

Brief report on the Financial Statements for the period ending March, 2008

May 15, 2008

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

Code No.: 1980

Listed Shares Exchanges:

Tokyo Stock Exchange 1st section and

Osaka Stock Exchange 1st section

URL <http://www.daidan.co.jp/>

Tel. (06) 6447 - 8003

Representative of Company: Toshikazu ANDO, Representative Director, President and Chief Operating Officer(C.O.O.)

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Date scheduled for ordinary shareholders general meeting convention: June 27, 2008

Date scheduled for asset securities report submission: June 27, 2008

Date scheduled for dividend payment commencement: June 30, 2008

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

1. Consolidated performance for the period ending March, 2008

(From April 1, 2007 to March 31, 2008)

(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 2008	173,383	9.0	552	30.5	450	-36.0	251	-52.4
Period ending March 2007	159,043	4.7	423	—	704	—	529	—

	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	%	%	%
Period ending March 2008	5.59	—	—	—	0.6	0.4	0.3
Period ending March 2007	11.78	—	—	—	1.1	0.5	0.3

(Reference) Investment profit or loss on equity method End of March 2008 - Million yen End of March 2007 - Million yen

(2) Consolidated financial condition

	Total assets	Net assets	Shareholders capital rate	Shareholder's capital per share	
	Million yen	Million yen	%	Yen	Sen
Period ending March 2008	104,832	42,660	40.7	950.25	—
Period ending March 2007	142,944	45,945	32.1	1,021.29	—

(Reference) Equity capital Period ending March 2008 42,656 Million yen Period ending March 2007 45,896 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 2008	-498	2,350	-714	22,040
Period ending March 2007	-2,786	1,718	-942	21,071

2. Dividend status

37 Dividend status									
(Base date)	Per-share dividend						Total dividend (through year)	Dividend trend (consolidated)	Net asset vs. dividend ratio (consolidated)
	Interim period end		Period end		Through year				
	Yen	Sen	Yen	Sen	Yen	Sen	Million yen	%	%
Period ending March 2007	5	00	11	00	16	00	719	135.8	1.5
Period ending March 2008	5	00	11	00	16	00	719	286.2	1.6
Period ending March 2009 (Forecast)	5	00	11	00	16	00		71.8	

(Note) Breakdown of dividend at the end of the period ending March 2008: Special dividend 6 yen 00 sen

3. Estimate of consolidated performance for the period ending March 2009 (From April 1, 2008 to March 31, 2009)

(Percentage indications show increase or decrease from the previous period for total period and from the same quarter of the previous year for the 2nd quarter consolidated cumulative period.)

	Sales amount		Operating profit		Ordinary profit		Current net profit		Current net earnings per share	
	Mil. yen	%	Mil. yen	%	Mil. yen	%	Mil. yen	%	Yen	Sen
2nd quarter consolidated cumulated period	78,000	-16.9	500	—	450	—	100	—	2.23	—
Total period	167,000	-3.7	2,500	352.2	2,400	432.3	1,000	297.1	22.28	—

(Reference) 1. Estimated amount of work order received (the 2nd quarter consolidated cumulative period) 76,000 million

2. Estimated amount of work order received (full year) 152,000 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)

① Changes resulting from revision of accounting standards etc. Yes

② Changes other than ① Yes

(Note) For details see “Changes in significant matters basic to consolidated financial statement preparation” on Page 15~16.

(3) Number of issued shares (common stock)

① Number of issued shares at the end of period (including treasury stock)

Period ending March 2008 45,963,803 shares Period ending March 2007 45,963,803 shares

② Number of treasury stock at the end of period

Period ending March 2008 1,074,273 shares Period ending March 2007 1,024,532 shares

(Note) See “Per-share information” on Page 21 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 2008 (From April 1, 2007 to March 31, 2008)

(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 2008	172,106	11.0	571	-62.6	489	-74.4	308	-24.8
Period ending March 2007	155,022	4.4	1,528	—	1,912	—	409	—

	Current net earnings per share		Current net earning per share after making potential share adjustments	
	Yen	Sen	Yen	Sen
Period ending March 2008	6.84	—	—	—
Period ending March 2007	9.12	—	—	—

(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 2008	104,055	42,356	40.7	943.58	—
Period ending March 2007	141,638	45,455	32.1	1,011.49	—

(Reference) Equity capital Period ending March 2008 42,356 Million yen Period ending March 2007 45,455 Million yen

2. Individual performance forecast for the period ending March 2009 (From April 1, 2008 to March 31, 2009)

(Percentage indications show increase or decrease from the previous period for total period and from the same quarter of the previous year for the 2nd quarter cumulative period.)

	Sales amount		Operating profit		Ordinary profit		Current net profit		Current net earnings per share	
	Mil. yen	%	Mil. yen	%	Mil. yen	%	Mil. yen	%	Yen	Sen
2nd quarter consolidated cumulated period	77,000	-17.5	500	—	450	—	100	—	2.23	—
Total period	165,000	-4.1	2,500	337.5	2,400	390.5	1,000	224.6	22.28	—

(Reference) ① Estimated amount of work order received (the 2nd quarter consolidated cumulative period) 75,000 Million yen

② Estimated amount of work order received (full year) 150,000 Million yen

※ Explanation about adequate use of achievement forecasts and other noteworthy matters
(Caution on future-related descriptions etc.)

Future-related descriptions like achievement prospects etc. given in this report are based on information currently available to the Company and given premises determined rational by the Company, and actual achievements etc. may vary widely owing to various factors. Please see Page 3 “1. Management Results (1) Management Results Analysis” for caution etc. on the use of hypotheses as achievement forecast premises and achievement forecasts.

1. Management Record

(1) Analysis of the management record

1) Management Results for the Current Consolidated Accounting Year

Japan's economy during the current consolidated accounting year headed for a mild recovery in the first half supported by satisfactory corporate achievements, however the future of the economy grew increasingly unclear in the latter half because of the U.S. economy deceleration triggered by the subprime loan problems, stock and exchange market confusion, soaring crude oil price, etc.

Because of the above economic environments, a severe state continued in the construction industry with private sector equipment investment leveling off and public investment continuing to shrink.

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.

(in million yen)

		Previous consolidated accounting year	Current consolidated accounting year	Increase or decrease
Accepted work order amount	Electrical work	32,928	34,739	1,810
	Air-conditioning work	80,817	88,401	7,584
	Plumbing/sanitary work	30,276	27,014	-3,262
	Total	144,022	150,155	6,132
Completed work amount	Electrical work	33,744	38,640	4,895
	Air-conditioning work	86,117	101,506	15,388
	Plumbing/sanitary work	39,181	33,237	-5,944
	Total	159,043	173,383	14,339

Work completion standards were applied so far to all contract works. However, beginning with the current consolidated accounting year, work progress standards are applied to long-term contract works exceeding one year in work period and 100 million yen in contract amount to have work execution results reflected more adequately in period profit and loss. Consequently, completed work amount in the current consolidated accounting year shows an increase of 18,958 million yen compared with conventional methods.

In terms of profits, operating profit was 552 million yen (up 129 million yen from the previous consolidated accounting year) and ordinary profit was 450 million yen (down 253 million yen from the previous consolidated accounting year). Current period net profit was 251 million yen (down 277 million yen from the previous consolidated accounting year). As a result of the application of the work progress standards, operating profit, ordinary profit and current period net profit before adjustment for tax etc. show a combined increase of 180 million yen compared with conventional methods.

2) Next Period Prospect

Under the economic circumstances, a severe state is expected to continue in the construction industry with private sector equipment investment expected to decrease because of sluggish corporate earnings, shrinking public investment, order taking environment under keen price competition and, additionally, increasing construction material prices.

