

**Briefing Session on Financial Results
for the Interim Term Ending March 2005**

**The Technology and Intelligence Oriented Company that
Turns Wisdom into Business**



Nagase & Co., Ltd.

November 12, 2004

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Financial Highlights for the Interim Term

Interim Term Ending March 2005

Financial Highlights (Consolidated)

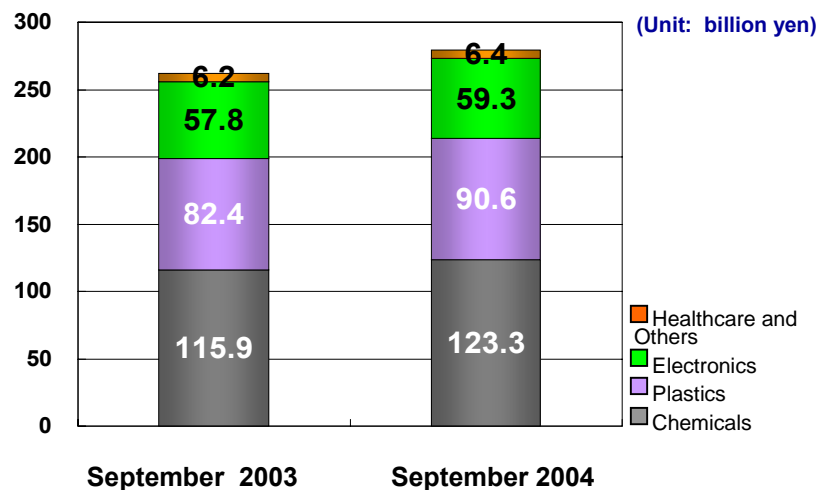
(Unit: Billion yen)
(Figures are rounded down to the nearest hundred million yen)

	September 2004	September 2003	Increase (Decrease)	Year-on-year Comparison	Comments
Net Sales	279.8	262.6	+17.1	107%	Significant increase in overseas sales Continuous expansion in domestic sales
Gross Profit	30.3	27.6	+2.7	110%	
Operating Income	6.4	6.3	+0.1	103%	Increase of selling, general and administrative expenses
Recurring Income	7.6	8.0	(0.4)	94%	Reduction in equity method investment gains
Net Income before Tax	7.6	4.4	+3.1	171%	Extraordinary gain Gain on sales of investment in securities ¥0.7 billion
Net Income per Share	4.6	2.7	+1.9	170%	Extraordinary loss Loss on devaluation of investment in securities -¥0.2 billion
Net Income per Share	¥36.84	¥21.73	+¥15.11	170%	Impairment loss -¥0.3 billion

Net Sales and Profit by Segment

(Figures are rounded down to the nearest hundred million yen)

Sales: ¥279,8 billion, Up ¥17,1 billion year-on-year



Review of Sales by Segment

Chemicals +¥7.3 billion (106%)

- Toner materials for copiers and chemicals for PDP and DVD trended favorably
- Pigment related business (for liquid crystal color filters) was brisk
- Urethane and painting materials businesses were mainly positive for overseas operations.

Plastics +¥8.1 billion (110%)

- Export of resin materials to the Chinese region and South East Asia were favorable
- Automotive related business was favorable

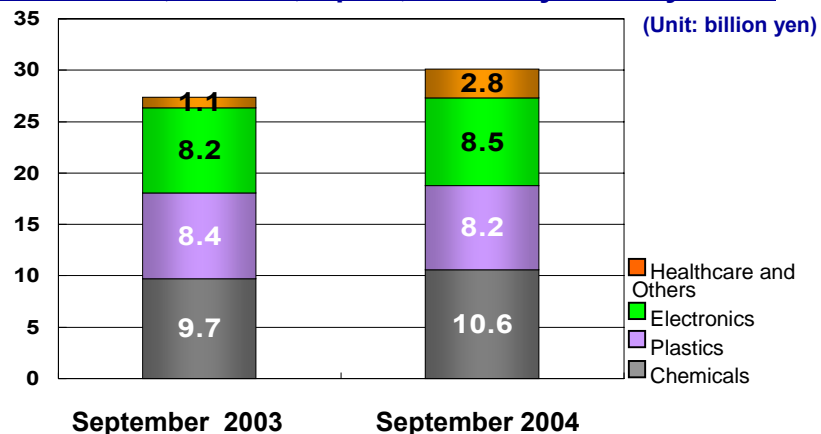
Electronics +¥1.4 billion (103%)

- Chemicals and equipments for liquid crystals and semiconductors sales were strong
- Sales prices of liquid crystal modules and others declined
- Sales of communication equipment related business declined
- Sales of consumer products (DVD players, recording media and film software) increased

Healthcare and Others + ¥0.1 billion (103%)

- Cosmetics and health food sales growth was flat
- Medical related products and radiation measurement products performed on par with the previous year.

Gross Profit: ¥30,3 billion, Up ¥2,7 billion year-on-year

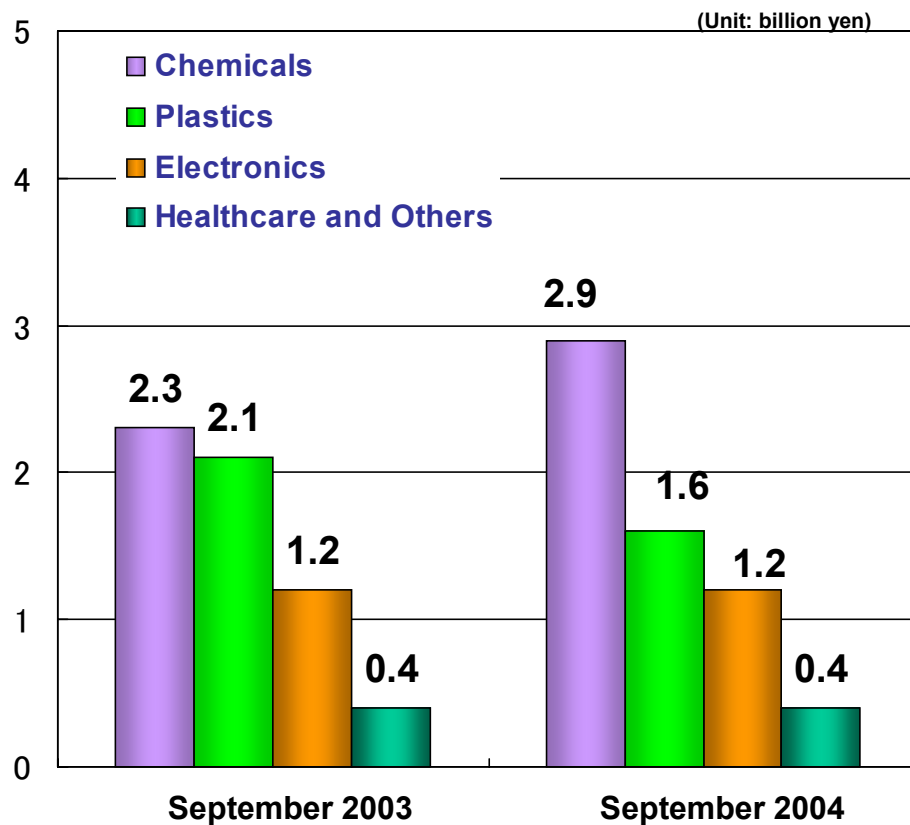


Operating Income

(Figures are rounded down to the nearest hundred million yen)

¥6.4 billion, Up ¥0.18 billion year-on-year (103%)

