Summary of Consolidated Financial Statements for the First Quarter of the Fiscal Year Ending March 31, 2008

July 31, 2007

Nagase & Co., Ltd.
Tokyo Stock Exchange, First Section

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1. Results for the First Quarter of the Fiscal Year Ending March 31, 2008 (April 1, 2007 to June 30, 2007)

(1) Consolidated Operating Results

Note: Amounts in this quarterly report are presented after rounding off numbers less than one million yen.

	Net sales (¥ million)	Year-on-year change (%)	Operating income (¥ million)	Year-on-year change (%)	Ordinary income (¥ million)	Year-on-year change (%)
Three months ended June 30, 2007	179,508	4.9	5,100	(7.4)	5,828	(6.4)
Three months ended June 30, 2006	171,079	12.4	5,509	22.0	6,226	16.9
Year ended March 31, 2007	701,321	—	21,669	—	23,231	—

	Net income (loss) (¥ million)	Year-on-year change (%)	Earnings per share (¥)	Earnings per share (diluted) (¥)
Three months ended June 30, 2007	(5,519)	—	(42.98)	—
Three months ended June 30, 2006	3,163	(2.2)	24.71	24.61
Year ended March 31, 2007	13,567	—	105.85	105.51

(2) Consolidated Financial Position

	Total assets (¥ million)	Net assets (¥ million)	Net worth ratio (%)	Net assets per share (¥)
As of June 30, 2007	429,342	205,980	46.4	1,550.04
As of June 30, 2006	390,569	200,240	49.8	1,518.15
As of March 31, 2007	422,859	211,672	48.5	1,597.27

(3) Consolidated Cash Flow

	Cash flows from operating activities (¥ million)	Cash flows from investing activities (¥ million)	Cash flows from financing activities (¥ million)	Cash and cash equivalents at end of period (¥ million)
Three months ended June 30, 2007	(2,024)	(2,618)	276	18,225
Three months ended June 30, 2006	(929)	(876)	(4,390)	17,635
Year ended March 31, 2007	10,855	(5,203)	(8,420)	21,919

2. Dividends

Not applicable, as the Company does not pay dividends based on first-quarter results.

3. Projected Consolidated Results for the Fiscal Year Ending March 31, 2008 (April 1, 2007 to March 31, 2008)

(Percentages represent change compared to the previous interim period or fiscal year, as applicable)

	Revenues		Operating income		Ordinary income		Net income		Earnings per share
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥)
Interim	376,000	9.6	11,000	3.8	11,900	4.1	(500)	—	(3.89)
Full year	752,000	7.2	21,900	1.1	23,600	1.6	7,100	(47.7)	55.27

4. Other

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries due to changes in the scope of consolidation): No
(2) Use of simplified accounting methods: Yes
(3) Changes in consolidated accounting methods from the most recent fiscal year: No
See "4. Other" of "Qualitative Information and Financial Statements" on page 3.

About the Projected Consolidated Results

The projected consolidated results for the fiscal year ending March 31, 2008 contained in this document are based on information currently available to the Company and certain assumptions it considers reasonable. Due to various factors, actual results may differ materially from the forecast. For cautionary remarks and other issues concerning use of the projected results, please see "3. Qualitative Information on Projected Consolidated Results" on page 3.

Qualitative Information and Financial Statements

1. Qualitative Information on Consolidated Operating Results

(1) Summary of Overall Performance

During the first quarter of the fiscal year ending March 31, 2008, the three months ended June 30, 2007, an increase in capital investment fueled by improved corporate profitability and robust consumer spending supported steady growth of the Japanese economy. Uncertainty continued, caused by factors including the slowing of the U.S. economy, worldwide stock market trends, persistently high crude oil prices and the prolonged weakness of the yen.

In these conditions, domestic sales increased 0.3 percent compared with the same quarter of the previous fiscal year to ¥101.95 billion and overseas sales increased 11.7 percent to ¥77.54 billion for total net sales of ¥179.5 billion, an increase of 4.9 percent.

