



November 19, 2004

CONSOLIDATED FINANCIAL REPORT FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2004

Daimei Telecom Engineering Corp. is listed on the Tokyo Stock Exchange First Section with the securities code 1943.
(URL <http://www.daimei.co.jp>)

Representative: Representative Director and President, Taneaki Mihara
For further information contact: Managing Director Akinori Hara
Director, Management & Administration Department
Tel: +81-3-5434-1121

Semi-annual Board of Directors Meeting: November 18, 2004
Adoption of US GAAP: No

Figures have been rounded off to eliminate amounts less than one million yen

1. Business Results for the Six-month Period ended September 30 (April 1, 2004 - September 30, 2004)

(1) Consolidated Operating Results

	Net Sales		Operating Income		Ordinary Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
2004	41,923	14.4	2,270	66.5	2,246	73.3
2003	36,645	9.0	1,364	305.8	1,295	416.3
FY ended Mar '04	91,228		4,822		4,758	

	Interim (Fiscal Year) Net Income		Interim (Fiscal Year) Net Income per Share		Interim (Fiscal Year) Diluted Net Income per Share	
	Millions of yen	%	Yen	Yen	Yen	Yen
2004	994	202.2	24.70	22.46		
2003	329	—	8.21	8.19		
FY ended Mar '04	1,852		45.17	41.30		

Notes: 1. Equity in earnings of non-consolidated subsidiaries and affiliates

Six months ended September 30, 2004: ¥5 million

Six months ended September 30, 2003: ¥0

Fiscal year ended March 31, 2004: ¥17 million

2. Average number of shares outstanding (consolidated):

Six months ended September 30, 2004: 40,277,577 shares

Six months ended September 30, 2003: 40,110,639 shares

Fiscal year ended March 31, 2004: 40,230,621 shares

3. Changes in accounting policies: Yes

4. Percentages shown for net sales, operating income, ordinary income and net income are the rate of increase or decrease from the previous fiscal year.

(2) Consolidated Financial Position

	Total Assets	Shareholders' Equity	Shareholders' Equity to Total Assets	Shareholders' Equity per Share
	Millions of yen	Millions of yen	%	Yen
2004	63,932	30,081	47.1	745.96
2003	64,288	27,964	43.5	696.05
FY ended Mar '04	69,483	29,792	42.9	739.97

Note: Number of shares outstanding at the end of the term (consolidated)

Six months ended September 30, 2004: 40,326,595 shares

Six months ended September 30, 2003: 40,176,503 shares

Fiscal year ended March 31, 2004: 40,213,963 shares

(3) Consolidated Cash Flows

	Operating Activities	Investing Activities	Financing Activities	Cash and Cash Equivalents, End of Period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
2004	2,236	(460)	(2,644)	17,615
2003	1,799	326	(654)	19,995
FY ended Mar '04	4,525	(2,284)	(2,299)	18,463

(4) Consolidated Subsidiaries and Application of the Equity Method

Number of consolidated subsidiaries: 13

Number of non-consolidated subsidiaries accounted for by the equity method: 0

Number of affiliates accounted for by the equity method: 1

(5) Changes in Scope of Consolidation and Application of the Equity Method

New consolidated companies: 1

Consolidated companies removed: 0

New companies accounted for by the equity method: 0

Companies accounted for by the equity method removed: 0

2. Forecast of Consolidated Results for the Fiscal Year ending March 31, 2005 (April 1, 2004 - March 31, 2005)

	Net Sales	Ordinary Income	Net Income
	Millions of yen	Millions of yen	Millions of yen
Fiscal year ending March 31, 2005	91,500	4,800	2,200

