

Consolidated Financial Results for the First Quarter Ended June 30, 2012 (J-GAAP) (Unaudited)

August 3, 2012

Listed company: DAIKYO INCORPORATED
 Securities code: 8840
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 Planned date of the filing of quarterly report: August 9, 2012
 Planned dividends payment commencement date: —
 1Q earnings presentation materials: Available
 Holding of 1Q earnings announcement: None

Listed stock exchange: Tokyo
 URL: <http://www.daikyo.co.jp>

(Amounts of less than one million yen are truncated)

1. Consolidated Performance for the Three Months Ended June 30, 2012 (April 1, 2012 to June 30, 2012)

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

	Net sales		Operating income		Ordinary income		Net income	
Three months ended June 30, 2012	65,651	39.6%	4,809	66.0%	4,368	95.3%	3,143	(15.9)%
Three months ended June 30, 2011	47,031	(8.9)%	2,896	102.7%	2,237	169.6%	3,736	—

(Note) Comprehensive income: Three months ended June 30, 2012: ¥3,117 million ((15.7) %)
 Three months ended June 30, 2011: ¥3,697 million (— %)

	Net income per share	Fully diluted net income per share
Three months ended June 30, 2012	¥7.11	¥3.69
Three months ended June 30, 2011	¥8.46	¥4.39

(2) Consolidated financial position (Millions of yen except for %)

	Total assets	Net assets	Shareholders' equity ratio
As of June 30, 2012	286,237	118,838	41.5%
As of March 31, 2012	290,261	117,629	40.5%

(Reference) Shareholders' equity:
 As of June 30, 2012: ¥118,816 million As of March 31, 2012: ¥117.629 million

2. State of Dividends

	Annual dividends (Yen)				
	1Q end	2Q end	3Q end	Year end	Total
Fiscal year ended March 31, 2012	—	0.00	—	2.50	2.50
Fiscal year ending March 31, 2013	—				
Fiscal year ending March 31, 2013 (Forecast)		0.00	—	3.00	3.00

(Note) Revisions to the latest dividend forecast: None

The above "State of Dividends" represents the state of dividends from common stock only. 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, 2013	156,000	32.9%	10,500	86.1%	9,500	119.6%	6,500	(29.3)%	¥14.71
Full year	300,000	0.5%	22,000	0.2%	19,500	1.3%	15,500	(28.9)%	¥33.17

(Note) Revisions to the latest performance forecast: None

Some of the percentages contained in the Consolidated Performance Forecast above have been changed due to retroactive treatment accompanying a change in the presentation method. For details on the changes in the presentation method, refer to "2. Summary Information (Notes) (4) Additional information" on page 9.

Disclaimer

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

* Notes

(1) Changes in significant subsidiaries during the three months under review (changes in specified subsidiaries resulting in change in scope of consolidation): None

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

(2) Application of special accounting treatment for the preparation of quarterly consolidated financial statements: None

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

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

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

(iii) Change in accounting estimates: Yes

(iv) Retrospective restatements: None

Note: A change has been made to the depreciation method from first quarter of the current fiscal year, constituting changes in accounting estimates and changes in accounting policies that are difficult to distinguish. For details on the changes in the presentation method, refer to "2. Summary Information (Notes) (3) Changes in accounting policies and estimates, or retrospective restatements" on page 9.

(4) Number of shares issued (common stock)

				(Unit: share)
1) Number of issued shares at end of period (including treasury stock):	Jun. 30, 2012	445,337,738	Mar. 31, 2012	445,337,738
2) Number of shares of treasury stock at end of period:	Jun. 30, 2012	3,381,868	Mar. 31, 2012	3,380,892
3) Average number of shares during period	Apr.–Jun. 2012	441,956,425	Apr.–Jun. 2011	441,948,950

* Presentation of implementation state for quarterly review procedures

The quarterly review procedure based on the Financial Instruments and Exchange Act does not apply to this Consolidated Financial Results, and the quarterly review 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 had at this time and certain assumptions the Company considered to be reasonable. Actual performance may differ from the forecast figures due to various factors.

Earnings presentation materials for the first quarter will be posted on TDnet on the day of the earnings announcement, and also posted on the Company's website.

