

# Brief report on the Financial Statements for the period ending March, 2007

May 15, 2007

Name of listed company: DAI-DAN Co., Ltd.

Code No.: 1980

Listed Shares Exchanges:

Tokyo Stock Exchange 1<sup>st</sup> section and  
Osaka Stock Exchange 1<sup>st</sup> section

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Date scheduled for ordinary shareholders general meeting convention: June 28, 2007

Date scheduled for asset securities report submission: June 29, 2007

Date scheduled for dividend payment commencement: June 29, 2007

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

## 1. Consolidated performance for the period ending March, 2007

(From April 1, 2006 to March 31, 2007)

### (1) Consolidated management performance

(Percentage indications show increase or decrease from the previous period.)

	Sales amount		Operating profit		Ordinary profit		Current net profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Period ending March 2007	159,043	4.7	423	—	704	—	529	—
Period ending March 2006	151,859	-2.8	-1,192	—	-713	—	-810	—

	Current net earnings per share		Current net earning per share after making potential share adjustments		Equity capital vs. current period net profit ratio		Total asset vs. ordinary profit ratio		Sales amount vs. operating profit ratio	
	Yen	Sen	Yen	Sen		%		%	Yen	Sen
Period ending March 2007	11.78		—		1.1		0.5		0.3	
Period ending March 2006	-18.06		—		-1.7		-0.5		-0.8	

(Reference) Investment profit or loss on equity method

End of March 2007 - Million yen

End of March 2006 - Million yen

### (2) Consolidated financial condition

	Total assets		Nets assets		Shareholders capital rate		Shareholder's capital per share	
	Million yen		Million yen		%		Yen Sen	
Period ending March 2007	142,944		45,945		32.1		1,021.29	
Period ending March 2006	130,362		47,402		36.4		1,054.52	

(Reference) Equity capital

Period ending March 2007 45,896 Million yen

Period ending March 2006 -Million yen

### (3) Consolidated cash flow condition

	Cash flow on sales activities		Cash flow on investment activities		Cash flow on financial activities		Period end balance of cash and equivalent items	
	Million yen		Million yen		Million yen		Million yen	
Period ending March 2007	-2,786		1,718		-942		21,071	
Period ending March 2006	1,072		1,824		-2,539		23,139	

## 2. Dividend status

2. Dividend status									
	Per-share dividend						Total dividend (through year)	Dividend trend (consolidated)	Net asset vs. dividend ratio (consolidated)
	(Base date)		Interim period end		Period end				
	Yen	Sen	Yen	Sen	Yen	Sen	Million yen	%	%
Period ending March 2006	5	00	11	00	16	00	719	—	1.5
Period ending March 2007	5	00	11	00	16	00	719	135.8	1.5
Period ending March 2008 (Forecast)	5	00	11	00	16	00		84.6	

(Note) Breakdown of dividend at the end of the period ending March 2007: Special dividend 6 yen

## 3. Estimate of consolidated performance for the period ending March 2008 (From April 1, 2007 to March 31, 2008)

(Percentage indications show increase or decrease from the previous period for total period and from the previous year interim period for interim 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
Interim	97,000	56.0	-1,000	—	-1,000	—	-800	—	-17.80	
Total period	173,000	8.8	2,000	372.1	2,000	183.8	850	60.5	18.91	

(Reference) ①Estimated amount of work order received (interim) 67,000 million

②Estimated amount of work order received (full year) 143,000 Million yen

#### 4. Others

(1) Changes in key subsidiaries in the period (changes in specific subsidiaries requiring changes of consolidation scope) None

(2) Changes in accounting procedure principles, proceedings, indication methods, etc. related to consolidated financial statement preparation

(Those described as changes in significant matters basic to consolidated financial statement preparation)

- Changes resulting from revision of accounting standards etc. Yes
- , Changes other than • None

(Note) For details see “Changes in significant matters basic to consolidated financial statement preparation” on Page 17.

(3) Number of issued shares (common stock)

- Number of issued shares at the end of period (including treasury stock)

Period ending March 2007 45,963,803 shares Period ending March 2006 45,963,803 shares

- , Number of treasury stock at the end of period

Period ending March 2007 1,024,532 shares Period ending March 2006 1,013,620 shares

(Note) See “Per-share information” on Page 20 for number of shares basic to calculation of per-share current period net profit (consolidated).

(Reference) Outline of individual performance

#### 1. Individual performance during the period ending March 2007 (From April 1, 2006 to March 31, 2007)

(1) Individual management performance (Percentage indications show increase or decrease from the previous period.)

	Sales amount		Operating profit		Ordinary profit		Current net profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Period ending March 2007	155,022	4.4	1,528	—	1,912	—	409	—
Period ending March 2006	148,432	-1.2	-1,367	—	-859	—	-923	—

	Current net earnings per share		Current net earning per share after making potential share adjustments	
	Yen	Sen	Yen	Sen
Period ending March 2007	9.12		—	
Period ending March 2006	-20.53		—	

(2) Individual financial condition

	Total assets	Net assets	Shareholders capital rate	Shareholder's capital per share	
	Million yen	Million yen	%	Yen	Sen
Period ending March 2007	141,638	45,455	32.1	1,011.49	
Period ending March 2006	128,517	47,075	36.6	1,046.97	

(Reference) Equity capital Period ending March 2007 45,455 Million yen Period ending March 2006 - Million yen

#### 2. Individual performance forecast for the period ending March 2008 (From April 1, 2007 to March 31, 2008)

(Percentage indications show increase or decrease from the previous period for total period and from the previous year interim period for interim 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
Interim	95,000	56.6	-1,000	—	-1,000	—	-800	—	-17.80	
Total period	170,000	9.7	2,000	29.6	2,000	3.8	850	110.9	18.91	

(Reference) ①Estimated amount of work order received (interim) 65,000 Million yen

②Estimated amount of work order received (full year) 140,000 Million yen

#### ⦿ Explanation about adequate use of performance forecast

Performance forecast has been prepared on the basis of information available as of the date of presentation and actual performance may differ from forecast values because of various future factors. See Page 4 for matters related to the above performance forecast.

## 1. Management Record

### **(1) Analysis of the management record**

During the current period, economy in our country remained on an upturn, even though it is mild, regardless of the presence of causes for concerns such as steep rises of crude oil and raw material prices, as corporate earnings turned up through steady personal consumption and capital investment.

In the construction industry, even though private capital investment continued strong, public investment remained on the decline. Furthermore, due to intensified price-cutting competition, the construction business continued to be in a severe situation.

Under these circumstances, our corporate group made maximum concerted efforts to secure orders and profits. As a result, the consolidated record for the current term was as shown below. Amount of work orders received at the corporate group was 144,022 million yen with a 4.0% (5,934 million yen) decrease from the previous consolidated accounting year. Amount of completed work was 159,043 million yen with a 4.7% (7,183 million yen) increase from the previous consolidated accounting year.

As for profits, operating profit was 423 million yen with an increase of 1,615 million yen from the previous consolidated accounting year and ordinary profit was 704 million yen with an increase of 1,418 million yen from the previous consolidated accounting year. As a result, the current period net profit was 529 million yen with an increase of 1,340 million yen from the previous consolidated accounting year.

### **(2) Analysis related to financial condition**

Status of cash flow

Cash and cash equivalent for the end of the current term consolidated accounting period (hereinafter referred to as “the fund”) declined 2,067 million yen compared with the end of the previous consolidated accounting year to 21,071 million yen.

