

Performance of fiscal 2001

Years ended March 31

Progress status of medium-term management plan「WIT2000」

The technology and intelligence oriented
company that turns wisdom into business

Nagase&Co.,Ltd.

Performance of fiscal 2001 (consolidated)

(unit:hundred million yen)

	01/03	00/03	Ratio over previous year (%)	Consolidated versus independent
Net Sales	5,593	5,682	98.4	1.16
Gross Profit	551	552	99.7	1.79
Operating Income	77	81	95.1	3.40
Ordinary Income	102	98	104.0	1.80
Net Income	49	63	77.6	1.65
Earnings Per Share	35.28yen	44.25yen		
R O E	3.4%	4.9%		

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

(Note ; change in the consolidated

①Nagase ChemteX (former Nagase Ciba)(from share holding to new consolidated)

②DeLaval Nagase (former Nagase Machinery Sales)(from the consolidated to new share holding)

Sales and Gross Profit by each segment

(unit:hundred million yen)

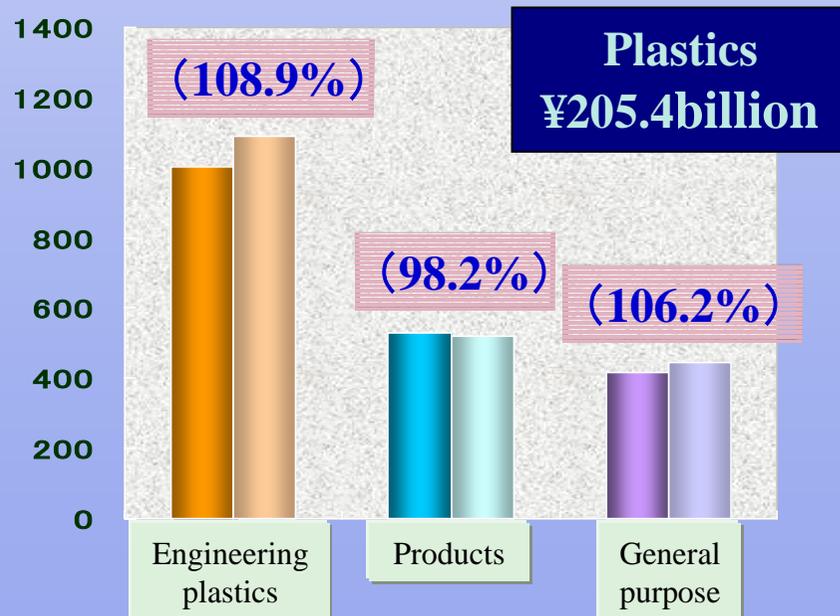
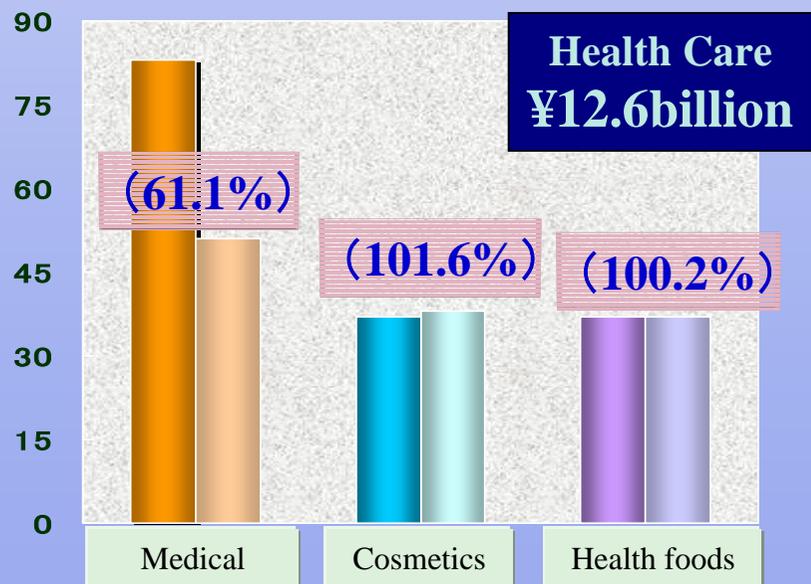
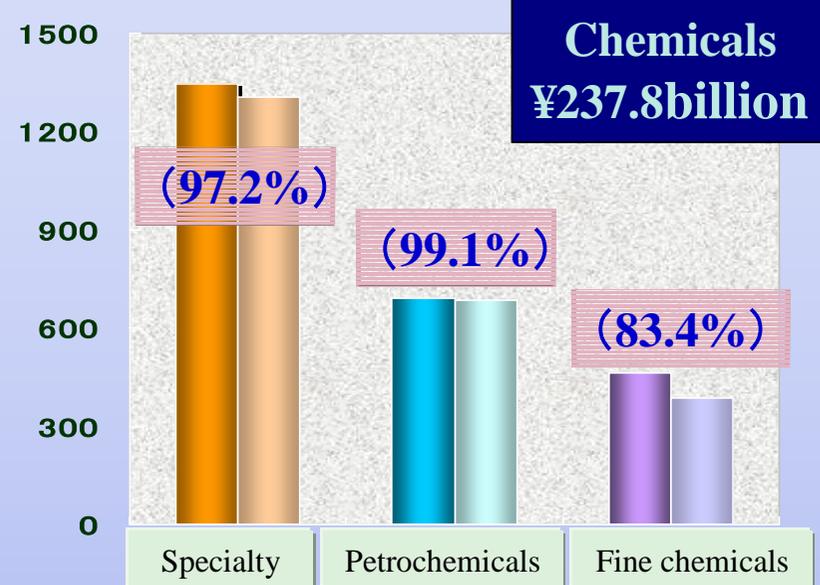
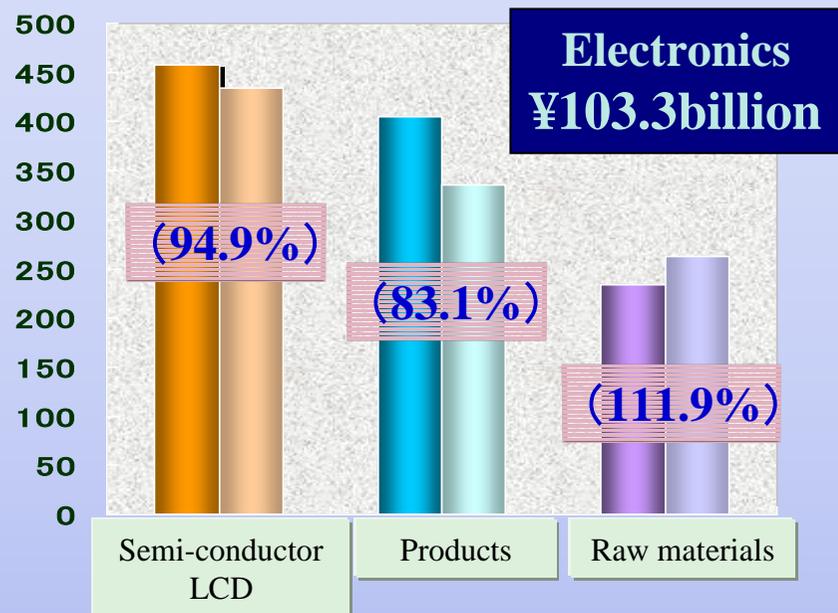
	Sales			Gross Profit			Ratio of gross profit to sales (%)
	01/03	00/03	Ratio over previous year (%)	01/03	00/03	Ratio over previous year (%)	01/03
Chemicals	2,378	2,499	95.2%	198	218	90.8%	8.4%
Plastics	2,054	1,927	106.6%	171	164	104.3%	8.3%
Electronics	1,033	1,097	94.2%	148	121	122.3%	14.4%
Health Care	126	158	79.7%	32	48	66.7%	25.7%
TOTAL	5,593	5,682	98.4%	551	552	99.7%	9.9%

