

**Non-consolidated Financial and Operating Results
for the Six Months Ended September 30, 2005**

November 14, 2005

Company name	NAFCO Corporation	Listed on	JASDAQ
Code number	2790	Head office location	Fukuoka Prefecture
(URL: http://www.nafco.tv)			

Representative:	Katsuyoshi Fukamachi, President and CEO
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Date of board meeting for approval of accounts: November 14, 2005

Date for starting payment of interim dividends: December 9, 2005

Unit share system is applied (one unit is equal to 100 shares).

Interim dividend system is applied.

1. Financial and Operating Results for the Six Months Ended September 30, 2005 (April 1, 2005 through September 30, 2005)

(1) Operating results

Note: Amounts below one million yen are truncated.

	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2005	96,177	[3.1]	6,683	[41.6]	6,858	[39.3]
Six months ended September 30, 2004	93,266	[3.5]	4,721	[(16.8)]	4,922	[(16.4)]
Year ended March 31, 2005	185,094		10,800		11,229	

	Net income		Net income per share	Diluted net income per share
	Millions of yen	[%]	Yen	Yen
Six months ended September 30, 2005	3,490	[38.6]	117.52	117.30
Six months ended September 30, 2004	2,518	[(17.4)]	84.95	84.69
Year ended March 31, 2005	6,116		205.12	204.52

Notes:

(1) Equity gain (loss) under equity method: - (September 2005, six months) - (September 2004, six months) - (March 2005, year)

(2) Average number of shares outstanding: 29,697,733 (September 2005, six months) 29,644,400 (September 2004, six months) 29,644,400 (March 2005, year)

(3) Any change in the method of accounting: Yes

(4) The above percentages in net sales, operating income, ordinary income, and net income for six months represent the rates of year-over-year changes.

(2) Dividends

	Interim dividend per share	Total yearly dividend
	Yen	Yen
Six months ended September 30, 2005	13.00	-
Six months ended September 30, 2004	12.50	-
Year ended March 31, 2005	-	25.00

(3) Financial position

Note: Amounts below one million yen are truncated.

	Total assets	Shareholders' equity	Ratio of shareholders' equity	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
Six months ended September 30, 2005	138,944	80,506	57.9	2,708.42
Six months ended September 30, 2004	132,650	74,012	55.8	2,496.66
Year ended March 31, 2005	135,083	77,262	57.2	2,605.08

Notes:

(1) Number of shares issued at the end of the term: 29,724,400 (September 2005, six months) 29,644,400 (September 2004, six months) 29,644,400 (March 2005, year)

(2) Number of treasury shares held at the end of the term: - (September 2005, six months) - (September 2004, six months) - (March 2005, year)

(4) Cash flows

Note: Amounts below one million yen are truncated.

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of the term
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Six months ended September 30, 2005	3,723	(5,178)	(849)	9,049
Six months ended September 30, 2004	1,550	(3,004)	(1,662)	12,688
Year ended March 31, 2005	6,171	(7,088)	(3,534)	11,354

2. Projected Operating Results for the Year Ending March 31, 2006 (April 1, 2005 through March 31, 2006)

Note: Amounts below one million yen are truncated.

	Net sales	Ordinary income	Net income	Yearly dividend per share	
	Millions of yen	Millions of yen	Millions of yen	Year-end Yen	Yen
Full year	193,000	12,717	6,760	13.00	26.00

Reference: Projected net income per share for the year ending March 31, 2006 (Full-year): ¥227.42

Note: An increase in the number of shares may be caused by execution of stock acquisition rights and is not considered in estimating yearly dividend per share.

Note: The aforementioned projections are based on information available at the date when this document was released. Changing business conditions may cause actual results to differ from the above forecasts.

