

November 10, 2008

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

2nd Quarter Consolidated Financial Results

Tokyo, November 10, 2008 – Nihon Dempa Kogyo Co., Ltd. today announced its consolidated business results for the six months ended September 30, 2008, the 2nd 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 Six Months Ended September 30, 2008  
(April 1, 2008 - September 30, 2008)

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

| (1) Results of Operations         | Six months ended September 30, |               | Year ended March 31, |
|-----------------------------------|--------------------------------|---------------|----------------------|
|                                   | 2007                           | 2008          | 2008                 |
| Net sales                         | 39,550                         | <b>35,625</b> | 78,098               |
| Operating income                  | 5,696                          | <b>937</b>    | 9,644                |
| Ordinary income                   | 5,664                          | <b>1,025</b>  | 9,734                |
| Net income                        | 3,962                          | <b>698</b>    | 6,504                |
| Earnings per share (Yen)          | 198.56                         | <b>35.61</b>  | 326.24               |
| Earnings per share, diluted (Yen) | 177.43                         | <b>29.01</b>  | 291.53               |

  

| (2) Financial Position         | September 30, |                 | March 31, |
|--------------------------------|---------------|-----------------|-----------|
|                                | 2007          | 2008            | 2008      |
| Total assets                   | 92,126        | <b>93,526</b>   | 91,413    |
| Net assets                     | 52,850        | <b>51,634</b>   | 51,317    |
| Owners' equity to total assets | 57.2%         | <b>55.2%</b>    | 56.0%     |
| Owners' equity per share (Yen) | 2,630.86      | <b>2,630.23</b> | 2,608.29  |

(3) Change in Scope of Consolidation

There was no significant change in scope of consolidation for the six months ended September 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  | Year ending<br>March 31, 2009 |
|--------------------------|-------------------------------|
| Net sales                | 68,000                        |
| Operating income         | 1,300                         |
| Ordinary income          | 1,500                         |
| Net income               | 900                           |
| Earnings per share (Yen) | 45.85                         |

There was no change in figures of forecast for the fiscal year ending March 31, 2009 from the previous announcement dated on October 24, 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.

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

|   | September 30,<br>2007 | Composition<br>% | September 30,<br>2008 | Composition<br>% | March 31,<br>2008 | Composition<br>% |
|---|-----------------------|------------------|-----------------------|------------------|-------------------|------------------|
| <b>ASSETS</b>                                   |                       |                  |                       |                  |                   |                  |
| <b>Current assets:</b>                          |                       |                  |                       |                  |                   |                  |
| Cash on hand and bank deposits                  | 14,471                |                  | 10,570                |                  | 11,333            |                  |
| Notes and accounts receivable-trade             | 20,554                |                  | 17,980                |                  | 17,713            |                  |
| Short-term investments                          | 301                   |                  | 500                   |                  | -                 |                  |
| Finished products                               | 5,651                 |                  | 6,796                 |                  | 5,992             |                  |
| Work in process                                 | 1,179                 |                  | 1,482                 |                  | 1,456             |                  |
| Raw materials and supplies                      | 1,968                 |                  | 2,416                 |                  | 2,359             |                  |
| Others  | 3,762                 |                  | 3,686                 |                  | 4,432             |                  |
| Allowances for doubtful receivables             | (62)                  |                  | (103)                 |                  | (83)              |                  |
| <b>Total current assets</b>                     | <b>47,827</b>         | <b>51.9</b>      | <b>43,329</b>         | <b>46.3</b>      | <b>43,205</b>     | <b>47.3</b>      |
| <b>Noncurrent assets:</b>                       |                       |                  |                       |                  |                   |                  |
| Property, plant and equipment, net              |                       |                  |                       |                  |                   |                  |
| Buildings and structures                        | 9,848                 |                  | 11,202                |                  | 10,581            |                  |
| Machinery and vehicles                          | 20,628                |                  | 22,185                |                  | 22,170            |                  |
| Others  | 6,413                 |                  | 9,293                 |                  | 8,201             |                  |
| <b>Total property, plant and equipment, net</b> | <b>36,890</b>         |                  | <b>42,682</b>         |                  | <b>40,953</b>     |                  |
| Intangible assets                               |                       |                  |                       |                  |                   |                  |
| Goodwill  | -                     |                  | 13                    |                  | -                 |                  |
| Others  | 1,047                 |                  | 758                   |                  | 1,126             |                  |
| <b>Total intangible assets</b>                  | <b>1,047</b>          |                  | <b>772</b>            |                  | <b>1,126</b>      |                  |
| <b>Total investments and other assets</b>       | <b>6,360</b>          |                  | <b>6,743</b>          |                  | <b>6,128</b>      |                  |
| <b>Total noncurrent assets</b>                  | <b>44,299</b>         | <b>48.1</b>      | <b>50,197</b>         | <b>53.7</b>      | <b>48,208</b>     | <b>52.7</b>      |
| <b>Total assets</b>                             | <b>92,126</b>         | <b>100.0</b>     | <b>93,526</b>         | <b>100.0</b>     | <b>91,413</b>     | <b>100.0</b>     |

