

# NEWS RELEASE

## 近況報告書

Aug 11, 2009

**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.



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The mascot

# **Consolidated Financial Flash Report for the First Quarter Ended June 30, 2009**

The Company Nac released Consolidated Financial Flash Report for the First Quarter Ended June 30, 2009 on August 11, 2009. 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 first quarter of the fiscal year under review (from April 1, 2009 to June 30, 2009), the Japanese economy pulled itself out of the worst period of the recession since its onset in the fall of last year, with some aspects of the economy showing signs of improvement. Sadly, capital investment and employment conditions remained stringent, with unabating uncertainty about the future.

In this environment, the Group undertook fierce business development under a departmental system consisting of four departments established to clarify earning responsibilities. As a result, we recorded consolidated operating results for the first quarter under review with net sales of 9,818 million yen, up 21.4% year on year, an operating loss of 217 million yen, compared with an operating loss of 476 million yen for the year-ago quarter, an ordinary loss of 218 million yen, compared with a loss of 473 million yen for the year-ago quarter, and a net loss of 346 million yen, compared with an 835 million yen loss for the year-ago quarter.

Operating results by business segment are as follows.

(Rental Division)

The Rental Division posted a 4.1% year-on-year decrease in net sales to 2,719 million yen, with operating income falling 22.3% year on year to 357 million yen, as our mainstay dust control products continued to lack the ability to secure new customers since the last half of the previous term because of drastically low consumer spending.

Although the market environment kept its lackluster pace, we benefited from steady “door-to-door” sales visits and the strengthening of sales promotion activities based on campaigns, which worked to provide a net increase in new customers during the quarter as well as a gradual recovery trend in sales.

(Construction Consulting Division)

In the Construction Consulting Division, the introduction of new products and fortification of customer support through the establishment of our “Customer Center” was effected in an effort to recover earnings, however, prolonged unfavorable market conditions led to net sales of 599 million yen, down 20.9% year on year. Regarding profit, the reduction of fixed costs by

integrating sales offices and other measures resulted in operating income of 156 million yen, up 12.4% year on year.

(Bottled Water Sales Division)

In the Bottled Water Sales Division, net sales rose 20.3% year on year, to 1,695 million yen thanks to a solid increase in the number of customers. Although we had an operating loss of 67 million yen (operating loss of 36 million yen for the year-ago quarter) due to sales promotion expenses and other anticipatory investments, progress was generally as planned. Our plant in Suminoe was the first in the bottled water industry to acquire certification from the Hazard Analysis and Critical Control Point (HACCP, international standards for food sanitation management techniques) and, from June, we began broadcasting a television commercial message for “Crystal Clara.” These and other efforts were executed diligently to bolster our business base and expand earnings.

Please note that our new plants in Matsudo City and Machida City will start mass production operations from the second quarter.

(Housing Sales Division)

In the Housing Sales Division, net sales rose 54.6% year on year to 4,805 million yen and we had an operating loss of 445 million yen, compared with an operating loss of 836 million yen for the year-ago quarter, thus narrowing of the margin of loss.

The homes with installed solar systems we launched in May as strategic products attained roughly 40% of orders received attesting to their favorable performance.

With the aim of strengthening strategic measures for each region and alliances as well as enhancing business efficiency, we revamped the sales organization into a unit system of trading areas constituting multiple branches and sales offices.

The number of stores as of the end of the first quarter stood at 34, following the opening of the Fuji sales office, the fourth such location in Shizuoka Prefecture.

## **2. Qualitative information on consolidated forecasts**

As described above, consolidated operating results for the first quarter of the fiscal year under review remained within the scope of the plan set out at the beginning of the term. Consequently, at present, the second-quarter and full-year forecasts announced on May 15, 2009 remain unchanged.

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 June 30, 2009)

#### (1) Consolidated operating results

(Millions of yen, except per share amounts)

	Three months ended June 30		
	2008	2009	Change
Net sales	8,085	9,818	21.4%
Operating income	(476)	(217)	-
Ordinary income	(473)	(218)	-
Net income	(835)	(346)	-
Net income per share	(¥101.18)	(¥42.57)	
Return on equity	-	-	
Ordinary income to total assets	-	-	
Operating income to sales	-	-	

#### (2) Consolidated financial position

	June 30		
	2008	2009	March 31,2009
Total assets	16,727	19,254	18,139
Net assets	6,900	7,161	7,660
Equity ratio	41.3%	37.2%	42.2%
Net assets per share	¥835.95	¥881.18	¥942.57

#### (3) Consolidated cash flows

	Three months ended June 30	
	2008	2009
Cash flows from operating income	(1,464)	(437)
Cash flows from investing activities	(1,208)	(323)
Cash flows from financing activities	1,519	122
Cash and cash equivalents	1,455	3,038

## 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)

	Six months ended September 30		
	2008	2009	Change
Net sales	20,298	23,400	15.3%
Operating income	59	330	453.1%
Ordinary income	66	340	408.5%
Net income	(725)	(180)	-
Net income per share	(¥87.90)	(¥22.15)	

  

	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	