

Brief Report on the Second Quarter Financial Statements for the Period Ending March 2014 [Japanese Standard] (Consolidated)

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

November 7, 2013
Listed Shares Exchanges:
Tokyo Stock Exchange 1st section

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

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Scheduled date to file a quarterly report: November 8, 2013

Date scheduled for dividend payment commencement: December 2, 2013

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 2014 (From April 1, 2013 to September 30, 2013)

(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 2014	55,701	-0.9	1,008	219.1	1,204	215.8	310	—
Second quarter of the period ending March 2013	56,190	7.2	316	-41.4	381	-16.9	-111	—

(Reference) Comprehensive income: Second quarter of the period ending March 2014 1,888 million yen (— %),

Second quarter of the period ending March 2013 -6 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 2014	6.96	—	—	—
Second quarter of the period ending March 2013	-2.49	—	—	—

(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 2014	102,450	46,382	45.1	1,035.87	—
Period ended March 2013	106,155	44,988	42.3	1,005.38	—

(Reference) Equity capital: Second quarter of the period ending March 2014 46,208 Million yen,

Period ending March 2013 44,856 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 2013	—	—	8.00	—	11.00	19.00
Period ending March 2014	—	—	8.00	—	—	—
Period ending March 2014 (Forecast)	—	—	—	—	8.00	16.00

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

3. Estimate of consolidated performance for the period ending March 2014 (From April 1, 2013 to March 31, 2014)

(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	126,000	3.3	3,500	27.3	3,500	6.8	1,600	0.0	35.86	—

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

(Reference) Estimated amount of work order received [full year]: 126,000 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.: None
 - ② Accounting policy change other than ①: None
 - ③ Accounting estimate change: None
 - ④ Revision redisplay: None
- (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 2014	45,963,803 shares	Period ending March 2013	45,963,803 shares
②	Second quarter of period ending March 2014	1,354,935 shares	Period ending March 2013	1,347,546 shares
③	Second quarter of period ending March 2014	44,611,867 shares	Second quarter of period ending March 2013	44,640,224 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) Explanation about Future Estimate Information such as Consolidated Earnings Forecast” on page 3.

(Reference) Estimate of individual performance

Estimate of individual performance for the period ending March 2014 (From April 1, 2013 to March 31, 2014)

(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	125,000	4.1	3,500	33.7	3,500	11.6	1,600	3.8	35	.86

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

(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 Settlement

(1) Explanation about Operating Results

A mild improvement in corporate revenues was seen in Japan's economy in the current second quarter consolidated cumulative period because of production activity recovery in manufacturing industries etc. against the background of overseas economy recovery undertone and cheap yen.

In the construction industry, domestic recovery was short of reaching a full-fledged scale because of factors including the still remaining sense of corporate excess equipment, and investment mind continuing taking cautious attitude despite expectation for private sector equipment investment activation because of the improvement in corporate revenues.

Under these circumstances, efforts were made to secure orders and profits under the mid-term business plan "DaiDan Challenging The New Age." As a result, the following business results were attained in the current second quarter consolidated cumulative period. Amount of work orders received was 62,305 million yen or 1,094 million yen less than the same quarter consolidated cumulative period a year ago due to severe order taking environments.

Amount of completed works was 55,701 million yen or 488 million yen less than the same quarter consolidated cumulative period a year ago due to the decrease in amount of work orders received.

Completed work gross profit was 5,937 million yen with an increase of 702 million yen from the same quarter consolidated cumulative period a year ago because of the improvement in completed work gross profit rate despite the decrease in amount of completed works.

Operating profit was 1,008 million yen with an increase of 692 million yen from the same quarter consolidated cumulative period a year ago because of the increase in completed work gross profit.

Ordinary profit was 1,204 million yen with an increase of 823 million yen from the same quarter consolidated cumulative period a year ago because the loss on foreign exchange of 60 million yen that occurred in the same quarter consolidated cumulative period a year ago turned into a gain on foreign exchange of 68 million yen in the current second quarter consolidated cumulative period and because of the increase in operating profit.

Despite the increase in ordinary profit, the quarterly net profit was 310 million yen (vs. 111 million yen quarterly net loss in the same quarter consolidated cumulative period a year ago) because of the posting of evaluation loss on investments in securities of 57 million yen and reserve for losses on litigation of 345 million yen and the deduction for corporate tax, residence tax and business tax, adjustment amounts such as for corporate taxes and minority interest in income.