State of Dividends from Class Stock

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

(Class 1 preferred stock)

	Annual dividends (Yen)				
	1Q end	2Q end	3Q end	Year end	Total
Fiscal year ended March 31, 2012	—	—	—	8.88	8.88
Fiscal year ending March 31, 2013	—				
Fiscal year ending March 31, 2013 (Forecast)		—	—	8.84	8.84

(Class 2 preferred stock)

	Annual dividends (Yen)				
	1Q end	2Q end	3Q end	Year end	Total
Fiscal year ended March 31, 2012	—	—	—	8.88	8.88
Fiscal year ending March 31, 2013	—				
Fiscal year ending March 31, 2013 (Forecast)		—	—	8.84	8.84

(Class 4 preferred stock)

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

(Class 7 preferred stock)

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

(Class 8 preferred stock)

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

1. Qualitative Information on Consolidated Performance in the First Quarter

(1) Qualitative information on the consolidated operating results

During the three months ended June 30, 2012, net sales rose ¥18,620 million, or 39.6% year on year, to ¥65,651 million, operating income increased ¥1,912 million, or 66.0%, to ¥4,809 million, ordinary income grew ¥2,131 million, or 95.3%, to ¥4,368 million, and net income decreased ¥592 million, or 15.9%, to ¥3,143 million.

(Millions of yen)

Category	Three months ended June 30, 2011	Three months ended June 30, 2012	Change
Net sales	47,031	65,651	18,620
Operating income	2,896	4,809	1,912
Ordinary income	2,237	4,368	2,131
Net income	3,736	3,143	(592)

Performance by Segment

(Millions of yen)

Category	Three months ended June 30, 2011		Three months ended June 30, 2012		Change	
	Net sales	Operating income	Net sales	Operating income	Net sales	Operating income
Real Estate Development and Sales	18,668	1,984	33,492	3,800	14,824	1,816
Real Estate Management	24,162	1,476	27,594	1,563	3,431	86
Real Estate Brokerage	4,003	(91)	4,813	(35)	810	55
Other	693	65	—	—	(693)	(65)
Adjustments (Eliminations or Corporate Assets/Expenses)	(496)	(538)	(248)	(519)	247	18
Total	47,031	2,896	65,651	4,809	18,620	1,912

1) Real Estate Development and Sales

In the Real estate development and sales segment, net sales rose ¥14,824 million year on year to ¥33,492 million and operating income was ¥3,800 million, a year-on-year increase of ¥1,816 million. This was owing to an increase in units sold by 286 units year on year to 798 units and a ¥14,720 million year-on-year increase to ¥32,846 million in mainstay condominium sales, reflecting a year-on-year increase in the number of properties completed and handed over.

The number and amount of contracted sales at the end of the first quarter were 2,266 units and ¥90,472 million, respectively, marking decreases of 840 units and ¥33,709 million compared with the end of the same period of the previous fiscal year.

Breakdown of Net Sales (Millions of yen)

Category	Three months ended June 30, 2011	Three months ended June 30, 2012	Change
Real Estate Sales	18,126	32,859	14,733
Other	542	632	90
Total	18,668	33,492	14,824

Real Estate Sales by Category (Millions of yen)

Category		Three months ended June 30, 2011		Three months ended June 30, 2012		Change	
		Unit	Amount	Unit	Amount	Unit	Amount
Contract Agreement Results*	Condominiums	815 units	30,764	786 units	31,374	(29 units)	610
	Other	—	—	—	13	—	13
	Total	815 units	30,764	786 units	31,387	(29 units)	623
Sales Results	Condominiums	512 units	18,126	798 units	32,846	286 units	14,720
	Other	—	—	—	13	—	13
	Total	512 units	18,126	798 units	32,859	286 units	14,733
Contracted Sales Results**	Condominiums	3,106 units	124,182	2,266 units	90,472	(840 units)	(33,709)
	Other	—	—	—	—	—	—
	Total	3,106 units	124,182	2,266 units	90,472	(840 units)	(33,709)

* Represents the number and amount of condominium units for which sales agreements are entered into each period.

** Represents the number and amount of condominium units for which sales agreements have been entered into but have yet to be delivered.

Note: Contracted sales are the balance as of the end of the quarter.

2) Real Estate Management

In the Real estate management segment, management income increased ¥1,333 million year on year to ¥17,202 million, owing to a significant year-on-year increase in the number of condominium units managed due to factors including the inclusion of the subsidiary Grand Amenity Ltd. in the scope of consolidation. In addition, contract work income increased year on year by ¥1,598 million to ¥9,072 million due to an increase in planned repair and maintenance work and small-scale repair and maintenance work on condominiums.

As a result of the above, net sales were ¥27,594 million, up ¥3,431 million year on year, and operating income was ¥1,563 million, up ¥86 million.

The number of condominium units managed increased 37,939 units to 437,467 units and the volume of contract work orders received at the end of the first quarter was ¥18,134 million, an increase of ¥2,348 million compared with the end of the same period of the previous fiscal year.

