

- Performance of mid-term in 2000
- Progress status of medium-term management plan 「WIT2000」

Technology and intelligence oriented company
that turns wisdom into business

Nagase & Co., Ltd.

Performance fiscal 2001

(unit: hundred million yen)

| | 01/03 | 00/03 | Ratio over previous year (%) | consolidated versus independent |
|--|----------|----------|---------------------------------|------------------------------------|
| Sales | 5,593 | 5,682 | 50.4 | 1.15 |
| Gross Profit | 551 | 552 | 51.4 | 1.75 |
| Operating Income | 77 | 81 | 51.5 | 2.82 |
| Ordinary Income | 551 | 98 | 53.5 | 1.64 |
| Intermediate (current term) net profit before tax | 59 | 103 | 58.0 | 1.39 |
| Intermediate (current term) net profit | 29 | 63 | 46.8 | 1.11 |
| Intermediate (current term) net profit per share | 21.21yen | 44.25yen | | |

Number of consolidated: 28、Number of share holding associated: 8

(Note; change in the consolidated)

- ① Nagase Color& Chemical (Consolidation of the four; i.e.,
Nagase Tokai, Nagase Keiji, Nagase Dyestuff Sales, Nagase Technicolor)
- ② Nagase ChemteX (former Nagase Ciba) (from share holding to new consolidated)
- ③ Nagase Chemicals (merged Nagase Electronic Chemical).
- ④ DeLaval Nagase (former Nagase Machinery Sales) (from the consolidated to new share holding)

