

October 26, 2007

Nihon Dempa Kogyo Co., Ltd.

Consolidated Financial Results for the Six Months Ended September 30, 2007

Tokyo, October 26, 2007 – Nihon Dempa Kogyo Co., Ltd. today announced its consolidated business results for the six months ended September 30, 2007, the half-year of the fiscal year ending March 31, 2008. The following summary of the business results and the attached financial statements are unaudited and prepared in accordance with Japanese GAAP.

1. Consolidated Financial Results for the Six Months Ended September 30, 2007
(April 1, 2007 - September 30, 2007)

(Millions of Yen, Figures less than a million yen are omitted)

(1) Results of Operations	Six months ended September 30,		Change	Year ended March 31,
	2006	2007		2007
Net sales	34,900	39,550	13.3%	73,307
Operating income	4,209	5,696	35.3%	9,427
Ordinary income	3,642	5,664	55.5%	8,551
Net income	2,107	3,962	88.1%	4,716
Earnings per share (Yen)	105.78	198.56		236.76
Earnings per share, diluted (Yen)	103.89	177.43		221.20

Note: Weighted-average number of shares outstanding during the period: 19,958 thousand shares for the six months ended September 30, 2007; 19,921 thousand shares for the six months ended September 30, 2006; 19,920 thousand shares for the year ended March 31, 2007.

(2) Financial Position	September 30,		March 31,
	2006	2007	2007
Total assets	88,442	92,126	88,449
Net assets	46,454	52,850	49,259
Owners' equity to total assets	52.4%	57.2%	55.6%
Owners' equity per share (Yen)	2,327.57	2,630.86	2,468.03

Note: Number of shares outstanding: 20,045 thousand shares as of September 30, 2007; 19,920 thousand shares as of September 30, 2006; 19,919 thousand shares as of March 31, 2007.

(3) Conditions of Cash Flows	Six months ended September 30,		Year ended March 31,
	2006	2007	2007
Net cash provided by operating activities	6,338	6,075	14,677
Net cash used in investing activities	(4,582)	(4,398)	(11,501)
Net cash (used in)/provided by financing activities	4,776	(2,423)	1,991
Cash and cash equivalents at end of period	16,719	14,772	15,526

(4) Change in Scope of Consolidation

There was no significant change in scope of consolidation for the six months ended September 30, 2007.

2. Consolidated business forecast for the Fiscal Year Ending March 31, 2008 (April 1, 2007 - March 31, 2008)

	Millions of Yen, Year ending March 31, 2008
Net sales	80,000
Operating income	11,500
Ordinary income	11,500
Net income	7,800
Earnings per share (Yen)	389.12

Note: The estimates showing above are based on information available to the Company on the date of the report's announcement. Due to the unforeseen circumstances, actual results may differ from such estimates.

(Millions of Yen, Figures less than a million yen are omitted)

	September 30, 2006	Composition %	September 30, 2007	Composition %	March 31, 2007	Composition %
ASSETS						
Current assets:						
Cash on hand and bank deposits	16,319		14,471		15,226	
Notes and accounts receivable – trade	18,613		20,554		18,694	
Short-term investments	400		301		300	
Inventories	8,758		8,800		8,528	
Deferred tax assets	1,346		1,319		1,283	
Others	1,208		2,442		2,360	
Allowances for doubtful receivables	(91)		(62)		(76)	
Total current assets	46,553	52.6	47,827	51.9	46,317	52.4
Noncurrent assets:						
Property, plant and equipment, net						
Buildings and structures	8,627		9,848		8,993	
Machinery and vehicles	19,117		20,628		19,695	
Land	3,165		2,917		2,925	
Construction in progress	2,147		2,342		1,538	
Others	1,139		1,153		1,118	
Total property, plant and equipment, net	34,197	38.7	36,890	40.1	34,271	38.7
Intangible assets						
Goodwill	223		-		-	
Patents	633		55		75	
Others	1,122		992		1,059	
Total intangible assets	1,979	2.2	1,047	1.1	1,134	1.3
Investments and other assets						
Investment securities	2,477		2,000		2,675	
Deferred tax assets	2,070		2,991		2,681	
Others	1,240		1,370		1,371	
Allowances for doubtful receivables	(76)		(2)		(2)	
Total investments and other assets	5,712	6.5	6,360	6.9	6,726	7.6
Total noncurrent assets	41,889	47.4	44,299	48.1	42,132	47.6
Total assets	88,442	100.0	92,126	100.0	88,449	100.0

