

**Briefing Session on Interim
Financial Results for
Fiscal Year Ending March 31, 2008**

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



**Nagase & Co., Ltd.
November 12, 2007**

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- * Financial Highlights for the Interim Term and Full-year Performance Forecasts
- * Progress of Medium-Term Management Plan WIT2008
- * Nagase's Nanotechnology Business

**Financial Highlights for
the Interim Term ended September 30, 2007**

Overview of Consolidated Interim Financial Results

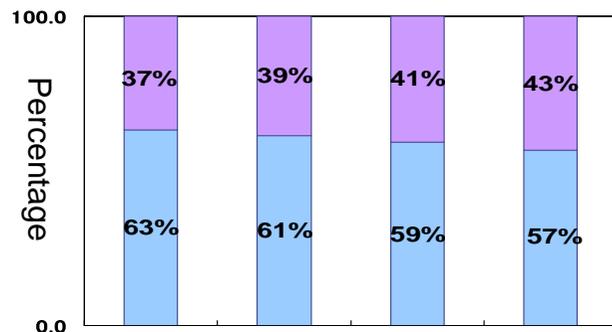
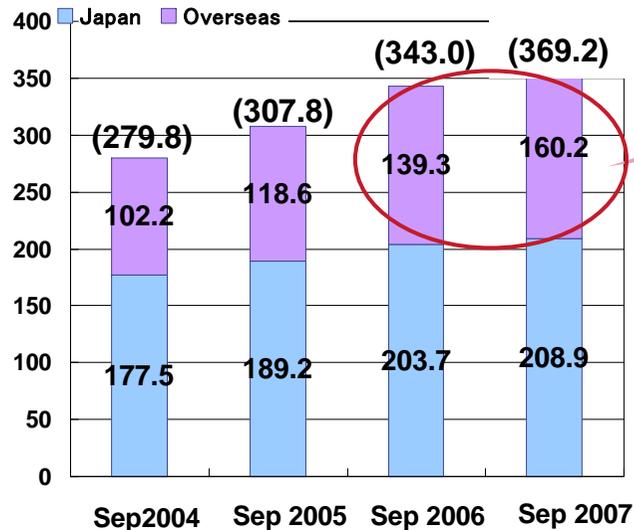
(¥ Billion)

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

	Sep 2007	Sep 2006	Increase (Decrease)	YoY Comparison	Reference: Forecast (Revised 7/19)	Remarks
Net Sales	369.2	343.0	+ 26.1	108%	376.0	Continued strong overseas sales, increase in sales of chemicals
Gross Profit	38.7	36.1	+ 2.6	107%	39.7	
Operating Income	10.6	10.6	+ 0.0	100%	11.0	Lower parent-company profits, increased profits at overseas subsidiaries, etc.
Ordinary Income	11.6	11.4	+ 0.2	102%	11.9	
Extraordinary Income/Loss	(12.0)	0.1	-12.2	—	—	Loss on voluntary recall of goods: ¥14.3 billion Gain on sales of stock +¥2.3 billion
Net Income (Loss)	(0.6)	6.4	- 7.1	—	(0.5)	
Net Income per Share (¥)	(5.00)	50.68				

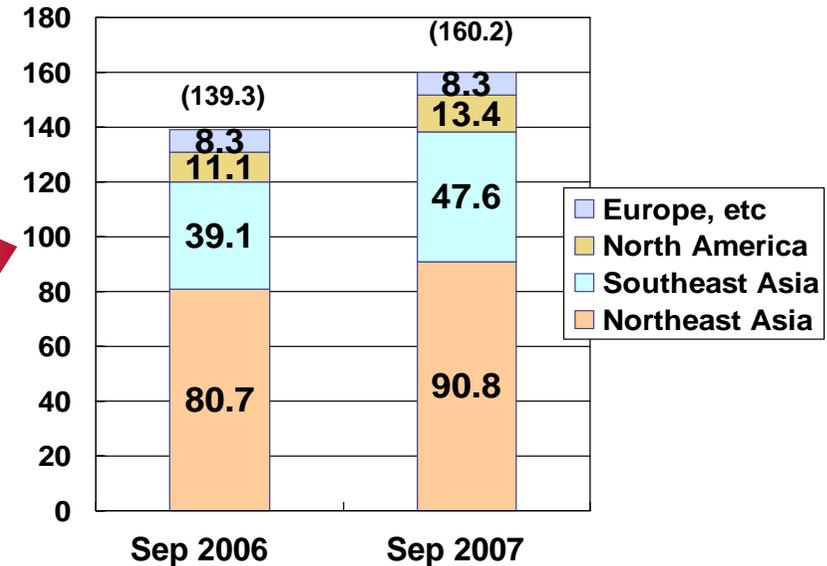
Net Sales by Region

Net Sales: ¥369.2 billion, up ¥26.1 billion year-on-year, including ¥20.8 billion increase in overseas sales



(¥ Billion)

Breakdown of Overseas Sales



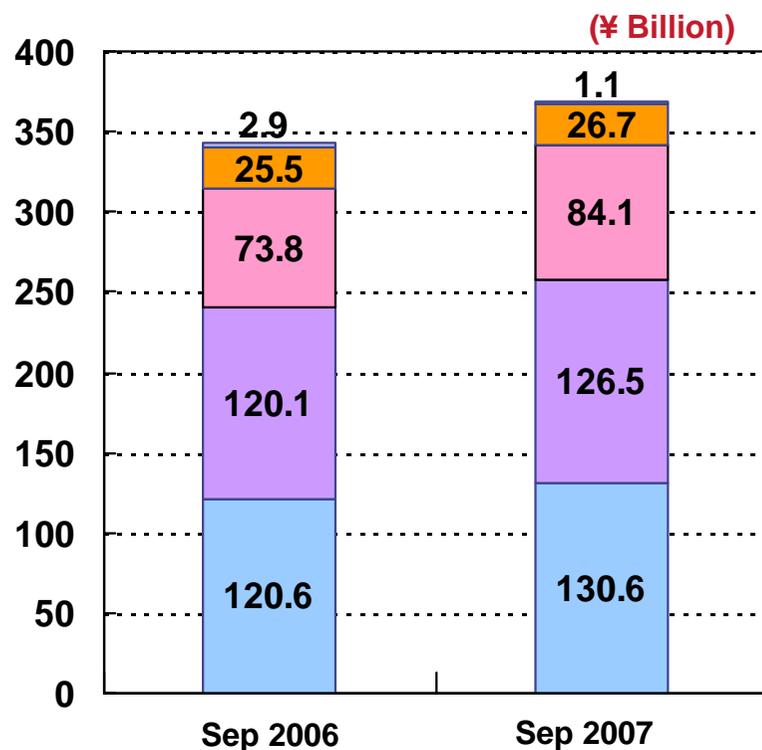
Despite effect of weaker yen, proportion of overseas sales rose (41%→43%)

Greater China: Strong growth in electronic display related products, peripheral businesses
Sales of chemicals and plastics to the automotive industry were strong, but sales of engineering plastics for media use and equipment decreased

ASEAN: Despite effect of weaker yen, sales of plastics were strong, and sales rose in each segment

North America: Sales of chemicals were strong

Net Sales by Business Segment



	Sep 2006	Sep 2007
Chemicals	120.6	130.6
Plastics	120.1	126.5
Electronics	73.8	84.1
Life Sciences	25.5	26.7
Others	2.9	1.1

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

Chemicals + ¥9.9 billion (108%)

- Strong performance in specialty chemicals business, which handles organic materials, centered on Nagase ChemteX products
- Sales of functional color pigments and other products for plasma display panels were weak, but sales of products for printers and copiers were steady
- Strong sales of performance chemicals, Dena Filter fine polymer filters and other products

Plastics + ¥6.4 billion (105%)

- Automotive-related sales generally strong in South China region and elsewhere
- Overseas sales of plastics for precision equipment solid in Greater China and ASEAN region
- Sales of engineering plastics and equipment for media applications decreased in Greater China

Electronics + ¥10.3 billion (114%)