As for profits, due to an increase in amortization of actuarial gain and other selling, general and administrative expenses, operating income decreased 7.4 percent to ¥5.10 billion and ordinary income decreased 6.4 percent to ¥5.82 billion. At an extraordinary meeting on July 11, 2007, the Board of Directors resolved to voluntarily recall portable DVD players and other products sold by the Company. This recall resulted in an extraordinary loss of ¥14.30 billion, and net loss of ¥5.51 billion for the quarter.

(2) Segment Summary

[Chemicals] Sales: ¥63.14 billion, a 3.8 percent increase from the first quarter of the previous fiscal year

Overall sales were strong in the Chemicals segment. Sales increased in the performance chemicals business, which handles products such as raw materials for paint and urethane, and raw materials and additives for plastics, as well as in the speciality chemicals business, which handles a wide range of products including surfactants, centered on industrial oil solutions and cosmetic ingredients, fluorochemicals, silicone, and organic synthetic materials, with a focus on liquid crystal. Sales in the color and imaging business, which handles pigments, dyestuffs and other products related to color, were flat due to an inventory adjustment phase in the display and inkjet printer industries.

[Plastics] Sales: ¥60.73 billion, a 2.1 percent increase from the first quarter of the previous fiscal year

Sales of engineering plastics for CDs, DVDs and other media decreased significantly, but sales by overseas subsidiaries in Hong Kong, China and Thailand, mainly for automotive applications, were strong. As a result, overall sales in the Plastics segment increased slightly.

[Electronics] Sales: ¥40.96 billion, a 12.0 percent from the first quarter of the previous fiscal year

Overall segment sales increased substantially due to growth of the display business caused by a significant increase in electronics component processing, as well as increased sales of precision abrasive materials for semiconductors and hard disks and encapsulants for semiconductors in the information and functional materials business.

[Life Sciences] Sales: ¥13.50 billion, a 7.1 percent increase from the first quarter of the previous fiscal year

Sales decreased slightly in the beauty care products business, which handles cosmetics and health foods, but sales of pharmaceutical intermediates in the fine chemicals business were strong. As a result, overall segment sales were strong.

[Others] Sales: ¥1.15 billion, a 26.4 percent from the first quarter of the previous fiscal year

Segment sales decreased due to factors including the transfer in the second half of the previous fiscal year of the business of direct sales of products such as DVD movie software to end-users.

2. Information on Consolidated Financial Position

(1) Assets, Liabilities and Net assets

Total assets increased ¥6.48 billion from the end of the previous fiscal year to ¥429.34 billion mainly due to factors including an increase in other current assets resulting from an increase in deferred taxes in connection with establishing a reserve for voluntary recall of products, as well as an increase in notes and accounts receivable due to the increase in net sales.

Despite a decrease in notes and accounts payable, liabilities increased ¥12.17 billion from the end of the previous fiscal year to ¥223.36 billion due to factors including the establishment of a reserve for voluntary recall of products and an increase in short-term loans.

Net assets decreased ¥5.69 billion from the end of the previous fiscal year to ¥205.98 billion due to the net loss and a decrease in retained earnings due to payment of dividends.

As a result, the net worth ratio decreased 2.1 percentage points to 46.4 percent from 48.5 percent at the end of the previous fiscal year.

(2) Cash Flows

Net cash used in operating activities was ¥2.02 billion, due to factors including increases in working capital and payment of income taxes.

Net cash used in investing activities was ¥2.61 billion, as a result of purchases of property and equipment and purchases of intangible fixed assets.

Notwithstanding cash dividends paid, net cash provided by financing activities was ¥0.27 billion, due to an increase in short-term loans.

As a result, the balance of cash and cash equivalents at June 30, 2007 was ¥18.22 billion, a decrease of ¥3.69 billion from the end of the previous fiscal year.

3. Qualitative Information on Projected Consolidated Results

Anticipating an extraordinary loss of ¥14.30 billion due to expenses in connection with a voluntary recall of portable DVD players and other products it sold, on July 19, 2007 the Company announced its revised projected interim and full-year consolidated results. At present, there is no change to those projected consolidated results.

4. Other

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries due to changes in the scope of consolidation)
None applicable

(2) Use of simplified of accounting methods
Some simplified accounting methods are used, including the estimation of annual tax rates based on the effective tax rate.

(3) Changes in consolidated accounting methods from the most recent fiscal year
None applicable