Products sales composition by Business Group

(Note)

① Bar charts: Left(end00/03) Right(end01/03)

② (): Comparison of the current vs the previous year



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

(unit : hundred million yen)

	01/03	00/03	Increase and decrease
Cash and deposits with banks	214	184	29
Trade notes and accounts receivable	1,844	1,791	53
Securities	0	49	△ 49
Inventories	341	278	63
Other current assets	61	59	2
Tangible fixed assets	247	221	26
Investments in securities	763	490	272
Other fixed assets	64	90	△ 26
Total assets	3,537	3,166	371

Major increase and decrease in B/S(liabilities and shareholders' equity side)

(unit : hundred million yen)

	01/03	00/03	Increase and decrease
Trade notes and accounts payable	1,343	1,235	108
Short-term loans payable	140	171	△31
Commercial paper	0	30	△30
Other current liabilities	198	161	36
Bond	70	70	0
Long-term loans payable	28	25	3
<i>(debt with interest)</i>	(238)	(296)	(△ 58)
Other fixed liabilities	183	61	122
Minority interest	38	63	△25
Shareholders' equity	1,534	1,348	186
<i>(Ratio of shareholders' equity)</i>	43.4%	42.6%	0.8%
Total liabilities, minority interests and shareholders' equity	3,537	3,166	371

Cash flow status

(unit: million yen)

	01/03	00/03	increase and decrease
Cash flows from operating activities	8,165	3,613	4,552
Cash flows from investing activities	△ 4,162	△ 2,607	△ 1,555
Cash flows from financing activities	△ 8,306	△ 28	△ 8,278
Effect of exchange rate changes on cash and cash equivalents	1,072	△ 418	1,490
Net increase(decrease) in cash and cash equivalents	△ 3,231	559	△ 3,790
Cash and cash equivalents at beginning of year	21,015	19,734	1,281
Increase in cash and cash equivalents by accompanying consolidation and merge of subsidiary	680	722	△ 42
Cash and cash equivalents at end of year	18,465	21,015	△ 2,550

Performance of major consolidated

(unit : million yen)

	Sales	Ratio over Previous year	Operating income	Ratio over Previous year	Net income	Ratio over Previous year
Nagase ChemteX Ltd.	5,214	111%	654	171%	367	171%
Hoei Sangy Co., Ltd.	15,565	104%	318	108%	213	140%
Nagase Biochemical Ltd.	3,301	102%	329	123%	203	126%
Nagase Chemicals Ltd.	8,547	162%	269	108%	189	130%
Nagase Plastics Co., Ltd.	10,980	101%	74	88%	46	107%
Teikoku Chemical Industries Co., Ltd.	7,073	80%	△ 1	—	52	192%
Nagase Colors & Chemicals Co., Ltd.	16,714	—	123	—	19	—
Totaku Industries Inc.	7,752	104%	△ 463	54%	△ 614	105%
Nagase (Hong Kong) Ltd.	19,636	134%	802	144%	731	126%
Nagase Singapore (Pte) Ltd.	38,469	115%	873	119%	521	122%
Nagase (Thailand) Co., Ltd.	10,517	139%	427	130%	318	121%
Nagase America Corp.	10,894	65%	92	68%	127	88%
Canada Mold Technology Inc.	753	93%	116	168%	83	292%

Prospects for performance(consolidated)

(Unit: hundred million yen)

	2002/3 (forecast)	2001/3 (performance)	Against previous year(%)
Net Sales	5,320	5,593	95.1
Gross Profit	538	551	97.6
Selling; general and administrative expenses	471	473	99.4
Operating Income	67	77	86.4
Non-Operating income and expenses	28	25	110.7
Ordinary Income	95	102	92.4
Net Income	52	49	105.1

