Vol.59

NEWS RELEASE

近 況 報 告 書

May 12, 2010

NAC Co., Ltd.
Code No： 9788, Tokyo Stock Exchange First Section
Chairman： Yoshiyuki Nishiyama
President： Toyohiko Teraoka
Head office： 1-25-1 Nishi-Shinjuku, Shinjuku-ku, Tokyo 163-0675 JAPAN
Tel： +81－3－3346－2111
Fax： +81－3－3348－4311
http://www.nacoo.com
E-mail：info@nacoo.com

Dear Sirs,
To ensure a better understanding of the management of NAC Co., Ltd., I am providing you with a guide to the recent business and financial conditions of the Company. I hope that this information is of interest and benefit to you.

Yours faithfully.

The mascot

Consolidated Business Results
for the 39^{th} term(ended March 2010)

On May 12,2010,NAC Co.,Ltd.announced its consolidated business results for the 39^{th} term (ended March 2010),as outlined in the attachment.(Summary)

Operating Results

During the fiscal year under review, the Japanese economy was observed to have made a partial recovery as a result of economic measures by the government and demand in the emerging countries. However, there was a continuation of difficult conditions due to factors such as weakness in capital investment and the employment environment.

In this environment, the Group undertook fierce business development under a departmental system consisting of four departments that was commenced to clarify earning responsibilities and expedite decision making. As a result, in our consolidated operating results, we recorded net sales of 50,295 million yen, which was a year-on-year increase of 7.9% and the first time sales climbed above 50,000 million yen.

Profits received a boost from significant improvement in the Housing Sales Division. The Group recorded operating income of 1,768 million yen, up 26.4%, ordinary income of 1,776million yen, up 25.6%, and net income of 901 million yen, up 421.4%.

Operating results by business segment are as follows.

Note that the operating income or loss of each segment excludes marketing and other expenses related to the headquarters administration section because it is difficult to allocate respective expenses to each segment.

(Rental Division)
Since the start of the fiscal year, thanks to an improved sales system and sales promotion activities, sales of mainstay dust control products have been in a recovery trend for the household market with the number of new customers exceeding the number of customers terminating contracts. However, because of the impact of the slump in the number of customers in the latter half of the previous fiscal year, a time of sudden recession, it was unavoidable that revenue was lower than a year ago.
The division secured an increase in sales of pest control devices mainly due to sales growth in the Kansai Region.
As a result, the Rental Division posted a 1.3% year-on-year decrease in net sales to 11,214million yen and an 17.3% year-on-year decrease in operating income to 1,654 million yen.

(Construction Consulting Division)
In the Construction Consulting Division, our focus was on achieving a recovery in sales and our efforts included the introduction of new products and the fortification of our customer support system through the establishment of our “Customer Center.” Despite these efforts, however, we were affected by the long-running slump in the construction industry, and our sales of mainstay know-how systems continued to be sluggish. As a result, the Construction Consulting Division posted an 18.3% year-on-year decrease in net sales of 2,548 million yen.
Although we focused on reducing fixed costs by means of sales office integration and business efficiency improvement, we were unable to avoid a drop in operating income of 33.9% year on year to 619 million yen.

(Bottled Water Sales Division)
Assisted by the growth in the mineral water market, and significantly benefitting from the increased recognition of the brand “CreCla” as a result of TV commercials and various sales promotion activities, both the household market and the commercial market fared well with the number of customers in the fiscal year under review reaching 280,000 including those customers serviced by our agents across Japan. As a result, the Bottled Water Sales Division

posted a 26.7% year-on-year increase in net sales of 7,608 million yen.
In terms of income, the division posted an operating loss of 78 million yen (compared with an operating loss of 60 million yen a year ago) as a result of the establishment of new plants in Matsudo and Machida and the burden of anticipatory investments such as advertising expenses and promotion expenses. This result, however, is generally in line with the plan at the beginning of the fiscal year.

