

**Briefing Session on Interim Financial Results
for
Fiscal Year Ending March 31, 2006**

**A Technology and Intelligence Oriented Company that turns
Wisdom into Business**



**Nagase & Co., Ltd.
November 18, 2005**

◆ Contents ◆

- * **Financial Highlights for the Interim Term and Full-year Performance Forecasts**
- * **Review of “WIT21” and Steps Towards Next Medium-term Management Plan “WIT2008”**
- * **Corporate Governance**
- * **Special Feature: Nagase's Business Expansion in ASEAN**

**Financial Highlights for
the Interim term ended September 30, 2005**

Overview of Consolidated Interim Financial Results

(Unit: hundred million yen)
(Figures are rounded down to the nearest hundred million yen)

■ Summary of Interim Financial Results for Fiscal Year ending March 31, 2006

Increased revenue and profits:

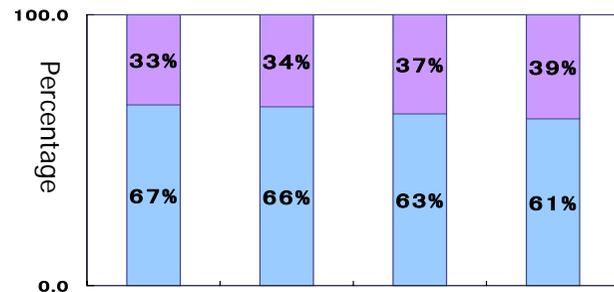
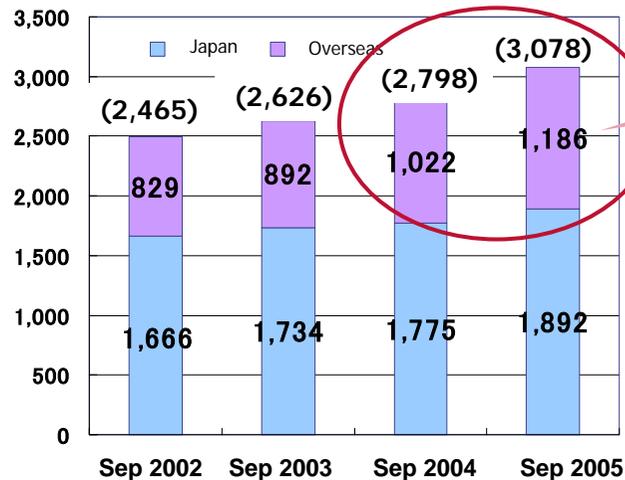
Year-on-year increase in all categories, exceeding original forecasts.

	Sep 2005	Sep 2004	Increase (Decrease)	Year-on-year Comparison	(Reference) Original Forecast
Net sales	3,078	2,798	+280	110%	3,000
Gross profit	327	303	+24	108%	325
Operating income	88	64	+23	136%	81
Ordinary income	99	76	+23	131%	88
Interim net income	75	46	+28	161%	56
Interim earnings per share (EPS)	¥59.08	¥36.84	+¥22.24	160%	—

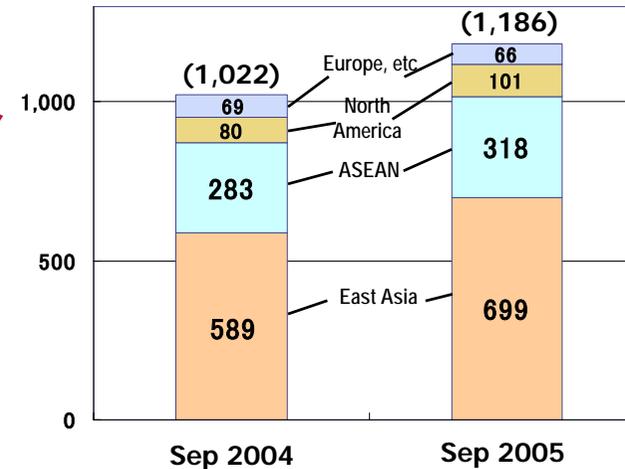
Net Sales by Region

(Unit: hundred million yen)

Sales: ¥307.8 billion, up ¥28 billion year-on-year



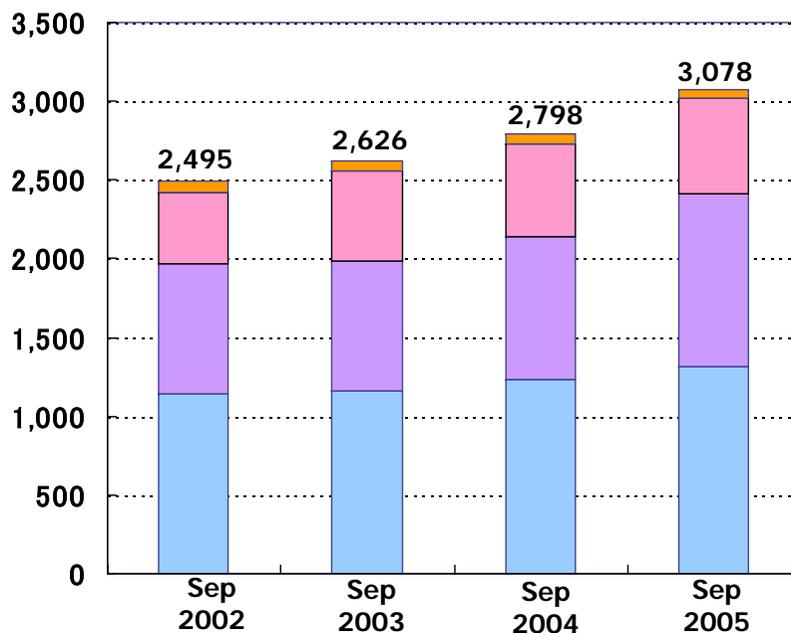
Breakdown of Overseas Sales



- Increasing Ratio of Overseas Sales —
- Good performance of overseas local subsidiaries
- Increasing plastic-related sales in Asia, especially in China, Hong Kong and Taiwan (Greater China)
- Recovery of automotive-related sales in North America

Net Sales by Segment

(Unit: hundred million yen)



	Sep 2002	Sep 2003	Sep 2004	Sep 2005
Chemicals	1,144	1,159	1,233	1,316
Plastics	826	824	906	1,094
Electronics	454	578	593	609
Healthcare & Others	70	62	64	59

Overview of Sales by Segment (Year-on-year Comparison)

Chemicals + ¥8.2 billion (107%)

- Increase in revenue from automotive-related chemicals, including paint materials and urethane.
- Good performance of ink and toner materials and digital-technology-related chemicals.

