

## Summary of Financial Results for First Half of Fiscal Year Ending March 31, 2008

(These figures are rounded to the nearest million yen.)

### 1. Consolidated Financial Results for First Half of FY2007 (April 1, 2007 to September 30, 2007)

#### (1) Consolidated financial results

(The percentages denote year-on-year change.)

	Net sales		Operating profit		Per Sales	Recurring profit	
	Million yen	%	Million yen	%	%	Million yen	%
First Half FY2007	69,440	6.6	7,153	5.1	10.3	7,440	4.6
First Half FY2006	65,151	11.5	6,806	24.0	10.4	7,116	28.9
FY2006	131,637	-	13,696	-	10.4	14,382	-

	Net income		Net income per share		Diluted net income per share	
	Million yen	%	Yen		Yen	
First Half FY2007	4,120	-1.5	80.19		77.37	
First Half FY2006	4,183	169.5	85.29		76.75	
FY2006	9,391	-	191.87		172.47	

Effect of tax reform on the depreciation system:

Consolidated operating profit and recurring profit both decreased by 498 million yen in the interim period ended September 2007, since depreciation expenses increased by the same amount due to changes in the depreciation system.

Reference: Investment profit (loss) on equity method: 116 million yen in first half FY2007; 131 million yen in first half FY2006; 242 million yen in FY2006

#### (2) Consolidated financial position

	Total assets	Net assets	Net assets ratio	Net assets per share
	Million yen	Million yen	%	Yen
First Half FY2007	116,347	78,885	65.7	1,483.72
First Half FY2006	109,088	66,677	58.8	1,326.40
FY2006	113,201	75,860	65.0	1,437.40

Reference: Equity capital: 76,427 million yen in first half FY2007; 64,177 million yen in first half FY2006; 73,542 million yen in FY2006

#### (3) Consolidated cash flows

(Unit: Millions of yen)

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Cash and cash equivalents at end of the period
First Half FY2007	8,557	(4,773)	(3,744)	19,692
First Half FY2006	5,499	(1,367)	(4,701)	17,913
FY2006	12,451	(5,006)	(6,678)	19,448

### 2. Dividends

	Dividend per share		
	At end of first half	At end of FY	FY
	Yen	Yen	Yen
FY2007	24.00	35.00	59.00
FY2008	28.00	-	-
FY2008 (forecast)	-	28.00	56.00

### 3. Forecasts for FY2007 (April 1, 2007 to March 31, 2008)

(The percentages denote year-on-year charge.)

	Net sales		Operating profit		Per Sales	Recurring profit		Net income		Net income per share
	Million yen	%	Million yen	%	%	Million yen	%	Million yen	%	Yen
FY2007	137,500	4.5	14,500	5.9	10.5	15,000	4.3	9,200	-2.0	178.84

Effect of tax reform on the depreciation system:

The Company expects to post consolidated operating profit of 14,500 million yen for the fiscal year ending March 2008, since depreciation expenses will increase by 1,100 million yen due to changes in the depreciation system.

#### 4. Others

(1) Changes in principal subsidiaries during the fiscal year (changes in specific subsidiaries which involve changes in the scope of consolidation): None

(2) Changes in the principles and procedures of accounting concerning the preparation of consolidated financial statements and in the methods of presentation, etc. (stated in "Changes in Significant Accounting Policies for Preparing Consolidated Financial Statements")

1) Changes following the revision of accounting standards, etc.: Some changes

2) Changes other than 1): None

Note: For further information, refer to "[changes in accounting policy]" of "Changes in Significant Accounting Policies for Preparing Consolidated Financial Statements" on page 19.

(3) Number of shares outstanding (common stocks)

1) Number of shares outstanding at end of the period (including treasury stocks): 53,754,477 in first half FY2007; 53,754,477 in first half FY2006; 53,754,477 in FY2006

2) Number of treasury stocks at end of the period: 2,243,375 in first half FY2007; 5,369,994 in first half FY2006; 2,591,075 in FY2006

Note: See "Per Share Information" on Page 35 for details of the calculation of net income per share (consolidated basis).

Reference: Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for first half of FY2007 (April 1, 2007 to September 30 2007)

(1) Non-consolidated financial results

(The percentages denote year-on-year change.)

	Net sales		Operating profit		Per Sales	Recurring profit	
	Million yen	%	Million yen	%	%	Million yen	%
First Half FY2007	32,152	3.1	2,715	-16.9	8.4	5,281	21.9
First Half FY2006	31,171	6.0	3,267	29.2	10.5	4,333	12.5
FY2006	65,251	-	7,250	-	11.1	9,368	-

	Net income		Net income per share	Diluted net income per share
	Million yen	%	Yen	Yen
First Half FY2007	3,217	16.7	62.62	60.51
First Half FY2006	2,756	12.6	56.20	51.00
FY2006	6,125	-	125.14	113.15

Effect of tax reform on the depreciation system:

Non-consolidated operating profit and recurring profit both decreased by 474 million yen in the interim period ended September 2007, since depreciation expenses increased by the same amount due to changes in the depreciation system.

(2) Non-consolidated financial position

	Total assets	Net assets	Net assets ratio	Net assets per share
	Million yen	Million yen	%	Yen
First Half FY2007	85,667	65,822	76.8	1,277.82
First Half FY2006	84,457	58,593	69.4	1,210.99
FY2006	86,750	64,912	74.8	1,268.72

Reference: Equity capital: 65,822 million yen in first half FY2007; 58,593 million yen in first half FY2006; 64,912 million yen in FY2006

2. Forecasts for FY2007 (April 1, 2007 to March 31, 2008)

(The percentages denote year-on-year change.)

	Net sales		Operating profit		Per Sales	Recurring profit		Net income		Net income per share
	Million yen	%	Million yen	%	%	Million yen	%	Million yen	%	Yen
FY2007	66,500	1.9	6,400	-11.7	9.6	9,600	2.5	6,200	1.2	120.52

Effect of tax reform on the depreciation system:

The Company expects to post non-consolidated operating profit of 6,400 million yen for the fiscal year ending March 2008, since depreciation expenses will increase by 1,000 million yen due to changes in the depreciation system.

#### \* Proper use of forecasts and other special instructions

(Precautions concerning descriptions about the future, etc.)

1. Descriptions about the future in this statement, including earnings projections, are based on currently available information and certain premises that are judged to be rational. The actual results may differ greatly from the forecasts due to uncertainties. As for the premises and assumptions used for the earnings projections, and caution to be taken when utilizing the earnings projections, see "1. Business Results (1) Analysis of Business Results" on Page 3.
2. The Company revised upward its consolidated earnings projections for the full fiscal year in consideration of the business results for the first fiscal half and the future forecasts.

# 1. Business Results

## (1) Analysis of Business Results

The Japanese economy during the interim term under review generally remained robust, despite some negative factors, such as temporary stagnation of production activities in the automobile industry due to the Niigata Chuetsu Offshore Earthquake and misgivings about a worldwide credit crunch originating in the issue of sub-prime loans in the United States.

The Japanese automobile manufacturers that constitute Nifco's main customer base see exports as remaining strong, though domestic sales volume is tending to decline. They are proactively expanding local production, backed by firm popularity of Japanese vehicles overseas. It is certain that the number of automobiles turned out overseas will top 11 million on a full-year basis, with more automobiles than the previous interim period being produced.

Supported by the expanded demand of such products of Japanese automobile manufacturers, consolidated sales in the interim period under review were 69,440 million yen (up 6.6% from the previous interim period), with consolidated operating profit standing at 7,153 million yen (up 5.1%). Consolidated recurring profit amounted to a record 7,440 million yen (up 4.6%), which is an all-time high.

Net income in the interim period under review stood at 4,120 million yen, down 1.5% from the previous interim term, since there were no gains on sale of investment securities, which were posted in the previous interim period.

Business results by main business segment are as follows.

### (i) Industrial Plastic Parts and Components Business

[For domestic automobile market]

The number of four-wheeled motor vehicles turned out in Japan during the interim period under review was steady thanks to increased automotive exports, although affected by sluggish domestic sales. The favorable business environment also allowed Nifco to successfully increase the amount of its products and parts used per vehicle during the interim period under review by expanding sales of interior unit products such as cup holders, which serve to enhance in-vehicle comfort; fuel-related parts that address environmental issues; and bumper retainers, etc.

[For overseas auto market]

Both the sales and income of Nifco's overseas consolidated subsidiaries increased; sales increased in step with the expansion of overseas production by Japanese automobile manufacturers and the improved business results of the European subsidiaries.

The Nifco Group is constructing a new plant in Kentucky, U.S.A. to cope with increased orders received in the U.S., while in Europe, the newly established production base in Poland and the sales base in Germany are focusing on the expansion of transactions with not only Japanese automobile manufacturers but also foreign automobile manufacturers.

[For other industries]

In the market for household equipment and facilities, Nifco is focusing on the development and supply of components that contribute to the improvement of assuredness of construction works and work efficiency at construction sites. Market demand for motion control parts, which enhance a sense of high class and are excellent for safety, are continuing to rise as a contributor to the improvement of housing quality, and their sales are growing steadily.

In the office automation-related market, Nifco enjoys high trust of the users by providing high-performance parts including fasteners, dampers, clutches and hinges. The Company has also built a structure of local production and local procurement mainly in Asia in response to its users' shift towards globalization.

In Nifco's buckle business, sales are increasing smoothly as a result of closer tie-ups with the Company's overseas subsidiaries and active demonstrations at overseas exhibitions.

As a result of the foregoing, both sales and operating profit from industrial plastic parts business marked record-high levels, amounting to 59,073 million yen (up 10.7% from the previous interim period) and 8,195 million yen (up 16.1%), respectively.

### (ii) Bedding and Furniture Business

Nifco's subsidiary, Simmons Co., Ltd. and its overseas subsidiaries manufacture and sell high-quality beds and sell imported furniture in Japan and Asia.

The high-quality brand strategy that Simmons kept promoting has begun to pay off as sales

to new hotels and overseas customers remain strong. As for overseas operations, Simmons currently has more than 20 stores in China and expects its business to further grow. As a result of such a positive business development, both sales and operating profit marked record high levels, amounting to 7,486 million yen (up 19.9% from the previous interim period) and 923 million yen (up 50.9%), respectively.

(iii) **Newspapers and Publishing Business**

Operations in this area are carried out by the Japan Times, Ltd., a subsidiary of the Company.

Nifco continued its cost reduction efforts including outsourcing of the printing division during the interim period under review, but unfortunately the sales volume, etc. did not recover, and sales ended at 1,512 million yen (down 1.4% from the previous interim period), with an operating loss of 97 million yen.

(iv) **Other Business**

Nifco's other business activities center on the entertainment electronics operations run by its subsidiary, Nifco Advanced Technology Inc. The performance in the interim period under review was poor, partly because the business is in a period of inactivity due in part to a revision of the law in the industry, and partly because it is in or after the next term that the proactive research and development investment will have an effect.

As a result, overall sales from other businesses including those other than entertainment electronics stood at 1,367 million yen (down 65.7% from the previous interim period), with an operating loss of 186 million yen (compared with operating profit of 855 million yen in the previous interim period.)

For the this fiscal year, the Company projects consolidated net sales of 137,500 million yen (up 4.5% compared with the previous fiscal year). Operating profit is projected to stand at 14,500 million yen (up 5.9% year-on-year), since depreciation will increase by about 1,100 million yen as a result of a review of the depreciation system following the tax system reform for FY2007. Recurring profit is forecast at 15,000 million yen (up 4.3% year-on-year).

Net income is projected to decline 2.0% year-on-year to 9,200 million yen, since gains on sales of idle assets, gains on debt forgiveness, etc., which were included in calculations in the previous fiscal year will not be posted.

**(2) Analysis of Financial Status**

**(i) Summary of the Interim Period Under Review**

(Unit: Millions of yen)

	First Half FY2007	FY2006	Change
Total assets	116,347	113,201	3,146
Net assets	78,885	75,860	3,024
Net Assets ratio (%)	65.7%	65.0%	-

(Unit: Millions of yen)

	First Half FY2007	First Half FY2006	Change
Cash flow from operating activities	8,557	5,499	3,058
Cash flow from investing activities	(4,773)	(1,367)	(3,406)
Cash flow from financing activities	(3,744)	(4,701)	956
Translation gains and losses	204	36	168
Increase/decrease in cash and cash equivalents	243	(532)	776
Balance of cash and cash equivalents at the beginning of term	19,448	18,446	1,001
Balance of cash and cash equivalents at the end of term	19,692	17,913	1,778

Balance of borrowings and convertible bonds at the end of term	7,433	13,211	(5,778)
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Total assets increased by 3,146 million yen from the end of the previous term to 116,347 million yen. This was mainly attributed to capital investment in the plant in Poland, the plant in Japan's Kumamoto Prefecture, etc.

Net assets increased by 3,024 million yen from the end of the previous term to 78,885 million

yen. This was mainly caused by interim net income of 4,120 million yen and an increase of 1,108 million yen in foreign currency translation adjustments due to the weak yen, while dividend payments of 1,790 million yen were a factor decreasing net assets.

As a result, the capital adequacy ratio grew 0.7 percentage points year-on-year to 65.7%.

**- Cash flow from operating activities**

Cash flow from operating activities increased by 3,058 million yen compared with the previous interim period to 8,557 million yen. This was caused mainly by such factors that increased funds as net income before income taxes of 7,047 million yen and depreciation of 3,725 million yen, while corporate tax payment of 2,315 million yen served as a factor that reduced funds.

**- Cash flow from investing activities**

Cash flow from investing activities increased by 3,406 million yen in comparison to the previous interim period to 4,773 million yen. This was primarily attributable to an expenditure of 5,124 million yen to acquire fixed assets including metal molding and plants, and other factors.

**- Cash flow from financing activities**

Cash flow used for financing activities decreased by 956 million yen in comparison to the previous interim period to 3,744 million yen. This was caused primarily by expenditure of 2,199 million yen to acquire treasury stock and a dividend payment of 1,790 million yen.

As a result of the above, the balance of cash and cash equivalents at the end of this term increased by 243 million yen, compared to the end of the previous interim period, to 19,692 million yen.

	FY2003	FY2004	FY2005	FY2006	First Half FY2007
Net assets ratio (%)	61.6	59.9	58.1	65.0	65.7
Net assets ratio based on market value (%)	76.3	82.3	108.0	137.9	121.8
Ratio of cash flows to interest-bearing liabilities (Year)	1.6	1.3	1.0	0.7	-
Interest coverage ratio (times)	13.9	24.9	34.2	39.1	63.9

Notes:

Net assets ratio: net assets / total assets

Net assets ratio based on capital value: market capitalization / total assets

Ratio of cash flows to interest-bearing liabilities: interest-bearing liabilities / cash flows (not recorded for the interim term)

Interest coverage ratio: cash flows/interest payment

\* All indicators are calculated based on consolidated financial figures.

\* Market capitalization is obtained by multiplying the closing quotation at the end of the term (the end of the interim term) by the number of outstanding shares (after subtracting treasury stock) at the end of the term (the end of the interim term).

\* Cash flows from operating activities in the consolidated (interim consolidated) statement of cash flows are used. Interest-bearing liabilities cover all liabilities which are posted in the consolidated (interim consolidated) balance sheets and for which interest is paid. Interest paid posted in the consolidated (interim consolidated) statement of cash flows are used as interest payment.