The Company Group forecasts for the next period 152,000 million yen in accepted work order amount, 167,000 million yen in completed work amount, 2,500 million yen in operating profit, 2,400 million yen in ordinary profit, and 1,000 million yen in current period net profit.

Beginning with the next period, work progress standards will be applied to eligible works for early-stage application of accounting standards on work contracts.

The Company Group will exert concerted efforts for achievement improvement by securing order taking and profits.

(2) Analysis related to financial condition

1) Assets and Liabilities

Assets at the end of the current consolidated accounting year decreased 38,111 million yen to 104,832 million yen from the end of the previous consolidated accounting year. This is due mainly to the decrease in work-in-process expenses resulting from the employment of work progress standards effective from the current consolidated accounting year.

Liabilities decreased 34,826 million yen to 62,172 million yen from the end of the previous consolidated accounting year because of the decrease in work-in-process receivables resulting from the employment of

work progress standards.

2) Status of cash flow

Cash and cash equivalents (hereinafter called “funds”) at the end of the current consolidated accounting year increased 968 million yen to 22,040 million yen from the end of the previous consolidated accounting year because of fund increase due to decreased sales credits, revenues from investment securities sales, redemption etc. though current period net profit before adjustment for tax etc. was 1,110 million yen (down 326 million yen from the end of the previous consolidated accounting year).

Status of each cash flow and their factors at the end of the current consolidated accounting year are as follows:

(Cash flow from operating activities)

Fund balance pertaining to operating activities during the current consolidated accounting year showed a fund decrease of 498 million yen (up 2,287 million yen from the previous consolidated accounting year). This is mainly because of fund decrease factors due to decreases in purchase liabilities (work accounts payable) and work-in-process receivables outweighed fund increase factors due to decreases in sales credits (completed work accounts receivable) and work-in-process expenses.

(Cash flow from investing activities)

Fund balance pertaining to investing activities during the current consolidated accounting year showed a fund increase of 2,350 million yen (up 631 million yen from the previous consolidated accounting year) due mainly to investment securities sale and redemption.

(Cash flow from financing activities)

Fund balance pertaining to financing activities during the current consolidated accounting year showed a fund decrease of 714 million yen (up 227 million yen from the previous consolidated accounting year) because of dividend payment despite the presence of fund increase factors due mainly to treasury stock sale.

Transition of cash flow-related indexes

	Period ending March 2004	Period ending March 2005	Period ending March 2006	Period ending March 2007	Period ending March 2008
Shareholders' equity ratio	35.2%	33.8%	36.4%	32.1%	40.7%
Shareholders' equity ratio at market value	21.6%	26.3%	26.3%	23.5%	18.6%
Number of debt redemption years	—	—	9.9 years	—	—
Interest coverage ratio	—	—	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.

* Total market-price stock values are calculated on the basis of the number of issued stocks excluding treasury stock.

* Operating cash flow uses cash flow from operating activities given in consolidated cash flow calculation sheets.

* Interest-bearing liabilities cover all interest-paying liabilities of the liabilities given in the consolidated balance sheet. Interest payment amount given in the consolidated cash flow calculation sheets is used for interest payment.

(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) 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. Future-related matters given in the text are based on determination by the Company Group at the end of the current consolidated accounting year.

1) Irrecoverable accounts receivable

Despite credit administration strengthened by the Company Group, sudden aggravation of customers' earnings or financial standing may render irrecoverable part of sales credits etc. held by the Company Group and may affect achievements.

2) Material price and labor cost soaring

Drastically increased equipment and material prices and labor cost may affect achievements if it is difficult to pass on to contract amount.

3) 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.

4) 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.

5) 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.

6) 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. State of Corporate Group

The Company Group at the end of the current consolidated accounting year, composed of the Company, five consolidated subsidiary companies and six nonconsolidated subsidiary companies, engaged in electrical work, air-conditioning work and plumbing/sanitary work designing, supervising and execution and business related thereto.

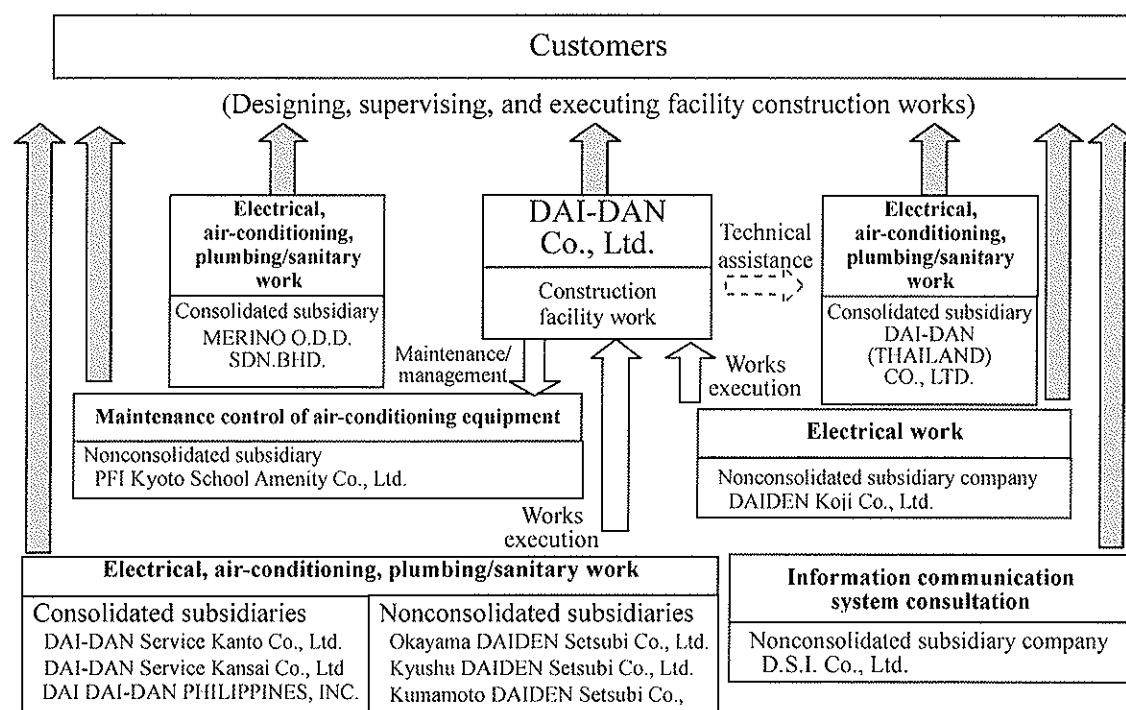
Business-related positioning and business systematic chart of the Company Group are as shown below:

(1) Business-Related Positioning of the Company Group

Of the consolidated subsidiary companies, DAI-DAN Service Kanto Co., Ltd., DAI-DAN Service Kansai Co., Ltd. and DAI-DAN PHILIPPINES, INC. perform on part of work orders accepted by the Company. The Company provides technical assistance for DAI-DAN (THAILAND) CO., LTD. (changed from THAI O.D.D. CO., LTD. in January 2008). The Company had been selling equipment to MERINO O.D.D. SDN. BHD., which at present has suspended new business.

Of the nonconsolidated subsidiary companies, DAIDEN Koji Corp., Okayama DAIDEN Setsubi Co., Ltd., Kyushu DAIDEN Setsubi Co., Ltd., and Kumamoto DAIDEN Setsubi Co., Ltd. perform on part of work orders accepted by the Company. These four companies are excluded from the consolidation scope effective from the current consolidated accounting year since its effects on net profit and loss, earned surplus etc. are minor. PFI Kyoto School Amenity Co., Ltd. and D.S.I. Co., Ltd. perform consulting business, respectively, in PFI business air-conditioning equipment maintenance and management and in information communication systems mainly in the building equipment field.