(Millions of Yen, Figures less than a million yen are omitted)

	September 30, 2006	Composition %	September 30, 2007	Composition %	March 31, 2007	Composition %
LIABILITIES						
Current liabilities:						
Notes and accounts payable-trade	6,110		7,278		6,534	
Short-term loans	1,429		-		600	
Current portion of long-term loans	3,318		2,306		3,175	
Accounts payable-other	2,350		3,530		1,222	
Income taxes payable	1,269		1,647		2,399	
Accrued expenses	3,168		3,779		3,403	
Reserve for directors' bonuses	42		60		120	
Notes payable for property, plant and equipment	1,321		196		430	
Others	419		275		234	
Total current liabilities	19,430	22.0	19,074	20.7	18,121	20.5
Noncurrent liabilities:						
Convertible bonds	11,324		11,258		11,291	
Long-term loans	8,470		6,164		6,991	
Employee benefit obligations	2,182		2,187		2,188	
Retirement allowance for directors and statutory corporate auditors	569		582		588	
Deferred tax liabilities	2		0		0	
Others	8		8		8	
Total noncurrent liabilities	22,558	25.5	20,201	21.9	21,069	23.8
Total liabilities	41,988	47.5	39,275	42.6	39,190	44.3
NET ASSETS						
Owners' equity:						
Share capital	10,649		10,649		10,649	
Capital surplus	10,634		10,817		10,634	
Retained earnings	24,717		30,493		27,028	
Treasury stock	(1,291)		(1,114)		(1,298)	
Total owners' equity	44,710	50.6	50,845	55.2	47,013	53.2
Fair value reserve, translation reserve and others:						
Fair value reserve for available-for-sale investment securities	698		558		757	
Foreign currency translation reserve	958		1,332		1,389	
Total fair value reserve, translation reserve and others	1,656	1.8	1,891	2.1	2,147	2.4
Minority interests:						
	87	0.1	113	0.1	97	0.1
Total net assets	46,454	52.5	52,850	57.4	49,259	55.7
Total liabilities and net assets	88,442	100.0	92,126	100.0	88,449	100.0

Consolidated Statements of Income
Nihon Dempa Kogyo Co., Ltd.

October 26, 2007

(Millions of Yen, Figures less than a million yen are omitted)

	September 30, 2006	Composition %	September 30, 2007	Composition %	March 31, 2007	Composition %
Net sales	34,900	100.0	39,550	100.0	73,307	100.0
Cost of sales	25,157	72.1	28,124	71.1	52,487	71.6
Gross profit	9,743	27.9	11,425	28.9	20,819	28.4
Selling, general and administrative expenses	5,533	15.8	5,729	14.5	11,392	15.5
Operating income	4,209	12.1	5,696	14.4	9,427	12.9
Non-operating income	145	0.4	238	0.6	313	0.4
Interest income	48		114		144	
Dividends income	11		29		21	
Rental income	9		3		18	
Other income	76		91		130	
Non-operating expenses	712	2.1	270	0.7	1,189	1.6
Interest expenses	89		59		157	
Bond issue expenses	316		-		317	
Foreign exchange losses	241		141		520	
Other expenses	65		69		194	
Ordinary income	3,642	10.4	5,664	14.3	8,551	11.7
Extraordinary income	45	0.2	31	0.1	146	0.2
Gain on sales of property, plant and equipment ("PPE")	8		18		11	
Reversal of impairment for PPE	-		-		25	
Gain on sales of investment securities	-		-		5	
Reversal of allowances for doubtful receivables	37		12		104	
Extraordinary expenses	623	1.8	240	0.6	1,829	2.5
Loss on disposal of PPE	115		65		166	
Loss on impairment of PPE and intangible assets	508		93		1,662	
Loss on sales of investment securities	-		35		-	
Loss on impairment of investment securities	-		42		-	
Loss on impairment of golf club memberships	-		2		-	
Income before income taxes	3,064	8.8	5,454	13.8	6,869	9.4
Current tax expenses	1,307	3.8	1,709	4.3	3,067	4.2
Deferred tax expenses / (benefits)	(354)	(1.0)	(235)	(0.6)	(922)	(1.2)
Minority interests	3	0.0	17	0.1	7	0.0
Net income	2,107	6.0	3,962	10.0	4,716	6.4