**(3) Basic Policies for Profit Sharing and Dividends for this Term**

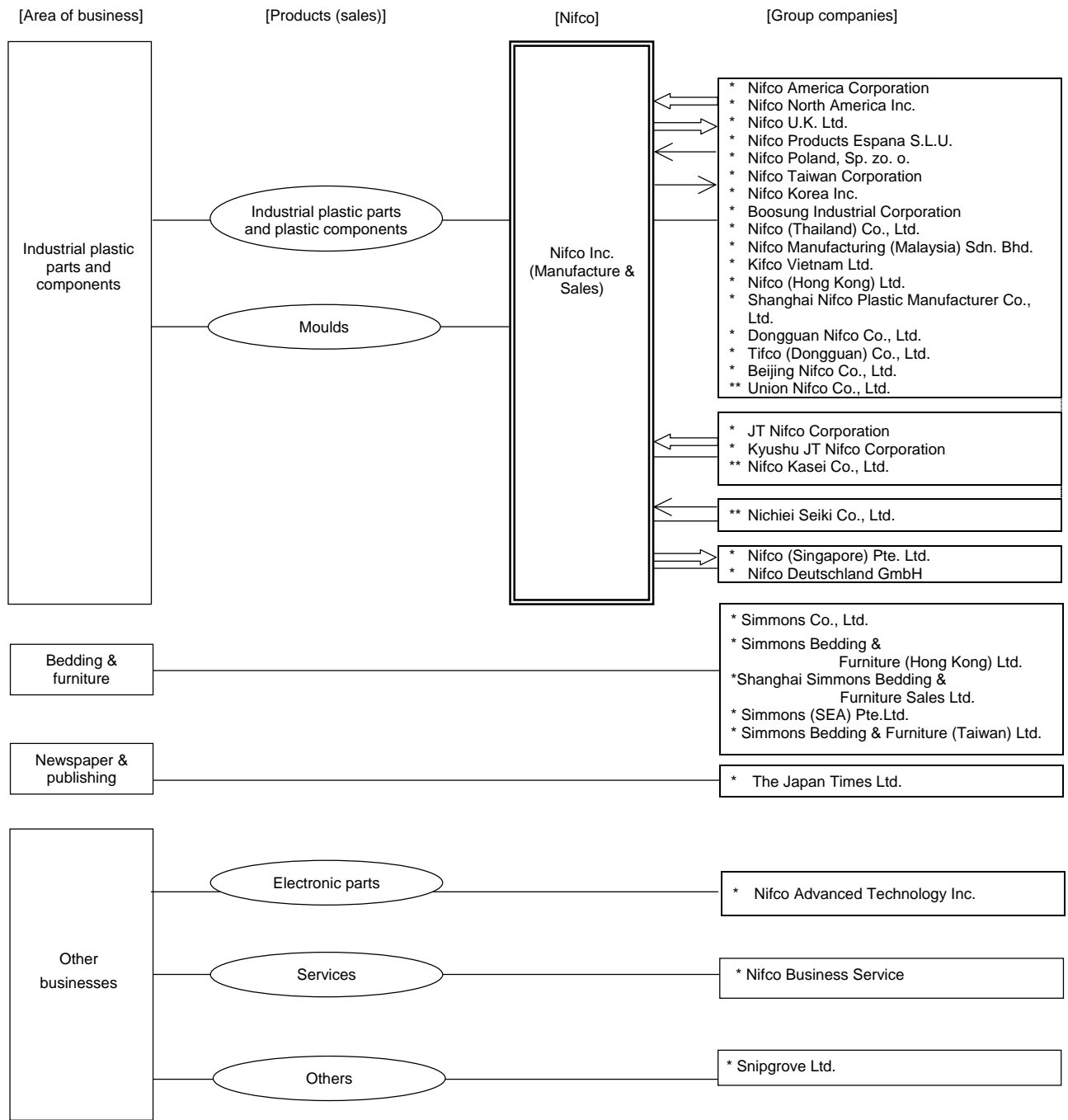
Under its basic policies for profit sharing, the Company sets the payout ratio for the full year at about 50% of the unconsolidated net income of the Company. In consolidated terms, the payout ratio will stand at about 30% of the consolidated net income.

Specifically, the Company pays an interim dividend of 28 yen per share and plans to pay term-end dividend of 28 yen. Annual dividend will be 56 yen on a full year basis.

The Company is also pushing forward with the acquisition of treasury stocks as a measure to pass on profits to shareholders. We purchased a total of 786,800 treasury stocks during this interim period. We grant treasury stocks when conversion of convertible bonds is demanded. We granted a total of 4,450,586 treasury stocks from November 2004, when we were requested to do so, to the end of this interim period. As a result, treasury stocks accounted for 2,243,375 of the 53,754,477 shares outstanding at the end of this interim period.

The Company will allocate retained earnings to material and human resource investment at home and abroad, aiming to accomplish the five basic strategies of: improving quality; securing and fostering human resources; promoting globalization; enhancing production facilities to improve earnings; and expanding research and development investment.

## 2. Relations among Group Companies



(Note)\* = Subsidiaries, \*\* = Affiliated companies

⇨ Flow of products    → Flow of moulds

### **3. Management Policies**

#### **(1) Basic corporate management policies**

Nifco celebrated its 40th anniversary on February 13 this year. Ever since its corporate establishment, Nifco has maintained a basic policy of social contribution and supporting the growth and happiness of employees, through its business activities and by designating profit expansion, customer orientation and unlimited creativity as key concepts. This approach has kept Nifco growing globally as the world's No. 1 company in the field of plastic precision-functional products, with motive parts as its flagship products, particularly as an overwhelmingly strong No. 1 company in the category of plastic fasteners and dampers, and as a pioneer in the field of fuel-related plastic products.

The Company believes that, in order to become the No. 1 enterprise, it is necessary to lead the field in terms of market share/profitability, name recognition/brand authority, technological/product development capabilities, product quality and responsiveness to customers.

In carrying out and realizing these basic strategies, Nifco has put its corporate philosophy into written form as "Principles for all of Nifco's corporate members" and its corporate culture as "Nifco Spirit" and is enlightening and imbuing all employees at home and abroad with such Principles and Spirit, with a view to encouraging all employees of the Nifco Group to share the corporate philosophy and corporate culture that it has continuously been building since its establishment.

Furthermore, Nifco established the Nifco Corporate Behavior Charter, making it a basic tenet of its corporate conduct that its Group companies both at home and abroad act with corporate social responsibility (CSR) in mind, and it has put this tenet into practice. In particular, from its 52nd year of operation (FY2003), Nifco has prepared an Environmental Report, available publicly on its website to make its efforts known widely, regarding environmental issues as a challenge common to all human beings.

#### **(2) Targeted management indices**

In FY2007, Nifco is expected to achieve the sales target of 140 billion yen and the operating profit goal of 14.5 billion yen that were established under its medium-term management plan, known as the All Nifco Group Strategy or ANS II, which will end in FY2008, in other words the goals will be achieved one year ahead of schedule. Therefore, the Company has decided to complete ANS II one year earlier than the initial plan, and is currently formulating ANS III, a five-year management plan from FY2008 through FY2012. The Company will announce the details of the management indices under ANS III as soon as they are finalized.

#### **(3) Medium- and long-term management strategy of the Company**

For the medium-term management plan (ANS II) which started in the 55th business term (FY2006), the Company upholds as its basic strategies (1) quality improvement, (2) human resource development, (3) promotion of globalization under the slogan "From Japan's Nifco to the World's Nifco," (4) profit expansion and (5) technological development and product development.

The Company will further push forward with these five basic strategies powerfully under ANS III.

##### **(i) Quality improvement**

Nifco believes that one of the primary reasons why its main customers, the Japanese automobile manufacturers, have been able to prosper to the extent that they do today is their ceaseless quest for quality improvement. We are proud that automotive parts manufacturers, just like automobile manufacturers, have also made serious efforts and studied hard to improve quality.

However, efforts for quality improvement are an endless battle, and could also cause users to lose confidence should the Company make a single move in a wrong direction. For this reason, everyone at Nifco, from top executives to every staff member, is pursuing measures for improvement day by day, recognizing that the pursuit of the highest quality will determine the fate of the Company, and all take the matter of quality improvement to their heart as one of the most critical business challenges.

With this approach, the Company is doing its utmost to improve quality, with everyone at all of its production bases at home and abroad, including subcontractors, striving to improve product quality, determined not to create defective products in one's own processes and to send products on to subsequent processes, with a sense of responsibility.

(ii) Human resource development

In order to effectively implement each strategy and achieve good results, Nifco needs excellent human resources, both in Japan and overseas, as it is said, “A corporation is determined by the people who work there”. Fostering human resources suitable for manufacturing products of high quality is indispensable to the Company, as a manufacturer. The Company will establish human development structures, including an “elders system”, and provide various kinds of training to enable technological personnel to display their true abilities to the full and as soon as possible.

In addition, Nifco gives on-site specialized training to locally hired employees of overseas bases at the Training Center and plants in Japan to provide them with opportunities to learn at early stages the same technologies and know-how acquired by employees of the Company. The Company will step up its efforts to hand down and transplant technologies, to find, adopt and foster potent personnel to be in charge of management at overseas bases.

The Company is driving forward with diversity, aimed at providing female employees with more opportunities to play active roles, and actively recruiting foreign students and people with experience in studying abroad in Japan to steadily cope with globalization. The Company is also striving to revitalize the organization and boost the can-do spirit of its employees by implementing various systems and measures for the establishment of a workplace environment that enables employees to show their real abilities to the full and to work comfortably, while paying attention to balance between work and family.

In particular, Nifco is providing various training opportunities at the Company Management Training School for human resources that will form the executive leadership of the future, in order to improve each individual’s ability to resolve problems.

(iii) Promotion of globalization

With Nifco’s main customers, the Japanese automotive and consumer electric manufacturers, moving toward global expansion, the Nifco Group has built as many as 23 manufacturing bases in 16 countries worldwide with the aim of responding to their needs to procure parts locally.

To further expand its business in North America, the Nifco Group will not only meet the needs of customers by establishing a new company, the second local unit in North America, in Kentucky, the U.S., but also realize production efficiency and a high quality level, which are equal to those in Japan. It will also continue to reduce production costs in North America through expanding production by setting up a forming plant in Mexico in addition to the existing assembly plant.

In Asia, the Group is focusing on expanding production capacity and improving productivity in China, and is also concentrating on utilizing a mold production plant and improving productivity in Thailand.

In Europe, it will expand transactions with foreign automobile manufacturers by setting up a sales base in Germany, and push forward with the enhancement of cooperation between subsidiaries to realize production in optimum European locations under the leadership of the U.K. subsidiary, including utilization of the new plant in Poland that fully came online this May.

We are also actively advancing the globalization in Korea, and have begun production in Beijing, China and Vietnam in step with the accelerating globalization of some of the Korean manufacturers as its main customers, while focusing on the enhancement of the supply system in cooperation with U.S. and Polish subsidiaries.

(iv) Profit expansion

Nifco cannot expect to expand profits by merely relying upon inexpensive labor in Asia and other regions. Fundamentally, the Company believes that it is critical to expand profit by establishing a cost-competitive production structure in Japan that can vie with China and other countries.

To that end, the Company will strive to reduce costs and improve productivity, with domestic factories taking the initiative and showing leadership in establishing production technologies that would outstrip those of its competitors as well as establishing an innovative production structure.

For example, Nifco's Utsunomiya Factory is currently endeavoring to reduce costs by way of an unmanned and automated manufacturing system. Nifco hopes to further reduce costs by expanding the use of this unmanned and automated manufacturing system to the other plants at home and abroad.

Nifco currently has five main domestic factories in Sagami-hara, Nagoya, Utsunomiya, Yamagata and Kumamoto. The plants in Nagoya, Yamagata and Kumamoto have respectively doubled their output capacity. Nifco will proactively utilize these factories for the expansion of profit.

(v) Technological and product development

Nifco identifies, and is tackling the challenges of, development of new technologies and new products as one of the driving forces behind its growth.

In the automobile field in particular where weight reduction is advancing as part of its efforts to cope with environmental issues, the Company is pursuing development of new plastic parts and diversification of their uses in a bid to further promote the shift from metals to plastics. For instance, with exhaust gas regulations being enhanced in Japan and overseas, a high-performance nonwoven filter the Company developed is highly valued as a component indispensable to compact fuel modules.

The Company currently uses mechanical technology as the primary base for its technologies and products, but plans to work actively in the future on development of new technologies and new products that would assimilate electronics, as automobiles now have progressively higher electronics content.

In the housing equipment sector, we have put on the market finetech motion products that enhance a sense of high class and are excellent in safety. Such finetech motion technologies realize safe and comfortable living space, and the Company plans to use them to make inroads into the housing equipment sector, regarding it as a major market following the automotive field.

**(4) Tasks the Company faces**

Nifco Group must deal with several challenges at the present time. As mentioned above, these include: quality improvement; human resource development; strategic technological development aimed at creation of new business; establishment of unmanned and automated production structure; and drastic improvement in metal-mold production technology. In particular, we believe that quality improvement is an urgent issue to be tackled by all employees with all their energies.

## 4. Consolidated Financial Statements

(1) Consolidated Balance Sheets for the First Half of FY2007

(Unit: Millions of yen)

Term Category	First Half FY2006 (As of September 30, 2006)		First Half FY2007 (As of September 30, 2007)		FY2006 (As of March 31, 2007)		Change	
	Amount	%	Amount	%	Amount	%	Amount	%
(Assets)								
<b>I. Current Assets</b>								
1. Cash and cash equivalents	20,293		22,646		22,043		603	
2. Notes & accounts receivable	28,929		30,352		29,396		956	
3. Marketable securities	1,727		1,841		1,654		186	
4. Inventory	10,608		11,803		11,501		301	
5. Deferred tax assets	1,402		1,325		1,325		-0	
6. Others	2,859		3,124		2,859		265	
7. Allowance for doubtful receivables	(165)		(129)		(114)		-14	
<b>Total Current Assets</b>	65,655	60.2	70,964	61.0	68,666	60.7	2,297	3.3
<b>II. Fixed Assets</b>								
1. Tangible assets								
(1) Buildings and structures	9,748		11,681		10,246		1,434	
(2) Machinery and equipment	5,020		5,232		5,233		-1	
(3) Moulds	4,958		4,503		4,850		-347	
(4) Land	11,631		11,206		11,126		80	
(5) Construction in progress	1,984		2,747		1,999		747	
(6) Others	1,245		1,853		1,866		-13	
Total tangible assets	34,588	31.7	37,224	32.0	35,323	31.2	1,900	5.4
2. Intangible assets								
(1) Goodwill	1,094		1,148		1,128		20	
(2) Others	912		1,322		1,377		-54	
Total intangible assets	2,006	1.8	2,471	2.1	2,505	2.2	-34	-1.4
3. Investments and other assets								
(1) Investment securities	4,781		4,077		5,457		-1,379	
(2) Deferred tax assets	1,085		414		262		151	
(3) Others	1,053		1,279		1,064		215	
(4) Provision for doubtful debt	(83)		(83)		(79)		-4	
Total Investments and Other Assets	6,837	6.3	5,687	4.9	6,704	5.9	-1,016	-15.2
<b>Total Fixed Assets</b>	43,432	39.8	45,383	39.0	44,534	39.3	849	1.9
<b>Total Assets</b>	109,088	100.0	116,347	100.0	113,201	100.0	3,146	2.8

(Unit: Millions of yen)