	Sales			Gross Profit		
	2002/3 (forecast)	2001/3 (performance)	Against previous year(%)	2002/3 (forecast)	2001/3 (performance)	Against previous year(%)
Chemicals	2,390	2,378	100.5	189	198	95.1
Plastics	1,740	2,054	84.7	163	171	94.9
Electronics	1,050	1,033	101.6	153	148	103.0
Health care	140	126	110.6	33	32	101.4
Total	5,320	5,593	95.1	538	551	97.6

Progress status of medium-term management plan “WIT2000”

Creation of new business

Outline of the plan

- ① Intensive investment in the strategic fields : Electronics, Health care
- ② Emphasis on consolidated group management
- ③ Focus on B/S, CF

(unit: hundred million yen)

	2001/3 (performance)		2002/3 (forecast)		2003/3
Sales	5,593	(5,700)	5,320	(6,090)	(6,400)
Net Income	49	(52)	52	(68)	(83)
ROA (%)	1.5	(1.5)	1.6	(2.1)	(2.5)
ROE (%)	3.4	(3.5)	3.6	(4.9)	(5.8)
N-ROE (%)	5.0	(6.0)	5.0	(6.2)	(7.0)

(Note) figures in parenthesis shows the forecast number of “WIT2000”

Mid-term management plan “WIT2000”

Creation of new business

【Situation of Nagase group】

- * Low-toned existing business
- * Strong finance foundation
- * 97 companies of the group



- * Complete customer-orientation
- * Business development by technology, information, and wisdom

Management strategy

- Challenge strategy Promotion of business investment and upbringing of new business
- Dynamic strategy Selection and concentration of the business and reorganization of administrative function
- Group strategy Reinforcement of manufacturing companies and sales subsidiaries
- Human resource Strategy Upbringing of professional persons
- Functional development strategy Intensification of business force by extraction and development of business model

Challenge Strategy

Major projects in FY2001

Establishment of the company

- Alpha Bumping Technology Silicon wafer surface treatment processing
- Herbal Care Sales of health food at store and by internet mail order
- KNCT (Thailand) Manufacturing and selling of electronic component packaging materials

Enhancement of manufacturing

- Nagase ChemteX Production of chemicals for semi-conductors and LCD in Taiwan
Establish supply system in Japan, Korea and Taiwan
- Kotobuki kasei industry New plant completion for HACCP
- Business tie-up with Kasai industry To cope with automobile-related global business

New business

- Invested to Japan Medical Bank New entry to electronic patient reporting system business
- E-Commerce (B to C) Selling DVD software, DVD-R recorder by Nagase Direct
- Project aid system 200 million yen/ annual investment to new business development

Total business, plant and equipment investment is 10.9billion yen in FY2001

Challenge strategy

Major projects in FY2002

- ✦ **Business expansion in China and Asia**
- ✦ **Reinforcement and expansion of communication-related components**
Communication base station PA module, semi-conductor for communication, and optical components
- ✦ **Reinforcement of overall scheme of semi-conductor's fabrication business**
NCX, Alpha Bumping, Ohmiya design center
- ✦ **Full scale entrance into home nursing care-related business**
- ✦ **Continuance of project-aid system**

Investment for business, plant and equipment decided for FY2002 is 6.7 billion yen so far

Dynamic strategy

Major projects in FY2001

- **Separation of business**
 - **DeLaval Nagase** Livestock related instruments (applied equity method)
 - **Nagase Agri-Tech** Farming and agricultural chemicals-related
- **Withdrawal**
 - **Liquidation of Nagase Kishyo Electronics** (television component, Mexico)
- **The more efficient administrative organization**
 - **foundation of Nagase Business Support in October 2000**

Major projects in FY2002

- **The more efficient administrative organization**
 - **Establishment of Nagase Trade Management**
- **Review of low- yield business**

Group Strategy

Major projects in FY2001

Integration of 4 manufacturers : Nagase ChemteX(NCX)

Integration of 4 Dyestuff Sales Companies : Nagase Colors & Chemicals

Since FY2002 (Nagase ChemteX)

