

Brief Report on the Second Quarter Financial Statements for the Period Ending March 2011 [Japanese Standard] (Consolidated)

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

November 9, 2010
Listed Shares Exchanges:
Tokyo Stock Exchange 1st section
Osaka Stock Exchange 1st section

Representative of Company : Setsu SUGAYA, Representative Director, Chairman and President

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Scheduled date to file a quarterly report: November 10, 2010

Date scheduled for dividend payment commencement: December 1, 2010

Yes or no of preparation of quarterly settlement supplementary explanation data: No

Yes or no of holding of quarterly settlement explanation meeting: Yes

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

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

(1) Consolidated management performance(Cumulative total)

(Percentage figures represent increase or decrease from the same quarter period of the previous accounting year.)

	Sales amount		Operating profit		Ordinary profit		Quarterly net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Second quarter of the period ending March 2011	46,675	-12.1	-502	—	-431	—	-531	—
Second quarter of the period ending March 2010	53,080	-16.9	696	-12.5	701	-7.4	269	33.1

	Quarterly net income per share (basic)		Quarterly net income per share (diluted)	
	Yen	Sen	Yen	Sen
Second quarter of the period ending March 2011	-11.	89	—	—
Second quarter of the period ending March 2010	6.	03	—	—

(2) Consolidated financial condition

	Total assets	Net assets	Shareholders capital rate	Net assets per share	
	Million yen	Million yen	%	Yen	Sen
Second quarter of the period ending March 2011	86,113	40,511	47.0	904.	70
Period ended March 2010	98,873	41,844	42.2	934.	29

(Reference) Equity capital Second quarter of the period ending March 2011 40,433 Million yen Period ending March 2010 41,764 Million yen

2. Dividend status

2. Dividend status

	Annual Dividends				
(Base date)	End of second quarter	End of second quarter	End of third quarter	Period end	Through year
	Yen Sen	Yen Sen	Yen Sen	Yen Sen	Yen Sen
Period ending March 2010	—	8. 00	—	8. 00	16. 00
Period ending March 2011	—	8. 00			
Period ending March 2011 (Forecast)			—	8. 00	16. 00

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

3. Estimate of consolidated performance for the period ending March 2011 (From April 1, 2010 to March 31, 2011)

(Percentage figures represent increase or decrease from the previous accounting year.)

	Sales amount		Operating profit		Ordinary profit		Current net profit		Current net earnings per share	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen	Sen
Full year	121,000	4.1	2,500	-17.4	2,500	-19.6	1,000	10.0	22.	37

(Note) Yes or no of current quarter earnings forecast revision: No

(Reference) Estimated amount of work order received [full year]: 127,000 Million yen

4. Others (For particulars refer to “Information” p.3 “Others.”)

(1)Key subsidiary changes in the current quarter: None

(Note) This means yes or no of specific subsidiary changes requiring consolidation range alteration in the current quarter accounting period.

(2)Application of convenient accounting procedure and particular accounting procedure: Yes

(Note) This means yes or no of application of convenient accounting procedure and accounting procedure particular to quarter consolidated financial statements preparation.

(3)Changes in accounting principles, procedures, and disclosures

- Changes due to revisions of accounting standards: Yes
- , Changes due to other reasons: No

(Note) This means yes or no of changes in accounting procedure principle, proceeding, display method, etc. pertaining to quarter consolidated financial statements preparation given in “Changes in Key Matters Etc. Basic to Quarter Consolidated Financial Statements Preparation.”

(4)Number of issued shares (common stock)

- Number of issued shares at the end of period (including treasury stock)
- , Number of treasury stock at the end of period
- f* Average numbers of shares in the period (Quarter total)

•	Second quarter of period ending March 2011	45,963,803 shares	Period ending March 2010	45,963,803 shares
,	Second quarter of period ending March 2011	1,270,946 shares	Period ending March 2010	1,262,178 shares
<i>f</i>	Second quarter of period ending March 2011	44,699,140 shares	Second quarter of period ending March 2010	44,709,527 shares

* Display Concerning State of Quarter Review Procedure Implementation

This quarter settlement brief statement is not subject to quarter report review procedure under the Financial Commodity Transaction Law. Quarter report review under the Financial Commodity Transaction Law is implemented at the time of disclosure of this quarter settlement brief statement.

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

(Note on Future-Related Descriptions Etc.)

