



1st Quarter Operating Results Supplemental Materials

【 1st Quarter of the FY Ending March 2011 】

大明株式会社

Operating results [1st Quarter of the FY Ending March 2011]



1. Operating results summary

Compared with
prior fiscal year

Compared with fiscal
year outlook

(Unit: Millions of yen)

	Compared with prior fiscal year			Compared with fiscal year outlook			
	2010. 3 3Q Actual (a)	2011. 3 3Q Actual (b)	% change (b) - (a) / (a)	2011. 3 Outlook (d)	% achieved (b) / (d)	2010. 3 Actual (e)	% achieved (a) / (e)
Value of orders received	27,147	26,448	Δ2.6%	115,800	22.8%	116,501	23.3%
Net sales	23,559	22,801	Δ3.2%	117,000	19.5%	115,670	20.4%
Gross profit (Gross profit margin)	3,018 (12.8%)	2,302 (10.1%)	Δ23.7%	14,530 (12.4%)	15.8%	13,922 (12.0%)	21.7%
Selling, general and administrative expenses	2,311	2,603	12.6%	10,530	24.7%	9,239	25.0%
Operating income (Operating profit margin)	706 (3.0%)	Δ300 (Δ1.3%)	—	4,000 (3.4%)	—	4,683 (4.0%)	15.1%
Ordinary income (Ordinary income margin)	750 (3.2%)	Δ163 (Δ0.7%)	—	4,500 (3.8%)	—	4,837 (4.2%)	15.5%
Quarter (fiscal year) net income (Quarter (fiscal year) net income margin)	339 (1.4%)	Δ113 (Δ0.5%)	—	2,600 (2.2%)	—	3,038 (2.6%)	11.2%

