

# Consolidated Financial Results for the Fiscal Year Ended March 31, 2012 (J-GAAP) (Unaudited)

May 15, 2012

Listed company: DAIKYO INCORPORATED  
 Securities code: 8840 URL: <http://www.daikyo.co.jp>  
 Representative: Akira Yamaguchi, Representative Executive Officer, President  
 Contact: Konosuke Miyakawa, Executive Officer & General Manager Group Corporate Planning Dept.  
 Planned date of Ordinary General Meeting of Shareholders: June 21, 2012  
 Planned date of submission of Annual Securities Report: June 21, 2012  
 Planned dividends payment commencement date: June 22, 2012  
 Preparation of earnings presentation material: Yes  
 Holding of earnings announcement: Yes (for institutional investors and analysts)  
 (Amounts less than one million yen are truncated)

Listed stock exchange: Tokyo

## 1. Consolidated Performance in the Fiscal Year Ended March 31, 2012 (April 1, 2011 to March 31, 2012)

(1) Consolidated operating results (% figures show year-on-year change)  
(Millions of yen)

	Net sales		Operating income		Ordinary income		Net income	
Fiscal year ended March 31, 2012	298,408	1.0%	21,781	60.2%	19,240	78.5%	21,787	123.4%
Fiscal year ended March 31, 2011	295,374	(7.2)%	13,597	49.4%	10,779	69.5%	9,752	54.6%

(Note) Comprehensive income

Fiscal year ended March 2012: ¥21,739 million / 123.6% Fiscal year ended March 2011: ¥9,723 million / 51.5%

	Net income per share	Fully diluted net income per share	Ratio of net income to shareholders' equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
Fiscal year ended March 31, 2012	¥47.43	¥25.59	20.3%	6.3%	7.3%
Fiscal year ended March 31, 2011	¥20.18	¥11.45	10.6%	3.3%	4.6%

(Reference) Equity in (earnings) loss of non-consolidated subsidiaries and affiliates:

Fiscal year ended March 2012: ¥ — million Fiscal year ended March 2011: ¥ — million

(2) Consolidated financial position (Millions of yen except for % and per share figures)

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
Fiscal year ended March 31, 2012	290,261	117,629	40.5%	¥184.10
Fiscal year ended March 31, 2011	319,085	96,723	30.3%	¥136.78

(Reference) Shareholders' equity:

Fiscal year ended March 2012: ¥117,629 million Fiscal year ended March 2011: ¥96,723 million

(3) Consolidated cash flows (Millions of yen)

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Cash and cash equivalents at end of year
Fiscal year ended March 31, 2012	56,666	1,608	(50,150)	100,654
Fiscal year ended March 31, 2011	48,416	(152)	(20,971)	92,534

### Disclaimer

This document was prepared in English for conveniences purpose only. The original Japanese document shall take precedence in the event of any discrepancies arising from the translations or interpretations contained in this document.

## 2. State of Dividends

	Dividends per share (Yen)					Total dividends (Millions of yen)	Dividend payout ratio (Consolidated) (%)	Ratio of dividends to net assets (Consolidated) (%)
	1Q end	2Q end	3Q end	Year end	Total			
Fiscal year ended March 31, 2011	—	0.00	—	0.00	0.00	—	—	—
Fiscal year ended March 31, 2012	—	0.00	—	2.50	2.50	1,104	5.3	1.6
Fiscal year ending March 31, 2013 (Forecast)	—	0.00	—	3.00	3.00		9.0	

(Note) The above “Status of Dividends” is only the status of dividends from common stock. Please refer to “State of Dividends from Class Stock” for the state of dividends from class stock (unlisted) issued by DAIKYO INCORPORATED (“the Company”) with different rights from common stock.