Future vision Value creation enterprise that always supplies high performance products

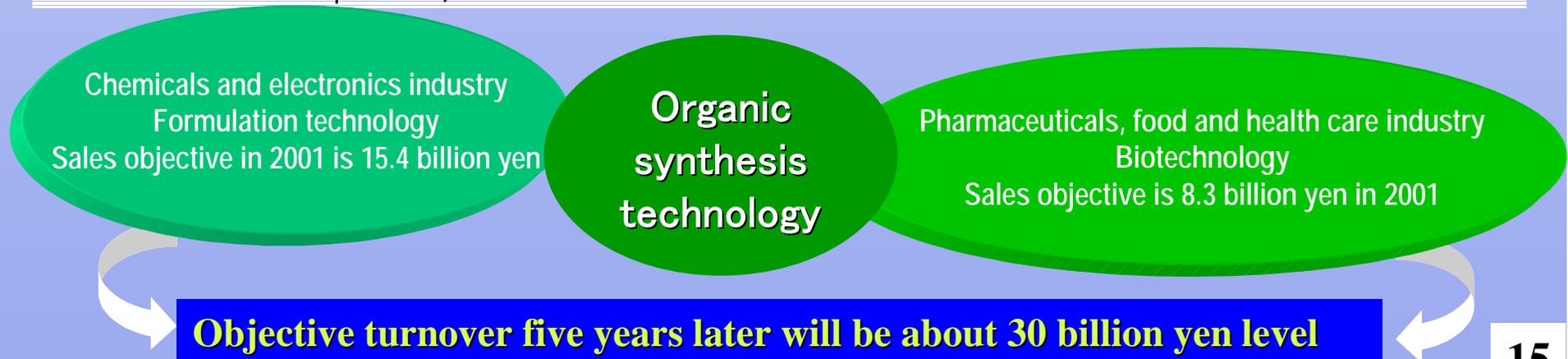
Two fields of challenges

● **Electronics**

- * From organic synthesis technology to formulation products
- * Expansion of the overseas business
- * Application development of high technologies

● **Health care**

- * Fusion of biotechnology and organic synthesis technology
- * Reinforcement of production function
- * Expansion of pharmaceutical intermediates, biotechnology applied products(fermentation products)



