

Brief report on the mid-term Financial Statements for the period ending March, 2002 (consolidated)

Nov. 20, 2001

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

Listed stock exchanges: Tokyo and Osaka

Code No.: 1980

Location of head office: Osaka Pref.

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Date of Director's meeting on mid-term closing of accounts: Nov. 20, 2001

Adoption of American Accounting Standards : No

1. Consolidated performance for the mid-term period ending Sept. 2001(From April 1, 2001 to Sept. 30, 2001)

(1) Consolidated management performance (Note: Amounts are indicated with figures less than 1 million yen discarded)

	Sales amount		Operating profit		Ordinary profit	
	Million yen	%	Million yen	%	Million yen	%
Mid-term period ending Sept. 2001	59,769	-8.7	-2,019	—	-2,071	—
Mid-term period ending Sept. 2000	65,429	—	-1,832	—	-1,621	—
Period ending March, 2001	178,589		1,065		1,317	

	Current net profit		Current net earnings per share	Current net earning per share
	(mid-term)		(mid-term)	after making potential
	Million yen	%	Yen Sen	Yen Sen
Mid-term period ending Sept. 2001	-1,600	—	-34.84	—
Mid-term period ending Sept. 2000	-5,302	—	-115.46	—
Period ending March, 2001	-8,480		-184.65	—

Note:

Investment profit or loss on equity method Mid-term Period ending September 2001: 16 million yen,

Mid-term Period ending September 2000: 5 million yen,

Period ending March 2001: -23 million yen

Mid-term average number of shares (consolidated) Mid-term Period ending September 2001: 45,928,093 share:

Mid-term Period ending September 2000: 45,925,908 shares

Period ending March 2001: 45,925,606 shares

Changes in accounting procedures: none

Percentage indication of sales amount, operating profit, ordinary profit, and mid-term (current) net profit show increase or decrease compared with previous mid-term period

(2) Consolidated financial condition

	Total assets	Shareholder's capital	Shareholder's capital rate	Shareholder's capital per share
	Million yen	Million yen	%	Yen Sen
Mid-term period ending Sept. 2001	138,741	44,331	32.0	965.19
Mid-term period ending Sept. 2000	153,816	49,656	32.3	1,081.22
Period ending March, 2001	162,430	46,296	28.5	1,008.07

Note: Issued number of shares at the end of period (consolidated) Mid-term Period ending September 2001: 45,930,461 shares

Mid-term Period ending September 2000: 45,925,908 shares

Period ending March 2001: 45,925,725 shares

(3) Consolidated cash flow condition

	Cash flow on sales activities	Cash flow on investment activities	Cash flow on financial activities	Period end balance of cash and equivalent items
	Million yen	Million yen	Million yen	Million yen
mid-term period ending Sept. 2001	-4,472	279	-1,030	27,867
mid-term period ending Sept. 2000	-1,819	763	-1,087	29,114
Period ending March, 2001	2,544	1,037	-1,790	33,068

(4) Consolidation scope and items relating to application of equity method

Number of consolidated subsidiaries: 11, Number of non-consolidated subsidiaries with equity method applied: none

Number of affiliated companies with equity method applied: 1

(5) Consolidation scope and situation on changes in equity method application

Consolidated(new): 1, (excluded): 1, Equity method(new): none, (excluded): none

2. Estimate of consolidated performance of period ending March 2002 (From April 1, 2001 to March 31, 2002)

	Sales amount	Ordinary profit	Current net profit
	Million yen	Million yen	Million yen
Total	164,000	1,550	330

(Reference) Estimated current net profit per share (for total period): 7.18yen

1. Situation of the Corporate Group

Our corporate group consists of our company, 11 subsidiary companies and 1 affiliated company, mainly engaged in the business of designing, supervising, and job execution of electrical, air conditioning, plumbing & sanitation. The position of our group relating to business and the systematic chart of our business are as follows:

(1) Position of our group relating to business

Facility job work

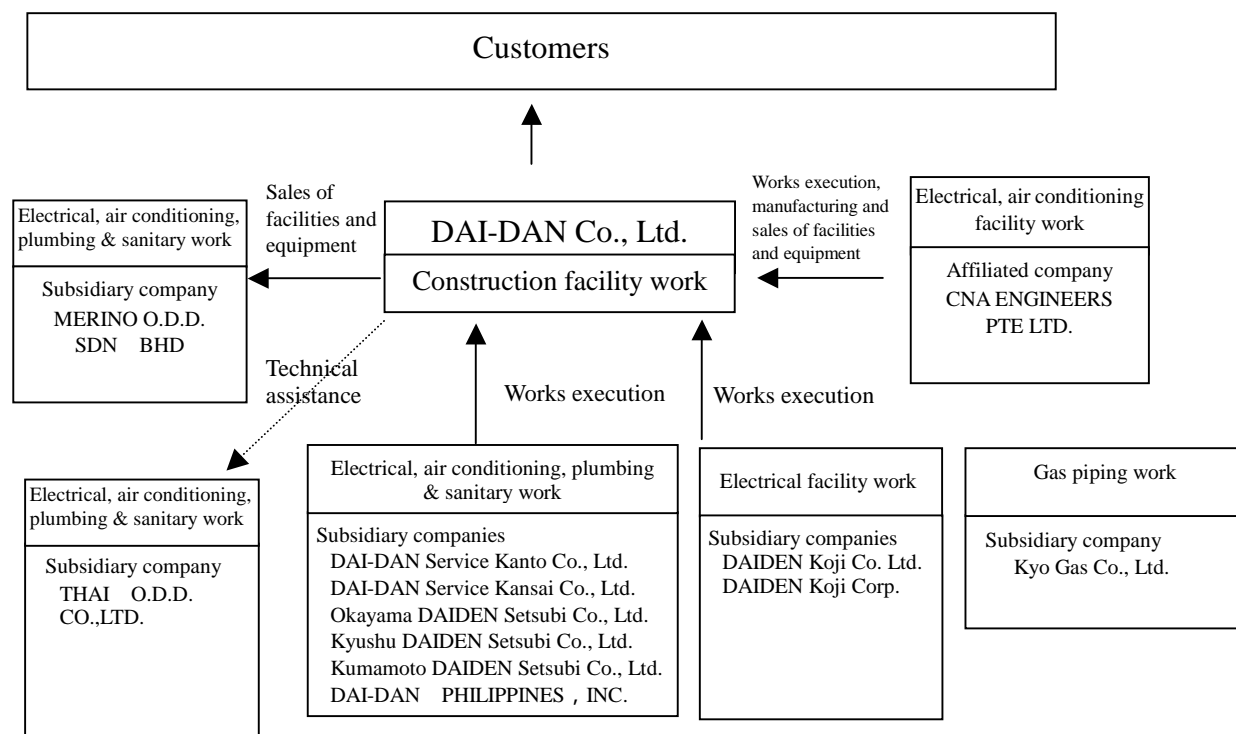
Electrical, air conditioning, and plumbing & sanitation

Part of the work of orders received by us is relegated to DAI-DAN Service Kanto Co., Ltd., DAIDEN Koji Co, Ltd., DAIDEN Koji Corp., DAI-DAN Service Kansai Co., Ltd., Okayama DAIDEN Setsubi Co., Ltd., Kyushu DAIDEN Setsubi Co., Ltd., Kumamoto DAIDEN Setsubi Co., Ltd., CNA ENGINEERS PTE LTD. and DAI-DAN PHILIPPINES, INC. To the MERINO O.D.D. SDN BHD., we sell facilities and equipment and to THAI O.D.D. CO., LTD, we offer technical assistance.

Gas piping work

Kyo Gas Co., Ltd. executes gas piping work for orders placed by Osaka Gas Co., Ltd. and orders placed by our company are minimal.

(2) Systematic chart of business



DAI-DAN Service Kansai Co., Ltd., which was newly established in the current mid-term consolidated accounting period, has been included in the consolidated subsidiary companies since the current mid-term period consolidated accounting period.

Furthermore, DAIDEN Setsubi Koji Co., Ltd., which was wound up, has been excluded from the consolidation scope

2. Management Policies

(1) Basic policy on management

Our company, as a general facility implementation company, pursues a basic management policy of contributing to society by offering a safe and easy to use, high quality environment by technology which meets customer confidence and satisfaction and also contributes to environmental preservation. Under such a management policy, based on planning and implementation of electrical, air conditioning, plumbing & sanitation, etc., in order to respond sensitively to changes in the industrial structure and the needs of the customers, the company boldly challenge to develop new technologies that accompany new businesses, and aims to become a vigorous company. As a management index, we aim for the Return on Equity of more than 5%.

(2) Basic policy on distribution of profits

Our basic, consistent policy is to endeavor to build a solid financial constitution and return profits stably and continuously to our shareholders achieving their satisfaction possible.

(3) Corporate governance

In order to respond immediately to drastically changing management environment, a management council has been set up to discuss taking unerring countermeasures against important management issues expeditiously, and to make the decision on the management and implementation policies by adopting opinions that are given from inside and outside the company and also on the basis of opinions from a committee of young leaders toward a promising future. At the same time, proposals are made to board of directors, thereby aiming to activate the board of directors. The auditors hold their meeting before the meeting of the board of directors' is held, and confirm the items to be discussed by the board of directors and present the opinions of the auditors' meeting to the board of directors. This has become an established practice. Furthermore, to unify the business and affairs of the entire company, a branch office managers' meeting is being held every month, where not only management policies and measures are explained but various problems in branch offices are discussed to solve them as quickly as possible.

(4) Management strategy for the mid and long term

Regarding the mid-term management plan, "Challenge NEW DAI-DAN 100", which has been carried out since April 2000, we review the progress every year in order to respond to changes in the management environment, and urge concrete measures as follows.

① Sales aspects

Regarding the saving-energy technologies represented by co-generation system, we are focussing our concentration on these technologies and making our positive sales promotion for them using an unified organization that covers everything from planning to work execution and maintenance. Furthermore, we have embarked on the ESCO project and will continue canalizing our energies into the LONWORKS.

We are also strongly promoting proposal-making type of sales activities that can suggest the development of new technologies or improvement of existing technologies not only in the field of medical industry of our core field but also in the fields of pharmaceutical, food, and IT-related industries.

In addition, we are actively promoting measures to increase orders of renewal construction, making good use of practices for many years.

② Development technology aspects

We are pursuing our research and development for new technologies by realizing changes in the social situation accurately to meet the growing needs of the market.