(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 strategies and challenges

The Company implemented the following structural reform aiming at medium-term management plan targets, i.e., securing continually developable earnings and management foundation consolidation for future growth:

- 1) The Division structure was reviewed and restructured unto a three-division system of Sales Division, Technical Development Division and General Administration Division. Research and Development Center was inaugurated. Technology Research Laboratory focused on R&D and Environment Technology Department for sales assistance in projects of ESCO, cogeneration, etc. were established.
- 2) Industrial Facilities Department was established aiming at enlarging continuous order acceptance and securing profits through direct order taking from cutting-edge factories of electronics etc. and on the market of pharmaceuticals etc. This aims at us becoming an industry-leading corporation in execution capacity, achievements, reliability, profitability, etc. in this field and developing human resources with factory and research institution execution technologies and improving technological strength of the whole Company.
- 3) To build a flexible cooperation system with close communication among business places and to accelerate order taking opportunity enlargement and effective use etc of technical staff., the moderate area-decentralization system was inaugurated by grouping the business places across Japan into three areas of East Japan, Central Japan and West Japan.

The Company also introduced on April 1, 2008 the corporate officers system to quicken decision-making and strengthen the business execution system by separating the decision-making and supervising function and business executing function of the management.

Improving earning power and raising corporate value are tasks of the Company to win out the keen competition in the construction industry. Efforts are concentrated to order taking activities focused on profitability. In particular, efforts are made to expand order taking in renewal works with energy-saving suggestions capitalizing on the strong point of a general facility construction work company.

The Company also provides globally environment-friendly technology to fulfill its corporate social responsibility. Specifically, the Company pushes ahead with R&D activities for industrialization of the filter cleaning technology using supercritical carbon dioxide, and participates in the research for realization of biogas renewal energy supply projects aiming at greenhouse gas reduction.

Moreover, various measures are taken including cost reduction through integrated purchasing, quality and safety securing through accurate implementation of work execution study sessions and work completion assessment sessions, and technical staff ability maintenance and improvement through continual education systems (DAI-DAN CPD system etc.) linked directly to business.

Efforts will be made to improve customer satisfaction and to strengthen price competitive power by rebuilding “DAI-DAN of Technology” through all these measures.

The management index the Company aims at is return on equity, i.e., ratio of operating profit to capital stock.

4. Consolidated Financial Statements, etc.

(1) Consolidated balance sheet

(in millions of yen)

	End of the previous consolidated accounting year (As of March 31, 2007)		End of the current consolidated accounting year (As of March 31, 2008)		Difference
	Amount	Component ratio	Amount	Component ratio	
(Assets)		%		%	
Current assets					
Cash on hand and in banks	21,098		22,067		968
Note receivables, completed work accounts receivables	61,026		54,292		-6,733
Securities	200		100		-100
Incomplete work expenditures	29,948		6,632		-23,316
Deferred tax reserves	1,644		1,587		-57
Others	5,612		1,471		-4,140
Allowance for bad debts	-25		-10		15
Total current assets	119,504	83.6	86,141	82.2	-33,362
Fixed assets					
Tangible fixed assets					
Buildings and structures	2,227		2,135		-91
Machinery and equipment, and transportation equipment	19		18		-0
Tools and facilities	170		167		-3
Land	1,077		1,058		-19
Total tangible fixed assets	3,495		3,379		-115
Intangible fixed assets	400		221		-178
Investments and other assets					
Investment securities	13,927		7,839		-6,087
Long-term loans receivables	117		128		10
Deferred tax assets	—		1,172		1,172
Prepaid pension costs	3,349		3,974		625
Others	2,821		2,786		-35
Allowance for bad debts	-672		-812		-139
Total investments and other assets	19,543		15,089		-4,453
Total fixed assets	23,439	16.4	18,690	17.8	-4,748
Total assets	142,944	100.0	104,832	100.0	-38,111

(in millions of yen)

	End of the previous consolidated accounting year (As of March 31, 2007)		End of the current consolidated accounting year (As of March 31, 2008)		Difference
	Amount	Component ratio	Amount	Component ratio	
(Liabilities)		%		%	
Current liabilities					
Notes payable, work accounts payable	63,291		40,864		-22,426
Short-term loans payable	8,098		7,611		-487
Corporate taxes, etc. payable	174		638		464
Incomplete work accounts received	14,518		2,940		-11,577
Completed work compensation reserves	155		123		-32
Work loss reserves	867		1,100		232
Others	5,077		4,251		-825
Total current liabilities	92,182	64.5	57,530	54.9	-34,651
Fixed liabilities					
Long-term loans payable	1,680		2,162		482
Deferred tax liability	568		—		-568
Reserves for retirement benefits	1,946		1,824		-122
Reserves for directors' retirement benefits	615		654		38
Others	5		0		-5
Total fixed liabilities	4,815	3.4	4,641	4.4	-174
Total liabilities	96,998	67.9	62,172	59.3	-34,826
(Net Assets)					
Shareholders' equity					
Capital stock	4,479	3.1	4,479	4.2	—
Capital surplus	4,783	3.4	4,811	4.6	28
Earned surplus	33,367	23.3	32,784	31.3	-582
Treasury stock	-523	-0.4	-536	-0.5	-12
Total shareholders' equity	42,106	29.4	41,539	39.6	-566
Evaluation / Currency translation difference, etc.					
Evaluation difference of other securities	3,801	2.7	1,097	1.1	-2,703
Deferred profits and losses on hedges	-0	-0.0	—	—	0
Currency translation adjustment account	-11	-0.0	18	0.0	29
Total evaluation / currency translation difference, etc.	3,789	2.7	1,116	1.1	-2,673
Minority interest equity	49	0.0	4	0.0	-45
Total net assets	45,945	32.1	42,660	40.7	-3,285
Total liabilities and net assets	142,944	100.0	104,832	100.0	-38,111

(2) Consolidated profit and loss statement

(in millions of yen)

	Previous consolidated accounting year (From April 1, 2006 to March 31, 2007)		Current consolidated accounting year (From April 1, 2007 to March 31, 2008)		Difference
	Amount	Percentage	Amount	Percentage	
Completed work amount	159,043	100.0	173,383	100.0	14,339
Completed work cost	148,901	93.6	163,801	94.5	14,900
Completed work gross profit	10,142	6.4	9,581	5.5	-560
Selling expenses and general administrative expenses	9,718	6.1	9,028	5.2	-689
Operating profit	423	0.3	552	0.3	129
Non-operating revenue	(482)	0.3	(331)	0.2	-151
Interests received	31		51		19
Dividends received	162		192		30
Insurance claim received	46		56		10
Gain on foreign exchange	216		—		-216
Others	26		30		4
Non-operating expenses	(201)	0.2	(433)	0.2	231
Interest payable	179		215		35
Payment guarantee charge	10		9		-0
Loss on foreign exchange	—		205		205
Others	12		3		-9
Ordinary profit	704	0.4	450	0.3	-253
Special profits	(982)	0.6	(748)	0.4	-234
Profit on sales of fixed assets	16		10		-5
Profit on sales of investments in securities	950		737		-212
Profit gained by returning allowance for bad debts	16		—		-16
Special losses	(250)	0.1	(88)	0.1	-162
Loss on sales of fixed assets	7		8		1
Loss on retirement of fixed assets	15		2		-13
Loss on sales of investments in securities	—		9		9
Evaluation loss on investments in securities	7		64		57
Golf course membership appraisal loss	—		3		3
Equity fluctuation loss	41		—		-41
Affiliate company liquidation loss	117		—		-117
Others	61		—		-61
Current net profit before tax adjustments, etc.	1,436	0.9	1,110	0.6	-326
Corporate tax, residence tax and business tax	164	0.1	661	0.4	496
Adjustment amounts such as for corporate taxes	724	0.5	195	0.1	-528
Profit of minority interests	18	0.0	1	0.0	-16
Current net profit	529	0.3	251	0.1	-277

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

Previous consolidated accounting year (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

(Note)

1. Surplus distribution comes under profit disposition items at the June 2006 ordinary shareholder general meetings of submitting companies.
2. Board members bonus comes under profit disposition items at the May 2006 ordinary shareholder general meetings of consolidated subsidiary companies.