(Cash flow from sales activities)

Cash flow on sales activities in the current consolidated accounting year showed a fund decrease of 2,786 million yen due to increased accounts receivable, incomplete work expenses, etc. with an eventual decrease of 3,859 million yen from the previous consolidated accounting year that showed a fund increase of 1,072 million yen.

(Cash flow from investing activities)

Cash flow on investment activities in the current consolidated accounting year showed a fund increase of 1,718 million yen due to investment securities sale etc. with an eventual decrease of 105 million yen from the previous consolidated accounting year that showed a fund increase of 1,824 million yen.

(Cash flow from financing activities)

Cash flow on financial activities in the current consolidated accounting year showed a fund decrease of 942 million yen due to dividend payment, loans payable repayment, etc. from the previous consolidated accounting year that showed a fund decrease of 2,539 million yen. The cash flow for the current year therefore showed an eventual fund increase of 1,597 million yen from the previous year.

#### Transition of cash flow-related indexes

	Period ending March 2003	Period ending March 2004	Period ending March 2005	Period ending March 2006	Period ending March 2007
Shareholders' equity ratio	31.8%	35.2%	33.8%	36.4%	32.1%
Shareholders' equity ratio at market value	14.2%	21.6%	26.3%	30.1%	23.5%
Number of debt redemption years	2.0 years	—	—	9.9 years	—
Interest coverage ratio	27.1 times	—	—	5.5 times	—

Shareholders' equity ratio:

Shareholders' equity/Total assets

Shareholders' equity ratio at market value:

Aggregate market value of shares/Total assets

Number of debt redemption years:

Interest-bearing debt/Operating cash flow

Interest coverage ratio:

Operating cash flow/Interest paid

\* Indexes are all calculated by financial values on a consolidated basis.

For the operating cash flow, the cash flow from sales activities (interest-paid and after breaking corporate tax, etc.) recorded in the Statement of consolidated cash flow is used. The interest-bearing debt is subject to all debts, which bear interest, among those recorded in the consolidated balance sheet. Furthermore, for the interest paid, the amount of interest paid, which is recorded in the Statement of consolidated cash flow, is used.

### (3) Basic policy on profit distribution and the current/next period dividend

Our basic policy is endeavor to build a sound financial constitution for steady, continuous dividend payment considering profit return to shareholders through dividends the top-most managerial measures.

Dividends at the end of the current period are expected to be 11 yen per share – 5 yen in ordinary dividend and 6 yen in special dividend. As a result, annual dividend per share for the current period will be 16 yen including the interim dividend.

Dividends for the next period are also expected to be the same amount of 16 yen.

### (4) Outlook for next term

In the construction industry, despite private sector equipment investment expected to continue steady, public sector investment will continue sluggish and order acceptance environment may continue severe because of keen price competition.

Forecast of the corporate group for the next period is expected to be 143,000 million yen in work orders received, 173,000 million yen in completed work, 2,000 million yen in ordinary profit, and 850 million yen in net profit.

As from the next period, cases of 100 million yen or over with work period exceeding 1 year will be closed in accordance with work progress standards.

### (5) Business risk, etc.

The following section describes risks that may have significant influence on the judgment of investors regarding the business of our corporate group. In this connection, our corporate group will recognize the potential for these risks to occur and then make effort to prevent the risks from occurring and deal with them if occurred.

#### 1) Seasonal variation of performance

Our corporate group completes works with many concentrated in the second half of the accounting year, while the selling expenses and general administrative expenses are almost evenly spent in the first and second halves of the accounting year. Consequently, the group performance for the first half has a tendency to result in operating loss.

#### 2) Uncollectible accounts receivable

Depending on the rapid worsening of earnings or financial situation of customers, part of receivables, etc. owned by our corporate group may become unrecoverable.

#### 3) Steep rises of prices of materials and supplies

If it is hard to pass steeply risen prices of equipment and materials on to contract amounts, these prices can have influence on our corporate group performance.

#### 4) Occurrence of loss-making work

If any loss-making work occurs due to an unexpected increase of construction cost or else arising in the course of construction, it can have influence on our corporate group performance.

- 5) Decline in values of owned assets due to their declined market prices  
For immovable properties or securities owned by the Company, if they should be treated as shrinkage loss due to decline in their market prices, that can have influence on our corporate group performance.
- 6) Disasters and accidents  
Our corporate group executes construction on the basis of safety-first and exerts its utmost effort in quality control. However, there may be cases where an unexpected disaster or accident in the course of construction occurs resulting in compensation for damage, defect liability, or else and further has influence on the performance.
- 7) Fluctuations in country risk and exchange rate  
Our corporate group has been expanding its overseas business centering on Southeast Asian markets.  
The group performance can be influenced by the occurrence of terrorism or political instability, unexpected legislative modifications/amendments, worsening of market conditions, or exchange rate fluctuations.

## 2. Situation of the Corporate Group

The corporate group consists of the company, 9 consolidated subsidiaries, and 1 non-consolidated subsidiary. The group designs, supervises, and executes electrical work, air-conditioning work, plumbing/sanitation work, and related works.

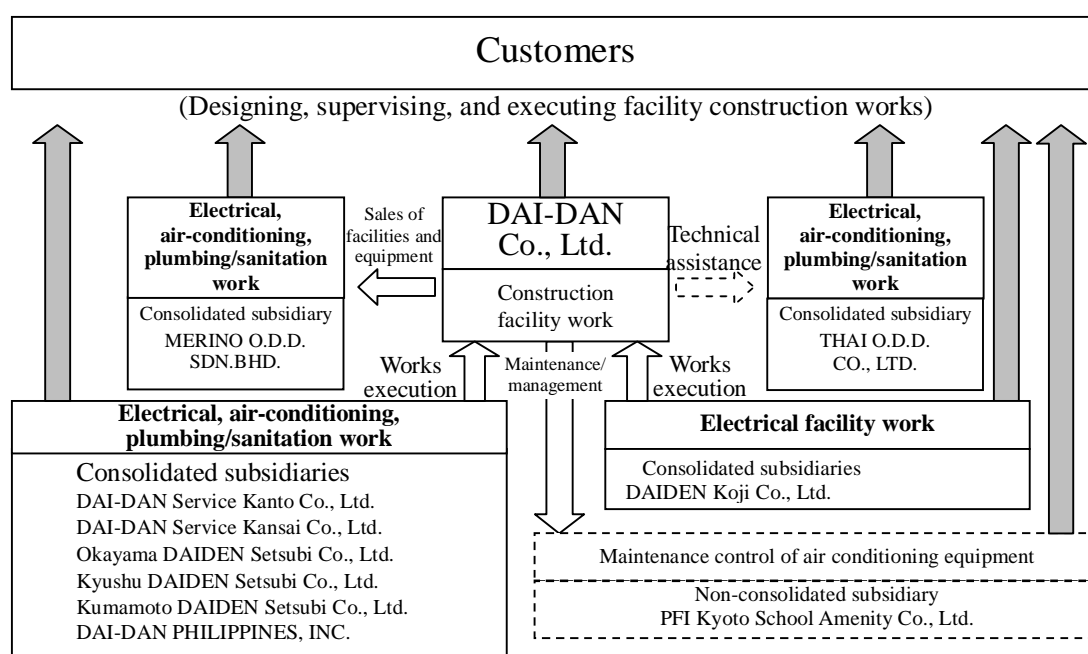
The position of our group relating to business and the systematic chart of our business are as follows:

### (1) Position of our group relating to business

Part of the work of orders received by us is relegated to DAI-DAN Service Kanto Co., Ltd., DAI-DAN Service Kansai Co., Ltd., DAIDEN Koji Co., Ltd., Okayama DAIDEN Setsubi Co., Ltd., Kyushu DAIDEN Setsubi Co., Ltd., Kumamoto DAIDEN Setsubi Co., Ltd., and DAI-DAN PHILIPPINES, INC. We offer technical assistance to THAI O.D.D. CO., LTD. MERINO O.D.D. SDN. BHD. stopped new projects and is expected to be liquidated as soon as it is ready for liquidation.

