

**Business Performance  
for the Fiscal Year Ended March 2002**

**The Technology and Intelligence Oriented  
Company That Turns Wisdom into Business**

**Nagase & Co., Ltd.**

# Summary of Consolidated Results

(unit: ¥100 million)

(Rounded to ¥100 million)

	Yr. ended 2002	Yr. ended 2001	vs. previous term (%)	Ratio of consolidated to non-consolidated
Sales	4,905	5,593	87.7	1.20
Gross profit	469	551	85.2	1.80
Selling, general and administrative expenses	453	473	95.6	—
Operating income	16	77	21.6	—
Other income (expenses)	30	25	121.2	—
Ordinary income	47	102	46.1	1.72
Net profit	(20)	49	—	0.89
Net profit per share (in yen)	(15.39)	35.28	—	
ROE	—	3.4%		

Consolidated subsidiaries: 26 Affiliates applying equity method: 8  
 (Previous term: 28 consolidated, 8 equity method)

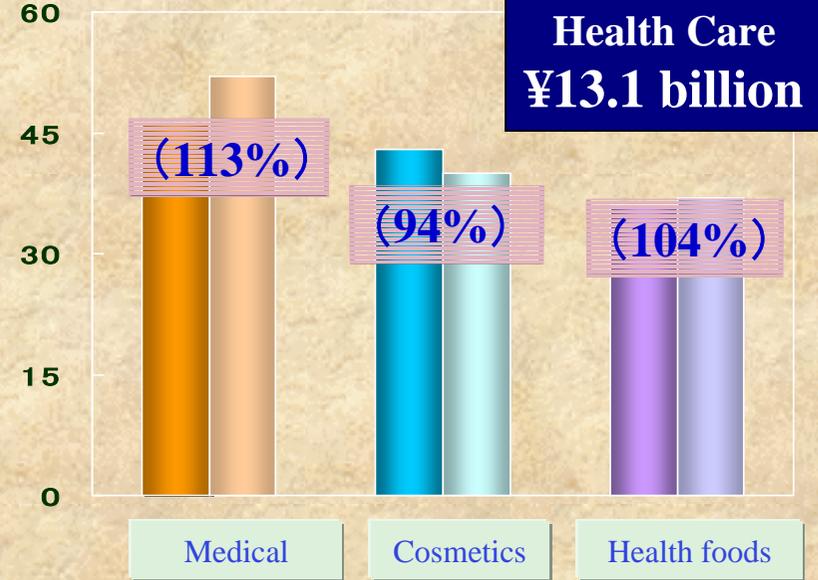
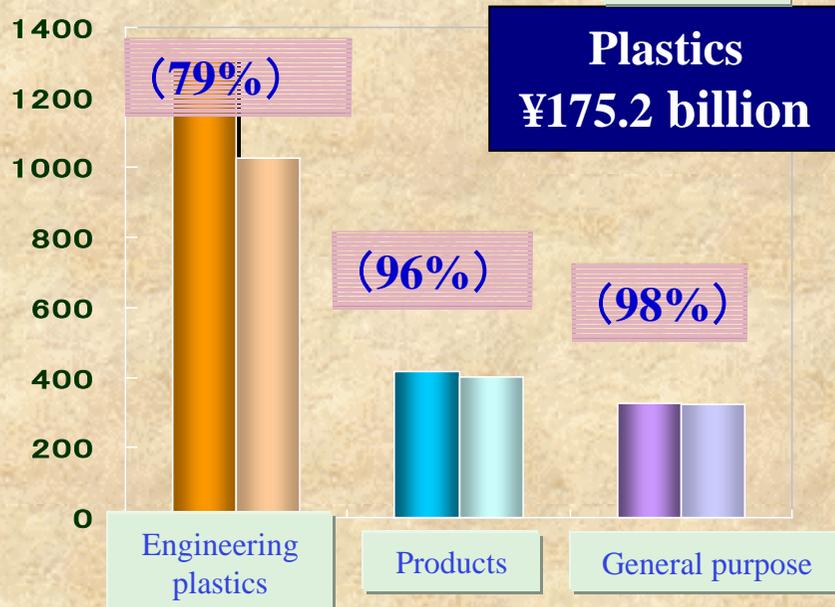
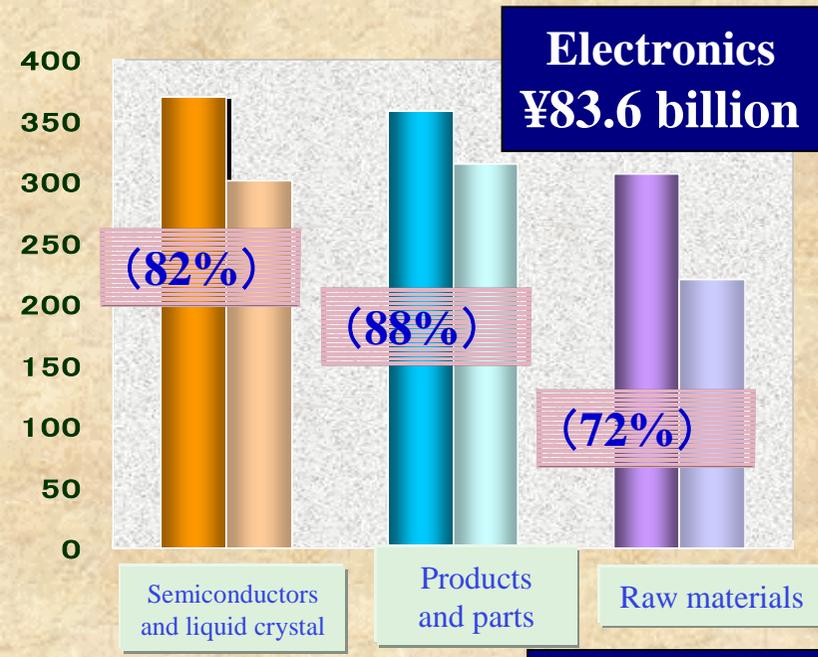
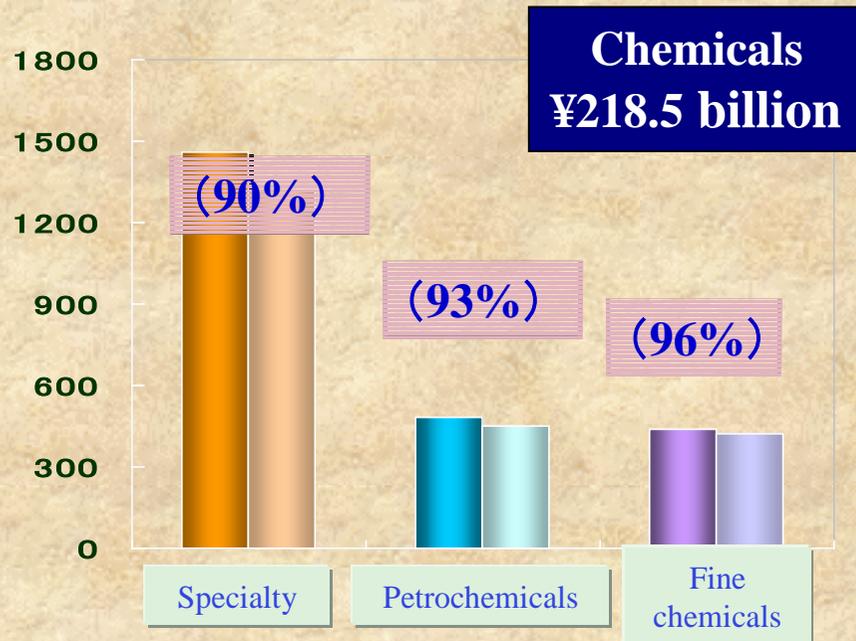
# Sales and Gross Profit by Segment