Furthermore, we have maintained to work on research and development to ensure the work execution quality and increase the work efficiency.

③ Work execution technology aspects

We are continuing to offer facilities with not only high quality but also high cost performance by fully utilizing our work execution technology that we have accumulated over a hundred years of our experience.

In addition, we are intensifying our supervising department for the work execution technologies and promoting to offer construction facilities that can meet the needs of the customers.

④ Information Technology (IT) aspects

Establishing our Information Technology advancement section, we are proceeding with re-building the information system in the entire company in order to achieve higher efficiency and speed of operations that will lead to sharing the information among individual departments. Some systems have been already in operation

⑤ ISO

We are now making an effort at acquiring the ISO14001 certification for the entire company in block. In addition, we are also carrying out the work of meeting the standard of the year 2000 update even for the ISO 9000 series certification that we have already obtained.

⑥ Personnel aspects

We are proceeding with the effective utilization of personnel and the activation of organizations in order to establish the result-based performance remuneration using “New Target Management Evaluation” and let the introduced “Competency Evaluation” take root in the company.

In addition to implementing the above type of measures in a concrete manner, the entire company is working together to improve the corporate performance towards March 2003 when our company will be celebrating our hundredth anniversary.

3. Management Record

(1) Outline of the current mid-term period

Although the economy of Japan for the current mid-term period showed increasing expectations of the structural reform by the Japanese government, the recession of US economy and sharp letup in IT (Information Technology) related business due to a surfeit of expectation for IT industry that accompanied a decrease in private capital investment, increase in unemployment, slump of stock prices, etc. intensified the economic recession and remained the personal consumption on a low level. Furthermore, the coincident multi terrorism of September in the United States elicited further invisible economic conditions.

In the construction and facilities industry, public investment was hanging low through the period, and private capital investment was continuously decreasing due to serious anxiety about the future business situation. Hence, the order environments turned severe.

Under these economic conditions, our corporate group fully implemented the mid-term management plan as mentioned above. However, the consolidated amount of work orders received was 66,912 million yen, a decrease of 12.1% over that of the previous mid-term period. And the consolidated amount of work completed was 59,769 million yen, a decrease of 8.7% over that of the previous mid-term period.

As far as profits are concerned, since the works were concentrated to complete during the latter half of the period, operating loss totaled 2,019 million yen (loss of 1,832 million yen for the previous mid-term period), and ordinary loss totaled 2,071 million yen (loss of 1,621 million yen for the previous mid-term period). Furthermore, a 112million yen evaluation loss on listed stock due to slump of stock prices, a 136 million yen evaluation loss on golf club membership rights, etc. were accounted as special losses. As a result, the net loss for the mid-term period totaled 1,600 million yen (net loss of 5,302 million yen for the previous mid-term period).

Regarding stock dividends of our company, we paid an ordinary dividend of 5 yen per share in the current mid-term period same as in the previous mid-term period based on our basic policy on distribution of profits.

(2) Forecast through the period

Regarding the future forecast, since the pressure slowing down the business situation is getting heavier due to social unrest or slump of stock prices, etc. accompanied by the coincident multi terrorism in the United States, it is predicted that the business situation remains invisible and unstable.

In the construction and facilities industry, it is predicted that severe order environments continue due to the restriction of public investment and sluggish private capital investment.

To cope with such business situation, our corporate group will concentrate our effort en bloc to increase orders and enhance efficiency of work execution.

The consolidated amount of work orders 164,000 million yen, completed work of 164,000 million yen, ordinary profits of 1,550 million yen, and a current net profit of 330, 000 million yen are predicted through the period.

Regarding the term-end stock dividends, we plan to pay an ordinary dividend of 5 yen and a special dividend of 6 yen per share, a total of 11 yen per share for the period. Since an ordinary dividend of 5 yen per share was paid for the mid-term period, the total dividend for the entire period will amount to 16 yen per share.

4. Mid-term period Consolidated Financial Statements, etc.

(1) Mid-term period Consolidated Balance Sheet

(Unit: million yen)

<div style="text-align: center;">By period</div> <div style="text-align: left;">Accounts</div>	At the end of the current consolidated accounting mid-term period (As of Sept. 30, 2001)		At the end of the previous consolidated accounting mid-term period (As of Sept. 30, 2000)		Summary consolidated balance sheet of the previous fiscal year for consolidated accounting (As of March 31, 2001)	
	Amount	Component ratio	Amount	Component ratio	Amount	Component ratio
(Assets)		%		%		%
Current assets						
Cash on hand and in banks	25,598		24,936		28,399	
Note receivables, completed work accounts receivables	40,470		47,647		65,498	
Securities	2,626		4,377		4,872	
Incomplete work expenditures	36,642		41,147		27,697	
Others	6,260		5,608		8,325	
Reserves for bad debts	- 400		- 245		- 357	
Total current assets	111,196	80.1	123,471	80.3	134,435	82.8
Fixed assets						
Tangible fixed assets	5,998		9,648		6,101	
Intangible fixed assets	148		150		148	
Investments						
Investment securities	10,713		9,797		10,594	
Others	11,403		10,983		11,792	
Reserves for bad debts	- 719		- 234		- 641	
Total investments	21,398		20,546		21,745	
Total fixed assets	27,544	19.9	30,344	19.7	27,995	17.2
Total assets	138,741	100.0	153,816	100.0	162,430	100.0

