

Summary of Consolidated Financial Results For the First Quarter Ended June 30, 2015

DAIKYO INCORPORATED (the “Company”) announces financial results for the first quarter year ended June 30, 2015. For more details, please refer to Consolidated Financial Results For the First Quarter Ended June 30, 2015 and Fact Sheets.

■ Consolidated Statements of Operations

Three months ended June 30	2014	2015	Change	(Millions of yen) Forecast 2016
Net sales	48,252	70,722	22,470	335,000
Operating income (loss)	Δ 2,926	1,654	4,581	18,000
Ordinary income (loss)	Δ 3,164	1,504	4,668	17,000
Net income (loss) attributable to parent company shareholders	Δ 2,167	834	3,001	12,500

Consolidated Financial Results Summary

During the three months ended June 30, 2015, net sales increased ¥22,470 million, or 46.6% year on year to ¥70,722 million, operating income increased ¥4,581 million to ¥1,654 million compared with operating loss of ¥2,926 million in the same period of the previous fiscal year, and ordinary income increased ¥4,668 million to ¥1,504 million compared with ordinary loss of ¥3,164 million in the same period of the previous fiscal year. Net income attributable to parent company shareholders increased ¥3,001 million to ¥834 million compared with net loss of ¥2,167 million in the same period of the previous fiscal year.

These figures are largely attributable results in condominium sales backed by results of the real estate development and sales segment, which generated higher revenues year on year due to an increase in numbers of properties completed, as well as results of the real estate brokerage segment, which achieved higher revenues and income year on year due to increases in numbers of brokerage transactions and renovated condominium units sold.

■ Results by Segment

Real Estate Development and Sales

Three months ended June 30	Net sales			Operating income			(Millions of yen)
	2014	2015	Year-on-year	2014	2015	Year-on-year	
	7,633	26,483	18,850	Δ 3,076	667	3,743	

Segment Summary

- In condominium sales, the number of contracted units decreased by 74 year on year to 589 units, while units sold increased by 302 to 502 units. Consequently, net sales increased ¥14,270 million year on year to ¥19,815 million, while the gross profit margin for condominium sales remained unchanged from the same period of the previous year at 21.4%.
- As a result, real estate and development sales shifted to positive earnings, with net sales and operating income increasing ¥18,850 million and ¥3,743 million year on year, respectively. These results are attributable to a higher number of condominium units being made available for sale in the segment’s condominium sales operations compared with the previous year, amid the segment’s efforts to carry out sales activities that placed top priority on securing appropriate profits while paying close attention to market trends.
- The number of completed but unsold condominiums was 400 units as of the end of the first quarter (compared with 540 units as of the end of the previous fiscal year).
- Progress made in contracts has generally remained strong, with the figure as of the end of the first quarter of the current fiscal year amounting to 68% of the full-year condominium sales forecast.

Real Estate Management

Three months ended June 30	Net sales			Operating income			(Millions of yen)
	2014	2015	Year-on-year	2014	2015	Year-on-year	
	31,777	32,211	434	960	952	Δ 7	

Segment Summary

- Management income increased ¥605 million year on year, due to gains in numbers of condominium units managed and management contracts for buildings and other facilities.
- Despite greater volumes of small-scale contract work involving condominiums and more work related to buildings and facilities, contract work income decreased ¥280 million year on year due to a decline in planned repair and maintenance work on condominiums.
- As a result, net sales increased ¥434 million year on year, while operating income decreased ¥7 million due to the downturn in contract work income.
- The number of condominium units managed was 526,687 units as of the end of the first quarter (compared with 526,131 units as of the end of the previous fiscal year).
- The amount of contract work orders received as of the end of the first quarter was ¥36,530 million.

Real Estate Brokerage

Three months ended June 30	Net sales			Operating income			(Millions of yen)
	2014	2015	Year-on-year	2014	2015	Year-on-year	
	9,508	13,070	3,561	35	862	827	

Segment Summary

- Real estate brokerage income increased ¥508 million year on year, amid a year-on-year increase of 322 in the number of brokerage transactions.
 - Real estate sales increased ¥2,479 million year on year, mainly due to an increase of 89 units in numbers of renovated condominiums sold.
- As a result, net sales increased ¥3,561 million year on year, while operating income increased ¥827 million.
- There were 1,987 brokerage transactions during the first quarter, and sales of 281 renovated condominium units.
 - The number of brokerage offices was 64 as of the end of the first quarter (against 70 offices as of the end of the previous fiscal year).

In accordance with changes to the management structure, renovation business operator Daikyo Reform-Design Incorporated has been shifted to the real estate brokerage segment beginning with the first quarter of the current fiscal year, from the previous real estate management segment. Accompanying this change, segment information for the first quarter of the current fiscal year has been prepared pursuant to the reporting segment classification subsequent to the changes.

■ Regarding consolidated performance forecast

There are no changes from the consolidated performance forecast announced in May 2015.