

# Brief Report on the Second Quarter Financial Statements for the Period Ending March 2010

November. 12, 2009

Name of listed company: DAI-DAN Co., Ltd.  
Code No.: 1980 URL <http://www.daidan.co.jp/>

Listed Shares Exchanges:  
Tokyo Stock Exchange 1st section  
Osaka Stock Exchange 1st section

Representative of Company: Setsu SUGAYA, Representative Director, Chairman and President  
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Date scheduled date to file a quarterly report: November 13, 2009  
Date scheduled for dividend payment commencement: December 1, 2009

(Amounts are indicated with figures less than 1 million yen discarded)

## 1. Consolidated business results for the second quarter of the period ending March 2010 (From April 1, 2009 to September 30, 2009)

### (1) Consolidated management performance (Cumulative total)

(Percentage figures represent the changes from the same quarter period of the previous accounting year.)

	Sales amount		Operating profit		Ordinary profit		Quarterly net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Second quarter of the period ending March 2010	53,080	-16.9	696	-12.5	701	-7.4	269	33.1
Second quarter of the period ending March 2009	63,891	—	795	—	757	—	202	—

	Quarterly net income per share	Quarterly diluted net income per share
	Yen Sen	Yen Sen
Second quarter of the period ending March 2010	6.03	—
Second quarter of the period ending March 2009	4.51	—

### (2) Consolidated financial condition

	Total assets	Net assets	Equity capital ratio	Net asset per share
	Million yen	Million yen	%	Yen Sen
Second quarter of the period ending March 2010	90,997	41,511	45.6	928.45
Period ended March 2009	100,575	41,214	41.0	921.70

(Reference) Equity capital Second quarter of the period ending March 2010 41,507 Million yen Period ending March 2009 41,211 Million yen

## 2. Dividend status

	Per-share dividend				
	End of first quarter	End of second quarter	End of third quarter	Period end	Total
	Yen Sen	Yen Sen	Yen Sen	Yen Sen	Yen Sen
Period ending March 2009	—	5.00	—	11.00	16.00
Period ending March 2010	—	8.00	—	—	—
Period ending March 2010 (Forecast)	—	—	—	8.00	16.00

(Note) Revision of the estimated dividend in the current quarter: No

## 3. Estimate of consolidated performance for the period ending March 2010 (From April 1, 2009 to March 31, 2010)

(Percentage figures represent the changes from the previous quarter period.)

	Sales amount		Operating profit		Ordinary profit		Current net profit		Current net earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen Sen
Total period	125,000	-9.2	2,500	-18.4	2,400	-13.6	1,000	121.3	22.37

(Note) Revision of the forecast consolidated business results in the current quarter: Yes

Estimated amount of work order received (full year) 121,000 Million yen

#### 4. Others

(1) Changes in key subsidiaries in the period (changes in specific subsidiaries requiring changes of consolidation scope) None  
 New subsidiaries: \_\_ companies (Company name: ) Excluded subsidiaries: \_\_ companies (Company name: )

(2) Application of the simplified accounting procedures as well as accounting procedures specific to preparation of quarterly consolidated financial statements: Yes

(Note) For detail, please refer to information in the section of “4. Others” of “Qualitative Information, Financial Statements, etc.” on page 5.

(3) Changes in accounting principles, procedures, and disclosures for preparation of quarterly consolidated financial statements (changes described in the section of “Changes in significant matters forming the basis of preparation of the quarterly consolidated financial statements)

1. Changes due to revisions of accounting standards: None

2. Changes due to other reasons: None

(4) Number of issued shares (common stock)

1. Number of issued shares at the end of period (including treasury stock)				
Second quarter of the period ending March 2010	45,963,803 shares	Period ending March 2009	45,963,803 shares	
2. Number of treasury stock at the end of period				
Second quarter of the period ending March 2010	1,257,489 shares	Period ending March 2009	1,251,190 shares	
3. Average number of shares (Second Quarter period, 6 months)				
Second quarter of the period ending March 2010	44,709,527 shares	Second quarter of the period ending March 2009	44,884,648 shares	

#### \* Explanation about adequate use of achievement forecasts and other noteworthy matters

(Note on Future-Related Descriptions Etc.)

Future-related descriptions about business result prospect given in this data are based on information currently available to the company and certain premises determined rational. Actual business results etc. may differ greatly because of various factors. For N.B. etc. on premises to business result forecast and the use of business result forecast, please see “Qualitative Information, Financial Statements, Etc.” 3. Qualitative Information on Consolidated Business Result Forecast on page 5.

