

Financial Highlights for Fiscal 2018 (Unaudited)
(Apr. 1, 2018– Mar. 31, 2019)

DAIBIRU CORPORATION

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

Apr. 26, 2019

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: Toshiyuki Sonobe, Representative Director, President Chief Executive Officer
 Scheduled Date of the Annual Shareholders' Meeting: June 26, 2019
 Scheduled Date of Commencing Dividend Payments: June 27, 2019
 Scheduled Date of the Annual Securities Report: June 27, 2019

(Figures are rounded down to the nearest million yen)

1. Consolidated Results for Fiscal 2018 (Apr. 1, 2018 to Mar. 31, 2019)

(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 2018	40,637	0.6	10,329	(6.6)	9,953	(6.5)	6,993	(3.7)
Fiscal 2017	40,400	2.4	11,055	3.4	10,640	9.8	7,260	17.9

Note: Comprehensive income
 Mar. 31, 2019: ¥388 million (-95.5%) Mar. 31, 2018: ¥8,605 million (1.7%)

	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 2018	59.96	-	4.5	2.8	25.4
Fiscal 2017	62.25	-	4.8	3.0	27.4

Reference: Equity in earnings (losses) of affiliates
 Mar. 31, 2019: ¥229 million Mar. 31, 2018: ¥389 million

(ii) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Fiscal 2018	364,754	155,728	42.2	1,319.81
Fiscal 2017	351,291	157,673	44.4	1,337.32

Reference: Equity
 Mar. 31, 2019: ¥153,925 million Mar. 31, 2018: ¥155,967 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 2018	14,101	(12,565)	9,453	15,403
Fiscal 2017	13,957	(7,847)	(10,131)	4,155

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 2017	-	8.50	-	10.50	19.00	2,215	30.5	1.5
Fiscal 2018	-	9.50	-	10.50	20.00	2,332	33.4	1.5
Fiscal 2019 (forecast)	-	10.50	-	10.50	21.00		34.0	

3. Forecast of Consolidated Results for Fiscal 2019 (Apr. 1, 2019 to Mar. 31, 2020)

(% 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 2019	42,000	3.4	11,000	6.5	10,500	5.5	7,200	3.0	61.74	

* Notes

(i) Significant changes of subsidiaries during the period under review (affecting specified subsidiaries which result in changes in scope of consolidation): Yes

New Consolidation: Daibiru Holdings Australia Pty Ltd

(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: None

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 2018	116,851,049 shares
Fiscal 2017	116,851,049 shares

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

Fiscal 2018	224,413 shares
Fiscal 2017	224,074 shares

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

Fiscal 2018	116,626,829 shares
Fiscal 2017	116,627,295 shares

(Reference) Summary of Non-consolidated Results

1. Non-consolidated Results for Fiscal 2018 (Apr. 1, 2018 to Mar. 31, 2019)

(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 2018	28,561	(1.0)	9,133	(7.4)	9,554	0.0	6,885	2.6
Fiscal 2017	28,848	1.9	9,861	1.9	9,551	3.2	6,712	10.5

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal 2018	59.04	-
Fiscal 2017	57.55	-

(ii) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Fiscal 2018	356,763	151,446	42.5	1,298.56
Fiscal 2017	342,690	152,861	44.6	1,310.69

Reference: Equity

Mar. 31, 2019: ¥151,446 million Mar. 31, 2018: ¥152,861 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 2019" on page 4 of Attached Reference.

Daibiru is scheduled to hold an analysts' meeting on May 17, 2019. 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 2018

In fiscal 2018, the Japanese economy was on a moderate recovery trend as capital investment increased and consumer spending continued to pick up as a result of improvements in corporate earnings as well as the employment and income environment, despite heightened uncertainty regarding the future due to trade and other issues.

For the office leasing segment, strong conditions continued mainly due to continued low levels of vacancy rates of office buildings in the central business districts (CBD) of Tokyo and Osaka and a moderate upward trend in rent rates, backed by robust demand.

Amid such environment, the Daibiru Group actively developed its business activities. Simultaneously, the Group 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 enabled the Daibiru Group to secure high occupancy rates.