Current consolidated accounting year (from April 1, 2007 to March 31, 2008)

(in millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Earned surplus	Treasury stock	Total shareholders' equity
Balance as of March 31, 2007	4,479	4,783	33,367	-523	42,106
Amount of changes made during consolidated accounting period					
Dividend of earned surplus			-719		-719
Current net earnings per share			251		251
Acquisition of treasury stock				-88	-88
Disposition of treasury stock		28		75	103
Affiliate company consolidation exclusion			-114		-114
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	—	28	-582	-12	-566
Balance as of March 31, 2008	4,479	4,811	32,784	-536	41,539

	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, 2007	3,801	-0	-11	3,789	49	45,945
Amount of changes made during consolidated accounting period						
Dividend of earned surplus						-719
Current net earnings per share						251
Acquisition of treasury stock						-88
Disposition of treasury stock						103
Affiliate company consolidation exclusion						-114
Amount (net amount) of changes made in items other than shareholders' equity during consolidated accounting period	-2,703	0	29	-2,673	-45	-2,718
Total amount of changes made during consolidated accounting period	-2703	0	29	-2673	-45	-3,285
Balance as of March 31, 2008	1,097	—	18	1,116	4	42,660

(4) Statement of consolidated cash flow

(in millions of yen)

	Previous consolidated accounting year (From April 1, 2006 to March 31, 2007)	Current consolidated accounting year (From April 1, 2007 to March 31, 2008)
	Amount	Amount
I. Cash flow on sales activities		
Current net profit before tax adjustments, etc.	1,436	1,110
Depression expenses	403	425
Goodwill depreciation amount	2	—
Increased or decreased amount of allowance for bad debts	-55	130
Increased or decreased amount of reserves for retirement benefits and reserves for directors' retirement benefits	-208	-44
Earned interest and dividends received	-194	-244
Interest paid	179	215
Evaluation loss on investments in securities	7	64
Profit or loss on sales of investments in securities	-950	-728
Profit or loss on sales of fixed assets	-9	-2
Loss on retirement of fixed assets	15	2
Increased or decreased amount of sales credits	-6,247	6,283
Increased or decreased amount of incomplete work expenditures	-7,663	23,199
Increased or decreased amount of procurement credits	13,891	-22,194
Increased or decreased amount of incomplete work received amount	2,195	-11,523
Others	-5,425	2,929
Sub-total	-2,623	-377
Received amount of interests and dividends	194	244
Paid interest amount	-186	-216
Paid amount of corporate tax, etc.	-170	-149
Cash flow on sales activities	-2,786	-498
II. Cash flow on investment activities		
Expenditures by depositing of time deposits	-0	-0
Expenditures by acquiring of securities	-99	-99
Revenue by sales of securities	195	199
Expenditures by acquiring of tangible fixed assets	-65	-69
Revenue by sales of tangible fixed assets	511	29
Expenditures by acquiring of investment securities	-91	-175
Revenue by sales of investment securities	1,176	2,383
Expenditures by loans	-45	-33
Revenue by recovery of loans	105	50
Expenditures by acquiring of other fixed assets	-214	-344
Revenue by sales of other fixed assets	251	415
Expenditures by decline in other fixed liabilities	-5	-5
Cash flow on investment activities	1,718	2,350
III. Cash flow on financial activities		
Revenue by short-term loans	21,240	21,560
Expenditures by return of short-term loans	-20,790	-21,510
Revenue by long-term loans	2,200	2,900
Expenditures by return of long-term loans	-2,845	-2,954
Revenues from new stock issue	18	—
Expenditures by acquiring of treasury stock	-20	-88
Revenue by sales of treasury stock	3	103
Paid amount of dividends	-716	-725
Paid dividend to minority interests	-31	—
Cash flow on financial activities	-942	-714
IV. Translation difference relating to cash and cash equivalents	66	-39
V. Increased or decreased amount of cash and cash equivalents	-1,944	1,097
VI. Balance of cash and cash equivalents at the beginning of period	23,139	21,071
VII. Decrease in cash and cash equivalents due to consolidation exclusion	-123	-128
VIII. Balance of cash and cash equivalents at the end of period	21,071	22,040

(5) Basic important items for producing consolidated financial statements

Previous Consolidated Accounting Year (From April 1, 2006 to March 31, 2007)	Current Consolidated Accounting Year (From April 1, 2007 to March 31, 2008)
<p>1. Matters Pertaining to Consolidation Scope</p> <p>(1) Number of consolidated subsidiary companies: 9 Names of main consolidated subsidiary companies: DAI-DAN Service Kanto Co., Ltd. DAI-DAN Service Kansai Co., Ltd. MERINO O.D.D. SDN. BHD. Kyo Gas Co., Ltd., although included so far in the Company Group, is excluded from the consolidation scope effective from the end of the current consolidated accounting year since a liquidation resolution was made during the current consolidated accounting year and settlement of nearly all debts and credits has already been completed. DAIDEN Koji Corp. is excluded from the consolidation scope effective from the end of the current consolidated accounting year since it no longer comes under affiliated companies with the Company's voting right holding proportion having decreased to 14.3% due to the capital increase with new share allocation to third parties.</p> <p>(2) Number of non-consolidated subsidiaries: 1 The name of the non-consolidated subsidiary is described below. PFI Kyoto School Amenity Co.</p> <p>(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.</p> <p>2. Items relating to application of the equity method</p> <p>(1) We have no non-consolidated subsidiaries or affiliates to which the equity method was applied.</p> <p>(2) The following section shows non-consolidated subsidiaries or affiliates to which the equity method is not applied. PFI Kyoto School Amenity Co., Ltd.</p> <p>(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.</p>	<p>1. Matters Pertaining to Consolidation Scope</p> <p>(1) Number of consolidated subsidiary companies: 5 Names of consolidated subsidiary companies: DAI-DAN Service Kanto Co., Ltd. DAI-DAN Service Kansai Co., Ltd. DAI-DAN (THAILAND) CO., LTD. MERINO O.D.D. SDN. BHD. DAI-DAN PHILIPPINES, INC. DAI-DAN (THAILAND) CO., LTD. was changed from THAI O.D.D. CO., LTD. on January 2, 2008. The four companies – DAIDEN Koji Corp., Okayama DAIDEN Setsubi Co., Ltd., Kyushu DAIDEN Setsubi Co., Ltd. and Kumamoto DAIDEN Setsubi Co., Ltd. – that were so far consolidated subsidiary companies, are excluded from the consolidation scope effective from the current consolidated accounting year since, as a result of a study on business contents within the Company Group, they have no plan for business expansion and total assets, completed work amount, current period net profit and loss (amount corresponding to equity), earned surplus (amount corresponding to equity), etc. have no significant effect on consolidated financial statements.</p> <p>(2) Number of nonconsolidated subsidiary companies: 6 Names of nonconsolidated subsidiary companies: DAIDEN Koji Corp. Okayama DAIDEN Setsubi Co., Ltd. Kyushu DAIDEN Setsubi Co., Ltd. Kumamoto DAIDEN Setsubi Co., Ltd. PFI Kyoto School Amenity Co., Ltd. D.S.I. Co., Ltd. D.S.I. Co., Ltd. was established in October 2007.</p> <p>(3) Reason for exclusion of nonconsolidated subsidiary companies from the consolidation scope Same as given at left side.</p> <p>2. Matters Pertaining to Application of Equity Method</p> <p>(1) There are no nonconsolidated subsidiary companies or affiliated companies to which equity method is applied.</p> <p>(2) Nonconsolidated subsidiary companies or affiliated companies to which equity method is not applied are the following: DAIDEN Koji Corp. Okayama DAIDEN Setsubi Co., Ltd. Kyushu DAIDEN Setsubi Co., Ltd. Kumamoto DAIDEN Setsubi Co., Ltd. PFI Kyoto School Amenity Co., Ltd. D.S.I. Co., Ltd.</p> <p>(3) Reason for non-application of equity method Same as given at left side.</p>