(unit: ¥100 million)  
(Rounded to ¥100 million)

Segment	Sales			Gross Profit			Profit Ratio
	Yr. ended 2002	Yr. ended 2001	vs. previous term (%)	Yr. ended 2002	Yr. ended 2001	vs. previous term (%)	Yr. ended 2002
Chemicals	2,185	2,378	91.9%	176	198	89.0%	8.1%
Plastics	1,752	2,054	85.3%	125	171	73.1%	7.2%
Electronics	836	1,033	80.9%	130	148	88.0%	15.6%
Health Care	131	126	103.9%	36	32	112.7%	27.9%
<b>Total</b>	<b>4,905</b>	<b>5,593</b>	<b>87.7%</b>	<b>469</b>	<b>551</b>	<b>85.2%</b>	<b>9.6%</b>

# Product Sales by Segment

Graphs: Left – end March 01  
 Right – end March 02  
 ( ) – current vs. previous year



# Major Balance Sheet Increases/Decreases

(unit: ¥100 million)  
(Rounded to ¥100 million)

Assets	Mar. 02	Mar. 01	Change	Liabilities, minority interests, and shareholders' equity	Mar. 02	Mar. 01	Change
Cash and deposits with banks	232	214	18	Trade notes and accounts payable	1,055	1,343	(287)
Trade notes and accounts receivable	1,512	1,844	(332)	Short term loans payable	67	140	(72)
Inventories	255	341	(86)	Commerical paper	30	—	30
Other current assets	60	61	(1)	Other current liabilities	146	198	(51)
Tangible fixed assets	252	247	4	Bonds	70	70	—
Investments in securities	630	763	(132)	Long term loans payable	29	28	0
Other fixed assets	57	64	(7)	<i>Debt with interest</i>	196	238	(42)
				Other fixed liabilities	122	183	(61)
				Minority interests	37	38	(1)
				Shareholders' equity	1,441	1,534	(93)
				<i>Ratio of shareholders' equity</i>	48.0%	43.4%	4.6%
Total Assets	3,000	3,537	(537)	Total liabilities, minority interests and shareholders' equity	3,000	3,537	(537)

# Cash Flows

(unit: ¥100 million)  
(Rounded to ¥100 million)

	Yr. ended 2002	Yr. ended 2001	Change
Cash flows from operating activities	123	81	41
Cash flows from investing activities	(13)	(41)	28
Cash flows from financing activities	(86)	(83)	(3)
Effect of exchange rate changes on cash and cash equivalents	13	10	2
Net increase (decrease) in cash and cash equivalents	37	(32)	69
Cash and cash equivalents at beginning of the year	184	210	(25)
Increase (decrease) in cash and cash equivalents arising from initial consolidation of subsidiaries	(2)	6	(9)
Cash and cash equivalents at end of the year	219	184	34

# Performance of Major Consolidated Subsidiaries (unit: ¥100 million) (Rounded to ¥100 million)

	Sales	vs. previous term	Operating income	vs. previous term	Net profit	vs. previous term
Nagase CheteX Co., Ltd.	19,081	79%	67	6%	381	47%
Nagase Color & Chemical Co.	15,467	93%	113	92%	39	204%
Hoei Sangyo. Ltd.	15,215	98%	239	75%	161	76%
Nagase Plastic Co., Ltd.	9,423	86%	15	20%	9	20%
Totaku Industries Co., Ltd.	6,797	88%	(448)	97%	(321)	52%
Delta Fine Chemical Co., Ltd.	5,962	117%	53	68%	20	54%
Nagase Elex Co., Ltd.	4,404	96%	34	39%	20	44%
Setsunan Kasei Co., Ltd.	4,089	70%	(307)	—	(377)	—
Nagase Singapore (Pte) Ltd.	29,763	77%	365	42%	337	65%
Nagase (Hong Kong) Ltd.	20,782	106%	572	71%	540	74%
Nagase (Thailand) Co., Ltd.	12,797	122%	330	77%	263	83%
Nagase America Corp.	10,858	100%	78	85%	83	65%
Nagase (Taiwan) Co., Ltd.	6,183	194%	103	83%	85	30%
Canda Mold Technology Inc.	1,098	146%	63	55%	30	36%