The above forecasts are based on information available at the time of preparation of this document, and contain the uncertainties of future operations. Consequently, actual results differ materially from forecasts above due to changes in business results. For precautions for use of the assumptions for the above forecasts and forecasts of business results, please refer to information in the section “1. Qualitative Information on Current Quarter Consolidated Business Performance, Etc. 3. Qualitative Information on Consolidated Earnings Forecast” on page 3.

(Reference) Estimate of individual performance

Estimate of individual performance for the period ending March 2011 (From April 1, 2010 to March 31, 2011)

(Percentage figures represent increase or decrease from the previous accounting year.)

	Sales amount		Operating profit		Ordinary profit		Current net profit		Current net earnings per share	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen	Sen
Full year	119,000	3.1	2,500	-16.6	2,500	-18.8	1,000	4.7	22	37

(Note) Yes or no of current quarter individual earnings forecast revision: No

(Reference) Estimated amount of work order received [full year]: 125,000 Million yen

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1. Qualitative Information on Current Quarter Consolidated Business Performance Etc.

(1) Qualitative Information on Consolidated Management Performance

Japan's economy in the current second quarter consolidated cumulative period continued severe due to factors including jobless rate still remaining at high levels despite recovery continuing at slow pace in general because of increase in export and production due to economic recovery in emerging countries etc.

In the construction industry, order taking environment continued severe due to factors including excess equipment sensation remaining unchanged and public investment going at low pace despite equipment investment recovery seen in some sectors because of corporate earnings pickup.

Under these circumstances, efforts were made to secure orders and profits based on the mid-term management plan "Go Back to Starting Point to Realize Vital Daidan." As a result, the business performance in the current second quarter consolidated cumulative period was as given below:

Accepted-order work amount was 53,978 million yen with 5,023 million yen decrease from the same quarter consolidated cumulative period a year ago because of the severe order taking environment.

Completed work amount was 46,675 million yen with 6,404 million yen decrease from the same quarter consolidated cumulative period a year ago because of the effect of accepted-order work amount decrease.

Completed work gross profit was 4,415 million yen with 1,395 million yen decrease from the same quarter consolidated cumulative period a year ago because of the completed work amount decrease etc.

As for operating profit and loss in the current second quarter consolidated cumulative period, sales and general administration expense was 4,917 million yen with 197 million yen decrease from the same quarter consolidated cumulative period a year ago because of the effect of expense increase involving the information system update implemented in the same quarter consolidated cumulative period a year ago while operating loss was 502 million yen (vs. 696 million yen operating profit in the same quarter consolidated cumulative period a year ago) due to the completed work gross profit decrease.

As for ordinary profit and loss, ordinary loss was 431 million yen (vs. 701 million yen ordinary profit in the same quarter consolidated cumulative period a year ago) because of the operating loss and the recording of 99 million yen exchange loss etc. as non-operating expense despite the recording of 149 million yen insurance premiums receivable etc. as non-operating revenue.

As for quarter net profit and loss, quarter net loss was 531 million yen (vs. 269 million yen quarter net profit in the same quarter consolidated cumulative period a year ago) after deduction for corporate tax, resident tax, business tax, adjustment on corporate tax etc., and minority shareholder loss because of the generation of 406 million yen investment securities appraisal loss as special loss despite the recording as special profit of 101 million yen bad debt reserve reversal and 48 million yen investment securities sale profit.

(2) Qualitative Information on Consolidated Financial State

Gross asset at the end of the current second quarter consolidated accounting period was 86,113 million yen with 12,759 million yen decrease from the end of the last consolidated accounting year.

Floating asset was 66,914 million yen with 12,263 million yen decrease from the end of the last consolidated accounting year. Main causes are decrease (5,013 million yen) in cash and deposits, decrease (7,258 million yen) in bills receivable and completed work accounts receivable, and so on.

Fixed asset was 19,199 million yen with 496 million yen decrease from the end of the last consolidated accounting year. Main causes are investment securities decrease (835 million yen) etc. exceeded prepaid pension expense increase (290 million yen) and deferred tax asset increase (93 million yen) etc.

Gross debt at the end of the current second quarter consolidated accounting period was 45,602 million yen with 11,426 million yen decrease from the end of the last consolidated accounting year.

Floating debt was 41,542 million yen with 11,467 million yen decrease from the end of the last consolidated accounting year. Main causes are decrease (10,918 million yen) in bills payable and work accounts payable and decrease (741 million yen) etc. in corporate tax etc. payable exceeded increase (997 million yen) etc. in in-completed work accounts receivable.