(Unit: million yen)

<div>By period</div> <div>Accounts</div>	At the end of the current consolidated accounting mid-term period (As of Sept. 30, 2001)		At the end of the previous consolidated accounting mid-term period (As of Sept. 30, 2000)		Summary consolidated balance sheet of the previous fiscal year for consolidated accounting (As of March 31, 2001)	
	Amount	Component ratio	Amount	Component ratio	Amount	Component ratio
(Liabilities)		%		%		%
Current liabilities						
Notes payable, work accounts payable	42,741		52,176		67,913	
Short term loans payable	11,731		12,988		12,268	
Incomplete work amount received	22,847		22,846		17,810	
Incomplete job compensation reserves	35		62		54	
Others	6,171		5,920		7,391	
Total current liabilities	83,526	60.2	93,994	61.1	105,438	64.9
Fixed liabilities						
Long term loans payable	5,122		4,861		5,112	
Accrued pension and severance costs	5,024		4,554		4,716	
Directors' retirement allowance reserve	404		459		496	
Liability guarantee loss reserve	210		230		210	
Others	42		29		42	
Total Fixed liabilities	10,803	7.8	10,134	6.6	10,578	6.5
Total liabilities	94,329	68.0	104,129	67.7	116,016	71.4
(Minority interest equity)						
Minority interest equity	79	0.0	30	0.0	117	0.1
(Shareholders' equity)						
Capital stock	4,479	3.2	4,479	2.9	4,479	2.8
Capital reserves	4,716	3.4	4,716	3.1	4,716	2.9
Consolidated reserves	35,006	25.2	40,520	26.3	37,113	22.8
Evaluation difference of other securities	102	0.1	-	-	-	-
Foreign exchange adjustment account	40	0.0	- 43	- 0.0	4	0.0
Treasury stock	- 0	- 0.0	- 0	- 0.0	- 0	- 0.0
Stocks of parent company owned by subsidiary companies	- 14	- 0.0	- 15	- 0.0	- 15	- 0.0
Total Capital	44,331	32.0	49,656	32.3	46,296	28.5
Total liabilities, minority interest equity and shareholders' equity	138,741	100.0	153,816	100.0	162,430	100.0

(2) Mid-term period Consolidated Profit and Loss Statement

(Unit: million yen)

By period Accounts	The current consolidated accounting mid-term period From April 1, 2001 to Sept. 30, 2001		The previous consolidated accounting mid-term period From April 1, 2000 to Sept. 30, 2000		The previous fiscal year for consolidated accounting From April 1, 2000 to March. 31, 2001	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Completed work amount	59,769	%	65,429	%	178,589	%
Completed work cost	56,147	100.0	61,834	100.0	166,634	100.0
Completed work gross profit	3,622	93.9	3,595	94.5	11,954	93.3
Selling expenses and general administrative expenses	5,641	6.1	5,428	5.5	10,889	6.7
Operating profit (-: Loss)	- 2,019	9.4	- 1,832	8.3	1,065	6.1
Non-operating revenue	(172)	- 3.4	(454)	- 2.8	(835)	0.6
Interests received	32	0.3	58	0.7	123	0.4
Dividends received	37		96		137	
Consolidated adjustment account depreciation	3		1		5	
Investment profit by equity method	16		5		-	
Others	82		293		569	
Non-operating expenses	(224)	0.4	(243)	0.4	(584)	0.3
Interest payable	149		169		338	
Investment loss by equity method	-		-		23	
Others	74		73		222	
Ordinary profits (-: Loss)	- 2,071	- 3.5	- 1,621	- 2.5	1,317	0.7
Special profits	(9)	0.0	(4,753)	7.3	(4,803)	2.7
Profit on sales of fixed assets	9		692		692	
Loss on sales of investments in securities	0		-		39	
Reimbursement profit of reserves for liability guarantee loss	-		-		20	
Profits from retirement allowance in trust	-		4,051		4,051	
Profits from return of reserves for bad debts	-		9		-	
Special losses	(257)	0.4	(11,700)	17.9	(19,353)	10.8
Loss on sales of fixed assets	1		0		0	
Loss on retirement of fixed assets	6		19		27	
Loss on sales of investments in securities	-		-		77	
Evaluation loss on investments in securities	112		199		158	
Evaluation loss on golf club membership rights	136		71		588	
Evaluation loss on investments	-		5		6	
Depreciation of difference at the time of changing the severance costs accounting basis	-		11,213		11,213	
Evaluation loss on real estate	-		-		3,431	
Loss due to extraordinary construction settlement	-		-		3,115	
Evaluation loss on real property trust	-		189		189	
Depreciation of completed work accounts receivables	-		-		545	
Mid-term period (current) net profit before adjustment for taxes, etc.(-: Loss)	- 2,319	- 3.9	- 8,568	- 13.1	-13,232	- 7.4
Corporate tax, residence tax and business tax	104	0.2	118	0.1	237	0.1
Adjustment amounts such as for corporate taxes	- 795	- 1.3	- 3,091	- 4.7	- 4,784	- 2.7
Profit of minority interests (-: Loss)	- 27	- 0.0	- 293	- 0.4	- 206	- 0.1
Mid-term period (Current) net profit (-: Loss)	- 1,600	- 2.7	- 5,302	- 8.1	- 8,480	- 4.7

