

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 2017 Ending March 31, 2017 (Japanese GAAP)

February 6, 2017

| | |
|--|--|
| Company Name: Grandy House Corporation | Stock Exchange Listing: Tokyo Stock Exchange |
| Securities Code: 8999 | URL: http://www.grandy.co.jp |
| Representative: Hiroyuki Murata, President | |
| Inquiries: Atsuo Saito, Senior Managing Director | TEL: +81-28-650-7777 |
| Scheduled date of quarterly securities report filing: February 9, 2017 | |
| 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, 2017
(April 1, 2016 to December 31, 2016)

(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, 2016 | 33,645 | 9.3 | 2,233 | 7.0 | 2,313 | 7.0 | 1,414 | 3.6 |
| Nine months ended December 31, 2015 | 30,785 | 13.8 | 2,086 | 29.3 | 2,162 | 28.3 | 1,365 | 32.1 |

Note: Comprehensive Income Nine months ended December 31, 2016: ¥1,453 million (7.3%)
 Nine months ended December 31, 2015: ¥1,354 million (29.9%)

| | Net Income per Share | Net Income per Share (Diluted) |
|-------------------------------------|----------------------|--------------------------------|
| | (¥) | (¥) |
| Nine months ended December 31, 2016 | 49.16 | — |
| Nine months ended December 31, 2015 | 47.44 | — |

(2) Consolidated Financial Position

| | Total Assets | Net Assets | Shareholders' Equity Ratio | Net Assets per Share |
|-------------------|--------------|-------------|----------------------------|----------------------|
| | (¥ million) | (¥ million) | % | (¥) |
| December 31, 2016 | 44,996 | 17,788 | 39.1 | 611.19 |
| March 31, 2016 | 39,545 | 16,623 | 41.6 | 571.58 |

Reference: Shareholders' equity December 31, 2016: ¥17,588 million
 March 31, 2016: ¥16,448 million

2. Dividends

| | Annual Dividend per Shares | | | | |
|------------------------|----------------------------|--------|--------|------------|-------|
| | 1Q-End | 2Q-End | 3Q-End | Period-End | Total |
| | (¥) | (¥) | (¥) | (¥) | (¥) |
| Fiscal 2016 | — | 0.00 | — | 12.00 | 12.00 |
| Fiscal 2017 | — | 0.00 | — | — | — |
| Fiscal 2017 (Forecast) | — | — | — | 14.00 | 14.00 |

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

3. Consolidated Financial Forecasts for Fiscal 2017 (April 1, 2016 to March 31, 2017)

(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 | 45,000 | 7.9 | 3,150 | 13.8 | 3,250 | 13.5 | 1,970 | 13.7 | 68.46 |

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

* **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.: Yes
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, 2016 | 30,823,200 shares | March 31, 2016 | 30,823,200 shares |
| 2) Number of treasury shares | December 31, 2016 | 2,046,245 shares | March 31, 2016 | 2,046,245 shares |
| 3) Average number of shares issued and outstanding for the period | Nine months ended December 31, 2016 | 28,776,955 shares | Nine months ended December 31, 2015 | 28,776,955 shares |

* **Disclosure concerning the implementation status of quarterly review procedures**

This Quarterly Consolidated Financial Report is exempt from the quarterly review procedures required by the Financial Instruments and Exchange Act of Japan. At the time of this report's disclosure, the quarterly review process for quarterly consolidated financial statements under the Financial Instruments and Exchange Act has not been completed.

* **Explanation concerning the appropriate use of 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.

Attachment Materials: Table of Contents

| | |
|---|---|
| 1. QUALITATIVE INFORMATION ON FINANCIAL STATEMENTS..... | 2 |
| (1) Explanation regarding Operating Results..... | 2 |
| (2) Explanation regarding Financial Position..... | 3 |
| (3) Explanation regarding Future Prospects including Consolidated Financial Forecasts | 3 |
| 2. MATTERS CONCERNING SUMMARY INFORMATION (Notes) | 4 |
| (1) Changes of Important Subsidiaries during the Period | 4 |
| (2) Adoption of Specific Methods for Preparation of the Quarterly Consolidated Financial Statements | 4 |
| (3) Changes in Accounting Policies, Accounting Estimates, and Restatements | 4 |
| 3. QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS | 5 |
| (1) Quarterly Consolidated Balance Sheets..... | 5 |
| (2) Quarterly Consolidated Statements of Income and Consolidated Statements of Comprehensive Income | 7 |
| (Quarterly Consolidated Statements of Income) | 7 |
| (Consolidated cumulative third quarter)..... | 7 |
| (Quarterly Consolidated Statements of Comprehensive Income)..... | 8 |
| (Consolidated cumulative third quarter)..... | 8 |
| (3) Notes to Quarterly Consolidated Financial Statements | 9 |
| (Notes on Going Concern Assumptions)..... | 9 |
| (Notes on Significant Changes in the Amount of Shareholders' Equity)..... | 9 |
| (Segment and Other Information)..... | 9 |

