

**Financial Highlights for Fiscal 2016 (Unaudited)**  
**(Apr. 1, 2016– Mar. 31, 2017)**

**DAIBIRU CORPORATION**

(Unaudited Translation of 'Kessan Tanshin,' Provided for Reference Only)

Apr. 28, 2017

Name of the Company: DAIBIRU CORPORATION  
 Listing of Stock: First Section of Tokyo Stock Exchange  
 Securities Code: 8806  
 Head Office: 3-6-32 Nakanoshima, Kita-ku, Osaka, Japan  
 URL: <http://www.daibiru.co.jp/english>  
 Representative: Katsumi Tamai, Representative Director, President Chief Executive Officer  
 Scheduled Date of the Annual Shareholders' Meeting: June 28, 2017  
 Scheduled Date of Commencing Dividend Payments: June 29, 2017  
 Scheduled Date of the Annual Securities Report: June 29, 2017

(Figures are rounded down to the nearest million yen)

1. Consolidated Results for Fiscal 2016 (Apr. 1, 2016 to Mar. 31, 2017)

(i) Consolidated Results (% indicates changes from the previous corresponding period)

	Revenue		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal 2016	39,451	5.6	10,693	17.3	9,688	21.3	6,160	16.7
Fiscal 2015	37,344	4.4	9,114	(3.5)	7,985	(3.2)	5,276	2.1

Note: Comprehensive income  
 Mar. 31, 2017: ¥8,457 million (124.0%) Mar. 31, 2016: ¥3,776 million (△64.3%)

	Net income per share	Diluted net income per share	Rate of return to shareholders' equity	Ratio of ordinary income to assets	Operating income margin ratio
	Yen	Yen	%	%	%
Fiscal 2016	52.82	-	4.2	2.8	27.1
Fiscal 2015	45.24	-	3.7	2.2	24.4

Reference: Equity in earnings (losses) of affiliates  
 Mar. 31, 2017: ¥- million Mar. 31, 2016: ¥- million

(ii) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Fiscal 2016	351,645	150,993	42.5	1,280.88
Fiscal 2015	351,810	144,286	40.6	1,224.12

Reference: Equity  
 Mar. 31, 2017: ¥149,386 million Mar. 31, 2016: ¥142,767 million

(iii) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal 2016	15,157	(3,287)	(9,624)	7,954
Fiscal 2015	14,516	(13,758)	(2,661)	5,545

2. Dividends

	Dividends per share					Total dividends paid (annual)	Dividends payout ratio (consolidated)	Dividends ratio to shareholder's equity (consolidated)
	1Q	2Q	3Q	4Q	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal 2015	-	7.00	-	7.00	14.00	1,632	30.9	1.2
Fiscal 2016	-	8.00	-	8.00	16.00	1,866	30.3	1.3
Fiscal 2017 (forecast)	-	8.50	-	8.50	17.00		30.5	

### 3. Forecast of Consolidated Results for Fiscal 2017 (Apr. 1, 2017 to Mar. 31, 2018)

(% indicates changes from the previous corresponding period)

	Revenue		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen	
Fiscal 2017	40,000	1.4	11,000	2.9	10,000	3.2	6,500	5.5	55.73	

#### \* Notes

(i) Significant changes of subsidiaries during the period under review (affecting specified subsidiaries which result in changes in scope of consolidation): None

(ii) Changes in accounting policies, changes in accounting estimates and corrections of errors

- 1) Changes in accounting policies due to the revision of accounting standards: Yes
- 2) Changes in accounting policies other than 1) above: None
- 3) Changes in accounting estimates: Yes
- 4) Corrections of errors: None

(iii) Total number of issued shares (common stock)

1) Number of shares issued and outstanding at the end of the period (including treasury stock)

Fiscal 2016	116,851,049 shares
Fiscal 2015	116,851,049 shares

2) Number of treasury stock at the end of the period

Fiscal 2016	223,281 shares
Fiscal 2015	222,736 shares

3) Average number of shares issued and outstanding during the period

Fiscal 2016	116,628,042 shares
Fiscal 2015	116,628,771 shares

#### (Reference) Summary of Non-consolidated Results

1. Non-consolidated Results for Fiscal 2016 (Apr. 1, 2016 to Mar. 31, 2017)

(i) Non-consolidated Results (% indicates changes from the previous corresponding period)

	Revenue		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal 2016	28,319	6.5	9,677	18.9	9,251	20.7	6,075	13.3
Fiscal 2015	26,580	2.1	8,137	(8.2)	7,666	(3.9)	5,363	2.2

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal 2016	52.09	-
Fiscal 2015	45.99	-

(ii) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Fiscal 2016	343,420	146,453	42.6	1,255.73
Fiscal 2015	343,055	139,334	40.6	1,194.69

Reference: Equity

Mar. 31, 2017: ¥146,453 million

Mar. 31, 2016: ¥139,334 million

\* Financial results are not subject to auditing.

