

54th Business Term



NDS Annual Report 2008

April 1, 2007 March 31, 2008

NDS

NDS Annual Report 2008
As of September, 2008

NIPPON DENWA SHISETSU CO., LTD.
5-18, Chiyoda 2-chome, Naka-Ku, Nagoya, 460-0012, Japan
Telephone: +81 (52) 263-5011, Facsimile: +81(52)263-5088
URL <http://www.nds-g.co.jp/nds/eng/>

	
<small>VOC (Volatile Organic Compound) free ink is used for printing.</small>	
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Challenges in the Next Stage

NDS

NIPPON DENWA SHISETSU CO., LTD.
<http://www.nds-g.co.jp/nds/eng/>

Harmonizing with the Chords of Tomorrow through Information Technology

The NDS Group is a telecommunications solutions engineering enterprise that realizes the society of ubiquitous computing network.

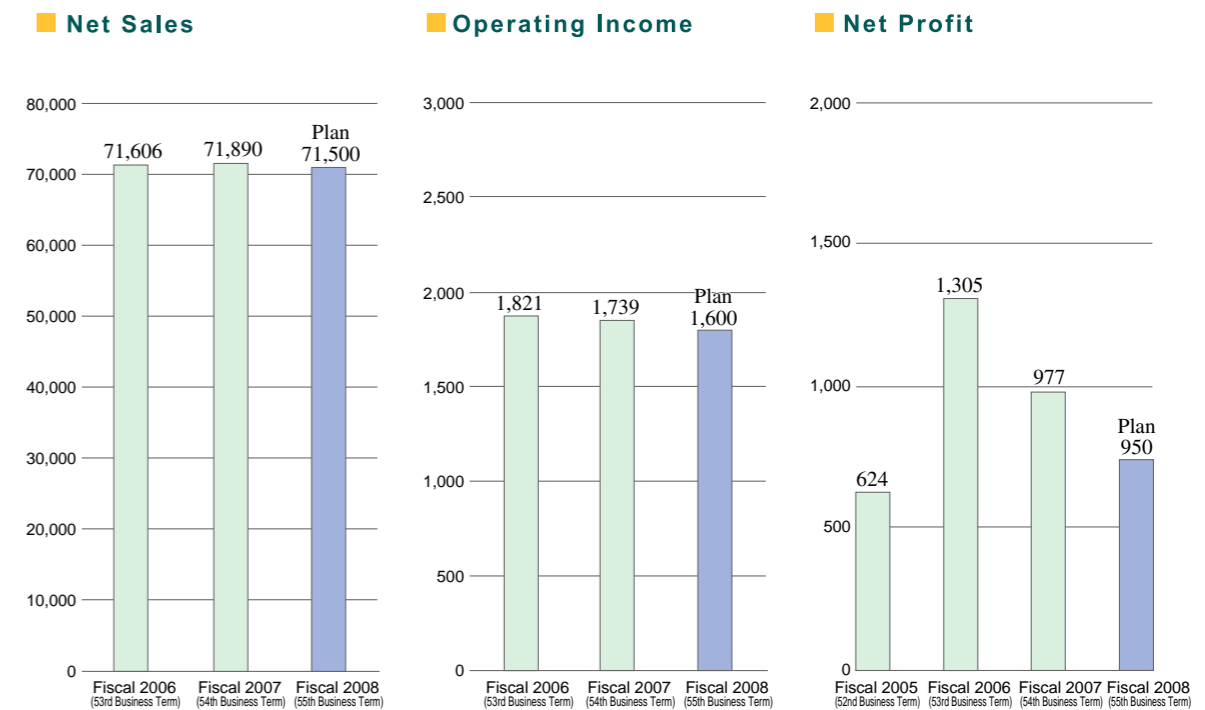
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Consolidated Financial Highlights

Consolidated Financial Highlights March 2008 (In millions of Yen)

Orders Received	71,399
Net Sales	71,890
Operating Income	1,739
Recurring Income	2,125
Total Assets	62,902
Shareholders' equity	32,785
Net Profit	977
Net Profit per Share	16.31

Performance of the 53rd to 54th Terms & Plan for the 55th Term (in millions of yen)

