

**Briefing Session on Interim
Financial Results for
Fiscal Year Ending March 31, 2007**

**A technology and intelligence oriented company
that turns wisdom into business**



**Nagase & Co., Ltd.
November 15, 2006**

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- * Medium-Term Management Plan WIT2008: Fundamental Policies and Main Objectives
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**Financial Highlights for
the Interim Term ended September 30, 2006**

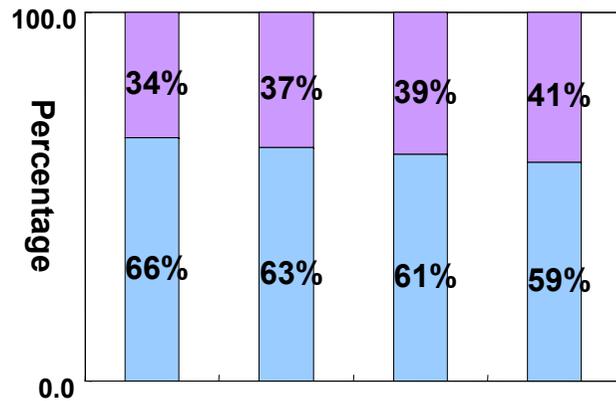
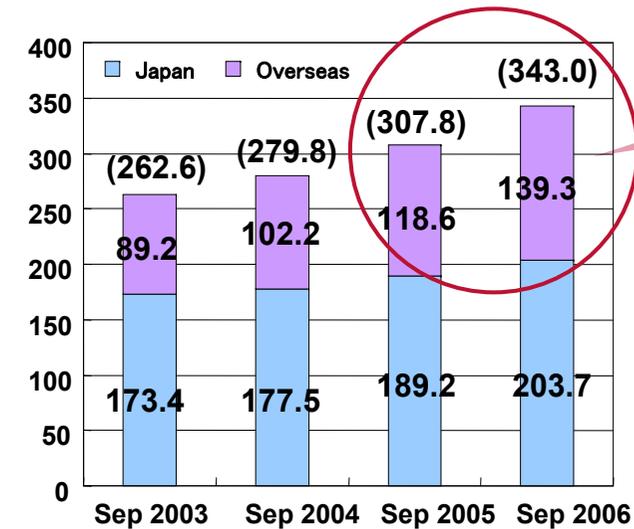
Overview of Consolidated Interim Financial Results

(¥ Billion)
(Figures are rounded down to the nearest hundred million yen)

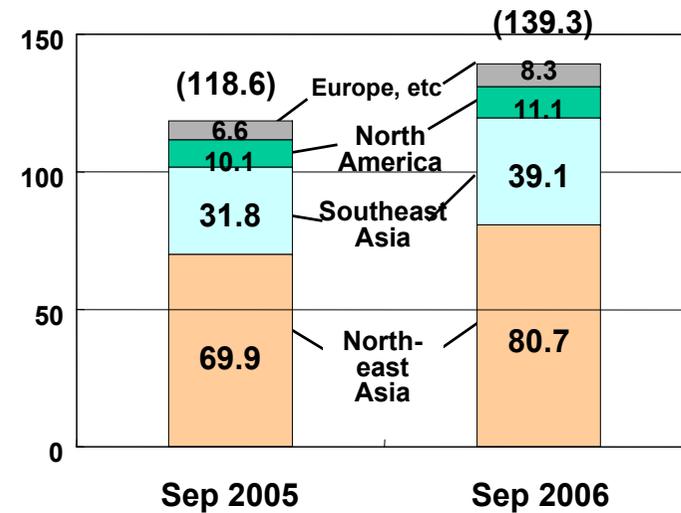
	Sep 2006	Sep 2005	Increase (Decrease)	YoY Comparison	(Reference) Original Forecast	Remarks
Net Sales	343.0	307.8	+35.1	111%	347.0	Sales to Asia remained strong Large increase in Electronics
Gross Profit	36.1	32.7	+3.3	110%	36.7	
Operating Income	10.6	8.8	+1.7	120%	10.7	Increase in sales, gross profit Newly consolidated subsidiaries
Ordinary Income	11.4	9.9	+1.4	114%	11.3	
Net Income	6.4	7.5	-1.0	86%	6.7	Extraordinary income • Gain on sales of property and equipment down ¥1.0B from prior 1H period • Gain on sales of investments in securities down ¥0.7B from prior 1H period
Net Income per Share (¥)	50.68	59.08	-8.40	86%	—	

Net Sales by Region

Sales: ¥343.0 billion, up ¥35.1 billion year-on-year



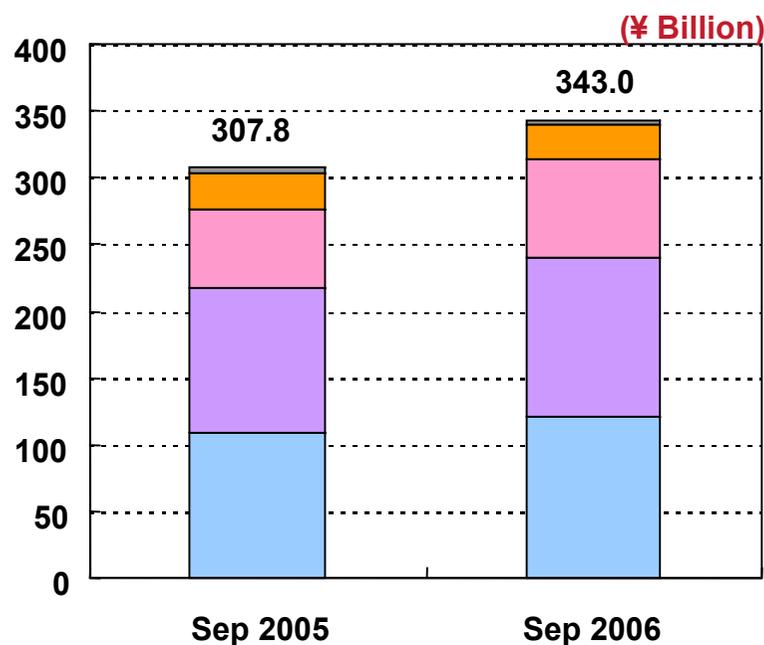
Breakdown of Overseas Sales (¥ Billion)