1. QUALITATIVE INFORMATION ON FINANCIAL STATEMENTS

(1) Explanation regarding Operating Results

During the nine months ended December 31, 2016, although some areas of weakness remain, the Japanese economy presented higher expectations for its sustained recovery as positive growth was recorded for three consecutive quarters, including the previous quarter, and stock prices recovered the level at the beginning of year along with the reversal to the weakening of the Japanese yen. However, uncertainty over the economic outlook remained including in terms of policies the new U.S. administration is expected to adopt after the inauguration and their effects on the global economy.

In the housing sector, the favorable environment for house buying continued due to interest rate on housing loans remaining at record low levels despite some signs of rising rates, as well as improvement in employment and income conditions and the continuation of various support measures to promote house buying. As a result, new housing starts grew steadily.

Under these circumstances, the Grandy House Group positioned the consolidated fiscal year under review, which is the second year of the three-year medium-term business plan (drawn up in 2015), as an important year to achieve management targets in the final year, and continued to strive to expand and reinforce business under the basic policy of "continuous growth through reinforcing the core operation (new homes)" and "expansion of business through enhancement of the stock business."

With regard to new home sales, one of our core operations, we launched in December 2016 "Yotsuba no Mori" (literally, "Four-leaf Clover Hill") housing lots (Tsukuba City, Ibaraki Prefecture), consisting of a total of 211 lots, the largest housing lot development ever by our group, in our designated focus area, which stretches from southern Ibaraki Prefecture to Kashiwa City in Chiba Prefecture. Prior to the launch, we opened the Tsukuba Branch in November 2016 to promote our sales in and around Tsukuba City including the housing lot above. In terms of our efforts to improve our market share, we worked to enhance the quality and attractiveness of our products, including development of energy generating/saving houses, as well as to cultivate existing markets more extensively by utilizing "Grandy Plaza" as our hubs for information dissemination and locations for holding various events. As a result of these efforts, new home sales for the nine months ended December 31, 2016 reached a record high of 1,034.

In existing home sales, we continued to expand our sales by building up inventory of products. In addition, the branch in Setagaya Ward, Tokyo, opened in March 2016 with the aim of expanding our sales in the Metropolitan area, started to contribute to business performance. As a result of these initiatives, for the nine months ended December 31, 2016, existing home sales increased by 13 from the same period of the previous year to 100.

As a result of these initiatives, the Group's consolidated results for the third quarter (cumulative) of Fiscal 2017 were as follows. Net sales were ¥33,645 million, up 9.3% from the same period of the previous fiscal year; operating income rose to ¥2,233 million, an increase of 7.0% year-on-year; ordinary income was ¥2,313 million, an increase of 7.0% year-on-year; and net income attributable to owners of the parent company totaled ¥1,414 million, an increase of 3.6% year-on-year.

Results by business segment are presented as follows.

Real Estate Sales

In the new home sales business, we worked to expand our sales areas and to improve our market share. With respect to expansion of our sales areas, we made efforts to expand our house products in terms of both quantity and quality in our designated key area between southern Ibaraki Prefecture and Kashiwa City in Chiba Prefecture. In December 2016, we started selling 10 lots prior to the official launch of "Yotsuba no Mori" (211 lots, Tsukuba City in Ibaraki Prefecture), the largest-scale subdivisions in housing lots in the history of our group. Having realized the participation of Yamamoto Hori Architects (Shibuya Ward, Tokyo), an architect group distinguished for its work starting with concept creation, the housing lots, consisting of four blocks with different concepts, propose a functional and open townscape without utility poles (cables buried underground) and provided with pedestrian paths and segregated bikeways, as well as a secure and safe living environment by equipping all houses with seismic control structures as standard. Furthermore, before starting to sell the housing lots, we worked to cover the breadth of our focus areas, opening the Tsukuba Branch (Tsukuba City, Ibaraki Prefecture) in November 2016 to enhance our sales in and around Tsukuba City including "Yotsuba no Mori."