Term Category	First Half FY2006 (As of September 30, 2006)		First Half FY2007 (As of September 30, 2007)		FY2006 (As of March 31, 2007)		Change	
	Amount	%	Amount	%	Amount	%	Amount	%
(Liabilities)								
<b>I. Current Liabilities</b>								
1. Notes and accounts payable	14,560		14,677		14,519		157	
2. Short-term borrowings	3,122		4,458		3,900		558	
3. Redeemable convertible bonds within one year	-		2,878		-		2,878	
4. Current maturities of long-term indebtedness within one year	8		9		8		0	
5. Other payables	2,433		2,610		3,052		-441	
6. Income tax payable	2,645		2,529		1,945		584	
7. Deferred tax liabilities	31		42		36		6	
8. Accrued bonuses	1,049		1,106		1,109		-3	
9. Others	3,663		5,621		4,152		1,469	
<b>Total Current Liabilities</b>	27,513	25.2	33,934	29.2	28,725	25.4	5,208	18.1
<b>II. Long-term Liabilities</b>								
1. Convertible bonds	9,994		-		4,710		-4,710	
2. Long-term indebtedness	87		87		88		-1	
3. Accrued severance and retirement benefits	962		962		962		-	
4. Deferred tax liabilities	1,258		1,201		1,371		-169	
5. Liability for severance and retirement benefits	1,248		1,008		1,161		-152	
6. Others	1,345		267		320		-53	
<b>Long-term Liabilities</b>	14,897	13.7	3,528	3.0	8,615	7.6	-5,086	-59.0
<b>Total Liabilities</b>	42,411	38.9	37,462	32.2	37,340	33.0	122	0.3
(Net Assets)								
<b>I. Shareholders' Equity</b>								
1. Common stock	7,290	6.7	7,290	6.3	7,290	6.4	-	-
2. Additional paid-in capital	11,651	10.7	11,651	10.0	11,651	10.3	-	-
3. Retained earnings	54,681	50.1	58,724	50.5	56,999	50.4	1,725	3.0
4. Treasury stocks	(11,331)	-10.4	(5,314)	-4.6	(5,584)	-4.9	270	-4.8
<b>Total Shareholders' Equity</b>	62,291	57.1	72,352	62.2	70,355	62.2	1,996	2.8
<b>II. Differences on Valuation, Translation adjustments and others</b>								
1. Net unrealized gains on securities	525	0.5	439	0.4	658	0.6	-219	-33.3
2. Land revaluation of subsidiaries	(85)	-0.1	(85)	-0.1	(85)	-0.1	-	-
3. Foreign currency translation adjustments	1,445	1.3	3,721	3.2	2,613	2.3	1,108	42.4
<b>Total Valuation, Translation adjustments and Others</b>	1,885	1.7	4,075	3.5	3,186	2.8	889	27.9
<b>III. Minority shareholder's interests</b>	2,500	2.3	2,457	2.1	2,318	2.0	138	6.0
<b>Total Net Assets</b>	66,677	61.1	78,885	67.8	75,860	67.0	3,024	4.0
<b>Total Liabilities and Net Assets</b>	109,088	100.0	116,347	100.0	113,201	100.0	3,146	2.8

## (2) Consolidated Statements of Income for the First Half of FY2007

(Unit: Millions of yen)

Category	Term	First Half FY2006 (April 1, 2006 to September 30, 2006)		First Half FY2007 (April 1, 2007 to September 30, 2007)		Change		FY2006 (April 1, 2006 to March 31, 2007)	
		Amount	%	Amount	%	Amount	%	Amount	%
I. Net sales		65,151	100.0	69,440	100.0	4,288	6.6	131,637	100.0
II. Cost of sales		45,823	70.3	48,715	70.2	2,892	6.3	92,330	70.1
Gross profit		19,328	29.7	20,725	29.8	1,396	7.2	39,307	29.9
III. Selling, general and administrative expenses		12,521	19.3	13,571	19.5	1,049	8.4	25,611	19.5
Operating profit		6,806	10.4	7,153	10.3	346	5.1	13,696	10.4
IV. Non-operating profit		574	0.9	622	0.9	48	8.4	1,228	0.9
1. Interest income		177		232		54		390	
2. Dividends received		21		28		7		25	
3. Income from industrial property		38		46		7		92	
4. Investment gains on equity method		131		116		-15		242	
5. Foreign exchange gains		51		-		-51		125	
6. Others		154		199		45		352	
V. Non-operating expenses		264	0.4	335	0.5	70	26.7	542	0.4
1. Interest expenses		190		129		-60		324	
2. Foreign exchange losses		-		37		37		-	
3. Amortization of deferred charges		-		52		52		-	
4. Others		74		115		41		217	
Recurring profit		7,116	10.9	7,440	10.7	324	4.6	14,382	10.9
VI. Extraordinary profit		100	0.1	78	0.1	-21	-21.3	1,735	1.3
1. Gains on sales of fixed assets		8		18		9		727	
2. Gains on sales of investment securities		77		0		-77		77	
3. Gain on prior period adjustment		-		56		56		-	
4. Others		13		3		-9		930	
VII. Extraordinary losses		403	0.6	472	0.7	68	16.9	1,254	0.9
1. Loss on disposal of fixed assets		174		330		156		303	
2. Evaluation loss on inventory		133		-		-133		281	
3. Loss on prior period adjustment		-		55		55		-	
4. Others		96		85		-10		669	
Income before income taxes		6,812	10.4	7,047	10.1	235	3.5	14,862	11.3
Corporate, residential and business taxes		2,628	4.0	2,889	4.2	261	10.0	4,392	3.4
Adjustment for corporate taxes		(151)	-0.2	(196)	-0.3	-44	29.6	778	0.6
Minority interests		153	0.2	233	0.3	80	52.4	300	0.2
<b>Net income</b>		<b>4,183</b>	<b>6.4</b>	<b>4,120</b>	<b>5.9</b>	<b>-62</b>	<b>-1.5</b>	<b>9,391</b>	<b>7.1</b>

## (3) Interim Consolidated Statement of Changes in Net Assets

For the first half of FY2006 (April 1, 2006 to September 30, 2006)

(Unit: Millions of yen)

	Shareholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stocks	Total shareholders' equity
Balance as of March 31, 2006	7,290	11,651	51,771	(8,130)	62,582
Change during interim consolidated fiscal period					
Dividends of retained earnings (Note)			(1,144)		(1,144)
Directors' bonus (Note)			(70)		(70)
Interim net income			4,183		4,183
Acquisition of treasury stocks				(3,425)	(3,425)
Disposal of treasury stocks			(57)	223	165
Changes in items other than shareholders' equity during interim consolidated fiscal period (net base)					
Total changes during interim consolidated fiscal period			2,910	(3,201)	(291)
Balance as of September 30, 2006	7,290	11,651	54,681	(11,331)	62,291

	Valuation, translation adjustment and others				Minority shareholders' interests	Total net assets
	Net unrealized gains on securities	Land revaluation of subsidiaries	Foreign currency translation adjustments	Total of valuation, translation adjustments and others		
Balance as of March 31, 2006	612	(85)	1,117	1,644	2,360	66,587
Change during interim consolidated fiscal period						
Dividends of retained earnings (Note)						(1,144)
Directors' bonus (Note)						(70)
Interim net income						4,183
Acquisition of treasury stocks						(3,425)
Disposal of treasury stocks						165
Changes in items other than shareholders' equity during interim consolidated fiscal period (net base)	(86)		327	241	140	381
Total changes during interim consolidated fiscal period	(86)		327	241	140	90
Balance as of September 30, 2006	525	(85)	1,445	1,885	2,500	66,677

Note: These are items subject to appropriation by the ordinary general meeting of shareholders held in June 2006.

For the first half of FY2007 (April 1, 2007 to September 30, 2007)

(Unit: Millions of yen)

	Shareholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stocks	Total shareholders' equity
Balance as of March 31, 2007	7,290	11,651	56,999	(5,584)	70,355
Change during interim consolidated fiscal period					
Dividends of retained earnings			(1,790)		(1,790)
Interim net income			4,120		4,120
Acquisition of treasury stocks				(2,199)	(2,199)
Disposal of treasury stocks			(604)	2,470	1,865
Changes in items other than shareholders' equity during interim consolidated fiscal period (net base)					
Total changes during interim consolidated fiscal period			1,725	270	1,996
Balance as of September 30, 2007	7,290	11,651	58,724	(5,314)	72,352

	Valuation, translation adjustment and others				Minority shareholders' interests	Total net assets
	Net unrealized gains on securities	Land revaluation of subsidiaries	Foreign currency translation adjustments	Total of valuation, translation adjustments and others		
Balance as of March 31, 2007	658	(85)	2,613	3,186	2,318	75,860
Change during interim consolidated fiscal period						
Dividends of retained earnings						(1,790)
Interim net income						4,120
Acquisition of treasury stocks						(2,199)
Disposal of treasury stocks						1,865
Changes in items other than shareholders' equity during interim consolidated fiscal period (net base)	(219)		1,108	889	138	1,028
Total changes during interim consolidated fiscal period	(219)		1,108	889	138	3,024
Balance as of September 30, 2007	439	(85)	3,721	4,075	2,457	78,885

For FY2006 (April 1, 2006 to March 31, 2007)

(Unit: Millions of yen)

	Shareholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stocks	Total shareholders' equity
Balance as of March 31, 2006	7,290	11,651	51,771	(8,130)	62,582
Change during consolidated FY					
Dividends of retained earnings (Note)			(1,144)		(1,144)
Dividends of retained earnings			(1,161)		(1,161)
Directors' bonus (Note)			(70)		(70)
Net income			9,391		9,391
Acquisition of treasury stocks				(4,926)	(4,926)
Disposal of treasury stocks			(1,787)	7,472	5,684
Changes in items other than shareholders' equity during consolidated FY (net base)					
Total changes during consolidated FY			5,228	2,545	7,773
Balance as of March 31, 2007	7,290	11,651	56,999	(5,584)	70,355

	Valuation, translation adjustment and others				Minority shareholders' interests	Total net assets
	Net unrealized gains on securities	Land revaluation of subsidiaries	Foreign currency translation adjustments	Total of valuation, translation adjustments and others		
Balance as of March 31, 2006	612	(85)	1,117	1,644	2,360	66,587
Change during consolidated FY						
Dividends of retained earnings (Note)						(1,144)
Dividends of retained earnings						(1,161)
Directors' bonus (Note)						(70)
Net income						9,391
Acquisition of treasury stocks						(4,926)
Disposal of treasury stocks						5,684
Changes in items other than shareholders' equity during consolidated FY (net base)	46		1,495	1,541	(41)	1,499
Total changes during consolidated FY	46		1,495	1,541	(41)	9,273
Balance as of March 31, 2007	658	(85)	2,613	3,186	2,318	75,860

Note: These are items subject to appropriation by the ordinary general meeting of shareholders held in June 2006.

## (4) Consolidated Statement of Cash Flows

(Unit: Millions of yen)

Term Category	First Half FY2006 (April 1, 2006 to September 30, 2006)	First Half FY2007 (April 1, 2007 to September 30, 2007)	Change	FY2006 (April 1, 2006 to March 31, 2007)
	Amount	Amount	Amount	Amount
<b>I. Cash flows from operating activities</b>				
1. Income before income taxes	6,812	7,047	235	14,862
2. Depreciation	3,223	3,725	502	6,500
3. Amortization of goodwill	129	26	-103	212
4. Increase (decrease) in allowance for doubtful accounts	(76)	15	92	(140)
5. Increase (decrease) in accrued bonuses	28	2	-25	82
6. Increase (decrease) in retirement allowances	(2)	(153)	-150	(91)
7. Interest income and dividends received	(198)	(260)	-62	(415)
8. Interest expenses	190	129	-60	324
9. Foreign currency exchange (gains) loss	(30)	37	67	(0)
10. Investment (gains) loss on equity method	(131)	(116)	15	(242)
11. Gains on sales of fixed assets	(8)	(18)	-9	(727)
12. Loss on disposal of fixed asset	174	330	156	303
13. Gains on sales of investment securities	(77)	(0)	77	(77)
14. Decrease (increase) in trade receivables	(533)	(572)	-38	(514)
15. Decrease (increase) in inventories	(115)	(65)	49	(742)
16. Decrease (increase) in other assets	178	(222)	-400	462
17. Increase (decrease) in trade payables	(1,310)	(11)	1,298	(1,560)
18. Increase (decrease) in other liabilities	(118)	633	751	(787)
19. Bonuses paid to directors	(54)	-	54	(65)
20. Others	45	(12)	-58	229
<b>Sub Total</b>	<b>8,122</b>	<b>10,514</b>	<b>2,391</b>	<b>17,611</b>
21. Interest income and dividends received	265	492	227	497
22. Interest paid	(193)	(133)	59	(318)
23. Corporate taxes paid	(2,695)	(2,315)	379	(5,339)
<b>Net cash provided by operating activities</b>	<b>5,499</b>	<b>8,557</b>	<b>3,058</b>	<b>12,451</b>
<b>II. Cash flows from investing activities</b>				
1. Increase in time deposits	(1,071)	(1,092)	-20	(2,573)
2. Decrease in time deposits	621	797	175	2,010
3. Expenditure for purchase of marketable securities	(1,106)	(2,648)	-1,542	(2,593)
4. Proceeds from sales of marketable securities	3,389	3,470	80	4,953
5. Expenditures for fixed assets	(3,469)	(5,124)	-1,655	(7,235)
6. Proceeds from sales of fixed assets	231	71	-159	967
7. Expenditures for purchases of investment securities	(7)	(3)	3	(411)
8. Proceeds from sales of investment securities	124	47	-77	167
9. Expenditure for acquisition of stock on subsidiaries	-	(53)	-53	(312)
10. Proceeds from sales of stock on subsidiaries	-	-	-	160
11. Other	(81)	(237)	-156	(140)
<b>Net cash provided(used in) investing activities</b>	<b>(1,367)</b>	<b>(4,773)</b>	<b>-3,406</b>	<b>(5,006)</b>
<b>III. Cash flows from financing activities</b>				
1. Proceeds from short-term borrowings	6,562	8,322	1,759	14,650
2. Repayments of short-term borrowings	(6,769)	(7,997)	-1,228	(14,296)
3. Expenditure by way of repayment of finance lease obligations	(44)	(54)	-9	(101)
4. Proceeds from long-term indebtedness	11	-	-11	12
5. Repayments of long-term indebtedness	(22)	(4)	18	(27)
6. Proceeds from sales of treasury stocks	147	33	-114	382
7. Expenditures for purchase of treasury stock	(3,425)	(2,199)	1,225	(4,926)
8. Cash dividends	(1,144)	(1,790)	-646	(2,305)
9. Dividends paid to minority shareholders	(17)	(53)	-36	(65)
<b>Net cash provided by (used in) financing activities</b>	<b>(4,701)</b>	<b>(3,744)</b>	<b>956</b>	<b>(6,678)</b>
<b>IV. Foreign exchange rate adjustment</b>	<b>36</b>	<b>204</b>	<b>168</b>	<b>234</b>
<b>V. Net increase (decrease) in cash &amp; cash equivalents</b>	<b>(532)</b>	<b>243</b>	<b>776</b>	<b>1,001</b>
<b>VI. Cash and cash equivalents – beginning balance</b>	<b>18,446</b>	<b>19,448</b>	<b>1,001</b>	<b>18,446</b>
<b>VII. Cash and cash equivalents – ending balance</b>	<b>17,913</b>	<b>19,692</b>	<b>1,778</b>	<b>19,448</b>