(2) Explanation about Financial Conditions

(Assets)

Current assets at the end of the current second quarter consolidated accounting period were 76,260 million yen with a decrease of 6,320 million yen from the end of the preceding consolidated accounting year mainly because of the decrease (6,256 million yen) in note receivables and completed work accounts receivables. Fixed assets were 26,190 million yen with an increase of 2,615 million yen from the end of the preceding consolidated accounting year mainly because of the increase (2,311 million yen) in investment securities.

As a result, the gross assets were 102,450 million yen with a decrease of 3,704 million yen from the end of the preceding consolidated accounting year.

(Liabilities)

Current liabilities at the end of the current second quarter consolidated accounting period were 49,811 million yen with a decrease of 6,594 million yen from the end of the preceding consolidated accounting year mainly because of the decrease (6,683 million yen) in notes payable and work account payable. Fixed liabilities were 6,257 million yen with an increase of 1,495 million yen from the end of the preceding consolidated accounting year mainly because of the increase (254 million yen) in long-term loans payable, the increase (953 million yen) in deferred tax liabilities and the posting (336 million yen) of provision for loss on litigation.

As a result, total liabilities were 56,068 million yen with a decrease of 5,098 million yen from the end of the preceding consolidated accounting year.

(Net Assets)

Total net assets at the end of the current second quarter consolidated accounting period were 46,382 million yen with an increase of 1,393 million yen from the end of the preceding consolidated accounting year mainly because the posting (310 million yen) of the quarterly net profit and the increase (1,510 million yen) in evaluation difference of other securities exceeded surplus dividend (490 million yen) etc.

As a result, the net worth ratio was 45.1% (vs. 42.3% at the end of the preceding consolidated accounting year).

State of Cash Flows

Cash and cash equivalents (“funds”) in the current second quarter consolidated cumulative period were 21,937 million yen with a decrease of 482 million yen from the end of the preceding consolidated accounting year.

The following are the state of respective cash flows and their main causes in the current second quarter consolidated cumulative period.

(Cash flows from operating activities)

Fund increase due to operating activities was 372 million yen (vs. fund increase of 1,856 million yen in the same quarter consolidated cumulative period a year ago) mainly because fund increasing factors like the posting of quarterly net income before income taxes and other adjustment, decrease in sales credits, increase in incomplete work accounts received and coordination of non-fund item depreciation expenses exceeded fund decreasing factors like the increase in incomplete work expenditures, decrease in purchase obligations and payment of corporate tax etc.

(Cash Flow on Investment Activities)

Funds paid because of investment activities were 78 million yen (vs. fund payment of 215 million yen in the same quarter consolidated cumulative period a year ago) mainly because expenditures by acquiring of tangible fixed assets and expenditures by acquiring of other fixed assets (software etc.) exceeded revenue by sales or redemption of securities.

(Cash Flow on Financial Activities)

Funds decrease due to financial activities was 855 million yen (vs. fund decrease of 1,251 million yen in the same quarter consolidated cumulative period a year ago) mainly because expenditures by repayment of short- and long-term loans and paid amount of dividends exceeded revenues by short- and long-term loans.

(3) Explanation about Future Estimate Information such as Consolidated Earnings Forecast

Amount of work orders received, amount of completed works, operating profit and ordinary profit remain unchanged from the whole period business result prospects announced on May 9, 2013. As announced in the “Notice on Revision of Business Result Prospects” of October 29, 2013, the current period net profit has been revised down to 1,600 million yen with a decrease of 200 million yen from the previously announced 1,800 million yen by estimating provision for loss on litigation of 345 million yen for the lawsuit loss by the Company’s Malaysian consolidated subsidiary MERINO O.D.D SDN. BHD.

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.

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheet

(in million yen)

	Previous Consolidated Accounting Year (March 31, 2013)	Current Second Quarter Consolidated Accounting Period (September 30, 2013)
Assets		
Current assets		
Cash on hand and in banks	22,447	21,965
Note receivables and completed work accounts receivables	56,324	50,067
Securities	49	—
Incomplete work expenditures	314	906
Inventories of raw materials and supplies	0	0
Deferred tax assets	1,003	855
Others	2,446	2,470
Allowance for bad debts	-6	-5
Total current assets	82,581	76,260
Fixed assets		
Tangible fixed assets	3,970	3,887
Intangible fixed assets	417	342
Investments and other assets		
Investment securities	11,007	13,319
Deferred tax assets	2	2
Prepaid pension costs	6,587	7,042
Others	2,222	2,251
Allowance for bad debts	-632	-654
Total investments and other assets	19,186	21,959
Total fixed assets	23,574	26,190
Total assets	106,155	102,450

