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**Consolidated Financial Report**  
For the Second Quarter of Fiscal 2017 Ending March 31, 2017 (Japanese GAAP)

November 7, 2016

Company Name: Grandy House Corporation      Stock Exchange Listing: Tokyo Stock Exchange  
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 Scheduled date of quarterly securities report filing: November 10, 2016  
 Scheduled date of dividend payment commencement: —  
 Preparation of quarterly supplementary explanatory materials: Yes  
 Quarterly results briefing held: Yes (For institutional investors and analysts)

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

**1. Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2017**  
(April 1, 2016 to September 30, 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)	%
Six months ended September 30, 2016	22,614	9.5	1,513	10.7	1,571	10.8	1,025	14.7
Six months ended September 30, 2015	20,659	15.2	1,367	36.0	1,418	34.5	894	39.6

Note: Comprehensive Income      Six months ended September 30, 2016: ¥1,038 million (16.4%)  
 Six months ended September 30, 2015: ¥892 million (43.0%)

	Net Income per Share	Net Income per Share (Diluted)
	(¥)	(¥)
Six months ended September 30, 2016	35.62	—
Six months ended September 30, 2015	31.07	—

(2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio	Net Assets per Share
	(¥ million)	(¥ million)	%	(¥)
September 30, 2016	42,663	17,373	40.3	596.77
March 31, 2016	39,545	16,623	41.6	571.58

Reference: Shareholders' equity      September 30, 2016: ¥17,173 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)	September 30, 2016	30,823,200 shares	March 31, 2016	30,823,200 shares
2) Number of treasury shares	September 30, 2016	2,046,245 shares	March 31, 2016	2,046,245 shares
3) Average number of shares issued and outstanding for the period	Six months ended September 30, 2016	28,776,955 shares	Six months ended September 30, 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.

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## 1. QUALITATIVE INFORMATION ON FINANCIAL STATEMENTS

### (1) Explanation regarding Operating Results

During the six months ended September 30, 2016, although some areas of weakness remain, the Japanese economy showed signs of slowly recovering as positive growth was recorded for two consecutive quarters, including the previous quarter. However, uncertainty over the economic outlook continued, including in terms of there being a risk of an economic downturn in emerging countries in Asia.

In the housing sector, the favorable environment for the acquisition of houses continued due to the improvement in employment and income conditions and the continuation of various support measures to promote home acquisition, as well as the interest rates on housing loans remaining at record low levels. As a result, new housing starts grew steadily. On the other hand, following an announcement in June that the hike in consumption tax to 10% that was scheduled for April 2017 would again be postponed, it is now expected that the sharp demand fluctuations that accompany such tax hikes can be avoided.

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, a core operation, we made efforts to demonstrate our presence in this area of business by holding events for actually meeting and interacting with local professional sports teams at our "Grandy Plaza" experience-based showrooms, which serve as our hubs for information dissemination. In addition, in the focus area stretching from southern Ibaraki Prefecture to Kashiwa City in Chiba Prefecture, we continued to expand our business and worked to ensure that we have a sufficient quantity of house products. In light of increasing environmental awareness, we also cooperated with a major automobile manufacturer to enhance quality by launching and proposing house products that combine housing with electric vehicle (EV) technology and are equipped with facilities for coping with emergencies as well as enhanced safety and energy saving. As a result of these efforts, new home sales for the six months ended September 30, 2016 reached a record high of 685.

In existing home sales, under our policy of business expansion, we opened a branch in Setagaya Ward, Tokyo in March with the aim of actively expanding our business in the Metropolitan area, and continued to reinforce our sales structure by hiring sufficient personnel in the period under review. In addition, as a result of our efforts to ensure that we have sufficient inventory (over 100 homes at any time) to bolster our sales capabilities, existing home sales for the six months ended September 30, 2016 reached a total of 75, up 16 from the same period of the previous fiscal year.

As a result of these factors, the Group's consolidated results for the second quarter (cumulative) of Fiscal 2017 were as follows. Net sales were ¥22,614 million, up 9.5% from the same period of the previous fiscal year; operating income rose to ¥1,513 million, an increase of 10.7% year-on-year; ordinary income was ¥1,571 million, an increase of 10.8% year-on-year; and net income attributable to owners of the parent company totaled ¥1,025 million, an increase of 14.7% year-on-year.

Results by business segment are presented as follows.