Sales and Gross Profit by each segment

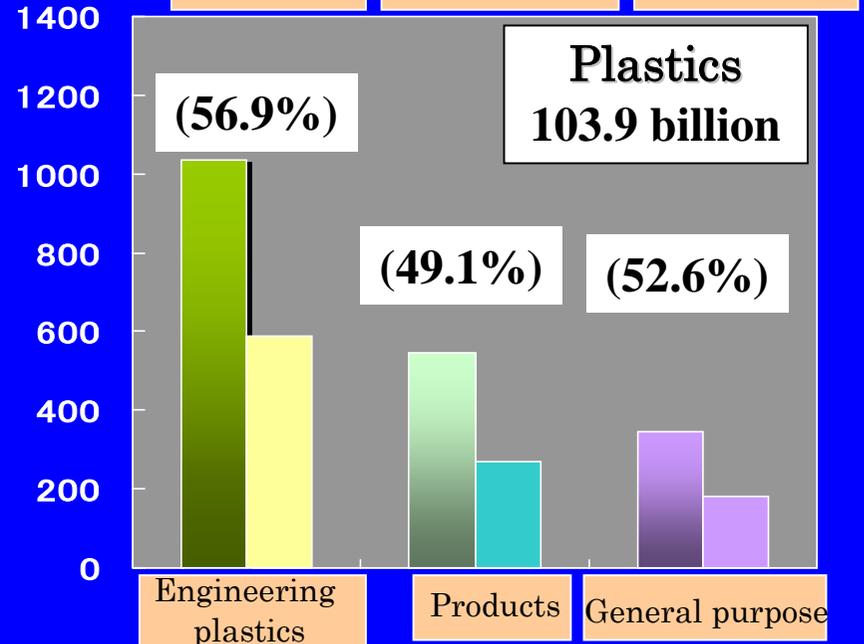
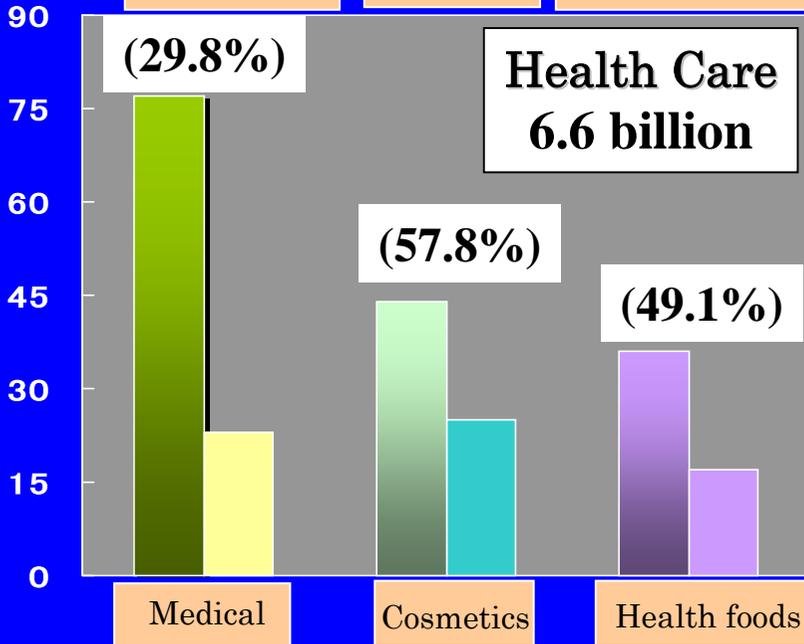
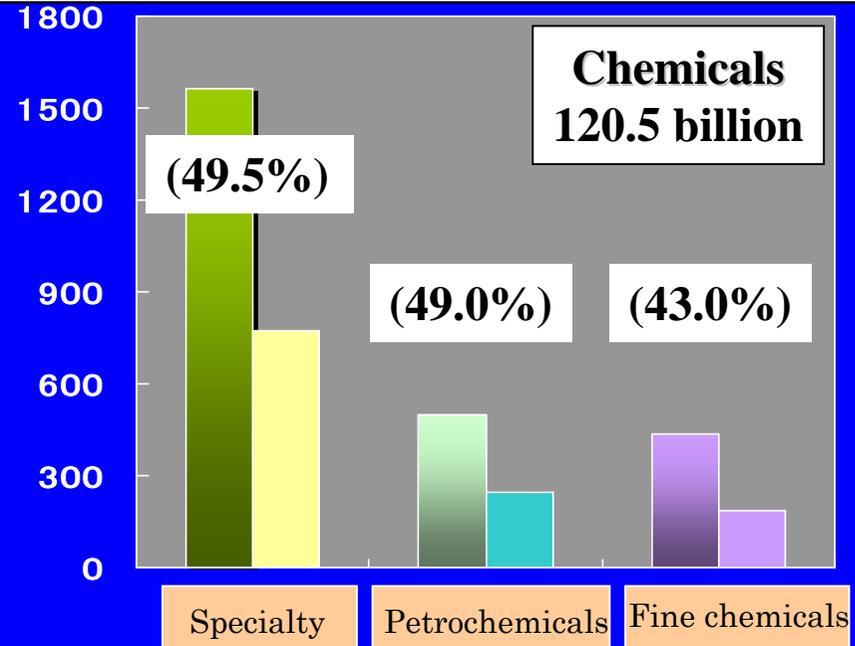
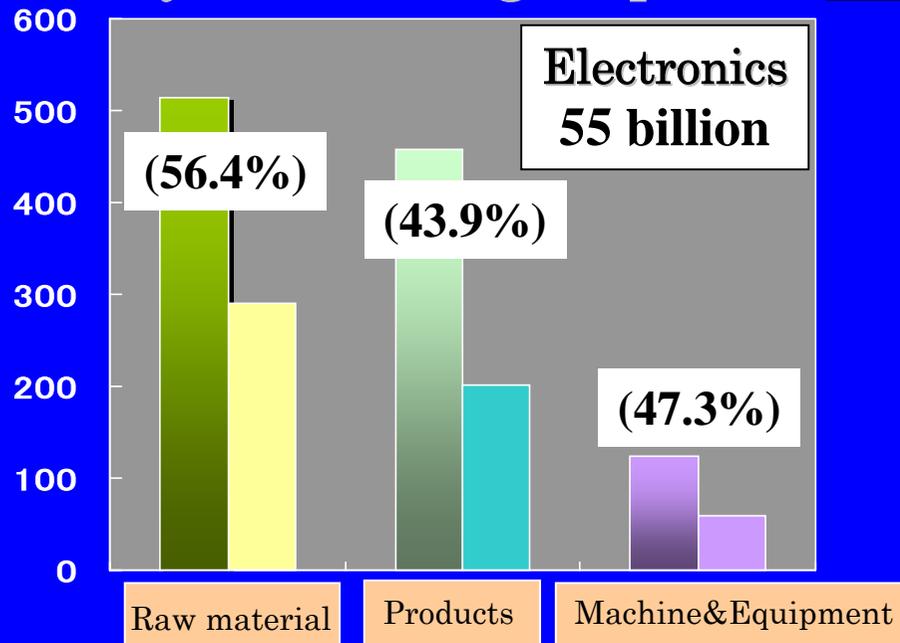
(unit: hundred million yen)

