

# Brief Report on the Third 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/>

February 6, 2014  
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: February 7, 2014

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

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

## 1. Consolidated business results for the third quarter of the period ending March 2014 (From April 1, 2013 to December 31, 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 income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Third quarter of the period ending March 2014	85,010	1.7	2,191	621.4	2,554	293.1	1,127	—
Third quarter of the period ending March 2013	83,600	2.1	303	-32.9	649	80.8	43	—

(Reference) Comprehensive income: Third quarter of the period ending March 2014 3,198 million yen (377.9 %),

Third quarter of the period ending March 2013 669 million yen (— %)

	Net income per share (basic)		Net income per share (diluted)	
	Yen	Sen	Yen	Sen
Third quarter of the period ending March 2014		25.28		—
Third quarter of the period ending March 2013		0.97		—

### (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 2014	104,958	47,333	44.9		1,057.05
Period ending March 2013	106,155	44,988	42.3		1,005.38

(Reference) Equity capital: Third quarter of the period ending March 2014 47,151 Million yen,  
Period ending March 2013 44,856 Million yen

## 2. Dividend status

	Annual Dividends							
	End of first quarter		End of second quarter		End of third quarter		Period end	
	Yen	Sen	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 income		Ordinary income		Net income		Net income 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: None

(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	Third quarter of period ending March 2014	45,963,803 shares	Period ending March 2013	45,963,803 shares
②	Third quarter of period ending March 2014	1,357,098 shares	Period ending March 2013	1,347,546 shares
③	Third quarter of period ending March 2014	44,610,457 shares	Third quarter of period ending March 2013	44,638,955 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 2.

(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 income		Ordinary income		Net income		Net income 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 earnings forecast published most recently: None

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

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## 1. Qualitative Information on Current Quarter Business Settlement

### (1) Explanation about Operating Results

A mild improvement in corporate earnings was seen in Japan's economy in the current consolidated cumulative third quarter because of the economic turnaround in overseas business conditions and recovery of production activity in the industries centering around manufacturing industry against the background of weak yen. In the construction industry, despite expectation for activation of private-sector capital investment due to the improvement in corporate earnings, business conditions did not reach a full-scale recovery because of the factors including the remaining sense of overcapacity at corporations in the country and investment sentiment with continued cautious attitude.

Under such circumstances, efforts have thus far been made to secure orders and profits based on the mid-term business plan of "DaiDan Challenging the New Age." As a result, the following business results were attained in the current consolidated cumulative third quarter.

Net sales of construction contract orders received was 95,956 million yen with an increase of 7,512 million yen from the same period of the previous year in spite of severe order taking environments.

Net sales of completed construction contracts were 85,010 million yen with an increase of 1,409 million yen from the same period of the previous year due to the increase in net sales of construction contract orders received.

Gross profit of completed construction contracts was 9,520 million yen with an increase of 1,896 million yen from the same period of the previous year because of the improvement in gross profit margin of completed construction contracts in addition to the increase in net sales of completed construction contracts.

Operating income was 2,191 million yen with an increase of 1,887 million yen from the same period of the previous year due to the increase in gross profit margin of completed construction contracts.

Ordinary income was 2,554 million yen with an increase of 1,904 million yen from the same period of the previous year because of the increase in operating income.

Net income was 1,127 million yen with an increase of 1,084 million yen from the same period of the previous year as a result of the posting of a loss on valuation of investment securities of 40 million yen and provision for loss on litigation of 345 million yen, and the deduction of income taxes-current, income taxes-deferred and minority interests in income.

### (2) Explanation about Financial Conditions

#### (Assets)

Current assets at the end of the current third quarter consolidated accounting period were 77,807 million yen with a decrease of 4,774 million yen from the end of the preceding consolidated accounting year predominantly because of the decrease in cash and deposits (2,093 million yen), note receivables and accounts receivables on completed construction contracts (3,320 million yen) etc. Fixed assets were 27,151 million yen with an increase of 3,577 million yen from the end of the preceding consolidated accounting year predominantly because of the increase in investment securities (3,103 million yen) etc.