— Increasing Ratio of Overseas Sales (39%→41%)

- Strong automotive- and electronics-related sales in South China region of Greater China
- Growth in plastics-related sales in Thailand

Net Sales by Business Segment



	Sep 2005	Sep 2006
Chemicals	108.7	120.6
Plastics	109.4	120.1
Electronics	58.1	73.8
Life Sciences	27.7	25.5
Others	3.8	2.9

Review of Sales by Business Segment (Year-on-year Comparison)

Chemicals + ¥11.9 billion (111%)

- Increase in automotive-related sales, including coating materials and urethane
- Solid sales of functional color pigments and other colors and imaging products
- Growth in sales of Nagase ChemteX Corporation products

Plastics + ¥10.6 billion (110%)

- Automotive-related sales generally strong in South China and elsewhere
- Increase in overseas sales of molding equipment and plastics for precision equipment
- Decrease in sales of engineering plastics for media use in Greater China

Electronics + ¥15.6 billion (127%)

- Major growth in LCD-related components business
- Precision abrasives for semiconductors, etc., sold well
- Strong sells of chemicals for liquid crystals and semiconductors and management systems

Life Sciences - ¥2.1 billion (92%)

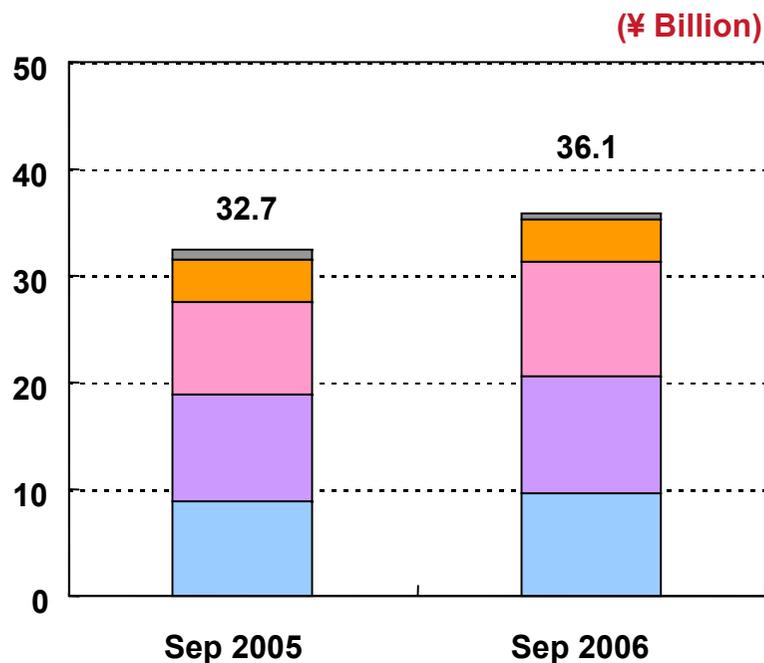
- Decrease in sales of pharmaceutical intermediates
- Slight increase in sales of agricultural chemicals intermediates and fermentation products
- Decrease due to partial withdrawal from medical care business

Others - ¥0.8 billion (77%)

- Decrease in sales of DVD-related products to consumer market

Gross Profit by Business Segment

Gross Profit: ¥36.1 billion, up ¥3.3 billion year-on-year



Growth due to increase in net sales mainly in Electronics

Review of Profit by Business Segment (Year-on-year Comparison)

Chemicals + ¥0.7 billion (109%)

Plastics + ¥0.9 billion (109%)

Electronics + ¥2.1 billion (125%)

Life Sciences - ¥0.2 billion (95%)

Others - ¥0.3 billion (61%)

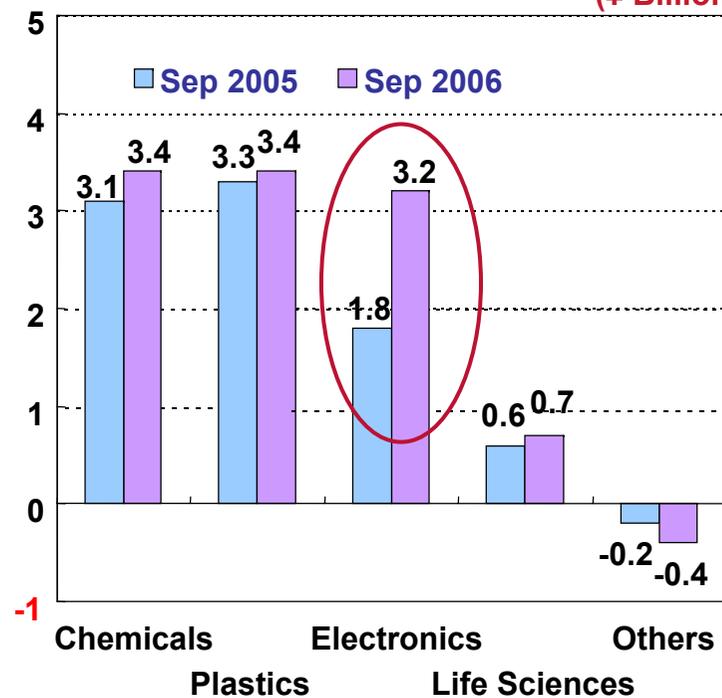
	Sep 2005	Sep 2006
Chemicals	8.9	9.7
Plastics	10.0	10.9
Electronics	8.6	10.8
Life Sciences	4.2	3.9
Others	0.8	0.5