#### \* Explanation of the Proper Use of Performance Forecast and Other Notes

Information described in this document, such as projections, was prepared based on available information at the time of the release of this document and certain assumptions that the Company judged as rational. Actual results may be significantly different due to various factors. For the notes regarding the assumed conditions for the financial result forecast and the usage of the forecast, please refer to "1. Overview of Results of operations (4) Outlook for Fiscal 2017" on page 4 of Attached Reference.

Daibiru is scheduled to hold an analysts' meeting on May 19, 2017, to present its operating results for Fiscal 2017. Daibiru plans to upload the presentation materials distributed at such meeting to its website as soon as the meeting is over.

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# 1. Overview of Results of Operations

## **(1) Overview of Results of Operations for Fiscal 2016**

In fiscal 2016, despite increased uncertainty about the outlook for the international situation mainly due to the U.K.'s exit from the EU and the impact of management policies of the new U.S. administration, the Japanese economy was on a moderate recovery trend as a whole as corporate earnings and employment conditions improved due to the effect of various economic policies.

For the office leasing segment, relatively strong conditions continued mainly due to sustained improvement in vacancy rates of office buildings in the central business districts (CBD) of Tokyo and Osaka and a slight upward trend in rent rates in Tokyo.

Amid such environment, the Daibiru Group has taken a proactive approach to expand business and sought to offer tenant services with "Daibiru Excellence" by promoting activities that improve building management quality and thus differentiate Daibiru properties from competitors' buildings. These efforts have enabled the Daibiru Group to continue maintaining high occupancy rates.

In the Medium-term Management Plan, "Design 100" Project Phase-I, growth strategies were established in priority investment areas, including development of Grade-A office buildings in Vietnam, investment in high-end office properties in the three central wards in Tokyo, completion of the Shin-Daibiru Building reconstruction project, and enhancement of competitiveness of existing buildings through renewal investment.

Under this plan, the CornerStone Building located in Hanoi City, the capital of Vietnam, and the Saigon Tower located in Ho Chi Minh City, the center of Vietnam's economy, have maintained their high occupancy rates. Meanwhile in Japan, the Company newly established the Real Estate Development Office last April in an effort to further promote investment in high-end office properties focused in the three central wards in Tokyo. In addition, "Restaurants & Shops," the commercial zone of the Shin-Daibiru Building, opened in full last May, and renewal construction of the Hibiya Daibiru Building was completed in June as planned. With respect to group companies, MOL Kosan Co., Ltd. acquired Nishinohon Sogo Setsubi Co., Ltd. a general equipment maintenance service company engaged in office buildings and condominiums, last November for the purpose of further strengthening the business base.

Operating results by segment were as follows.

### 1) Leasing

Due to contributions from the Shin-Daibiru Building, revenue from operations increased ¥1,838 million or 6.4% year on year to ¥30,389 million in fiscal 2016. As for expenses from operations, a new fixed property tax burden was incurred for the Shin-Daibiru Building, but depreciation and amortization decreased. Accordingly, operating income increased ¥1,979 million, or 20.7%, to ¥11,534 million.

### 2) Facility Management

Revenue from operations increased ¥373 million, or 4.6%, to ¥8,571 million mainly due to orders for new commissioned properties. However, operating income decreased ¥123 million, or 18.6%, to ¥540 million.

### 3) Other Businesses

Due primarily to decreases in construction management fees in connection with tenants moving in and construction subcontracting values, revenue from operations in this segment decreased ¥105 million, or 17.7%, to ¥490 million, and operating income decreased ¥55 million, or 22.6%, to ¥190 million.

As a result, regarding the operating results of fiscal 2016, revenue from operations increased ¥2,106 million, or 5.6%, to ¥39,451 million, and operating income increased ¥1,579 million, or 17.3%, to ¥10,693 million.

As for non-operating income and expenses, although there was an increase in other non-operating expenses, ordinary income increased ¥1,702 million, or 21.3%, to ¥9,688 million mainly due to a decrease in interest expenses.

Regarding extraordinary income and loss, the Company recorded gain on sales of investment securities of ¥125 million under extraordinary income in the previous fiscal year, and for the current fiscal year, recorded gain on sales of investment securities of ¥25 million. Additionally, the Company recorded extraordinary loss totaling ¥46 million from loss on disposal of fixed assets and other items in the previous fiscal year, and for the current fiscal year, recorded extraordinary loss totaling ¥638 million from loss on disposal of fixed assets and provision for environmental measures.

All in all, profit attributable to owners of parent increased ¥883 million, or 16.7%, to ¥6,160 million.

