Summary of Consolidated Business Results for the Year Ended March 31, 2006

April 28, 2006

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 Hiroshi Nagase
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Date of Board of Director's Meeting for Settlement of Accounts April 28, 2006
Adoption of U.S. GAAP: No

1. March 31, 2006 Consolidated Results (April 1, 2005 – March 31, 2006)

1) Consolidated Operating Results

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

	Net Sales		Operating Income		Recurring income	
	¥ Millions	%	¥ Millions	%	¥ Millions	%
Period Ended March 31, 2006	648,023	12.6	17,596	32.7	18,798	24.0
Period Ended March 31, 2005	575,636	7.9	13,256	29.4	15,158	15.6

	Net income		EPS	Fully Diluted EPS	Shareholder Net Income Rate for this Fiscal Year	Shareholder's Equity Ratio	Sales Operating Income Rate
	¥ Millions	%	¥	¥	%	%	%
Period Ended March 31, 2006	12,892	24.2	100.33	100.05	7.1	5.1	2.9
Period Ended March 31, 2005	10,384	48.1	81.00	80.82	6.4	4.7	2.6

Notes:
1. Gain (loss) on equity method investment
   Period ended March 31, 2006: ¥120 million Period ended March 31, 2005: ¥312 million
2. Average number of shares during the consolidated accounting period
   Period ended March 31, 2006: 127,703,315 Period ended March 31, 2005: 127,269,620
3. Changes to Accounting policies: No
4. The percentage figures for sales, operating income, recurring income, and net income represent increases (decreases) relative to the previous year's results.

2) Consolidated Financial Position

	Total Assets	Shareholder's Equity	Shareholder's Equity Ratio	Shareholders Equity Per Share
	¥ Millions	¥ Millions	%	¥
Period Ended March 31, 2006	396,773	196,620	49.6	1,535.70
Period Ended March 31, 2005	335,290	167,092	49.8	1,311.37

Notes:
Shares issued and outstanding at the end of the consolidated accounting period:
Year ended March 31, 2006: 127,981,411
Year ended March 31, 2005: 127,361,107

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
Period Ended March 31, 2006	-2,341	-3,809	9,330	22,936
Period Ended March 31, 2005	1,716	-1,412	-5,119	17,215

4) Scope of Consolidation and Application of Equity Method
Consolidated subsidiaries: 40
Non-consolidated affiliated companies covered by equity method accounting: 0
Affiliated companies covered by equity method accounting: 8

5) Changes to Scope of Consolidation and Application of Equity Method
Consolidated Subsidiaries (New): 5 (Excluded): 3 (resulting from merger of consolidated subsidiaries)
Equity Method (New): 1 (Excluded): 2

2. Consolidated Forecasts for the Year Ended March 31, 2007 (April 1, 2006 - March 31, 2007)

	Net Sales	Recurring Income	Net Income
	¥ Millions	¥ Millions	¥ Millions
Interim Period	347,000	11,300	6,700
Whole Year	694,000	22,700	13,600

Reference: Annual net income per share is projected to reach ¥106.27
*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.

Management Policy

1. Basic Management Policy

<Management Philosophy>

> The Nagase Group is a member of the world society. As such, it is our duty to maintain good and fair business practices and, through continued growth and development, provide society with the goods and services needed while improving the welfare of our employees and contributing to our society.

As stated in our Management Philosophy, we believe that in order to contribute to our society, it is essential to consistently maintain good and fair business practices while sustaining growth and development as a corporation.
With this Management Philosophy in mind, we are endeavoring to live up to our slogan of "the technology- and intelligence-oriented company that turns wisdom into business" by utilizing our "wisdom" arising out of our experience together with our "technology" and our "information" to create an unique existence for ourselves, which cannot be clearly defined as trading house nor manufacturer but having both functions. Moreover, we intend to reinforce our functions and continue to provide business solutions so that we are selected by our customers as a reliable partner in their execution of businesses.
In view of the above, we have designed a new Medium-term Management Plan "WIT 2008" for the three years commencing on April 2006 to set out the "Best form of the Company" as follows:

> (1) Maintain and expand the Company's solid business foundation, which will enable sustained growth
> (2) Being recognized us by the market possessing a unique corporate structure to utilize its strategically accumulated technology
> (3) Higher percentage of Nagase-led businesses, in which the Nagase function creates value added
> (4) Practice business management with emphasis on CSR (Corporate Social responsibility)

Due to greater diversity in the needs of our customers and the market, we cannot expect to fulfill them by simply adhering to our conventional intermediary functions. Thus we believe it is our highest mission to implement and thoroughly practice at every organization within the Group any and all actions for the "Best form of the Company" mentioned above.

2. Basic Policy of Profit Distribution

With our basic policy of endeavoring to further enhance the corporate structure and improve the earning capacity to continue to pay steady dividends to our shareholders, it is our policy to take a comprehensive view of our medium- to long-term performance trends and perspective of fund demands for future growth in order to pay dividends. As for our internal reserves, we intend to make effective use of such funds in our future business activities and the enhancement of our business foundations.

3. Our Approach and Policy Toward the Reduction of the Investment Unit

We acknowledge that the reduction of the minimum investment unit is an effective means to encourage individual investors to participate in the stock market, and improve the liquidity of stock. In regard to measures concerning the reduction of the investment unit, it is our very intention to address this task with careful consideration of our business results, market conditions, the anticipated expenses and effects thereof. However, at the moment concrete measures or the timing of its implementation are uncertain.

4. Targeted Management Performance Indicators and the Company's Medium/Long-term Management Strategies

<Summary of the Medium-term Management Plan "WIT 21">

Since April 2003, the Company had been pursuing the 3-year Medium-term Management Plan "WIT 21" (W: Wisdom, I: Intelligence, T: Technology). WIT 21 adopted the consolidated operating income as a management performance indicator and initially set the goal of achieving consolidated sales of ¥550 billion and consolidated operating income of ¥11 billion during the year ending March 31, 2006 corresponding to the final year of the plan. However these goals were met into the second year of the plan, in the year ending March 31, 2005, one year earlier than planned, when consolidated sales of ¥575.6 billion and consolidated operating income of ¥13.2 billion were achieved. During the final year, the year ending March 31, 2006, the Company continued to pursue the plan by upwardly revising the goals to ¥600 billion in consolidated sales and ¥16.1 billion in consolidated operating income and ultimately concluded the 3-year plan by achieving record consolidated sales of ¥648 billion and consolidated sales of ¥17.5 billion.

<The New Medium-term Management Plan "WIT 2008">

Following the success of WIT 21, the Company started another 3-year Medium-term Management Plan "WIT 2008" from April 2006. In preparing WIT 2008, we have held numerous discussions on determining what is necessary in the future to achieve our goal of the "Best form of the Company" mentioned in the first above "Basic Management Policy." From these discussions we have concluded that, as our business performance do well, it is the time to "reinforce our corporate structure" in order to maintain long-term sustained growth. Thus we have designated WIT 2008 as the period for "reinforcement of the corporate structure to enable sustained growth," and intend to maintain the fine balance between "aggressive" and "defensive" and reinforce both styles together.

Taking the above into account, we have set out the numerical goal in WIT 2008 as follows: the attainment of consolidated sales of ¥770 billion and consolidated operating income of ¥24.0 billion in the final year, fiscal year 2008 (the year ending March 31, 2009).

Under the new Medium-term Management Plan, consolidated operating income is the most important management indicator, as was the case with WIT 21. Our reasoning behind this is because consolidated operating income quantifies the results of our main line of business into an absolute amount and clearly indicates its gains and losses, it is a clear reflection of the stance of the Company aiming to expand its business and maintain sustained growth.