- Substantial growth in LCD-related components business
- Precision abrasives for semiconductors, etc. sold well
- Strong sales of chemicals for LCDs and semiconductors, formulated epoxy resins, etc., but slow sales of chemical-related equipment

Life Sciences -+¥1.2 billion (105%)

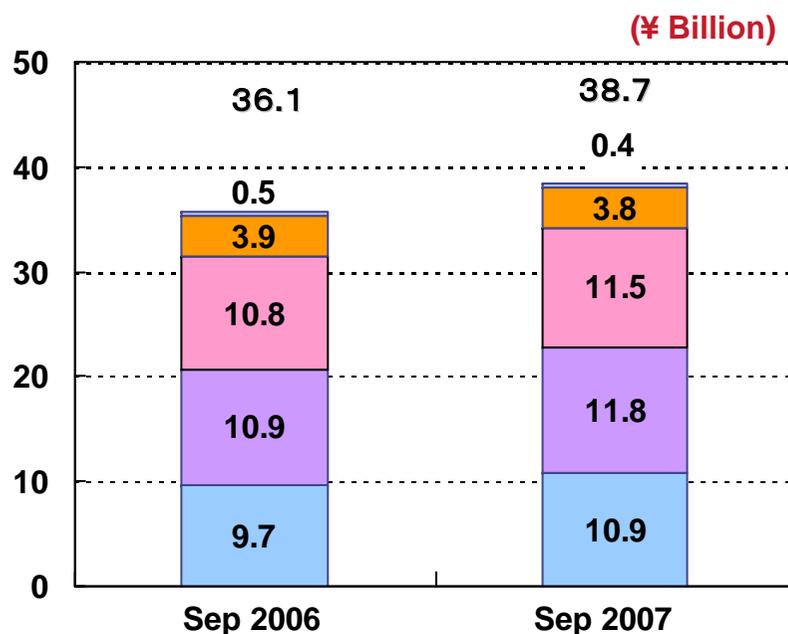
- Expansion of pharmaceutical raw material and intermediate sales
- Some new products contributed to sales of cosmetics, but sales of health food related products were sluggish

Others - ¥1.7 billion (39%)

- Discontinued sales of DVD players and other equipment from 2Q
- Withdrew from business of direct-to-consumer sales of DVD movie software and other products (TRANSTECHNOLOGY) (previous year 2H)

Gross Profit by Business Segment

Gross Profit: ¥38.7 billion, up ¥2.6 billion year-on-year



	Sep 2006	Sep 2007
Chemicals	9.7	10.9
Plastics	10.9	11.8
Electronics	10.8	11.5
Life Sciences	3.9	3.8
Others	0.5	0.4

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

Chemicals + ¥1.1 billion (112%)

Plastics + ¥0.8 billion (108%)

Electronics + ¥0.7 billion (107%)

Life Sciences - ¥0.1 billion (97%)

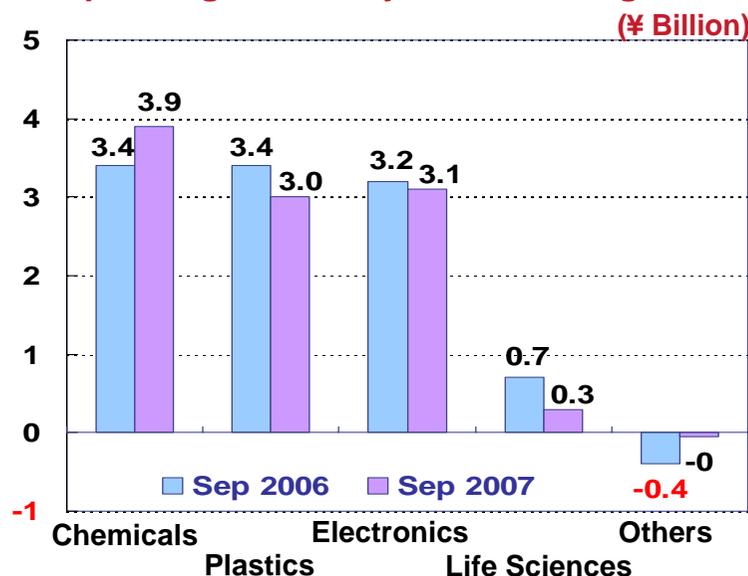
Others - ¥0 billion (92%)

Operating Income

¥10.6 billion, up ¥2.6 billion year-on-year (100%)

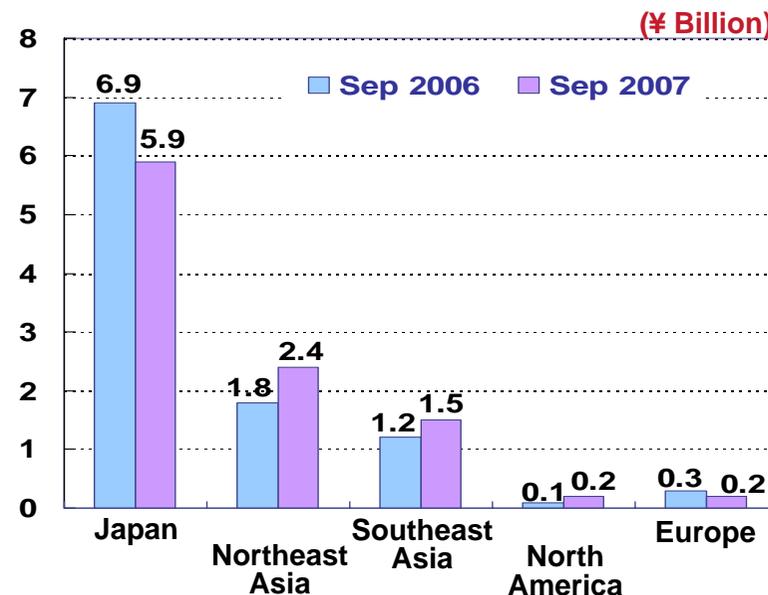
• Negative effect of ¥800 million on segment and domestic sales due to amortization of actuarial difference in pensions at parent company

< Operating Income by Business Segment >



- Chemicals drove 1H performance. Increased sales of original Nagase Group products improved profit margin.
- Plastics profits declined due to overall cost increase from enhancing personnel allocation.
- Electronics profits declined due to effect of strong performance of LCD-related equipment in previous 1H. Overseas profits were solid.
- Life Sciences profits declined due to a product switch at an affiliated company.

< Operating Income by Geographical Segment >



- In Japan, higher personnel costs at parent company had major effect.
- In NE Asia, Plastics profits were flat, but higher profits in Chemicals and Electronics drove overall profit increase. Amount of increase was large, but higher SG&A expenses from strengthening personnel allocation also had an effect.
- In SE Asia, profits were up in each segment.
- In N. America, loss continued in molding equipment business, but profits increased in Chemicals and Electronics.
- In Europe, profits declined because sales of semiconductor manufacturing equipment are concentrated in 2H.

Non-Operating Income/Loss and Extraordinary Income/Loss

<Non-Operating Income/Loss>

(¥ Billion)

	Sep 2007	Sep 2006	Increase (Decrease)	YoY Comparison
Non-Operating Income/Loss	1.0	0.8	0.1	123%
Net interest income	0.2	0.3	(0.0)	78%
Others	0.7	0.4	0.2	160%

