Summary of Consolidated Business Results for the Third Quarter Ended December 2005

February 6, 2006

Company Name	Nag	gase & Co., Ltd		Stock Exchanges Listed: Tokyo, Osaka
Listing Code	801	2		Location of Head Office: Osaka Prefecture
(URL http://www.	nagase.co.jp)		
Representative	Position	President	Hiroshi Nagase	
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1. Matters concerning the preparation of the Summary of Business Results for the Third Quarter of fiscal 2005

(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) Changes in accounting policies compared to recent consolidated fiscal year: No

(3) Change in the applicable scope of the consolidation and equity method:

Consolidated Subsidiaries: New: 5 Excluded: 3 (due to the merger of consolidated subsidiaries) Equity method: New: 1 Excluded: 2

2. Consolidated Business Results for the Third Quarter Ended December 2005 (April 1, 2005 – December 31, 2005) 1)Consolidated Operating Results

· · · ·			(Note: Amounts ha	ave been rou	nded off to the neare	est million yen)
	Net Sales		Operating Income		Ordinary income	
	¥ Millions	%	¥ Millions	%	¥ Millions	%
Third Quarter Ended December 2005	474,068	11.3	13,979	33.0	15,710	29.7
Third Quarter Ended December 2004	426,004	7.2	10,507	13.7	12,108	2.8
(Reference)						
Period Ended March 31, 2005	575,636		13,256		15,158	

	Net (quarterly) income		EPS (quarterly)	Fully Diluted EPS (quarterly)
-	¥ Millions	%	¥	¥
Third Quarter Ended December 2005	10,702	46.3	83.86	83.70
Third Quarter Ended December 2004	7,313	40.2	57.47	57.36
(Reference)				
Period Ended March 31, 2005	10,384		81.00	80.82

Notes: Figures shown in percentage of sales, operating income and other items show the ratios of sequential changes compared with the Third quarter of 2005.

2)Consolidated Financial Position

	Total Assets	Shareholder's Equity	Sharahaldar's Equity Patio	Shareholders Equity Per
	Total Assets		Shareholder's Equity Ratio	Share
	¥ Millions	¥ Millions	%	¥
Third Quarter Ended December 2005	390,409	190,257	48.7	1,487.05
Third Quarter Ended December 2004	339,026	163,646	48.3	1,285.37
(Reference)				
Period Ended March 31, 2005	335,290	167,092	49.8	1,311.37

3)Consolidated Cash Flows

	Net Cash from	Net Cash Used for	Net Cash Used for	Balance of Cash and Cash
	operating activities	Investment Activities	Financial Activities	Equivalents at Term End
	¥ Millions	¥ Millions	¥ Millions	¥ Millions
Third Quarter Ended December 2005	-7,975	-1,553	9,645	19,092
Third Quarter Ended December 2004	1,585	-2,043	-3,052	19,140
(Reference)				
Period Ended March 31, 2005	1,716	-1,412	-5,119	17,215

3. Consolidated Forecasts for the Year Ended March 31, 2006 (April 1, 2005 - March 31, 2006)

No change has been made t	o the forecasts published of	n October 31, 2005			
	Net Sales Recurring Income Net Income				
	¥ Millions	¥ Millions	¥ Millions		
Whole Year	625,000	18,500	12,300		

(Reference) Expected EPS (Whole Year) ¥ 95.55

*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.

Business Performance and Financial Position

[Business Performance]

Summary of Overall Company Performance

The Japanese economy, in this third quarter of the fiscal year, experienced gradual economic expansion supported by increased capital expenditure and growth in consumer spending. However, elements of uncertainty remained including the effect on the economy of oil prices hovering at the high end and changes in the economic climate in the US and China.

In this situation, the operating results, up to this third quarter, achieved domestic sales of 288.05 billion yen (an increase of 7.1% year on year), overseas sales of 186.01 billion yen (an increase of 18.5% year on year), and total sales of 474.06 billion yen (an increase of 11.3% year on year).

As for profits, the operating income was 13.97 billion yen (an increase of 33.0% year on year) following the increase in sales, and current profit was 15.71 billion yen (an increase of 29.7% year on year). Gains from sale of fixed assets were also recorded during the current quarter. As a result, the net profit for the quarter rose to 10.7 billion yen (an increase of 46.3% year on year).

Segment Summary

[Chemicals]

Sales: 201.92 billion yen Year-On-Year Comparison: Up 8.0%

In the chemical products business, functional chemicals continued to grow, which include the areas influenced by the automotive industry, such as paint materials and urethane materials. The specialty chemicals also remained strong including raw materials for specialty chemical products such as industrial oil solutions. In addition, pigments such as ink materials extended their sales. Dyes and pharmaceutical products remained almost unchanged. The sales of agricultural materials decreased, but remained strong overall.

[Plastics]

Sales: 168.7 billion yen

Year-On-Year Comparison: Up 21.1%

In the plastics segment, overseas sales mainly led by Asia, for example, in China, Hong Kong and Taiwan, the so-called Greater China region, continued to expand strongly. By usage, sales for precision measuring equipment and digital media such as CD and DVD, as well as for the automotive industry showed considerable increase both in functional resin and general-purpose resin. Packaging materials and housing equipment materials, which are mainly domestic, remained unchanged, but sales as a whole increased significantly.

[Electronics]

Sales: 94.56 billion yen

Year-On-Year Comparison: Up 5.1%

In the electronics operation, sale of chemical feeding devices, produced within the group for semiconductor and liquid crystal production, and the intermediary business for optical films and liquid crystal modules declined. However, component manufacturing and assembly for liquid crystal and electronics devices increased. The sale of precision abrasive compound as well as the own brand image processing and surface inspection devices expanded as well. Modified epoxy resin also fared relatively well. As a result, the overall sales increased.

[Healthcare and others]	
Sales: 8.87 billion yen	Year-On-Year Comparison: Down 8.2%

In our healthcare and other business segment, a trend of partial improvement was observed in the sale of cosmetics and health food products, but it was not significant enough to compensate for the slump in the first half. Medical devices also decreased, and hence sales declined.

[Financial Position]

Total assets increased by 55.11 billion yen from the end of the previous period to 390.4 billion yen. This was mainly due to the increase in receivables and investment securities following the rise in share price.

Liabilities increased by 31.33 billion yen from the end of the previous period to 194.68 billion yen. This was mainly due to the increase in accounts payables, commercial paper and borrowing.

Shareholders' equity increased by 23.16 billion yen from the end of previous period to 190.25 billion yen. This is mainly due to the increase in unrealized gains of other negotiable securities recorded in asset as well as the increase in retained earnings.

As a result of the above, the shareholders' equity ratio decreased by 1.1 points from 49.8% in the previous quarter to 48.7%.

[Status of Consolidated Cash Flow]

Cash flows from operating activities was an outflow of 7.97 billion yen due to the increased operating capital and corporation tax payment, despite the income before income taxes and others for the quarter of 17.52 billion yen.

Cash flows from investing activities was an outflow of 1.55 billion yen. This was as a result of continued capital investment and acquisition of investment securities despite the sale of some tangible fixed assets and investment securities.

Cash flows from financing activities was also an inflow of 9.64 billion yen as a result of financing through commercial paper and borrowing despite the dividend payment.

As a result, balance of cash and cash equivalents for this third quarter rose by 1.87 billion yen from the end of previous period to 19.09 billion yen after adjusting for the increase in cash and cash equivalents following the recent consolidation.

[Financial Forecasts]

At this point in time, there have been no changes to the figures we announced on October 31, 2005 as consolidated financial forecasts. We have also made no changes to our non-consolidated financial forecasts.