

Performance of mid-term in 2001  
Progress status of medium term management plan  
“W I T 2000”

**Technology and intelligence oriented  
company that turns wisdom into business**

**Nagase & Co., Ltd.**

# Consolidated performance

(Unit; hundred million yen)

	01/09	00/09	Ratio over previous year (%)	Consolidated versus independent (time)
Sales	2,576	2,862	90.0	1.20
Gross Profit	240	284	84.8	1.83
Operating Income	7	41	19.0	—
Ordinary Income	24	52	45.6	2.45
Intermediate(current term) net profit before tax	33	59	55.3	2.84
Intermediate(current term) net profit	16	29	56.7	1.42
Intermediate(current term) net profit per share	12.19 yen	21.21 yen		
ROE	2.2 %	4.1 %		

Consolidated is 28 and partnership is 8.

(Note; Change in the consolidated)

Nagase Biochemicals, Ltd., Nagase Chemicals Ltd., Teikoku Chemical Industries Co., Ltd.

→combined to Nagase ChemteX Ltd.

Nagase Europe Ltd. → liquidated

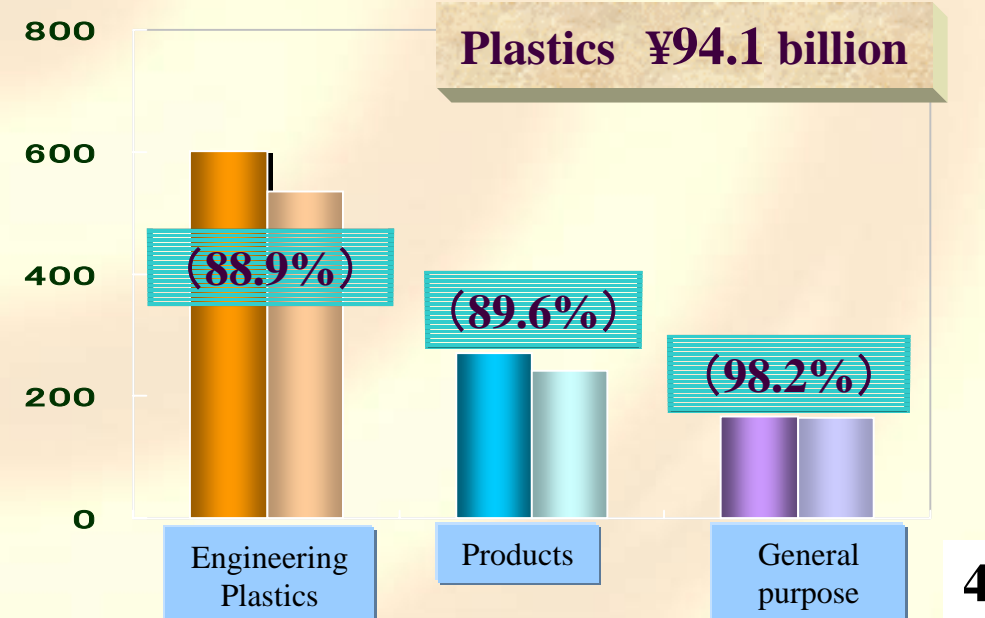
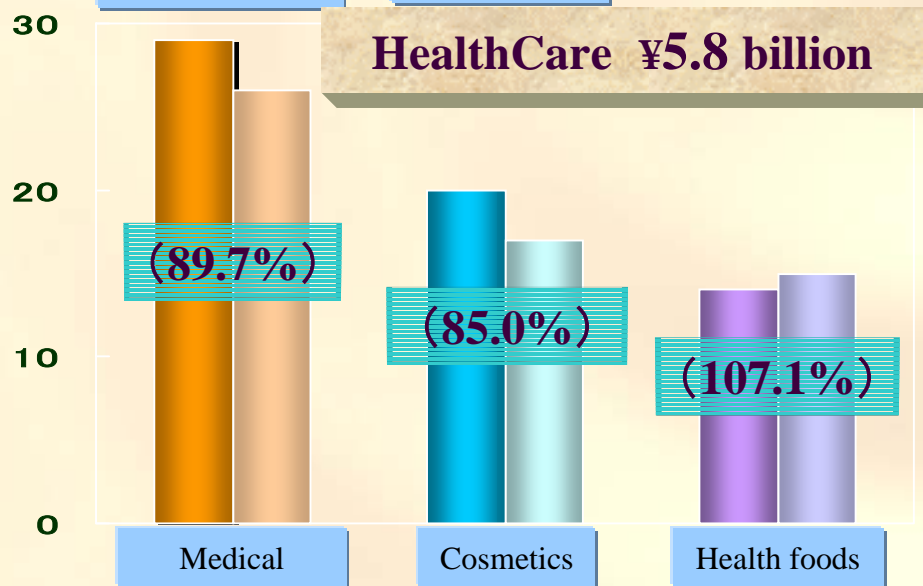
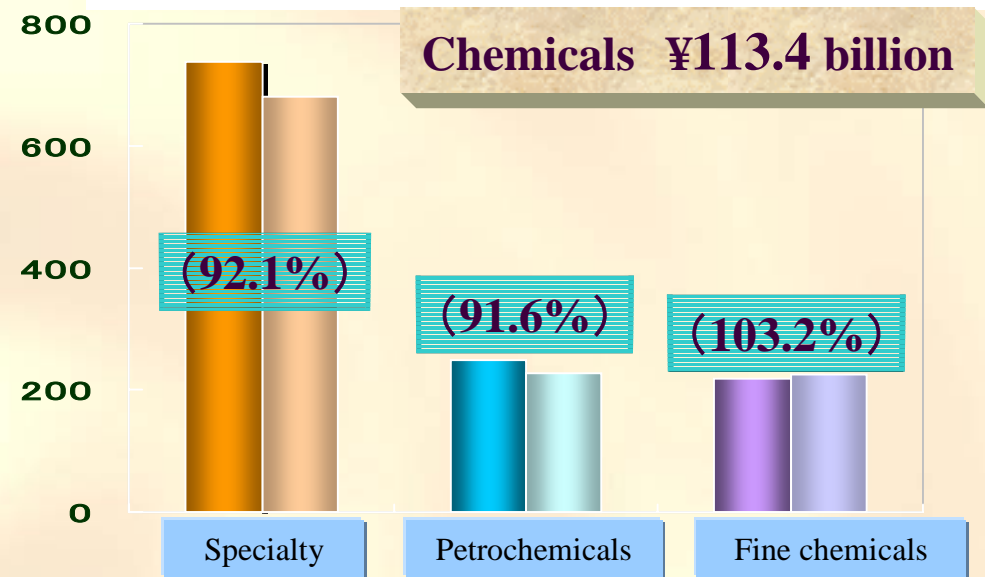
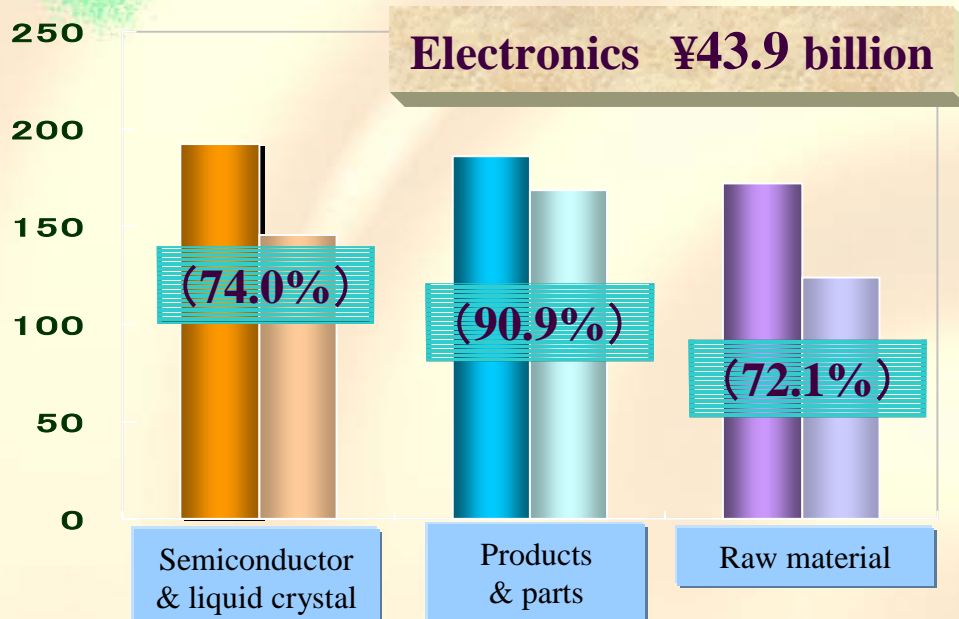
# Sales and Gross Profit by each segment

