



Daimei Telecom Engineering Corp.

2-11-20 Nishi-Gotanda
Shinagawa-ku, Tokyo, Japan

November 12, 2008

**CONSOLIDATED FINANCIAL REPORT
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2008**

Daimei Telecom Engineering Corp. is listed on the Tokyo Stock Exchange First Section with the securities code 1943.

(URL <http://www.daimei.co.jp/>)

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Date for submission of quarterly report: November 14, 2008

Date for start of dividend payments: December 5, 2008

Note: 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, 2008 – September 30, 2008)

(1) Consolidated Operating Results

(The percentages shown are the percent increase or decrease compared to the prior consolidated fiscal year)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended								
September 30, 2008	56,106	—	3,133	—	3,173	—	1,718	—
September 30, 2007	50,809	(9.3)	2,549	(45.8)	2,657	(43.8)	1,510	(44.3)

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
Six months ended		
September 30, 2008	44.92	40.27
September 30, 2007	36.92	33.45

(2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity to Total Assets	Net Assets per Share
	Millions of yen	Millions of yen	%	Yen
As of				
September 30, 2008	68,474	43,834	59.6	1,066.14
March 31, 2008	71,047	42,436	55.5	1,031.48

(Reference) Shareholders' equity As of September 30, 2008 ¥40,782 million
As of March 31, 2008 ¥39,449 million

2. Dividends

(Date of Record)	Dividends per Share				
	First Quarter	Second Quarter	Third Quarter	Year-end	Full Year
Year ended March31,2008	Yen —	Yen 8.00	Yen —	Yen 12.00	Yen 20.00
Year ending March31,2009	—	9.00	—	—	—
Year ending March31,2009 (forecasts)	—	—	—	11.00	20.00

(Note) Has the Company revised the projected dividend for the quarter? No

3. Projected Operating Results for the Consolidated Fiscal Year Ending March 2009 (April 1, 2008 – March 31, 2009)

(The percentages shown for the full year are the percent increase or decrease compared to the prior consolidated fiscal year)

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full Year	129,000	7.4	7,750	1.8	7,900	1.4	4,400	1.7	115.03

(Note) Has the Company revised its projected consolidated operating results during this quarter? No

4. Other

- (1) Were there transfers of important subsidiaries during the period (transfer of specific subsidiaries in conjunction with a change in the scope of consolidation)? No
- (2) Has the Company applied simplified accounting treatment and special accounting treatment for preparation of the quarterly consolidated financial statements? Yes
Note: For details please refer to “4. Other” under Qualitative Information and Financial Statements on Page 4.
- (3) Changes in the principles, procedures or methods of presentation pertaining to preparation of the quarterly consolidated financial statements (Matters recorded in the Changes in Important Matters Used as the Basis for Preparation of the Consolidated Financial Statements)
 - (a) Are there changes in conjunction with revision of accounting standards? Yes
 - (b) Are there changes other than those in (a)? Yes
 Note: For details please refer to “4. Other” under Qualitative Information and Financial Statements on Page 4.
- (4) Number of shares issued (common stock)
 - (a) Number of shares outstanding at the end of the period (including treasury stock)

Six months ended September 30, 2008	41,112,324 shares
Fiscal year ended March 31, 2008	41,112,324 shares
 - (b) Number of shares of treasury stock at the end of the period

Six months ended September 30, 2008	2,860,186 shares
Fiscal year ended March 31, 2008	2,867,149 shares
 - (c) Average number of shares outstanding during the period (first half)

Six months ended September 30, 2008	38,249,473 shares
Six months ended September 30, 2007	40,921,089 shares

Note: Explanation concerning appropriate use of the projected operating results and other items to note

- Beginning from this consolidated accounting fiscal year, the Company has adopted the “Accounting Standard for Quarterly Financial Reporting” (Accounting Standards Board of Japan Statement No. 12) and the “Guidance on Accounting Standard for Quarterly Financial Reporting” (Accounting Standards Board of Japan Implementation Guidance No. 14). The Company prepares its quarterly consolidated financial statements in accordance with the “Regulation for Quarterly Consolidated Financial Statements.”
- The projected consolidated operating results described above are forecasts based on information available at the time the forecasts were prepared and include various uncertainty factors. Actual results may differ from the projected values indicated above because of changes in operating results or other parameters.