Under the medium-term management plan “Design 100” Project Phase-II (fiscal 2018 to fiscal 2022), which was formulated in April last year, the Company set five priority strategies: “Investment in high-end office properties in CBD,” “Expansion of investments targets,” “Improvement of overseas businesses,” “Investment to enhance the competitiveness of existing assets,” and “Enhancement and expansion of property maintenance businesses.” In fiscal 2018, the first year of this five-year plan, the Company steadily made achievements.

In August last year, as one of the priority strategies “Improvement of overseas businesses,” the Company concluded an agreement with the John Holland Group, a leading general contractor and developer in Australia, to acquire “275 George Street,” an office building development project located in the Sydney CBD in Australia, where the Company had been searching for new opportunities to acquire properties as the second destination for overseas investments following Vietnam. This project is planned for completion in midyear of 2020 (15 floors above ground, 3 floors below ground, net leasable area of approx. 7,200 m²). In February of this year, as part of “Investment to enhance the competitiveness of existing assets,” renewal construction of the Shiba Daibiru Building was completed as planned.

As for the “Akihabara Project” (tentative name, Chiyoda-ku, Tokyo, 11 floors above ground, 2 floors below ground, gross floor area approx. 5,000 m²), which is a commercial building located near Akihabara Station and is under development as part of “Expansion of investments targets,” construction is proceeding smoothly toward its grand opening in autumn in 2019, and steady progress has been made in the selection of tenants as well.

With regard to operating results of fiscal 2018, revenue from operations increased ¥237 million, or 0.6%, year on year to ¥40,637 million, and operating income decreased ¥725 million, or 6.6%, to ¥10,329 million.

As for non-operating income and expenses, ordinary income decreased ¥687 million, or 6.5%, to ¥9,953 million, due to a decrease in share of profit of entities accounted for using equity method, despite an improvement in the financial balance and a decrease in foreign exchange losses.

With regard to extraordinary income and loss, for fiscal 2018, gain on sales of investment securities of ¥297 million was recorded under extraordinary income, and a total of ¥150 million was recorded under extraordinary loss, including loss on building reconstruction and loss on disposal of fixed assets. For fiscal 2017, loss on disposal of fixed assets of ¥41 million was recorded under extraordinary loss.

As a result, profit attributable to owners of parent decreased ¥266 million, or 3.7%, to ¥6,993 million.

Operating results by segment were as follows.

1) Leasing

In this segment, which accounts for 76.1% of consolidated revenue, for fiscal 2018, revenue from operations decreased ¥229 million, or 0.7%, to ¥30,917 million mainly due to decreased revenue from some existing buildings. Operating income decreased ¥594 million, or 5.0%, to ¥11,407 million mainly due to an increase in depreciation and amortization caused by changes to the useful lives of buildings planned for reconstruction.

2) Facility Management

In this segment, which accounts for 22.6% of consolidated revenue, revenue from operations increased ¥341 million, or 3.9%, to ¥9,186 million mainly due to orders for new commissioned properties, but operating income decreased ¥34 million, or 6.1%, to ¥533 million.

3) Other Businesses

In this segment, which accounts for 1.3% of consolidated revenue, revenue from operations increased ¥125 million, or 30.7%, to ¥534 million and operating income increased ¥10 million, or 5.3%, to ¥206 million, mainly due to an increase in construction management fees and construction subcontracting values caused by tenants entering properties.

(2) Overview of Financial Position for Fiscal 2018

Total assets at the end of the current fiscal year were ¥364,754 million, an increase of ¥13,463 million from the end of the previous fiscal year. Current assets increased ¥11,663 million from the end of the previous fiscal year to ¥17,958 million. This is mainly due to an increase in cash and cash equivalents. Noncurrent assets increased ¥1,799 million from the end of the previous fiscal year to ¥346,796 million. This is mainly due to a net increase owing to increases in land and construction in progress, despite a decrease in buildings and structures owing to depreciation, a decrease in other intangible assets, and a decrease in investment securities mainly owing to the capital reduction and a decline in the stock markets.

Liabilities at the end of the current fiscal year were ¥209,025 million, an increase of ¥15,408 million from the end of the previous fiscal year. Current liabilities increased ¥5,038 million from the end of the previous fiscal year to ¥21,083 million. This is mainly due to an increase in current portion of bonds payable, despite a decrease in commercial paper. Long-term liabilities increased ¥10,369 million from the end of the previous fiscal year to ¥187,942 million. This is mainly due to increases in long-term debt and deferred tax liabilities for land revaluation.