(3) Statement of Mid-term period Consolidated Earned Surplus

(Unit: million yen)

<div>By period</div> <div>Accounts</div>	The current consolidated accounting mid-term period From April 1, 2001 to Sept. 30, 2001		The previous consolidated accounting mid-term period From April 1, 2000 to Sept. 30, 2000		The previous fiscal year for consolidated accounting From April 1, 2000 to March. 31, 2001	
	Amount		Amount		Amount	
Consolidated surplus balance at beginning of period		37,113		46,441		46,441
Consolidated surplus decreased amount						
Shareholders' dividend	505		505		734	
Directors bonus	0		113		113	
(Out of which auditors' portion)	(0)	505	(10)	618	(10)	848
Mid-term period (Current) net profit (-: Loss)		- 1,600		- 5,302		- 8,480
Consolidated surplus balance at the end of the mid-term period (term end)		35,006		40,520		37,113

(4) Statement of Mid-term period Consolidated Cash Flow

(Unit: million yen)

By period Accounts	The current consolidated accounting mid-term period From April 1, 2001 to Sept. 30, 2001	The previous consolidated accounting mid-term period From April 1, 2000 to Sept. 30, 2000	The previous fiscal year for consolidated accounting From April 1, 2000 to March. 31, 2001
	Amount	Amount	Amount
I. Cash flow on sales activities			
Current net profit before adjustment for tax (-: Loss)	- 2,319	- 8,568	- 13,232
Depreciation expenses	98	143	288
Consolidated adjustment account depreciation amount	- 3	- 1	12
Increased or decreased amount of reserves for bad debts	121	36	554
Increased or decreased amount of reserves for severance costs and reserves for Director's retirement allowance	215	1,433	1,632
Amount set for severance costs in trust	-	9,221	9,221
Profits from severance costs in trust	-	- 4,051	- 4,051
Increased or decreased amount of reserves for liability guarantee loss	-	-	- 20
Earned interest and dividends received	- 70	- 155	- 260
Interest paid	149	169	338
Investment loss by equity method	- 16	- 5	23
Evaluation loss on investments in securities	112	199	158
Profit or loss on sales of investments in securities	- 0	-	38
Profit or loss on sales of tangible fixed assets	- 7	- 692	- 692
Loss on sales of retirement of tangible fixed assets	6	19	27
Evaluation loss on golf club membership rights	28	202	334
Evaluation loss on real estate	-	-	3,431
Paid amount of Director's bonus	- 1	- 116	- 116
Increased or decreased amount of sales credits	25,079	13,906	- 3,935
Increased or decreased amount of incomplete work expenditures	- 8,944	- 10,253	3,209
Other increased or decreased amounts of current assets	2,627	- 728	- 3,841
Increased or decreased amount of procurement credits	- 25,171	- 5,684	10,034
Increased or decreased amount of incomplete work received amount	5,036	4,558	- 477
Other increased or decreased amounts of current liabilities	- 1,221	176	1,665
Sub-total	- 4,281	- 191	4,339
Received amount of interests and dividends	73	154	258
Paid interest amount	- 144	- 174	- 340
Paid amount of corporate tax, etc.	- 120	- 1,608	- 1,713
Cash Flow on Sales Activities	- 4,472	- 1,819	2,544
II. Cash flow on investment activities			
Expenditures by depositing of time deposits	- 2	-	- 13
Revenue by pay back of time deposits	-	20	20
Expenditures by acquiring of securities	- 49	- 199	- 249
Revenue by sales of securities	99	350	399
Expenditures by acquiring of tangible fixed assets	- 42	- 52	- 80
Revenue by sales of tangible fixed assets	51	743	738
Expenditures by acquiring of investment securities	- 225	- 272	- 411
Revenue by sales of investment securities	0	-	442
Expenditures by acquiring of shares of subsidiary companies	- 5	-	-
Expenditures by loans	- 10	- 18	- 195
Revenue by recovery of loans	25	14	27
Expenditures by acquiring of other fixed assets	- 430	- 275	- 497
Revenue by sales of other fixed assets	868	454	856
Cash Flow on Investment Activities	279	763	1,037
III. Cash flow on financial activities			
Revenue by short term loans	5,600	8,199	16,217
Expenditures by return of short term loans	- 5,798	- 7,810	- 16,676
Revenue by long term loans	3,180	2,533	6,633
Expenditures by return of long term loans	- 3,508	- 3,502	- 7,224

Expenditures by acquiring of treasury stock	-	- 0	- 0
Revenue by sales of treasury stock	0	0	0
Revenue by sales of shares of parent company owned by subsidiary company	1	-	-
Paid amount of dividends	- 504	- 505	- 736
Paid dividend to minority interests	- 1	- 2	- 2
Other financial activity cash flow	-	-	- 1
Cash Flow on Financial Activities	- 1,030	- 1,087	- 1,790
IV. Conversion difference relating to cash and cash equivalent items	24	- 12	5
V. Increased or decreased amount of cash and cash equivalent items	- 5,200	- 2,157	1,796
VI. Balance at beginning of period of cash and cash equivalent items	33,068	31,271	31,271
VII. Balance of cash and cash equivalent items at the end of mid-term period (term end)	27,867	29,114	33,068

(5) Basic items for preparing mid-term period consolidated financial statements

1. Items relating to scope of consolidation

Number of consolidated subsidiaries: 11 companies

Names of major consolidated subsidiary companies:

Will be abbreviated here as they have been given in “1. Status of corporate group”.

