

NAGASE



Briefing Session on Financial Results for the Fiscal Year Ended March 31, 2011

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

Nagase & Co., Ltd.

May 20, 2011

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**Financial Highlights for
the Fiscal Year Ended March 31, 2011**

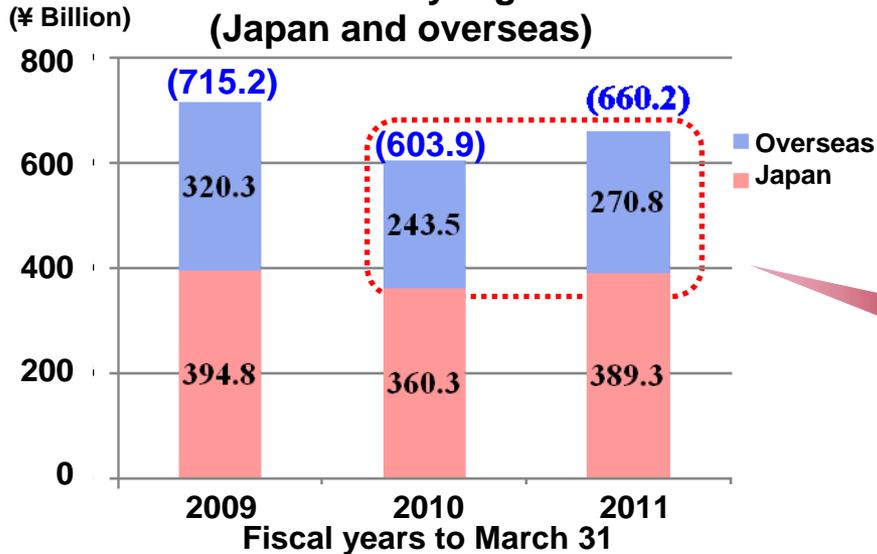
- Net sales up 9% year on year on strong results both in Japan and overseas amid global increases in demand.
- High-value-added products sold well, translating into wider profit margins and 43% growth in operating income

(¥ Billion, except Earnings per share)

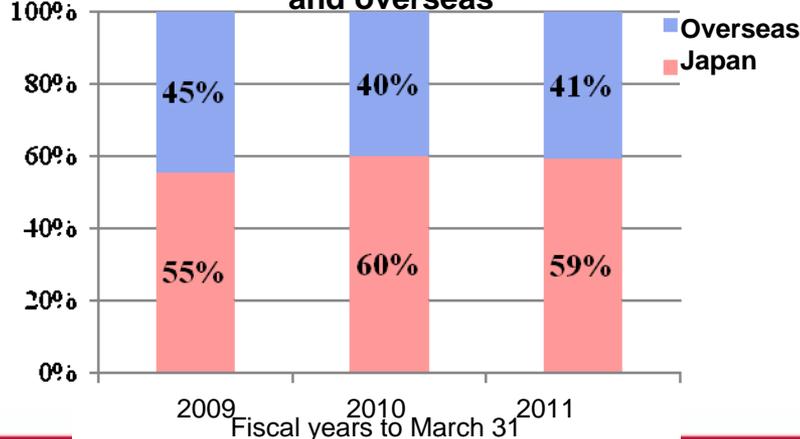
| | FY ended Mar. 2010 | FY ended Mar. 2011 | Increase (Decrease) | YoY compariso |
|---------------------------------|-----------------------|-----------------------|------------------------|------------------|
| Net sales | 603.9 | 660.2 | +56.2 | 109% |
| Gross profit (Profit margin) | 65.4 (10.8%) | 73.0 (11.1%) | +7.5 (+0.3%) | 112% |
| SG&A expenses | -52.2 | -54.2 | -1.9 | 104% |
| Operating income | 13.1 | 18.7 | +5.6 | 143% |
| Ordinary income | 14.7 | 20.6 | +5.9 | 140% |
| Net income | 7.5 | 12.8 | +5.2 | 170% |
| Earnings per share | 58.64 | 99.76 | 41.12 | 170% |

**Net sales: ¥660.2bn,
up ¥56.2bn YoY; 109% vs. prev. year**

Net sales by region
(Japan and overseas)