Financial Statements
(1) Balanced Sheet

(Millions of yen)

Account item	Six months in the previous fiscal year (As of September 30, 2004)		Six months in the current fiscal year (As of September 30, 2005)		The previous fiscal year ended March 31, 2005	
	Amount	Composi- tion ratio %	Amount	Composi- tion ratio %	Amount	Composi- tion ratio %
(Assets)						
I. Current Assets						
Cash and bank deposits	15,480		13,243		14,222	
Accounts receivable—trade	1,020		1,098		1,330	
Inventories	37,850		41,486		39,787	
Current assets , other	1,603		1,683		1,602	
Allowance for doubtful account	(14)		(18)		(14)	
Total current assets	55,940	42.2	57,493	41.4	56,929	42.1
II. Fixed Assets						
Property, plant and equipment						
Buildings	29,757		31,828		30,454	
Land	29,612		31,389		29,931	
Fixed assets, other	5,878		6,198		6,216	
Total property, plant and equipment	65,248		69,415		66,602	
Intangible assets	1,251		1,294		1,265	
Total investments and other assets	10,210		10,740		10,287	
Total fixed assets	76,710	57.8	81,450	58.6	78,154	57.9
Total assets	132,650	100.0	138,944	100.0	135,083	100.0

(Millions of yen)

Account item	Six months in the previous fiscal year (As of September 30, 2004)		Six months in the current fiscal year (As of September 30, 2005)		The previous fiscal year ended March 31, 2005	
	Amount	Composi- tion ratio %	Amount	Composi- tion ratio %	Amount	Composi- tion ratio %
Liabilities						
I. Current Liabilities						
Trade notes payable	16,321		17,319		16,243	
Trade accounts payable	11,721		11,691		12,320	
Short-term borrowings	7,330		6,730		6,730	
Long-term borrowings, current portion	2,778		2,726		2,844	
Income taxes payable	2,600		3,360		3,350	
Reserve for bonuses	993		1,016		891	
Construction notes payable	3,079		3,232		2,034	
Current liabilities, other	4,306		4,039		4,713	
Total current liabilities	49,128	37.0	50,115	36.1	49,128	36.4
II. Fixed Liabilities						
Long-term borrowings	4,937		3,521		3,969	
Liability for retirement benefits	2,968		3,183		3,096	
Reserve for officers retirement	1,356		1,387		1,388	
Fixed liabilities, other	246		229		238	
Total fixed liabilities	9,509	7.2	8,322	6.0	8,692	6.4
Total Liabilities	58,638	44.2	58,437	42.1	57,821	42.8

(Millions of yen)

Account item	Six months in the previous fiscal year (As of September 30, 2004)		Six months in the current fiscal year (As of September 30, 2005)		The previous fiscal year ended March 31, 2005	
	Amount	Composi- tion ratio %	Amount	Composi- tion ratio %	Amount	Composi- tion ratio %
Shareholders' Equity						
I. Capital Stock		3,461	2.6		3,505	2.5
II. Capital Surplus						
Capital reserve	4,146			4,190		
Total capital surplus		4,146	3.1		4,190	3.0
III. Retained Earnings						
Legal reserve	37			37		
Voluntary reserve	61,197			66,197		
Inappropriated retained earnings	5,129			6,441		
Total retained earnings		66,364	50.1		72,675	52.3
IV. Appreciation by Revaluation of Investment Securities		40	0.0		134	0.1
Total shareholders' equity		74,012	55.8		80,506	57.9
Total liabilities and shareholders' equity		132,650	100.0		138,944	100.0

(2) Statements of Income

(Millions of yen)

Account item	Six months in the previous fiscal year (From April 1, 2004 to September 30, 2004)		Six months in the current fiscal year (From April 1, 2005 to September 30, 2005)		The previous fiscal year (From April 1, 2004 to March 31, 2005)	
	Amount	Percent- age	Amount	Percent- age	Amount	Percent- age
I. Net Sales	93,266	100.0	96,177	100.0	185,094	100.0
II. Cost of Sales	66,023	70.8	66,489	69.1	129,477	70.0
Gross profit	27,243	29.2	29,688	30.9	55,616	30.0
III. Selling, General and Administrative Expenses	22,522	24.1	23,004	23.9	44,816	24.2
Operating Profit	4,721	5.1	6,683	7.0	10,800	5.8
IV. Nonoperating Income	361	0.4	374	0.3	765	0.4
V. Nonoperating Expenses	160	0.2	199	0.2	335	0.1
Ordinary profit	4,922	5.3	6,858	7.1	11,229	6.1
VI. Extraordinary Income	57	0.1			195	0.0
VII. Extraordinary Losses	71	0.1	388	0.4	255	0.1
Income before income taxes	4,909	5.3	6,470	6.7	11,169	6.0
Income taxes—current	2,337		3,145		5,093	
Income taxes—deferred	53	2.6	(165)	3.1	(41)	2.7
Net Income	2,518	2.7	3,490	3.6	6,116	3.3
Unappropriated retained earnings brought forward	2,610		2,950		2,610	
Interim dividends					370	
Unappropriated retained earnings	5,129		6,441		8,357	