DAI-DAN Service Kansai Co., Ltd., which was newly established in the current mid-term period consolidated accounting period, has been included in the consolidated subsidiary companies since the current mid-term period consolidated accounting period.

Furthermore, DAIDEN Setsubi Koji Co., Ltd., which was wound up, has been excluded from the consolidation scope

2. Items relating to application of the equity method

Number of affiliated companies using the share cross-holdings method: 1 company

Company Name:

CNA ENGINEERS Pte LTD.

The account closing date of the above affiliated company is different from the mid-term period account closing date, but the financial tables for the fiscal year of this company have been used.

3. Items Related to Mid-term period Account Closing Date of Consolidated Subsidiaries

Out of the consolidated subsidiary companies, the mid-term accounts closing date of MERINO O.D.D. SDN. BHD, Thai O.D.D. CO.,LTD. and DAI-DAN PHILIPPINES, INC. is June 30.

In the preparation of various financial statement of consolidated accounting, the financial statements of that date have been used and necessary adjustments have been made in consolidating regarding the important transactions that were generated between that date and the date of account closing.

4. Items relating to accounting procedure standards

(1) Evaluation standards and methods for important assets

1) Stocks and bonds

Bonds held up to the maturing date: Depreciation cost method.

Other securities

With current market value

Market price method based on the market price of the mid-term period account closing date
(Evaluation differences are treated according to full capital direct accounting method, and sale cost is calculated according to the movable average method.)
Cost method based on the movable average method

Without current market value

2) Derivative:

Market price method

3) Inventory assets

Incomplete work expenditures

Cost method based on actual cost method

Materials and stored goods

Lower of cost or market method

(2) Method of depreciation of important depreciated assets

Tangible fixed assets

Straight line method in regard to buildings (excluding equipment) and fixed percentage method in regard to others are adopted. However the straight line method is adopted for overseas subsidiary companies.

Depreciable life and salvage value in our company and domestic consolidated subsidiaries are set in accordance with the same standards as prescribed in the corporate tax law.

(3) Basis for recording important reserves

1) Reserves for bad debts

To cope with losses due to completed work accounts receivables and bad debts, general bonds are based on the past record of bad debt ratio, while for particular bonds including bonds likely to become bad debts, estimated unrecoverable amount is accounted by considering the possibility of recovery individually.

2) Reserves for completed work compensation

This is set with the object of warranting defects of completed work, accounted with consideration given for future compensation predictions, basing on past records for the object work subject to compensation.

- 3) Severance costs reserve
 In order to prepare for the severance costs of employees, the severance costs obligation at the end of this current consolidated accounting mid-term period and the estimated pension asset amount are taken as the basis and the amount considered to have become due for payment at the end of this accounting is carried over in the books.
 Differences on the mathematical calculation start to be processed in the next consolidated fiscal year in accordance with the straight-line method based on the given number of years (10 years) within average residual service years of employees at the time of occurrence, while the past service liabilities are processed in a lump in the year of occurrence.
 - 4) Reserves for Directors' retirement allowance
 To provide for retirement allowance of Directors', the company has accounted reserves for amounts required to be paid at the end of the mid-term period, based on in-house regulations.
 - 5) Reserves for liability warrantee loss
 To provide for losses relating to warranting of liabilities, an estimated loss amount has been accounted with consideration given to the financial condition of the warranted party.
- (4) Standard for converting important assets or liabilities held in foreign currency into Japanese Yen
 The financial assets and liabilities held in foreign currency are converted into Japanese Yen at the direct exchange rate on the day of the mid-term period account closing, and the difference amount on the account closing date has been processed as profit or loss. Further, the assets and liabilities of foreign subsidiaries are converted into Japanese Yen at the direct exchange rate on the day of the mid-term period account closing, and the difference amount on the account closing date has been included in the exchange rate conversion adjustment account and minority interest equity.
- (5) Treatment of important lease transactions
 Finance lease transactions other than those for which transfer of ownership rights of the leased object to the lessee is recognized, are accounted, basing on method relating to normal lease transactions.
- (6) Method of important hedge accounting
- 1) Method of hedge accounting We are using the postponement hedge processing method.
 - 2) Hedge means and hedge targets
 - Hedge means: Interest swap transactions
 - Hedge targets: long term borrowings
 - 3) Hedge policy
 In order to avoid changes in the interest rate risk on long term borrowings, we are using derivative transactions.
 Further, we have a policy of not carrying out derivative transactions for investment purposes.
 - 4) Evaluation method of hedge availability
 Hedge availability is evaluated by means of analyzing the ratio between the total of the cash flow for hedge targets and the total of cash flow for hedge means.
- (7) Different important items for the mid-term period consolidated financial statements
- 1) Standard for accounting amount of completed works
 This is based on the standard for accounting completed works. The standard of work progress is used for foreign subsidiaries.
 - 2) Accounting of consumption tax, etc.
 Based on tax exclusion method.