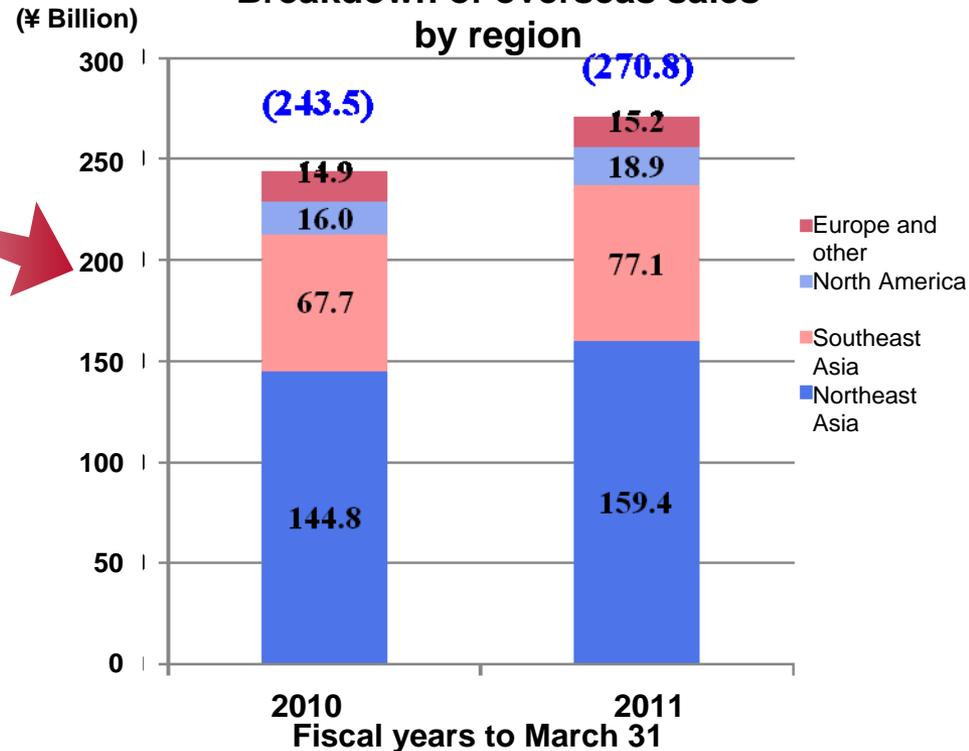


Share of total net sales from Japan
and overseas



**Overseas: ¥389.3bn, up ¥28.9bn YoY;
108% vs. prev. year**
**Japan: ¥270.8bn, up ¥27.2bn YoY;
111% vs. prev. year**

Breakdown of overseas sales
by region

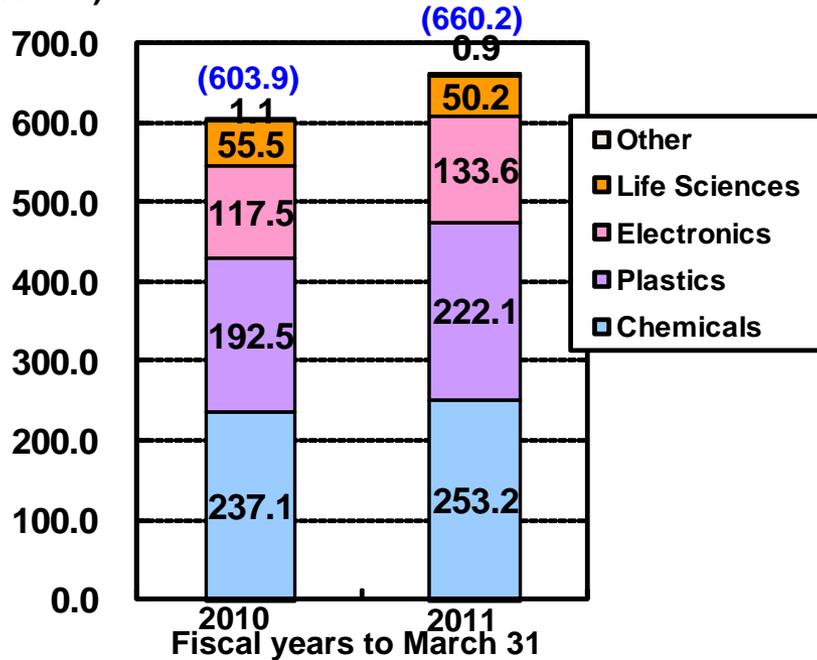


Percentage of sales from overseas 40.3% → 41.0%

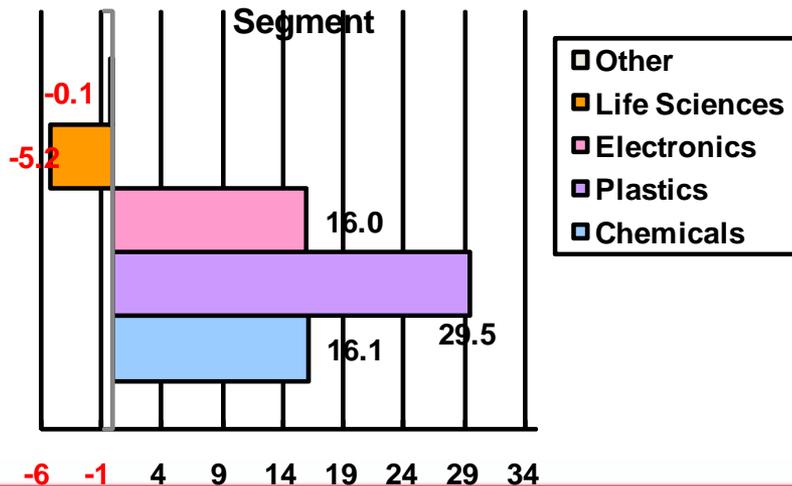
For reference: Annual average US\$/JPY exchange rate

| Year | 2008 | 2009 | 2010 |
|---------------|--------|-------|-------|
| Exchange Rate | 102.80 | 93.71 | 87.31 |

(¥ Billions)



Increase/Decrease in Net Sales by Segment



Chemicals ¥253.2bn (+¥16.1bn YoY; 107%)

- ◎ Demand remained firm across the entire chemicals industry
- Growth in sales of printing ink raw materials, display-related functional color pigments, and conducting polymers
- Increase in overseas sales of resin raw materials and additives, and of urethane raw materials and coating materials for automotive applications
- Growth in sales of Nagase ChemteX products, primarily for LCD-related applications

Plastics ¥222.1bn (+¥29.5bn YoY; 115%)

- ◎ Net sales increase in all domestic and overseas regions
- Strong sales of plastics for office equipment and consumer electronics in Northeast and Southeast Asia.
- Strong sales of plastics for automotive applications in all domestic and overseas regions

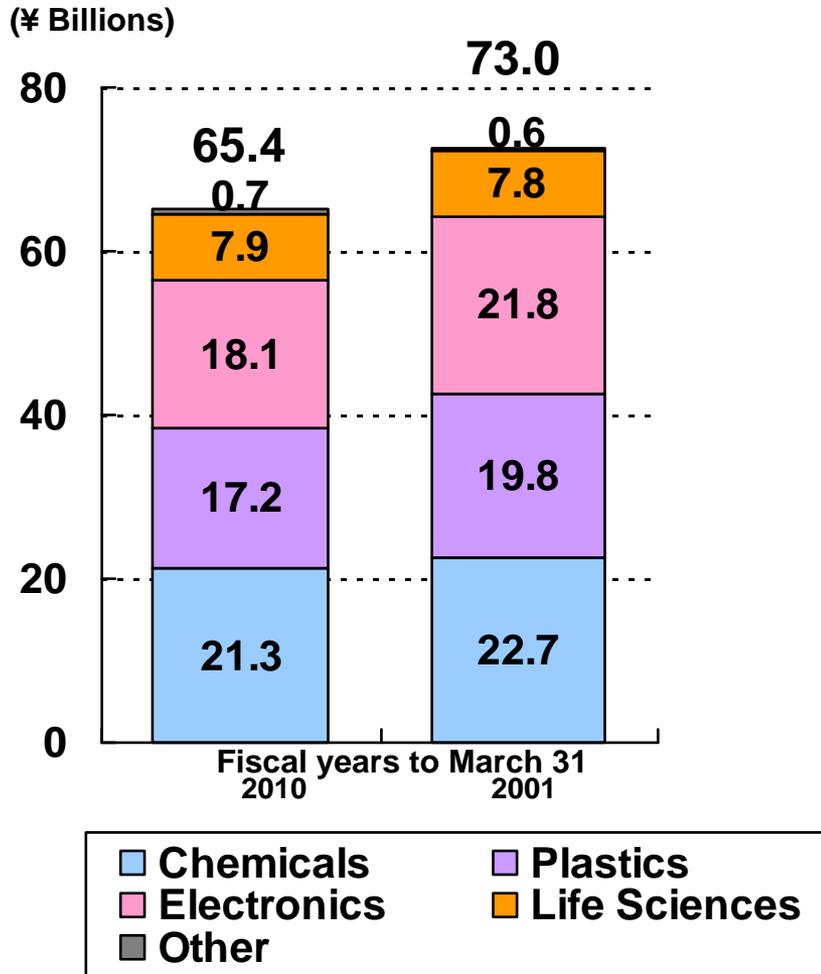
Electronics ¥133.6bn (+¥16.0bn YoY, 114%)