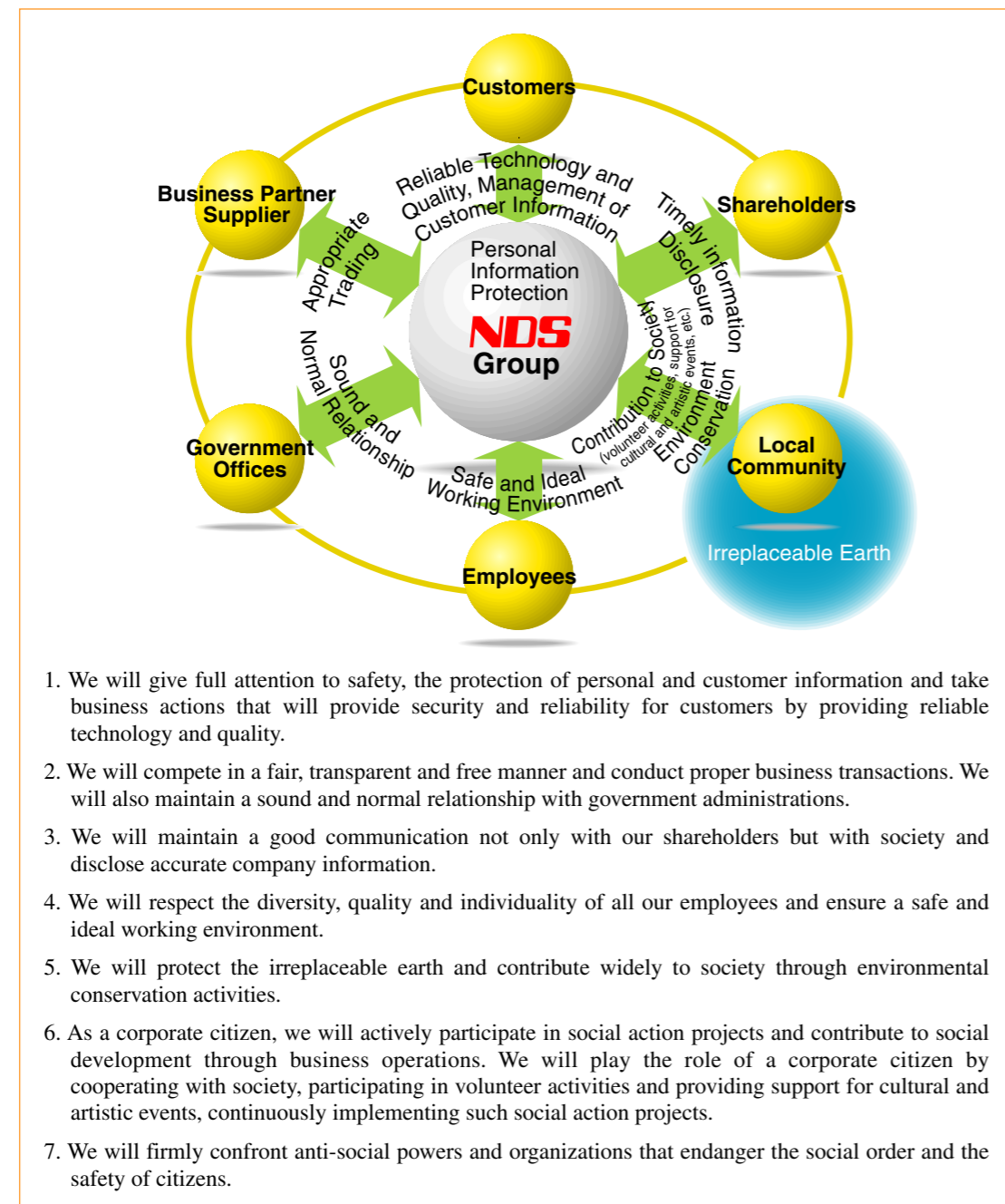


NDS Group Company Concept

We enthusiastically offer reliable technology and quality in order to satisfy all of our customers.

NDS Group CSR Charter

Under the company concept, the NDS Group will carry out corporate social responsibility (CSR), and in order to make wide-ranging contributions to society, we will respect human rights, comply with its relevant laws and spirit, and every one of our staff members will act with autonomy and a positive attitude under the 7 rules listed below:



President & CEO
Tadashi Mizuno

To our shareholders and investors: we would like to thank you for your continuing support and interest in our corporation.

The fundamental model for management at our company consists of our corporate philosophy which is to “endeavor to achieve total customer satisfaction by providing reliable technology and outstanding quality.” In line with this philosophy, we are making use of our uncompromising information and communication network technology for business development and also taking on the customer’s point of view to provide better service to work towards making a better, brighter world of information and communications for us all.

Our vision for 2010 is to be the first choice of customers seeking total support solution engineering in an ever advancing ubiquitous net society. To realize this goal starting in 2006 we implemented and have since been adhering to a medium-term (3 years) management plan consisting of the following three fundamental strategies for corporate development.

1. Establishing a foundation for ourselves as the “best partner” for the customer through building communication infrastructure.
2. Establishing a foundation geared towards producing positive income for All Segment Plus
3. Instituting a foundation for management policy (creating a CSR and strengthening the current management system)

Looking on into the future to foster continuous growth and development we are actively seeking to achieve better results as a company and to better perform across all fields in which we are currently engaged by being aware of and adapting to the constant changes in the managerial realm. We are making the necessary adjustments to improve performance by increasing and expanding sales and orders for all divisions including communication infrastructure, information service, residential real-estate and leasing. In the field of information communications, an area which plays a key role in our operations, along with seeing further advances in the prevalence of broadbandization whose growth is largely comprised of FTTH, there has been a recent acceleration in the number of those switching to IP phones, the fusion of transmission and broadcasting of above-ground digital cable, video on demand and a variety of other services have recently been expanding.