(Unit; hundred million yen)

	Sales			Gross Profit			Ratio of Gross Profit to Sales
	01/09	00/09	% change	01/09	00/09	% change	01/09
Chemicals	1,134	1,205	94.0%	91	98	92.9%	8.1%
Plastics	941	1,039	90.6%	65	87	74.7%	7.0%
Electronics	439	550	79.8%	68	74	91.9%	15.5%
Health Care	60	66	90.8%	15	23	65.2%	25.7%
Total	2,576	2,862	90.0%	240	284	84.5%	9.3%

# Products sales composition by each segment

Graph of stock price fluctuation: Left(00/09) Right (01/09)  
( ); comparison of the current vs. the previous year



# Major increase and decrease in B/S

(Unit; hundred million yen)

(Assets)	01/09	01/03	Increase & decrease	(Liabilities & Shareholder's equity)	01/09	01/03	Increase & decrease
Cash and deposits with banks	224	214	10	Trade notes and accounts payable	1,177	1,343	△ 165
Trade notes and accounts receivable	1,661	1,844	△ 182	Short term loans payable	99	140	△ 40
Inventories	287	341	△ 54	Commercial paper	10	—	10
Other current assets	58	61	△ 3	Other current liabilities	146	198	△ 51
Tangible fixed assets	236	247	△ 10	Bond	70	70	0
Investments in securities	665	763	△ 97	Long term loans payable	27	28	△ 1
Other fixed assets	59	64	△ 5	Other fixed liabilities	139	183	△ 44
				(debt with interest)	(206)	(238)	(△ 31)
				Other fixed liabilities	38	38	0
				Shareholder's equity	1,484	1,534	△ 50
				(Ratio of shareholders' equity)	(46.5%)	(43.4%)	(3.1%)
<b>Total Assets</b>	<b>3,193</b>	<b>3,537</b>	<b>△ 344</b>	<b>Total liabilities, minority interests and shareholders' equity</b>	<b>3,193</b>	<b>3,537</b>	<b>△ 344</b>

# Cash flow status

(Unit; a million yen)

	01/09	00/09	Increase & decrease
Cash flows from operating activities	5,397	8,263	△ 2,866
Cash flows from investing activities	△ 505	△ 2,479	1,974
Cash flows from financing activities	△ 4,741	△ 5,622	881
Effect of exchange rate changes on cash and cash equivalents	1,013	190	823
Net increase(decrease) in cash and cash equivalents	1,164	352	812
Effect of exchange rate changes on cash and cash equivalents	18,465	21,015	△ 2,550
Increase in cash equivalents arising merger of unconsolidated subsidiaries	△ 258	680	△ 938
Cash and cash equivalents at end of the year	19,371	22,049	△ 2,678

# Performance of major consolidated

(Unit: a million yen)

	Sales	Ratio over previous year	Operating Income	Ratio over previous year	Intermediate net profit	Ratio over previous year
Nagase ChemteX Co., Ltd.	9,734	80%	193	33%	281	68%
Hoei Sangyo., Ltd.	8,005	104%	97	68%	73	50%
Nagase Plastic Co., Ltd.	4,764	84%	11	20%	7	21%
Kotobuki Industries Co., Ltd.	1,213	114%	72	76%	36	68%
Nagase Color&Chemicals Co., Ltd.	8,263	95%	76	128%	28	3620%
Nagase Electronic Equipment Co., Ltd.	1,534	82%	155	121%	100	137%
Totaku Industries Co., Ltd.	3,423	91%	△ 226	70%	753	—
Nagase(HongKong) Ltd.	10,547	113%	345	75%	317	80%
Nagase Singapore(Pte) Ltd.	15,417	86%	204	43%	229	79%
Nagase(Thailand)Co., Ltd.	5,809	126%	221	101%	164	94%
Nagase America Corp.	6,109	80%	92	148%	77	104%
Nagase(Taiwan)Co., Ltd.	3,159	180%	53	73%	47	54%
Nagase(Malaysia) Sdn.,Ltd.	3,804	100%	62	44%	13	16%

(Notes;

Nagase ChemteX merged Nagase Biochemicals, Nagase Chemical and Teikoku Chemical Industries at April 1, 2001. The ratio over previous year about NCX is to compare with the simple sum that all merged companies.

