

May 21, 2001

Consolidated Brief Financial Reports

(April 1,2000March 2001 to March 31,2001)

Code No: 8012.

Date held Board of Directors for settlement of accounts: May 21, 2001.

Application of Accounting Standards of the U.S.A. (yes or no): No.

Listed stock Exchange: Tokyo and Osaka

Location of the Head Office: Osaka.

1. Consolidated performance for from April 1, 2000 to March 31, 2001**(1) Consolidated management performance**

	Sales	Operating income	Ordinary income	Net income
	(Million yen/%)	(Million yen/%)	(Million yen/%)	(Million yen/%)
Term ending March, 2001	559,372 (△1.6)	7,752 (△4.9)	10,282 (4.0)	4,945 (△22.4)
Term ending March, 2000	568,293(0.9)	8,147 (4.6)	9,885 (16.3)	6,371(78.9)

	Earnings per Share	Return on Equity(ROE)	Return on Assets(ROA)	Sales ordinary income rate
	(Yen)	(%)	(%)	(%)
Term ending March,2001	35.28	3.4	3.1	1.8
Term ending March,2000	44.25	4.9	3.2	1.7

(Note)

① Investments profit and loss by the equity method ;

375 million yen (Term ending March,2001) , 770 million yen (Term ending March,2000)

② Shares number averaged during age (consolidated) ;

140,173,640 shares(Term ending March,2001) , 143,992,725 shares (Term ending March,2000)

③ The changes in the mode of accounts treatment ; None.

④ Sales,Operating income,Ordinary income, Net income are shown in % change against previous year.

(2) Consolidated financial position

	Total assets	Shareholders' equity	Ratio of Shareholders' equity	Book value per share
	(Million yen)	(Million yen)	(%)	(Yen)
Term ending March, 2001	353,776	153,498	43.4	1,104.81
Term ending March, 2000	316,657	134,838	42.6	952.67

(Note)

The issued and outstanding at the end of a term (consolidated);

138,936,961 shares(Term ending March,2001) , 141,536,533 shares (Term ending March,2000)

(3) Conditions of consolidated cash flow

	Operating activities	Investing activities	Financing activities	Cash and cash equivalents ending balance
	(Million yen)	(Million yen)	(Million yen)	(Million yen)
Term ending March, 2001	8,165	△4,162	△8,306	18,465
Term ending March, 2000	3,613	△2,607	△28	△21,015

(4) The matter concerning consolidated range and application of one-line consolidation.

Number of consolidated subsidiaries: 28

Number of unconsolidated subsidiaries accounted for by the equity method: 0

Number of affiliates (possession of 15-50% shares) accounted for by the equity method; 8

(5) Changes in the consolidated range and application of by the equity method

Consolidated (New): one (Exclusion): one

The equity method (New): one (Exclusion): one

2. Prospects for consolidated performance at the term ending March 2002

(from April 1, 2001 to March 31, 2002)

	Sales	Ordinary income	Net income
	(Million yen)	(Million yen)	(Million yen)
Mid-term.	266,000	4,700	2,600
Through the term	532,000	9,500	5,200

(Reference): Expected earning per share (through the term) 37.43 yen

Management policy

1. Basic policy of management

Management Philosophy

The Nagase Group is a member of society and, as such, it is our duty to behave in a manner in keeping with this role by maintaining good and fair business practices and providing society with the goods and services it needs. Through continued growth and development, Nagase can improve the welfare of its employees, while making a contribution to society.

Keeping in mind of the above Management Philosophy, we are looking forward to be “The Technology and Intelligence Oriented Company that turns wisdom into business” as the 21st century new management vision.

This vision is based on a thought “that there is every answer in the market” and without adhering to the type of trading operation as “a business firm”, we do our best to develop of our business by driving customer oriented business with wisdom added experience to our technology and information.

Trading with simple intermediary function is no longer to meet diversifying customer needs and we cannot hope to stay with the stable commercial rights. Being fully aware of passing the time of simple intermediary business, we also think it's a time than no single one company is able to play all functions only by itself. We are going to build up the strength of our functions listed below so that our customers select us without hesitation as their partner when they create new value:

- Substantiation of R&D and production function
- Investment along with our business strategy and new business- development
- Reinforcement of physical distribution capability
- Maintenance and expansion of mutual confidence among many domestic and overseas business partners cultivated for long years
- Reinforcement our own human resources

We will continue to offer our business proposal to the market focusing on the business fields based on the above.

