

**Non-Consolidated Financial and Operating Results  
for the Year Ended March 31, 2008**

May 9, 2008

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

Representative: Katsuyoshi Fukamachi, President and CEO  
Contact person: Kanji Muraoka, Managing Director & General Manager, Accounting Division  
TEL +81-93-521-7030

Date scheduled for Ordinary General Shareholders Meeting: June 26, 2008

Date dividend payments scheduled to begin: June 27, 2008

Scheduled date for submission of securities report: June 27, 2008

(Amounts below one million yen are truncated.)

**1. Financial and Operating Results for the Year Ended March 31, 2008  
(April 1, 2007 to March 31, 2008)**

**(1) Operating results** (Percentages refer to changes from the preceding fiscal year.)

	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2008	195,742	0.5	12,225	(1.0)	12,487	(1.6)
Year ended March 31, 2007	194,748	2.4	12,351	9.2	12,686	7.6

	Net income		Net income per share	Diluted net income per share
	Millions of yen	%	Yen	Yen
Year ended March 31, 2008	6,697	(2.9)	225.08	224.95
Year ended March 31, 2007	6,896	12.0	231.79	231.63

	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	%	%	%
Year ended March 31, 2008	7.3	8.0	6.3
Year ended March 31, 2007	8.0	8.5	6.3

(Reference) Equity gain (loss) under equity method:      March 31, 2008: —      March 31, 2007: —

**(2) Financial position**

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Year ended March 31, 2008	158,590	94,637	59.7	3,180.64
Year ended March 31, 2007	154,305	88,904	57.6	2,987.95

(Reference) Shareholders' equity:      March 31, 2008: ¥94,637 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
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2008	5,962	(7,682)	1,688	12,825
Year ended March 31, 2007	13,178	(8,255)	2,859	12,856

## 2. Dividends

(Record date)	Dividends per share			Total dividends (year)	Payout ratio	Net asset payout ratio
	Interim end	Year-end	Full year			
	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2007	13.50	13.50	27.00	803	11.6	0.9
Year ended March 31, 2008	15.00	15.00	30.00	892	13.3	1.0
Year ending March 31, 2009 (forecast)	16.50	16.50	33.00	—	17.2	—

## 3. Projected Operating Results for the Year Ending March 31, 2009 (April 1, 2008 to March 31, 2009)

(% indicates percentage changes compared with the preceding full-year or interim period.)

	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	101,370	1.1	6,566	5.1	6,730	4.9	2,400	(30.1)	80.66
Full year	200,000	2.2	12,500	2.2	12,800	2.5	5,700	(14.9)	191.56

**4. Financial Statements**
**(1) Balance Sheets**

Account Item	Previous Fiscal year (March 31, 2007)		Current Fiscal year (March 31, 2008)		Year-on-Year Change	
	Amount (Millions of yen)	Composition (%)	Amount (Millions of yen)	Composition (%)	Amount (Millions of yen)	
(Assets)						
I. Current Assets						
1 Cash and bank deposits	15,932		15,888			(43)
2 Accounts receivable—trade	1,672		1,640			(32)
3 Merchandise in inventory	43,832		44,977			1,145
4 Supplies	6		4			(2)
5 Prepaid expenses	786		863			76
6 Deferred income tax assets	909		743			(166)
7 Accrued income	65		75			10
8 Current assets, other	288		339			51
Allowance for doubtful accounts	(17)		(17)			0
Total current assets	63,476	41.1	64,515	40.7		1,039
II. Fixed Assets						
1 Property, plant and equipment						
(1) Buildings	61,264		65,559		4,294	
Accumulated depreciation	(24,885)	36,379	(26,978)	38,581	(2,092)	2,201
(2) Structures	11,237		12,057		820	
Accumulated depreciation	(6,818)	4,419	(7,546)	4,511	(728)	91
(3) Transportation equipment	224		247		23	
Accumulated depreciation	(181)	42	(205)	42	(23)	(0)
(4) Tools, furniture, and fixtures	4,161		4,602		441	
Accumulated depreciation	(3,056)	1,104	(3,487)	1,115	(430)	10
(5) Land		33,800		34,871		1,071
(6) Construction in progress		1,333		922		(411)
Total property, plant and equipment		77,079		80,043		2,964
2 Intangible assets						
(1) Goodwill		—		80		80
(2) Land lease rights		1,073		1,135		61
(3) Computer software costs		315		238		(77)
(4) Telephone subscription rights		46		46		—
(5) Intangible assets, other		16		14		(1)
Total intangible assets		1,452		1,514		62
		0.9		1.0		

Account Item	Previous Fiscal year (March 31, 2007)		Current Fiscal year (March 31, 2008)		Year-on-Year Change
	Amount (Millions of yen)	Composition (%)	Amount (Millions of yen)	Composition (%)	Amount (Millions of yen)
3 Investments and other assets					
(1) Investment securities	516		312		(194)
(2) Investment in affiliates' securities	80		80		—
(3) Investment	10		9		(1)
(4) Investment in affiliates	1		1		—
(5) Long-term loans receivable	500		500		—
(6) Long-term prepaid expenses	853		805		(47)
(7) Deferred income tax assets	2,043		2,119		76
(8) Lease deposits/guarantee deposits	5,882		6,146		263
(9) Construction support money	1,226		1,351		124
(10) Long-term fixed deposits	1,100		1,100		—
(11) Other	94		92		(1)
Allowance for bad debts	(12)		(11)		0
Total investments and other assets	12,297	8.0	12,516	7.9	218
Total fixed assets	90,829	58.9	94,074	59.3	3,245
Total assets	154,305	100.0	158,590	100.0	4,284

