

Third Quarter Results

On January 27, 2004, NAC Co., Ltd. announced its consolidated results for the third quarter of the fiscal year ending March 31, 2004, as in the annex.

Summary of Consolidated Business Results for the Third Quarter of Fiscal 2003

January 27, 2004

1. NOTES ON METHOD OF PRESENTATION OF RESULTS FOR THE QUARTER UNDER REVIEW

There are differences in the accounting methods adopted in the quarter under review and the most recent consolidated accounting period.

Simplified procedures have been used in cases where amounts are not significant.

The number of consolidated subsidiaries declined by one because the Company merged a consolidated subsidiary (FUJI TECH Co., Ltd.) during the third quarter, with regard to change in the scope of application of consolidation and equity method.

2. OVERVIEW OF THIRD QUARTER OF PERIOD ENDING MARCH 31, 2004 (APRIL 1, 2003 TO DECEMBER 31, 2003)

(1) Progress in business results

	Net sales		Operating income		Ordinary income		Net income	
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)
Third quarter of fiscal 2003	11,902	27.9	588	(37.4)	652	(35.0)	360	(36.5)
Third quarter of fiscal 2002	9,306	(6.4)	940	(37.4)	1,003	(35.2)	568	-
(Reference only) Fiscal 2002	13,018		1,302		1,383		747	

Notes

1. Percentages reflect change from same quarter in preceding year.
2. Net income figures are not disclosed for the third quarter of the period ended March 31, 2003, but a calculation has been made using the same method as in the third quarter under review.
3. No tax effect was recognized for subsidiaries showing a loss.

(Qualitative data regarding results of operations)

Rental Division remained stable, centering in dust control products.

Rental Division also generated a profit that was virtually in line with expectations, owing to the promotion of rationalization through the consolidation and closure of outlets after the merger of a consolidated subsidiary.

In Systems Engineering Division, sales beat the forecasts, reflecting the improved recognition of the mainstay Grandpia System, and the effect of the opening of the Sendai branch.

In Housing Sales Division, the Kokura Shop achieved higher sales than forecast and its business remained brisk. Orders received by new outlets remained generally favorable.

In Bottled Water Sales Division, the number of installed servers has already exceeded 17,000, reflecting the active opening of new outlets and sales promotion activities.

Two business offices in Setagaya and Kawagoe were opened this quarter (October to December 2003).

(2) Sales by segment

(¥ million)

	Rental	Systems Engineering	Housing Sales	Bottled Water Sales	Other	Total
Third quarter of fiscal 2003	7,733	1,621	2,097	385	64	11,902
Third quarter of fiscal 2002	6,634	1,346	576	53	696	9,306
% change	16.6	20.4	263.7	626.1	(90.7)	27.9

Note

The types of segment were changed this consolidated interim accounting period. Therefore, the types of segment for the third quarter of the previous term were adjusted based on the changed types of segment for a year-on-year comparison.

(3) Orders Received – Housing Sales Business

	Orders received		Outstanding orders	
	Amount (¥ million)	Number of buildings	Amount (¥ million)	Number of buildings
Third quarter of fiscal 2003	3,716	247	3,104	209
Third quarter of fiscal 2002	1,800	126	1,406	98

(4) Significant Factors Regarding the Financial Position of the Group and its Results in the Quarter Under Review

The Company merged FUJI TECH Co., Ltd., a consolidated subsidiary, on October 1, 2003 with the aim of achieving a synergy in the business activities and an improvement in efficiency, etc. in the Rental Division segment.

In addition, the Company fulfilled a guarantee obligation of ¥618 million for the payment of a construction contract price in the sale of condominiums.

3. ESTIMATED CONSOLIDATED RESULTS FOR THE FISCAL YEAR ENDING MARCH 31, 2004

	Net sales	Ordinary income	Net income	Earnings per share
	(¥ million)	(¥ million)	(¥ million)	(Yen)
Full year	16,600	860	430	47.44

Note

There is no need to revise the above estimates as results were broadly in line with initial projections. As projections are made on the basis of currently available information that is subject to uncertainty, actual results may differ.