

Consolidated Financial Results

for the Second Quarter Ended September 30, 2012 (J-GAAP)

(Unaudited)

October 31, 2012

Listed company: DAIKYO INCORPORATED
 Securities code: 8840
 Representative: Akira Yamaguchi, Representative Executive Officer, President
 Contact: Konosuke Miyakawa, Executive Officer & General Manager, Group Corporate Planning Dept.
 Planned date of the filing of quarterly report: November 9, 2012
 Planned dividends payment commencement date: —
 2Q earnings presentation materials: Available
 Holding of 2Q earnings announcement: Available (for institutional investors and analysts)

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

(Amounts less than one million yen are truncated)

1. Consolidated Performance for the Six Months Ended September 30, 2012 (April 1, 2012 to September 30, 2012)

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

	Net sales		Operating income		Ordinary income		Net income	
Six months ended September 30, 2012	156,713	33.5%	11,450	103.0%	10,287	137.8%	7,314	(20.4)%
Six months ended September 30, 2011	117,411	(9.1)%	5,640	(7.4)%	4,326	(7.8)%	9,193	177.6%

(Note) Comprehensive income: Six months ended September 30, 2012: ¥7,258 million / (20.4) %
 Six months ended September 30, 2011: ¥9,122 million / 188.2 %

	Net income per share	Fully diluted net income per share
Six months ended September 30, 2012	¥16.55	¥8.59
Six months ended September 30, 2011	¥20.80	¥10.80

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

	Total assets	Net assets	Shareholders' equity ratio
As of September 30, 2012	275,381	122,978	44.6%
As of March 31, 2012	290,261	117,629	40.5%

(Reference) Shareholders' equity:
 As of September 30, 2012: ¥122,955 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	—	0.00			
Fiscal year ending March 31, 2013 (Forecast)			—	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
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 8.

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 six 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 8.

(4) Number of shares issued (common stock)

				(Unit: share)
1) Number of issued shares at end of period (including treasury stock):	Sep. 30, 2012	445,337,738	Mar. 31, 2012	445,337,738
2) Number of shares of treasury stock at end of period:	Sep. 30, 2012	3,388,507	Mar. 31, 2012	3,380,892
3) Average number of shares during period:	Apr.–Sep. 2012	441,953,877	Apr.–Sep. 2011	441,952,260

* 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 performance outlook, are based on the information available to the Company at this time, as well as certain assumptions deemed reasonable by the Company. Accordingly, the actual results may vary significantly due to a variety of factors.

On November 6, 2012, the Company plans to hold an earnings announcement for institutional investors and analysts regarding results for the second quarter. The earnings presentation materials used on that day will be promptly posted on the company's website after the announcement.

State of Dividends from Class Stock

The breakdown of the dividends per share from class stock with different rights from common stock is 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 Second Quarter

(1) Qualitative information on the consolidated operating results

During the six months ended September 30, 2012, net sales rose ¥39,302 million, or 33.5% year on year, to ¥156,713 million, operating income increased ¥5,809 million, or 103.0%, to ¥11,450 million, ordinary income grew ¥5,960 million, or 137.8%, to ¥10,287 million, and net income decreased ¥1,878 million, or 20.4%, to ¥7,314 million.

(Millions of yen)

Category	Six months ended September 30, 2011	Six months ended September 30, 2012	Change
Net sales	117,411	156,713	39,302
Operating income	5,640	11,450	5,809
Ordinary income	4,326	10,287	5,960
Net income	9,193	7,314	(1,878)

The results are broken down by segment as follows. The amounts reported for each segment include the inter-segment sales.

Performance by Segment

(Millions of yen)

Category	Six months ended September 30, 2011		Six months ended September 30, 2012		Change	
	Net sales	Operating income	Net sales	Operating income	Net sales	Operating income
Real Estate Development and Sales	55,028	2,548	87,181	8,138	32,153	5,589
Real Estate Management	52,590	3,801	59,823	4,071	7,233	270
Real Estate Brokerage	9,106	89	10,528	282	1,421	193
Other	1,664	179	—	—	(1,664)	(179)
Adjustments (Eliminations or Corporate Assets/Expenses)	(978)	(978)	(819)	(1,042)	158	(63)
Total	117,411	5,640	156,713	11,450	39,302	5,809

1) Real Estate Development and Sales

In the Real estate development and sales segment, net sales rose ¥32,153 million year on year to ¥87,181 million and operating income was ¥8,138 million, a year-on-year increase of ¥5,589 million. This was owing to an increase in units sold by 838 units year on year to 2,225 units and a ¥33,645 million year-on-year increase to ¥84,620 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 second quarter were 1,593 units and ¥67,206 million, respectively, marking respective decreases of 1,465 units and ¥56,436 million compared with the end of the same period of the previous fiscal year.

