

August 5, 2008

**Nihon Dempa Kogyo Co., Ltd.**

1st Quarter Consolidated Financial Results

Tokyo, August 5, 2008 – Nihon Dempa Kogyo Co., Ltd. today announced its consolidated business results for the three months ended June 30, 2008, the 1st quarter of the fiscal year ending March 31, 2009. 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 Three Months Ended June 30, 2008  
(April 1, 2008 - June 30, 2008)

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

(1) Results of Operations	Three months ended June 30,		Year ended March 31,
	2007	2008	2008
Net sales	19,167	<b>17,621</b>	78,098
Operating income	2,801	<b>776</b>	9,644
Ordinary income	2,768	<b>693</b>	9,734
Net income	1,781	<b>378</b>	6,504
Earnings per share (Yen)	89.42	<b>19.28</b>	326.24
Earnings per share, diluted (Yen)	79.78	<b>16.89</b>	291.53

  

(2) Financial Position	June 30,		March 31,
	2007	2008	2008
Total assets	89,395	<b>94,420</b>	91,413
Net assets	51,495	<b>52,300</b>	51,317
Owners' equity to total assets	57.5%	<b>55.4%</b>	56.0%
Owners' equity per share (Yen)	2,580.02	<b>2,664.17</b>	2,608.29

(3) Change in Scope of Consolidation

There was no significant change in scope of consolidation for the three months ended June 30, 2008.

2. Consolidated business forecast for the Fiscal Year Ending March 31, 2009 (April 1, 2008 - March 31, 2009)

(Millions of Yen)

Forecasts of Operations	The Six months ending September 30, 2008	Year ending March 31, 2009
Net sales	37,500	79,000
Operating income	1,600	3,900
Ordinary income	1,600	3,900
Net income	1,000	2,500
Earnings per share (Yen)	50.94	127.35

There was no change in figures of forecast for the fiscal year ending March 31, 2009 from the previous announcement dated on May 8, 2008.

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.

**Consolidated Balance Sheets**  
**Nihon Dempa Kogyo Co., Ltd.**

**August 5, 2008**

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

	June 30, 2007	Composition %	<b>June 30,</b> <b>2008</b>	Composition %	March 31, 2008	Composition %
<b>ASSETS</b>						
<b>Current assets:</b>						
Cash on hand and bank deposits	15,485		10,450		11,333	
Notes and accounts receivable-trade	19,378		17,961		17,713	
Short-term investments	300		2,500		-	
Finished products	5,803		6,790		5,992	
Work in process	1,140		1,450		1,456	
Raw materials and supplies	1,912		2,410		2,359	
Others	2,357		2,339		4,432	
Allowances for doubtful receivables	(84)		(88)		(83)	
<b>Total current assets</b>	<b>46,294</b>	<b>51.8</b>	<b>43,815</b>	<b>46.4</b>	<b>43,205</b>	<b>47.3</b>
<b>Noncurrent assets:</b>						
Property, plant and equipment, net						
Buildings and structures	9,385		11,520		10,581	
Machinery and vehicles	19,935		22,304		22,170	
Others	6,173		9,243		8,201	
<b>Total property, plant and equipment, net</b>	<b>35,494</b>		<b>43,069</b>		<b>40,953</b>	
Intangible assets						
Goodwill	-		14		-	
Others	1,079		834		1,126	
<b>Total intangible assets</b>	<b>1,079</b>		<b>848</b>		<b>1,126</b>	
<b>Total investments and other assets</b>	<b>6,527</b>		<b>6,687</b>		<b>6,128</b>	
<b>Total noncurrent assets</b>	<b>43,101</b>	<b>48.2</b>	<b>50,605</b>	<b>53.6</b>	<b>48,208</b>	<b>52.7</b>
<b>Total assets</b>	<b>89,395</b>	<b>100.0</b>	<b>94,420</b>	<b>100.0</b>	<b>91,413</b>	<b>100.0</b>

**Consolidated Balance Sheets**  
**Nihon Dempa Kogyo Co., Ltd.**

**August 5, 2008**

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

	June 30, 2007	Composition %	June 30, 2008	Composition %	March 31, 2008	Composition %
<b>LIABILITIES</b>						
<b>Current liabilities:</b>						
Notes and accounts payable-trade	6,969		7,380		7,671	
Short-term loans	300		2,800		1,501	
Current portion of long-term loans	2,985		3,574		1,264	
Income taxes payable	758		199		1,549	
Reserve for directors' bonuses	30		30		120	
Others	6,388		8,280		8,265	
Total current liabilities	17,432	19.5	22,265	23.6	20,372	22.3
<b>Noncurrent liabilities:</b>						
Convertible bonds	11,275		11,209		11,225	
Long-term loans	6,383		5,808		5,727	
Employee benefit obligations	2,199		2,210		2,169	
Retirement allowance for directors and statutory corporate auditors	602		605		592	
Others	8		20		8	
Total noncurrent liabilities	20,468	22.9	19,854	21.0	19,723	21.6
Total liabilities	37,900	42.4	42,120	44.6	40,096	43.9
<b>NET ASSETS</b>						
<b>Owners' equity:</b>						
Share capital	10,649		10,649		10,649	
Capital surplus	10,634		10,829		10,829	
Retained earnings	28,311		32,421		32,533	
Treasury stock	(1,305)		(2,784)		(2,784)	
Total owners' equity	48,290	54.0	51,116	54.1	51,228	56.0
<b>Fair value reserve, translation reserve and others:</b>						
Fair value reserve for available-for-sale investment securities	820		333		246	
Foreign currency translation reserve	2,278		851		(270)	
Total fair value reserve, translation reserve and others	3,099	3.5	1,184	1.3	(24)	(0.0)
<b>Minority interests:</b>						
	105	0.1	-	-	113	0.1
Total net assets	51,495	57.6	52,300	55.4	51,317	56.1
Total liabilities and net assets	89,395	100.0	94,420	100.0	91,413	100.0