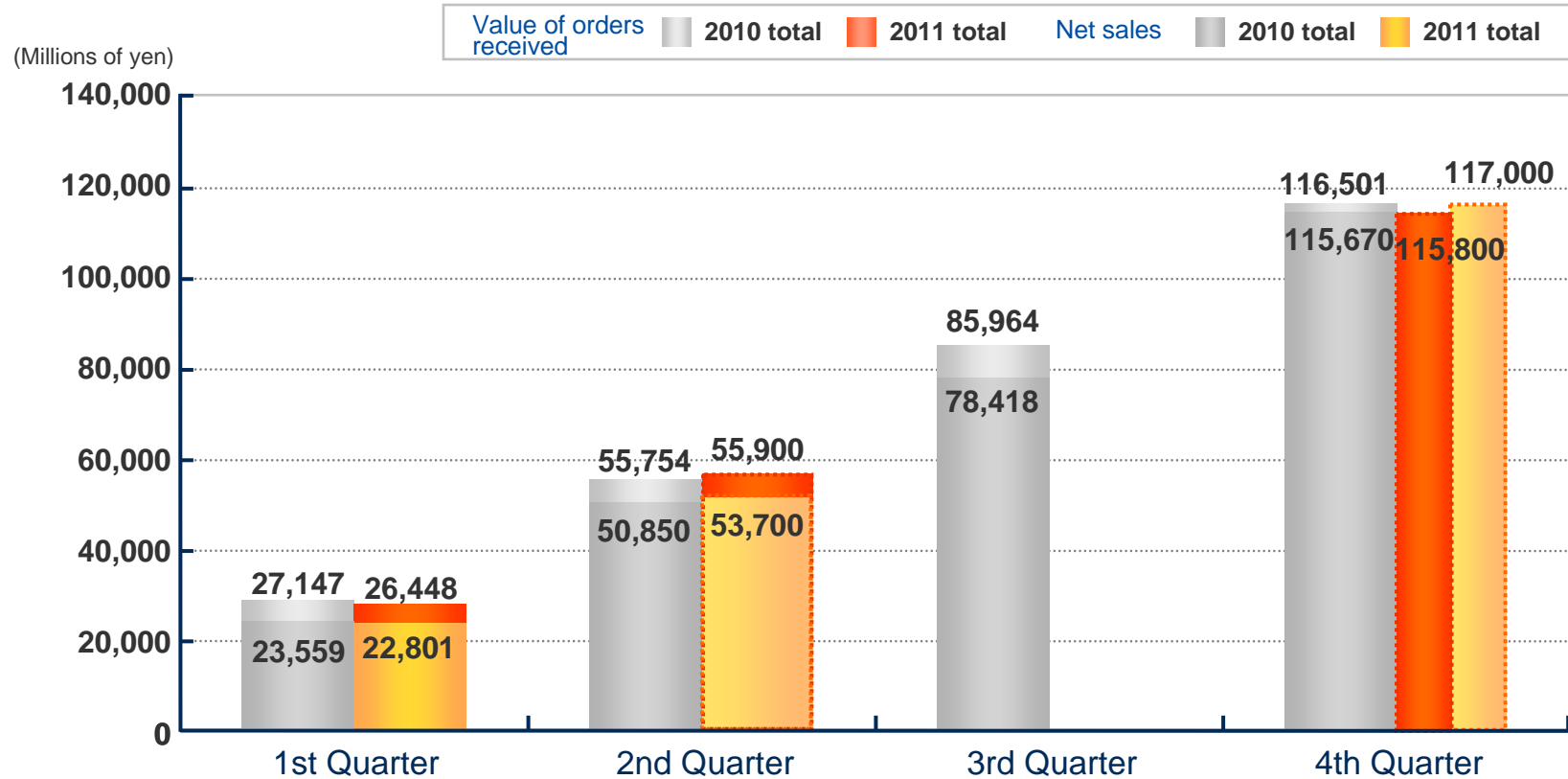


Operating results [1st Quarter of the FY Ending March 2011]



2. Change in Operating Results by Quarter and Outlook: Value of Orders Received and Net Sales

Note: Dotted lines for the 2nd quarter and 4th quarter are plan values



Value of orders received	2010 total	27,147 (23.3%)	55,754 (47.9%)	85,964 (73.8%)	116,501 (100%)
	2011 total	26,448 (22.8%)	55,900 (Plan)(48.3%)	— (—)	115,800 (Plan)(100%)
Net sales	2010 total	23,559 (20.4%)	50,850 (44.0%)	78,418 (67.8%)	115,670 (100%)
	2011 total	22,801 (19.5%)	53,700 (Plan)(45.9%)	— (—)	117,000 (Plan)(100%)

Note: Figures in parentheses are the percent change from year-end and year-end outlook