Previous Consolidated Accounting Year (From April 1, 2006 to March 31, 2007)	Current Consolidated Accounting Year (From April 1, 2007 to March 31, 2008)
<p>3. Items relating to accounting procedure basis</p> <p>(1) Depreciation method applied to important depreciable assets</p> <p>1) Tangible fixed assets</p> <p>Our company and domestic consolidated subsidiary companies</p> <p>Buildings (excluding accessory equipment) Straight-line method</p> <p>Others Declining balance method</p> <p>Overseas consolidated subsidiary companies Straight-line method</p> <p>Furthermore, the following section shows the depreciation periods of major assets.</p> <p>Buildings and structures 15 to 50 years</p> <p>2) Intangible fixed assets Straight-line method</p> <p>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.</p>	<p>3. Matters Pertaining to Accounting Standards</p> <p>(1) Depreciation methods on important depreciation assets</p> <p>1) Tangible fixed assets</p> <p>The Company and consolidated subsidiary companies in Japan</p> <p>Buildings (excluding accessory structures) Straight-line method</p> <p>Others Declining-balance method</p> <p>Consolidated subsidiary companies abroad Straight-line method</p> <p>Main useful lives are as follows:</p> <p>Buildings and structures 15-50 years</p> <p>(Changes in accounting policies)</p> <p>Due to the corporate tax law revision, the Company's accounting policies have been changed effective from the current consolidated accounting year to apply depreciation methods in accordance with corporate tax laws after the revision to tangible fixed assets acquired on and after April 1, 2007.</p> <p>The effect from the change on profit and loss is minor.</p> <p>(Supplementary information)</p> <p>Due to the corporate tax law revision, the Company's accounting policies have been changed effective from the current consolidated accounting year to apply depreciation methods in accordance with corporate tax laws before the revision to tangible fixed assets acquired on and before March 31, 2007, thereby subjecting the difference between 5% equivalent of acquisition cost and memorandum value to five year straight-line depreciation for inclusion in depreciation expense.</p> <p>The effect from the change on profit and loss is minor.</p> <p>2) Intangible fixed assets</p> <p>Same as given at left side.</p>

Previous Consolidated Accounting Year (From April 1, 2006 to March 31, 2007)	Current Consolidated Accounting Year (From April 1, 2007 to March 31, 2008)
<p>(2) Other important items for the consolidated financial statements</p> <p>Completed works amount recording basis</p> <p>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-subsiidiaries record the completed works amount on the work progressing basis.</p> <p>Unearned profit returned amount 27 million yen</p> <p>Unearned profit deducted amount —</p> <hr/> <p>Total 27 million yen</p>	<p>(2) Other Important Basic Matters for Preparation of Consolidated Financial Statements</p> <p>Standards for entering completed work amount</p> <p>Work completion standards are employed. The Company employs work progress standards for works exceeding one year in work period, 100 million yen in contract amount, and for consolidated subsidiary companies abroad.</p> <p>Deferred payment standards defined in corporate tax laws are applied to some works thereby profit equivalents corresponding to uncollected amounts are counted into completed work cost for deferred profit reservation at the time of collection.</p> <p>Deferred profit reservation 24 million yen</p> <p>Deferred profit deduction —</p> <hr/> <p>Total 24 million yen</p> <p>(Changes in accounting policies)</p> <p>The Company had so far been applying work completion standards to all contract works. However, effective from the current consolidated accounting year, the policies have been changed to apply work progress standards to works exceeding one year in work period and 100 million yen in contract amount.</p> <p>In the Company's business form, a proportionally larger portion of works is usually completed in the latter half period than in the first half period. Work completion standards cause remarkable seasonal variations in completed work amount in the first half period and the latter half period. Additionally, a quarterly report system starts effective from the March 2009 period. In view of these circumstances and in consideration of the fact that work progress standards are becoming principal earnings recognition standards, work progress standards have been employed to have execution results of long-term contract works reflected more adequately in period profit and loss.</p> <p>The policy change has resulted in an increase of 18,958 million yen in completed work amount and a combined increase of 180 million yen in operating profit, ordinary profit and current period net profit before adjustment for tax etc. in the current consolidated accounting year compared with previous methods.</p>

Disclosure of other matters is omitted due to the absence of important changes from descriptions in the latest securities report (submitted on June 28, 2007).

Changes of basic important items for producing consolidated financial statements

Previous Consolidated Accounting Year (From April 1, 2006 to March 31, 2007)	Current Consolidated Accounting Year (From April 1, 2007 to March 31, 2008)
<p>1. Accounting standards on net asset section indications in balance sheet</p> <p>“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.</p> <p>The amount corresponding to the total of previous “asset section” is 45,896 million yen.</p> <p>Due to the revision of consolidated financial statement regulations, the net asset section of the consolidated financial statements for the current consolidated accounting year has been prepared in accordance with the consolidated financial statement regulations after the revision.</p>	<hr/>
<p>2. Accounting standards on officer bonuses</p> <p>“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.</p> <p>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.</p>	<hr/>

Changes in indication methods

Previous consolidated accounting year (From April 1, 2006 to March 31, 2007)	Current consolidated accounting year (From April 1, 2007 to March 31, 2008)
<hr/>	<p>(On consolidated balance sheet)</p> <p>“Deferred tax assets,” that were included in “Others” of investment and other assets up to the previous consolidated accounting year, were described divisionally since they exceeded 1/100 of total assets in the current consolidated accounting year.</p> <p>“Deferred tax assets” at the end of the previous consolidated accounting year are 1 million yen.</p>

Commentary matters

(Relating to consolidated balance sheet)

