

## Summary of Consolidated Financial Results For the Year Ended March 31, 2014

DAIKYO INCORPORATED announces financial results for the year ended March 31, 2014. For more details, please refer to Full Year Financial Results and Fact Sheets.

### ■ Consolidated Statements of Operations

#### Comparison to initial forecast (announced on May 14, 2013)

| Year ended March 31 | 2013           | Forecast<br>2014 | Change       | Forecast<br>2015 | (Millions of yen) |
|---------------------|----------------|------------------|--------------|------------------|-------------------|
| Net sales           | <b>333,813</b> | <b>330,000</b>   | <b>3,813</b> | <b>330,000</b>   |                   |
| Operating income    | <b>18,128</b>  | <b>16,000</b>    | <b>2,128</b> | <b>19,000</b>    |                   |
| Ordinary income     | <b>16,865</b>  | <b>14,500</b>    | <b>2,365</b> | <b>17,800</b>    |                   |
| Net income          | <b>21,829</b>  | <b>21,000</b>    | <b>829</b>   | <b>13,500</b>    |                   |

#### Consolidated Financial Results Summary

|                  |  |
|------------------|--|
| Net sales        | Net income increased ¥3.8 billion due to such factors as the mainstay condominium sales outperforming in firm business environment and the newly consolidated subsidiary in the real estate management segment outperforming initial forecasts.  |
| Operating income | Operating income increased ¥2.1 billion owing to factors such as the real estate development and sales business generating a higher profit margin than initially anticipated decrease of merchandising expenses reflecting firm business environment as well as to strong performance in existing real estate sales. |
| Ordinary income  | Ordinary income increased by ¥2.3 billion as a result of operating income exceeding initial  |
| Net income       | While ordinary income exceeded initial expectations, this resulted in an increase in tax expense. As a result of these and other factors, net income increased by ¥0.8 billion.  |

#### Comparison to previous year

| Year ended March 31 | 2013           | 2014           | Change         | (Millions of yen ) |
|---------------------|----------------|----------------|----------------|--------------------|
| Net sales           | <b>302,610</b> | <b>333,813</b> | <b>31,202</b>  |                    |
| Operating income    | <b>22,101</b>  | <b>18,128</b>  | <b>Δ 3,972</b> |                    |
| Ordinary income     | <b>20,270</b>  | <b>16,865</b>  | <b>Δ 3,405</b> |                    |
| Net income          | <b>15,535</b>  | <b>21,829</b>  | <b>6,294</b>   |                    |

#### Consolidated Financial Results Summary

|                  |   |
|------------------|---|
| Net sales        | Net sales rose ¥3.1 billion on year owing to such factors as positive contributions from Anabuki Construction Inc. and its subsidiaries now in the scope of consolidation.  |
| Operating income | Due to the limited contribution of Anabuki Construction Inc. and its subsidiaries to operating  |
| Ordinary income  | income as a result of their inventories being marked to market and a year-on-year decrease in the number of scheduled unit completions in mainstay condominium sales, operating income decreased ¥3.9 billion and ordinary income decreased ¥3.4 billion. |
| Net income       | Due to factors including the posting of negative goodwill accompanying the inclusion of Anabuki Construction Inc. within the scope of consolidation, net income increased ¥6.2 billion.   |

## ■ Results by Segment

### Real Estate Development and Sales

| Year ended<br>March 31 | Net sales      |                |                 | Operating income |              |                | (Millions of yen) |
|------------------------|----------------|----------------|-----------------|------------------|--------------|----------------|-------------------|
|                        | 2013           | 2014           | Year-on-Year    | 2013             | 2014         | Year-on-Year   |                   |
|                        | <b>158,899</b> | <b>142,765</b> | <b>Δ 16,133</b> | <b>14,923</b>    | <b>9,182</b> | <b>Δ 5,740</b> |                   |

In the real estate development and sales segment, despite the positive contribution of Anabuki Construction Inc. as a consolidated subsidiary, net sales declined ¥16.1 billion year on year to ¥142.7 billion, and operating income was ¥9.1 billion, a decrease of ¥5.7 billion. This was due to a ¥20,646 million year-on-year decrease in condominium sales, which came in at ¥132,103 million amid sales of 3,790 units, or 171 fewer units year on year, amid a lower scheduled number of units completed than in the same period of the previous fiscal year. The number and amount of contracted condominium sales at the end of the fiscal year were 2,317 units and ¥82.0 billion respectively. These two figures marked increases of 705 units and ¥16.9 billion compared with the end of the previous fiscal year.

### Real Estate Management

| Year ended<br>March 31 | Net sales      |                |               | Operating income |              |              | (Millions of yen) |
|------------------------|----------------|----------------|---------------|------------------|--------------|--------------|-------------------|
|                        | 2013           | 2014           | Year-on-Year  | 2013             | 2014         | Year-on-Year |                   |
|                        | <b>122,620</b> | <b>158,257</b> | <b>35,636</b> | <b>8,317</b>     | <b>9,690</b> | <b>1,372</b> |                   |

In the real estate management segment, management income increased ¥10.0 billion year on year to ¥80.1 billion and contract work income rose ¥21.0 billion year on year to ¥67.9 billion, due to the positive contribution of Anabuki Community Inc. and Anabuki Corporation that became consolidated subsidiaries.

As a result of the above, segment net sales were ¥158.2 billion, up ¥35.6 billion year on year, and operating income was ¥9.6 billion, up ¥1.3 billion.

At the end of the fiscal year, the number of condominium units managed increased 73,187 units to 516,658 units and the volume of contract work orders received was ¥23.6 billion, an increase of ¥7.9 billion year on year.

### Real Estate Brokerage

| Year ended<br>March 31 | Net sales     |               |               | Operating income |              |              | (Millions of yen) |
|------------------------|---------------|---------------|---------------|------------------|--------------|--------------|-------------------|
|                        | 2013          | 2014          | Year-on-Year  | 2013             | 2014         | Year-on-Year |                   |
|                        | <b>23,183</b> | <b>36,632</b> | <b>13,449</b> | <b>1,223</b>     | <b>2,388</b> | <b>1,164</b> |                   |

In the real estate brokerage segment, net sales were ¥36.6 billion, up ¥13.4 billion year on year, with an operating income of ¥2.3 billion, up ¥1.1 billion year on year. This was due to strong performance in real estate brokerage and existing real estate sales, as well as to the positive contribution of Anabuki Real Estate Center Inc. that became a consolidated subsidiary.