

Brief Report on the Second Quarter Financial Statements for the Period Ending March 2013 [Japanese Standard] (Consolidated)

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

November 8, 2012
Listed Shares Exchanges:
Tokyo Stock Exchange 1st section
Osaka Securities Exchange 1st section

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Scheduled date to file a quarterly report: November 9, 2012

Date scheduled for dividend payment commencement: December 3, 2012

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 2013 (From April 1, 2012 to September 30, 2012)

(1) Consolidated management performance (Cumulative total)

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

	Sales amount		Operating profit		Ordinary profit		Quarterly net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Second quarter of the period ending March 2013	56,190	7.2	316	-41.4	381	-16.9	-111	—
Second quarter of the period ending March 2012	52,429	12.3	539	—	458	—	1	—

(Reference) Comprehensive income: Second quarter of the period ending March 2013 -6 million yen (— %), Second quarter of the period ending March 2012 176 million yen (— %)

	Quarterly net income per share (basic)		Quarterly net income per share (diluted)	
	Yen	Sen	Yen	Sen
Second quarter of the period ending March 2013	—	-2.49	—	—
Second quarter of the period ending March 2012	—	0.03	—	—

(2) Consolidated financial condition

	Total assets	Net assets	Shareholders capital rate	Net assets per share
	Million yen	Million yen	%	%
Second quarter of the period ending March 2013	93,453	41,830	44.7	934.85
Period ended March 2012	103,345	42,197	40.8	943.57

(Reference) Equity capital: Second quarter of the period ending March 2013 41,729 Million yen, Period ending March 2012 42,123 Million yen

2. Dividend status

	Annual Dividends					
(Base date)	End of first quarter		End of second quarter		End of third quarter	
	Yen	Sen	Yen	Sen	Yen	Sen
Period ending March 2012	—	—	8.00	—	8.00	16.00
Period ending March 2013	—	—	8.00	—	—	—
Period ending March 2013 (Forecast)	—	—	—	—	11.00	19.00

(Note) Presence or absence of revision from dividend forecast published most recently: Yes

Breakdown of March 2013 term-end dividend: Ordinary dividend ¥8.00, memorial dividend ¥3.00.

For amendments to dividend forecast, please refer to “the notice on dividend forecast amendment (110th anniversary memorial dividend)” announced today (November 8, 2012).

3. Estimate of consolidated performance for the period ending March 2013 (From April 1, 2012 to March 31, 2013)

(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
Total period	116,000	-5.0	2,500	-7.1	2,500	-8.7	1,200	2.1	26.88	—

(Note) Presence or absence of revision from business forecast published most recently: None

(Reference) Estimated amount of work order received [full year]: 121,000 Million yen

* Annotations

- (1) Key subsidiary changes in the current quarter consolidated cumulative period (changes in specific subsidiaries requiring changes of consolidation scope): None
 - (2) Application of particular accounting to the preparation of quarter consolidated financial statements: None
 - (3) Accounting policy change, accounting estimate change, revision redisplay
 - ① Accounting policy change due to revision of accounting standards etc.: Yes
 - ② Accounting policy change other than ①: None
 - ③ Accounting estimate change: Yes
 - ④ Revision redisplay: None
- (Note) These come under Article 10-5 of the “Regulations on Terms, Forms and Preparation Methods of Quarterly Consolidated Financial Statements.” For details, please refer to Attached Data p.3 “2. Matters Concerning Summary Information (Annotations) (3) Representation of Changes in Accounting Policies and Changes and Revisions in Accounting Estimates.”
- (4) Number of issued shares (common stock)
 - ① Number of issued shares at the end of period (including treasury stock)
 - ② Number of treasury stock at the end of period
 - ③ Average numbers of shares in the period (Quarter total)

①	Second quarter of period ending March 2013	45,963,803 shares	Period ending March 2012	45,963,803 shares
②	Second quarter of period ending March 2013	1,326,082 shares	Period ending March 2012	1,321,248 shares
③	Second quarter of period ending March 2013	44,640,224 shares	Second quarter of period ending March 2012	44,681,294 shares

* Display Concerning State of Quarter Review Procedure Implementation

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

The above forecasts are based on the information available at the time of preparation of this document and the assumption considered as reasonable. 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 Settlement, (3) Qualitative Information on Consolidated Earnings Forecast” on page 3.

