
Business Performance for the fiscal year ended March 2003

“The Technology and intelligence oriented company that turns wisdom into business”



Nagase & Co., Ltd.



CONTENTS

- ✦ **Results for the Fiscal Year Ended March 31, 2003 and Outlook for the Coming Fiscal Year**
 - ✦ **The WIT2000 Medium-term Management Plan and The WIT21 New Medium-term Management Plan**
 - ✦ **Topics from Electronics Group**
 - **About our Electronics Business**
-

Consolidated Financial Information
For the year ended March 31, 2003

Consolidated Financial Highlights

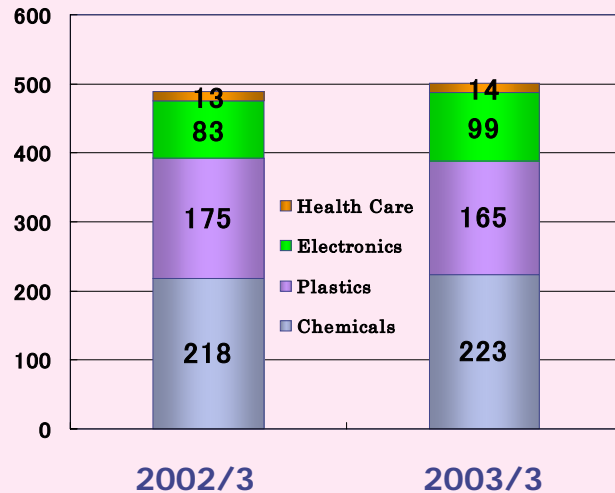
(Unit; billion yen)

1. Growth in Overseas Sales and Electronics Business
2. Expansion in Businesses with Higher Profitability

	03/3	02/3	Increase & Decrease	%	Overview
Net Sales	503.6	490.5	13.1	103%	1.Growth in Overseas Sales 2.Expansion in Electronics Business
Gross Profit	51.8	46.9	4.9	111%	1.More Businesses with Higher Profitability 2.Robust Performance by Manufacturers
Operating Income	8.4	1.6	6.7	504%	1.Higher Profits with Sales Growth 2.Improved Profitability for Manufacturers
Recurring Income	11.2	4.7	6.5	238%	
Income(Loss) Before Tax	7.5	2.9	10.4	-	1.Lower Valuation for Securities 2.Extraordinary Income – Compensation
Net Income(Loss)	4.1	2.0	6.2	-	
EPS(¥)	31.72	15.39	47.11	-	
ROE(%)	2.9	1.4	4.3	-	

Net Sales for Each Segment and Gross Profit

Net Sales: ¥503.6 billion (Up ¥13.1 billion YoY)



Sales Overview for each segment

Chemicals : Up ¥5.1 billion (102%)

Brisk overseas business
Steady performance among pigments, paint raw materials, and new businesses
Nagase Pharmaceutical Co., Ltd. newly consolidated

Plastics : Down ¥9.4 billion (95%)

Effect of the transfer of domestic selling rights for products by General Electric Company
Stronger performance by auto-related businesses
Sales gains with plastics for overseas electrical equipment

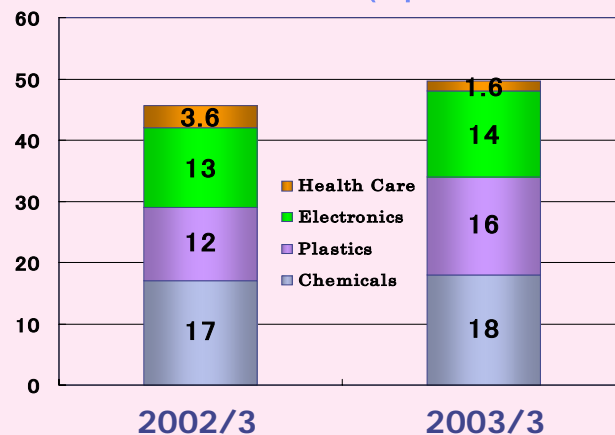
Electronics: Up ¥16 billion (119%)

Steady business for liquid crystal and semiconductor manufacturing pre-processing
Growth for post-processing including precision abrasive manufacturing for parts and materials for liquid crystal
Substantial growth for communication equipment

Healthcare & Others: Up 1.3 billion (110%)

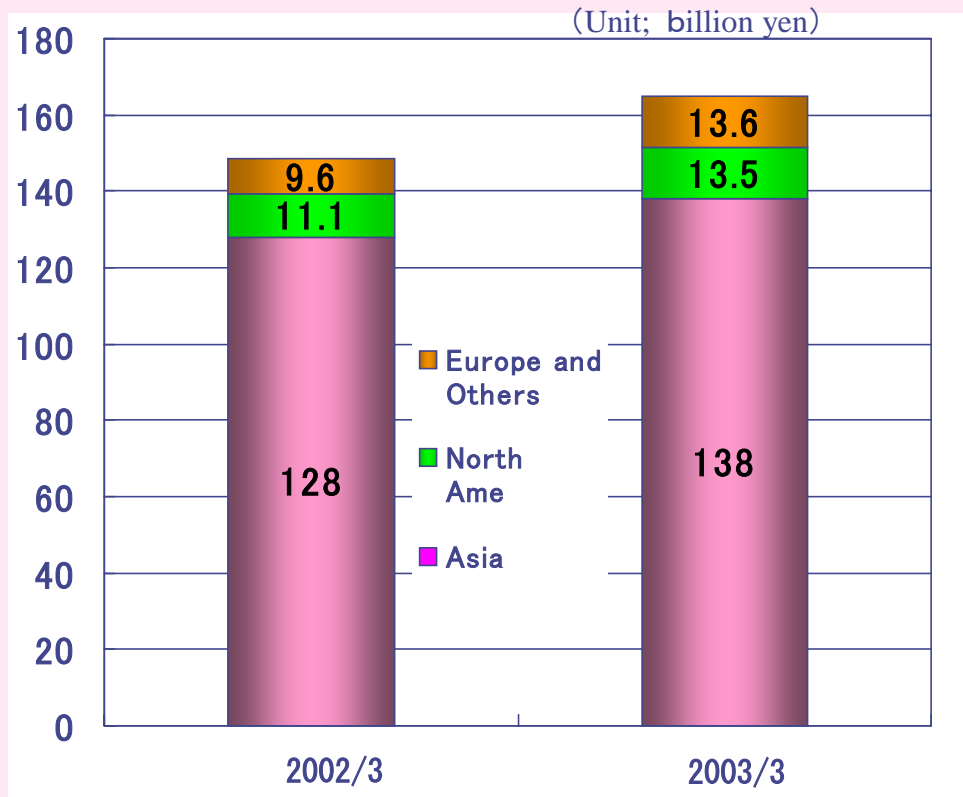
Steady performance by medical equipment-related segment
Slight decline for cosmetics and health foods
Effect of new consolidation