Net assets at the end of the current fiscal year decreased ¥1,944 million from the end of the previous fiscal year to ¥155,728 million. This is mainly due to decreases in land revaluation reserve and foreign currency translation adjustment despite an increase in retained earnings.

(3) Overview of Cash Flows for Fiscal 2018

Cash and cash equivalents for the current fiscal year were ¥15,403 million, an increase of ¥11,247 million from the previous fiscal year. Changes in cash flows and their causes are explained below:

Net cash provided by operating activities was ¥14,101 million, larger by ¥143 million from the previous fiscal year. This is mainly due to an increase in interest and dividend income, despite decreases in profit before income taxes and accounts payable-trade.

Net cash used in investing activities was ¥12,565 million, larger by ¥4,717 million from the previous fiscal year. This is mainly due to purchases of property and equipment, despite proceeds from capital reduction of investment securities.

Net cash provided by financing activities was ¥9,453 million, due mainly to proceeds from long-term debt and proceeds from issuance of bonds. For the previous fiscal year, net cash used in financing activities was ¥10,131 million, due mainly to repayment of interest bearing debt.

(Reference) Changes in cash flows-related indicators

	Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018
Equity ratio (%)	38.8	40.6	42.5	44.4	42.2
Equity ratio on a market value basis (%)	39.9	31.5	32.4	40.9	33.6
Ratio of interest bearing debt to operating cash flows (years)	13.8	10.8	9.9	10.1	10.9
Interest coverage ratio (times)	7.9	9.7	12.1	11.8	11.9

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 2019

In the next fiscal year, revenue from operations is projected to increase to ¥42.0 billion, up 3.4%, owing to contributions from the operation of the newly constructed building including "Akihabara Project (tentative name)" and improvement in the revenue from operations of the existing buildings, etc. Regarding expenses, depreciation and amortization is expected to decrease while fixed property tax is expected to increase.

Accordingly, operating income is expected to increase 6.5% to ¥11.0 billion, ordinary income is expected to

increase 5.5% to ¥10.5 billion, and profit attributable to owners of parent is expected to increase 3.0% to ¥7.2 billion.

(5) Fundamental Policy of Profit Allocations and Dividend Payment for Fiscal 2018 and 2019

For fiscal 2018, our business performed steadily both domestically and overseas. Owing to this, combined with the recording of share of profit of entities accounted for using equity method, etc., we were able to secure profit attributable to owners of parent that exceeded the initial forecast.

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 the medium-term management plan announced in April last year, the consolidated dividend payout ratio was revised to pay stable dividends with a target of 30–35% from fiscal 2018.

This being the case, the year-end dividend for fiscal 2018 is expected to be ¥10.5 per share, ¥1.0 higher than our most recent dividend forecast (¥9.5). As a result, the annual dividend per share will be ¥20.0 (an interim dividend of ¥9.5 and year-end dividend of ¥10.5), with the consolidated dividend payout ratio standing at 33.4%. Additionally, in fiscal 2019, the annual dividend per share is expected to be ¥21.0 (an interim dividend of ¥10.5 and year-end dividend of ¥10.5), with the consolidated dividend payout ratio expected to be 34.0%.

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, 2018	Current Fiscal Year As of March 31, 2019
Assets		
Current assets		
Cash and cash equivalents	4,529	15,765
Accounts receivable—trade	998	1,079
Inventories	53	52
Other current assets	718	1,072
Allowance for doubtful accounts	(6)	(11)
Total current assets	6,294	17,958
Noncurrent assets		
Property and equipment		
Buildings and structures	225,629	227,004
Accumulated depreciation	(116,908)	(123,445)
Buildings and structures, net	108,720	103,558
Land	157,695	159,559
Land in trust	31,231	31,231
Construction in progress	198	12,118
Other	4,031	4,092
Accumulated depreciation	(3,635)	(3,752)
Other, net	395	340
Net property and equipment	298,243	306,809
Intangible assets		
Goodwill	1,857	1,698
Other	12,417	11,823
Total intangible assets	14,275	13,522
Investments and other assets		
Investment securities	30,203	24,124
Long-term loans receivable	18	10
Defined benefit assets	503	435
Deferred tax assets	204	267
Other	1,580	1,642
Allowance for doubtful accounts	(33)	(15)
Total investments and other assets	32,478	26,464
Total noncurrent assets	344,996	346,796
Total assets	351,291	364,754