Reference: Estimated net income per share for the fiscal year: ¥54.55

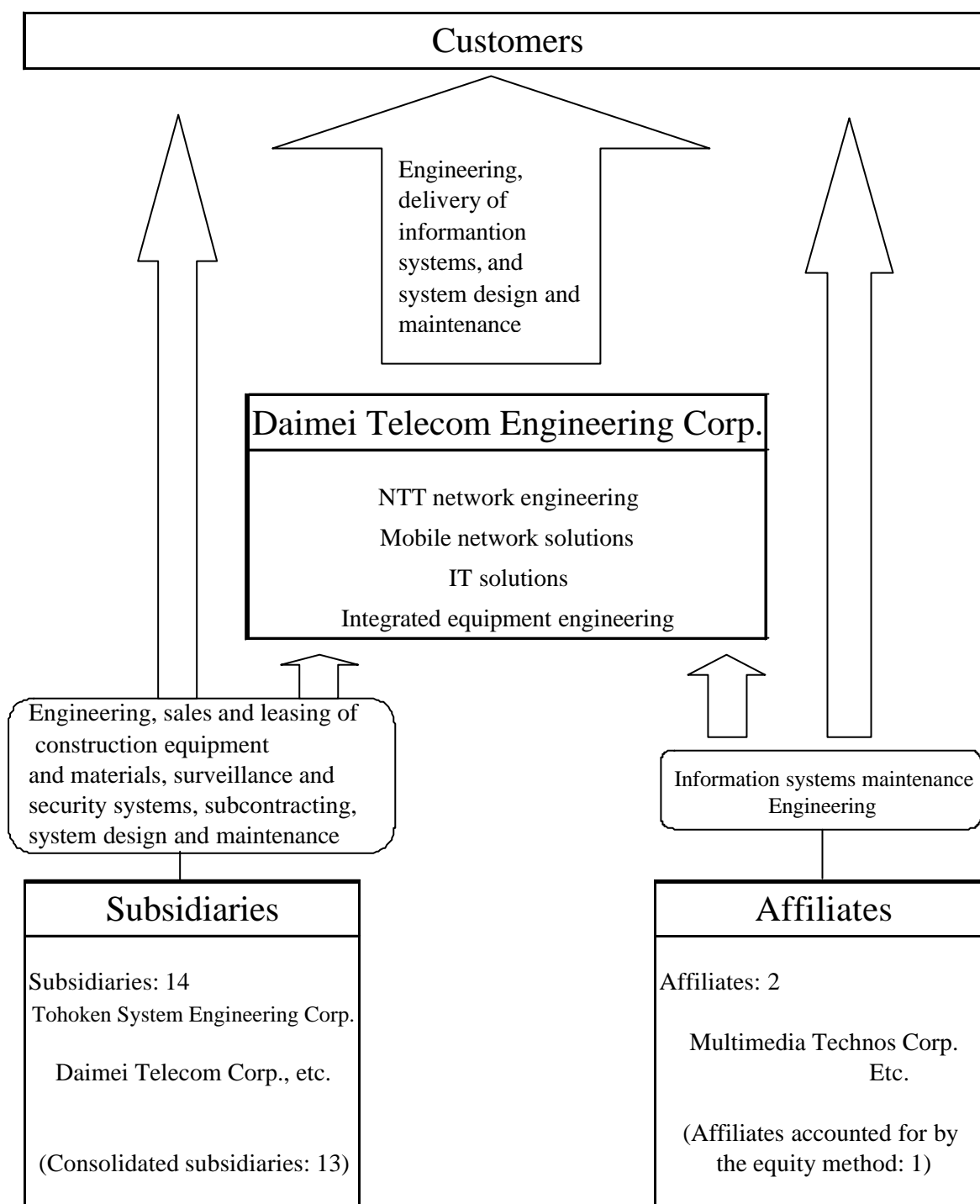
Cautionary Statement

Statements made in this report with respect to Daimei's current plans, estimates, strategies and beliefs and other statements that are not historical facts are forward-looking statements about the future performance of Daimei. These statements are based on management's assumptions and beliefs in light of the information available at the time such statements were created and are not guaranteed. Daimei cautions that a number of important factors such as general economic conditions and exchange rates could cause actual results to differ materially from those discussed in the forward-looking statements.

Please refer to Page 9 of the appended materials for matters to note before using the assumptions and forecasted results

1. Conditions of the Corporate Group

The Daimei Group, comprising the parent company, 14 subsidiaries and 2 affiliates, has core operations in NTT network engineering work, mobile network solutions work, IT solutions work, and integrated equipment engineering work. The Company also engages in such related areas as the sale and leasing of construction equipment, as well as surveillance and security systems.



* The subsidiary Tohoken System Engineering Corporation shown in the above table is listed on the Japan Securities Dealers Association (JASDAQ).

2. Management Policies

(1) Basic Management Policies

Based on the concept of contributing to the advancement of information technology (IT) and the creation of an affluent society adopted from its corporate philosophy, Daimei Telecom Engineering Corp. endeavors to achieve steady growth and increase corporate value throughout the Group as IT engineering and services company for the 21st century.

To realize these goals and establish the Daimei brand, Daimei strives to meet the expectations of all stakeholders including shareholders, clients, suppliers and employees.

In line with our long-term policies of transforming the business to establish a superior competitive position, increasing customer satisfaction and developing human resources, we are focusing group-wide efforts on increasing profits by expanding operations and reducing costs, assuring safety and improving product quality.

Daimei is also working to earn society's trust as a good corporate citizen, through complete transparency in its corporate activities and full compliance with regulations and a high standard of ethics.

(2) Dividend Policy

Daimei considers the stable distribution of dividends a fundamental management policy, while taking into account business performance and the payout ratio.

From a medium and long-term perspective, Daimei uses retained earnings for future business expansion, while striving to bolster its corporate structure and strengthen its business foundation.

The Company does not distribute interim dividends.

(3) Policy Concerning Reduction of Unit Stock Size

Daimei regards the proper valuation of its stock and the enhanced liquidity of its shares as important issues. Given present circumstances including the level of stock prices, we believe conditions are not appropriate for executing an immediate reduction in the number of shares in the company's unit stock.

Daimei will address this issue prudently while giving careful consideration to a variety of factors, such as the future market trend.

(4) Managerial Indicator Established as an Objective

As an objective in the Company's medium-term plan, management has established the objective of improving the Company's return on shareholders' equity (ROE) to 10% in order to increase the value of the firm.

(5) Medium and Long-term Management Strategy

In the telecommunication sector, which is intimately related to Daimei's core business, demand is shifting from "voice and fixed line" to "IP and mobile" telecommunications. This change is being reinforced by the advent of a full-fledged broadband era and an age when all information will flow over networks.

Faced with this business environment, as its medium-term management strategy the Company is seeking to improve the value of the firm by establishing an organization to support to the IT business market, expanding its mobile telecommunications-related businesses, and securing customers' trust by enhancing cost competitiveness and improving quality (CS). At the same time, the Company will further develop various corporate activities with the objective of contributing to local communities.

To broaden the content of its group businesses, Daimei will strengthen its telecommunications-related IT technology and work to enhance its dominance and competitiveness in IT business markets such as the solutions business, while continuing to pursue its traditional telecommunications network engineering works as the foundation of all its businesses.

(6) Issues to be Addressed

The business environment surrounding the Company is evolving amidst expectations of an economic expansion, under which our corporate performance continues to look promising. In the Company's main business area in the telecommunications sector as well, Daimei anticipates substantial opportunities related to the formation of an advanced information and telecommunications society.

For this reason, responding to changes in industry structure and market trends and improving profitability are fundamental management issues, and all of the companies in the Daimei Group are addressing the following issues.

