

NEWS RELEASE

近況報告書

Feb 10, 2010

NAC Co., Ltd.

Code No : 9788, Tokyo Stock Exchange First Section

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Dear Sirs,

To ensure a better understanding of the management of NAC Co., Ltd., I am providing you with a guide to the recent business and financial conditions of the Company. I hope that this information is of interest and benefit to you.

Yours faithfully.



The mascot

Consolidated Financial Flash Report for the Third Quarter Ended December 31, 2009

The Company Nac released Consolidated Financial Flash Report for the Third Quarter Ended December 31, 2009 on February 10, 2010. The summary is as follows. The details are shown in the Information Service for Timely Disclosure on the website of Tokyo Stock Exchange, Inc. or on our website.

1. Overview of operating results

During the nine months ended December 31, 2009 (from April 1, 2009 to December 31, 2009), the Japanese economy was observed to have made a partial recovery as a result of progress in inventory adjustment and the effect of economic measures. However, difficult conditions continued due to factors such as deterioration in the employment and income environment, the high yen and progressing deflation.

In this environment, the Group, while striving to achieve even greater efficiency in business operations, undertook fierce business development. As a result, we recorded consolidated operating results for the nine months ended December 31, 2009 with net sales of 35,476 million yen, up 9.8% year on year, an operating income of 702 million yen, up 27.2% year on year, an ordinary income of 696 million yen, up 25.5% year on year, and a net income of 193 million yen, compared with a 482 million yen loss for the same period a year ago.

Operating results by business segment are as follows.

(Rental Division)

Since the start of the third quarter, sales of mainstay dust control products, thanks to an improved sales system and sales promotion activities, have been on a steady path of recovery for household market. However, because of the impact of the slump in the number of customers in the latter half of last year, a time of sudden recession, it is unavoidable that revenue is lower than the same period a year ago.

Sales of pest control devices increased mainly due to sales growth in the Kansai Region.

As a result, the Rental Division posted a 2.4% year-on-year decrease in net sales to 8,446 million yen and a 16.2% year-on-year decrease in operating income to 1,266 million yen.

(Construction Consulting Division)

In addition to introducing new products, we worked to further fortify our customer support system through the establishment of our “Customer Center” and also focused on reducing fixed costs through the integration of sales offices. Despite these efforts, however, we were affected by the impact of the slump in the construction industry and our sales of mainstay know-how systems continued to be sluggish. As a result, the Construction Consulting Division posted a 25.1% year-on-year decrease in net sales of 1,892 million yen and a 46.2% year-on-year

decrease in operating income of 400 million yen.

(Bottled Water Sales Division)

Assisted by the growth in the mineral water market, and significantly benefitting from an expansion in the number of affiliated agents, the increased recognition of the brand “CreCla” as a result of TV commercials and various sales promotion activities and other factors, the number of customers for both household market and the commercial market increased steadily. As a result, the Bottled Water Sales Division posted a 21.4% year-on-year increase in net sales of 5,620 million yen.

In terms of income, the division posted an operating loss of 192 million yen (compared with an operating income of 23 million yen for the same period a year ago) as a result of the establishment of new plants in Matsudo and Machida and the burden of anticipatory investments such as advertising expenses and promotion expenses. This result, however, is almost in line with the plan at the beginning of the fiscal year.

(Housing Sales Division)

With the business environment continuing to be harsh due to the number of new housing starts in decline and other factors, efforts were focused on strengthening our sales system and improving productivity.

The Housing Sales Division posted a 17.8% year-on-year increase in net sales of 19,519 million yen. This was due to shorter construction periods achieved by enhancing manufacturing process, favorable orders for homes with installed solar systems and other factors.

The division significantly reduced and improved its margin of loss as a result of increased revenues and savings from reduced sales and administrative costs achieved by reviewing various expenses, posting an operating loss of 78 million yen (compared with an operating loss of 1,085 million yen for the same period a year ago).

2. Qualitative information on consolidated forecasts

Looking at the outlook for the full-year results, although the Construction Consulting Division expects its results to continue to be sluggish, the Rental Division expects improved revenues while the Housing Sales Division expects to improve its margin of loss. The previously announced forecasts remain unchanged. These forecasts are net sales of 50 billion yen, operating income of 1,600 million yen, ordinary income of 1,620 million yen and net income of 600 million yen.

Note: Our forecasts are based on information available as of the date of this release. As various uncertain factors are inherent in the forecasts, actual results may differ from estimated results.

Consolidated Financial Flash Report

1. Consolidated performance for the Year Ended March 31,2010

(from April 1, 2009 to December 31, 2009)

(1) Consolidated operating results

(Millions of yen, except per share amounts)

	Nine months ended December 31		
	2008	2009	Change
Net sales	32,307	35,476	9.8%
Operating income	552	702	27.2%
Ordinary income	554	696	25.5%
Net income	(482)	193	-
Net income per share	(¥58.55)	¥23.79	

(2) Consolidated financial position

	December 31		
	2008	2009	March 31,2009
Total assets	19,638	19,256	18,139
Net assets	7,009	7,562	7,660
Equity ratio	35.6%	39.3%	42.2%
Net assets per share	¥861.36	¥930.44	¥942.57

(3) Consolidated cash flows

	Nine months ended December 31	
	2008	2009
Cash flows from operating income	811	714
Cash flows from investing activities	(1,669)	(141)
Cash flows from financing activities	1,834	(675)
Cash and cash equivalents	3,586	3,572

2. Cash Dividends

	Year ended March 31	
	2009	2010
Interim	¥18.00	¥18.00
Year-end	¥20.00	¥20.00
Full year	¥38.00	¥38.00

3. Projected consolidated performance for the Year Ended March 31,2010

(from April 1, 2009 to March 31, 2010)

	Year ended March 31		
	2009	2010	Change
Net sales	46,618	50,000	7.3%
Operating income	1,399	1,600	14.4%
Ordinary income	1,414	1,620	14.5%
Net income	173	600	246.8%
Net income per share	¥21.06	¥73.82	