(Millions of Yen, Figures less than a million yen are omitted)

	Owners' equity				
	Share capital	Capital surplus	Retained earnings	Treasury stock, at cost	Total owners' equity
Balance at March 31, 2007	10,649	10,634	27,028	(1,298)	47,013
Changes during the period:					
Dividends declared	-	-	(497)	-	(497)
Net income	-	-	3,962	-	3,962
Purchase of treasury stock	-	-	-	(17)	(17)
Disposal of treasury stock	-	182	-	201	384
Net changes other than owners' equity during the period	-	-	-	-	-
Total changes during the period	-	182	3,464	183	3,831
Balance at September 30, 2007	10,649	10,817	30,493	(1,114)	50,845

	Fair value reserve, translation reserve and others			Minority interests	Total net assets
	Fair value reserve for available-for-sale investment securities	Foreign currency translation reserve	Total Fair value reserve, translation reserve and others		
Balance at March 31, 2007	757	1,389	2,147	97	49,259
Changes during the period:					
Dividends declared	-	-	-	-	(497)
Net income	-	-	-	-	3,962
Purchase of treasury stock	-	-	-	-	(17)
Disposal of treasury stock	-	-	-	-	384
Net changes other than owners' equity during the period	(199)	(56)	(255)	15	(240)
Total changes during the period	(199)	(56)	(255)	15	3,591
Balance at September 30, 2007	558	1,332	1,891	113	52,850

Consolidated Statements of Cash Flows
Nihon Dempa Kogyo Co., Ltd.

October 26, 2007

(Millions of Yen, Figures less than a million yen are omitted)

	September 30, 2006	September 30, 2007	March 31, 2007
Operating activities:			
Income before income taxes	3,064	5,454	6,869
Depreciation and amortisation	3,458	3,541	7,462
Loss on disposal of property, plant and equipment	115	65	166
Loss on impairment of property, plant, equipment and intangible assets	508	93	1,662
Gain on sales of property, plant and equipment	(8)	(18)	(11)
Interest and dividends income	(59)	(144)	(165)
Interest expenses	89	59	157
Bond issue expenses	316	-	317
Increase in trade receivables	(1,593)	(1,929)	(1,358)
(Increase)/decrease in inventories	(86)	(287)	248
(Increase)/decrease in consumption tax/ value-added tax receivables	554	566	(174)
Increase in trade payables	26	814	277
Other, net	455	190	419
Sub-total	6,841	8,406	15,871
Interest and cash dividends received	54	108	125
Interest paid	(102)	(58)	(166)
Income taxes paid, net	(453)	(2,380)	(1,152)
Net cash provided by operating activities	6,338	6,075	14,677
Investing activities:			
Purchase of property, plant and equipment	(4,082)	(4,088)	(10,355)
Proceeds from sales of property, plant and equipment	9	15	13
Purchase of intangible assets	(89)	(66)	(175)
Purchase of investment securities	(404)	(4)	(507)
Proceeds from sales of investment securities	-	269	10
Other, net	(14)	(523)	(487)
Net cash used in investing activities	(4,582)	(4,398)	(11,501)
Financing activities:			
Net decrease in short-term loans	(5,243)	(600)	(6,072)
Proceeds from long-term loans	1,000	-	1,000
Repayment of long-term loans	(1,859)	(1,696)	(3,481)
Proceeds from issuing convertible bonds	11,042	-	11,012
Cash dividends paid	(159)	(493)	(457)
Purchase of treasury stock	(3)	(17)	(10)
Proceeds from exercise of stock option	-	384	-
Net cash (used in)/provided by financing activities	4,776	(2,423)	1,991
Net effect of currency translation on cash and cash equivalents	107	(7)	279
Net increase in cash and cash equivalents	6,640	(754)	5,447
Cash and cash equivalents at beginning of year	10,079	15,526	10,079
Cash and cash equivalents at end of period	16,719	14,772	15,526