- 1) Revamp cost structures
- 2) Train human resources
- 3) Strengthen technological capabilities
- 4) Increase productivity
- 5) Improve quality
- 6) Ensure safety

(7) Basic Approach to Corporate Governance and Status of Policy Implementation

In its basic thinking concerning corporate governance, Daimei has declared one of its most important management issues to be creating the organizational structure and mechanisms to ensure management transparency and efficiency for all stakeholders, including the Company's shareholders, and implementing the measures necessary to achieve this goal.

The Company's current management system is composed of eight directors and four auditors, two of whom are outside auditors.

In addition, to ensure adherence to all laws, fairness, and ethical behavior in all corporate activities, the Company has established a Compliance Committee and a Compliance Promotion Office, and prepared a Daimei Corporate Conduct Charter with the goal of ensuring observance of the law and corporate ethics.

3. Business Results and Financial Position

(1) Review of the Interim Period ended September 30, 2004

During the interim period under review, Japan's economy maintained a steady, gradual recovery trend. Business activity fluctuated with the expectation of an economic upturn, despite the severity of cutbacks in public investment, as private sector capital investment continued to increase, and exports and production also exhibited a positive growth trend.

In the telecommunications sector, the market environment experienced tremendous changes. The advent of a true broadband era continued to unfold, based on optical fiber access services and ADSL services, which contributed to widespread anticipation of progress towards a ubiquitous computer society and mobile networks.

NTT East Corp. and NTT West Corp., two firms with strong relationships to Daimei Telecom's operations, are aggressively pushing ahead with construction of optical fiber access networks in response to growing broadband markets, including full-scale development of optical fiber IP services.

In addition, every mobile telecommunications carrier continued to promote third-generation cellular telephone services and embark on bullish capital investment to expand and support this market.

In light of this business environment, in its engineering business Daimei strove to improve construction efficiency and enhance cost competitiveness based on safety and product quality, through organizational management combining the production and construction divisions. In its solutions business, Daimei sought to improve operating results by expanding the volume of orders received through increased utilization of proposal-based marketing for its clients, and by aggressively pursuing measures such as enhancements to IP technology capabilities.

As a result, the value of orders received during the interim period under review increased by 18.6% year-on-year to ¥48,722 million, and consolidated net sales rose 14.4% compared to the same period of the previous fiscal year to ¥41,923 million.

Moreover, as a result of Daimei's efforts to improve operating efficiency and focus on profitability, ordinary income rose 73.3% compared with the same period of the previous fiscal year to ¥2,246 million, and net income for the interim period jumped 202.2% year-on-year to ¥994 million.

(2) Overview of Activities by Business Category

1) Network engineering work for NTT

NTT East Corp. and NTT West Corp. continued to make capital investments focused on construction of access-related optical networks, in preparation for the era of full-fledged broadband applications. As a result of its efforts to expand orders received for this business, Daimei increased the value of orders received by 5.6% year-on-year to ¥16,879 million, and net sales rose 0.2% compared to the same period of the previous fiscal year to ¥15,497 million.

2) Mobile network solutions work

Based on efforts to expand orders received for aggressive capital investment related to promotion of new services including third-generation service, the value of orders received surged 33.9% compared to the same period of the previous consolidated fiscal year to ¥18,771 million, and net sales increased 29.4% year-on-year to ¥15,338 million.

3) IT solutions work

As both technological innovations and intensive competition for orders spread, Daimei sought to expand the volume of orders received for IT-related solutions works by entering new businesses and approaching new clients. As a result, the value of orders received climbed 25.5% year-on-year to ¥4,202 million, and net sales rose 11.7% compared with the same period of the previous fiscal year to ¥3,223 million.

4) Integrated equipment engineering work

Daimei stepped up efforts to expand orders for common-carrier-related business and obtain orders in markets such as government and municipal offices. As a result, the value of orders received increased

14.9% from the same period of the previous fiscal year to ¥8,868 million, and net sales increased 22.0% year-on-year to ¥7,864 million.

Consolidated Orders Received

(Millions of yen)

Construction category	Prior interim consolidated accounting period	Interim consolidated accounting period under review	Change
NTT network engineering work	15,990	16,879	888
Mobile network solutions work	14,015	18,771	4,755
IT solutions work	3,349	4,202	853
Integrated equipment engineering work	7,715	8,868	1,152
Total	41,071	48,722	7,650

Consolidated Net Sales

(Millions of yen)

Construction category	Prior interim consolidated accounting period	Interim consolidated accounting period under review	Change
NTT network engineering work	15,459	15,497	37
Mobile network solutions work	11,858	15,338	3,480
IT solutions work	2,884	3,223	338
Integrated equipment engineering work	6,443	7,864	1,420
Total	36,645	41,923	5,278

(Note) In response to changes in its business areas, beginning in the interim consolidated accounting period under review Daimei Telecom changed its business classifications as described below.

The classification "NTT network system construction (external and internal)" was changed to NTT network engineering work, "mobile telecommunications construction work" was changed to mobile network solutions work, the IT solutions sector of "general systems construction work" was changed to IT solutions work, and construction work for general telecommunications carriers, construction work for government and municipal offices, environmental equipment construction work and other businesses will be classified under integrated equipment engineering work.

The value of orders received and net sales based on the categories applied before the classifications were changed are shown below.