Breakdown of Net Sales (Millions of yen)

Category	Six months ended September 30, 2011	Six months ended September 30, 2012	Change
Real Estate Sales	53,974	85,774	31,800
Other	1,053	1,406	353
Total	55,028	87,181	32,153

Real Estate Sales by Category (Millions of yen)

Category		Six months ended September 30, 2011		Six months ended September 30, 2012		Change	
		Units	Amount	Units	Amount	Units	Amount
Contract Agreement Results*	Condominiums	1,642 units	63,074	1,540 units	59,881	(102) units	(3,192)
	Houses	1 unit	79	3 units	179	2 units	100
	Other	—	2,999	—	1,154	—	(1,845)
	Total	1,643 units	66,152	1,543 units	61,215	(100) units	(4,936)
Sales Results	Condominiums	1,387 units	50,975	2,225 units	84,620	838 units	33,645
	Houses	— units	— units	— units	— units	— units	— units
	Other	—	2,999	—	1,154	—	(1,845)
	Total	1,387 units	53,974	2,225 units	85,774	838 units	31,800
Contracted Sales Results**	Condominiums	3,058 units	123,642	1,593 units	67,206	(1,465) units	(56,436)
	Houses	1 unit	79	3 units	179	2 units	100
	Other	—	—	—	—	—	—
	Total	3,059 units	123,721	1,596 units	67,385	(1,463) units	(56,335)

* 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 ¥2,778 million year on year to ¥34,755 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 ¥3,274 million to ¥21,987 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 ¥59,823 million, up ¥7,233 million year on year, and operating income was ¥4,071 million, up ¥270 million.

The number of condominium units managed increased 39,799 units to 440,787 units and the volume of contract work orders received at the end of the second quarter was ¥16,545 million, a decrease of ¥32 million compared with the end of the same period of the previous fiscal year.

Breakdown of Net Sales

(Millions of yen)

Category	Six months ended September 30, 2011	Six months ended September 30, 2012	Change
Condominium Management, Building Management	31,976	34,755	2,778
Contract Work	18,712	21,987	3,274
Other	1,901	3,080	1,179
Total	52,590	59,823	7,233

Number of Condominium Units Managed

Category	As of September 30, 2011	As of September 30, 2012	Change
Number of Condominium Units Managed	400,988 units	440,787 units	39,799 units

Contract Work

(Millions of yen)

Category	As of September 30, 2011	As of September 30, 2012	Change
Volume of Contract Work Orders Received	16,578	16,545	(32)

3) Real Estate Brokerage

Although real estate brokerage income fell ¥247 million year on year to ¥3,139 million and income from leasing management declined ¥166 million year on year to ¥2,140 million, income from existing real estate sales increased ¥1,847 million year on year to ¥5,013 million due to an increase in units sold. As a result, segment net sales were ¥10,528 million, up ¥1,421 million year on year, with an operating income of ¥282 million (an increase of ¥193 million at the end of the same period of the previous fiscal year).

Breakdown of Net Sales

(Millions of yen)

Category	Six months ended September 30, 2011	Six months ended September 30, 2012	Change
Real Estate Brokerage	3,386	3,139	(247)
Existing Real Estate Sales	3,165	5,013	1,847
Lease Management	2,307	2,140	(166)
Other	246	234	(12)
Total	9,106	10,528	1,421

Amount of Brokerage Transactions

Category	Six months ended September 30, 2011	Six months ended September 30, 2012	Change
Number of Brokerage Transactions	2,437	2,530	93
Total Amount of Transactions (Millions of yen)	76,439	75,500	(939)

Existing Real Estate Sales

(Millions of yen)

Category		Six months ended September 30, 2011		Six months ended September 30, 2012		Change	
		Units	Amount	Units	Amount	Units	Amount
Sales Results	Condominiums	134 units	2,387	260 units	4,775	126 units	2,388
	Other	—	778	—	237	—	(540)
	Total	134 units	3,165	260 units	5,013	126 units	1,847

(2) Qualitative information on the consolidated financial position

Assets, liabilities and net assets

(Millions of yen)

	As of March 31, 2012	As of September 30, 2012	Change
Total assets	290,261	275,381	(14,879)
Inventories	130,412	106,784	(23,628)
Total liabilities	172,632	152,403	(20,228)
Interest-bearing debt	91,032	73,646	(17,385)
Total net assets	117,629	122,978	5,349
Shareholders' equity	117,629	122,955	5,326
Shareholders' equity ratio	40.5%	44.6%	4.1pp

Total assets as of September 30, 2012 were ¥275,381 million, down ¥14,879 million compared with the end of the previous fiscal year. This reflected factors including an increase of ¥13,119 million in cash and deposits and a decline of ¥23,628 million in inventories.

Total liabilities were ¥152,403 million, down ¥20,228 million compared with the end of the previous fiscal year. This resulted from a decrease of ¥17,385 million in interest-bearing debt.

Total net assets rose ¥5,349 million, compared with the end of the previous fiscal year, to ¥122,978 million. This was attributable to an increase of ¥5,385 million in retained earnings, which resulted from recording of net income for the second 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 44.6%, 4.1 percentage points higher compared with the end of the previous fiscal 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 six 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 second 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 second quarter of the previous fiscal year (cumulative) have been reclassified to reflect this change in presentation.

As a result, the amount of ¥59 million that was reported as loan commissions under non-operating income in the consolidated statement of income for the second quarter of the previous consolidated fiscal year (cumulative) has been reclassified and included in net sales.