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

**November 10, 2008**

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

|  | September 30,<br>2007 | Composition<br>% | September 30,<br>2008 | Composition<br>% | March 31,<br>2008 | Composition<br>% |
|--|-----------------------|------------------|-----------------------|------------------|-------------------|------------------|
| <b>LIABILITIES</b>   |                       |                  |                       |                  |                   |                  |
| <b>Current liabilities:</b>  |                       |                  |                       |                  |                   |                  |
| Notes and accounts payable-trade                                       | 7,278                 |                  | 7,368                 |                  | 7,671             |                  |
| Short-term loans   | -                     |                  | 4,428                 |                  | 1,501             |                  |
| Current portion of long-term loans                                     | 2,306                 |                  | 3,637                 |                  | 1,264             |                  |
| Income taxes payable   | 1,647                 |                  | 329                   |                  | 1,549             |                  |
| Reserve for directors' bonuses   | 60                    |                  | 60                    |                  | 120               |                  |
| Others   | 7,781                 |                  | 6,545                 |                  | 8,265             |                  |
| Total current liabilities  | 19,074                | 20.7             | 22,369                | 23.9             | 20,372            | 22.3             |
| <b>Noncurrent liabilities:</b>   |                       |                  |                       |                  |                   |                  |
| Convertible bonds  | 11,258                |                  | 9,157                 |                  | 11,225            |                  |
| Long-term loans  | 6,164                 |                  | 7,477                 |                  | 5,727             |                  |
| Employee benefit obligations   | 2,187                 |                  | 2,254                 |                  | 2,169             |                  |
| Retirement allowance for directors<br>and statutory corporate auditors | 582                   |                  | 614                   |                  | 592               |                  |
| Others   | 8                     |                  | 20                    |                  | 8                 |                  |
| Total noncurrent liabilities   | 20,201                | 21.9             | 19,523                | 20.9             | 19,723            | 21.6             |
| Total liabilities  | 39,275                | 42.6             | 41,892                | 44.8             | 40,096            | 43.9             |
| <b>NET ASSETS</b>  |                       |                  |                       |                  |                   |                  |
| <b>Owners' equity:</b>   |                       |                  |                       |                  |                   |                  |
| Share capital  | 10,649                |                  | 10,649                |                  | 10,649            |                  |
| Capital surplus  | 10,817                |                  | 10,829                |                  | 10,829            |                  |
| Retained earnings  | 30,493                |                  | 32,742                |                  | 32,533            |                  |
| Treasury stock   | (1,114)               |                  | (2,784)               |                  | (2,784)           |                  |
| Total owners' equity   | 50,845                | 55.2             | 51,436                | 55.0             | 51,228            | 56.0             |
| <b>Fair value reserve,<br/>translation reserve and others:</b>         |                       |                  |                       |                  |                   |                  |
| Fair value reserve for<br>available-for-sale investment securities     | 558                   |                  | 155                   |                  | 246               |                  |
| Foreign currency translation reserve                                   | 1,332                 |                  | 42                    |                  | (270)             |                  |
| Total fair value reserve,<br>translation reserve and others            | 1,891                 | 2.1              | 197                   | 0.2              | (24)              | (0.0)            |
| <b>Minority interests:</b>   |                       |                  |                       |                  |                   |                  |
|  | 113                   | 0.1              | -                     | -                | 113               | 0.1              |
| Total net assets   | 52,850                | 57.4             | 51,634                | 55.2             | 51,317            | 56.1             |
| Total liabilities and net assets                                       | 92,126                | 100.0            | 93,526                | 100.0            | 91,413            | 100.0            |

