

**Non-Consolidated Financial and Operating Results  
for the Six Months Ended September 30, 2007**

November 16, 2007

Company name                      NAFCO Corporation                      Listed on                              JASDAQ  
Code number                        2790    URL: <http://www.nafco.tv>

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Scheduled date for submission of Semiannual Report: December 21, 2007

Date dividend payments scheduled to begin: December 7, 2007

(Amounts below one million yen are truncated.)

**1. Financial and Operating Results for the Six Months Ended September 30, 2007  
(April 1, 2007 through September 30, 2007)**

**(1) Operating results**

(Percentages refer to changes from the corresponding period of the preceding fiscal year.)

Six months ended	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2007	100,266	2.1	6,248	(10.2)	6,414	(10.3)
September 30, 2006	98,156	2.1	6,961	4.2	7,150	4.3
Year ended March 31, 2007	194,748	—	12,351	—	12,686	—

Six months ended	Net income		Net income per share	Diluted net income per share
	Millions of yen	%	Yen	Yen
September 30, 2007	3,432	(13.3)	115.37	115.30
September 30, 2006	3,961	13.5	133.13	133.04
Year ended March 31, 2007	6,896	—	231.79	231.63

(Reference) Equity in net income (losses) of companies accounted for under the equity method

September 30, 2007: —

September 30, 2006: —

March 31, 2007: —

**(2) Financial position**

Six months ended	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
September 30, 2007	154,672	91,871	59.4	3,087.67
September 30, 2006	149,027	86,363	58.0	2,902.53
Year ended March 31, 2007	154,305	88,904	57.6	2,987.95

(Reference) Shareholders' equity:

September 30, 2007: ¥91,871 million

September 30, 2006: ¥86,363 million

March 31, 2007: ¥88,904 million

### (3) Cash flows

	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
Six months ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
September 30, 2007	2,977	(3,714)	(820)	11,298
September 30, 2006	7,275	(3,409)	1,440	10,380
Year ended March 31, 2007	13,178	(8,255)	2,859	12,856

### 2. Dividends

(Record date)	Dividends per share		
	Interim end	Year-end	Full year
	Yen	Yen	Yen
Year ended March 31, 2007	13.50	13.50	27.00
Year ending March 31, 2008 (actual)	15.00	—	30.00
Year ending March 31, 2008 (forecast)	—	15.00	

### 3. Projected Operating Results for the Year Ending March 31, 2008 (April 1, 2007 through March 31, 2008)

(Percentages refer to changes from the preceding fiscal year.)

	Net sales		Operating income		Ordinary income		Net income		Net assets per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	201,000	3.2	13,368	8.2	13,742	8.3	7,200	4.4	241.98

### 4. Others

(1) Changes in the method, procedure and presentation of accounting for the preparation of interim consolidated financial statements (recorded in changes to important items that form the basis for preparation of interim consolidated financial statements):

Changes due to revisions to accounting standards: Yes

Other changes: No

(2) Number of outstanding shares (common stock)

	(1) Number of outstanding shares (including treasury stock)	(2) Treasury stock
September 30, 2007	29,754,400	—
September 30, 2006	29,754,400	—
March 31, 2007	29,754,400	—

### Cautionary Statement Regarding Performance Forecasts

The forecasts and future projections in this report have been produced based on the information available as of the date of announcement of this summary information, and the actual results could differ from forecast figures depending on a variety of other factors which may occur hereafter.