Human resource strategy

Major projects in FY2001

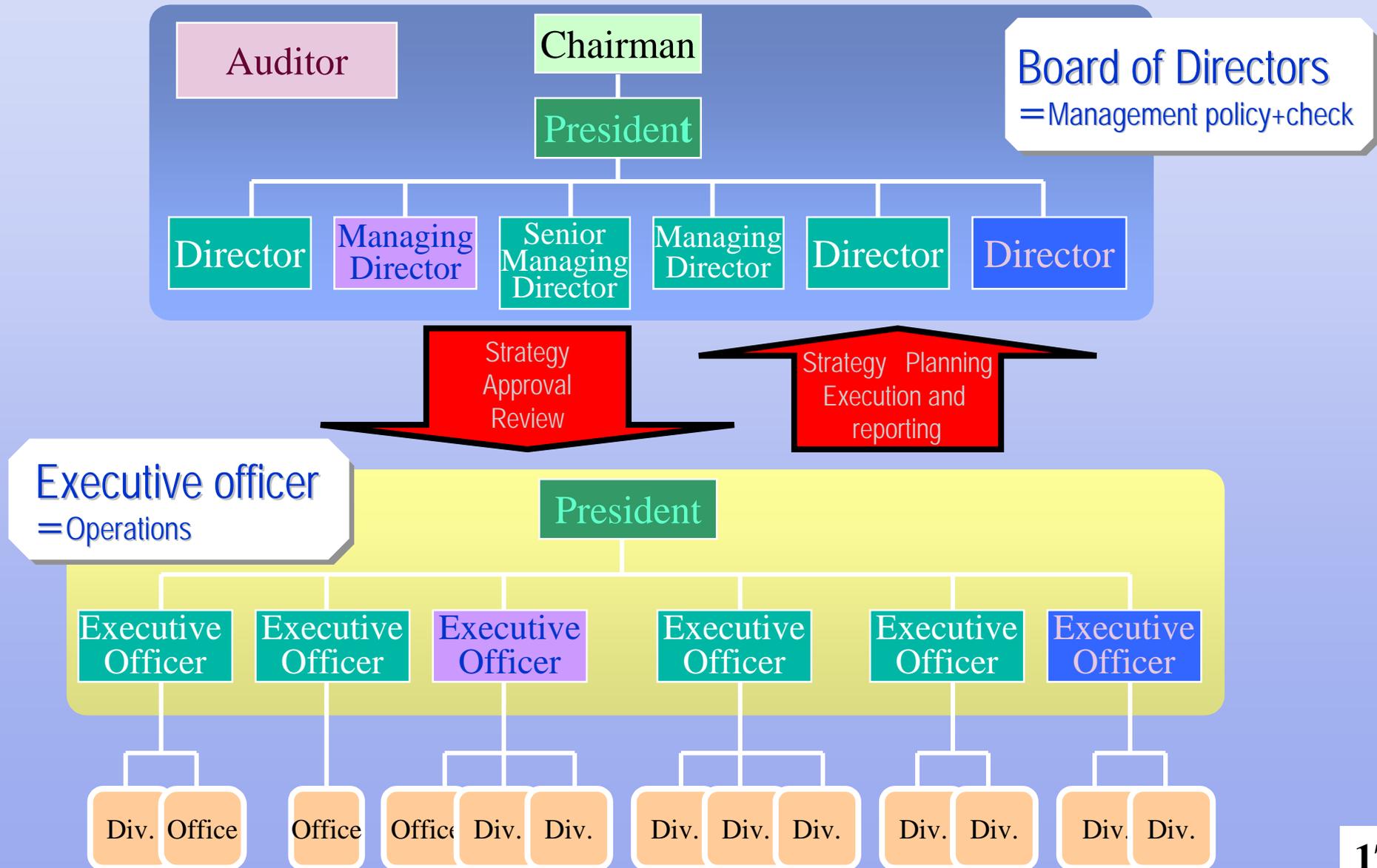
- Integration of new personal affairs system
~FA system, Open call for applicants system~
- Expansion of the overseas training and business training

Major projects in FY2002

- Introduction of Executive Officer regime
- Complete merit system

Introduction of executive officer regime

(Purpose of introduction) Quick decision and intensification of execution of business



Functional development strategy

Major projects in FY2001

- Business model (BM)

