

Brief Report on the First Quarter Financial Statements for the Period Ending March, 2015 [Japanese Standard] (Consolidated)

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

August 7, 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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Date scheduled to submit Quarterly report: August 8, 2014

Date scheduled for dividend payment commencement: —

Creating supplements to the financial statement: None

Holding a briefing sessions on the financial statement: None

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

1. Consolidated business results for the first quarter of the period ending March 2015 (From April 1, 2014 to June 30, 2014)

(1) Consolidated management performance (Cumulative total)

(Percentage indications show increase or decrease from the previous period.)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First quarter of the period ending March 2015	25,269	6.7	255	—	402	—	226	—
First quarter of the period ending March 2014	23,681	-6.3	- 525	—	- 298	—	- 256	—

(Note) Comprehensive income: First quarter of the period ending March 2015 577 million yen (26.5%)

First quarter of the period ending March 2014 456 million yen (— %)

	Net income per share		Net income per share after making potential share adjustments	
	Yen	Sen	Yen	Sen
First quarter of the period ending March 2015	5.09	—	—	—
First quarter of the period ending March 2014	- 5.74	—	—	—

(2) Consolidated financial position

	Total assets	Net assets	Equity capital ratio	Net assets per share	
	Million yen	Million yen	%	Yen	Sen
First quarter of the period ending March 2015	103,440	46,211	44.5	1,031.83	—
Period ending March 2014	111,347	46,609	41.7	1,040.67	—

(Reference) Equity capital: First quarter of the period ending March 2015 46,026 Million yen, Period ending March 2014 46,420 Million yen

2. Dividend status

	Annual Dividends									
	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 2014	—	—	8.00	—	—	—	8.00	—	16.00	—
Period ending March 2015	—	—	—	—	—	—	—	—	—	—
Period ending March 2015 (Forecast)	—	—	8.00	—	—	—	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 2015 (From April 1, 2014 to March 31, 2015)

(Percentage indications show increase or decrease from the previous period for total period and from the same quarter of the previous year for the 2nd quarter consolidated cumulative period.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen	Sen
2nd quarter consolidated cumulative period	55,500	-0.4	1,200	19.0	1,200	-0.4	660	112.6	14.80	—
Total period	123,000	-1.2	4,000	-4.1	4,000	-10.5	2,200	31.7	49.32	—

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

(Reference) (1) Estimated net sales of construction contract orders (the 2nd quarter consolidated cumulative period) 67,200 Million yen

(2) Estimated net sales of construction contract orders (Total period) 123,000 Million yen

* Annotations

(1) Changes in key subsidiaries 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) Changes in accounting policies, changes in accounting estimates, revision redisplay

① Changes in accounting policies due to revision of accounting standards etc.: Yes

② Changes in accounting policies other than ①: None

③ Changes in accounting estimates: None

④ Revision redisplay: None

(Note) Refer to (3) Changes in Accounting Policies, Changes in Accounting Estimates, and Revision Redisplay in 2. Items Concerning Summary Information (Annotation) in attached document on page 3 for detail.

(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	First quarter of period ending March 2015	45,963,803 shares	Period ending March 2014	45,963,803 shares
②	First quarter of period ending March 2015	1,356,898 shares	Period ending March 2014	1,357,727 shares
③	First quarter of period ending March 2015	44,606,534 shares	First quarter of period ending March 2014	44,613,666 shares

* Display Concerning State of Quarter Review Procedure Implementation

Quarter report review under the Financial Instruments and Exchange Act 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 Business Settlement, (3) Explanation about Future Estimate Information such as Consolidated Earnings Forecasts" on page 2.

(Reference) Estimate of individual performance

Estimate of individual performance for the period ending March 2015 (From April 1, 2014 to March 31, 2015)

(Percentage indications show increase or decrease from the previous period for total period and from the same quarter of the previous year for the 2nd quarter consolidated cumulative period.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen	Sen
2nd quarter consolidated cumulative period	55,000	-0.2	1,200	26.6	1,200	5.2	660	128.1		14.80
Total period	122,000	-0.8	4,000	-1.5	4,000	-8.2	2,200	37.5		49.32

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

(Reference)(1) Estimated net sales of construction contract orders (the 2nd quarter consolidated cumulative period) 66,700 Million yen

(2) Estimated net sales of construction contract orders (Total period) 122,000 Million yen

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1. Qualitative Information on Current Quarter Business Settlement

(1) Explanation about Operating Results

The Japanese economy in the current first quarter consolidated accounting period showed a sustained moderate recovery thanks to an increase in corporate earnings and improvement in employment, but it also showed a unstable situation such as a partial decline in personal consumption in reaction to last-minute purchases of products by consumers in the previous fiscal year ahead of the consumption tax hike.