Consolidated Orders Received <before the classifications were changed>

(Millions of yen)

Construction category	Prior interim consolidated accounting period	Interim consolidated accounting period under review	Change
NTT network system construction (external)	14,282	15,083	801
NTT network system construction (internal)	1,708	1,796	87
NTT subtotal	15,990	16,879	888
Mobile telecommunications construction work	14,015	18,771	4,755
General systems construction work	9,951	11,312	1,361
Overseas construction work	(2)	-	2
Other business	1,116	1,758	641
Total	41,071	48,722	7,650

Consolidated Net Sales <before the classifications were changed>

(Millions of yen)

Construction category	Prior interim consolidated accounting period	Interim consolidated accounting period under review	Change
NTT network system construction (external)	13,276	13,843	566
NTT network system construction (internal)	2,183	1,653	(529)
NTT subtotal	15,459	15,497	37
Mobile telecommunications construction work	11,858	15,338	3,480
General systems construction work	8,214	9,329	1,115
Overseas construction work	(2)	-	2
Other business	1,116	1,758	641
Total	36,645	41,923	5,278

(3) Financial Position (Cash Flows)

During the interim consolidated accounting period under review, Daimei increased funds by decreasing notes and accounts receivable and increasing net income before income taxes and minority interest. The major uses of cash were an increase in construction in progress and repayments of short-term debt. As a result, the balance of cash and cash equivalents at the end of the interim consolidated accounting period under review was ¥17,615 million, a decrease of ¥2,380 million compared with the same period of the previous consolidated fiscal year.

Factors affecting cash flows for the interim consolidated accounting period under review are described below.

(Cash flow provided by operating activities)

Cash flow provided by operating activities was ¥2,236 million, ¥436 million more than in the same period of the previous consolidated fiscal year. Income before income taxes and minority interests was ¥1,786 million, and funds from a decrease in notes and accounts receivable totaled ¥7,480 million. Funds used to increase construction in progress were ¥2,932 million, and funds used to decrease notes and accounts payable were ¥2,298 million.

(Cash flow used in investing activities)

Cash flow used in investing activities was ¥460 million. This was a decrease of ¥787 million compared with the same period of the prior consolidated fiscal year. The main use of cash was purchases of investment securities totaling ¥400 million for purposes of investing capital.

(Cash flow used in financing activities)

Cash flow used in financing activities was ¥2,644 million, an increase of ¥1,990 million year-on-year. The Company used ¥1,726 million to introduce a CMS and reduce short-term external debt at subsidiaries.

Cash flow indicator trends

	Fiscal year ended March 31, 2003	Interim period ended September 30, 2003	Fiscal year ended March 31, 2004	Interim period ended September 30, 2004
Shareholders' equity ratio (%)	40.6	43.5	42.9	47.1
Shareholders' equity ratio, market price base (%)	17.5	31.9	31.7	45.7
Debt redemption (years)	2.6	5.6	4.1	3.6
Interest coverage ratio	19.3	8.7	15.7	11.9

(Notes) Shareholders' equity ratio: Shareholders' equity/Total assets
 Shareholders' equity ratio, market price base: Total market capitalization/Total assets
 Debt redemption years: Interest-bearing debt/Operating cash flow
 Interest coverage ratio: Operating cash flow/Interest payments

- All indicators are calculated using financial values on a consolidated basis.
- Total market capitalization is calculated by multiplying the (interim) share closing price of the Company's stock at the end of the period by the (interim) number of shares outstanding at the end of the period (After deducting treasury stock).
- For the above calculation the Company uses (interim) cash flow provided by operating activities on the consolidated statement of cash flows as operating cash flow. Interest-bearing debt is all liabilities on which the Company pays interest that are included in liabilities accounted for on the (interim) consolidated balance sheet. The total interest payment on the (interim) consolidated statement of cash flows is used for interest payments.
- The figures for debt redemption (years) shown for the interim periods have been calculated by multiplying the operating cash flow for each interim period by two to convert the cash flows into annual amounts.

(4) Forecast for the Fiscal Year ending March 31, 2005

During the balance of the fiscal year, Japan's economy is projected to maintain its slow recovery trend, supported by positive factors such as growth in private sector capital investment, exports and production. The outlook must be tempered, however, by uncertain conditions such as the trend in crude oil prices.

In Daimei's business area in the telecommunications sector, the growing demand for broadband services including optical fiber access and IP telephony, and the shift to greater utilization of mobile media such as third-generation cellular telephones, is projected to accelerate even further given the environment of heated competition among telecommunications carriers.

Daimei will seek to expand orders received by providing total support for broadband, mobile and IT-related services as the leading IT engineering and services company, and take steps to further improve cost competitiveness and enhance profitability.

Given these circumstances, the Company's outlook for consolidated operating results for the fiscal year is based on a 2.5% increase in value of orders received to ¥90,000 million, a 0.3% increase in net sales to ¥91,500 million, a 1.6% increase in operating income to ¥ 4,900 million, a 0.9% increase in ordinary income to ¥4,800 million, and an 18.8% increase in net income to ¥2,200 million.

< Note >

This material includes future projections based on the Company's current plans, outlook, management strategies and management policies. Management judgments and assumptions described in this forecast are based on information available at the time management prepared this material.

Actual results may vary substantially from the projections in this material as a result of changes in various conditions. Accordingly, the Company and its management make no guarantee that the description of projections in this material will be accurate in the future.

