

Summary of Consolidated Financial Results For the Year Ended March 31, 2016

DAIKYO INCORPORATED announces financial results for the year ended March 31, 2016. For more details, please refer to Full Year Financial Results and Fact Sheets.

■ Highlights

◆ Consolidated Financial Results for the Fiscal Year Ended March 31, 2016

- Net sales increased significantly year on year. Income also increased.
- Net sales are mostly in line with initial forecasts. Income exceeds forecasts.

◆ Outlook for the Fiscal Year Ending March 31, 2017

- Net sales of ¥340,000 million (1.5% year-on-year increase), operating income of ¥20,000 million (9.2% year-on-year increase), ordinary income of ¥19,000 million (11.2% year-on-year increase), and profit attributable to owners of parent of ¥14,000 million (10.9% year-on-year increase) are forecasted.
- A year-end dividend of ¥4.00 per share is planned, representing a ¥1.00 increase.

■ Consolidated Statements of Operations

Year ended March 31	2015	2016	Change	(Millions of yen) Forecast 2016
Net sales	317,154	334,853	17,699	335,000
Operating income	18,124	18,318	194	18,000
Ordinary income	16,703	17,093	390	17,000
Profit attributable to owners of parent	12,154	12,628	473	12,500

Consolidated Financial Results Summary

In the fiscal year ended March 31, 2016, the Company's consolidated results were as follows. Net sales increased ¥17,699 million, or 5.6% year on year, to ¥334,853 million. Operating income increased ¥194 million, or 1.1%, to ¥18,318 million. Ordinary income increased ¥390 million, or 2.3%, to ¥17,093 million. Profit attributable to owners of parent increased ¥473 million, or 3.9% year on year, to ¥12,628 million.

These figures are attributable in part to increased sales and income in the real estate management business mainly due to year-on-year gains in contract work related to buildings and facilities, and also attributable to having generated higher sales and income in the real estate brokerage business largely as a result of a year-on-year gain in the number of renovated condominium units sold.

■ Results by Segment

Real Estate Development and Sales

Year ended	Net sales			Operating income			(Millions of yen)
	2015	2016	Year-on-year	2015	2016	Year-on-year	
March 31	120,712	122,211	1,498	10,121	8,667	Δ 1,454	

Segment Summary

- Condominium sales increased ¥1,378 million year on year to ¥108,074 million, amid an increase in the average unit price, despite a year-on-year decrease of 86 condominium units sold to 2,980 units.
- Although the gross profit margin for condominium sales decreased by 1.8 percentage points year on year to 22.9%, largely as a result of the effects of less profitable condominiums and revaluation of a large long-term project, at that level it exceeded the forecast made at the start of the fiscal year.
- As a result, net sales increased ¥1,498 million year on year, while operating income decreased ¥1,454 million.
- The number of completed but unsold new condominiums was 450 units as of the end of the fiscal year (compared with 540 units as of the end of the previous fiscal year).
- In condominium sales, the number of contracted units decreased by 299 units year on year to 2,475 units, while progress made in contracts as of the end of the fiscal year amounts to 56% of the full-year forecast of condominium sales for the fiscal year ending March 31, 2017 (compared with 53% as of the end of the previous fiscal year).

Real Estate Management

Year ended	Net sales			Operating income			(Millions of yen)
	2015	2016	Year-on-year	2015	2016	Year-on-year	
March 31	151,246	162,821	11,574	8,218	9,664	1,445	

Segment Summary

- Management income increased ¥2,415 million year on year, due to gains in numbers of condominium units managed and management contracts for buildings and other facilities.
- Contract work income increased ¥8,335 million year on year, partially due to higher sales involving work related to buildings and facilities, as well as that involving small-scale contract jobs derived from condominiums under management.
- As a result, net sales increased ¥11,574 million year on year, and operating income increased ¥1,445 million.
- For the Daikyo Group as a whole, the number of condominium units managed surpassed 530,000 units for the first time ever (at the end of the fiscal year, the number was 530,095 units).
- The volume of contract work orders received as of the end of the fiscal year was ¥25,050 million (compared with ¥30,492 million as of the end of the previous fiscal year).

Real Estate Brokerage

Year ended	Net sales			Operating income			(Millions of yen)
	2015	2016	Year-on-year	2015	2016	Year-on-year	
March 31	48,492	54,904	6,411	2,938	3,233	294	

Segment Summary

- Real estate brokerage income increased ¥386 million despite 129 fewer brokerage transactions year on year, largely due to an increase in the unit price of condominium sales.
- Real estate sales increased ¥6,307 million year on year, as a result of the number of renovated condominium units sold having gained by 180 units year on year, in conjunction with an increase in the average unit price.
- As a result, net sales increased ¥6,411 million year on year, and operating income increased ¥294 million.
- There were 6,564 brokerage transactions during the fiscal year, and sales of 1,236 renovated condominium units.
- As of the end of the fiscal year, there were 67 brokerage offices (against 70 offices as of the end of the previous fiscal year). Accordingly, 4 new brokerage offices were launched, and other existing brokerage offices were consolidated, closed and/or renovated in line with our corporate integration strategy.

In accordance with changes to the management structure, Daikyo Reform-Design Incorporated has been shifted to the real estate brokerage segment beginning with the first quarter of the current fiscal year, from the previous real estate management segment. Accompanying this change, segment information for the previous fiscal year has been prepared pursuant to the reporting segment classification subsequent to the changes.

■ 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, 2017

(Millions of yen)

Year ended March 31	2016	Forecast 2017	Change	Percentage change
Net sales	334,853	340,000	5,146	1.5%
Operating income	18,318	20,000	1,681	9.2%
Ordinary income	17,093	19,000	1,906	11.2%
Net income attributable to parent company shareholders	12,628	14,000	1,371	10.9%

Performance Forecast by Segment

(Millions of yen)

Year ended March 31	2016		Forecast 2017		Change	
	Net sales	Operating income	Net sales	Operating income	Net sales	Operating income
Real Estate Development and Sales	122,211	8,667	107,000	7,800	Δ 15,211	Δ 867
Real Estate Management	162,821	9,664	170,000	10,400	7,178	735
Real Estate Brokerage	54,904	3,233	66,000	4,600	11,095	1,366
Adjustments (Eliminations or Corporate Assets/Expenses)	Δ 5,083	Δ 3,246	Δ 3,000	Δ 2,800	2,083	446
Total	334,853	18,318	340,000	20,000	5,146	1,681

A year-end dividend of ¥4.00 per share is planned for the fiscal year ending March 31, 2017 in view of the financial outlook and balancing investment for profit growth with dividends, etc.