<Extraordinary Income/Loss>

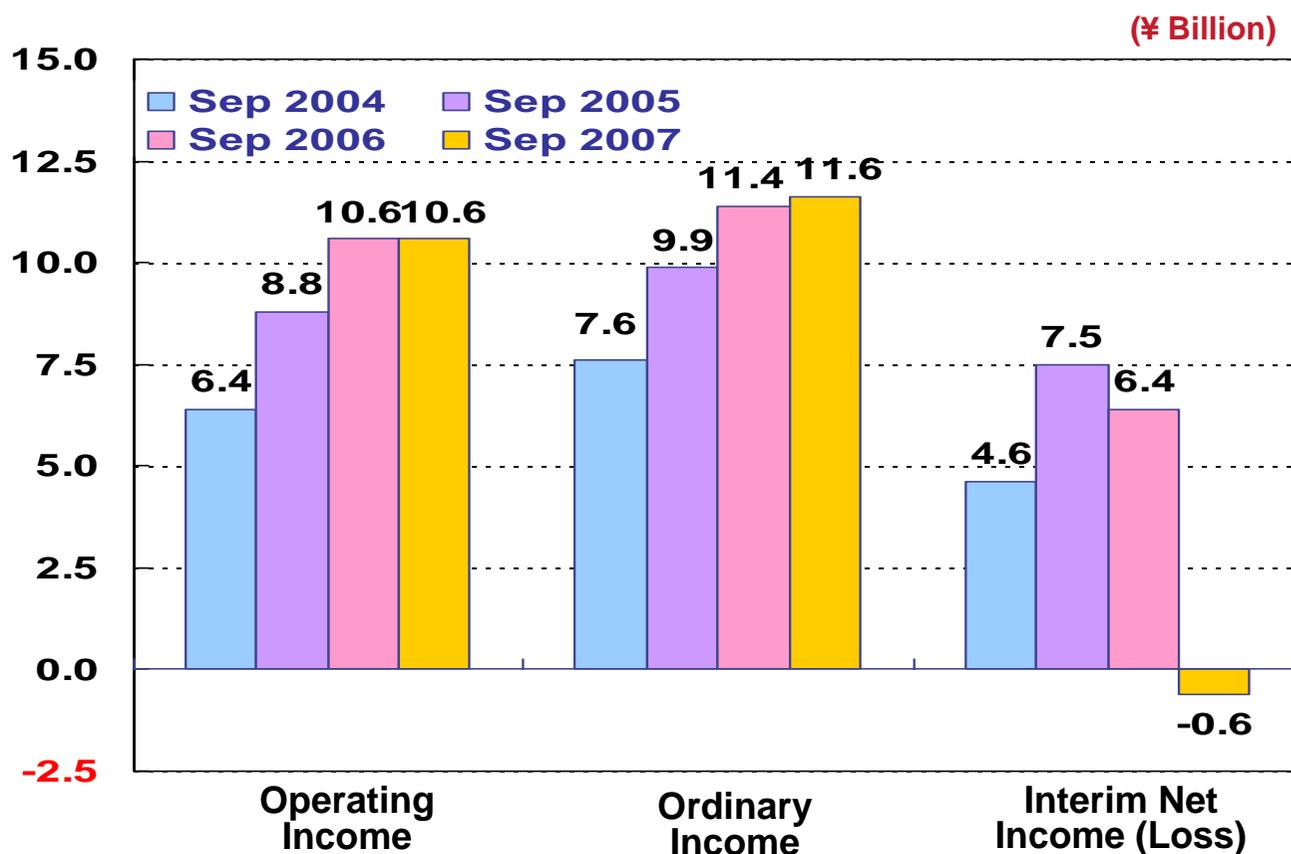
(¥ Billion)

	Sep 2007	Sep 2006	Increase (Decrease)
Extraordinary Income	2.6	0.3	2.3
Gain on sales of property and equipment	0.0	0.0	(0.0)
Gain on sales of investment securities	2.6	0.2	2.3
Extraordinary Loss	14.6	0.1	14.5
Loss on voluntary recall of goods	14.3	-	14.3
Others	0.3	0.1	0.2

Ordinary Income and Interim Net Income (Loss)

Ordinary Income: ¥11.6 billion, up ¥0.2 billion year-on-year (101%)

Interim Net Loss: ¥0.6 billion, down ¥7.0 billion year-on-year



Major Changes in Balance Sheet

- (1) Increase in working capital
- (2) Increase in deferred tax assets and provision for voluntary recall of goods
- (3) Decrease in net worth ratio

(¥ Billion)

《Assets》	Sep 2007	March 2007	Increase (Decrease)	《Liabilities and Net Assets》	Sep 2007	March 2007	Increase (Decrease)
Cash and time deposits	25.1	21.9	+3.2	Notes and accounts payable	139.5	141.4	-1.9
Notes and accounts receivable	228.0	218.0	+10.0	Short-term loans	20.3	14.2	+6.1
Inventories	42.0	43.3	-1.3	Provision for voluntary recall of goods	8.8	-	+8.8
Other current assets	14.7	8.2	+6.4	Other current liabilities	22.5	21.4	+1.1
Property, plant and equipment	33.6	31.8	+1.8	Long-term debt	9.6	6.2	+3.3
Intangible fixed assets	2.9	2.9	+0	Accrued retirement benefits for employees	6.7	6.8	-0.1
Investments in securities	78.5	88.0	-9.5	Other fixed liabilities	17.9	20.9	-2.9
Other fixed assets	8.2	8.3	-0.1				
				Shareholders' equity	169.3	170.9	-1.5
				[Treasury stock included in above]	(5.3)	[5.4]	+0
				Valuation, foreign currency and other adjustments	31.0	34.1	-3.0
				Stock acquisition rights	1.0	1.0	+0
				Minority interests	7.1	6.4	+0.6
				[Net worth ratio]	[46.2%]	[48.5%]	[-2.3%]
Total assets	433.4	422.8	+10.5	Total liabilities and net assets	433.4	422.8	+10.5

Cash Flow Status

- (1) Operating activities used net cash of ¥5.1 billion due to increase in working capital, recall expenses*, income taxes, etc.
 (2) Investing activities used net cash of ¥1.2 billion, reflecting purchases of property and equipment, intangible fixed assets
 (3) Raised capital through long-term debt, etc., for recall-related expenses and future investments

*Expenditures related to voluntary product recall: ¥4.4 billion through 2Q

(¥ Billion)

	Sep 2007	Remarks	Sep 2006
Operating activities	-5.1	Income before income taxes	6.4
		-¥0.4 billion	
		Depreciation and amortization	
		¥2.3 billion	
		Working capital	
		- ¥9.0 billion	
	Provision for voluntary recall of goods	¥8.0 billion	
	Loss on sale of investment securities	- ¥2.3 billion	
	Taxes paid	- ¥3.9 billion	
Investing activities	-1.2	Purchases of property and equipment	-2.6
		- ¥3.0 billion	
		Sales of investments in securities	
		¥3.9 billion	
	Purchases of intangible fixed assets	- ¥1.1 billion	
	Other	- ¥1.0 billion	
Financing activities	+7.6	Short-term loans	-6.2
		¥3.1 billion	
		Long-term debt	
	¥5.9 billion		
	Cash dividends paid	- ¥1.3 billion	
Increase/decrease of cash and cash equivalents	+3.2	Increase from exclusion of consolidated subsidiaries ¥0.4 billion Exchange rate effect ¥1.6 billion	-2.6
Cash and cash equivalents at the end of the period	25.1		21.0

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.	254,390	103%	3,539	88%	-2,751	-%
Manufacturing	Nagase ChemteX Corporation	13,413	110%	1,335	97%	689	81%
	Totaku Industries, Inc.	3,488	96%	186	67%	157	80%
Sales	Nagase Colors & Chemicals Co., Ltd.	6,722	97%	90	116%	50	140%
	Nagase Chemical Co., Ltd.	7,165	105%	93	81%	47	86%
	Nagase Plastics Co., Ltd.	7,222	114%	27	69%	5	30%
Overseas	Nagase (Hong Kong) Ltd.	41,011	155%	845	131%	675	121%
	Nagase Singapore (Pte) Ltd.	17,766	112%	332	79%	320	87%
	Nagase (Thailand) Co., Ltd.	16,194	125%	804	144%	560	141%

**Full-year Performance Forecasts for
Fiscal Year ending March 31, 2008**

Full-year Performance Forecasts for Fiscal Year ending March 31, 2008

(¥ Billion)

	Fiscal Year ending March 31, 2008 (interim forecast)	Fiscal Year ending March 31, 2008 (7/19 revised forecast)	Fiscal Year ended March 31, 2007 (Results)	YoY Comparison (%)
Net Sales	752.0	752.0	701.3	107%
Gross Profit	79.5	79.5	73.6	108%
Operating Income	21.9	21.9	21.6	101%
Ordinary Income	23.6	23.6	23.2	102%
Net Income	7.1	7.1	13.5	52%