4. INTERIM CONSOLIDATED FINANCIAL STATEMENTS**(1) INTERIM CONSOLIDATED BALANCE SHEETS**

(Millions of yen)

Item \ Period	Prior interim consolidated accounting period As of September 30, 2003	Interim consolidated accounting period under review As of September 30, 2004	Prior consolidated fiscal year As of March 31, 2004
ASSETS			
Current assets:	46,690	44,320	49,776
Cash and bank deposits	16,019	13,652	14,351
Accounts receivable and accounts due for completed construction	17,086	16,479	23,875
Marketable securities	4,290	4,250	4,450
Cost of construction work in progress	7,994	7,997	5,212
Other inventory	345	452	304
Deferred tax assets	305	694	701
Other current assets	1,095	856	962
Allowance for doubtful receivables	(446)	(62)	(82)
Fixed assets:	17,597	19,612	19,707
Tangible assets:	11,424	10,959	11,143
Buildings and structures	2,983	2,862	2,904
Land	6,894	6,906	6,906
Other fixed assets	1,545	1,190	1,332
Intangible assets:	203	200	197
Investments and other assets:	5,969	8,452	8,366
Investment securities	3,093	3,684	3,709
Long-term loans receivable	228	148	178
Deferred tax assets	1,289	853	693
Other investments	2,784	5,008	4,951
Allowance for doubtful receivables	(1,426)	(1,243)	(1,165)
Total Assets	64,288	63,932	69,483

(Millions of yen)

Item	Period	Prior interim consolidated accounting period	Interim consolidated accounting period under review	Prior consolidated fiscal year
		As of September 30, 2003	As of September 30, 2004	As of March 31, 2004
LIABILITIES				
Current liabilities:		17,269	14,678	20,633
Notes payable and accrued construction		7,474	8,817	11,058
Short-term borrowings		5,488	1,962	3,994
Accrued income taxes		744	838	1,904
Advances received on uncompleted contracts		2,319	1,898	1,572
Allowance for completed construction indemnification		6	13	11
Other current liabilities		1,235	1,148	2,092
Long-term liabilities:		16,474	16,445	16,295
Convertible bonds		6,876	6,876	6,876
Long-term debt		7,781	7,487	7,617
Deferred tax liability		18	20	25
Reserve for employees' retirement benefits		1,455	1,481	1,448
Reserve for directors' retirement bonuses		-	283	-
Consolidation adjustment account		173	132	161
Deferred tax liability related to revaluations		145	145	145
Other long-term liabilities		24	20	21
Total Liabilities		33,744	31,124	36,928
MINORITY INTERESTS				
Minority interests		2,579	2,726	2,762
SHAREHOLDERS' EQUITY				
Common stock		5,576	5,576	5,576
Capital surplus		3,991	3,991	3,991
Retained surplus		18,634	20,637	20,157
Revaluation loss		(119)	(137)	(137)
Realized valuation gain (loss) on other marketable securities		170	258	481
Less reacquired stock		(289)	(245)	(277)
Total Shareholders' Equity		27,964	30,081	29,792
Total Liabilities, Minority Interests and Shareholders' Equity		64,288	63,932	69,483

(2) INTERIM CONSOLIDATED STATEMENTS OF INCOME

(Millions of yen)

Item	Period	Prior interim consolidated accounting period From April 1, 2003 to September 30, 2003		Interim consolidated accounting period under review From April 1, 2004 to September 30, 2004		Prior consolidated fiscal year From April 1, 2003 To March 31, 2004	
Net sales			36,645		41,923		91,228
Cost of sales			31,915		36,081		79,568
Gross profit			4,730		5,842		11,659
Selling, general and administrative expenses			3,365		3,571		6,837
Operating income			1,364		2,270		4,822
Non-operating income:							
Interest income and dividends		36		-		-	
Interest income		-		7		16	
Dividends		-		53		64	
Amortization of consolidation difference		78		28		144	
Equity in earnings of unconsolidated subsidiaries and affiliates		0		5		17	
Real estate rent income		20		29		45	
Other income		60	196	33	158	70	358
Non-operating expenses:							
Interest expense		142		129		281	
Foreign exchange losses		6		1		14	
Provision for doubtful receivables		43		31		-	
Other expenses		72	264	21	183	125	421
Ordinary income			1,295		2,246		4,758
Extraordinary income:							
Gain on sale of investment securities		83		11		84	
Gain on establishment of retirement benefit trust		-		-		202	
Reimbursement due to cancellation of insurance		11	95	9	21	29	316
Extraordinary expenses:							
Directors' retirement bonuses		84		39		84	
Loss on disposal of fixed assets		17		23		22	
Loss from bad debts		58		-		-	
Loss on valuation of goods		98		-		96	
Loss on valuation of investment securities		20		-		85	
Transfer to reserve for directors' past service retirement benefits		-		356		-	
Lawsuit settlement fund		-		33		66	
Amortization of difference from change in accounting standard for retirement benefits		28	306	28	480	56	412
Interim (fiscal year) income before income taxes and minority interests			1,084		1,786		4,663
Corporation, inhabitants' and enterprise taxes		778		781		2,733	
Income tax adjustments		-	778	-	781	(120)	2,613
Minority interests (loss)			(23)		9		197
Interim (fiscal year) net income			329		994		1,852

(3) INTERIM CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

(Millions of yen)

Item	Period	Prior interim consolidated accounting period From April 1, 2003 to September 30, 2003		Interim consolidated accounting period under review From April 1, 2004 to September 30, 2004		Prior consolidated fiscal year From April 1, 2003 To March 31, 2004	
CAPITAL SURPLUS							
I. Capital surplus, beginning of period			3,991		3,991		3,991
II. Capital surplus, end of interim period (fiscal year)			3,991		3,991		3,991
RETAINED SURPLUS							
I. Retained surplus, beginning of period			18,829		20,157		18,829
II. Increase in retained surplus							
Interim (fiscal year) net income	329			994		1,852	
Increase in retained surplus resulting from new consolidation	-	329		16	1,011	-	1,852
III. Decrease in retained surplus							
Dividends	480			482		480	
Directors' bonuses	33			44		33	
Loss on disposal of treasury stock	9	523		3	530	10	524
IV. Retained surplus, end of interim period (fiscal year)			18,634		20,637		20,157