## (2) Overview of Financial Position for Fiscal 2016

Total assets at the end of the current fiscal year were ¥351,645 million, a decrease of ¥165 million from the end of the previous fiscal year. Current assets increased ¥2,442 million owing mainly to an increase in cash and cash equivalents. Noncurrent assets decreased ¥2,608 million mainly as a result of a decrease in buildings and structures associated with depreciation and a decrease in other intangible assets, despite an increase in investment securities following a recovery in stock prices.

Liabilities at the end of the current fiscal year were ¥200,651 million, a decrease of ¥6,872 million from the end of the previous fiscal year. This is primarily attributable to a decrease of ¥7,770 million in interest bearing debt.

Net assets at the end of the current fiscal year were ¥150,993 million, an increase of ¥6,707 million from the end of the previous fiscal year. This is mainly due to an increase in retained earnings and net unrealized holding gains on securities.

## (3) Overview of Cash Flows for Fiscal 2016

Cash and cash equivalents at the end of the current fiscal year were ¥7,954 million, an increase of ¥2,409 million from the end of the previous fiscal year. Changes in cash flows and their causes are explained below:

Net cash provided by operating activities was ¥15,157 million, larger by ¥641 million from the end of the previous fiscal year. This is mainly due to an increase in guarantee deposits received, the recording of provision for environmental measures, and a decrease in income taxes paid, in addition to an increase in profit before income taxes, despite a decrease in accrued consumption taxes.

Net cash used in investing activities was ¥3,287 million, smaller by ¥10,470 million from the end of the previous fiscal year. This is primarily due to purchases of property and equipment following completion of renewal construction of the Hibiya Daibiru Building.

Net cash used in financing activities was ¥9,624 million, larger by ¥6,962 million from the end of the previous fiscal year. This is mainly due to repayment of interest bearing debt and payment of dividends.

(Reference) Changes in cash flows-related indicators

	Fiscal 2012	Fiscal 2013	Fiscal 2014	Fiscal 2015	Fiscal 2016
Equity ratio (%)	40.0	41.0	38.8	40.6	42.5
Equity ratio on a market value basis (%)	41.0	39.9	39.9	31.5	32.4
Ratio of interest bearing debt to operating cash flows (years)	13.7	10.7	13.8	10.8	9.9
Interest coverage ratio (times)	6.3	8.0	7.9	9.7	12.1

Notes: Equity ratio: Shareholders' equity / Total assets

Equity ratio on a market value basis: Total market capitalization / Total assets

Ratio of interest bearing debt to operating cash flows: Interest bearing debt / Operating cash flows

Interest coverage ratio: Operating cash flows / Interest paid

(Supplementary information)

1. All indicators are calculated using consolidated financial results.
2. Total market capitalization is calculated by multiplying the share price at the end of the fiscal year by the total number of shares issued and outstanding at the end of the period (excluding treasury stock).
3. Operating cash flows refer to net cash provided by (used in) operating activities on the Consolidated Statements of Cash Flows.
4. Interest bearing debt refers to all liabilities on the Consolidated Balance Sheets for which interest is paid. Interest paid refers to interest expense on the Consolidated Statements of Cash Flows.

#### (4) Outlook for Fiscal 2017

In the next fiscal year, revenue from operations is projected to rise 1.4% to ¥40.0 billion mainly due to continued revenue contributions from the Shin-Daibiru Building. Regarding expenses, although repairing expenses are projected to rise, operating income is expected to increase 2.9% to ¥11.0 billion, ordinary income is expected to increase 3.2% to ¥10.0 billion, and profit attributable to owners of parent is expected to increase 5.5% to ¥6.5 billion.

#### (5) Fundamental Policy of Profit Allocations and Dividend Payment for Fiscal 2016 and 2017

With regard to profit allocations, our fundamental policy is to implement stable dividend distribution with business performance taken into account while strengthening our balance sheet and enhancing internal reserves for future business development. In addition, the Company targets the medium- to long-term standard value of the consolidated dividend payout ratio at 30% or more.

For fiscal 2016, our business expanded steadily both domestically and overseas, led by revenue contributions from the Shin-Daibiru Building and other factors. As a result, we were able to secure profit attributable to owners of parent that exceeded the initial forecast on a consolidated basis. Additionally, in fiscal 2017, revenue from operations and profit attributable to owners of parent are projected to reach a record high for five consecutive fiscal years and two consecutive fiscal years, respectively.

This being the case, the year-end dividend for fiscal 2016 is expected to be ¥8.0 per share as previously announced. As a result, the annual dividend per share is expected to be ¥16.0 (an interim dividend of ¥8.0 and year-end dividend of ¥8.0). Also, the annual dividend for fiscal 2017 is expected to be ¥17.0, with an interim dividend of ¥8.5 and year-end dividend of ¥8.5, each ¥0.5 higher than the previous year, based on the results forecast above.