Gross Profit: ¥51.8 billion (Up ¥4.9 billion YoY)



Overseas Sales

¥166.1 billion (Up ¥16.6 billion or 11.1% YoY)
Growth in electronics and automobile segments



Asia: Up ¥10.2 billion (108%)

Steady performance by plastics raw material / additive-related businesses

Growth in plastics sales for electrical and information equipment

Strong LCD parts and materials

Robust business for leading-edge materials used in semiconductor manufacturing

North America: Up ¥2.3 billion (121%)

Growth in molds and equipment for automobiles

Steady performance by recording material-related products

Europe and others: Up ¥4 billion (142%)

Steady performance by medical-related and recording material businesses in Europe

Steady automobile business

Major gains in display-related products for Europe



NAGASE & CO., LTD.

Sales Management Cost

¥43.4 billion (Down ¥1.8 billion YoY)



◇ Factors for Increase

Increase in loan-reserves

¥600 million

More sales cost due to export hike

¥100 million

New consolidation ¥700 million

◇ Factors for Decline

Cost saving effect ¥1.1 billion

(Personnel expenses: ¥800 million)

(Others: ¥300 million)

Less internal transactions

¥2.1 billion

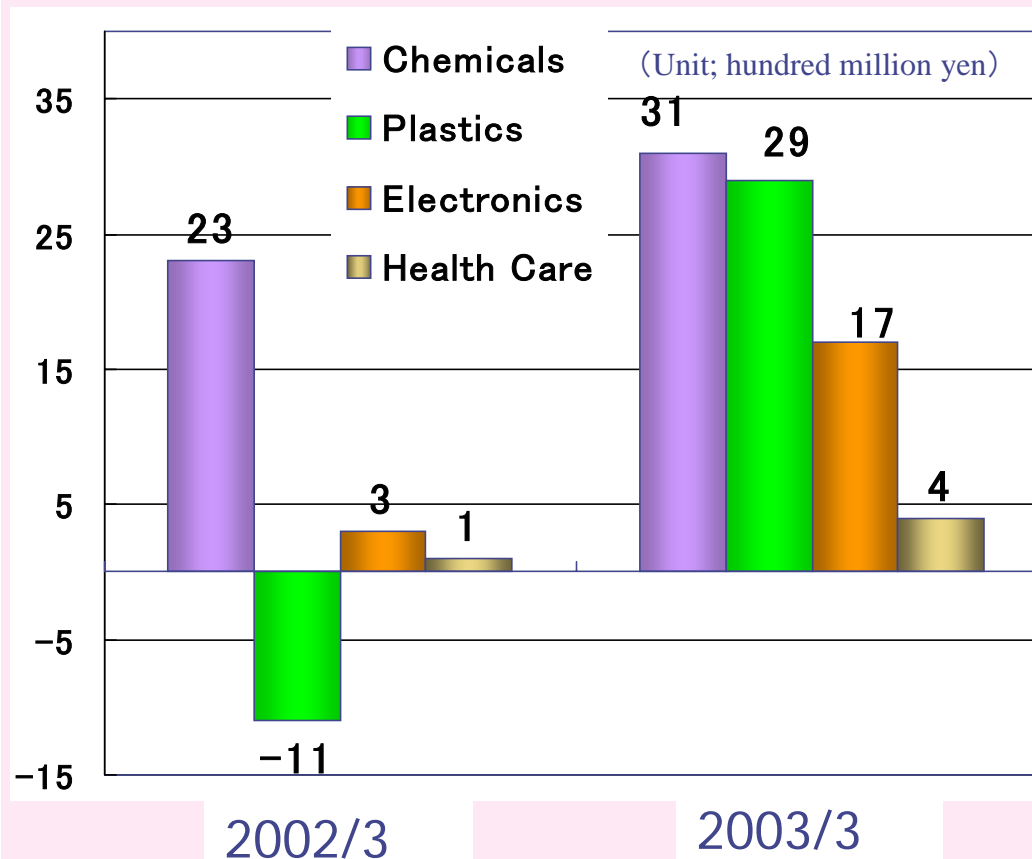


NAGASE & CO., LTD.