Plastics + ¥18.7 billion (121%)

- Good performance of media and office equipment applications in Greater China.
- Good domestic and overseas performance of automotive-related plastics.

Electronics + ¥1.5 billion (103%)

- Increase in revenue from liquid-crystal-related materials especially in Japan.
- Good performance of fine polishing abrasives.
- Decrease in revenue from liquid crystal modules.

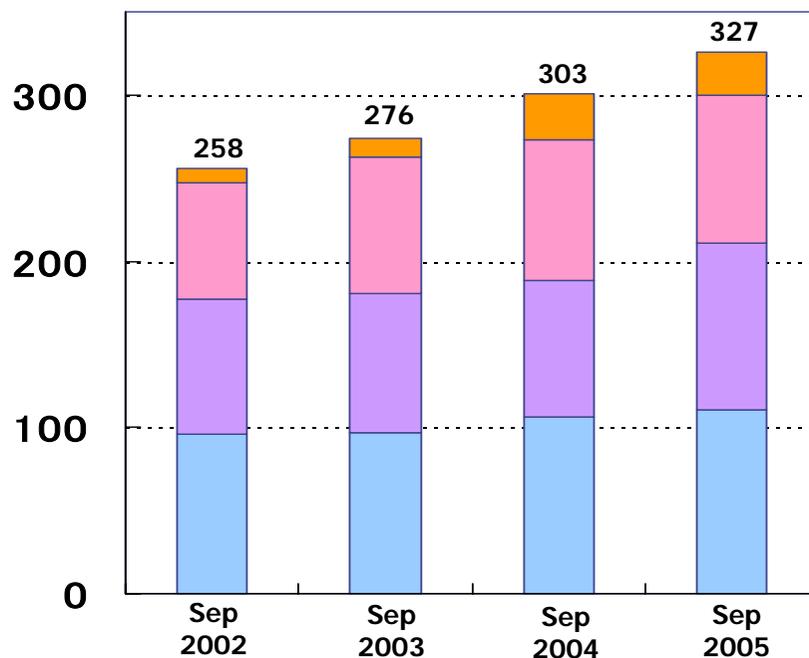
Healthcare & Others - ¥500 million (92%)

- Sales of cosmetics and health foods comparable to previous corresponding period.
- Decrease in revenue from medical equipment and reagents.

Gross Profit by Segment

(Unit: hundred million yen)

Gross profit: ¥32.7 billion, up ¥2.4 billion year-on-year



Due to increase in sales, mainly plastics

Overview of Gross Profit by Segment (Year-on-year Comparison)

Chemicals + ¥500 million (105%)

Plastics + ¥1.7 billion (121%)

Electronics + ¥300 million (104%)

Healthcare & Others - ¥200 million (91%)

	Sep 2002	Sep 2003	Sep 2004	Sep 2005
Chemicals	96	97	106	111
Plastics	81	84	82	100
Electronics	70	82	85	89
Healthcare & Others	9	11	28	26

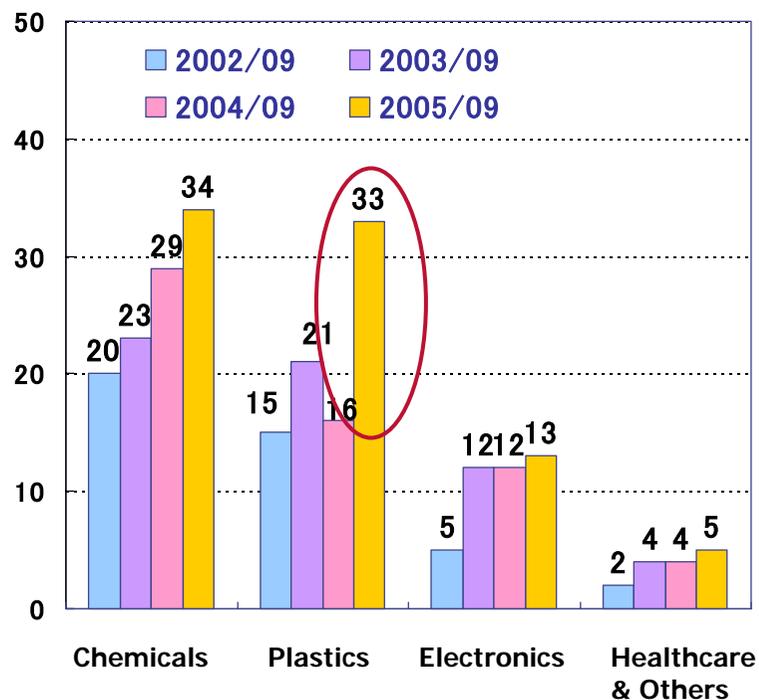
Operating Income

(Unit: hundred million yen)

