Long-term loans payable	1,828,171	1,729,888
Lease obligations	123,134	112,042
Provision for retirement benefits	221,276	238,502
Provision for directors' retirement benefits	17,241	23,104
Other	66,493	62,988
<b>Total noncurrent liabilities</b>	<b>2,256,316</b>	<b>2,166,525</b>
<b>Total liabilities</b>	<b>18,007,633</b>	<b>18,913,654</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	2,077,500	2,077,500
Capital surplus	2,205,165	2,205,165
Retained earnings	8,179,785	8,427,341
Treasury stock	(351,814)	(351,814)
<b>Total shareholders' equity</b>	<b>12,110,636</b>	<b>12,358,192</b>
<b>Total net assets</b>	<b>12,110,636</b>	<b>12,358,192</b>
<b>Total liabilities and net assets</b>	<b>30,118,269</b>	<b>31,271,847</b>

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

(Thousands of Yen)

	Three months ended June 30, 2012 (From April 1, 2012 to June 30, 2012)	Three months ended June 30, 2013 (From April 1, 2013 to June 30, 2013)
Net sales	8,142,595	9,097,354
Cost of sales	6,588,742	7,364,033
Gross profit	1,553,852	1,733,320
Selling, general and administrative expenses	889,471	973,487
Operating income	664,381	759,833
Non-operating income		
Interest income	—	151
Dividends income	133	138
Operations consignment fee	36,777	47,877
Office work fee	32,836	37,849
Other	11,560	5,961
Total non-operating income	81,308	91,978
Non-operating expenses		
Interest expenses	52,169	62,757
Commission for syndicate loan	32,198	—
Total non-operating expenses	84,367	62,757
Ordinary income	661,323	789,054
Extraordinary loss		
Loss on retirement of noncurrent assets	8,692	3,346
Total extraordinary loss	8,692	3,346
Net income before income taxes	652,630	785,708
Income taxes-current	224,191	273,605
Income taxes-deferred	44,163	34,330
Total income taxes	268,355	307,936
Income before minority interests	384,274	477,772
Net income	384,274	477,772



(Quarterly Consolidated Statements of Comprehensive Income)

(Thousands of Yen)

	Three months ended June 30, 2012 (From April 1, 2012 to June 30, 2012)	Three months ended June 30, 2013 (From April 1, 2013 to June 30, 2013)
Income before minority interests	384,274	477,772
Comprehensive income	384,274	477,772
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent	384,274	477,772
Comprehensive income attributable to minority interests	—	—

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumptions)

Not applicable.

(Notes on Significant Changes in the Amount of Shareholders' Equity)

Not applicable.

(Segment and Other Information)

I. The first quarter of the fiscal year ended March 31, 2013 (April 1, 2012 to June 30, 2012)

1. Information relating to the amounts of net sales, profit and loss by reportable segment

(Thousands of Yen)

	Reportable Segment				Adjustments (Note 1)	Amount Recorded on Consolidated Statements of Income (Note 2)
	Real Estate Sales	Construction Material Sales	Real Estate Leasing	Total		
Net sales						
Sales to outside customers	7,620,167	428,587	93,840	8,142,595	—	8,142,595
Intersegment sales and transfers	—	540,502	14,840	555,342	(555,342)	—
Total	7,620,167	969,090	108,681	8,697,938	(555,342)	8,142,595
Segment profit	594,790	41,156	62,351	698,297	(36,974)	661,323

Notes: 1. Adjustments of segment profit (¥-36,974 thousand) are eliminations of intersegment transactions.

2. Segment income has been adjusted to ordinary income described in quarterly consolidated statements of income.

2. Impairment loss of noncurrent assets and goodwill by reportable segment

Not applicable.

II. The first quarter of the fiscal year ending March 31, 2014 (April 1, 2013 to June 30, 2013)

1. Information relating to the amounts of net sales, profit and loss by reportable segment

(Thousands of Yen)

	Reportable Segment				Adjustments (Note 1)	Amount Recorded on Consolidated Statements of Income (Note 2)
	Real Estate Sales	Construction Material Sales	Real Estate Leasing	Total		
Net sales						
Sales to outside customers	8,437,474	595,503	64,376	9,097,354	—	9,097,354
Intersegment sales and transfers	—	734,583	19,894	754,478	(754,478)	—
Total	8,437,474	1,330,086	84,271	9,851,832	(754,478)	9,097,354
Segment profit	757,669	30,979	34,544	823,194	(34,139)	789,054

Notes: 1. Adjustments of segment profit (¥-34,139 thousand) are eliminations of intersegment transactions.

2. Segment income has been adjusted to ordinary income described in quarterly consolidated statements of income.

2. Impairment loss of noncurrent assets and goodwill by reportable segment

Not applicable.