

## Summary of Consolidated Financial Results For the Year Ended March 31, 2015

DAIKYO INCORPORATED announces financial results for the year ended March 31, 2015. For more details, please refer to Full Year Financial Results and Fact Sheets.

### ■ Consolidated Statements of Operations

Year ended March 31	2014	2015	Change	(Millions of yen) Forecast 2015
Net sales	333,813	317,154	Δ 16,659	330,000
Operating income	16,910	18,124	1,214	19,000
Ordinary income	15,646	16,703	1,056	17,800
Net income	20,790	12,154	Δ 8,635	13,500

### Consolidated Financial Results Summary

In the fiscal year ended March 31, 2015, the Company's consolidated results were as follows. Net sales decreased ¥16,659 million, or 5.0% year on year, to ¥317,154 million. Operating income increased ¥1,214 million, or 7.2%, to ¥18,124 million. Ordinary income increased ¥1,056 million, or 6.7%, to ¥16,703 million.

These figures are largely attributable to a decrease in condominium sales revenues of ¥25,407 million year on year, due to sales activities that placed the highest priority on securing appropriate profits, with the Company still managing to achieve increases both in operating income and ordinary income due to a positive contribution to earnings from Anabuki Construction Inc., which had been limited in the previous fiscal year and a 3.4 percentage point year-on-year improvement in the gross profit margin for condominium sales.

Net income decreased ¥8,635 million, or 41.5% year on year, to ¥12,154 million, due to factors including the posting of a gain on negative goodwill in the previous fiscal year.

The Company has initiated changes to accounting policies effective from the fiscal year under review. As such, those changes have been retrospectively applied to figures in this report for the previous consolidated fiscal year (cumulative).

### ■ Main effect of change in accounting policies

#### 1. Consolidated Statement of Operations year ended March 31, 2014 (excerpt)

As of March 31	2014 (Before the retroactive application)	2014 (After the retroactive application)	(Millions of yen) Amounts of impact for the retroactive application
Operating income	<u>18,128</u>	<u>16,910</u>	<u>Δ 1,218</u>
Ordinary income	<u>16,865</u>	<u>15,646</u>	<u>Δ 1,218</u>
Net income	<u>21,829</u>	<u>20,790</u>	<u>Δ 1,039</u>

#### 2. Segment information during the year ended March 31, 2014 (excerpt)

Year ended March 31	2014 (Before the retroactive application)	2014 (After the retroactive application)	(Millions of yen) Amounts of impact for the retroactive application
Operating income or loss			
Real estate development and sal	<u>9,182</u>	<u>7,863</u>	<u>Δ 1,319</u>
Real estate management	<u>9,690</u>	<u>9,724</u>	<u>33</u>
Adjusted amount	<u>Δ 3,132</u>	<u>Δ 3,065</u>	<u>67</u>

## ■ Results by Segment

### Real Estate Development and Sales

Year ended March 31	Net sales			Operating income			(Millions of yen)
	2014	2015	Year-on-year	2014	2015	Year-on-year	
	<b>142,765</b>	<b>120,712</b>	<b>Δ 22,052</b>	<b>7,863</b>	<b>10,121</b>	<b>2,258</b>	

#### Segment Summary

- The Company focused closely on market trends while carrying out sales activities that place the highest priority on securing appropriate profits. As a result, condominium sales decreased ¥25,407 million year on year to ¥106,695 million, with the number of contracted units having decreased by 455 to 2,774 units, and units sold falling by 724 to 3,066 units.
- In addition, the gross profit margin for condominium sales increased 3.4 percentage points year on year to 24.7%, in part due to a positive contribution to earnings from Anabuki Construction Inc., which had been limited in the previous fiscal year.
- As a result, operating income increased ¥2,258 million year on year, despite a ¥22,052 million year-on-year decrease in net sales.
- The number of completed but unsold condominiums was 540 units as of the end of the fiscal year (compared with 209 units as of the end of the third quarter, and 159 units as of the end of the previous fiscal year).
- The number of contracted condominiums to be delivered was 2,025 units as of the end of the fiscal year (compared with 2,317 units as of the end of the previous fiscal year).
- Progress made in contracts as of the end of the fiscal year amounts to 53% of the full-year forecast of condominium sales for the fiscal year ending March 31, 2016.