For the specific company-wide strategies, "Aggressive" strategies intended to "deepen the business portfolio strategy" will include;

1. Expansion of the Company's business foundations

2. Aggressive investments into priority areas
3. Improvement of the corporate structure for higher profits

"Defensive" strategies intended to "strengthen the internal system of the Company" will include:

4. Maintenance of a sound financial standing
5. Thorough risk management
6. Development of a consolidated management structure

Moreover, as a pre-condition of all of the above strategies, the following is implemented:

7. Improvement in the quality/quantity of human resource.

The priority areas will also follow WIT 21 and will include:

- Electronics
- Life Science
- Automotive
- Overseas operations

We believe that, among business foundations constructed by the Company, these areas can show their certain strengths while at the same time we are expected to see the greatest market expansion in the future.

5. Tasks to be addressed by the Company

<Execution of Company-Wide Strategies in the Medium-term Management Plan "WIT 2008">

(1) Expansion of the Company's Business Foundation

The business foundation means the relationship with our many prime customers that we have acquired until now, the numerous business locations worldwide mainly in Asia, and the Company's status, which has been built within the industry to date as a result of our various business activities. Consequently, we believe that the expansion of the Company's business foundation is the primary condition to realize sustained growth.

(2) Aggressive Investments into Priority Areas

Aggressive and concentrated investments into priority areas are essential to maintain the sustained growth of the Company in the future. The Company believes that these investments will lead to the new expansion of its business foundations. We are planning on greater increases in investments, compared to WIT 21 period, for a total of approximately ¥30 billion in the next three years. However, it should be noted that such investments require a thorough examination of its consistency with technological and market strategies, we must carefully select the matters to be invested.

(3) Improvement of the Corporate Structure for Higher Profits

In order to achieve the consolidated operating income established as our management goals, it is necessary to increase the percentage of our high-profit businesses. Not only does the Company increase the sales share of the products manufactured by the Group, but as entire Group also increase the percentage of high value-added businesses having the initiative, the Company tries to improve its profit margin. We also intend to continue our various efforts, including the review of our unprofitable businesses.

(4) Maintenance of Sound Financial Standing

The Company continues its management with emphasis on the cash flow. The Company tries to improve its cash flow from operating activities, and focuses on the maintenance of sound financial structure while reviewing its assets.

(5) Thorough Risk Management

We estimate that various new types of risk are occurred in the process of transforming the Company's business structure. For this reason, it will become essential for the entire Nagase Group to establish a comprehensive risk management system. The Company will implement measures to recognize, understand and control these risks at any time. We will at the same time prepare internal control system to address the complete understanding and regulation of the compliance.

(6) Development of Consolidated Management Structure

We will continue to enhance our consolidated management structure and intensify Group management by having Group companies share their strategies and information within the Group and by the efficient use of management resources. We will also develop the Group management structure to allow sustained growth by newly establishing and reorganizing its affiliates in domestic and abroad.

(7) Improvement in the Quality and Quantity of Human Resources

The Company still recognizes that our greatest assets is our personnel, and will aggressively ensure a wide variety of highly specialized human resources to address changes in the Company's business structure and new businesses and undertake systematic training to develop human resources for next leader.

6. Matters pertaining to the Parent Company

Not applicable.

Business Results and Financial Position

I. Business Results

(1) Overview of the Fiscal Year

Overall Company Performance

Looking back on the Japanese economy during the period under review, there has been a gradual but certain trend toward economic recovery supported by boosts in corporate capital investments and private consumption. It shows a promising sign in the employment environment, despite some concerns including the effects of the economic tends of the U.S. and China and surge in crude oil prices, Japan is going to put the economy to a new growth path.

As a result of our efforts to maximize our business performance under such circumstances, domestic sales increased by 6.8% (compared to the previous fiscal year) to ¥388.47 billion and overseas sales by 22.5% to ¥259.55 billion to record total sales of ¥648.02 billion, which constitutes a year-on-year increase of 12.6%.