#### 4. Interim Financial Statements

##### (1) Interim Balance Sheet

Account Item	End of previous interim term (September 30, 2006)		End of current interim term (September 30, 2007)		End of previous fiscal year (March 31, 2007)	
	Millions of yen	Composition (%)	Millions of yen	Composition (%)	Millions of yen	Composition (%)
(Assets)						
I. Current Assets						
1 Cash and bank deposits	14,580		14,283		15,932	
2 Accounts receivable—trade	1,322		1,362		1,672	
3 Merchandise in inventory	43,201		43,602		43,839	
4 Current assets, other	1,934		1,986		2,049	
Allowance for doubtful accounts	(20)		(14)		(17)	
Total current assets		61,018		61,220		63,476
II. Fixed Assets						
1 Property, plant and equipment						
(1) Buildings	35,962		38,327		36,379	
(2) Land	33,794		34,795		33,800	
(3) Property, plant and equipment, other	6,181		6,246		6,900	
Total property, plant and equipment	75,938		79,369		77,079	
2 Intangible assets	1,398		1,524		1,452	
3 Investments and other assets	10,671		12,557		12,297	
Total fixed assets		88,008		93,451		90,829
Total assets		149,027		154,672		154,305
		40.9		39.6		41.1
		59.1		60.4		58.9
		100.0		100.0		100.0

Account Item	End of previous interim term (September 30, 2006)		End of current interim term (September 30, 2007)		End of previous fiscal year (March 31, 2007)	
	Millions of yen	Composition (%)	Millions of yen	Composition (%)	Millions of yen	Composition (%)
(Liabilities)						
I Current Liabilities						
1 Trade notes payable	17,036		17,785		16,458	
2 Accounts payable—trade	11,040		10,078		12,834	
3 Short-term borrowings	9,030		9,430		10,030	
4 Current portion of long-term borrowings	2,763		2,017		2,483	
5 Accrued income taxes payable	3,480		2,750		3,380	
6 Reserve for bonuses	1,080		1,080		922	
7 Reserve for directors' bonuses	—		—		35	
8 Notes payable to equipment	3,863		3,552		2,691	
9 Current liabilities, other	4,904		4,735		5,866	
Total current liabilities		53,198		51,429		54,701
		35.7		33.2		35.5
II Fixed Liabilities						
1 Long-term borrowings	4,459		6,207		5,560	
2 Allowance for retirement benefits	3,308		3,319		3,332	
3 Reserve for directors' retirement benefits	1,447		1,599		1,566	
4 Fixed liabilities, other	249		244		240	
Total fixed liabilities		9,465		11,371		10,699
		6.3		7.4		6.9
Total Liabilities		62,663		62,800		65,401
		42.0		40.6		42.4

Account Item	End of previous interim term (September 30, 2006)		End of current interim term (September 30, 2007)		End of previous fiscal year (March 31, 2007)	
	Millions of yen	Composition (%)	Millions of yen	Composition (%)	Millions of yen	Composition (%)
(Net Assets)						
I Shareholders' equity						
1. Capital Stock		3,521 2.4		3,521 2.3		3,521 2.3
2. Capital Surplus						
Capital reserve	4,206		4,206		4,206	
Total capital surplus		4,206 2.8		4,206 2.7		4,206 2.7
3. Retained Earnings						
(1) Legal reserve	37		37		37	
(2) Retained earnings, other						
Reserve from unappropriated profit	197		197		197	
General reserve	71,000		76,000		71,000	
Unappropriated retained earnings	7,259		7,824		9,792	
Total retained earnings		78,494 52.7		84,059 54.3		81,027 52.5
Total shareholders' equity		86,222 57.9		91,787 59.3		88,756 57.5
II Valuation and translation adjustments						
Other valuation adjustments on marketable securities	140		84		148	
Total valuation and translation adjustments		140 0.1		84 0.1		148 0.1
Total net assets		86,363 58.0		91,871 59.4		88,904 57.6
Total Liabilities and Net Assets		149,027 100.0		154,672 100.0		154,305 100.0