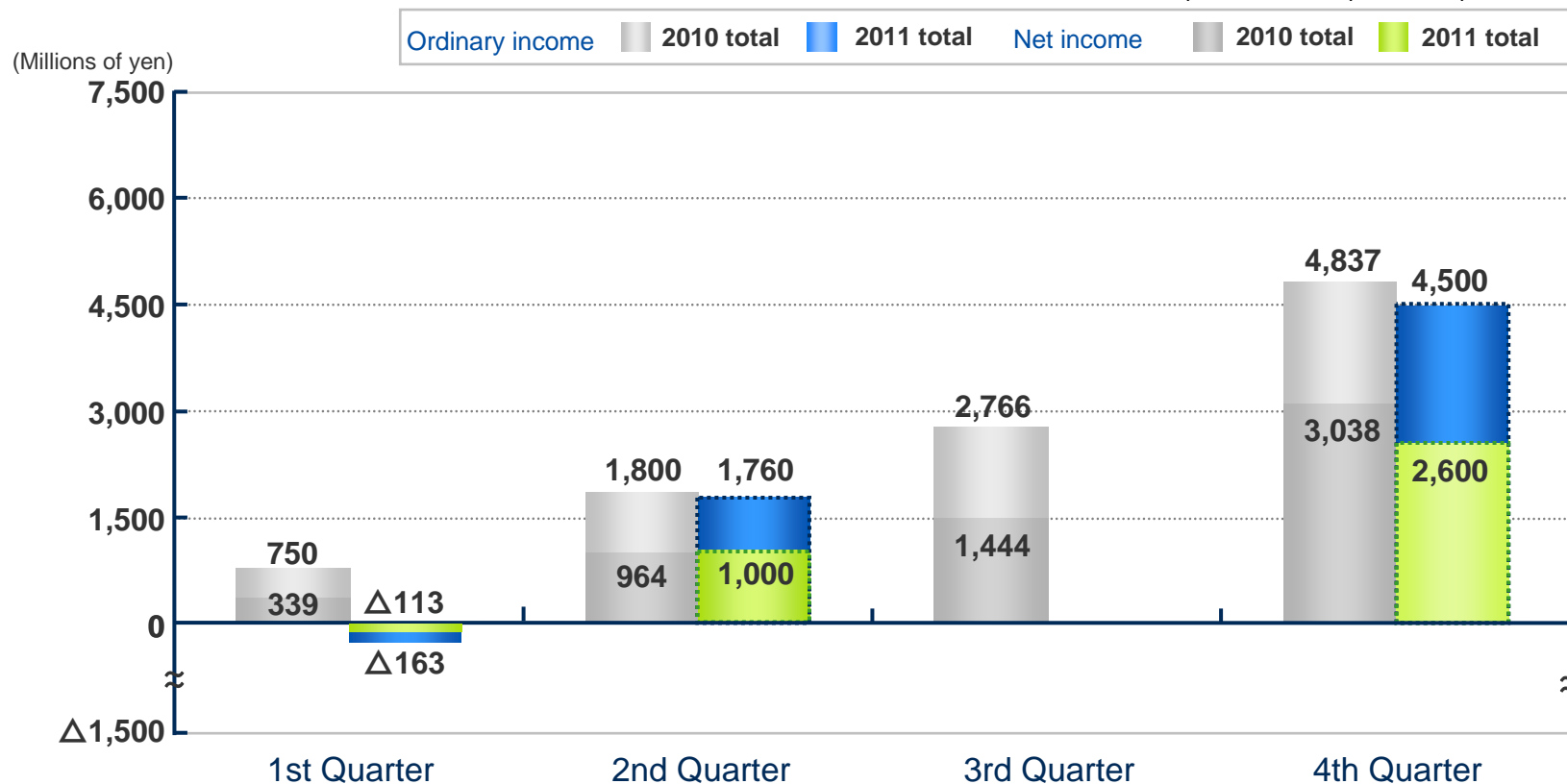


Operating results [1st Quarter of the FY Ending March 2011]



3. Change in Operating Results by Quarter and Outlook: Ordinary Income and Net Income

Note: Dotted lines for the 2nd quarter and 4th quarter are plan values



Ordinary income	2010 total	750 (15.5%)	1,800 (37.2%)	2,766 (57.2%)	4,837 (100%)
	2011 total	Δ163 (—)	1,760 (Plan)(39.1%)	— (—)	4,500 (Plan)(100%)
Net income	2010 total	339 (11.2%)	964 (31.7%)	1,444 (47.5%)	3,038 (100%)
	2011 total	Δ113 (—)	1,000 (Plan)(38.5%)	— (—)	2,600 (Plan)(100%)

Note: Figures in parentheses are the percent change from year-end and year-end outlook