The field of mobile communications also the development of broadbandization together with diversification and advance of high-quality service, and the emerging of wireless access utilizing WiMAX technology as an enterprise.

On the other hand, though according to recent projections, firms throughout the communication industry will undoubtedly face tougher competition in particular with order-prices set to see a dramatic increase in the severity of competition. Also unclear is how other same-industry firms are planning to handle capital investments in the future.

By observing these types of market trends and taking the appropriate actions, we are working towards continuous corporate growth and development by increasing orders received and improving profitability throughout our firm.

Thank you valued shareholders for this opportunity to appraise you of our current status and we thank you for your continuing support of this organization.

Tadashi Mizuno

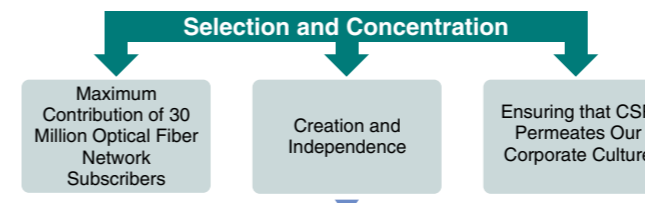
Company Concept

We enthusiastically offer reliable technology and quality in order to satisfy all of our customers.

NDS-G Vision 2010 - Innovation for the Next Dramatic Stage

As a business group that provides comprehensive support for business solutions and engineering within the developing ubiquitous network society, we work to become the top brand for our customers.

Our Goals



Mid-Term Business Plan of the NDS Group (Lock on N.D.S) for FY 2006 - FY 2008

Mid-Term Basic Strategy

1. Establishing a basis as the best partner for our customers in communication construction business
Completing the infrastructure to allow maximum contribution for the creation of new solution businesses in the ubiquitous network society, 30 million optical-fiber access subscribers by FY2010 as well as the development of the next-generation network
2. Establishing a foundation for All Segments Plus
Enhancing profitability by establishing a foundation for independence and creation through further implementation of selection and concentration
3. Establishing a business foundation (permeation of CSR, more sophisticated management system)
Evolving and strengthening the corporate structure by implementing our corporate philosophy and long-term vision, ensuring the growth of CSR as well as reviewing the total business operation system

The Fiscal 2008 Fundamental Corporate Policies

1. Increase of orders received and improvement of profitability
2. Efficient and effective management and reduction of operating costs
3. Reliable execution of projects
4. Implementation of CSR management

Business Progress and Achievements

Throughout this fiscal year there had been an increase in private capital investment and stable personal consumption had helped to support gentle expansion in the Japanese economy, however the American sub-prime loan problem, the increase in the cost of energy as well as raw materials and various other factors have had a negative impact on the economy and as a result slowed its momentum during the end of the fiscal year.

The field of information communication to which our company is closely connected, is seeing an increase in activity in the expansion of FTTH*1, the central core of broadband service, and movement towards realizing the goal of a ubiquitous net society. NTT which has set out to achieve 20 million subscribers to its fiber optic service by 2010, has started the NGN*2 service for business customers, and has announced that it has plans to strengthen its businesses dealing with the household market. In an effort to improve services aimed at customer retention, companies throughout the mobile communications industry has been making upgrades to their services including the adoption of technology designed for high-speed transfer, they have also started implementing the additional construction necessary for extending the telephone service coverage area, and there are a number of businesses that are offering MVNO*3 or are WiMAX*4 approved is also increasing as firms in the industry struggle to remain competitive in terms of services offered as well as price.

In response to the current business conditions, our corporation has developed a variety of measures that fall in line with our fundamental corporate policies: 1. Reliable execution of projects and construction of a system for improving profitability and earning power, 2. Increasing orders received and earl-stage establishment of a "back-bone" business for the company, 3. Constantly pursuing improvement of quality and safety assurance, 4. Implementation of thorough and effective policies for cost reduction and control, 5. Training and education of employees focused on a mid-long term view, 6. Increasing orders for all divisions along with maintaining smooth and efficient ongoing operation and management throughout the company, and 7. Implementation of CSR*5 management.

Our concrete plan for growth has extended our field of operations for communications infrastructure to include the installation of fiber optic cable for the household market, construction and installation within the field of mobile communications, and hardwiring-installation operations for buildings. We have also taken steps to enhance and augment our current system of business, amid other organizational reforms in our company, to achieve an increase in orders received. Additionally when it comes to reliability and timeliness for project execution, customer peace of mind is paramount, and as such we have developed a company-wide policy of maintaining strict punctuality with regard to any contracted construction work. Information systems have also been widely used in construction work quality control and in the education and training of technicians. Aside from the communication infrastructure business, we are actively engaged in increasing orders received in our other business divisions such as information services, residential real-estate, semiconductor manufacturing equipment installation, and personnel-dispatching.

As a result performance for the fiscal year is as follows: combined orders received- ¥71,399,000,000 (101.0% of the previous term) combined sales- ¥71,890,000,000 (100.4% of the previous term) combined operating profit- ¥1,739,000,000 (95.5% of the previous term) combined earnings before taxes- ¥2,125,000,000 (105.4% of the previous term) and the combined net profit for the term was ¥977,000,000 (74.8% of the previous term).