< Operating Income by Segment >



Review of Operating Income

■ Chemicals Business

Increase of sales and
improvement of operating income
(2.0% → 2.4%)

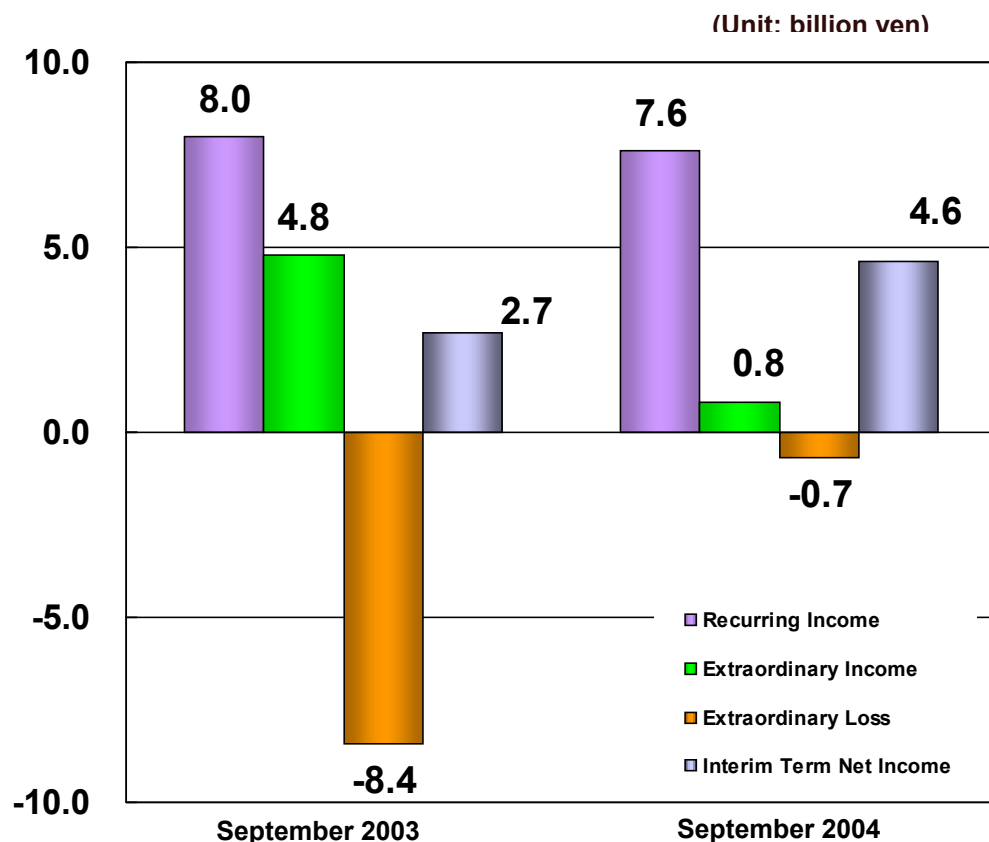
■ Plastics Business

Decrease of ratio of gross profit to
sales
(10.2% → 9.2%)

Recurring Income and Interim Term Net Income

(Figures are rounded down to the nearest hundred million yen)

Recurring Income: ¥7.6 billion, Down ¥0.4 billion year-on-year (94%)



Recurring Income: ¥7.6 billion -¥0.4 billion

- Operating Income +¥0.18 billion
- Decrease in equity method investment gain -¥0.3 billion

Extraordinary Income: ¥0.8 billion -¥4.0 billion

- Loss on sales of investment in security ¥0.7 billion

Extraordinary Loss ¥0.7 billion - ¥7.7 billion

- Loss on sales of property and equipment ¥0.1 billion
- Loss on devaluation of investment in security and investments to affiliates ¥0.2 billion
- Impairment loss (2 cases) ¥0.3 billion

Net Income ¥4.6 billion +¥1.9 billion

Major Changes in Balance Sheet

Increase of Accounts Receivable and Inventories due to Gain of Sales

(Unit: billion yen)

(Figures are rounded down to the nearest hundred million yen)

<Assets>	September 2004	September 2003	Increase (Decrease)	<Liabilities & Shareholders' Equity>	September 2003	September 2003	Increase (Decrease)
Cash and time deposits	19.7	21.6	- 1.8	Notes and accounts payable	103.5	99.0	+ 4.4
Notes and accounts receivable	164.5	159.2	+ 5.3	Short-term loans	9.7	7.6	+ 2.0
Inventories	34.2	27.3	+ 6.9	Bonds due within one year	7.0	7.0	—
Other current assets	7.3	6.6	+ 0.7	Other current liabilities	17.9	17.7	+ 0.1
Tangible fixed assets	27.5	26.9	+0. 5	Long-term debt	1.7	1.7	-0
Investments in securities	61.3	63.3	- 2.0	(Interest-bearing debt)	(18.4)	(16.4)	(+2.0)
Other fixed assets	5.0	5.6	- 0.5	Other fixed liabilities	16.4	17.1	-0.7
				Minority interests	4.3	4.1	+0.1
				Shareholders' equity	159.2	156.2	+3.0
				(Shareholders' equity ratio)	(49.8%)	(50.3%)	
Total assets	319.9	310.7	+ 9.2	Total liabilities, minority interests and shareholders' equity	319.9	310.7	+9.2

Cash Flow Status

Increase in Working Capital

(Unit: billion yen)

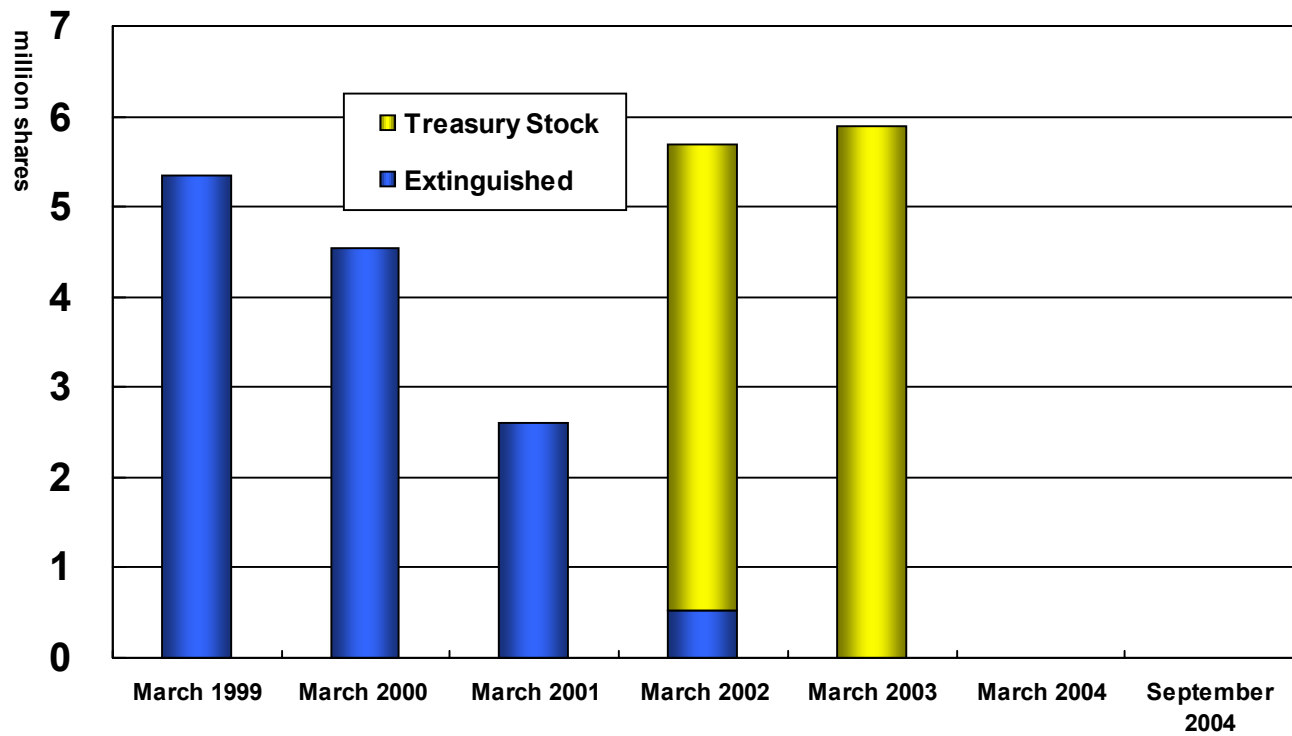
	September 2004	Remarks
Net cash from operating activities	-1.4	Income before taxes ¥7.6 billion Working capital Down ¥6.4 billion Corporation taxes Down ¥2.7 billion
Net cash used for investing activities	-1.1	Sales/acquisition of investment securities ¥1.6 billion Purchase/sales of property and equipments ¥2.1 billion Short-term loans receivable Down ¥0.3 billion
Net cash used for financial activities	-0.6	Short-term loans ¥0.4 billion Dividends Down ¥1.1 billion
Balance of cash and cash equivalents	19.0	Down ¥1.9 billion year-on-year