Qualitative Information and Financial Statements

1. Qualitative Information Concerning Consolidated Operating Results

During the first half under review, Japan's economy struggled against a variety of negative factors, including weak personal consumption and capital investment, as a result of spreading global financial turmoil and the impact of a surge in resource prices, and concerns regarding the future economic outlook increased.

In the telecommunications sector, the shift to broadband services and drive to create a full IP network, including the NGN services begun in the Tokyo metropolitan area during the period under review, and the shift to greater utilization of mobile multi-media aimed at WiMAX and generation 3.5 and 3.9 (LTE) cellular telephones, both accelerated even further under an environment of intense competition as telecommunications carriers focused on services and charges.

As a result of organizational expansion and aggressive efforts to cultivate new markets centered on mobile network solutions work, the Daimei Group's core business, during the second quarter under review the value of orders received rose 7.4% compared with the same period of the previous consolidated fiscal year to ¥62,810 million, and net sales increased 10.4% year-on-year to ¥56,106 million.

From an earnings perspective, expenses were pushed higher by measures such as the introduction of new internal mission-critical systems. As a result of efforts to increase net sales in mobile network solutions work and reduce costs, however, operating income rose 22.9% over the same period one year earlier to ¥3,133 million, and ordinary income increased 19.4% year-on-year to ¥3,173 million. Net income increased 13.7% from the same period of the previous consolidated fiscal year to ¥1,718 million.

(Overview of Activities by Business Category)

(1) NTT Network Engineering Work

Orders for general integrated engineering work rose steadily, but service integration construction orders were delayed. As a result, the value of orders received edged down 1.0% from the same period of the previous consolidated fiscal year to ¥18,914 million, and net sales increased 1.1% year-on-year to ¥16,700 million.

(2) Mobile Network Solutions Work

As a result of aggressively undertaking new market development while continuing vigorous capital investment in the mobile communications market, in order to promote and enhance mobile service, including capital equipment construction to support frequency reorganization and improve telephone speech quality, the value of orders received increased 18.8% from the same period one year earlier to ¥32,631 million and net sales increased 24.0% year-on-year to ¥29,827 million.

(3) IT Solutions Work

Demand in private sector markets experienced a slump, particularly the financial sector, even as technological innovations advanced and severe competition for new orders became the norm. As a result, the value of orders received fell 9.4% from the same period of the previous consolidated fiscal year to ¥4,912 million. Net sales rose 3.6% year-on-year to ¥4,888 million.

(4) Civil Engineering and Other Works

As a result of efforts to be more selective and focus on the most profitable orders, the value of orders received declined 2.0% year-on-year to ¥6,352 million and net sales decreased 15.0% year-on-year to ¥4,690 million.

2. Qualitative Information Concerning Consolidated Financial Position

(Assets)

Total assets at the end of the consolidated accounting second quarter were ¥68,474 million. This was ¥2,573 million less than at the end of the previous consolidated fiscal year. Although cost of construction work in progress increased because of an increase in work carried forward, accounts receivable and accounts due for completed construction were lower.

(Liabilities)

Total liabilities at the end of the consolidated accounting second quarter fell by ¥3,971 million compared with the end of the previous consolidated fiscal year to ¥24,639 million. This mainly reflected a decrease in notes payable and accrued construction.

(Net Assets)

Total net assets at the end of the consolidated accounting second quarter under review were ¥43,834 million, an increase of ¥1,398 million compared with the end of the previous consolidated fiscal year. In addition to an increase in earned surplus from net income, this reflected an increase in valuation difference on available for sale securities.

3. Qualitative Information Concerning Projected Consolidated Operating Results

The Company projects economic conditions will continue to weaken for the immediate future as the global economy decelerates. In addition, the risk of economic conditions growing even more serious has been noted, and the affect this will have on the real economy is a concern.

Although a severe economic climate is anticipated in the future, NGN (next-generation network) service has begun in the telecommunications sector, robust capital investment for mobile networks is continuing and the evolution of services for third-generation cellular phones including diversification of services and quality improvements is anticipated. Combined with construction of a full IP network base, the fusion of fixed line and mobile services, telecommunications and broadcasting is expected to proceed under keen competition among carriers.