2. Basic policy concerning profit distribution

Securing the retained earnings available for intensification of corporate strength and prospective business development, we will continue to keep a stable dividend distribution as our basic policy.

We will make good use of our internal reserves to effective investment on our prospective business in future as well as intensifying our financial capability under severer business environment foreseeable. Also we want to make profit return regularly to shareholders by implementing depreciation by purchase

of treasury stocks by our profit.

3. Mid-to-long term management strategy

We have introduced Medium-term management plan "WIT2000" (W:Wisdom / I: Intelligence / T: Technology) for three year beginning from April, 2000 to March, 2003 setting forth important business strategy and objective to be achieved. In order to gain more profit than capital cost to keep growing with profit, we started to use Nagase style ROE (NROE) as new management indicator with which we set our target up 7% in fiscal 2003 on consolidated basis. Our program for the above plan is as follows:

- Aiming at the earnings more than capital cost to continue profitable growth, we will, within Nagase's profit, more positively invest in our most important fields of electronics and health care industries.
- We put more emphasis on consolidated management. We will reinforce and bring up our manufacturing group of companies and strengthen operational expertise of marketing and servicing group of companies to promote efficiency of Nagase group and improvement of productivity.
- We divided our business into four segments of chemical products, plastics, electronics and health care to make core, challenge task for each segments for concentration of our resources.

(Note)

NROE = Nagase profit / equity capital at the beginning of the period

Nagase profit = Profit after tax + (depreciation \pm appraisal profit/loss) \times (1 - effective tax rate)

Nagase profit means so called business cash flow created with business activity.

4. A policy concerning maintenance of company's management organization

We adopted a resolution to introduce new executive officer regime at Board of Directors' meeting in April, this year after the 86th ordinary general meeting of stockholders (June 28, 2001). We make clear the position of Board of Directors as "organization for decision making in management policy and strategy" for supervising performance of operations " and separate the function of management (Board of Directors) and of operations (executive officer regime) for the purpose of speed up decision-making and reinforced operations.

By this separation, we are going build up the company status suitable for 21st century and speedup of the performance of medium-term management plan "WIT2000" prepared with the aim of earning-power improvement as a group and the achievement of the objective.

5. Objective the Company should deal with

Toward implementation of Medium-term management plan "WIT2000", we are going to deal with

the following important issues to improve our earning-power, and to strengthen and grade up our management status.

5-1. Reinforcing R&D and production function

In order to proceed business developmentally going above the framework of trading house, we are going to reinforcing R&D and production function. For the purpose of strengthen production function by merging four companies of (old company name) Nagase-Chiba Ltd., Teikoku Chemical Industries Co., Ltd., Nagase Chemicals Ltd., Nagase Biochemicals Ltd., we have organized Nagase ChemteX Ltd. as a new regime since April, this year. Because of starting this new company, we are now ready to respond to wide range of market needs in electronic field from synthesis of raw material for electronics to such application products as centering on liquid encapsulation material for next generation semiconductor package. In the field of pharmaceutical, we are driving fusion of organic synthesis technology with biotechnology including enzyme technology, and we are going to develop application of kiral technology our R&D Center has.

We are looking forward to seeking overseas production by our affiliates, foundation of JV, and business tie-up with overseas firms for reinforcement of our R&D and production function. Our research and development capability and manufacture function have been strengthening.

5-2. Investments along with business strategy and upbringing of new business

Concentrating management resources to highly strategic business to strengthen our business foundation and competitiveness, we have been making strategic investment countinously.

Along this line, we will introduce new technology of semiconductor wafer from Pack Tech, Germany in our electronics business and have established Alpha Bumping Technology (K.K) in cooperation with Kiyokawa Plating Industry Co.,Ltd.. Furthermore, Nagase ChemteX Ltd. has started local production of chemicals for liquid crystal display in Taiwan and completed production network at world production center of liquid crystal panel in Japan, Korea and Taiwan. They are now under consideration to set up a new plan to strengthen manufacturing function furthermore in Southeast Asia / China where world electronic component manufacturing bases is located. And we will also positively introduce new technology in this field.

For reinforcement and upbringing of our Health Care business, we entered into a business tie-up in respect to capital and business with Japan Medical Bank System Co., Ltd.. Thus we have participated as a new comer to electronic chart business that is expected very high growth in future. In addition to the above, we have been exerting our efforts to build up new sales network by establishing Herbal Care Co., Ltd. with the purpose to sell health food and cosmetic through mail-order system and/or at shop.