5. Scope of funds in the mid-term consolidated cash flow statement

Funds (cash and equivalent) in the mid-term consolidated cash flow statement consist of cash on hand, deposits payable upon demand, time deposits for which maturity is within 3 months after acquiring or readily convertible into cash without maturity date or redemption date.

(Additional information)

Accounting of financial instruments

From the current mid-term period consolidated accounting period, regarding the evaluation method of other securities having current market value, the accounting standards related to financial instruments (“Opinions on the establishment of accounting standards related to financial instruments” – Corporate Accounting Evaluation Committee, January 22, 1999) was applied. In view of this application, in the main, the evaluation method of other securities was changed from Cost Method based on the movable average method to Market Price Method based on the market price of the mid-term period consolidated account closing date. (The evaluation differences were treated according to full capital direct accounting method, and the sale cost was calculated according to the movable average method.) As a result, the evaluation difference amount of other securities was accounted by 102 million yen, and deferred tax assets decreased by 74 million yen.

Remarks

[Those relating to mid-term consolidated balance sheet]

	(Unit: million yen)		
	Current mid-term for consolidated accounting	Previous mid-term for consolidated accounting	Previous fiscal year for consolidated accounting
1. Accumulated amount of depreciation of tangible fixed assets	5,109	4,937	5,061
2. Transferred amount by endorsed notes receivable	150	46	35
3. Pledged assets and liabilities with pledge			
(1) Assets placed as collateral			
Investment securities	1,473	1,519	1,455
(2) Liabilities for the above			
Short term borrowings			
(Transfer from long-term borrowings)	611	1,178	874
Long term borrowings	239	650	223
4. Method of accounting promissory notes becoming mature at the end of the mid-term period consolidated accounting period			
Regarding the method of accounting promissory notes that are becoming mature on the last date of the consolidated fiscal year, the settlement processing is being done on the date of exchanging the promissory note. Further, since the last date of the current was a holiday for financial institutions, the promissory notes becoming mature on the last date of the next fiscal year have been included in the balance at the end of the this period consolidated accounting term.			
(Unit: million yen)			
Notes receivable	1,326		
Notes payable	3,294		

[Regarding mid-term consolidated profit and loss statement]

1. The important expense items and amount of sales expenses and general management expenses and their amounts are as follows.

	(Unit: million yen)		
	Current mid-term for consolidated accounting	Previous mid-term for consolidated accounting	Previous fiscal year for consolidated accounting
Salaries and allowances to employees	1,996	2,078	4,062
Severance costs	469	183	358
Amount of deferred reserves of directors' retirement allowance	38	43	80
Amounts of computers	337	311	734
Communication and transportation expenses	538	526	1,068
Amounts transferred reserves for bad debts	68	3	60
Depreciation expenses	84	124	250

2. Seasonal variation in the amount of completed works

In the sales amount of our company's group, since the share of works completed during the second half of the fiscal year is more than that during the first half as normal characteristics of our sales patterns, the sales amount during the first half of the fiscal year for consolidated accounting differs substantially from the sales amount during the second half of the fiscal year. And hence it should be noted that there is a seasonal variation in the performance during the first and second halves of the fiscal year.

The amount of completed works for 1 year until the end of the mid-term period consolidated accounting year is as follows.

Second half of the previous consolidated fiscal year	113,159 million yen
<u>Current mid-term period consolidated accounting period</u>	<u>59,769 million yen</u>
Total	172,929 million yen

3. Transferred reserves for bad debts of 108 million yen is included in evaluation loss on golf club membership rights.

4. Paid amount of taxes and adjustment amount such as for corporate taxes for the mid-term period consolidated accounting period were accounted by the amount for the current mid-term period consolidated accounting period presuming that reserves for reduction on fixed assets are reversed by the disposal of predetermined profits in the current fiscal year for consolidated accounting.

[Those relating to consolidated cash flow statement]

Mid-term period end balance of cash and cash equivalent objects and relation to the amount and account stated in the mid-term period consolidated balance sheet

(Unit: million yen)

	Current mid-term for consolidated accounting	Previous mid-term for consolidated accounting	Previous fiscal year for consolidated accounting
Cash and deposit accounts	25,598	24,936	28,399
Securities account	2,626	4,377	4,872
Total	28,224	29,313	33,272
Time deposits with time period more than 3 months	- 56	- 49	- 54
Securities other than additional type public bonds investment trusts	- 300	- 149	- 149
Cash and cash equivalent objects	27,867	29,114	33,068

[Those relating to lease transactions]

Finance lease transactions other than those for which ownership rights of the leased object transfers to the lessee

1. Amount equivalent to acquired amount of the leased object, amount equivalent to accumulated depreciation amount, and amount equivalent to balance at end of the mid-term period.

(Unit: million yen)

Tools and equipment, fixtures	Current mid-term for consolidated accounting	Previous mid-term for consolidated accounting	Previous fiscal year for consolidated accounting
Amount equivalent to acquired amount	1,573	-	1,537
Amount equivalent to accumulated depreciation amount	841	-	819
Amount equivalent to balance at end of mid-term period	731	-	717

(Note) Amount equivalent to acquired amount was calculated from the previous consolidated fiscal year by the interest payable exclusive method because the ratio of unexpired lease charge balance at the end of the previous consolidated fiscal year in the term end balance of tangible fixed assets, etc. became more important.

