

To whom it may concern

DAIKYO INCORPORATED  
(Securities Code: 8840)

**Progress in each segment was generally in-line with full-year forecasts.**  
**Renovated condominium sales were the highest ever in the second-quarter,**  
**with 655 units sold.**  
**The forecasted year-end dividend of ¥4 per share has been upwardly revised**  
**to ¥6 per share.**

During the six months ended September 30, 2016, net sales decreased ¥22,872 million, or 13.5% year on year, to ¥146,628 million, operating income decreased ¥4,206 million, or 39.0%, to ¥6,592 million, ordinary income decreased ¥4,082 million, or 39.2%, to ¥6,332 million and profit attributable to owners of parent decreased ¥2,975 million, or 42.6%, to ¥4,001 million.

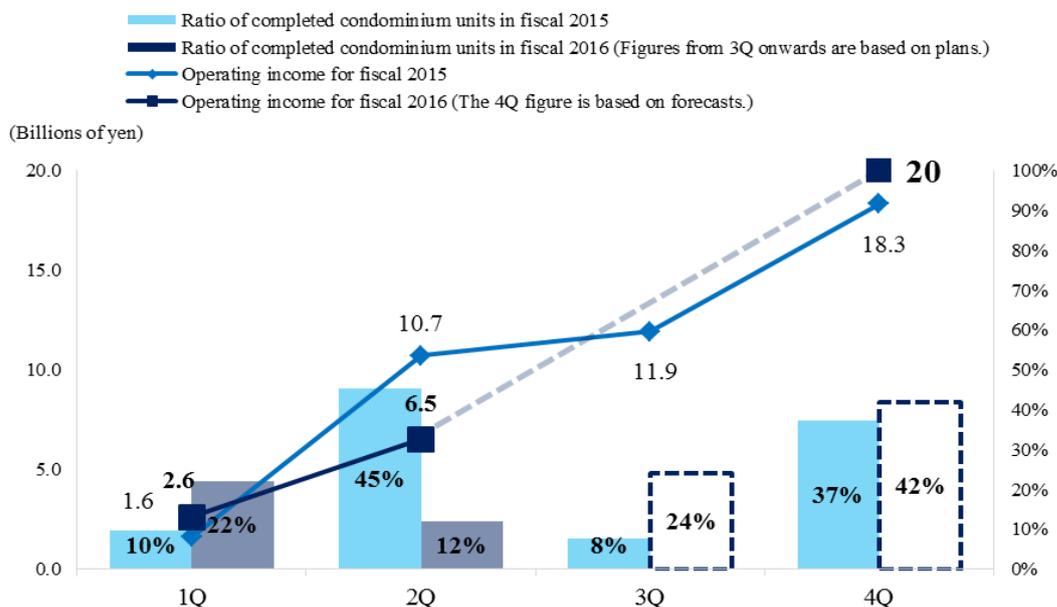
This is primarily due to plans for fewer unit completions in condominium sales year on year; however, progress in each segment was generally in line with full-year forecasts, and there has been no change in the full-year performance forecast announced in May this year.

### ■ Consolidated Statements of Operations

(Millions of yen)

Six months ended September 30	2015	2016	Change	Forecast 2017
Net sales	169,500	146,628	Δ 22,872	340,000
Operating income	10,798	6,592	Δ 4,206	20,000
Ordinary income	10,414	6,332	Δ 4,082	19,000
Profit attributable to owners of parent	6,976	4,001	Δ 2,975	14,000

### ◆ Operating income and number of condominium units completed by quarter



## ■ Results by Segment

### Real Estate Management

Six months ended September 30	Net sales			Operating income			(Millions of yen)
	2015	2016	Year-on-year	2015	2016	Year-on-year	
	<b>75,970</b>	<b>75,597</b>	<b>Δ 372</b>	<b>4,219</b>	<b>4,320</b>	<b>100</b>	

### Segment Summary

- Management income increased ¥544 million year on year, due to gains in numbers of management contracts for buildings and other facilities.
- Despite larger sales of planned repair and maintenance work and small-scale contract work on condominiums, contract work income decreased ¥672 million year on year due to a decrease in sales of work related to buildings and facilities.
- As a result, in spite of net sales falling by ¥372 million year on year, operating income rose by ¥100 million year on year thanks to the success of cost-saving initiatives in each business.
- The volume of contract work orders received as of the end of the second quarter was ¥35,745 million.
- The rate of progress with regard to full-year forecast net sales is 44% (the average for the most recent three fiscal years is 47%).