### Real Estate Management

Year ended March 31	Net sales			Operating income			(Millions of yen)
	2014	2015	Year-on-year	2014	2015	Year-on-year	
	<b>158,257</b>	<b>158,070</b>	<b>Δ 187</b>	<b>9,724</b>	<b>8,331</b>	<b>Δ 1,392</b>	

#### Segment Summary

- Management income increased ¥1,529 million year on year, due to gains in numbers of condominium units managed and management contracts for buildings and other facilities.
- Contract work income decreased ¥1,762 million year on year, despite greater volumes of work related to buildings and facilities, due in part to decreases in planned repair and maintenance work on condominiums, as well as lower volumes of renovation work.
- As a result, net sales decreased ¥187 million year on year. Operating income decreased ¥1,392 million year on year, partially as a result of efforts geared toward reinforcing the personnel structure to improve service quality.
- The number of condominium units managed was 526,131 units as of the end of the fiscal year (compared with 516,658 units as of the end of the previous fiscal year).
- The volume of contract work orders received as of the end of the fiscal year increased ¥7,812 million year on year to ¥31,478 million.

### Real Estate Brokerage

Year ended March 31	Net sales			Operating income			(Millions of yen)
	2014	2015	Year-on-year	2014	2015	Year-on-year	
	<b>36,632</b>	<b>41,862</b>	<b>5,229</b>	<b>2,388</b>	<b>2,840</b>	<b>452</b>	

#### Segment Summary

- Real estate brokerage income decreased ¥533 million year on year, amid a year-on-year decrease of 147 in the number of brokerage transactions.
- Existing real estate sales increased ¥5,663 million year on year, mainly due to an increase of 229 units in numbers of existing condominiums sold.
- As a result, net sales increased ¥5,229 million year on year, and operating income increased ¥452 million.
- There were 6,693 brokerage transactions during the fiscal year, and sales of 1,056 existing condominium units.
- The number of brokerage offices was 70 as of the end of the fiscal year (against 62 offices as of the end of the previous fiscal year).

## ■ State of Dividends

The Company has decided to pay a year-end dividend of ¥3.00 per share, as initially announced.

## ■ Outlook for the Fiscal Year Ending March 31, 2016

Year ended March 31	2015	Forecast 2016	Change	(Millions of yen)
				Percentage change
Net sales	<b>317,154</b>	<b>335,000</b>	<b>17,845</b>	<b>5.6%</b>
Operating income	<b>18,124</b>	<b>18,000</b>	<b>△ 124</b>	<b>△ 0.7%</b>
Ordinary income	<b>16,703</b>	<b>17,000</b>	<b>296</b>	<b>1.8%</b>
Net income attributable to parent company shareholders	<b>12,154</b>	<b>12,500</b>	<b>345</b>	<b>2.8%</b>

## Performance Forecast by Segment

Year ended March 31	2015		Forecast 2016		Change	
	Net sales	Operating income	Net sales	Operating income	Net sales	Operating income
Real Estate Development and Sales	<b>120,712</b>	<b>10,121</b>	<b>130,000</b>	<b>8,900</b>	<b>9,287</b>	<b>△ 1,221</b>
Real Estate Management	<b>158,070</b>	<b>8,331</b>	<b>167,000</b>	<b>9,400</b>	<b>8,929</b>	<b>1,068</b>
Real Estate Brokerage	<b>41,862</b>	<b>2,840</b>	<b>43,000</b>	<b>3,000</b>	<b>1,137</b>	<b>159</b>
Adjustments (Eliminations or Corporate Assets/Expenses)	<b>△ 3,490</b>	<b>△ 3,169</b>	<b>△ 5,000</b>	<b>△ 3,300</b>	<b>△ 1,509</b>	<b>△ 130</b>
<b>Total</b>	<b>317,154</b>	<b>18,124</b>	<b>335,000</b>	<b>18,000</b>	<b>17,845</b>	<b>△ 124</b>

A year-end dividend of ¥3.00 per share is planned for the fiscal year ending March 31, 2016.