As a result, total assets were 104,958 million yen with a decrease of 1,196 million yen from the end of the preceding consolidated accounting year.

#### (Liabilities)

Current liabilities at the end of the current third quarter consolidated accounting period were 50,933 million yen with a decrease of 5,412 million yen from the end of the preceding consolidated accounting year mainly because of the decrease in notes payable and accounts payable for construction contracts (5,535 million yen) etc. Fixed liabilities were 6,631 million yen with an increase of 1,870 million yen from the end of the preceding consolidated accounting year predominantly because of the increase in long-term loans payable (268 million yen), the increase in deferred tax liabilities (1,319 million yen) and the posting of provision for loss on litigation (336 million yen).

As a result, total liabilities were 57,625 million yen with a decrease of 3,541 million yen from the end of the preceding consolidated accounting year.

#### (Net Assets)

Total net assets at the end of the current third quarter consolidated accounting period were 47,333 million yen with an increase of 2,345 million yen from the end of the preceding consolidated accounting year. This was mainly because the posting of the quarterly net income (1,127 million yen) and the increase in valuation difference on available-for-sale securities (1,999 million yen) exceeded surplus dividend (847 million yen) etc. As a result, net worth ratio was 44.9% (vs. 42.3% at the end of the preceding consolidated accounting year).

- (3) Explanation about Future Estimate Information such as Consolidated Earnings forecasts  
The full-year earnings forecasts announced on November 7, 2013 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.

## 3. Consolidated Financial Statements

## (1) Consolidated Balance Sheets

(in million yen)

	Previous Consolidated Accounting Year (March 31, 2013)	Current Third Quarter Consolidated Accounting Period (December 31, 2013)
<b>Assets</b>		
Current assets		
Cash and deposits	22,447	20,354
Note receivables, accounts receivable from completed construction contracts and other	56,324	53,004
Securities	49	—
Costs on uncompleted construction contracts	314	1,093
Raw materials and supplies	0	0
Deferred tax assets	1,003	781
Other	2,446	2,578
Allowance for doubtful accounts	-6	-5
Total current assets	82,581	77,807
Noncurrent assets		
Property, plant and equipment	3,970	3,839
Intangible assets	417	297
Investments and other assets		
Investment securities	11,007	14,111
Deferred tax assets	2	2
Prepaid pension cost	6,587	7,306
Other	2,222	2,233
Allowance for doubtful accounts	-632	-639
Total investments and other assets	19,186	23,014
Total noncurrent assets	23,574	27,151
Total assets	106,155	104,958

(in million yen)

	Previous Consolidated Accounting Year (March 31, 2013)	Current Third Quarter Consolidated Accounting Period (December 31, 2013)
<b>Liabilities</b>		
Current liabilities		
Notes payable, accounts payable for construction contracts	39,979	34,444
Short-term loans payable	6,251	5,531
Income taxes payable	788	177
Advance received on uncompleted construction contracts	2,435	3,764
Provision for bonuses	—	1,100
Provision for directors' bounses	—	41
Provision for warranties for completed construction	100	96
Provision for loss on construction contracts	391	162
Other	6,458	5,675
Total current liabilities	56,405	50,993
Noncurrent liabilities		
Long-term loans payable	1,378	1,647
Deferred tax liabilities	1,455	2,775
Provision for retirement benefits	1,328	1,275
Provision for environmental measures	220	220
Provision for loss on litigation	—	336
Provision for overseas investment loss	2	—
Long-term accounts payable	376	376
Other	0	0
Total noncurrent liabilities	4,761	6,631
Total liabilities	61,167	57,625
<b>Net Assets</b>		
Shareholders' equity		
Capital stock	4,479	4,479
Capital surplus	4,809	4,809
Retained earnings	33,774	34,054
Treasury stock	-660	-665
Total shareholders' equity	42,403	42,678
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,412	4,412
Foreign currency translation adjustment	40	61
Total accumulated other comprehensive income	2,453	4,473
Minority interests	131	181
Total net assets	44,988	47,333
Total liabilities and net assets	106,155	104,958