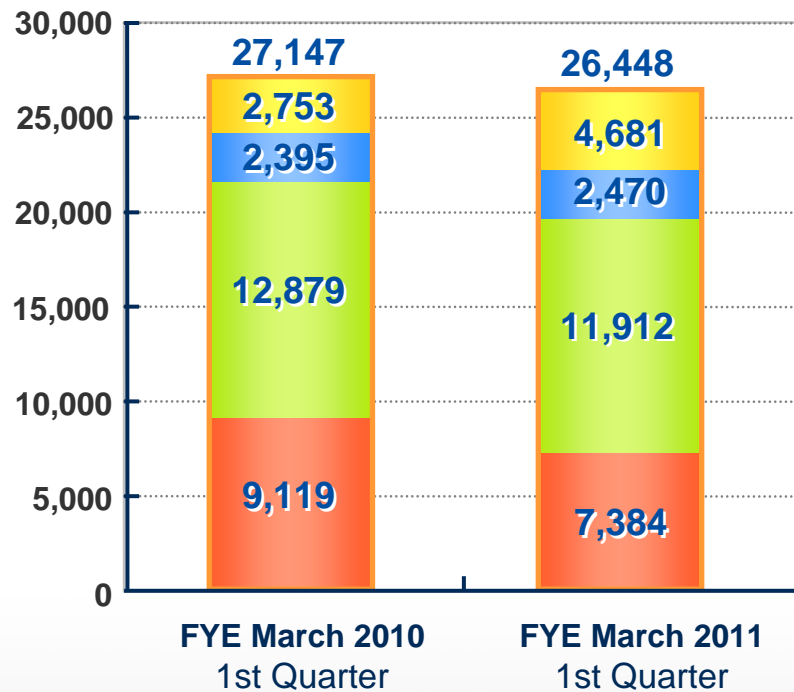


4. Value of orders received and net sales by business



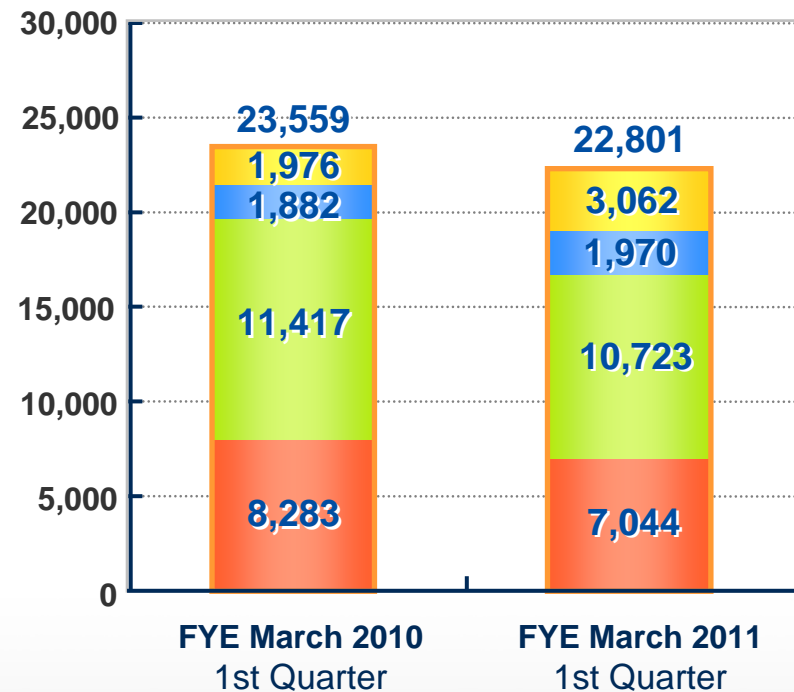
[Value of orders received]

(Millions of yen)



[Net sales]

(Millions of yen)





