

Consolidated Financial Results for the First Quarter Ended June 30, 2011 (J-GAAP) (Unaudited)

August 2, 2011

Listed company: DAIKYO INCORPORATED
 Securities code: 8840
 Representative: Akira Yamaguchi, Representative Executive Officer, President
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 Planned date of the filing of quarterly report: August 11, 2011
 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 less than one million yen are truncated)

1. Consolidated Performance for the Three Months Ended June 30, 2011 (April 1, 2011 to June 30, 2011)

(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, 2011	47,009	(8.9)%	2,874	101.2%	2,237	169.6%	3,736	—
Three months ended June 30, 2010	51,626	(37.4)%	1,428	(50.7)%	829	(67.7)%	50	(95.7)%

(Note) Comprehensive income: Three months ended June 30, 2011: ¥3,697 million (— %)
 Three months ended June 30, 2010: ¥(79) million (— %)

	Net income per share	Fully diluted net income per share
Three months ended June 30, 2011	¥8.46	¥4.39
Three months ended June 30, 2010	¥0.11	¥0.06

(2) Consolidated financial position (Millions of yen except for % and per share figures)

	Total assets	Net assets	Shareholders' equity ratio
As of June 30, 2011	301,153	99,586	33.1%
As of March 31, 2011	319,085	96,723	30.3%

(Reference) Shareholders' equity:
 As of June 30, 2011: ¥99,586 million As of March 31, 2011: ¥96,723 million

2. State of Dividends

	Annual dividends (Yen)				
	1Q end	2Q end	3Q end	Year end	Total
Fiscal year ended March 31, 2011	—	0.00	—	0.00	0.00
Fiscal year ending March 31, 2012	—				
Fiscal year ending March 31, 2012 (Forecast)		0.00	—	2.00	2.00

(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, 2012 (April 1, 2011 to March 31, 2012)
(% 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, 2011	98,000	(24.1)%	3,000	(50.7)%	1,300	(72.3)%	5,600	69.1%	¥12.67
Full year	270,000	(8.6)%	13,500	(0.7)%	10,000	(7.2)%	11,500	17.9%	¥24.16

(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.

4. Others

(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: None

(iv) Retrospective restatements: None

(4) Number of shares issued (common stock)

				(Unit: share)
1) Number of issued shares at end of period (including treasury stock):	Jun. 30, 2011	445,337,738	Mar. 31, 2011	445,337,738
2) Number of shares of treasury stock at end of period:	Jun. 30, 2011	3,388,994	Mar. 31, 2011	3,388,518
3) Average number of shares during period	Apr.–Jun. 2011	441,948,950	Apr.–Jun. 2010	441,971,375

* 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 available to the Company as of the date this document was published. Actual performance may differ from the forecast figures due to various factors. Please refer to “(3) Qualitative information on the consolidated performance forecast” of “1. Qualitative Information on Consolidated Performance, etc., in the First Quarter” on page 9.

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 and the amount of dividends 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, 2011	—	—	—	9.328	9.328
Fiscal year ending March 31, 2012	—				
Fiscal year ending March 31, 2012 (Forecast)		—	—	8.88	8.88

(Class 2 preferred stock)

	Annual dividends (Yen)				
	1Q end	2Q end	3Q end	Year end	Total
Fiscal year ended March 31, 2011	—	—	—	9.328	9.328
Fiscal year ending March 31, 2012	—				
Fiscal year ending March 31, 2012 (Forecast)		—	—	8.88	8.88

(Class 4 preferred stock)

	Annual dividends (Yen)				
	1Q end	2Q end	3Q end	Year end	Total
Fiscal year ended March 31, 2011	—	—	—	8.00	8.00
Fiscal year ending March 31, 2012	—				
Fiscal year ending March 31, 2012 (Forecast)		—	—	8.00	8.00

(Class 7 preferred stock)

	Annual dividends (Yen)				
	1Q end	2Q end	3Q end	Year end	Total
Fiscal year ended March 31, 2011	—	—	—	10.00	10.00
Fiscal year ending March 31, 2012	—				
Fiscal year ending March 31, 2012 (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, 2011	—	—	—	10.00	10.00
Fiscal year ending March 31, 2012	—				
Fiscal year ending March 31, 2012 (Forecast)		—	—	10.00	10.00

1. Qualitative Information on Consolidated Performance, etc., in the First Quarter

(1) Qualitative information on the consolidated operating results

1) Overall performance

During the three months ended June 30, 2011, the Japanese economy remained in an unstable situation, owing to a decline in economic activity, a dampening of consumer confidence, restraints on electric power supply and other factors due to the impact of the Great East Japan Earthquake. Nevertheless, there are signs that the economy is picking up, owing to a recovery in production activity due to the restoration of supply chains, and a marked drop off in the mood of self-restraint among consumers.