Breakdown of Net Sales

(Millions of yen)

Category	Three months ended June 30, 2011	Three months ended June 30, 2012	Change
Condominium Management, Building Management	15,869	17,202	1,333
Contract Work	7,473	9,072	1,598
Other	820	1,319	499
Total	24,162	27,594	3,431

Number of Condominium Units Managed

Category	As of June 30, 2011	As of June 30, 2012	Change
Number of Condominium Units Managed	399,528 units	437,467 units	37,939 units

Contract Work

(Millions of yen)

Category	As of June 30, 2011	As of June 30, 2012	Change
Volume of Contract Work Orders Received	15,785	18,134	2,348

3) Real Estate Brokerage

Although real estate brokerage income fell ¥24 million year on year to ¥1,567 million and income from leasing management declined ¥89 million year on year to ¥1,081 million, income from real estate sales increased ¥927 million year on year to ¥2,053 million due to an increase in units sold. As a result, segment net sales were ¥4,813 million, up ¥810 million year on year, with an operating loss of ¥35 million (a loss of ¥91 million at the end of the same period of the previous fiscal year).

Breakdown of Net Sales

(Millions of yen)

Category	Three months ended June 30, 2011	Three months ended June 30, 2012	Change
Real Estate Brokerage	1,591	1,567	(24)
Existing Real Estate Sales	1,125	2,053	927
Lease Management	1,170	1,081	(89)
Other	115	111	(3)
Total	4,003	4,813	810

Amount of Brokerage Transactions

Category	Three months ended June 30, 2011	Three months ended June 30, 2012	Change
Number of Brokerage Transactions	1,386	1,264	(122)
Total Amount of Transactions (Millions of yen)	35,773	29,309	(6,464)

Existing Real Estate Sales

(Millions of yen)

Category		Three months ended June 30, 2011		Three months ended June 30, 2012		Change	
		Units or Area	Amount	Units or Area	Amount	Units or Area	Amount
Sales Results	Condominiums	56 units	984	117 units	2,053	61 units	1,068
	Other	—	140	—	—	—	(140)
	Total	56 units	1,125	117 units	2,053	61 units	927

(2) Qualitative information on the consolidated financial position

Assets, liabilities and net assets

	As of March 31, 2012	As of June 30, 2012	(Millions of yen) Change
Total assets	290,261	286,237	(4,024)
Inventories	130,412	124,509	(5,903)
Total liabilities	172,632	167,398	(5,233)
Interest-bearing debt	91,032	91,273	241
Total net assets	117,629	118,838	1,209
Shareholders' equity	117,629	118,816	1,186
Shareholders' equity ratio	40.5%	41.5%	1.0pp

Total assets as of June 30, 2012 were ¥286,237 million, down ¥4,024 million year on year. This reflected factors including a decline of ¥5,903 million in inventories.

Total liabilities were ¥167,398 million, down ¥5,233 million year on year. This resulted from a decrease of ¥3,594 million in notes and accounts payable and a decline of ¥1,193 million in advances receipts.

Total net assets rose ¥1,209 million year on year to ¥118,838 million. This was attributable to an increase of ¥1,214 million in retained earnings, which resulted from recording of net income for the first quarter and offset the impact of a payment of ¥1,929 million in common stock and preferred stock dividends. Furthermore, the shareholders' equity ratio was 41.5%, 1.0 percentage point higher year on year.

(3) Qualitative information on the consolidated performance forecast

There are no changes from the consolidated performance forecast announced on May 15, 2012.

2. Summary Information (Notes)

(1) Changes in significant subsidiaries during the three months under review

Not applicable

(2) Application of special accounting treatment for the preparation of quarterly consolidated financial statements

Not applicable

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

(Changes in accounting policies that are difficult to distinguish from changes in accounting estimates)

Accompanying a revision in the Corporate Tax Act, from the first quarter of the current fiscal year, the Daikyo Group has changed the depreciation method for tangible fixed assets acquired after April 1, 2012 to a method based on the Corporation Tax Act after the revision.

Note that this change has not caused a material impact on operating income, ordinary income, or net income for the first quarter of the current fiscal year.

(4) Additional information

(Changes in the presentation method)

Loan commissions that had been posted under non-operating income have been posted under net sales from the first quarter of the current fiscal year. This change was conducted for presentation in an income segment that more properly presents this income as resulting from the Company's business activities. The financial statements for the first quarter of the previous fiscal year (cumulative) have been reclassified to reflect this change in presentation.

As a result, ¥22 million of loan commissions that had been recorded in other in the statement of income for the first quarter of the previous fiscal year have been reclassified under net sales.