

Brief Report on the Third 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/>

February 9, 2011
Listed Shares Exchanges:
Tokyo Stock Exchange 1st section
Osaka Securities Exchange 1st section

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

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Scheduled date to file a quarterly report: February 10, 2011

Date scheduled for dividend payment commencement: —

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

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

(Figures less than 1 million yen are rounded down)

1. Consolidated business results for the third quarter of the period ending March 2010

(From April 1, 2010 to December 31, 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	%
Third quarter of the period ending March 2011	71,836	-9.3	-407	—	-353	—	-402	—
Third quarter of the period ending March 2010	79,174	-20.8	1,304	-45.8	1,345	-31.7	476	15.0

	Quarterly net income per share (basic)		Quarterly net income per share (diluted)	
	Yen	Sen	Yen	Sen
Third quarter of the period ending March 2011	-9.	00	—	—
Third quarter of the period ending March 2010	10.	66	—	—

(2) Consolidated financial condition

	Total assets	Net assets	Equity capital ratio	Net assets per share
	Million yen	Million yen	%	Yen Sen
Third quarter of the period ending March 2011	86,011	40,478	47.0	904. 29
Period ending March 2010	98,873	41,844	42.2	934. 29

(Reference) Equity capital Third quarter of the period ending March 2011 40,407 Million yen Period ending March 2010 41,764 Million yen

2. Dividend status

	Annual Dividends				
(Base date)	End of first 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) Yes or no of 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	109,000	-6.3	1,000	-67.0	1,000	-67.8	300	-67.0	6. 71

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

(Reference) Estimated amount of work order received [full year]: 116,000 Million yen

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

(1) Key subsidiary changes in the current quarter: No

(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)

•	Third quarter of period ending March 2011	45,963,803 shares	Period ending March 2010	45,963,803 shares
,	Third quarter of period ending March 2011	1,279,121 shares	Period ending March 2010	1,262,178 shares
<i>f</i>	Third quarter of period ending March 2011	44,696,177 shares	Third quarter of period ending March 2010	44,707,939 shares

* Display Concerning State of Quarter Review Procedure Implementation

This quarter settlement brief statement is not subject to quarter report review procedure under the Exchange Act. Quarter report review under the Financial Instruments and 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	108,000	-6.4	1,000	-66.6	1,000	-67.5	300	-68.6	6.	71

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

(Reference) Estimated amount of work order received [full year]: 115,000 Million yen

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

(1) Qualitative Information about Consolidated Management Results

Japan's economy in the current 3rd quarter consolidated cumulative period remained stagnant because of the sense of uncertain prospects, unemployment rates staying at high levels, surprisingly strong yen, and the end of economic stimulus measures despite a mild recovery following export and production pickup thanks to demand in emerging countries.

In the construction industry, order acceptance environment was severe for reasons including the persistent sense of equipment excess and slack public sector investment despite slight increase seen in private sector equipment investment.

Under these circumstances, efforts were made to secure orders and profits under the mid-term management plan "Return to the Starting Point to Realize Dynamic Daidan." As a result, business performance in the current 3rd quarter consolidated cumulative period was as follows:

Because of severe order acceptance environment, accepted order work amount was 77,373 million yen down 8,804 million yen from the same quarter consolidated cumulative period a year ago.

Because of accepted order work amount decrease etc., finished work amount was 71,836 million yen down 7,338 million yen from the same quarter consolidated cumulative period a year ago.

Because of finished work amount decrease etc., finished work gross profit was 6,707 million yen down 2,116 million yen from the same quarter consolidated cumulative period a year ago.

Because of finished work gross profit decrease, operating loss was 407 million yen (vs. 1,304 million yen operating profit in the same quarter consolidated cumulative period a year ago) though marketing and general administration expenses were 7,114 million yen down 405 million yen from the same quarter consolidated cumulative period a year ago due to factors including increase in these expenses due to information system renewal in the same quarter consolidated cumulative period a year ago.

Because of operating loss and posting of 122 million yen exchange loss etc. as non-operating expense, ordinary loss was 353 million yen (vs. 1,345 million yen ordinary profit in the same quarter consolidated cumulative period a year ago) despite posting of 151 million yen insurance premiums receivable etc. as non-operating revenue.