Operating Profit

¥8.4 billion (504% YoY increased by ¥6.7 billion)

Sharp increase made possible through business expansion and improved profits



Overview on operating profit

Sales growth in electronics and other businesses

Sales profits ratio increased to 10.3%

Non-consolidated operating profit improved by ¥4 billion

Sales growth and sharply improved profits with manufacturing subsidiaries

Profit growth achieved through sales gain of overseas subsidiaries

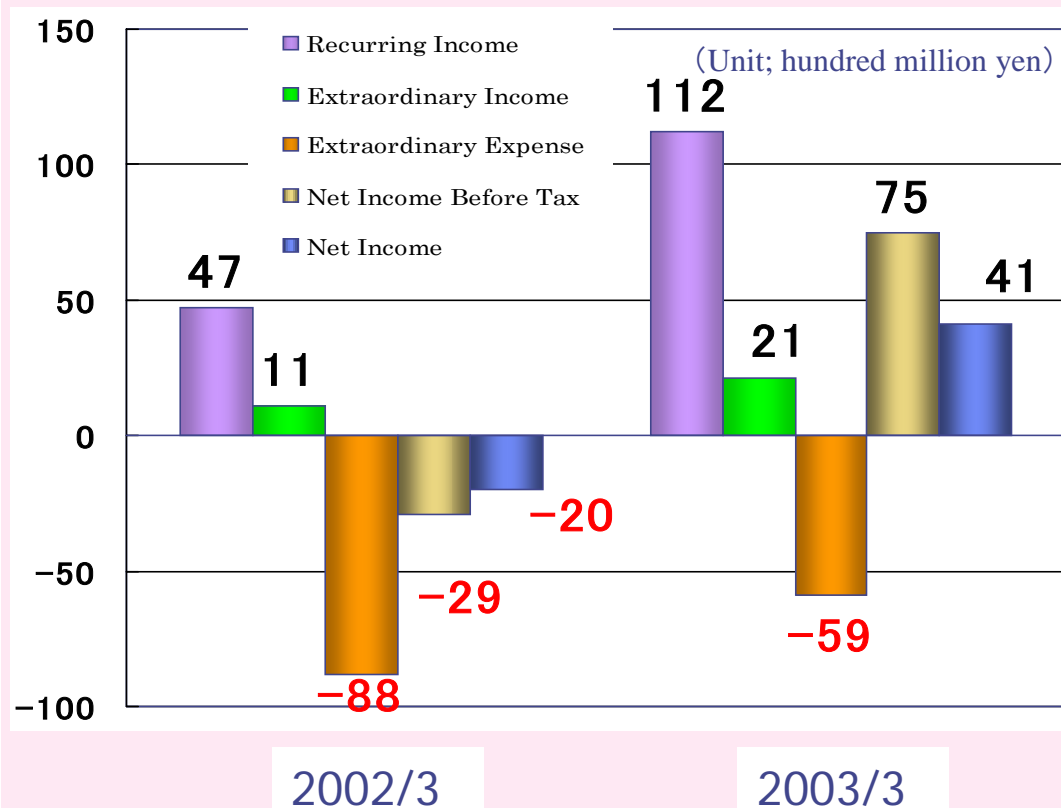


NAGASE & CO., LTD.

Recurring Income / Net Profit

Recurring Income: ¥11.2 billion
(238% YoY increased by ¥6.5 billion)

Recurring income target achieved



Recurring Income: ¥11.2 billion (Up ¥6.5 billion)

Gain on operating profit: ¥6.7 billion
 Foreign currency losses: ¥300 million
 Dividends: ¥200 million
 Less miscellaneous losses: ¥400 million

Extraordinary Income: ¥2.1 billion (Up ¥1 billion)

Loss compensation: ¥1.5 billion
 Loss from sales of securities: ¥500 million

Extraordinary Expense ¥5.9 billion (Up ¥2.9 billion)

Less lower valuation for securities: ¥2.7 billion
 Less special severance payments: ¥1.2 billion
 Loss from lease cancellation ¥300 million
 Expenses for introducing 401K ¥300 million

Net Income: ¥4.1 billion (Up ¥6.2 billion)



NAGASE & CO., LTD.

Balance Sheet Highlights

(Unit; billion yen)

①Market-price valuation of securities ②Sales of securities

< Assets	03/3	02/3	Increase & Decrease	<Liabilities & Shareholder's equity>	03/3	02/3	Increase & Decrease
Cash and deposits with banks	19.6	23.2	(3.6)	Trade notes and accounts payable	95.9	105.5	(9.6)
Trade notes and accounts receivable	150.8	151.2	(0.3)	Short term loan payable	8.0	6.7	1.3
Inventories	28.1	25.5	2.6	Commercial paper	—	3.0	(3.0)
Other current assets	4.1	6.0	(1.9)	Other current liabilities	16.1	14.6	1.5
Tangible fixed assets	26.0	25.2	0.8	Bond	7.0	7.0	—
Investments in securities	49.0	63.0	(13.9)	Long term loans payable	1.5	2.9	(1.4)
Other fixed assets	6.8	5.7	1.1	(debt with interest)	(16.5)	(19.6)	
				Other fixed liabilities	11.0	12.2	(1.1)
				Minority interest	4.0	3.7	0.3
				Shareholder's equity	140.9	144.1	(3.2)
				(tresuary stock)	(5.9)	(2.6)	(3.2)
				(ratio of shareholder's equity)	(49.5%)	(48.0%)	
Total Assets	284.8	300.0	(15.2)	Total liabilities, minority interests and shareholders' equity	284.8	300.0	(15.2)



Cash Flow Overview

(Unit; billion yen)

Increase in income before taxes and depreciation cost

Decreased borrowings

Acquirement of treasury stock

	03/3	Note
Cash flow from operating activities	4.3	Income before taxes ¥7.5 billion Depreciation ¥3.1 billion Bonds payable, costs and others
Cash flow from investing activities	0.9	Capital investment ¥3.1 billion Gain on sales of securities ¥5 billion
Cash flow from financing activities	△ 7.6	Short-term loans payable ¥3.2 billion less Acquirement of treasury stock ¥3.2 billion
Cash and cash equivalents at end of the year	19.0	Decrease by ¥2.9 billion YoY



Performance of major consolidated Companies

(Unit; billion yen)

- Brisk business among Asian subsidiaries ② Higher profits among manufacturing subsidiaries
③ Improved non-consolidated results