### Real Estate Brokerage

Six months ended September 30	Net sales			Operating income			(Millions of yen)
	2015	2016	Year-on-year	2015	2016	Year-on-year	
	<b>26,251</b>	<b>28,833</b>	<b>2,582</b>	<b>1,835</b>	<b>1,138</b>	<b>Δ 696</b>	

### Segment Summary

- Real estate sales increased ¥2,612 million year on year due to rising unit prices as well as a year-on-year increase of 84 units sold for renovated condominiums, and as a result, net sales increased by ¥2,582 million year on year.
- Operating income declined by ¥696 million year on year, due to factors such as increased operating expenses resulting from an increase of six brokerage offices year on year and reinforcement of personnel aimed at further expansion of our network of offices.
- There were 3,394 sales brokerages in the second quarter, and condominium renovations recorded the highest ever second-quarter sales results, with 655 units sold.
- The number of brokerage offices was 70 as of the end of the second quarter (compared with 67 offices as of the end of the previous fiscal year).
- The rate of progress with regard to full-year forecast net sales is 44% (the average for the most recent three fiscal years is 47%).

### Real Estate Development and Sales

Six months ended September 30	Net sales			Operating income			(Millions of yen)
	2015	2016	Year-on-year	2015	2016	Year-on-year	
	<b>69,844</b>	<b>44,339</b>	<b>Δ 25,505</b>	<b>6,327</b>	<b>2,362</b>	<b>Δ 3,965</b>	

### Segment Summary

- Condominium units sold decreased by 553 to 1,019 units and condominium sales decreased ¥20,190 million year on year to ¥39,526 million.
- This is because only 960 completed condominium units (12 buildings) were planned in the second quarter, as opposed to 1,560 (25 buildings) in the same period of the previous fiscal year. Progress made in contracted units has generally been strong, at 81% of the full-year condominium sales forecast as of the end of the second quarter (compared to 80% at the end of the second quarter of the previous fiscal year).
- The condominium profit margin rose 1.4 pp. year on year to 24.7% as a result of appropriate profit levels being made the top priority in sales activities, in parallel with monitoring market trends.
- The number of completed but unsold new condominiums fell from 467 units as of the end of the first quarter to 394 units at the end of the second quarter.

## ■ Regarding consolidated performance forecast

The progress in each segment was generally in line with full-year forecasts and there are no changes from the consolidated performance forecast announced in May 2016.

## ■ Revision of Year-end Dividend Forecast and Decision concerning Acquisition of Treasury Stock

Based on the shareholder return policy in the medium-term management plan\* announced today, we revised the year-end dividend forecast and will be acquiring treasury stock.

\*For details of the Medium-term Management Plan, please refer to the "Announcement of Formulation of the Daikyo Group's Medium-term Management Plan 'Create NEW VALUE 2021 -New Value Creation through Real Estate Solutions-' released today.

### ◆ Content of Revisions to Year-end Dividend Forecast

	Dividend per Share (Yen)		
	2Q-end	Year-end	Total
Previous forecast (Announced May 10, 2016)	—	4.00	4.00
Revised forecast	—	6.00	6.00
Results for the fiscal year ending March 31, 2017	0.00		
Results for the fiscal year ended March 31, 2016	0.00	3.00	3.00

\*For details, please refer to the "Announcement of Revision of Year-end Dividend Forecast" released today.

### ◆ Content of the Acquisition

1 Type of stock to be acquired	Common stock of the Company
2 Total number of shares to be acquired	Up to 70,000,000 [Percentage of the total number of shares issued (excluding treasury stock): 8.33%]
3 Total value of stock to be acquired	Up to ¥10 billion
4 Period of acquisition	From October 27, 2016 to October 26, 2017

\*For details, please refer to the "Announcement of Decision Concerning Acquisition of Treasury Stock" released today.

## ■ Other

Non-consolidated performance forecasts of net sales for the fiscal year ending March 2017 are expected to differ from the performance of the previous fiscal year to the extent that disclosure is required, as a result of the revision of the group-wide business plan in the medium-term management plan announced today, although non-consolidated performance forecasts were not disclosed in the Consolidated Financial Results for the Fiscal Year Ended March 31, 2016 (J-GAAP) announced on May 10, 2016.

There are no changes from the consolidated performance forecast announced on May 10, 2016.

For details, please refer to the "Announcement Concerning Difference of Non-consolidated Performance Forecast to the Performance of the Previous Fiscal Year" released today.