

Summary of Consolidated Business Results for the First Quarter Ended June 2004

July 30, 2004

Company Name Nagase & Co., Ltd
 Listing Code 8012
 (URL <http://www.nagase.co.jp/>)

Stock Exchanges Listed: Tokyo, Osaka
 Location of Head Office: Osaka Prefecture

Representative Position President
 Contact Details Position Accounting Division, Manager

Hiroshi Nagase
 Takahide Osada

Telephone (03) 3665-3103

1. Matters concerning the preparation of the Summary of Business Results for the First Quarter of fiscal 2004

(1) Use of simplified accounting procedures:

(Description):

Accounting standard of income and other taxes: The amount of these taxes was calculated using the estimated yearly tax rates based on the legal effective tax rates.

For some account items with minor effects, a simpler calculation method was used.

(2) Change in the applicable scope of the consolidation and equity method: The applicable scope was changed.

Consolidated Subsidiaries: New: 8 Excluded: 1 Equity method: New: 0 Excluded: 0

2. Consolidated Business Results for the First Quarter Ended June 2004 (April 1, 2004 – June 30, 2004)

1) Consolidated Operating Results

(Note: Amounts have been rounded off to the nearest million yen)

| | Net Sales | | Operating Income | | Recurring income | |
|--|------------|-----|------------------|------|------------------|-------|
| | ¥ Millions | % | ¥ Millions | % | ¥ Millions | % |
| First Quarter Ended June 2004 | 141,214 | 6.2 | 3,394 | -2.5 | 4,384 | -11.1 |
| First Quarter Ended June 2003 | 132,926 | - | 3,480 | - | 4,933 | - |
| (Reference) Period Ended March 31, 2004 | 533,301 | | 10,244 | | 13,110 | |

| | Net (quarterly) income | | EPS (quarterly) | Fully Diluted EPS (quarterly) |
|--|------------------------|-------|-----------------|-------------------------------|
| | ¥ Millions | % | ¥ | ¥ |
| First Quarter Ended June 2004 | 2,656 | - 4.6 | 20.89 | 20.84 |
| First Quarter Ended June 2003 | 2,784 | - | 21.89 | - |
| (Reference) Period Ended March 31, 2004 | 7,010 | | 54.69 | - |

Notes: 1. Figures shown in percentage of sales, operating income and other items show the ratios of sequential changes compared with the first quarter of 2003.

2. The rate of change of the first quarter of 2003 were not presented because no settlement was made for the first quarter of 2002.

2) Consolidated Financial Position

| | Total Assets | Shareholder's Equity | Shareholder's Equity Ratio | Shareholders Equity Per Share |
|--|--------------|----------------------|----------------------------|-------------------------------|
| | ¥ Millions | ¥ Millions | % | ¥ |
| First Quarter Ended June 2004 | 321,146 | 159,195 | 49.6 | 1,251.77 |
| First Quarter Ended June 2003 | 295,005 | 145,462 | 49.3 | 1,143.54 |
| (Reference) Period Ended March 31, 2004 | 310,793 | 156,210 | 50.3 | 1,227.82 |

3) Consolidated Cash Flows

| | Net Cash from operating activities | Net Cash Used for Investment Activities | Net Cash Used for Financial Activities | Balance of Cash and Cash Equivalents at Term End |
|--|------------------------------------|---|--|--|
| | ¥ Millions | ¥ Millions | ¥ Millions | ¥ Millions |
| First Quarter Ended June 2004 | -1,448 | -972 | -436 | 19,279 |
| First Quarter Ended June 2003 | -2,172 | -946 | -1,860 | 14,141 |
| (Reference) Period Ended March 31, 2004 | 6,431 | -1,689 | -1,832 | 21,033 |

3. Consolidated Forecasts for the Year Ended March 31, 2005 (April 1, 2004 - March 31, 2005)

No change has been made to the forecasts published on April 30, 2004 both for the subsequent quarters and for the entire fiscal year.

| | Net Sales | Recurring Income | Net Income |
|----------------|------------|------------------|------------|
| | ¥ Millions | ¥ Millions | ¥ Millions |
| Interim Period | 284,000 | 6,900 | 4,000 |
| Whole Year | 568,000 | 14,200 | 9,500 |

(Reference) Expected EPS(Whole Year) ¥ 74.31

*The above forecasts were prepared on the basis of information available on the date of release. Actual results may differ from these forecasts due to various factors.

Summary of Consolidated Business Results for the First Quarter of Year Ending March 2005

[Qualitative Information of Progress of Management Performance (Consolidated) and Others]

Overall Company Performance

The Japanese economy in the first quarter remained favorable as the thriving export conditions continued and some signs of brighter times have begun to appear in the capital investment and consumer spending. The future of the crude oil price remains highly uncertain, however, and there are various other insecure factors such as the development of increasing interest rates and the influence of Chinese economy control policy.