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

**November 10, 2008**

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

|   | September 30,<br>2007 | Composition<br>% | September 30,<br>2008 | Composition<br>% | March 31,<br>2008 | Composition<br>% |
|---|-----------------------|------------------|-----------------------|------------------|-------------------|------------------|
| <b>Net sales</b>  | 39,550                | 100.0            | 35,625                | 100.0            | 78,098            | 100.0            |
| Cost of sales   | 28,124                | 71.1             | 28,442                | 79.8             | 56,854            | 72.8             |
| <b>Gross profit</b>   | 11,425                | 28.9             | 7,182                 | 20.2             | 21,243            | 27.2             |
| Selling, general and administrative expenses                      | 5,729                 | 14.5             | 6,245                 | 17.5             | 11,599            | 14.9             |
| <b>Operating income</b>   | 5,696                 | 14.4             | 937                   | 2.7              | 9,644             | 12.3             |
| Non-operating income  | 238                   | 0.6              | 325                   | 0.9              | 438               | 0.6              |
| Interest income   | 114                   |                  | 104                   |                  | 231               |                  |
| Dividends income  | 29                    |                  | 14                    |                  | 32                |                  |
| Gain on retirement of convertible bonds                           | -                     |                  | 82                    |                  | -                 |                  |
| Other income  | 94                    |                  | 124                   |                  | 174               |                  |
| Non-operating expenses  | 270                   | 0.7              | 237                   | 0.7              | 348               | 0.4              |
| Interest expenses   | 59                    |                  | 95                    |                  | 116               |                  |
| Foreign exchange losses   | 141                   |                  | -                     |                  | 76                |                  |
| Depreciation of inactive property,<br>plant and equipment ("PPE") | -                     |                  | 73                    |                  | -                 |                  |
| Other expenses  | 69                    |                  | 67                    |                  | 155               |                  |
| <b>Ordinary income</b>  | 5,664                 | 14.3             | 1,025                 | 2.9              | 9,734             | 12.5             |
| Extraordinary income  | 31                    | 0.1              | 13                    | 0.0              | 122               | 0.2              |
| Gain on sales of PPE  | 18                    |                  | -                     |                  | 22                |                  |
| Reversal of allowances for<br>doubtful receivables                | 12                    |                  | -                     |                  | -                 |                  |
| Government grants   | -                     |                  | 13                    |                  | 100               |                  |
| Extraordinary expenses  | 240                   | 0.6              | 151                   | 0.4              | 738               | 1.0              |
| Loss on disposal of PEE   | 65                    |                  | 53                    |                  | 144               |                  |
| Loss on impairment of PEE   | 93                    |                  | 57                    |                  | 178               |                  |
| Loss on sales of investment securities                            | 35                    |                  | -                     |                  | 35                |                  |
| Loss on impairment of<br>investment securities                    | 42                    |                  | 23                    |                  | 49                |                  |
| Loss on impairment of<br>golf club memberships                    | 2                     |                  | 16                    |                  | 7                 |                  |
| Settlement for products sold                                      | -                     |                  | -                     |                  | 322               |                  |
| <b>Income before income taxes</b>                                 | 5,454                 | 13.8             | 887                   | 2.5              | 9,117             | 11.7             |
| Current tax expenses  | 1,709                 | 4.3              | 365                   | 1.0              | 3,057             | 3.9              |
| Deferred tax expenses / (benefits)                                | (235)                 | (0.6)            | (177)                 | (0.5)            | (470)             | (0.6)            |
| Minority interests  | 17                    | 0.1              | -                     | -                | 26                | 0.1              |
| <b>Net income</b>   | 3,962                 | 10.0             | 698                   | 2.0              | 6,504             | 8.3              |