End of previous consolidated accounting year (March 31, 2007)	Current consolidated accounting year (March 31, 2008)																																
<p>1. Tangible fixed asset cumulative depreciation is 3,335 million yen.</p> <p>2. Mortgaged assets</p> <p>Mortgaged assets and corresponding liabilities are as follows:</p> <p>Mortgaged assets</p> <table> <tr> <td>Time deposit</td><td>27 million yen</td></tr> <tr> <td>Investment securities</td><td>481</td></tr> <tr> <td>Total</td><td>508</td></tr> </table> <p>Corresponding liabilities</p> <table> <tr> <td>Long-term loan payable within one year</td><td>215 million yen</td></tr> <tr> <td>Long-term loan payable</td><td>25</td></tr> <tr> <td>The Company's subscription proportion equivalent of subscribing companies' liabilities 46,998 million yen</td><td>4,267</td></tr> <tr> <td>Total</td><td>4,507</td></tr> </table> <p>3. Bills receivable endorsement is 21 million yen.</p> <p>4. Accounting of bills maturing at the end of a consolidated accounting year is settled as of the date of bill clearance.</p> <p>Bills maturing at the end of the next consolidated accounting year are included in the balance at the end of the consolidated accounting year since the end of the current consolidated accounting year was a bank holiday.</p> <table> <tr> <td>Bills receivable</td><td>325 million yen</td></tr> <tr> <td>Bills payable</td><td>1,121</td></tr> </table>	Time deposit	27 million yen	Investment securities	481	Total	508	Long-term loan payable within one year	215 million yen	Long-term loan payable	25	The Company's subscription proportion equivalent of subscribing companies' liabilities 46,998 million yen	4,267	Total	4,507	Bills receivable	325 million yen	Bills payable	1,121	<p>1. Tangible fixed asset cumulative depreciation is 3,419 million yen.</p> <p>2. Mortgaged assets</p> <p>Mortgaged assets and corresponding liabilities are as follows:</p> <p>Mortgaged assets</p> <table> <tr> <td>Time deposit</td><td>27 million yen</td></tr> <tr> <td>Investment securities</td><td>258</td></tr> <tr> <td>Total</td><td>285</td></tr> </table> <p>Corresponding liabilities</p> <table> <tr> <td>Long-term loan payable within one year</td><td>125 million yen</td></tr> <tr> <td>Long-term loan payable</td><td>175</td></tr> <tr> <td>The Company's subscription proportion equivalent of subscribing companies' liabilities 65,782million yen</td><td>3,283</td></tr> <tr> <td>Total</td><td>3,583</td></tr> </table> <p>_____</p> <p>_____</p>	Time deposit	27 million yen	Investment securities	258	Total	285	Long-term loan payable within one year	125 million yen	Long-term loan payable	175	The Company's subscription proportion equivalent of subscribing companies' liabilities 65,782million yen	3,283	Total	3,583
Time deposit	27 million yen																																
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(Relating to consolidated balance sheet)

Previous consolidated accounting year (From April 1, 2006 to March 31, 2007)	Current consolidated accounting year (From April 1, 2007 to March 31, 2008)																												
<p>Main items of selling expenses and general administrative expenses are as follows:</p> <table> <tr> <td>Employee salary and allowance</td><td>3,358 million yen</td></tr> <tr> <td>Retirement benefit</td><td>- 32</td></tr> <tr> <td>Directors retirement benefit reserve transfer</td><td>83</td></tr> <tr> <td>Computer expense</td><td>968</td></tr> <tr> <td>Communication and traffic expenses</td><td>872</td></tr> <tr> <td>Bad debt reserve transfer</td><td>139</td></tr> <tr> <td>Depreciation expense</td><td>401</td></tr> </table>	Employee salary and allowance	3,358 million yen	Retirement benefit	- 32	Directors retirement benefit reserve transfer	83	Computer expense	968	Communication and traffic expenses	872	Bad debt reserve transfer	139	Depreciation expense	401	<p>Main items of selling expenses and general administrative expenses are as follows:</p> <table> <tr> <td>Employee salary and allowance</td><td>3,187 million yen</td></tr> <tr> <td>Retirement benefit</td><td>-45</td></tr> <tr> <td>Directors retirement benefit reserve transfer</td><td>93</td></tr> <tr> <td>Computer expense</td><td>558</td></tr> <tr> <td>Communication and traffic expenses</td><td>869</td></tr> <tr> <td>Bad debt reserve transfer</td><td>160</td></tr> <tr> <td>Depreciation expense</td><td>423</td></tr> </table>	Employee salary and allowance	3,187 million yen	Retirement benefit	-45	Directors retirement benefit reserve transfer	93	Computer expense	558	Communication and traffic expenses	869	Bad debt reserve transfer	160	Depreciation expense	423
Employee salary and allowance	3,358 million yen																												
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Directors retirement benefit reserve transfer	93																												
Computer expense	558																												
Communication and traffic expenses	869																												
Bad debt reserve transfer	160																												
Depreciation expense	423																												

(Account statement of changes in consolidated shareholder's equity)

Previous consolidated accounting year (From April 1, 2006 to March 31, 2007)

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 (thousand shares)	45,963	—	—	45,963

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 (thousand shares)	1,013	28	17	1,024

(Outline of variation causes)

Main items of increases are as follows:

Increase due to odd stock purchase request 28 thousand shares

Main items of decreases are as follows:

Decrease due to odd stock sale request. 4 thousand shares

Decrease in mutually owned stock due to exclusion of affiliated companies from consolidation. 12 thousand shares

3. Matters pertaining to new share subscription right etc.

There are no matters that come under this paragraph.

4. 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	11.00	March 31, 2006	June 30, 2006
Board of directors on November 16, 2006	Common stock	224	5.00	September 30, 2006	December 4, 2006

(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	Resource for dividend	Total dividends (in millions of yen)	Dividend per stock (in yen)	Record date	Effective date
Ordinary general meeting of shareholders on June 28, 2007	Common stock	Surplus earnings	494	11.00	March 31, 2007	June 29, 2007

Previous consolidated accounting year (From April 1, 2007 to March 31, 2008)

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 (thousand shares)	45,963	—	—	45,963

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 (thousand shares)	1,024	195	145	1,074

(Outline of variation causes)

Main items of increases are as follows:

Increase due to treasury stock acquisition in accordance with board of directors resolution	170 thousand shares
Increase due to odd stock purchase request	25 thousand shares

Main items of decreases are as follows:

Decrease due to odd stock sale request	4 thousand shares
Decrease due to treasury stock disposal with third party allocation	141 thousand shares

3. Matters pertaining to new stock subscription right etc.

There are no matters that come under this paragraph.

4. 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 28, 2007	Common stock	494	11.00	March 31, 2007	June 29, 2007
Board of directors on November 15, 2007	Common stock	225	5.00	September 30, 2007	December 3, 2007

(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	Resource for dividend	Resource for dividend	Dividend per stock (in yen)	Record date	Effective date
Ordinary general meeting of shareholders on June 27, 2008	Common stock	Surplus earnings	493	11.00	March 31, 2008	June 30, 2008

(Relating to consolidated cash flow statement)

Previous consolidated accounting year
(From April 1, 2006 to March 31, 2007)

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

Cash and deposit accounts	21,098 million yen
Securities account	200
Total	21,299
Time deposits with time period of more than three months	- 27
Securities other than add-on type bond investment trusts	- 200
Cash and cash equivalent objects	21,071

Current consolidated accounting year
(From April 1, 2007 to March 31, 2008)

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

Cash and deposit account	22,067 million yen
Securities account	100
Total	22,167
Time deposits with time period of more than three months	- 27
Securities other than add-on type bond investment trusts	- 100
Cash and cash equivalent objects	22,040

(Per-share information)

Previous consolidated accounting year (From April 1, 2006 to March 31, 2007)		Current consolidated accounting year (From April 1, 2007 to March 31, 2008)	
Per-share net asset	1,021 yen 29 sen	Per-share net asset	950 yen 25 sen
Per-share current period net profit	11 yen 78 sen	Per-share current period net profit	5 yen 59 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:

	Previous consolidated accounting year (From April 1, 2006 to March 31, 2007)	Current consolidated accounting year (From April 1, 2007 to March 31, 2008)
Current period net profit	529 million yen	251 million yen
Amount not belonging to common stock	—	—
Current period net profit pertaining to common stock	529 million yen	251 million yen
Average number of common stock shares during the period	44,939 thousands shares	45,019 thousands shares

(Important events subsequent to balance sheet date)

Non-applicable

(On disclosure omission)

