

# Consolidated Financial Results for the Third Quarter Ended December 31, 2012 (J-GAAP) (Unaudited)

February 5, 2013

Listed company: DAIKYO INCORPORATED  
 Securities code: 8840  
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 Planned date of filing of quarterly report: February 13, 2013  
 Planned dividends payment commencement date: —  
 3Q earnings presentation materials: Available  
 Holding of 3Q 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 Nine Months Ended December 31, 2012 (April 1, 2012 to December 31, 2012)

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

	Net sales		Operating income		Ordinary income		Net income	
Nine months ended December 31, 2012	210,130	12.2%	12,768	41.0%	11,205	63.0%	7,916	(8.5)%
Nine months ended December 31, 2011	187,311	1.0%	9,056	17.4%	6,876	24.4%	8,651	125.0%

(Note) Comprehensive income: Nine months ended December 31, 2012: ¥7,922 million / (7.2) %  
 Nine months ended December 31, 2011: ¥8,533 million / 128.8 %

	Net income per share	Fully diluted net income per share
Nine months ended December 31, 2012	¥17.91	¥9.30
Nine months ended December 31, 2011	¥19.57	¥10.16

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

	Total assets	Net assets	Shareholders' equity ratio
As of December 31, 2012	274,796	123,641	45.0%
As of March 31, 2012	290,261	117,629	40.5%

(Reference) Shareholders' equity:  
 As of December 31, 2012: ¥123,617 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 except for %)

	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

### 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 nine 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 policies that are difficult to distinguish from changes in accounting estimates. 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)
(i) Number of issued shares at end of period (including treasury stock):	Dec. 31, 2012	445,337,738	Mar. 31, 2012	445,337,738
(ii) Number of shares of treasury stock at end of period:	Dec. 31, 2012	3,394,856	Mar. 31, 2012	3,380,892
(iii) Average number of shares during period:	Apr.–Dec. 2012	441,951,297	Apr.–Dec. 2011	441,954,450

\* 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.

Earnings presentation materials for the third 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 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 Third Quarter

### (1) Qualitative information on the consolidated operating results

During the nine months ended December 31, 2012, net sales rose ¥22,819 million, or 12.2% year on year, to ¥210,130 million, operating income increased ¥3,711 million, or 41.0%, to ¥12,768 million, ordinary income grew ¥4,329 million, or 63.0%, to ¥11,205 million, and net income decreased ¥734 million, or 8.5%, to ¥7,916 million.

(Millions of yen)

Category	Nine months ended December 31, 2011	Nine months ended December 31, 2012	Change
Net sales	187,311	210,130	22,819
Operating income	9,056	12,768	3,711
Ordinary income	6,876	11,205	4,329
Net income	8,651	7,916	(734)

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

#### Performance by Segment

(Millions of yen)

Category	Nine months ended December 31, 2011		Nine months ended December 31, 2012		Change	
	Net sales	Operating income	Net sales	Operating income	Net sales	Operating income
Real Estate Development and Sales	93,049	5,427	107,336	8,543	14,286	3,116
Real Estate Management	79,157	5,460	87,778	5,479	8,620	18
Real Estate Brokerage	13,466	(495)	16,088	357	2,621	852
Other	3,009	329	—	—	(3,009)	(329)
Adjustments (Eliminations or Corporate Assets/Expenses)	(1,371)	(1,664)	(1,071)	(1,611)	299	52
Total	187,311	9,056	210,130	12,768	22,819	3,711

### 1) Real Estate Development and Sales

In the Real estate development and sales segment, net sales rose ¥14,286 million year on year to ¥107,336 million and operating income was ¥8,543 million, a year-on-year increase of ¥3,116 million. This was owing to an increase in units sold by 465 units year on year to 2,763 units and a ¥15,294 million year-on-year increase to ¥103,750 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 for condominiums at the end of the third quarter were 1,839 units and ¥78,463 million, respectively, marking respective decreases of 1,301 units and ¥46,592 million compared with the end of the same period of the previous fiscal year.

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

Category	Nine months ended December 31, 2011	Nine months ended December 31, 2012	Change
Real Estate Sales	91,608	105,195	13,587
Other	1,441	2,140	699
Total	93,049	107,336	14,286