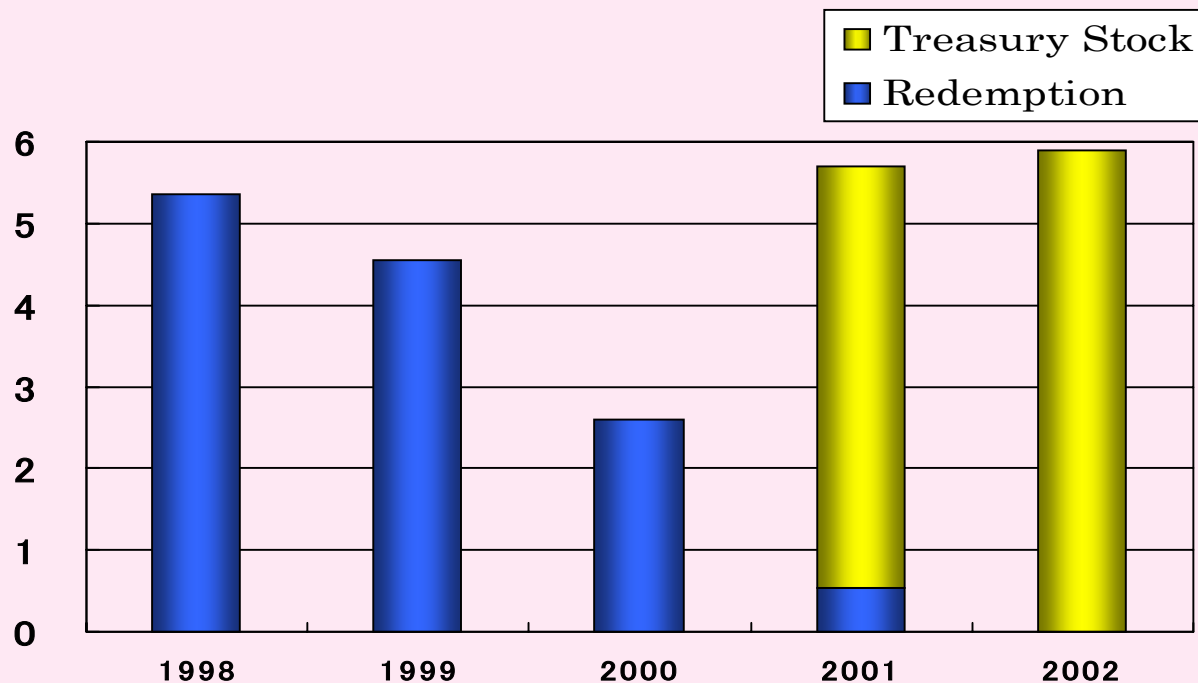
	Sales	Ratio over previous year	Operating Income	Ratio Over previous year	Net profit	Ratio over Previous year
Nagase & Co., Ltd.	418.0	103%	3.1	-	1.1	-
Nagase ChemteX Corp.	20.3	107%	1.1	1718%	0.5	135%
Totaku Industries, Inc.	6.7	99%	0.3	-	1.5	-
Setsunan Kasei Co., Ltd.	4.9	121%	0.04	-	0.03	-
Nagase Pharmaceutical Co., Ltd. (*)	2.7	81%	0.1	56%	0.04	70%
Kotobuki Industries Co., Ltd.	2.4	104%	0.08	99%	0.04	95%
Nagase Plastics Co., Ltd.	10.4	111%	0.02	176%	0.03	331%
Hoei Sangyou Co., Ltd.	13.9	92%	0.02	-	0.03	20%
Nagase Colors & Chemicals Co., Ltd.	14.2	92%	0.05	49%	0.001	5%
Nagase Chemical Co., Ltd.	6.1	103%	0.06	123%	0.03	144%
Nagase Hong Kong Ltd.	23.9	115%	0.6	116%	0.5	105%
Nagase Singapore (Pte) Ltd.	32.3	109%	0.4	116%	0.4	122%
Nagase (Thailand) Co., Ltd.	16.6	130%	0.6	182%	0.4	172%
Nagase America Corp.	11.5	106%	0.04	54%	0.07	85%
Canada Mold Technology Inc.	1.1	109%	0.2	321%	0.1	374%

(*) Newly consolidated subsidiaries



NAGASE & CO., LTD.

Treasury Stock Overview



	Number of stocks (in thousand)	Amount (in billion yen)
Acquirement in FY2002	5 , 9 0 0	3 . 2
Total number of treasury stocks acquired	2 4 , 0 8 6	1 1 . 8
Number of treasury stocks as of March 31, 2003	1 1 , 0 6 6	5 . 9



Business Outlook

Expected business performance(estimated)

(Unit; billion yen)

	2004/03 (Forecast)	2003/03 (Performance)	Against Previous Year (%)
Sales	509.0	503.6	101%
Gross Profit	52.9	51.8	102%
Selling general and administrative expenses	44.0	43.4	101%
Operating Income	8.9	8.4	106%
Non operating income and expenses	2.9	2.8	102%
Recurring Income	11.8	11.2	105%
Net Income	6.0	4.1	143%

	Sales			Gross Profit		
	2004/03 (Forecast)	2003/03 (Performance)	Against previous year (%)	2004/03 (Forecast)	2003/03 (Performance)	Against previous year (%)
Chemicals	224.0	223.6	100%	19.0	18.6	102%
Plastics	168.0	165.8	101%	16.8	16.5	101%
Electronics	102.0	99.7	102%	15.4	14.9	103%
Healthcare	15.0	14.4	104%	1.7	1.6	100%
Total	509.0	503.6	101%	52.9	51.8	102%



NAGASE & CO., LTD.

The WIT2000 Medium-term Management Plan and the WIT21 New Medium-term Management Plan

Overview of WIT2000 for FY2000 through FY2002

Objectives of WIT2000

- Creation of New Businesses
- Aggressive Investment in strategic segments
- Focus on consolidated Group management
- Focus on B/S and C/F

Business Objectives	
N-ROE	7.0%
Net Sales	¥630 billion
Net Profit	¥8.3 billion

Results

- More of distinctive businesses
- Investment of approximately ¥20 billion
- Acquisition of tangible fixed assets in ¥10.7 billion
- Investment in securities in ¥8 billion

Business Results	
N-ROE	5.7%
Net Sales	¥503.6 billion
Net Profit	¥4.1 billion

Major changes in operating environment, including slump in IT sector, new accounting standard, and selling right transfer



Basic principle of "WIT21" new medium-term management

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.