Operating Income

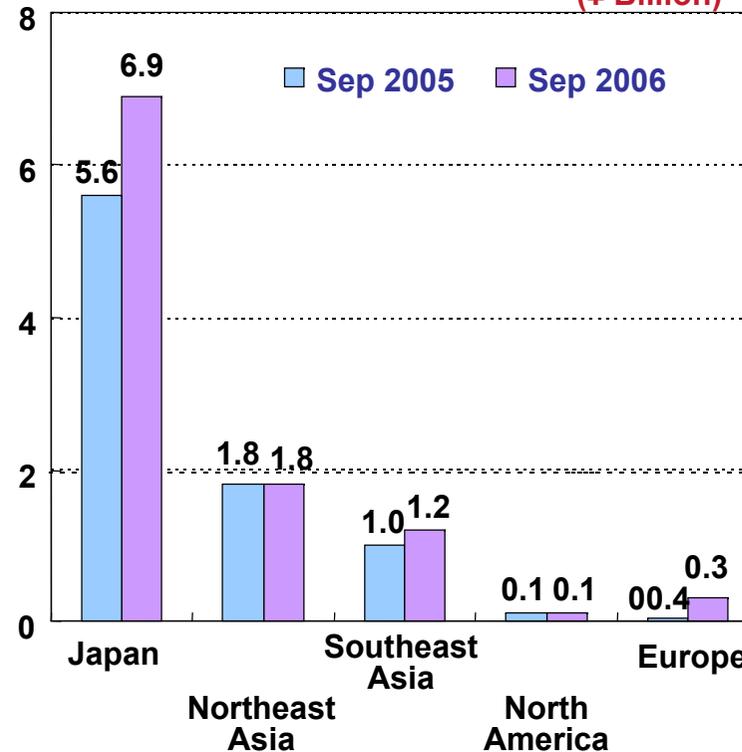
¥10.6 billion, up ¥1.7 billion year-on-year (120%)

- Steady growth due to effect from higher sales of Chemicals and Plastics
- Electronics income increased as a result of profit growth at parent company and Nagase ChemteX Corporation, as well as newly consolidated subsidiaries

<Operating Income by Business Segment>
(¥ Billion)



<Operating Income by Geographical Segment>
(¥ Billion)



Non-Operating Income/Loss and Extraordinary Income/Loss

<Non-Operating Income/Loss>

(¥ Billion)

	Sep 2006	Sep 2005	Increase (Decrease)	YoY Comparison
Non-Operating Income/Loss	0.8	1.1	(3)	73%
Net interest income	0.3	0.5	(1)	75%
Others	0.4	0.6	(1)	71%

<Extraordinary Income/Loss>

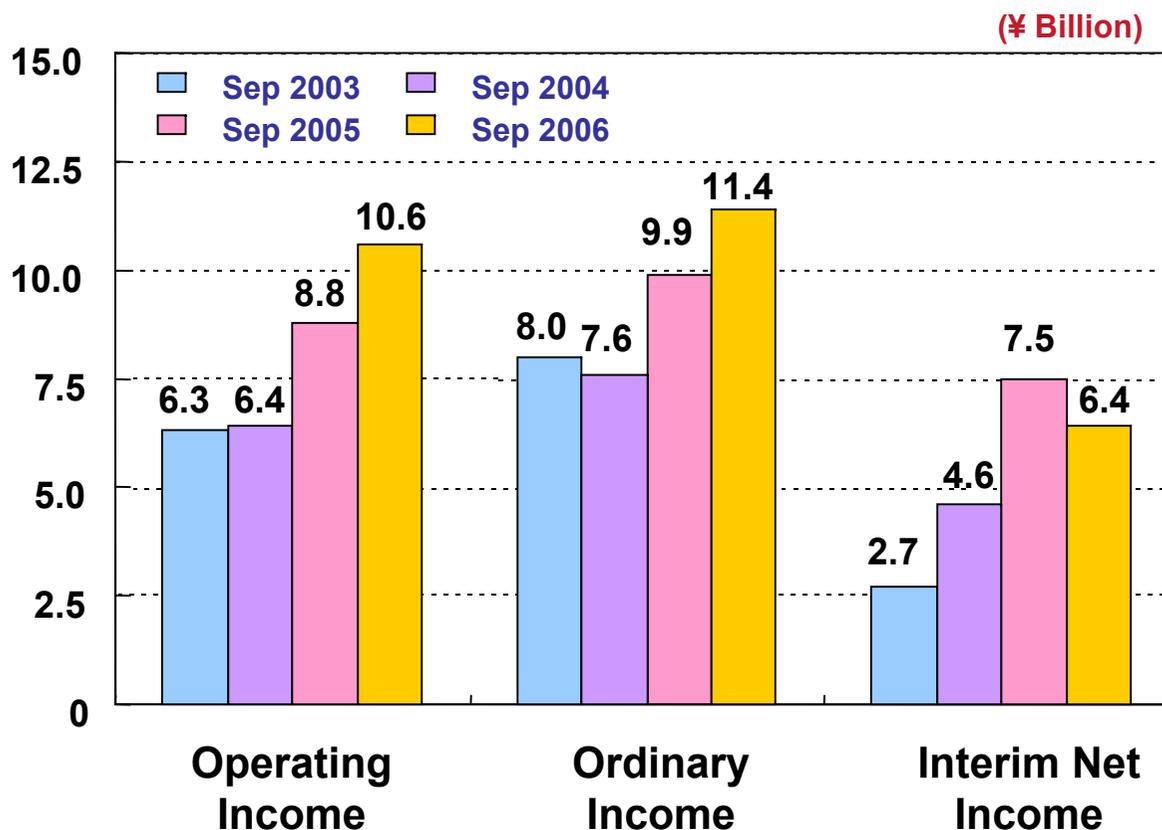
(¥ Billion)