Quarter net loss was 402 million yen (vs. 476 million yen quarter net profit in the same quarter consolidated cumulative period a year ago) because of occurrence as special loss of 102 million yen investment securities appraisal loss and deduction of corporate tax, resident tax, business tax, corporate tax etc. adjustment and minority shareholder loss despite posting as special profit of 48 million yen investment securities sales profit and 178 million yen bad debt reserve reversal.

(2) Qualitative Information about Consolidated Financial State

Gross assets at the end of the current 3rd quarter consolidated accounting period were 86,011 million yen down 12,862 million yen from the end of the preceding consolidated accounting year.

Floating assets were 66,314 million yen down 12,863 million yen from the end of the preceding consolidated accounting year. Main causes are decrease (7,813 million yen) in cash and deposits, decrease (5,845 million yen) in bills receivable and finished work accounts receivable, etc.

Fixed assets were 19,696 million yen up 1 million yen from the end of the preceding consolidated accounting year. Main causes are intangible fixed asset increase (11 million yen), deferred tax asset increase (14 million yen), prepaid pension expense increase (430 million yen), etc. exceeding tangible fixed asset decrease (51 million yen), investment securities decrease (183 million yen), etc.

Total debt at the end of the current 3rd quarter consolidated accounting period was 45,533 million yen down 11,495 million yen from the end of the preceding consolidated accounting year.

Floating debt was 41,272 million yen down 11,736 million yen from the end of the preceding consolidated accounting year. Main causes are decrease (9,950 million yen) in bills payable and work accounts payable, decrease (445 million yen) in short-term loans payable, decrease (799 million yen) in corporate tax payable, etc. exceeding increase (892 million yen) in unfinished work accounts received, etc.

Fixed debt was 4,260 million yen up 240 million yen from the end of the preceding consolidated accounting year. Main causes are increase (363 million yen) in long-term loans payable and increase (588 million yen) in long-term accounts payable exceeding decrease (100 million yen) in retirement benefit reserve and decrease (610 million yen) in board member retirement bonus reserve.

Net assets at the end of the current 3rd quarter consolidated accounting period were 40,478 million yen down 1,366 million yen from the end of the preceding consolidated accounting year. Main causes are surplus dividends (715 million yen), quarter net loss posting (402 million yen), other securities appraisal variance decrease (226 million yen), etc.

As a result, equity capital ratio is 47.0% up 4.8 points from the end of the preceding consolidated accounting year.

State of Cash Flows

Because of decrease in cash flows from business activities, investment activities and financial activities, cash and cash equivalents (“fund”) in the current 3rd quarter consolidated cumulative period was 22,122 million yen down 7,813 million yen from the end of the preceding consolidated accounting year.

State of respective cash flows and causes in the current 3rd quarter consolidated cumulative period are as follows:
(Cash Flow from Business Activities)

Fund decrease due to business activities was 6,618 million yen (vs. 2,054 million yen fund decrease in the same quarter consolidated cumulative period a year ago). Main causes are fund decreasing factors like purchase liability decrease exceeding fund increasing factors like sales credit decrease.

(Cash Flow from Investment Activities)

Fund expenditure due to investment activities was 333 million yen (vs. 597 million yen fund expenditure in the same quarter consolidated cumulative period a year ago). Main causes are expenditure for acquisition of tangible fixed assets and investment securities exceeding revenue from investment securities sale and redemption.

(Cash Flow from Financial Activities)

Fund decrease due to financial activities was 804 million yen (vs. 2,535 million yen fund decrease in the same quarter consolidated cumulative period a year ago). Main causes are dividend payments etc.

(3) Qualitative Information about Consolidated Business Performance Forecast

See “Notice on Business Performance Forecast Amendment” published today for March 2011 period business performance forecast amendment and contents.