Kyo Gas Co., Ltd., included so far in the group, made a liquidation resolution during the current consolidated accounting year, and has already completed settlement of nearly all debts and credits. Consequently, Kyo Gas was excluded from consolidation scope at the end of the current consolidated accounting year. DAIDEN Koji Corp. is no longer an affiliate company because of the decrease in voting right holding rate to 14.3% due to capital increase. Consequently, DAIDEN was excluded from consolidation scope at the end of the current consolidated accounting year.

### (2) Systematic chart of business



### 3. Management Policies

#### **(1) Basic policy on management**

Our company, as a general facility work company, enforces a basic management policy of “challenging to create a new value and contributing to the achievement of more favorable global environment and the progress of society at all times” and provides customers with technologies and services, which are ahead of their needs, thus working toward upgrading the corporate value. Furthermore, the company has an on-target grasp of changes in the industrial structure and conducts the speedy and practical management with an eye toward becoming a vigorous company.

#### **(2) Medium- and long-term management strategy and challenges**

In accordance with the medium-term management plan “DAIDAN Evolution 80” executed from April 2006, we are making a company-wide concerted effort with the aim of securing earnings that enable continued progress of the Company and also establishing a structural basis for future growth.

To be more specific, we are working toward finding new customers and strengthening our ties with existing customers, thus challenging the expansion of business. Particularly, we are focusing on marketing operations to secure orders for renewal works through capitalizing on our total facility engineering technologies for electrical, air conditioning, plumbing and sanitation works, and others. Furthermore, we are stepping up efforts to expand business in plant projects and others with recent boosts in private capital investments. To accomplish those challenges, we are pushing ahead with technical development through predicting the trends of customer needs as well as conducting proposal-oriented marketing activities by the use of technologies owned by the Company.

As to construction works, we ensure steady implementation of construction review sessions and completion assessment sessions to enhance communications, thus not only achieving provision of quality and safety but also accomplishing cost cutting.

As to challenges to environmental issues, we are working toward recycling resources, cutting in construction wastes, and others, and also providing technologies developed with consideration given to reduction in environmental burdens such as resource saving and energy saving.

Particularly, we upgrade energy saving proposals capitalizing on our strength as a total facility construction work contractor, thus pressing on with involvement in the ESCO business.

As a part of human resources development furtherance programs, a continuing education system (DAI-DAN CPD system) directly linked to jobs was established to maintain and improve ability of all technical employees and was commenced as from April 2007.

With these measures the group will rebuild the “DAI-DAN with Proud Technologies” in an effect to improve customer satisfaction and strengthen price competitiveness.

Furthermore, we set the shareholder’s share operating income margin as our target management benchmark.

## 4. Consolidated Financial Statements, etc.

### (1) Consolidated balance sheet

(in millions of yen)

By period Accounts	End of the current consolidated accounting year (As of March 31, 2007)		End of the previous consolidated accounting year (As of March 31, 2006)		Difference
	Amount	Component ratio	Amount	Component ratio	
(Assets)		%		%	
Current assets					
Cash on hand and in banks	21,098		23,166		-2,067
Note receivables, completed work accounts receivables	61,026		54,873		6,152
Securities	200		200		-0
Incomplete work expenditures	29,948		22,360		7,588
Deferred tax reserves	1,644		1,619		24
Others	5,612		5,032		580
Allowance for bad debts	-25		-188		162
Total current assets	119,504	83.6	107,064	82.1	12,440
Fixed assets					
Tangible fixed assets					
Buildings and structures	2,227		2,352		-124
Machinery and equipment, and transportation equipment	19		26		-6
Tools and facilities	170		182		-11
Land	1,077		1,140		-62
Total tangible fixed assets	3,495		3,700		-205
Intangible fixed assets					
Good will	—		2		-2
Others	400		652		-252
Total intangible fixed assets	400		655		-254
Investments and other assets					
Investment securities	13,927		16,371		-2,443
Long-term loans receivables	117		191		-73
Prepaid pension costs	3,349		—		3,349
Others	2,821		2,948		-127
Allowance for bad debts	-672		-568		-103
Total investments and other assets	19,543		18,942		601
Total fixed assets	23,439	16.4	23,297	17.9	141
Total assets	142,944	100.0	130,362	100.0	12,581



(in millions of yen)

By period Accounts	End of the current consolidated accounting year (As of March 31, 2007)		End of the previous consolidated accounting year (As of March 31, 2006)		Difference
	Amount	Component ratio	Amount	Component ratio	
(Liabilities)		%		%	
Current liabilities					
Notes payable, work accounts payable	63,291		49,353		13,937
Short-term loans payable	8,098		7,721		377
Corporate taxes, etc. payable	174		145		28
Incomplete work accounts received	14,518		12,322		2,195
Completed work compensation reserves	155		92		63
Work loss reserves	867		1,573		-706
Others	5,077		5,748		-671
Total current liabilities	92,182	64.5	76,956	59.0	15,225
Fixed liabilities					
Long-term loans payable	1,680		2,253		-573
Deferred tax liability	568		687		-119
Reserves for retirement benefits	1,946		2,360		-414
Reserves for directors' retirement benefits	615		532		83
Others	5		10		-4
Total fixed liabilities	4,815	3.4	5,843	4.5	-1,027
Total liabilities	96,998	67.9	82,800	63.5	14,197
(Minority interest equity)					
Minority interest equity	—	—	158	0.1	158

(in millions of yen)

By period Accounts	End of the current consolidated accounting year (As of March 31, 2007)		End of the previous consolidated accounting year (As of March 31, 2006)		Difference
	Amount	Component ratio	Amount	Component ratio	
(Net Assets)		%		%	
Shareholders' equity					
Capital stock	4,479	3.1	—	—	4,479
Capital surplus	4,783	3.4	—	—	4,783
Earned surplus	33,367	23.3	—	—	33,367
Treasury stock	-523	-0.4	—	—	-523
Total shareholders' equity	42,106	29.4	—	—	42,106
Evaluation / Currency translation difference, etc.					
Evaluation difference of other securities	3,801	2.7	—	—	3,801
Deferred profits and losses on hedges	-0	-0.0	—	—	-0
Currency translation adjustment account	-11	-0.0	—	—	-11
Total evaluation / currency translation difference, etc.	3,789	2.7	—	—	3,789
Minority interest equity	49	0.0	—	—	49
Total net assets	45,945	32.1	—	—	45,945
Total liabilities and net assets	142,944	100.0	—	—	142,944
(Shareholders' equity)					
Capital stock	—	—	4,479	3.4	-4,479
Capital surplus	—	—	4,782	3.7	-4,782
Earned surplus	—	—	33,581	25.8	-33,581
Evaluation difference of other securities	—	—	5,093	3.9	-5,093
Currency translation adjustment account	—	—	-23	-0.0	23
Treasury stock	—	—	-511	-0.4	511
Total capital	—	—	47,402	36.4	-47,402
Total liabilities, minority interest equity and shareholders' equity	—	—	130,362	100.0	-130,362

## (2) Consolidated profit and loss statement

(in millions of yen)