With respect to our efforts to improve our market share, while we communicated the latest information through events based at our "Grandy Plaza" showrooms such as "Town Openings" of new subdivisions in housing lots, we also worked to cultivate existing markets more extensively by holding various events such as "Whole Townscape Viewing Tour" and the public recording of a TV program (Grandy Ouchi Gohan (Home-

made Meals): Tochigi Television) sponsored by our company. In terms of products, we developed house products with the concept of energy generation/saving as well as comfortable lifestyles, as can be seen in our efforts to increase the ratio of houses equipped with solar power generation systems, in addition to the proposals we have made to our existing customers. As a result, new home sales for the nine months ended December 31, 2016 reached a record high of 1,034 (increase of 95 year-on-year).

In existing home sales, under our policy of enhancement of the stock business, we continued our efforts to build up sufficient inventory (over 100 homes at any time, of which over 60 are completed) to increase the quantity of home sales and to expand our sales areas. With the contribution made by the establishment of a new branch (Setagaya Ward, Tokyo) in March 2016 targeting the Metropolitan area (Tokyo, and Saitama, Chiba and Kanagawa Prefectures), our property inventory as of December 31, 2016 was 111 homes (up 10 homes year-on-year), exceeding planned 100 homes for two consecutive quarters. We are now completing construction of robust purchase and sales structures. As a result of our efforts, existing home sales for the nine months ended December 31, 2016 rose to 100, an increase of 13 from the same period of the previous fiscal year.

As a result of these initiatives, sales in the real estate sales segment increased 9.8% year-on-year to ¥31,169 million. Segment profit rose to ¥2,083 million, up 8.3% from the same period of the previous fiscal year.

Construction Material Sales

In the construction material sales segment, new housing starts for wooden houses increased year-on-year for twelve consecutive months up to December, and demand continued to grow steadily. Meanwhile, the wood prices began rising affected by factors such as more concerns for tightening supply due to strong construction demand as well as the weakening of the Japanese yen. Under such circumstances, though almost full utilization of production capacity continued to be a restraining factor for sales expansion of our core product, pre-cut materials, we recorded increase in net sales thanks to the sales growth of housing equipment and construction materials other than pre-cut materials. On the other hand, segment profit declined due to tough competition and rising material costs.

As a result of these factors, sales in the construction materials sales segment increased 4.0% year-on-year to ¥2,282 million. Segment profit rose to ¥108 million, down 22.9% from a year earlier.

Real Estate Leasing

In the real estate leasing segment, demand for prime properties with relatively new facilities such as recently built properties rose in the office market in and around Utsunomiya City, Tochigi Prefecture, which is our main market, resulting in continuing low level of inventory, mainly of larger offices. In the parking lot market, we observed occasional cases of price decreases in some areas where competition remained tough between parking lots in the vicinity.

Under these circumstances, sales decreased as a result of our having sold one pay-by-the-hour parking lot (Mito City, Ibaraki Prefecture) during the last period while not making investment in new managed assets. Segment profit also declined due to the decreased sales as well as an increase in administrative costs that we had incurred in the course of carrying out major maintenance work on tenant buildings.

As a result of these factors, sales in the real estate leasing segment decreased by 1.7% year-on-year to ¥193 million. Segment profit declined to ¥111 million, down 13.7% year-on-year.

(2) Explanation regarding Financial Position

Total consolidated assets as of December 31, 2016 were ¥44,996 million, up ¥5,451 million from the previous consolidated fiscal year, due mainly to an increase in current assets. This was chiefly due to an increase in cash deposits, as well as an increase in inventories owing mainly to the purchase, development and construction of property for sale.

Total liabilities increased by ¥4,286 million to ¥27,208 million. This is mainly due to an increase in short-term loans payable as a result of increased inventories.

Total net assets stood at ¥17,788 million as of December 31, 2016. This represents an increase of ¥1,164 million from the balance recorded as of March 31, 2016. After accounting for the payment of dividends, this increase was largely due to the acquisition of net income attributable to owners of the parent company.

(3) Explanation regarding Future Prospects including Consolidated Financial Forecasts

There is no change to financial forecasts announced on May 9, 2016.

