



Daimei Telecom Engineering Corp.

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Shinagawa-ku, Tokyo, Japan

August 7, 2009

**CONSOLIDATED FINANCIAL REPORT
FOR THE THREE MONTHS ENDED JUNE 30, 2009**

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 Three-month Period ended June 30 (April 1, 2009 – June 30, 2009)

(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	%
Three months ended								
June 30, 2009	23,559	(7.3)	706	(20.5)	750	(20.6)	339	(32.5)
June 30, 2008	25,425	—	888	—	944	—	503	—

	Quarter Net Income per Share	Quarter Diluted Net Income per Share
	Yen	Yen
Three months ended		
June 30, 2009	8.88	8.23
June 30, 2008	13.16	11.97

(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				
June 30, 2009	68,056	45,601	62.5	1,111.33
March 31, 2009	70,775	45,400	59.8	1,106.71

(Reference) Shareholders' equity

First Quarter Ended June 30, 2009 ¥42,515 million

Fiscal Year Ended March 31, 2009 ¥42,329 million

2. Dividends

(Date of Record)	Dividends per Share				
	First Quarter	Second Quarter	Third Quarter	Year-end	Full Year
Year ended March 31, 2009	Yen —	Yen 9.00	Yen —	Yen 11.00	Yen 20.00
Year ending March 31, 2010	—				
Year ending March 31, 2010 (forecast)		10.00	—	10.00	20.00

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

3. Projected Operating Results for the Consolidated Fiscal Year Ending March 2010 (April 1, 2009 - March 31, 2010)

(The percentages shown for the interim period and the full year are the percent increase or decrease compared to the interim period and full year of 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
Interim period	58,800	4.8	2,860	(8.7)	2,920	(8.0)	1,700	(1.1)	44.45
Full year	127,000	5.5	7,100	2.5	7,200	2.6	4,000	3.8	104.57

(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)? No

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)

First quarter ended June 30, 2009 41,112,324 shares

Fiscal year ended March 31, 2009 41,112,324 shares

(b) Number of shares of treasury stock at the end of the period

First quarter ended June 30, 2009 2,855,906 shares

Fiscal year ended March 31, 2009 2,864,149 shares

(c) Average number of shares outstanding during the period (consolidated cumulative quarterly period)

First quarter ended June 30, 2009 38,250,693 shares

First quarter ended June 30, 2008 38,247,696 shares

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

Statements made in this report with respect to Daimei's current plans, estimates, strategies and beliefs and other 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.

Qualitative Information and Financial Statements

1. Qualitative Information Concerning Consolidated Operating Results

During the first quarter under review, personal consumption and corporate capital investment failed to recover, and the sense of uncertainty concerning the future direction of Japan's economy remained undiminished, as the recession that began last year continued on a global scale.

In the telecommunications sector, firms are proceeding with or studying the construction of NGN, WiMAX and LTE, and progress is being seen in the conversion to broadband and conversion to multimedia and the merger of fixed line and mobile services and fusion of telecommunications and broadcasting. With firms also being affected by the intense competitive situation among carriers and the economic downturn, however, capital investment remained flat or was diminished, and each carrier was more vocal in its requests for cost reductions as well.

Given such conditions, mobile network solutions work declined as well, and the value of orders received during the first quarter of the consolidated fiscal year under review fell 15.1% from the same quarter of the previous consolidated fiscal year to ¥27,147 million, and net sales decreased 7.3% year-on-year to ¥23,559 million.

From the standpoint of earnings, operating income was affected by the drop in net sales as well, despite efforts that reduced selling, general and administrative expenses, and decreased 20.5% from the same period of the previous consolidated fiscal year to ¥706 million. Ordinary income decreased 20.6% year-on-year to ¥750 million, and net income declined 32.5% from the same period one year earlier to ¥339 million.

2. Qualitative Information Concerning Consolidated Financial Position

(Assets)

Total assets at the end of the consolidated accounting first quarter were ¥68,056 million. This was ¥2,719 million less than at the end of the previous consolidated fiscal year. Although cash and bank deposits and cost of construction work in progress and other inventory increased, notes and accounts receivable including accounts receivable and accounts due for completed construction were lower.

(Liabilities)

Total liabilities at the end of the consolidated accounting first quarter fell by ¥2,919 million from the end of the previous consolidated fiscal year to ¥22,455 million. This mainly reflected a decrease in payables pertaining to notes payable and accrued construction.

(Net Assets)

Total Net Assets at the end of the consolidated accounting first quarter increased by ¥200 million compared with the end of the previous consolidated fiscal year to ¥45,601 million because of an increase in valuation difference on available for sale securities.