(in million yen)

	Previous Consolidated Accounting Year (March 31, 2013)	Current Second Quarter Consolidated Accounting Period (September 30, 2013)
Liabilities		
Current liabilities		
Notes payable, work accounts payable	39,979	33,296
Short-term loans payable	6,251	5,635
Income taxes payable	788	257
Incomplete work accounts received	2,435	3,393
Reserves for bonuses	—	1,296
Reserves for directors' premiums	—	39
Reserves for completed work compensation	100	88
Reserves for work loss	391	185
Others	6,458	5,618
Total current liabilities	56,405	49,811
Fixed liabilities		
Long-term loans payable	1,378	1,633
Deferred tax liabilities	1,455	2,408
Reserves for retirement benefits	1,328	1,281
Reserves for environmental measure	220	220
Provision for loss on litigation	—	336
Reserves for overseas investment loss	2	—
Long-term accounts payable	376	376
Others	0	0
Total fixed liabilities	4,761	6,257
Total liabilities	61,167	56,068
Net Assets		
Shareholders' equity		
Capital stock	4,479	4,479
Capital surplus	4,809	4,809
Earned surplus	33,774	33,594
Treasury stock	-660	-664
Total shareholders' equity	42,403	42,219
Accumulated other comprehensive profit		
Evaluation difference of other securities	2,412	3,923
Currency translation adjustment account	40	66
Total accumulated other comprehensive profit	2,453	3,989
Minority interest equity	131	173
Total net assets	44,988	46,382
Total liabilities and net assets	106,155	102,450

(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, 2012 to September 30, 2012)	Current Second Quarter Consolidated Cumulative Period (From April 1, 2013 to September 30, 2013)
Completed work amount	56,190	55,701
Completed work cost	50,955	49,764
Completed work gross profit	5,235	5,937
Selling expenses and general administrative expenses	4,919	4,929
Operating profit	316	1,008
Non-operating income		
Interests received	7	8
Dividends received	97	107
Insurance claim received	93	82
Gain on foreign exchange	—	68
Others	25	25
Total non-operating income	224	293
Non-operating expenses		
Interest payable	80	75
Payment guarantee charge	8	12
Loss on foreign exchange	60	—
Others	9	9
Total non-operating expenses	158	97
Ordinary profit	381	1,204
Extraordinary losses		
Loss on retirement of fixed assets	37	0
Evaluation loss on investments in securities	185	57
Golf club membership appraisal loss	2	1
Reserve for losses on litigation	—	345
Total extraordinary losses	226	404
Quarterly net income before income taxes and other adjustment	155	800
Income taxes - current	65	212
Income taxes - deferred	173	251
Total income taxes	239	463
Quarterly net income or loss (-) before adjustment of profit and loss of minority interests	-84	336
Minority interests in income	27	26
Quarterly net loss (-)	-111	310

(Quarterly Consolidated Comprehensive Income Statement)
(Second Quarter Consolidated Cumulative Period)

(in million yen)

	Previous Second Quarter Consolidated Cumulative Period (From April 1, 2012 to September 30, 2012)	Current Second Quarter Consolidated Cumulative Period (From April 1, 2013 to September 30, 2013)
Quarterly net income or loss (-) before adjustment of profit and loss of minority interests	-84	336
Other comprehensive profit		
Evaluation difference of other securities	76	1,510
Currency translation adjustment account	0	41
Total other comprehensive profit	77	1,552
Quarterly comprehensive profit	-6	1,888
(Particulars)		
Quarterly comprehensive profit pertaining to parent company shareholders	-34	1,847
Quarterly Comprehensive profit pertaining to minority shareholders	27	41

(3) Quarterly Consolidated Statement of Cash Flows

(in million yen)