- ◎ Strong sales on the back of increased demand for LCDs, semiconductors, touch panels, and smartphones
- Strong sales of formulated epoxy resins for heavy electric and mobile phone applications; growth in sales of chemicals used in LCD production
- Sales of precision-related materials were flat YoY; sales of touch panel-related materials grew; growth in business related to making LCDs thinner

Life Sciences ¥50.2bn (- ¥5.2bn YoY; 90%)

- Decrease in sales of pharmaceutical raw materials and intermediate-related sales
- Slight increase in enzymes and fermentation products
- Slight decrease in cosmetics-related sales

**Gross Profit: ¥73.0bn,
+¥7.5bn YoY; 112%**



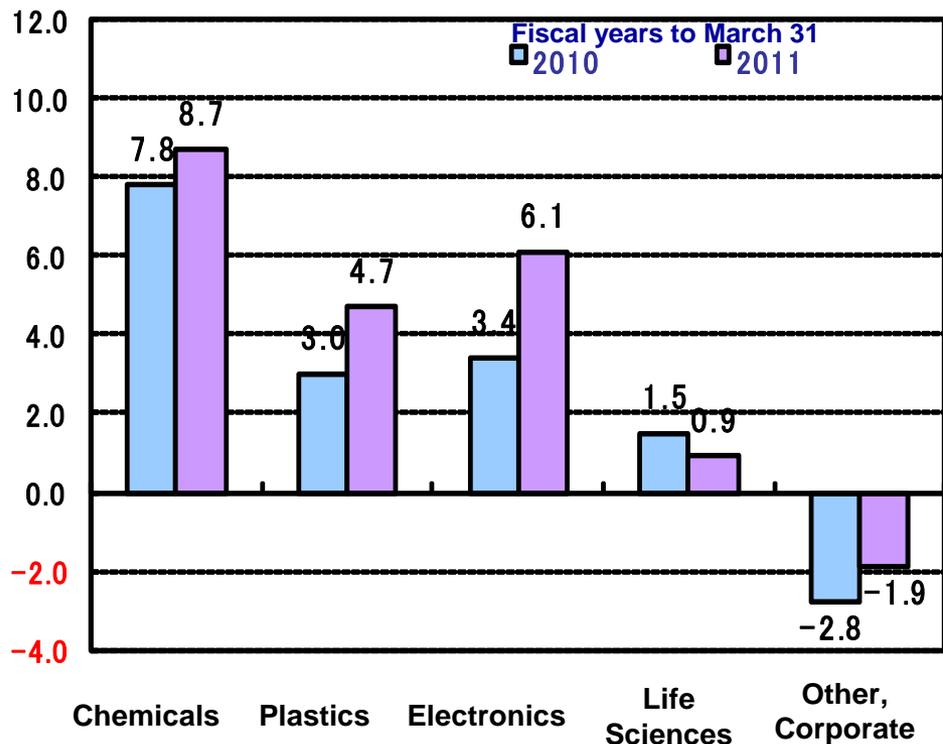
Gross Profit by Segment (YoY Comparison)

| | |
|----------------------|--------------------------------|
| Chemicals | ¥22.7bn, + ¥1.4bn, 107% |
| Plastics | ¥19.8bn, + ¥2.6bn, 115% |
| Electronics | ¥21.8bn, + ¥3.6bn, 120% |
| Life Sciences | ¥7.8bn, - ¥0bn, 99% |

**Operating Income: ¥18.7bn;
+¥5.6bn YoY, 143%**

Operating Income by Segment

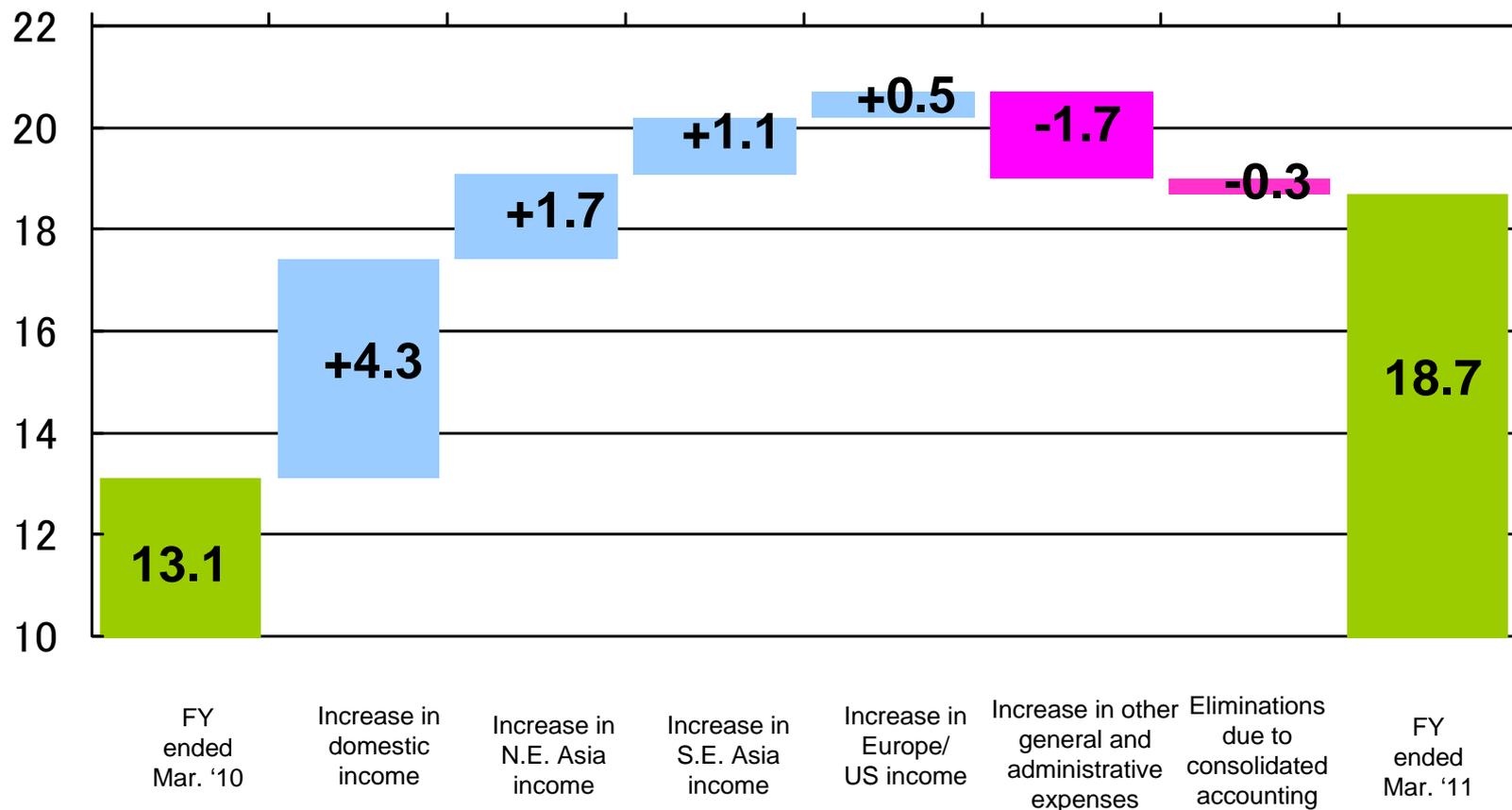
(¥ Billions)