Performance of Major Consolidated Subsidiaries

(Unit: million yen)
(Figures are rounded down to the nearest hundred million yen)

	Company Name	Net Sales	Year-on-year Comparison	Operating Income	Year-on-year Comparison	Interim Term Net Income	Year-on-year Comparison
Parent Company	Nagase & Co., Ltd.	222,524	104%	2,828	88%	3,607	265%
Manufacturing Subsidiaries	Nagase ChemteX Corp.	10,665	104%	846	158%	399	69%
	Totaku Industries, Inc.	3,463	108%	188	113%	-86	—
Sales Subsidiaries	Nagase Plastics Co., Ltd.	5,781	102%	37	—	19	—
	Hoei Sangyo Co., Ltd.	6,792	104%	96	—	47	—
	Nagase Colors & Chemicals Co., Ltd.	6,944	99%	99	348%	55	497%
Overseas Subsidiaries	Nagase (Hong Kong) Ltd.	14,458	97%	457	107%	378	109%
	Nagase Singapore (Pte) Ltd.	14,614	92%	227	104%	195	105%
	Nagase (Thailand) Co., Ltd.	8,047	112%	365	124%	297	110%

Share Buyback Status



	Number of Shares (Thousand shares)	Amount (billion yen)
Own shares acquired in the first half of FY2004	0	0
Treasury stock held as of end of September 2004	10,907	5.8
Number of shares subject to stock option	1,783	1.4

Performance Forecasts for FY2004
Year ended March 2005

Performance Forecasts for Year ended March 2005

(Unit: billion yen)

(Figures are rounded down to the nearest hundred million yen)

	Year ending March 2005 (Forecast for the interim term at the end of the fiscal year ended March 2004)	Year ending March 2005 (Disclosed figures at the end of the fiscal year ended March 2004)	Year ended March 2004 (Results)	Year-on-year Comparison (%)
Net Sales	568.0	568.0	533.3	107%
Gross Profit	61.1	56.9	53.4	114%
Selling, General & Administrative Expenses	49.1	44.9	43.2	114%
Operating Income	12.0	12.0	10.2	117%
Non-operating Income/Expenses	2.2	2.2	2.8	77%
Ordinary Income	14.2	14.2	13.1	108%
Net Income	9.5	9.5	7.0	136%

Performance Forecasts by Segment

(Unit: billion yen)
(Figures are rounded down to the nearest hundred million yen)

	Net Sales			
	Year ending March 2005 (Forecast for the interim term of FY2004)	Year ending March 2005 (Disclosed figures at the end of the fiscal year ended March 2004)	Year ended March 2004 (Results)	Year-on-year Comparison (%)
Chemicals	251.0	243.0	231.3	109%
Plastics	181.0	177.0	170.9	106%
Electronics	123.0	135.0	118.9	103%
Healthcare and others	13.0	13.0	11.9	109%
TOTAL	568.0	568.0	533.3	107%

At the First Half of the Medium Term Management Plan “WIT21”

(From April 2003 to March 2006)