## 3. Consolidated Performance Forecast for the Fiscal Year Ending March 31, 2013 (April 1, 2012 to March 31, 2013)

(% figures show year-on-year change)

(Millions of yen)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
Six months ending September 30, 2012	156,000	32.9%	10,500	88.1%	9,500	119.6%	6,500	(29.3)%	¥14.71
Full year	300,000	0.5%	22,000	1.0%	19,500	1.3%	15,500	(28.9)%	¥33.17

### \* Notes

(1) Changes in significant subsidiaries during the period (changes in specific subsidiaries resulting in change in scope of consolidation): None

New: — (Company name: ) Excluded: — (Company name: )

(2) Changes in accounting policies and estimates, or retrospective restatements

(i) Change in accounting policies in accordance with revision of accounting standards: Yes

(ii) Changes in accounting policies other than item (i) above: None

(iii) Changes in accounting estimates: None

(iv) Retrospective restatements: None

(3) Number of shares issued (common stock)

(Unit: share)

1) Number of issued shares at end of period (including treasury stock)	Mar. 31, 2012	445,337,738	Mar. 31, 2011	445,337,738
2) Number of shares of treasury stock at end of period	Mar. 31, 2012	3,380,892	Mar. 31, 2011	3,388,518
3) Average number of shares during period	Apr.-Mar. 2012	441,955,224	Apr.-Mar. 2011	441,962,796

(Reference) Overview of non-consolidated performance

1. Non-Consolidated Performance in the Fiscal Year Ended March 31, 2012 (April 1, 2011 to March 31, 2012)

(1) Non-consolidated operating results

(% figures show year-on-year change)

(Millions of yen)

	Net sales		Operating income		Ordinary income		Net income	
Fiscal year ended March 31, 2012	165,076	(2.0)%	13,751	169.3%	15,273	106.2%	22,098	105.0%
Fiscal year ended March 31, 2011	168,360	(13.6)%	5,105	—	7,406	302.4%	10,778	66.7%

	Net income per share	Fully diluted net income per share
Fiscal year ended March 31, 2012	¥48.13	¥25.95
Fiscal year ended March 31, 2011	¥22.50	¥12.66

(2) Non-consolidate financial position (Millions of yen except for % and per share figures)

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
Fiscal year ended March 31, 2012	270,894	111,217	41.1%	¥169.59
Fiscal year ended March 31, 2011	297,269	90,000	30.3%	¥121.57

(Reference) Shareholders' equity:

Fiscal year ended March 31, 2012: ¥111,217 million      Fiscal year ended March 31, 2011: ¥90,000 million

\* Presentation of implementation state for auditing procedures

The auditing procedure based on the Financial Instruments and Exchange Act does not apply to this Consolidated Financial Results, and the auditing procedure based on the Financial Instruments and Exchange Act had not been completed as of the release of this Consolidated Financial Results.

\* Explanation of the Appropriate Use of Performance Forecasts, Other Points to Note

Forward-looking statements in this document, including the performance outlook, etc., were written based on the information the Company has at this time and certain assumptions the Company considers to be reasonable. Actual performance may differ from the forecast figures due to various factors. Please refer to "1. Operating Results, (1) Qualitative information on the consolidated operating results, Outlook for the Fiscal Year Ending March 31, 2013" on page 11.

The Company is scheduled to hold an earnings announcement for institutional investors and analysts on May 23, 2012. The presentation material used on that day will be promptly uploaded after the announcement on the Company's homepage.

### State of Dividends from Class Stock

The breakdown of the dividends per share and the amount of dividends from class stock with different rights from common stock are as follows.

#### (Class 1 preferred stock)

	Annual dividends (Yen)					Total dividends (Millions of yen)
	1Q end	2Q end	3Q end	Year end	Total	
Fiscal year ended March 31, 2011	—	—	—	9.328	9.328	93
Fiscal year ended March 31, 2012	—	—	—	8.88	8.88	88
Fiscal year ending March 31, 2013 (Forecast)	—	—	—	8.84	8.84	88

#### (Class 2 preferred stock)

	Annual dividends (Yen)					Total dividends (Millions of yen)
	1Q end	2Q end	3Q end	Year end	Total	
Fiscal year ended March 31, 2011	—	—	—	9.328	9.328	104
Fiscal year ended March 31, 2012	—	—	—	8.88	8.88	99
Fiscal year ending March 31, 2013 (Forecast)	—	—	—	8.84	8.84	99