In the construction industry, private capital investment showed an increase mainly in the manufacturing sector, but the state of excess capacity was continuing. As a result, the environment for orders continued to be difficult. Under these circumstances, we have been working to secure orders and profits in accordance with the mid-term management plan “Dai-Dan to Challenge a New Era,” and achieved the following operating results in the current first quarter consolidated accounting period.

Net sales of construction contract orders received, despite the difficult environment for orders, increased by 146 million yen over the previous first quarter consolidated accounting period to 29,892 million yen.

Net sales of completed construction contracts increased by 1,588 million yen over the previous first quarter consolidated accounting period to 25,269 million yen.

Gross profit of completed construction contracts increased by 813 million yen over the previous first quarter consolidated accounting period to 2,848 million yen because of improvement in gross profit margin of completed construction contracts in addition to the increase in net sales of completed construction contracts.

Operating income amounted to 255 million yen due to the increase in the gross profit of completed construction contracts. (The 525 million yen operating loss was posted for the previous first quarter consolidated accounting period.)

Ordinary income amounted to 402 million yen because, despite of some loss factors like that the 80 million yen gain on foreign exchange in the previous first quarter consolidated accounting period turned into an 8 million yen loss on foreign exchange in the current first quarter consolidated accounting period, the operating income, etc. surpassed these loss factors. (The 298 million yen ordinary loss was posted for the previous first quarter consolidated accounting period.)

Net income amounted to 226 million yen after deduction of income taxes-deferred because, despite of the 20 million yen loss on revaluation of investments in securities, the operating income surpassed such loss. (The 256 million yen net loss was posted for the previous first quarter consolidated accounting period.)

(2) Explanation about Financial Positions

(Assets)

Current assets at the end of the current first quarter consolidated accounting period increased by 7,582 million yen from the end of the previous consolidated accounting year to 78,141 million yen, primarily because decreases in note receivables and accounts receivable from completed construction contracts (15,585 million yen) surpassed an increase in cash and deposits (7,569 million yen). Noncurrent assets decreased by 324 million yen from the end of the previous consolidated accounting year to 25,298 million yen, primarily because a decrease in net defined benefit asset (743 million yen) surpassed an increase in investment securities (507 million yen).

As a result, total assets decreased by 7,907 million yen from the end of the previous consolidated accounting year to 103,440 million yen.

(Liabilities)

Current liabilities at the end of the current first quarter consolidated accounting period decreased by 7,325 million yen from the end of the previous consolidated accounting year to 51,213 million yen, primarily because of decreases in notes payable and accounts payable on completed works (4,868 million yen) and in income taxes payable (1,373 million yen). Noncurrent liabilities decreased by 183 million yen from the end of the previous consolidated accounting year to 6,014 million yen, primarily because of decreases in long-term loans payable (123 million yen) and deferred tax liabilities (118 million yen).

As a result, total liabilities decreased by 7,509 million yen from the end of the previous consolidated accounting year to 57,228 million yen.

(Net Assets)

Net assets at the end of the current first quarter consolidated accounting period decreased by 397 million yen from the end of the previous consolidated accounting year to 46,211 million yen, primarily because an decrease in retained earnings (618 million yen) resulting from adjustment at the beginning of the period due to the adoption of accounting standard for retirement benefits and dividends of surplus (356 million yen) surpassed the posted net income (226 million yen) and an increase in valuation difference on available-for-sale securities (337 million yen).

As a result, equity ratio came to 44.5% (41.7% at the end of the previous consolidated accounting year).

- (3) Explanation about Future Estimated Information such as Consolidated Earnings Forecasts
Business result forecast for the second quarter consolidated accounting period and full period published on May 8, 2014 remains unchanged.