Full-year Forecasts of Net Sales by Business Segment

(¥ Billion)

	Fiscal Year ending March 31, 2008 (interim forecast)	Fiscal Year ending March 31, 2008 (4/30 forecast)	Fiscal Year ended March 31, 2007 (Results)	YoY Comparison (%)
Chemicals	266.0	263.0	247.0	108%
Plastics	257.5	255.0	244.6	105%
Electronics	170.0	169.0	150.7	113%
Life Sciences	56.5	59.5	53.5	105%
Others	2.0	5.5	5.1	39%
Total	752.0	752.0	701.3	107%

Progress of Medium-Term Management Plan *WIT2008*

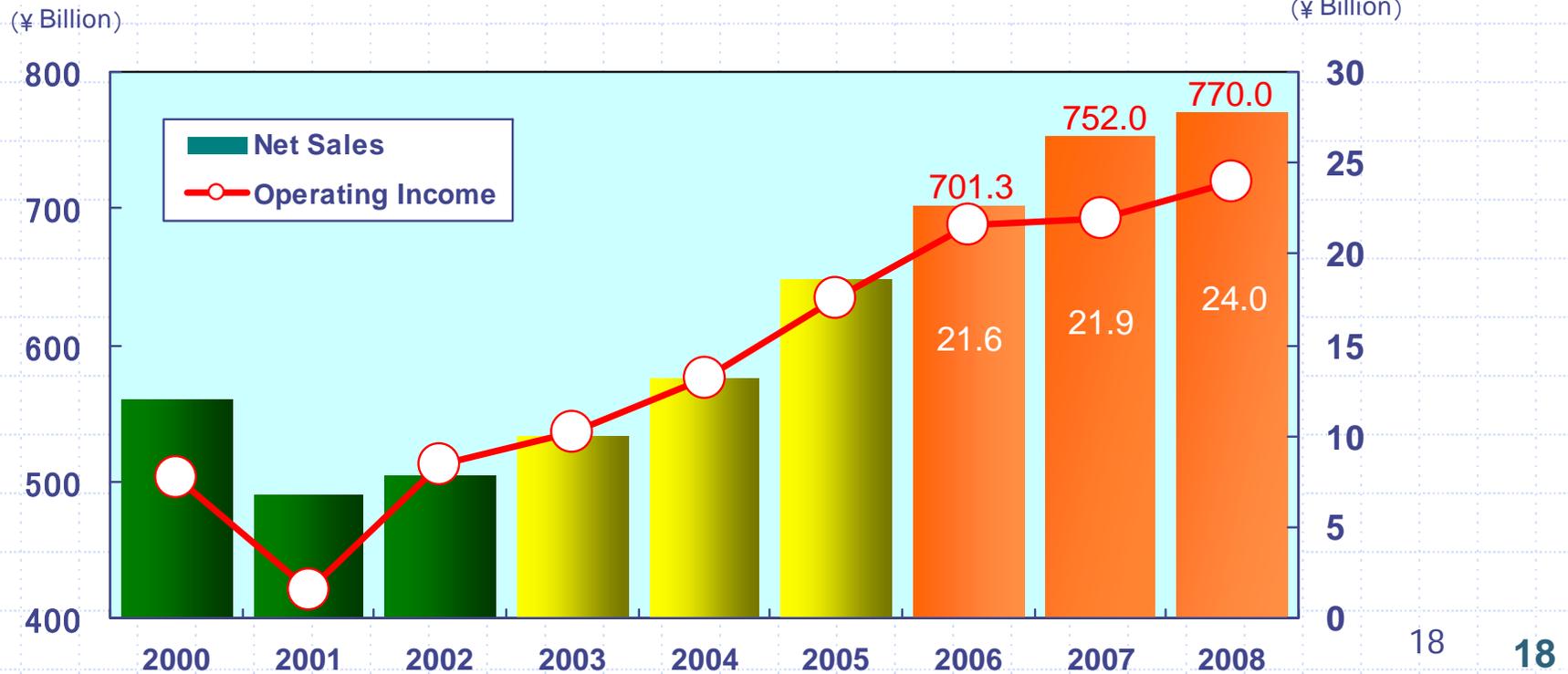
A technology and intelligence oriented company that turns wisdom into business

W ---- ***Wisdom***

I ---- ***Intelligence***

T ---- ***Technology***

Positioning of Medium-Term Management Plan WIT2008



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

Main Initiatives of *WIT2008*

■ Invest Aggressively in Key Areas

- New operating base in China/South China region for Nagase International Electronics Ltd.
- New phospholipid production facility at Nagase ChemteX Corp. Fukuchiyama Factory

■ Expand Business Base

- Decision to establish joint venture in charge of textile-related business in China
(Company name: ON Co-Labo Corporation; 50/50 joint venture between Nagase and OG Co., Ltd.)
- Start of construction on 2nd factory of joint venture for plastic coloring in Vietnam

■ Restructure for High Profitability

- Investment in NanoGram Corporation (U.S.)
- At Nagase ChemteX Corporation
 - Construct nanoparticle production facilities for NanoGram Corp.
 - Add recycling plant and stripping agent production facility

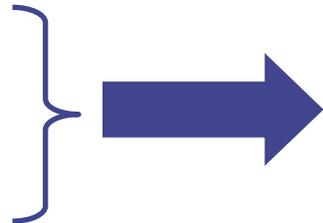


Nagase International Electronics, Ltd. (Shenzhen)

Planned total investment: ¥30 billion (3 years)

Main Initiatives of WIT2008: Establishment of Nagase Application Workshop

- Plastics
- Coatings (Paints & inks)
- Textile processing



Technical services
centralized in one location

Base for joint development with customers, technical services
Proposal, evaluation and research of "color"
Sample library

Expert
technical staff



Coordinate collaboration
Cultivate new customers

Location: Amagasaki, Hyogo Prefecture
Facilities: • Plastics Laboratory
• Coating Laboratory
• Textile Processing Laboratory
• Sample Library

Start of operation: July 2007



Exterior view

Main Initiatives of WIT2008

■ Maintain Sound Financial Position

- Focus on cash flow, improve operating cash flow
- Continuous review of assets

■ Ensure Thorough Risk Management

- Awareness, understanding and control of new risks accompanying conversion of our business structure
- Continuous reassessment of risk management system
- Establishment of Internal Control System Committee to improve internal control system

■ Improve Consolidated Management System

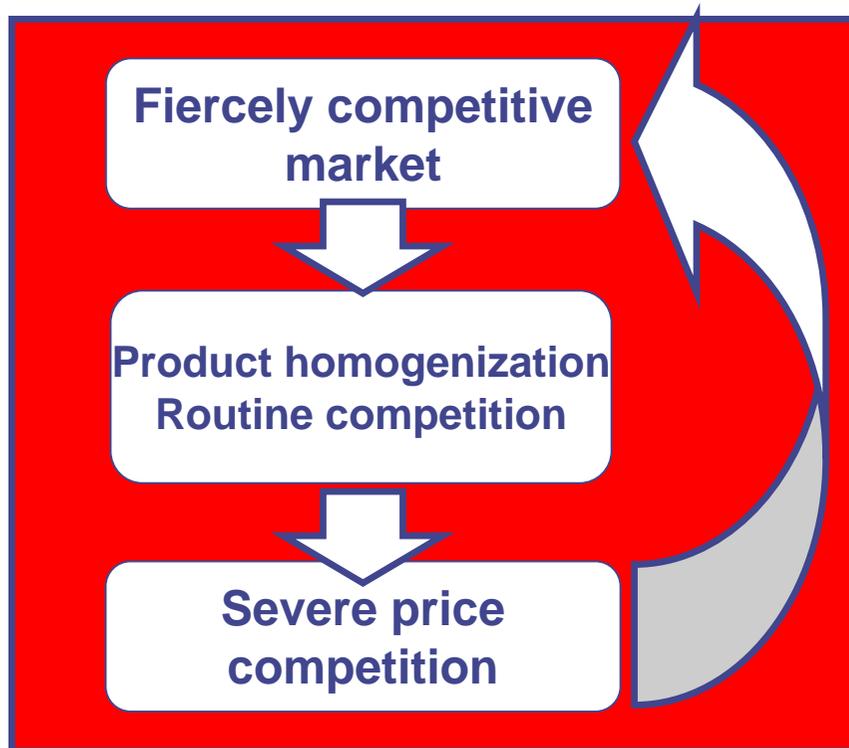
- Enhancement of Group management and improvement of Group operating structure