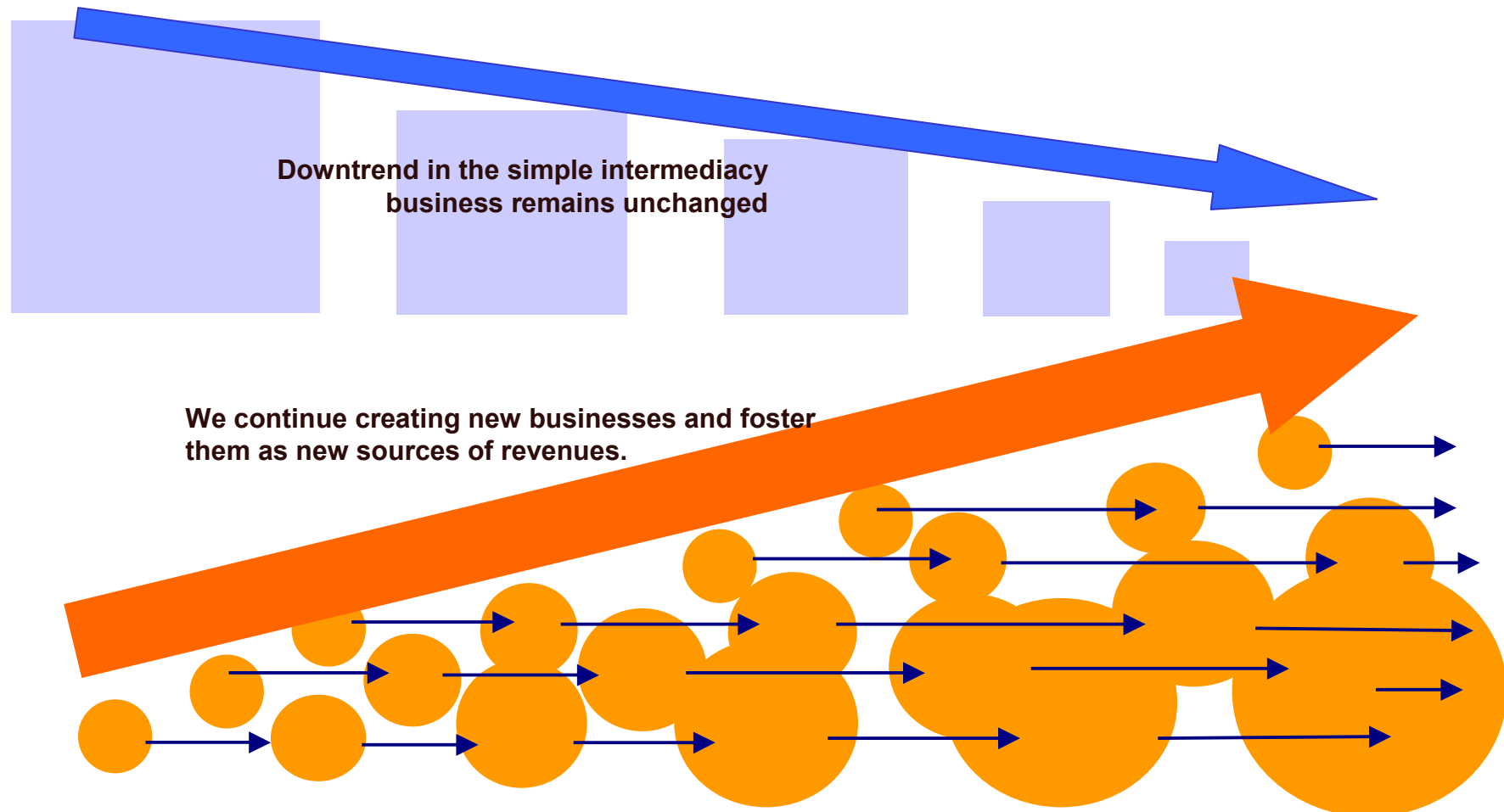
W ---- *Wisdom*

I ---- *Intelligence*

T ---- *Technology*

The Background of Formulation of WIT 21 – Importance of Fostering New Businesses

Extrication from Existing Business Model



The Technology & Intelligence Oriented Company That Turns **Wisdom** into Business

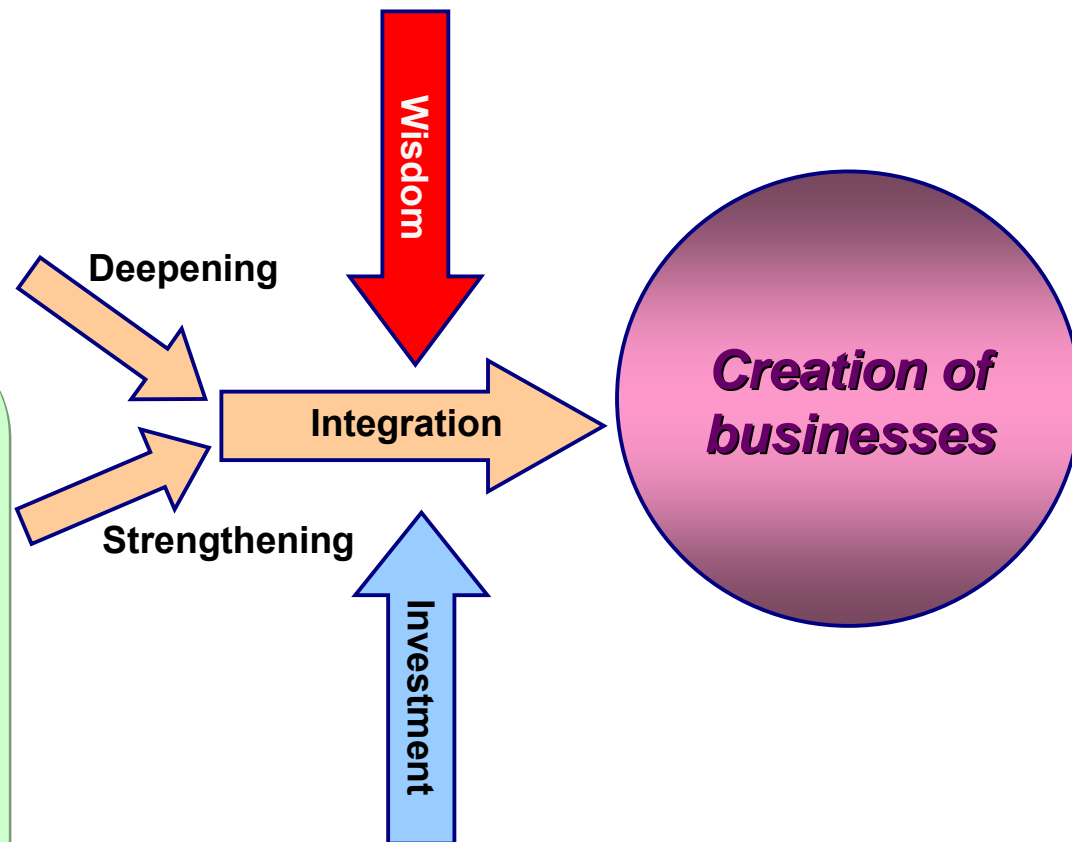
Creation of Businesses through *WIT21*

Conventional function as a trading house

- Distribution
- Risk bearing (credit/financing)
- Basket sales

Nagase's original strengths

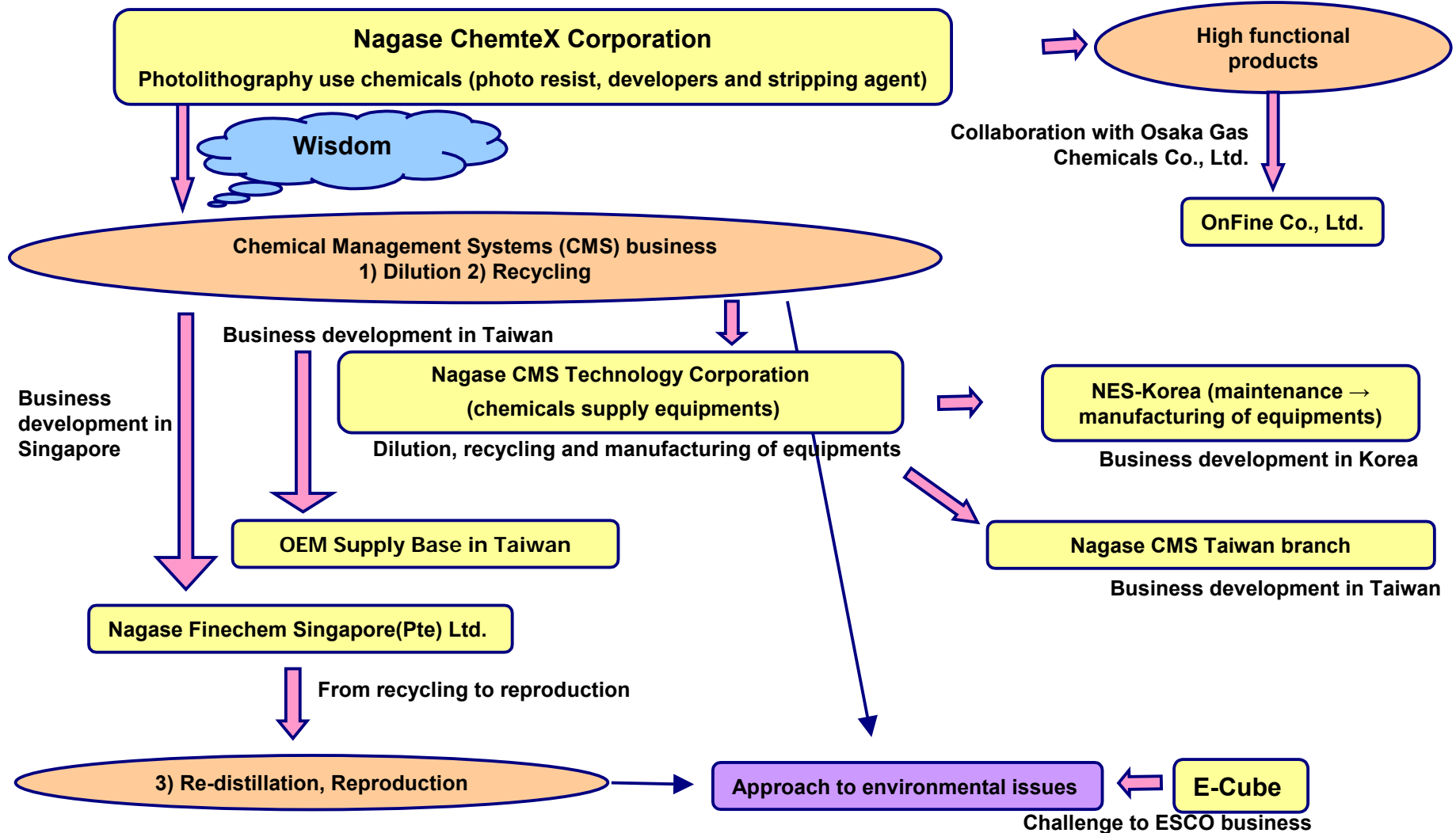
- Nagase's original group products (manufacturing business)
- Technology and information capabilities
- R&D center
- The flow from the upstream sector to the downstream sector (value chain)
- Asian network