| | Sales | | | Gross Profit | | |
|--------------|--------------|--------------|------------------------------|--------------|------------|------------------------------|
| | 00/09 | 00/03 | Ratio over previous year (%) | 00/09 | 00/03 | Ratio over previous year (%) |
| Chemicals | 1,205 | 2,499 | 48.2% | 98 | 218 | 45.0% |
| Plastics | 1,039 | 1,927 | 53.9% | 87 | 164 | 53.3% |
| Electronics | 550 | 1,097 | 50.2% | 74 | 121 | 61.5% |
| Health Care | 66 | 158 | 42.1% | 23 | 48 | 48.4% |
| TOTAL | 2,862 | 5,682 | 50.4% | 284 | 552 | 51.4% |

Products sales composition by Business group

(Notes)

Graph of stock price fluctuation: Left (end 00/03) Right (00/09)
() : comparison of the current vs the previous year



Major increase and decrease in B/S (debit account)

(unit: hundred million yen)

| | 00/09 | 00/03 | increase and decrease |
|-------------------------------------|-------|-------|-----------------------|
| Cash and deposits with banks | 168 | 184 | △ 16 |
| Trade notes and accounts receivable | 1,832 | 1,791 | 40 |
| Securities | — | 49 | △ 49 |
| Inventories | 307 | 278 | 29 |
| Other current assets | 163 | 59 | 103 |
| Tangible fixed assets | 241 | 221 | 20 |
| Investments in securities | 811 | 490 | 321 |
| Other fixed asset | 68 | 90 | △ 22 |
| Total assets | 3,592 | 3,166 | 425 |

Major increase and decrease in B/S (Credit side)

(unit: hundred million yen)

| | 00/09 | 00/03 | increase and decrease |
|--|----------------|----------------|-----------------------|
| Trade notes and accounts payable | 1,335 | 1,235 | 100 |
| Short-term loans payable | 172 | 171 | 0 |
| Commercial paper | — | 30 | △ 30 |
| Other current liabilities | 191 | 161 | 30 |
| Bond | 70 | 70 | — |
| Long-term loans payable | 21 | 25 | △ 3 |
| <i>(debt with interest)</i> | <i>(263)</i> | <i>(296)</i> | <i>(△ 33)</i> |
| Other fixed liabilities | 202 | 61 | 141 |
| Minority interest | 44 | 63 | △ 19 |
| Shareholders' equity | 1,554 | 1,348 | 206 |
| <i>(Ratio of shareholders' equity)</i> | <i>(43.3%)</i> | <i>(42.6%)</i> | |
| Total liabilities, minority interests and shareholders' equity | 3,592 | 3,166 | 425 |

Cash flow status

(unit: a million yen)

| | 00/09 | 00/03 |
|--|---------|---------|
| Cash flows from operating activities | 8,263 | 3,613 |
| Cash flows from investing activities | △ 4,077 | △ 2,607 |
| Cash flows from financing activities | △ 5,622 | △ 28 |
| Effect of exchange rate changes on cash and cash equivalents | 190 | △ 418 |
| Net increase(decrease) in cash and cash equivalents | △ 1,245 | 559 |
| Cash and cash equivalents at beginning of year | 21,015 | 19,734 |
| Increase in cash and cash equivalents by accompanying consolidation and merge of subsidiary | 2,278 | 722 |
| Cash and cash equivalents at end of year | 22,049 | 21,015 |