(Reference) Estimate of individual performance

Estimate of individual performance for the period ending March 2013 (From April 1, 2012 to March 31, 2013)

(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
Total period	115,000	-4.5	2,500	-4.9	2,500	-6.0	1,200	5.1	26	.88

(Note) Presence or absence of revision from business forecast published most recently: None

(Reference) Estimated amount of work order received [full year]: 120,000 Million yen

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1. Qualitative Information on Current Quarter Consolidated Business Settlement.

(1) Qualitative Information on Consolidated Operating Results

Japan's economy in the current second quarter consolidated cumulative period saw a mild recovery in production activities and corporate earnings in the early part of the period but the recovery showed signs of steady slowdown toward the end of the period. Further, the economy remained unpredictable because of deep-rooted debt problems in Europe, low stock prices, strong yen recurrence, etc.

In the construction industry, order-taking environments continued severe because of persisting sense of overcapacity etc. since the mild recovery seen in private-sector equipment investments was devoid of strength.

Under these circumstances, business results given below were attained in the current second quarter consolidated cumulative period as a result of efforts for securing orders and profits in accordance with the mid-term management plan "DAI-DAN Challenging the New Age."

Amount of work on accepted orders was 63,399 million yen (up 9,395 million yen from the year-earlier same quarter consolidated cumulative period) despite severe order-taking environments.

Amount of finished work was 56,190 million yen (up 3,761 million yen from the year-earlier same quarter consolidated cumulative period) mainly because of the effect of increase in amount of work on accepted orders.

Finished work gross profit was 5,235 million yen (down 135 million yen from the year-earlier same quarter consolidated cumulative period) because of decrease in finished work gross profit rate despite increase in amount of finished work.

Operating profit was 316 million yen (down 222 million yen from the year-earlier same quarter consolidated cumulative period) mainly because of decrease in finished work gross profit and increase (87 million yen) in selling expense and general administration expense from the year-earlier same quarter consolidated cumulative period (which had a temporary decrease factor of posting a big amount doubtful account reserve reversal).

Ordinary profit was 381 million yen (down 77 million yen from the year-earlier same quarter consolidated cumulative period) because of decrease in operating profit though exchange loss was 60 million yen (down 132 million yen from the year-earlier same quarter consolidated cumulative period).

Quarterly net profit and loss was quarterly net loss of 111 million yen (vs. 1 million yen quarterly net profit in the year-earlier same quarter consolidated cumulative period) after deduction of corporate tax, resident tax, business tax, adjustment for corporate tax, and minority shareholder interest because of decrease in ordinary profit though investment securities appraisal loss was 185 million yen (down 16 million yen from the year-earlier same quarter consolidated cumulative period).

(2) Qualitative Information on Consolidated Financial State

(Assets)

Liquid assets at the end of the current second quarter consolidated accounting period were 73,565 million yen (down 10,189 million yen from the end of the preceding consolidated accounting year) mainly because of decrease (10,747 million yen) in bills receivable and finished work accounts receivable. Fixed assets were 19,888 million yen (up 297 million yen from the end of the preceding consolidated accounting year) mainly because tangible fixed asset increase (157 million yen) and prepaid pension expense increase (372 million yen) exceeded intangible fixed asset decrease (87 million yen) and investment securities decrease (64 million yen).

As a result, total assets decreased 9,892 million yen from the previous consolidated accounting year end to 93,453 million yen.

(Liabilities)

Liquid liabilities at the end of the current second quarter consolidated accounting period were 47,956 million yen (down 9,411 million yen from the end of the preceding consolidated accounting year) mainly because of decrease (8,410 million yen) in bills payable and work accounts payable and decrease (667 million yen) in short-term loans payable. Fixed liabilities were 3,666 million yen (down 114 million yen from the end of the preceding consolidated accounting year) mainly because decrease (224 million yen) in long-term loans payable and decrease (41 million yen) in retirement benefit reserve exceeded increase (167 million yen) in deferred tax liabilities.