*1 FTTH...Fiber To The Home: Laying fiber-optic cables to each household enables ultrahigh-speed Internet access.

*2 NGN... The abbreviation for "Next Generation Network", that is a network that builds on existing telephone exchanger technology but the IP network provided by the router achieves a much higher level of convenience and economy in addition to maintaining the safety and reliability of the telephone network. (Next generation network) NTT began offering this service in March of 2008.

*3 MVNO...The abbreviation for "Mobile Virtual Network Operator", that is a business that uses the existing wireless network of a mobile communications company, and provides an array of additional services to the customer.

*4 WiMAX...The abbreviation for "Worldwide Interoperability for Microwave Access", that is a form of wireless communication technology. There are two types of this technology: Stationary landline WiMAX and Mobile WiMAX.

*5 CSR...Corporate Social Responsibility: Social responsibility assumed by corporate bodies. It started with law compliance, expanding to sincere response to customer demands and consideration of the environment.

Summary of Operations by Segments

Consolidated sales and Operating profits by segment [Consolidated sales and operating profits by department]

(Unit: million yen)

Segment	Sales				Operating Profit			
	Current Term (54th)	Previous Term (53rd)	Increase/Decrease	% of Increase/Decrease	Current Term (54th)	Previous Term (53rd)	Increase/Decrease	% of Increase/Decrease
Communication Construction	58,384	58,854	470	0.8	1,180	1,373	192	14.0
Information Service	4,643	4,306	336	7.8	256	167	89	53.5
Housing and Real Estate	2,310	2,227	82	3.7	74	105	31	29.3
Leasing and Other Businesses	6,552	6,218	334	5.4	180	137	42	31.1
Elimination or Corporate-wide	-	-	-	-	46	37	9	24.3
Total	71,890	71,606	283	0.4	1,739	1,821	82	4.5

1 Communications Construction Business

Despite an aggressive move into the household fiber optic construction field, declines in mobile communication construction and a progression towards smaller scales, sales were down compared with the previous year. Although efforts were made to reduce indirect management costs, due to increases in the cost price of construction, operating profits were lower compared to the previous year.

2 Information Service Business

With the recent economic expansion in the background, a greater level of business efficiency along with proactive efforts to increase orders received yielded a boost in both sales and operating profits, up on the previous year.

3 Housing and Real Estate Business

As a result of a concentrated effort poured into promoting real estate, retail sales of condominiums and houses were higher than the previous year, however due to the effect of recent increases in the cost of materials, operating profits were down from last year for this division.

4 Leasing and Other Businesses

Again with private capital investment factoring in positively as well, efforts to increase orders received in the semiconductor manufacturing equipment installation, and personnel dispatch businesses yielded an increase in both sales and operating profits when compared with the previous year.

Future Issues for Company

In the field of information communications, an area which plays a key role in our operations, along with seeing further advances in the prevalence of broadbandization whose growth is largely comprised of FTTH, there has been a recent acceleration in the number of those switching to IP phones, the fusion of transmission and broadcasting of above-ground digital cable, video on demand and a variety of other services have recently been expanding.

The field of mobile communications also the development of broadbandization together with diversification and advancement of high-quality service, and the emerging of wireless access utilizing WiMAX technology as a business enterprise.

On the other hand though according to recent projections, firms throughout the communication industry will undoubtedly face tougher competition in particular with order-prices set to see a dramatic increase in the severity of competition. Also unclear is how other same-industry firms are planning to handle capital investments in the future.

Consolidated Financial Statements

U.S.dollars amounts

The translation of the Japanese yen amounts into U.S. dollars is included solely for the convenience of readers outside Japan, using the prevailing approximate exchange rate at March 31, 2008, which was ¥100 to U.S. \$1.00. The translation should not be construed as a representation that the Japanese yen amounts have been, could have been or could in the future be converted into U.S. dollars at this or any other rate of exchange.

By observing these types of market trends and taking the appropriate actions, we are working towards continuous corporate growth and development by increasing orders received and improving profitability throughout our firm.

We intend to use our fundamental corporate policies for fiscal 2008: 1. Increase of orders received and improvement of profitability, 2. Thorough and effective policies for cost reduction and control, 3. Reliable execution of projects, and 4. Implementation of CSR management, as a basis for the ongoing creation and implementation of other measures and policies.

Business Prospect for the Next Term

Projected Business Performance for the Next Term

(Unit: million yen)

Category	Consolidated Sales (% compared with the previous term)	Consolidated Operating Profit (% compared with the previous term)	Consolidated Recurring Profit (% compared with the previous term)	Consolidated Net Profit (% compared with the previous term)
Projected Consolidated Results	71,500 (0.5)	1,600 (8.0)	1,850 (13.0)	950 (2.8)

Projected Sales for the Next Term According to Segment

(Unit: million yen)

Segment	Sales					
	First Half of the Year	% compared with the previous term	Second Half of the Year	% compared with the previous term	Year Total	% compared with the previous term
Communication Construction	23,500	96.6	34,900	102.5	58,400	100.0
Information Service	2,400	113.4	2,400	95.0	4,800	103.4
Housing and Real Estate	850	78.0	850	69.6	1,700	73.6
Leasing and Other Businesses	3,250	98.5	3,350	103.5	6,600	100.7
Total	30,000	97.3	41,500	101.1	71,500	99.5

Dividend

The dividend for this term is 10 yen per share as initially planned (includes 5 yen per share for the interim dividend).

