

### **Settlement of Accounts for Fiscal 2002 (Term ended March 31, 2003)**

On May 13, 2003, NAC Co., Ltd. announced its consolidated and non-consolidated settlements of accounts for fiscal 2002, the term ended March 31, 2003, as shown in the attached materials.

For information on the Company's business performance for fiscal 2002, please see the Company's website at <http://www.nacoo.com> or access TDnet Database Service (operated by the Tokyo Stock Exchange) at <http://www.tdnet.com>.

### **Outlook for Consolidated Performance in Fiscal 2003**

The current business term — the fiscal year ending March 31, 2004 — constitutes the second year of the Company's five-year business plan, under which a target has been set for doubling net sales to ¥30 billion on a consolidated basis.

This five-year business plan is focused on the housing sales business and the bottled water sales business, both of which we commenced in fiscal 2002. We bring to these new business fields a fund of effective know-how built up through the pursuit of our existing businesses.

During the current term, the second under the 5-year plan, we intend to make long-term investments in the amount of ¥850 million for the purpose of building up these businesses toward achievement of our 5-year sales target.

Tama Home Kyushu Co., Ltd., the first of our housing sales business subsidiaries, which was established in Kita-Kyushu City in fiscal 2002, achieved excellent performance thanks to the Company's know-how in construction consulting. Despite being in business for only nine months of the term, the subsidiary posted a sales record of 180 housing units. It thereby became the top sales company in its local region in only the first year of operation. The company continues to be extremely popular, with the attendance of hundreds of potential customers at a three-day "opening fair" at Miyazaki in May 2003. This sort of initial success for a company in this business field is unprecedented in the Miyazaki region. We plan to open offices in Kagoshima and Takamatsu through subsidiaries in the near future, and hope to open offices in Matsuyama, Tokushima, and Kochi at a later date. The management is confident of being able to substantially expand operations further in the future.

The bottled water sales business, which draws on the expertise of the Company's Rental Division, opened seven business premises during fiscal 2002, and the number of customers has been growing in line with expectations. A further eight depots are scheduled for opening during the current term, and the Company also plans to start up eight filling plants to more efficiently serve the expanding market. Demand for bottled water is increasing at both residences and offices, and sales are likely to grow very rapidly.

On the existing business front, marketing efforts in the dust control products business have been focused on the home-use market, which is relatively recession-resistant. For the current term, we hope to achieve a year-on-year sales increase of 2.2%.

For the Systems Engineering Division, a growing number of regular customers is projected in the current term for our Grandpia housing construction system. As a result, growth is forecast in both revenues and earnings.

The management of the Company have decided to sell off its business involved in the sale of beverages through vending machines, which it has operated for the past ten years. This decision was taken in view of the perceived lack of future potential of this business. An extraordinary profit of just over ¥200 million on the sale of this business is therefore expected to be registered.

In line with the above, we forecast net sales and ordinary income for fiscal 2003 on a consolidated basis in the amount of ¥17,300 million and ¥1,220 million, respectively.

### **Dividend Payments**

Dividends will be paid in line with the Company's policy of maintaining a dividend payout ratio of 30%.

For the current term, we forecast the following business results on a non-consolidated basis: net income of ¥430 million for the first six months and ¥800 million for the full term; and, dividend per share (DPS) of ¥14.92 for the interim term and a term-end dividend of ¥12.85, making a total of ¥27.77 per share for the full term. Dividend payments may vary, depending on the Company's business performance.

### **Acquisition of Own Shares**

As part of the Company's policy of flexibly adjusting the number of ordinary shares of common stock, and in accordance with the provisions of Article 210 of the Commercial Code, the management of NAC Co., Ltd. intend to propose, as an agenda item at the General Meeting of Shareholders to be held on June 22, 2003, the acquisition of 300,000 ordinary shares of the Company's common stock, at a maximum acquisition cost of ¥300 million.

### **Acquisition of Shares of Affiliated Company**

The management of the Company have decided to acquire all the shares of Fujitec Co., Ltd., which is currently an affiliate in which the Company holds 28.6% of all shares issued and outstanding, thus making Fujitec into a wholly owned subsidiary.