As the leading IT engineering and services company, Daimei will seek to expand orders received by providing total support for broadband, mobile and IT-related services, ranging from planning and negotiation to design, construction, maintenance and management, and continue taking steps to improve cost competitiveness and enhance profitability by maintaining an efficient and flexible design and construction organization that is capable of meeting customers' needs.

Given these efforts, Daimei's outlook for consolidated operating results for the fiscal year is based on a 3.8% increase in value of orders received to ¥129,000 million, a 7.4% increase in net sales to ¥129,000 million, a 1.8% increase in operating income to ¥7,750 million, a 1.4% increase in ordinary income to ¥7,900 million and a 1.7% increase in net income to ¥4,400 million, as announced on May 14.

4. Other

(1) Changes to important subsidiaries during the period (Changes in specific subsidiaries in conjunction with a change in the scope of consolidation)

The Company had no material items to report.

(2) Application of simplified accounting method and special accounting method in the preparation of quarterly consolidated financial statements

(a) Calculation of tax expense

The Company calculates its tax expense by reasonably estimating its effective tax rate after application of tax effect accounting to the consolidated accounting fiscal year income before income taxes and minority interest for the current consolidated accounting fiscal year including the second quarter, and multiplying the net income before income taxes and minority interest for the quarter by this estimated effective tax rate.

Income tax adjustments are reported by inclusion in "corporation, inhabitants' and enterprise taxes."

(b) Method of calculating deferred tax assets and deferred tax liability

Because there has been no significant change in the operating environment or temporary differences since the end of the previous consolidated accounting fiscal year, for deferred tax assets that are judged to be recoverable the Company calculates deferred tax assets and deferred tax liabilities by using a method that employs the business forecasts used at the end of the previous fiscal year or tax planning.

(c) Calculation method for fixed asset depreciation expense

For assets for which it has adopted the declining balance method, the Company calculates the amount of depreciation and amortization pertaining to the consolidated fiscal year on a pro-rata basis for each period.

(3) Changes in the principles, procedures or methods of presentation pertaining to preparation of the consolidated financial statements

(a) Application of accounting standards etc. for quarterly financial statements

Beginning from the consolidated accounting first quarter, the Company has adopted the “Accounting Standard for Quarterly Financial Reporting” (Accounting Standards Board of Japan Statement No. 12 dated March 14, 2007) and the “Guidance on Accounting Standard for Quarterly Financial Reporting” (Accounting Standards Board of Japan Implementation Guidance No. 14 dated March 14, 2007). Quarterly consolidated financial statements are prepared in accordance with the “Regulation for Quarterly Consolidated Financial Statements.”

(b) Application of Accounting Standard for Measurement of Inventories

Beginning from the first quarter consolidated accounting period, the Company will apply the “Accounting Standard for Measurement of Inventories” (Accounting Standards Board of Japan Accounting Standard No. 9 dated July 5, 2006) and has revised its valuation standard from the cost accounting method to the valuation at cost method (write-down of book value because of a decrease in profitability). The effect of this change on operating income, ordinary income and net income before taxes and minority interests for the period is not material.

(c) Application of accounting standard for lease transactions

The Company traditionally accounted for finance lease transactions that do not transfer ownership of the leased property to the lessee based on the accounting treatment for lease transactions. In conjunction with the change that allows companies to apply the “Accounting Standard for Lease Transactions” (Accounting Standards Board of Japan Accounting Standard No. 13 dated June 17, 1993, latest revision dated March 30, 2007) and the “Implementation Guidance on Accounting Standard for Lease Transactions” (Accounting Standards Board of Japan Implementation Guidance No. 16 dated January 18, 1994, latest revision dated March 30, 2007) from the quarterly consolidated financial statements pertaining to the consolidated fiscal year beginning on or after April 1, 2008, beginning from the first quarter consolidated accounting period the Company will apply early adoption of the standard and account for leases as normal trading transactions. As the depreciation of finance lease transactions that do not transfer ownership of the leased property to the lessee, the Company has adopted straight-line depreciation using the lease term as the depreciable life and zero residual value.

For finance lease transactions that do not transfer ownership of the leased property to the lessee and began in fiscal years prior to the application of the revised standard, the Company will continue to apply the former accounting standard for ordinary lease transactions.

The affect of this change on lease asset balances, operating income, ordinary income and net income before taxes and minority interests for the period is not material.