The projected dividend for the next term is 10 yen per share. Of the dividend, the interim dividend is 5 yen and the year-end dividend is 5 yen.

Consolidated Balance Sheets

March 31, 2008

	Millions of Yen	Thousands of U.S. Dollars
Current assets:		
Cash and cash equivalents	¥ 4,637	\$ 46,370
Short-term investments (Notes 3)	375	3,750
Notes and accounts receivable:		
Trade	17,124	171,240
Other	669	6,690
Less, allowance for doubtful accounts	(43)	(430)
Inventories (Note 4)	6,630	66,300
Deferred tax assets (Note 11)	860	8,600
Other current assets	197	1,970
Total current assets	30,449	304,490
Investments and other assets:		
Investment securities (Notes 3 and 5)	8,492	84,920
Investments in unconsolidated subsidiaries and affiliates	1,118	11,180
Deferred tax assets (Note 11)	1,585	15,850
Other assets	2,226	22,260
Less, allowance for doubtful accounts	(75)	(750)
Total investments and other assets	13,346	133,460
Property and equipment, at cost:		
Land (Note 5)	8,640	86,400
Buildings and structures (Note 5)	13,054	130,540
Machinery and equipment	8,892	88,920
Property held for leasing	4,283	42,830
Construction in progress	11	110
Total property and equipment	34,880	348,800
Less, accumulated depreciation	(15,773)	(157,730)
Net property and equipment	19,107	191,070
Total assets	¥ 62,902	\$ 629,020
Current liabilities:		
Notes and accounts payable:		
Trade	¥ 5,133	\$ 51,330
Other	1,350	13,500
Short-term borrowings (Note 5)	2,980	29,800
Current portion of long-term debt (Note 5)	3,799	37,990
Advances received on construction projects in progress	428	4,280
Accrued expenses	2,297	22,970
Income taxes payable	365	3,650
Other current liabilities	486	4,860
Total current liabilities	16,838	168,380
Long-term debt (Note 5)	6,425	64,250
Employee retirement benefit liability (Note 6)	4,610	46,100
Accrued severance indemnities for directors and corporate auditors	327	3,270
Other long-term liabilities	1,917	19,170
Total liabilities	30,117	301,170
Net Assets (Note 7):		
Shareholders' equity:		
Common stock; authorized: 128,300,000 shares, and issued: 65,962,988 shares	5,676	56,760
Capital surplus	4,425	44,250
Retained earnings	21,082	210,820
Less, treasury stock at cost; 5,716,427 shares in 2008 and 6,042,820 shares in 2007	(1,938)	(19,380)
Total shareholders' equity	29,245	292,450
Net unrealized gains on available-for-sale securities	1,410	14,100
Share subscription rights	91	910
Minority interests	2,039	20,390
Total net assets	32,785	327,850
Total liabilities and net assets	¥ 62,902	\$ 629,020

Consolidated Statements of Income

For the Year Ended March 31, 2008

	Millions of Yen	Thousands of U.S. Dollars
Net sales(Notes 10 and 12)	¥ 71,890	\$ 718,900
Cost of sales(Note 12)	63,337	633,370
Gross profits	8,553	85,530
Selling,general and administrative expenses(Note 12)	6,814	68,140
Operating income	1,739	17,390
Other income (expenses):		
Interest and dividend income	258	2,580
Interest expenses	(162)	(1,620)
Gain on sales of investment securities	62	620
Impairment loss on fixed assets	(9)	(90)
Other,net	104	1,040
	253	2,530
Income before income taxes and minority interests	1,992	19,920
Income taxes :		
Current	438	4,380
Deferred	491	4,910
Total income taxes	929	9,290
Less,minority interests in net income of consolidated subsidiaries	86	860
Net income	¥ 977	\$ 9,770
	Yen	U.S. Dollars
Per share:		
Net income :		
-Basic	¥ 16.31	\$ 0.16
-Diluted	16.22	0.16
Cash dividends	10.00	0.10

Consolidated Statements of Changes in Net Assets

For the Year Ended March 31, 2008

	Number of common shares issued	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gains on available-for-sale securities	Share subscription rights	Minority interests	Total net assets
	Millions of Yen									
Balance at March 31, 2007	65,962,988	¥ 5,676	¥ 4,425	¥ 20,724	¥ (2,030)	¥ 28,795	¥ 2,985	¥ 57	¥ 2,399	¥ 34,236
Net income for the year	-	-	-	977	-	977	-	-	-	977
Cash dividends	-	-	-	(600)	-	(600)	-	-	-	(600)
Reissuance of treasury stock upon exercise of stock options and other	-	-	-	(19)	217	198	-	-	-	198
Purchase of treasury stock and fractional shares	-	-	-	-	(125)	(125)	-	-	-	(125)
Net changes other than shareholders' equity	-	-	-	-	-	-	(1,575)	34	(360)	(1,901)
Balance at March 31, 2008	65,962,988	¥ 5,676	¥ 4,425	¥ 21,082	¥ (1,938)	¥ 29,245	¥ 1,410	¥ 91	¥ 2,039	¥ 32,785