About matters of note on segment information, 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)

		Previous consolidated accounting year		Current consolidated accounting year		Difference	
		(From April 1, 2006 to March 31, 2007)		(From April 1, 2007 to March 31, 2008)			
		Amount	Component ratio %	Amount	Component ratio %	Amount	%
Amount of work orders received	Electrical work	32,928	22.9	34,739	23.1	1,810	5.5
	Air-conditioning work	80,817	56.1	88,401	58.9	7,584	9.4
	Plumbing/sanitation	30,276	21.0	27,014	18.0	-3,262	-10.8
	Total	144,022	100.0	150,155	100.0	6,132	4.3
	Renewal work	65,277	45.3	66,218	44.1	940	1.4
	Overseas work	6,535	4.5	5,524	3.7	-1,011	-15.5
Amount of completed works	Electrical work	33,744	21.2	38,640	22.3	4,895	14.5
	Air-conditioning work	86,117	54.2	101,506	58.5	15,388	17.9
	Plumbing/sanitation	39,181	24.6	33,237	19.2	-5,944	-15.2
	Total	159,043	100.0	173,383	100.0	14,339	9.0
	Renewal work	61,300	38.5	69,300	40.0	7,999	13.1
	Overseas work	10,588	6.7	13,095	7.6	2,507	23.7
Amount of works carried over	Electrical work	21,996	19.4	18,095	20.1	-3,900	-17.7
	Air-conditioning work	64,893	57.3	51,788	57.5	-13,105	-20.2
	Plumbing/sanitation	26,406	23.3	20,184	22.4	-6,222	-23.6
	Total	113,296	100.0	90,068	100.0	-23,228	-20.5
	Renewal work	26,490	23.4	23,408	26.0	-3,081	-11.6
	Overseas work	11,882	10.5	4,310	4.8	-7,571	-63.7

6. Financial statements etc.

(1) Balance sheet

(in millions of yen)

	Previous period end (As of March 31, 2007)		Current period end (As of March 31, 2008)		Difference
	Amount	Component ratio	Amount	Component ratio	
(Assets)		%		%	
Current assets					
Cash on hand in banks	20,298		21,465		1,166
Note receivables	8,447		5,504		-2,943
Completed work accounts receivables	51,159		47,800		-3,359
Securities	200		100		-100
Incomplete work expenditures	29,890		6,623		-23,267
Short-term loans receivable	24		17		-6
Advance payments	4,176		635		-3,541
Deferred tax assets	1,641		1,584		-56
Others	2,144		1,476		-667
Allowance for bad debts	-24		-41		-16
Total current assets	117,959	83.3	85,166	81.8	-32,793
Fixed assets					
Tangible fixed assets					
Buildings and structures	2,215		2,135		-79
Machinery and transportation equipment	13		15		1
Tools and facilities	162		161		-1
Land	1,077		1,058		-19
Total tangible fixed assets	3,469		3,370		-98
Intangible fixed assets					
Land lease rights	18		18		—
Software	340		152		-188
Others	39		49		10
Total intangible fixed assets	398		220		-178
Investments and other assets					
Investment securities	13,910		7,774		-6,135
Affiliate company stock	287		293		6
Long-term loans receivable	142		123		-19
Deferred tax assets	—		1,167		1,167
Deposits	682		683		1
Prepaid pension costs	3,349		3,974		625
Long-term insurance premiums	682		601		-80
Others	1,419		1,485		66
Allowance for bad debts	-661		-806		-144
Total investments and other assets	19,810		15,297		-4,513
Total fixed assets	23,678	16.7	18,888	18.2	-4,790
Total assets	141,638	100.0	104,055	100.0	-37,583

(in millions of yen)

	Previous period end (As of March 31, 2007)		Current period end (As of March 31, 2008)		Difference
	Amount	Component ratio	Amount	Component ratio	
(Liabilities)		%		%	
Current liabilities					
Notes payable	11,127		6,862		-4,264
Work accounts payable	51,842		33,816		-18,026
Short-term loans payable	5,440		5,490		50
Long-term loans payable	2,658		2,121		-537
Accounts payable	579		484		-94
Corporate tax payable etc.	161		635		473
Consumption tax payable etc.	—		780		780
Expenses payable	1,525		1,497		-27
Incomplete work accounts	14,505		2,935		-11,569
Accounts entrusted	1,886		598		-1,288
Accounts entrusted by employees	616		582		-34
Deferred profit on deferred	35		11		-24
Completed work compensation	155		123		-32
Work loss reserves	867		1,100		232
Others	0		18		17
Total current liabilities	91,402	64.5	57,056	54.8	-34,345
Fixed liabilities					
Long-term loans payable	1,680		2,162		482
Reserves for retirement benefits	1,907		1,824		-83
Reserves for directors'	615		654		38
Deferred tax liabilities	571		—		-571
Others	5		0		-5
Total fixed liabilities	4,780	3.4	4,641	4.5	-138
Total liabilities	96,182	67.9	61,698	59.3	-34,484
(Net Assets)					
Shareholders' equity					
Capital stock	4,479	3.2	4,479	4.3	—
Capital surplus	4,783	3.4	4,811	4.6	28
Capital reserve	4,716		4,716		—
Other capital surplus	67		95		28
Earned surplus	32,915	23.2	32,504	31.3	-411
Profit reserve	1,119		1,119		—
Other profit surplus	31,795		31,384		-411
Fixed asset advanced depreciation reserve	84		81		-3
Contingent reserve	30,720		30,720		—
Carried over profit surplus	990		582		-408
Treasury stock	-523	-0.4	-536	-0.5	-12
Total shareholders' equity	41,654	29.4	41,258	39.7	-396
Evaluation / Currency translation difference, etc.					
Evaluation difference of other securities	3,801	2.7	1,097	1.0	-2,703
Deferred profits and losses on hedges	-0	-0.0	—	—	0
Currency translation adjustment account	3,800	2.7	1,097	1.0	-2,702
Total net assets	45,455	32.1	42,356	40.7	-3,098
Total liabilities and net assets	141,638	100.0	104,055	100.0	-37,583

(2) Profit and loss statement

(in millions of yen)

	Previous period (From April 1, 2006 to March 31, 2007)		Current period (From April 1, 2007 to March 31, 2008)		Difference
	Amount	Percentage	Amount	Percentage	
Completed work amount	155,022	100.0	172,106	100.0	17,084
Completed work cost	144,209	93.0	162,701	94.5	18,491
Completed work gross profit	10,812	7.0	9,405	5.5	-1,407
Selling expenses and general administrative expenses	9,284	6.0	8,833	5.2	-450
Operating profit	1,528	1.0	571	0.3	-956
Non-operating revenue	(580)	0.3	(422)	0.3	-158
Interests received	28		44		15
Dividends received	183		292		109
Insurance claim received	46		56		10
Gain on foreign exchange	297		—		-297
Others non-operating revenue	24		28		3
Non-operating expenses	(195)	0.1	(504)	0.3	308
Interest payable	178		215		36
Loss on foreign exchange	—		276		276
Others non-operating revenue	17		12		-5
Ordinary profit	1,912	1.2	489	0.3	-1,423
Special profits	(982)	0.6	(748)	0.4	-234
Profit on sales of fixed assets	16		10		-5
Profit on sales of investments in securities	950		737		-212
Profit gained by returning allowance for bad debts	16		—		-16
Special losses	(1,655)	1.0	(92)	0.0	-1,563
Loss on sales of fixed assets	7		8		1
Loss on retirement of fixed assets	15		2		-13
Loss on sales of investments in securities	—		9		9
Evaluation loss on investments in securities	7		64		57
Affiliate company stock evaluation loss	4		3		-0
Golf course membership appraisal loss	—		3		3
Affiliate company liquidation loss	1,614		—		-1,614
Others	6		—		-6
Current period net profit before tax	1,239	0.8	1,145	0.7	-94
Corporate tax, residence tax and business tax	101	0.0	642	0.4	541
Adjustment amounts such as for corporate taxes	728	0.5	195	0.1	-533
Current net profit	409	0.3	308	0.2	-101