## **2. Basic Approach on the Selection of Accounting Principles**

For the purpose of ensuring comparability between periods and that between entities, the Group will prepare its consolidated financial statements based on Japanese Generally Accepted Accounting Principles (JGAAP) for the time being.

### 3. Consolidated Financial Statements and Main Notes

#### (1) Consolidated Balance Sheets

(Millions of yen, figures are rounded down to the nearest million yen)

	Previous Fiscal Year As of March 31, 2016	Current Fiscal Year As of March 31, 2017
<b>Assets</b>		
Current assets		
Cash and cash equivalents	6,230	8,718
Accounts receivable—trade	960	1,017
Inventories	57	52
Deferred tax assets	195	243
Other current assets	645	499
Allowance for doubtful accounts	(7)	(5)
Total current assets	8,082	10,524
Noncurrent assets		
Property and equipment		
Buildings and structures	221,357	222,696
Accumulated depreciation	(104,211)	(110,806)
Buildings and structures, net	117,146	111,890
Land	157,071	157,149
Land in trust	31,231	31,231
Construction in progress	56	206
Other	3,914	3,923
Accumulated depreciation	(3,408)	(3,500)
Other, net	505	423
Net property and equipment	306,011	300,901
Intangible assets		
Goodwill	2,335	2,084
Other	14,241	13,257
Total intangible assets	16,577	15,341
Investments and other assets		
Investment securities	18,870	22,679
Long-term loans receivable	63	45
Defined benefit assets	489	477
Deferred tax assets	104	126
Other	1,643	1,582
Allowance for doubtful accounts	(31)	(33)
Total investments and other assets	21,139	24,877
Total noncurrent assets	343,728	341,120
<b>Total assets</b>	<b>351,810</b>	<b>351,645</b>



(Millions of yen, figures are rounded down to the nearest million yen)

	Previous Fiscal Year As of March 31, 2016	Current Fiscal Year As of March 31, 2017
<b>Liabilities</b>		
Current liabilities		
Current portion of long-term debt	7,770	3,130
Current portion of bonds	15,000	-
Accrued income and enterprise taxes	898	1,959
Accrued consumption taxes	1,361	543
Accrued bonuses for directors and statutory auditors	41	64
Other current liabilities	5,969	4,569
<b>Total current liabilities</b>	<b>31,041</b>	<b>10,266</b>
Long-term liabilities		
Bonds payable	70,000	80,000
Long-term debt	64,672	66,542
Guarantee deposits received	25,273	25,646
Deferred tax liabilities	7,134	8,196
Deferred tax liabilities for land revaluation	8,024	8,024
Retirement benefits for directors and statutory auditors	53	50
Defined benefit liabilities	772	799
Provision for environmental measures	-	620
Other long-term liabilities	552	504
<b>Total long-term liabilities</b>	<b>176,483</b>	<b>190,384</b>
<b>Total liabilities</b>	<b>207,524</b>	<b>200,651</b>
<b>Net assets</b>		
Shareholders' equity		
Common stock	12,227	12,227
Capital surplus	13,852	13,852
Retained earnings	92,353	96,763
Treasury stock	(146)	(146)
<b>Total shareholders' equity</b>	<b>118,287</b>	<b>122,697</b>
Accumulated other comprehensive income		
Net unrealized holding gains on securities	9,119	11,899
Deferred gains on hedges	(26)	(13)
Land revaluation reserve	12,193	12,193
Foreign currency translation adjustment	3,193	2,608
<b>Total accumulated other comprehensive income</b>	<b>24,479</b>	<b>26,688</b>
Non-controlling interests	1,518	1,607
<b>Total net assets</b>	<b>144,286</b>	<b>150,993</b>
<b>Total liabilities and net assets</b>	<b>351,810</b>	<b>351,645</b>

## (2) Consolidated Statements of Income and Comprehensive Income

### Consolidated Statements of Income

(Millions of yen, figures are rounded down to the nearest million yen)

	Previous Fiscal Year (From Apr. 1, 2015 to Mar. 31, 2016)	Current Fiscal Year (From Apr. 1, 2016 to Mar. 31, 2017)
Revenue from operations	37,344	39,451
Cost of revenue from operations	24,940	25,187
Operating gross profit	12,404	14,263
Selling, general and administrative expenses	3,290	3,569
Operating income	9,114	10,693
Non-operating income		
Interest income	55	31
Dividend income	495	517
Other	37	35
Total non-operating income	587	584
Non-operating expenses		
Interest expense	1,497	1,263
Foreign exchange losses	194	192
Other	24	134
Total non-operating expenses	1,715	1,590
Ordinary income	7,985	9,688
Extraordinary income		
Gain on sales of investment securities	125	25
Total extraordinary income	125	25
Extraordinary loss		
Loss on disposal of fixed assets	16	18
Provision for environmental measures	-	620
Other	30	-
Total extraordinary losses	46	638
Profit before income taxes	8,064	9,075
Income taxes-current	2,233	2,914
Income taxes-deferred	437	(87)
Total income taxes	2,671	2,826
Profit	5,393	6,248
Profit attributable to non-controlling interests	116	88
Profit attributable to owners of parent	5,276	6,160

