

# Brief Report on the First Quarter Financial Statements for the Period Ending March 2016

## [Japanese Standard] (Consolidated)

August 6, 2015

Name of listed company: DAI-DAN Co., Ltd.

Code No.: 1980 URL: <http://www.daidan.co.jp/>

Listed Shares Exchanges:

Tokyo Stock Exchange 1<sup>st</sup> section

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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 7, 2015

Date scheduled for dividend payment commencement:

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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 2016 (From April 1, 2015 to June 30, 2015)

(1) Consolidated management performance (Cumulative total) (Percentage indications show increase or decrease from the previous period.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First quarter of the period ending March 2016	28,754	13.8	954	272.8	1,150	185.4	719	217.2
First quarter of the period ending March 2015	25,269	6.7	255	—	402	—	226	—

(Note) Comprehensive income First quarter of the period ending March 2016 1,175 Million yen (103.7%) First quarter of the period ending March 2015 577 Million yen (26.5 %)

	Net income per share		Net income per share after making potential share adjustments	
	Yen	Sen	Yen	Sen
First quarter of the period ending March 2016	16.14	—	—	—
First quarter of the period ending March 2015	5.09	—	—	—

(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 2016	110,025	54,190	49.0	1,209.83	—
Period ending March 2015	113,440	53,462	46.9	1,193.61	—

(Reference) Equity capital First quarter of the period ending March 2016 53,958 Million yen Period ending March 2015 53,236 Million yen

## 2. Dividends

	Annual dividends					
	End of first quarter		End of second quarter		End of third quarter	
	Yen	Sen	Yen	Sen	Yen	Sen
Period ending March 2015	—	—	8.00	—	10.00	18.00
Period ending March 2016	—	—	—	—	—	—
Period ending March 2016 (Forecast)	—	—	9.00	—	9.00	18.00

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

3. Estimate of consolidated performance for the period ending March 2016 (From April 1, 2015 to March 31, 2016)

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share	
	Mil. yen	%	Mil. yen	%	Mil. yen	%	Mil. yen	%	Yen	Sen
2nd quarter consolidated cumulative period	63,500	16.2	2,000	26.2	2,000	12.8	1,100	18.2	24.66	—
Total period	131,000	7.6	5,000	10.0	5,000	2.6	2,800	-4.2	62.78	—

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

(Reference) 1. Estimated net sales of construction contract orders (the 2<sup>nd</sup> quarter consolidated cumulative period) 63,500 Million yen

2. Estimated net sales of construction contract orders (Total period) 131,000 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) For details, please refer to Attached Data p.3 “2. Items Concerning Summary Information (Annotation).”

(4) Number of issued shares (common stock)

① Number of issued shares at the end of period (including treasury stock)

First quarter of period ending March 2016	45,963,803 shares	Period ending March 2015	45,963,803 shares
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② Number of treasury stock at the end of period

First quarter of period ending March 2016	1,364,164 shares	Period ending March 2015	1,362,322 shares
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③ Average numbers of shares in the period (Quarter total)

First quarter of period ending March 2016	44,600,498 shares	First quarter of period ending March 2015	44,606,534 shares
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\* 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 on 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 on Future Estimate Information such as Consolidated Earnings Forecasts” on page 3.

(Reference) Estimate of individual performance

Estimate of individual performance for the period ending March 2016 (From April 1, 2015 to March 31, 2016)

(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 cumulative period.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share	
	Mil. yen	%	Mil. yen	%	Mil. yen	%	Mil. yen	%	Yen	Sen
2nd quarter consolidated cumulative period	63,000	16.3	2,000	28.0	2,000	14.3	1,100	20.0		24.66
Total period	130,000	7.8	5,000	10.7	5,000	5.0	2,800	-1.7		62.78

(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) 63,000 Million yen

(2) Estimated net sales of construction contract orders (Total period) 130,000 Million yen

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# 1. Qualitative Information on Current Quarter Business Settlement

## (1) Explanation on Operating Results

The Japanese economy during the current first quarter consolidated cumulative accounting period lasted in moderate rebounding with favorable corporate profits, the improvement of employment and the recovery of individual consumption.

In the construction industry, a favorable business cycle started with the improved corporate profits, and private equipment investment was expected to be genuinely recovered, but though the investment transited constantly, it lacked in strength.