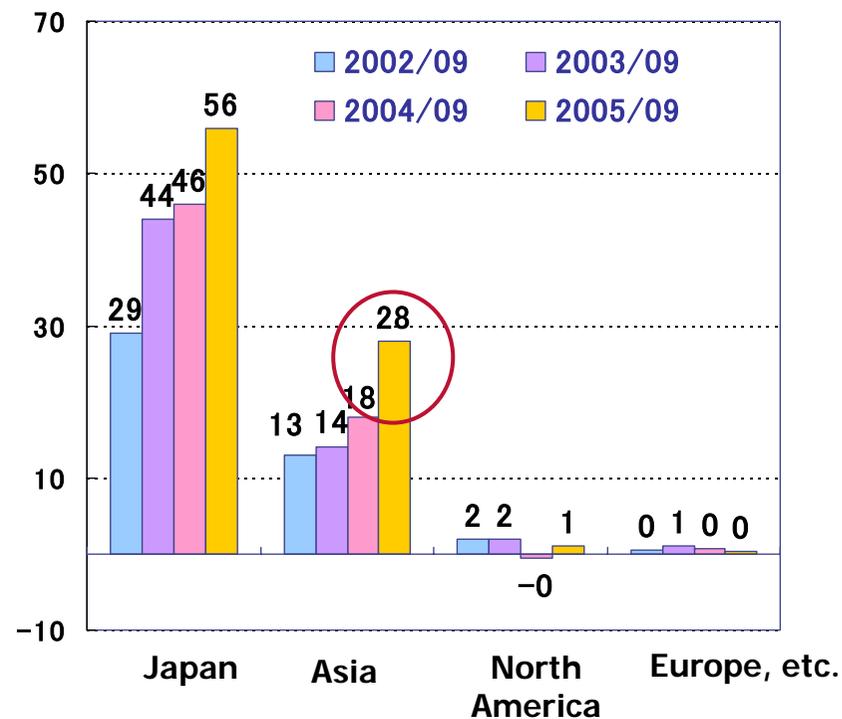
¥8.8 billion, up ¥2.3 billion year-on-year (136% of previous corresponding period)

- Chemicals: Performed solidly, partly due to increase in revenue
- Plastics: Increase in unconsolidated profits, in addition to increase in profits of local subsidiaries in Asia

<Operating Income by Business Segment>



<Operating Income by Geographic Segment>



Non-operating Income/Expenses and Extraordinary Income/Loss

<Non-operating Income/Expenses>

(Unit: hundred million yen)

	Sep 2005	Sep 2004	Increase (Decrease)	Year-on-year Comparison
Non-operating income/expenses	11	11	0	102%
Balance of financial revenues and expenses	5	4	0	111%
Other	6	6	-0	96%

<Extraordinary Income/Loss>

	Sep 2005	Sep 2004	Increase (Decrease)
Extraordinary income	21	8	13
Gain on sale of property, plant and equipment	10	0	10
Gain on disposal of investments in securities	10	7	2
Other	1	—	1
Extraordinary loss	2	7	-5
Loss on disposal of property, plant and equipment	1	0	0
Other	1	7	-6

Ordinary Income and Interim Net Income

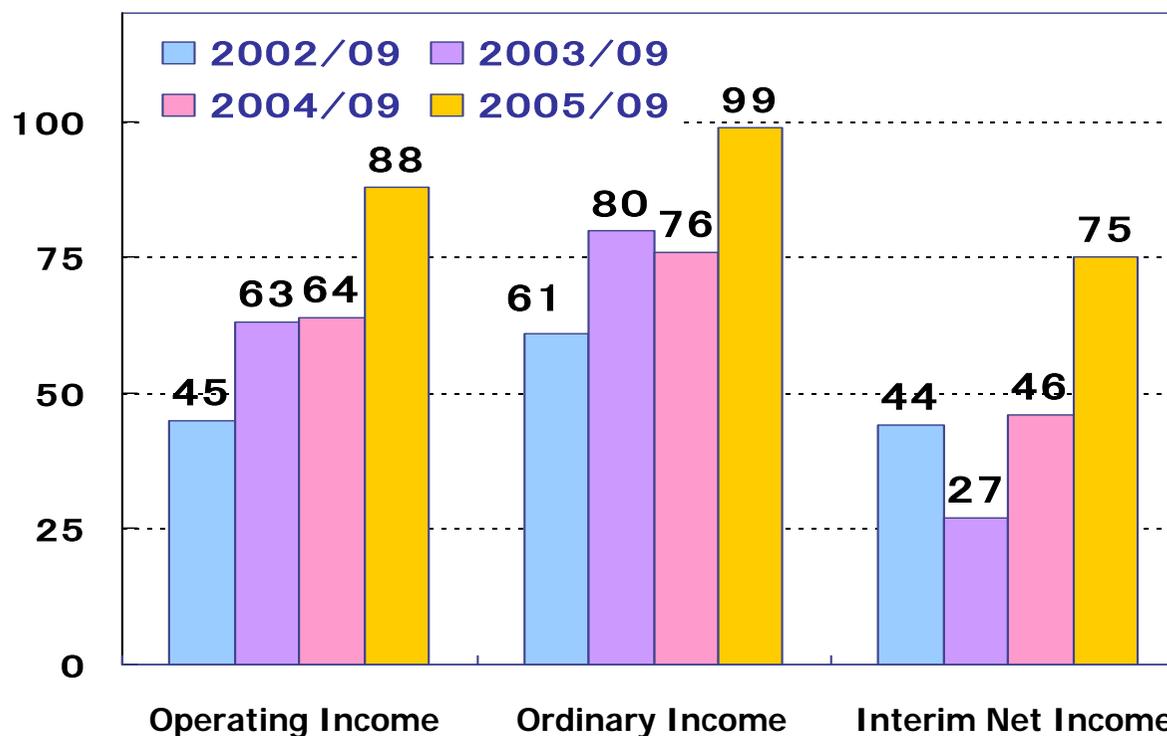
(Unit: hundred million yen)

Ordinary income:

¥9.9 billion, up ¥2.3 billion year-on-year (131% of previous corresponding period)

Interim net income:

¥7.5 billion, up ¥2.8 billion year-on-year (161% of previous corresponding period)



Major Changes in Balance Sheet

(1) Increase in accounts receivable associated with increasing revenue

(2) Rising market value of investments in securities

(Unit: hundred million yen)

《Assets》	Sep 2005	March 2005	Increase (Decrease)	《Liabilities and Shareholders' Equity》	Sep 2005	March 2005	Increase (Decrease)
Cash and time deposits	230	178	+51	Notes and accounts payable	1,093	1,106	-12
Notes and accounts receivable	1,787	1,733	+53	Short-term loans	127	105	+21
Inventories	359	363	-3	Other current liabilities	192	200	+8
Other current assets	67	71	-4	Long-term loans	61	34	+26
Property, plant and equipment	304	296	+8	(Interest-bearing debt)	(188)	(140)	+48
Investments in securities	764	658	+105	Accrued retirement benefits for employees	67	74	-6
Other fixed assets	48	50	-2	Other long-term liabilities	160	112	+48
				Minority interests	51	48	+3
				Shareholders' Equity	1,807	1,670	+136
				(Including treasury stock)	(-56)	(-59)	(-2)
				(Shareholders' Equity Ratio)	(50.7%)	(49.8%)	
Total assets	3,562	3,352	+209	Total liabilities, minority interests and shareholders' equity	3,562	3,352	+209