## Consolidated Statements of Comprehensive Income

(Millions of yen, figures are rounded down to the nearest million yen)

	Previous Fiscal Year (From Apr. 1, 2015 to Mar. 31, 2016)	Current Fiscal Year (From Apr. 1, 2016 to Mar. 31, 2017)
Profit	5,393	6,248
Other comprehensive income		
Net unrealized holding gains on securities	(1,818)	2,780
Deferred gains on hedges	(72)	12
Land revaluation reserve	427	0
Foreign currency translation adjustment	(153)	(584)
Total other comprehensive income	(1,616)	2,209
Comprehensive income	3,776	8,457
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	3,659	8,369
Comprehensive income attributable to non- controlling interests	116	88

### (3) Consolidated Statements of Changes in Net Assets

Previous Fiscal Year (From Apr. 1, 2015 to Mar. 31, 2016)

(Millions of yen, figures are rounded down to the nearest million yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Net assets at April 1, 2015	12,227	13,852	88,709	(144)	114,645
Changes of items during the period					
Cash dividends			(1,632)		(1,632)
Profit attributable to owners of parent			5,276		5,276
Reversal of revaluation reserve for land					
Acquisition of treasury stock				(1)	(1)
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	-	3,643	(1)	3,642
Balance at March 31, 2016	12,227	13,852	92,353	(146)	118,287

	accumulated other comprehensive income					Non-controlling interests	Total net assets
	Net unrealized holding gains on securities	Deferred gains on hedges	Land revaluation reserve	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Net assets at April 1, 2015	10,937	46	11,765	3,347	26,096	1,402	142,144
Changes of items during the period							
Cash dividends							(1,632)
Profit attributable to owners of parent							5,276
Reversal of revaluation reserve for land							-
Acquisition of treasury stock							(1)
Net changes of items other than shareholders' equity	(1,818)	(72)	427	(153)	(1,616)	116	(1,500)
Total changes of items during the period	(1,818)	(72)	427	(153)	(1,616)	116	2,142
Balance at March 31, 2016	9,119	(26)	12,193	3,193	24,479	1,518	144,286

Current Fiscal Year (From Apr. 1, 2016 to Mar. 31, 2017)

(Millions of yen, figures are rounded down to the nearest million yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Net assets at April 1, 2016	12,227	13,852	92,353	(146)	118,287
Changes of items during the period					
Cash dividends			(1,749)		(1,749)
Profit attributable to owners of parent			6,160		6,160
Reversal of revaluation reserve for land			(0)		(0)
Acquisition of treasury stock				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes of items during the Period	-	-	4,409	(0)	4,409
Balance at March 31, 2017	12,227	13,852	96,763	(146)	122,697

	accumulated other comprehensive income					Non-controlling interests	Total net assets
	Net unrealized holding gains on securities	Deferred gains on hedges	Land revaluation reserve	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Net assets at April 1, 2016	9,119	(26)	12,193	3,193	24,479	1,518	144,286
Changes of items during the period							
Cash dividends							(1,749)
Profit attributable to owners of parent							6,160
Reversal of revaluation reserve for land							(0)
Acquisition of treasury stock							(0)
Net changes of items other than shareholders' equity	2,780	12	0	(584)	2,209	88	2,297
Total changes of items during the period	2,780	12	0	(584)	2,209	88	6,707
Balance at March 31, 2017	11,899	(13)	12,193	2,608	26,688	1,607	150,993

#### (4) Consolidated Statements of Cash Flows

(Millions of yen, figures are rounded down to the nearest million yen)