As for our profits, increased sales resulted in the recording of an operating income of ¥17.59 billion (a 32.7% increase compared to the previous fiscal year) and an ordinary income of ¥18.79 billion (a 24.0% increase). Recognition of gains on sales of plant, property and equipment and investment securities resulted in the current net income increasing by 24.2% to ¥12.89 billion.

Segment Summaries

[Chemicals] Sales: ¥269.26 billion, 7.0 % increase compared to the previous year

The chemicals segment, on the whole, recorded gains thanks to increase in sales of chemicals with final applications mainly in the automotive sector, in addition to substantial sales to the Greater China region including Taiwan and Hong Kong.

- Performance chemicals-related products, which constitute one of our more upstream businesses, recorded gains both domestic and abroad in the automotive sector-related field of paint materials and urethane materials. Despite general-use chemicals showing only marginal increases, with increases in sales, mainly overseas, of such products including flame-retardants for plastics, overall sales increased during the period under review.
- Our Colors and Imaging products, which cover the businesses having to do with “color” including pigments and dyestuffs, showed gains in pigments for liquid crystal color filters and dyes used for plasma displays and DVDs. Despite decreased sales in dyestuffs and the thermal- and pressure sensitive paper materials, overall sales in this category increased slightly.
- In the specialty chemical segment, where we deal in materials for specialty chemicals such as surface active agents and industrial purpose oil solutions used in household toiletry products including detergents and cosmetics, sales increases were seen in the epoxy compound products of Nagase ChemteX Corporation, the Group’s core manufacturer, and products used for high-precision processing of metals.
- In the fine chemicals segment, where we deal in raw materials and intermediaries for pharmaceuticals and agrichemicals, enzymes, etc., sales of enzyme products including food additives increased slightly while sales of pharmaceuticals showed slight decreases and sales of agrichemicals also continued to decline, therefore, overall sales in this segment decreased during the current fiscal year.

[Plastics] Sales: ¥229.27 billion, 21.7% increase compared to the previous fiscal year

The Plastics segment recorded substantial increase in sales, owing to the continued increase in sales overseas, mainly to the Greater China region and to domestic sales centering on the automotive sector.

- Owing to our concentrated efforts in the Greater China region, overseas (mainly Asia) sales of functional resins (engineering plastics) and general-use resins continued from the previous term to mark substantial increases in the resins for use in armoring materials for precision equipment and in media-related uses such as CDs and DVDs. Sales of resins for precision equipment increased in domestic as well.
- Sales of resin materials and components for the automotive industry and resin molding facilities increased, mainly through sales of resins for use in automobile interiors in North America, while sales of domestic resin materials also increased, resulting in an overall increase in this segment.
- Sales of materials and products for housing equipment and building materials including our original product, the laminated wood materials, remained the same as the previous year.
- Despite sales on a limited scale, the electronic machinery parts-assembly operations, which we are conducting as part of our resin products business, continued to increase this term.
- Totaku Industries, Inc., the Group's domestic manufacturer of various flexible hoses and pipes for both household and industrial electricals including those used in vacuum cleaners and washing machines, increased its sales, while sales for Setsuan Kasei Co., Ltd., the Group's manufacturer of plastic coloring and compounds, remained flat, and sales for Kotobuki Industries Co., Ltd., the Group's manufacture of food packaging trays, decreased.

[Electronics] Sales: ¥137.86 billion, 12.4% increase compared to the previous fiscal year

The electronics segment recorded increased sales, due to gains from the sales of the accompanying parts derived from precision abrasive materials and liquid crystals-related businesses.