	Sep 2006	Sep 2005	Increase (Decrease)
Extraordinary Income	0.3	2.1	(18)
Gain on sales of property and equipment	0.0	1.0	(10)
Gain on sales of investments in securities	0.2	1.0	(7)
Others	-	0.1	(1)
Extraordinary Loss	0.1	0.2	(1)
Loss on disposal of property and equipment	0.0	0.1	(0)
Others	0.0	0.1	(0)

Ordinary Income and Interim Net Income

Ordinary Income: ¥11.4 billion, up ¥1.4 billion year-on-year (115%)

Interim Net Income: ¥6.4 billion, down ¥1.0 billion year-on-year (86%)



Major Changes in Balance Sheet

(1) Decrease due to growth in accounts receivable

(2) Increase in unrealized gain on investment securities

(¥ Billion)

《Assets》	Sep 2006	March 2006	Increase (Decrease)	《Liabilities and Net Assets》	Sep 2006	March 2006	Increase (Decrease)
Cash and time deposits	20.9	23.5	- 2.6	Notes and accounts payable	132.6	118.8	+ 13.8
Notes and accounts receivable	210.3	194.6	+ 15.6	Short-term loans	15.7	14.3	+ 1.4
Inventories	39.4	40.2	-0.8	Commercial paper	-	5.0	- 5.0
Other current assets	8.3	7.8	+0.4	Other current liabilities	21.3	22.1	- 0.7
Property, plant and equipment	31.4	30.8	+ 0.5	Long-term debt	6.0	5.5	+ 0.5
Investments in securities	86.9	93.3	- 6.4	Accrued retirement benefits for employees	6.9	5.9	+ 1.0
Other fixed assets	9.2	6.3	+ 2.9	Other fixed liabilities	20.3	22.7	- 2.3
				Shareholders' equity	164.7	159.5	+ 5.1
				[Treasury stock included in above]	[-5.4]	[-5.6]	[-0.1]
				Minority interests	6.0	5.7	+ 0.2
				Other net assets	32.7	37.0	- 4.3
				[Net worth ratio]	[48.5%]	[49.6%]	
Total assets	406.5	396.7	+ 9.8	Total liabilities and net assets	406.5	396.7	+ 9.8

Cash Flow Status

Increase in income before income taxes

(¥ Billion)

	Sep 2006	Remarks
Operating activities	6.4	Income before income taxes ¥11.6 billion Depreciation and amortization ¥1.8 billion Working capital ¥0.0 billion Taxes paid - ¥4.0 billion
Investing activities	-2.6	Purchases of property and equipment - ¥1.6 billion Sales of property and equipment ¥0.1 billion Purchases of investments in securities - ¥0.7 billion Sales of investments in securities ¥0.3 billion
Financing activities	-6.2	Short-term loans ¥0.6 billion Commercial paper - ¥5.0 billion Cash dividends paid - ¥1.9 billion
Cash and cash equivalents at the end of the period	21.0	Decrease of ¥1.8 billion from March 31, 2006

Performance of Major Consolidated Subsidiaries

(¥ Million)

	Company Name	Net Sales	YoY Comparison	Operating Income	YoY Comparison	Net Income	YoY Comparison
Parent Company	Nagase & Co., Ltd.	246,357	108%	4,025	120%	5,362	99%
Manufacturing	Nagase ChemteX Corporation	12,147	113%	1,372	157%	854	75%
	Totaku Industries, Inc.	3,626	100%	277	132%	197	37%
Sales	Nagase Plastics Co., Ltd.	6,361	114%	40	128%	19	107%
	Hoei Sangyo Co., Ltd.	5,825	98%	43	61%	32	38%
	Nagase Colors & Chemicals Co., Ltd.	6,913	101%	78	180%	35	210%
Overseas	Nagase (Hong Kong) Ltd.	26,476	132%	646	109%	557	115%
	Nagase Singapore (Pte) Ltd.	15,913	114%	420	110%	369	110%
	Nagase (Thailand) Co., Ltd.	12,952	136%	558	148%	397	146%

**Full-year Performance Forecasts for
Fiscal Year ending March 31, 2007**

Full-year Performance Forecasts for Fiscal Year ending March 31, 2007

(¥ Billion)

	Fiscal Year ending March 31, 2007 (Interim forecast)	Fiscal Year ending March 31, 2007 (Original forecast)	Fiscal Year ended March 31, 2006 (Results)	YoY Comparison (%)
Net Sales	694.0	694.0	648.0	107%
Gross Profit	73.5	73.5	67.6	109%
Operating Income	21.2	21.2	17.5	120%
Ordinary Income	22.7	22.7	18.7	121%
Net Income	13.6	13.6	12.8	105%

Full-year Forecasts of Net Sales by Business Segment

(¥ Billion)

	Fiscal Year ending March 31, 2007 (Interim forecast)	Fiscal Year ending March 31, 2007 (Original forecast)	Fiscal Year ended March 31, 2006 (Results)	YoY Comparison (%)
Chemicals	243.0	234.7	222.2	109%
Plastics	246.4	256.9	229.2	107%
Electronics	146.0	140.8	132.0	111%
Life Sciences	52.6	53.6	56.4	93%
Others	6.0	8.0	7.9	75%
Total	694.0	694.0	648.0	107%