In the condominium market, sales plans were revised as a consequence of self-restraint with regard to sales activities following the earthquake disaster, and delays in construction material procurement. Contract rate, however, was steady, owing in part to low mortgage interest rates, the government's stimulus policy for homebuyers, and further recognition of condominium safety levels following the earthquake disaster.

In this business environment, the Daikyo Group's net sales fell ¥4,616 million, compared with the same period of the previous fiscal year to ¥47,009 million. This result largely reflects the Group's business plan, which included the completion and handing over of fewer properties compared with the same period of the previous fiscal year, on condominium sales in the Real estate development and sales segment. Due to factors including improvement in the gross profit margin for condominium sales, operating income rose ¥1,445 million year on year to ¥2,874 million, and ordinary income grew ¥1,407 million to ¥2,237 million. In addition, net income increased ¥3,686 million, to ¥3,736 million, reflecting the recognition of deferred tax assets.

2) Results by segment

Performance by Segment				(Millions of yen)		
Category	Three months ended June 30, 2010		Three months ended June 30, 2011		Change	
	Net sales	Operating income	Net sales	Operating income	Net sales	Operating income
Real Estate Development and Sales	22,579	(189)	18,646	1,962	(3,933)	2,151
Real Estate Management	24,317	1,800	24,162	1,476	(154)	(324)
Real Estate Brokerage	4,321	199	4,003	(91)	(317)	(290)
Other	791	41	693	65	(98)	23
Adjustments (Eliminations or Corporate Assets/Expenses)	(382)	(423)	(496)	(538)	(113)	(115)
Total	51,626	1,428	47,009	2,874	(4,616)	1,445

Real Estate Development and Sales

In the Real estate development and sales segment, net sales amounted to ¥18,646 million, down ¥3,933 million, compared with the same period of the previous fiscal year, owing to a decrease of 115 units in units sold to 512 units and a decline of ¥3,414 million to ¥18,126 million in mainstay condominium sales. This reflected the Group's business plan, which included the completion and handing over of fewer properties than in the same period of the previous fiscal year.

Owing to substantial improvement year on year in the gross profit margin for condominium sales, the Real estate development and sales segment recorded an operating income of ¥1,962 million, a year-on-year increase of ¥2,151 million.

The number and amount of contracted sales at the end of the first quarter were 3,106 units and ¥124,182 million, respectively, marking increases of 353 units and ¥18,635 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, 2010	Three months ended June 30, 2011	Change
Real Estate Sales	22,099	18,126	(3,973)
Other	479	520	40
Total	22,579	18,646	(3,933)

Real Estate Sales by Category

(Millions of yen)

Category		Three months ended June 30, 2010		Three months ended June 30, 2011		Change	
		Units or Area	Amount	Units or Area	Amount	Units or Area	Amount
Contract Agreement Results*	Condominiums	1,570 units	57,300	815 units	30,764	(755 units)	(26,536)
	Other	— m ²	—	— m ²	—	— m ²	—
	Total	1,570 units — m ²	57,300	815 units — m ²	30,764	(755 units) — m ²	(26,536)
Sales Results	Condominiums	627 units	21,540	512 units	18,126	(115 units)	(3,414)
	Other	1,190 m ²	559	— m ²	—	(1,190m ²)	(559)
	Total	627 units 1,190 m ²	22,099	512 units — m ²	18,126	(115 units) (1,190m ²)	(3,973)
Contracted Sales Results**	Condominiums	2,753 units	105,546	3,106 units	124,182	353 units	18,635
	Other	— m ²	—	— m ²	—	— m ²	—
	Total	2,753 units — m ²	105,546	3,106 units — m ²	124,182	353 units — m ²	18,635

*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.

Notes:

1 The figures for “m²” under “Units or Area” indicate land area.

2 Contracted sales are the balance as of the end of the quarter.

Real Estate Management

In the Real estate management segment, management income increased ¥349 million year on year to ¥15,869 million, owing to a rise in the number of condominium units managed. However, contract work income decreased ¥644 million year on year to ¥7,473 million. This decrease reflected construction delays due to the earthquake disaster despite the fact that the volume of contract work orders received for large-scale repair and maintenance work on condominiums steadily increased.

As a result of the above, segment sales were ¥24,162 million, down ¥154 million year on year, and operating income was ¥1,476 million, down ¥324 million.

