

**Non-Consolidated Financial and Operating Results
for the Six Months Ended September 30, 2008**

November 7, 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

Scheduled date for submission of Interim Report: November 12, 2008

Date dividend payments scheduled to begin: December 5, 2008

(Amounts below one million yen are truncated.)

**1. Financial and Operating Results for the Six Months Ended September 30, 2008
(April 1, 2008 through September 30, 2008)**

(1) Operating results

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

| | Net sales | | Operating income | | Ordinary income | |
|--|-----------------|-----|------------------|--------|-----------------|--------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| Six months ended September 30, 2008 | 103,256 | — | 6,003 | — | 6,119 | — |
| Six months ended September 30, 2007 | 100,266 | 2.1 | 6,248 | (10.2) | 6,414 | (10.3) |

| | Net income | | Net income per share | Diluted net income per share |
|--|-----------------|--------|----------------------|------------------------------|
| | Millions of yen | % | Yen | Yen |
| Six months ended September 30, 2008 | 2,115 | — | 71.07 | 71.06 |
| Six months ended September 30, 2007 | 3,432 | (13.3) | 115.37 | 115.30 |

(2) Financial position

| | Total assets | Net assets | Equity ratio | Net assets per share |
|--|-----------------|-----------------|--------------|----------------------|
| | Millions of yen | Millions of yen | % | Yen |
| Six months ended September 30, 2008 | 164,642 | 96,299 | 58.5 | 3,234.31 |
| Year ended March 31, 2008 | 158,590 | 94,637 | 59.7 | 3,180.64 |

(Reference) Shareholders' equity:

September 30, 2008: ¥96,299 million

March 31, 2008: ¥94,637 million

2. Dividends

| (Record date) | Dividends per share (yen) | | | | |
|---|---------------------------|-----------------------|----------------------|--------------------|-----------|
| | End of first quarter | End of second quarter | End of third quarter | End of fiscal year | Full year |
| Year ended March 31, 2008 | — | 15.00 | — | 15.00 | 30.00 |
| Year ending March 31, 2009 | — | 16.50 | — | — | — |
| Year ending March 31, 2009 (forecast) | — | — | — | 16.50 | 33.00 |

(Note) Changes in dividend forecasts during the quarter under review: None

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

(Percentages refer to changes from the preceding 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 |
| Full year | 200,000 | 2.2 | 12,500 | 2.2 | 12,800 | 2.5 | 5,700 | (14.9) | 191.47 |

(Note) Changes in projected operating results during the quarter under review: None

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 | — |

4. Others

(1) Application of simplified methods of accounting and accounting methods specific to the preparation of quarterly financial statements: Yes

(2) Changes in accounting principles, processes, presentation methods, etc., related to the preparation of quarterly consolidated financial statements (recorded in changes to important items that form the basis for preparation of quarterly consolidated financial statements)

1) Changes due to revisions to accounting standards, etc.: Yes

2) Changes other than 1): No

(3) Number of outstanding shares (ordinary shares)

1) Number of shares outstanding as of the end of period (including treasury shares)

First half ended September 30, 2008: 29,774,400

Fiscal year ended March 31, 2007: 29,754,400

2) Number of treasury shares as of the end of period

First half ended September 30, 2008: 122

Fiscal year ended March 31, 2008: 48

3) Average number of shares during the period (six-month periods ended September 30)

First half ended September 30, 2008: 29,769,290

First half ended September 30, 2007: 29,754,400

Notes: Cautionary Statement Regarding Performance Forecasts, Other Special Notes

1. There are no revisions to the projected operating results announced on May 9, 2008, although net income per share has been amended to reflect exercise of new share subscription rights. The forecasts and future projections stated above have been prepared on the basis of the information available as of the date of announcement of this summary information, and the actual results could differ significantly from forecast figures depending on a variety of factors.

2. In the current consolidated fiscal year, the Company began applying the “Accounting Standard for Quarterly Financial Reporting” (Financial Accounting Standard No. 12) and the “Guidance on Accounting Standard for Quarterly Financial Reporting” (Financial Accounting Standard Implementation Guidance No. 14). The quarterly consolidated financial statements were also prepared in accordance with the “Regulations on Quarterly Consolidated Financial Statements.”