#### (Class 4 preferred stock)

	Annual dividends (Yen)					Total dividends (Millions of yen)
	1Q end	2Q end	3Q end	Year end	Total	
Fiscal year ended March 31, 2011	—	—	—	8.00	8.00	150
Fiscal year ended March 31, 2012	—	—	—	8.00	8.00	150
Fiscal year ending March 31, 2013 (Forecast)	—	—	—	8.84	8.84	165

#### (Class 7 preferred stock)

	Annual dividends (Yen)					Total dividends (Millions of yen)
	1Q end	2Q end	3Q end	Year end	Total	
Fiscal year ended March 31, 2011	—	—	—	10.00	10.00	250
Fiscal year ended March 31, 2012	—	—	—	10.00	10.00	250
Fiscal year ending March 31, 2013 (Forecast)	—	—	—	10.00	10.00	250

#### (Class 8 preferred stock)

	Annual dividends (Yen)					Total dividends (Millions of yen)
	1Q end	2Q end	3Q end	Year end	Total	
Fiscal year ended March 31, 2011	—	—	—	10.00	10.00	235
Fiscal year ended March 31, 2012	—	—	—	10.00	10.00	235
Fiscal year ending March 31, 2013 (Forecast)	—	—	—	10.00	10.00	235

## 1. Operating Results

### (1) Analysis of operating results

#### Operating Results for the Fiscal Year under Review

##### Overall Performance

During the fiscal year ended March 31, 2012, the Japanese economy showed signs of a gradual recovery, including improvements in the housing construction sector and firm consumer spending, despite concerns about a global economic slowdown, electricity supply issues, a persistently harsh employment situation and other risk factors weighing upon the domestic business environment.

In the condominium market, attention should remain focused on the supply-demand balance and the effects of reconstruction after the Great East Japan Earthquake in areas where the Company provides condominiums. However, the contract rate was steady, reflecting firm demand, as well as a boost from low mortgage interest rates and the government's stimulus policy for homebuyers.

In this business environment during the fiscal year under review, consolidated net sales rose ¥3,033 million or 1.0% year on year to ¥298,408 million, operating income increased ¥8,183 million or 60.2%, to ¥21,781 million, and ordinary income grew ¥8,461 million, or 78.5% to ¥19,240 million. Net income increased ¥12,034 million or 123.4% to ¥21,787 million, reflecting ¥2,175 million in proceeds from the sale of affiliate company shares, which resulted from the transfer of all shares in FUSO ENGINEERING INCORPORATED and was recorded as an extraordinary gain. The improvement in net income was also attributable to the recognition of deferred tax assets.

Note: FUSO ENGINEERING became a subsidiary of IHI Transport Machinery Co., Ltd. through a share transfer on January 4, 2012, and was renamed IHI Fuso Engineering Co., Ltd. on the same day.

	Fiscal year ended March 31, 2011	Fiscal year ended March 31, 2012	Change
Net sales	295,374	298,408	3,033
Operating income	13,597	21,781	8,183
Ordinary income	10,779	19,240	8,461
Net income	9,752	21,787	12,034

##### Results by Segment

Category	Fiscal year ended March 31, 2011		Fiscal year ended March 31, 2012		Change	
	Net sales	Operating income	Net sales	Operating income	Net sales	Operating income
Real Estate Development and Sales	168,360	6,616	165,076	15,787	(3,284)	9,171
Real Estate Management	103,746	7,868	111,430	8,209	7,683	341
Real Estate Brokerage	20,218	208	20,586	(450)	367	(659)
Other	5,408	480	3,009	329	(2,399)	(150)
Adjustments (Eliminations or Corporate Assets/Expenses)	(2,359)	(1,576)	(1,693)	(2,094)	666	(518)
Total	295,374	13,597	298,408	21,781	3,033	8,183

#### 1) Real Estate Development and Sales

Segment net sales were ¥165,076 million, down ¥3,284 million compared with the previous fiscal year, owing to a decrease of 309 units in units sold to 4,153 units, and a decline of ¥4,151 million to ¥158,011 million in mainstay condominium sales, reflecting the Group's business plan, which included the handing over of fewer properties than in the previous fiscal year. Operating income increased sharply, growing ¥9,171 million to ¥15,787 million, reflecting year on year improvements in gross profit margins on condominium sales and cost reductions.