2. MATTERS CONCERNING SUMMARY INFORMATION (Notes)

(1) Changes of Important Subsidiaries during the Period

Not applicable.

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

Not applicable.

(3) Changes in Accounting Policies, Accounting Estimates, and Restatements

(Changes in accounting policies)

(Application of "Revised Implementation Guidance on Recoverability of Deferred Tax Assets")

We have applied "Revised Implementation Guidance on Recoverability of Deferred Tax Assets" (ASBJ Guidance No. 26, March 28, 2016) (hereinafter, the "Recoverability Implementation Guidance") from the first quarter ended June 30, 2016 and partially revised the accounting method of recoverability of deferred tax assets.

The Recoverability Implementation Guidance has been applied in accordance with the transitional treatment set forth in Article 49-4 of the Recoverability Implementation Guidance. The differences between (i) the amounts of deferred tax assets and deferred tax liabilities when provisions applicable from paragraphs 1 to 3 of Article 49-3 of the Recoverability Implementation Guidance were applied as of April 1, 2016, and (ii) the amounts of deferred tax assets and deferred tax liabilities at the end of the fiscal year ended March 31, 2016, were added to Retained Earnings as of April 1, 2016.

As a result, Deferred Tax Assets (investments and other assets) and Retained Earnings increased by ¥31,883 thousand as of April 1, 2016.

(Application of Practical Solution on a change in depreciation method due to Tax Reform 2016)

Pursuant to the revised Corporation Tax Law, we have applied "Practical Solution on a change in depreciation method due to Tax Reform 2016" (Practical Issues Task Force No. 32, June 17, 2016) starting in the consolidated first quarter under review. Accordingly, we have changed the depreciation method applied to structures which were acquired on or later than April 1, 2016 from the declining balance method to the straight line method.

As a result, the operating income, ordinary income, and net income before income taxes have each increased by ¥1,067 thousand.

3. QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS

(1) Quarterly Consolidated Balance Sheets

(Thousands of Yen)

| | FY2016 (As of March 31, 2016) | Third Quarter of FY2017 (As of December 31, 2016) |
|---|----------------------------------|--|
| Assets | | |
| Current assets | | |
| Cash and deposits | 7,789,687 | 8,416,001 |
| Notes and accounts receivable – trade | 523,636 | 580,378 |
| Securities | – | 499,977 |
| Real estate for sale | 11,423,421 | 10,689,288 |
| Costs on uncompleted construction contracts | 10,539 | 6,742 |
| Real estate for sale in process | 7,996,211 | 13,882,533 |
| Merchandise and finished goods | 206,665 | 205,606 |
| Raw materials and supplies | 115,304 | 141,353 |
| Deferred tax assets | 130,226 | 99,531 |
| Other | 955,924 | 439,174 |
| Allowance for doubtful accounts | (3,588) | (5,059) |
| Total current assets | 29,148,028 | 34,955,527 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 3,123,508 | 3,066,301 |
| Machinery, equipment and vehicles, net | 11,457 | 17,276 |
| Tools, furniture and fixtures, net | 56,696 | 60,208 |
| Land | 5,599,701 | 5,510,221 |
| Leased assets, net | 76,559 | 92,427 |
| Construction in progress | 148,441 | 281,468 |
| Total property, plant and equipment | 9,016,365 | 9,027,905 |
| Intangible assets | 66,447 | 66,753 |
| Investments and other assets | | |
| Investment securities | 889,407 | 443,218 |
| Long-term loans receivable | 20,446 | 19,624 |
| Deferred tax assets | 160,847 | 202,836 |
| Other | 260,837 | 301,629 |
| Allowance for doubtful accounts | (17,279) | (21,075) |
| Total investments and other assets | 1,314,260 | 946,233 |
| Total non-current assets | 10,397,072 | 10,040,892 |
| Total assets | 39,545,100 | 44,996,420 |