These conditions were the backdrop for the following the results of the first quarter. The domestic sales amounted to ¥88.82 billion, a decrease of 1.1% compared to the same quarter of the previous year; the overseas sales amounted to ¥52.38 billion, an increase of 21.6% compared to the same quarter of the previous year; the consolidated net sales thus amounted to ¥141.21 billion, an increase of 6.2% compared to the same quarter of the previous year.

On the income front, the gross profit on sales increased but the operating income decreased by 2.5% compared to the same quarter of the previous year to ¥3.39 billion, primarily due to increased service, general and administration expenses caused by an increased number of companies to be consolidated. The ordinary income amounted to ¥4.38 billion, a decrease of 11.1% compared to the same quarter of the previous year, and the net quarterly income amounted to ¥2.65 billion, a decrease of 4.6% compared to the same quarter of the previous year, due to decreased dividends received and reduced investment profit on equity methods.

Segment Summaries

[Chemicals] **Sales: ¥63.18 billion**

An increase of 5.0% compared to the same quarter in the previous year.

The sales of the chemicals segment increased as the overseas sales remained buoyant along with other favorable factors such as the influence of rising product prices due to the increasing crude oil price. In particular, a noticeable increase was seen in the sales related to recording materials, such as materials for ink jet applications and chemicals for DVD and plasma display products, which are the areas where we focus our efforts in the electronics field. Moreover, the sales of synthetic resin materials, resin additives and pigment related materials increased, backed up by firm demands. In contrast, the sales of products related to the medical and agricultural chemical fields went down, partly due to the influence of reviewing the low-profit business.

[Plastics] **Sales: ¥44.06 billion**

An increase of 10.8% compared to the same quarter in the previous year

The sales in the plastics segment went up because the overseas sales increased significantly and the

domestic sales remained strong as well. The overseas sales of functional resins grew mainly in the so-called Greater China Zone, i.e., China, Hong Kong and Taiwan, and the export of parts related to LCD technology also remained buoyant. The sales of automotive related products, which were one of our focus areas, increased both inside and outside Japan, particularly the sales for our large accounts. Overall, materials for business equipment and building materials also fared favorably; the growth of part processing and assembly business for electronics, which we began in the last fiscal year, also contributed to this good result.

[Electronics]

Sales: ¥30.97 billion

An increase of 3.7% compared to the same quarter in the previous year

In the electronics segment, the sales related to LCD technology remained strong, but the overall sales ended up with only a slight increase because the sales of communication technology components decreased. The sales of functional materials, LCD materials and chemicals for semiconductor manufacturing mostly leveled off because the overseas sales increased, but the corresponding domestic sales decreased. The overseas sales of LCD modules and other products remained as strong as in the previous quarter and the sales of materials for LCD products were also steady. On the other hand, the sales of communication technology components failed to recover after the demands saturated and decreased.

[Healthcare and Others] Sales: ¥2.98 billion

An increase of 2.7% compared to the same quarter in the previous year

The overall sales of the healthcare and others segment decreased because the sales of cosmetics and health foods saw sluggish growth and the sales related to medical information and clinical examination leveled off.

[Qualitative Information on Changes in Financial Position (Consolidated) and Others]

The company's total assets amounted to ¥321.14 billion, which represents a growth of ¥10.35 billion compared to the previous consolidated fiscal year end. This increase was mainly due to an increase of account receivables and inventory assets as well as an increase of current price assessment of investments in securities.

Our liabilities amounted to ¥157.51 billion, which was an increase of ¥7.12 billion compared to the previous consolidated fiscal year end. This is mainly due to increased account payables and short-term loans.

The shareholders' equity increased by ¥2.98 billion over the previous consolidated fiscal year end to ¥159.19 billion. This is mainly due to increased retained earnings, as well as increased amounts of unrealized gain on other securities declared as capital.

As a result of the above, the ratio of shareholder's equity was 49.6%, a decrease of 0.7 percentage points from 50.3% at the previous consolidated fiscal year end.

[Status of Consolidated Cash Flows]

Regarding the cash flows from operating activities, the quarterly net income before income taxes and minority interests amounted to ¥4.59 billion, but an amount of ¥1.44 billion in cash was spent due to increased operating funds, summer bonus allowances and corporate tax payments.

In terms of cash flows from investment activities, there was income from sales of part of our investments in securities, but because expenditures were made to acquire certain tangible fixed assets, an amount of ¥970 million in cash was spent.

Concerning cash flows from financing activities, an amount of ¥430 million in cash was spent for dividend payments etc., although this was offset somewhat by income due to an increase of short-term loans.

As a result of adjusting increases of cash and cash equivalents according to the new consolidation, the balance of cash and cash equivalents at the end of the first quarter decreased by ¥1.75 billion from the previous consolidated fiscal year end to ¥19.27 billion.

[Qualitative Information on Performance Forecasts and Others]

As of this date, there are no changes to the consolidated performance forecast figures for the subsequent quarters or for the entire fiscal year which were announced on April 30, 2004. Similarly, there are no adjustments to Non-Consolidated performance forecasts.