Cash Flow Status

(Unit: hundred million yen)

- Increase in income before taxes
- Increase in working capital

	Sep 2005	Remarks
Net cash used in operating activities	-3	Income before taxes ¥11.9 billion Working capital -¥6.1 billion Income taxes paid -¥3.9 billion
Net cash provided by investing activities	8	Purchase of property, plant and equipment -¥1.7 billion Sale of property, plant and equipment ¥1.1 billion Sale/purchase of investments in securities ¥1.7 billion
Net cash provided by financing activities	32	Short-term loans ¥1.7 billion Long-term loans ¥2.6 billion Cash dividends paid -¥1.2 billion
Closing balance of cash and cash equivalents	224	Year-on-year increase of ¥5.2 billion

Performance of Major Consolidated Subsidiaries

(Unit: million yen)

	Company Name	Net Sales	Year-on-year Comparison	Operating Income	Year-on-year Comparison	Interim Net Income	Year-on-year Comparison
Parent Company	Nagase & Co., Ltd.	227,306	102%	3,354	119%	5,431	151%
Manufacturing Subsidiaries	Nagase ChemteX Corp.	10,723	101%	871	103%	1,138	285%
	Totaku Industries, Inc.	3,641	105%	210	112%	540	—
Sales Subsidiaries	Nagase Plastics Co., Ltd.	5,595	97%	31	84%	18	95%
	Hoei Sangyo Co., Ltd.	5,970	88%	70	74%	84	177%
	Nagase Colors & Chemicals Co., Ltd.	6,816	98%	43	44%	17	31%
Overseas Subsidiaries	Nagase (Hong Kong) Ltd.	20,006	138%	595	130%	485	128%
	Nagase Singapore (Pte) Ltd.	13,963	96%	382	168%	335	171%
	Nagase (Thailand) Co., Ltd.	9,503	118%	378	104%	272	92%

**Full-year Performance Forecast
for
Fiscal Year ending March 31, 2006**

Full-year Performance Forecast for Fiscal Year ending March 31, 2006

(Unit: hundred million yen)

	Fiscal Year ending March 31, 2006 (Interim forecast)	Fiscal Year ending March 31, 2006 (Original forecast)	Fiscal Year ended March 31, 2005 (Results)	Year-on-year Comparison (%)
Net sales	6,250	6,000	5,756	109%
Gross profit	663	650	619	107%
Operating income	174	161	132	131%
Ordinary income	185	174	151	122%
Net income	123	108	103	118%

Full-year Forecast of Net Sales by Segment

(Unit: hundred million yen)

	Fiscal Year ending March 31, 2006 (Interim forecast)	Fiscal Year ending March 31, 2006 (Original forecast)	Fiscal Year ended March 31, 2005 (Results)	Year-on-year Comparison (%)
Chemicals	2,640	2,600	2,517	105%
Plastics	2,220	1,950	1,884	118%
Electronics	1,280	1,320	1,225	104%
Healthcare & Others	110	130	128	86%
Total	6,250	6,000	5,756	109%

**Review of “WIT21” and Steps Towards
Next Medium-term Management Plan “WIT2008”**

W ---- Wisdom

I ---- Intelligence

T ---- Technology

Basic Strategy and Key Business Areas of “WIT21”

Why “WIT21” was Formulated

Downtrend in simple intermediary/sole distributorship business

Need to create new high value-added businesses

Basic Strategy of “WIT21”

Differentiate Nagase from the competition by taking a thorough customer-oriented approach

Nurture and enhance market-leading businesses

Create businesses by making use of Nagase Group’s functions and distinctive identity

Key Strategic Business Areas of “WIT21”

Electronics

Life Science

Automotive

Overseas Operations

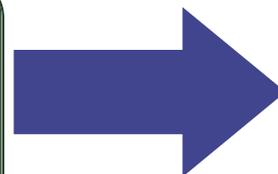
Achieved Numerical Targets of “WIT21” Ahead of Schedule

Achieved Original Numerical Targets

Original Targets

(Fiscal Year ending March 31, 2006)

- Consolidated net sales ¥550 billion
- Consolidated operating income ¥11 billion



Achieved Targets Ahead of Schedule in Fiscal Year ended March 31, 2005

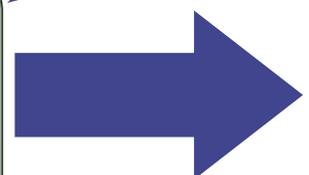
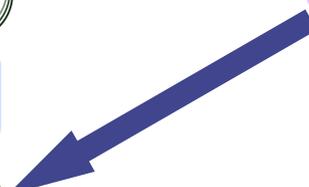
- Consolidated net sales ¥575.6 billion
- Consolidated operating income ¥13.2 billion

Upward Revision of Numerical Targets for Final Year

Revised Targets

(Fiscal Year ending March 31, 2006)

- Consolidated net sales ¥600 billion
- Consolidated operating income ¥16.1 billion



Current Forecast

(Fiscal Year ending March 31, 2006)

- Consolidated net sales ¥625 billion
- Consolidated operating income ¥17.4 billion



To Next Medium-term Management Plan

“WIT2008”

(Numerical targets and details are currently being decided.)

Accomplishments in Key Strategic Business Areas of “WIT21”***Electronics***

- Expanded liquid crystal sector (optical films, modules and components processing).
- Expanded manufacturing functions such as Nagase ChemteX into overseas.
- Expanded into downstream businesses such as sale of DVD players.

Life Science

- Integrated manufacturing bases (consolidation at Nagase ChemteX Corp., Fukuchiyama).
- Launched development of production technology for artificial amino acids and rosemary extract.