## Status of Stock Buy-back

	Total number of shares (unit; thousand stocks)	Aggregate cost (unit; a million yen)	The way to deal
1998	5, 349	2,355	Buy back
1999	4,542	2,117	Buy back
2000	2,600	1,256	Buy back
2001 (First half of the year)	529	266	Buy back
2001 (Second half of the year)	5, 166	2, 675	Possession
Total	18,186	8, 672	



# Expected business performance(estimated)

(Unit; hundred million yen)

	2001 (forecast)	2000 (performance)	Against previous year (%)
Sales	4,780	5,593	85.5
Gross Profit	468	551	84.9
Selling general and administrative expenses	455	473	96.0
Operating Income	13	77	16.8
Non operating income and expenses	29	25	114.6
Gross Profit	42	102	40.8
Net Income	17	49	34.4

	Sales			Gross Profit		
	2001 (forecast)	2000 (performance)	Against previous year (%)	2001 (forecast)	2000 (performance)	Against previous year (%)
Chemicals	2,130	2,378	89.5	171	198	86.1
Plastics	1,725	2,054	84.0	138	171	80.4
Electronics	800	1,033	77.4	126	148	84.8
HealthCare	125	126	98.8	33	32	101.4
Total	4,780	5,593	85.5	468	551	84.9

# Progress status of medium term management plan “WIT2000”

## Creation of new business

### Outline of the plan

- ① Intensive investment in strategic field (Electronics,HealthCare)
- ② Emphasis on consolidated group management
- ③ Focus on B/S 、 CF

(unit; hundred million yen)	<b>2000</b> (performance)		<b>2001</b> (forecast)		<b>2002</b> <i>(under review)</i>
<b>Sales</b>	<b>5,593</b>	<b>(5,700)</b>	<b>4,780</b>	<b>(6,090)</b>	<b>(6,400)</b>
<b>Net Income</b>	<b>49</b>	<b>(52)</b>	<b>17</b>	<b>(68)</b>	<b>(83)</b>
<b>ROA(%)</b>	<b>1.5</b>	<b>(1.5)</b>	<b>0.5</b>	<b>(2.1)</b>	<b>(2.5)</b>
<b>ROE (%)</b>	<b>3.4</b>	<b>(3.5)</b>	<b>1.1</b>	<b>(4.9)</b>	<b>(5.8)</b>
<b>N-ROE (%)</b>	<b>5.0</b>	<b>(6.0)</b>	<b>2.5</b>	<b>(6.2)</b>	<b>(7.0)</b>

( ); forecast goal



## The dramatic changes in management environment

Rationalization of the urgent measures

**Dynamic strategy**

The measures that are based on  
our strategy “WIT2000”

**Challenge strategy**

**Group strategy**

# Management streamlining

## 1. The cost expenses cutback

- Cut the directors remuneration at the maximum of 20%
- Cut the year-end bonus of administrative positions  
at the maximum of 20%
- Cut the selling, general and administrative expenses by efficiency  
and rationalization of the business

**The selling, general and administrative expenses in 2001;  
cut 1.7 billion yen (Against previous non consolidated year)**

## 2. The reduction of employment

- Enforcement of the early retirement system (the second half of 2001)
- Enforcement of cut 100 employment in two years from now.  
(include the natural decrease about 10% of the all staffs)



### 3. Withdrawal from the business of non-core, low growth and low profits

- Nagase Medical Co., Focus on the contract manufacture, transfer the sales section
- The temporary employment business withdrawal
- Nagase Kisho Electronics Co.,(TV assembly company ) liquidation

### 4. Cash flow efficiently in the group

- Plan to introduce the cash management system

- ① The period : the trial introduction February in 2002  
the full introduction on and after May in 2002
- ② The number of target company : 20~30 domestic subsidiaries
- ③ Cut down the consolidated debt (Loans Payable, CP and Bond)  
( the total consolidated debt is 5.5 billion as of end Sep, 2001)