**The Medium-Term Management Plan WIT2008
Fundamental Policies and Main Objectives**

Basic Strategies of WIT2008

**Become More Robust
to Achieve Sustainable Growth**

**Invest Aggressively
in Key Areas**

**Expand
Business Base**

**Restructure for
High Profitability**

Deepen Business Portfolio Strategy

**Maintain Sound
Financial Position**

**Improve Consolidated
Management System**

**Ensure Thorough
Risk Management**

Strengthen Administrative Operations

Front-line Focus

**Enhance Personnel
Quality and Quantity**

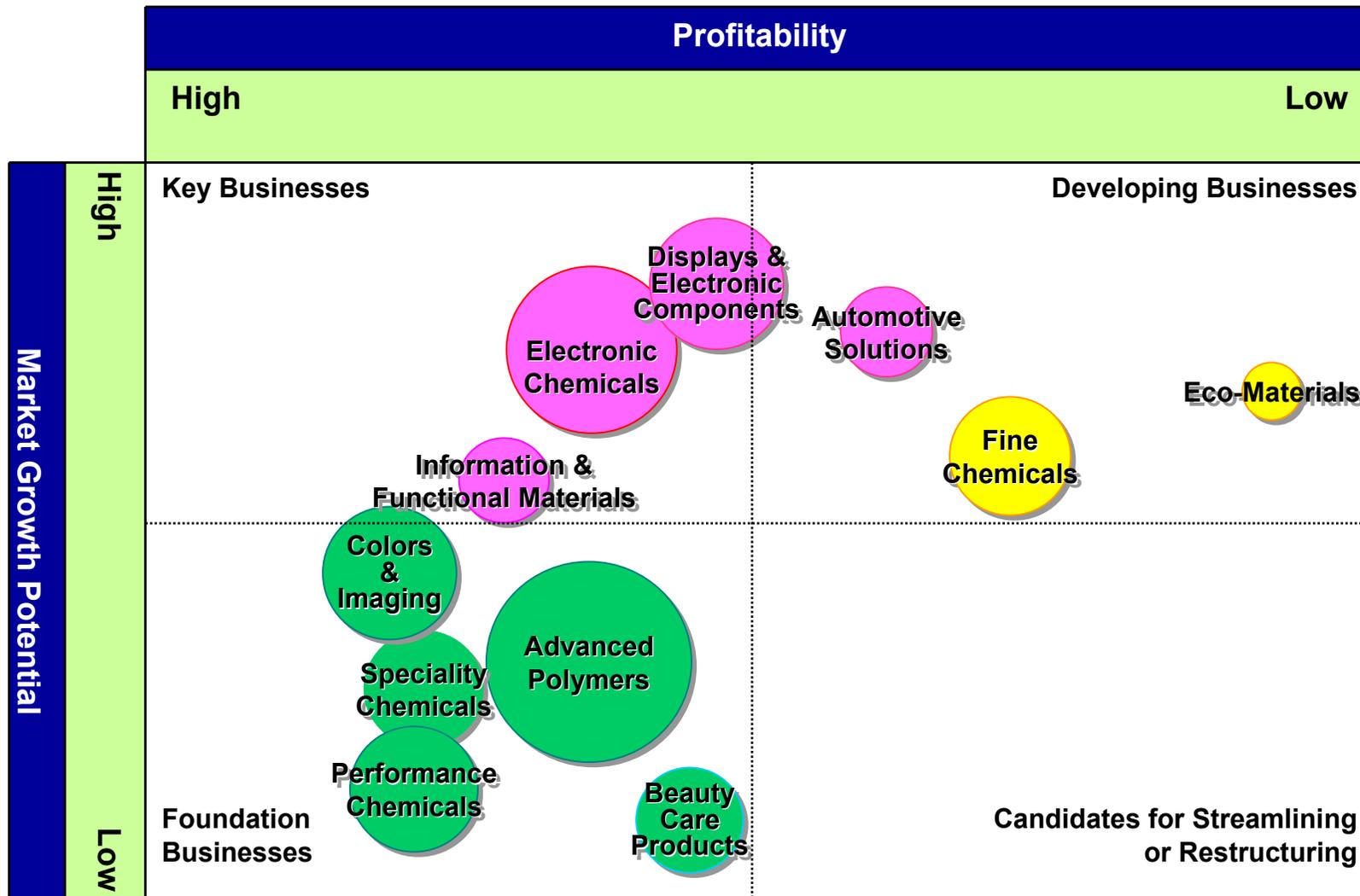
**Strengthen
Technology
and Intelligence**