(Ref.) Individual Business Result Forecast

Estimate of individual performance for the period ending March 2010 (From April 1, 2009 to March 31, 2010)

(Percentage figures represent the changes from the previous quarter period.)

	Sales amount		Operating profit		Ordinary profit		Current net profit		Current net earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen Sen
Total period	124,000	-9.1	2,500	-16.3	2,400	-15.4	1,000	73.4	22.37

(Note) Revision of the forecast individual business results in the current quarter: Yes

Estimated amount of work order received (full year) 120,000 Million yen

## Qualitative Information, Financial Statements, Etc.

### 1. Qualitative Information on Consolidated Operating Results

Japan's economy during the current second quarter consolidated cumulative period (April 1 to September 30, 2009) witnessed an employment situation still remaining grave including unemployment rates staying at high levels despite mild recovery signs seen from inventory adjustment progress, and the increase in exports, manufacturing, etc. Corporate earnings also stayed at low levels though with signs of gradual pickup. In the construction industry, a grave situation continued with no recovery seen in private sector equipment investment and with public investment still continuing staying at low levels.

Under these circumstances, we made efforts to secure orders and profits with the mid-term management plan "Return to the Starting Point to Realize Vibrant Daidan" as the basic policy. As a result, the following were the business results during the current second quarter consolidated cumulative period:

Because of a severe order acceptance environment, accepted work order amount was 59,002 million yen with a decrease of 12,171 million yen from the same quarter consolidated cumulative period of the preceding year.

Because of the effect of the decrease in accepted work order amount, completed work amount was 53,080 million yen with a decrease of 10,810 million yen from the same quarter consolidated cumulative period of the preceding year.

Despite the decrease in completed work amount, completed work gross profit was 5,810 million yen with an increase of 7 million yen and an improvement of 1.9 points in completed work gross profit rate from the same quarter consolidated cumulative period of the preceding year.

As for operating profit and loss, because of the expense increase due to information system renewal, selling expenses and general administration expenses increased 107 million yen from the same quarter consolidated cumulative period of the preceding year while operating profit was 696 million yen with a decrease of 99 million yen from the same quarter consolidated cumulative period of the preceding year.

As for non-operating profit and loss, non-operating revenue decreased 23 million yen from the same consolidated cumulative period of the preceding year because of the decrease in interest received and dividends received while non-operating expense decreased 66 million yen from the same consolidated cumulative period of the preceding year because of the decrease in interest paid and exchange loss and ordinary profit was 701 million yen with a decrease of 56 million yen from the same consolidated cumulative period of the preceding year.

As for the quarter net profit and loss, as a result of recording of doubtful accounts allowance reversal 55 million yen as a special profit, elimination of the effect of investment securities appraisal loss that was present in the same consolidated cumulative period of the preceding year, and deduction of corporation tax, resident tax and business tax, corporation tax adjustment etc. and minority shareholder profit, the quarter net profit was 269 million yen with an increase of 66 million yen from the same consolidated cumulative period of the preceding year.

### 2. Qualitative Information on Consolidated Financial Status

Total assets at the end of the current second quarter consolidated accounting period were 90,997 million yen with a decrease of 9,578 million yen from the end of the preceding consolidated accounting year.

Liquid assets were 71,506 million yen with a decrease of 10,568 million yen from the end of the preceding consolidated accounting year. Main factors were the decrease (2,787 million yen) in cash and deposit and the decrease (7,903 million yen) in bills receivable, completed work accounts receivable, etc. exceeding the increase (674 million yen) in uncompleted work expenditure etc.

Fixed assets were 19,491 million yen with an increase of 990 million yen from the end of the preceding consolidated accounting year. Main factors were the increase (383 million yen) in intangible fixed assets, the increase (885 million yen) in investment securities, and the increase (269 million yen) in prepaid pension expense, etc. exceeding the decrease (442 million yen) in deferred tax assets etc.

Total liabilities at the end of the current second quarter consolidated accounting period were 49,486 million yen with a decrease of 9,874 million yen from the end of the preceding consolidated accounting year.

Liquid liabilities were 45,992 million yen with a decrease of 9,707 million yen from the end of the preceding consolidated accounting year. Main factors were the decrease (7,249 million yen) in bills payable and work accounts payable, the decrease (1,408 million yen) in short-term borrowing, and the decrease (822 million yen) in corporation tax payable, etc. exceeding the increase (584 million yen) in uncompleted work accounts received etc.