# Stock Buyback

(Rounded to ¥million)

	Shares acquired (thousand)	Acquisition cost (¥million)	Average cost (yen)	Transaction type
1998	5,349	2,355	440	Buyback
1999	4,542	2,117	466	Buyback
2000	2,600	1,256	483	Buyback
2001 (first half)	529	266	503	Buyback
2001 (second half)	5,166	2,675	518	Holding
Result	18,186	8,672	476	

# Performance Outlook

(unit: ¥100 million)  
(Rounded to ¥100 million)

	Year ended 2003 (Forecasted)	Year ended 2002 (Posted)	vs. previous year (%)
Sales	5,000	4,905	101.9
Gross profit	480	469	102.2
Selling, general and administrative expenses	425	453	93.8
Operating income	55	16	328.7
Non-operating income and expenses	25	30	81.5
Gross profit	80	47	168.8
Net Income	48	(20)	————

	Sales			Gross Profit		
	Yr. ended 2003 (Forecasted)	Yr. ended 2002 (Posted)	vs. previous year (%)	Yr. ended 2003 (Forecasted)	Yr. ended 2002 (Posted)	vs. previous year (%)
Chemicals	2,260	2,185	103.4	185	176	104.6
Plastics	1,650	1,752	94.1	128	125	102.0
Electronics	940	836	112.4	147	130	112.4
Health Care	150	131	114.1	20	36	54.6
Total	5,000	4,905	101.9	480	469	102.2

# Medium-Term Management Plan “WIT 2000”

## New Business Creation

### Outline of the Plan

1. Extensive investment in strategic fields (Electronics, Health Care)
2. Emphasis on consolidated group management
3. Focus on B/S, CF

(Unit: ¥100 million)	Yr. ended 2001	Yr. ended 2002	Yr. ended 2003	
	Posted	Posted	Initial estimates	Revised estimates
<b>Sales</b>	<b>5,593</b>	<b>4,905</b>	<b>6,400</b>	<b>5,000</b>
<b>Net income</b>	<b>49</b>	<b>(20)</b>	<b>83</b>	<b>48</b>
<b>ROE (%)</b>	<b>3.4</b>	<b>—</b>	<b>5.8</b>	<b>3.3</b>
<b>N-ROE (%)</b>	<b>5.0</b>	<b>2.2</b>	<b>7.0</b>	<b>5.0</b>

N-ROE = Nagase profit\* ÷ Equity capital at the beginning of the term

\* Nagase profit = Net profit after tax + (Depreciation ± Appraisal profit or loss) × (1 - Effective tax rate)

# WIT2000 Review

Management policy remains unchanged

Challenge Strategy	—————	Promote business investment and develop new businesses
Dynamic Strategy	—————	Adopt a selective, focused approach to business
Group Strategy	—————	Reinforce manufacturing companies and boost marketing strength of sales branches
Human Resources Strategy	—————	Put the right person in the right job; performance orientation
Functional Development Strategy	—————	Strengthen the business model



**Further strengthen and enhance**

Review of performance indicators

Final fiscal year numerical targets	➔	Respond to changes in the business environment
The N-ROE concept	➔	Greater consciousness of capital cost

# Changes in the Company's Business Over Time

Challenge Strategy

Establishment (1832)

Today (2002)

The Future

## Dyestuffs Business

1900: Begin importing Ciba synthetic dyestuffs

1968: Began trading in engineering plastics  
1971: Began production in Japan of engineering plastics

## Chemicals and Plastics Businesses

1930s: Acquired general sales rights for the products of leading western chemical manufacturers