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 Third Quarter Consolidated Accounting Period (December 31, 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	22,149	29,963
Note receivables, completed work accounts receivables	39,852	45,697
Securities	100	100
Incomplete work expenditures	814	464
Inventories of raw materials and supplies	0	0
Deferred tax reserves	1,377	1,339
Others	2,092	1,686
Allowance for bad debts	-73	-75
Total current assets	66,314	79,177
Fixed assets		
Tangible fixed assets	3,414	3,465
Intangible fixed assets	765	754
Investments and other assets		
Investment securities	7,395	7,578
Deferred tax assets	1,351	1,337
Prepaid pension costs	5,194	4,763
Others	2,985	3,382
Allowance for bad debts	-1,409	-1,585
Total investments and other assets	15,516	15,475
Total fixed assets	19,696	19,695
Total assets	86,011	98,873

(in million yen)

	End of Current Third Quarter Consolidated Accounting Period (December 31, 2010)	Condensed Consolidated Balance Sheet Pertaining to End of Previous Consolidated Accounting Year (March 31, 2010)
Liabilities		
Current liabilities		
Notes payable, work accounts payable	26,692	36,643
Short-term loans payable	6,486	6,932
Corporate tax, etc. payable	—	799
Incomplete work accounts received	2,802	1,910
Reserves for bonuses	420	—
Reserves for directors' premiums	26	—
Reserves for completed work compensation	103	42
Reserves for work loss	726	825
Reserves for overseas investment loss	—	11
Others	4,014	5,844
Total current liabilities	41,272	53,009
Fixed liabilities		
Long-term loans payable	1,877	1,513
Reserves for retirement benefits	1,574	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	4,260	4,019
Total liabilities	45,533	57,028
Net Assets		
Shareholders' equity		
Capital stock	4,479	4,479
Capital surplus	4,809	4,810
Earned surplus	31,460	32,578
Treasury stock	-626	-619
Total shareholders' equity	40,124	41,248
Evaluation / Currency translation difference, etc.		
Evaluation difference of other securities	262	488
Currency translation adjustment account	21	26
Total evaluation /translation difference, etc.	283	515
Minority interest equity	70	80
Total net assets	40,478	41,844
Total liabilities and net assets	86,011	98,873

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

(in million yen)

	Previous Third Quarter Consolidated Cumulative Period (From April 1, 2009 to December 31, 2009)	Current Third Quarter Consolidated Cumulative Period (From April 1, 2010 to December 31, 2010)
Completed work amount	79,174	71,836
Completed work cost	70,350	65,129
Completed work gross profit	8,824	6,707
Selling expenses and general administrative expenses	7,520	7,114
Operating profit or operating loss (-)	1,304	-407
Non-operating income		
Interests received	23	17
Dividends received	111	119
Insurance claim received	15	151
Others	35	31
Total non-operating income	186	318
Non-operating expenses		
Interest payable	118	122
Payment guarantee charge	14	7
Loss on foreign exchange	11	122
Others	0	12
Total non-operating expenses	145	264
Ordinary profit or ordinary loss (-)	1,345	-353
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	96	178
Total extraordinary income	96	228
Special losses		
Loss on sales of fixed assets	-	0
Loss on disposal of fixed assets	7	0
Evaluation loss on investments in securities	57	102
Equity change loss	54	-
Total extraordinary loss	119	102
Quarterly net income or net loss (-) before income taxes and other adjustment	1,323	-226
Corporate tax, residence tax and business tax	69	80
Adjustment amounts such as for corporate taxes	777	104
Total corporate tax, etc.	846	185
Quarterly net loss before adjustment of profit and loss of minority interests (-)	-	-412
Profit or loss of minority interests (-)	0	-9
Quarterly net profit or net loss (-)	476	-402

(3) Quarterly Consolidated Statement of Cash Flows

(in million yen)