(2) Consolidated Income Statements and Consolidated Statements of Comprehensive Income  
 (Consolidated Income Statements)  
 (Third Quarter Consolidated Cumulative Period)

(in million yen)

	Previous Third Quarter Consolidated Cumulative Period (From April 1, 2012 to December 31, 2012)	Current Third Quarter Consolidated Cumulative Period (From April 1, 2013 to December 31, 2013)
Net sales of completed construction contracts	83,600	85,010
Cost of sales of completed construction contracts	75,975	75,489
Gross profit on completed construction contracts	7,624	9,520
Selling, general and administrative expenses	7,320	7,329
Operating income	303	2,191
Non-operating income		
Interest income	9	10
Dividends income	147	164
Insurance fee	98	91
Foreign exchange gains	193	200
Other	35	33
Total non-operating income	485	500
Non-operating expenses		
Interest expenses	117	113
Guarantee commission	11	14
Other	9	9
Total non-operating expenses	139	138
Ordinary income	649	2,554
Extraordinary loss		
Loss on sales of noncurrent assets	—	4
Loss on retirement of noncurrent assets	37	0
Loss on valuation of investment securities	159	40
Loss on valuation of golf club membership	2	0
Provision for loss on litigation	—	345
Total extraordinary loss	199	391
Income before income taxes and minority interests	450	2,162
Income taxes-current	70	582
Income taxes-deferred	296	414
Total income taxes	366	996
Income before minority interests	83	1,165
Minority interests in income	39	37
Net income	43	1,127

(Consolidated Statements of Comprehensive Income)  
(Third Quarter Consolidated Cumulative Period)

(in million yen)

	Previous Third Quarter Consolidated Cumulative Period (From April 1, 2012 to December 31, 2012)	Current Third Quarter Consolidated Cumulative Period (From April 1, 2013 to December 31, 2013)
Income before minority interests	83	1,165
Other comprehensive income		
Valuation difference on available-for-sale securities	582	1,999
Foreign currency translation adjustment	3	33
Total other comprehensive income	585	2,032
Comprehensive income	669	3,198
(Particulars)		
Comprehensive income attributable to owners of parent	627	3,148
Comprehensive income attributable to minority interests	41	50

## (3) 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 Third Quarter Consolidated Cumulative period		Current Third Quarter Consolidated Cumulative Period		Previous consolidated accounting year	
		(From April 1, 2012 to December 31, 2012)		(From April 1, 2013 to December 31, 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	16,866	19.1	22,023	23.0	24,171	20.1
	Air-conditioning work	53,199	60.1	57,299	59.7	71,230	59.4
	Plumbing/sanitation	18,376	20.8	16,633	17.3	24,578	20.5
	Total	88,443	100.0	95,956	100.0	119,980	100.0
	(Renewal work)	42,656	48.2	56,589	59.0	58,517	48.8
	(Overseas work)	4,345	4.9	9,915	10.3	5,599	4.7
Amount of completed works	Electrical work	17,398	20.8	17,840	21.0	24,649	20.2
	Air-conditioning work	48,444	58.0	48,249	56.8	71,194	58.4
	Plumbing/sanitation	17,757	21.2	18,920	22.2	26,075	21.4
	Total	83,600	100.0	85,010	100.0	121,919	100.0
	(Renewal work)	43,933	52.6	41,683	49.0	63,350	52.0
	(Overseas work)	5,636	6.7	3,376	4.0	6,552	5.4
Amount of works carried over	Electrical work	11,036	12.8	15,273	16.8	11,089	13.9
	Air-conditioning work	52,497	60.6	56,827	62.7	47,777	59.9
	Plumbing/sanitation	23,015	26.6	18,612	20.5	20,900	26.2
	Total	86,549	100.0	90,713	100.0	79,767	100.0
	(Renewal work)	23,918	27.6	35,268	38.9	20,362	25.5
	(Overseas work)	3,366	3.9	10,244	11.3	3,704	4.6