



Daimei Telecom Engineering Corp.

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Shinagawa-ku, Tokyo, Japan

February 10, 2009

**CONSOLIDATED FINANCIAL REPORT
FOR THE NINE MONTHS ENDED DECEMBER 31, 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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Note: Figures have been rounded off to eliminate amounts less than one million yen

1. Business Results for the Nine-month Period ended December 31 (April 1, 2008 - December 31, 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		Quarter Net Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended								
December 31, 2008	82,662	—	4,571	—	4,641	—	2,501	—
December 31, 2007	78,926	(5.4)	4,421	(30.1)	4,573	(28.3)	2,587	(28.1)

	Quarter Net Income per Share	Quarter Diluted Net Income per Share
	Yen	Yen
Nine months ended		
December 31, 2008	65.41	58.67
December 31, 2007	63.59	57.42

(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				
December 31, 2008	66,972	44,244	61.5	1,076.49
March 31, 2008	71,047	42,436	55.5	1,031.48

(Reference) Shareholders' equity As of December 31, 2008 ¥41,171 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 March 31, 2008	Yen —	Yen 8.00	Yen —	Yen 12.00	Yen 20.00
Year ending March 31, 2009	—	9.00	—	—	—
Year ending March 31, 2009 (forecast)	—	—	—	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)

Third quarter ended December 31, 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

Third quarter ended December 31, 2008	2,866,348 shares
Fiscal year ended March 31, 2008	2,867,149 shares
 - (c) Average number of shares outstanding during the period (consolidated cumulative third quarter)

Third quarter ended December 31, 2008	38,250,126 shares
Third quarter ended December 31, 2007	40,692,718 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 third quarter under review Japan's economy entered a downturn phase, as the abrupt slowdown in the global economy that originated in the financial crisis spread to the real economy, and Japan was affected by a decline in corporate earnings, reduced capital investment and a slump in personal consumption.

In the telecommunications sector, the shift to broadband services in the drive to create a full IP network, including the start of NGN services during the period under review, and the shift to greater utilization of mobile multi-media aimed at WiMAX and LTE (generation 3.9) cellular telephones, both accelerated further with the merging of these services and intense competition among telecommunications carriers focusing 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 third quarter under review the value of orders received increased 2.0% compared with the same period of the previous year consolidated fiscal year to ¥91,382 million, and net sales rose 4.7% year-on-year to ¥82,662 million.

From an earnings perspective, the Group worked to increase net sales and reduce costs, particularly in mobile network solutions work, but expenditures and depreciation and amortization expense were pushed higher by measures such as the introduction of new internal mission-critical systems. As a result, operating income rose 3.4% over the same period of the previous consolidated fiscal year to ¥4,571 million, ordinary income increased 1.5% over the same period one year earlier to ¥4,641 million and net income slipped 3.3% year-on-year to ¥2,501 million.

(Overview of Activities by Business Category)

(1) NTT Network Engineering Work

The value of orders for general integrated engineering work rose steadily, but service integration construction orders were subject to delays. As a result, the value of orders received edged down 2.0% from the same period of the previous consolidated fiscal year to ¥27,958 million, and net sales increased 2.4% year-on-year to ¥25,747 million.

(2) Mobile Network Solutions Work

As it continued steady capital investment aimed at promoting and expanding mobile services, including the construction of facilities to support frequency reorganization and improve telephone speech quality, the Company aggressively worked to develop new markets. As a result the value of orders received increased 7.7% from the same period one year earlier to ¥46,933 million, and net sales expanded 11.4% year-on-year to ¥43,138 million.

(3) IT Solutions Work

Demand in the private sector market slumped, particularly in finance and manufacturing, as corporate earnings declined and firms cut back on capital investment, which resulted in a 4.6% drop year-on-year in the value of orders received to ¥7,530 million. Net sales rose 2.2% compared with the same period of the previous consolidated fiscal year to ¥6,846 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 fell 6.8% year-on-year to ¥8,959 million and net sales declined 17.3% year-on-year to ¥6,930 million.

