Disclaimer: This is a Japanese-English translation of the summary of financial statements of the Company produced for your convenience. Since no auditor audited this report, officially only the Japanese version is assumed to be the summary of financial statements of the Company. This summary does not constitute any guarantee and will not compensate any losses and/or damage stemming from actions taken based on these statements. In the case that there is any discrepancy between the Japanese and English versions, the Japanese version is assumed to be correct.

Consolidated Financial Report
For the Third Quarter of Fiscal 2018 Ending March 31, 2018 (Japanese GAAP)

February 2, 2018

Company Name:	Grandy House Corporation	Stock Exchange Listing:	Tokyo Stock Exchange
Securities Code:	8999	URL:	http://www.grandy.co.jp
Representative:	Hiroyuki Murata, President		
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Scheduled date of quarterly securities report filing:	February 8, 2018
Scheduled date of dividend payment commencement:	—
Preparation of quarterly supplementary explanatory materials:	None
Quarterly results briefing held:	None

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

1. Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending March 31, 2018 (April 1, 2017 to December 31, 2017)

(1) Consolidated Operating Results

(Percentage figures show the year-on-year increase (decrease).)

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Owners of the Parent Company	
	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥ million)	%
Nine months ended December 31, 2017	32,839	(2.4)	1,856	(16.9)	1,933	(16.4)	1,283	(9.3)
Nine months ended December 31, 2016	33,645	9.3	2,233	7.0	2,313	7.0	1,414	3.6

Note: Comprehensive income Nine months ended December 31, 2017: ¥1,294 million (-11.0%)
Nine months ended December 31, 2016: ¥1,453 million (7.3%)

	Net Income per Share	Net Income per Share (Diluted)
	(¥)	(¥)
Nine months ended December 31, 2017	44.58	44.02
Nine months ended December 31, 2016	49.16	—

(2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio	Net Assets per Share
	(¥ million)	(¥ million)	%	(¥)
December 31, 2017	46,808	19,028	40.2	653.49
March 31, 2017	45,682	18,121	39.2	622.78

Reference: Shareholders' equity December 31, 2017: ¥18,832 million
March 31, 2017: ¥17,921 million

2. Dividends

	Annual Dividend per Shares				
	1Q-End	2Q-End	3Q-End	Period-End	Total
	(¥)	(¥)	(¥)	(¥)	(¥)
Fiscal 2017	—	0.00	—	14.00	14.00
Fiscal 2018	—	0.00	—		
Fiscal 2018 (Forecast)				16.00	16.00

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

3. Consolidated Financial Forecasts for Fiscal 2018 (April 1, 2017 to March 31, 2018)

(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)	%	(¥)
Full Fiscal Year	44,000	0.1	2,260	(16.8)	2,350	(16.2)	1,520	(12.9)	52.79

Note: Revisions to the most recently announced financial forecasts in the current quarter: Yes

* **Explanatory Notes**

(1) Changes 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 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 shares)	December 31, 2017	30,823,200 shares	March 31, 2017	30,823,200 shares
2) Number of treasury shares	December 31, 2017	2,005,245 shares	March 31, 2017	2,046,245 shares
3) Average number of shares issued and outstanding for the period	Nine months ended December 31, 2017	28,781,511 shares	Nine months ended December 31, 2016	28,776,955 shares

* **This consolidated quarterly financial report is not subject to quarterly review procedures in accordance with the Financial Instruments and Exchange Act.**

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

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.

Attachment Materials: Table of Contents

1. QUALITATIVE INFORMATION ON FINANCIAL STATEMENTS

(1) Explanation regarding Operating Results

During the nine months ended December 31, 2017, the Japanese economy showed signs of slowly recovering as positive growth was recorded for seven consecutive quarters, including the third quarter (Jul.–Sep.) of this year.

In the housing sector, new housing starts grew steadily due to the interest rate on housing loans continuing to remain at low levels regardless of showing an upward trend these days, as well as the continuation of various support measures to promote home acquisition and an improvement in employment and income conditions, but competition between businesses has intensified.

Under these circumstances, the Grandy House Group continued making efforts toward expanding and reinforcing business under the basic policy (medium-term business plan) of "continuous growth through reinforcing the core operation (new homes)" and "expansion of business through enhancing the stock business."