	Previous Fiscal Year (From Apr. 1, 2015 to Mar. 31, 2016)	Current Fiscal Year (From Apr. 1, 2016 to Mar. 31, 2017)
<b>Net cash provided by (used in) operating activities</b>		
Profit before income taxes	8,064	9,075
Depreciation and amortization	7,835	7,321
Amortization of goodwill	170	159
Increase (decrease) in accrued bonuses for directors and statutory auditors	1	23
Increase (decrease) in Defined benefit liabilities	(24)	18
Decrease (increase) in Defined benefit assets	63	12
Increase (decrease) in retirement benefits for directors and statutory auditors	(206)	(3)
Increase (decrease) in provision for environmental measures	-	620
Interest and dividend income	(550)	(549)
Interest expense	1,497	1,263
Loss (gain) on sales of investment securities	(125)	(25)
Loss on disposal of fixed assets	16	18
Increase (decrease) in guarantee deposits received	(720)	388
Decrease (increase) in guarantee deposits	3	1
Decrease (increase) in accounts receivable-trade	6	(24)
Decrease (increase) in inventories	(9)	5
Increase (decrease) in accounts payable-trade	(37)	(266)
Increase (decrease) in accrued taxes on purchase of real estate	(504)	(2)
Decrease (increase) in accrued consumption taxes	2,193	(820)
Other, net	577	623
<b>Subtotal</b>	<b>18,252</b>	<b>17,838</b>
Interest and dividends received	550	549
Interest paid	(1,489)	(1,252)
Income taxes paid	(2,797)	(1,976)
<b>Net cash provided by (used in) operating activities</b>	<b>14,516</b>	<b>15,157</b>
<b>Net cash provided by (used in) investing activities</b>		
Purchases of property and equipment	(13,226)	(3,261)
Payments of expense for building reconstruction	(185)	-
Purchases of investment securities	-	(3)
Proceeds from sales of investment securities	142	198
Payments into time deposits	(1,193)	(434)
Proceeds from withdrawal of time deposits	1,031	374
Purchases of investments in subsidiaries resulting in change in scope of consolidation	-	(133)
Collections of long-term loans receivable	12	17
Other, net	(339)	(45)
<b>Net cash provided by (used in) investing activities</b>	<b>(13,758)</b>	<b>(3,287)</b>

(Millions of yen, figures are rounded down to the nearest million yen)

	Previous Fiscal Year (From Apr. 1, 2015 to Mar. 31, 2016)	Current Fiscal Year (From Apr. 1, 2016 to Mar. 31, 2017)
<b>Net cash provided by (used in) financing activities</b>		
Net increase (decrease) in commercial paper	(5,500)	-
Proceeds from long-term debt	16,500	5,000
Repayment of long-term debt	(12,026)	(7,770)
Proceeds from issuance of bonds	-	10,000
Redemption of bonds	-	(15,000)
Purchases of treasury stock	(1)	(0)
Dividends paid	(1,632)	(1,749)
Other, net	(2)	(103)
Net cash provided by (used in) financing activities	(2,661)	(9,624)
Effect of exchange rate change on cash and cash equivalents	48	163
Net increase (decrease) in cash and cash equivalents	(1,854)	2,409
Cash and cash equivalents at beginning of year	7,399	5,545
Cash and cash equivalents at end of year	5,545	7,954

## **(5) Notes to Consolidated Financial Statements**

### **(Going Concern Assumption)**

None applicable

### **(Important Matters that Form the Basis for Preparing Consolidated Financial Statements)**

#### 1. Scope of Consolidation

(1) Number of consolidated subsidiaries: 10

MOL Kosan Co., Ltd., Daibiru Facility Management, Ltd., Kosan Kanri Service Co., Ltd., Kosan Kanri Service · West Co., Ltd., Tanshin Building Services Co., Ltd., Nishinohon Sogo Setsubi Co., Ltd., Jentower Limited, Daibiru Saigon Tower Co., Ltd., White Lotus Properties Limited, VIBANK-NGT Co., Ltd.

Nishinohon Sogo Setsubi Co., Ltd. became a consolidated subsidiary after share acquisition in November 2016.

Daibiru Saigon Tower Co., Ltd. changed its name from Saigon Tower Co., Ltd. in March 2017.

VIBANK-NGT Co., Ltd. changed its name to Daibiru CSB Co., Ltd. in April 2017.

(2) There are no unconsolidated subsidiaries.

#### 2. Application of Equity Method

(1) There are no companies accounted for by the equity method.

(2) Number of affiliated companies not accounted for by the equity method: 1

Affiliated company            URBAN SERVICE CO., LTD.

Companies not accounted for by the equity method do not have a material effect on profit or loss (amount corresponding to the equity interest) and retained earnings (amount corresponding to the equity interest) and also have no significance as a whole, and therefore the equity method is not applied.

#### 3. Closing Dates of Consolidated Subsidiaries, etc.

Among consolidated subsidiaries, closing date of overseas consolidated subsidiaries is December 31, and the closing date of Tanshin Building Services Co., Ltd. and Nishinohon Sogo Setsubi Co., Ltd. is February 28. The consolidated financial statements are prepared using the financial statements as of their respective closing dates, and necessary adjustments are made on consolidation for significant transactions which occur between such closing dates and the consolidated balance sheet date.

### **(Changes in Accounting Policies)**

In line with the revisions to the Corporation Tax Act of Japan, the Company and its domestic consolidated subsidiaries applied the Practical Solution on a change in depreciation method due to Tax Reform 2016 (Practical Issues Task Force (PITF) No. 32, June 17, 2016) from the current fiscal year. Accordingly, the depreciation method for facilities attached to buildings and structures acquired on or after April 1, 2016 was changed from the declining-balance method to the straight-line method.