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

	Previous Fiscal Year As of March 31, 2018	Current Fiscal Year As of March 31, 2019
Liabilities		
Current liabilities		
Current portion of long-term debt	3,130	3,680
Current portion of bond	-	10,000
Commercial paper	5,000	-
Accrued income and enterprise taxes	1,639	2,021
Accrued consumption taxes	201	470
Accrued bonuses for directors and statutory auditors	79	63
Other current liabilities	5,993	4,847
Total current liabilities	16,044	21,083
Long-term liabilities		
Bonds payable	80,000	80,000
Long-term debt	53,412	59,732
Guarantee deposits received	25,353	24,802
Deferred tax liabilities	8,852	8,103
Deferred tax liabilities for land revaluation	8,024	13,439
Retirement benefits for directors and statutory auditors	61	66
Defined benefit liabilities	787	799
Provision for environmental measures	620	620
Other long-term liabilities	460	379
Total long-term liabilities	177,573	187,942
Total liabilities	193,617	209,025
Net assets		
Shareholders' equity		
Common stock	12,227	12,227
Capital surplus	13,852	13,852
Retained earnings	102,099	106,759
Treasury stock	(147)	(148)
Total shareholders' equity	128,032	132,692
Accumulated other comprehensive income		
Net unrealized holding gains on securities	13,512	12,962
Deferred gains on hedges	(4)	(7)
Land revaluation reserve	12,193	6,779
Foreign currency translation adjustment	2,233	1,498
Total accumulated other comprehensive income	27,934	21,233
Non-controlling interests	1,706	1,803
Total net assets	157,673	155,728
Total liabilities and net assets	351,291	364,754

(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, 2017 to Mar. 31, 2018)	Current Fiscal Year (From Apr. 1, 2018 to Mar. 31, 2019)
Revenue from operations	40,400	40,637
Cost of revenue from operations	25,529	26,310
Operating gross profit	14,870	14,327
Selling, general and administrative expenses	3,814	3,997
Operating income	11,055	10,329
Non-operating income		
Interest income	41	40
Dividend income	587	665
Share of profit of entities accounted for using equity method	389	229
Other	30	55
Total non-operating income	1,048	990
Non-operating expenses		
Interest expense	1,173	1,199
Foreign exchange losses	101	46
Other	188	121
Total non-operating expenses	1,463	1,367
Ordinary income	10,640	9,953
Extraordinary income		
Gain on sales of investment securities	–	297
Total extraordinary income	–	297
Extraordinary loss		
Loss on building reconstruction	–	65
Loss on disposal of fixed assets	41	40
Loss on valuation of investment securities	–	21
Loss on sales of investment securities	–	19
Other	–	4
Total extraordinary losses	41	150
Profit before income taxes	10,599	10,100
Income taxes—current	3,095	3,488
Income taxes—deferred	144	(478)
Total income taxes	3,240	3,009
Profit	7,359	7,090
Profit attributable to non-controlling interests	98	97
Profit attributable to owners of parent	7,260	6,993

Consolidated Statements of Comprehensive Income

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

	Previous Fiscal Year (From Apr. 1, 2017 to Mar. 31, 2018)	Current Fiscal Year (From Apr. 1, 2018 to Mar. 31, 2019)
Profit	7,359	7,090
Other comprehensive income		
Net unrealized holding gains on securities	1,613	(550)
Deferred gains on hedges	8	(2)
Land revaluation reserve	-	(5,414)
Foreign currency translation adjustment	(472)	(649)
Share of other comprehensive income of entities accounted for using equity method	96	(84)
Total other comprehensive income	1,246	(6,701)
Comprehensive income	8,605	388
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	8,506	291
Comprehensive income attributable to non- controlling interests	98	97

(3) Consolidated Statements of Changes in Net Assets

Previous Fiscal Year (From Apr. 1, 2017 to Mar. 31, 2018)