(3) Statement of Cash Flows

(Millions of yen)

	Six months in the previous fiscal year (From April 1, 2004 to September 30, 2004)	Six months in the current fiscal year (From April 1, 2005 to September 30, 2005)	The previous fiscal year (From April 1, 2004 to March 31, 2005)
Account item	Amount	Amount	Amount
I. Cash Flows from Operating Activities			
Income before income taxes	4,909	6,470	11,169
Depreciation and amortization	1,437	1,475	3,024
Impairment loss on fixed assets		185	
Amortization of intangible assets	69	65	137
Amortization of long-term prepaid expenses	37	39	75
Loss on retirement of tangible fixed assets	33	12	54
Gain on sale of tangible fixed assets	(27)		(27)
Loss on retirement of intangible fixed assets	0		
Loss on retirement of investment assets and other		1	
Increase in allowance for doubtful account		4	
Increase in reserve for employees' retirement benefits	116	87	244
Increase (decrease) in reserve for directors' retirement allowances	31	(1)	62
Increase (decrease) in reserve for bonuses	43	125	(59)
Dividend and interest income	(11)	(18)	(17)
Interest expense	138	117	263
Loss on devaluation of investment securities			6
Decrease (increase) in trade receivables	(232)	(332)	16
Increase in inventories	(139)	(1,699)	(2,076)
Increase (decrease) in trade payables	(1,370)	446	(847)
Decrease in consumption taxes payable	(89)	(57)	(11)
Increase in other assets	(163)	(27)	(61)
Increase (decrease) in other liabilities	69	16	(329)
Bonuses to directors paid	(36)	(36)	(36)
Subtotal	4,816	6,872	11,588
Interest and dividends received	6	15	12
Interest paid	(134)	(112)	(285)
Income taxes paid	(3,137)	(3,051)	(5,143)
Net cash provided by operating activities	1,550	3,723	6,171
II. Cash Flows from Investing Activities:			
Payments for acquisition of tangible fixed assets	(2,760)	(3,448)	(6,616)
Proceeds from sale of tangible fixed assets	41		43
Payments for acquisition of intangible assets	(138)	(94)	(219)
Payments for purchase of investment securities	(30)	(5)	(30)
Payments for leasehold deposits and guarantee money	(152)	(216)	(294)
Proceeds from collection of leasehold deposits and guarantee money	18	75	109
Decrease (increase) in other investments	17	(1,489)	(79)
Net cash used in investing activities	(3,004)	(5,178)	(7,088)

(Millions of yen)

	Six months in the previous fiscal year (From April 1, 2004 to September 30, 2004)	Six Months in the current fiscal year (From April 1, 2005 to September 30, 2005)	The previous fiscal year (From April 1, 2004 to March 31, 2005)
Account item	Amount	Amount	Amount
III. Cash Flows from Financing Activities:			
Decrease in short-term borrowings	(690)		(1,290)
Proceeds from long-term debt	1,110	1,000	1,710
Payments for repayment of long-term debt	(1,342)	(1,566)	(2,843)
Proceeds from issuance of shares		88	
Cash dividends paid	(740)	(370)	(1,110)
Net cash used in financing activities	(1,662)	(849)	(3,534)
IV. Net decrease in cash and cash equivalents	(3,115)	(2,304)	(4,450)
V. Cash and cash equivalents at beginning of term	15,804	11,354	15,804
VI. Cash and cash equivalents at the end of term	12,688	9,049	11,354