## Significant Accounting Policies for Preparing Interim Consolidated Financial Statements

	First Half FY2006 (April 1, 2006 to September 30, 2006)	First Half FY2007 (April 1, 2007 to September 30, 2007)	FY2006 (April 1, 2006 to March 31, 2007)
1. Scope of Consolidation	<p>All subsidiaries are consolidated.</p> <p>There are 23 consolidated subsidiaries.</p> <p>Names of consolidated subsidiaries are listed in "Group companies" of "1. Relations among Group Companies."</p> <p style="text-align: center;">_____</p> <p style="text-align: center;">_____</p>	<p>All subsidiaries are consolidated.</p> <p>There are 32 consolidated subsidiaries.</p> <p>Names of important consolidated subsidiaries are listed in "2. Relations among Group Companies."</p> <p>(New)</p> <p>- Newly established subsidiaries during the current consolidated interim accounting period: 3 companies, April 2007, Nifco Deutschland GmbH June 2007, Nifco Business Service July 2007, Nifco North America Inc.</p> <p style="text-align: center;">_____</p>	<p>All subsidiaries are consolidated.</p> <p>There are 22 consolidated subsidiaries.</p> <p>Names of consolidated subsidiaries are listed in "Group companies" of "2. Relations among Group Companies."</p> <p style="text-align: center;">_____</p> <p>(Exclusions)</p> <p>- Excluded subsidiaries during the current consolidated accounting period: 1 company, December 2006, Suntopia Club Co., Ltd.</p>
2. Application of the Equity Method	<p>Equity method is applied to all affiliated companies, which currently number four.</p> <p>Names of these affiliated companies are listed in "Group companies" of "1. Relations among Group Companies."</p>	<p>Equity method is applied to all affiliated companies, which currently number four.</p> <p>Names of these affiliated companies are listed in "Group companies" of "2. Relations among Group Companies."</p>	<p>Equity method is applied to all affiliated companies, which currently number four.</p> <p>Names of these affiliated companies are listed in "Group companies" of "2. Relations among Group Companies."</p>
3. Closing Date of Interim-period of Consolidated Subsidiaries	<p>Subsidiaries whose interim closing date differs from that of the Company (September 30)</p> <p>Interim closing of accounts on June 30:</p> <p>Nifco America Corporation Nifco Products Espana S.L.U. Nifco Poland Sp. zo. o. Taiwan Industrial Fastener Corporation Korean Industrial Fastener Corporation Nifco (Thailand) Co., Ltd. Kifco Vietnam Ltd. Nifco (Hong Kong) Ltd. Shanghai Nifco Plastic Manufacturer Co., Ltd. Dongguan Nifco Co., Ltd. Tifco (Dongguan) Co., Ltd. Beijing Nifco Co., Ltd. Simmons Bedding &amp; Furniture (Hong Kong) Ltd. The Japan Times Ltd.</p> <p>In preparing the interim consolidated financial statements, interim financial statements of these companies as of the said interim account closing date, except adjustments necessary for consolidation purposes, are made in respect of important transactions that took place between July 1, 2006 and the</p>	<p>Subsidiaries whose interim closing date differs from that of the Company (September 30)</p> <p>Interim closing of accounts on June 30:</p> <p>Nifco America Corporation Nifco North America Inc. Nifco U.K. Ltd. Snipgrove Ltd. Nifco Products Espana S.L.U. Nifco Poland Sp. zo. o. Nifco Deutschland GmbH Nifco Taiwan Corporation Nifco Korea Inc. Nifco (Thailand) Co., Ltd. Nifco Manufacturing (Malaysia) Sdn. Bhd. Nifco (Singapore) Pte. Ltd. Kifco Vietnam Ltd. Nifco (Hong Kong) Ltd. Shanghai Nifco Plastic Manufacturer Co., Ltd. Dongguan Nifco Co., Ltd. Tifco (Dongguan) Co., Ltd. Beijing Nifco Co., Ltd. Simmons Bedding &amp; Furniture (Hong Kong) Ltd. The Japan Times Ltd.</p> <p>Other 7 subsidiaries</p> <p>In preparing the interim consolidated financial statements, interim financial statements of these companies as of the said interim account</p>	<p>Subsidiaries whose closing date differs from that of the Company (March 31)</p> <p>Closing of accounts on December 31:</p> <p>Nifco America Corporation Nifco U.K. Ltd. Snipgrove Ltd. Nifco Products Espana S.L.U. Nifco Poland Sp. zo. o. Taiwan Industrial Fastener Corporation Korean Industrial Fastener Corporation Nifco (Thailand) Co., Ltd. Nifco Manufacturing (Malaysia) Sdn. Bhd. Nifco (Singapore) Pte. Ltd. Kifco Vietnam Ltd. Nifco (Hong Kong) Ltd. Shanghai Nifco Plastic Manufacturer Co., Ltd. Dongguan Nifco Co., Ltd. Tifco (Dongguan) Co., Ltd. Beijing Nifco Co., Ltd. Simmons Bedding &amp; Furniture (Hong Kong) Ltd. The Japan Times, Ltd.</p> <p>In preparing the consolidated financial statements, financial statements of these companies as of the said account closing date, except adjustments necessary for consolidation</p>

	First Half FY2006 (April 1, 2006 to September 30, 2006)	First Half FY2007 (April 1, 2007 to September 30, 2007)	FY2006 (April 1, 2006 to March 31, 2007)
	interim consolidated account closing date of September 30, 2006.	closing date, except adjustments necessary for consolidation purposes, are made in respect of important transactions that took place between July 1, 2007 and the interim consolidated account closing date of September 30, 2007.	purposes, are made in respect of important transactions that took place between January 1, 2007 and the consolidated account closing date of March 31, 2007.
4. Standard for Accounting Procedures	<p>(1) Evaluations of important assets</p> <p>(i) Marketable securities Other marketable securities with a market price: Stated at the closing price on the last trading day of the interim term. (The difference between the book value and the market price is included directly as part of the net assets of the Company. The value of securities divested during the term is calculated primarily using the moving average method.) Other marketable securities with no market price: Stated at cost method primarily using the moving average method.</p> <p>(ii) Derivatives: Stated at the market value method. However, the Company has no outstanding balance of derivatives at the end of the interim period.</p> <p>(iii) Inventories</p> <p>(a) Merchandise, products, raw materials, work in process and stocks: Stated at the actual cost method mainly by the periodic average method.</p> <p>(b) Moulds: Stated as specific identification cost calculated by the cost accounting method.</p> <p>(2) Depreciation methods applicable to significant depreciable assets</p> <p>(i) Tangible fixed assets: Depreciated mainly by the declining-balance method. However, depreciation of buildings (excluding fittings) acquired by the Company or its domestic subsidiaries on or after April 1, 1998, is calculated by the straight-line method. The useful lives for major assets are as follows: Buildings and structures: 5-50 years Machinery, equipment and vehicles: 5-20 years Moulds: 2-4 years</p>	<p>(1) Evaluations of important assets</p> <p>(i) Marketable securities Other marketable securities with a market price: Same as left.  Other marketable securities with no market price: Same as left.</p> <p>(ii) Derivatives: Stated at the market value method.</p> <p>(iii) Inventories</p> <p>(a) Merchandise, products, raw materials, work in process and stocks: Same as left.</p> <p>(b) Moulds: Same as left.</p> <p>(2) Depreciation methods applicable to significant depreciable assets</p> <p>(i) Tangible fixed assets: Depreciated mainly by the declining-balance method. However, depreciation of buildings (excluding fittings) acquired by the Company or its domestic subsidiaries on or after April 1, 1998, is calculated by the straight-line method. The useful lives for major assets are as follows: Buildings and structures: 5-50 years Machinery, equipment and vehicles: 5-20 years Moulds: 2-4 years [Change in accounting policy] With the revision of the Corporation Tax Law, the</p>	<p>(1) Evaluations of important assets</p> <p>(i) Marketable securities Other marketable securities with a market price: Stated at the closing price on the last trading day of the term. (The difference between the book value and the market price is included directly as part of the net assets of the Company. The value of securities divested during the term is calculated primarily using the moving average method.)  Other marketable securities with no market price: Same as left.</p> <p>(ii) Derivatives: Same as left.</p> <p>(iii) Inventories</p> <p>(a) Merchandise, products, raw materials, work in process and stocks: Same as left.</p> <p>(b) Moulds: Same as left.</p> <p>(2) Depreciation methods applicable to significant depreciable assets</p> <p>(i) Tangible fixed assets: Depreciated mainly by the declining-balance method. However, depreciation of buildings (excluding fittings) acquired by the Company or its domestic subsidiaries on or after April 1, 1998, is calculated by the straight-line method. The useful lives for major assets are as follows: Buildings and structures: 5-50 years Machinery, equipment and vehicles: 5-20 years Moulds: 2-4 years</p>

	First Half FY2006 (April 1, 2006 to September 30, 2006)	First Half FY2007 (April 1, 2007 to September 30, 2007)	FY2006 (April 1, 2006 to March 31, 2007)
		<p>Company and its domestic consolidated subsidiaries adopted the depreciation method based on the revised Corporation Tax Law to tangible fixed assets acquired on and after April 1, 2007, effective from the interim period under review. As a result, operating profit, recurring profit and interim net income before income taxes respectively decreased 247 million yen compared with the figures under the previous method.</p> <p>The influence of the change in Segment Information is stated in the relevant parts.</p> <p>[Additional information]</p> <p>Following the revision of the Corporation Tax Law, with regard to assets acquired on and before March 31, 2007, the Company and its domestic consolidated subsidiaries equally amortize, effective from the interim period under review, the difference between the amount equivalent to 5% of the acquisition value and the remainder value over a period of five years and include the amount in depreciation expenses, starting from the following consolidated fiscal year of the consolidated fiscal year when the value of assets reached 5% of the acquisition value as a result of the application of the depreciation method based on the Corporate Tax Law before the revision. As a result, operating profit, recurring profit and interim net income before net income taxes respectively decreased 250 million yen compared with the figures under the previous method.</p> <p>The influence of the change on Segment Information is stated in the relevant parts.</p>	
	<p>(ii) Intangible fixed assets: Depreciated mainly by the straight-line method. Software for the Company's and its consolidated subsidiaries' own use is depreciated mainly by the straight-line method for the period it can be used internally (5 years).</p> <p>(3) Accounting for reserves</p> <p>(i) Reserves for doubtful accounts: As provisions for losses from trade receivables, loans and other credits, a reserve calculated</p>	<p>(ii) Intangible fixed assets: Same as left.</p> <p>(3) Accounting for reserves</p> <p>(i) Reserves for doubtful accounts: Same as left.</p>	<p>(ii) Intangible fixed assets: Same as left.</p> <p>(3) Accounting for reserves</p> <p>(i) Reserves for doubtful accounts: Same as left.</p>

	First Half FY2006 (April 1, 2006 to September 30, 2006)	First Half FY2007 (April 1, 2007 to September 30, 2007)	FY2006 (April 1, 2006 to March 31, 2007)
	<p>according to actual loss percentage for claimable assets, and on the basis of recoverability for designated claimable assets, including doubtful debt, are made.</p> <p>(ii) Accrued bonuses: In order to provide for bonus disbursement for employees of the Company and its domestic consolidated subsidiaries, a reserve is booked essentially on the basis of the anticipated amount to be disbursed.</p> <p>(iii) Reserve for severance and retirement benefits: The reserve for employee severance and retirement benefits likely to be incurred at the end of interim period is made after estimating the amount of the accumulated benefit obligation and pension assets at the close of the interim period. Any shortfalls in the Company's tax-qualified pension program are expensed by straight-line method beginning with the consolidated accounting year in which such shortfalls accrued over the designated number of years (5 to 10 years) but not exceeding the mean number of remaining years of service of the employees. Any actuarial difference is expensed by straight-line method beginning with the accounting year in which such difference accrued over the designated number of years (10 years) but not exceeding the mean number of remaining years of service of the employees. For some subsidiaries, such difference is expensed by straight-line method over a period of 5 years beginning with the next accounting year in which such difference accrued.</p> <p>(iv) Reserve for directors' retirement benefits: In order to provide for the expenditures of compensatory money to be paid to retiring directors and executive directors, the required amount for payment at the end of interim term as prescribed mainly by the internal</p>	<p>(ii) Accrued bonuses: Same as left.</p> <p>(iii) Reserve for severance and retirement benefits: Same as left.</p> <p>(iv) Reserve for directors' retirement benefits: Same as left.</p>	<p>(ii) Accrued bonuses: Same as left.</p> <p>(iii) Reserve for severance and retirement benefits: The Company sets aside at the end of each year a sum which is calculated as the retirement allowances which would be payable as of the end of the year together the increased retirement liabilities generated during the period. Any shortfalls in the Company's tax-qualified pension program are expensed by straight-line method beginning with the consolidated accounting year in which such shortfalls accrued over the designated number of years (5 to 10 years) but not exceeding the mean number of remaining years of service of the employees. Any actuarial difference is expensed by straight-line method beginning with the accounting year in which such difference accrued over the designated number of years (10 years) but not exceeding the mean number of remaining years of service of the employees. For some subsidiaries, such difference is expensed by straight-line method over a period of 5 years beginning with the next accounting year in which such difference accrued.</p> <p>(iv) Reserve for directors' retirement benefits: In order to provide for the expenditures of compensatory money to be paid to retiring directors and executive directors, the required amount for payment at the end of fiscal year as prescribed mainly by the internal</p>

	First Half FY2006 (April 1, 2006 to September 30, 2006)	First Half FY2007 (April 1, 2007 to September 30, 2007)	FY2006 (April 1, 2006 to March 31, 2007)
	<p>regulations is booked by some of its consolidated subsidiaries.</p> <p>(4) Criteria for converting significant foreign currency assets and liabilities to Japanese yen: Foreign currency claims and obligations are converted into Japanese yen at the relevant spot exchange rates prevailing on the interim-closing date, and any conversion difference is treated as profit or loss. Assets, liabilities, profits and losses of foreign affiliated companies are translated into Japanese yen using the exchange rate at the end of interim term. These adjustment thus generated are included as foreign currency translation adjustments and minority interests as part of net assets.</p> <p>(5) Accounting of significant lease transactions: The financial lease transactions not involving transfer of the ownership of leased properties to the lessees are treated in the same manner of accounting treatment as ordinary lease transactions.</p> <p>(6) Significant hedge accounting method (i) Hedge accounting method: Foreign currency claims and obligations for which forward exchange contracts are concluded are hedged. (ii) Hedging instruments and subjects Hedging instrument: derivative translations (Forward exchange contracts) Subject to hedge: Those for which cash flows are fixed and any fluctuation is avoided. (iii) Hedging policy: Hedge transactions are used to fix the cash flows resulting from settlements of foreign currency claims and obligations. (iv) Method of evaluating hedge effectiveness: As the foreign currency amounts and the terms for the hedged items have corresponding forward exchange contracts for the identical amounts and terms, their reciprocal interdependence is fully secured throughout any subsequent fluctuations in foreign exchange rates, and</p>	<p>(4) Criteria for converting significant foreign currency assets and liabilities to Japanese yen: same as left</p> <p>(5) Accounting of significant lease transactions: Same as left.</p> <p>(6) Significant hedge accounting method (i) Hedge accounting method: Same as left. (ii) Hedging instruments and subjects Hedging instrument: Same as left. Subject to hedge: Foreign currency claims and obligations (iii) Hedging policy: Same as left. (iv) Method of evaluating hedge effectiveness: Same as left.</p>	<p>regulations is booked by some of its consolidated subsidiaries.</p> <p>(4) Criteria for converting significant foreign currency assets and liabilities to Japanese yen: Foreign currency claims and obligations are converted into Japanese yen at the relevant spot exchange rates prevailing on the closing date, and any conversion difference is treated as profit or loss. Assets, liabilities, profits and losses of foreign affiliated companies are translated into Japanese yen using the exchange rate at the end of interim term. These adjustment thus generated are included as foreign currency translation adjustments and minority interests as part of net assets.</p> <p>(5) Accounting of significant lease transactions: Same as left.</p> <p>(6) Significant hedge accounting method (i) Hedge accounting method: Same as left. (ii) Hedging instruments and subjects Hedging instrument: Same as left. Subject to hedge: Foreign currency claims and obligations (iii) Hedging policy: Same as left. (iv) Method of evaluating hedge effectiveness: Same as left.</p>

	First Half FY2006 (April 1, 2006 to September 30, 2006)	First Half FY2007 (April 1, 2007 to September 30, 2007)	FY2006 (April 1, 2006 to March 31, 2007)
	<p>this in effect ensures hedge effectiveness in lieu of a separate evaluation.</p> <p>(7) Policies for other items in the balance sheets</p> <p>(i) Consumption and other taxes: The amounts accrued for consumption and local taxes are deducted from net sales and expenses.</p> <p>(ii) Corporate and other taxes: As for the amount of tax paid and the value of adjustments for corporate tax and the like related to the interim consolidated fiscal period, amounts are booked for the current consolidated fiscal period based on the premise of reversing the reduction in funds planned for this term.</p>	<p>(7) Policies for other items in the balance sheets</p> <p>(i) Consumption and other taxes: Same as left.</p> <p>(ii) Corporate and other taxes: Same as left.</p>	<p>(7) Policies for other items in the balance sheets</p> <p>(i) Consumption and other taxes: Same as left.</p> <p>_____</p>
5. Scope of Cash and Cash Equivalents in the Consolidated Statements of Cash flows	Consists of cash-on-hand, deposits that can be withdrawn on demand, as well as short-term investments which can be converted easily into cash and carry little or no risk of fluctuation, with a maturity date of less than 3 months from the date of acquisition.	Same as left.	Same as left.

