

Brief Report on the First Quarter Financial Statements for the Period Ending March 2019
[Japanese Standard] (Consolidated)

August 9, 2018

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

Stock Exchange Listing:

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

Tokyo Stock Exchange 1st section

Representative of Company: Ichiro Fujisawa, Representative Director, President

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Date scheduled to submit Quarterly report:

August 10, 2018

Date scheduled for dividend payment commencement:

-

Creating supplements to the financial statement:

None

Holding a briefing session 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 2019 (From April 1, 2018 to June 30, 2018)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First quarter of the period ending March 2019	29,585	6.2	1,071	54.1	1,273	39.9	813	35.5
First quarter of the period ending March 2018	27,847	(1.6)	695	(49.1)	910	(29.7)	600	(23.5)

(Note) Comprehensive income First quarter of the period ending March 2019 950 Million yen (10.4%)
First quarter of the period ending March 2018 1,060 Million yen 542.6%

	Profit per share		Diluted Profit per share	
	Yen	Sen	Yen	Sen
First quarter of the period ending March 2019	36.49	—	—	—
First quarter of the period ending March 2018	26.93	—	—	—

(Note) Because we had the share consolidation of two common shares to one common share as of October 1, 2017, "Profit per share" is calculated assuming that the share consolidation was executed at the beginning of the previous consolidated accounting year.

(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 2019	122,987	64,631	52.4	2,892.21	—
Period ending March 2018	130,006	64,417	49.4	2,882.07	—

(Reference) Equity capital First quarter of the period ending March 2019 64,471 Million yen
Period ending March 2018 64,245 Million yen

(Note) Because we had the share consolidation of two common shares to one common share as of October 1, 2017, "Net assets per share" is calculated assuming that the share consolidation was executed at the beginning of the previous consolidated accounting year.

2. Dividends

	Annual dividends per share							
	End of first quarter		End of second quarter		End of third quarter	Period end	Through year	
	Yen	Sen	Yen	Sen	Yen	Sen	Yen	Sen
Period ending March 2018	—	—	11.50	—	—	33.00	—	—
Period ending March 2019	—	—	—	—	—	—	—	—
Period ending March 2019 (Forecast)	—	—	28.00	—	—	28.00	—	56.00

(Note 1) Presence of revision from dividend forecast published most recently: None

(Note 2) Breakdown of dividend at the end of the period ending March 2018: ordinary dividend 23.00 yen and special dividend 10.00 yen

(Note 3) We had the share consolidation of two common shares to one common share as of October 1, 2017. The dividends for the second quarter of the period ending March 2018 and earlier periods indicate the actual dividend amount before the share consolidation.

3. Estimate of consolidated performance for the period ending March 2019 (From April 1, 2018 to March 31, 2019)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share	
	Mil. yen	%	Mil. yen	%	Mil. yen	%	Mil. yen	%	Yen	Sen
Second quarter consolidated cumulative period	67,500	(0.9)	3,000	(6.3)	3,000	(13.5)	2,000	(12.9)	89.71	
Total period	151,000	5.3	7,500	1.5	7,500	(2.3)	5,000	(2.1)	224.29	

(Reference) 1. Estimated net sales of construction contract orders (the second quarter consolidated cumulative period) 76,500 Million yen

2. Estimated net sales of construction contract orders (Total period) 148,000 Million yen

(Note) Presence of revision from estimate of performance published most recently: None

* 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, restatement

① Changes in accounting policies due to revision of accounting standards, etc.: None

② Changes in accounting policies other than ①: None

③ Changes in accounting estimates: None

④ Restatement: None

(4) Number of issued shares (common stock)

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

First quarter of period ending March 2019	22,981,901 shares	Period ending March 2018	22,981,901 shares
② Number of treasury shares at the end of period	690,384 shares	Period ending March 2018	690,284 shares
③ Average number of shares in the period (quarter total)	22,291,564 shares	First quarter of period ending March 2018	22,295,019 shares

(Note) Because we had the share consolidation of two common shares to one common share as of October 1, 2017, "Number of issued shares at the end of period," "Number of treasury shares at the end of period" and "Average numbers of shares in the period" are calculated assuming that the share consolidation was executed at the beginning of the previous consolidated accounting year.

* Brief report on quarterly financial statements is beyond the object of audit by CPA or an audit corporation.

* 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 the Section "1. Qualitative Information on Current Quarter Business Settlement, (3) Explanation on Future Estimate Information such as Estimate of Consolidated Performance" on page 2.