1980s: Expanded overseas operations

## Electronics and Health Care Businesses

1967: Began door-to-door sales of cosmetics  
1970: Began production in Japan of epoxy resins  
1974: Began service for measuring radiation exposure

# Growing New Businesses

Challenge Strategy

1990: Established Nagase R&D Center

1997: Built new drug production facility  
1998: Built new facility for investigational drugs  
2002: Expanded facility for synthesis of pharmaceutical intermediates

2000: Converted Nagase-Ciba into a wholly owned subsidiary  
2001: Established the new Nagase ChemteX  
Developed leading-edge photoresists with Kumho Petrochemicals  
Established Nagase Fine Chem Singapore

2000: Obtained ISO14001 certification

2002: Began in-store sales of cosmetics and health food

Today (2002)

The Future

Development of applications for organic synthesizing technologies and biotechnologies

Development of next-generation electronics materials

Strengthening of eco-businesses

Strengthening of the healthcare business

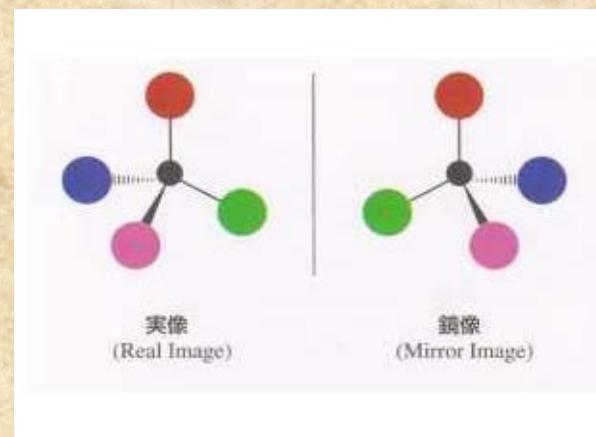
Development of applications for  
organic synthesizing technologies and biotechnologies

Development of fermentation products

Applying chiral compounds  
for use as pharmaceutical intermediates



### Chiral compounds



Molecules whose real images and mirror images  
cannot be superimposed one on the other

Expansion of facilities for synthesis  
of pharmaceutical intermediates

# Growing New Businesses

**Challenge Strategy**

**Development of next-generation electronics materials**

**Global development of liquid semiconductor encapsulation (LSE) agents**



**Establishment of wafer bumping technologies for flipchips**



**Nano-level inkjet head devices**

Alpha Bumping Technology Co., Ltd.



Cluster Technology Co.'s micro fabrication technologies

# Growing New Businesses

Challenge Strategy

## Strengthening of eco-businesses



Chemicals plant scheduled to begin operation this summer

Following establishment in Japan, Korea, and Taiwan, a recycling system for chemicals used in the manufacture of semiconductors and liquid crystal panels is to be established in Singapore



Mobile recycling truck

Bolstering sales of Pluswood, an environmentally-conscious new construction material



Pluswood deck

Entry into a service business involving on-site recycling of waste oils and detergents

Strengthening the healthcare business

Launch of sales of cosmetics and health foods at company-operated boutiques (Pour Toi)