2. Items Concerning Summary Information (Annotations)

- (1) Changes in Major Subsidiaries in the Current Quarter Consolidated Cumulative Period
None applicable
- (2) Application of Particular Accounting to the Preparation of Quarter Consolidated Financial Statements
None applicable
- (3) Changes in Accounting Policies, Changes in Accounting Estimates, Revision Redisplay
Changes in Accounting Policies
(Adoption of accounting standard for retirement benefits)

Concomitant with the “Accounting Standard for Retirement Benefits” (ASBJ Statement No. 26 May 17, 2012, hereinafter referred to as the “Accounting Standard for Retirement Benefits”) and Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25 May 17, 2012, hereinafter referred to as the “Guidance on Retirement Benefits”), the Company Group has applied the regulations stipulated under Article No. 35 of the Accounting Standard for Retirement Benefits and Article No. 67 of the Guidance on Retirement Benefits from the current first quarter consolidated accounting period. Under the new standards, the method of calculating retirement benefit obligations and service cost is revised, with the method of determining the discount rate revised from the average number of remaining service years of employees to a single weighted average discount rate reflecting the estimated timing and amount of benefit payment.

In regard to the adoption of the Accounting Standard for Retirement Benefits, the Company Group follows the transitional measure stipulated under Article No. 37 of the Accounting Standard for Retirement Benefits, and the amount of financial impact arising from the changes in method of calculating retirement benefit obligations and service cost is recognized as an adjustment to retained earnings at the beginning of the first quarter consolidated accounting period.

As a result, net defined benefit liability has increased by 88 million yen from the beginning of the current first quarter consolidated accounting period, and net defined benefit asset, deferred tax liabilities, and retained earnings have decreased by 878 million yen, 347 million yen, and 618 million yen, respectively.

The effect on the operating income, ordinary income, and net income before taxes for the current first quarter consolidated accounting period is minimal.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(in million yen)

	Previous Consolidated Accounting Year (March 31, 2014)	Current First Quarter Consolidated Accounting Period (June 30, 2014)
Assets		
Current assets		
Cash and deposits	24,626	32,196
Notes receivable, accounts receivable from completed construction contracts	57,189	41,603
Costs on uncompleted construction contracts	152	666
Raw materials and supplies	0	0
Deferred tax assets	1,273	1,143
Other	2,488	2,536
Allowance for doubtful accounts	-6	-4
Total current assets	85,724	78,141
Noncurrent assets		
Property, plant and equipment	3,788	3,773
Intangible assets	260	214
Investments and other assets		
Investment securities	13,229	13,737
Deferred tax assets	1	1
Net defined benefit asset	6,921	6,177
Other	2,086	1,588
Allowance for doubtful accounts	-665	-195
Total investments and other assets	21,574	21,310
Total noncurrent assets	25,623	25,298
Total assets	111,347	103,440

(in million yen)

	Previous Consolidated Accounting Year (March 31, 2014)	Current First Quarter Consolidated Accounting Period (June 30, 2014)
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts	40,007	35,138
Short-term loans payable	5,686	5,694
Income taxes payable	1,381	8
Advances received on uncompleted construction contracts	3,124	2,780
Provision for bonuses	—	709
Provision for directors' bonuses	—	21
Provision for warranties for completed construction	92	95
Provision for loss on construction contracts	130	82
Loss reserve related to antimonopoly law	771	771
Other	7,346	5,910
Total current liabilities	58,539	51,213
Noncurrent liabilities		
Long-term loans payable	1,903	1,780
Deferred tax liabilities	2,304	2,186
Net defined benefit liability	1,398	1,461
Provision for environment measures	220	220
Provision for overseas investment loss	18	13
Long-term accounts payable	352	352
Other	0	0
Total noncurrent liabilities	6,197	6,014
Total liabilities	64,737	57,228
Net Assets		
Shareholders' equity		
Capital stock	4,479	4,479
Capital surplus	4,809	4,809
Retained earnings	34,597	33,849
Treasury stock	-666	-665
Total shareholders' equity	43,221	42,473
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,690	4,028
Foreign currency translation adjustment	68	58
Remeasurements of defined benefit plans	-559	-533
Total accumulated other comprehensive income	3,199	3,553
Minority interests	189	185
Total net assets	46,609	46,211
Total liabilities and net assets	111,347	103,440