With regard to new home sales, one of our core operations, we have made the Group's operations more efficient by restructuring the Group's branches at the beginning of this fiscal year. As basically planned, we have promoted sales of *Yotsuba no Mori* (literally, Four-leaf Clover Hill) housing lots of strategic value (211 lots, Tsukuba, Ibaraki Prefecture) in our designated focus area, which stretches from southern Ibaraki Prefecture to Kashiwa in Chiba Prefecture. In addition, we opened a new branch in Hitachinaka to bolster our sales in northern Ibaraki Prefecture. Through initiatives such as these, we received orders for the nine months ended December 31, 2017 exceeding the figures in the same period of the previous fiscal year. However, both sales and profits for the nine months ended December 31, 2017 fell below the figures in the same period of the previous fiscal year because new home sales have not yet rebounded due to the impact of a decrease in the backlog of orders at the beginning of the fiscal year.

In existing home sales, as a result of our efforts for building up our product inventory and expanding our business in metropolitan areas, the orders received have recovered for three consecutive quarters until the second quarter of the fiscal year. However, existing home sales for the third quarter under review decreased due to the impact of a decrease in orders received for last December.

As a result of these initiatives, the Grandy House Group's consolidated results for the third quarter (cumulative) of Fiscal 2018 were as follows. Net sales were ¥32,839 million, down 2.4% from the same period of the previous fiscal year; operating income declined to ¥1,856 million, a decrease of 16.9% year-on-year; ordinary income was ¥1,933 million, a decrease of 16.4% year-on-year; and net income attributable to owners of the parent company totaled ¥1,283 million, a decrease of 9.3% year-on-year.

Results by business segment are presented as follows.

Real Estate Sales

In the new home sales, we have made the Group's operations more efficient by restructuring the Group's two branches, in which Ibaraki Grandy House Koga branch was merged into our Kennan branch at the beginning of the fiscal year. In the area between southern Ibaraki Prefecture and Kashiwa in Chiba Prefecture, which is positioned as the key area for expanding our sales area, we launched full-scale sales of *Yotsuba no Mori* housing lots of strategic value (211 lots, Tsukuba in Ibaraki Prefecture) in the fiscal year. The sales have proceeded as nearly as planned. Meanwhile, we opened Ibaraki Grandy House Hitachinaka branch to strengthen our operations in the area north of Mito in Ibaraki Prefecture last November. In terms of products, we continue to differentiate our products from those of our competitors by creating distinctive housing lots with concepts such as a high level of creativity, energy conservation, security and crime prevention for each housing lot as well as creating added value with our strength in building comfortable urban environments. Through initiatives such as these, orders received have been on track for recovery compared to the previous term since last June but showed only a slight recovery in the third quarter under review because sales were favorable in Tochigi Prefecture and Tsukuba in Ibaraki Prefecture but stagnant in the other areas.

As a result, new home sales for the nine months of the fiscal year resulted in 989 (a decrease by 45 year-on-year) because sales have not yet rebounded due to the impact of a decrease in the backlog of orders at the beginning of the fiscal year.

In existing home sales, we made efforts to enhance product inventory and expand our business for the Metropolitan area to expand existing home sales. In terms of product inventories, we have made efforts for reinforcing the procurement of homes with a new goal of 70 completed homes at any time and an increase in sales of existing condominiums in the Metropolitan area. Through initiatives such as these, received orders have increased for three consecutive quarters until the second quarter of the fiscal year. However, existing home sales for the third quarter under review decreased due to the impact of a decrease in received orders for last December.

As a result, existing home sales for the nine months of the fiscal year resulted in 98 (a decrease by 2 year-on-year).

As a result of these initiatives, sales in the real estate sales segment decreased 2.3% year-on-year to ¥30,439 million. Segment profit declined to ¥1,698 million, down 18.5% from the same period of the previous fiscal year.

Construction Material Sales

In the construction material sales, new housing starts for wooden houses including custom-made houses began to fall below those of the same month of the previous year from last July. Meanwhile, material wood prices rose and remained high due to the intensified competition with other companies. Under such circumstances, the Grandy House Group made efforts such as boosting sales of building materials/housing equipment other than pre-cut materials, switching sales to our best customers in terms of earnings, and increasing orders for non-residential buildings. Although there was an increase in orders received for non-residential buildings, we struggled to increase orders for residential buildings due to the intensified competition in sales to small and medium sized construction firms, which resulted in giving negative influences on sales of housing equipment. Meanwhile, material prices rising and remaining at a high level have had a negative impact on our profits.

As a result of these factors, sales in the construction materials sales segment decreased 3.6% year-on-year to ¥2,201 million. Segment profit declined to ¥107 million, down 0.8% from a year earlier.