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

**November 10, 2008**

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

|  | September 30,<br>2007 | September 30,<br>2008 | March 31,<br>2008 |
|--|-----------------------|-----------------------|-------------------|
| <b>Operating activities:</b>   |                       |                       |                   |
| Income before income taxes   | 5,454                 | 887                   | 9,117             |
| Depreciation and amortisation  | 3,541                 | 4,690                 | 7,786             |
| Loss on impairment of property,<br>plant and equipment ("PPE")         | 93                    | 57                    | 178               |
| Interest and dividends income  | (144)                 | (118)                 | (263)             |
| Interest expenses  | 59                    | 95                    | 116               |
| Gain on sales of PPE   | (18)                  | -                     | (22)              |
| Loss on disposal of PPE  | 65                    | 53                    | 144               |
| (Increase)/decrease in trade receivables                               | (1,929)               | (238)                 | 565               |
| Increase in inventories  | (287)                 | (853)                 | (1,708)           |
| (Increase)/decrease in consumption tax/<br>value-added tax receivables | 566                   | 884                   | (391)             |
| Increase/(decrease) in trade payables                                  | 814                   | (303)                 | 2,224             |
| Other, net   | 190                   | (139)                 | 107               |
| Sub-total  | 8,406                 | 5,014                 | 17,854            |
| Interest and cash dividends received                                   | 108                   | 84                    | 188               |
| Interest paid  | (58)                  | (86)                  | (113)             |
| Income taxes paid, net   | (2,380)               | (1,551)               | (3,887)           |
| Net cash provided by operating activities                              | 6,075                 | 3,461                 | 14,042            |
| <b>Investing activities:</b>   |                       |                       |                   |
| Purchase of PPE  | (4,088)               | (7,613)               | (12,460)          |
| Proceeds from sales of PPE   | 15                    | 6                     | 33                |
| Purchase of intangible assets  | (66)                  | (154)                 | (294)             |
| Purchase of investment securities                                      | (4)                   | (4)                   | (8)               |
| Proceeds from sales of investment securities                           | 269                   | -                     | 269               |
| Purchase of investments in subsidiaries                                | -                     | (165)                 | -                 |
| Purchase of trust beneficiary right                                    | (1,083)               | (895)                 | (2,239)           |
| Proceeds from redemption of trust beneficiary right                    | 571                   | 401                   | 2,298             |
| Other, net   | (10)                  | (25)                  | (34)              |
| Net cash used in investing activities                                  | (4,398)               | (8,449)               | (12,435)          |
| <b>Financing activities:</b>   |                       |                       |                   |
| Net increase/(decrease) in short-term loans                            | (600)                 | 2,927                 | 400               |
| Proceeds from long-term loans  | -                     | 5,000                 | -                 |
| Repayment of long-term loans   | (1,696)               | (877)                 | (3,175)           |
| Purchase of treasury stock   | (17)                  | (0)                   | (1,704)           |
| Cash dividends paid  | (493)                 | (488)                 | (998)             |
| Payment for retirement<br>by purchase of convertible bonds             | -                     | (1,953)               | -                 |
| Proceeds from exercise of stock option                                 | 384                   | -                     | 413               |
| Net cash (used in)/provided by financing activities                    | (2,423)               | 4,608                 | (5,064)           |
| <b>Net effect of currency translation on cash and cash equivalents</b> | (7)                   | 116                   | (736)             |
| <b>Net increase/(decrease) in cash and cash equivalents</b>            | (754)                 | (263)                 | (4,193)           |
| <b>Cash and cash equivalents at beginning of year</b>                  | 15,526                | 11,333                | 15,526            |
| <b>Cash and cash equivalents at end of period</b>                      | 14,772                | 11,070                | 11,333            |