	Previous Third Quarter Consolidated Cumulative Period (From April 1, 2009 to December 31, 2009)	Current Third Quarter Consolidated Cumulative Period (From April 1, 2010 to December 31, 2010)
Cash flow on sales activities		
Quarterly net income or net loss (-) before income taxes and other adjustment	1,323	-226
Depression expenses	276	329
Increased or decreased amount of allowance for bad debts ("-" represents decrease.)	-113	-178
Increased or decreased in reserves for retirement benefits and directors' retirement benefits ("-" represents decrease.)	54	-
Increased or decreased in reserves for retirement benefits ("-" represents decrease.)	-	-71
Interest and dividends received	-135	-136
Interest paid	118	122
Profit or loss on appraisal of investments in securities ("-" represents profit.)	57	102
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 disposal of fixed assets	7	0
Equity change profit and loss ("-" represents profit.)	54	-
Increased or decreased amount of sales credit ("-" represents increase.)	7,601	6,019
Increased or decreased amount of incomplete work expenditures ("-" represents increase.)	-1,280	-349
Increased or decreased in other current assets ("-" represents increase.)	-1,525	233
Increase or decrease in other fixed assets ("-" represents increase.)	-	-412
Increased or decreased amount of procurement credits ("-" represents decrease.)	-6,977	-9,950
Increased or decreased amount of incomplete work received amount ("-" represents decrease.)	760	892
Increased or decreased in other current liabilities ("-" represents decrease.)	-889	-1,451
Increased or decreased in other fixed liabilities ("-" represents decrease.)	-	-50
Sub-total	-667	-5,178
Received amount of interests and dividends	134	136
Paid interest amount	-105	-121
Paid amount of corporate tax, etc.	-1,415	-1,455
Cash flow on sales activities	-2,054	-6,618
Cash flow on investment activities		
Expenditures by acquiring of securities	-50	-49
Revenue by sales or redemption of securities	50	49
Expenditures by acquiring of tangible fixed assets	-190	-123
Revenue by sales of tangible fixed assets	1	3
Expenditures by acquiring of investment securities	-5	-404
Revenue by sales or redemption of investment securities	2	150
Revenue by sales of affiliated companys' shares	22	-
Expenditures by loans	-21	-
Revenue from loans receivable	31	7
Other payments	-479	-198
Other revenues	40	231
Cash flow on investment activities	-597	-333

	Previous Third Quarter Consolidated Cumulative Period (From April 1, 2009 to December 31, 2009)	Current Third Quarter Consolidated Cumulative Period (From April 1, 2010 to December 31, 2010)
Cash flow on financial activities		
Revenue by short-term loans	14,630	27,430
Expenditures by repayment of short-term loans	-15,630	-27,880
Revenue by long-term loans	950	1,950
Expenditures by repayment of long-term loans	-1,642	-1,582
Expenditures by acquiring of treasury stock	-5	-8
Revenue by sales of treasury stock	0	1
Revenue from payments by minority shareholders	11	-
Paid amount of dividends	-849	-715
Cash flow on financial activities	-2,535	-804
Translation difference relating to cash and cash equivalents	31	-57
Increased or decreased amount of cash and cash equivalents (“-” represents decrease.)	-5,156	-7,813
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	23,496	22,122

(4) Notes to Going Concern Assumption

None

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

Main causes of earned surplus decrease are earned surplus dividends of 357 million yen each in June and December 2010.

(6) Other Information

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

(in million yen)

		Previous Third Quarter Consolidated Cumulative Period		Current Third Quarter Consolidated Cumulative Period		Previous consolidated accounting year	
		(From April 1, 2009 to December 31, 2009)		(From April 1, 2010 to December 31, 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	16,830	19.5	13,533	17.5	21,450	18.6
	Air-conditioning work	54,252	63.0	46,922	60.6	72,220	62.5
	Plumbing/sanitation	15,095	17.5	16,917	21.9	21,850	18.9
	Total	86,178	100.0	77,373	100.0	115,521	100.0
	(Renewal work)	37,992	44.1	39,242	50.7	50,554	43.8
	(Overseas work)	6,619	7.7	2,052	2.7	7,161	6.2
Amount of completed works	Electrical work	14,216	18.0	13,418	18.7	21,450	18.4
	Air-conditioning work	45,485	57.5	42,883	59.7	67,057	57.7
	Plumbing/sanitation	19,472	24.5	15,534	21.6	27,767	23.9
	Total	79,174	100.0	71,836	100.0	116,275	100.0
	(Renewal work)	32,345	40.9	32,880	45.8	50,329	43.3
	(Overseas work)	2,817	3.6	3,436	4.8	3,834	3.3
Amount of works carried over	Electrical work	12,236	13.5	9,737	11.0	9,622	11.6
	Air-conditioning work	59,919	65.9	60,354	68.1	56,315	67.8
	Plumbing/sanitation	18,657	20.6	18,500	20.9	17,117	20.6
	Total	90,813	100.0	88,592	100.0	83,055	100.0
	(Renewal work)	21,575	23.8	22,420	25.3	16,153	19.5
	(Overseas work)	5,401	6.0	3,543	4.0	4,927	5.9