Operating Income by Segment (YoY Comparison)

| | |
|---------------|-----------------------|
| Chemicals | ¥8.7bn, +¥0.9bn, 112% |
| Plastics | ¥4.7bn, +¥1.6bn, 154% |
| Electronics | ¥6.1bn, +¥2.6bn, 176% |
| Life Sciences | ¥0.9bn, - ¥0.6bn, 61% |

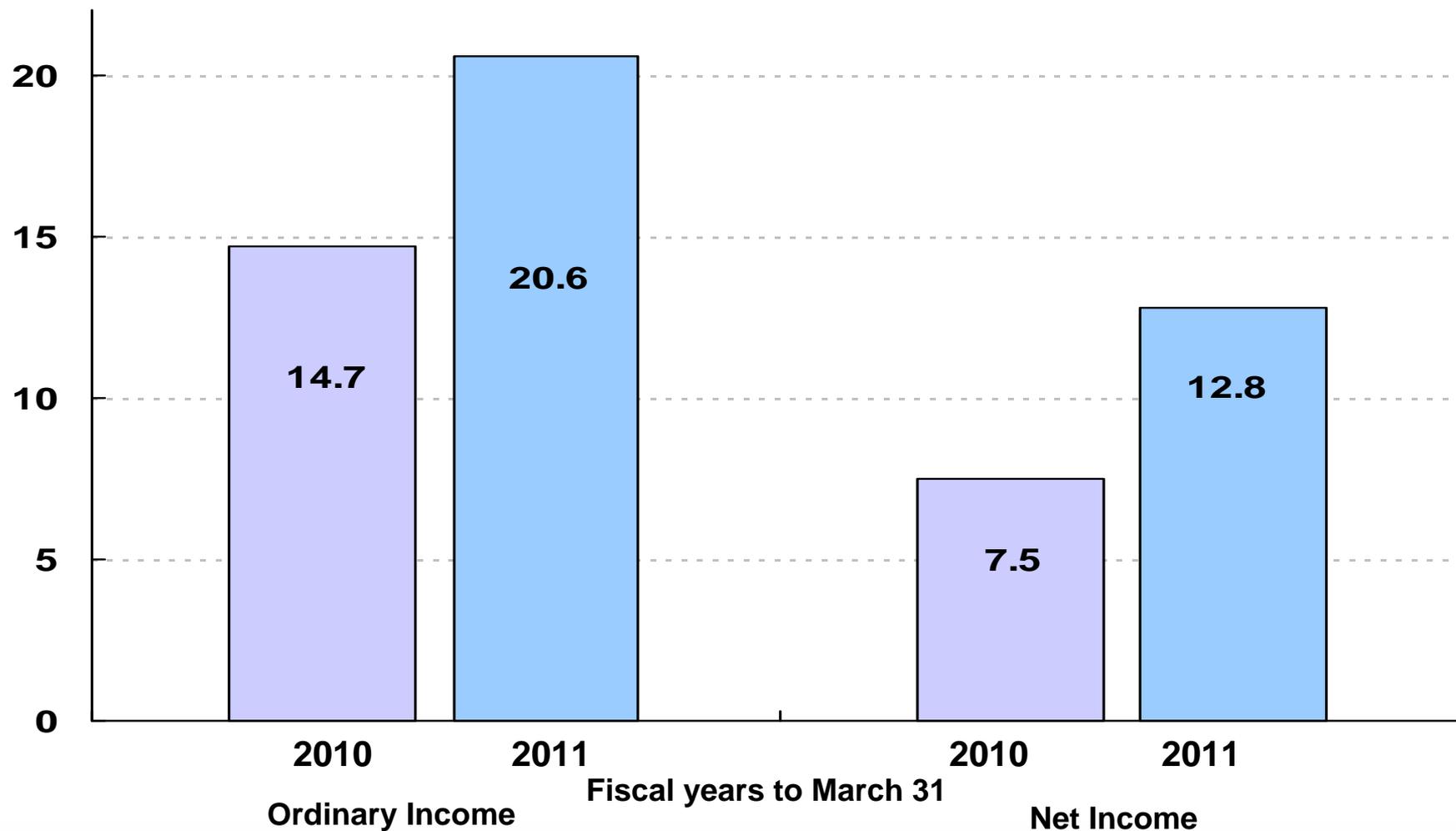
(¥ Billions)



Ordinary Income: ¥20.6bn, +¥5.9bn YoY, 140%

Net Income: ¥12.8bn, +¥5.2bn YoY, 170%

(¥ Billions)



- Inventories up due to increase in sales
- Deposits up due to increase in liquidity on-hand
- Increase in short-term loans due to increase in working capital

(¥ Billions)

| Assets | Mar. 31, '10 | Mar. 31, '11 | Change | Liabilities and Net Assets | Mar. 31, '10 | Mar. 31, '11 | Change |
|-------------------------------|--------------|--------------|--------------|---|--------------|--------------|--------------|
| Cash and time deposits | 42.8 | 47.2 | + 4.3 | Notes and accounts payable | 108.6 | 101.6 | - 6.9 |
| Notes and accounts receivable | 186.9 | 186.1 | - 0.8 | Short-term loans | 10.4 | 16.1 | + 5.7 |
| Inventories | 31.0 | 36.7 | + 5.6 | Other current liabilities | 18.0 | 20.6 | + 2.6 |
| Other current assets | 6.9 | 7.2 | + 0.3 | Long-term debt | 11.1 | 10.5 | -0.5 |
| Property, plant and equipment | 40.3 | 39.9 | - 0.4 | Accrued retirement benefits for employees | 6.8 | 7.2 | + 0.4 |
| Intangible fixed assets | 2.5 | 3.6 | + 1.1 | Other fixed liabilities | 10.3 | 9.6 | - 0.6 |
| Investments in securities | 53.6 | 50.7 | - 2.9 | Shareholders' equity | 185.5 | 195.9 | + 10.3 |
| Other fixed assets | 3.7 | 3.7 | -0.0 | [Treasury stock included in above] | [-5.4] | [-5.4] | [- 0.0] |
| | | | | Gain on valuation of securities | 14.9 | 13.1 | - 1.7 |
| | | | | Foreign currency translation | -5.2 | -7.6 | -2.3 |
| | | | | Stock acquisition rights | -0.2 | 0.2 | - |
| | | | | Minority interests | 7.1 | 7.5 | + 0.3 |
| | | | | Net assets | 202.7 | 209.3 | + 6.5 |
| | | | | [Net worth ratio] | [53.1%] | [53.7%] | [+ 0.6] |
| Total assets | 368.0 | 375.3 | + 7.2 | Total liabilities and net assets | 368.0 | 375.3 | + 7.2 |