The number and amount of contracted condominium sales at the end of the fiscal year were 2,278

units and ¥91,944 million, respectively. Although these two figures marked decreases of 525 units and ¥19,599 million compared with the end of the previous fiscal year, they were above the corresponding targets.

<Major properties in terms of net sales (condominium development and sales)>  
THE LIONS ODORIKOEN TOWER (Sapporo, Hokkaido)  
THE LIONS JOZENJI TOWER (Sendai, Miyagi)  
LIONS AOTO GRANDFORT (Katsushika, Tokyo)  
THE LIONS YOKOHAMA YAMASHITACHO (Yokohama, Kanagawa)  
LIONS MID NAGOYA RESIDENCE (Nagoya, Aichi)

## Breakdown of Net Sales

(Millions of yen)

Category	Fiscal year ended March 31, 2011	Fiscal year ended March 31, 2012	Change
Real Estate Sales	165,695	162,996	(2,699)
Other	2,665	2,080	(584)
Total	168,360	165,076	(3,284)

## Real Estate Sales by Category

(Millions of yen)

Category		Fiscal year ended March 31, 2011		Fiscal year ended March 31, 2012		Change	
		Units or Area	Amount	Units or Area	Amount	Units or Area	Amount
Contract Agreement Results*	Condominiums	5,455 units	203,920	3,628 units	138,412	(1,827) units	(65,508)
	Houses	— units	—	7 units	504	7 units	504
	Other	—	2,973	—	4,480	—	1,506
	Total	5,455 units	206,894	3,635 units	143,397	(1,820) units	(63,497)
Sales Results	Condominiums	4,462 units	162,162	4,153 units	158,011	(309) units	(4,151)
	Houses	— units	—	7 units	504	7 units	504
	Other	—	3,532	—	4,480	—	947
	Total	4,462 units	165,695	4,160 units	162,996	(302) units	(2,699)
Contracted Sales Results	Condominiums	2,803 units	111,544	2,278 units	91,944	(525) units	(19,599)
	Houses	— units	—	— units	—	— units	—
	Other	—	—	—	—	—	—
	Total	2,803 units	111,544	2,278 units	91,944	(525) units	(19,599)

Notes: Contracted sales are the balance as of the end of the fiscal year under review.

2) Real Estate Management

In the real estate management segment, management income increased ¥1,522 million year on year to ¥63,911 million, reflecting a higher number of condominium units managed, compared with the previous fiscal year, and steady progress in building management. In addition, income from contract work income grew ¥5,839 million to ¥42,759 million, owing to an increase in planned repair and maintenance work on condominiums.

As a result of the above, segment net sales were ¥111,430 million, up ¥7,683 million year on year, and operating income was ¥8,209 million, up ¥341 million.

The volume of contract work orders received at the end the fiscal year was ¥14,961 million, an increase of ¥2,483 million compared with the end of the previous fiscal year.

Breakdown of Net Sales (Millions of yen)

Category	Fiscal year ended March 31, 2011	Fiscal year ended March 31, 2012	Change
Condominium Management, Building Management	62,388	63,911	1,522
Contract Work	36,920	42,759	5,839
Other	4,437	4,759	321
Total	103,746	111,430	7,683

Number of Condominium Units Managed

Category	Fiscal year ended March 31, 2011	Fiscal year ended March 31, 2012	Change
Number of Condominium Units Managed	400,845 units	408,184 units	7,339 units

Contract Work

(Millions of yen)

Category	Fiscal year ended March 31, 2011	Fiscal year ended March 31, 2012	Change
Volume of Contract Work Orders Received	12,478	14,961	2,483



### 3) Real Estate Brokerage

In the real estate brokerage segment, real estate brokerage income fell ¥1,275 million year on year to ¥6,218 million, owing to a declining number of brokerage transactions and other factors, despite efforts to substantially restructure operations for future business expansion. Income from existing real estate sales rose ¥1,821 million, to ¥9,332 million, and income from leasing management decreased ¥149 million, to ¥4,581 million.