## Changes in Significant Accounting Policies for Preparing Interim Consolidated Financial Statements

First Half FY2006 (April 1, 2006 to September 30, 2006)	First Half FY2007 (April 1, 2007 to September 30, 2007)	FY2006 (April 1, 2006 to March 31, 2007)
<p>[Accounting Standard for Presentation of Net Assets in Balance Sheets] Effective from this interim consolidated fiscal period, the Company is applying ASBJ Statement No.5(2005.12.9) Accounting Standard for Presentation of Net Assets in the Balance Sheet and ASBJ Guidance No.8(2005.12.9) Guidance on Accounting Standard for Presentation of Net Assets in the Balance Sheet.</p> <p>The amount equivalent to the sum of the previous shareholders' equity is 64,177 million yen.</p> <p>In keeping with the amendment of the rules on preparation of interim consolidated financial statements, the net worth section of the interim consolidated balance sheet for this interim consolidated fiscal period is prepared in accordance with the amended rules on preparation of interim consolidated financial statements.</p> <p>[Accounting Standard for Directors' Bonus] The Company is applying ASBJ Statement No.4 Accounting Standard for Directors' Bonus.(2005.11.29)</p> <p>As a result, operating profit, recurring profit and interim net income before tax all fell by 38 million yen.</p> <p>The effects on segment information are described in the relevant section.</p>	<p style="text-align: center;">—————</p> <p style="text-align: center;">—————</p>	<p>[Accounting Standard for Presentation of Net Assets in Balance Sheets] Effective from this consolidated fiscal period, the Company is applying ASBJ Statement No.5(2005.12.9) Accounting Standard for Presentation of Net Assets in the Balance Sheet and ASBJ Guidance No.8(2005.12.9) Guidance on Accounting Standard for Presentation of Net Assets in the Balance Sheet.</p> <p>The amount equivalent to the sum of the previous shareholders' equity is 73,542 million yen.</p> <p>In keeping with the amendment of the rules on preparation of consolidated financial statements, the net worth section of the consolidated balance sheet for this consolidated fiscal period is prepared in accordance with the amended rules on preparation of consolidated financial statements.</p> <p>[Accounting Standard for Directors' Bonus] The Company is applying ASBJ Statement No.4 Accounting Standard for Directors' Bonus.(2005.11.29)</p> <p>As a result, operating profit, recurring profit and net income before tax all fell by 74 million yen.</p> <p>The effects on segment information are described in the relevant section.</p>

## Changes in the method of presentation

First Half FY2006 (April 1, 2006 to September 30, 2006)	First Half FY2007 (April 1, 2007 to September 30, 2007)
<p>[Consolidated interim balance sheets] From this consolidated fiscal year, “Consolidation adjustment” and “Business right” are presented as “Goodwill.”</p> <p>[Interim statement of consolidated cash flows]</p> <ol style="list-style-type: none"> <li>1. From this consolidated fiscal year, “consolidated adjustment account amortization” under Cash flows from operating activities is presented as “Amortization of goodwill,” since “Consolidation adjustment” is now presented as “Goodwill.”</li> <li>2. “Profit and loss on investment” under “Cash flow from operating activities” (27 million yen as of the end of this interim consolidated fiscal period), “Increase in reserve for directors' retirement benefits” (4 million yen) and “Decrease of directors' retirement benefits payable” (1 million yen) have little monetary materiality and are therefore being included in the “Other” section.</li> <li>3. “Expenditure by way of loan” which was separately presented for the previous interim consolidated fiscal period (0 million yen as of the end of this interim consolidated fiscal period) has lost its materiality and, effective from this interim consolidated fiscal period, is being included in the “Other” section of “Cash flow from investing activities.”</li> <li>4. “Revenue by way of recovery of loan” which was separately presented for the previous interim consolidated fiscal period (1 million yen as of the end of this interim consolidated fiscal period) has lost its materiality and, effective from this interim consolidated fiscal period, is being included in the “Other” section of “Cash flow from investing activities.”</li> <li>5. “Amount of dividends paid to minority shareholders” under “Cash flow from financing activities” (-76 million yen as of the end of this interim consolidated fiscal period) was included in “Amount of dividends paid” for the previous interim consolidated fiscal period. However, as it has gained monetary materiality, it is now being presented separately.</li> </ol>	<p style="text-align: center;">—————</p> <p style="text-align: center;">—————</p>

## Notes in Relation to the Interim Consolidated Balance Sheets

First Half FY2006 (As of September 30, 2006)	First Half FY2007 (As of September 30, 2007)	FY2006 (As of March 31, 2007)
<p>1. Accumulative depreciation of tangible fixed assets</p> <p style="text-align: right;">72,551 million yen</p> <p>The amount of accumulated depreciation includes the amount of accumulated impairment loss.</p>	<p>1. Accumulative depreciation of tangible fixed assets</p> <p style="text-align: right;">71,476 million yen</p> <p>The amount of accumulated depreciation includes the amount of accumulated impairment loss.</p>	<p>1. Accumulative depreciation of tangible fixed assets</p> <p style="text-align: right;">71,017 million yen</p> <p>The amount of accumulated depreciation includes the amount of accumulated impairment loss.</p>
<p>2. Notes falling due on the last day of interim consolidated fiscal period</p> <p>Notes falling due on the last day of the interim consolidated fiscal period are settled as of the relevant bill clearing date. As the last of day of this interim consolidated fiscal period fell on a banking holiday, the following notes falling due on the last day of interim consolidated fiscal period are included in the balance of notes outstanding as of the end of the interim consolidated fiscal period:</p> <p style="text-align: right;">Notes receivable      407 million yen</p>	<p>2. Notes falling due on the last day of interim consolidated fiscal period</p> <p>Notes falling due on the last day of the interim consolidated fiscal period are settled as of the relevant bill clearing date. As the last of day of this interim consolidated fiscal period fell on a banking holiday, the following notes falling due on the last day of interim consolidated fiscal period are included in the balance of notes outstanding as of the end of the interim consolidated fiscal period:</p> <p style="text-align: right;">Notes receivable      469 million yen</p>	<p>2. Notes falling due on the last day of consolidated fiscal year</p> <p>Notes falling due on the last day of the consolidated fiscal year are settled as of the relevant bill clearing date. As the last of day of this consolidated fiscal year fell on a banking holiday, the following notes falling due on the last day of consolidated fiscal year are included in the balance of notes outstanding as of the end of the consolidated fiscal year:</p> <p style="text-align: right;">Notes receivable      421 million yen</p>

## Notes in Relation to the Interim Consolidated Statements of Income

First Half FY2006 (April 1, 2006 to September 30, 2006)	First Half FY2007 (April 1, 2007 to September 30, 2007)	FY2006 (April 1, 2006 to March 31, 2007)																																				
<p>1. Breakdown of selling, general and administrative expenses (Unit: Millions of yen)</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Reserve for employee bonuses</td> <td style="text-align: right;">550</td> </tr> <tr> <td>Packaging and transportation</td> <td style="text-align: right;">2,401</td> </tr> <tr> <td>Salaries and remuneration</td> <td style="text-align: right;">3,708</td> </tr> <tr> <td>Other personnel expenses</td> <td style="text-align: right;">755</td> </tr> <tr> <td>Rent</td> <td style="text-align: right;">568</td> </tr> <tr> <td>Depreciation</td> <td style="text-align: right;">491</td> </tr> </table>	Reserve for employee bonuses	550	Packaging and transportation	2,401	Salaries and remuneration	3,708	Other personnel expenses	755	Rent	568	Depreciation	491	<p>1. Breakdown of selling, general and administrative expenses (Unit: Millions of yen)</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Reserve for employee bonuses</td> <td style="text-align: right;">733</td> </tr> <tr> <td>Packaging and transportation</td> <td style="text-align: right;">2,638</td> </tr> <tr> <td>Salaries and remuneration</td> <td style="text-align: right;">3,928</td> </tr> <tr> <td>Other personnel expenses</td> <td style="text-align: right;">803</td> </tr> <tr> <td>Rent</td> <td style="text-align: right;">702</td> </tr> <tr> <td>Depreciation</td> <td style="text-align: right;">521</td> </tr> </table>	Reserve for employee bonuses	733	Packaging and transportation	2,638	Salaries and remuneration	3,928	Other personnel expenses	803	Rent	702	Depreciation	521	<p>1. Breakdown of selling, general and administrative expenses (Unit: Millions of yen)</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Reserve for employee bonuses</td> <td style="text-align: right;">735</td> </tr> <tr> <td>Packaging and transportation</td> <td style="text-align: right;">5,007</td> </tr> <tr> <td>Salaries and remuneration</td> <td style="text-align: right;">7,371</td> </tr> <tr> <td>Other personnel expenses</td> <td style="text-align: right;">1,552</td> </tr> <tr> <td>Rent</td> <td style="text-align: right;">1,290</td> </tr> <tr> <td>Depreciation</td> <td style="text-align: right;">1,026</td> </tr> </table>	Reserve for employee bonuses	735	Packaging and transportation	5,007	Salaries and remuneration	7,371	Other personnel expenses	1,552	Rent	1,290	Depreciation	1,026
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Depreciation	1,026																																					
<p>2. Gains on sale of fixed assets are primarily attributable to sales of machinery and equipment.</p>	<p>2. Gains on sales of fixed assets are primarily attributable to sales of moulds.</p>	<p>2. Gains on sale of fixed assets are primarily attributable to sales of land.</p>																																				
<p>3. Losses on disposal of fixed assets are primarily attributable to disposal of buildings, structures and moulds.</p>	<p>3. Losses on disposal of fixed assets are primarily attributable to disposal of machinery, equipment and vehicles and moulds.</p>	<p>3. Losses on disposal of fixed assets are primarily attributable to disposal of moulds.</p>																																				
		<p>4. Impairment Losses</p> <p>The Nifco Group has reported impairment losses on the following assets groups:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;">Place</th> <th style="width: 30%;">Use</th> <th style="width: 40%;">Type</th> </tr> </thead> <tbody> <tr> <td>The Japan Times Ltd. Minato-ku, Tokyo</td> <td>Rotary press</td> <td>Machinery, equipment</td> </tr> <tr> <td>Nifco U.K. Ltd. Cleveland, U.K.</td> <td>Warehouse interior fixtures</td> <td>Buildings</td> </tr> </tbody> </table> <p>Nifco groups business assets for its own use by business office or by consolidated subsidiary, and groups leased real estate and assets identified for disposal (idle assets) by individual property.</p> <p>The book values of buildings and structures that are no longer used due to the relocation of warehouses and machinery and equipment, which warehouses and machinery are not being used because of reduced profitability of the newspaper publishing business, were devalued to their</p>	Place	Use	Type	The Japan Times Ltd. Minato-ku, Tokyo	Rotary press	Machinery, equipment	Nifco U.K. Ltd. Cleveland, U.K.	Warehouse interior fixtures	Buildings																											
Place	Use	Type																																				
The Japan Times Ltd. Minato-ku, Tokyo	Rotary press	Machinery, equipment																																				
Nifco U.K. Ltd. Cleveland, U.K.	Warehouse interior fixtures	Buildings																																				

		<p>recoverable amounts, and the difference between the recoverable amounts and the book values was recognized as Losses on Impairment of Fixed Assets (72 million yen) under Extraordinary Losses.</p> <p>The breakdown of these impairment losses is as follows: 48 million yen for The Japan Times Ltd; 23 million for Nifco U.K. Ltd. The recoverable value is measured by net sale prices.</p>
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## Notes in Relation to the Interim Consolidated Statement of Changes in Net Assets

For the first half of FY2006 (April 1, 2006 to September 30, 2006)

### 1. Matters concerning type and aggregate number of issued and outstanding stocks and type and number of treasury stocks

	No. of stocks as of end of previous consolidated fiscal year	No. of stocks increased during this interim consolidated fiscal period	No. of stocks decreased during this interim consolidated fiscal period	No. of stocks as of end of this interim consolidated fiscal period
Issued and outstanding stocks				
Common stocks	53,754,477	-	-	53,754,477
Total	53,754,477	-	-	53,754,477
Treasury stocks				
Common stocks (Note)	4,009,873	1,467,783	107,662	5,369,994
Total	4,009,873	1,467,783	107,662	5,369,994

Note: The increase of 1,467,783 common stocks in the treasury stock category represents an acquisition of 1,467,100 treasury stocks and a purchase of 683 odd-lot certificates.

The decrease of 107,662 common stocks in the treasury stock category represents a decrease of 96,700 stocks by way of exercise of stock option and a decrease of 10,962 stocks by way of conversion of convertible bonds.

### 2. Matters concerning equity warrant and treasury equity warrant

Not applicable

### 3. Matters concerning dividends

#### (1) Amount of dividends paid

(Resolution)	Type of stock	Aggregate amount of dividends (million yen)	Amount of dividend per share (yen)	Base date	Effective date
Ordinary general meeting of shareholders held on June 28, 2006	Common stock	1,144	23	March 31, 2006	June 28, 2006

#### (2) Dividends whose base dates fall within this interim fiscal period but whose effective dates fall after the end of this interim fiscal period

(Resolution)	Type of stock	Aggregate amount of dividends (million yen)	Source of dividends	Amount of dividend per share (yen)	Base date	Effective date
Board of Directors held on November 13, 2006	Common stock	1,161	Retained earnings	24	September 30, 2006	December 4, 2006

For the first half of FY2007 (April 1, 2007 to September 30, 2007)

### 1. Matters concerning type and aggregate number of issued and outstanding stocks and type and number of treasury stocks

	No. of stocks as of end of previous consolidated fiscal year	No. of stocks increased during this interim consolidated fiscal period	No. of stocks decreased during this interim consolidated fiscal period	No. of stocks as of end of this interim consolidated fiscal period
Issued and outstanding stocks				
Common stocks	53,754,477	-	-	53,754,477
Total	53,754,477	-	-	53,754,477
Treasury stocks				
Common stocks (Note)	2,591,075	787,742	1,135,442	2,243,375
Total	2,591,075	787,742	1,135,442	2,243,375

Note: The increase of 787,742 common stocks in the treasury stock category represents an acquisition of 786,800 treasury stocks and a purchase of 942 odd-lot certificates.

The decrease of 1,135,442 common stocks in the treasury stock category represents a decrease of 19,600 stocks by way of exercise of stock option and a decrease of 1,115,842 stocks by way of conversion of convertible bonds.