Fixed debt was 4,060 million yen with 40 million yen increase from the end of the last consolidated accounting year. Main causes are increase (588 million yen) in long-term accounts payable and increase (134 million yen) in long-term loans payable exceeded retirement benefits reserve decrease (72 million yen) and officer retirement bonus reserve decrease (610 million yen).

Net asset at the end of the current second quarter consolidated accounting period was 40,511 million yen with 1,333 million yen decrease from the end of the last consolidated accounting year. Main causes are decrease (889 million yen) in earned surplus due to surplus dividend (357 million yen), quarter net loss recording (531 million yen), etc. and other securities estimate variance decrease (431 million yen) etc.

As a consequence, capital-asset ratio was 47.0% with 4.8 points increase from the end of the last consolidated accounting year.

State of Cash Flows

Cash and cash equivalent (“fund”) in the current second quarter consolidated cumulative period was 24,922 million yen with 5,013 million yen decrease from the end of the last consolidated accounting year due to decreases in cash flows in business activity, investment activity, and financial activity.

State of respective cash flows and their causes in the current second quarter consolidated cumulative period are as given below:

(Cash flow from business activity)

Fund decrease resulting from business activity was 4,239 million yen (vs. 75 million yen fund decrease in the same quarter consolidated cumulative period a year ago). Main causes are fund decreasing factors such as purchase liability decrease exceeded fund increasing factors such as sales credit decrease.

(Cash flow from investment activity)

Fund expenditure resulting from investment activity was 441 million yen (vs. 584 million yen fund expenditure in the same quarter consolidated cumulative period a year ago). Main causes are expenditure for investment securities acquisition, other expenditure (for software acquisition), etc.

(Cash flow from financial activity)

Fund decrease resulting from financial activity was 286 million yen (vs. 2,108 million yen fund decrease in the same quarter consolidated cumulative period a year ago). Main causes are dividend payment etc.

(3) Qualitative Information on Consolidated Business Performance Forecast

Concerning accepted-order work amount, completed work amount and operating profit, the whole-period business performance forecast announced on May 13, 2010 remains unchanged.

Concerning ordinary profit and current period net profit, the whole-period business performance forecast announced on the said date is kept unchanged for the present moment despite the recording of 99 million yen exchange loss and 406 million yen investment securities appraisal loss in the current second quarter consolidated cumulative period.

Revision of business performance forecast including other factors, if determined necessary, shall be notified promptly.

2. Others

(1) Changes in significant subsidiaries during the current period

None

(2) Outline of the simplified accounting procedures and accounting procedures specific to preparation of quarterly consolidated financial statements

1. Simplified accounting procedures

Method for computing income taxes, deferred tax assets, and deferred tax liabilities

As for the collectability of deferred tax assets, since we recognize that there is no significant change in business environment and temporary difference generation status, we adopt the forecasts of future business results and the tax planning used for the account settlement of the previous consolidated accounting year.

2. Accounting procedures specific to preparation of quarterly consolidated financial statements

None

(3) Outline of Changes in Accounting Procedure Principle, Proceeding, Display Method, Etc.

Changes in Matters Concerning Accounting Procedure Standard

“Accounting Standard Concerning Asset Elimination Debts” (Corporate Accounting Standard No.18 of March 31, 2008) and “Accounting Standard Application Guideline Concerning Asset Elimination Debts” (Corporate Accounting Standard Application Guideline No.21 of March 31, 2008) are applied effective from the current first quarter consolidated accounting period.

No adverse effect arises from the application.

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheet

(in million yen)

	End of Current Second Quarter Consolidated Accounting Period (September 30, 2010)	Condensed Consolidated Balance Sheet Pertaining to End of Previous Consolidated Accounting Year (March 31, 2010)
Assets		
Current assets		
Cash on hand and in banks	24,949	29,963
Note receivables, completed work accounts receivables	38,439	45,697
Securities	100	100
Incomplete work expenditures	732	464
Inventories of raw materials and supplies	0	0
Deferred tax reserves	1,752	1,339
Others	1,001	1,686
Allowance for bad debts	-62	-75
Total current assets	66,914	79,177
Fixed assets		
Tangible fixed assets	3,408	3,465
Intangible fixed assets	794	754
Investments and other assets		
Investment securities	6,742	7,578
Deferred tax assets	1,430	1,337
Prepaid pension costs	5,053	4,763
Others	3,266	3,382
Allowance for bad debts	-1,496	-1,585
Total investments and other assets	14,997	15,475
Total fixed assets	19,199	19,695
Total assets	86,113	98,873