As a result, operating income, ordinary income, and profit before income taxes for the current fiscal year each increased by ¥31 million.



### (Changes in Accounting Estimates)

Regarding expenses related to disposal, etc. of polychlorinated biphenyl (PCB) waste in accordance with the Act on Special Measures concerning Promotion of Proper Treatment of PCB Wastes, since a reasonable estimate of the amount expected to be required in the future can be made, such treatment expenses have been recorded as provision for environmental measures from the current fiscal year. As a result, provision for environmental measures of ¥620 million was recorded under extraordinary loss, and profit before income taxes decreased by the same amount.

### (Investment and Rental Properties)

The Company and some subsidiaries are leasing land, office and commercial buildings and apartments as lessors in Osaka, Tokyo, Vietnam and other locations of Japan.

The fair values and book values were as follows:

(Millions of yen, figures are rounded down to the nearest million yen)

Book value	Previous fiscal year (From Apr. 1, 2015 to Mar. 31, 2016)	Current fiscal year (From Apr. 1, 2016 to Mar. 31, 2017)
As of the previous fiscal year	322,422	317,680
Net increase through the current fiscal year	(4,742)	(6,241)
As of the current fiscal year	317,680	311,438
Fair value of the current fiscal year	464,417	477,110

- Notes:
1. The consolidated balance sheets amounts refer to the acquisition amount after the deduction of accumulated depreciation.
  2. The main factors contributing to the increase in book value of investment and rental property through the year ended March 31, 2016, were the increase from Renewal construction of the Hibiya Daibiru Building in the amount of ¥1,367 million and acquisition of land adjacent to “reserved land” under the Land Readjustment Project in the vicinity of Akihabara Station in the amount of ¥724 million, and the decrease from depreciation in the amount of ¥7,580 million. The main factors contributing to the increase in book value of investment and rental property through the year ended March 31, 2017, were the decrease from depreciation in the amount of ¥7,094 million.
  3. The fair values of major properties as of the year ended March 31, 2016 and 2017 are based on appraisal reports by external real estate appraisers. Minor land values are based on adjusted values with indexes linked to market prices, and other values are based on book value. The values of properties newly acquired during the periods were based on book value, as the fluctuations in fair value were thought to be minimal.

Gain and loss from leasing properties were as follows:

(Millions of yen, figures are rounded down to the nearest million yen)

	Previous fiscal year (From Apr. 1, 2015 to Mar. 31, 2016)	Current fiscal year (From Apr. 1, 2016 to Mar. 31, 2017)
Revenue from operations	27,926	29,767
Cost of revenue from operations	17,504	17,407

Operating gross profit	10,421	12,359
Other income (expenses)	(8)	(15)

- Notes:
1. Revenue from operations and cost of revenue from operations refer to rent income of real estate and expenses corresponding thereto (depreciation and amortization, repairing expenses, utilities expenses, cleaning expenses, personnel expenses, taxes and dues, etc.)
  2. “Other income (expenses)” of previous fiscal year primarily included loss on disposal of fixed assets of ¥8 million listed under “Extraordinary loss.”  
“Other income (expenses)” of current fiscal year primarily included loss on disposal of fixed assets of ¥15 million listed under “Extraordinary loss.”

### (Segment Information)

#### 1. Outline of reportable segments

The Company’s reportable segments provide individual financial information, and the Board of Directors conducts periodical reviews of the information to make decisions on the allocation of management resources and to evaluate business results.

The businesses of the Daibiru Group comprise segments classified by the services they provide. For the years under review, there are two reportable segments, “Leasing” and “Facility Management.”

As for “Leasing,” we primarily engage in the leasing of buildings, including office buildings, land and parking spaces, and conduct janitorial services, facility management and security control for “Facility Management.”

#### 2. Method of calculation for revenue, income, assets and other items by reportable segment

Income by reportable segment is stated based on operating income. Intersegment amounts are based on market values.

#### 3. Information on the amount of revenue, income, assets, and other items by reportable segment

Previous fiscal year (Apr. 1, 2015 to Mar. 31, 2016)

(Millions of yen, figures are rounded down to the nearest million yen)

	Reportable segment			Other (Note 1)	Total	Adjustment (Note 2)	Consolidated (Note 3)
	Leasing	Facility Management	Total				
Revenue:							
Outside customers	28,551	8,197	36,748	595	37,344	—	37,344
Intersegment	105	2,183	2,288	—	2,288	(2,288)	—
Total Sales	28,656	10,380	39,037	595	39,633	(2,288)	37,344
Segment income	9,554	663	10,218	245	10,463	(1,349)	9,114
Assets	324,502	3,030	327,533	55	327,588	24,221	351,810
Depreciation and amortization	7,815	20	7,835	—	7,835	—	7,835
Increase in property and equipment and intangible assets	3,278	14	3,293	—	3,293	—	3,293