### 2. Matters concerning equity warrant and treasury equity warrant

Not applicable

### 3. Matters concerning dividends

#### (1) Amount of dividends paid

(Resolution)	Type of stock	Aggregate amount of dividends (million yen)	Amount of dividend per share (yen)	Base date	Effective date
Ordinary general meeting of shareholders held on June 27, 2007	Common stock	1,790	35	March 31, 2007	June 28, 2007

#### (2) Dividends whose base dates fall within this interim fiscal period but whose effective dates fall after the end of this interim fiscal period

(Resolution)	Type of stock	Aggregate amount of dividends (million yen)	Source of dividends	Amount of dividend per share (yen)	Base date	Effective date
Board of Directors held on November 1, 2007	Common stock	1,442	Retained earnings	28	September 30, 2007	December 3, 2007

For FY2006 (April 1, 2006 to March 31, 2007)

## 1. Matters concerning type and aggregate number of issued and outstanding stocks and type and number of treasury stocks

	No. of stocks as of end of previous consolidated fiscal year	No. of stocks increased during this consolidated fiscal year	No. of stocks decreased during this consolidated fiscal year	No. of stocks as of end of this consolidated fiscal year
Issued and outstanding stocks				
Common stocks	53,754,477	-	-	53,754,477
Total	53,754,477	-	-	53,754,477
Treasury stocks				
Common stocks (Note)	4,009,873	2,052,367	3,471,165	2,591,075
Total	4,009,873	2,052,367	3,471,165	2,591,075

Note: The increase of 2,052,367 common stocks in the treasury stock category represents an acquisition of 2,050,100 treasury stocks and a purchase of 2,267 odd-lot certificates.

The decrease of 3,471,165 common stocks in the treasury stock category represents a decrease of 241,700 stocks that occurred because of exercise of stock option, a decrease of 3,229,375 stocks that resulted from conversion of convertible bonds and sell of 90 odd-lot certificates.

## 2. Matters concerning equity warrant and treasury equity warrant

Not applicable

## 3. Matters concerning dividends

### (1) Amount of dividends paid

(Resolution)	Type of stock	Aggregate amount of dividends (million yen)	Amount of dividend per share (yen)	Base date	Effective date
Ordinary general meeting of shareholders held on June 28, 2006	Common stock	1,144	23	March 31, 2006	June 28, 2006
Board of Directors held on November 13, 2006	Common stock	1,161	24	September 30, 2006	December 4, 2006

### (2) Dividends for which the base dates fall within this fiscal year but for which the effective dates fall after the end of this fiscal period

(Resolution)	Type of stock	Aggregate amount of dividends (million yen)	Source of dividends	Amount of dividend per share (yen)	Base date	Effective date
Ordinary general meeting of shareholders held on June 27, 2007	Common stock	1,790	Retained earnings	35	March 31, 2007	June 28, 2007

## Notes in Relation to the Interim Consolidated Statements of Cash Flows

First Half FY2006 (April 1, 2006 to September 30, 2006)	First Half FY2007 (April 1, 2007 to September 30, 2007)	FY2006 (April 1, 2006 to March 31, 2007)
1. Reconciliation between the sums for cash and cash equivalents as of September 30, 2006 shown on the interim Balance Sheets (Unit: Millions of yen)	1. Reconciliation between the sums for cash and cash equivalents as of September 30, 2007 shown on the interim Balance Sheets (Unit: Millions of yen)	1. Reconciliation between the sums for cash and cash equivalents as of March 31, 2007 shown on the Balance Sheets (Unit: Millions of yen)
Cash and bank deposits 20,293	Cash and bank deposits 22,646	Cash and bank deposits 22,043
<u>Time deposits of more than 3 months (2,379)</u>	<u>Time deposits of more than 3 months (2,954)</u>	<u>Time deposits of more than 3 months (2,595)</u>
Cash and cash equivalents 17,913	Cash and cash equivalents 19,692	Cash and cash equivalents 19,448
—————	—————	2. The breakdown of assets and liabilities of excluded subsidiary, Suntopia Club Co., Ltd., when the Company sold its share, is as follows: (Unit: Millions of yen)
		Current assets 69
		Fixed assets 219
		Current liabilities 11
		Long-term liabilities 44
—————	—————	3. Non-cash transactions resulting from using treasury stocks when convertible bonds were converted (Unit: Millions of yen)
		Decrease in treasury stocks 6,959
		<u>Loss on sales of treasury stocks (1,657)</u>
		<u>Decrease in convertible bonds as a result of conversion 5,301</u>

## 1. Segment Information

### (1) Business segment information

- For the first half of FY2006 (April 1, 2006 to September 30, 2006)

(Unit: Millions of yen)

	Industrial plastic parts & components	Bedding & furniture	Newspaper & publishing	Other businesses	Total	Elimination & corporate expenses	Consolidated figures
Net sales							
(1) Sales to customers	53,385	6,241	1,534	3,989	65,151	-	65,151
(2) Inter-segment sales	-	0	5	-	5	(5)	-
Total	53,385	6,241	1,539	3,989	65,157	(5)	65,151
Operating expenses	46,327	5,629	1,698	3,134	56,789	1,555	58,344
Operating profit (loss)	7,057	612	(158)	855	8,367	(1,560)	6,806

- For the first half of FY2007 (April 1, 2007 to September 30, 2007)

(Unit: Millions of yen)

	Industrial plastic parts & components	Bedding & furniture	Newspaper & publishing	Other businesses	Total	Elimination & corporate expenses	Consolidated figures
Net sales							
(1) Sales to customers	59,073	7,486	1,512	1,367	69,440	-	69,440
(2) Inter-segment sales	0	0	14	-	14	(14)	-
Total	59,073	7,486	1,526	1,367	69,455	(14)	69,440
Operating expenses	50,878	6,562	1,623	1,554	60,619	1,667	62,286
Operating profit (loss)	8,195	923	(97)	(186)	8,835	(1,681)	7,153

- For FY2006 (April 1, 2006 to March 31, 2007)

(Unit: Millions of yen)

	Industrial plastic parts & components	Bedding & furniture	Newspaper & publishing	Other businesses	Total	Elimination & corporate expenses	Consolidated figures
Net sales							
(1) Sales to customers	110,688	13,417	2,975	4,556	131,637	-	131,637
(2) Inter-segment sales	-	0	13	-	13	(13)	-
Total	110,688	13,417	2,989	4,556	131,651	(13)	131,637
Operating expenses	95,935	11,847	3,316	3,940	115,039	2,901	117,941
Operating profit (loss)	14,753	1,569	(327)	615	16,611	(2,915)	13,696

Notes:

1. The businesses are classified according to types of products and their markets.

2. The main products for each business segment are as follows.

(1) Industrial plastic parts and components: ..Industrial plastic fasteners, precision plastic injection molded, components, etc.

(2) Bedding & furniture:..... Various types of beds, reclining chairs, etc.

(3) Newspaper & publishing: .....English-language newspaper, other printed media, etc.

(4) Other businesses: .....Liquid crystal displays and other electronic components, etc.

3. The consolidated figures for operating expenses which cannot be appropriated to any one segment and are included in elimination and corporate expenses are 1,679 million yen, 1,784 million yen and 3,151 million yen for the first half of FY2006, the first half of FY2007, and FY2006, respectively. These mainly consist of expenses incurred by the administrative operations of the Company's Head Office including its Administration and Accounting Departments.

4. Changes in Accounting Policies

For the first half of FY2007 (April 1, 2007 to September 30, 2007)

Change in depreciation method following the revision of the Corporation Tax Law

As stated in "Significant Accounting Policies for Preparing Interim Consolidated Financial Statements" 4. (2) (i), the depreciation method was changed in accordance with the revision of the Corporation Tax Law, effective from the consolidated interim period under review. As a result of the change, operating expenses in the interim period under review increased 498 million yen in the Industrial Plastic Parts and Components Business and increased 0 million yen in Other Business, while operating profit decreased by the same amount, compared with the figures under the previous method.

## (2) Geographic segment information

- For the first half of FY2006 (April 1, 2006 to September 30, 2006)

(Unit: Millions of yen)

	Japan	Asia	North America	Europe	Total	Elimination & corporate expenses	Consolidated figure
Net sales							
(1) Sales to customers	39,323	14,798	6,881	4,148	65,151	-	65,151
(2) Inter-segment sales	2,076	520	10	2	2,610	(2,610)	-
Total	41,400	15,319	6,891	4,150	67,761	(2,610)	65,151
Operating expenses	35,299	13,617	6,575	4,168	59,661	(1,316)	58,344
Operating profit (loss)	6,100	1,702	315	(17)	8,100	(1,294)	6,806

- For the first half of FY2007 (April 1, 2007 to September 30, 2007)

(Unit: Millions of yen)

	Japan	Asia	North America	Europe	Total	Elimination & corporate expenses	Consolidated figure
Net sales							
(1) Sales to customers	38,234	18,778	7,880	4,547	69,440	-	69,440
(2) Inter-segment sales	2,181	545	14	1	2,742	(2,742)	-
Total	40,416	19,324	7,894	4,548	72,183	(2,742)	69,440
Operating expenses	35,787	16,176	7,493	4,430	63,887	(1,600)	62,286
Operating profit (loss)	4,628	3,147	400	118	8,295	(1,142)	7,153

- For FY2006 (April 1, 2006 to March 31, 2007)

(Unit: Millions of yen)

	Japan	Asia	North America	Europe	Total	Elimination & corporate expenses	Consolidated figure
Net sales							
(1) Sales to customers	78,201	31,891	14,818	6,725	131,637	-	131,637
(2) Inter-segment sales	4,408	1,017	23	4	5,452	(5,452)	-
Total	82,609	32,908	14,841	6,730	137,090	(5,452)	131,637
Operating expenses	71,014	28,980	14,223	6,848	121,066	(3,125)	117,941
Operating profit (loss)	11,594	3,928	618	(117)	16,023	(2,327)	13,696

Notes:

1. Countries or regions are defined by geographical proximity.

2. The details of the regions other than Japan are as follows:

(1) Asia: ..... South Korea, Hong Kong, China, Taiwan, Malaysia, Singapore and Thailand

(2) North America: ..... U.S.A.

(3) Europe:..... U.K., Spain and Poland

3. The consolidated figures for operating expenses which cannot be appropriated to any segment and are included in elimination and corporate expenses are 1,679 million yen, 1,784 million yen and 3,151 million yen for the first half of FY2006, the first half of FY2007 and FY2006, respectively. These mainly consist of expenses incurred by the administrative operations of the Company's Head Office including its Administration and Accounting Departments.

4. Changes in Accounting Policies

For the first half of FY2007 (April 1, 2007 to September 30, 2007)

Change in depreciation method following the revision of the Corporation Tax Law

As stated in "Significant Accounting Policies for Preparing Interim Consolidated Financial Statements" 4. (2) (i), the depreciation method was changed in accordance with the revision of the Corporation Tax Law, effective from the consolidated interim period under review. As a result of the change, operating expenses in the interim period under review increased 498 million yen in Japan and operating profit decreased by the same amount compared with the figures under the previous method.

(3) Overseas sales

- For the first half of FY2006 (April 1, 2006 to September 30, 2006)

(Unit: Millions of yen; %)

	North America	Asia	Europe	Others	Total
I. Overseas sales	6,943	14,919	3,908	191	25,963
II. Consolidated sales	-	-	-	-	65,151
III. The percentage ratio of overseas sales to consolidated net sales (%)	10.7	22.9	6.0	0.3	39.9

- For the first half of FY2007 (April 1, 2007 to September 30, 2007)

(Unit: Millions of yen; %)

	North America	Asia	Europe	Others	Total
I. Overseas sales	7,972	18,925	4,270	179	31,347
II. Consolidated sales	-	-	-	-	69,440
III. The percentage ratio of overseas sales to consolidated net sales (%)	11.5	27.2	6.2	0.2	45.1

- For FY2006 (April 1, 2006 to March 31, 2007)

(Unit: Millions of yen; %)

	North America	Asia	Europe	Others	Total
I. Overseas sales	14,983	32,143	6,340	267	53,735
II. Consolidated sales	-	-	-	-	131,637
III. The percentage ratio of overseas sales to consolidated net sales (%)	11.4	24.4	4.8	0.2	40.8

Notes:

1. Countries or regions are defined by geographical proximity.

2. The details of the regions other than Japan are as follows:

(1) North America: ... U.S.A. and Canada

(2) Asia: .....South Korea, Taiwan, China, Hong Kong, Thailand, Malaysia, Singapore, The Philippines, Indonesia and India

(3) Europe: .....U.K., Spain, France, Germany, Belgium, Poland, Italy, Czech Republic, The Netherlands and Sweden

(4) Others: ..... Turkey, Australia, Brazil and Mexico

3. Overseas sales include all sales made outside Japan and exports from Japan.

## Manufacturing, Orders and Sales

### (1) Manufacturing

Manufacturing volumes are shown by business segment below.

(Unit: Million yen)

Name of business segment		First Half FY2006 (April 1, 2006 to September 30, 2006)	First Half FY2007 (April 1, 2007 to September 30, 2007)	Year-on-year change	FY2006 (April 1, 2006 to March 31, 2007)
		Amount	Amount	%	Amount
Industrial plastic parts and components	Industrial plastic fasteners, parts and components	37,799	41,615	110.1	78,116
	Moulds	187	187	99.7	365
	Stock moulds	269	204	75.8	527
	Sub-total	38,256	42,006	109.8	79,009
Bedding & furniture		2,254	2,674	118.6	4,774
Newspaper & publishing		1,366	1,315	96.3	2,690
Other businesses		2,766	1,131	40.9	3,226
Total		44,644	47,128	105.6	89,701

Notes:

1. Inter-segmental transactions have been eliminated.
2. Consumption tax is not included in the figures.

### (2) Procurement of products by segment

The procurement volume of product by business segment is given below.

(Unit: Millions of yen)

Name of business segment		First Half FY2006 (April 1, 2006 to September 30, 2006)	First Half FY2007 (April 1, 2007 to September 30, 2007)	Year-on-year change	FY2006 (April 1, 2006 to March 31, 2007)
		Amount	Amount	%	Amount
Industrial plastic parts and components		714	727	101.8	1,576
Bedding & furniture		844	989	117.2	2,092
Newspaper & publishing		-	-	-	-
Other businesses		15	0	2.1	37
Total		1,574	1,717	109.1	3,706

Notes:

1. Inter-segmental transactions have been eliminated.
2. Consumption tax is not included in the figures.

### (3) Order receiving

As the term between order-receipt and product shipment of the Company and its consolidated subsidiaries is extremely short, manufacturing is as a rule estimated on the basis of already-confirmed orders and past manufacturing records.

### (4) Revenues

Revenues by business segment are shown below.

(Unit: Millions of yen)

Name of business segment		First Half FY2006 (April 1, 2006 to September 30, 2006)	First Half FY2007 (April 1, 2007 to September 30, 2007)	Year-on-year change	FY2006 (April 1, 2006 to March 31, 2007)
		Amount	Amount	%	Amount
Industrial plastic parts and components	Industrial plastic fasteners, parts and components	53,104	58,903	110.9	110,081
	Moulds	281	169	60.3	606
	Sub-total	53,385	59,073	110.7	110,688
Bedding & furniture		6,241	7,486	119.9	13,417
Newspaper & publishing		1,534	1,512	98.6	2,975
Other businesses		3,989	1,367	34.3	4,556
Total		65,151	69,440	106.6	131,637

- Notes
1. Inter-segmental transactions have been eliminated.
  2. Consumption tax is not included in the figures.

## Per share information

(Unit:yen)

First Half FY2006 (April 1, 2006 to September 30, 2006)		First Half FY2007 (April 1, 2007 to September 30, 2007)		FY2006 (April 1, 2006 to March 31, 2007)	
Net Assets per share	1,326.40	Net Assets per share	1,483.72	Net Assets per share	1,437.40
Net income per share	85.29	Net income per share	80.19	Net income per share	191.87
Diluted net income per share	76.75	Diluted net income per share	77.37	Diluted net income per share	172.47

Note: The base date for calculating net income per share and diluted net income per share are as follows.