Examples of Business Creation in the Electronics Field

Chemicals for Manufacturing Process of Semiconductor/Liquid Crystals

→ Solutions for Environmental Problems



The Technology & Intelligence Oriented Company that Turns
Wisdom into Business

Basic Strategy of “WIT21”

(1) Differentiate Nagase from the competition by strictly taking customer-oriented approach

(2) Nurture and strengthen market-leading businesses

(3) Make use of Nagase Groups' functions and distinctive identity to create new businesses

Strategic Business Areas of “WIT21”

Electronics

Life Science

Automotive

Overseas Operations

“WIT21” Numerical Targets and Current Status

10 Years Time

- Consolidated operating income ¥20 billion
- Gross profit margin 15%
- Securing earnings in excess of capital costs

Medium-term Plan

Targets for Year ending March 2006

- Consolidated net sales ¥550 billion ← (Year ended March 2003: ¥503.6 billion)
- Consolidated operating income ¥11 billion ← (Year ended March 2003: ¥8.4 billion)

Current Status

Interim Term ending September 2004 (Results)

- Consolidated net sales ¥27.98 billion
- Consolidated operating income ¥6.4 billion

Year ending March 2005 (Forecast)

- Consolidated net sales ¥568 billion
- Consolidated operating income ¥12 billion

Make utmost efforts to achieve targets ahead of schedule

Electronics Field

★Nagase's base and strengths

- Originated from “the chemical based business”
- Group manufacturing companies
- Business development to “environment related business”
- Business development to components business and fringe products
- Collaboration not only with the electronics business but also with the chemical products and plastics business



Photo: Nagase Finechem Singapore

★Concrete examples

- Nagase ChemteX: Semiconductors and liquid crystals/manufacturing stripping agents and encapsulants, and formulated epoxy resins
 - Nagase Finechem Singapore: manufacturing chemicals/business development in Asia
 - Nagase ChemteX (Wuxi): manufacturing formulated epoxy resin/ business development in mainland China
- Nagase CMS Technology: For manufacturing semiconductors and liquid crystals/chemical supply equipments (chemicals recycling systems)
 - Nagase Engineering Service Korea: business development in Korea
- OnFine Co., Ltd.: Business collaboration between Osaka Gas Chemicals and the Nagase Group
- Liquid crystal use optical films business and module business
 - Nagase International Electronics: Components processing in the South China region, in mainland China
- Collaboration with the pigments for liquid crystal color filters (chemical products) and resin materials (plastics) business areas
- Gigatec Co., Ltd.: manufacturing components for mobile phone communication base stations (power amplifiers) and fabless
- Business development in the downstream sector (value chain in which the products of buyers are resold)
 - Sales of DVD players and peripheral recording media

Life Science Field

★Nagase's base and strengths

- Pharmaceutical intermediate business (integration of trading house, R&D and manufacturing functions)
 - R&D functions (chiral synthesis technology, enzyme technology and extraction of natural products)
 - Group manufacturing companies (c-GMP compliant plant and enzyme plant)
- Engaging in frontier technologies
- Sales network of cosmetics and health foods (40,000 sales representatives and 7 stores)

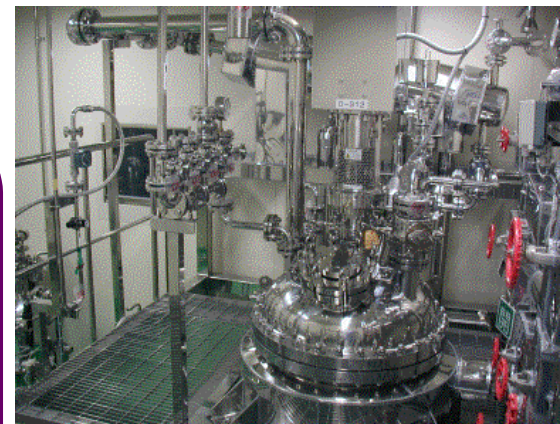


Photo: Nagase ChemteX

Bulk pharmaceuticals and intermediates manufacturing facilities

★Concrete examples

- R&D center: Establishing synthesis technology of bulk pharmaceuticals and intermediates based on basic technologies (chiral synthesis and enzyme technologies and others) (awarded for outstanding performance in the Japanese Society for Process Chemistry in 2002)
- Nagase ChemteX: Bulk pharmaceuticals, intermediates and consigned manufacturing of investigational new drugs
 - GMP compliant pilot plants, commercial plants, etc.
- Nagase Medicals and Grelan Pharmaceutical: manufacture and sales of pharmaceuticals, and consigned based manufacture of injectable preparation
- Nagase Beauty Care: Sales of cosmetics and health foods
 - manufacture of cosmetics and health foods at Nagase Medicals and Toyo Beauty Supply
- Engaging in frontier technologies
 - promotion of collaborative research with Kyoto University, Osaka Prefecture University and others
 - MEDICANET: Organization for consigned based clinical tests (CRO)

Automotive Related Field

★Nagase's base and strengths

- Overseas bases and a group of clients in the plastics business
- Over 10 years experience in the molding business, and the products and components business
- Design & Die Co., Ltd: Integration of designing with mold manufacturing functions
- Alliance (capital participation) with Kasai Kogyo Co., Ltd.
- Two overseas joint ventures in the urethane business (Kurabo Industries Ltd., and Toyo Quality One Co., Ltd.)