Nagase Group Slogan

a technology and intelligence-oriented company that turns wisdom into business

Long-range vision

To provide new "capabilities" and "services" worldwide based on our chemical business, so as to become a company that keeps creating value-added businesses capable of solving issues for customers. Our business target in ten years is a consolidated operating income of ¥20 billion with gross profit ratio of 15% and earnings higher than capital costs.



NAGASE & CO., LTD.

W/Wisdom

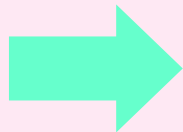
I/Intelligence

T/Technology

Business creation and investment in strategic segments

Basic strategy

Intensively customer-oriented, we aim to set ourselves apart from our competitors, which is our basic principle, in order to seek higher profits by fostering and bolstering market-leading businesses, and by creating businesses drawing on the capabilities and originality of the Nagase Group.



To continue challenging with “technology”, “information”, and “wisdom”

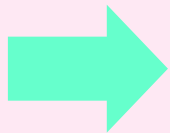
Key strategic segments

Electronics segment including electrics and electronics

Automobile-related segments

Life science segment including medical and healthcare sectors

Overseas business segments



Considering investment of approximately ¥20 billion for 3 years mainly in strategic segments



NAGASE & CO., LTD.

W/Wisdom

I/Intelligence

T/Technology

WIT21 Management objectives

Principles in planning “WIT21” new medium-term management plan

To reconfirm the management philosophy to seek business structure conversion and improved profits

To stay with the basic principles of intensive customer-orientation and creation of new businesses

To set operating profit as our management indicator instead of N-R O E

Consolidated Management Target

(Unit; billion yen)

	2 0 0 6 / 3	2 0 0 3 / 3
Sales	5 5 0 (Overseas 220)	5 0 3 . 6 (Overseas 166. 1)
Operating Income	1 1	8 . 4



Business development in China

Sales performance in greater China

Year ended March 31, 2001: ¥75.6 billion

Year ended March 31, 2002: ¥67.4 billion

Year ended March 31, 2003: ¥72.3 billion

11 of our group companies

《Principles to boost sales》

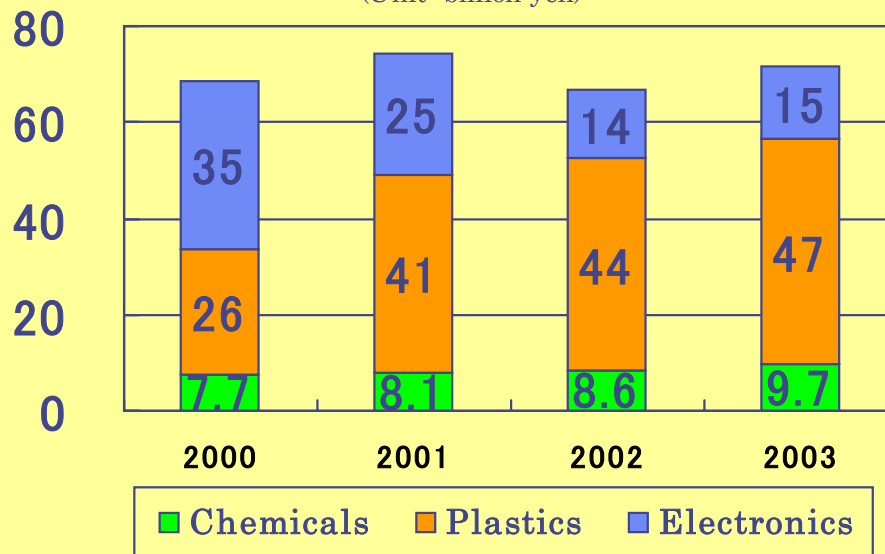
Building up in Dalian and Tianjin areas
Sales of parts and products made by Chinese local manufacturers

《Principles to bolster manufacturing bases》

Bolstering of processing businesses through partnership with medium companies and launching of Joint Ventures

Sales Performance by each segment

(Unit: billion yen)



Dalian area

Focusing on electric segments

Tianjin area

Focusing on automobiles

Shanghai area

- Plans to boost sales to non-Japanese companies
- Plans to boost mainly manufacturers including Nagase ChemteX (Wuxi) Corp. and Nagase Precision Plastics Shanghai Co., Ltd.

Business creation and taking the initiative



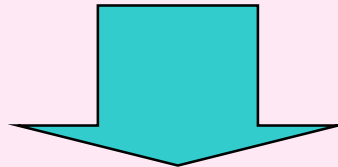
Reinforced corporate governance

Information disclosure to stockholders and investors

Even stricter auditing /monitoring of management practice

Full risk-management for investment choice

Ensuring of the corporate officer system



Long-term and objective management perspectives



NAGASE & CO., LTD.