Real Estate Leasing

In the real estate leasing, the vacancy rate of office buildings continued to decline in and around Utsunomiya, Tochigi Prefecture which is our main market. In the parking lot market, competition remained intense between parking lots in the vicinity.

In this context, we made efforts to improve the operation rate of existing assets and reduce management costs. In addition to an improvement in the occupancy rate of leasing buildings, the renting out of the three apartments acquired in connection with our purchase of land for housing development for the moment contributed to our revenues. Furthermore, our management costs significantly decreased from the same period of the previous year when a cost of large-scale renovation was recorded, which contributed to an increase in our revenues.

As a result of these factors, sales in the real estate leasing segment increased by 2.8% year-on-year to ¥198 million. Segment profit rose to ¥133 million, up 19.5% year-on-year.

(2) Explanation regarding Financial Position

Total consolidated assets as of the end of the third consolidated quarter were ¥46,808 million, up ¥1,125 million from the previous consolidated fiscal year due to an increase in current assets including real estate for sale.

Total liabilities grew ¥219 million compared with the previous consolidated fiscal year to ¥27,780 million. This is mainly due to an increase in current liabilities including the acquisition of real estate for sale through funding via short-term loans.

Total net assets stood at ¥19,028 million as of December 31, 2017. This represents an increase of ¥906 million from the balance recorded as of March 31, 2017. This is largely due to the acquisition of net income attributable to owners of the parent company despite the payment of dividends.

(3) Explanation regarding Future Prospects including Consolidated Financial Forecasts

The financial forecasts announced on May 8, 2017 were revised based on our recent financial result trends etc. For details, please refer to "Notice regarding revision of our financial forecasts (Japanese only)" announced today.

2. QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS

(1) Quarterly Consolidated Balance Sheets

(Thousands of Yen)

	FY2017 (As of March 31, 2017)	Third Quarter of FY2018 (As of December 31, 2017)
Assets		
Current assets		
Cash and deposits	8,475,518	8,700,529
Notes and accounts receivable – trade	589,066	651,358
Securities	499,982	–
Real estate for sale	14,054,910	15,391,650
Costs on uncompleted construction contracts	2,368	5,112
Real estate for sale in process	11,021,975	10,606,106
Merchandise and finished goods	220,154	208,849
Raw materials and supplies	147,599	188,215
Deferred tax assets	117,152	126,806
Other	456,190	536,762
Allowance for doubtful accounts	(4,316)	(4,392)
Total current assets	35,580,603	36,411,000
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,434,934	3,300,115
Machinery, equipment and vehicles, net	13,602	10,192
Tools, furniture and fixtures, net	66,324	73,238
Land	5,376,457	5,340,452
Leased assets, net	102,661	71,676
Total property, plant and equipment	8,993,981	8,795,675
Intangible assets	64,140	69,167
Investments and other assets		
Investment securities	448,642	462,913
Long-term loans receivable	16,614	15,771
Deferred tax assets	240,664	242,727
Other	357,141	817,043
Allowance for doubtful accounts	(18,843)	(5,389)
Total investments and other assets	1,044,218	1,533,065
Total non-current assets	10,102,340	10,397,908
Total assets	45,682,944	46,808,908

(Thousands of Yen)

	FY2017 (As of March 31, 2017)	Third Quarter of FY2018 (As of December 31, 2017)
Liabilities		
Current liabilities		
Accounts payable for construction contracts	3,231,631	3,140,401
Short-term loans payable	20,225,700	20,732,700
Current portion of long-term loans payable	495,152	511,802
Current portion of bonds	21,000	21,000
Lease obligations	38,632	25,703
Income taxes payable	410,406	200,560
Provision for warranties for completed construction	57,223	56,728
Other	635,983	697,092
Total current liabilities	25,115,729	25,385,987
Non-current liabilities		
Bonds payable	87,000	66,000
Long-term loans payable	1,587,719	1,502,511
Lease obligations	70,305	51,647
Provision for directors' retirement benefits	132,954	157,929
Net defined benefit liability	508,917	565,576
Asset retirement obligations	4,249	4,284
Other	54,280	46,964
Total non-current liabilities	2,445,425	2,394,912
Total liabilities	27,561,155	27,780,899
Net assets		
Shareholders' equity		
Capital stock	2,077,500	2,077,500
Capital surplus	2,205,165	2,217,178
Retained earnings	13,982,262	14,862,391
Treasury shares	(351,831)	(344,779)
Total shareholders' equity	17,913,096	18,812,290
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8,692	19,818
Total accumulated other comprehensive income	8,692	19,818
Subscription rights to shares	200,000	195,900
Total net assets	18,121,788	19,028,009
Total liabilities and net assets	45,682,944	46,808,908