	Previous Second Quarter Consolidated Cumulative Period (From April 1, 2012 to September 30, 2012)	Current Second Consolidated Cumulative Period (From April 1, 2013 to September 30, 2013)
Cash flow on sales activities		
Quarterly net income before income taxes and other adjustment	155	800
Depression expenses	199	214
Increased or decreased amount of allowance for bad debts ("-" represents decrease.)	-10	20
Increased or decreased in reserves for retirement benefits ("-" represents decrease.)	-41	-46
Increased or decreased in reserve for losses on litigation ("-" represents decrease.)	—	336
Interest and dividends received	-105	-116
Interest paid	80	75
Profit or loss on appraisal of investments in securities ("-" represents profit.)	185	57
Loss on retirement of fixed assets	37	0
Golf club membership appraisal loss	2	1
Increased or decreased amount of sales credit ("-" represents increase.)	10,746	6,246
Increased or decreased amount of incomplete work expenditures ("-" represents increase.)	-400	-592
Increased or decreased in other current assets ("-" represents increase.)	180	-67
Increased or decreased in other fixed assets ("-" represents increase.)	-372	-455
Increased or decreased amount of procurement credits ("-" represents decrease.)	-8,410	-6,683
Increased or decreased amount of incomplete work received amount ("-" represents decrease.)	393	958
Increased or decreased in other current liabilities ("-" represents decrease.)	-356	320
Increased or decreased in other fixed liabilities ("-" represents decrease.)	-12	-2
Sub-total	2,272	1,068
Received amount of interests and dividends	105	116
Paid interest amount	-78	-75
Paid or refund amount of corporate tax etc. ("-" represents paid)	-442	-736
Cash flow on sales activities	1,856	372
Cash flow on investment activities		
Expenditures by acquiring of securities	-49	—
Revenue by sales or redemption of securities	49	49
Expenditures by acquiring of tangible fixed assets	-276	-107
Expenditures by acquiring of investment securities	-2	-7
Payments of loans receivable	—	-1
Revenue from loans receivable	2	2
Expenditures by acquiring of other fixed assets	-49	-31
Revenue by sales of other fixed assets	110	17
Cash flow on investment activities	-215	-78

	Previous Second Quarter Consolidated Cumulative Period (From April 1, 2012 to September 30, 2012)	Current Second Quarter Consolidated Cumulative Period (From April 1, 2013 to September 30, 2013)
Cash flow on financial activities		
Revenue by short-term loans	14,880	16,520
Expenditures by repayment of short-term loans	-15,480	-17,120
Revenue by long-term loans	800	1,300
Expenditures by repayment of long-term loans	-1,092	-1,061
Expenditures by acquiring of treasury stock	-2	-3
Paid amount of dividends	-357	-490
Cash flow on financial activities	-1,251	-855
Translation difference relating to cash and cash equivalents	-57	78
Increased or decreased amount of cash and cash equivalents ("-" represents decrease.)	332	-482
Balance of cash and cash equivalents at the beginning of period	22,635	22,420
Balance of cash and cash equivalents at the end of the quarterly period	22,968	21,937

(4) Annotation Items Concerning Quarterly Consolidated Financial Statements

(Notes to Going Concern Assumption)

None

(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, 2012 to September 30, 2012)		(From April 1, 2013 to September 30, 2013)		(From April 1, 2012 to March 31, 2013)	
		Amount	Component ratio %	Amount	Component ratio %	Amount	Component ratio %
Amount of work orders received	Electrical work	11,414	18.0	11,545	18.5	24,171	20.1
	Air-conditioning work	38,259	60.4	38,953	62.5	71,230	59.4
	Plumbing/sanitation	13,725	21.6	11,806	19.0	24,578	20.5
	Total	63,399	100.0	62,305	100.0	119,980	100.0
	(Renewal work)	29,702	46.9	36,541	58.7	58,517	48.8
	(Overseas work)	3,430	5.4	4,242	6.8	5,599	4.7
Amount of completed works	Electrical work	12,361	22.0	12,068	21.7	24,649	20.2
	Air-conditioning work	32,354	57.6	30,975	55.6	71,194	58.4
	Plumbing/sanitation	11,474	20.4	12,657	22.7	26,075	21.4
	Total	56,190	100.0	55,701	100.0	121,919	100.0
	(Renewal work)	30,061	53.5	26,318	47.3	63,350	52.0
	(Overseas work)	4,408	7.9	2,277	4.1	6,552	5.4
Amount of works carried over	Electrical work	10,621	12.0	10,566	12.2	11,089	13.9
	Air-conditioning work	53,647	60.3	55,756	64.6	47,777	59.9
	Plumbing/sanitation	24,646	27.7	20,049	23.2	20,900	26.2
	Total	88,915	100.0	86,371	100.0	79,767	100.0
	(Renewal work)	24,836	27.9	30,585	35.4	20,362	25.5
	(Overseas work)	3,679	4.1	5,669	6.6	3,704	4.6