W/Wisdom

I/Intelligence

T/Technology

事業部トピックス

Topics from Electronics Group

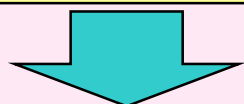
Electronics First Group

Executive officer Kyouichi Zushi

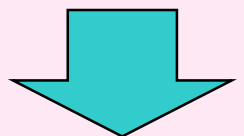
History and outlook of our electronics business

Basic strategy

Creation of
distributing
business →
Expansion period



Entrance to
manufacturing
business →
Challenging period



Capabilities
integration focused on
chemicals, and
creation of new
businesses →
Establishing period
for new status

To build and maintain friendly relationship with key players in and out of Japan, so as to function as a trading company

To seek improve manufacturing capabilities with uniquely accumulated technologies and expertise

To integrate manufacturing and trading capabilities, aiming to establish a new type of corporate status drawing on technology, information, and wisdom

Our efforts

- Eastman Kodak Co. (U.S.A.)
Photoresist
- Ciba-Geigy Ltd. (Switzerland)
Modified epoxy resin

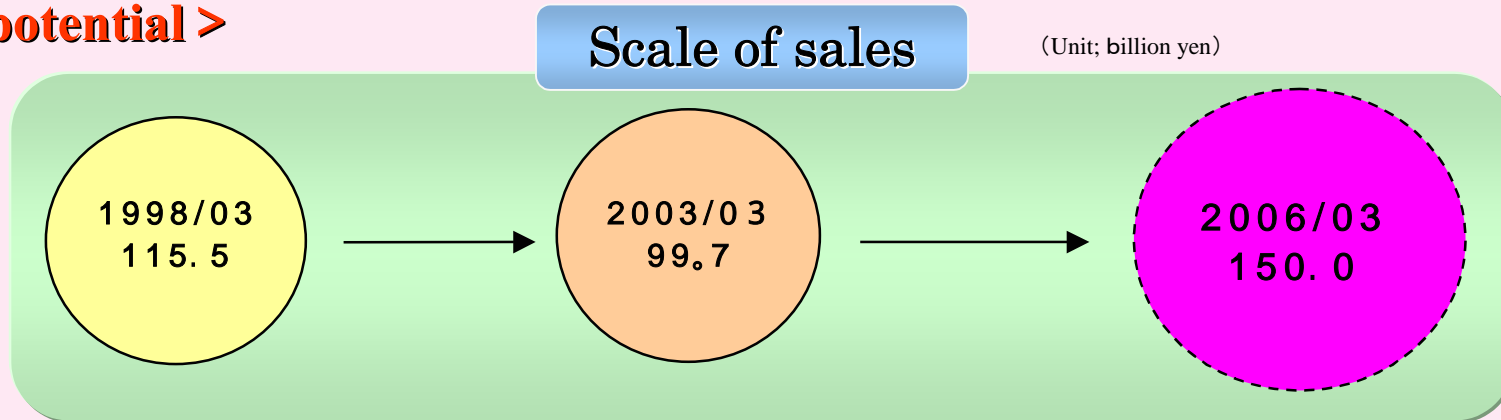
- To apply electronics-related technologies acquired through chemicals businesses
- To specialize in niche markets aiming to respond to customers' needs without competing against major manufacturers
- To place electronics business as our key strategic segment, while making aggressive investments in order to reinforce our manufacturing capabilities

- To optimize customer satisfaction by integrating our manufacturing and trading capabilities, and by providing the best solutions
- To maintain our competitiveness in niche markets, so as to ensure high profitability unlikely to be effected by the market

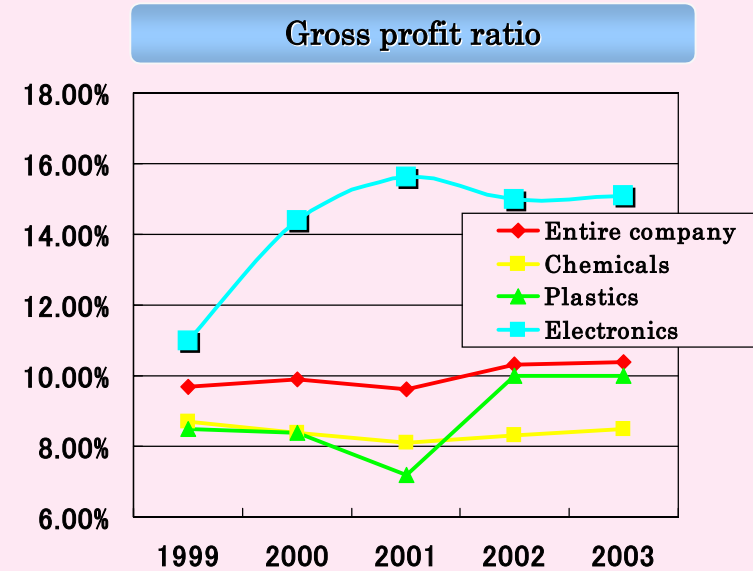
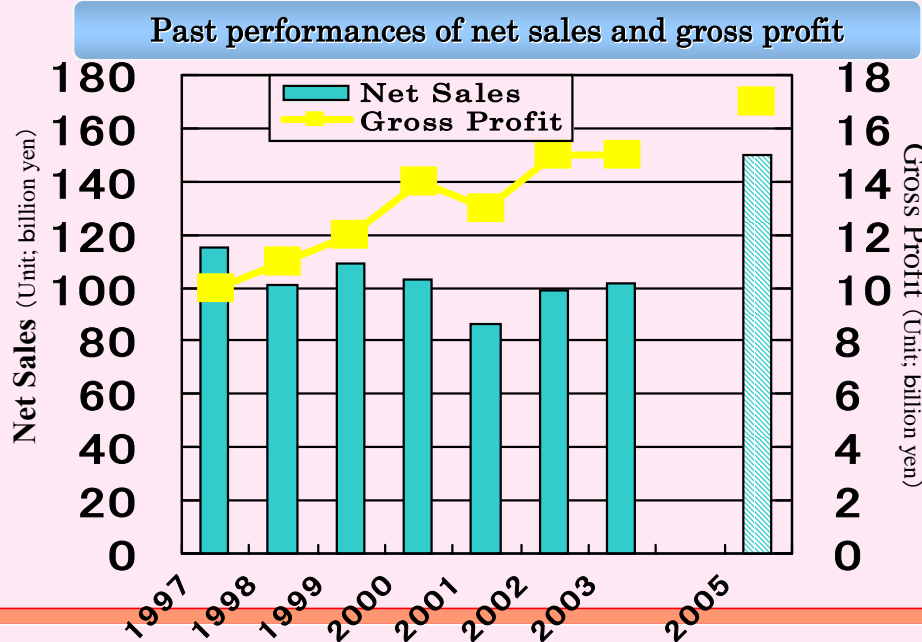