Functional pursuit and business analysis of Nagase through BM

Knowledge sharing of high yield BM

Major projects in FY2002

- Reinforcement of customer service utilizing IT

~Asia-Japan business network~

- High earnings business promotion utilizing intellectual properties

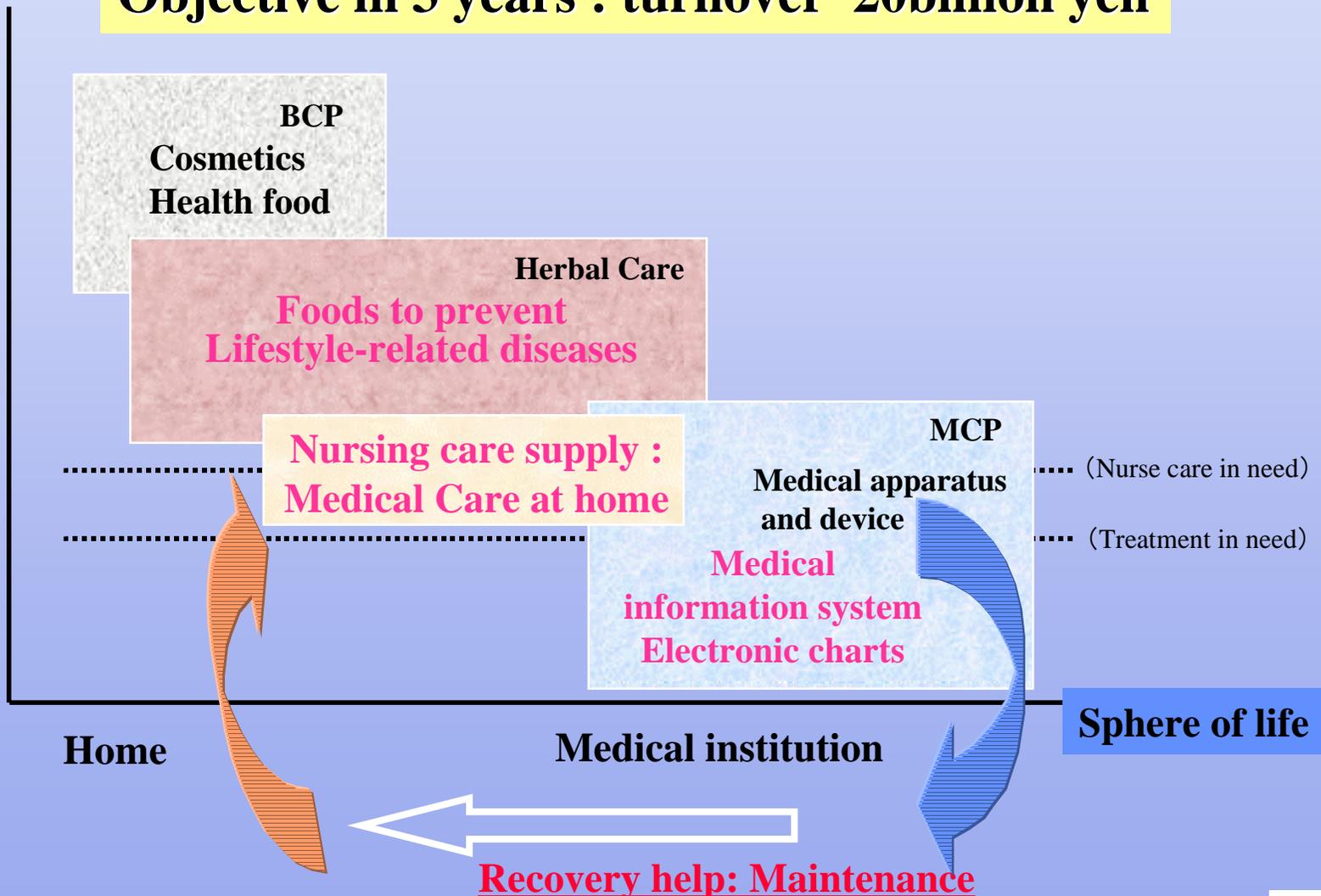
Future business development of Health Care Group

Key words “Individual Life Health Plan · · · QOL”

Business area

Objective in 3 years : turnover 20billion yen

Health index



Future business development of Plastics Group

Organizational reform : Pyramid organization  Horizontal organization

- Corresponding to changes in business circumstances
- Compliance to market-customer needs ⇒ Introduction of business unit system
- Quick decision-making ⇒ Power transfer