■ Enhance Personnel Quality and Quantity

- Cultivation of “diversity” and “specialization”
⇒ Programs to develop, strengthen and train foreign managers
Implement “Basic Management Program,”
“General Management Program”

Post-WIT2008 Business Environment

Petrochemical Market



Promotion of Nagase-led Businesses



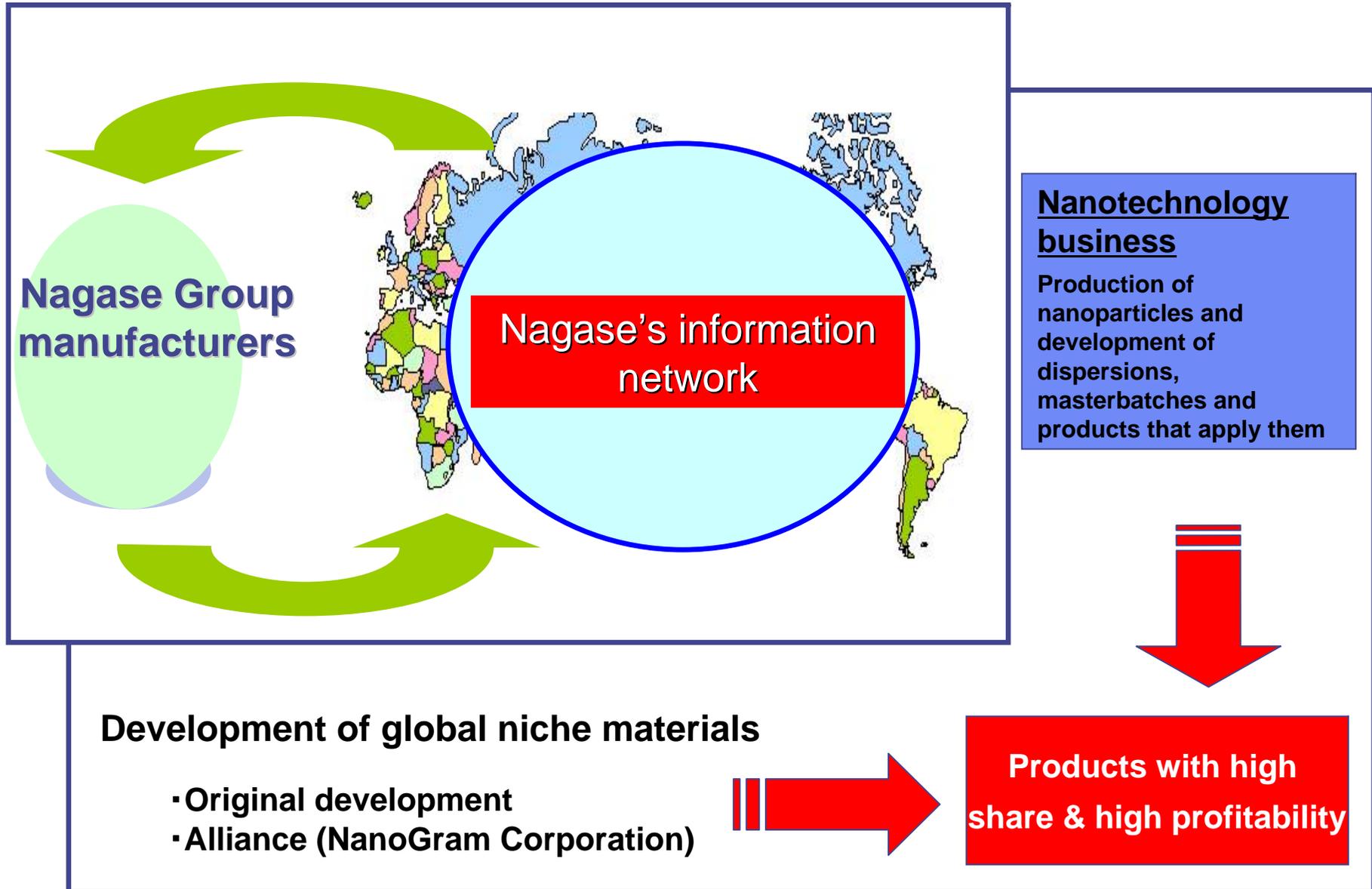
Break away from
fierce competition

Example: Avoid competition and secure profits through promotion of nanotechnology business

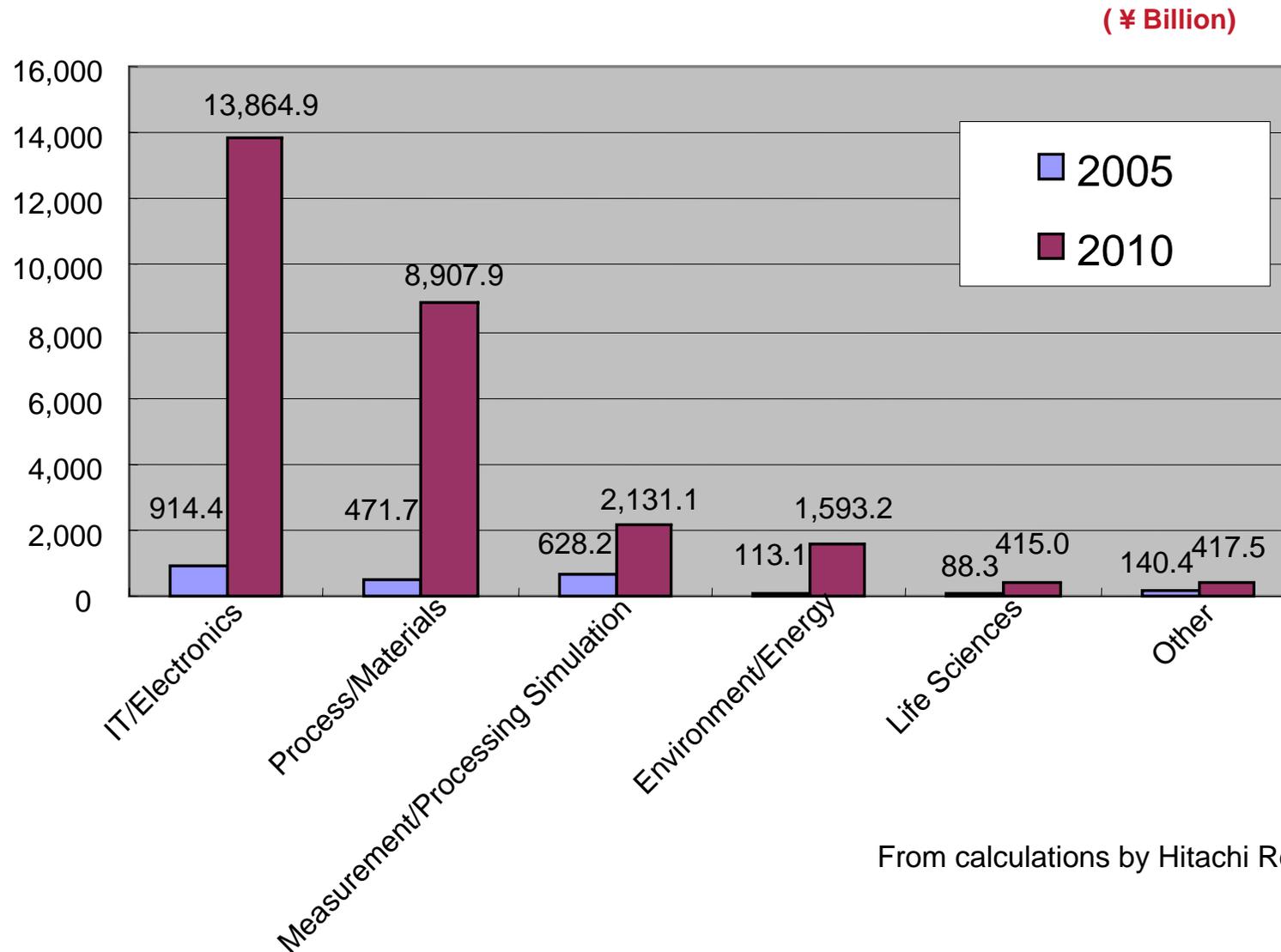
Nagase's Nanotechnology Business

GM, Speciality Chemicals Dept.