Under the circumstances, as a result of that we tackled the securing of orders received and profit based on our mid-term management plan called "Dai-Dan to Challenge a New Era," the operating results in the current first quarter consolidated cumulative accounting period resulted as follows.

Net sales of construction contract orders received resulted in 29,704 million yen decreasing from the previous first quarter consolidated cumulative accounting period by 187 million yen.

Net sales of completed construction contracts resulted in 28,754 million yen increasing from the previous first quarter consolidated cumulative accounting period by 3,484 million yen.

In addition to the increase of the net sales of completed construction contracts and by the improvement of the ratio of net sales of completed construction contracts, gross profit on completed construction contracts resulted in 3,450 million yen increasing from the previous first quarter consolidated cumulative accounting period by 601 million yen.

In response to the increase of the gross profit on completed construction contracts, operating income resulted in 954 million yen increasing from the previous first quarter consolidated cumulative accounting period by 698 million yen.

In response to the increase of the operating income and that the foreign exchange losses of 8 million yen which arose during the previous first quarter consolidated cumulative accounting period turned to the foreign exchange gains of 23 million yen during the current first quarter consolidated cumulative accounting period etc., the ordinary income counted 1,150 million yen increasing from the previous first quarter consolidated cumulative accounting period by 747 million yen.

As to the profit attributable to owners of parent, as a result of that, in addition to the increase of the ordinary income, the profit reversed from the allowance for the loss relating to the antimonopoly law of 47 million yen was accounted for as an extraordinary income, and that income taxes-current, income taxes-deferred, and profit attributable to non-controlling interest were deducted, it resulted in 719 million yen increasing from the previous first quarter consolidated cumulative accounting period by 493 million yen.

## (2) Explanation on Financial Conditions

### (Assets)

Current assets as of the end of the current first quarter consolidated accounting period counted 76,591 million yen decreasing from the end of the previous consolidated accounting year by 4,239 million yen. The main reason for this is that the decrease of notes receivable, accounts receivable from completed construction contracts and other (5,833 million yen) surpassed the increase of cash and deposits (1,671 million yen). Noncurrent assets counted 33,433 million yen increasing from the end of the previous consolidated accounting year by 824 million yen. The main reason for this is that investment securities increased (698 million yen) and the net defined benefit assets increased (139 million yen) etc.

As a result, total assets counted 110,025 million yen decreasing from the end of the previous accounting year by 3,415 million yen.

### (Liabilities)

Current liabilities as of the end of the current first quarter consolidated accounting period counted 48,433 million yen decreasing from the end of the previous consolidated accounting year by 3,879 million yen. The main reasons for this are that notes payable, accounts payable for construction contracts decreased (3,806 million yen) and income taxes payable decreased (958 million yen) etc. Noncurrent liabilities counted 7,401 million yen decreasing from the end of the previous consolidated accounting year by 263 million yen. The main reason for this is that the decrease of long-term loans payable (382 million yen) etc. surpassed the increase of deferred tax liabilities (331 million yen) etc.

As a result, total liabilities counted 55,835 million yen decreasing from the end of the previous consolidated accounting year by 4,143 million yen.

### (Net Assets)

Total net assets as of the end of the current first quarter consolidated accounting period counted 54,190 million yen increasing from the end of the previous accounting year by 728 million yen. The main reasons for this are that profit attributable to owners of parent was accounted for (719 million yen) and that the

increase of valuation difference on available-for-sale securities (478 million yen) etc. surpassed the dividends of surplus (446 million yen) etc.

As a result, equity capital ratio resulted in 49.0% (it was 46.9% in the end of the previous consolidated accounting year).

(3) Explanation on Future Estimate Information such as Consolidated Earnings Forecasts

Business result forecast for the second quarter consolidated cumulative accounting period and total period published on May 12, 2015 remains unchanged.

## 2. Items Concerning Summary Information (Annotations)

(1) Changes in Major Subsidiaries in the Current Quarter Consolidated Cumulative Period

Not applicable

(2) Application of Particular Accounting to the Preparation of Quarter Consolidated Financial Statements

Not applicable

(3) Changes in Accounting Policies, Changes in Accounting Estimates, Revision Redisplay

(Application of Accounting Standard Relating to Corporate Consolidation Etc.)

