

First Quarter Results

On July 27, 2005, NAC Co., Ltd. announced its consolidated results for the first quarter of the fiscal year ending March 31, 2006, as in the annex.

For further details, please visit our website or view “TDnet” (timely disclosure network) on the Tokyo Stock Exchange.

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

- ① 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.
- ② Change in accounting method from the recent consolidated accounting period. : No
- ③ Change in applicable scope of consolidation and equity accounting: Yes
- Newly consolidated: 1 (Duskin Sakai Co., Ltd.) Number of consolidated subsidiaries: 2

2. Overview of first quarter of period ending March 31, 2006 (April 1, 2005 to June 30, 2005)

(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 2005	5,735	22.1	(159)	—	(152)	—	(238)	—
First quarter of fiscal 2004	4,697	28.4	240	37.4	257	33.8	93	(56.9)
(Reference only) Fiscal 2004	24,674		1,654		1,877		958	
	Quarterly (current) Net Income per share		Quarterly (current) Net Income per share after potential stock adjustment					
	Yen		Yen					
First quarter of fiscal 2005	(26.31)		—					
First quarter of fiscal 2004	10.81		—					
(Reference only) Fiscal 2004	107.64		—					

Notes

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

[Qualitative Information on Results of Operations (Consolidated)]

The Rental Division progressed as anticipated, producing stable results primarily with dust control products.

The Systems Engineering Division was nearly in line with projections.

The Bottled Water Sales Division saw an 80% year-on-year increase in the number of customers during the first quarter under review, but it turned in a fairly lackluster performance due to registration of prior expenses linked to the Company’s deployment of agencies after the launch of its own brand.

The Housing Sales Division fell slightly short of initial sales estimates due to delayed construction starts, but sales remained in the upbeat trend. The Company opened a shop in Kochi City, bringing the number of shops to 13.

As a result of the above, consolidated results for the first quarter under review showed losses at the earnings level but were nearly in line with projections.

(2) Segment Information

[Business Segment]

Current First Quarter (Unit: ¥ thousand)

	Rental	Construction Consulting	Housing Sales	Bottled Water	Total	Whole Company or Eliminated	Total
Sales	2,547,575	746,770	1,834,168	613,149	5,741,663	(5,738)	5,735,925
Operating Expenses	2,257,318	431,694	2,268,596	757,507	5,715,117	180,474	5,895,592
Operating Income	290,257	315,076	(434,428)	(144,358)	26,546	(186,213)	(159,666)

Previous First Quarter (Unit: ¥ thousand)

	Rental	Construction Consulting	Housing Sales	Bottled Water	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

(3) Results of Orders Received

[Housing Sales Business]

	Orders received		Outstanding Orders	
	Amount	Number of buildings	Amount	Number of buildings
Current First Quarter	(¥ thousand) 4,317,861	287	(¥ thousand) 10,545,581	683
Previous First Quarter	2,599,063	173	5,521,097	365

3. Estimated consolidated results for the fiscal year ending March 31, 2006 (April 1, 2005 to March 31, 2006)

Revised estimated consolidated results for the fiscal year ending March 31, 2006

	Sales	Ordinary Income	Net Income
Interim	(¥ million) 15,700	(¥ million) 810	(¥ million) 370
Full Fiscal Year	36,000	2,220	1,270

Estimated Current Net Income per share (full fiscal year) ¥136.86

From the second quarter earnings are expected to pick up particularly in the Housing Sales Division, and the Company has not changed its forecasts announced on May 17, 2005.

4. Record Attendance at the Annual General Meeting of Shareholders

The 34th Annual General Meeting of Shareholders was held on a holiday as usual on June 26, with the number of attendees exceeding the previous year to set a new record of 1,573. The program of the forum in

commemoration of the Annual Meeting of Shareholders consisted of a lecture by the former Governor of Tokyo Yukio Aoshima, a cheer dance by the Tamagawa University Cheer Leading Team and a Double Dutch performance by J-Trap (the professional rope skipping team) and ended in a great success.

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.