Kazuo Mitsuhashi Executive Officer

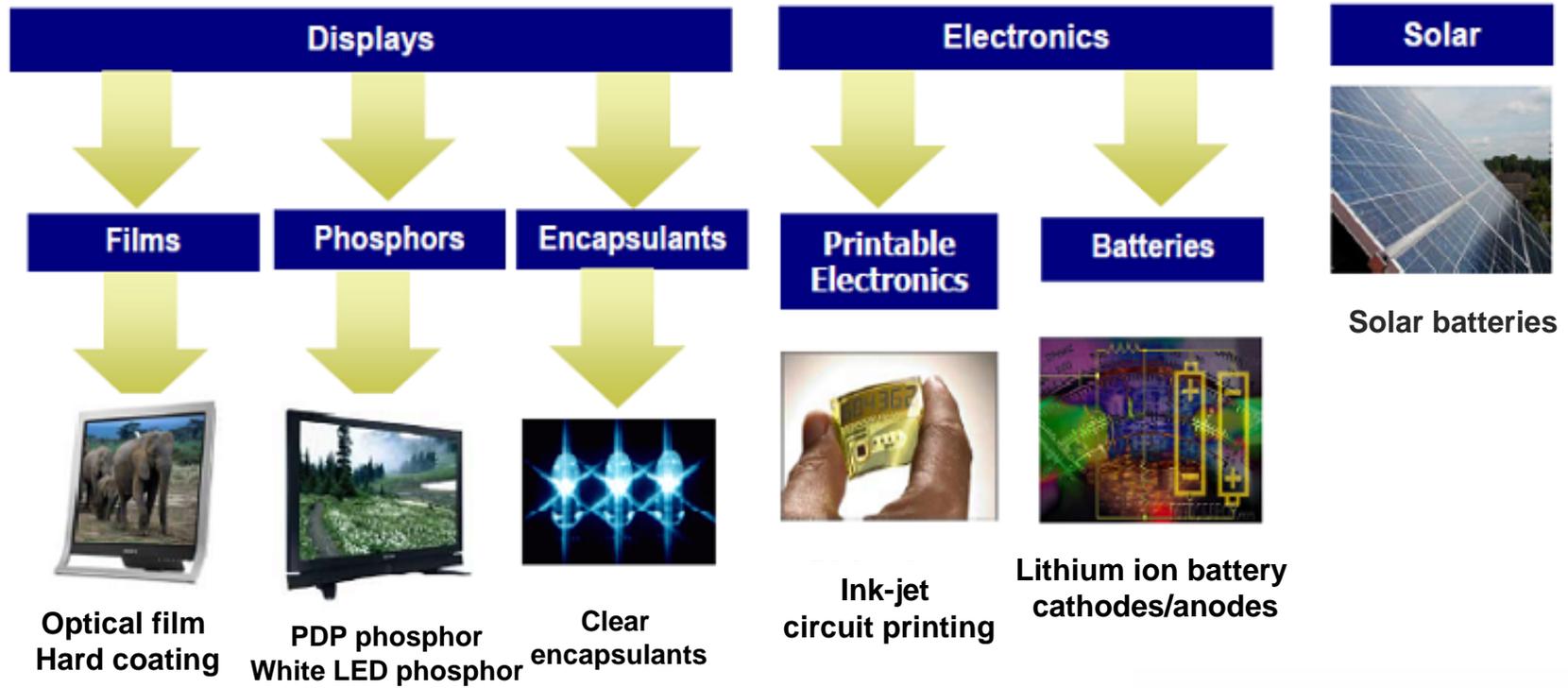


Size of Nanotechnology Market in 2010: ¥27 trillion

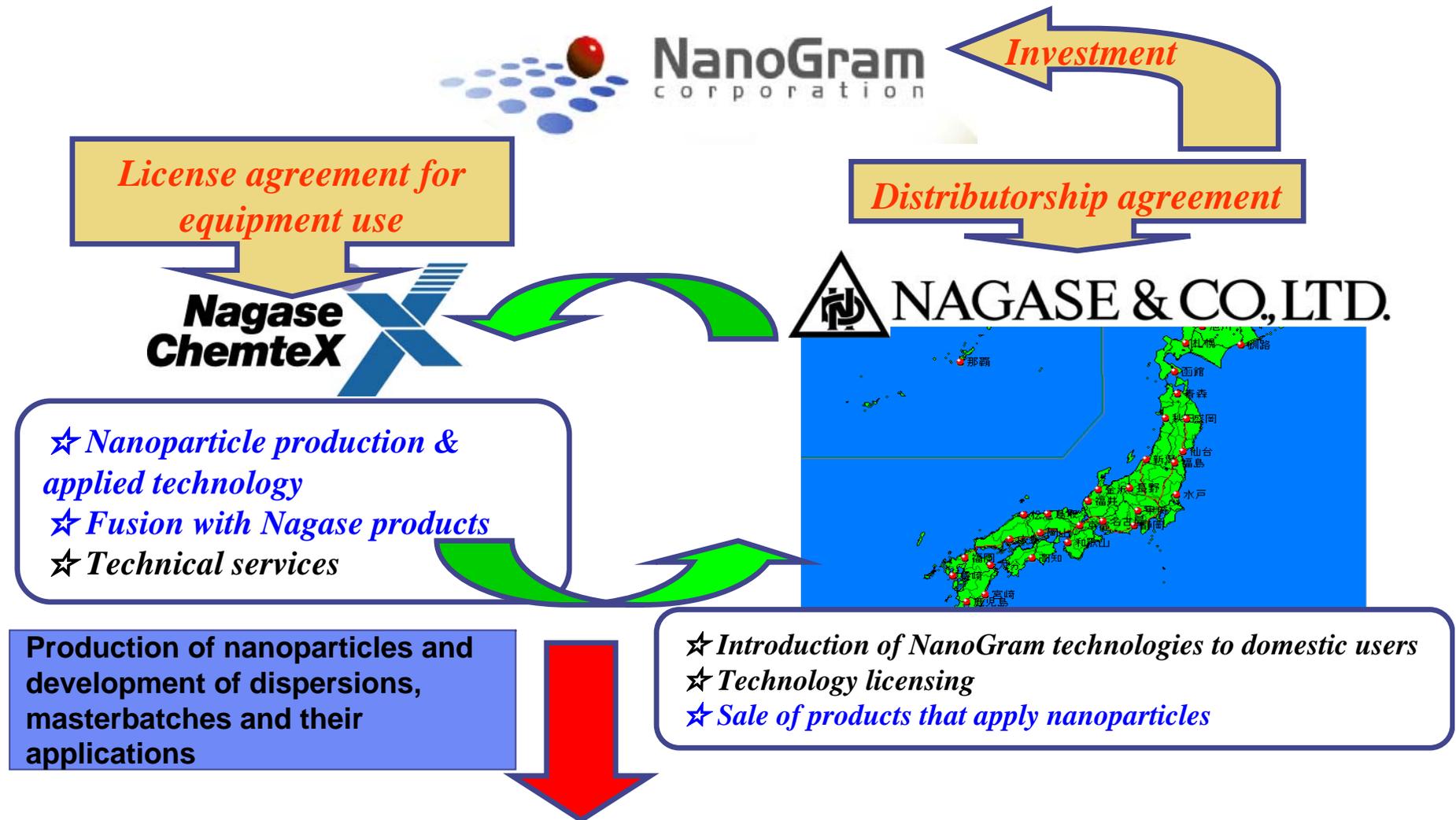


From calculations by Hitachi Research Institute

Expected Application Fields



Alliance with NanoGram



Products with High Market Share and High Profitability

Outline of NanoGram

Headquarters **Milpitas, California, U.S.A.**
Established **1996**
Employees **72**
President & CEO **Dr. Kieran Drain**
Vice President & CTO **Dr. Nobuyuki Kambe**