**(2) Interim Statements of Income**

Account Item	Six Months Ended September 30, 2006		Six Months Ended September 30, 2007		Year Ended March 31, 2007				
	Millions of yen	Composition (%)	Millions of yen	Composition (%)	Millions of yen	Composition (%)			
I Net Sales		98,156	100.0		100,266	100.0		194,748	100.0
II Cost of Sales		67,242	68.5		68,691	68.5		133,412	68.5
Gross profit		30,914	31.5		31,574	31.5		61,336	31.5
III Selling, General and Administrative Expenses		23,952	24.4		25,326	25.3		48,984	25.2
Operating profit		6,961	7.1		6,248	6.2		12,351	6.3
IV Non-Operating Income		362	0.4		487	0.5		737	0.4
V Non-Operating Expenses		173	0.2		321	0.3		402	0.2
Ordinary profit		7,150	7.3		6,414	6.4		12,686	6.5
VI Extraordinary Income		—	—		3	0.0		196	0.1
VII Extraordinary Losses		0	0.0		239	0.2		440	0.2
Income before income taxes		7,150	7.3		6,177	6.2		12,443	6.4
Income tax, inhabitant tax and enterprise tax	3,293			2,628			5,876		
Deferred income taxes	(104)	3,189	3.3	116	2,744	2.8	(329)	5,546	2.9
Net income		3,961	4.0		3,432	3.4		6,896	3.5

**(4) Interim Statement of Cash Flows**

	Six Months Ended September 30, 2006	Six Months Ended September 30, 2007	Year Ended March 31, 2007
Account Item	Millions of yen	Millions of yen	Millions of yen
<b>I Cash Flows from Operating Activities</b>			
Income before income taxes	7,150	6,177	12,443
Depreciation and amortization	1,574	1,700	3,292
Impairment loss on fixed assets	—	98	249
Amortization of intangible fixed assets	60	68	125
Loss on amortization of long-term prepaid expenses	38	32	73
Loss on disposal of tangible fixed assets	—	140	48
Loss on sale of tangible fixed assets	—	0	—
Loss on disposal of intangible fixed assets	—	—	0
Gain on sale of tangible fixed assets	—	—	(0)
Increase in allowance for doubtful accounts	—	5	9
Increase (decrease) in reserve for employees' retirement benefits	36	(13)	60
Increase (decrease) in reserve for directors' retirement allowances	30	33	149
Increase (decrease) in reserve for directors' bonuses	—	(35)	35
Increase in reserve for bonuses	175	158	17
Dividend and interest income	(13)	(29)	(21)
Interest expense	123	143	264
Increase in trade receivables	(413)	(143)	(354)
Decrease in inventories	1,271	237	634
Increase (decrease) in trade payables	(675)	(1,428)	540
Increase (decrease) in consumption taxes payable	420	(323)	582
Increase in other assets	(70)	(37)	(64)
Increase (decrease) in other liabilities	504	(431)	889
Bonuses to directors paid	(35)	—	(35)
Subtotal	10,179	6,355	18,939
Interest and dividends received	10	27	16
Interest paid	(114)	(151)	(291)
Income taxes paid	(2,798)	(3,253)	(5,486)
Net cash provided by operating activities	7,275	2,977	13,178
<b>II Cash Flows from Investing Activities</b>			
Payments for acquisition of tangible fixed assets	(3,594)	(3,189)	(7,844)
Proceeds from sale of tangible fixed assets	—	0	0
Payments for acquisition of intangible fixed assets	(52)	(140)	(171)
Payments for disposal of fixed assets	—	(101)	(27)
Payments for leasehold deposits and guarantee money	(84)	(202)	(242)
Proceeds from collection of leasehold deposits and guarantee money	27	111	50
Payments on loans	—	—	(500)
Decrease (increase) in other investments	295	(191)	479
Net cash used in investing activities	(3,409)	(3,714)	(8,255)
<b>III. Cash Flows from Financing Activities:</b>			
Increase (decrease) in short-term borrowings	2,300	(600)	3,300
Proceeds from long-term debt	1,000	1,700	3,500
Payments for repayment of long-term debt	(1,472)	(1,518)	(3,152)
Cash dividends paid	(386)	(401)	(788)
Net cash provided by (used in) financing activities	1,440	(820)	2,859
<b>IV. Net increase (decrease) in cash and cash equivalents</b>	5,306	(1,557)	7,782
<b>V. Cash and cash equivalents at beginning of term</b>	5,073	12,856	5,072
<b>VI. Cash and cash equivalents at end of term</b>	10,380	11,298	12,856