

## **Summary of Interim Business Results**

During the interim period under review, the Japanese economy remained on a gradual recovery trend, driven by improved corporate earnings and consumer spending, which overcame uncertainties such as rising oil prices.

In this environment, we continued to work on aggressive business operations.

As a result, consolidated results for this interim term demonstrated substantial growth, with net sales of ¥14,713 million (year-on-year increase of 38.6%), although we recorded a decline at the profit stage, with operating income of ¥525 million (down 33.0%), ordinary income of ¥569 million (down 29.6%), and a net income of ¥215 million (down 29.6%), impacted by an extraordinary loss of ¥103 million.

Operating results by business segment are as follows:

### **Rental Division**

Sales reached ¥5,256 million (year-on-year increase of 4.8%), thanks to the effect of a merger and acquisition (an increase in the number of consolidated subsidiaries) in addition to the stable performance of the mainstay dust control products and pest control equipment. But given factors such as the establishment of a call center and the active recruitment of personnel since the second half of the previous year to bolster the sales and customer support systems, operating income declined 14.7% from a year earlier, to ¥642 million.

### **Systems Engineering Division**

Although the results in this division did not reach the level in the first half of the previous year, which enjoyed record income, both sales and operating income were almost in line with initial estimates, with sales of ¥1,639 million (year-on-year decline of 5.8%) and operating income of ¥682 million (down 7.8%).

The sales breakdown by product showed that know-how system products were 89% and consulting & seminar 11%.

### **Housing Sales Division**

Sales grew considerably, to ¥6,205 million (year-on-year increase of 93.1%), thanks to positive factors such as the effectiveness of additional sales bases.

At the profit stage, we posted an operating loss of ¥195 million (compared with an operating loss of ¥171 million in a year earlier), as the period income recorded in most same-stores was offset by the expenses of new shop openings. However, the result was more or less in line with expectations.

At the end of this interim term, the number of shops reached 14 (eight in Kyushu and six in Shikoku).

### **Bottled Water Sales Division**

Total sales of the company-owned segment and the distributor segment came to ¥1,623 million (year-on-year increase of 148.4%), although we booked an operating loss of ¥202 million (the operating loss in the same term of the previous year was ¥209 million), attributable to an increase in start-up costs of our own brand. However, we acquired the number of customers needed to achieve the breakeven point each month during the interim term, aided by the campaign we ran in July and August.

## Outlook for the Full Year

During the second half, we anticipate a greater income than in the first half for the Rental Division with improved profitability in the pest control segment and slightly larger sales than in the first half for the Systems Engineering Division.

Also, given rising sales, the Housing Sales Division is expected to move into the black for the full term, despite the expense of new store openings.

In the Bottled Water Division, we expect results in the second half to recover, thanks to the expansion of distributor operation and the reaching of the breakeven point for the number of customers.

As a result of the above, we expect that consolidated and non-consolidated results for the full term will be as follows.

## Consolidated Business Results

(Millions of yen, except per share amounts)

	Six months ended September 30		
	2004	2005	Change
Net sales	10,618	14,713	38.6%
Operating income	784	525	(33.0%)
Ordinary income	809	569	(29.6%)
Net income	306	215	(29.6%)
Net income per share	¥35.52	¥23.84	

## Financial results

	September 30	
	2004	2005
Total assets	12,421	14,649
Shareholders' equity	7,302	8,327
Shareholders' equity ratio	58.8%	56.8%
Shareholders' equity per share	¥844.96	¥919.48

## Cash Flows

	Six months ended September 30	
	2004	2005
Cashflows from operating activities	761	139
Cashflows from investing activities	(431)	(86)
Cashflows from financing activities	(370)	(755)
Cash and cash equivalents at end of year	1,793	1,937

**Performance estimates for fiscal 2005(from April 1, 2005 to March 31, 2006)**

	<u>Full term</u>	
Net sales	34,100	
Ordinary income	2,010	
Net income	1,150	
Reference) Estimated net income per share for the year ended March 31, 2006		¥124.11

**Non-Consolidated Business Results**

(Millions of yen, except per share amount)

	<b>Six months ended September 30</b>		
	<u>2004</u>	<u>2005</u>	<u>Change</u>
Net sales	7,411	8,366	12.9%
Operating income	960	693	(27.8%)
Ordinary income	1,008	741	(26.4%)
Net income	507	430	(15.0%)
Net income per share	¥58.67	¥47.58	

**Dividends**

	<u>2004</u>	<u>2005</u>
Cash-dividends per share(Interium)	¥17.00	¥14.00

**Financial results**

	<b>September 30</b>	
	<u>2004</u>	<u>2005</u>
Total assets	11,336	11,672
Shareholders' equity	7,844	8,578
Shareholders' equity ratio	69.2%	73.5%
Shareholders' equity per share	¥907.69	¥947.18

**Performance estimates for fiscal 2005 (from April 1, 2005 to March 31, 2006)**

	<u>Full term</u>	
Net sales	17,100	
Ordinary income	1,830	
Net income	1,040	
Cash-dividends per share	¥34.00	
Reference) Estimated net income per share for the year ended March 31, 2006:		¥111.96

**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.