5. Quarterly Consolidated Financial Statements
(1) Second Quarter Consolidated Balance Sheet

(Unit: Millions of yen)

	Second Quarter of the Consolidated Fiscal Year Under Review As of September 30, 2008	Prior Consolidated Fiscal Year End Summary Balance Sheet As of March 31, 2008
Assets		
Current assets		
Cash and bank deposits	11,658	12,089
Accounts receivable and accounts due for completed construction	20,527	27,975
Marketable securities	4,339	3,342
Cost of construction work in progress and other inventory	10,704	7,283
Deferred tax assets	665	660
Other current assets	713	706
Allowance for doubtful receivables	(87)	(20)
Total current assets	48,521	52,038
Fixed assets		
Tangible fixed assets		
Buildings and structures (net)	2,930	2,736
Land	8,081	8,081
Construction suspense account	933	237
Other fixed assets (net)	1,320	1,327
Total tangible fixed assets	13,266	12,383
Intangible assets		
Goodwill	63	73
Other intangible assets	1,780	1,815
Total intangible assets	1,844	1,888
Investments and other assets		
Investment and other assets	3,029	2,835
Investment securities	129	136
Deferred tax assets	422	442
Other investments	1,695	1,842
Allowance for doubtful receivables	(434)	(520)
Total investments and other assets	4,842	4,736
Total fixed assets	19,952	19,009
Total Assets	68,474	71,047
Liabilities		
Current liabilities		
Notes payable and accrued construction	10,887	15,781
Short-term borrowings	409	280
Convertible bonds due within one year	6,752	—
Accrued income taxes	1,458	667
Advances received on uncompleted contracts	1,041	767
Allowance for losses on construction contracts	243	101
Accrued bonuses to directors	37	93
Allowance for completed construction indemnification	17	9
Other current liabilities	1,761	2,064
Total current liabilities	22,608	19,766
Long-term liabilities		
Convertible bonds	—	6,752
Long-term debt	2	2
Deferred tax liability	16	17
Reserve for employees' retirement benefits	1,461	1,510
Allowance for retirement benefits for directors	398	420
Negative goodwill	76	90
Deferred tax liability related to revaluations	49	49
Other long-term liabilities	27	2
Total long-term liabilities	2,031	8,844
Total Liabilities	24,639	28,611
Net Assets		
Owners' equity		
Paid-in capital	5,610	5,610
Capital Surplus	4,053	4,058
Earned surplus	33,305	32,045
Treasury stock	(2,296)	(2,301)
Total Owners' Equity	40,673	39,413
Valuation and translation adjustments		
Valuation difference on available for sale securities	214	141
Revaluation difference on land	(105)	(105)
Total valuation and translation adjustments	108	35
Minority interests	3,052	2,987
Total Net Assets	43,834	42,436
Total Liabilities and Net Assets	68,474	71,047

(2) Quarterly Consolidated Statement of Income
 Second Quarter Consolidated Statement of Income

(Unit: Millions of yen)

	Second Quarter of the Consolidated Fiscal Year Under Review From April 1, 2008 to September 30, 2008
Net sales	56,106
Cost of sales	48,198
Gross profit	7,908
Selling, general and administrative expenses	4,775
Operating income	3,133
Non-operating income	
Interest income	37
Dividends	37
Amortization of negative goodwill	14
Real estate net income	29
Other	38
Total non-operating income	158
Non-operating expenses	
Interest expense	65
Transfer to allowance for doubtful receivables	39
Other	12
Total non-operating expenses	118
Ordinary income	3,173
Extraordinary income	
Gain from sale of fixed assets	0
Gain on sale of investment securities	2
Reimbursement due to cancellation of insurance	77
Total extraordinary income	80
Extraordinary expenses	
Loss on disposal of fixed assets	12
Loss on valuation of investment securities	6
Total extraordinary expenses	18
Quarter income before income taxes and minority interests	3,235
Corporation, inhabitants' and enterprise taxes	1,425
Minority interests in income (loss)	92
Quarter net income	1,718

Beginning from the current consolidated accounting fiscal year, the Company has adopted the “Accounting Standard for Quarterly Financial Reporting” (Accounting Standards Board of Japan Statement No. 12 dated March 14, 2007) and the “Guidance on Accounting Standard for Quarterly Financial Reporting” (Accounting Standards Board of Japan Implementation Guidance No. 14 dated March 14, 2007). Quarterly consolidated financial statements are prepared in accordance with the “Regulation for Quarterly Consolidated Financial Statements.”