#### Real Estate Sales by Category (Millions of yen)

Category		Nine months ended December 31, 2011		Nine months ended December 31, 2012		Change	
		Units	Amount	Units	Amount	Units	Amount
Contract Agreement Results*	Condominiums	2,635 units	101,967	2,324 units	90,268	(311) units	(11,698)
	Houses	4 units	291	5 units	360	1 unit	68
	Other	—	2,999	—	1,154	—	(1,845)
	Total	2,639 units	105,258	2,329 units	91,783	(310) units	(13,475)
Sales Results	Condominiums	2,298 units	88,455	2,763 units	103,750	465 units	15,294
	Houses	2 units	153	4 units	291	2 units	138
	Other	—	2,999	—	1,154	—	(1,845)
	Total	2,300 units	91,608	2,767 units	105,195	467 units	13,587
Contracted Sales Results**	Condominiums	3,140 units	125,056	1,839 units	78,463	(1,301) units	(46,592)
	Houses	2 units	138	1 unit	68	(1) unit	(69)
	Other	—	—	—	—	—	—
	Total	3,142 units	125,194	1,840 units	78,532	(1,302) units	(46,662)

\* 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 ¥4,590 million year on year to ¥52,609 million, owing 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 ¥2,964 million to ¥31,086 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 ¥87,778 million, up ¥8,620 million year on year, and operating income was ¥5,479 million, up ¥18 million.

The number of condominium units managed increased 37,264 units year on year to 440,740 units at the end of the third quarter and the volume of contract work orders received at the end of the third quarter was ¥17,991 million, a decrease of ¥665 million compared with the end of the same period of the previous fiscal year.

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

Category	Nine months ended December 31, 2011	Nine months ended December 31, 2012	Change
Condominium Management, Building Management	48,018	52,609	4,590
Contract Work	28,122	31,086	2,964
Other	3,016	4,081	1,064
Total	79,157	87,778	8,620

### Number of Condominium Units Managed

Category	As of December 31, 2011	As of December 31, 2012	Change
Number of Condominium Units Managed	403,476 units	440,740 units	37,264 units

### Contract Work (Millions of yen)

Category	As of December 31, 2011	As of December 31, 2012	Change
Volume of Contract Work Orders Received	18,656	17,991	(665)

### 3) Real Estate Brokerage

Income from existing real estate sales increased ¥2,875 million year on year to ¥7,898 million due to an increase in units sold. As a result, segment net sales were ¥16,088 million, up ¥2,621 million year on year, with an operating income of ¥357 million (an increase of ¥852 million compared with the end of the same period of the previous fiscal year).

#### Breakdown of Net Sales

(Millions of yen)

Category	Nine months ended December 31, 2011	Nine months ended December 31, 2012	Change
Real Estate Brokerage	4,703	4,645	(58)
Existing Real Estate Sales	5,022	7,898	2,875
Lease Management	3,402	3,193	(208)
Other	338	351	12
Total	13,466	16,088	2,621

#### Amount of Brokerage Transactions

Category	Nine months ended December 31, 2011	Nine months ended December 31, 2012	Change
Number of Brokerage Transactions	3,525	3,912	387
Total Amount of Transactions (Millions of yen)	108,898	132,221	23,322

#### Existing Real Estate Sales

(Millions of yen)

Category		Nine months ended December 31, 2011		Nine months ended December 31, 2012		Change	
		Units	Amount	Units	Amount	Units	Amount
Sales Results	Condominiums	190 units	3,354	398 units	7,637	208 units	4,283
	Other	—	1,668	—	260	—	(1,407)
	Total	190 units	5,022	398 units	7,898	208 units	2,875

## (2) Qualitative information on the consolidated financial position

Assets, liabilities and net assets

(Millions of yen)

	As of March 31, 2012	As of December 31, 2012	Change
Total assets	290,261	274,796	(15,464)
Inventories	130,412	108,735	(21,677)
Total liabilities	172,632	151,155	(21,476)
Interest-bearing debt	91,032	82,353	(8,678)
Total net assets	117,629	123,641	6,012
Shareholders' equity	117,629	123,617	5,988
Shareholders' equity ratio	40.5%	45.0%	4.5pp

Total assets as of December 31, 2012 were ¥274,796 million, down ¥15,464 million compared with the end of the previous fiscal year. This reflected factors including an increase of ¥6,445 million in securities and a decline of ¥21,677 million in inventories.

Total liabilities were ¥151,155 million, down ¥21,476 million compared with the end of the previous fiscal year. This resulted from a decrease of ¥8,678 million in interest-bearing debt and a decrease of ¥8,244 million in notes and accounts payable.

Total net assets rose ¥6,012 million, compared with the end of the previous fiscal year, to ¥123,641 million. This was attributable to an increase of ¥5,986 million in retained earnings, which resulted from recording of net income for the third quarter, which offsets the impact of a payment of ¥1,929 million in common stock and preferred stock dividends. Furthermore, the shareholders' equity ratio was 45.0%, 4.5 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 nine 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 third 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 third quarter of the previous fiscal year (cumulative) have been reclassified to reflect this change in presentation.

As a result, the amount of ¥98 million that was reported as loan commissions under non-operating income in the consolidated statement of income for the third quarter of the previous consolidated fiscal year (cumulative) has been reclassified and included in net sales.