However, the amounts calculated according to the interest payable inclusive method are as follows.

(Unit: million yen)

Tools and equipment, fixtures	Current mid-term for consolidated accounting	Previous mid-term for consolidated accounting	Previous fiscal year for consolidated accounting
Amount equivalent to acquired amount	1,763	1,747	1,685
Amount equivalent to accumulated depreciation amount	946	831	862
Amount equivalent to balance at end of mid-term period	817	917	823

2. Amount equivalent to unexpired lease charge balance at end of the mid-term period.

(Unit: million yen)

Tools and equipment, fixtures	Current mid-term for consolidated accounting	Previous mid-term for consolidated accounting	Previous fiscal year for consolidated accounting
Within 1 year	349	-	334
Over 1 year	406	-	401
Total	755	-	736

(Note) Amount equivalent to unexpired lease charge at the end of mid-term period was calculated from the previous consolidated fiscal year by the interest payable exclusive method because the ratio of unexpired lease charge balance at the end of the previous consolidated fiscal year in the term end balance of tangible fixed assets, etc. became more important.

However, the amounts calculated according to the interest payable inclusive method are as follows.

(Unit: million yen)

Tools and equipment, fixtures	Current mid-term for consolidated accounting	Previous mid-term for consolidated accounting	Previous fiscal year for consolidated accounting
Within 1 year	388	392	373
Over 1 year	430	524	449
Total	818	917	823

3. Payable lease charges, amount equivalent to depreciation expenses and amount equivalent to interest payable

(Unit: million yen)

Tools and equipment, fixtures	Current mid-term for consolidated accounting	Previous mid-term for consolidated accounting	Previous fiscal year for consolidated accounting
Payable lease charges	199	216	429
Amount equivalent to depreciation expenses	184	216	396
Amount equivalent to interest payable	14	-	41

4. Calculation method of amount equivalent to depreciation expenses

Calculation was made by the straight line method with lease period set as the service life and residual value set at zero.

5. Calculation method of amount equivalent to interest

Amount equivalent to interest is defined as a difference between total of lease charge and the amount equivalent to acquisition prices for the lease property. The method of allocation to each period is based on the interest law.

5. Relating to Securities

The current mid-term consolidated period (as of to Sept. 30, 2001)

1. Bonds with current market value and intended to be held until maturity date

(Unit: million yen)

	Amount in the mid-term consolidated balance sheet	Current value	Difference amount
Corporate bonds	700	700	0
Total	700	700	0

2. Other securities with current market value

(Unit: million yen)

	Acquired cost	Amount in the mid-term consolidated balance sheet	Difference amount
(1) Shares	8,368	8,683	314
(2) Bonds			
Corporate bonds	2	3	0
(3) Others	302	164	- 138
Total	8,674	8,850	176

3. Contents of main securities without current market value

(Unit: million yen)

	Amount in the mid-term consolidated balance sheet	Remarks
(1) Bonds intended to be held until maturity		
Discount bank debentures	99	
Non-public domestic bonds	2	
Unlisted foreign bonds	0	
Total	102	
(2) Other securities		
Money management fund	1,471	
Mid term government bond fund	855	
Unlisted shares (excluding over-the-counter sold shares)	866	
Total	3,192	

(Note) In the previous mid-term period consolidated accounting period and the previous consolidated fiscal year, other securities with current market value were not evaluated according to the current market value. However, the amounts for other securities in the mid-term period consolidated balance sheet (consolidated balance sheet) accounted according to Finance Ministerial Ordinance of 2000, vol. 11, Supplementary provisions vol.3 (vol. 9, Supplementary provisions vol. 3) are as follows.

(Unit: million yen)

	Previous mid-term for consolidated accounting	Previous fiscal year for consolidated accounting
Amount in the mid-term consolidated balance sheet	7,174	8,561
Current value	9,579	9,592
Amount equivalent to evaluation difference	1,394	597
Amount equivalent to deferred tax liability	1,010	432

6. Relating to Derivative Transactions

Although our company is conducting interest rate swap transactions, we are applying hedge accounting. Accordingly, notes are omitted

7. Segment Information

1. Segment information by type of business

The current mid-term consolidated period (April 1, 2001 to September 30, 2001) ,
the previous mid-term consolidated period (April 1, 2000 to September 30, 2000) and
the previous consolidated fiscal year (April 1, 2000 to March 31, 2001)

Since our corporate group is engaged in facility construction works, there are no business types other than this. Accordingly, segment information by business type is not described.

2. Segment information by location

The current mid-term consolidated period (April 1, 2001 to September 30, 2001) ,
the previous mid-term consolidated period (April 1, 2000 to September 30, 2000) and
the previous consolidated fiscal year (April 1, 2000 to March 31, 2001)

Since the total sales amount of all segments of "Japan" exceeds 90%, description of segment information by location is omitted.

3. Overseas sales amount

The current mid-term consolidated period (April 1, 2001 to September 30, 2001) ,
the previous mid-term consolidated period (April 1, 2000 to September 30, 2000) and
the previous consolidated fiscal year (April 1, 2000 to March 31, 2001)

Since overseas sales amount is less than 10% of the total consolidated sales, description of overseas sales is omitted.