Performance of major consolidated

(unit: a million yen)

| | Sales | Ratio over previous year | Operating Income | Ratio over previous year | Intermediate net profit | Ratio over previous year |
|------------------------------------|--------|--------------------------|------------------|--------------------------|-------------------------|--------------------------|
| Nagase ChemteX Co., Ltd. | 2,803 | 60% | 423 | 111% | 250 | 117% |
| Hoei Sangyo Co., Ltd. | 7,708 | 51% | 143 | 49% | 148 | 97% |
| Nagase Biochemical , Ltd. | 1,615 | 50% | 174 | 66% | 104 | 65% |
| Nagase Chemicals Co., Ltd. | 4,227 | 80% | 74 | 30% | 53 | 37% |
| Nagase Plastic Co., Ltd. | 5,682 | 53% | 56 | 67% | 37 | 85% |
| Teikoku Chemical Co., Ltd. | 3,519 | 40% | △ 79 | 46% | 8 | 32% |
| Nagase Color & Chemicals Co., Ltd. | 8,666 | 145% | 59 | 179% | 0 | 9% |
| Totaku Industries Co., Ltd. | 3,777 | 51% | △ 322 | 38% | △ 317 | 54% |
| Nagase (Hong Kong) Ltd. | 9,338 | 64% | 459 | 82% | 399 | 69% |
| Nagase Singapore (Pte) Ltd. | 17,853 | 54% | 480 | 66% | 291 | 68% |
| Nagase (Thailand) Co., Ltd. | 4,602 | 61% | 219 | 67% | 174 | 67% |
| Nagase America Corp. | 7,677 | 46% | 62 | 47% | 74 | 51% |
| Canadian Mold Technology Inc. | 363 | 45% | 84 | 121% | 55 | 194% |

Status of Retirement payment debt

Situation at end March, 2000

(unit: hundred million yen)

| | | | |
|--------------------|-----|-----|-----|
| Non-deposited fund | 69 | | |
| Internal allowance | 43 | PBO | 311 |
| Annuity assets | 197 | | |

Redemption program for non-deposited debt

| Redemption time | | Redemption method | |
|-----------------------------|----|---------------------------|----|
| First half year Redemption | 43 | Internal reserving fund | 27 |
| | | Retirement payment trust. | 16 |
| Second half year Redemption | 26 | Internal reserving fund | 18 |
| | | Retirement payment trust | 8 |
| Total | 69 | Total | 69 |

Prospects for performance (consolidated)

(unit: hundred million yen)

| | 2000 (forecast) | 1999 (performance) | Against previous year (%) |
|---|--------------------|-----------------------|------------------------------|
| Sales | 5,700 | 5,682 | 100.3 |
| Gross Profit | 568 | 552 | 102.7 |
| Selling, general and administrative expenses | 488 | 471 | 103.5 |
| Operating Income | 80 | 81 | 98.2 |
| Non-operating income and expenses | 26 | 17 | 149.6 |
| Ordinary Income | 106 | 98 | 107.2 |
| Net Income | 52 | 63 | 81.6 |

| | Sales | | | Gross Profit | | |
|-------------|--------------------|-----------------------|------------------------------|--------------------|-----------------------|------------------------------|
| | 2000 (forecast) | 1999 (performance) | Against previous year (%) | 2000 (forecast) | 1999 (performance) | Against previous year (%) |
| Chemicals | 2,400 | 2,499 | 96.0 | 197 | 218 | 90.1 |
| Plastics | 2,070 | 1,927 | 107.4 | 175 | 164 | 106.4 |
| Electronics | 1,095 | 1,097 | 99.8 | 149 | 121 | 123.1 |
| HealthCare | 135 | 158 | 85.3 | 47 | 48 | 96.2 |
| Total | 5,700 | 5,682 | 100.3 | 568 | 552 | 102.7 |

Progress status of medium-term management plan "WIT2000"

Creation of new business

Outline of the plan

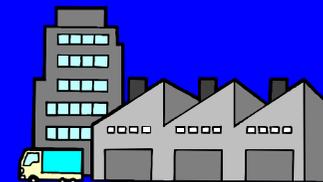
- ① Intensive investment in strategic field (Electronics, Health Care)
- ② Emphasis on consolidated group management
- ③ Focus on B/S, CF