#### *Real Estate Sales*

In the new home sales business, we made efforts to demonstrate our presence in this area of business by holding events—such as the Summer Festival, the (Ennichi street) stalls Fair and an event run by a local professional bicycle racing team allowing participants to try riding racing bicycles for themselves—at our "Grandy Plaza" experience-based showrooms, which serve as our hubs for information dissemination. We also made efforts to strengthen our sales capabilities for developing new customers by distributing advertising magazines in mailboxes. With respect to expanding our sales area, in our designated key area between southern Ibaraki Prefecture and Kashiwa City in Chiba Prefecture, we continued to cover the breadth of the area stretching along the Joban Line and Tsukuba Express Line, and worked to enhance our house products both in terms of quantity and quality. We further responded to increasing environmental awareness by launching "Solaris Vita Minami-Kashiwa Phase 8" (26 lots, Kashiwa City, Chiba Prefecture), which was put on the market in June 2016. This is a proposal-based original house product that combines housing with electric vehicle (EV) technology by having EV plug-in stations installed within the housing lots of all-electric homes that are equipped with conventional solar power generation systems so that both solar power and EV can be utilized for electricity at home in an emergency. As a result, new home sales for the quarter under review and the six months ended September 30, 2016 reached a record high of 352 and 685 (up 62 year-on-year), respectively.

In existing home sales, with a view to reinforcing stock business, we made efforts to strengthen our sales capabilities by expanding our sales areas and building up our property inventory (over 100 homes at any time, of which 60 are completed). At the branch that we opened in Setagaya Ward, Tokyo in March as the key site for our sales area expansion, we focused on constructing robust purchase and sales structures as well as hiring personnel. In addition, with a view to increasing the inventory, we aimed to strengthen our relationships with companies who can provide market information and to enhance our capabilities for the research and assessment of auction properties. As a result, our inventory rose to 107 homes as of September 30, 2016 (up 15 year-on-year), and existing home sales for the six months ended September 30, 2016 reached 75, up 16 year-on-year.

As a result of these factors, sales in the real estate sales segment increased 10.2% year-on-year to ¥20,975 million. Segment profit rose to ¥1,419 million, up 12.1% 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 a ninth consecutive month up to September, and demand continued to grow steadily. Meanwhile, the prices for pre-cut materials (especially chipboard for floors and walls) began rising as the demand for wood used in housing grew steadily. Under these circumstances, with regard to the sale of pre-cut materials, orders from small and medium-sized builders' offices and in the non-residential buildings segments remained low due to competition with leading companies. However, as a result of our efforts to expand the sale of housing equipment and construction materials other than pre-cut materials, we managed to maintain a level of net sales that is almost equivalent (a slight increase) to that for the same period of the previous fiscal year. On the other hand, segment profit decreased due to tough conditions in terms of securing new orders and the effects of increases in the prices of wood.

As a result of these initiatives, sales in the construction materials sales segment increased 1.5% year-on-year to ¥1,510 million. Segment profit rose to ¥78 million, down 16.7% from a year earlier.

#### *Real Estate Leasing*

In the real estate leasing segment, the vacancy rate at prime properties in particular continued to decline in the office market in and around Utsunomiya City, Tochigi Prefecture, which is our main market. Also, in the parking lot market, competition remained tough due to an upward trend in pay-by-the-hour parking lots supply. Under these circumstances, sales decreased as a result of our changing the use of some assets from rental to commercial during the last period and selling one pay-by-the-hour parking lot (Mito City, Ibaraki Prefecture) while not acquiring any new assets. In terms of segment profit, we suffered a significant decrease due to the effects of decreased sales as well as an increase in administration costs that we had incurred in the course of carrying out major maintenance work on tenant buildings during the first quarter.

As a result of these factors, sales in the real estate sales segment decreased by 1.1% year-on-year to ¥129 million. Segment profit declined to ¥71 million, down 17.3% year-on-year.

## (2) Explanation regarding Financial Position

### a. Balance Sheet

Total consolidated assets as of September 30, 2016 were ¥42,663 million, up ¥3,118 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 ¥2,368 million to ¥25,290 million. This is mainly due to an increase in short-term loans payable as a result of increased inventories.

Total net assets stood at ¥17,373 million as of September 30, 2016. This represents an increase of ¥749 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.

### b. Cash Flows

Cash flows from operating and investing activities resulted in decreases in cash and cash equivalents respectively, and cash flows from financing activities resulted in an increase in cash and cash equivalents during the six months ended September 30, 2016. As a result, the balance of cash and cash equivalents at the end of the period amounted to ¥8,410 million, up ¥1,297 million from the end of the previous fiscal year.

The status of the Company's cash flows and factors contributing to changes thereto for the six months ended September 30, 2016, are as follows.

(Cash Flows from Operating Activities)

Net cash used in operating activities amounted to ¥1,293 million (decrease of ¥161 million for the six months ended September 30, 2015). This was largely due to a significant increase in inventories (an increase of ¥2,596 million) resulting from our efforts to boost our inventory of property for sale both in terms of quality and quantity, as well as the payment of income taxes that more than offset an increase in net income before income taxes.