2. Qualitative Information Concerning Consolidated Financial Position

(Assets)

Total assets at the end of the consolidated accounting third quarter were ¥66,972 million. This was ¥4,075 million less than at the end of the previous consolidated fiscal year. Although cost of construction work in progress and other inventory 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 third quarter fell by ¥5,884 million compared with the end of previous consolidated fiscal year to ¥22,727 million. This mainly reflected a decrease in notes payable and accrued construction.

(Net Assets)

Total net assets at the end of the consolidated accounting third quarter were ¥44,244 million. This was ¥1,808 million higher than at the end of the previous consolidated fiscal year, and was the result of an increase in earned surplus.

3. Qualitative information concerning projected consolidated operating results

Japan's economy is likely to experience further deterioration in the future as it is buffeted by the global recession. The Daimei Group expects to face a severe business environment as well, as both general private sector demand and government demand are affected by weaker corporate earnings, a decline in capital investment and a slump in public works investment.

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 integration of fixed line and mobile services, telecommunications and broadcasting is expected to proceed under keen competition among carriers.

As it continues its drive to become the leading IT engineering and services company, Daimei will seek to expand orders received, including the user capital equipment sector, 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 enhance profitability and improve competitiveness by increasing group efficiency and productivity and creating a flexible design and construction organization capable of meeting customers' needs.

There are no changes at this time to the projected full year consolidated operating results released by the Company on May 14, 2008.

4. Other

(1) Changes in 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 period including the third 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 and 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, March 14, 2007) and the “Guidance on Accounting Standard for Quarterly Financial Reporting” (Accounting Standards Board of Japan Implementation Guidance No. 14, 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, final 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, final 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) Third Quarter Consolidated Balance Sheet

(Unit: Millions of yen)

	Third Quarter of the Consolidated Fiscal Year Under Review As of December 31, 2008	Prior Consolidated Fiscal Year End Summary Balance Sheet As of March 31, 2008
Assets		
Current assets		
Cash and bank deposits	12,729	12,089
Accounts receivable and accounts due for completed construction	16,284	27,975
Marketable securities	4,333	3,342
Cost of construction work in progress and other inventory	11,959	7,283
Deferred tax assets	662	660
Other current assets	1,381	706
Allowance for doubtful receivables	(58)	(20)
Total current assets	47,292	52,038
Fixed assets		
Tangible fixed assets		
Buildings and structures (net)	2,888	2,736
Land	8,079	8,081
Construction suspense account	933	237
Other fixed assets (net)	1,258	1,327
Total tangible fixed assets	13,160	12,383
Intangible assets		
Goodwill	57	73
Other intangible assets	1,727	1,815
Total intangible assets	1,784	1,888
Investments and other assets		
Investment and other assets	2,883	2,835
Investment securities	127	136
Deferred tax assets	448	442
Other investments	1,725	1,842
Allowance for doubtful receivables	(451)	(520)
Total investments and other assets	4,734	4,736
Total fixed assets	19,679	19,009
Total Assets	66,972	71,047
Liabilities		
Current liabilities		
Notes payable and accrued construction	9,142	15,781
Short-term borrowings	340	280
Convertible bonds due within one year	6,752	—
Accrued income taxes	766	667
Advances received on uncompleted contracts	1,574	767
Allowance for losses on construction contracts	137	101
Accrued bonuses to directors	56	93
Allowance for completed construction indemnification	16	9
Other current liabilities	1,857	2,064
Total current liabilities	20,644	19,766
Long-term liabilities		
Convertible bonds	—	6,752
Long-term debt	2	2
Deferred tax liability	9	17
Reserve for employees' retirement benefits	1,506	1,510
Allowance for retirement benefits for directors	419	420
Negative goodwill	69	90
Deferred tax liability related to revaluations	49	49
Other long-term liabilities	27	2
Total long-term liabilities	2,082	8,844
Total Liabilities	22,727	28,611
Net Assets		
Owners' equity		
Paid-in capital	5,610	5,610
Capital Surplus	4,053	4,058
Earned surplus	33,744	32,045
Treasury stock	(2,300)	(2,301)
Total Owners' Equity	41,108	39,413
Valuation and translation adjustments		
Valuation difference on available for sale securities	169	141
Revaluation difference on land	(105)	(105)
Total valuation and translation adjustments	63	35
Minority interests	3,073	2,987
Total Net Assets	44,244	42,436
Total Liabilities and Net Assets	66,972	71,047