While working capital increased due amid recovery sales, operating activities generated positive cash flow of ¥10.9bn, largely from pretax income of ¥20.9bn. Investing activities used net cash of ¥9.1bn, mainly to acquire tangible and intangible fixed assets and investment securities.

(¥ Billions)

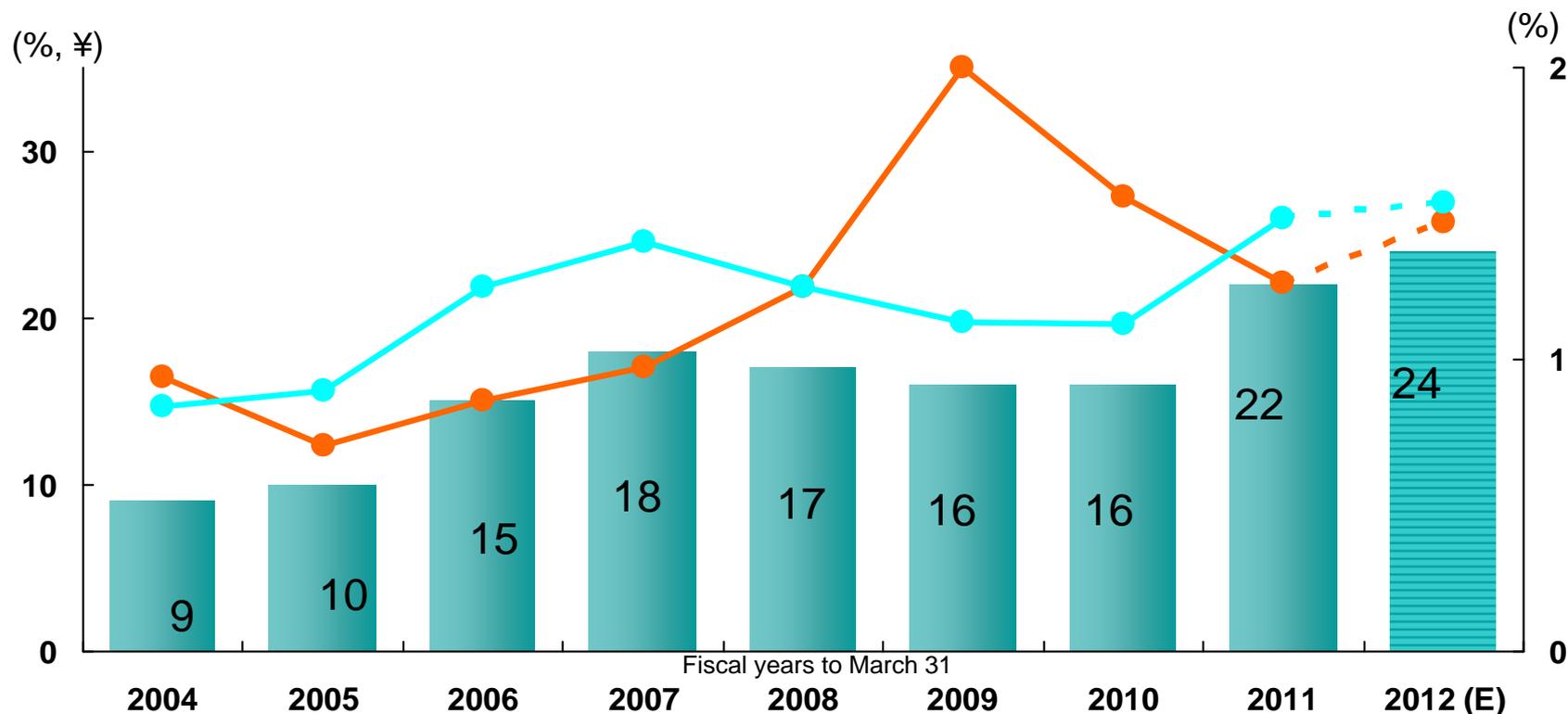
| | FY ended Mar. 31, '11 | Major components | | FY ended Mar. 31, '10 |
|---|--------------------------|--------------------------------------|------|--------------------------|
| Cash flows from operating activities | +10.9 | Income before income taxes | 20.9 | +27.8 |
| | | Depreciation and amortization | 6.3 | |
| | | Working capital | 13.0 | |
| | | Taxes paid | -5.0 | |
| Cash flows from investment activities | -9.1 | Purchases of property and equipment | 5.7 | -9.4 |
| | | Purchases of investment securities | 1.5 | |
| | | Sales of investment securities | 2.0 | |
| | | Purchases of intangible fixed assets | -1.8 | |
| Cash flows from financing activities | +3.5 | Increase in short-term debt | 6.1 | -11.7 |
| | | Cash dividends paid | -2.3 | |
| Increase in cash and cash equivalents | +4.1 | Exchange rate movements | -1.2 | +6.6 |
| Cash and cash equivalents at the end of the period | 47.2 | | | 42.8 |

(¥ Millions)

| | Company Name | Net Sales | YoY Comparison | Operating Income | YoY Comparison | Net Income | YoY Comparison |
|----------------|-------------------------------------|-----------|----------------|------------------|----------------|------------|----------------|
| Parent Company | Nagase & Co., Ltd. | 456,877 | 110% | 5,354 | 184% | 7,637 | 157% |
| Manufacturing | Nagase ChemteX Corp. | 30,864 | 118% | 3,820 | 119% | 2,291 | 129% |
| | Totaku Industries, Inc. | 7,536 | 105% | 429 | 109% | 415 | 149% |
| | Total for manufacturing | 68,515 | 113% | 5,433 | 117% | 3,762 | 136% |
| Domestic sales | Nagase Plastics Co., Ltd. | 28,221 | 183% | 191 | 169% | 92 | 178% |
| | Nagase Colors & Chemicals Co., Ltd. | 14,955 | 115% | 248 | 177% | 150 | 180% |
| | Nagase Chemical Co., Ltd. | 13,902 | 107% | 224 | 119% | 124 | 124% |
| | Total for domestic sales | 95,144 | 124% | 1,299 | 174% | 838 | 210% |
| Overseas sales | Nagase (Hong Kong) Ltd. | 53,216 | 93% | 1,190 | 98% | 977 | 100% |
| | Nagase (Thailand) Co., Ltd. | 24,468 | 119% | 1,052 | 162% | 759 | 160% |
| | Guangzhou Nagase Trading Ltd. | 15,155 | 120% | 421 | 206% | 173 | 181% |
| | Total for overseas sales | 231,783 | 112% | 6,043 | 143% | 4,390 | 135% |

*Category totals are the simple sum of figures for each company and do not match consolidated figures.