(unit: hundred million yen)

| | 1999 | 2000 | 2001 | 2002 |
|-------------------|--------------|----------------------|--------------|--------------|
| Sales | 5,682 | 5,800 (5,700) | 6,090 | 6,400 |
| Net Income | 64 | 65 (52) | 68 | 83 |
| ROA(%) | 2.1 | 2.0 (1.5) | 2.1 | 2.5 |
| ROE (%) | 4.9 | 4.8 (3.5) | 4.9 | 5.8 |

(Note) Figures in parenthesis shows corrected figures for through- year forecast

Investment and prospects



(unit: hundred million yen)

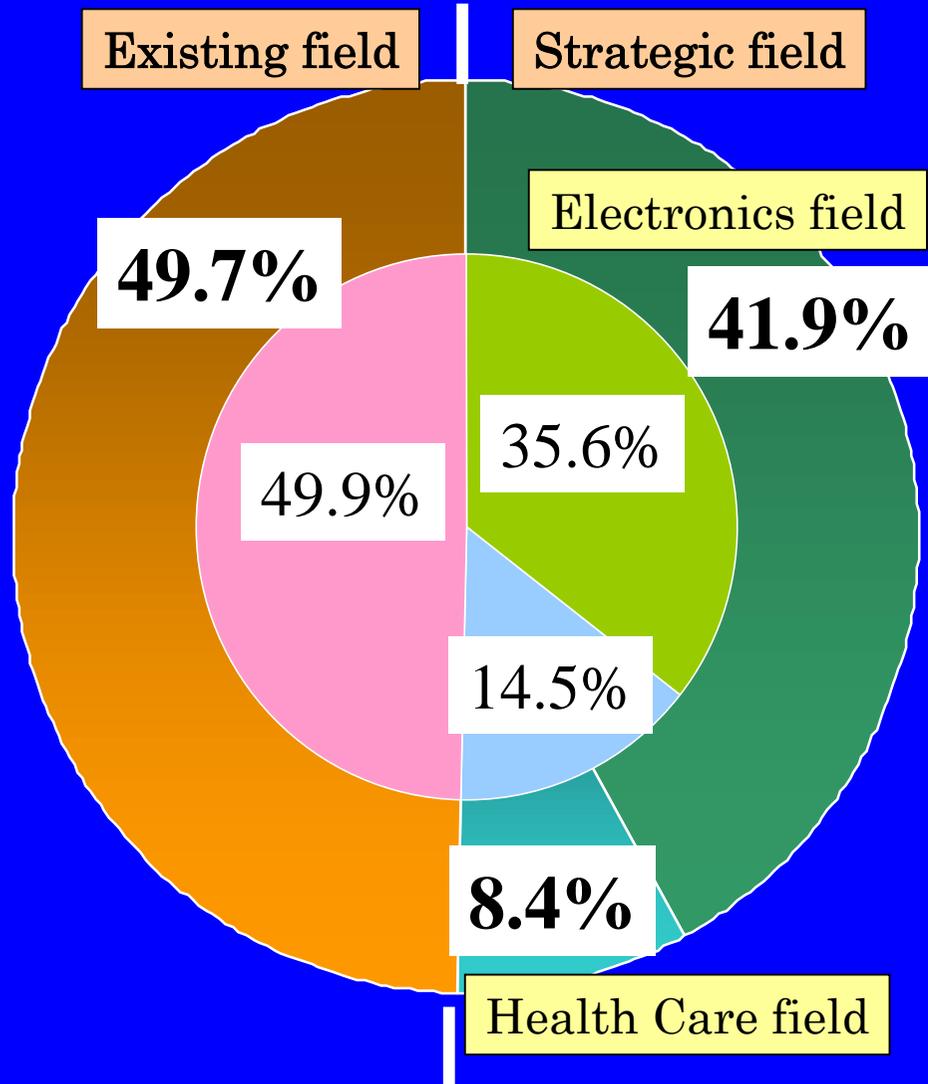
| | First half year performance | Second half year estimated | Fiscal year 2000 Total | (performance in '99) |
|------------|--------------------------------|-------------------------------|---------------------------|----------------------|
| Nagase | 62 | 16 | 78 | (46) |
| Affiliates | 11 | 20 | 31 | (15) |
| Total | 73 | 36 | 109 | (61) |

Investment allocation for a year, in consideration of financial safety, should in principle within business cash flow.

