

Summary of Consolidated Financial Results For the First Quarter Ended June 30, 2016

DAIKYO INCORPORATED (the “Company”) announces financial results for the first quarter ended June 30, 2016. For more details, please refer to Consolidated Financial Results for the First Quarter Ended June 30, 2016, and the Fact Sheets.

■ Consolidated Statements of Operations

Three months ended June 30	2015	2016	Change	(Millions of yen) Forecast 2017
Net sales	70,722	71,383	660	340,000
Operating income	1,654	2,633	979	20,000
Ordinary income	1,504	2,496	992	19,000
Profit attributable to owners of parent	834	1,405	570	14,000

Consolidated Financial Results Summary

During the three months ended June 30, 2016, net sales increased ¥660 million, or 0.9% year on year, to ¥71,383 million, operating income increased ¥979 million, or 59.2%, to ¥2,633 million, ordinary income increased ¥992 million, or 66.0%, to ¥2,496 million and profit attributable to owners of parent increased ¥570 million, or 68.4%, to ¥1,405 million.

This was primarily because the number of new condominium units sold increased in the real estate development and sales segment, and repair and maintenance work increased in the real estate management segment year on year.

■ Results by Segment

Real Estate Development and Sales

Three months ended June 30	Net sales			Operating income			(Millions of yen)
	2015	2016	Year-on-year	2015	2016	Year-on-year	
	<u>26,483</u>	<u>23,978</u>	<u>Δ2,505</u>	<u>667</u>	<u>1,449</u>	<u>781</u>	

Segment Summary

- Condominium units sold increased 32 units to 534 units and condominium sales increased ¥2,056 million to ¥21,872 million year on year.
- The number of units under contract decreased 139 over the previous year to 450 and condominium profit margin rose 2.7 pp over the previous year to 24.1% as a result of sales activities making appropriate profit levels the top priority while monitoring market trends.
- Net sales fell ¥2,505 million, but operating income rose ¥781 million.
- The number of new unsold condominiums was 467 units as of the end of the first quarter (compared with 450 units as of the end of the previous fiscal year).
- The progress at the end of the first quarter was 70% of the full-year forecast of condominium sales, indicating that said progress has generally remained strong.

Real Estate Management

Three months ended June 30	Net sales			Operating income			(Millions of yen)
	2015	2016	Year-on-year	2015	2016	Year-on-year	
	32,211	35,087	2,875	952	1,587	635	

Segment Summary

- Management income increased ¥284 million year on year, due to gains in numbers of condominium units managed and management contracts for buildings and other facilities.
- Despite smaller sales of work related to buildings and facilities, contract work income increased ¥2,530 million year on year due to an increase in sales of planned repair and maintenance work and small-scale contract work on condominiums.
- As a result, net sales increased ¥2,875 million and operating income increased ¥635 million year on year.
- The number of condominium units managed was 529,841 units as of the end of the first quarter (compared with 530,095 units as of the end of the previous fiscal year).
- The volume of contract work orders received as of the end of the first quarter was ¥31,832 million.

Real Estate Brokerage

Three months ended June 30	Net sales			Operating income			(Millions of yen)
	2015	2016	Year-on-year	2015	2016	Year-on-year	
	13,070	13,446	375	862	354	Δ 507	

Segment Summary

- Real estate sales increased ¥440 million year on year, mainly due to an increase of 26 units in numbers of renovated condominiums sold.
- Operating costs increased due to reinforcement of personnel aimed at further brokerage office development in addition to a year-on-year increase of six offices.
- Net sales increased ¥375 million and operating income decreased ¥507 million year on year.
- There were 1,792 brokerage transactions and sales of 307 renovated condominium units during the first quarter.
- The number of brokerage offices was 70 as of the end of the first quarter (compared with 67 offices as of the end of the previous fiscal year).

■ Regarding consolidated performance forecast

There are no changes from the consolidated performance forecast announced in May 2016.