(Housing Sales Division)
Thanks to the support of measures, such as various tax deductions connected with acquiring housing and the solar energy system subsidy, a partial turnaround in demand was observed. However, the market environment remained difficult due to such factors as the number of new housing starts continuing to decline, and working in such conditions, the group strove to develop its region-specific marketing to expand its sales such as by holding events to draw customers and conducting various campaigns while, at the same time, strengthening manufacturing processes and improving productivity.
In addition, we continued to create products that suit the needs of the age. Our "Popular House: Solar" was selected by the Japan Center for Area Development Research in their 2009 excellence award "House of the Year In Electric" as a dwelling that contributes to energy conservation.
Benefitting from popular sales of homes with installed solar systems and the effect of shorter construction periods, the Housing Sales Division sold 1,807 dwellings, compared with 1,633 a year ago, and recorded net sales of 28,924 million yen, up 10.3% compared with a year ago. As for income, thanks to cost cutting efforts, operating income was 509 million yen, a vast improvement from the operating loss of 661 million yen recorded a year ago.
The number of stores as of the end of the fiscal year under review stood at 35, following the opening of two new stores (Fuji city and Toyama city).

Outlook for the fiscal year ending March 31, 2011

Looking ahead to the next fiscal year, although there are predictions of a gradual recovery in the economy, the future continues to remain uncertain and conditions are expected to remain difficult. Based on these expectations, the Group shall work to strengthen its sales system while improving efficiency in its operations and striving to further expand revenues.
In the Rental Division, we shall introduce new products and improve route efficiency, while in the Construction Consulting Division, we shall focus on returning to our original "support business for regional building firms," fortifying our customer support system, and proposing products and services that accurately suit market needs.
In the Bottled Water Sales Division, we shall fiercely develop sales promotion activities and expand our network of agents, while in the Housing Sales Division, we shall aim for increased revenues and profit by promoting orders for homes with installed solar systems and improving the productivity of the building section.

Based on the above, we forecast the following full-year results for the fiscal year ending March 31, 2011.

(Unit: million yen)

Consolidated	Net Sales	Operating Income	Ordinary Income	Net Income
Year ending March 31, 2011	54,000	2,000	2,000	1,300
Year ended March 31, 2010	50,295	1,768	1,776	901
Ratio of increase/decrease	7.4%	13.1%	12.6%	44.3%

Non-consolidated	Net Sales	Operating Income	Ordinary Income	Net Income
Year ending March 31, 2011	24,000	1,350	1,430	680
Year ended March 31, 2010	21,371	1,251	1,326	466
Ratio of increase/decrease	12.3%	7.9%	7.8%	45.9%

Consolidated Financial Flash Report

1. Consolidated performance for the Year Ended March 31,2010
(from April 1, 2009 to March 31, 2010)

(1) Consolidated operating results

(Millions of yen, except per share amounts)

	Year ended March 31		
	2009	**2010**	**Change**
Net sales	46,618	50,295	7.9%
Operating income	1,399	1,768	26.4%
Ordinary income	1,414	1,776	25.6%
Net income	173	901	421.4%
Net income per share	¥21.06	¥110.98	
Return on equity	2.2%	11.3%	
Ordinary income to total assets	8.2%	9.8%	
Operating income to sales	3.0%	3.5%	

(2) Consolidated financial position

	March 31		
	2009	**2010**	**Change**
Total assets	18,139	18,238	0.5%
Net assets	7,660	8,273	8.0%
Equity ratio	42.2%	45.4%	
Net assets per share	¥942.57	¥1,017.97	

(3) Consolidated cash flows

	Year ended March 31	
	2009	**2010**
Cash flows from operating income	1,764	1,416
Cash flows from investing activities	(2,105)	(97)
Cash flows from financing activities	1,406	(1,121)
Cash and cash equivalents	3,675	3,874

2. Cash Dividends

	Year ended March 31		
	2009	**2010**	2011
Interim	¥18.00	¥18.00	¥20.00
Year-end	¥20.00	¥21.00	¥22.00
Full year	¥38.00	¥39.00	¥42.00
Total Annual Cash Dividends	311	316	
Dividend Payout ratio	180.4%	35.1%	26.3%
Ratio of dividends to Net Assets	4.0%	4.0%	

3. Projected consolidated performance for the Year Ending March 31,2011

(from April 1, 2010 to March 31, 2011)

	Interim period ending Septmber 30 2010	Change
Net sales	26,000	10.5%
Operating income	630	46.2%
Ordinary income	630	50.7%
Net income	280	418.5%
Net income per share	¥34.45	

	Year ending March 31 2011	Change
Net sales	54,000	7.4%
Operating income	2,000	13.1%
Ordinary income	2,000	12.6%
Net income	1,300	44.3%
Net income per share	¥159.95	