	Thousands of U.S. Dollars									
Balance at March 31, 2007	\$ 56,760	\$ 44,250	\$ 207,240	\$ (20,300)	\$ 287,950	\$ 29,850	\$ 570	\$ 23,990	\$ 342,360	
Net income for the year	-	-	9,770	-	9,770	-	-	-	9,770	
Cash dividends	-	-	(6,000)	-	(6,000)	-	-	-	(6,000)	
Reissuance of treasury stock upon exercise of stock options and other	-	-	(190)	2,170	1,980	-	-	-	1,980	
Purchase of treasury stock and fractional shares	-	-	-	(1,250)	(1,250)	-	-	-	(1,250)	
Net changes other than shareholders' equity	-	-	-	-	-	(15,750)	340	(3,600)	(19,010)	
Balance at March 31, 2008	\$ 56,760	\$ 44,250	\$ 210,820	\$ (19,380)	\$ 292,450	\$ 14,100	\$ 910	\$ 20,390	\$ 327,850	

Consolidated Statements of Cash Flows

For the Year Ended March 31, 2008

	Millions of Yen	Thousands of U.S. Dollars
Cash flows from operating activities:		
Income before income taxes and minority interests	¥ 1,992	\$ 19,920
Adjustments for:		
Depreciation	2,029	20,290
Impairment loss on fixed assets	9	90
Decrease in employee retirement benefit liability	(178)	(1,780)
Increase in trade receivables	(799)	(7,990)
Decrease (increase) in inventories	182	1,820
Increase (decrease) in trade payables	998	9,980
Decrease in long-term accounts payable	(686)	(6,860)
Other,net	(813)	(8,130)
Sub-total	2,734	27,340
Interest and dividend received	266	2,660
Interest paid	(163)	(1,630)
Income taxes paid	(962)	(9,620)
Net cash provided by (used in) operating activities	1,875	18,750
Cash flows from investing activities:		
Increase in property and equipment	(2,794)	(27,940)
Increase in long-term investments and other assets	(828)	(8,280)
Decrease in long-term investments and other assets	1,667	16,670
(Increase) decrease in short-term investments	(11)	(110)
Net cash used in investing activities	(1,966)	(19,660)
Cash flows from financing activities:		
Increase in long-term debt	1,360	13,600
Repayment of long-term debt	(1,029)	(10,290)
Net change in short-term borrowings	487	4,870
Purchase of treasury stock and fractional shares	(124)	(1,240)
Proceed from exercise of stock options	26	260
Dividends paid to shareholders	(600)	(6,000)
Dividends paid to minority shareholders	(25)	(250)
Other	2	20
Net cash provided by (used in) financing activities	97	970
Effect of exchange rate changes on cash and cash equivalents	(10)	(100)
Net decrease in cash and cash equivalents	(4)	(40)
Cash and cash equivalents at beginning of year	4,641	46,410
Cash and cash equivalents at end of year	¥ 4,637	\$ 46,370

Non-Consolidated Financial Statements

Non-Consolidated Balance Sheets

March 31, 2008

	Millions of Yen	Thousands of U.S. Dollars
Current assets:		
Cash and cash equivalents	¥ 2,475	\$ 24,750
Short-term investments	-	-
Notes and accounts receivable:		
Trade	14,158	141,580
Other	647	6,470
Less, allowance for doubtful accounts	(32)	(320)
Inventories	4,528	45,280
Deferred tax assets	491	4,910
Other current assets	201	2,010
Total current assets	22,468	224,680
Investments and other assets:		
Investment securities	7,858	78,580
Investments in and long-term loans to subsidiaries and affiliates	3,432	34,320
Deferred tax assets	1,149	11,490
Other assets	1,427	14,270
Less, allowance for doubtful accounts	(19)	(190)
Total investments and other assets	13,847	138,470
Property and equipment, at cost:		
Land	5,639	56,390
Buildings and structures	10,298	102,980
Machinery and equipment	1,153	11,530
Construction in progress	11	110
Total property and equipment	17,101	171,010
Less, accumulated depreciation	(6,984)	(69,840)
Net property and equipment	10,117	101,170
Total assets	46,432	464,320
Current liabilities:		
Notes and accounts payable:		
Trade	¥ 5,416	\$ 54,160
Other	689	6,890
Short-term borrowings	400	4,000
Current portion of long-term debt	3,000	30,000
Advances received on construction projects in progress	51	510
Accrued expenses	1,047	10,470
Income taxes payable	37	370
Other current liabilities	262	2,620
Total current liabilities	10,902	109,020
Long-term debt	5,000	50,000
Employee retirement benefit liability	3,820	38,200
Other long-term liabilities	1,652	16,520
Total liabilities	21,374	213,740
Net Assets:		
Shareholders' equity:		
Common stock; authorized: 128,300,000 shares and issued: 65,962,988 shares	5,676	56,760
Capital surplus	4,425	44,250
Retained earnings	15,424	154,240
Less, treasury stock at cost; 5,638,590 shares in 2008 and 5,967,038 shares in 2007	(1,900)	(19,000)
Total shareholders' equity	23,625	236,250
Net unrealized gains on available-for-sale securities	1,342	13,420
Share subscription rights	91	910
Total net assets	25,058	250,580
Total liabilities and net assets	¥ 46,432	\$ 464,320