Fixed liabilities were 3,493 million yen with a decrease of 166 million yen from the end of the preceding consolidated accounting year. Main factors were the decrease (204 million yen) in long-term borrowing etc.

Net assets at the end of the current second quarter consolidated accounting period were 41,511 million yen with an increase of 296 million yen from the end of the preceding consolidated accounting year. Main factors were the increase (269 million yen) in earned surplus due to the recording of the quarter net profit and the increase (521 million yen) in other securities appraisal differences etc. exceeding surplus distribution (491 million yen) etc.

As a result, net worth ratio was 45.6% with an increase of 4.6 points from the end of the preceding consolidated accounting year.

## (State of Cash Flows)

Cash equivalents (“funds”) at the end of the current second quarter consolidated accounting period were 25,866 million yen with a decrease of 2,787 million yen from the end of the preceding consolidated accounting year because of the decrease in cash flows from operating activities, investment activities and financial activities.

The state of respective cash flows and their factors in the current second quarter consolidated cumulative period are as follows:

## (Cash Flow from Operating Activities)

Fund decrease due to operating activities was 75 million yen (versus fund increase of 6,721 million yen in the same quarter consolidated cumulative period of the preceding year). Main factors were fund decreasing factors like the decrease in purchase liabilities and the increase in uncompleted work expenditure exceeding fund increasing factors like the decrease in sales accounts receivable and the increase in uncompleted work amounts received.

## (Cash Flow from Investment Activities)

Fund expenditure due to investment activities was 584 million yen (versus fund expenditure of 2,396 million yen in the same quarter consolidated cumulative period of the preceding year). Main factors were software acquisition accompanying the information system renewal included in tangible asset acquisition expenditure and other expenditure.

## (Cash Flow from Financial Activities)

Fund decrease due to financial activities was 2,108 million yen (versus fund decrease of 341 million yen in the same quarter consolidated cumulative period of the preceding year). Main factors were expenditure for repayment of short- and long-term borrowings exceeding revenues from short- and long-term borrowings, and dividend payment.

## 3. Qualitative Information on Consolidated Business Result Forecast

The following are forecast for the business results through the whole period considering the situation in the second quarter cumulative period given in “1. Qualitative Information on Consolidated Operating Results.”

## &lt;Consolidated Business Result Forecast&gt;

Accepted work order amount was revised to 121,000 million yen from the period-beginning forecast of 137,000 million yen.

Main reasons are private sector equipment investment and public investment anticipated to remain at low levels in the third quarter consolidated accounting period and onward and a review of order acceptance plans accordingly.

Sales volume was revised to 125,000 million yen from the period-beginning forecast of 137,000 million yen. Main reasons are a review of period-end progress prediction on accepted work orders in the third quarter consolidated accounting period and onward in view of the review of period-end progress prediction made on works on hand and the decrease in accepted work order amount at the end of the second quarter consolidated cumulative period.

As for profits, operating profit, ordinary profit and current period net profit are expected to attain the period-beginning forecast because of efforts for cost reduction and improvement in net profit to sales ratio despite a decrease anticipated in sales volume.

## &lt;Individual Business Result Forecast&gt;

Accepted work order amount was revised to 120,000 million yen from the period-beginning forecast of 136,000 million yen.

Sales volume was revised to 124,000 million yen from the period-beginning forecast of 136,000 million yen.

As for profits, operating profit, ordinary profit and current period net profit are all expected to attain the period-beginning forecast.

Main reasons are the same as descriptions about the consolidated business result forecast.

## 4. Others

- (1) Changes in significant subsidiaries during the current period (Changes in specified subsidiaries that caused a change in the scope of consolidation)  
None
- (2) Application of the simplified accounting procedures as well as accounting procedures specific to preparation of quarterly consolidated financial statements
  1. Simplified accounting procedures  
Method for computing income taxes, deferred tax assets, and deferred tax liabilities  
As for the collectability of deferred tax assets, since we recognize that there is no significant change in business environment and temporary difference generation status, we adopt the forecasts of future business results and the tax planning used for the account settlement of the previous consolidated accounting year.
  2. Accounting procedures specific to preparation of quarterly consolidated financial statements  
None
- (3) Changes in accounting principles, procedures, and disclosures for preparation of quarterly consolidated financial statements  
None

## 5. Quarterly Consolidated Financial Statements

## (1) Quarterly Consolidated Balance Sheets

(in million yen)

