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

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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 inc	ome	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

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	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: \(\frac{\pmap}{9}\) 496,299 million March 31, 2008: \(\frac{\pmap}{9}\)4,637 million

2. Dividends

	Dividends per share (yen)					
(Record date)	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 sale	es	Operating i	ncome	Ordinary in	ncome	Net inc	ome	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

		(Millions of y
	End of current	End of previous
	interim term	fiscal year
	(September 30, 2008)	(March 31, 2008)
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		100,000
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		31,071
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	08,342	03,932
Shareholders' equity	2 522	2 521
Capital stock	3,532	3,521
Capital surplus	4,217	4,206
Retained earnings	88,546	86,877
Treasury stock	(0)	04.605
Total shareholders' equity	96,296	94,605
Valuation and translation adjustments		
Other valuation adjustments on marketable	3	22
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

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 tangible fixed assets 20 Loss on disposal of tangible fixed assets 00 Loss (gain) on sale of tangible fixed assets 00 Loss (gain) on sale of tangible fixed assets 00 Increase (decrease) in lowance for doubtful accounts 13 Increase (decrease) in reserve for employees' retirement benefits 18 Increase (decrease) in reserve for directors' retirement allowances 32 Increase (decrease) in reserve for directors' bronuses 38 Increase (decrease) in reserve for directors' bronuses 38 Increase (decrease) in reserve for directors' bronuses 48 Dividend and interest income 48 Interest expense 165 Decrease (increase) in trade receivables 49 Decrease (increase) in inventories 977 Increase (decrease) in consumption taxes payable 49 Decrease (increase) in inventories 9,596 Increase (decrease) in consumption taxes payable 49 Decrease (increase) in other lashilities 5 Subtotal 9,696 Interest and dividends received 37 Interest paid (164 Income taxes paid (2,918 Net cash provided by operating activities 6,550 Cash flows from investing activities 9 Payments for acquisition of tangible fixed assets 0 Payments for lacquisition of tangible fixed assets 0 Payments for lacquisition of lasseblol deposits and guarantee 0 Payments for lacquisition of lasseblol deposits and guarantee 0 Payments for lacquisition of lasseblol deposits and guarantee 0 Payments for lacquisition of lasseblol deposits and guarantee 0 Payments for purphase of fixed assets 0 Payments for purphase of fixed assets		(April 1, 2008, to	
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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 5,238 Payments for acquisition of tangible fixed assets 0 Payments for acquisition of intangible fixed assets 0 Payments for acquisition of intangible fixed assets 0 Poceeds from sale of tangible fixed assets 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 (5,578) Cash flows from financing activities (1,000) Proceeds from long-term debt 1,800 Payments for repayment of long-term debt (1,090) <td< td=""><td>Increase (decrease) in trade payables</td><td>3,395</td></td<>	Increase (decrease) in trade payables	3,395	
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Cash and cash equivalents at beginning of term 12,825		<u> </u>	
	Cash and cash equivalents at the end of term	15,182	