

First Quarter Results

On July 28, 2004, NAC Co., Ltd. announced its consolidated results for the first quarter of the fiscal year ending March 31, 2005, as in the annex.

1. Notes on method of presentation of results for the quarter under review

Adoption of simplified accounting method:	Yes
- The computation standard for corporation taxes is calculated using the annual estimated tax rates on the basis of legally effective tax rates.	
- Partial simplified method is adopted in computation standards for allowances.	
Change in accounting method from the recent consolidated accounting period. :	No
Change in applicable scope of consolidation and equity accounting:	No

2. Overview of first quarter of period ending March 31, 2005 (April 1, 2004 to June 30, 2004)

(1) Results of Operations (Consolidated)

(Unit: ¥ million, fractions omitted)

	Net sales		Operating income		Ordinary income		Net Income	
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)
First quarter of fiscal 2004	4,697	28.4	240	37.4	257	33.8	93	(56.9)
First quarter of fiscal 2003	3,660	30.2	174	(20.8)	192	(15.5)	216	92.1
(Reference only) Fiscal 2003	17,036		1,110		1,198		338	
	Quarterly (current) Net Income per share		Quarterly (current) Net Income per share after potential stock adjustment					
	Yen		Yen					
First quarter of fiscal 2004	10.81		-					
First quarter of fiscal 2003	25.05		-					
(Reference only) Fiscal 2003	37.31		-					

Notes

- Percentages reflect change from same quarter in preceding year.
- Tax effects were not adopted in loss-making subsidiaries.

[Qualitative Information on Results of Operations (Consolidated)]

Sales of the Rental Division declined from the preceding year for the same period following a review of line, yet the leading dust control products remained solid and progress was in line with expectations.

In the Systems Engineering Division, the mainstay Grandpia System (low-cost construction technology for wooden houses) was maintaining the solid results of the latter half of the preceding period, and was significantly exceeding expectations.

Monthly sales of bottled mineral water in June reached ¥100 million for the first time, and the number of customers at the end of the first quarter under review reached 25,000 (an increase of approximately six thousand homes compared with the end of the preceding period). These results were in line with expectations.

Because of delays in the commencement of construction, sales of the Housing Sales Business were less than originally estimated.

As a result, consolidated net sales in the quarter under review increased 28.4% from the previous year, to

¥4,697 million, operating income climbed 37.4% to ¥240 million, ordinary income rose 33.8%, to ¥257 million, and net income stood at ¥93 million, a 56.9% decrease.

The decline in net income reflected extraordinary income of ¥232 million recorded in the same period in the previous fiscal year for the transfer of a part of the business.

(2) Segment Information

[Business Segment]

Current First Quarter

(Unit: ¥ thousand)

	Rental	Construction Consulting	Housing Sales	Bottled Water	Other	Total	Whole Company or Eliminated	Total
Sales	2,452,427	811,618	1,166,370	270,333	-	4,700,749	(2,825)	4,697,924
Operating Expenses	2,133,272	448,655	1,340,712	358,851	-	4,281,491	176,005	4,457,497
Operating Income	319,155	362,962	(174,341)	(88,518)	-	419,257	(178,831)	240,426

Previous First Quarter

(Unit: ¥ thousand)

	Rental	Construction Consulting	Housing Sales	Bottled Water	Other	Total	Whole Company or Eliminated	Total
Sales	2,552,437	402,314	553,690	63,792	87,929	3,660,164	-	3,660,164
Operating Expenses	2,226,638	283,624	580,784	141,052	91,328	3,323,428	161,761	3,485,189
Operating Income	325,799	118,689	(27,093)	(77,259)	(3,399)	336,736	(161,761)	174,974

Note: 1. Changes in business segments after the previous first quarter are reflected in the above table.

(3) Results of Orders Received

[Housing Sales Business]

	Orders received		Outstanding Orders	
	Amount	Number of buildings	Amount	Number of buildings
Current First Quarter	(¥ thousand) 2,599,063	173	(¥ thousand) 5,521,097	365
Previous First Quarter	675,024	47	1,666,223	115

3. Estimated consolidated results for the fiscal year ending March 31, 2005 (April 1, 2004 to March 31, 2005)

Revised estimated consolidated results for the fiscal year ending March 31, 2005

	Sales	Ordinary Income	Net Income
	(¥ million)	(¥ million)	(¥ million)
Interim	11,200	530	270
Full Fiscal Year	24,400	1,480	740

Estimated Current Net Income per share (full fiscal year) ¥83.31

Although both net sales and profits are performing well, the Company keeps its previously announced (on May 12, 2004) forecasts for the fiscal year 2004 unchanged in consideration of future uncertain factors.

4. Record Attendance at the Annual General Meeting of Shareholders

The 33rd annual General Meeting of Shareholders, held as usual on a holiday, June 20th, was attended by 1,451 people, which was more than the previous year when Mr. Shigeo Nagashima was invited, and set a new attendance record. The project this year involved current affairs, with the holding of a panel discussion by five members of the Association of the Families of Victims Kidnapped by North Korea. The discussion proved most popular with the audience. This year was also the beginning of the exercise of voting rights over the Internet, which enjoyed approximately 5% participation.

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.