As a result, segment net sales were ¥20,586 million, up ¥367 million year on year. However, the segment posted an operating loss of ¥450 million, a decline of ¥659 million from the operating income recorded a year earlier.

#### Breakdown of Net Sales (Millions of yen)

Category	Fiscal year ended March 31, 2011	Fiscal year ended March 31, 2012	Change
Real Estate Brokerage	7,494	6,218	(1,275)
Existing Real Estate Sales	7,511	9,332	1,821
Leasing Management	4,731	4,581	(149)
Other	480	452	(28)
Total	20,218	20,586	367

#### Amount of Brokerage Transactions (Millions of yen)

Category	Fiscal year ended March 31, 2011	Fiscal year ended March 31, 2012	Change
Number of Brokerage Transactions	5,973	4,854	(1,119)
Total Amount of Transactions	203,255	182,438	(20,817)

#### Existing Real Estate Sales (Millions of yen)

Category		Fiscal year ended March 31, 2011		Fiscal year ended March 31, 2012		Change	
		Units or Area	Amount	Units or Area	Amount	Units or Area	Amount
Sales Results	Condominiums	384 units	7,123	322 units	6,000	(62 units)	(1,123)
	Other	—	387	—	3,332	—	2,944
	Total	384 units	7,511	322 units	9,332	(62 units)	1,821

### Outlook for the Fiscal Year Ending March 31, 2013

For the fiscal year ending March 31, 2013, the Company is targeting net sales of ¥300,000 million, a year-on-year increase of ¥1,591 million, operating income of ¥22,000 million, a rise of ¥218 million, ordinary income of ¥19,500 million, an improvement of ¥259 million, and net income of ¥15,500 million, a decrease of ¥6,287 million.

(Millions of yen)

	Fiscal year ended March 31, 2012	Fiscal year ending March 31, 2013	Change
Net sales	298,408	300,000	1,591
Operating income	21,781	22,000	218
Ordinary income	19,240	19,500	259
Net income	21,787	15,500	(6,287)

The outlook for each business segment is as follows:

The Company forecasts that the real estate development and sales segment will maintain condominium sales on a par with those in the fiscal year under review, and achieve a slight increase in operating income. In the real estate management segment, profits and sales are expected to grow, mainly due to a higher number of condominium units managed and growth in annual contracted sales within the building management business. The Company aims to return the real estate brokerage segment to profitability at the operating level by increasing the number of brokerage transactions in the real estate brokerage and existing real estate sales businesses, and by improving productivity.

(Millions of yen)

Category	Fiscal year ended March 31, 2012		Fiscal year ending March 31, 2013		Change	
	Net sales	Operating income	Net sales	Operating income	Net sales	Operating Income
Real Estate Development and Sales	165,076	15,787	159,000	16,000	(6,076)	212
Real Estate Management	111,430	8,209	119,000	8,600	7,569	390
Real Estate Brokerage	20,586	(450)	24,000	800	3,413	1,250
Other	3,009	329	—	—	(3,009)	(329)
Adjustments (Eliminations or Corporate Assets/Expenses)	(1,693)	(2,094)	(2,000)	(3,400)	(306)	(1,305)
Total	298,408	21,781	300,000	22,000	1,591	218

## (2) Analysis of financial position

### Analysis of Assets, Liabilities, Net Assets, and Cash Flows

#### Consolidated Financial Position

(Millions of yen)

	Fiscal year ended March 31, 2011	Fiscal year ended March 31, 2012	Change
Total assets	319,085	290,261	(28,823)
Inventories	168,616	130,412	(38,203)
Total liabilities	222,362	172,632	(49,730)
Interest-bearing debt	140,304	91,032	(49,272)
Total net assets	96,723	117,629	20,906
Shareholders' equity	96,723	117,629	20,906
Shareholders' equity ratio	30.3%	40.5%	10.2 pp

Total assets as of March 31, 2012 were ¥290,261 million, down ¥28,823 million compared with the end of the previous fiscal year. This reflected declines of ¥38,203 million in inventories, which offset increases of ¥5,130 million in cash and deposits and ¥3,024 million in securities.