Photo: In-vehicle build in camping table

★Concrete examples

- Sales bases: 27 (Greater China: 11, ASEAN: 10, North America: 3, Europe: 3)
- Production bases (Greater China: 2, ASEAN: 5, North America: 1)
(injection molding, blow molding, metal molding manufacturing and urethane manufacturing)
- Designing bases (Japan: 1, Greater China: 1, North America: 1)
- Molding and assembling of in-car products:
(assembling in Indonesia → just-in-time supply system to Japanese automotive makers in the U.K.)
- Serving as purchasing agent in Japan, North America and Europe
- Direct transaction (Tier1) with finished car makers through coherent services of part designing, trial manufacture and metal molding for mass production



- Synergies of resin materials sales, molding facilities and product business

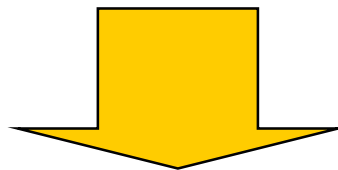
Corporate Governance

Information disclosure to shareholders & investors, transparent management

Enhancement of auditors' functions, monitoring of management

Extensive risk management of investment projects

Firm establishment of executive officer system, appointment of outside directors



Always consider management from a long-term and objective viewpoint

Topics

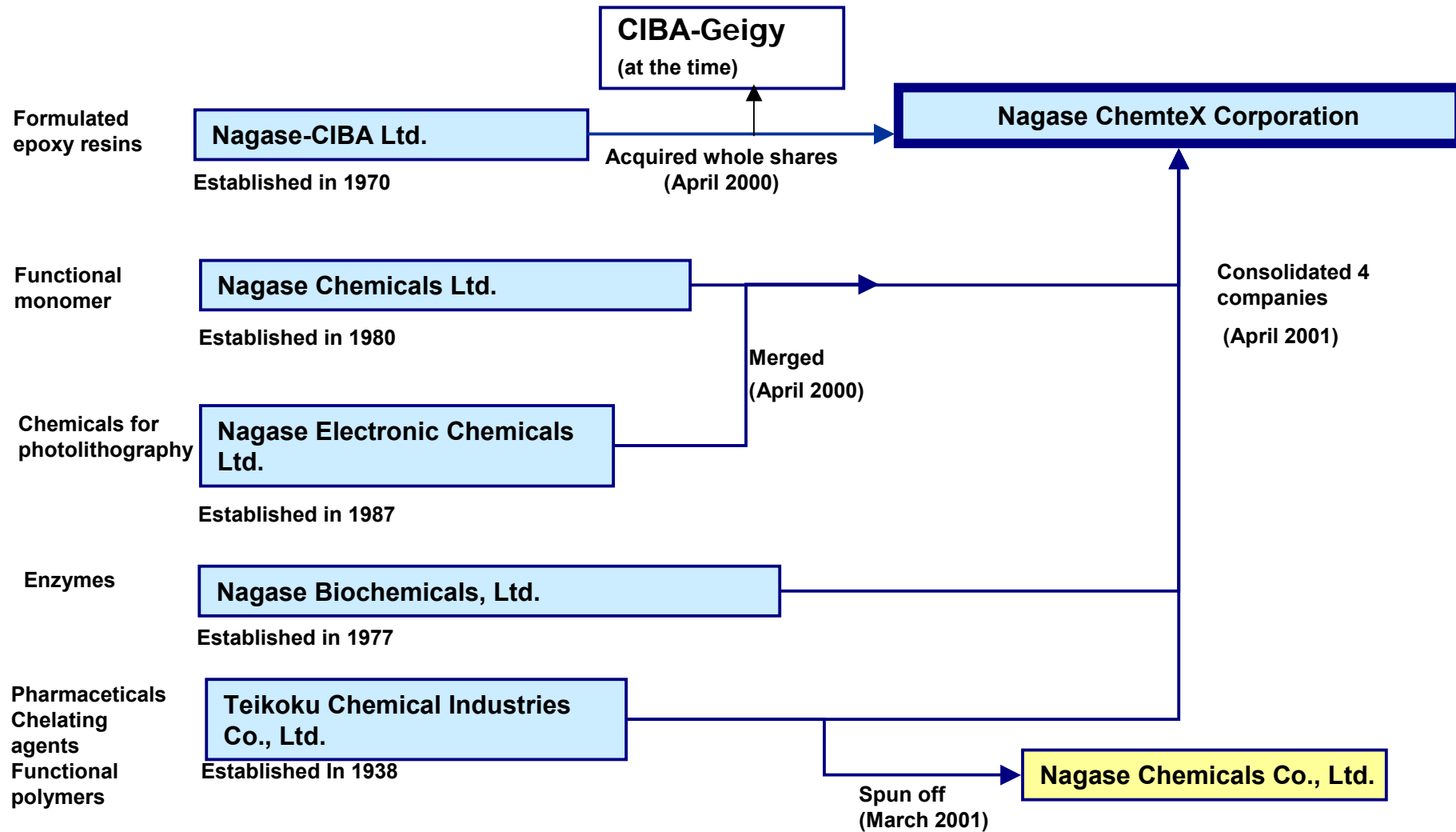
~The Business Strategy of Nagase's Manufacturing Subsidiary, Nagase ChemteX ~

Reiji Nagase

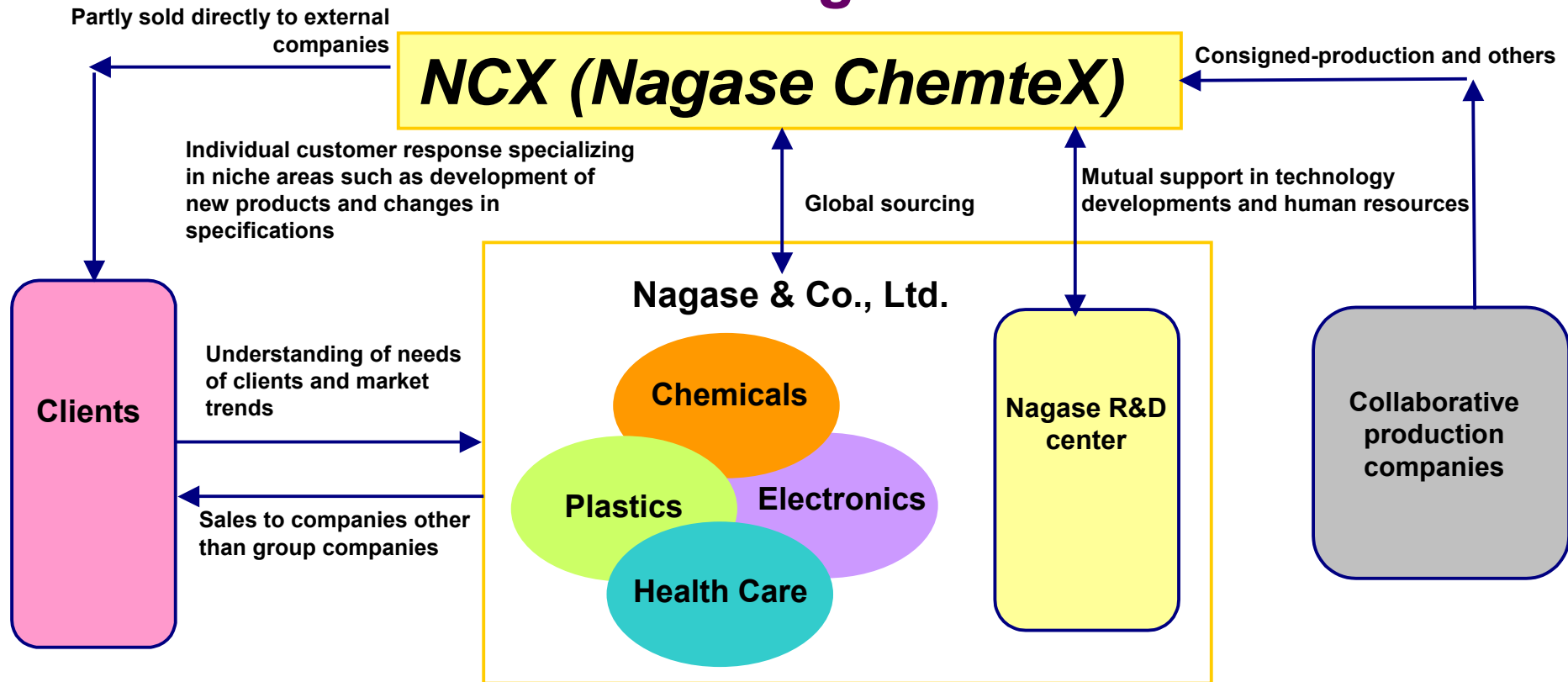
President, Nagase ChemteX Corporation

Director and Managing executive Officer, Nagase & Co., Ltd.