Automotive

- Expanded sales bases (Guangzhou, Tianjin, Wuhan, etc.)
- Increased number of joint-venture manufacturing companies (design, mold, precision metal press).
- Increased sales in China, Thailand and North America.

Overseas Operations

- Ratio of overseas sales increases from 33% (fiscal year ended March 31, 2003) to 39% (half year ended September 30, 2005).
- Appointed CEOs in charge of Greater China and ASEAN (fulltime, local resident)

Positioning of Next Medium-term Management Plan “WIT2008”

Reform

WIT2000

- Reform management foundations.
- Launch Group management.

Moving Ahead

WIT21

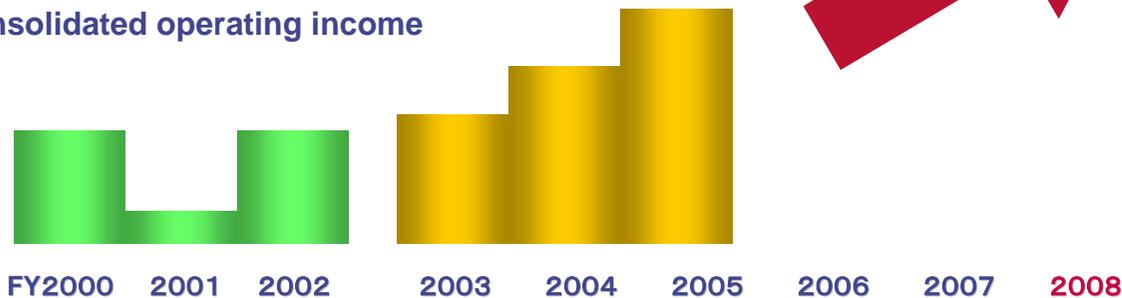
- Clearly define business policy.
- Enhance business foundations.
- Enhance management foundations.

Expansion & Enhancement

WIT2008

- Enhance corporate constitution.
- Keep Nagase’s distinctive identity.
- Refine business portfolio strategy.

Quantitative benchmark:
Consolidated operating income



Basic Strategy of Next Medium-term Management Plan “WIT2008”

Structural Enhancement for Sustained Growth

Actively invest in key business areas

Expand business foundations

Shift to structure with high profitability

Refine Business Portfolio Strategy

Maintain healthy balance sheet

Develop consolidated management framework

Strictly enforce risk management

Enhance Internal Framework

Take a Site-oriented Approach

Improve personnel (Quality and Quantity)

Enhance Technology and Intelligence

Keep Nagase’s Distinctive Identity

Corporate Governance

Disclosure to shareholders & investors, transparent management

Enhancement of auditors' functions, monitoring of management

Thorough risk management in investment projects

Firm establishment of executive officer system, appointment of outside directors



Always take a long-term, objective approach to corporate management

Clarify directors' roles and stimulate corporate management

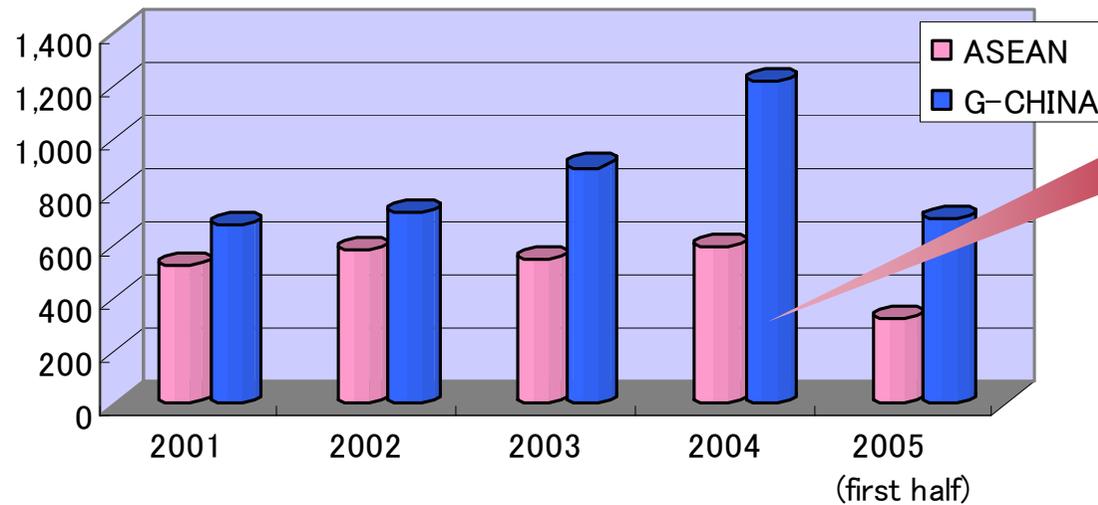
**Special Feature:
Nagase's Business Expansion in ASEAN**

Executive Officer in charge of ASEAN Region

Masamichi Kan

Nagase's Sales in Asia

(Unit: hundred million yen)