Maintain Nagase's Unique Corporate Culture

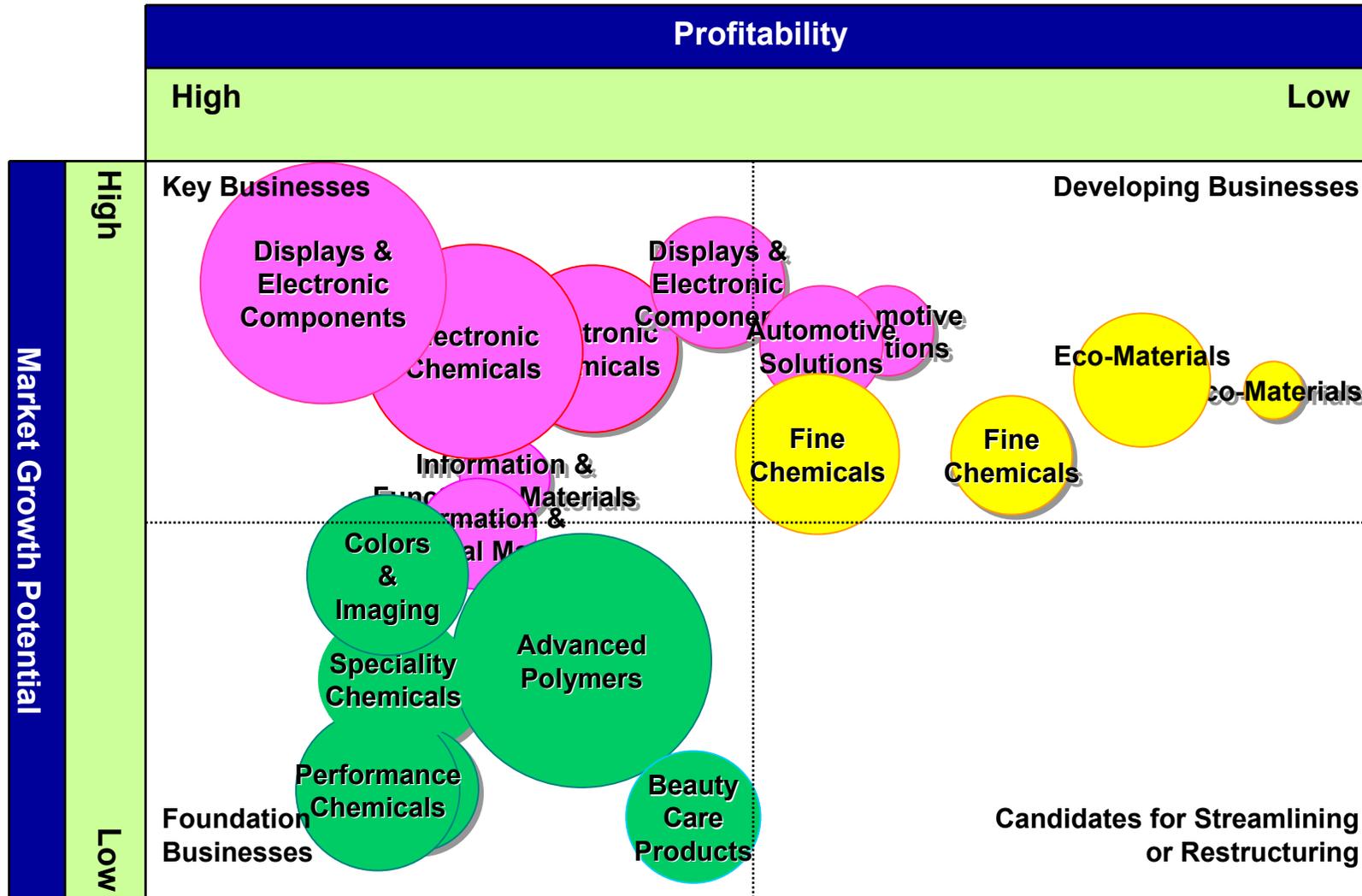
The Medium-Term Management Plan WIT2008

FY2008 Targets:	Consolidated Net Sales	¥770.0 Billion
	Consolidated Operating Income	¥ 24.0 Billion

WIT2008 Deepen Business Portfolio Strategy



WIT2008 Deepen Business Portfolio Strategy



WIT2008: Growing Highly Profitable Businesses**■ Electronic Chemicals**

- **Expand business of Group manufacturing companies**
(Nagase ChemteX, etc. (1) Formulated epoxy resin business (2)
Photolithography-related chemicals for liquid crystals and semiconductors)

■ Displays

- **Enhance the assembly and processing business**
(Optical films and glass processing for LCDs, processing and assembly of
ancillary components associated with LCDs, etc.)

■ Other Main Developing Businesses

- **Automotive solutions (Expansion of global accounts, expansion of strategic alliances and joint ventures)**
- **Fine chemicals (Manufacturing business of Nagase ChemteX, etc., based on organic synthesis and biotechnologies)**
- **Eco-materials (Expansion of Pluswood wood composite material business)**

Total investment: ¥30 billion (over 3 years)

WIT2008: Enhancing Foundation Businesses

■ Advanced Polymers

- Continue to expand engineering plastics and general purpose resin businesses in Greater China
- Focus on applications in precision machinery (printers, copy machines, LCD-related equipment, etc.) and digital media
- Expand and strengthen bases in growth areas (Vietnam, India, etc.)

■ Performance Chemicals

- Five areas: plastic additives, coating materials (paints and inks), commodity chemicals, urethane materials and filters
- Expand overseas business (in Asia, including Greater China, etc.)
- Enhance distribution functions

■ Colors & Imaging and Speciality Chemicals

- Focus on growth fields such as digital applications related to color and light, etc.
- Expand Nagase ChemteX's Denatron (transparent organic conductive coating) business, etc.
- Expand organic synthesis and surfactants businesses; procurement from China, contract production, etc.

WIT2008: Nagase's Strengths Spanning All Businesses

■ Overseas Strategy

- Deepen presence in Greater China (Expand production bases, etc.)
- Expand operations in ASEAN countries → Establish presence in Vietnam and India (Consider creating local subsidiary)

■ Production and Processing Strategy

- Reinforce manufacturing business centered on Nagase ChemteX (Electronics- and pharmaceuticals-related products)
- Expand manufacturing and processing businesses including fabless manufacturing
 - Achieve optimum balance between the manufacturing and processing business and the trading company business

WIT2008: Strengthening Administrative Operations

■ Maintain a sound financial position

- Emphasize cash flow; improve operating cash flow
- Continue to review assets

■ Ensure thorough risk management

- Maintain an awareness of, understand and minimize risks associated with conversion of the business structure
- Ensure thorough legal compliance and internal control

■ Improve consolidated management system

- Strengthen Group management and improve operating structure

■ Enhance personnel quality and quantity

- Secure and develop diverse, expert personnel

Progress of WIT2008

■ Invest Aggressively in Key Areas

- **Taiwan: Start of full-scale operation of joint venture for thin-glass panel processing for LCDs, and decision to make additional capacity investments**
- **Fukuchiyama Factory of Nagase ChemteX: Construction of new facility for commercial-scale production of phospholipids**