(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, 2017	12,227	13,852	96,763	(146)	122,697
Changes of items during the period					
Cash dividends			(1,924)		(1,924)
Profit attributable to owners of parent			7,260		7,260
Acquisition of treasury stock				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes of items during the Period	-	-	5,335	(0)	5,334
Balance at March 31, 2018	12,227	13,852	102,099	(147)	128,032

	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, 2017	11,899	(13)	12,193	2,608	26,688	1,607	150,993
Changes of items during the period							
Cash dividends							(1,924)
Profit attributable to owners of parent							7,260
Acquisition of treasury stock							(0)
Net changes of items other than shareholders' equity	1,613	8	-	(375)	1,246	98	1,345
Total changes of items during the period	1,613	8	-	(375)	1,246	98	6,679
Balance at March 31, 2018	13,512	(4)	12,193	2,233	27,934	1,706	157,673

Current Fiscal Year (From Apr. 1, 2018 to Mar. 31, 2019)

(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, 2018	12,227	13,852	102,099	(147)	128,032
Changes of items during the period					
Cash dividends			(2,332)		(2,332)
Profit attributable to owners of parent			6,993		6,993
Acquisition of treasury stock				(0)	(0)
Disposal of treasury stock		0		0	0
Net changes of items other than shareholders' equity					
Total changes of items during the Period	-	0	4,660	(0)	4,660
Balance at March 31, 2019	12,227	13,852	106,759	(148)	132,692

	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, 2018	13,512	(4)	12,193	2,233	27,934	1,706	157,673
Changes of items during the period							
Cash dividends							(2,332)
Profit attributable to owners of parent							6,993
Acquisition of treasury stock							(0)
Disposal of treasury stock							0
Net changes of items other than shareholders' equity	(550)	(2)	(5,414)	(734)	(6,701)	97	(6,604)
Total changes of items during the period	(550)	(2)	(5,414)	(734)	(6,701)	97	(1,944)
Balance at March 31, 2019	12,962	(7)	6,779	1,498	21,233	1,803	155,728

(4) Consolidated Statements of Cash Flows

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

	Previous Fiscal Year (From Apr. 1, 2017 to Mar. 31, 2018)	Current Fiscal Year (From Apr. 1, 2018 to Mar. 31, 2019)
Net cash provided by (used in) operating activities		
Profit before income taxes	10,599	10,100
Depreciation and amortization	6,932	7,285
Amortization of goodwill	159	120
Increase (decrease) in accrued bonuses for directors and statutory auditors	15	(15)
Increase (decrease) in Defined benefit liabilities	(12)	11
Decrease (increase) in Defined benefit assets	(26)	68
Increase (decrease) in retirement benefits for directors and statutory auditors	11	4
Interest and dividend income	(628)	(705)
Interest expense	1,173	1,199
Share of (profit) loss of entities accounted for using equity method	(389)	(229)
Loss (gain) on sales of investment securities	–	(277)
Loss (gain) on valuation of investment securities	–	21
Loss on disposal of fixed assets	41	40
Increase (decrease) in guarantee deposits received	(281)	(540)
Decrease (increase) in guarantee deposits	1	(2)
Decrease (increase) in accounts receivable–trade	18	(80)
Decrease (increase) in inventories	(1)	0
Increase (decrease) in accounts payable–trade	400	(322)
Decrease (increase) in accrued consumption taxes	(342)	268
Other, net	213	130
Subtotal	17,884	17,077
Interest and dividends received	628	1,320
Interest paid	(1,187)	(1,185)
Income taxes paid	(3,367)	(3,111)
Net cash provided by (used in) operating activities	13,957	14,101
Net cash provided by (used in) investing activities		
Purchases of property and equipment	(3,065)	(17,294)
Purchases of investment securities	(4,671)	–
Proceeds from sales of investment securities	–	347
Proceeds from capital reduction of investment securities	–	4,671
Payments into time deposits	(370)	(388)
Proceeds from withdrawal of time deposits	421	369
Collections of long-term loans receivable	27	8
Other, net	(188)	(279)
Net cash provided by (used in) investing activities	(7,847)	(12,565)