Nagase's basic policy is to enhance its earnings capabilities and further strengthen its corporate structure while continually paying steady dividends linked to trends in consolidated performance. Taking into consideration its payout ratio and DOE (dividends on equity) ratio, **Nagase aims to increase dividend per share.**



■ Dividend per share ● Payout ratio (left axis) ● DOE (right axis)

*A ¥1 commemorative dividend is included in FY ended Mar. 2004, and a ¥2 commemorative dividend in FY ended Mar. 2007. (%)

| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 (E) |
|--------------|------|------|------|------|------|------|------|------|----------|
| Payout ratio | 16.3 | 12.3 | 14.9 | 17.0 | 21.8 | 35.4 | 27.3 | 22.1 | 25.7 |
| DOE | 0.84 | 0.89 | 1.25 | 1.40 | 1.25 | 1.13 | 1.12 | 1.48 | 1.54 |

**Performance Forecast for the
Fiscal Year Ending March 31, 2012**

(¥ Billions, except Earnings per share)

| | 1H | YoY | 2H | YoY | Full year | Change | YoY |
|---------------------------|-----------------|------|-----------------|------|-----------------|-----------------|------|
| Net sales | 315.0 | 95% | 345.0 | 105% | 660.0 | -0.2 | 100% |
| Gross profit | 35.2 (11.2%) | 95% | 38.3 (11.1%) | 106% | 73.5 (11.1%) | +0.4 (+0.0%) | 101% |
| SG&A expenses | -27.5 | 104% | -28.0 | 101% | -55.5 | -1.2 | 102% |
| Operating income | 7.7 | 73% | 10.3 | 126% | 18.0 | -0.7 | 96% |
| Ordinary income | 8.5 | 75% | 10.5 | 113% | 19.0 | -1.6 | 92% |
| Net income | 5.4 | 79% | 6.6 | 110% | 12.0 | -0.8 | 94% |
| Earnings per share | 42.02 | | 51.35 | | 93.37 | -6.39 | 94% |

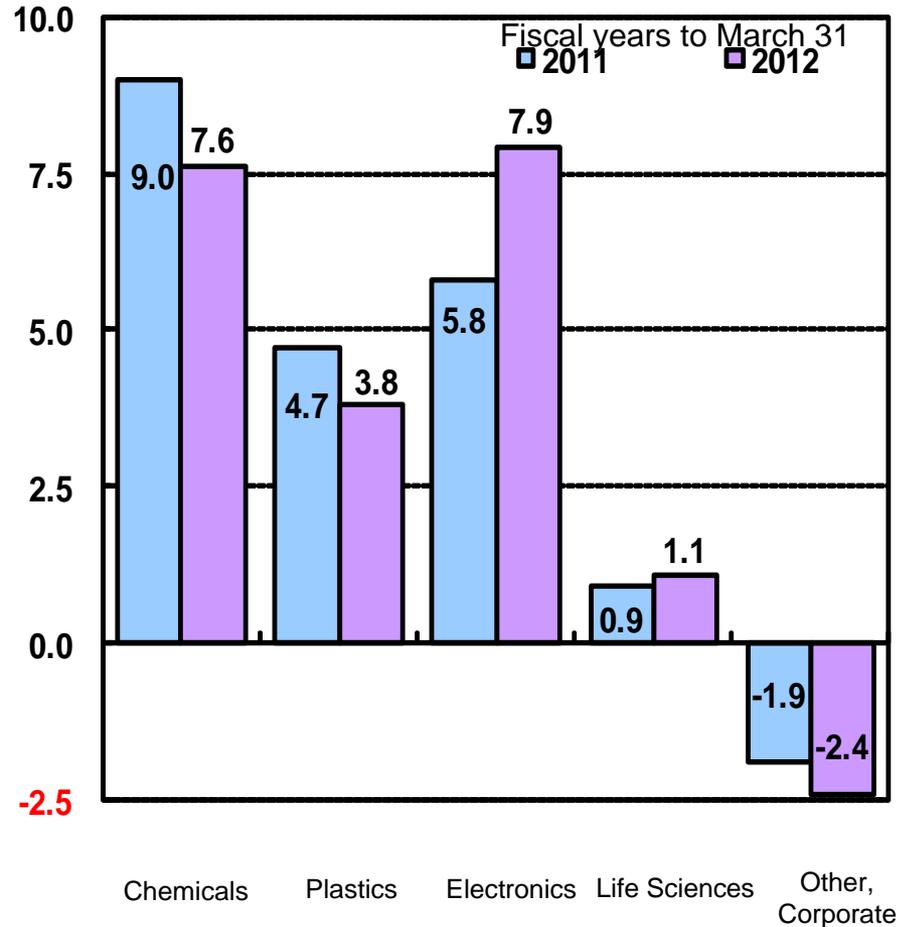
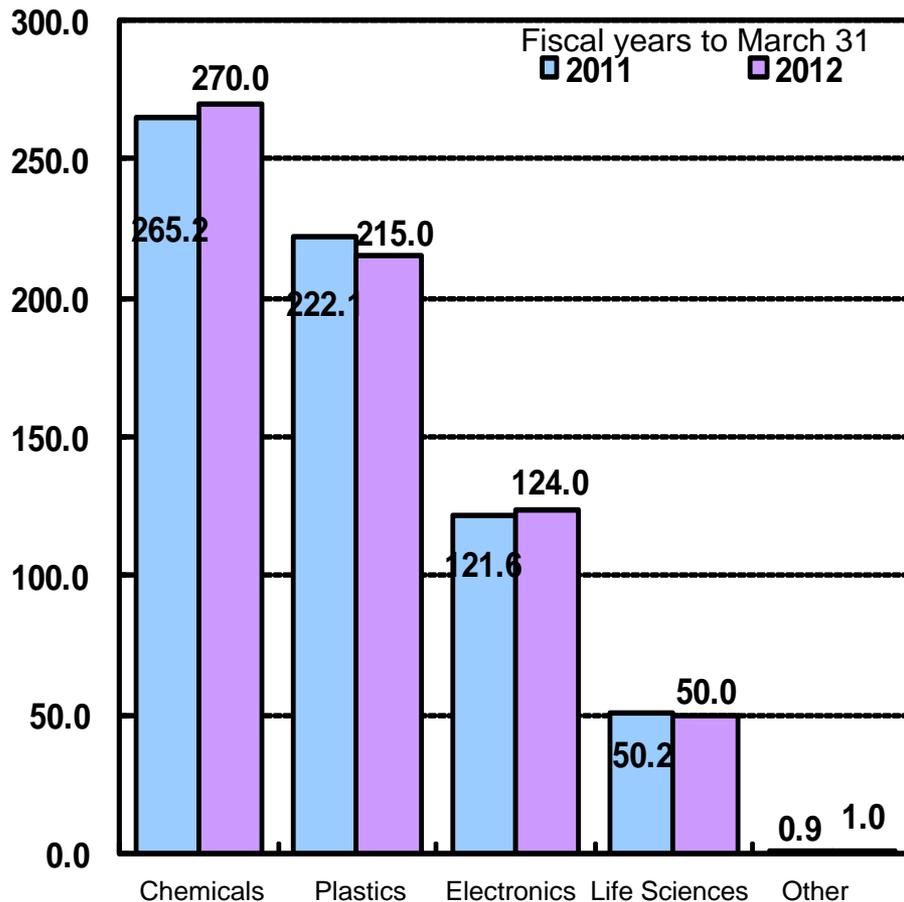
*Assumed exchange rate: US\$ = ¥83