(in million yen)

	End of Current Second Quarter Consolidated Accounting Period (September 30, 2010)	Condensed Consolidated Balance Sheet Pertaining to End of Previous Consolidated Accounting Year (March 31, 2010)
Liabilities		
Current liabilities		
Notes payable, work accounts payable	25,724	36,643
Short-term loans payable	6,871	6,932
Corporate tax, etc. payable	58	799
Incomplete work accounts received	2,907	1,910
Reserves for bonuses	1,094	—
Reserves for directors' premiums	40	—
Reserves for completed work compensation	101	42
Reserves for work loss	690	825
Reserves for overseas investment loss	2	11
Others	4,051	5,844
Total current liabilities	41,542	53,009
Fixed liabilities		
Long-term loans payable	1,648	1,513
Reserves for retirement benefits	1,602	1,675
Reserves for directors' retirement benefits	—	610
Reserves for environmental measure	220	220
Long-term accounts payable	588	—
Others	0	0
Total fixed liabilities	4,060	4,019
Total liabilities	45,602	57,028
Net Assets		
Shareholders' equity		
Capital stock	4,479	4,479
Capital surplus	4,809	4,810
Earned surplus	31,689	32,578
Treasury stock	-622	-619
Total shareholders' equity	40,355	41,248
Evaluation / Currency translation difference, etc.		
Evaluation difference of other securities	57	488
Currency translation adjustment account	20	26
Total evaluation /translation difference, etc.	77	515
Minority interest equity	77	80
Total net assets	40,511	41,844
Total liabilities and net assets	86,113	98,873

(2)Quarterly Consolidated Profit and Loss Statement
(Second Quarter Consolidated Cumulative Period)

(in million yen)

	Previous Second Quarter Consolidated Cumulative Period (From April 1, 2009 to September 30, 2009)	Current Second Quarter Consolidated Cumulative Period (From April 1, 2010 to September 30, 2010)
Completed work amount	53,080	46,675
Completed work cost	47,269	42,260
Completed work gross profit	5,810	4,415
Selling expenses and general administrative expenses	5,114	4,917
Operating profit or operating loss (-)	696	-502
Non-operating income		
Interests received	13	12
Dividends received	83	82
Insurance claim received	15	149
Others	25	20
Total non-operating income	137	265
Non-operating expenses		
Interest payable	80	82
Payment guarantee charge	11	3
Loss on foreign exchange	40	99
Others	0	8
Total non-operating expenses	132	194
Ordinary profit or ordinary loss (-)	701	-431
Special profits		
Gain on sales of fixed assets	0	1
Profit on sales of investment securities	-	48
Profit gained by returning allowance for bad debts	55	101
Total extraordinary income	55	151
Special losses		
Loss on sales of fixed assets	-	0
Loss on retirement of fixed assets	7	0
Evaluation loss on investments in securities	-	406
Total extraordinary loss	7	407
Quarterly net income or net loss (-) before income taxes and other adjustment	749	-686
Corporate tax, residence tax and business tax	50	53
Adjustment amounts such as for corporate taxes	429	-207
Total corporate tax, etc.	479	-153
Quarterly net loss before adjustment of profit and loss of minority interests (-)	-	-532
Profit or loss of minority interests (-)	0	-1
Quarterly net profit or net loss (-)	269	-531

(3) Quarterly Consolidated Statement of Cash Flows

(in million yen)