We have been applying "Accounting Standard Relating to Corporate Consolidation" (Corporate Accounting Standard No.21 dated September 13, 2013, hereinafter called "Corporate Consolidation Accounting Standard"), "Accounting Standard Relating to Consolidated Financial Statements"(Corporate Accounting Standard No.22 dated September 13, 2013, hereinafter called "Consolidated Accounting Standard") and "Accounting Standard Relating to Business Separation" (Corporate Accounting Standard No.7 dated September 13, 2013, hereinafter called "Accounting Standard for Business Separation Etc." etc. from the current first quarter consolidated accounting period, and changed the method to account for the difference amount caused by the fluctuation of the equity of the Company in the subsidiaries which we are continuing to dominate as capital surplus, and to account for the acquisition-related costs as the costs in the consolidated accounting year in which they occurred. Furthermore, as to the corporate consolidation to be executed from the beginning of the current first quarter consolidated accounting period onwards, we changed to a method to reflect the review of the distribution amount of acquisition costs by the fixation of temporary accounting disposal in the quarterly financial statements of the quarterly consolidated period to which the date of corporate consolidation belongs.

In addition, we changed the representation of the net income etc. and changed the representation from minority interests to non-controlling interests. In order to reflect the changes of these representations, as to the previous first quarter consolidated cumulative accounting period and the previous consolidated accounting year, we changed the quarterly financial statements and consolidated financial statements.

As to the application of the Corporate Consolidation Accounting Standard etc., in accordance with the temporary handling set forth in paragraph 58-2 (4) of the Corporate Consolidation Accounting Standard, paragraph 44-5(4) of the Consolidated Accounting Standard and paragraph 57-4 (4) of the Accounting Standard for Business Separation etc., we are applying it from the beginning of the current first quarter consolidated accounting period onwards.

There is no impact on the profit and loss by the above.

## 3. Consolidated Financial Statements

## (1) Consolidated Balance Sheets

(in million yen)

	Previous Consolidated Accounting Year (As of March 31, 2015)	Current First Quarter Consolidated Accounting Period (As of June 30, 2015)
<b>Assets</b>		
Current assets		
Cash and deposits	24,385	26,057
Notes receivable, accounts receivable from completed construction contracts	52,802	46,969
Costs on uncompleted construction contracts	424	715
Raw materials and supplies	0	0
Deferred tax assets	1,278	941
Other	1,945	1,913
Allowance for doubtful accounts	-5	-5
Total current assets	80,831	76,591
Noncurrent assets		
Property, plant and equipment	3,919	3,906
Intangible assets	156	148
Investments and other assets		
Investment securities	17,494	18,193
Deferred tax assets	1	1
Net defined benefit assets	9,633	9,772
Other	1,595	1,604
Allowance for doubtful accounts	-190	-193
Total investments and other assets	28,533	29,378
Total noncurrent assets	32,609	33,433
Total assets	113,440	110,025

(in million yen)

	Previous Consolidated Accounting Year (As of March 31, 2015)	Current First Quarter Consolidated Accounting Period (As of June 30, 2015)
<b>Liabilities</b>		
Current liabilities		
Notes payable, accounts payable for construction contracts	37,937	34,131
Short-term loans payable	4,379	4,522
Income taxes payable	990	31
Advances received on uncompleted construction contracts	1,500	1,804
Provision for bonuses	—	820
Provision for directors' bonuses	—	17
Provision for warranties for completed construction	85	88
Provision for loss on construction contracts	480	414
Loss reserve related to antimonopoly law	390	342
Provision for environmental measures	—	107
Other	6,550	6,153
Total current liabilities	52,312	48,433
Noncurrent liabilities		
Long-term loans payable	1,583	1,200
Deferred tax liabilities	4,237	4,569
Net defined benefit liability	1,377	1,323
Provision for environment measures	107	—
Provision for overseas investment loss	6	4
Long-term accounts payable	352	303
Other	0	0
Total noncurrent liabilities	7,665	7,401
Total liabilities	59,978	55,835
<b>Net Assets</b>		
Shareholders' equity		
Capital stock	4,479	4,479
Capital surplus	4,809	4,809
Retained earnings	36,186	36,460
Treasury stock	-669	-670
Total shareholders' equity	44,807	45,079
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,797	7,275
Foreign currency translation adjustment	39	41
Remeasurements of defined benefit plans	1,592	1,561
Total accumulated other comprehensive income	8,429	8,878
Non-controlling interests	225	232
Total net assets	53,462	54,190
Total liabilities and net assets	113,440	110,025