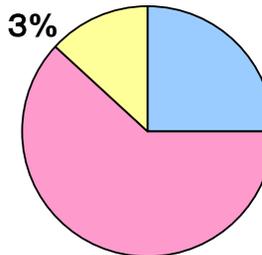
Net Sales by Segment

Electronics

13%

Chemicals

25%



Plastics

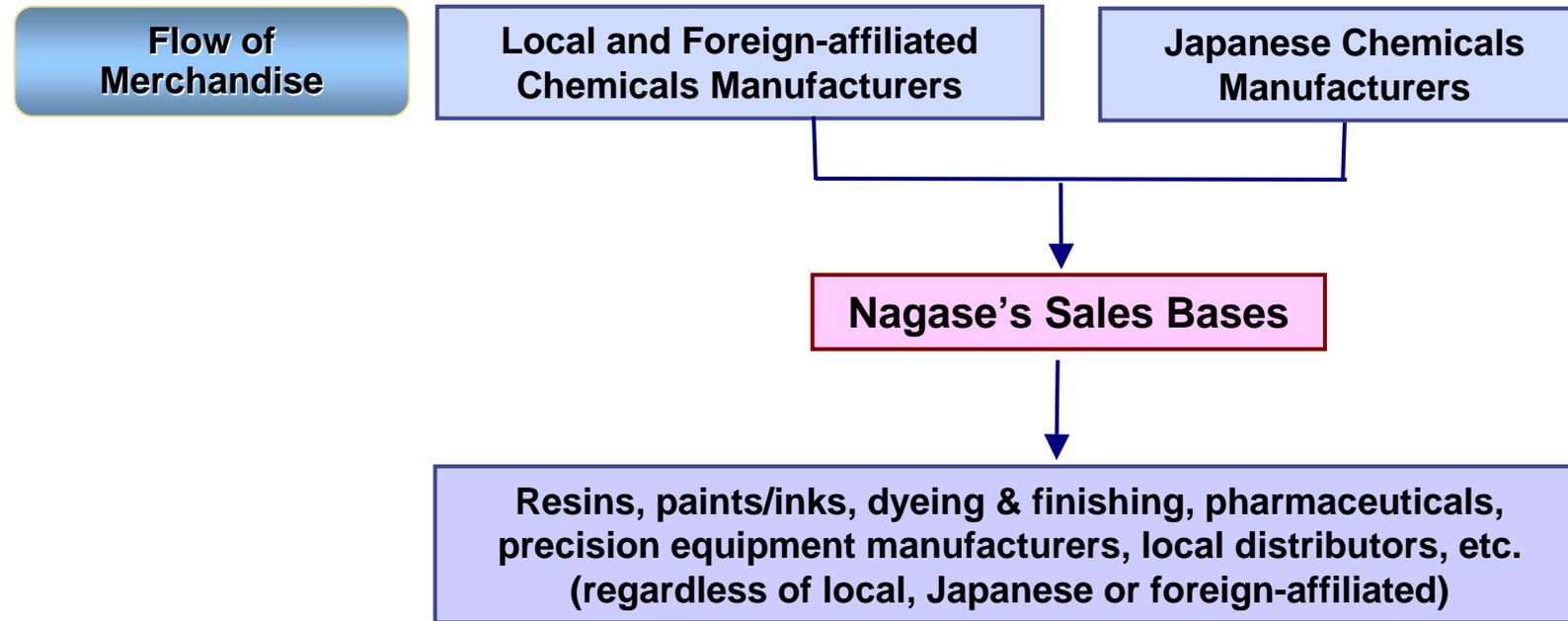
62%

Unit: hundred million yen	2001	2002	2003	2004	2005 (first half)	Medium-term Plan	2006
ASEAN	519	582	546	590	318	1,000	
G-CHINA	674	723	895	1,220	700	1,500	
Total	1,193	1,305	1,441	1,810	1,018	2,500	
(Exchange rate \$1)	122.2	124.8	115.7	108.1	106.8		

ASEAN: Singapore, Malaysia, Thailand, Indonesia and Philippines

Greater China: China (including Hong Kong) and Taiwan

Chemicals Business



Chang Fong Overseas Enterprises

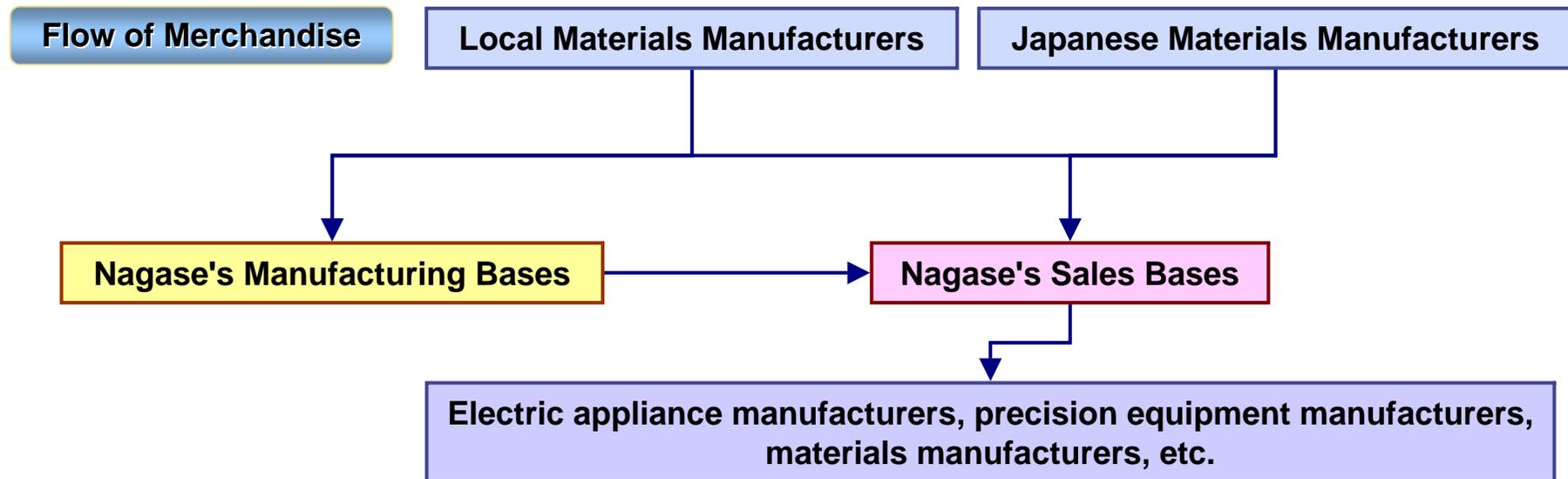
(Bulk-breaking and sale of chemicals)

Main Merchandise

- ◆ Various additives and solvents
- ◆ Plastic materials (urethane, acrylics, etc.)
- ◆ Dyestuff and pigments
- ◆ Pharmaceutical materials
- ◆ Other