Growth potential and profitability of electronics business

< Growth potential >



< Profitability >

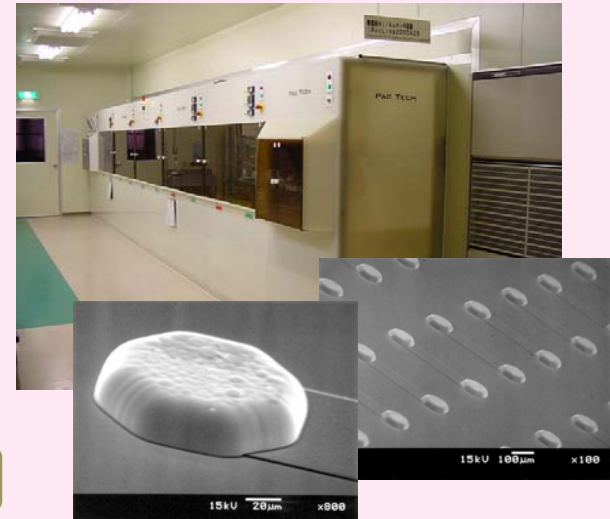


Key electronics products

Electronics First Group Net sales of ¥42 billion

Chemical management system (CMS) for semiconductor and liquid crystal manufacturing
Chemicals for semiconductor and liquid crystal manufacturing, semiconductor packaging materials, insulating materials, fluoroplastic-related products, epoxy-resin related products, and non-electrolyzing coating system

Drawing on technologies derived from chemicals businesses

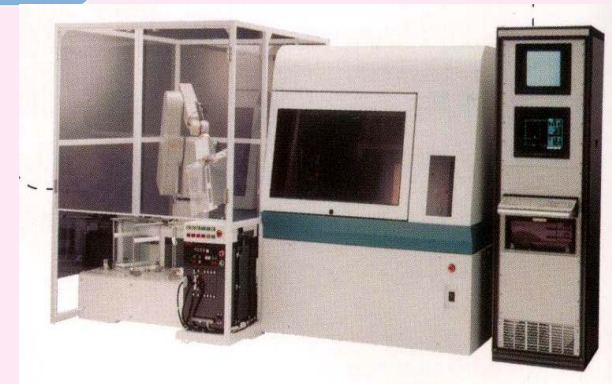


Alpha Bumping Technology Co., Ltd.

Electronics Second Group Net sales of ¥58 billion

Display device, materials for liquid crystal displays (LCD) and organic EL, precision abrasive materials, wireless communication modules and sub-systems, surface defect inspection systems

Drawing on our original technologies of electronics devices



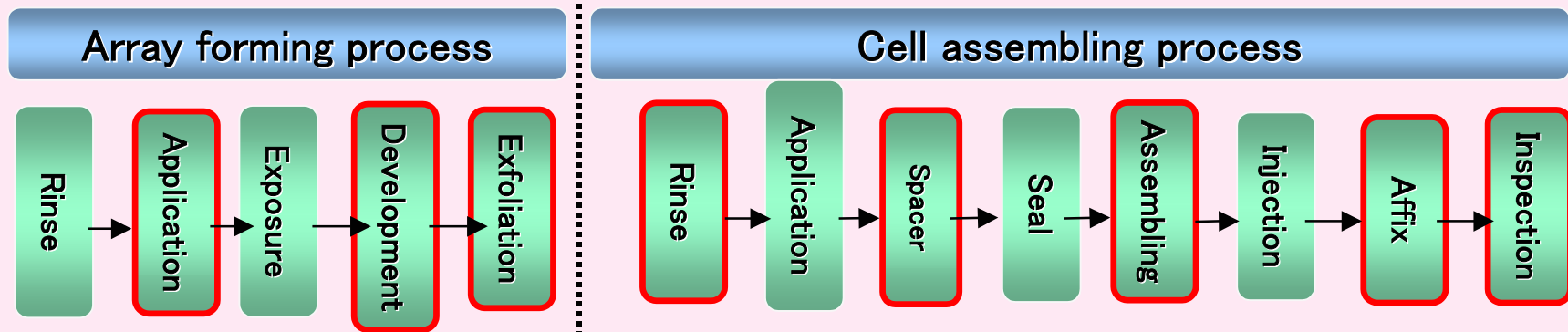
Surface defect inspection systems "Scantec"



NAGASE & CO., LTD.

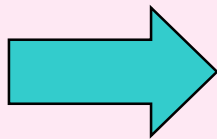
Our approach to specialize in niche markets

Example: manufacturing process for liquid crystal panels



We specialize in process, that we are skillful at, with potentially higher profitability, rather than handling all the processes consistently

To specialize in devices with high profitability, rather than all-purpose devices



For all-purpose devices, we provide large manufacturers with materials only; i.e. functioning as a trading company
Intimacy with customers enables us to promptly respond to customers' needs and for their satisfaction, during R&D and manufacturing process of new products.

Topics from niche markets

Semiconductor seal materials

Display devices

PHS base stations

Development of next-generation photoresist



NAGASE & CO., LTD.

Advantages of our electronics-related businesses

Advantages as a manufacturer

Selection and concentration
(narrowing)

Specialization in niche markets

Capabilities to develop
technologies



Specializing in niche markets where some hundred million to a billion plus yen of investment enables entrance to manufacturing businesses, rather than competing against major manufacturers, we maintain high profitability while aiming at ensuing large share at each market.

Advantages as a business division of a trading company

Customer base and relationship

Capabilities to analyze
information

Partnership



Thanks to our relationship with customers, capabilities to collect and analyze information, all fostered through our trading businesses, we are able to provide the best solutions by combining products of our own and from other companies for each customer's needs.



NAGASE & CO., LTD.