(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, 2014 to June 30, 2014)	Current First Quarter Consolidated Cumulative Period (From April 1, 2015 to June 30, 2015)
Net sales of completed construction contracts	25,269	28,754
Cost of sales of completed construction contracts	22,420	25,303
Gross profit on completed construction contracts	2,848	3,450
Selling, general and administrative expenses	2,592	2,496
Operating income	255	954
Non-operating income		
Interest income	1	1
Dividends income	105	119
Insurance fee	86	86
Foreign exchange gains	—	23
Other	8	8
Total non-operating income	202	240
Non-operating expenses		
Interest expenses	37	35
Guarantee commission	0	0
Foreign exchange losses	8	—
Other	7	7
Total non-operating expenses	55	44
Ordinary income	402	1,150
Extraordinary income		
Income on sales of noncurrent assets	1	1
Profit reversed from the allowance for the loss relating to the antimonopoly law	—	47
Total extraordinary income	1	49
Extraordinary loss		
Impairment loss	5	—
Loss on retirement of noncurrent assets	10	—
Loss on valuation of investment securities	20	1
Loss on valuation of golf club membership	0	2
Total extraordinary loss	38	3
Income before income taxes and minority interests	366	1,195
Income taxes-current	-5	9
Income taxes-deferred	146	461
Total income taxes	141	470
Net income	224	724
Profit (loss) attributable to non-controlling interests (-)	-2	4
Profit attributable to owners of parent	226	719

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

(in million yen)

	Previous First Quarter Consolidated Cumulative Period (From April 1, 2014 to June 30, 2014)	Current First Quarter Consolidated Cumulative Period (From April 1, 2015 to June 30, 2015)
Net income	224	724
Other comprehensive income		
Valuation difference on available-for-sale securities	337	478
Foreign currency translation adjustment	-11	3
Remeasurements of defined benefit plans, before tax	26	-30
Total other comprehensive income	352	450
Comprehensive income	577	1,175
(Particulars)		
Comprehensive income attributable to owners of parent	581	1,168
Comprehensive income attributable to non-controlling interests	-3	6

## (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, 2014 to June 30, 2014)		(From April 1, 2015 to June 30, 2015)		(From April 1, 2014 to March 31, 2015)	
		Amount	Component ratio %	Amount	Component ratio %	Amount	Component ratio %
Net sales of construction contract orders received	Electrical equipment installations	6,769	22.7	6,187	20.8	30,235	23.0
	Air-conditioning installations	16,773	56.1	17,042	57.4	72,122	54.8
	Plumbing	6,350	21.2	6,475	21.8	29,275	22.2
	Total	29,892	100.0	29,704	100.0	131,633	100.0
	(Renovations)	15,065	50.4	17,851	60.1	63,987	48.6
	(Overseas operations)	1,447	4.8	1,173	4.0	9,929	7.5
Net sales of completed construction contracts	Electrical equipment installations	4,225	16.7	6,558	22.8	26,076	21.4
	Air-conditioning installations	15,742	62.3	15,917	55.4	71,245	58.5
	Plumbing	5,301	21.0	6,278	21.8	24,458	20.1
	Total	25,269	100.0	28,754	100.0	121,780	100.0
	(Renovations)	11,878	47.0	14,815	51.5	63,383	52.0
	(Overseas operations)	1,453	5.8	3,075	10.7	9,718	8.0
Net sales of uncompleted construction contracts	Electrical equipment installations	15,914	18.2	17,158	18.3	17,530	19.0
	Air-conditioning installations	52,951	60.6	53,923	57.7	52,797	57.0
	Plumbing	18,473	21.2	22,438	24.0	22,241	24.0
	Total	87,339	100.0	93,520	100.0	92,569	100.0
	(Renovations)	29,851	34.2	30,305	32.4	27,268	29.5
	(Overseas operations)	7,846	9.0	6,161	6.6	8,063	8.7