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

(Unit: Millions of yen)

	Third Quarter of the Consolidated Fiscal Year Under Review From April 1, 2008 to December 31, 2008
Net sales	82,662
Cost of sales	71,200
Gross profit	11,461
Selling, general and administrative expenses	6,890
Operating income	4,571
Non-operating income	
Interest income	50
Dividends	59
Amortization of negative goodwill	21
Real estate net income	45
Other	52
Total non-operating income	230
Non-operating expenses	
Interest expense	98
Transfer to allowance for doubtful receivables	40
Other	21
Total non-operating expenses	160
Ordinary income	4,641
Extraordinary income	
Gain from sale of fixed assets	0
Gain on sale of investment securities	3
Reimbursement due to cancellation of insurance	84
Total extraordinary income	88
Extraordinary expenses	
Loss on disposal of fixed assets	20
Loss on valuation of investment securities	87
Total extraordinary expenses	107
Quarter income before income taxes and minority interests	4,622
Corporation, inhabitants' and enterprise taxes	2,006
Minority interests in income (loss)	114
Quarter net income	2,501

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 Third Quarter of the Previous Fiscal Year

(1) Third Quarter Consolidated Statement of Income

(Unit: Millions of yen)

Item	Third Quarter of the Previous Consolidated Fiscal Year From April 1, 2007 to December 31, 2007
I Net sales	78,926
II Cost of sales	68,458
Gross profit	10,468
III Selling, general and administrative expenses	6,046
Operating income	4,421
IV Non-operating income	284
Interest income	56
Dividends	72
Amortization of negative goodwill	37
Real estate net income	37
Other income	80
V Non-operating expenses	133
Interest expense	101
Gain on sale of securities	9
Other expenses	22
Ordinary income	4,573
VI Extraordinary income	91
Gain from sale of fixed assets	1
Reversal of allowance for doubtful receivables	55
Reimbursement due to cancellation of insurance	35
VII Extraordinary expenses	17
Loss on disposal of fixed assets	17
Loss on valuation of investment securities	0
Income before income taxes and minority interests	4,646
Corporation, inhabitants' and enterprise taxes	1,911
Minority interests (loss)	147
Quarter net income	2,587

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

(Unit: Millions of yen)

Item		Period	Third Quarter of the Previous Consolidated Fiscal Year From April 1, 2007 to December 31, 2007		Third Quarter of the Consolidated Fiscal Year Under Review From April 1, 2008 to December 31, 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		28,538	31.9	27,958	30.6	(579)	(2.0)	38,089	30.7
	Mobile Network Solutions Work		43,567	48.6	46,933	51.4	3,366	7.7	61,561	49.5
	IT Solutions Work		7,896	8.8	7,530	8.2	(366)	(4.6)	11,136	9.0
	Civil Engineering and Other Works		9,613	10.7	8,959	9.8	(654)	(6.8)	13,445	10.8
	Total		89,616	100.0	91,382	100.0	1,765	2.0	124,232	100.0
Construction completed	NTT Network Engineering Work		25,134	31.8	25,747	31.1	612	2.4	36,457	30.3
	Mobile Network Solutions Work		38,712	49.1	43,138	52.2	4,426	11.4	59,654	49.7
	IT Solutions Work		6,699	8.5	6,846	8.3	146	2.2	10,971	9.1
	Civil Engineering and Other Works		8,380	10.6	6,930	8.4	(1,449)	(17.3)	13,072	10.9
	Total		78,926	100.0	82,662	100.0	3,735	4.7	120,156	100.0
Balance carried forward to next period	NTT Network Engineering Work		8,615	28.8	9,055	28.3	439	5.1	6,843	29.4
	Mobile Network Solutions Work		15,444	51.7	16,290	51.0	846	5.5	12,494	53.7
	IT Solutions Work		2,952	9.9	2,604	8.1	(348)	(11.8)	1,920	8.3
	Civil Engineering and Other Works		2,857	9.6	4,026	12.6	1,168	40.9	1,997	8.6
	Total		29,869	100.0	31,975	100.0	2,106	7.1	23,255	100.0