Accounts	By period		Current consolidated accounting year (From April 1, 2006 to March 31, 2007)		Previous consolidated accounting year (From April 1, 2005 to March 31, 2006)		Difference
	Amount	Percentage	Amount	Percentage	Amount	Percentage	
Completed work amount	159,043	100.0	151,859	100.0	7,183		
Completed work cost	148,901	93.6	143,639	94.6	5,261		
Completed work gross profit	10,142	6.4	8,220	5.4	1,922		
Selling expenses and general administrative expenses	9,718	6.1	9,412	6.2	306		
Operating profit or Operating loss (—)	423	0.3	-1,192	-0.8	1,615		
Non-operating revenue	(482)	0.3	(707)	0.5	(-224)		
Interests received	31		16		15		
Dividends received	162		109		52		
Insurance claim received	46		254		-207		
Gain on foreign exchange	216		298		-82		
Others	26		28		-2		
Non-operating expenses	(201)	0.2	(229)	0.2	(-27)		
Interest payable	179		195		-16		
Payment guarantee charge	10		23		-13		
Others	12		9		2		
Ordinary profit or Ordinary loss (—)	704	0.4	-713	-0.5	1,418		
Special profits	(982)	0.6	(944)	0.6	(38)		
Profit on sales of fixed assets	16		647		-631		
Profit on sales of investments in securities	950		261		688		
Profit gained by returning allowance for bad debts	16		35		-19		
Special losses	(250)	0.1	(1,231)	0.8	(-980)		
Loss on sales of fixed assets	7		247		-240		
Loss on retirement of fixed assets	15		43		-27		
Loss on sales of investments in securities	—		0		-0		
Evaluation loss on investments in securities	7		139		-131		
Equity fluctuation loss	41		—		41		
Affiliate company liquidation loss	117		—		117		
Shrinkage loss	—		135		-135		
Special loss on overseas work	—		658		-658		
Others	61		8		53		
Current net profit before tax adjustments, etc. or Current net loss before tax adjustments, etc. (—)	1,436	0.9	-1,000	-0.7	2,437		
Corporate tax, residence tax and business tax	164	0.1	176	0.1	-12		
Adjustment amounts such as for corporate taxes	724	0.5	-410	-0.3	1,134		
Profit of minority interests	18	0.0	43	0.0	-24		
Current net profit or Current net loss (—)	529	0.3	-810	-0.5	1,340		

(3) Statement of consolidated surplus

(in millions of yen)

<div>By period</div> <div>Accounts</div>	Previous consolidated accounting year (From April 1, 2005 to March 31, 2006)	
	Amount	
(Capital surplus)		
Capital surplus balance at the beginning of the period		4,782
Increase in capital surplus balance		
Gain on disposal of treasury stock	0	0
Capital surplus balance at the end of the term		4,782
(Retained earnings)		
Retained earnings balance at the beginning of the period		35,112
Retained earnings increased amount		
Net profit for the current term	—	—
Retained earnings decreased amount		
Shareholders' dividends	719	
Directors' bonuses	1	
Current net loss	810	1,531
Retained earnings balance at the end of the term		33,581

(4) Statement of changes in consolidated shareholders' equity, etc.

Current consolidated accounting period (from April 1, 2006 to March 31, 2007)

(in millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Earned surplus	Treasury stock	Total shareholders' equity
Balance as of March 31, 2006	4,479	4,782	33,581	-511	42,332
Amount of changes made during consolidated accounting period					
Dividend of earned surplus			-718		-718
Directors' bonuses			-1		-1
Current net earnings per share			529		529
Acquisition of treasury stock				-20	-20
Disposition of treasury stock		0		2	3
Affiliate company consolidation exclusion			-23	5	-17
Amount (net amount) of changes made in items other than shareholders' equity during consolidated accounting period					
Total amount of changes made during consolidated accounting period	—	0	-214	-11	-225
Balance as of March 31, 2007	4,479	4,783	33,367	-523	42,106

	Evaluation / Currency translation difference, etc.				Minority interest equity	Total net assets
	Evaluation difference of other securities	Profit or loss on hedge carried forward	Currency translation adjustment account	Total evaluation / currency translation difference, etc.		
Balance as of March 31, 2006	5,093	—	-23	5,070	158	47,561
Amount of changes made during consolidated accounting period						
Dividend of earned surplus						-718
Directors' bonuses						-1
Current net earnings per share						529
Acquisition of treasury stock						-20
Disposition of treasury stock						3
Affiliate company consolidation exclusion						-17
Amount (net amount) of changes made in items other than shareholders' equity during consolidated accounting period	-1,292	-0	12	-1,280	-109	-1,389
Total amount of changes made during consolidated accounting period	-1,292	-0	12	-1,280	-109	-1,615
Balance as of March 31, 2007	3,801	-0	-11	3,789	49	45,945

(5) Statement of consolidated cash flow

(in millions of yen)

Accounts	By period	Current consolidated accounting year (From April 1, 2006 to March 31, 2007)	Previous consolidated accounting year (From April 1, 2005 to March 31, 2006)
		Amount	Amount
I. Cash flow on sales activities			
Current net profit before tax adjustments, etc. or Current net loss before tax adjustments, etc. (—)		1,436	-1,000
Depreciation expenses		403	377
Consolidated adjustment account depreciation amount		—	1
Goodwill depreciation amount		2	—
Increased or decreased amount of allowance for bad debts		-55	-148
Increased or decreased amount of reserves for retirement benefits and reserves for directors' retirement benefits		-208	-793
Earned interest and dividends received		-194	-126
Interest paid		179	195
Shrinkage loss		—	135
Evaluation loss on investments in securities		7	139
Profit or loss on sales of investments in securities		-950	-261
Profit or loss on sales of fixed assets		-9	-400
Loss on retirement of fixed assets		15	43
Increased or decreased amount of sales credits		-6,247	3,822
Increased or decreased amount of incomplete work expenditures		-7,663	2,957
Increased or decreased amount of procurement credits		13,891	-7,172
Increased or decreased amount of incomplete work received amount		2,195	5
Others		-5,425	4,290
Sub-total		-2,623	2,064
Received amount of interests and dividends		194	126
Paid interest amount		-186	-196
Paid amount of corporate tax, etc.		-170	-921
Cash flow on sales activities		-2,786	1,072
II. Cash flow on investment activities			
Expenditures by depositing of time deposits		-0	-0
Expenditures by acquiring of securities		-99	-200
Revenue by sales of securities		195	99
Expenditures by acquiring of tangible fixed assets		-65	-413
Revenue by sales of tangible fixed assets		511	1,796
Expenditures by acquiring of investment securities		-91	-746
Revenue by sales of investment securities		1,176	701
Expenditures by loans		-45	-115
Revenue by recovery of loans		105	56
Expenditures by acquiring of other fixed assets		-214	-257
Revenue by sales of other fixed assets		251	902
Expenditures by decline in other fixed liabilities		-5	—
Cash flow on investment activities		1,718	1,824
III. Cash flow on financial activities			
Revenue by short-term loans		21,240	20,313
Expenditures by return of short-term loans		-20,790	-20,626
Revenue by long-term loans		2,200	1,962
Expenditures by return of long-term loans		-2,845	-3,434
Revenues from new stock issue		18	—
Expenditures by acquiring of treasury stock		-20	-34
Revenue by sales of treasury stock		3	1
Paid amount of dividends		-716	-719
Paid dividend to minority interests		-31	-2
Cash flow on financial activities		-942	-2,539
IV. Translation difference relating to cash and cash equivalents		66	69
V. Increased or decreased amount of cash and cash equivalents		-1,944	426
VI. Balance of cash and cash equivalents at the beginning of period		23,139	22,712
VII. Decrease in cash and cash equivalents due to consolidation exclusion		-123	—
VIII. Balance of cash and cash equivalents at the end of period		21,071	23,139