Future business on focus

<Environmental business>

- ◆ Pluswood
- ◆ Biodegradable Plastics
- ◆ Mg alloy
- ◆ Equipments

<Automotive business>

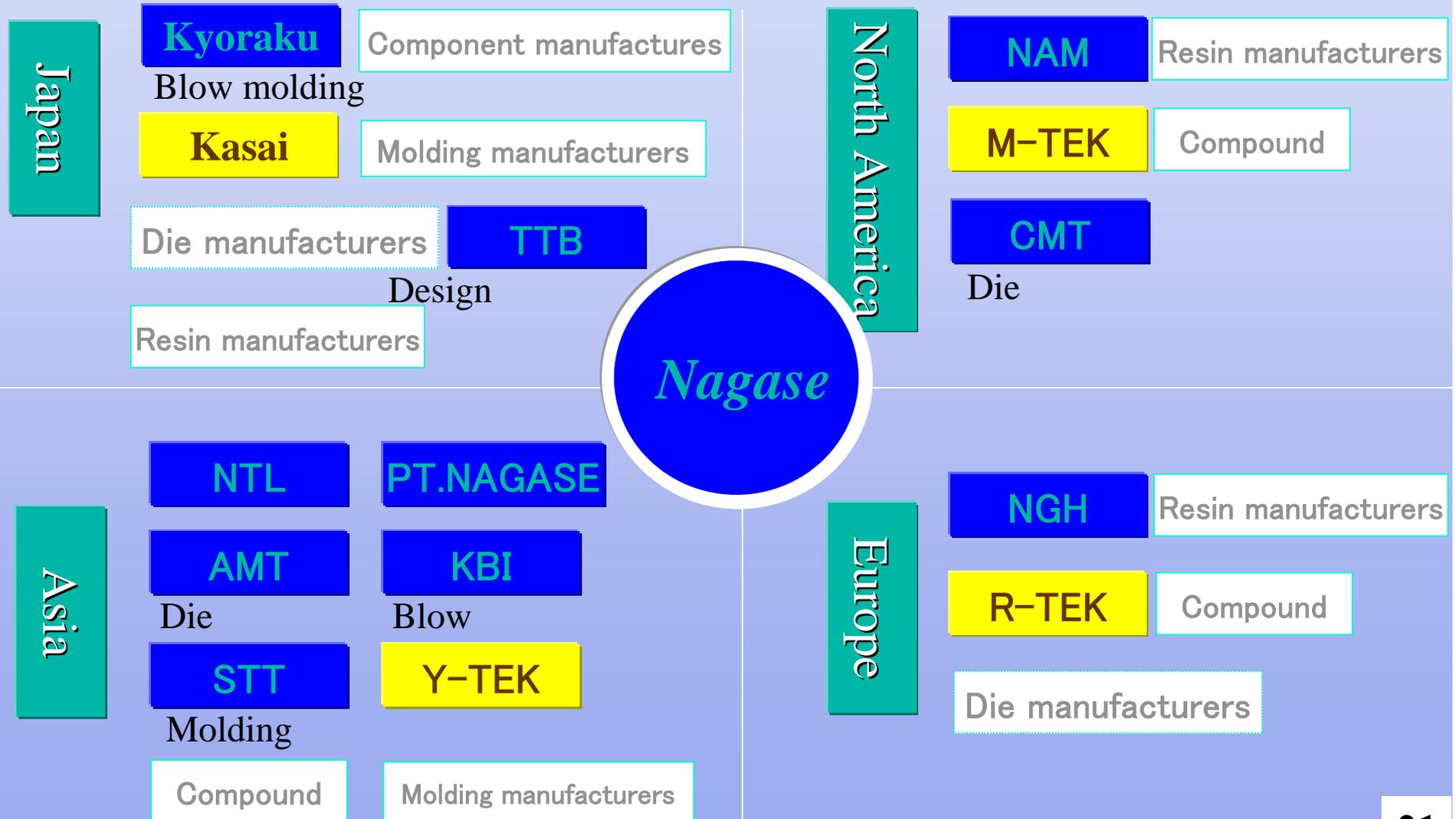
- ◆ Global development in Japan, USA, Europe and Asia
- ◆ Design ~ die ~ raw material · materials ~ components · products

<Business in China>

- ◆ Compounding
- ◆ Product sales of electronic component packaging material

Future business development of Plastics Group

Global development of automobile business



Business strategy in Asia(China)



The technology-information oriented
company that turns wisdom into business



Nagase & Co., Ltd.

This information for presentation includes estimate based on premise, prospects and plan for future as of May 31, 2001. Depending on risks or unknown factors concerning world economy, competitive situation and exchange rate, there is a possibility of difference between actual performance and the above forecast