Account Item	Previous Fiscal year (March 31, 2007)		Current Fiscal year (March 31, 2008)		Year-on-Year Change
	Amount (Millions of yen)	Composition (%)	Amount (Millions of yen)	Composition (%)	Amount (Millions of yen)
<b>(Liabilities)</b>					
<b>I Current Liabilities</b>					
1 Trade notes payable	16,458		15,954		(503)
2 Accounts payable—trade	12,834		11,216		(1,617)
3 Short-term borrowings	10,030		11,430		1,400
4 Current portion of long-term borrowings	2,483		2,063		(420)
5 Accounts payable	3,630		2,850		(780)
6 Accrued income taxes payable	3,380		3,030		(350)
7 Consumption taxes payable	748		266		(482)
8 Advance deposits received	1,051		966		(84)
9 Deposits received	290		332		42
10 Revenue received in advance	15		17		1
11 Reserve for bonuses	922		962		40
12 Reserve for directors' bonuses	35		38		2
13 Notes payable to equipment	2,691		2,396		(295)
14 Current liabilities, other	129		147		17
Total current liabilities	54,701	35.5	51,671	32.6	(3,029)
<b>II Fixed Liabilities</b>					
1 Long-term borrowings	5,560		7,117		1,557
2 Allowance for retirement benefits	3,332		3,285		(46)
3 Reserve for directors' retirement benefits	1,566		1,633		66
4 Fixed liabilities, other	240		244		3
Total fixed liabilities	10,699	6.9	12,280	7.7	1,580
Total Liabilities	65,401	42.4	63,952	40.3	(1,448)
<b>(Net Assets)</b>					
<b>I Shareholders' equity</b>					
1 Capital stock	3,521	2.3	3,521	2.2	—
2 Capital surplus					
Capital reserve	4,206		4,206		—
Total capital surplus	4,206	2.7	4,206	2.7	—
3 Retained earnings					
(1) Legal reserve	37		37		—
(2) Other retained earnings					
Reserve from unappropriated profit	197		197		—
General reserve	71,000		76,000		5,000
Retained earnings brought forward	9,792		10,642		849
Total retained earnings	81,027	52.5	86,877	54.8	5,849
4 Treasury stock	—		(0)	(0.0)	(0)
Total shareholders' equity	88,756	57.5	94,605	59.7	5,849
<b>II Valuation and translation adjustments</b>					
Other valuation adjustments on marketable securities	148	0.1	32	0.0	(115)
Total valuation and translation adjustments	148	0.1	32	0.0	(115)
Total net assets	88,904	57.6	94,637	59.7	5,733
Total Liabilities and Net Assets	154,305	100.0	158,590	100.0	4,284

## (2) Statements of Income

Account Item	Previous Fiscal Year (From April 1, 2006 to March 31, 2007)		Current Fiscal Year (From April 1, 2007 to March 31, 2008)		Year-on-Year Change		
	Amount (Millions of yen)	Composition (%)	Amount (Millions of yen)	Composition (%)	Amount (Millions of yen)		
I Net Sales		194,748	100.0		195,742	100.0	993
II Cost of Sales							
1 Inventories—at the beginning of the term	44,465			43,832			
2 Purchases of merchandise	132,779			134,335			
Cost of merchandise—total	177,244			178,167			
3 Inventories—at the end of the term	43,832	133,412	68.5	44,977	133,189	68.0	(222)
Gross profit		61,336	31.5		62,552	32.0	1,215
III Selling, General and Administrative Expenses							
1 Advertising expense	4,708			4,235			
2 Delivery expense	2,075			2,102			
3 Transfer to allowance for bad debt	9			—			
4 Director's remuneration and employee payroll	15,978			16,410			
5 Employee bonuses	1,303			1,007			
6 Provision of reserve for directors' bonuses	35			38			
7 Provision of reserve for bonuses	922			962			
8 Expense for retirement benefits	357			320			
9 Provision of allowance for directors' retirement benefits	149			66			
10 Legal welfare expense	1,816			1,853			
11 Land and house rent	6,807			7,256			
12 Depreciation and amortization	3,467			3,752			
13 Heat, light and water	2,812			3,000			
14 Security expense	1,156			1,199			
15 Taxes other than income taxes	1,478			1,564			
16 Other expense	5,903	48,984	25.2	6,556	50,326	25.7	1,341
Operating profit		12,351	6.3		12,225	6.3	(125)
IV Non-Operating Income							
1 Interest income	13			46			
2 Dividend income	8			7			
3 Rental income	178			191			
4 Support money income	40			25			
5 Charges for ordering paperwork	95			68			
6 Commission income	264			271			
7 Non-operating income, other	137	737	0.4	118	729	0.4	(7)