As a result, total liabilities decreased 9,525 million yen from the previous consolidated accounting year end to 51,622 million yen.

(Net Assets)

Total net assets at the end of the current second quarter consolidated accounting period were 41,830 million yen (down 366 million yen from the end of the preceding consolidated accounting year) mainly because quarterly net loss posting (111 million yen) and surplus distribution (357 million yen) exceeded increase (76 million yen) in other securities appraisal variance.

As a result, capital adequacy ratio was 44.7% (vs. 40.8% at the previous consolidated accounting year end).

State of Cash Flows

Cash and cash equivalent (“funds”) in the current second quarter consolidated cumulative period were 22,968 million yen (up 332 million yen from the end of the preceding consolidated accounting year).

Given below are states and factors of respective cash flows in the current second quarter consolidated cumulative period.

(Cash Flow on Operating Activities)

Fund increase resulting from operating activities was 1,856 million yen (vs. 73 million yen fund decrease in the year-earlier same quarter consolidated cumulative period) mainly because fund increase factors like sales credit decrease exceeded fund decrease factors like purchase liability decrease.

(Cash Flow on Investment Activities)

Fund expenditure resulting from investment activities was 215 million yen (vs. 230 million yen fund expenditure in the year-earlier same quarter consolidated cumulative period) mainly because of expenditure for tangible fixed asset acquisition.

(Cash Flow on Financial Activities)

Fund decrease resulting from financial activities was 1,251 million yen (vs. 227 million yen fund decrease in the year-earlier same quarter consolidated cumulative period) mainly because expenditure for repayment of short- and long-term loans payable and dividend payment exceeded revenues from short- and long-term loans payable.

(3) Qualitative Information on Consolidated Earnings Forecasts

“The notice on business performance forecast amendments” announced on October 30, 2012 remains unchanged.

2. Items Concerning Summary Information (Annotations)

(1) Changes in major subsidiaries in the current quarter consolidated cumulative period

No applicable matter.

(2) Application of particular accounting to the preparation of quarter consolidated financial statements

No applicable matter.

(3) Changes in accounting policies, changes in accounting estimates, revision redisplay

No applicable matter.

(Changes in Depreciation Methods)

Because of the Corporate Tax Law revision, the Company, effective from the current first quarter consolidated accounting period, changed the depreciation methods to those under the revised Corporate Tax Law for application to tangible fixed assets acquired on and after April 1, 2012.

Effects of the change are minor.

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheet

(in million yen)

	Previous Consolidated Accounting Year (March 31, 2012)	Current Second Quarter Consolidated Accounting Period (September 30, 2012)
Assets		
Current assets		
Cash on hand and in banks	22,663	22,995
Note receivables, completed work accounts receivables	57,434	46,686
Securities	99	99
Incomplete work expenditures	466	866
Inventories of raw materials and supplies	0	0
Deferred tax assets	1,228	1,177
Others	1,867	1,743
Allowance for bad debts	-6	-5
Total current assets	83,754	73,565
Fixed assets		
Tangible fixed assets	3,267	3,425
Intangible fixed assets	590	503
Investments and other assets		
Investment securities	8,118	8,054
Prepaid pension costs	5,929	6,302
Others	2,497	2,410
Allowance for bad debts	-814	-807
Total investments and other assets	15,731	15,959
Total fixed assets	19,590	19,888
Total assets	103,345	93,453

(in million yen)