Major projects for first-half 2000

- ◆ Nagase Chemicals., Ltd. started production in Taiwan
- ◆ Established Bumping Technology Co., Ltd.
 - Entering into IC chip surface processing business.
- ◆ Established Herbal Care Co., Ltd.
 - Internet sales, mail-order sales, over-counter sales of cosmetics-health food.
- ◆ Merged of two; i.e., Nagase Chemicals and Nagase Electronic Chemicals .
- ◆ Merged of four dyestuff dealers and establish Nagase Color Chemical Co., Ltd.
- ◆ 100% shared holding of Nagase Chiba Co. for make them a 100% subsidiary and established Nagase ChemteX Co., Ltd.
- ◆ Started preparing integration of four manufacturers in the group
- ◆ Established Nagase Business Support Co., Ltd. for up-front promotion of efficiency.

Composition of strategic and existing fields



(unit: hundred million yen)

| | Sales | Gross Profit |
|----------------------------|--------------|--------------|
| Strategic Field | 1,442 | 142 |
| (ratio over previous year) | 50.3% | 50.0% |
| <i>Electronics Field</i> | <i>1,200</i> | <i>101</i> |
| (ratio over previous year) | 52.9% | 54.4% |
| <i>Health Care Field</i> | <i>241</i> | <i>41</i> |
| (ratio over previous year) | 40.6% | 41.6% |
| Existing field | 1,420 | 141 |
| (ratio over previous year) | 50.4% | 52.8% |
| Total | 2,862 | 284 |
| (ratio over previous year) | 50.4% | 51.4% |

(Outside) Sales / (inside) Gross Profit

Intensive business in electronics field

Field

Example of intensive business

| | |
|--------------------------------|---|
| Chemicals for Semiconductor | Chemical and System (CMS) for LSI • TFT-LCD manufacturing / Liquid encapsulations / Plating for flip chip |
| Chemicals for general electron | Electronic component cleaner |
| Display device | LCD material / manufacture machine and device / Module / Assembly |
| Image & recording material | Functional colors / HD processing material / Optical disk material |
| Communication link device | Mobile device / Fiber optic processing material |
| Electric & Electronic parts | Engineering plastics / Precision electronic abrasive |
| PC & software | High-end recording media & system / Circuit layout CAD / Duplicator for PlayStation2 |

Development of electronics business (Electronics Business Group)

Pollution preventing / environmental conservation business

Electronic material dept.

Functional Material dept.

Raw material / Machine and device system / Test

pre-treatment process for semiconductor & LCD

post-treatment process for semiconductor

Communication link device

LCD assembly

Recording media

Others

PCB ; MLB、FPC、CERAMICS

Precision abrasives / conductive / C-R-L.

Micro assembly

F P T

Display device dept.

Electronic device dept.

Electro media dept.

