

Summary of Consolidated Financial Results For the Third Quarter Ended December 31, 2015

DAIKYO INCORPORATED (the “Company”) announces financial results for the third quarter ended December 31, 2015. For more details, please refer to Consolidated Financial Results for the Third Quarter Ended December 31, 2015, and the Fact Sheets.

■ Consolidated Statements of Operations

Nine months ended December 31	2014	2015	Change	(Millions of yen)
				Forecast 2016
Net sales	191,090	238,320	47,230	335,000
Operating income	2,051	11,939	9,887	18,000
Ordinary income	1,161	11,142	9,980	17,000
Profit attributable to owners of parent	1,395	7,471	6,076	12,500

Consolidated Financial Results Summary

During the nine months ended December 31, 2015, net sales increased by ¥47,230 million, or 24.7% year on year, to ¥238,320 million, operating income increased by ¥9,887 million, or 482.0%, to ¥11,939 million, and ordinary income increased by ¥9,980 million, or 859.2%, to ¥11,142 million.

Profit attributable to owners of parent increased by ¥6,076 million, or 435.6% year on year, to ¥7,471 million.

These figures are partially attributable to increases in both revenues and income in the real estate development and sales segment due to factors such as greater numbers of properties completed in condominium sales, and also to increases in both revenues and income achieved by the real estate management and the real estate brokerage segments.

■ Results by Segment

Real Estate Development and Sales

Nine months ended December 31	Net sales			Operating income			(Millions of yen)
	2014	2015	Year-on-year	2014	2015	Year-on-year	
	54,883	88,170	33,286	△ 1,462	5,254	6,716	

Segment Summary

- The number of properties completed in condominium sales increased year on year, and as a result, units sold increased by 702 to 2,054 units. Consequently, net sales increased by ¥31,777 million year on year, to ¥76,667 million.
- As a result, net sales and operating income increased by ¥33,286 million and ¥6,716 million year on year, respectively.
- The gross profit margin for condominium sales was 22.4%, a decrease of 2.2 percentage points year on year as a result of the effects of sharply higher construction expenses and other factors.
- As a result of a year-on-year decrease in the number of new condominiums put up for sale and other factors, the number of contracted condominiums was 1,781 units, down 301 units.
- The number of completed but unsold condominiums was 393 units as of the end of the third quarter, down 130 units from the end of the second quarter (compared with 540 units as of the end of the previous fiscal year).
- Progress at the end of the third quarter was 89% of the full-year condominium sales forecast.

Real Estate Management

Nine months ended December 31	Net sales			Operating income			(Millions of yen)
	2014	2015	Year-on-year	2014	2015	Year-on-year	
	106,279	114,295	8,015	4,684	6,531	1,846	

Segment Summary

- Management income increased by ¥2,054 million year on year, due to gains in numbers of condominium units managed and management contracts for buildings and other facilities.
- Despite a decrease in planned repair and maintenance work on condominiums, contract work income increased by ¥5,193 million year on year, due to the segment's increased sales volumes for small-scale contract jobs and work related to buildings and facilities.
- As a result, net sales and operating income increased by ¥8,015 million and ¥1,846 million year on year, respectively.
- The number of condominium units managed was 529,348 units as of the end of the third 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 third quarter was ¥32,693 million.

Real Estate Brokerage

Nine months ended December 31	Net sales			Operating income			(Millions of yen)
	2014	2015	Year-on-year	2014	2015	Year-on-year	
	32,111	39,439	7,327	1,162	2,456	1,293	

Segment Summary

- Real estate brokerage income increased by ¥550 million year on year as a result of a year-on-year increase in the number of brokerage transactions and sales unit price.
- Real estate sales increased by ¥6,046 million year on year, mainly due to an increase in numbers of renovated condominiums sold.
- As a result, net sales increased by ¥7,327 million year on year, while operating income increased by ¥1,293 million.
- There were 4,817 brokerage transactions during the third quarter, and sales of 866 renovated condominium units.
- The number of brokerage offices was 64 as of the end of the third quarter (against 70 offices as of the end of the previous fiscal year).

In accordance with changes to the management structure, 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 third quarter of the previous 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.