HISTORY

1996 **Established**
2002 **Changed name to NeoPhotonics**
 Sold battery business to Greatbatch, Inc. for \$48 million
2004 **Spun off photonic device business as NeoPhotonics Corporation**
 Changed name to NanoGram Corporation
2006 **Signed an agreement with Nagase and began full-scale marketing in Japan**

Investors

Technology Partners

ATA Ventures

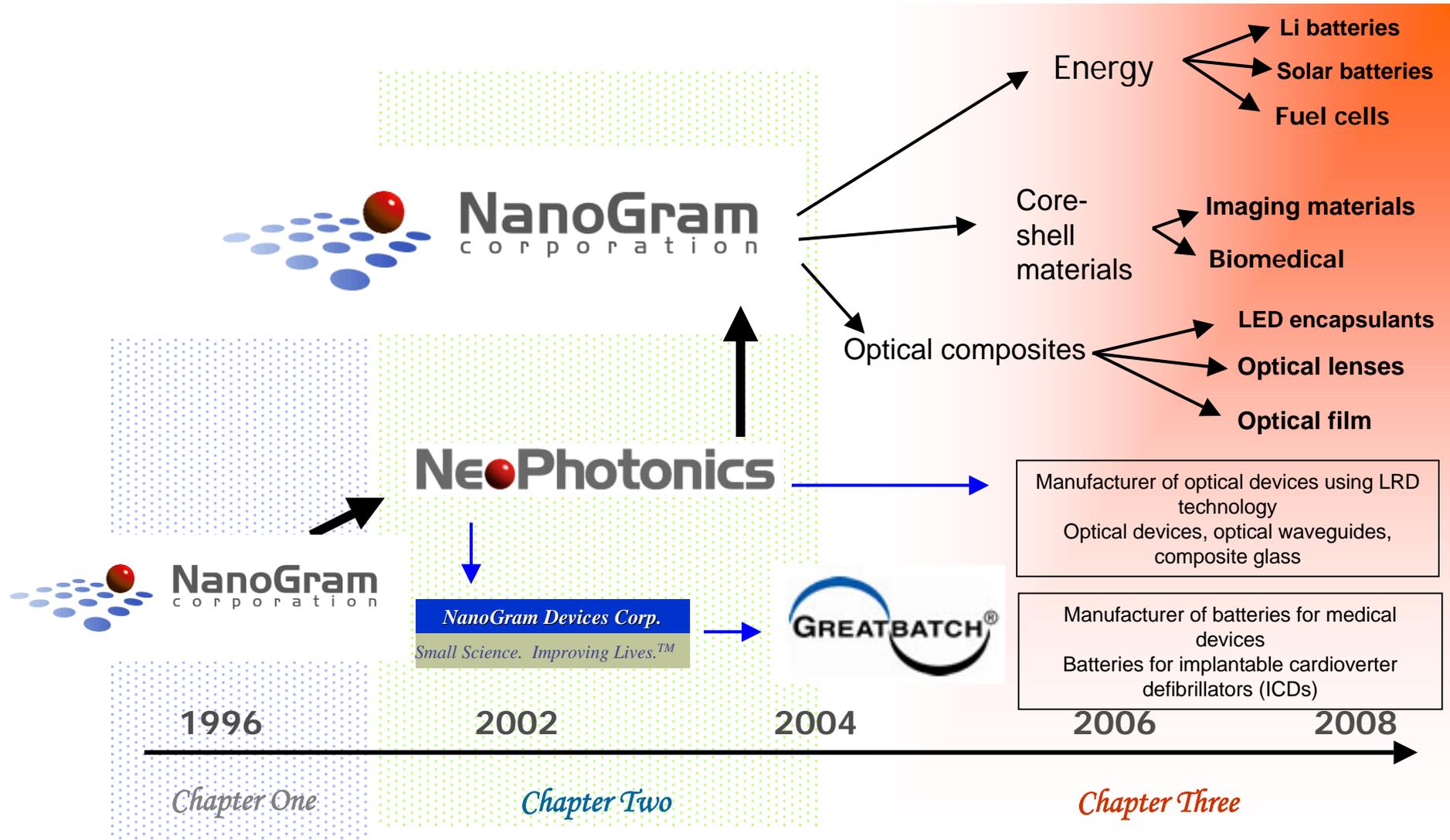
Bay Partners

Nth Power

Rockport Capital

Harris & Harris

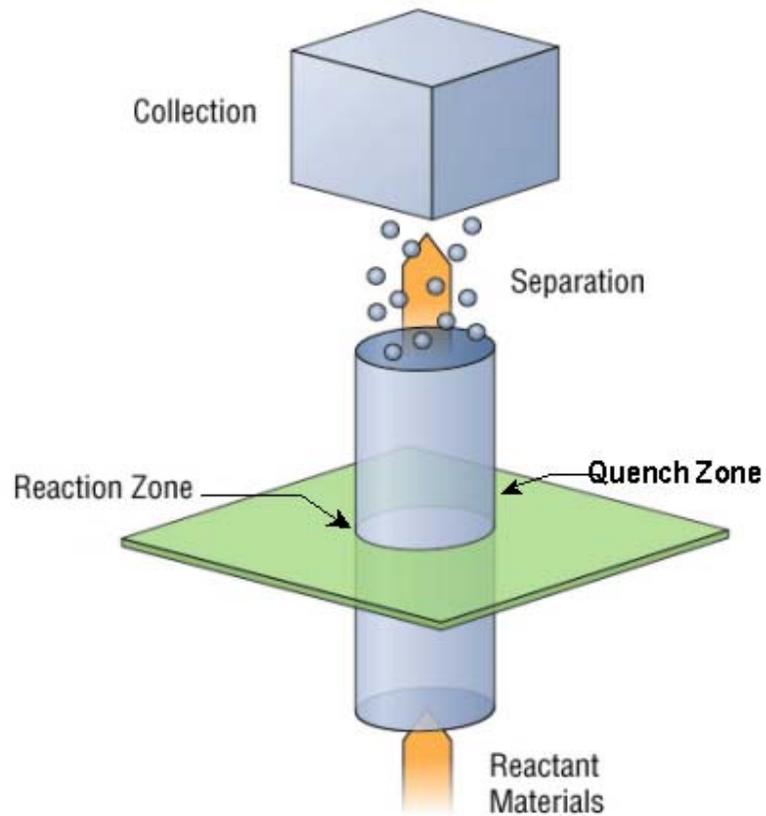
History of NanoGram



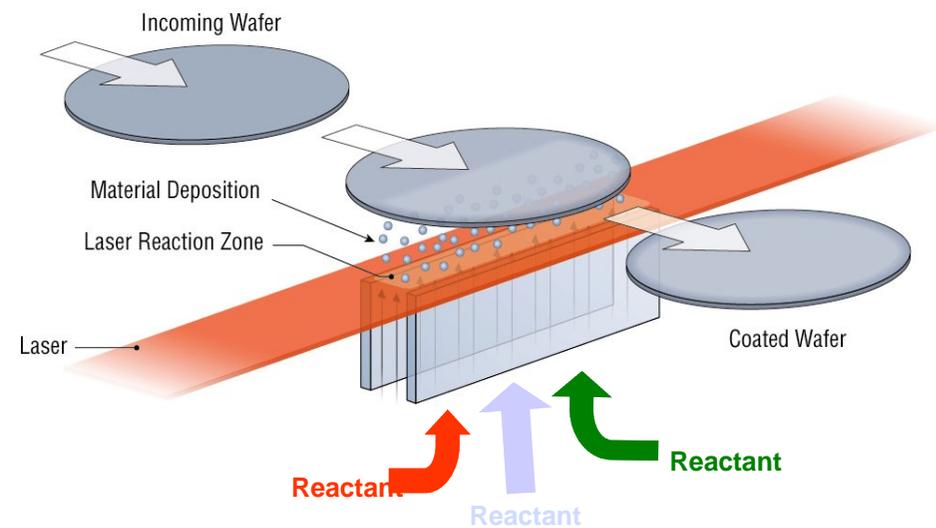
Overview of NanoGram's Technologies

Laser Pyrolysis

NPM (Nano Particle Manufacturing)