## (6) Basic important items for producing consolidated financial statements

### **1. Items relating to scope of consolidation**

- (1) Nine (9) subsidiaries are included in the consolidated financial statements.  
Names of major consolidated subsidiary companies  
Since the names are described in “Section 2. Situation of the Corporate Group”, the description is omitted.  
Kyo Gas Co., Ltd., included so far in consolidation scope, made a liquidation resolution in the current consolidated accounting year and has already completed settlement of nearly all debts and credits. Consequently, Kyo Gas was excluded from consolidation scope at the end of the current consolidated accounting year.  
DAIDEN Koji Corp. is no longer an affiliate company because of a decrease in voting right holding rate to 14.3% due of capital increase. Consequently, DAIDEN was excluded from consolidation scope at the end of the current consolidated accounting year.
- (2) Number of non-consolidated subsidiaries: One (1)  
The name of the non-consolidated subsidiary is described below.  
PFI Kyoto School Amenity Co., Ltd.
- (3) Reason to exclude the non-consolidated subsidiary from the scope of consolidated accounting  
The total assets, completed work amount, current net profit/loss (worth the amount of the equity method), earned surplus (worth the amount of the equity method), and others all have no significant influence on the consolidated financial statements so that the company aforementioned is excluded from the scope of consolidation.

### **2. Items relating to application of the equity method**

- (1) We have no non-consolidated subsidiaries or affiliates to which the equity method was applied.
- (2) The following section shows non-consolidated subsidiaries or affiliates to which the equity method is not applied.  
PFI Kyoto School Amenity Co., Ltd.
- (3) Reason not to apply the equity method  
Since the company aforementioned has minor influence on the current net profit/loss, earned surplus, and others and further is of no importance in terms of the overall performance, it is excluded from the scope of application of the equity method.

### **3. Items relating to the accounting year and others of consolidated subsidiaries**

Out of the consolidated subsidiaries, MERINO O.D.D. SDN. BHD, THAI O.D.D. CO., Ltd. and DAI-DAN PHILIPPINES, INC. close their account for the term on December 31.

In order to produce consolidated financial statements for the term, we use financial statements as of December 31. As for important transactions arising between December 31 and the consolidated account closing date for the term, we make adjustments required for the consolidated account.

### **4. Items relating to accounting procedure basis**

- (1) Valuation basis and method applied to important assets
  - 1) Securities

Held-to-maturity bonds:	Depreciable cost method (Straight-line method)
Other securities	
With market value	Market price method based on the market price and others as of the consolidated account closing date (Valuation differences are treated according to full capital direct accounting method, and sale cost is calculated according to the moving average method.)
With no market value	Cost method based on the moving average method
  - 2) Derivative:

- 3) Inventories
 

Incomplete work expenditures	Cost method based on the specific identification method
Materials and supplies	Lower-of-cost market method based on the moving average method
- (2) Depreciation method applied to important depreciable assets
  - 1) Tangible fixed assets
 

Our company and domestic consolidated subsidiary companies

Buildings (excluding accessory equipment)	Straight-line method
Others	Declining balance method

Overseas consolidated subsidiary companies      Straight-line method

Furthermore, the following section shows the depreciation periods of major assets.

Buildings and structures	15 to 50 years
--------------------------	----------------
  - 2) Intangible fixed assets      Straight-line method
 

Furthermore, as to software of the company's own use, the straight-line method based on in-company applicable period (i.e., five years) is applied.
- (3) Recording basis applied to important allowances and reserves
  - 1) Allowance for bad debts
 

In order to provide against bad debts due to failure in recovery of completed work accounts due, loans receivable, and others, we review the recoverability of general credits based on the past actual percentage of credit losses and particular credits such as those having bad debts risk based on individual cases, thus recording anticipated unrecoverable amount.
  - 2) Allowance for completed work compensation
 

This is provided for the purpose of defect compensation for completed works. We record an amount for works to be compensated based on past results plus possibility of future compensation.
  - 3) Work loss reserves
 

In order to provide against future loss caused by work orders received in hand, we record an estimated amount of loss for works, which are highly likely to cause loss and the amount of which can be reasonably estimated.
  - 4) Reserves for retirement benefits
 

In order to prepare for the payment of retirement benefits of employees, we record an amount in accordance with the estimates of debt obligations for retirement benefits and pension assets at the end of current consolidated accounting year.

As for differences on the mathematical calculation, we shall treat them using an amount proportioned by the specific identification method with a specified number of years (i.e., 10 years) within the employees' average remaining length of service at the time of the occurrence of the differences while in each consolidated accounting year, from the account settled for next consolidated accounting year of the occurrence, by contrast, we batch process past service obligation within the year of occurrence.

Furthermore, as of April 1, 2006, the Company shifted to the defined contribution pension system based on the Defined-contribution Pension Law for part of the future service portion of the termination allowance plan.
  - 5) Reserves for directors' retirement benefits
 

In order to prepare for the payment of directors' retirement benefits, we reserve and record an amount required to pay at the end of the period in accordance with the bylaws of the company.
- (4) Important leases treating method
 

Financing leases other than those by which ownership rights of the leased property can be transferred to the lessee are treated in accordance with a method relating to ordinary leases.
- (5) Important hedge accounting method
  - 1) Hedge accounting method:    Preferential treatment has been adopted.
  - 2) Hedging means and targets
 

Hedging means:	Interest swap transactions
Hedging items:	Interest expenses for long-term loans
  - 3) Hedging policy



In order to hedge risks associated with interest rate fluctuations, we have been using derivatives to prepare for interest expenses for long-term loans.

Furthermore, we do not hold derivatives for speculation purpose.

4) Evaluation method of hedging availability

Since the preferential treatment for interest swap transactions is adopted, the reference relating to the evaluation of hedging availability is omitted

(6) Other important items for the consolidated financial statements

1) Completed works amount recording basis

Work completion basis is adopted. For part of works, however, we adopt deferred payment standards under Corporation Tax Law, thus counting the amount equivalent to profits corresponding to uncollected amount in the completed work costs to reschedule the profits and to return it at the time of collection. Furthermore, our overseas consolidated-subsidaries record the completed works amount on the work progressing basis.

Unearned profit returned amount	27 million yen
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Unearned profit deducted amount	—
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Total	27 million yen
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2) Accounting of consumption tax and others

They are treated in accordance with a method exclusive of tax.

**5. Items relating to evaluation of assets and liabilities of consolidated subsidiaries**

The evaluation method of assets and liabilities of consolidated subsidiaries is in accordance with total market price evaluation method.

**6. Scope of funds in the consolidated cash flow statement**

Funds (cash and cash equivalents) listed in the consolidated cash flow statement include currency on hand, bank money, time deposits of which maturities come within 3 months after the acquisition date, and short-term investments with no fixed maturity or redemption date, ease of cash-out, and taking a slight risk of price fluctuations.

**7. Matters related to good will depreciation**

Good will is subjected to 5-year straight line depreciation.

(7) Changes of basic important items for producing consolidated financial statements

Accounting standards on net asset section indications in balance sheet

“Accounting Standards on Net Asset Section Indications in Balance Sheet” (Business Accounting Standards Committee’s Business Accounting Standards No.5 of Dec. 9, 2005) and “Application Guideline for Accounting Standards Etc. on Net Asset Section Indications in Balance Sheet” (Business Accounting Standards Committee’s Business Accounting Standards Application Guideline No.8 of Dec. 9, 2005) have been adopted as from the current consolidated accounting year. These have no effect on profit and loss.