Shinjuku Odakyu boutique

▪ Ebisu Mitsukoshi

▪ Tamagawa Takashimaya

▪ Machida Odakyu

▪ Shinjuku Odakyu



The new skincare product Flomaliese

# Strengthening Top Share Businesses

Dynamic Strategy

Our No. 1 businesses: sales of ¥160 billion

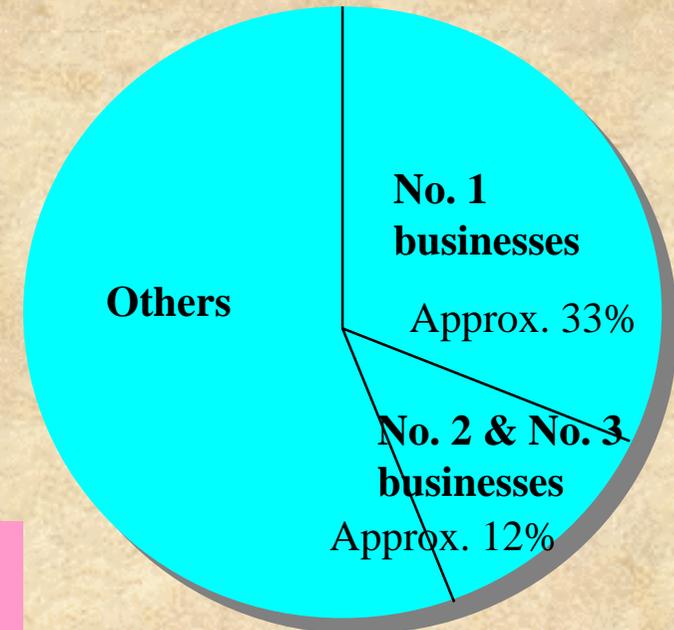
Withdraw from non-core and low-growth businesses

Concentrate on businesses in which we can demonstrate our strengths

Businesses with superior R&D or manufacturing

Businesses with superior marketing or sales power

Long-standing businesses such as dyes and paints → Stable revenue sources



Strengthen!

**Thermal- and pressure-sensitive  
color formers**



Sofix Corp.