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

	Previous Fiscal Year (From Apr. 1, 2017 to Mar. 31, 2018)	Current Fiscal Year (From Apr. 1, 2018 to Mar. 31, 2019)
Net cash provided by (used in) financing activities		
Net increase (decrease) in commercial paper	5,000	(5,000)
Proceeds from long-term debt	10,000	10,000
Repayment of long-term debt	(23,130)	(3,130)
Proceeds from issuance of bonds	-	10,000
Purchases of treasury stock	(0)	(0)
Dividends paid	(1,924)	(2,332)
Other, net	(76)	(83)
Net cash provided by (used in) financing activities	(10,131)	9,453
Effect of exchange rate change on cash and cash equivalents	222	258
Net increase (decrease) in cash and cash equivalents	(3,798)	11,247
Cash and cash equivalents at beginning of year	7,954	4,155
Cash and cash equivalents at end of year	4,155	15,403

(5) Notes to Consolidated Financial Statements

(Going Concern Assumption)

Not applicable

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

1. Scope of Consolidation

(1) Number of consolidated subsidiaries: 13

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, Daibiru CSB Co., Ltd., Daibiru Holdings Australia Pty Ltd, Margaret George Investment Custodian Pty Ltd, Margaret George Investment Trust.

From the current fiscal year, Daibiru Holdings Australia Pty Ltd and Margaret George Investment Custodian Pty Ltd, which were established in June 2018, and Margaret George Investment Trust, to which Daibiru Holdings Australia Pty Ltd made equity investments in July 2018, have been included in the scope of consolidation.

(2) There are no unconsolidated subsidiaries.

2. Application of Equity Method

(1) Number of affiliated companies accounted for by the equity method. : 1

Affiliated company M&D SUN PTE. LTD.

(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) The affiliated companies accounted for by the equity method which have different closing dates are included in the Consolidated Financial Statements based on their respective fiscal year-end. And necessary adjustments are made on consolidation for significant transactions which occur between such closing dates and the consolidated balance sheet date.

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 Estimates)

The Company, at its Board of Directors meeting held on April 27, 2018, resolved to reconstruct certain buildings which it owns. In conjunction with this resolution, starting from the current fiscal year, the useful lives of property and equipment relating to these buildings have been shortened and changed into the future. As a result, for the current fiscal year, cost of revenue from operations increased by ¥598 million, and operating gross profit, operating income, ordinary income and profit before income taxes decreased by ¥598 million, respectively, compared to the previous method.

(Investment and Rental Properties)

The Company and some subsidiaries are leasing land, office and commercial buildings and apartments as lessors in Osaka, Tokyo, Vietnam, Australia 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, 2017 to Mar. 31, 2018)	Current fiscal year (From Apr. 1, 2018 to Mar. 31, 2019)
As of the previous fiscal year	311,438	307,964
Net increase through the current fiscal year	(3,474)	7,424
As of the current fiscal year	307,964	315,388
Fair value of the current fiscal year	491,318	528,418

- Notes:
1. The consolidated balance sheets amounts refer to the acquisition amount after the deduction of accumulated depreciation.
 2. The main factors contributing to net increase (decrease) through the current fiscal year for the previous fiscal year (from Apr. 1, 2017 to Mar. 31, 2018) were the increase from additional purchase of the land for the “Akihabara Project (tentative name)” in the amount of ¥546 million and the decrease from depreciation in the amount of ¥6,707 million.
The main factors contributing to net increase (decrease) through the current fiscal year for the current fiscal year (from Apr. 1 2018 to Mar. 31, 2019) were the increase from acquisition of “275 George Street,” an office building development project in Australia, in the amount of ¥10,524 million and new construction of the “Akihabara Project (tentative name)” in the amount of ¥1,359 million as well as the decrease from depreciation in the amount of ¥7,074 million.
 3. The fair values of domestic major properties as of the year ended March 31, 2018 and 2019 are based on appraisal reports by external real estate appraisers. Domestic minor land values are based on adjusted values with indexes linked to market prices, and other values are based on book value. The fair value of real estate in overseas countries is appraised principally by local real estate appraisers. 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, 2017 to Mar. 31, 2018)	Current fiscal year (From Apr. 1, 2018 to Mar. 31, 2019)
Revenue from operations	30,491	30,245
Cost of revenue from operations	17,603	17,882
Operating gross profit	12,888	12,362
Other income (expenses)	(37)	(105)

- 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 ¥37 million listed under “Extraordinary loss.”
“Other income (expenses)” of current fiscal year primarily included loss on building reconstruction of ¥65 million and loss on disposal of fixed assets of ¥39 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.