	Previous Second Quarter Consolidated Cumulative Period (From April 1, 2009 to September 30, 2009)	Current Second Quarter Consolidated Cumulative Period (From April 1, 2010 to September 30, 2010)
Cash flow on sales activities		
Quarterly net income or net loss (-) before income taxes and other adjustment	749	-686
Depreciation expenses	165	219
Increased or decreased amount of allowance for bad debts ("-" represents decrease.)	-44	-101
Increased or decreased in reserves for retirement benefits and directors' retirement benefits ("-" represents decrease.)	38	-
Increased or decreased in reserves for retirement benefits ("-" represents decrease.)	-	-43
Interest and dividends received	-96	-95
Interest paid	80	82
Profit or loss on appraisal of investments in securities ("-" represents profit.)	-	406
Profit or loss on sales of fixed assets ("-" represents profit.)	-	-48
Profit or loss on sales of investment securities ("-" represents profit.)	-0	-1
Loss on retirement of fixed assets	7	0
Increased or decreased amount of sales credit ("-" represents increase.)	8,099	7,345
Increased or decreased amount of incomplete work expenditures ("-" represents increase.)	-674	-268
Increased or decreased in other current assets ("-" represents increase.)	-73	450
Increased or decreased amount of procurement credits ("-" represents decrease.)	-7,249	-10,918
Increased or decreased amount of incomplete work received amount ("-" represents decrease.)	584	997
Increased or decreased in other current liabilities ("-" represents decrease.)	-816	-777
Increased or decreased in other fixed liabilities ("-" represents decrease.)	-	-50
Sub-total	768	-3,489
Received amount of interests and dividends	96	95
Paid interest amount	-73	-83
Paid amount of corporate tax, etc.	-866	-761
Cash flow on sales activities	-75	-4,239
Cash flow on investment activities		
Expenditures by acquiring of securities	-50	-50
Revenue by sales or redemption of securities	50	50
Expenditures by acquiring of tangible fixed assets	-185	-59
Revenue by sales of tangible fixed assets	1	3
Expenditures by acquiring of investment securities	-4	-403
Revenue by sales or redemption of investment securities	2	150
Expenditures by loans	-1	-
Revenue from loans receivable	28	6
Other payments	-458	-160
Other revenues	31	21
Cash flow on investment activities	-584	-441

	Previous Second Quarter Consolidated Cumulative Period (From April 1, 2009 to September 30, 2009)	Current Second Quarter Consolidated Cumulative Period (From April 1, 2010 to September 30, 2010)
Cash flow on financial activities		
Revenue by short-term loans	10,720	21,420
Expenditures by repayment of short-term loans	-11,920	-21,470
Revenue by long-term loans	700	1,200
Expenditures by repayment of long-term loans	-1,113	-1,075
Expenditures by acquiring of treasury stock	-3	-4
Revenue by sales of treasury stock	0	1
Paid amount of dividends	-491	-357
Cash flow on financial activities	-2,108	-286
Translation difference relating to cash and cash equivalents	-19	-46
Increased or decreased amount of cash and cash equivalents (“-” represents decrease.)	-2,787	-5,013
Balance of cash and cash equivalents at the beginning of period	28,653	29,936
Balance of cash and cash equivalents at the end of the quarterly period	25,866	24,922

(4) Notes to Going Concern Assumption

None

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

Major factor causing a decrease in retained earnings is that dividend amounting to 357 million yen was paid from retained earnings in June 2010

(6) Other Information

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

(in million yen)

		Previous Second Quarter Consolidated Cumulative Period		Current Second Quarter Consolidated Cumulative Period		Previous consolidated accounting year	
		(From April 1, 2009 to September 30, 2009)		(From April 1, 2010 to September 30, 2010)		(From April 1, 2009 to March 31, 2010)	
		Amount	Component ratio %	Amount	Component ratio %	Amount	Component ratio %
Amount of work orders received	Electrical work	10,457	17.7	8,686	16.1	21,450	18.6
	Air-conditioning work	38,312	64.9	33,620	62.3	72,220	62.5
	Plumbing/sanitation	10,232	17.4	11,672	21.6	21,850	18.9
	Total	59,002	100.0	53,978	100.0	115,521	100.0
	(Renewal work)	24,874	42.2	26,668	49.4	50,554	43.8
	(Overseas work)	2,151	3.7	1,623	3.0	7,161	6.2
Amount of completed works	Electrical work	9,695	18.3	9,222	19.8	21,450	18.4
	Air-conditioning work	30,689	57.7	27,222	58.3	67,057	57.7
	Plumbing/sanitation	12,745	24.0	10,230	21.9	27,767	23.9
	Total	53,080	100.0	46,675	100.0	116,275	100.0
	(Renewal work)	20,994	39.6	20,800	44.6	50,329	43.3
	(Overseas work)	2,130	4.0	1,845	4.0	3,834	3.3
Amount of works carried over	Electrical work	10,384	11.6	9,086	10.1	9,622	11.6
	Air-conditioning work	58,825	65.5	62,713	69.3	56,315	67.8
	Plumbing/sanitation	20,521	22.9	18,558	20.6	17,117	20.6
	Total	89,731	100.0	90,358	100.0	83,055	100.0
	(Renewal work)	19,809	22.1	22,021	24.4	16,153	19.5
	(Overseas work)	1,620	1.8	4,705	5.2	4,927	5.9