**Recycling system for chemicals used in the  
manufacture of semiconductors and liquid  
crystal panels**



Chemical management system

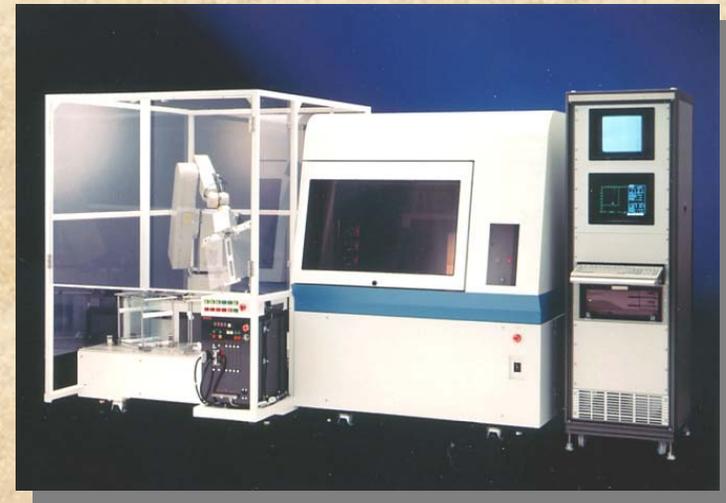
**NCX specialty epoxy monomers**

**Wireless communication modules**



Gigatech power amplifier modules

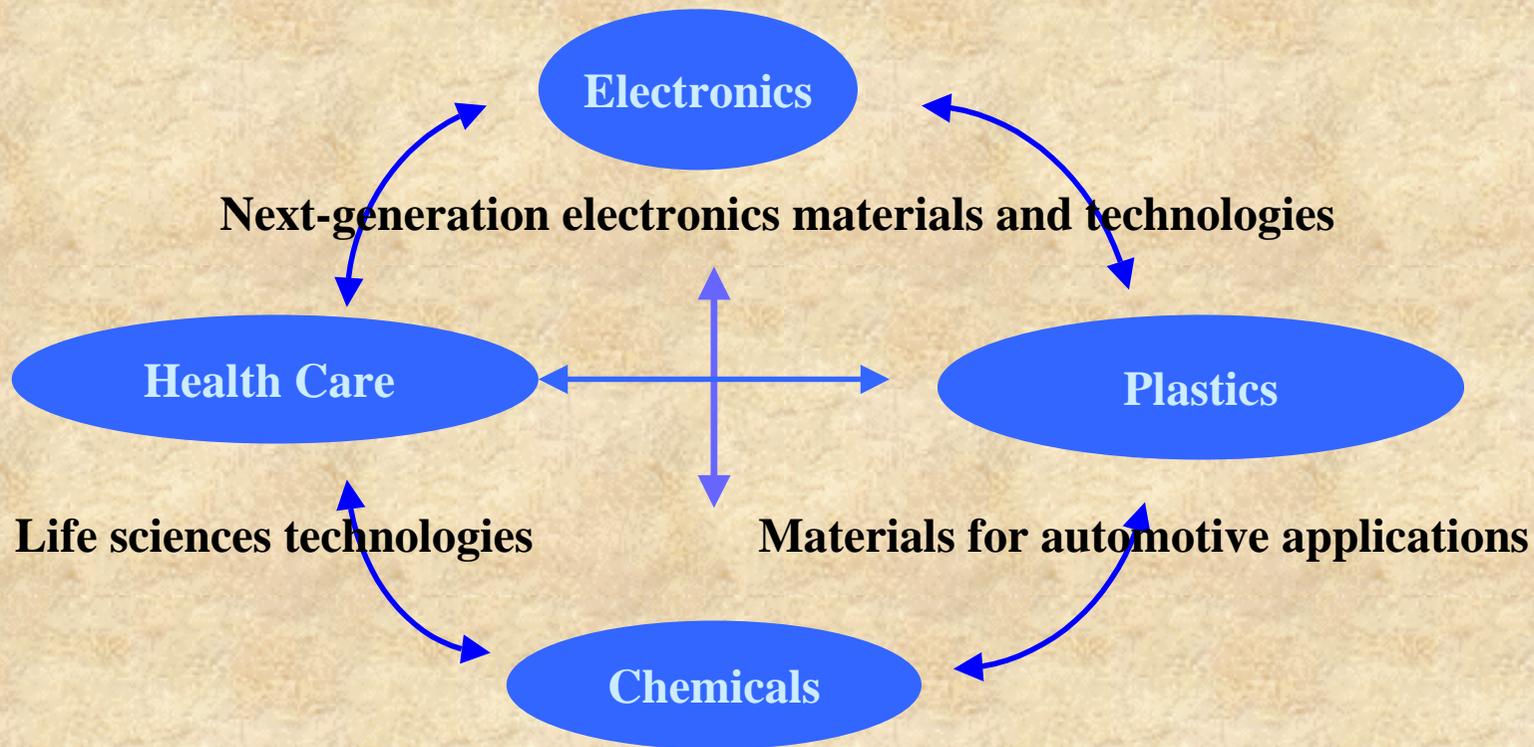
**Photosensitive drums and film surface inspection systems**



Scantech surface inspection system

**Pharmaceutical intermediates subcontracting businesses**

## Creation of solutions-driven businesses



**Each and every employee is a business producer**

# Business Expansion in China and Other Asian Markets

Greater China Zone



¥150 billion (2006)

Dubai

Nagase Middle East

ASEAN Zone



¥100 billion (2006)

Tianjin Office

Tianjin

Dalian

Dalian Office

Shanghai Hua Chang

Shanghai Nagase

Shanghai

Ningbo

Nagase Hong Kong

Nagase Wahlee Plastics

Shenzhen Office

Taiwan

Nagase Taiwan

Guangzhou Office

Hong Kong

Vietnam Hanoi Office

Nagase Thailand

Nagase Singapore

● Sales base

● Production base

# Corporate Governance Initiatives

**Reduction in director term of office (one-year term)**

**Introduction of an operating officer system**

**Introduction of performance-based compensation**

**Introduction of a stock options scheme**

The Technology and Intelligence Oriented  
Company That Turns Wisdom into Business

# NAGASE & CO., LTD

This document contains forecasts based on forward-looking assumptions, prospects, and plans as of May 21, 2002. Actual results may differ from the forecasts contained herein due to risk and uncertainty related to the global economy, competitive situation, and exchange fluctuations.