- Notes:
1. “Other” is a business segment that is not included in the reportable segments and refers to construction and real estate agency, etc.
  2. The amount of adjustment is as follows:

- (1) The adjustment was minus ¥1,349 million for segment income is mainly the corporate expense of ¥1,358 million that has not been allocated to reportable segments. Corporate expense is primarily expense related to administrative departments, including the Human Resources and General Affairs Department at headquarters, that does not belong to the reportable segment.
- (2) The adjustment to segment assets was ¥24,221 million consisting of corporate assets of ¥24,221 million that has not been allocated to reportable segments. Corporate assets are primarily cash and cash equivalents, investment securities, and deferred tax assets, etc.
3. Segment income is adjusted to operating income on Consolidated Statements of Income.

Current fiscal year (Apr. 1, 2016 to Mar. 31, 2017)

(Millions of yen, figures are rounded down to the nearest million yen)

	Reportable segment			Other (Note 1)	Total	Adjustment (Note 2)	Consolidated (Note 3)
	Leasing	Facility Management	Total				
Revenue:							
Outside customers	30,389	8,571	38,960	490	39,451	—	39,451
Intersegment	104	2,231	2,336	—	2,336	(2,336)	—
Total Sales	30,494	10,802	41,296	490	41,787	(2,336)	39,451
Segment income	11,534	540	12,074	190	12,264	(1,570)	10,693
Assets	317,877	3,269	321,146	47	321,193	30,451	351,645
Depreciation and amortization	7,307	13	7,321	—	7,321	—	7,321
Increase in property and equipment and intangible assets	1,890	3	1,893	—	1,893	—	1,893

- Notes: 1. "Other" is a business segment that is not included in the reportable segments and refers to construction and real estate agency, etc.
2. The amount of adjustment is as follows:
- (1) The adjustment was minus ¥1,570 million for segment income is mainly the corporate expense of ¥1,579 million that has not been allocated to reportable segments. Corporate expense is primarily expense related to administrative departments, including the Human Resources and General Affairs Department at headquarters, that does not belong to the reportable segment.
- (2) The adjustment to segment assets was ¥30,451 million consisting of corporate assets of ¥30,451 million that has not been allocated to reportable segments. Corporate assets are primarily cash and cash equivalents, investment securities, and deferred tax assets, etc.
3. Segment income is adjusted to operating income on Consolidated Statements of Income.

#### (Related Information)

Previous fiscal year (Apr. 1, 2015 to Mar. 31, 2016)

1. Information by product and service

The information is omitted because similar information is listed in "Segment Information."

2. Geographical information

(1) Revenue

The information is omitted because the amount of sales to outside customers domestic exceeds 90% of the amount of Revenue from operations listed in the Consolidated Statements of Income.

(2) Property and equipment

The information is omitted because the amount of property and equipment that the Company owns domestically exceeds 90% of the amount of property and equipment listed in the Consolidated Balance Sheets.

3. Information by major customer

Not applicable because there is no outside customer who represent 10% or more of the revenue on the Consolidated Statements of Income.

Current fiscal year (Apr. 1, 2016 to Mar. 31, 2017)

1. Information by product and service

The information is omitted because similar information is listed in "Segment Information."

2. Geographical information

(1) Revenue

The information is omitted because the amount of sales to outside customers domestic exceeds 90% of the amount of Revenue from operations listed in the Consolidated Statements of Income.

(2) Property and equipment

The information is omitted because the amount of property and equipment that the Company owns domestically exceeds 90% of the amount of property and equipment listed in the Consolidated Balance Sheets.

3. Information by major customer

Not applicable because there is no outside customer who represent 10% or more of the revenue on the Consolidated Statements of Income.

**(Information regarding Impairment Loss on Fixed Assets by Reportable Segment)**

Not applicable.

**(Information regarding Goodwill Depreciation Amount and the Balance of Undepreciated Cost by Reportable Segment)**

Current fiscal year (Apr. 1, 2015 to Mar. 31, 2016)

(Millions of yen, figures are rounded down to the nearest million yen)

	Reportable segment			Other	Adjustment	Consolidated
	Leasing	Facility Management	Total			
Depreciation in the current period	134	35	170	-	-	170
Balance of undepreciated cost	2,263	71	2,335	-	-	2,335

Current fiscal year (Apr. 1, 2016 to Mar. 31, 2017)

(Millions of yen, figures are rounded down to the nearest million yen)

	Reportable segment			Other	Adjustment	Consolidated
	Leasing	Facility Management	Total			
Depreciation in the current period	120	39	159	-	-	159
Balance of undepreciated cost	2,048	35	2,084	-	-	2,084

**(Information regarding Gain on Negative Goodwill by Reportable Segment)**

Not applicable.