For plastic business, we have made a business tie-up with Kasai Kogyo Co., Ltd. that is one of the

largest car interior decoration component manufacturers in order to strengthen our business in the auto industry that globalization is still underway. And Kotobuki Industries Co., Ltd. has also completed their new plant for food packaging material fully complied with HACCP at Kanuma, Tochigi Pref. to meet requirements of the food industry.

As for a new business, we started sales of DVD-R drive in advance to others at "Nagase Direct", EC site that we operate marketing and distribution. And we have initiated dealings including personal image editing business in which we play unique role in the field of DVD/image where high growth is expected.

5-3. Importance of consolidated management

Not only integrating our manufacturing group, but also our marketing group of four dyestuff sales firms are integrated into Nagase Colors & Chemicals Co., Ltd. for intensification of our sales strength. In addition, Nagase Business Support Corp. was established last October and Nagase Trade Management, Ltd. was established, this April, both for the purpose to promote Group Management.

5-4. Reinforcing overseas business development

As we operate six sales bases and three production bases in China as world manufacturing center, we tried to expand the plastic and electronic materials more. And we are about to reinforce our deals with synthetic dyes and pharmaceutical raw material, which are our core businesses. And at the same time, we have opened Nagase Middle East office, an our representative office at Dubai, that is a distribution center connecting Europe and Asia to reinforce our overseas chemical business development. We look forward to reinforce our overseas base time to time.

5-5. Reinforcement of IT

The ups and downs of firms are decided by how to make good use of IT. We are tackling with construction of IT business including SCM construction with overseas corporation, cooperation in business with European and American IT venture, investment to domestic IT venture, and operation of our own EC site. Also in reply to the requests of our customers who are shifting their production to overseas, we will continue to propose business to create added value together with our customers through not only providing information requested by our customers' but also try to improve physical distribution by building up IT network between Japan and Asia.

5-6. Intensification of human resources

We are facing at a big turning point of business circumstances including progress of internationalization, diversification of transaction field, changes in industrial structure. To cope with these trends, we think we need such organization to create new added-value services and business

and have introduced new personnel management system mainly consisting of open call for participants system, FA system. We also continue our efforts to bringing up talented person by offering training program for business study and on-job training at our overseas office etc.

5-7. Considerations to environment problem

We have declared " business promotion taken considerations to environment " as a policy and decided it as features of our environmental protection activity to contribute to circumstances through expansion and creation of Eco-business. This is to reduce environmental load charged as a result of our business activities.

Particularly taking advantage of our standing as technology-information enterprise, we will aggressively make suggestions for Eco-material, Device and System that contributes to reduction in environmental loads through providing information on safety of chemicals as well as on zero-emission.

Business Performance

1. Outlook for this term

Circumstances

Japanese economy during the term was firm in respect to private investment both by manufacturing and non-manufacturing sector with increasing tone but it was not yet attain full-scale recovery keeping low level personnel consumption and fairly high jobless rate and leveling personnel income. Under the circumstances, domestic economy has been in mild deflation with fear for dark and uncertain future.

For overseas economy, though European economy was firm and steady, Asian economy became dull in business expansion. In addition, slowdown of the U.S.A. economy became remarkable and concerned it's influence on the world economy.

Consolidated sales

Net sales of the term decreased by 1.6% over the previous year to 559.37 billion yen of which domestic sales was 392.55 billion yen (by 2.9% down) and overseas sales was 166.81 billion yen (by 1.6 % up).

Outlook by division

【Chemical】 Sales: 237.87 billion yen (4.8% down over previous year)

(Situation during the term)

Business of Chemical Division during the term was firm and steady in the sales of pigments, dyes, paints, recording material related product, despite dull domestic chemical market; however, dull pharmaceutical-related business and partially separation and transfer of the business affected wholly to get reduction in sales against the previous year.

- For recording material related business, export of thermal paper and pressure sensitive paper material mainly to Europe was good and smooth. Color and paint & ink material related business showed growth both in sales and profit through our thorough customer-oriented sales activity.
- Bulk pharmaceuticals and pharmaceutical intermediates related business were substantially down due to a partial loss of commercial rights. And resin material-related business faced poor growth in trade with large domestic users. Also flavoring material, surfactants and toiletry-related business were dull due to influence of decreased export.
- Because of establishment of new organization to promote business, sales of electronics related chemicals were continued firm and steady with brisk sales of cleaners for precision parts etc. from the previous year.
- For dyestuff, farming and life style related business sales companies were organized to intensify the

activities while livestock related business was transferred to DeLaval Nagase KK.