The amount corresponding to the total of previous “asset section” is 45,896 million yen.

Accounting standards on officer bonuses

“Accounting Standards on Officer Bonuses” (Business Accounting Standards Committee’s Business Accounting Standards No.4 of Nov. 29, 2005) has been adopted as from the current consolidated accounting year.

As a result, a decrease of 70 million yen is seen in operating profit, ordinary profit, and current period net profit after adjustment for tax etc. as compared with previous methods.

(8) Notes relating consolidated financial statements

[Relating to consolidated balance sheet]

	Current consolidated accounting year	(in millions of yen) Previous consolidated accounting year
1. Accumulated amount of depreciation of tangible fixed assets	3,335	3,561
2. Bills receivable endorsement	21	28
3. Investment securities such as non-consolidated subsidiary stocks	17	17
Pledged assets and secured liabilities		
(1) Assets given as security		
Time deposit	27	27
Investment securities	481	603
(2) Liabilities for the above		
Long-term loans expecting to return within 1 year.	215	339
Long-term loans	25	140
Long-term loans	46,998	15,462
Liabilities of investing companies	(4,267)	(536)
(Amount equivalent to investment ratio of our company)		
5. Accounting procedure on mature bills at the end of a consolidated accounting year		
Mature bills at the end of a consolidated accounting year are settled on the basis of the date of bill clearance. Since the end of the current consolidated accounting year fell on a bank holiday, bills mature at the end of the next period are included in the balance at the end of the current consolidated accounting year.		
Bills receivable	325 million yen	— million yen
Bills payable	1,121	—
6. Prepaid pension costs, though recorded so far as others in the current assets as short-term dissolution was anticipated initially, were recorded as investment and other assets in the fixed assets since the dissolution was determined to take a long period considering present circumstances. They were 2,743 million yen in the previous consolidated accounting year.		

[Relating to consolidated profit and loss statement]

1. The following section describes important expense items and amount out of the selling and general administrative expenses.				
	Current consolidated accounting year		Previous consolidated accounting year	
Salaries and allowances to employees	3,358 million yen		2,956 million yen	
Reserves for retirement benefits	-32		233	
Amount transferred from reserves for directors' retirement benefits	83		79	
Amount of computers	968		1,136	
Communication and transportation expenses	872		881	
Amount transferred from allowance for bad debts	139		—	
Depreciation expenses	401		373	
2. Total research and development expenses				
	Current consolidated accounting year		Previous consolidated accounting year	
(Breakdown) Sales expenses and general administrative expenses	472 million yen		465 million yen	
3. Equity fluctuation loss				
This is because of a decrease in equity ratio in the company at DAIDEN Koji Corp. that was so far a consolidated subsidiary. DAIDEN was excluded from consolidation scope.				
4. Loss on the sales of affiliates				
This is relevant to the sales of the consolidated subsidiary "Kyo Gas Co., Ltd.".				

(Note to account statement of changes in consolidated shareholder's equity)

1. Items relating to the type and number of issued stocks

Type of stock	End of the previous consolidated accounting year	Increase	Decrease	End of the current consolidated accounting period
Common stock	45,963,803	—	—	45,963,803

2. Items relating to the type and number of treasury stocks

Type of stock	End of the previous consolidated accounting year	Increase	Decrease	End of the current consolidated accounting period
Common stock	1,013,620	28,441	17,529	1,024,532

3. Items relating to dividend

(1) Paid amount of dividend

Resolution	Type of stock	Total dividends (in millions of yen)	Dividend per stock (in yen)	Record date	Effective date
Ordinary general meeting of shareholders on June 29, 2006	Common stock	494	11	March 31, 2006	June 30, 2006
Board of directors on November 16, 2006	Common stock	224	5	September 30, 2006	December 4, 2006
Total		719			

(2) Of the dividends with their base date belonging to the current consolidated accounting year, those becoming effective in the next period.

Resolution	Type of stock	Total dividends (in millions of yen)	Resource for dividend	Dividend per stock (in yen)	Record date	Effective date
Ordinary general meeting of shareholders on June 28, 2007	Common stock	494	Surplus earnings	11	March 31, 2007	June 29, 2007

[Relating to consolidated cash flow statement]

The following table shows the relationship between the balance of cash and cash equivalents at the end of full-year period and the amounts of accounts listed in the full-year consolidated balance sheet

	(in millions of yen)	
	Current consolidated accounting year	Previous consolidated accounting year
Cash and deposit accounts	21,098 million yen	23,166 million yen
Securities account	200	200
Total	21,299	23,366
Time deposits with time period of more than three months	-27	-27
Securities other than add-on type bond investment trusts	-200	-200
Cash and cash equivalent objects	21,071	23,139

## (Segment Information)

### 1. Segment information by type of business

The current consolidated accounting year (April 1, 2006 to March 31, 2007) and the previous consolidated accounting year (April 1, 2005 to March 31, 2006)

Since our corporate group is engaged in facility construction works, there are no business types other than this. Accordingly, segment information by business type is not described.

### 2. Segment information by location

The current consolidated accounting year (April 1, 2006 to March 31, 2007) and the previous consolidated accounting year (April 1, 2005 to March 31, 2006)

Since the total sales amount of all segments of "Japan" exceeds 90%, description of segment information by location is omitted.

### 3. Overseas sales amount

The current consolidated accounting year (April 1, 2006 to March 31, 2007) and the previous consolidated accounting year (April 1, 2005 to March 31, 2006)

Since overseas sales amount is less than 10% of the total consolidated sales, description of overseas sales is omitted.

## (Per-share information)

	Current consolidated accounting year	Previous consolidated accounting year
Per-share net asset	1,021 yen 29 sen	1,054 yen 52 sen
Per-share current period net profit	11 yen 78 sen	-18 yen 06 sen

(Note)

(1) Per-share current period net profit after adjustment for potential shares is not mentioned because of the absence of potential shares.

(2) Per-share current period net profit is calculated on the basis of the following:

	Current consolidated accounting year	Previous consolidated accounting year
Current period net profit on consolidated profit and loss statement	529 million yen	-810 million yen
Major breakdown of amount not belonging to common stock		
Officer bonuses through profit distribution	—	1 million yen
Current period net profit pertaining to common stock	529 million yen	-812 million yen
Average number of common stock shares during the period	44,939 thousands shares	44,972 thousands shares

(Important events subsequent to balance sheet date)

Non-applicable

(On disclosure omission)

About matters of note on leases, securities, derivatives, retirement benefits, and tax benefit accounting, necessity of disclosure in the brief report on financial statement is considered small, and the disclosure is omitted.

Transactions, stock options, etc. with pertaining parties are non-applicable.