(Reference) Estimate of individual performance

Estimate of individual performance for the period ending March 2019 (From April 1, 2018 to March 31, 2019)

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

	Net sales		Operating profit		Ordinary profit		Profit		Profit per share	
	Mil. yen	%	Mil. yen	%	Mil. Yen	%	Mil. yen	%	Yen	Sen
Second quarter cumulative period	67,000	(1.1)	3,000	(6.7)	3,000	(13.8)	2,000	(13.1)		89.71
Total period	150,000	5.4	7,500	1.3	7,500	(2.4)	5,000	(2.3)		224.29

(Reference) 1. Estimated net sales of construction contract orders (the second quarter cumulative period) 76,000 Million yen

2. Estimated net sales of construction contract orders (Total period) 147,000 Million yen

(Note) Presence of revision from estimate of performance published most recently: None

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1. Qualitative Information on Current Quarter Business Settlement

(1) Explanation on Operating Results

Net sales of construction contract orders received in the current first quarter consolidated cumulative period increased by 6,389 million yen or 17.2% from the same quarter consolidated cumulative period of the previous year, resulting in 43,542 million yen.

Net sales of completed construction contracts increased by 1,738 million yen or 6.2% from the same quarter consolidated cumulative period of the previous year, resulting in 29,585 million yen.

Gross profit on completed construction contracts increased by 373 million yen or 10.7% from the same quarter consolidated cumulative period of the previous year, resulting in 3,869 million yen, due to the increase in the net sales of completed construction contracts.

Operating profit increased by 376 million yen or 54.1% from the same quarter consolidated cumulative period of the previous year, resulting in 1,071 million yen, due to the increase in the gross profit on completed construction contracts.

Ordinary profit increased by 363 million yen or 39.9% from the same quarter consolidated cumulative period of the previous year, resulting in 1,273 million yen, due to the increases in the operating profit, etc.

Profit attributable to owners of parent increased by 212 million yen or 35.5% from the same quarter consolidated cumulative period of the previous year, resulting in 813 million yen, after deducting the income tax - current, income taxes - deferred, and the loss attributable to non-controlling interests.

(2) Explanation on Financial Conditions

(Assets)

Current assets at the end of the current first quarter consolidated accounting period decreased by 7,257 million yen or 7.6% from the end of the previous consolidated accounting year, resulting in 88,501 million yen. The main factor for this is the decrease of 9,548 million yen or 18.1% in notes receivable, accounts receivable from completed construction contracts surpassed the increase of 2,492 million yen or 8.9% in cash and deposits. Non-current assets slightly increased from the end of the previous consolidated accounting year, resulting in 34,485 million yen.

As a result, total assets decreased by 7,019 million yen or 5.4% from the end of the previous consolidated accounting year, resulting in 122,987 million yen.

(Liabilities)

Current liabilities at the end of the current first quarter consolidated accounting period decreased by 7,604 million yen or 12.7% from the end of the previous consolidated accounting year, resulting in 52,284 million yen. The main factors for this are the decrease of 6,270 million yen or 28.5% in notes payable, accounts payable for construction contracts and the decrease of 1,846 million yen or 98.2% in income taxes payable. Non-current liabilities increased by 370 million yen or 6.5% from the end of the previous consolidated accounting year, resulting in 6,071 million yen. The main factor for this is the increase of 516 million yen or 18.6% in deferred tax liabilities.

As a result, total liabilities decreased by 7,233 million yen or 11.0% from the end of the previous consolidated accounting year, resulting in 58,355 million yen.

(Net Assets)

Total net assets at the end of the current first quarter consolidated accounting period increased by 214 million yen or 0.3% from the end of the previous consolidated accounting year, resulting in 64,631 million yen. The main factor for this is the increase of 128 million yen or 1.6% in valuation difference on available-for-sale securities.

As a result, the equity capital ratio resulted in 52.4% (49.4% at the end of the previous consolidated accounting year).

(3) Explanation on Future Estimate Information such as Estimate of Consolidated Performance

There is no change in the prospect of operating results for a full accounting year published on May 10, 2018.

2. Consolidated Financial Statements and Major Notes

(1) Consolidated Balance Sheets

	(Millions of yen)	
	Previous Consolidated Accounting Year (As of March 31, 2018)	Current First Quarter Consolidated Accounting Period (As of June 30, 2018)
Assets		
Current assets		
Cash and deposits	27,885	30,377
Notes receivable, accounts receivable from completed construction contracts	52,638	43,089
Electronically recorded monetary claims - operating	11,319	11,687
Costs on uncompleted construction contracts	500	1,078
Raw materials and supplies	0	0
Other	3,422	2,275
Allowance for doubtful accounts	(7)	(7)
Total current assets	95,759	88,501
Non-current assets		
Property, plant and equipment	4,704	4,681
Intangible assets	557	532
Investments and other assets		
Investment securities	18,602	18,787
Net defined benefit asset	8,944	9,101
Other	1,629	1,573
Allowance for doubtful accounts	(191)	(191)
Total investments and other assets	28,985	29,271
Total non-current assets	34,247	34,485
Total assets	130,006	122,987

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(Millions of yen)