Intensive business in Health Care field

Field

Example of intensive business

Bulk pharmaceuticals /
Intermediates

Application of "chiral compound" to
pharmaceuticals-intermediates

Housing material

Pluswood

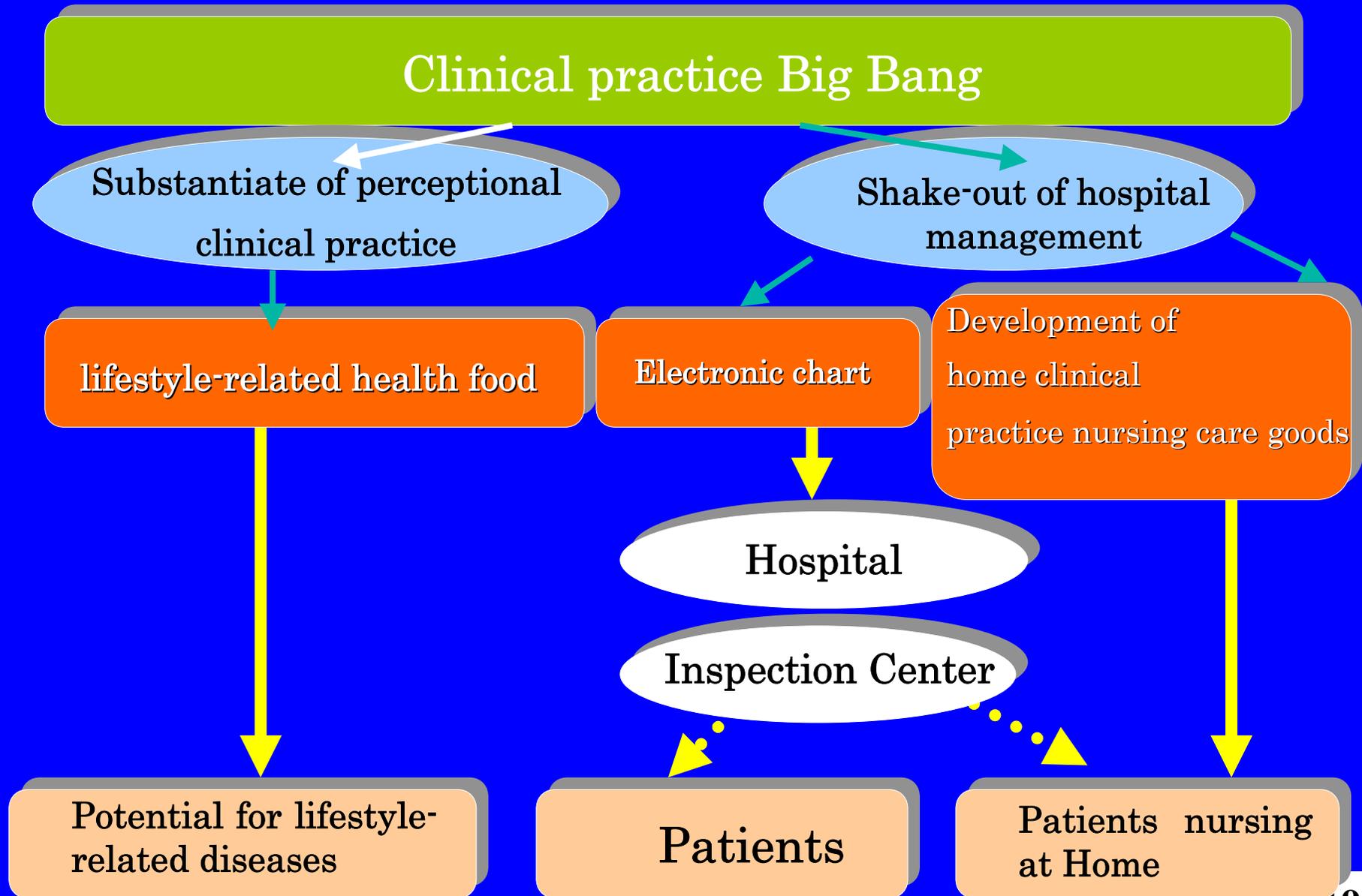
Medical

Clinical practice information related business
(electronic chart system and others) /
Home clinical practice related business /
Reagent related business /
Radiation related business

Health & Cosmetics

Establishment of Mail order-Net sales outlets

Development to Health Care / Medical Care field



Electronic chart system

(Target) :

Moderate-size hospital 300 beds or below

(Tie-up):

Japan Medical Bank System

(Market size) :