(4) INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(Millions of yen)

Item	Period	Prior interim consolidated accounting period From April 1, 2003 to September 30, 2003	Interim consolidated accounting period under review From April 1, 2004 to September 30, 2004	Prior consolidated fiscal year From April 1, 2003 To March 31, 2004
		Amount	Amount	Amount
I. Cash flows from operating activities				
Interim (fiscal year) income before income taxes and minority interests		1,084	1,786	4,663
Depreciation and amortization		359	299	702
Increase (decrease) in various allowances		84	79	(285)
Increase in reserve for director's retirement bonuses		-	283	-
Interest and dividend income		(36)	(61)	(80)
Interest expense		144	130	281
Loss on foreign currency exchange		2	1	5
Loss of valuation of investment securities		20	3	85
Gain (loss) on sale of securities		(83)	(10)	(84)
Loss on valuation of goods		98	-	96
Non-cash revenues and expenses		(68)	(25)	(68)
Decrease (increase) in notes and accounts receivable		7,714	7,480	925
Decrease (increase) in construction in progress		(3,045)	(2,932)	(221)
Increase (decrease) in notes and accounts payable		(3,510)	(2,298)	50
Increase (decrease) in advances received on uncompleted contracts		799	326	52
Other, net		(122)	(863)	756
Loss on sale and disposal of fixed assets		17	22	22
Subtotal		3,457	4,222	6,900
Interest and dividends received		36	59	81
Interest paid		(206)	(188)	(289)
Income taxes paid		(1,487)	(1,856)	(2,166)
Net cash provided by (used in) operating activities		1,799	2,236	4,525
II. Cash flows from investing activities				
Increase in time deposits		(83)	(134)	(194)
Decrease in time deposits		148	184	236
Proceeds from sale of marketable securities		300	-	300
Purchases of property and equipment		(110)	(157)	(171)
Income from sale of property and equipment		24	27	29
Purchases of investment securities		(204)	(400)	(357)
Proceeds from sale of investment securities		243	39	271
Purchases of subsidiary stock		(10)	-	(10)
Purchase of long-term deposits		-	-	(2,500)
Expenditures for lending		(0)	(9)	(7)
Proceeds from collection on loans		54	39	114
Other, net		(35)	(50)	5
Net cash provided by investing activities		326	(460)	(2,284)
III. Cash flows from financing activities				
Proceeds from short-term debt		13,652	-	-
Repayments of short-term debt		(13,566)	-	-
Net change in short-term debt (decrease:)		-	(1,726)	(1,418)
Proceeds from long-term debt		-	152	100
Repayments of long-term debt		(274)	(588)	(528)
Acquisition of treasury stock		(1)	(3)	(3)
Proceeds from sale of treasury stock		42	31	59
Cash dividends paid to minority shareholders		(28)	(28)	(28)
Cash dividends paid		(477)	(482)	(480)
Net cash provided by (used in) financing activities		(654)	(2,644)	(2,299)
IV. Effect of exchange rate changes on cash and cash equivalents		(1)	(0)	(3)
V. Net increase in cash and cash equivalents		1,469	(869)	(62)
VI. Increase in cash and cash equivalents from consolidation of new companies		-	21	-
VII. Cash and cash equivalents at beginning of period		18,525	18,463	18,525
VIII. Cash and cash equivalents at end of interim period (fiscal year)		19,995	17,615	18,463



Daimei Telecom Engineering Corp
2-11-20 Nishi-Gotanda
Shinagawa-ku, Tokyo, Japan

November 19, 2004

NON-CONSOLIDATED FINANCIAL REPORT FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2004

Daimei Telecom Engineering Corp. is listed on the Tokyo Stock Exchange First Section with the securities code 1943. (URL <http://www.daimei.co.jp>)

Representative: Representative Director and President, Taneaki Mihara
For further information contact: Managing Director Akinori Hara
Director, Management & Administration Department
Tel: +81-3-5434-1121

Semi-annual Board of Directors Meeting: November 18, 2004 Interim dividend system: No
Does the Company have a unit stock system? Yes (1 unit: 1,000 shares)

Figures have been rounded off to eliminate amounts less than one million yen

1. Business Results for the Six-month Period ended September 30 (April 1, 2004 - September 30, 2004)

(1) Non-consolidated Operating Result:

	Net Sales		Operating Income		Ordinary Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
2004	37,661	14.4	1,969	19.0	1,919	19.2
2003	32,933	11.9	1,655	170.3	1,610	211.6
FY ended Mar '04	81,168		4,328		4,117	

	Interim (Fiscal Year) Net Income		Interim (Fiscal Year) Net Income per Share
	Millions of yen	%	Yen
2004	873	5.9	21.69
2003	825	732.0	20.57
FY ended Mar '04	1,906		46.49

Notes: 1. Average number of shares outstanding:

Six months ended September 30, 2004: 40,285,202 shares

Six months ended September 30, 2003: 40,128,197 shares

Fiscal year ended March 31, 2004: 40,249,208 shares

2. Changes in accounting policies: Yes

3. Percentages shown for net sales, operating income, ordinary income and net income are the rate of increase or decrease from the previous fiscal year.