	First Half FY2006 (April 1, 2006 to September 30, 2006)	First Half FY2007 (April 1, 2007 to September 30, 2007)	FY2006 (April 1, 2006 to March 31, 2007)
Amount of net income per share			
Net income (Millions of yen)	4,183	4,120	9,391
Amount which does not belong to shareholders of common stock (Millions of yen)	-	-	-
Net income which belongs to common stock (Millions of yen)	4,183	4,120	9,391
Average number of common stock during the period (thousand shares)	49,046	51,384	48,949
Amount of diluted net income per share			
Adjustment of net income (Millions of yen)	69	23	105
(Of which, interest expenses (after deducting an amount equivalent to taxes))	(68)	(19)	(100)
(Of which, clerical commissions (after deducting an amount equivalent to taxes))	(1)	(3)	(4)
Increase of common stock (thousand shares)	6,365	2,174	6,113
(Of which, convertible bonds)	(6,092)	(1,983)	(5,857)
(Of which, stock acquisition rights)	(272)	(191)	(255)
Common stock equivalents which are not included in the diluted net income per share as they have no dilutive effect	—————	—————	—————

## Important subsequent events

First Half FY2006 (April 1, 2006 to September 30, 2006)	First Half FY2007 (April 1, 2007 to September 30, 2007)	FY2006 (April 1, 2006 to March 31, 2007)
<p>[Acquisition of treasury stocks]</p> <p>At the Board meeting held on November 27, 2006, Nifco resolved to purchase treasury stocks in accordance with Article 156 of the Company Law, which is applied by differently interpreting Paragraph 3, Article 165 of the law, and Nifco acquired treasury stocks.</p> <p>1. Reason: To provide for conversing convertible bonds and exercising stock options</p> <p>2. Type of shares acquired: Common</p> <p>3. Number of shares acquired: 650,000 (upper limit)</p> <p>4. Total acquisition price of shares: 1,500 million yen (upper limit)</p> <p>5. Acquisition schedule for treasury stocks: From November 29, 2006 to December 28, 2006</p>	<p style="text-align: center;">—————</p>	<p>[Acquisition of treasury stocks]</p> <p>At the Board meeting held on May 8, 2007, Nifco resolved to purchase treasury stocks in accordance with Article 156 of the Company Law, which is applied by differently interpreting Paragraph 3, Article 165 of the law, and Nifco acquired treasury stocks.</p> <p>1. Reason: To provide for responding to conversion request of convertible bonds</p> <p>2. Type of shares to be acquired: Common</p> <p>3. Number of shares acquired: 786,800</p> <p>4. Total acquisition price of shares: 2,196 million yen</p> <p>5. Acquisition schedule for treasury stocks: From May 10, 2007 to June 8, 2007</p>

## 5. Non-consolidated Financial Statements

### (1) Non-consolidated Balance Sheets for the First Half of FY2007

(Unit: Millions of yen)

Category	Term	First Half FY2006 (As of September 30, 2006)		First Half FY2007 (As of September 30, 2007)		FY2006 (As of March 31, 2007)		Change	
		Amount	%	Amount	%	Amount	%	Amount	%
<b>(Assets)</b>									
<b>I. Current Assets</b>									
1. Cash and deposits		10,378		11,708		11,671		36	
2. Notes receivable		2,460		2,416		2,608		-191	
3. Accounts receivable		13,768		14,288		15,090		-802	
4. Marketable securities		1,034		998		1,026		-27	
5. Inventory assets		2,397		2,555		2,332		222	
6. Others		3,593		3,321		3,453		-132	
7. Allowance for doubtful accounts		(11)		(12)		(12)		0	
<b>Total Current Assets</b>		<b>33,620</b>	<b>39.8</b>	<b>35,277</b>	<b>41.2</b>	<b>36,171</b>	<b>41.7</b>	<b>-893</b>	<b>-2.5</b>
<b>II. Fixed Assets</b>									
<b>1. Tangible Fixed Assets</b>									
(1) Buildings		6,139		6,483		5,982		501	
(2) Moulds		4,370		3,867		4,257		-389	
(3) Land		7,448		7,434		7,434		-	
(4) Construction in process		1,195		1,686		1,715		-29	
(5) Others		2,235		2,179		2,246		-67	
<b>Total Tangible Fixed Assets</b>		<b>21,389</b>	<b>25.3</b>	<b>21,651</b>	<b>25.3</b>	<b>21,636</b>	<b>24.9</b>	<b>14</b>	<b>0.1</b>
2. Intangible Fixed Assets		615	0.7	481	0.5	566	0.7	-85	-15.0
<b>3. Investments and Other Assets</b>									
(1) Investment securities		3,961		3,105		4,475		-1,369	
(2) Stocks of group companies		22,362		22,373		21,817		556	
(3) Others		2,823		3,127		2,279		848	
(4) Provision for doubtful debt		(315)		(350)		(195)		-154	
<b>Total Investments and Other Assets</b>		<b>28,831</b>	<b>34.2</b>	<b>28,256</b>	<b>33.0</b>	<b>28,376</b>	<b>32.7</b>	<b>-119</b>	<b>-0.4</b>
<b>Total Fixed Assets</b>		<b>50,836</b>	<b>60.2</b>	<b>50,389</b>	<b>58.8</b>	<b>50,579</b>	<b>58.3</b>	<b>-189</b>	<b>-0.4</b>
<b>Total Assets</b>		<b>84,457</b>	<b>100.0</b>	<b>85,667</b>	<b>100.0</b>	<b>86,750</b>	<b>100.0</b>	<b>-1,083</b>	<b>-1.2</b>

(Unit: Millions of yen)

Term Category	First Half FY2006 (As of September 30, 2006)		First Half FY2007 (As of September 30, 2007)		FY2006 (As of March 31, 2007)		Change	
	Amount	%	Amount	%	Amount	%	Amount	%
(Liabilities)								
I. Current Liabilities								
1. Notes payable	1,193		1,192		1,186		6	
2. Accounts payable	8,128		8,549		9,003		-454	
3. Redeemable convertible bonds within one year	-		2,878		-		2,878	
4. Others payable	1,307		1,282		1,439		-156	
5. Income taxes payable	1,601		1,691		1,550		140	
6. Accrued bonuses	807		816		807		9	
7. Others	1,273		1,885		1,575		309	
Total Current Liabilities	14,310	16.9	18,296	21.4	15,563	18.0	2,732	17.6
II. Long-term Liabilities								
1. Convertible bonds	9,994		-		4,710		-4,710	
2. Accrued severance and retirement benefits	962		962		962		-	
3. Reserve for severance and retirement benefits	575		565		581		-15	
4. Deposits received for operation	21		21		21		-	
Total Long-term Liabilities	11,552	13.7	1,548	1.8	6,274	7.2	-4,725	-75.3
<b>Total Liabilities</b>	<b>25,863</b>	<b>30.6</b>	<b>19,845</b>	<b>23.2</b>	<b>21,838</b>	<b>25.2</b>	<b>-1,993</b>	<b>-9.1</b>
(Net Assets)								
I. Shareholders' Equity								
1. Common stock	7,290	8.6	7,290	8.5	7,290	8.4	-	-
2. Additional paid-in capital								
(1) Capital reserve	11,651		11,651		11,651		-	
Total Additional Paid-in Capital	11,651	13.8	11,651	13.6	11,651	13.4	-	-
3. Retained Earnings								
(1) Profit reserve	1,793		1,793		1,793		-	
(2) Other retained earnings								
Special reserve for accelerated depreciation	79		393		393		-	
Contingent reserve	44,700		46,200		44,700		1,500	
Retained earnings brought forward	3,891		3,377		4,055		-677	
Total Retained Earnings	50,463	59.8	51,764	60.4	50,942	58.7	822	1.6
4. Treasury stocks	(11,331)	-13.4	(5,314)	-6.2	(5,584)	-6.4	270	-4.8
Total Shareholders' Equity	58,073	68.8	65,392	76.3	64,298	74.1	1,093	1.7
II. Valuation, translation adjustments and others								
Net unrealized gains on securities	519		429		613		-183	
Total valuation, Translation adjustments and Others	519	0.6	429	0.5	613	0.7	-183	-29.9
Total Net Assets	58,593	69.4	65,822	76.8	64,912	74.8	909	1.4
Total Liabilities and Net Assets	84,457	100.0	85,667	100.0	86,750	100.0	-1,083	-1.2

## (2) Non-consolidated Statements of Income for the First Half of FY2007

(Unit: Millions of yen)

Category	Term	First Half FY2006 (April 1, 2006 to September 30, 2006)		First Half FY2007 (April 1, 2007 to September 30, 2007)		Change		FY2006 (April 1, 2006 to March 31, 2007)	
		Amount	%	Amount	%	Amount	%	Amount	%
I. Sales		31,171	100.0	32,152	100.0	981	3.1	65,251	100.0
II. Cost of sales		21,993	70.6	23,185	72.1	1,192	5.4	46,066	70.6
Gross profit		9,178	29.4	8,967	27.9	-211	-2.3	19,184	29.4
III. Selling, general and administrative expenses		5,910	18.9	6,251	19.5	340	5.8	11,933	18.3
Operating profit		3,267	10.5	2,715	8.4	-551	-16.9	7,250	11.1
IV. Non-operating profit		1,303	4.2	2,714	8.4	1,411	108.3	2,479	3.8
V. Non-operating losses		237	0.8	148	0.4	-88	-37.4	361	0.5
Recurring profit		4,333	13.9	5,281	16.4	948	21.9	9,368	14.4
VI. Extraordinary profits		80	0.3	0	0.0	-80	-99.9	820	1.2
VII. Extraordinary losses		148	0.5	313	1.0	164	110.9	416	0.6
Net income before taxes for interim (current) term		4,265	13.7	4,968	15.4	703	16.5	9,773	15.0
Corporate, residential and business taxes		1,614	5.2	1,781	5.5	167	10.4	3,044	4.7
Adjustments for corporate taxes		(105)	-0.3	(30)	-0.1	74	-70.7	603	0.9
Net income for the interim (current) term		2,756	8.8	3,217	10.0	461	16.7	6,125	9.4

## (3) Interim Statement of Changes in Net Assets

For the first half of FY2006 (April 1, 2006 to September 30, 2006)

(Unit: Millions of yen)

	Shareholders' equity									Total shareholders' equity
	Common stock	Additional paid-in capital		Revenue reserve	Retained earnings			Total retained earnings	Treasury stocks	
		Capital reserve	Total additional paid-in capital		Special reserve for accelerated depreciation	Contingent reserve	Retained earnings brought forward			
Balance as of March 31, 2006	7,290	11,651	11,651	1,793	75	51,700	(4,604)	48,963	(8,130)	59,774
Change during interim fiscal period										
Dividends of retained earnings (Note)							(1,144)	(1,144)		(1,144)
Accumulation of special reserve for accelerated depreciation (Note)					6		(6)			
Withdrawal of special reserve for accelerated depreciation (Note)					(3)		3			
Withdrawal of contingent reserve (Note)						(7,000)	7,000			
Directors' bonus (Note)							(54)	(54)		(54)
Interim net income							2,756	2,756		2,756
Acquisition of treasury stocks									(3,425)	(3,425)
Disposal of treasury stocks							(57)	(57)	223	165
Changes in items other than shareholders' equity during interim fiscal period										
Total changes during interim fiscal period					3	(7,000)	8,496	1,500	(3,201)	(1,701)
Balance as of September 30, 2006	7,290	11,651	11,651	1,793	79	44,700	3,891	50,463	(11,331)	58,073

	Valuation, translation adjustment and others		Total net assets
	Net unrealized gains on securities	Total of valuation, translation adjustments and others	
Balance as of March 31, 2006	603	603	60,378
Change during interim fiscal period			
Dividends of retained earnings (Note)			(1,144)
Accumulation of special reserve for accelerated depreciation (Note)			
Withdrawal of special reserve for accelerated depreciated (Notes)			
Withdrawal of contingent reserve (Note)			
Directors' bonus (Note)			(54)
Interim net income			2,756
Acquisition of treasury stocks			(3,425)
Disposal of treasury stocks			165
Changes in items other than shareholders' equity during interim fiscal period	(84)	(84)	(84)
Total changes during interim fiscal period	(84)	(84)	(1,785)
Balance as of September 30, 2006	519	519	58,593

Note: These are items subject to appropriation by the ordinary general meeting of shareholders held in June 2006.

For the first half of FY2007 (April 1, 2007 to September 30, 2007)

(Unit: Millions of yen)

	Shareholders' equity									Total shareholders' equity
	Common stock	Additional paid-in capital		Revenue reserve	Retained earnings			Total retained earnings	Treasury stocks	
		Capital reserve	Total additional paid-in capital		Other retained earnings					
				Special reserve for accelerated depreciation	Contingent reserve	Retained earnings brought forward				
Balance as of March 31, 2007	7,290	11,651	11,651	1,793	393	44,700	4,055	50,942	(5,584)	64,298
Change during interim fiscal period										
Dividends of retained earnings							(1,790)	(1,790)		(1,790)
Accumulation of contingent reserve (Note)						1,500	(1,500)			
Interim net income							3,217	3,217		3,217
Acquisition of treasury stocks									(2,199)	(2,199)
Disposal of treasury stocks							(604)	(604)	2,470	1,865
Changes in items other than shareholders' equity during interim fiscal period										
Total changes during interim fiscal period						1,500	(677)	822	270	1,093
Balance as of September 30, 2007	7,290	11,651	11,651	1,793	393	46,200	3,377	51,764	(5,314)	65,392

	Valuation, translation adjustment and others		Total net assets
	Net unrealized gains on securities	Total of valuation, translation adjustments and others	
Balance as of March 31, 2007	613	613	64,912
Change during interim fiscal period			
Dividends of retained earnings			(1,790)
Accumulation of contingent reserve (Note)			
Interim net income			3,217
Acquisition of treasury stocks			(2,199)
Disposal of treasury stocks			1,865
Changes in items other than shareholders' equity during interim fiscal period	(183)	(183)	(183)
Total changes during interim fiscal period	(183)	(183)	909
Balance as of September 30, 2007	429	429	65,822

For FY2006 (April 1, 2006 to March 31, 2007)

(Unit: Millions of yen)

	Shareholders' equity									
	Common stock	Additional paid-in capital		Revenue reserve	Retained earnings			Treasury stocks	Total shareholders' equity	
		Capital reserve	Total additional paid-in capital		Other retained earnings					
					Special reserve for accelerated depreciation	Contingent reserve	Retained earnings brought forward			Total retained earnings
Balance as of March 31, 2006	7,290	11,651	11,651	1,793	75	51,700	(4,604)	48,963	(8,130)	59,774
Change during fiscal year										
Dividends of retained earnings (Note)							(1,144)	(1,144)		(1,144)
Dividends of retained earnings							(1,161)	(1,161)		(1,161)
Accumulation of special reserve for accelerated depreciation (Note)					6		(6)			
Accumulation of special reserve for accelerated depreciation					317		(317)			
Withdrawal of special reserve for accelerated depreciation (Note)					(3)		3			
Withdrawal of special reserve for accelerated depreciation					(2)		2			
Withdrawal of contingent reserve (Note)						(7,000)	7,000			
Directors' bonus (Note)							(54)	(54)		(54)
Net income							6,125	6,125		6,125
Acquisition of treasury stocks									(4,926)	(4,926)
Disposal of treasury stocks							(1,787)	(1,787)	7,472	5,684
Changes in items other than shareholders' equity during fiscal year										
Total changes during fiscal year					318	(7,000)	8,659	1,978	2,545	4,523
Balance as of March 31, 2007	7,290	11,651	11,651	1,793	393	44,700	4,055	50,942	(5,584)	64,298

	Valuation, translation adjustment and others		Total net assets
	Net unrealized gains on securities	Total of valuation, translation adjustments and others	
Balance as of March 31, 2006	603	603	60,378
Change during fiscal year			
Dividends of retained earnings (Note)			(1,144)
Dividends of retained earnings			(1,161)
Accumulation of special reserve for accelerated depreciation (Note)			
Accumulation of special reserve for accelerated depreciation			
Withdrawal of special reserve for accelerated depreciated (Notes)			
Withdrawal of special reserve for accelerated depreciated			
Withdrawal of contingent reserve (Note)			
Directors' bonus (Note)			(54)
Net income			6,125
Acquisition of treasury stocks			(4,926)
Disposal of treasury stocks			5,684
Changes in items other than shareholders' equity during fiscal year	9		9
Total changes during fiscal year	9		4,533
Balance as of March 31, 2007	613	613	64,912

Note: These are items subject to appropriation by the ordinary general meeting of shareholders held in June 2006.