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

(in millions of yen)

		Current consolidated accounting year		Previous consolidated accounting year		Difference	
		〔 From April 1, 2006 to March 31, 2007 〕		〔 From April 1, 2005 to March 31,2006 〕			
		Amount	Component ratio %	Amount	Component ratio %	Amount	%
Amount of work orders received	Electrical work	32,928	22.9	35,107	23.4	-2,178	-6.2
	Air-conditioning work	80,817	56.1	76,397	51.0	4,419	5.8
	Plumbing/sanitation work	30,276	21.0	38,452	25.6	-8,175	-21.3
	Total	144,022	100.0	149,957	100.0	-5,934	-4.0
	(Governmental work)	19,681	13.7	29,682	19.8	-10,001	-33.7
	(Private sector work)	124,341	86.3	120,274	80.2	4,067	3.4
	Renewal work	65,277	45.3	59,522	39.7	5,755	9.7
Amount of completed works	Overseas work	6,535	4.5	11,172	7.5	-4,636	-41.5
	Electrical work	33,744	21.2	36,701	24.2	-2,957	-8.1
	Air-conditioning work	86,117	54.2	78,752	51.8	7,364	9.4
	Plumbing/sanitation work	39,181	24.6	36,405	24.0	2,776	7.6
	Total	159,043	100.0	151,859	100.0	7,183	4.7
	(Governmental work)	26,446	16.6	25,330	16.7	1,116	4.4
	(Private sector work)	132,597	83.4	126,529	83.3	6,067	4.8
Amount of works carried over	Renewal work	61,300	38.5	51,895	34.2	9,404	18.1
	Overseas work	10,588	6.7	12,777	8.4	-2,189	-17.1
	Electrical work	21,996	19.4	22,811	17.8	-815	-3.6
	Air-conditioning work	64,893	57.3	70,194	54.7	-5,300	-7.6
	Plumbing/sanitation work	26,406	23.3	35,311	27.5	-8,905	-25.2
	Total	113,296	100.0	128,317	100.0	-15,020	-11.7
	(Governmental work)	33,710	29.8	40,476	31.5	-6,765	-16.7
	(Private sector work)	79,586	70.2	87,841	68.5	-8,255	-9.4
	Renewal work	26,490	23.4	22,512	17.5	3,977	17.7
	Overseas work	11,882	10.5	15,935	12.4	-4,052	-25.4

## 6. Individual financial statements etc.

### (1) Balance sheet

(in millions of yen)

By period Accounts	Current period end (As of March 31, 2007)		Previous period end (As of March 31, 2006)		Difference
	Amount	Component ratio	Amount	Component ratio	
(Assets)		%		%	
Current assets					
Cash on hand in banks	20,298		22,213		-1,914
Note receivables	8,447		8,306		141
Completed work accounts receivables	51,159		45,165		5,994
Securities	200		200		-0
Incomplete work expenditures	29,890		22,247		7,643
Materials in stock	—		12		-12
Short-term loans receivable	24		473		-448
Advance payments	4,176		151		4,025
Prepaid pension costs	—		2,743		-2,743
Deferred tax assets	1,641		1,595		45
Others	2,144		2,279		-135
Allowance for bad debts	-24		-325		301
<b>Total current assets</b>	117,959	83.3	105,062	81.8	12,897
Fixed assets					
Tangible fixed assets					
Buildings and structures	2,215		2,327		-112
Machinery and transportation equipment	13		13		-0
Tools and facilities	162		172		-9
Land	1,077		1,082		-4
Total tangible fixed assets	3,469		3,595		-126
Intangible fixed assets					
Land lease rights	18		70		-51
Software	340		542		-201
Others	39		38		0
Total intangible fixed assets	398		650		-252
Investments and other assets					
Investment securities	13,910		16,352		-2,442
Affiliate company stock	287		295		-8
Long-term loans receivable	142		231		-88
Deposits	682		684		-2
Prepaid pension costs	3,349		—		3,349
Long-term insurance premiums	682		618		63
Others	1,419		1,583		-164
Allowance for bad debts	-661		-557		-104
Total investments and other assets	19,810		19,208		602
<b>Total fixed assets</b>	23,678	16.7	23,454	18.2	224
<b>Total assets</b>	141,638	100.0	128,517	100.0	13,121

(in millions of yen)

By period Accounts	Current period end (As of March 31, 2007)		Previous period end (As of March 31, 2006)		Difference
	Amount	Component ratio	Amount	Component ratio	
(Liabilities)		%		%	
Current liabilities					
Notes payable	11,127		9,331		1,795
Work accounts payable	51,842		39,030		12,812
Short-term loans payable	5,440		4,990		450
Long-term loans payable scheduled for repayment in 1 year	2,658		2,731		-72
Accounts payable	579		436		142
Corporate tax payable etc.	161		97		64
Expenses payable	1,525		669		855
Incomplete work accounts received	14,505		12,554		1,950
Accounts entrusted	1,886		3,483		-1,596
Accounts entrusted by employees	616		636		-19
Deferred profit on deferred payment work	35		62		-27
Completed work compensation reserves	155		90		65
Work loss reserves	867		1,573		-706
Others	0		166		-165
Total current liabilities	91,402	64.5	75,853	59.0	15,548
Fixed liabilities					
Long-term loans payable	1,680		2,253		-573
Reserves for retirement benefits	1,907		2,082		-174
Reserves for directors' retirement benefits	615		532		83
Deferred tax liabilities	571		710		-138
Others	5		10		-5
Total fixed liabilities	4,780	3.4	5,588	4.4	-807
Total liabilities	96,182	67.9	81,441	63.4	14,740

(in millions of yen)

Accounts	By period		Current period end (As of September 30, 2007)		Difference
	Amount	Component ratio	Amount	Component ratio	
(Net Assets)		%		%	
Shareholders' equity					
Capital stock	4,479	3.2	—	—	4,479
Capital surplus	4,783	3.4	—	—	4,783
Capital reserve	4,716		—		4,716
Other capital surplus	67		—		67
Earned surplus	32,915	23.2	—	—	32,915
Profit reserve	1,119		—		1,119
Other profit surplus	31,795		—		31,795
Fixed asset advanced depreciation reserve	84		—		84
Contingent reserve	30,720		—		30,720
Carried over profit surplus	990		—		990
Treasury stock	-523	-0.4	—	—	-523
Total shareholders' equity	41,654	29.4	—	—	41,654
Evaluation / Currency translation difference, etc.					
Evaluation difference of other securities	3,801	2.7	—	—	3,801
Deferred profits and losses on hedges	-0	-0.0	—	—	-0
Currency translation adjustment account	3,800	2.7	—	—	3,800
Total net assets	45,455	32.1	—	—	45,455
Total liabilities and net assets	141,638	100.0	—	—	141,638
(Shareholders' equity)					
Capital stock	—	—	4,479	3.5	-4,479
Capital surplus	—	—	4,782	3.7	-4,782
Capital reserve	—		4,716		-4,716
Other capital surplus	—		66		-66
Treasury stock disposal gains	—		66		-66
Earned surplus	—	—	33,225	25.8	-33,225
Profit reserve	—		1,119		-1,119
Voluntary reserve	—		32,491		-32,491
Technical development reserve	—		580		-580
Fixed asset advanced depreciation reserve	—		91		-91
Contingent reserve	—		31,820		-31,820
Current period unsettled loss	—		-386		386
Evaluation difference of other securities	—	—	5,093	4.0	-5,093
Treasury stock	—	—	-505	-0.4	505
Total capital	—	—	47,075	36.6	-47,075
Total liabilities and shareholders' equity	—	—	128,517	100.0	-128,517



## (2) Profit and loss statement

(in millions of yen)