Background of Establishment of Nagase ChemteX Corporation



Positioning of NCX



Nagase ChemteX . . . Key subsidiary of the Nagase group, which engages in manufacturing functions

NCX stands for creating technology oriented new enterprise (X) in the chemical field (C) in Nagase Group (N). That is, to create "new values" by using sales capabilities and experiences/know how fostered through the chemical businesses in Nagase & Co., Ltd.

Existing Value of NCX for Nagase

Profits from manufacturing and sales of NCX products

Differentiation with NCX's technology developments and production functions

Sales synergies with other products and services by selling NCX products

Size of NCX's Business

Capitalization : ¥2,420 million

Total assets : ¥18,746 million

(Unit: million yen)

	March 2002 Results	March 2003 Results	March 2004 Results	March 2005 Forecasts
Net Sales	19,039	20,078	20,885	21,690
Operating Income	588	1,026	1,243	1,194
Number of Employees	533	480	461	450

NCX's Features and Comparative Advantages

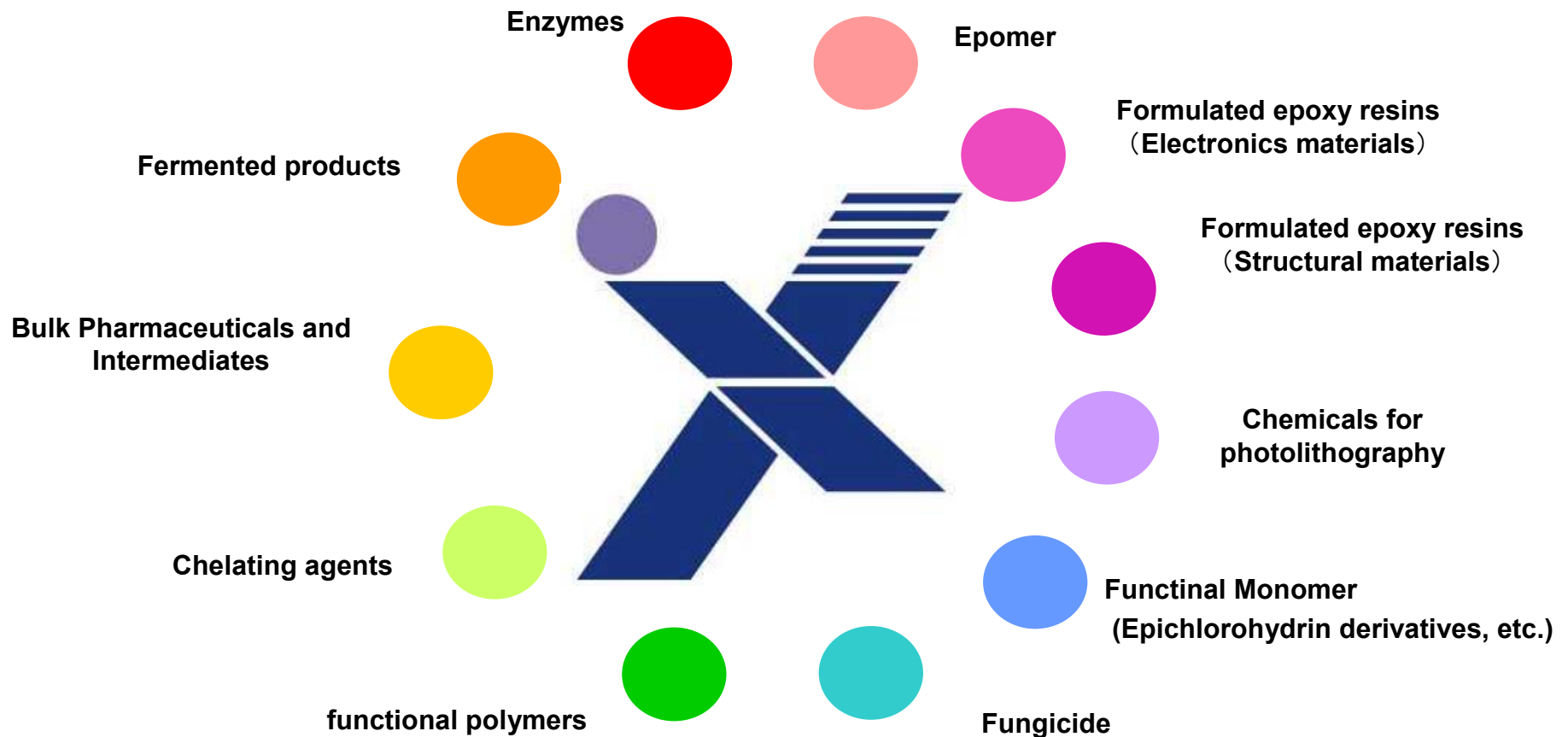
Small lot production of a variety of products, centering on the downstream sector
Concentration of the efforts on high value added fields

Focusing on research and development, production, technical service and quality management by dividing tasks among the Nagase group companies

Differentiation from other products, using Nagase's global sourcing function and technologies/know-how such as organic synthesis, bio-technology, and electronics, etc.

Backed by broad client network and sales capabilities, quick and fine tuned response (custom-made) to clients

Major Products of NCX



Core products of Nagase ChemteX are strongly related to the electronics and healthcare businesses in the Nagase & Co., Ltd. These areas are also strategic areas outlined in WIT21, our Medium Term Management Plan.

Major Products of NCX

● Enzymes



Enzyme is used in various industries from textile processing, pharmaceuticals, food and industrial water disposal as a catalyst replacing chemical substances and Nagase ChemteX provides enzyme for a broad range of areas.

● Bulk pharmaceuticals and Intermediates



Nagase ChemteX provides bulk pharmaceuticals and bulk pharmaceuticals for clinical trials in GMP compliant systems in Japan and overseas.

Major Products of NCX

● Chelating agents



Chelating agent (organic sequestrant) is used as materials for cleansing, and photo developing and bleaching. It is also used in the manufacturing process for textiles and pulps, and in the coating process. Nagase ChemteX holds the top market share in Japan and is also dealing with biodegradable chelate and others.

● Functional Monomer (Epichlorohydrin derivatives) / Functional polymers



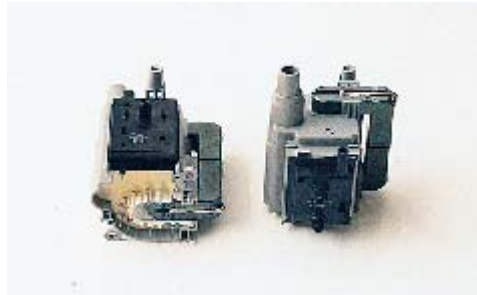
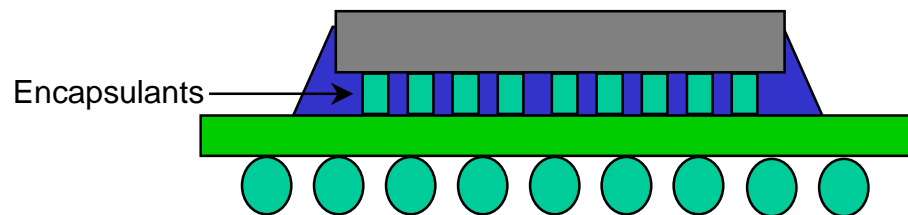
Based on acrylic polymerization, nylon formulation and epoxy synthesizing technologies, Nagase ChemteX developed and provided high function polymers such as water soluble epoxy resin, UV/EB curable resins and others.