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

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

(in millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus			Earned surplus
		Capital reserve	Other capital surplus	Total capital surplus	Profit reserve
Balance as of March 31, 2006	4,479	4,716	66	4,782	1,119
Fluctuation amount during the current period					
Technology development reserve disposition (*)					
Fixed asset advanced depreciation reserve disposition (*)					
Fixed asset advanced depreciation reserve disposition					
Contingent reserve disposition (*)					
Surplus distribution (*)					
Current period net profit					
Acquisition of treasury stock					
Disposition of treasury stock			0	0	
Fluctuation amount (net amount) in current period in items other than shareholder equity					
Total fluctuation amount in current period	—	—	0	0	—
Balance as of March 31, 2007	4,479	4,716	67	4,783	1,119

	Shareholders' equity						
	Earned surplus					Treasury stock	Total shareholders' equity
	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	580	91	31,820	-386	33,225	-505	41,981
Fluctuation amount during the current period							
Technology development reserve disposition (*)	-580			580	—		—
Fixed asset advanced depreciation reserve disposition (*)		-3		3	—		—
Fixed asset advanced depreciation reserve disposition		-3		3	—		—
Contingent reserve disposition (*)			-1,100	1,100	—		—
Surplus distribution (*)				-719	-719		-719
Current period net profit				409	409		409
Acquisition of treasury stock						-20	-20
Disposition of treasury stock						2	3
Fluctuation amount (net amount) in current period in items other than shareholder equity							
Total fluctuation amount in current period	-580	-6	-1,100	1,377	-309	-17	-326
Balance as of March 31, 2007	—	84	30,720	990	32,915	-523	41,654

	Evaluation / Currency translation difference, etc.			Total net assets
	Evaluation / Currency translation difference, etc.	Evaluation / Currency translation difference, etc.	Evaluation / Currency translation difference, etc.	
Balance as of March 31, 2006	5,093	—	5,093	47,075
Fluctuation amount during the current period				
Technology development reserve disposition (*)				—
Fixed asset advanced depreciation reserve disposition (*)				—
Fixed asset advanced depreciation reserve disposition				—
Contingent reserve disposition (*)				—
Surplus distribution (*)				-719
Current period net profit				409
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 March 31, 2007	3,801	-0	3,800	45,455

Asterisk(*) shows profit disposition items presented at the June 2006 ordinary shareholder general meetings.

Current period (From April 1, 2007 to March 31, 2008)

(in millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus			Earned surplus
		Capital reserve	Other capital surplus	Total capital surplus	Profit reserve
Balance as of March 31, 2007	4,479	4,716	67	4,783	1,119
Variation values during business year					
Reserve disposition					
Surplus distribution					
Current period net profit					
Treasury stock acquisition					
Treasury stock disposal			28	28	
Variation values (net values) during the year in items other than capital stock					
Total variation values during the business year	—	—	28	28	—
Balance as of March 31, 2008	4,479	4,716	95	4,811	1,119

	Shareholders' equity					
	Earned surplus				Treasury stock	Total shareholders' equity
	Other profit surplus			Total profit surplus		
	Fixed asset advanced depreciation reserve	Contingent reserve	Carry over profit surplus			
Balance as of March 31, 2007	84	30,720	990	32,915	-523	41,654
Variation values during business year						
Reserve disposition	-3		3	—		—
Surplus distribution			-719	-719		-719
Current period net profit			308	308		308
Treasury stock acquisition					-88	-88
Treasury stock disposal					75	103
Variation values (net values) during the year in items other than capital stock						
Total variation values during the business year	-3	—	-408	-411	-12	-396
Balance as of March 31, 2008	81	30,720	582	32,504	-536	41,258

	Evaluation / Currency translation difference, etc.			Total net asset
	Evaluation difference of other securities	Profit or loss on hedge carried forward	Total evaluation / currency translation difference, etc.	
Balance as of March 31, 2007	3,801	-0	3,800	45,455
Variation values during business year				
Reserve disposition				—
Surplus distribution				-719
Current period net profit				308
Treasury stock acquisition				-88
Treasury stock disposal				103
Variation values (net values) during the year in items other than capital stock	-2,703	0	-2,702	-2,702
Total variation values during the business year	-2,703	0	-2,702	-3,098
Balance as of March 31, 2008	1,097	—	1,097	42,356

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

(in millions of yen)

(in millions of yen)

		Previous period		Current period		Difference	
		(From April 1, 2006 to March 31,2007)		(From April 1, 2007 to March 31, 2008)			
		Amount	Component ratio %	Amount	Component ratio %	Amount	%
Amount of work orders received	Electrical work	31,161	22.2	34,475	23.1	3,313	10.6
	Air-conditioning work	79,321	56.6	87,777	58.8	8,456	10.7
	Plumbing/sanitation	29,696	21.2	26,947	18.1	-2,748	-9.3
	Total	140,179	100.0	149,200	100.0	9,020	6.4
	Renewal work	63,596	45.4	65,713	44.0	2,116	3.3
	Overseas work	4,784	3.4	5,044	3.4	260	5.5
Amount of completed works	Electrical work	31,974	20.6	38,281	22.3	6,307	19.7
	Air-conditioning work	84,459	54.5	100,728	58.5	16,268	19.3
	Plumbing/sanitation	38,588	24.9	33,096	19.2	-5,491	-14.2
	Total	155,022	100.0	172,106	100.0	17,084	11.0
	Renewal work	59,655	38.5	68,681	39.9	9,026	15.1
	Overseas work	8,759	5.7	12,432	7.2	3,673	41.9
Amount of works carried over	Electrical work	21,847	19.4	18,041	20.1	-3,806	-17.4
	Air-conditioning work	64,621	57.3	51,671	57.5	-12,950	-20.0
	Plumbing/sanitation	26,320	23.3	20,171	22.4	-6,148	-23.4
	Total	112,790	100.0	89,884	100.0	-22,905	-20.3
	Renewal work	26,283	23.3	23,315	25.9	-2,968	-11.3
	Overseas work	11,596	10.3	4,209	4.7	-7,387	-63.7

8. Board member changes

(Scheduled for June 27, 2008)

1. Change in representatives None

2. Change in other board members

(1) Newly appointed director candidate None

(2) Directors scheduled for retirement None

(3) Newly appointed auditor candidates

Auditor (full-time) : Shuichi SAKURAGI (currently M.U. Frontier Credit Recovery Co., Ltd.
Executive Director)

Auditor (full-time) : Kenjiro ANDO (Treated as a board member, Deputy Head of
General Administration Division, Secretary Bureau Manager <Tokyo>)

Auditor (part-time): Tomio UCHIYAMA (currently Osaka Gas Engineering Co., Ltd., Auditor)

(Note) Mr. SAKURAGI and Mr. UCHIYAMA are outside auditor candidates.

(4) Auditor scheduled for retirement

Auditor (full-time) : Mamoru NAKAMURA (scheduled to be the Company's part-time
Corporate Adviser)

Auditor (full-time) : Shinichi MOTOZU (scheduled to be the Company's Corporate Adviser)

Auditor (part-time): Sadao TOMIOKA (retirement)

(Note) Mr. NAKAMURA and Mr. TOMIOKA are outside auditors.

End