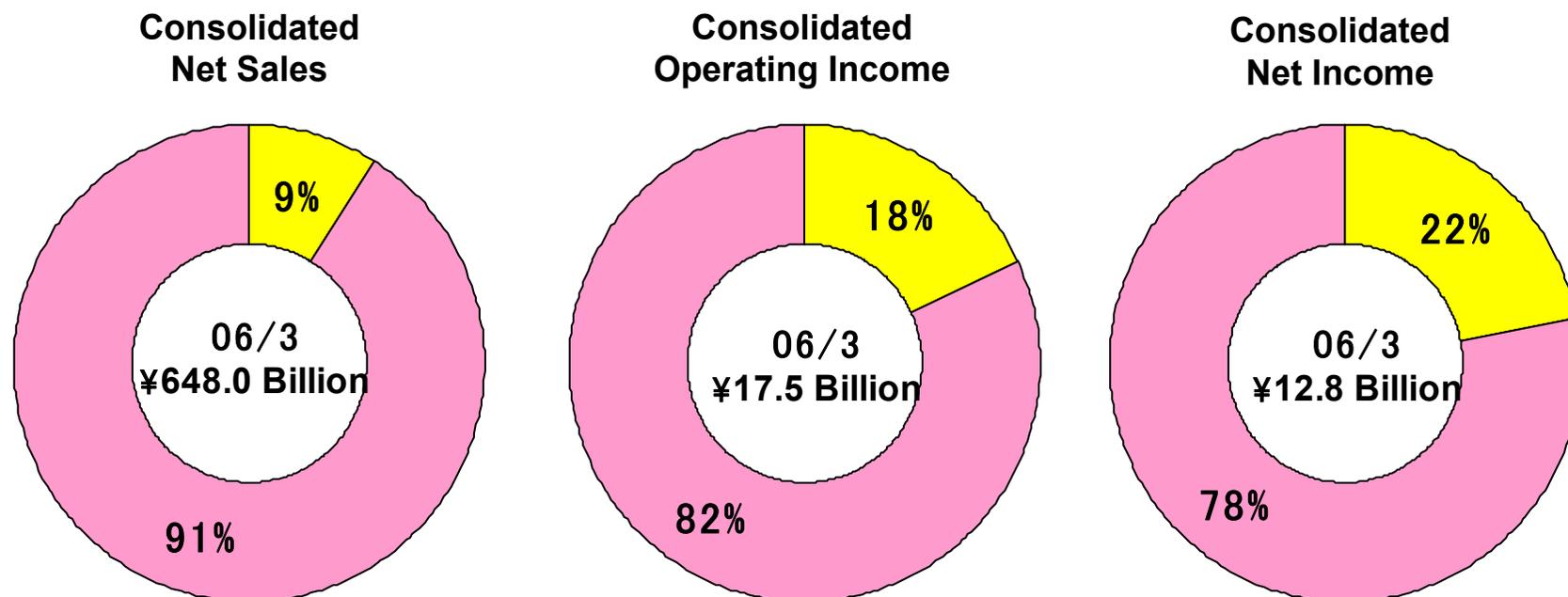
■ Expand the Business Base

- **Vietnam: Start of production at joint venture for plastic coloring**
- **The Philippines: Local subsidiary in export processing zone began full-scale production**
- **Shenzhen City, Guangdong Province (South China): Established local subsidiary in response to business expansion**
- **India: Submitted application to establish local subsidiary**

