

8th May, 2008

Company Name: Nifco Inc.
Rep. Director: Ryuji Watanabe, President
(Comp. Code no. 7988 1st Board TSE)
Contact Person: Akira Nakamura, General Manager
Administration Division
(tel 03-5476-4850)

Notice concerning distribution of surplus funds (increased dividend)

At a meeting of the Directors of the Company held today, a resolution was passed to distribute funds surplus to requirements as dividend to shareholders as of date of record, 31st March, 2008.

It is proposed to present this resolution for approval to the annual general meeting of shareholders in June, 2008.

Notes

1. Details of the dividend

	Period ending March, 2008	Latest forecasted dividend (announced 1 st November, 2007)	Results for period ending March, 2008
Date of record	31 st March, 2008	As on left	31 st March, 2007
Dividend per share	¥34.00	¥28.00	¥35.00 (nb. inclusive of ¥3 commemorative dividend)
Total dividends	¥1,758 million	—	¥1,790 million
Effective Date	25 th June, 2008	—	28 th June, 2007
Source of funds	Surplus funds	—	Surplus funds

2. Reasons

As the results for the Company for the period ending March 2008 moved in a favorable pattern exceeding our original forecasts, the projected dividend to be paid on ordinary stock at the end of the period was raised by ¥6 from ¥28/share to ¥34/share for the period ending March 2008. This raised the total dividend per share for the period to ¥62/share, the biggest dividend in the Company's history.

The Company has to present fixed the dividend payout for the fiscal year as 50% of the net profits of the parent company. However, this will be changed to aim to pay out one third (33%) of the consolidated net profit of the Company. This is because, as the internationalization of the Company's business advances, the contribution to the Company's consolidated net profits is increasing, and changing the assessment of the payout of dividend from the parent company's net profits to the consolidated net profits will contribute to the return to our shareholders.

(reference) Breakdown of yearly dividend

	Net profit per share (parent company)	Payout ratio	Dividend per share		
			Half-term payment	Full-term payment	Full term total
Date of record	—	—			
Period ending March 2008	¥124.40	49.8%	¥28	¥34	¥62
Result for Period ending March 2007	¥125.14	47.2%	¥24	¥35 (nb. inclusive of ¥3 commemorative dividend)	¥59