Major products

- Liquid crystal
- Denacol (Cross-linking agent)
- Acrylate resin
- Electroconductive polymer, etc.

Major Products of NCX

● Formulated epoxy resins (Electronics materials/Structural materials)



● Electronics materials

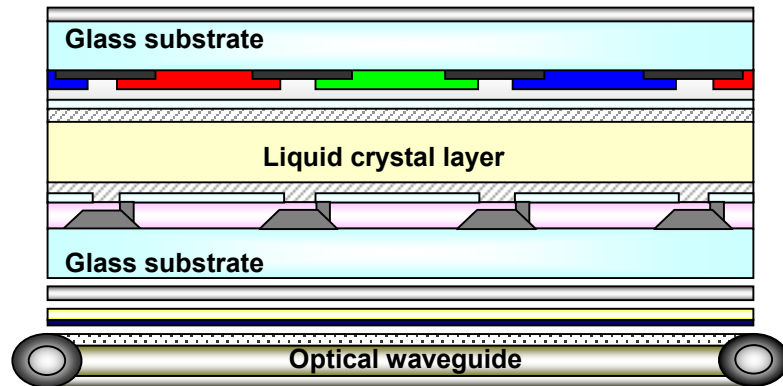
- Insulating materials for electrical components
- encapsulants for semiconductors
- Encapsulants for image sensors, etc.

● Structural materials

- Materials for master models and prototypes for automotive industries
- High strength adhesives, etc.

Major Products of NCX

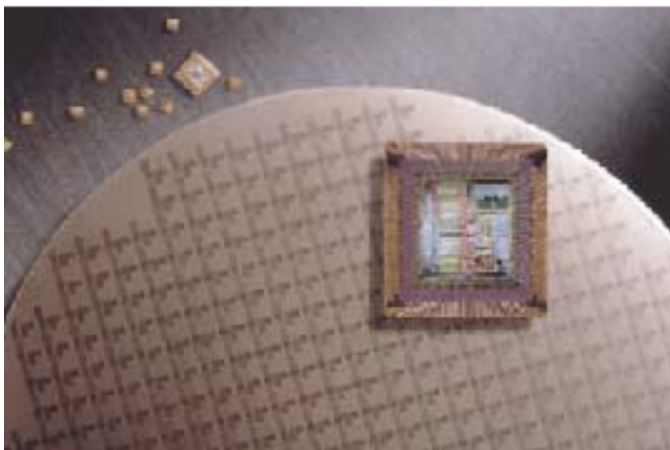
Chemicals for photolithography



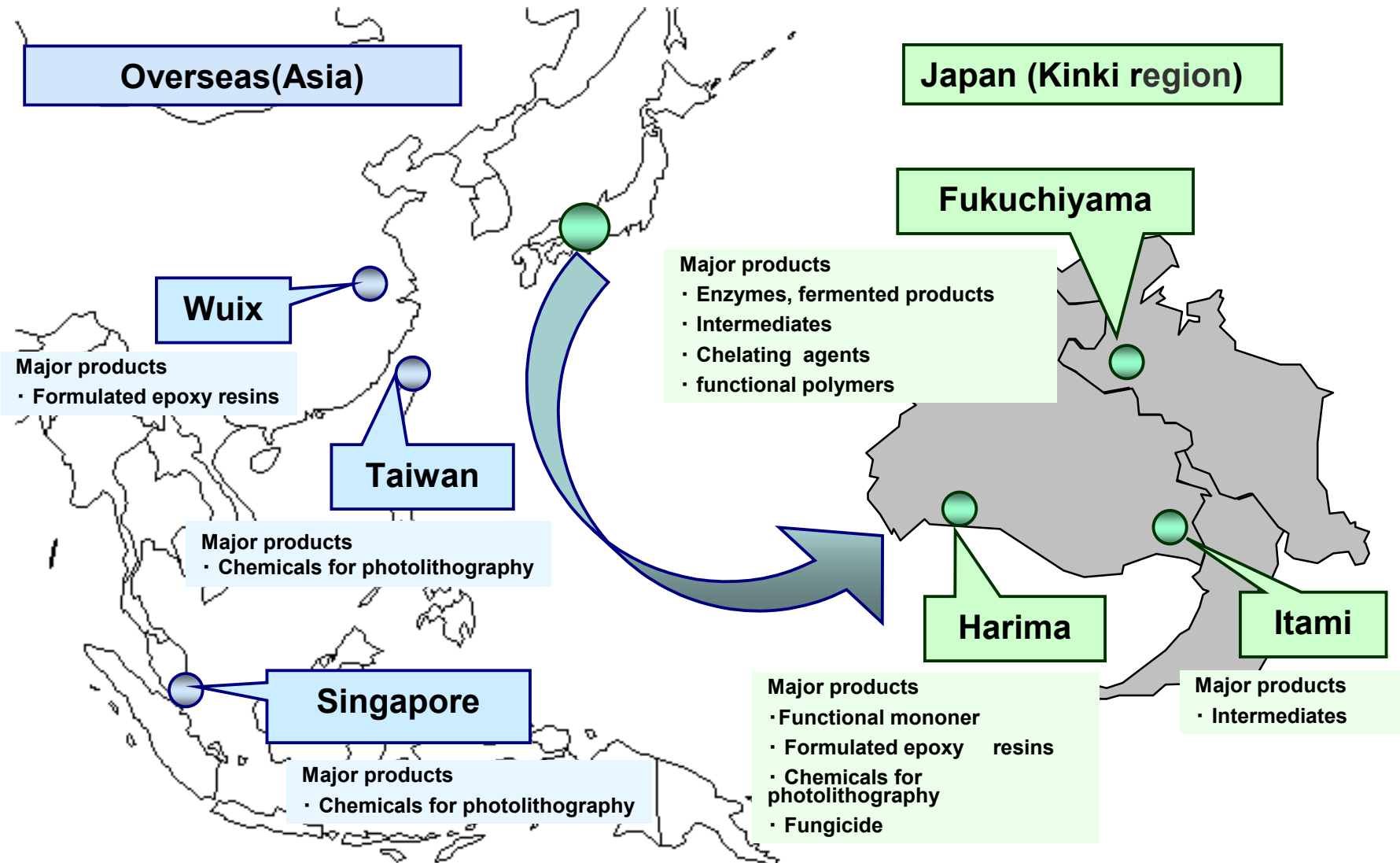
● Chemicals

- Photo-resists
- Resist delaminates agents
- Developers

● Planarizing membranes



Production Bases of NCX



Future Direction

Specializing in niche areas and small lot production of a variety of products

Exercising synergies with the Nagase R&D center

Integration and restructuring of domestic production bases and improvement of distribution efficiency

Strengthening the overseas production bases and Local to Local businesses

Development of materials and products by deepening of basic technology such as organic synthesis, formulation and fermentation

The Technology & Intelligence Oriented
Company that Turns Wisdom into Business



Nagase & Co., Ltd.

This presentation includes forecasts based on certain assumptions, projections and plans for the future as of November 12, 2004. Please note that the actual business performance may differ from the forecasts stated herein, due to risks and uncertainties associated with the global economy, state of competition, exchange rate volatility and other factors.