(2) Dividends

	Interim Dividend per Share	Annual Dividend per Share
	Yen	Yen
2004	-	-
2003	-	-
FY ended Mar '04	-	12.00

(3) Financial Position

	Total Assets	Shareholders' Equity	Shareholders' Equity to Total Assets	Shareholders' Equity per Share
	Millions of yen	Millions of yen	%	Yen
2004	55,655	29,170	52.4	723.22
2003	52,453	27,611	52.6	686.96
FY ended Mar '04	59,096	29,003	49.1	720.03

Notes: 1. Number of shares outstanding at the end of the term:

Six months ended September 30, 2004: 40,334,537 shares

Six months ended September 30, 2003: 40,194,061 shares

Fiscal year ended March 31, 2004: 40,232,550 shares

2. Number of shares of treasury stock at the end of the term

Six months ended September 30, 2004: 724,043 shares

Six months ended September 30, 2003: 864,519 shares

Fiscal year ended March 31, 2004: 826,030 shares

2. Forecast of Results for the Fiscal Year ending March 31, 2005

	Net Sales	Ordinary Income		Net Income	Annual Dividend per Share	
		Millions of yen	Millions of yen		Millions of yen	Year-end
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen	Yen
Year ending March 31, 2005	79,500	3,800		1,900	12.00	12.00

Reference: Estimated net income per share for the fiscal year: ¥47.11

Cautionary Statement

Statements made in this report with respect to Daimei's current plans, estimates, strategies and beliefs and other statements that are not historical facts are forward-looking statements about the future performance of Daimei. These statements are based on management's assumptions and beliefs in light of the information available at the time such statements were created and are not guaranteed. Daimei cautions that a number of important factors such as general economic conditions and exchange rates could cause actual results to differ materially from those discussed in the forward-looking statements.

Please refer to Page 9 of the appended materials for matters to note before using the assumptions and forecasted results

1. NON-CONSOLIDATED INTERIM FINANCIAL STATEMENTS**1. INTERIM BALANCE SHEETS**

(Millions of yen)

Item \ Period	Prior interim non-consolidated accounting period As of September 30, 2003	Interim non-consolidated accounting period under review As of September 30, 2004	Prior non-consolidated fiscal year As of March 31, 2004
ASSETS			
Current assets:	39,886	40,617	44,176
Cash and bank deposits	13,463	11,188	11,341
Notes receivable	278	118	475
Accounts due for completed construction	15,064	14,516	21,019
Marketable securities	4,249	4,250	4,450
Cost of construction work in progress	5,464	6,378	4,395
Other inventory assets	63	59	30
Deferred tax assets	263	815	815
Other current assets	1,387	3,752	2,139
Allowance for doubtful receivables	(348)	(463)	(490)
Fixed assets:	12,567	15,037	14,919
Tangible assets:	6,722	6,636	6,636
Buildings and structures	2,177	2,107	2,124
Land	4,179	4,191	4,191
Other tangible fixed assets	365	337	320
Intangible assets:	152	136	148
Investments and other assets:	5,691	8,264	8,134
Investment securities	3,667	4,267	4,251
Long-term loans to employees	67	27	41
Deferred tax assets	1,088	733	584
Other investments	1,877	4,075	4,060
Allowance for doubtful receivables	(1,008)	(839)	(803)
Total Assets	52,453	55,655	59,096

(Millions of yen)

Item	Period	Prior interim non-consolidated accounting period	Interim non-consolidated accounting period under review	Prior non-consolidated fiscal year
		As of September 30, 2003	As of September 30, 2004	As of March 31, 2004
LIABILITIES				
Current liabilities:		10,291	11,722	15,555
Accrued construction		7,143	8,277	10,864
Current portion of long-term debt		3	2	2
Accrued income taxes		680	754	1,654
Advances received on uncompleted projects		1,651	1,702	1,511
Allowance for completed construction indemnification		5	13	11
Other current liabilities		806	971	1,510
Long-term liabilities:		14,550	14,762	14,537
Convertible bonds		6,876	6,876	6,876
Long-term debt		7,019	7,010	7,012
Reserve for employees' retirement allowances		654	627	649
Reserve for directors' retirement bonuses		-	248	-
Total Liabilities		24,841	26,484	30,092
SHAREHOLDERS' EQUITY				
Common stock		5,576	5,576	5,576
Capital surplus				
Capital reserve		4,070	4,070	4,070
Total capital surplus		4,070	4,070	4,070
Retained surplus				
Earned surplus		916	916	916
Discretionary reserves		15,798	17,065	15,798
Unappropriated income at end of interim period (fiscal year)		1,381	1,547	2,461
Total retained surplus		18,097	19,530	19,177
Realized valuation gain (loss) on other marketable securities		151	233	450
Treasury stock		(284)	(240)	(272)
Shareholders' Equity		27,611	29,170	29,003
Total Liabilities and Shareholders' Equity		52,453	55,655	59,096

2. INTERIM STATEMENTS OF INCOME

(Millions of yen)

Item	Period	Prior interim non-consolidated accounting period From April 1, 2003 to September 30, 2003		Interim non-consolidated accounting period under review From April 1, 2004 to September 30, 2004		Prior non-consolidated fiscal year From April 1, 2003 to March 31, 2004	
Net sales			32,933		37,661		81,168
Cost of sales			28,479		32,787		71,195
Gross profit			4,454		4,873		9,972
Selling, general and administrative expenses			2,798		2,903		5,643
Operating income			1,655		1,969		4,328
Non-operating income:							
Interest income		6		10		11	
Dividend income		-		75		85	
Other income		64	71	17	104	42	139
Non-operating expenses:							
Interest expense		97		98		193	
Provision for doubtful receivables		-		-		106	
Other expenses		19	116	54	153	51	351
Ordinary income			1,610		1,919		4,117
Extraordinary income:							
Gain on sale of investment securities		76	76	-	-	76	76
Extraordinary expenses:							
Directors' retirement bonuses		1		-		1	
Loss on disposal of fixed assets		14		20		19	
Loss on valuation of investment securities		28		-		82	
Provision for directors' past service retirement benefits		-	44	325	346	-	103
Interim period (fiscal year) income before income taxes Corporation, inhabitants' and enterprise taxes		816	1,641	699	1,573	2,438	4,090
Income tax adjustments		-	816	-	699	(253)	2,185
Interim period (fiscal year) net income			825		873		1,906
Income brought forward from the prior period			559		569		559
Retirement of treasury stock			(4)		(3)		(5)
Withdrawals from reserve for employees' retirement pensions			1		107		1
Interim period (fiscal year) net income			1,381		1,547		2,461