(Situations of Group Company)

- Teikoku Chemical Industries Co., Ltd., Nagase(Europe) Ltd., Nagase America Corp. showed poor performance comparing to previous year due to partial loss of commercial rights in some pharmaceutical related business.
- Nagase Biochemicals, Ltd. recorded firm and good enzyme sales mainly on catalase.
- Nagase Chemicals Ltd. showed poor performance over last year due to unfavorable export of chemical related products.

【Plastics】 Sales: 205.46 billion yen (by 6.6% up over previous year)

(Business situations)

For plastics business, as growth was not expected in material sales, domestic sales of finished products and environmentally safety material related products was focused. For overseas, sales of industrial plastics for information device and equipment grew substantially centering on East Asia backed by customers' production shifting to overseas and/or demand expansion of personal computer.

- For automobile field, though registered number of domestic cars remained slight increase, plastic for headlamps and interior decoration showed growth.
- For electrical machinery & appliances /information machine and device field, domestic sales remained as almost same level as last year by off setting loss in sales of industrial plastics due to production shifting to overseas with sales of magnesium alloy and plastics/ equipment for photo-conductive plate, etc. For overseas, sales of polycarbonate resin for optical disk in Taiwan, and sales of industrial plastic for body/ interior parts in Hong Kong and China due to production shifting of PC related device and equipment were all recorded substantial growth. For electric wire field, though remained sluggish in domestic wire business, sales of covering material for submarine cable and waterproofing material for optical cable showed firm and steady growth.
- For packaging and building materials field, it was firm and steady in sales because of starting deal with high value-added products of packing material for electronic parts while trying to maintain sales of general purpose plastics for film, sheet and pipe.
- For environmentally related business field, various products using our original new recyclable material "PLUSWOOD" was started. And sales of natural biodegradable resins also grew well and smooth.

(Situations of Group Company)

- Totaku Industries, Inc. showed growth in sales due to sales promotion of new products including

non-PVC hose and discharged air-cycling hose for cleaners. Kotobuki Industries Co., Ltd. decreased sales due to partially sluggish sales while Setsunan Kasei Co., Ltd. did the same by reviewing non-profitable business.

- Asian overseas local subsidiaries, Nagase Singapore (Pte) Ltd., Nagase (Hong Kong) Ltd, and Nagase (Thailand) Co., Ltd. showed significant growth in sales of industrial plastics due to production shifting from Japan and/or increased production of OA equipment.
- Nagase America Corp. showed growth in sales of plastics and hardware for automobile, while Nagase Europe recorded poor performance against last year both in mold and parts business.

【Electronics】 Sales: 103.38 billion yen (by 5.8% down over previous year)

(Business situations)

For electronics business, chemical supply system for LCD production, plastic for semiconductor manufacturing unit, encapsulation-related products and IC chip related for communication recorded the growth. However overall performance scored less than that of previous year as a whole because hard disk plate-related products were influenced by reduced amount of media due to technical innovation of recording density technology and as due to substantial decrease in sales because of reduction in selling unit price of LCD.

- For LCD-related business, chemical supply system for LCD production was continue to be favorable in line with domestic new investment as well as manufacturers' investments in Republic of Korea and Taiwan. And polarizing plate for domestic handy phone, glass processing business and device manufacturing business in China showed the growth respectively but on the other hand LCD was influenced by large price reduction in the market.
- For semiconductor and functional-related material, export of encapsulation material for Taiwan and Singapore as well as fluorine material for electronic part and the second battery-related were firm and smooth in growth and did the same for communication device due to spread of cellular phone.
- For precision grinding-related business, sales of quartz crystal material for cellular phone and abrasive material for silicon wafer increased but reduced the material sales for hard disk plate.

(Situations of Group Company)

- Nagase ChemteX Ltd. performed well because of expansion of electronic parts market.
- Nagase Electronic Equipment Service Co.,Ltd. recorded the growth in sales due to favorable sales of vacuum pump and chemical supply system for LCD and semiconductor industries.
- Nagase (Taiwan) Co., Ltd. and Nagase (Hong Kong) showed favorable performance with chemicals for LDC production and device production business in China due to increased production of peripheral parts.

- Nagase California Corp. recorded unfavorable results over previous year due to substantial reduction in material sales for hard disk-related material.

【Health Care】 Sales: 12.65 billion yen (by 20.1 % down over previous year)

(Business situations)

For Health Care business, cosmetics and health food-related door to door sales remained at same level as previous year but remarkable reduction in sales of medical-related business was seen due to partial business transfer resulting as a whole large reduction in sales over last year.