Accounts	By period		Current period (From April 1, 2006 to March 30, 2007)		Previous period (From April 1, 2005 to March 31, 2006)		Difference
	Amount	Percentage %	Amount	Percentage %	Amount	Percentage %	
Completed work amount	155,022	100.0	148,432	100.0	6,590		
Completed work cost	144,209	93.0	140,779	94.8	3,430		
Completed work gross profit	10,812	7.0	7,653	5.2	3,159		
Selling expenses and general administrative expenses	9,284	6.0	9,020	6.1	264		
Operating profit or Operating loss (—)	1,528	1.0	-1,367	-0.9	2,895		
Non-operating revenue	(580)	0.3	(734)	0.5	(-154)		
Interests received	28		13		14		
Dividends received	183		111		72		
Insurance claim received	46		254		-207		
Gain on foreign exchange	297		328		-30		
Other non-operating earnings	24		27		-2		
Non-operating expenses	(195)	0.1	(226)	0.2	(-30)		
Interest payable	178		195		-16		
Others non-operating revenue	17		31		-13		
Ordinary profit or Ordinary loss (—)	1,912	1.2	-859	-0.6	2,771		
Special profits	(982)	0.6	(927)	0.6	(55)		
Profit on sales of fixed assets	16		647		-631		
Profit on sales of investments in securities	950		261		688		
Profit gained by returning allowance for bad debts	16		18		-2		
Special losses	(1,655)	1.0	(1,246)	0.8	(409)		
Loss on sales of fixed assets	7		247		-240		
Loss on retirement of fixed assets	15		42		-26		
Loss on sales of investments in securities	—		0		-0		
Evaluation loss on investments in securities	7		139		-131		
Affiliate company stock evaluation loss	4		15		-11		
Shrinkage loss	—		135		-135		
Affiliate company liquidation loss	1,614		—		1,614		
Special loss on overseas work	—		658		-658		
Others	6		8		-1		
Current period net profit before tax or current period net loss ( ) before tax	1,239	0.8	-1,177	-0.8	2,417		
Corporate tax, residence tax and business tax	101	0.0	113	0.1	-12		
Adjustment amounts such as for corporate taxes	728	0.5	-366	-0.3	1,095		
Current net profit or Current net loss (—)	409	0.3	-923	-0.6	1,333		
Previous period carry over profit			761		-761		
Interim dividend			224		-224		
Current period unsettled loss			-386		-386		

(3) Profit distribution statement

(in millions of yen)

<div>By period</div> <div>Accounts</div>	Previous period (As of June 29, 2006)	
	Amount	
Current period unsettled loss		-386
Voluntary reserve disposition		
Technical development reserve disposition	580	
Fixed asset advanced depreciation reserve disposition	3	
Contingent reserve disposition	1,100	1,683
Total		1,296
Profit distribution		
Shareholder dividend	494	494
Next period carry over profit		802

(Note) Date denotes shareholders general meeting approval date.

(4) Statement of changes in shareholders' equity, etc.

Current period (from April 1, 2006 to March 31, 2007)

(in millions of yen)

	Shareholders' equity											
	Capital stock	Capital surplus			Earned surplus						Treasury stock	Total shareholders' equity
		Capital reserve	Other capital surplus	Total capital surplus	Profit reserve	Other profit surplus				Total profit surplus		
						Technical development reserve	Fixed asset advanced depreciation reserve	Contingent reserve	Carry over profit surplus			
Balance as of March 31, 2006	4,479	4,716	66	4,782	1,119	580	91	31,820	-386	33,225	-505	41,981
Fluctuation amount during the current period												
Dividend of earned surplus									-719	-719		-719
Current period net profit									409	409		409
Reserve disposition						-580		-1,100	1,680	—		—
Fixed asset advanced depreciation reserve disposition (previous period)							-3		3	—		—
Fixed asset advanced depreciation reserve disposition (current period)							-3		3	—		—
Acquisition of treasury stock											-20	-20
Disposition of treasury stock			0	0							2	3
Fluctuation amount (net amount) in current period in items other than shareholder equity												
Total fluctuation amount in current period	—	—	0	0	—	-580	-6	-1,100	1,377	-309	-17	-326
Balance as of September 30, 2006	4,479	4,716	67	4,783	1,119	—	84	30,720	990	32,915	-523	41,654

	Evaluation / Currency translation difference, etc.			Total net assets
	Evaluation difference of other securities	Profit or loss on hedge carried forward	Total evaluation / currency translation difference, etc.	
Balance as of March 31, 2006	5,093	—	5,093	47,075
Fluctuation amount during the current period				
Dividend of earned surplus				-719
Current period net profit				409
Reserve disposition				—
Fixed asset advanced depreciation reserve disposition (previous period)				—
Fixed asset advanced depreciation reserve disposition (current period)				—
Acquisition of treasury stock				-20
Disposition of treasury stock				3
Fluctuation amount (net amount) in current period in items other than shareholder equity	-1,292	-0	-1,292	-1,292
Total fluctuation amount in current period	-1,292	-0	-1,292	-1,619
Balance as of September 30, 2006	3,801	-0	3,800	45,455

7. Divisional amount of work orders received, completed work, and work  
carried over (individual)

(in millions of yen)

		Current period		Previous period		Difference	
		〔 From April 1, 2006 to March 31, 2007 〕		〔 From April 1, 2005 to March 31,2006 〕			
		Amount	Component ratio %	Amount	Component ratio %	Amount	%
Amount of work orders received	Electrical work	31,161	22.2	33,551	23.0	-2,389	-7.1
	Air-conditioning work	79,321	56.6	74,893	51.2	4,428	5.9
	Plumbing/sanitation work	29,696	21.2	37,753	25.8	-8,056	-21.3
	Total	140,179	100.0	146,197	100.0	-6,018	-4.1
	(Governmental work)	19,601	14.0	29,423	20.1	-9,822	-33.4
	(Private sector work)	120,578	86.0	116,774	79.9	3,804	3.3
	Renewal work	63,596	45.4	57,772	39.5	5,823	10.1
Overseas work	4,784	3.4	9,635	6.6	-4,851	-50.3	
Amount of completed works	Electrical work	31,974	20.6	35,381	23.8	-3,406	-9.6
	Air-conditioning work	84,459	54.5	77,317	52.1	7,142	9.2
	Plumbing/sanitation work	38,588	24.9	35,733	24.1	2,854	8.0
	Total	155,022	100.0	148,432	100.0	6,590	4.4
	(Governmental work)	26,372	17.0	24,960	16.8	1,412	5.7
	(Private sector work)	128,650	83.0	123,472	83.2	5,178	4.2
	Renewal work	59,655	38.5	49,901	33.6	9,753	19.5
Overseas work	8,759	5.7	11,895	8.0	-3,136	-26.4	
Amount of works carried over	Electrical work	21,847	19.4	22,660	17.7	-812	-3.6
	Air-conditioning work	64,621	57.3	69,760	54.7	-5,138	-7.4
	Plumbing/sanitation work	26,320	23.3	35,212	27.6	-8,891	-25.3
	Total	112,790	100.0	127,632	100.0	-14,842	-11.6
	(Governmental work)	33,697	29.9	40,468	31.7	-6,771	-16.7
	(Private sector work)	79,092	70.1	87,164	68.3	-8,071	-9.3
	Renewal work	26,283	23.3	22,342	17.5	3,941	17.6
Overseas work	11,596	10.3	15,571	12.2	-3,975	-25.5	

## 8. Others

Officer changes (scheduled for June 28, 2007)

1. Representatives change

Non-applicable

2. Other officers changes

(1) New director candidates

Director Development Technology HQ Deputy General Manager and Sales HQ Deputy General Manager	Masaki NUMAKURA	(Currently Officer Treatment Development Technology HQ Deputy General Manager and Sales HQ Deputy General Manager)
Director Tokyo Head Office Representative Attache General Manager	Hidetaka MORI	(Currently Trustee Tokyo Head Office Representative Attache General Manager)

(2) Director scheduled for retirement

Currently Managing Director Sales HQ Deputy General Manager	Sadao KODAMA	(Special Advisor Sales HQ)
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Concluded