Net Sales by Segment

Operating Income by Segment

(¥ Billions)

(¥ Billions)



Progress of Medium-Term Management Plan
“CHANGE” 11

Management philosophy

The Nagase Group is a member of world society. As such, it is our duty to maintain good and fair business practices and, through continued growth and development, provide society with the goods and services it needs while improving the welfare of our employees.

Our vision for the future

Customers

Anticipate changes in market structure and the environment, and make progress with customers by proposing original solutions

Employees

Allow employees to realize their dreams and ideals through our businesses

Shareholders and investors

Continue to grow and raise value with technology as the foundation in businesses in which we are strong

Society at large

Contribute to society and the global environment



Basic Principle:
Maintain Good and Fair Business Practices

- 1 Select and concentrate on key businesses**
- 2 Build businesses around environment- and energy-related technologies**
- 3 Strengthen R&D and manufacturing functions**
- 4 Promote globalization**
- 5 Strengthen risk management**
- 6 Promote employee diversity and work-life balance**

1 Select and concentrate on key businesses

- Acquired color formers (special pigments used in thermosensitive paper) business, and made related companies in the US and Japan subsidiaries
- Established US joint-venture company in Indiana to manufacture and sell blow-molded resin parts and products for automotive interiors

2 Build businesses around environment- and energy-related technologies

- Decided to build a new CAPTEX plant for mass production of lithium-ion battery modules
- Established new Energy Device Office
- Invested in and entered into an alliance with Grid Co., Ltd., a solar power generation system integrator

3 Strengthen R&D and manufacturing functions

- Established a joint venture to operate as a contract-manufacturer of high-performance resins and intermediates in Changzhou, China (Jinangsu Province)
- Decided to build new production building at Nagase ChemteX

4 Promote globalization

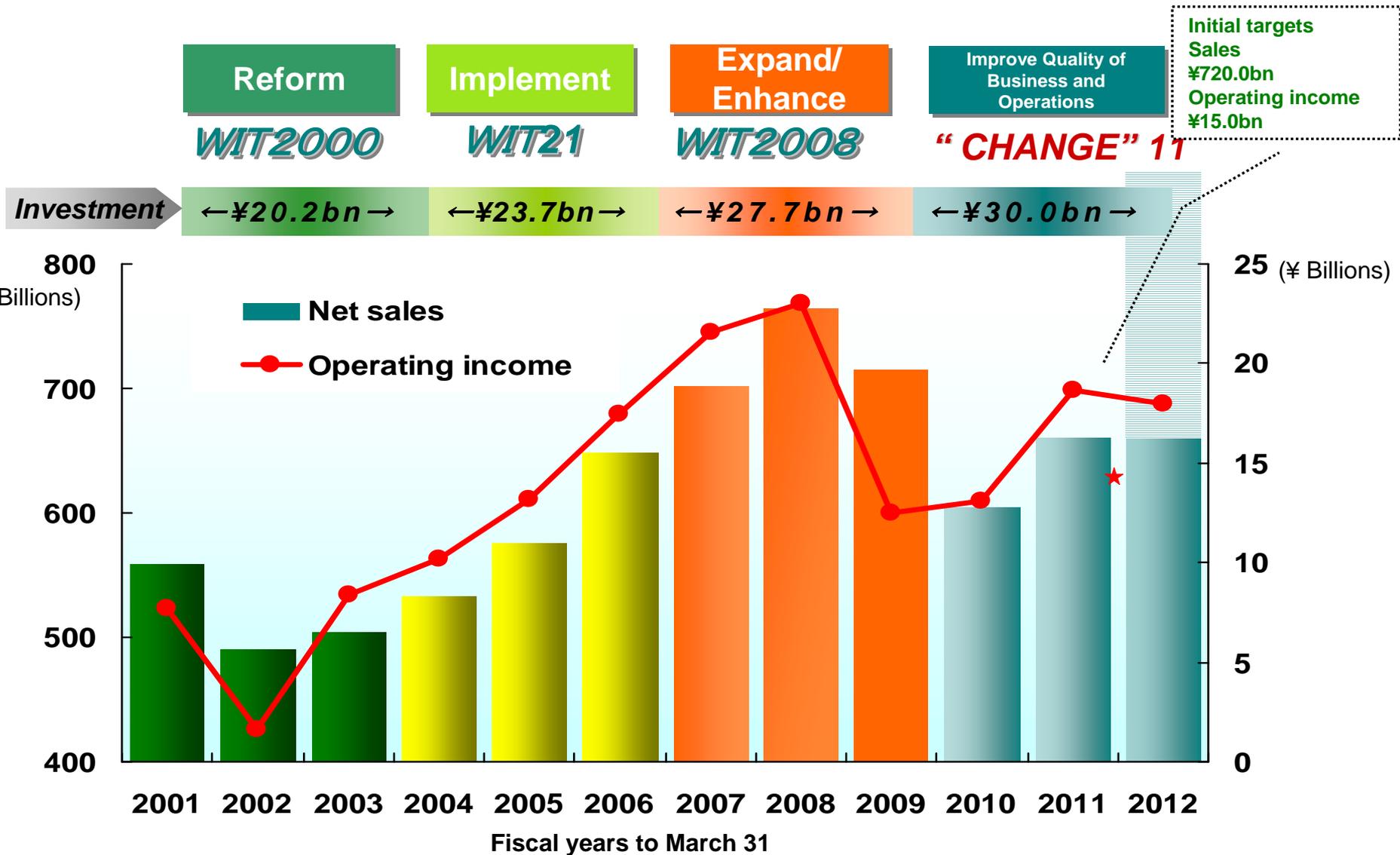
- Established a subsidiary in Mexico
- Established a manufacturer of flame laminated materials for automotive applications in Mexico