	Second quarter of the current consolidated accounting year (As of September 30, 2009)	Condensed consolidated balance sheet of the previous consolidated accounting year (As of March 31, 2009)
Assets		
Current assets		
Cash on hand and in banks	25,893	28,680
Note receivables, completed work accounts receivables	41,561	49,464
Securities	100	100
Incomplete work expenditures	1,283	608
Inventories of raw materials and supplies	0	1
Deferred tax reserves	1,854	2,196
Others	1,251	1,465
Allowance for bad debts	-438	-441
Total current assets	71,506	82,074
Fixed assets		
Tangible fixed assets	3,592	3,533
Intangible fixed assets	740	357
Investments and other assets		
Investment securities	7,628	6,743
Deferred tax assets	976	1,419
Prepaid pension costs	4,507	4,237
Others	3,184	3,391
Allowance for bad debts	-1,139	-1,180
Total investments and other assets	15,157	14,610
Total fixed assets	19,491	18,500
Total assets	90,997	100,575

(in million yen)

	Second quarter of the current consolidated accounting year (As of September 30, 2009)	Condensed consolidated balance sheet of the previous consolidated accounting year (As of March 31, 2009)
<b>Liabilities</b>		
Current liabilities		
Notes payable, work accounts payable	30,229	37,478
Short-term loans payable	6,817	8,225
Corporate taxes, etc. payable	92	914
Incomplete work accounts received	3,252	2,667
Reserves for bonus payment	1,096	—
Reserves for directors' premiums	40	—
Completed work compensation reserves	50	59
Work loss reserves	684	1,009
Reserves for overseas investment loss	9	14
Others	3,718	5,330
Total current liabilities	45,992	55,700
Fixed liabilities		
Long-term loans payable	1,188	1,393
Reserves for retirement benefits	1,725	1,718
Reserves for directors' retirement benefits	579	548
Others	0	0
Total fixed liabilities	3,493	3,660
Total liabilities	49,486	59,360
<b>Net Assets</b>		
Shareholders' equity		
Capital stock	4,479	4,479
Capital surplus	4,810	4,810
Earned surplus	32,296	32,518
Treasury stock	-617	-614
Total shareholders' equity	40,968	41,194
Evaluation / Currency translation difference, etc.		
Evaluation difference of other securities	524	3
Currency translation adjustment account	13	13
Total evaluation / currency translation difference, etc.	538	17
Minority interest equity	3	3
Total net assets	41,511	41,214
Total liabilities and net assets	90,997	100,575

(2) Quarterly Consolidated Statement of Income  
(Second Quarter of the current consolidated accounting year)

(in million yen)

	Second Quarter of the previous consolidated accounting year (From April 1, 2008 to September 30,2008)	Second Quarter of the current consolidated accounting year (From April 1, 2009 to September 30,2009)
Completed work amount	63,891	53,080
Completed work cost	58,087	47,269
Completed work gross profit	5,803	5,810
Selling expenses and general administrative expenses	5,007	5,114
Operating profit	795	696
Non-operating revenue		
Interests received	31	13
Dividends received	95	83
Insurance claim received	25	15
Others	7	25
Total non-operating income	160	137
Non-operating expenses		
Interest payable	102	80
Payment guarantee charge	10	11
Loss on foreign exchange	81	40
Others	3	0
Total non-operating expenses	198	132
Ordinary profit	757	701
Special profits		
Profit on sales of fixed assets	5	0
Compensation for transfer of property	17	—
Profit on sales of investments in securities	5	—
Profit gained by returning allowance for bad debts	8	55
Total extraordinary income	36	55
Special losses		
Loss on sales of fixed assets	1	—
Loss on retirement of fixed assets	1	7
Loss on sales of investments in securities	6	—
Evaluation loss on investments in securities	74	—
Total extraordinary loss	82	7
Quarterly net income before income taxes	710	749
Corporate tax, residence tax and business tax	444	50
Adjustment amounts such as for corporate taxes	63	429
Total Income taxes, etc.	508	479
Profit of minority interests	0	0
Quarterly net income	202	269



## (3) Quarterly Consolidated Statement of Cash Flows

(in million yen)