Non-Consolidated Statements of Income

For the Year Ended March 31, 2008

	Millions of Yen	Thousands of U.S. Dollars
Net sales	¥ 54,768	\$ 547,680
Cost of sales	49,037	490,370
Gross profits	5,731	57,310
Selling, general and administrative expenses	4,756	47,560
Operating income	975	9,750
Other income (expenses):		
Interest and dividend income	333	3,330
Interest expenses	(111)	(1,110)
Gain on sales of investment securities	51	510
Impairment loss on fixed assets	(9)	(90)
Other, net	(21)	(210)
	243	2,430
Income before income taxes	1,218	12,180
Income taxes:		
Current	33	330
Deferred	482	4,820
Total income taxes	515	5,150
Net income	¥ 703	\$ 7,030

	Yen	U.S. Dollars
Per share:		
Net income :		
-Basic	¥ 11.72	\$ 0.12
-Diluted	11.66	0.12
Cash dividends	10.00	0.10

Non-Consolidated Statements of Charges in Net Assets

For the Year Ended March 31, 2008

	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gains on available-for-sale securities	Share subscription rights	Total net asset
	Millions of Yen							
Balance at March 31, 2007	¥ 5,676	¥ 4,425	¥ 15,340	¥ (1,993)	¥ 23,448	¥ 2,901	¥ 57	¥ 26,406
Net income for the year	-	-	703	-	703	-	-	703
Cash dividends	-	-	(600)	-	(600)	-	-	(600)
Reissuance of treasury stock upon exercise of stock option and other	-	-	(19)	217	198	-	-	198
Purchase of treasury stock and fractional shares	-	-	-	(124)	(124)	-	-	(124)
Net changes other than shareholders' equity	-	-	-	-	-	(1,559)	34	(1,525)
Balance at March 31, 2008	¥ 5,676	¥ 4,425	¥ 15,424	¥ (1,900)	¥ 23,625	¥ 1,342	¥ 91	¥ 25,058

	Thousands of U.S. Dollars							
Balance at March 31, 2007	\$ 56,760	\$ 44,250	\$ 153,400	\$ (19,930)	\$ 234,480	\$ 29,010	\$ 570	\$ 264,060
Net income for the year	-	-	7,030	-	7,030	-	-	7,030
Cash dividends	-	-	(6,000)	-	(6,000)	-	-	(6,000)
Reissuance of treasury stock upon exercise of stock option and other	-	-	(190)	2,170	1,980	-	-	1,980
Purchase of treasury stock and fractional shares	-	-	-	(1,240)	(1,240)	-	-	(1,240)
Net changes other than shareholders' equity	-	-	-	-	-	(15,590)	340	(15,250)
Balance at March 31, 2008	\$ 56,760	\$ 44,250	\$ 154,240	\$ (19,000)	\$ 236,250	\$ 13,420	\$ 910	\$ 250,580

Status of Shares

- ① Total number of outstanding shares 60,324,398 (Excluding 5,638,590 shares of treasury stocks)
- ② Number of shareholders at the end of this term 6,684
- ③ Major shareholders

Shareholder	Shares Held (in thousand shares)
Association of Employee Stockholders of NDS Group	3,628
Nippon Life Insurance Co.	3,573
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	2,937
Mizuho Trust & Banking Co., Ltd., Retirement Benefit Trust Mizuho Bank Account for the Re-trust by the Trustee of Trust & Custody Services Bank, Ltd.	2,937
Aichi Corporation, Ltd.	2,270
Aioi Insurance Co., Ltd.	2,000
Japan Trustee Services Bank, Ltd.(for Chuo Mitsui Asset Trust and Banking, Ltd. Re-Trust Account/CMTB Equity Investments Co. Trust Account)	1,690
The Dai-ichi Mutual Life Insurance Co.	1,530
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,249
The Chukyo Bank, Ltd.	1,200