Aggressive investment to manufacturing subsidiaries

Nagase ChemteX Corp. Singapore Facility



Corporate profile of Nagase ChemteX Corp

Capital Base: ¥2.42 billion
Net sales: ¥20.3 billion (for FY2002)
President: Reiji Nagase

NCX's main technology development

- Fluorines/Polysilane modified products
- Next-generation ArF photoresist
- Next-generation exfoliating materials
- Optical materials

Other major manufacturing subsidiaries

In Japan

Nagase CMS Technology Co., Ltd.

Gigatec Inc.

Alpha Bumping Technology Co., Ltd.

Overseas

Nagase ChemteX Corp. Singapore Plant

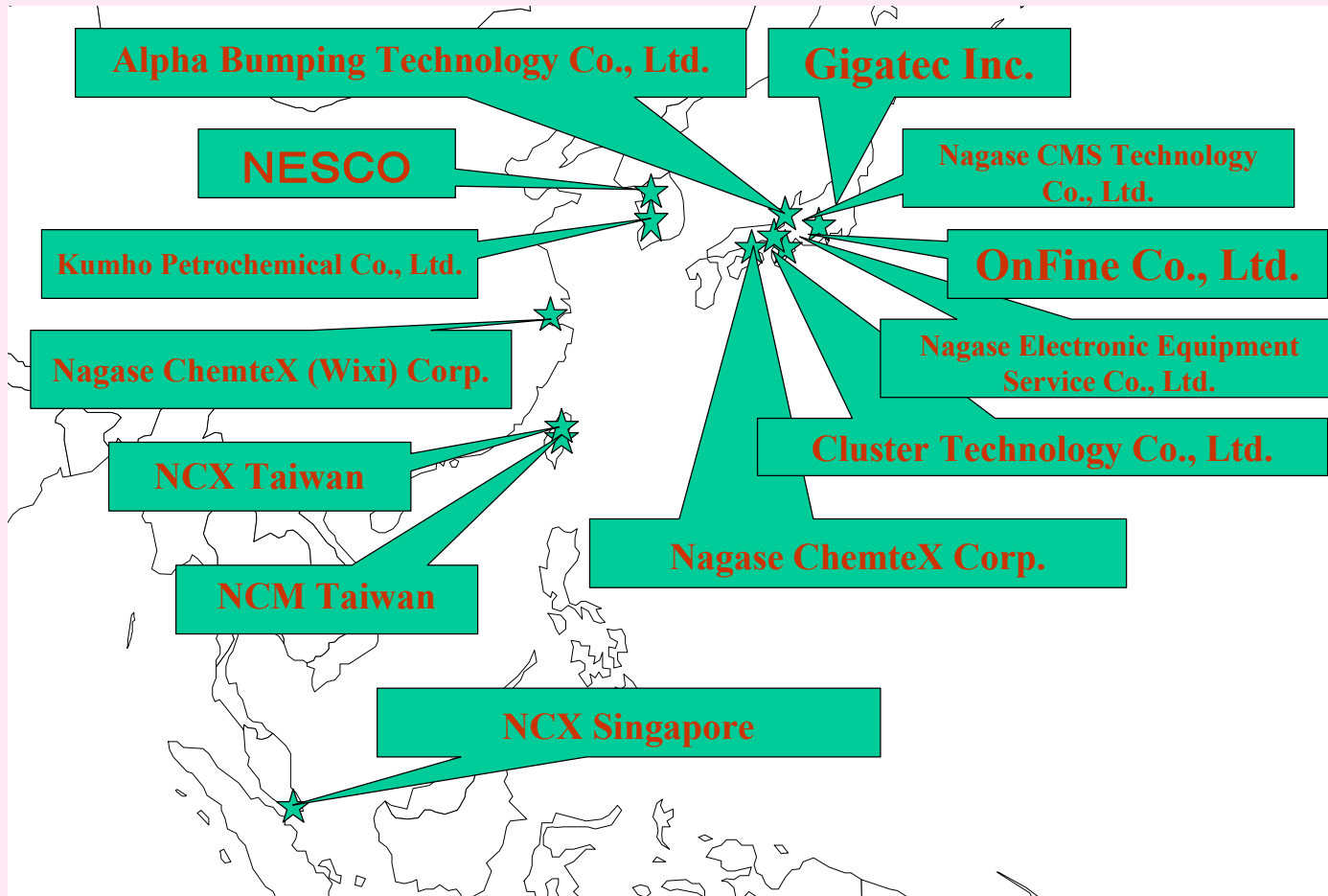
Nagase ChemteX (Wixi) Corp.

Nagase ChemteX Corp. Taiwan Plant



NAGASE & CO., LTD.

Manufacturing and distribution bases worldwide



Advantages of being able to fully use networks as a global trading company

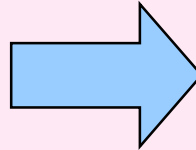


NAGASE & CO., LTD.

Our future business development

Basic strategy

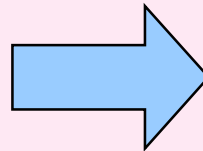
Integration of manufacturing and trading capabilities



Proposal of the best solutions to our customers
Establishment of a new corporate status

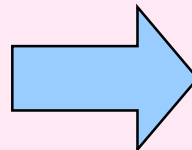
Business development

Strategy to boost sales mainly outside of Japan



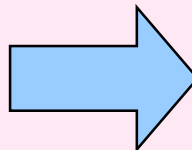
To enhance overseas sales by taking advantage of our trading company capabilities and network

To keep specializing in niche markets



To further gain dominance for prices at niche markets while leveraging business selection and concentration

To select the best partner



Partnership to mutually complement and enhance capabilities and services



“The Technology and intelligence oriented company that turns wisdom into business”



Nagase & Co., Ltd.

Any statements in this presentation material are forward-looking statements about future performance, which are based on assumption, projection, and plans available as of May 26, 2003. Actual results may differ from these forecasts, due to risks and other uncertain factors regarding world economy, competition situation, and foreign exchange fluctuations