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

**August 5, 2008**

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

	June 30, 2007	Composition %	June 30, 2008	Composition %	March 31, 2008	Composition %
<b>Net sales</b>	19,167	100.0	17,621	100.0	78,098	100.0
Cost of sales	13,506	70.5	13,710	77.8	56,854	72.8
<b>Gross profit</b>	5,660	29.5	3,911	22.2	21,243	27.2
Selling, general and administrative expenses	2,858	14.9	3,134	17.8	11,599	14.9
<b>Operating income</b>	2,801	14.6	776	4.4	9,644	12.3
Non-operating income	147	0.8	119	0.7	438	0.6
Interest income	52		51		231	
Dividends income	23		11		32	
Other income	72		57		174	
Non-operating expenses	180	1.0	202	1.2	348	0.4
Interest expenses	34		38		116	
Foreign exchange losses	125		99		76	
Other expenses	20		64		155	
<b>Ordinary income</b>	2,768	14.4	693	3.9	9,734	12.5
Extraordinary income	3	0.0	13	0.1	122	0.2
Gain on sales of property, plant and equipment ("PPE")	3		-		22	
Government grants	-		13		100	
Extraordinary expenses	89	0.4	56	0.3	738	1.0
Loss on disposal of PEE	7		2		144	
Loss on impairment of property, plant and equipment	13		54		178	
Loss on sales of investment securities	35		-		35	
Loss on impairment of investment securities	33		-		49	
Loss on impairment of golf club memberships	-		-		7	
Settlement for products sold	-		-		322	
<b>Income before income taxes</b>	2,682	14.0	649	3.7	9,117	11.7
Current tax expenses	732	3.8	203	1.2	3,057	3.9
Deferred tax expenses / (benefits)	165	0.9	67	0.4	(470)	(0.6)
Minority interests	3	0.0	-	-	26	0.1
<b>Net income</b>	1,781	9.3	378	2.1	6,504	8.3

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

**August 5, 2008**

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

	June 30, 2007	<b>June 30,</b> <b>2008</b>	March 31, 2008
<b>Operating activities:</b>			
Income before income taxes	2,682	649	9,117
Depreciation and amortisation	1,673	2,247	7,786
Loss on impairment of property, plant and equipment	13	54	178
Interest and dividends income	(75)	(62)	(263)
Interest expenses	34	38	116
Gain on sales of property, plant and equipment	(3)	-	(22)
Loss on disposal of property, plant and equipment	7	2	144
(Increase)/decrease in trade receivables	(260)	712	565
Increase in inventories	(167)	(638)	(1,708)
(Increase)/decrease in consumption tax/ value-added tax receivables	1,099	1,357	(391)
Increase/(decrease) in trade payables	16	(806)	2,224
Other, net	204	217	107
Sub-total	5,224	3,773	17,854
Interest and cash dividends received	58	45	188
Interest paid	(30)	(36)	(113)
Income taxes paid, net	(2,278)	(1,439)	(3,887)
Net cash provided by operating activities	2,973	2,342	14,042
<b>Investing activities:</b>			
Purchase of property, plant and equipment	(1,795)	(3,857)	(12,460)
Proceeds from sales of property, plant and equipment	9	3	33
Purchase of intangible assets	(43)	(135)	(294)
Purchase of investment securities	(1)	(2)	(8)
Proceeds from sales of investment securities	269	-	269
Purchase of investments in subsidiaries	-	(165)	-
Purchase of trust beneficiary right	(257)	(195)	(2,239)
Proceeds from redemption of trust beneficiary right	297	401	2,298
Other, net	(30)	(6)	(34)
Net cash used in investing activities	(1,552)	(3,957)	(12,435)
<b>Financing activities:</b>			
Net increase/(decrease) in short-term loans	(300)	800	400
Proceeds from long-term loans	-	3,000	-
Repayment of long-term loans	(798)	(608)	(3,175)
Purchase of treasury stock	(6)	(0)	(1,704)
Cash dividends paid	(384)	(378)	(998)
Proceeds from exercise of stock option	-	-	413
Net cash (used in)/provided by financing activities	(1,489)	2,812	(5,064)
<b>Net effect of currency translation on cash and cash equivalents</b>	<b>328</b>	<b>419</b>	<b>(736)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>259</b>	<b>1,616</b>	<b>(4,193)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>15,526</b>	<b>11,333</b>	<b>15,526</b>
<b>Cash and cash equivalents at end of period</b>	<b>15,786</b>	<b>12,950</b>	<b>11,333</b>