3. Qualitative Information Concerning Projected Consolidated Operating Results

There are no changes in the figures for projected consolidated operating results for the interim period and full year announced on May 13, 2009.

4. Other

(1) Transfers of important subsidiaries during the period under review (transfers of specific subsidiaries in conjunction with a change in the scope of consolidation)

There were no changes in material subsidiaries during the first quarter consolidated accounting period.

On July 1, 2009, Daimei Telecom Co., Ltd., a consolidated subsidiary of Daimei Telecom Engineering Corp., absorbed and merged with Daimei Comtech Co., Ltd., another consolidated subsidiary, and changed its trade name to Daimei Next Co., Ltd.

(2) Application of simplified accounting treatment and special accounting treatment for preparation of the 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 first 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 accounting principles, procedures and methods of presentation pertaining to preparation of the quarterly consolidated financial statements

Application of Accounting Standard for Construction Contracts

The Company traditionally reported revenues and costs of long-term construction contracts by applying the percentage of completion method for long-term, large-scale contract works (works for which the construction period is three or more fiscal years and the contract amount is at least ¥1.7 billion), and applying the completed-contract method for all other works. Beginning from the first quarter consolidated accounting period, the Company will apply the *Accounting Standard for Construction Contracts* (Accounting Standards Board of Japan Statement No. 15, December 27, 2007) and the *Guidance on Accounting Standard for Construction Contracts* (Accounting Standards Board of Japan Implementation Guidance No. 18, December 27, 2007). Beginning from works contracts for which construction activity was begun during the first quarter consolidated accounting period under review, the Company will apply the percentage of completion method for works for which the outcome of the construction activity is deemed certain by the end of the first quarter consolidated accounting period (with the estimate of the percentage of completion based on the cost incurred as a percentage of estimated total cost), and will apply the completed-contract method for all other works.

The effect of this change on net sales, operating income, ordinary income and income before income taxes and minority interests for the first quarter under review is not material.

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

(Unit: Millions of yen)

	First Quarter of the Consolidated Fiscal Year Under Review As of June 30, 2009	Prior Consolidated Fiscal Year End Summary Balance Sheet As of March 31, 2009
Assets		
Current assets		
Cash and bank deposits	16,200	13,582
Accounts receivable and accounts due for completed construction	16,437	25,517
Marketable securities	4,282	4,156
Cost of construction work in progress and other inventory	9,362	6,792
Deferred tax assets	427	421
Other current assets	630	640
Allowance for doubtful receivable	(6)	(11)
Total current assets	47,333	51,099
Fixed assets		
Tangible fixed assets		
Buildings and structures (net)	3,271	2,863
Land	8,081	8,081
Construction suspense account	1,831	1,286
Other fixed assets (net)	1,124	1,136
Total tangible fixed assets	14,309	13,367
Intangible fixed assets		
Goodwill	46	52
Other intangible fixed assets	1,581	1,663
Total intangible fixed assets	1,627	1,715
Investments and other assets		
Investment securities	2,972	2,590
Long-term loans receivable	127	127
Deferred tax assets	431	572
Other investments	1,708	1,753
Allowance for doubtful receivable	(454)	(452)
Total investments and other assets	4,785	4,591
Total fixed assets	20,722	19,675
Total Assets	68,056	70,775
Liabilities		
Current liabilities		
Notes payable and accrued construction	9,788	12,404
Short-term borrowing:	260	204
Convertible bonds due within one year	6,591	6,591
Accrued income taxes	370	1,458
Advanced received on uncompleted contract:	1,097	453
Allowance for losses on construction contract	103	54
Accrued bonuses to directors	—	88
Allowance for completed construction indemnification	17	15
Other current liabilities	2,186	1,979
Total current liabilities	20,414	23,248
Long-term liabilities		
Long-term debt	1	1
Long-term accrued expenses	260	—
Deferred tax liability	13	9
Reserve for employees' retirement benefits	1,491	1,517
Allowance for retirement benefits for director	122	438
Negative goodwill	74	82
Deferred tax liability related to revaluation	49	49
Other long-term liabilities	26	27
Total long-term liabilities	2,040	2,126
Total liabilities	22,455	25,375
Net Assets		
Owners' equity		
Paid-in capital	5,610	5,610
Capital surplus	4,048	4,052
Earned surplus	35,014	35,095
Treasury stock	(2,292)	(2,299)
Total Owners' Equity	42,381	42,459
Valuation and translation adjustment		
Valuation difference on available for sale securities	240	(24)
Revaluation difference on land	(105)	(105)
Total valuation and translation adjustment	134	(129)
Minority interest:	3,085	3,070
Total Net Assets	45,601	45,400
Total Liabilities and Net Asset	68,056	70,775