4. Interim Financial Statements
(1) Interim Balance Sheet

| | End of current interim term (September 30, 2008) | End of previous fiscal year (March 31, 2008) |
|--|--|--|
| (Millions of yen) | | |
| ASSETS | | |
| Current assets | | |
| Cash and bank deposits | 18,267 | 15,888 |
| Accounts receivable—trade | 1,318 | 1,640 |
| Merchandise in inventory | 45,067 | 44,977 |
| Current assets, other | 2,097 | 2,025 |
| Allowance for doubtful accounts | (14) | (17) |
| Total current assets | 66,736 | 64,515 |
| Fixed assets | | |
| Property, plant and equipment | | |
| Buildings and structures (net) | 44,367 | 43,092 |
| Land | 37,131 | 34,871 |
| Construction in progress | 742 | 922 |
| Property, plant and equipment, other (net) | 1,442 | 1,157 |
| Total property, plant and equipment | 83,684 | 80,043 |
| Intangible assets | 1,529 | 1,514 |
| Investments and other assets | 12,691 | 12,516 |
| Total fixed assets | 97,905 | 94,074 |
| Total assets | 164,642 | 158,590 |
| LIABILITIES | | |
| Current liabilities | | |
| Notes and accounts payable—trade | 30,566 | 27,170 |
| Short-term borrowings | 12,430 | 11,430 |
| Current portion of long-term borrowings | 2,392 | 2,063 |
| Accrued income taxes payable | 1,870 | 3,030 |
| Accounts payable | 3,413 | 2,850 |
| Notes payable to equipment | 2,505 | 2,396 |
| Reserve for bonuses | 1,044 | 962 |
| Current liabilities, other | 1,154 | 1,768 |
| Total current liabilities | 55,378 | 51,671 |
| Fixed liabilities | | |
| Long-term borrowings | 7,496 | 7,117 |
| Allowance for retirement benefits | 3,266 | 3,285 |
| Reserve for directors' retirement benefits | 1,665 | 1,633 |
| Fixed liabilities, other | 534 | 244 |
| Total fixed liabilities | 12,964 | 12,280 |
| Total liabilities | 68,342 | 63,952 |
| NET ASSETS | | |
| Shareholders' equity | | |
| Capital stock | 3,532 | 3,521 |
| Capital surplus | 4,217 | 4,206 |
| Retained earnings | 88,546 | 86,877 |
| Treasury stock | (0) | (0) |
| Total shareholders' equity | 96,296 | 94,605 |
| Valuation and translation adjustments | | |
| Other valuation adjustments on marketable securities | 2 | 32 |
| Total valuation and translation adjustments | 2 | 32 |
| Total net assets | 96,299 | 94,637 |
| Total liabilities and net assets | 164,642 | 158,590 |

(2) Interim Statements of Income

(Millions of yen)

| | Six Months Ended September 30, 2008 (April 1, 2008, to September 30, 2008) |
|--|---|
| Net sales | 103,256 |
| Cost of sales | 71,268 |
| Gross profit | 31,987 |
| Selling, general and administrative expenses | 25,983 |
| Operating profit | 6,003 |
| Non-operating income | |
| Interest income | 39 |
| Dividend income | 6 |
| Commission income | 135 |
| Rental income | 104 |
| Non-operating income, other | 58 |
| Total non-operating income | 343 |
| Non-operating expenses | |
| Interest expense | 165 |
| Cost of rental income | 55 |
| Other | 5 |
| Total non-operating expenses | 227 |
| Ordinary profit | 6,119 |
| Extraordinary income | |
| Reversal of allowance for doubtful accounts | 3 |
| Gain on sale of fixed assets | 0 |
| Total extraordinary income | 3 |
| Extraordinary losses | |
| Loss on valuation of merchandise | 1,604 |
| Impairment loss | 621 |
| Loss on disposal of fixed assets | 22 |
| Loss on sale of fixed assets | 0 |
| Total extraordinary losses | 2,248 |
| Income before income taxes | 3,874 |
| Income taxes and others | 1,759 |
| Net income | 2,115 |

(3) Interim Statement of Cash Flows

(Millions of yen)

| | Six Months Ended September 30, 2008 (April 1, 2008, to September 30, 2008) |
|---|---|
| Cash flows from operating activities | |
| Income before income taxes | 3,874 |
| Depreciation and amortization | 1,765 |
| Impairment loss on fixed assets | 621 |
| Amortization of goodwill | 10 |
| Amortization of intangible fixed assets | 52 |
| Loss on amortization of long-term prepaid expenses | 32 |
| Loss on disposal of tangible fixed assets | 22 |
| Loss on disposal of intangible fixed assets | 0 |
| Loss (gain) on sale of tangible fixed assets | (0) |
| Increase (decrease) in allowance for doubtful accounts | (3) |
| Increase (decrease) in reserve for employees' retirement benefits | (18) |
| Increase (decrease) in reserve for directors' retirement allowances | 32 |
| Increase (decrease) in reserve for directors' bonuses | (38) |
| Increase (decrease) in reserve for bonuses | 82 |
| Dividend and interest income | (45) |
| Interest expense | 165 |
| Decrease (increase) in trade receivables | (46) |
| Decrease (increase) in inventories | (97) |
| Increase (decrease) in trade payables | 3,395 |
| Increase (decrease) in consumption taxes payable | (49) |
| Decrease (increase) in other assets | (65) |
| Increase (decrease) in other liabilities | 5 |
| Subtotal | 9,696 |
| Interest and dividends received | 37 |
| Interest paid | (164) |
| Income taxes paid | (2,918) |
| Net cash provided by operating activities | 6,650 |
| Cash flows from investing activities | |
| Payments for acquisition of tangible fixed assets | (5,238) |
| Proceeds from sale of tangible fixed assets | 0 |
| Payments for acquisition of intangible fixed assets | (88) |
| Proceeds from sale of investment securities | 0 |
| Payments for disposal of fixed assets | (0) |
| Payments for leasehold deposits and guarantee money | (166) |
| Proceeds from collection of leasehold deposits and guarantee money | 27 |
| Decrease (increase) in other investments | (114) |
| Net cash used in investing activities | (5,578) |
| Cash flows from financing activities | |
| Increase (decrease) in short-term borrowings | 1,000 |
| Proceeds from long-term debt | 1,800 |
| Payments for repayment of long-term debt | (1,090) |
| Payments for repayment of lease obligations | (0) |
| Proceeds from share issuance | 22 |
| Payments for purchase of treasury stock | (0) |
| Cash dividends paid | (446) |
| Net cash provided by financing activities | 1,283 |
| Net increase (decrease) in cash and cash equivalents | 2,356 |
| Cash and cash equivalents at beginning of term | 12,825 |
| Cash and cash equivalents at the end of term | 15,182 |