(Thousands of Yen)

| | FY2016 (As of March 31, 2016) | Third Quarter of FY2017 (As of December 31, 2016) |
|---|----------------------------------|--|
| Liabilities | | |
| Current liabilities | | |
| Accounts payable for construction contracts | 3,054,103 | 3,179,162 |
| Short-term loans payable | 16,014,500 | 19,949,400 |
| Current portion of long-term loans payable | 382,592 | 485,473 |
| Current portion of bonds | 21,000 | 21,000 |
| Lease obligations | 41,214 | 40,446 |
| Income taxes payable | 566,028 | 270,661 |
| Provision for warranties for completed construction | 54,940 | 57,449 |
| Other | 694,477 | 823,449 |
| Total current liabilities | 20,828,856 | 24,827,042 |
| Non-current liabilities | | |
| Bonds payable | 108,000 | 87,000 |
| Long-term loans payable | 1,358,183 | 1,560,683 |
| Lease obligations | 39,139 | 58,112 |
| Provision for directors' retirement benefits | 100,979 | 124,804 |
| Net defined benefit liability | 428,790 | 491,404 |
| Asset retirement obligations | 4,203 | 4,237 |
| Other | 53,690 | 55,038 |
| Total non-current liabilities | 2,092,985 | 2,381,281 |
| Total liabilities | 22,921,841 | 27,208,323 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 2,077,500 | 2,077,500 |
| Capital surplus | 2,205,165 | 2,205,165 |
| Retained earnings | 12,551,499 | 13,652,743 |
| Treasury shares | (351,831) | (351,831) |
| Total shareholders' equity | 16,482,333 | 17,583,577 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | (34,074) | 4,520 |
| Total accumulated other comprehensive income | (34,074) | 4,520 |
| Subscription rights to shares | 175,000 | 200,000 |
| Total net assets | 16,623,258 | 17,788,097 |
| Total liabilities and net assets | 39,545,100 | 44,996,420 |

(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, 2015 (From April 1, 2015 to December 31, 2015) | Nine months ended December 31, 2016 (From April 1, 2016 to December 31, 2016) |
|---|--|--|
| Net sales | 30,785,492 | 33,645,506 |
| Cost of sales | 25,360,315 | 27,793,942 |
| Gross profit | 5,425,177 | 5,851,564 |
| Selling, general and administrative expenses | 3,338,543 | 3,618,122 |
| Operating income | 2,086,633 | 2,233,441 |
| Non-operating income | | |
| Interest income | 1,237 | 1,074 |
| Dividends income | 5,205 | 5,204 |
| Operations consignment fee | 167,666 | 178,904 |
| Office work fee | 109,232 | 121,046 |
| Other | 17,172 | 19,769 |
| Total non-operating income | 300,514 | 325,999 |
| Non-operating expenses | | |
| Interest expenses | 222,950 | 242,389 |
| Commission for syndicate loan | 1,548 | 3,376 |
| Total non-operating expenses | 224,498 | 245,766 |
| Ordinary income | 2,162,649 | 2,313,674 |
| 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 | 6,871 | 20,439 |
| Impairment loss | – | 89,568 |
| Loss on cancellation of lease contracts | 181 | 45 |
| Total extraordinary loss | 7,052 | 110,053 |
| Net income before income taxes | 2,155,596 | 2,207,061 |
| Income taxes – current | 802,634 | 788,693 |
| Income taxes – deferred | (12,181) | 3,684 |
| Total income taxes | 790,452 | 792,377 |
| Net income | 1,365,143 | 1,414,683 |
| Net income attributable to owners of the parent company | 1,365,143 | 1,414,683 |

(Quarterly Consolidated Statements of Comprehensive Income)
(Consolidated cumulative third quarter)

(Thousands of Yen)

| | Nine months ended December 31, 2015 (From April 1, 2015 to December 31, 2015) | Nine months ended December 31, 2016 (From April 1, 2016 to December 31, 2016) |
|---|--|--|
| Net income | 1,365,143 | 1,414,683 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | (10,870) | 38,594 |
| Total other comprehensive income | (10,870) | 38,594 |
| Comprehensive income | 1,354,273 | 1,453,278 |
| Comprehensive income attributable to: | | |
| Comprehensive income attributable to owners of the parent company | 1,354,273 | 1,453,278 |
| 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, 2015 (April 1, 2015 to December 31, 2015)

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 | 28,394,963 | 2,194,195 | 196,333 | 30,785,492 | — | 30,785,492 |
| Intersegment sales and transfers | — | 2,406,086 | 61,778 | 2,467,864 | (2,467,864) | — |
| Total | 28,394,963 | 4,600,281 | 258,112 | 33,253,357 | (2,467,864) | 30,785,492 |
| Segment profit | 1,924,770 | 140,537 | 129,029 | 2,194,337 | (31,688) | 2,162,649 |

Notes: 1 Adjustments of segment profit (¥31,688 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

Not applicable.

II. 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.