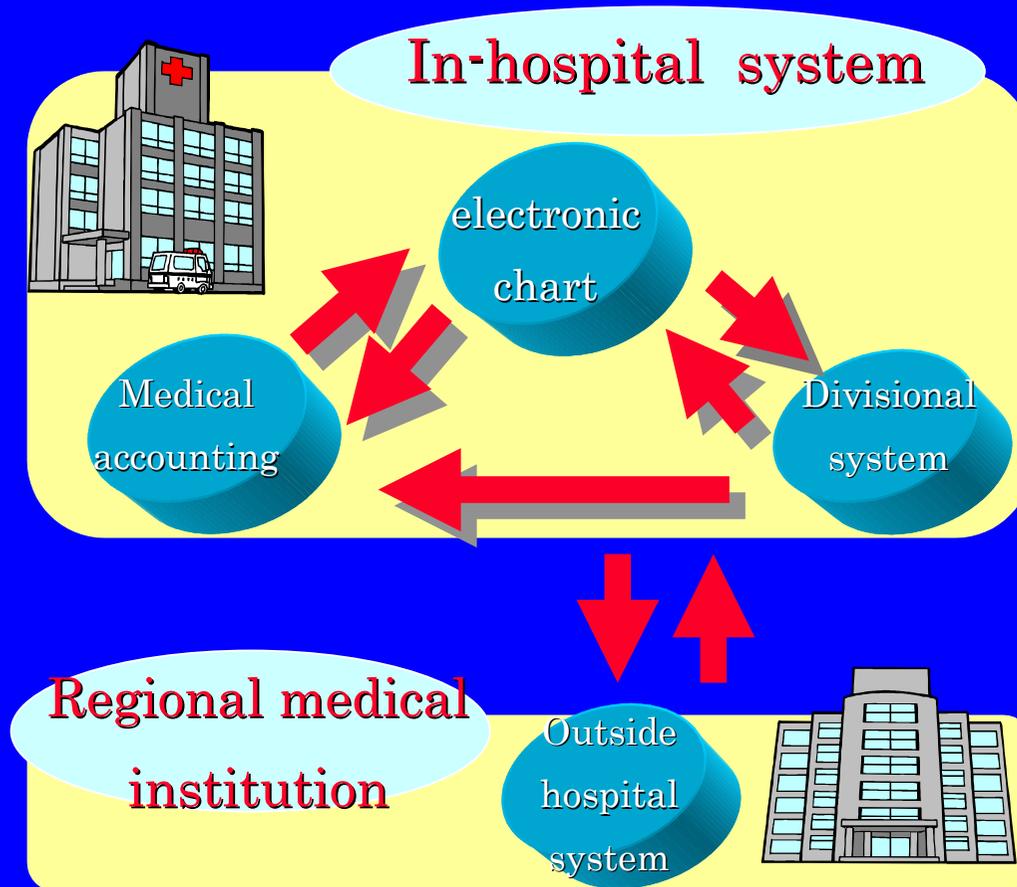
100 billion yen (for 2005 years)

(a whole market size) :

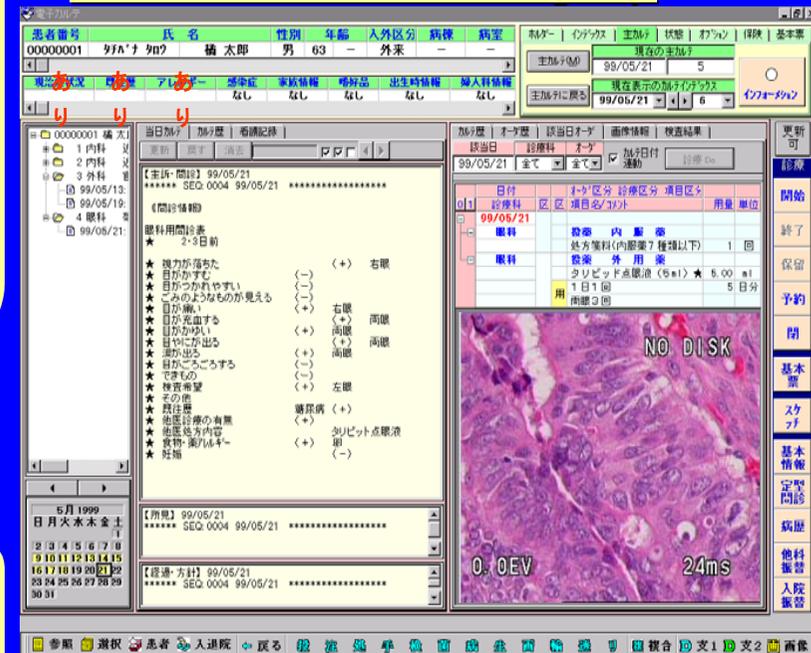
360 billion yen

(Sales target):

5 billion yen (for 2005 years)



Electronic chart display





Nagase & Co., Ltd.