(2) First Quarter Consolidated Statement of Income

(Unit: Millions of ye

	First Quarter of the Previous Consolidated Fiscal Year From April 1, 2008 to June 30, 2008	First Quarter of the Consolidated Fiscal Year Under Review From April 1, 2009 to June 30, 2009
Net sales	25,425	23,559
Cost of sales	22,122	20,541
Gross profit	3,303	3,018
Selling, general and administrative expenses	2,415	2,311
Operating income	888	706
Non-operating income		
Interest income	14	5
Dividend income	32	36
Amortization of negative goodwill	7	7
Real estate net income	14	16
Other income	21	13
Total non-operating income	91	78
Non-operating expense		
Interest expense	32	31
Other expense	2	3
Total non-operating expense	35	34
Ordinary income	944	750
Extraordinary income		
Gain on sale of fixed assets	0	—
Gain on sale of investment securities	0	—
Reversal of allowance for doubtful receivables	2	3
Reimbursement due to cancellation of insurance	4	1
Total extraordinary income	7	4
Extraordinary expense		
Loss on disposal of fixed assets	3	27
Loss on valuation of investment securities	6	8
Total extraordinary expense	9	36
Quarter income before income taxes and minority interest	942	718
Income taxes paid	435	348
Minority interest in income or loss	4	30
Quarter net income	503	339

(3) Notes Relating to the Going Concern Assumption

The Company had no material items to report.

(4) Notes on Significant Changes to Shareholders' Equity

The Company had no material items to report.

(Reference)

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

(Millions of yen)

Item		Period		First Quarter of the Previous Consolidated Fiscal Year From April 1, 2008 to June 30, 2008		First Quarter of the Consolidated Fiscal Year Under Review From April 1, 2009 to June 30, 2009		Increase (Decrease)		(Reference) Previous Consolidated Fiscal Year From April 1, 2008 to March 31, 2009	
		Amount	Percent (%)	Amount	Percent (%)	Amount	Percent (%)	Amount	Percent (%)		
Balance carried forward from prior period	NTT Network Engineering Work	6,843	29.4	6,917	29.0	74	1.1	6,843	29.4		
	Mobile Network Solutions Work	12,494	53.7	12,757	53.5	262	2.1	12,494	53.7		
	IT Solutions Work	1,920	8.3	1,350	5.7	(569)	(29.7)	1,920	8.3		
	Civil Engineering and Other Works	1,997	8.6	2,812	11.8	814	40.8	1,997	8.6		
	Total	23,255	100.0	23,837	100.0	581	2.5	23,255	100.0		
Orders received	NTT Network Engineering Work	9,569	29.9	9,119	33.6	(450)	(4.7)	36,975	30.6		
	Mobile Network Solutions Work	16,888	52.8	12,879	47.5	(4,009)	(23.7)	61,440	50.8		
	IT Solutions Work	2,635	8.3	2,395	8.8	(240)	(9.1)	10,359	8.5		
	Civil Engineering and Other Works	2,882	9.0	2,753	10.1	(129)	(4.5)	12,185	10.1		
	Total	31,976	100.0	27,147	100.0	(4,828)	(15.1)	120,960	100.0		
Construction completed	NTT Network Engineering Work	8,180	32.2	8,283	35.1	102	1.3	36,901	30.7		
	Mobile Network Solutions Work	12,955	50.9	11,417	48.5	(1,538)	(11.9)	61,177	50.8		
	IT Solutions Work	1,972	7.8	1,882	8.0	(89)	(4.6)	10,928	9.1		
	Civil Engineering and Other Works	2,317	9.1	1,976	8.4	(341)	(14.7)	11,371	9.4		
	Total	25,425	100.0	23,559	100.0	(1,866)	(7.3)	120,379	100.0		
Balance carried forward to next period	NTT Network Engineering Work	8,232	27.6	7,753	28.3	(478)	(5.8)	6,917	29.0		
	Mobile Network Solutions Work	16,427	55.1	14,219	51.8	(2,208)	(13.4)	12,757	53.5		
	IT Solutions Work	2,583	8.7	1,862	6.8	(720)	(27.9)	1,350	5.7		
	Civil Engineering and Other Works	2,562	8.6	3,589	13.1	1,026	40.1	2,812	11.8		
	Total	29,806	100.0	27,425	100.0	(2,380)	(8.0)	23,837	100.0		