5. Reference (1) Future Development of Optical fiber and NGN

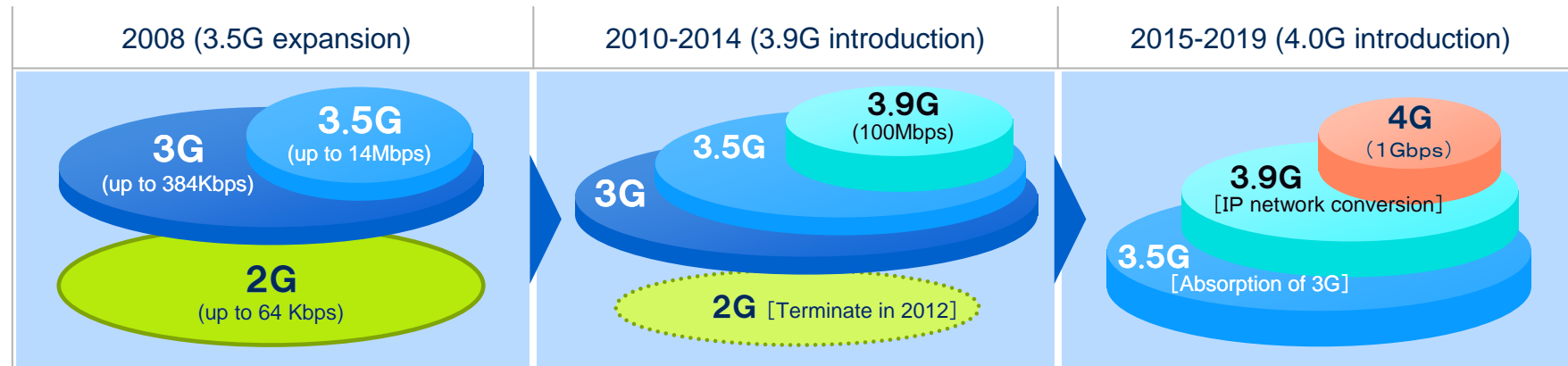
● Optical fiber and NGN development

- Expand NGN service area(In rural areas Daimeï utilizes Indefeasible Right of Use (IRU))
- Develop services centered on NGN (for businesses, for homes)
- Develop optical fiber video service market (Hikari TV, FLET'S TV)
- Install optical fiber cable directly to each room in condominiums and promote conversion to NGN and optical fiber

FY2008	FY2009	FY2010	FY2011	FY2012
<p>Addition and enhancement of NGN and 3G network service</p> <p>Commercialization of NGN service (March 2008)</p> <p>Create services based on cooperation with application providers and other businesses</p>	<p>Eliminate regions with zero broadband</p> <p>Develop visual services market</p> <p>Construction of full IP network base for both fixed line and mobile (Create base for integration of services)</p>	<p>Full-scale service integration</p>	<p>Full-scale development of broadband and ubiquitous services</p>	
<ul style="list-style-type: none"> ● August–September Tokyo 23 wards, Yokohama, Chiba, Saitama ● October Osaka 		<ul style="list-style-type: none"> ● Enable NGN use by households and offices in approximately 90% of existing FLET'S HIKARI service areas 	<ul style="list-style-type: none"> ● Expand NGN to all existing FLET'S HIKARI service areas ● Begin Super 3G service 	<ul style="list-style-type: none"> ● Complete migration from existing IP networks to NGN



5. Reference (2) Future Development of Mobile Networks



Carrier	2008 (3.5G expansion)	2010-2014 (3.9G introduction)	2015-2019 (4.0G introduction)	Engineering provided by Daimei
NTT DoCoMo W-CDMA (56 million subscribers)	HSPA 800M overlay i-concier(08.12) My Area(09.11)	LTE(Plan 10.12) DoCoMo market(Plan 10.11) (i-mode)	LTE Population coverage: 40% (Until 13.03) All IP conversion	4G IMT-Advanced Base station installation & negotiation Design and construction Maintenance & operation Quality surveys Area optimization
au CDMA2000 (31 million subscribers)	1x EV-DO (Rev.A)	WiMAX (09.7) Tokyo metro area, Kyoto-Osaka-Kobe, Nagoya	LTE(Plan 12.12) WiMAX Population coverage: 90%(13.3)	
EMOBILE W-CDMA (2.35 million subscribers)	Start of service Area expansion (Population coverage: 90%)	eHSPA LTE DC-HSDPA(Plan 10.10)		
Softbank Mobile W-CDMA (21 million subscribers)	Succeed to license from Vodafone Partnership with vendors	LTE(Plan 11.7) DC-HSDPA		