(Cash Flows from Investment Activities)

Net cash used in investment activities amounted to a decrease of ¥225 million owing to increased payments for the purchase of property, plant and equipment (compared to a decrease of ¥377 million for the six months ended September 30, 2015). The costs incurred for the acquired property, plant and equipment consisted mainly of the construction costs (construction in progress) for buildings under construction that will be used as the new business site in southern Tochigi Prefecture (prefectural south branch).

(Cash Flows from Financing Activities)

Net cash provided by financing activities amounted to ¥2,146 million (increase of ¥1,038 million for the six months ended September 30, 2015). This was mainly due to an increase in short-term loans payable to support the acquisition of inventory and an increase in long-term loans payable to support the construction of buildings for commercial use, despite dividends being paid.

(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 ¥389 thousand.

### 3. QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS

#### (1) Quarterly Consolidated Balance Sheets

(Thousands of Yen)

	FY2016 (As of March 31, 2016)	Second Quarter of FY2017 (As of September 30, 2016)
Assets		
Current assets		
Cash and deposits	7,789,687	8,410,005
Notes and accounts receivable – trade	523,636	596,041
Real estate for sale	11,423,421	9,854,555
Costs on uncompleted construction contracts	10,539	8,263
Real estate for sale in process	7,996,211	12,174,751
Merchandise and finished goods	206,665	195,070
Raw materials and supplies	115,304	116,316
Deferred tax assets	130,226	124,927
Other	955,924	640,615
Allowance for doubtful accounts	(3,588)	(5,100)
Total current assets	29,148,028	32,115,447
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,123,508	3,052,486
Machinery, equipment and vehicles, net	11,457	9,715
Tools, furniture and fixtures, net	56,696	63,212
Land	5,599,701	5,599,789
Lease assets, net	76,559	60,947
Construction in progress	148,441	280,388
Total property, plant and equipment	9,016,365	9,066,540
Intangible assets	66,447	67,290
Investments and other assets		
Investment securities	889,407	907,266
Long-term loans receivable	20,446	19,900
Deferred tax assets	160,847	207,352
Other	260,837	300,482
Allowance for doubtful accounts	(17,279)	(21,076)
Total investments and other assets	1,314,260	1,413,924
Total non-current assets	10,397,072	10,547,754
Total assets	39,545,100	42,663,202

(Thousands of Yen)

	FY2016 (As of March 31, 2016)	Second Quarter of FY2017 (As of September 30, 2016)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable for construction contracts	3,054,103	3,021,139
Short-term loans payable	16,014,500	18,126,000
Current portion of long-term loans payable	382,592	471,458
Current portion of bonds	21,000	21,000
Lease obligations	41,214	37,373
Income taxes payable	566,028	441,221
Provision for warranties for completed construction	54,940	57,788
Other	694,477	667,937
<b>Total current liabilities</b>	<b>20,828,856</b>	<b>22,843,917</b>
<b>Non-current liabilities</b>		
Bonds payable	108,000	97,500
Long-term loans payable	1,358,183	1,681,568
Lease obligations	39,139	26,004
Provision for directors' retirement benefits	100,979	116,654
Net defined benefit liability	428,790	467,202
Asset retirement obligations	4,203	4,226
Other	53,690	52,956
<b>Total non-current liabilities</b>	<b>2,092,985</b>	<b>2,446,112</b>
<b>Total liabilities</b>	<b>22,921,841</b>	<b>25,290,030</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	12,551,499	13,263,200
Treasury shares	(351,831)	(351,831)
<b>Total shareholders' equity</b>	<b>16,482,333</b>	<b>17,194,034</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	(34,074)	(20,862)
<b>Total accumulated other comprehensive income</b>	<b>(34,074)</b>	<b>(20,862)</b>
<b>Subscription rights to shares</b>	<b>175,000</b>	<b>200,000</b>
<b>Total net assets</b>	<b>16,623,258</b>	<b>17,373,172</b>
<b>Total liabilities and net assets</b>	<b>39,545,100</b>	<b>42,663,202</b>

(2) Quarterly Consolidated Statements of Income and Consolidated Statements of Comprehensive Income  
(Quarterly Consolidated Statements of Income)  
(Consolidated cumulative second quarter)

(Thousands of Yen)