(Note) 1. Representative fraction unit is dropped in the figures for the number of stocks held column.
 2. Our 5,638,000 treasury stocks are not listed above.
 3. Shares owned by Mizuho Trust & Banking Co., Ltd., Retirement Benefit Trust Mizuho Bank Account for the Re-trust by the Trustee of Trust & Custody Services Bank, Ltd. are shares that Mizuho Bank has entrusted to Mizuho Trust & Banking Co., Ltd. as the retirement benefit trust account which was re-entrusted to the Trust & Custody Service Bank, and the directive right to exercise voting rights is reserved by Mizuho Bank.
 4. The shares held by Japan Trustee Services Bank, Ltd. (for Chuo Mitsui Asset Trust and Banking, Ltd. Re-Trust Account/CMTB Equity Investments Co. Trust Account) are those invested in kind by Chuo Mitsui Trust and Banking Co., Ltd. to CMTB Equity Investments Co., then trusted with Chuo Mitsui Asset Trust and Banking, Ltd. and subsequently re-trusted with Japan Trustee Services Bank, Ltd., and the directive authority for the exercising of the relevant voting rights is retained by CMTB Equity Investments Co.

Company Information

Corporate Name: NIPPON DENWA SHISETSU CO., LTD.
Established: May 13, 1954
Common Stock: 5,676 million (Stand-alone)
Number of Employees: 2,782 (Consolidated)
Head Office: Nagoya Tsushin Building, 2-15-18 Chiyoda, Naka-ku, Nagoya 460-0012
 Tel. +81(52)-263-5011
Certifications: In order to respond to the trust of our customers, we have acquired the following certifications:
 ISO 9001 (September 1999) ISO 14001 (June 2001)
 OHSAS 18001 (December 2002) ISMS (January 2005)

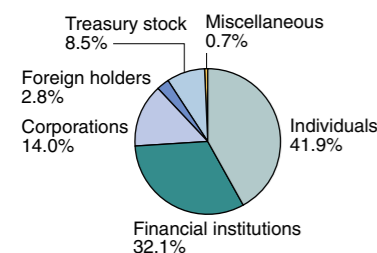
Contents of Group Businesses

Communications Infrastructure Business	Construction of communications lines (Design and construction optical-fiber cables, etc.) Communications civil engineering (Design and construction of underground communications conduits, information pipelines, etc.) Construction of switching and transmission systems (Design and construction of digital switching and transmission systems) Construction of mobile communications systems (Design and construction of cell sites) Design, construction and maintenance of CATV facilities Electrical Equipment Construction (Distribution etc.)
ICT Solution Business	Design, development, operation and maintenance of information systems Consulting, operation and maintenance of networks Design, construction and maintenance of LAN/WAN systems and ATM facilities
Housing and Real Estate Business	Sale and remodeling of flats and houses Management of real estate, real estate appraisal and consulting
Leasing and Other Businesses	Leasing, rental and maintenance services of vehicles, equipment and houses Manufacturing, sale, and repair of information and communications equipment Installation and maintenance services for semiconductor manufacturing equipment Temporary staffing Development of VOD solutions

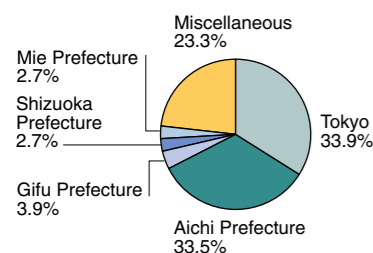
Distribution of Shares

Chronological Changes in Share Price

Distribution of Shares by Shareholder Type



Distribution of Shares by Region



Directors, Auditors

(As of June 27, 2008)

President & CEO	Tadashi Mizuno
Senior Executive Vice-President (COO)	Yoshitaka Koide
Senior Managing Director	Takushi Ito
Managing Director	Toshiyuki Kato Takeshi Aruga
Director	Tsutomu Yoshikawa Yuji Suzuki Makoto Idota Minoru Nagase
Standing Statutory Auditor	Tadayoshi Matsunaga
Auditor	Kunihiko Adachi Ryutaro Honda Hisao Suzuki

NDS Group

Consolidated Subsidiary Companies

Communications Infrastructure Business
 AICHI NDS KOJI CO., LTD.
 MEIWA TSUSHIN KENSETSU CO., LTD.
 HOKUTO TSUSHIN KENSETSU CO., LTD.
 NDS DAIKYO CO., LTD.
 DAINICHI TSUSHIN KENSETSU CO., LTD.
 SHINWA TSUSHIN CO., LTD.
 SHIZUOKA NDS KOJI CO., LTD.
 TOHO KOJI CO., LTD.
 HAMAMATSU NDS KOJI CO., LTD.
 HAMAMATSU TSUSHIN SHISETSU CO., LTD.
 GIFU NDS KOJI CO., LTD.
 MIE NDS KOJI CO., LTD.
 SANTSU KENSETSU KOJI CO., LTD.
 MITSUBOSHI TECNO CO., LTD.
 NIPPON GIKEN CO., LTD.
 NNK CO.,LTD

ICT Solution Business
 NDS INFORMATION SYSTEM CO., LTD
 NYST Co.,LTD

Housing and Real Estate Business
 NDS MENTE CO., LTD.

Leasing and Other Businesses
 NDS LEASE CO., LTD.
 NDS SOLUTION CO., LTD.
 TOMEI TSUSHIN KOGYO CO., LTD.