Total liabilities were ¥172,632 million, down ¥49,730 million compared with the end of the previous fiscal year. This mainly resulted from a decrease of ¥49,272 million in interest-bearing debt.

Total net assets rose ¥20,906 million from the end of the previous fiscal year to ¥117,629 million. This was the result of an increase of ¥20,949 million in retained earnings, owing to the recording of net income for the fiscal year under review, and offset the impact of a payment of ¥834 million in preferred stock dividends. Furthermore, the shareholders' equity ratio was 40.5%, 10.2 percentage points higher than at the end of the previous fiscal year, and net assets per share amounted to ¥184.10, an increase of ¥47.32.

#### Consolidated Statements of Cash Flows

As of March 31, 2012, the Group had cash and cash equivalents (hereinafter referred to as "cash") of ¥100,654 million, up ¥8,120 million compared with the end of the previous fiscal year.

##### Cash flow from operating activities

Net cash provided by operating activities during the fiscal year ended March 31, 2012 was ¥56,666 million, compared with ¥48,416 million in the previous fiscal year. This reflected such factors as the recording of income before income taxes and a decrease in inventories.

##### Cash flow from investing activities

Net cash provided by investing activities totaled ¥1,608 million, compared with ¥152 million used in investing activities in the previous fiscal year, reflecting increases in cash due in part to sales of subsidiary shares, which offset decreases in cash resulting from purchase of fixed assets and other expenditures.

##### Cash flow from financing activities

Net cash used in financing activities was ¥50,150 million, compared with ¥20,971 million in the previous fiscal year, owing mainly to repayment of borrowings and the redemption of bonds.

#### Change in Indicators Related to Cash Flows

Fiscal year ended March 31	2008	2009	2010	2011	2012
Shareholders' equity ratio	24.2%	17.1%	26.4%	30.3%	40.5%
Shareholders' equity ratio on a market price basis	20.2%	14.6%	33.8%	29.9%	46.3%
Interest-bearing debt/Cash flow ratio	—	3.7 years	84.0 years	2.9 years	1.6 years
Interest coverage ratio	—	13.4	0.7	18.0	23.8

Notes: Shareholders' equity ratio = Shareholders' equity / Total assets

Shareholders' equity ratio on a market price basis = Total market price of shares / Total assets

$$\text{Interest-bearing debt/Cash flow ratio} = \frac{\text{Interest-bearing debt}}{\text{Operating cash flow}}$$
$$\text{Interest coverage ratio} = \frac{\text{Operating cash flow}}{\text{Interest payments}}$$

- \* All of the indicators are calculated from the financial figures on a consolidated basis.
- \* The total market price of the shares is calculated as the average share price during the last month of the fiscal year x number of shares issued at the end of the fiscal year (after deduction of treasury stock) + the total value of the preferred stocks issued.
- \* For operating cash flow, we use the cash flow from operating activities in the Consolidated Statements of Cash Flows. Interest-bearing debt is all of the liabilities recorded on the Consolidated Balance Sheets for which the Company is paying interest. Furthermore, for interest payments we use the amount of interest paid in the Consolidated Statements of Cash Flows.

**(3) Basic policy regarding profit allocation and dividends in the fiscal year under review and the next fiscal year**

With a basic policy of returning profits to all shareholders via sustainable increases in corporate and shareholder value, the Company will continue to invest for growth and ensure stable dividends while maintaining a healthy financial condition.

The Company has accordingly decided to pay a year-end dividend of ¥2.50 per share for the fiscal year under review, in light of results for the same period and other factors. In addition, a year-end dividend of ¥3.00 per share is planned for the fiscal year ending March 31, 2013.