**The measures that are based on the strategy “WIT2000”**

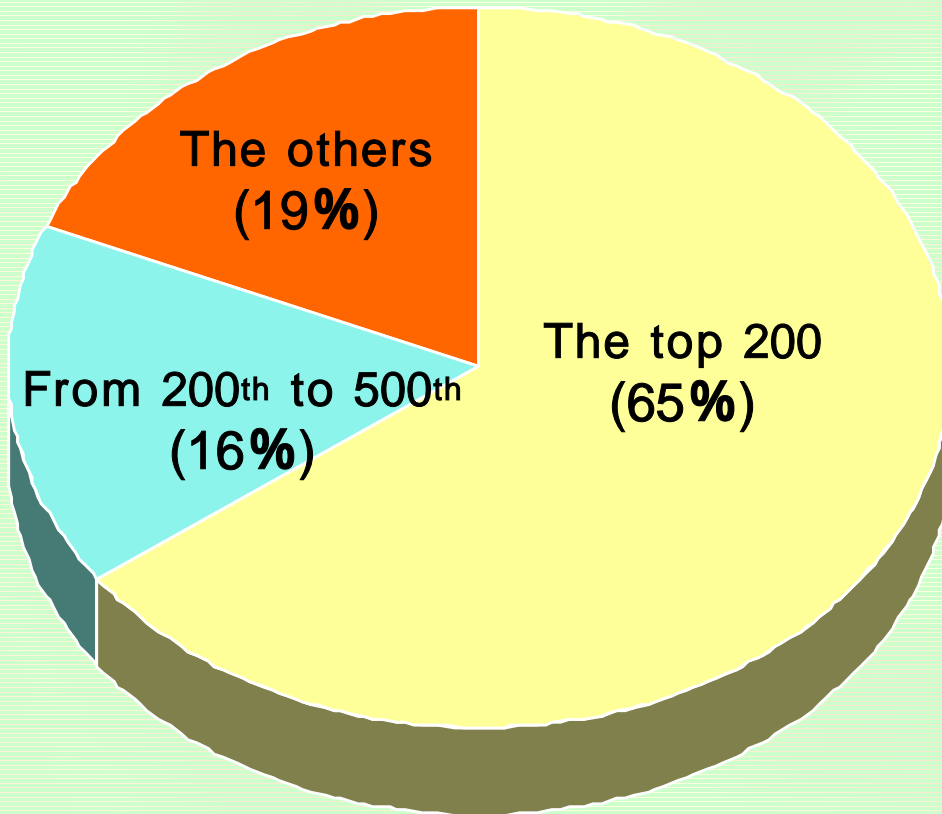
**Reinforcement and expansion  
top share business**