Electronics Business



Main Merchandise

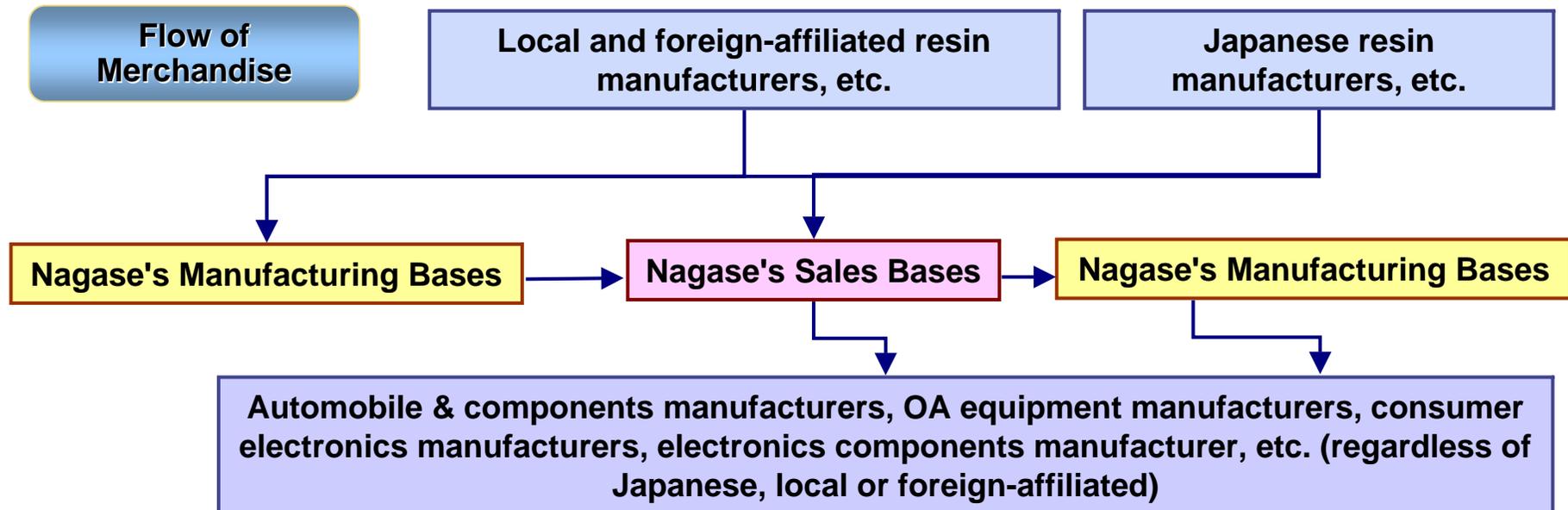
- Liquid crystal components (optical films)
- Solvents for liquid crystals
- HDD boards
- Semiconductor encapsulants, materials for semiconductor encapsulants
- Packaging materials (clean bags, aluminum bags)

Nagase FineChem Singapore

(Manufacturing, collection and recycling of chemicals for liquid crystals)



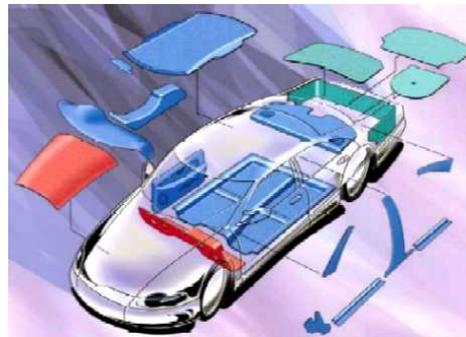
Plastics Business



Main Merchandise

- ◆ Plastics (PP, PS, PC, ABS, nylon, etc.)
- ◆ Packaging materials (films, sheets, trays, etc.)
- ◆ Molds
- ◆ Automobile components
- ◆ Machinery and equipment

Resin components for automobiles (interior & exterior)



Resin components for printers



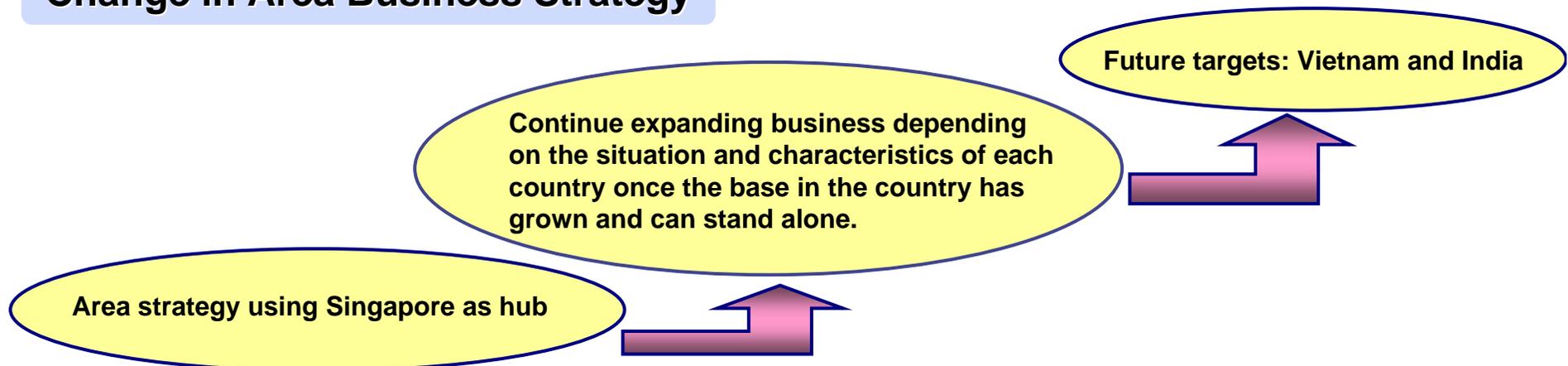
Profile of Nagase's ASEAN Business

Amount of Trade by Type

	Purchase	Sale
Trade within region	62%	88%
Trade with Japan	34%	3%
Trade with third country, etc.	4%	9%
Other	100%	100%

Trade within Region	Purchase	Sale
Japanese Manufacturers	48%	42%
American & European Manufacturers	47%	10%
Local (ASEAN)	5%	48%
Total	100%	100%