	Second Quarter of the previous consolidated accounting year (From April 1, 2008 to September 30, 2008)	Second Quarter of the current consolidated accounting year (From April 1, 2009 to September 30, 2009)
Cash flow on sales activities		
Quarterly net income before income taxes	710	749
Depression expenses	103	165
Increased or decreased amount of allowance for bad debts ("—" represents a decrease.)	231	-44
Increased or decreased in reserves for retirement benefits and directors' retirement benefits ("—" represents decrease.)	-252	38
Earned interest and dividends received	-126	-96
Interest paid	102	80
Profit or loss on appraisal of investments in securities ("—" represents profit.)	74	-
Profit or loss on sales of investments in securities ("—" represents profit.)	0	-
Profit or loss on sales of fixed assets ("—" represents profit.)	-4	-0
Loss on retirement of fixed assets	1	7
Increased or decreased amount of sales credits ("—" represents increase.)	7,697	8,099
Increased or decreased amount of incomplete work expenditures ("—" represents increase.)	350	-674
Increased or decreased in other current assets ("—" represents increase.)	-786	-73
Increased or decreased amount of procurement credits ("—" represents decrease.)	-3,715	-7,249
Increased or decreased amount of incomplete work received amount ("—" represents decrease.)	2,985	584
Increased or decreased in other current liabilities ("—" represents decrease.)	-71	-816
Sub-total	7,301	768
Received amount of interests and dividends	127	96
Paid interest amount	-96	-73
Paid amount of corporate tax, etc.	-610	-866
Cash flow on sales activities	6,721	-75
Cash flow on investment activities		
Expenditures by acquiring of securities	-2,052	-50
Revenue by sales and redemption of securities	1,052	50
Expenditures by acquiring of tangible fixed assets	-161	-185
Revenue by sales of tangible fixed assets	6	1
Expenditures by acquiring of investment securities	-1,321	-4
Revenue by sales and redemption of investment securities	13	2
Expenditures by loans	-0	-1
Revenue from loans receivable	43	28
Other payments	-69	-458
Other revenues	91	31
Cash flow on investment activities	-2,396	-584
Cash flow on financial activities		
Revenue by short-term loans	7,650	10,720
Expenditures by return of short-term loans	-7,400	-11,920
Revenue by long-term loans	1,100	700
Expenditures by return of long-term loans	-1,188	-1,113
Expenditures by acquiring of treasury stock	-12	-3
Revenue by sales of treasury stock	3	0
Paid amount of dividends	-493	-491
Cash flow on financial activities	-341	-2,108
Translation difference relating to cash and cash equivalents	-28	-19
Increased or decreased amount of cash and cash equivalents ("—" represents decrease.)	3,954	-2,787
Balance of cash and cash equivalents at the beginning of period	22,040	28,653
Balance of cash and cash equivalents at the end of the quarterly period	25,995	25,866

(4) Notes on Going Concern Assumption  
None

(5) Notes in Case of Significant Changes in the Amount of Shareholders' Equity

Major factor causing a decrease in retained earnings is that dividend amounting to 491 million yen was paid from retained earnings in June 2009.

## 6. Other Information

Divisional amount of work orders received, completed works, and works carried over (consolidated)

(in million yen)

		Second Quarter of the previous consolidated accounting year		Second Quarter of the current consolidated		Previous consolidated accounting year	
		(From April 1, 2008 to September 30,2008)		(From April 1, 2009 to September 30,2009)		(From April 1, 2008 to March 31, 2009)	
		Amount	Component ratio %	Amount	Component ratio %	Amount	Component ratio %
Amount of work orders received	Electrical work	14,084	19.8	10,457	17.7	25,603	19.5
	Air-conditioning work	40,691	57.2	38,312	64.9	76,559	58.2
	Plumbing/sanitation	16,398	23.0	10,232	17.4	29,304	22.3
	Total	71,173	100.0	59,002	100.0	131,467	100.0
	(Renewal work)	32,134	45.2	24,874	42.2	56,967	43.3
	(Overseas work)	2,170	3.1	2,151	3.7	2,902	2.2
Amount of completed works	Electrical work	16,354	25.6	9,695	18.3	34,075	24.7
	Air-conditioning work	35,669	55.8	30,639	57.7	77,195	56.1
	Plumbing/sanitation	11,867	18.6	12,745	24.0	26,453	19.2
	Total	63,891	100.0	53,080	100.0	137,725	100.0
	(Renewal work)	29,008	45.4	20,994	39.6	64,446	46.8
	(Overseas work)	2,871	4.5	2,130	4.0	5,613	4.1
Amount of works carried over	Electrical work	15,825	16.2	10,384	11.6	9,622	11.5
	Air-conditioning work	56,810	58.4	58,825	65.5	51,152	61.0
	Plumbing/sanitation	24,714	25.4	20,521	22.9	23,034	27.5
	Total	97,350	100.0	89,731	100.0	83,809	100.0
	(Renewal work)	26,533	27.3	19,809	22.1	15,928	19.0
	(Overseas work)	3,609	3.7	1,620	1.8	1,599	1.9