- Despite increased sales of formulated epoxy resins, through sales of the Group's original products by Nagase ChemteX Corporation and other companies are slightly decreased as a whole, due to deflated sales from the photolithography agents used in front-end liquid crystal and semiconductor processing and related feeding and management devices.
- In the liquid crystal display-related business including post-processing, sales from optical films and the intermediary business for liquid crystal modules declined, while liquid crystal component processing and derivative businesses such as aluminum casings for liquid crystal display device-related electronic machinery increased to mark an overall increase in this segment.
- Businesses dealing with precision abrasive materials used in silicon wafer processing increased both domestic and abroad. Businesses related to encapsulants used in post-processing of semi-conductors also showed steady growth.
- Sales generated by our image processing and surface inspection equipment used in our original products grew favorably.
- Sales of peripheral products intended for the general consumer such as liquid crystal display outfitted DVD players and DVD software, which have been promoted as the

downstream sector of our liquid crystal-related business, also increased during the period under review.

[Health Care and Others] Sales: ¥11.61 billion, 9.4% increase compared to the previous fiscal year

In healthcare and others, despite marginal growth in cosmetics and health foods, overall sales declined because of the sales decrease in healthcare.

- By concentrating our management resources in door-to-door sales, certain sections of our health food business showed signs of improvement for an overall marginal growth in the cosmetics and health food businesses.
- Sales from our medical care segment, which deals in reagents for clinical examinations and medical information & clinical diagnostic systems intended for medical institutions, and from our radiation dosimetry business, which is engaged in the safety management of radiation, declined, as a consequence of our drastic overhaul of our unprofitable businesses.

(2) Forecast for the Next Fiscal Year

For the next fiscal year, we expect to record sales of ¥694 billion, an operating income of ¥21.2 billion, ordinary income of ¥22.7 billion and a net income of ¥13.6 billion. Thus the annual dividend is scheduled as ¥15 per share, of which the interim and year-end dividends will both be ¥7.5 per share.

(Unit: million yen)

	Sales	Operating Income	Ordinary Income	Net Income
Year ending March 31, 2007	694,000	21,200	22,700	13,600
Year ending March 31, 2007	648,023	17,596	18,798	12,892
Year-on-year Comparison	107.1%	120.5%	120.8%	105.5%

Our forecast for the next fiscal year is calculated on the basis of information available at this time. However, the forecast may substantially differ from our actual performance, due to the effects of U.S. and Chinese economic trends, the prolonged surge in crude oil, prices and its effects on the materials industry, the balance between demand and supply for electronic equipment such as liquid crystals and other unforeseeable changes in the economic climate and environment.

II. Financial Position

1. Overview of the Current Period

(1) Status of Consolidated Balance Sheet

Total assets increased ¥61.48 billion compared to the end of the previous fiscal year to ¥396.77 billion, due to the increase in accounts receivable accompanying the increase in sales and the increase in investment securities reflecting the rise in share prices.

Shareholders' equity increased ¥29.52 billion compared to the end of the previous fiscal year to ¥196.62 billion, due to the increase in the unrealized gains on other securities declared as shareholders' equity, in addition to increases in retained earnings.

As a result, shareholders equity ratio declined by 0.2 points to 49.6%.

(2) Status of Consolidated Cash Flow

Despite net income before income taxes and minority interests totaling ¥20.58 billion, net cash used in operating activities amounted to ¥2.34 billion, due mainly to the increase in working capital accompanying increases in sales and the payment of corporate income taxes.

Despite sales of a portion of the investment securities, net cash used in investment activities amounted to ¥3.8 billion, due to such factors as active capital investments and acquisition of investment securities and capital contributions.

Net cash provided by financing activities amounted to ¥9.33 billion, due to funds raised through commercial papers and borrowings, which exceeded the payment of dividends.

As a result, the outstanding balance of cash and cash equivalents at the end of current fiscal year increased ¥5.72 billion compared to the previous fiscal year to ¥22.93 billion.