LRD (Laser Reactive Deposition Process)



Features of Nanoparticles Produced by NPM™ Process

◆ Particle size controllable in range of 15-200nm

◆ Tight particle size distribution

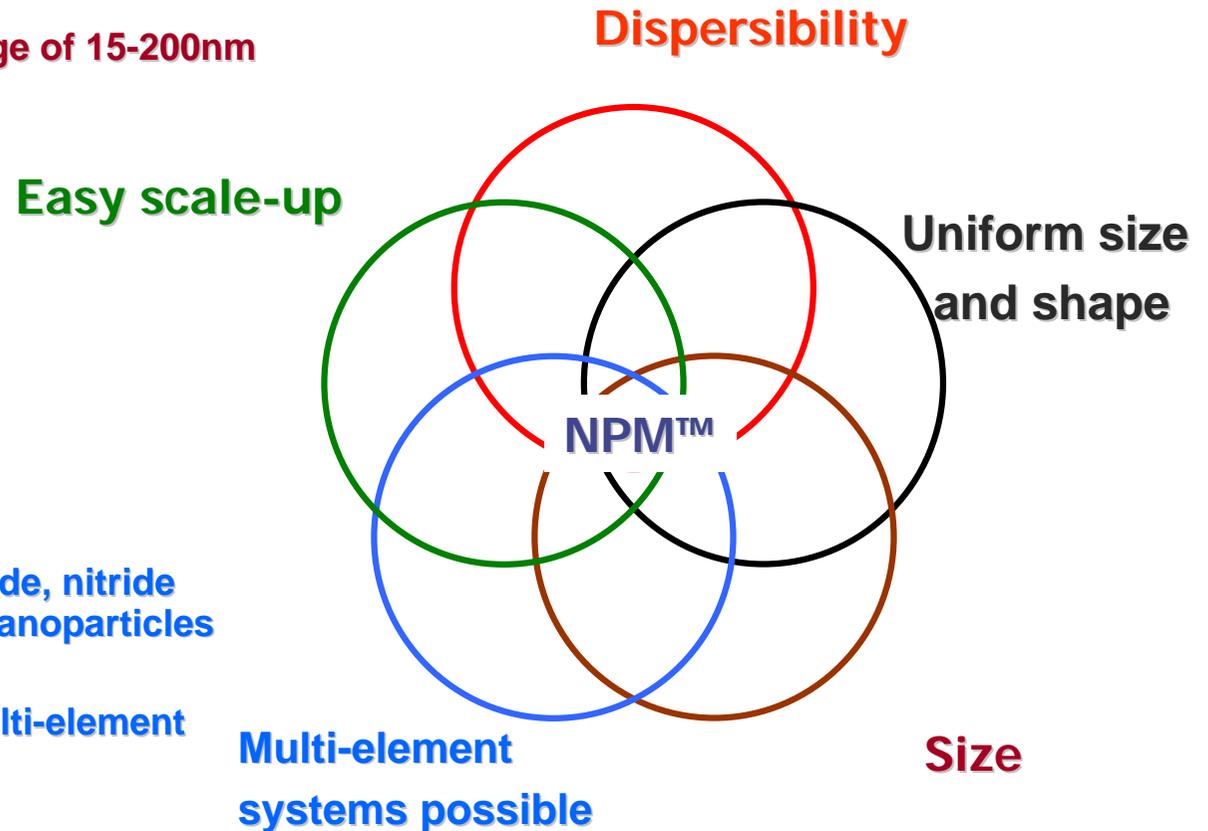
◆ Controllable crystalline form

◆ Excellent dispersibility

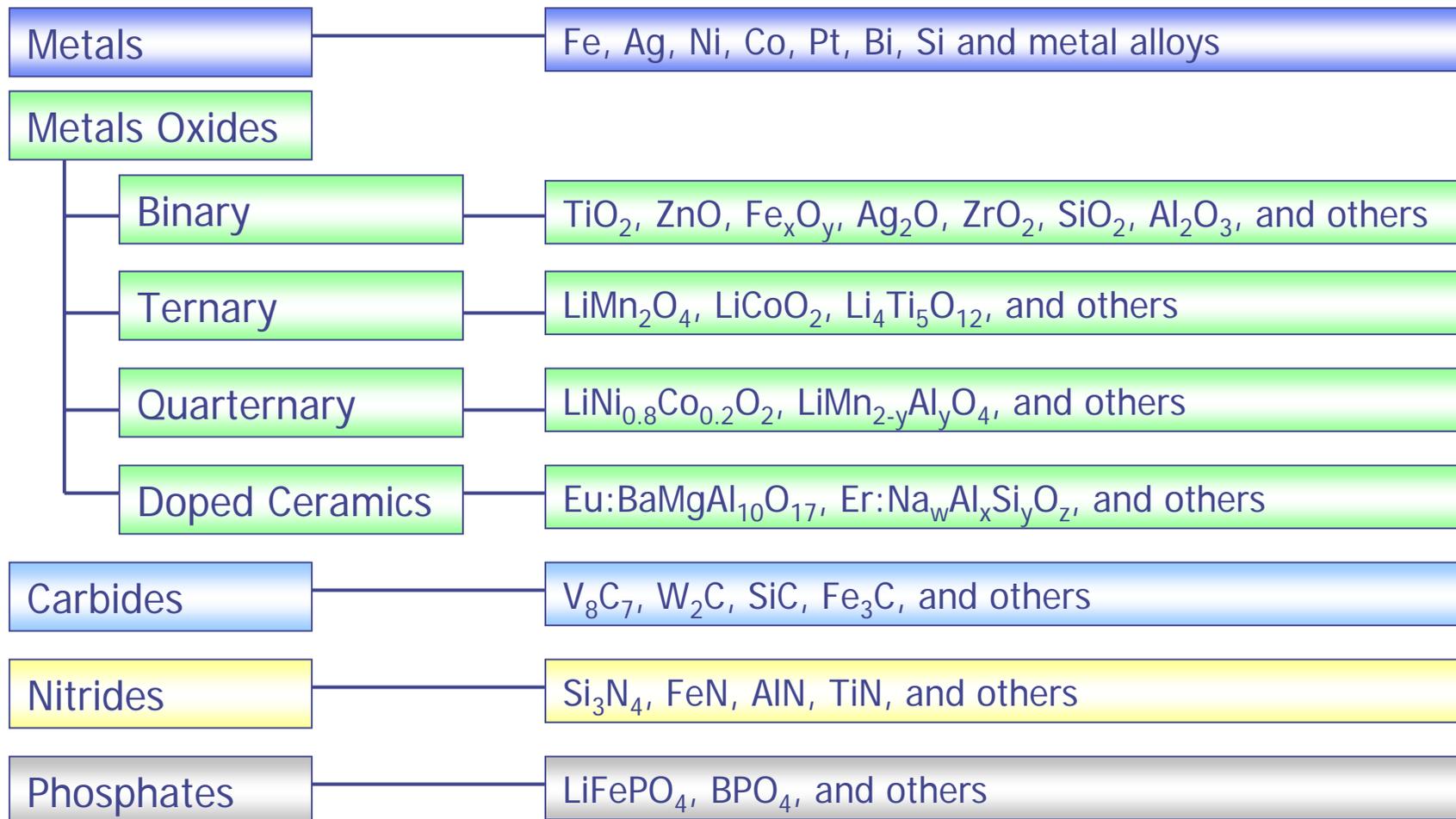
◆ Enables production of oxide, nitride and rare element-doped nanoparticles

◆ Enables production of multi-element metal oxides

◆ Scale-up is simple



Enable Diversification beyond Single Components



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



Nagase & Co., Ltd.

<http://www.nagase.co.jp>

This presentation contains projections based on assumptions, forecasts and plans for the future as of November 12, 2007. 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.