**Speed up creation of new business**

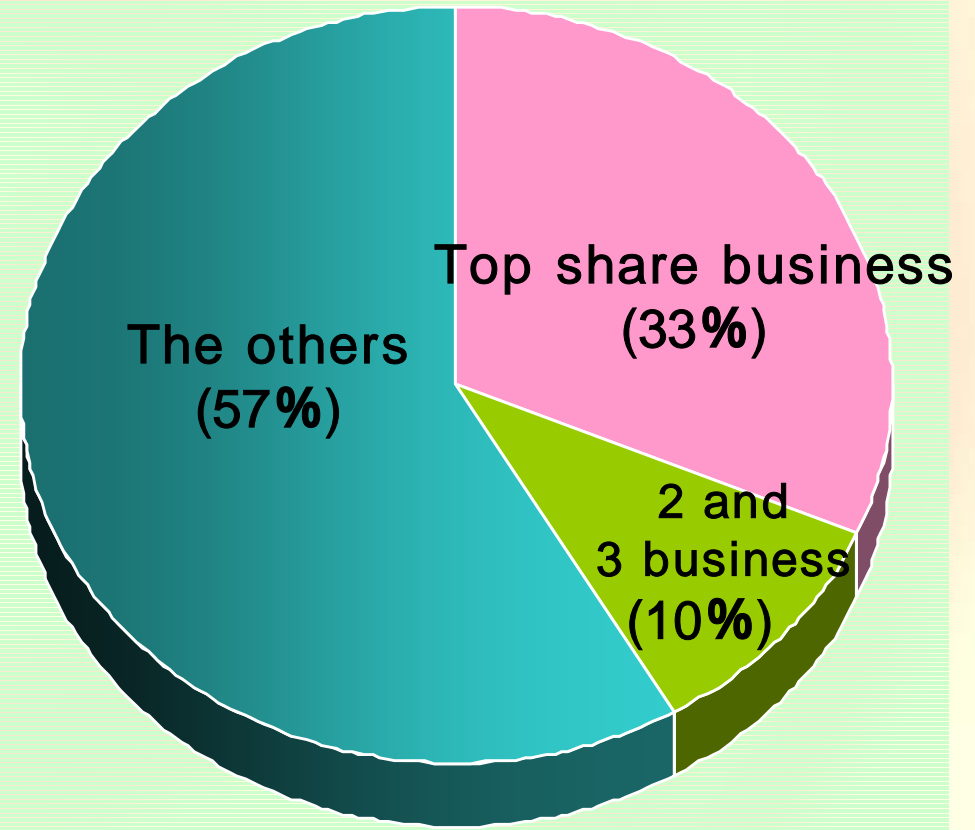
# Current business structure

## Classification by customers value

The number of our customers; about 6,000



## Classification by our market share



## Reinforcement and expansion of top share business

**Sales : about 150 billion yen**

**Investment to the related business : 10 billion yen (since 1999)**

**Making use of our R&D and  
manufacturing function for dealing product**

**Color Former** Investment to capacity expansion

**Chemical Management System** Establish Nagase CMS technology co.  
Standard system in the industry

**Wireless communications modules** Establish the factory in Gigatech Co.,  
**Photosensitive drum and film Surface defect inspection equipment**

De facto standard by promoting the business

**NCX special epoxy monomer**

Promote the fusion between monomer and polymer technology

**NCX enzymes and bulk biocides**

Research the chirotechnology and enzymes application in NCX and our R&D





## **Reinforcement and expansion the top share business**

**Providing of quality marketing and sales force**

### **Liquid crystal material business**

Chinese components business, Establish Nagase Finechem Singapore

### **Precision abrasive materials business**

Establish JV in Asia and china / Sell the our original merchandise

### **Dyestuffs and functional pigment business**

Reinforce china business aiming at No.1 in Asia /  
Enforce CRM (Customer relationship management)

### **Coating, Ink material business**

Investment / plan JV in overseas / improvement industry share

### **Pharmaceuticals(intermediates) and contract business**

Establish NCX / Increase the equipment to compose pharmaceuticals / Investment

## Speed up the creation of new business

Expand the new business that is connected directly with the market.

### ● Overseas

- \*Establish JV that is related with plastics for automobile industry(China )
- \*Promote the sales of wireless communications modules(Korean,China)
- \*Establish the company that manufactures liquid ingredient  
for liquid crystal(Singapore)
- \*Expand the business that assemble and produce  
the liquid crystal display materials(China)
- \*Establish the company that manufactures the tray  
for electronic products(China)
- \*Global development the semiconductor encapsulation  
material(LSE)(all over the world)
- \*Investment the venture company that conducts research in  
immunotherapy(America)

## Speed up the creation of new business

Expand the new business that is connected directly with the market.

### ● Domestic

- \*Establish the plant for pharmaceutical intermediates synthesis in NCX
- \*Network business in Hoei Sangyo Co.
- \*Business for medical facilities  
(electronic medical records, infectious disease control systems)
- \*E-commerce business  
(DVD, health food, Environments related software)
- \*Pluswood(plastic compound building material  
containing more than 51% by weight of wooden material)

# Business strategy for liquid crystal material in Asia(China)

**Expand the liquid crystal business**

**Korean**  
Alliance with Korea  
Kumho Petrochemical Co.,

**China**  
Expand the components  
assembly business

**NCX** manufacture  
liquid medicine  
**NCM** manufacture  
device

**Nagase Finechem Shingapore Co.,**  
\*manufacture chemical to  
produce the liquid medicine  
\*The fourth base after  
Japan, Korean and Taiwan

**Taiwan**  
manufacture liquid medicine

**Nagase Singapore(Pte)Ltd.**  
Supply chemical and liquid  
crystal materials

# Business strategy in Asia(China)

Greater Chinese zone

150 billion yen  
(five years later)

Dubai

Nagase Middle East

ASEAN zone

100 billion yen  
(five years later)

Tianjin office

Shanghai Nagase

Shanghai Hua chang

Nagase Hong Kong

Shenzhen office

Guangzhou office

Nagase Thailand

Nagase Singapore

Tianjin

Dalian

Dalian office

Shanghai

Ningbo

Hong Kong

Taiwan

Nagase Taiwan

● Planning station  
in this year

● Selling station

● Production station

**The technology-information oriented company  
that turns wisdom into business**



**Nagase & Co., Ltd.**

This information for presentation includes estimate based on premise, prospects and plan for future as of November 29, 2001.

Depending on risks or unknown factors concerning world economy, competitive situation and exchange rate, there is a possibility of difference between actual performance and the above forecast