The volume of contract work orders received at the end of the first quarter was ¥15,785 million, an increase of ¥4,157 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, 2010	Three months ended June 30, 2011	Change
Condominium Management, Building Management	15,519	15,869	349
Contract Work	8,118	7,473	(644)
Other	679	820	140
Total	24,317	24,162	(154)

Number of Condominium Units Managed

Category	As of June 30, 2010	As of June 30, 2011	Change
Number of Condominium Units Managed	394,404 units	399,528 units	5,124 units

Contract Work

(Millions of yen)

Category	As of June 30, 2010	As of June 30, 2011	Change
Volume of Contract Work Orders Received	11,628	15,785	4,157

Real Estate Brokerage

In the Real estate brokerage segment, income from existing real estate sales increased ¥20 million year on year to ¥1,125 million, and income from lease management increased ¥19 million to ¥1,170 million. Real estate brokerage income, however, decreased ¥339 million to ¥1,591 million.

As a result, segment net sales were ¥4,003 million, down ¥317 million year on year, with an operating loss of ¥91 million, a decrease of ¥290 million compared with end of the same period of the previous fiscal year.

Breakdown of Net Sales

(Millions of yen)

Category	Three months ended June 30, 2010	Three months ended June 30, 2011	Change
Real Estate Brokerage	1,931	1,591	(339)
Existing Real Estate Sales	1,104	1,125	20
Lease Management	1,151	1,170	19
Other	133	115	(18)
Total	4,321	4,003	(317)

Amount of Brokerage Transactions

(Millions of yen)

Category	Three months ended June 30, 2010	Three months ended June 30, 2011	Change
Number of Brokerage Transactions	1,432	1,386	(46)
Total Amount of Transactions	57,064	35,773	(21,290)

Existing Real Estate Sales

(Millions of yen)

Category		Three months ended June 30, 2010		Three months ended June 30, 2011		Change	
		Units or Area	Amount	Units or Area	Amount	Units or Area	Amount
Sales Results	Condominiums	72 units	1,104	56 units	984	(16 units)	(120)
	Other	— m ²	—	4,214 m ²	140	4,214 m ²	140
	Total	72 units — m ²	1,104	56 units 4,214 m ²	1,125	(16 units) 4,214 m ²	20

Note: The figures for “m²” under “Units or Area” indicate land area.

(2) Qualitative information on the consolidated financial position

Assets, liabilities and net assets

	(Millions of yen)		
	As of Mar. 31, 2011	As of Jun. 30, 2011	Change
Total assets	319,085	301,153	(17,932)
Total liabilities	222,362	201,566	(20,795)
Interest-bearing debt	140,304	133,868	(6,435)
Total net assets	96,723	99,586	2,863
Shareholders' equity	96,723	99,586	2,863
Shareholders' equity ratio	30.3%	33.1%	2.8pp

Total assets as of June 30, 2011 were ¥301,153 million, down ¥17,932 million compared with the end of the previous fiscal year. This reflected declines of ¥19,101 million in cash and deposits due to factors including settlements of notes and accounts payable.

Total liabilities were ¥201,566 million, down ¥20,795 million compared with the end of the previous fiscal year. This resulted from a decrease of ¥11,049 million in notes and accounts payable-trade and a decline of ¥6,435 million in interest-bearing debt.

Total net assets rose ¥2,863 million from the end of the previous fiscal year to ¥99,586 million. This was attributable to an increase of ¥2,902 million in retained earnings, which resulted from the recording of net income for the first quarter and offset the impact of a payment of ¥834 million in preferred stock dividends. Furthermore, the shareholders' equity ratio was 33.1%, 2.8 percentage points higher than at 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 11, 2011.

(Millions of yen)

	Net sales	Operating income	Ordinary income	Net income	Net income per share
Six months ending September 30, 2011	98,000	3,000	1,300	5,600	¥12.67
Full year	270,000	13,500	10,000	11,500	¥24.16

Performance Forecast by Segment

(Millions of yen)

Category	Fiscal year ending March 31, 2012	
	Net sales	Operating income
Real Estate Development and Sales	140,000	6,900
Real Estate Management	104,000	7,200
Real Estate Brokerage	24,000	1,500
Other	4,000	200
Adjustments (Eliminations or Corporate Assets/Expenses)	(2,000)	(2,300)
Total	270,000	13,500

The above forecasts were written based on the information available to the Company as of the date this document was published. Actual performance may differ from the forecast figures due to various factors.

2. Summary Information (Other)

(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

(Application of accounting standards regarding net income per share)

From the first quarter of the current fiscal year, the Daikyo Group has applied the Accounting Standard for Earnings Per Share (ASBJ Statement No.2, June 30, 2010), the Guidance on Accounting Standard for Earnings Per Share (ASBJ Guidance No.4, June 30, 2010), and the Practical Solution on Accounting for Earnings Per Share (ASBJ PITF No.9, June 30, 2010).

This did not affect calculation of fully diluted net income per share for the quarter.