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

(in million yen)

	Previous First Quarter Consolidated Cumulative Period (From April 1, 2013 to June 30, 2013)	Current First Quarter Consolidated Cumulative Period (From April 1, 2014 to June 30, 2014)
Net sales of completed construction contracts	23,681	25,269
Cost of sales of completed construction contracts	21,646	22,420
Gross profit on completed construction contracts	2,034	2,848
Selling, general and administrative expenses	2,560	2,592
Operating income (loss)	-525	255
Non-operating income		
Interest income	2	1
Dividends income	97	105
Insurance fee	82	86
Foreign exchange gains	80	—
Other	12	8
Total non-operating income	276	202
Non-operating expenses		
Interest expenses	36	37
Guarantee commission	4	0
Foreign exchange losses	—	8
Other	7	7
Total non-operating expenses	49	55
Ordinary income (loss)	-298	402
Extraordinary income		
Gain on sales of noncurrent assets	—	1
Total extraordinary income	—	1
Extraordinary loss		
Impairment loss	—	5
Loss on retirement of noncurrent assets	0	10
Loss on valuation of investment securities	0	20
Loss on valuation of golf club membership	—	0
Total extraordinary loss	1	38
Income (Loss) before income taxes and minority interests	-300	366
Income taxes-current	24	-5
Income taxes-deferred	-73	146
Total income taxes	-49	141
Income (loss) before minority interests	-251	224
Minority interests in income (loss)	5	-2
Net income (loss)	-256	226

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

(in million yen)

	Previous First Quarter Consolidated Cumulative Period (From April 1, 2013 to June 30, 2013)	Current First Quarter Consolidated Cumulative Period (From April 1, 2014 to June 30, 2014)
Income (loss) before minority interests	-251	224
Other comprehensive income		
Valuation difference on available-for-sale securities	672	337
Foreign currency translation adjustment	34	-11
Remeasurements of defined benefit plans, before tax	—	26
Total other comprehensive income	707	352
Comprehensive income	456	577
(Particulars)		
Comprehensive income attributable to owners of parent	433	581
Comprehensive income attributable to minority interests	22	-3

(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 net sales of construction contract orders received, completed construction contracts, and uncompleted construction contracts (consolidated)

(in million yen)

		Previous First Quarter Consolidated Cumulative Period		Current First Quarter Consolidated Cumulative Period		Previous Consolidated Accounting Year	
		(From April 1, 2013 to June 30, 2013)		(From April 1, 2014 to June 30, 2014)		(From April 1, 2013 to March 31, 2014)	
		Amount	Component ratio %	Amount	Component ratio %	Amount	Component ratio %
Net sales of construction contract orders received	Electrical equipment installations	5,044	17.0	6,769	22.7	28,808	22.6
	Air-conditioning installations	19,197	64.5	16,773	56.1	75,277	59.1
	Plumbing	5,505	18.5	6,350	21.2	23,307	18.3
	Total	29,746	100.0	29,892	100.0	127,394	100.0
	(Renovations)	18,501	62.2	15,065	50.4	71,595	56.2
	(Overseas operations)	2,640	8.9	1,447	4.8	10,385	8.2
Net sales of completed construction contracts	Electrical equipment installations	5,535	23.4	4,225	16.7	26,528	21.3
	Air-conditioning	12,954	54.7	15,742	62.3	71,134	57.2
	Plumbing	5,191	21.9	5,301	21.0	26,783	21.5
	Total	23,681	100.0	25,269	100.0	124,445	100.0
	(Renovations)	11,022	46.6	11,878	47.0	65,293	52.5
	(Overseas operations)	670	2.8	1,453	5.8	6,237	5.0
Net sales of uncompleted construction contracts	Electrical equipment installations	10,598	12.4	15,914	18.2	13,370	16.2
	Air-conditioning	54,020	62.9	52,951	60.6	51,921	62.7
	Plumbing	21,214	24.7	18,473	21.2	17,425	21.1
	Total	85,833	100.0	87,339	100.0	82,716	100.0
	(Renovations)	27,841	32.4	29,851	34.2	26,664	32.2
	(Overseas operations)	5,674	6.6	7,846	9.0	7,852	9.5