(3) Notes Relating to the Going Concern Assumption

The Company had no material items to report.

(4) Note on Significant Changes to Shareholders' Equity

The Company had no material items to report.

(Reference)

Financial Statements Pertaining to the First Half of the Previous Fiscal Year

(1) Interim Consolidated Statement of Income

(Unit: Millions of yen)

Item	Interim Period of the Previous Consolidated Fiscal Year From April 1, 2007 to September 30, 2007
I Net sales	50,809
II Cost of sales	44,211
Gross profit	6,598
III Selling, general and administrative expenses	4,048
Operating income	2,549
IV Non-operating income	202
Interest income	38
Dividends	45
Amortization of negative goodwill	23
Real estate net income	25
Other income	68
V Non-operating expenses	93
Interest expense	66
Gain on sale of securities	9
Other expenses	16
Ordinary income	2,657
VI Extraordinary income	88
Gain from sale of fixed assets	0
Reversal of allowance for doubtful receivables	53
Reimbursement due to cancellation of insurance	34
VII Extraordinary expenses	13
Loss on disposal of fixed assets	13
Loss on valuation of investment securities	0
Income before income taxes and minority interests	2,732
Corporation, inhabitants' and enterprise taxes	1,096
Minority interests (loss)	125
Quarter net income	1,510

(2) Net Sales and Value of Orders Received, by Category (Consolidated)

(Unit: Millions of yen)

Item		Period		Prior interim consolidated accounting period From April 1, 2007 to September 30, 2007		Interim consolidated accounting period under review From April 1, 2008 to September 30, 2008		Increase (Decrease)		(Reference) Previous Consolidated Fiscal Year From April 1, 2007 to March 31, 2008	
		Amount	Percent (%)	Amount	Percent (%)	Amount	Percent (%)	Amount	Percent (%)		
Balance carried forward from prior period	NTT Network Engineering Work	5,211	27.2	6,843	29.4	1,632	31.3	5,211	27.2		
	Mobile Network Solutions Work	10,588	55.2	12,494	53.7	1,906	18.0	10,588	55.2		
	IT Solutions Work	1,755	9.1	1,920	8.3	164	9.4	1,755	9.1		
	Civil Engineering and Other Works	1,624	8.5	1,997	8.6	372	22.9	1,624	8.5		
	Total	19,180	100.0	23,255	100.0	4,075	21.3	19,180	100.0		
Orders received	NTT Network Engineering Work	19,108	32.7	18,914	30.1	(194)	(1.0)	38,089	30.7		
	Mobile Network Solutions Work	27,461	46.9	32,631	52.0	5,169	18.8	61,561	49.5		
	IT Solutions Work	5,420	9.3	4,912	7.8	(508)	(9.4)	11,136	9.0		
	Civil Engineering and Other Works	6,480	11.1	6,352	10.1	(128)	(2.0)	13,445	10.8		
	Total	58,471	100.0	62,810	100.0	4,338	7.4	124,232	100.0		
Construction completed	NTT Network Engineering Work	16,522	32.5	16,700	29.8	178	1.1	36,457	30.3		
	Mobile Network Solutions Work	24,051	47.3	29,827	53.2	5,775	24.0	59,654	49.7		
	IT Solutions Work	4,718	9.3	4,888	8.7	169	3.6	10,971	9.1		
	Civil Engineering and Other Works	5,516	10.9	4,690	8.3	(825)	(15.0)	13,072	10.9		
	Total	50,809	100.0	56,106	100.0	5,297	10.4	120,156	100.0		
Balance carried forward to next period	NTT Network Engineering Work	7,797	29.0	9,057	30.2	1,260	16.2	6,843	29.4		
	Mobile Network Solutions Work	13,998	52.2	15,298	51.1	1,299	9.3	12,494	53.7		
	IT Solutions Work	2,457	9.2	1,944	6.5	(513)	(20.9)	1,920	8.3		
	Civil Engineering and Other Works	2,588	9.6	3,659	12.2	1,070	41.3	1,997	8.6		
	Total	26,842	100.0	29,959	100.0	3,116	11.6	23,255	100.0		