	Six months ended September 30, 2015 (From April 1, 2015 to September 30, 2015)	Six months ended September 30, 2016 (From April 1, 2016 to September 30, 2016)
Net sales	20,659,159	22,614,869
Cost of sales	17,033,311	18,670,041
Gross profit	3,625,847	3,944,828
Selling, general and administrative expenses	2,258,056	2,430,860
Operating income	1,367,791	1,513,967
Non-operating income		
Interest income	892	734
Dividends income	2,455	2,454
Operations consignment fee	110,742	117,124
Office work fee	72,279	80,275
Other	12,678	14,924
Total non-operating income	199,047	215,512
Non-operating expenses		
Interest expenses	148,697	156,168
Commission for syndicate loan	–	2,250
Total non-operating expenses	148,697	158,418
Ordinary income	1,418,141	1,571,061
Extraordinary loss		
Loss on retirement of non-current assets	4,168	8,145
Loss on cancellation of lease contracts	–	45
Total extraordinary loss	4,168	8,191
Net income before income taxes	1,413,972	1,562,870
Income taxes – current	542,753	552,838
Income taxes – deferred	(22,870)	(15,109)
Total income taxes	519,883	537,729
Net income	894,088	1,025,140
Net income attributable to non-controlling interests	–	–
Net income attributable to owners of the parent company	894,088	1,025,140

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

(Thousands of Yen)

	Six months ended September 30, 2015 (From April 1, 2015 to September 30, 2015)	Six months ended September 30, 2016 (From April 1, 2016 to September 30, 2016)
Net income	894,088	1,025,140
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,038)	13,212
Total other comprehensive income	(2,038)	13,212
Comprehensive income	892,050	1,038,353
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent company	892,050	1,038,353
Comprehensive income attributable to non-controlling interests	—	—

## (3) Quarterly Consolidated Statements of Cash Flows

(Thousands of Yen)

	Six months ended September 30, 2015 (From April 1, 2015 to September 30, 2015)	Six months ended September 30, 2016 (From April 1, 2016 to September 30, 2016)
Cash flows from operating activities		
Net income before income taxes	1,413,972	1,562,870
Depreciation and amortization	119,935	131,359
Stock compensation expense	50,000	24,999
Increase (decrease) in provision for directors' retirement benefits	14,875	15,675
Increase (decrease) in provision for warranties for completed construction	2,005	2,848
Increase (decrease) in allowance for doubtful accounts	13,143	5,309
Increase (decrease) in net defined benefit liability	36,007	38,412
Interest and dividends income	(3,347)	(3,188)
Interest expenses	148,697	156,168
Loss on retirement of non-current assets	4,168	8,145
Decrease (increase) in notes and accounts receivable-trade	22,951	(72,404)
Decrease (increase) in inventories	(1,228,932)	(2,596,816)
Increase (decrease) in notes and accounts payable-trade	123,115	(32,963)
Other	(36,095)	314,421
Subtotal	680,497	(445,162)
Interest and dividends income received	3,300	4,322
Interest expenses paid	(152,474)	(157,994)
Income taxes paid	(693,232)	(694,395)
Net cash provided by (used in) operating activities	(161,908)	(1,293,230)
Cash flows from investing activities		
Purchase of property, plant and equipment	(140,514)	(186,887)
Purchase of intangible assets	(2,400)	(14,514)
Purchase of investment securities	(214,600)	—
Payments of loans receivable	(1,500)	—
Collection of loans receivable	658	546
Payments for guarantee deposits	(24,600)	(29,300)
Other payments	(6,540)	(7,819)
Other proceeds	12,020	12,000
Net cash provided by (used in) investing activities	(377,475)	(225,974)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	1,515,510	2,111,500
Proceeds from long-term loans payable	—	630,000
Repayment of long-term loans payable	(213,232)	(217,749)
Redemption of bonds	(10,500)	(10,500)
Purchase of treasury shares	(16)	—
Cash dividends paid	(229,705)	(344,580)
Repayments of lease obligations	(23,985)	(22,147)
Net cash provided by (used in) financing activities	1,038,070	2,146,522
Net increase (decrease) in cash and cash equivalents	498,685	627,317
Cash and cash equivalents at beginning of the period	6,614,018	7,782,687
Cash and cash equivalents at end of the period	7,112,703	8,410,005

(4) 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 six months ended September 30, 2015 (April 1, 2015 to September 30, 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	19,040,346	1,488,346	130,466	20,659,159	—	20,659,159
Intersegment sales and transfers	—	1,612,037	41,186	1,653,223	(1,653,223)	—
Total	19,040,346	3,100,384	171,652	22,312,383	(1,653,223)	20,659,159
Segment profit	1,266,052	94,627	86,642	1,447,322	(29,181)	1,418,141

Notes: 1 Adjustments of segment profit (¥29,181 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 six months ended September 30, 2016 (April 1, 2016 to September 30, 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	20,975,266	1,510,578	129,024	22,614,869	—	22,614,869
Intersegment sales and transfers	—	1,666,316	41,250	1,707,566	(1,707,566)	—
Total	20,975,266	3,176,894	170,274	24,322,435	(1,707,566)	22,614,869
Segment profit	1,419,551	78,803	71,624	1,569,979	1,081	1,571,061

Notes: 1 Adjustments of segment profit ¥1,081 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.