Account Item	Previous Fiscal Year (From April 1, 2006 to March 31, 2007)		Current Fiscal Year (From April 1, 2007 to March 31, 2008)		Year-on-Year Change	
	Amount (Millions of yen)	Composition (%)	Amount (Millions of yen)	Composition (%)	Amount (Millions of yen)	
V Non-Operating Expenses						
1 Interest expense	264		303			
2 Cost of rental income	59		118			
3 Other	78	402	47	468	0.3	66
Ordinary profit		12,686		12,487	6.4	(199)
VI Extraordinary Income						
1 Gain on sale of fixed assets	0		—			
2 Compensation on relocation of structures	84		—			
3 Insurance received	111		107			
4 Reversal of allowance for doubtful accounts	—	196	2	109	0.1	(86)
VII Extraordinary Losses						
1 Loss on disposal of fixed assets	49		151			
2 Loss on sale of fixed assets	—		0			
3 Loss on cancellation of lease agreement	82		—			
4 Product damage arising from casualty	59		—			
5 Building restoration expense arising from casualty	—		96			
6 Impairment loss	249		98			
7 Other	—	440	1	348	0.2	(91)
Income before income taxes		12,443		12,248	6.3	(194)
Income tax, inhabitant tax and enterprise tax	5,876		5,382			
Deferred income taxes	(329)	5,546	168	5,551	2.9	5
Net income		6,896		6,697	3.4	(199)

## (3) Statement of Cash Flows

	Previous Fiscal Year (From April 1, 2006 to March 31, 2007)	Current Fiscal Year (From April 1, 2007 to March 31, 2008)	Year-on-Year Change
Account Item	Amount (Millions of yen)	Amount (Millions of yen)	Amount (Millions of yen)
<b>I Cash Flows from Operating Activities</b>			
Income before income taxes	12,443	12,248	(194)
Depreciation and amortization	3,292	3,586	294
Impairment loss on fixed assets	249	98	(150)
Amortization of Goodwill	—	20	20
Amortization of intangible fixed assets	125	118	(7)
Loss on amortization of long-term prepaid expenses	73	65	(7)
Loss on disposal of tangible fixed assets	48	151	102
Loss on sale of tangible fixed assets	—	0	0
Loss on disposal of intangible fixed assets	0	—	(0)
Gain on sale of tangible fixed assets	(0)	—	0
Increase (decrease) in allowance for doubtful accounts	9	(1)	(10)
Increase (decrease) in reserve for employees' retirement benefits	60	(46)	(107)
Increase in reserve for directors' retirement allowances	149	66	(82)
Increase in reserve for directors' bonuses	35	2	(33)
Increase in reserve for bonuses	17	40	23
Dividend and interest income	(21)	(54)	(32)
Interest expense	264	303	38
Increase in trade receivables	(354)	(52)	301
Decrease (increase) in inventories	634	(1,142)	(1,776)
Increase (decrease) in trade payables	540	(2,121)	(2,661)
Increase (decrease) in consumption taxes payable	582	(482)	(1,065)
Increase in other assets	(64)	(118)	(54)
Increase (decrease) in other liabilities	889	(720)	(1,609)
Bonuses to directors paid	(35)	—	35
Subtotal	18,939	11,961	(6,978)
Interest and dividends received	16	50	34
Interest paid	(291)	(322)	(31)
Income taxes paid	(5,486)	(5,726)	(240)
Net cash provided by operating activities	13,178	5,962	(7,215)
<b>II Cash Flows from Investing Activities</b>			
Payments for acquisition of tangible fixed assets	(7,844)	(6,988)	855
Proceeds from sale of tangible fixed assets	0	0	0
Payments for acquisition of intangible fixed assets	(171)	(200)	(29)
Payments for disposal of fixed assets	(27)	(101)	(74)
Proceeds from sale of investment securities	—	0	0
Payments for leasehold deposits and guarantee money	(242)	(403)	(160)
Proceeds from collection of leasehold deposits and guarantee money	50	139	88
Payments on loans	(500)	—	500
Decrease (increase) in other investments	479	(127)	(607)
Net cash used in investing activities	(8,255)	(7,682)	573
<b>III. Cash Flows from Financing Activities</b>			
Increase in short-term borrowings	3,300	1,400	(1,900)
Proceeds from long-term debt	3,500	3,900	400
Payments for repayment of long-term debt	(3,152)	(2,763)	389
Payments for purchase of treasury stock	—	(0)	(0)
Cash dividends paid	(788)	(848)	(59)
Net cash provided by financing activities	2,859	1,688	(1,170)
<b>IV. Net increase (decrease) in cash and cash equivalents</b>	<b>7,782</b>	<b>(30)</b>	<b>(7,813)</b>
<b>V. Cash and cash equivalents at beginning of term</b>	<b>5,073</b>	<b>12,856</b>	<b>7,782</b>
<b>VI. Cash and cash equivalents at the end of term</b>	<b>12,856</b>	<b>12,825</b>	<b>(30)</b>