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

(Quarterly Consolidated Statements of Income)

(Consolidated cumulative third quarter)

(Thousands of Yen)

	Nine months ended December 31, 2016 (From April 1, 2016 to December 31, 2016)	Nine months ended December 31, 2017 (From April 1, 2017 to December 31, 2017)
Net sales	33,645,506	32,839,105
Cost of sales	27,793,942	27,243,065
Gross profit	5,851,564	5,596,040
Selling, general and administrative expenses	3,618,122	3,739,075
Operating income	2,233,441	1,856,965
Non-operating income		
Interest income	1,074	1,043
Dividends income	5,204	6,203
Operations consignment fee	178,904	176,619
Office work fee	121,046	114,805
Other	19,769	41,135
Total non-operating income	325,999	339,807
Non-operating expenses		
Interest expenses	242,389	253,091
Commission for syndicate loan	3,376	6,072
Other	–	4,531
Total non-operating expenses	245,766	263,694
Ordinary income	2,313,674	1,933,078
Extraordinary income		
Gain on sales of non-current assets	3,440	–
Total extraordinary income	3,440	–
Extraordinary loss		
Loss on retirement of non-current assets	20,439	12,492
Impairment loss	89,568	26,112
Loss on cancellation of lease contracts	45	–
Total extraordinary loss	110,053	38,604
Net income before income taxes	2,207,061	1,894,473
Income taxes – current	788,693	628,057
Income taxes – deferred	3,684	(16,589)
Total income taxes	792,377	611,467
Net income	1,414,683	1,283,006
Net income attributable to owners of the parent company	1,414,683	1,283,006

(Quarterly Consolidated Statements of Comprehensive Income)

(Consolidated cumulative third quarter)

(Thousands of Yen)

	Nine months ended December 31, 2016 (From April 1, 2016 to December 31, 2016)	Nine months ended December 31, 2017 (From April 1, 2017 to December 31, 2017)
Net income	1,414,683	1,283,006
Other comprehensive income		
Valuation difference on available-for-sale securities	38,594	11,126
Total other comprehensive income	38,594	11,126
Comprehensive income	1,453,278	1,294,132
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent company	1,453,278	1,294,132
Comprehensive income attributable to non-controlling 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)

Segment Information

I. The nine months ended December 31, 2016 (April 1, 2016 to December 31, 2016)

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 Quarterly Consolidated Statements of Income (Note 2)
	Real Estate Sales	Construction Material Sales	Real Estate Leasing	Total		
Net sales						
Sales to outside customers	31,169,916	2,282,577	193,013	33,645,506	—	33,645,506
Intersegment sales and transfers	—	2,415,179	61,885	2,477,064	(2,477,064)	—
Total	31,169,916	4,697,756	254,898	36,122,571	(2,477,064)	33,645,506
Segment profit	2,083,851	108,391	111,349	2,303,591	10,083	2,313,674

Notes: 1 Adjustments of segment profit ¥10,083 thousand are eliminations of intersegment transactions.

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

2. Information concerning the impairment loss of non-current assets and goodwill by reportable segment

In the real estate leasing segment, we implemented a book value reduction in property, plant and equipment down to the recoverable value and recorded the reduction amount in extraordinary loss as impairment loss. The recorded amount of the impairment loss was 89,568 thousand yen during the nine month period ended December 31, 2016.

II. The nine months ended December 31, 2017 (April 1, 2017 to December 31, 2017)

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 Quarterly Consolidated Statements of Income (Note 2)
	Real Estate Sales	Construction Material Sales	Real Estate Leasing	Total		
Net sales						
Sales to outside customers	30,439,245	2,201,511	198,348	32,839,105	—	32,839,105
Intersegment sales and transfers	—	2,404,264	59,583	2,463,847	(2,463,847)	—
Total	30,439,245	4,605,775	257,932	35,302,953	(2,463,847)	32,839,105
Segment profit	1,698,485	107,542	133,031	1,939,059	(5,981)	1,933,078

Notes: 1 Adjustments of segment profit (-¥5,981 thousand) are eliminations of intersegment transactions.

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

2. Information concerning the impairment loss of non-current assets and goodwill by reportable segment

In the real estate leasing segment, we implemented a book value reduction in property, plant and equipment down to the recoverable value and recorded the reduction amount in extraordinary loss as impairment loss. The recorded amount of the impairment loss was 26,112 thousand yen during the nine month period ended December 31, 2017.