	Previous Consolidated Accounting Year (As of March 31, 2018)	Current First Quarter Consolidated Accounting Period (As of June 30, 2018)
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts	21,996	15,725
Electronically recorded obligations - operating	19,862	20,994
Short-term loans payable	4,026	3,963
Income taxes payable	1,880	34
Advances received on uncompleted construction contracts	1,733	2,041
Provision for bonuses	—	1,142
Provision for directors' bonuses	—	29
Provision for warranties for completed construction	69	75
Provision for loss on construction contracts	358	312
Other	9,961	7,964
Total current liabilities	59,889	52,284
Non-current liabilities		
Long-term loans payable	1,299	1,154
Deferred tax liabilities	2,774	3,291
Net defined benefit liability	1,323	1,323
Provision for foreign investment loss	6	5
Long-term accounts payable - other	296	296
Other	0	0
Total non-current liabilities	5,700	6,071
Total liabilities	65,589	58,355
Net assets		
Shareholders' equity		
Capital stock	4,479	4,479
Capital surplus	4,809	4,809
Retained earnings	47,307	47,385
Treasury shares	(688)	(689)
Total shareholders' equity	55,908	55,985
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,798	7,926
Foreign currency translation adjustment	24	22
Remeasurements of defined benefit plans	514	537
Total accumulated other comprehensive income	8,337	8,486
Non-controlling interests	171	159
Total net assets	64,417	64,631
Total liabilities and net assets	130,006	122,987

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

	(Millions of yen)	
	Previous First Quarter Consolidated Cumulative Period (From April 1, 2017 to June 30, 2017)	Current First Quarter Consolidated Cumulative Period (From April 1, 2018 to June 30, 2018)
Net sales of completed construction contracts	27,847	29,585
Cost of sales of completed construction contracts	24,351	25,715
Gross profit on completed construction contracts	3,495	3,869
Selling, general and administrative expenses	2,800	2,797
Operating profit	695	1,071
Non-operating income		
Interest income	1	1
Dividend income	131	153
Insurance fee	83	84
Foreign exchange gains	28	—
Other	9	17
Total non-operating income	254	257
Non-operating expenses		
Interest expenses	32	29
Guarantee commission	0	1
Foreign exchange losses	—	12
Other	7	11
Total non-operating expenses	40	55
Ordinary profit	910	1,273
Extraordinary income		
Gain on sales of non-current assets	0	—
Gain on sales of investment securities	8	—
Total extraordinary income	9	—
Extraordinary losses		
Loss on retirement of non-current assets	0	—
Total extraordinary losses	0	—
Profit before income taxes	919	1,273
Income taxes - current	(28)	19
Income taxes - deferred	355	449
Total income taxes	327	468
Profit	591	804
Loss attributable to non-controlling interests	(8)	(8)
Profit attributable to owners of parent	600	813

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

(Millions of yen)

	Previous First Quarter Consolidated Cumulative Period (From April 1, 2017 to June 30, 2017)	Current First Quarter Consolidated Cumulative Period (From April 1, 2018 to June 30, 2018)
Profit	591	804
Other comprehensive income		
Valuation difference on available-for-sale securities	365	128
Foreign currency translation adjustment	2	(4)
Remeasurements of defined benefit plans	100	22
Total other comprehensive income	468	145
Comprehensive income	1,060	950
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,068	961
Comprehensive income attributable to non-controlling interests	(7)	(11)

(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

3. Supplementary Information

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

(Millions of yen)

		Previous First Quarter Consolidated Cumulative Period (From April 1, 2017 to June 30, 2017)		Current First Quarter Consolidated Cumulative Period (From April 1, 2018 to June 30, 2018)		Increase (decrease)	
		Amount	Component ratio %	Amount	Component ratio %	Amount	Ratio %
Net sales of construction contract orders received	Electrical equipment installations	7,197	19.4	4,442	10.2	(2,755)	(38.3)
	Air-conditioning installations	22,872	61.5	27,422	63.0	4,550	19.9
	Plumbing	7,082	19.1	11,677	26.8	4,594	64.9
	Total	37,153	100.0	43,542	100.0	6,389	17.2
	(Renovations)	22,663	61.0	19,357	44.5	(3,306)	(14.6)
	(Overseas operations)	1,327	3.6	2,921	6.7	1,593	120.0
Net sales of completed construction contracts	Electrical equipment installations	4,774	17.1	4,845	16.4	70	1.5
	Air-conditioning installations	17,320	62.2	18,011	60.9	691	4.0
	Plumbing	5,752	20.7	6,728	22.7	976	17.0
	Total	27,847	100.0	29,585	100.0	1,738	6.2
	(Renovations)	13,496	48.5	14,412	48.7	915	6.8
	(Overseas operations)	930	3.3	1,164	3.9	233	25.1
Net sales of uncompleted construction contracts	Electrical equipment installations	19,855	15.8	13,768	10.3	(6,086)	(30.7)
	Air-conditioning installations	76,537	60.8	86,563	64.4	10,025	13.1
	Plumbing	29,394	23.4	33,993	25.3	4,598	15.6
	Total	125,787	100.0	134,325	100.0	8,538	6.8
	(Renovations)	37,786	30.0	28,238	21.0	(9,547)	(25.3)
	(Overseas operations)	3,025	2.4	3,846	2.9	821	27.2