- For health food-related business, it was firm and smooth centering on new product "BM Royal" that was formulated with new ingredients which improve immune system to the conventional product focused on balance of autonomic nerves. For cosmetics-related business, makeup products recorded well performance through introduction of new makeup series, "Alneidje" but remained at the same level as previous year as a whole due to sluggish sales of diet-related products.
- For medical-related business, significant reduction in sales was seen because it was greatly influenced by transfer of biochemical inspection-related business to other company and furthermore, due to poor performance both in medical information-related and radiation control-related business.
- For new business, Herbal Care Co.,Ltd. was established in October, and started its operation in order to develop health food for lifestyle-related diseases precaution in fact through sales by newly started mail-order/at shop sales based on know-how accumulated by door to door sales. In medical field, an investment was made on Japan Medical Bank System Co., Ltd. for placing more emphasis on electronic chart business in future.

Consolidated profit and loss

Operating income decreased by 4.9 % over previous year to 7.75 billion-yen but recurrent profit increased by 4.0% over previous year to 10.28 billion yen because of reduced appraisal loss of securities by application of new accounting standards concerning financial instruments.

And saving shortage occurs with introduction of retirement payment accounts but lump sum refund was made by financial funds through contribution to the retirement payment trust sale gain on holding securities, etc. Net income was down 22.4 % against previous year to 4.94 billion yen.

Consolidated cash flow situations

Cash flow by operating activities increased by 8.16 billion yen mainly from business proceeds. And cash flow by investing activities decreased by 4.16 billion yen, due to positive increased buying of affiliated companies' share.

Also cash flow by financing activities decreased by 8.3 billion yen due to repayment of bank loan /

commercial paper debt and dividend payment as well as implementation of buyback of treasury stock as profit return program to stockholders.

As a result of having adjusted the amount of conversion balance and cash and cash equivalents with merger of consolidated subsidiary to this, the balance of cash and cash equivalents of the end of the current term decreased by 2.55 billion yen over the previous year to 18.46 billion yen.

On the current dividend and implementation of buyback of treasury stock

Dividend is scheduled to continue to be paid 8 yen per share as same as previous year based on stable dividend management policy. As the results, dividend payment ratio is 37.0 % Net earnings on stockholders' equity for the current term is to be 2.6 % and dividend rate of stockholders' equity is to be 0.9 %. And for the purpose to make profit return to shareholders while continue to carry on buyback of treasury stocks from the last year, so actual buyback during this term is to be 260 million shares of 1.256 billion yen.

2. Prospects of the next term

(Million yen)

	Sales	Ordinary income	Net income
Term ending in March 2001	532,000	9,500	5,200
Term ending March 2000	559,372	10,282	4,945
Against previous year	95.1%	92.4%	105.1%

As for future economy prospects, it seems continue still severe conditions due to dull domestic plant and equipment investment as well as slowdown of the U.S.A. economy and sluggish domestic personal consumption. Under these conditions, the next term prospects of each operating division will be as follows:

【Chemical】 Sales: 239 billion yen (0.5% up over previous year)

Recording material-related, colors, paints, and electronics-related chemical that were comparatively well during the term will continue to be firm and smooth and we will try to expand sales of dyestuff, farming and life style related business through sales companies. And, chemical division as a whole will put more emphasis on overseas development including China.

【Plastics】 Sales: 174 billion yen (15.3% down over previous year)

With transfer of exclusive agency of GE products in Japan, sales of next term will substantially drop less than that of this year. While trying to maintain existing business, we will put more emphasis on finished product business cored with "PLUSWOOD" products. We are going to make global business

development in the field of automobile.

【Electronics】 Sales: 105 billion yen (1.6% up over the previous year)

We will much more strengthen our group's integrated power in display and communication and recording field. In the field of display, we will put emphasis on material and equipment system for LCD production. In the field of communication, we will do global development and sales of various next generation devices in cooperation with our partners. Also in the field of recording device, we will promote sales of material for magnetic and opt device.

【Health Care and Others】 Sales: 14 billion yen (10.6% up over the previous year)

For health food-related business, we will make product renewal of "Belmash" on June, this year and do best to expand sales of it. For medical-related business, we will participate in management of (K.K) Japan Medical Bank System and enter into the field of electronic chart business in full scale. And for nurse-related business, we started sales of adult dipper waste system " OMUTSUPOI" May, this year.

As a result of the above, Sales for next term will be 532 billion yen, 9.5 billion yen for Ordinary income, and 5.2 billion yen for Net income . We will plan to pay dividend of 8 yen per share.