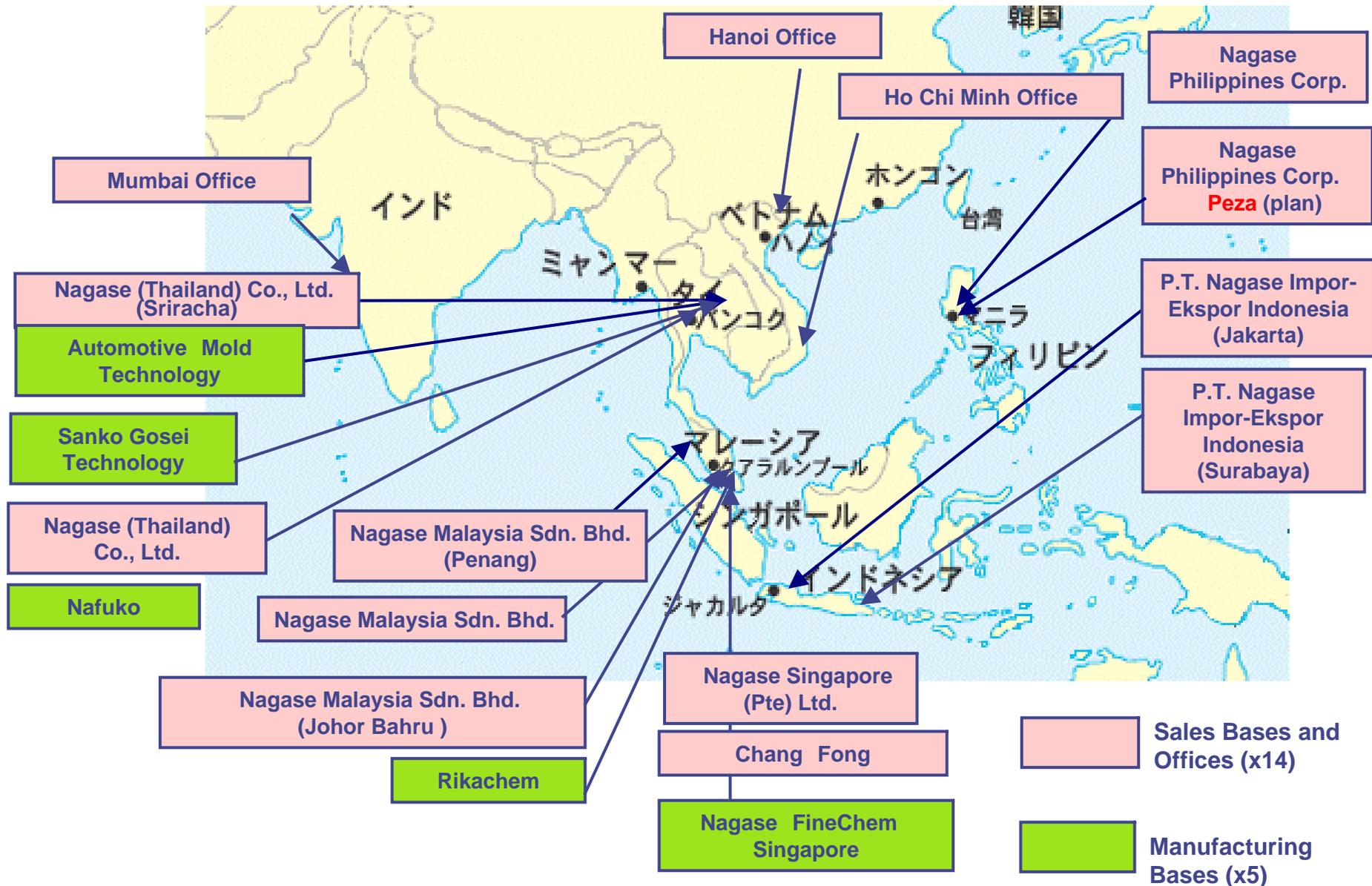
Change in Area Business Strategy



Trends in Nagase's ASEAN Business

	Until 1980s	1990s	2000 - 2004	2005
Singapore	<p>Nagase Singapore (Pte) Ltd. Established in 1975</p> <p>Chang Fong Established in 1980</p>		<p>Nagase FineChem Established in 2001</p>	
Malaysia	<p>Nagase Malaysia Sdn. Bhd. Established in 1982</p>	<p>Rikachem Established in 1996</p>		
Thailand	<p>Nagase (Thailand) Co., Ltd. Established in 1989</p>	<p>Nafuko Established in 1996</p>	<p>Sanko Gosei Technology Invested in 1999</p> <p>Automotive Mold Technology Established in 2000</p>	
Philippines		<p>Nagase Philippines Corp. Established in 1997</p>		<p>Nagase Philippines Corp. Peza (plan)</p>
Indonesia		<p>P.T. Nagase Impor-Ekspor Indonesia Established in 1998</p>		
Vietnam		<p>Ho Chi Minh Office Established in 1996</p>	<p>Hanoi Office Established in 2002</p>	
India	<p>Mumbai Office Established in 1964</p>			

Network in ASEAN Region



Strengths and Challenges of ASEAN Business

Nagase's Characteristics and Strengths

- Ability to carry out businesses locally backed by the Group's strengths.
- Ability to create businesses by directly absorbing customer needs.
- Strength in having manufacturing functions.
- Wealth of technology and expertise gained from chemicals.
- Trading sphere built from the past, and deep relationship with clients.
- Wealth of expertise in debt collection and stock/exchange risks built over many years.

Challenges

- Economic structure easily affected by American and Chinese economies.
- Responding to improvements in technology and brand power of rival countries such as South Korea.
- Adapting to emerging markets (Vietnam and India).

Future Strategy for ASEAN Business

Environment

- Continue “China + 1” investment approach.
- Higher growth expected to continue than in developed countries.
- Attractive markets where efforts should be directed in the future: Vietnam, India, etc.

Nagase's Strategy

- Build and enhance sales bases (Vietnam, India) in line with expansion of local-to-local business.
- Tap niche business areas taking advantage of Nagase's strengths.
- Expand manufacturing bases.
- Strictly enforce risk management.

A Technology and Intelligence Oriented
Company that turns Wisdom into Business



Nagase & Co., Ltd.

This presentation includes forecasts based on certain assumptions, projections and plans for the future as at November 18, 2005. Please note that the actual business performance may differ from the forecasts stated herein, due to risks and uncertainties associated with the global economy, state of competition, exchange rate volatility and other factors.