## Changes in Significant Accounting Policies for Preparing Interim Non -consolidated Financial Statements

First Half FY2006 (April 1, 2006 to September 30, 2006)	First Half FY2007 (April 1, 2007 to September 30, 2007)	FY2006 (April 1, 2006 to March 31, 2007)
<p>[Accounting Standard for Presentation of Net Assets in Balance Sheets] Effective from this interim fiscal period, the Company is applying ASBJ Statement No.5(2005.12.9) Accounting Standard for Presentation of Net Assets in the Balance Sheet and ASBJ Guidance No.8(2005.12.9) Guidance on Accounting Standard for Presentation of Net Assets in the Balance Sheet. The application has no influence on profit and loss. The amount equivalent to the sum of the previous shareholders' equity is 58,593 million yen. In keeping with the amendment of the rules on preparation of interim financial statements, the net worth section of the interim balance sheet for this interim fiscal period is prepared in accordance with the amended rules on preparation of interim financial statements.</p> <p>[Accounting Standard for Directors' Bonus] The Company is applying ASBJ Statement No.4 Accounting Standard for Directors' Bonus.(2005.11.29) As a result, operating profit, recurring profit and interim net income before tax have all been reduced by 30 million yen.</p>	<p>—————</p> <p>[Change in accounting policy] With the revision of the Corporation Tax Law, the Company and its domestic consolidated subsidiaries adopted the depreciation method based on the revised Corporation Tax Law to tangible fixed assets acquired on and after April 1, 2007, effective from the interim period under review. As a result, operating profit, recurring profit and interim net income before income taxes respectively decreased 237 million yen compared with the figures under the previous method. [Additional information] Following the revision of the Corporation Tax Law, with regard to assets acquired on and before March 31, 2007, the Company and its domestic consolidated subsidiaries equally amortize, effective from the interim period under review, the difference between the amount equivalent to 5% of the acquisition value and the remainder value over a period of five years and include the amount in depreciation expenses, starting from the following consolidated fiscal year of the consolidated fiscal year when the value of assets reached 5% of the acquisition value as a result of the application of the depreciation method based on the Corporate Tax Law before the revision. As a result, operating profit, recurring profit and interim income before net income taxes respectively decreased 237 million yen compared with the figures under the previous method.</p>	<p>[Accounting Standard for Presentation of Net Assets in Balance Sheets] Effective from this fiscal period, the Company is applying ASBJ Statement No.5(2005.12.9) Accounting Standard for Presentation of Net Assets in the Balance Sheet and ASBJ Guidance No.8(2005.12.9) Guidance on Accounting Standard for Presentation of Net Assets in the Balance Sheet. The application has no influence on profit and loss. The amount equivalent to the sum of the previous shareholders' equity is 64,912 million yen. In keeping with the amendment of the rules on preparation of financial statements, the net worth section of the balance sheet for this fiscal period is prepared in accordance with the amended rules on preparation of financial statements.</p> <p>[Accounting Standard for Directors' Bonus] The Company is applying ASBJ Statement No.4 Accounting Standard for Directors' Bonus.(2005.11.29) As a result, operating profit, recurring profit and net income before tax have all been reduced by 59 million yen.</p>

## Notes to the Non-consolidated Financial Statements

### Notes in Relation to Non-consolidated Balance Sheets

First Half FY2006 (As of September 30, 2006)			First Half FY2007 (As of September 30, 2007)			FY2006 (As of March 31, 2007)		
1. Accumulative depreciation of tangible fixed assets 53,162 million yen			1. Accumulative depreciation of tangible fixed assets 54,756 million yen			1. Accumulative depreciation of tangible fixed assets 53,504 million yen		
2. Debt guaranty (1) The Company guarantees the following borrowing of its affiliated companies from financial institutions.			2. Debt guaranty (1) The Company guarantees the following borrowing of its affiliated companies from financial institutions.			2. Debt guaranty (1) The Company guarantees the following borrowing of its affiliated companies from financial institutions.		
Guaranteed company	Amount (Million yen)	Details	Guaranteed company	Amount (Million yen)	Details	Guaranteed company	Amount (Million yen)	Details
Nifco U.K. Ltd.	1,437 (6 million British pound)	Borrowed indebtedness	Nifco U.K. Ltd.	936 (4 million British pound)	Borrowed indebtedness	Nifco U.K. Ltd.	1,274 (5 million British pound)	Borrowed indebtedness
Nifco (Thailand) Co., Ltd.	561 (179 million Thai baht)	Borrowed indebtedness	Nifco (Thailand) Co., Ltd.	662 (180 million Thai baht)	Borrowed indebtedness	Nifco (Thailand) Co., Ltd.	679 (185 million Thai baht)	Borrowed indebtedness
Total	1,998	-	Total	1,599	-	Total	1,954	-
(2) As to the affiliated companies mentioned below, the Company has submitted Signed Memorandum for Management Services to financial institutions relating to their borrowings.			(2) As to the affiliated companies mentioned below, the Company has submitted Signed Memorandum for Management Services to financial institutions relating to their borrowings.			(2) As to the affiliated companies mentioned below, the Company has submitted Signed Memorandum for Management Services to financial institutions relating to their borrowings.		
Guaranteed companies	Amount (Million yen)	Details	Guaranteed companies	Amount (Million yen)	Details	Guaranteed companies	Amount (Million yen)	Details
Nifco Manufacturing (Malaysia) Sdn. Bhd.	159 (5 million Malaysian ringgit)	Borrowed indebtedness	Nifco Products Espana S.L.U.	620 (3 million euro)	Borrowed indebtedness	Nifco Products Espana S.L.U.	645 (4 million euro)	Borrowed indebtedness
Nifco Products Espana S.L.U.	673 (4 million euro)	Borrowed indebtedness	Total	620	-	Total	645	-
Dongguan Nifco Co., Ltd.	86 (5 million RMB)	Borrowed indebtedness						
Total	920	-						
3. Handling of consumption taxes, etc. The difference between temporary receipt, etc. and temporary payment, etc. of consumption taxes is counted as accounts payable in current liabilities.			3. Handling of consumption taxes, etc. Same as left.			3. _____		
4. Notes falling due on the last day of interim consolidated fiscal period Notes falling due on the last day of the interim consolidated fiscal period are settled as of the relevant bill clearing date. As the last day of this interim consolidated fiscal period fell on a banking holiday, the following notes falling due on the last day of interim consolidated fiscal period are included in the balance of notes outstanding as of the end of the interim consolidated fiscal period: Notes receivable 292 million yen			4. Notes falling due on the last day of interim consolidated fiscal period Notes falling due on the last day of the interim consolidated fiscal period are settled as of the relevant bill clearing date. As the last day of this interim consolidated fiscal period fell on a banking holiday, the following notes falling due on the last day of interim consolidated fiscal period are included in the balance of notes outstanding as of the end of the interim consolidated fiscal period: Notes receivable 278 million yen			4. Notes falling due on the last day of consolidated fiscal year Notes falling due on the last day of the consolidated fiscal year are settled as of the relevant bill clearing date. As the last day of this consolidated fiscal year fell on a banking holiday, the following notes falling due on the last day of consolidated fiscal year are included in the balance of notes outstanding as of the end of the consolidated fiscal year: Notes receivable 340 million yen		

## Notes in Relation to Non-consolidated Statements of Income

First Half FY2006 (April 1, 2006 to September 30, 2006)	First Half FY2007 (April 1, 2007 to September 30, 2007)	FY2006 (April 1, 2006 to March 31, 2007)
1. Main items of non-operating profit	1. Main items of non-operating profit	1. Main items of non-operating profit
Interest received 38 million yen	Interest received 83 million yen	Interest received 139 million yen
Dividends received 632 million yen	Dividends received 2,015 million yen	Dividends received 1,127 million yen
Revenue from industrial property right 430 million yen	Revenue from industrial property right 485 million yen	Revenue from industrial property right 909 million yen
2. Main item of non-operating expenses	2. Main item of non-operating expenses	2. Main item of non-operating expenses
Bond interest paid 114 million yen	Bond interest paid 33 million yen	Bond interest paid 169 million yen
3. Main item of extraordinary gains	3. Main item of extraordinary gains	3. Main item of extraordinary gains
Gain on sales of investment securities 77 million yen	—————	Gain on sales of fixed assets 679 million yen
4. Main items of extraordinary losses	4. Main items of extraordinary losses	4. Main items of extraordinary losses
Loss on disposal of fixed assets 144 million yen	Loss on disposal of fixed assets 163 million yen	Loss on disposal of fixed assets 241 million yen
(Breakdown)	(Breakdown)	(Breakdown)
Moulds 40million yen	Moulds 106 million yen	Moulds 104 million yen
Others 103million yen	Others 56 million yen	Others 136 million yen
5. Amounts counted as depreciation	5. Amounts counted as depreciation	5. Amounts counted as depreciation
Tangible fixed assets 1,983 million yen	Tangible fixed assets 2,349 million yen	Tangible fixed assets 4,008 million yen
Intangible fixed assets 118 million yen	Intangible fixed assets 103 million yen	Intangible fixed assets 227 million yen
Total 2,102 million yen	Total 2,452 million yen	Total 4,236 million yen

## Notes in Relation to the Interim Statement of Changes in Net Assets

For the first half of FY2006 (April 1, 2006 to September 30, 2006)

### - Matters concerning Type and Number of Treasury Stocks

	No. of stocks as of end of previous fiscal year	No. of stocks increased during this interim fiscal period	No. of stocks decreased during this interim fiscal period	No. of stocks as of end of this interim fiscal period
Common stocks (Note)	4,009,873	1,467,783	107,662	5,369,994
Total	4,009,873	1,467,783	107,662	5,369,994

Note: The increase of 1,467,783 common stocks under treasury stock category represents acquisition of 1,467,100 treasury stocks and purchase of 683 odd-lot certificates.

The decrease of 107,662 common stocks in the treasury stock category represents a decrease of 96,700 stocks that occurred because of exercise of stock option and a decrease of 10,962 stocks that resulted from conversion of convertible bonds.

For the first half of FY2007 (April 1, 2007 to September 30, 2007)

### - Matters concerning Type and Number of Treasury Stocks

	No. of stocks as of end of previous fiscal year	No. of stocks increased during this interim fiscal period	No. of stocks decreased during this interim fiscal period	No. of stocks as of end of this interim fiscal period
Common stocks (Note)	2,591,075	787,742	1,135,442	2,243,375
Total	2,591,075	787,742	1,135,442	2,243,375

Note: The increase of 787,742 common stocks under treasury stock category represents acquisition of 786,800 treasury stocks and purchase of 942 odd-lot certificates.

The decrease of 1,135,442 common stocks in the treasury stock category represents a decrease of 19,600 stocks that occurred because of exercise of stock option and a decrease of 1,115,842 stocks that resulted from conversion of convertible bonds.

For FY2006 (April 1, 2006 to March 31, 2007)

- Matters concerning Type and Number of Treasury Stocks

	No. of stocks as of end of previous fiscal year	No. of stocks increased during this fiscal year	No. of stocks decreased during this fiscal year	No. of stocks as of end of this fiscal year
Common stocks (Note)	4,009,873	2,052,367	3,471,165	2,591,075
Total	4,009,873	2,052,367	3,471,165	2,591,075

Note: The increase of 2,052,367 common stocks under treasury stock category represents acquisition of 2,050,100 treasury stocks and purchase of 2,267 odd-lot certificates.

The decrease of 3,471,165 common stocks in the treasury stock category represents a decrease of 241,700 stocks that occurred because of exercise of stock option, a decrease of 3,229,375 stocks that resulted from conversion of convertible bonds and sell of 90 odd-lot certificates.

## Per share information

(Unit: Millions of yen)

First Half FY2006 (April 1, 2006 to September 30, 2006)		First Half FY2007 (April 1, 2007 to September 30, 2007)		FY2006 (April 1, 2006 to March 31, 2007)	
Net Assets per share	1,210.99	Net Assets per share	1,277.82	Net Assets per share	1,268.72
Net income per share	56.20	Net income per share	62.62	Net income per share	125.14
Diluted net income per share	51.00	Diluted net income per share	60.51	Diluted net income per share	113.15

Note: The base date for calculating net income per share and diluted net income per share are as follows.

	First Half FY2006 (April 1, 2006 to September 30, 2006)	First Half FY2007 (April 1, 2007 to September 30, 2007)	FY2006 (April 1, 2006 to March 31, 2007)
Amount of net income per share			
Net income (Millions of yen)	2,756	3,217	6,125
Amount which does not belong to shareholders of common stock (Millions of yen)	-	-	-
Net income which belongs to common stock (Millions of yen)	2,756	3,217	6,125
Average number of common stock during the period (thousand shares)	49,046	51,384	48,949
Amount of diluted net income per share			
Adjustment of net income (Millions of yen)	69	23	105
(Of which, interest expenses (after deducting an amount equivalent to taxes))	(68)	(19)	(100)
(Of which, clerical commissions (after deducting an amount equivalent to taxes))	(1)	(3)	(4)
Increase of common stock (thousand shares)	6,365	2,174	6,113
(Of which, convertible bonds)	(6,092)	(1,983)	(5,857)
(Of which, stock acquisition rights)	(272)	(191)	(255)
Common stock equivalents which are not included in the diluted net income per share as they have no dilutive effect	—————	—————	—————

## Important subsequent events

First Half FY2006 (April 1, 2006 to September 30, 2006)	First Half FY2007 (April 1, 2007 to September 30, 2007)	FY2006 (April 1, 2006 to March 31, 2007)
<p>[Acquisition of treasury stocks] At the Board meeting held on November 27, 2006, Nifco resolved to purchase treasury stocks in accordance with Article 156 of the Company Law, which is applied by differently interpreting Paragraph 3, Article 165 of the law, and Nifco acquired treasury stocks.</p> <p>1. Reason: To provide for conversing convertible bonds and exercising stock options</p> <p>2. Type of shares acquired: Common</p> <p>3. Number of shares acquired: 650,000 (upper limit)</p> <p>4. Total acquisition price of shares: 1,500 million yen (upper limit)</p> <p>5. Acquisition schedule for treasury stocks: From November 29, 2006 to December 28, 2006</p>	<p style="text-align: center;">—————</p>	<p>[Acquisition of treasury stocks] At the Board meeting held on May 8, 2007, Nifco resolved to purchase treasury stocks in accordance with Article 156 of the Company Law, which is applied by differently interpreting Paragraph 3, Article 165 of the law, and Nifco acquired treasury stocks.</p> <p>1. Reason: To provide for responding to conversion request of convertible bonds</p> <p>2. Type of shares to be acquired: Common</p> <p>3. Number of shares acquired: 786,800</p> <p>4. Total acquisition price of shares: 2,196 million yen</p> <p>5. Acquisition schedule for treasury stocks: From May 10, 2007 to June 8, 2007</p>