

Summary of Consolidated Financial Results For the Six Months Ended September 30, 2013

DAIKYO INCORPORATED announces financial results for the six months ended September 30, 2013. For more details, please refer to 2Q Financial Results and Fact Sheets.

■ Consolidated Statements of Operations

Comparison to initial forecast (announced on May 14, 2013)

	Forecast			Forecast	(Millions of yen)
	Apr-Sep 2013	Apr-Sep 2013*	Change	Apr 2013- Mar 2014	
Net sales	154,988	155,000	△ 11	330,000	
Operating income	7,860	6,500	1,360	16,000	
Ordinary income	7,242	5,500	1,742	14,500	
Net income	13,350	11,000	2,350	21,000	

*Initial forecast (announced on May 14, 2013)

Consolidated Financial Results Summary

Net sales	Although in the real estate management business new consolidated subsidiaries outperformed the initial forecast, net sales overall declined ¥10 million with sales of completed properties falling short of initial forecasts. This was due to a focus in mainstay condominium sales geared toward property sales involving contracts for delivery in subsequent quarters at the 5% consumption tax rate, in view of customer needs and other such factors.
Operating income	Operating income increased ¥1.3 billion due to such factors as the real estate brokerage business generating a higher profit margin than initially anticipated, new consolidated subsidiaries in the real estate management business outperforming initial forecasts, and shifting of some expenses from the second quarter to the third quarter or later.
Ordinary income	Ordinary income increased ¥1.7 billion owing to factors such as operating income results being significantly better than originally anticipated and a decrease in interest expense.
Net income	Net income gained ¥2.3 billion owing to factors such as ordinary income results being significantly better than originally anticipated and recognition in the first quarter of a portion of the extraordinary income that was expected to have been recognized at the end of the current period.

Comparison to previous year

	Apr-Sep 2012	Apr-Sep 2013	Change	(Millions of yen)
Net sales	156,777	154,988	△ 1,789	
Operating income	11,514	7,860	△ 3,654	
Ordinary income	10,287	7,242	△ 3,044	
Net income	7,314	13,350	6,035	

Consolidated Financial Results Summary

Net sales	Despite a positive contribution from Anabuki Construction Inc. and its subsidiaries now in the scope of consolidation, net sales overall fell by ¥1.7 billion year on year, to ¥154.9 billion, owing in part to a year-on-year decrease in the number of scheduled unit completions in mainstay condominium sales.
Operating income	Operating income decreased ¥3.6 billion to ¥7.8 billion, and ordinary income declined by ¥3.0 billion to ¥7.2 billion, partially due to a limited contribution to operating income in consolidated accounting caused by having stated inventories and other assets of Anabuki Construction and its subsidiaries at fair value.
Ordinary income	
Net income	Net income grew ¥6.0 billion to ¥13.3 billion, due to influences such as recording of negative goodwill-incurred profits from the acquisition of Anabuki Construction Inc. as a consolidated subsidiary.

■ Results by Segment

Real Estate Development and Sales

Net sales

Six Months Ended Sep 30, 2012	Six Months Ended Sep 30, 2013	Year-on-year
87,239	66,310	Δ 20,929

Operating income

Six Months Ended Sep 30, 2012	Six Months Ended Sep 30, 2013	Year-on-year
8,196	3,628	Δ 4,567 (Millions of yen)

In the real estate development and sales segment, despite the positive contribution of Anabuki Construction Inc. as a consolidated subsidiary, net sales declined ¥20.9 billion year on year to ¥66.3 billion, and operating income was ¥3.6 billion, a decrease of ¥4.5 billion. This was due to a ¥23.4 billion year-on-year decrease in condominium sales, which came in at ¥61.1 billion amid sales of 1,788 units, or 437 fewer units year on year, amid a lower scheduled number of units completed than in the same period of the previous fiscal year.

The number and amount of contracted sales at the end of the second quarter were 3,036 units and ¥106.8 billion, respectively, marking respective increases of 1,443 units and ¥39.6 billion compared with the end of the same period of the previous fiscal year.

Real Estate Management

Net sales

Six Months Ended Sep 30, 2012	Six Months Ended Sep 30, 2013	Year-on-year
59,823	74,377	14,553

Operating income

Six Months Ended Sep 30, 2012	Six Months Ended Sep 30, 2013	Year-on-year
4,071	4,769	697 (Millions of yen)

In the real estate management segment, management income increased ¥5.0 billion year on year to ¥39.7 billion and contract work income rose ¥7.8 billion year on year to ¥29.8 billion, due to the positive contribution of Anabuki Community Inc. and Anabuki Corporation that became consolidated subsidiaries. As a result of the above, net sales were ¥74.3 billion, up ¥14.5 billion year on year, and operating income was ¥4.7 billion, up ¥0.6 billion.

At the end of the second quarter, the number of condominium units managed increased 73,007 units to 513,794 units and the volume of contract work orders received was ¥37.1 billion, an increase of ¥20.5 billion compared with the end of the same period of the previous fiscal year.

Real Estate Brokerage

Net sales

Six Months Ended Sep 30, 2012	Six Months Ended Sep 30, 2013	Year-on-year
10,534	16,397	5,862

Operating income

Six Months Ended Sep 30, 2012	Six Months Ended Sep 30, 2013	Year-on-year
288	1,118	830 (Millions of yen)

In the real estate brokerage segment, net sales were ¥16.3 billion, up ¥5.8 billion year on year, with an operating income of ¥1.1 billion, up ¥0.8 billion year on year. This was due to strong performance in real estate brokerage and existing real estate sales, as well as to the positive contribution of Anabuki Real Estate Center Inc. that became a consolidated subsidiary.

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