	Previous Consolidated Accounting Year (March 31, 2012)	Current Second Quarter Consolidated Accounting Period (September 30, 2012)
Liabilities		
Current liabilities		
Notes payable, work accounts payable	41,235	32,825
Short-term loans payable	6,233	5,565
Corporate tax etc. payable	489	108
Incomplete work accounts received	2,404	2,798
Reserves for bonuses	—	1,096
Reserves for directors' premiums	—	42
Reserves for completed work compensation	168	184
Reserves for work loss	1,152	793
Others	5,682	4,541
Total current liabilities	57,367	47,956
Fixed liabilities		
Long-term loans payable	1,623	1,399
Reserves for retirement benefits	1,433	1,391
Reserves for environmental measure	220	220
Long-term accounts payable	433	420
Reserves for overseas investment loss	5	2
Deferred tax liabilities	63	231
Others	0	0
Total fixed liabilities	3,780	3,666
Total liabilities	61,148	51,622
Net Assets		
Shareholders' equity		
Capital stock	4,479	4,479
Capital surplus	4,809	4,809
Earned surplus	32,889	32,421
Treasury stock	-647	-649
Total shareholders' equity	41,531	41,061
Accumulated other comprehensive profit		
Evaluation difference of other securities	564	640
Currency translation adjustment account	27	27
Total accumulated other comprehensive profit	591	668
Minority interest equity	73	101
Total net assets	42,197	41,830
Total liabilities and net assets	103,345	93,453

(2) Quarterly Consolidated profit and loss statement and consolidated comprehensive income statement

(Quarterly Consolidated Profit and Loss Statement)

(Second Quarter Consolidated Cumulative Period)

(in million yen)

	Previous Second Quarter Consolidated Cumulative Period (From April 1, 2011 to September 30, 2011)	Current Second Quarter Consolidated Cumulative Period (From April 1, 2012 to September 30, 2012)
Completed work amount	52,429	56,190
Completed work cost	47,058	50,955
Completed work gross profit	5,371	5,235
Selling expenses and general administrative expenses	4,832	4,919
Operating profit	539	316
Non-operating income		
Interests received	9	7
Dividends received	93	97
Insurance claim received	84	93
Others	36	25
Total non-operating income	224	224
Non-operating expenses		
Interest payable	79	80
Payment guarantee charge	10	8
Loss on foreign exchange	193	60
Others	21	9
Total non-operating expenses	304	158
Ordinary profit	458	381
Special profits		
Gain on sales of fixed assets	27	—
Compensation for transfer of property	24	—
Total special profits	51	—
Special losses		
Loss on retirement of fixed assets	1	37
Evaluation loss on investments in securities	202	185
Golf club membership appraisal loss	—	2
Total special losses	203	226
Quarterly net income before income taxes and other adjustment	306	155
Corporate tax, residence tax and business tax	110	65
Adjustment amounts such as for corporate taxes	190	173
Total corporate tax etc.	300	239
Quarterly net income or loss (-) before adjustment of profit and loss of minority interests	6	-84
Minority interests in income	4	27
Quarterly net loss (-)	1	-111

(Quarterly Consolidated comprehensive income statement)
 (Second Quarter Consolidated Cumulative Period)

(in million yen)

	Previous Second Quarter Consolidated Cumulative Period (From April 1, 2011 to September 30, 2011)	Current Second Quarter Consolidated Cumulative Period (From April 1, 2012 to September 30, 2012)
Quarterly net income or loss (-) before adjustment of profit and loss of minority interests	6	-84
Other comprehensive profit		
Evaluation difference of other securities	178	76
Currency translation adjustment account	-8	0
Total other comprehensive profit	170	77
Quarterly comprehensive profit	176	-6
(Particulars)		
Quarterly comprehensive profit pertaining to parent company shareholders	174	-34
Quarterly Comprehensive profit pertaining to minority shareholders	2	27

(3) Quarterly Consolidated Statement of Cash Flows

(in million yen)