2. Trends in Cash Flow Indicators

	Year ended March 31, 2002	Year ended March 31, 2003	Year ended March 31, 2004	Year ended March 31, 2005	Year ended March 31, 2006
Shareholders' Equity Ratio	48.0%	49.5%	50.3%	49.8%	49.6%
Shareholders' Equity Ratio based on Market Value	22.6%	23.2%	38.8%	40.8%	51.0%
Debt Repayment Period	1.6 years	3.8 years	2.6 years	8.2 years	-
Interest Coverage Ratio	19.9	10.1	13.9	3.3	-

(Notes) Shareholders' equity ratio = Shareholders' equity / Total assets
Shareholder' equity ratio based on market value = Market capitalization of shares / Total assets
Debt Repayment period = Interest-bearing debt / Operating cash flow
Interest Coverage Ratio = Operating cash flow / Interest payment

* All indices are calculated on the basis of consolidated financial figures.
* Market capitalization of shares is calculated by multiplying the closing price of shares at the end of the period by the total number of outstanding shares as at the end of the period.
* Operating cash flow refers to net cash provided by operating activities in the Consolidated Statement of Cash Flows. Interest bearing debt refers to all debt for which interest is payable as declared in the Consolidated Balance Sheet. Interest payment refers to the amount of interest paid as shown in the Consolidated Statement of Cash Flows.

III. Operating Risks and Other Risks

The following describes major operating risks and other risks of the Company, which may materially affect the decisions of the investors.
Forward-looking statements in this Section are based on the Group's decision on said matters as of March 31, 2006.

1. Impact of Exchange Rate Fluctuations

The Group's operations include import and export transactions based on foreign currencies. Exchange rate fluctuations affect the yen-equivalent value of such foreign-denominated transactions. While the Group makes every effort to hedge these transactions using forward foreign exchange contracts in order to minimize the risks associated with exchange rate fluctuations, exchange rate fluctuations may still affect the Group's business performance and financial position. The Group has a number of overseas subsidiaries and prepares their financial statements in foreign currencies. When converting such statements into yen in preparing the consolidated financial statements, the Group is subject to conversion risks associated with exchange rate fluctuations.

2. Potential Risks of Overseas Activities

There is an increasing percentage of the Group's selling and manufacturing activities abroad, namely in Southeast Asia, Europe, the U.S. and China. While the Group makes every effort to understand local market trends in a timely manner and address appropriately, the Group's business performance and financial position may be affected by unforeseeable circumstances arising out of local legal restrictions, customs, etc.

3. Impact of Stock Price Volatility

The Group's portfolio consists, to a large extent, of marketable securities of its client companies, which are exposed to risks associated with stock price volatility. While the Group takes measures against such risks including the disposal of unnecessary shares, they may still affect the Group's business performance and financial position.

4. Risks associated with New Investments

In accordance with its business expansion plans, the Group tries to transform itself by expanding its low-margin intermediary business into high-value added businesses. The Group, therefore, is actively investing in new businesses, purchasing strategic commercial rights and implementing other measures by making use of the advanced technology and information provided by the Group's R&D Center and the Group's manufacturing subsidiaries. However, such measures are subject to higher potential risks than the Group's conventional, low-risk intermediary businesses, which may affect the Group's business performance and financial position.

5. Risks associated with Product Quality

In order to provide customers with higher value added, the Group operates its R&D Center and its manufacturing subsidiaries. The Group pays the utmost attention to the technologies and the products they provide, however, accidents may happen, such as the need to suspend sales or recall due to defects in said products, which may affect the Group's business performance and financial position.

6. Risks associated with the Handling of Many Types of Chemicals

The Group exports and imports a wide variety of products, namely chemicals, for a broad range of applications. Said exports are subject to the laws and regulations such as the Foreign Exchange and Foreign Trade Control Law and the Export Trade Control Order aiming to maintain international peace and security; and imports are subject to the laws and regulations such as the Law Concerning the Evaluation of Chemical Substances and Regulation of the Manufacture, etc. (Chemical Substances Law). In view of the above, the Group has established the Security Trade Control and Chemical Management Committee in order to ensure compliance to such laws and regulations. In the event of any violation of such laws and regulations, restrictions imposed on the Group’s business activities may affect its business performance and financial position.