As stated in Changes in Accounting Estimates, starting from the current fiscal year, the useful lives of property and equipment relating to the buildings scheduled for rebuilding have been changed.

As a result of this change, for fiscal 2018, segment income of the “Leasing” segment decreased by ¥598 million.

3. Information on the amount of revenue, income, assets, and other items by reportable segment
Previous fiscal year (Apr. 1, 2017 to Mar. 31, 2018)

(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	31,146	8,844	39,991	408	40,400	—	40,400
Intersegment	107	2,264	2,372	—	2,372	(2,372)	—
Total Sales	31,254	11,108	42,363	408	42,772	(2,372)	40,400
Segment income	12,001	568	12,569	196	12,765	(1,709)	11,055
Assets	319,365	2,651	322,017	46	322,064	29,382	351,446
Depreciation and amortization	6,920	12	6,932	—	6,932	—	6,932
Increase in property and equipment and intangible assets	4,001	7	4,009	—	4,009	—	4,009

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 ¥1,709 million for segment income is mainly the corporate expense of ¥1,721 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 ¥29,382 million consisting mainly of corporate assets of ¥29,547 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, 2018 to Mar. 31, 2019)

(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	30,917	9,186	40,103	534	40,637	—	40,637
Intersegment	112	2,308	2,420	—	2,420	(2,420)	—
Total Sales	31,029	11,494	42,524	534	43,058	(2,420)	40,637
Segment income	11,407	533	11,940	206	12,147	(1,817)	10,329
Assets	328,407	2,825	331,232	45	331,278	33,476	364,754
Depreciation and amortization	7,273	11	7,285	—	7,285	—	7,285
Increase in property and equipment and intangible assets	16,204	15	16,219	—	16,219	—	16,219

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 ¥1,817 million for segment income is mainly the corporate expense of ¥1,827 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 ¥33,476 million consisting of corporate assets of ¥33,655 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, 2017 to Mar. 31, 2018)

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, 2018 to Mar. 31, 2019)

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)

Previous fiscal year (Apr. 1, 2017 to Mar. 31, 2018)

(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	123	35	159	-	-	159
Balance of undepreciated cost	1,857	-	1,857	-	-	1,857

Current fiscal year (Apr. 1, 2018 to Mar. 31, 2019)

(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	-	120	-	-	120
Balance of undepreciated cost	1,698	-	1,698	-	-	1,698

(Information regarding Gain on Negative Goodwill by Reportable Segment)

Not applicable.

(Per-share Information)

	Previous fiscal year (From Apr. 1, 2017 to Mar. 31, 2018)	Current fiscal year (From Apr. 1, 2018 to Mar. 31, 2019)
Net assets per share	1,337.32 yen	1,319.81 yen
Net income per share	62.25 yen	59.96 yen

(Notes) 1. Fully diluted net income per share is not presented, as there are no potentially dilutive shares.

2. Net income per share is calculated based on the following.

	Previous fiscal year (From Apr. 1, 2017 to Mar. 31, 2018)	Current fiscal year (From Apr. 1, 2018 to Mar. 31, 2019)
Net income attributable to owners of parent (million yen)	7,260	6,993
Amount not attributable to common stock shareholders (million yen)	–	–
Net income attributable to owners of the parent related to common stock (million yen)	7,260	6,993
Average number of shares outstanding during the period (thousands of shares)	116,627	116,626

3. Net assets per share is calculated based on the following.

	Previous fiscal year (From Apr. 1, 2017 to Mar. 31, 2018)	Current fiscal year (From Apr. 1, 2018 to Mar. 31, 2019)
Total Net assets (million yen)	157,673	155,728
Net assets related to common stock (million yen)	155,967	153,925
Amount deducted from total Net assets (million yen) Non-controlling Interests	1,706	1,803
Number of common stock issued and outstanding (thousands of shares)	116,851	116,851
Number of treasury stock (thousands of shares)	224	224
Number of common stock used in the calculation of net assets per share (thousands of shares)	116,626	116,626

(Significant Subsequent Events)

Not applicable