	Previous Second Quarter Consolidated Cumulative Period (From April 1, 2011 to September 30, 2011)	Current Second Consolidated Cumulative Period (From April 1, 2012 to September 30, 2012)
Cash flow on sales activities		
Quarterly net income before income taxes and other adjustment	306	155
Depression expenses	217	199
Increased or decreased amount of allowance for bad debts ("-" represents decrease.)	-257	-10
Increased or decreased in reserves for retirement benefits ("-" represents decrease.)	-58	-41
Interest and dividends received	-102	-105
Interest paid	79	80
Profit or loss on appraisal of investments in securities ("-" represents profit.)	202	185
Profit or loss on sales of fixed assets ("-" represents profit.)	-27	—
Compensation for transfer of property	-24	—
Loss on retirement of fixed assets	1	37
Golf club membership appraisal loss	—	2
Increased or decreased amount of sales credit ("-" represents increase.)	3,757	10,746
Increased or decreased amount of incomplete work expenditures ("-" represents increase.)	-479	-400
Increased or decreased in other current assets ("-" represents increase.)	323	180
Increased or decreased in other fixed assets ("-" represents increase.)	-315	-372
Increased or decreased amount of procurement credits ("-" represents decrease.)	-5,991	-8,410
Increased or decreased amount of incomplete work received amount ("-" represents decrease.)	1,025	393
Increased or decreased in other current liabilities ("-" represents decrease.)	712	-356
Increased or decreased in other fixed liabilities ("-" represents decrease.)	-7	-12
Sub-total	-638	2,272
Received amount of interests and dividends	102	105
Paid interest amount	-81	-78
Paid or refund amount of corporate tax etc. ("-" represents paid)	543	-442
Cash flow on sales activities	-73	1,856
Cash flow on investment activities		
Expenditures by acquiring of securities	-49	-49
Revenue by sales or redemption of securities	49	49
Expenditures by acquiring of tangible fixed assets	-73	-276
Revenue by sales of tangible fixed assets	87	—
Expenditures by acquiring of investment securities	-232	-2
Revenue from loans receivable	2	2
Expenditures by acquiring of other fixed assets	-45	-49
Revenue by sales of other fixed assets	30	110
Cash flow on investment activities	-230	-215

	Previous Second Quarter Consolidated Cumulative Period (From April 1, 2011 to September 30, 2011)	Current Second Quarter Consolidated Cumulative Period (From April 1, 2012 to September 30, 2012)
Cash flow on financial activities		
Revenue by short-term loans	15,820	14,880
Expenditures by repayment of short-term loans	-15,920	-15,480
Revenue by long-term loans	1,300	800
Expenditures by repayment of long-term loans	-1,067	-1,092
Expenditures by acquiring of treasury stock	-2	-2
Paid amount of dividends	-357	-357
Cash flow on financial activities	-227	-1,251
Translation difference relating to cash and cash equivalents	-225	-57
Increased or decreased amount of cash and cash equivalents (“-” represents decrease.)	-756	332
Balance of cash and cash equivalents at the beginning of period	23,911	22,635
Balance of cash and cash equivalents at the end of the quarterly period	23,154	22,968

(4) Notes to Going Concern Assumption

None

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

None

4. Supplementary 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, 2011 to September 30, 2011)		(From April 1, 2012 to September 30, 2012)		(From April 1, 2011 to March 31, 2012)	
		Amount	Component ratio %	Amount	Component ratio %	Amount	Component ratio %
Amount of work orders received	Electrical work	11,936	22.1	11,414	18.0	23,195	19.5
	Air-conditioning work	30,687	56.8	38,259	60.4	68,541	57.4
	Plumbing/sanitation	11,381	21.1	13,725	21.6	27,496	23.1
	Total	54,004	100.0	63,399	100.0	119,233	100.0
	(Renewal work)	33,459	62.0	29,702	46.9	66,916	56.1
	(Overseas work)	5,412	10.0	3,430	5.4	10,407	8.7
Amount of completed works	Electrical work	9,105	17.4	12,361	22.0	21,729	17.8
	Air-conditioning work	32,580	62.1	32,354	57.6	75,858	62.1
	Plumbing/sanitation	10,743	20.5	11,474	20.4	24,521	20.1
	Total	52,429	100.0	56,190	100.0	122,109	100.0
	(Renewal work)	24,963	47.6	30,061	53.5	62,894	51.5
	(Overseas work)	2,913	5.6	4,408	7.9	7,169	5.9
Amount of works carried over	Electrical work	12,933	15.0	10,621	12.0	11,567	14.2
	Air-conditioning work	53,165	61.7	53,647	60.3	47,742	58.4
	Plumbing/sanitation	20,058	23.3	24,646	27.7	22,396	27.4
	Total	86,157	100.0	88,915	100.0	81,706	100.0
	(Renewal work)	29,671	34.4	24,836	27.9	25,196	30.8
	(Overseas work)	3,918	4.6	3,679	4.1	4,657	5.7