The principal business line of Fujitec Co., Ltd. is the rental of insect extermination devices. The decision was made to make Fujitec into a wholly owned subsidiary in view of its close relationship with the business of NAC's Rental Division, which is expected to lead to higher efficiency through synergy. A possible complete merger with the parent company is under consideration.

### **General Meeting of Shareholders and Open Forum**

A General Meeting of Shareholders will be held on June 22, 2003. With a view to utilizing this opportunity to bring home to our employees the importance of the Company's shareholders, an open forum will also be held at the conclusion of the General Meeting of Shareholders. The forum will include a talk by the famous baseball team manager, Shigeo Nagashima, and work-related presentations by employees.

Meeting details are as follows.

**Date & Time:** Sunday the 22nd of June 2003; 10:00 a.m.

**Venue:** Meiji Jingu Kaikan, 1-1 Yoyogi-Kamizoncho, Shibuya-ku, Tokyo

**Guest Speaker:** Shigeo Nagashima; subject of talk — "Baseball as a Mirror of Life"

Members of the public who wish to attend the General Meeting of Shareholders must first receive a special invitation from the chairman of the General Meeting. Those wishing to attend should contact the Office of the President by June 13, 2003. (Please be aware that, under the regulations of the Commercial Code, visitors are not permitted to speak at the meeting or vote on proposals.)

## Consolidated Business Results

(Millions of yen, except per share amounts)

	Year ended March 31		Change
	2002	2003	
Net sales	13,060	13,018	(0.3%)
Operating income	1,864	1,302	(30.1%)
Ordinary income	1,932	1,383	(28.4%)
Net income	1,021	747	(26.8%)
Net income per share	¥109.52	¥81.89	
Return on equity	12.9%	10.1%	
Return on assets	16.4%	12.9%	
Ordinary income to net sales	14.8%	10.6%	

## Financial results

	March 31	
	2002	2003
Total assets	11,017	10,459
Shareholders' equity	7,416	7,366
Shareholders' equity ratio	67.3%	70.4%
Shareholders' equity per share	¥811.06	¥849.79

## Cash Flows

	Year ended March 31	
	2002	2003
Cashflows from operating activities	1,356	143
Cashflows from investing activities	428	(743)
Cashflows from financing activities	(773)	(1,027)
Cash and cash equivalents at end of year	2,980	1,353

## Performance estimates for fiscal 2003(from April 1, 2003 to March 31, 2004)

	Interim term	Full term
Net sales	7,900	17,300
Ordinary income	460	1,220
Net income	360	780

Reference) Estimated net income per share for the year ended March 31, 2004: ¥87.93

## Non-Consolidated Business Results

(Millions of yen, except per share amounts)

	Year ended March 31		Change
	2002	2003	
Net sales	12,594	12,114	(3.8%)
Operating income	1,847	1,376	(25.5%)
Ordinary income	1,917	1,458	(24.0%)
Net income	1,028	812	(21.0%)
Net income per share	¥110.30	¥89.50	
Return on equity	12.9%	10.9%	
Return on assets	16.3%	13.8%	
Ordinary income to Net Sales	15.2%	12.0%	

## Dividends

	Year ended March 31	
	2002	2003
Cash-dividends per share	¥25.00	¥28.08
(Interim)	¥7.00	¥14.00
(at end of year)	¥18.00	¥14.08
Total cash-dividends	230	243
Payout ratio	22.4%	30.0%
Dividends on equity	3.1%	3.3%

## Financial results

	March 31	
	2002	2003
Total assets	11,009	10,113
Shareholders' equity	7,418	7,433
Shareholders' equity ratio	67.4%	73.5%
Shareholders' equity per share	¥811.24	¥857.78

## Performance estimates for fiscal 2003 (from April 1, 2003 to March 31, 2004)

	Interim term	Full term
Net sales	5,900	12,000
Ordinary income	570	1,250
Net income	430	800
Cash-dividends per share	¥14.92	¥27.77

Reference) Estimated net income per share for the year ended March 31, 2004      ¥90.25

## Cautionary Statement

Statements made in this release with respect to NAC's current plans, estimates, strategies and beliefs and other statements that are not historical facts are forward-looking statements about the future performance of NAC. These statements are based on management's assumptions and beliefs in light of the information currently available to it and therefore you should not place undue reliance on them. NAC cautions you that a number of important factors could cause actual results to differ materially from those discussed in the forward-looking statements.