The Nagase Group's Manufacturing Capabilities

Contribution to Net Sales and Profits

■ Manufacturing companies
■ Others

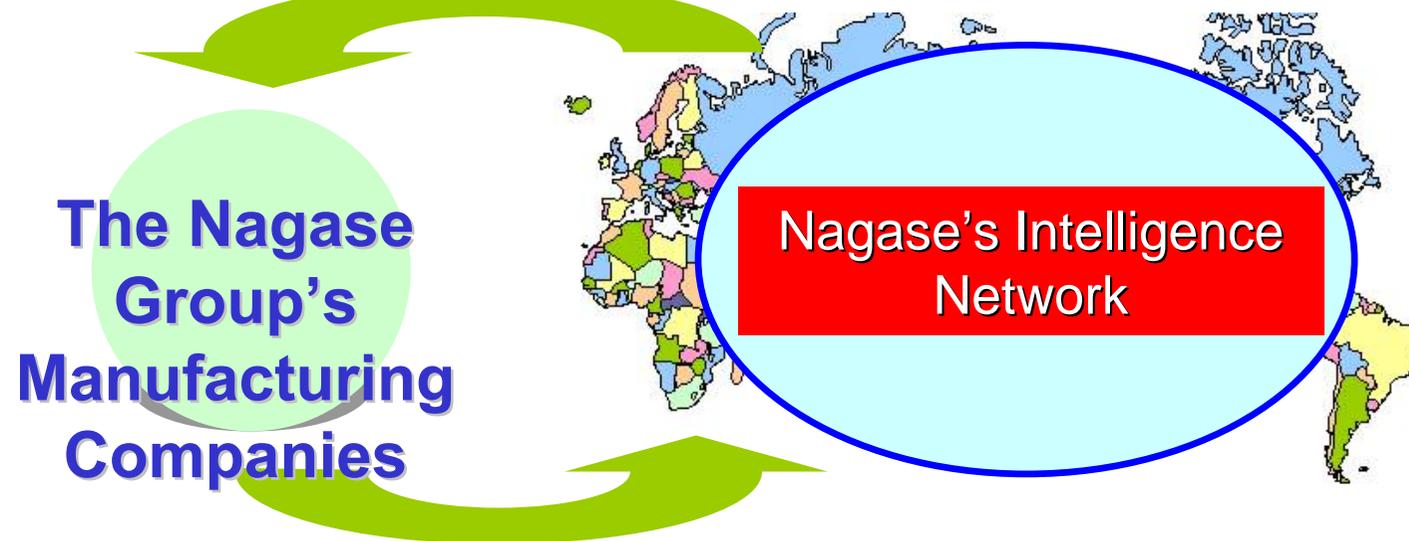


Note: Simple sums are used for consolidated Group manufacturing companies

Purpose and Effect of Having Manufacturing Capabilities

Effective use of information gathering capabilities as a trading company

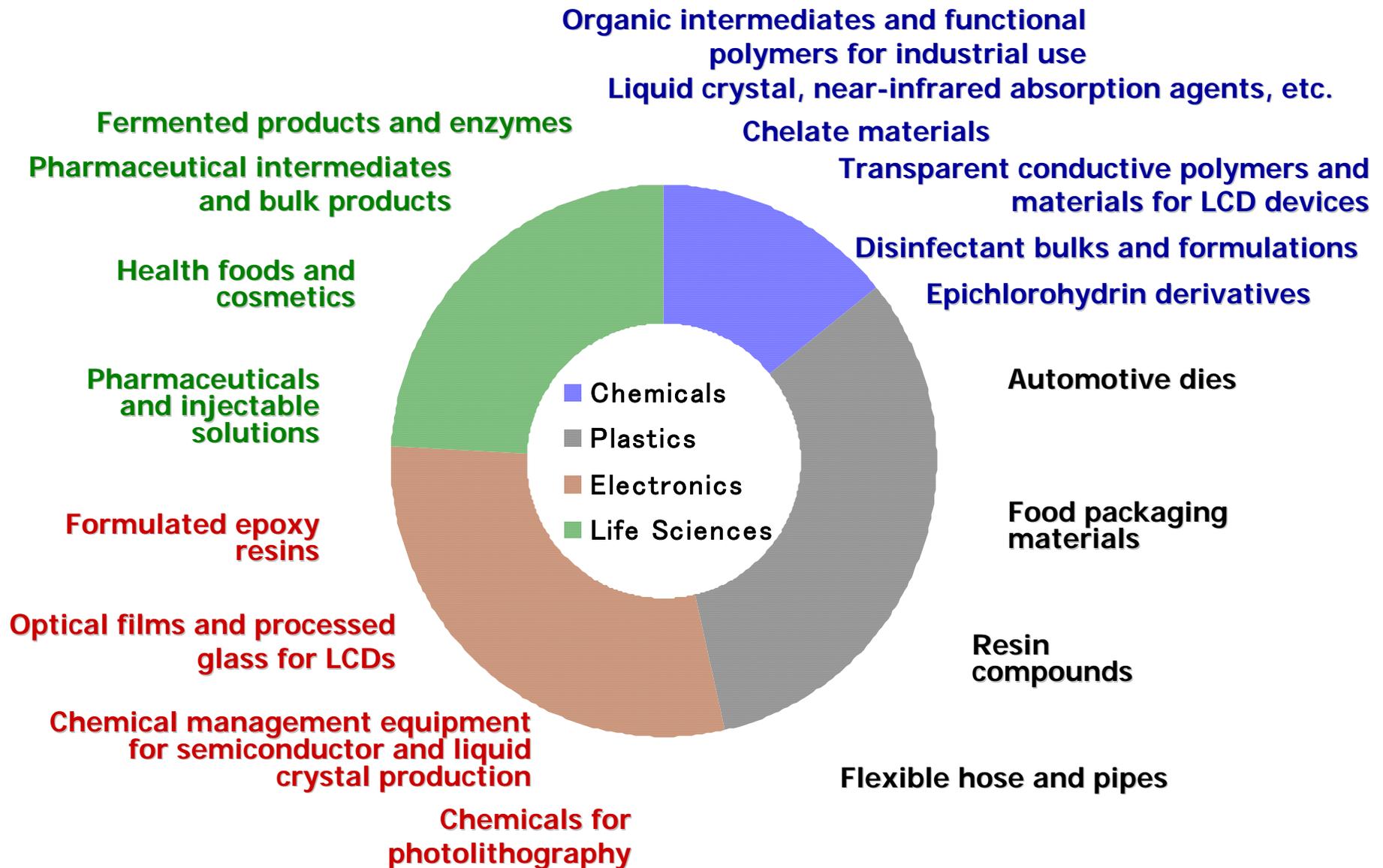
Manufacturing capabilities with an accurate grasp of market needs



Launch of products that can gain a large share of global niche markets

High profitability due to large market share and market entry barriers

Main Products by Business Segment



Nagase's Technological Capabilities

◆ Process Development Technologies

- Develop methods for producing unnatural amino acids using a chiral phase-transfer catalyst and enzymes
- Develop methods that use optical resolution, biotechnologies (microorganisms and enzymes) and organic synthesis to produce chiral compounds (pharmaceuticals, pharmaceutical intermediates, liquid crystal intermediates, etc.)

◆ Enzyme Development Technologies

- Identify new enzymes using a ready-to-use microorganism library
- Produce enzymes on a commercial scale using genetic engineering
- Develop enzymes using recombinant microorganisms

◆ Natural Materials Identification and Evaluation Technologies

- Develop new ingredients for health foods and cosmetics



Fukuchiyama Factory of Nagase ChemteX



Nagase R&D Center (Kobe)

Investment Projects

Nagase ChemteX

- Phospholipid production plant
- Facilities for increased production of stripping agents and recycling
- Production facilities for microelectronics
- Nanoparticle production facilities
- Expansion of production capacity for liquid crystal intermediates

Others

- Facilities for liquid formulations at Nagase Medicals Co., Ltd.
- Glass processing facilities at joint venture in Taiwan
- New processing base for Nagase International Electronics Ltd. in Shenzhen City, China



Harima Plant of Nagase ChemteX



Nagase International Electronics Ltd.

**A technology and intelligence
oriented company that turns
wisdom into business**



Nagase & Co., Ltd.

This presentation contains projections based on assumptions, forecasts and plans for the future as of November 15, 2006. Actual results may differ from projections due to risks and uncertainties associated with the global economy, competition, exchange rates fluctuations and other risks and uncertain factors.