4. NET SALES AND VALUE OF ORDERS RECEIVED, BY CATEGORY

(Millions of yen)

Item \ Period		Prior interim non-consolidated accounting period From April 1, 2003 to September 30, 2003		Interim non-consolidated accounting period under review From April 1, 2004 to September 30, 2004		Prior non-consolidated fiscal year From April 1, 2003 to March 31, 2004	
		Amount	Percent	Amount	Percent	Amount	Percent
Balance carried forward from prior period	NTT Network Engineering Work	5,450	33.5	4,622	32.1	5,450	33.5
	Mobile Network Solutions Work	5,881	36.1	4,575	31.7	5,881	36.1
	IT Solutions Work	492	3.0	548	3.8	492	3.0
	Integrated Facilities Engineering Work	4,449	27.4	4,679	32.4	4,449	27.4
	Total	16,273	100	14,425	100	16,273	100
Orders received	NTT Network Engineering Work	15,990	42.9	16,879	38.4	32,070	40.4
	Mobile Network Solutions Work	13,717	36.7	18,439	41.9	30,993	39.1
	IT Solutions Work	2,625	7.0	2,795	6.4	5,555	7.0
	Integrated Facilities Engineering Work	4,992	13.4	5,849	13.3	10,700	13.5
	Total	37,326	100	43,963	100	79,320	100
Construction completed	NTT Network Engineering Work	15,459	46.9	15,497	41.2	32,899	40.5
	Mobile Network Solutions Work	11,585	35.2	15,041	39.9	32,299	39.8
	IT Solutions Work	2,352	7.2	2,169	5.8	5,499	6.8
	Integrated Facilities Engineering Work	3,536	10.7	4,952	13.1	10,470	12.9
	Total	32,933	100	37,661	100	81,168	100
Balance carried forward to next period	NTT Network Engineering Work	5,982	28.9	6,004	29.0	4,622	32.1
	Mobile Network Solutions Work	8,013	38.8	7,973	38.4	4,575	31.7
	IT Solutions Work	764	3.7	1,174	5.7	548	3.8
	Integrated Facilities Engineering Work	5,905	28.6	5,575	26.9	4,679	32.4
	Total	20,666	100	20,728	100	14,425	100

- Notes: 1. Numerical values are shown by category after the business classifications were changed.
2. The value of orders received and net sales based on the same categories applied in previous fiscal years before the classifications were changed are shown below.

<Before Change in Business Classification>

(Millions of yen)

Item	Period	Prior interim non-consolidated accounting period From April 1, 2003 to September 30, 2003		Interim non-consolidated accounting period under review From April 1, 2004 to September 30, 2004		Prior non-consolidated fiscal year From April 1, 2003 to March 31, 2004	
		Amount	Percent	Amount	Percent	Amount	Percent
Balance carried forward from prior period	NTT network system (external) construction work	4,277	26.3	3,916	27.2	4,277	26.3
	NTT network system (internal) construction work	1,173	7.2	705	4.9	1,173	7.2
	NTT construction subtotal	5,450	33.5	4,622	32.1	5,450	33.5
	Mobile telecommunications construction work	5,881	36.1	4,575	31.7	5,881	36.1
	General systems construction work	4,941	30.4	5,227	36.2	4,941	30.4
	Overseas construction work	-	-	-	-	-	-
	Total	16,273	100	14,425	100	16,273	100
Orders received	NTT network system (external) construction work	14,282	38.3	15,083	34.3	28,327	35.7
	NTT network system (internal) construction work	1,708	4.6	1,796	4.1	3,743	4.7
	NTT construction subtotal	15,990	42.9	16,879	38.4	32,070	40.4
	Mobile telecommunications construction work	13,717	36.7	18,439	41.9	30,993	39.1
	General systems construction work	7,620	20.4	8,644	19.7	16,258	20.5
	Overseas construction work	(2)	(0.0)	-	-	(2)	(0.0)
	Total	37,326	100	43,963	100	79,320	100
Construction completed	NTT network system (external) construction work	13,276	40.3	13,843	36.8	28,688	35.3
	NTT network system (internal) construction work	2,183	6.6	1,653	4.4	4,210	5.2
	NTT construction subtotal	15,459	46.9	15,497	41.2	32,899	40.5
	Mobile telecommunications construction work	11,585	35.2	15,041	39.9	32,299	39.8
	General systems construction work	5,891	17.9	7,121	18.9	15,972	19.7
	Overseas construction work	(2)	(0.0)	-	-	(2)	(0.0)
	Total	32,933	100	37,661	100	81,168	100
Balance carried forward to next period	NTT network system (external) construction work	5,282	25.5	5,156	24.9	3,916	27.2
	NTT network system (internal) construction work	699	3.4	847	4.1	705	4.9
	NTT construction subtotal	5,982	28.9	6,004	29.0	4,622	32.1
	Mobile telecommunications construction work	8,013	38.8	7,973	38.4	4,575	31.7
	General systems construction work	6,670	32.3	6,750	32.6	5,227	36.2
	Overseas construction work	-	-	-	-	-	-
	Total	20,666	100	20,728	100	14,425	100