5 Strengthen risk management

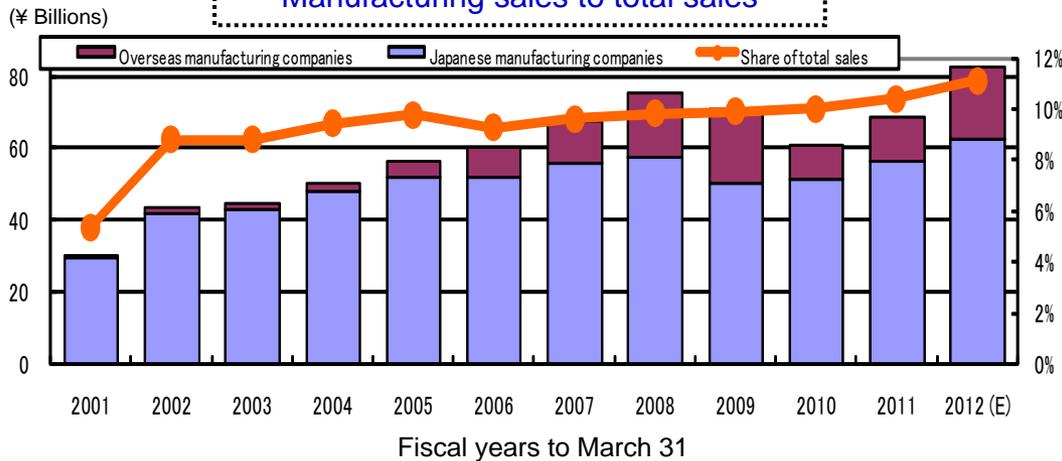
- Petrochemical risk analysis and customer proposals
- Completed implementation of safe export controls at overseas subsidiaries to comply with foreign laws related to chemicals

6 Promote employee diversity and work-life balance

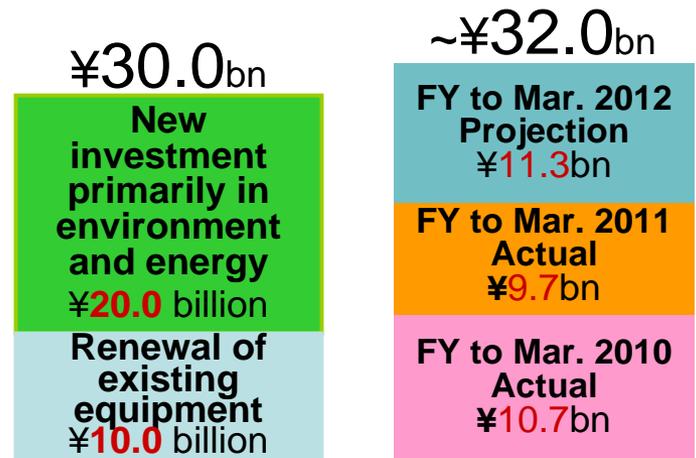
- Obtained "Kurumin" certification as a childcare-friendly company



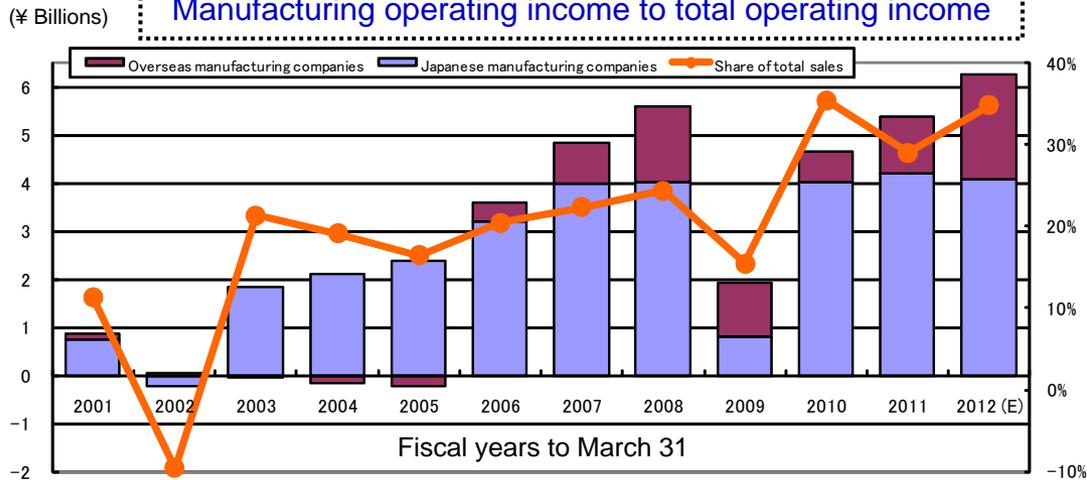
Manufacturing sales to total sales



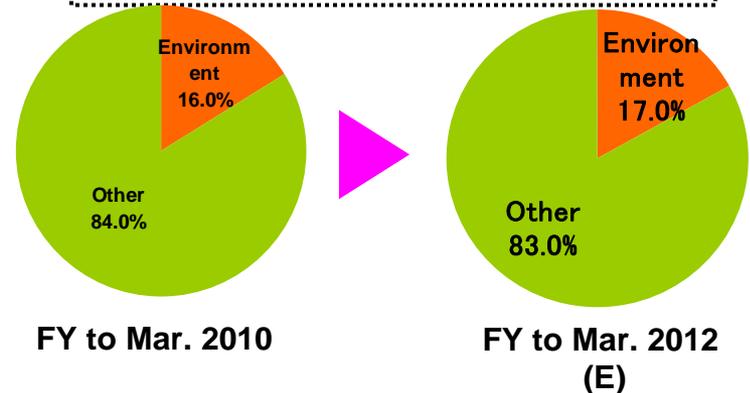
Investment (over the 3 years)



Manufacturing operating income to total operating income



Environment/energy-related sales to total sales



**CAPTEX Co., Ltd.'s Business Activities
(Initiatives in power-storage devices)**

Kenji Asakura

**Executive Officer;
GM, Automotive Solutions Department; and
President CAPTEX Co., Ltd.**

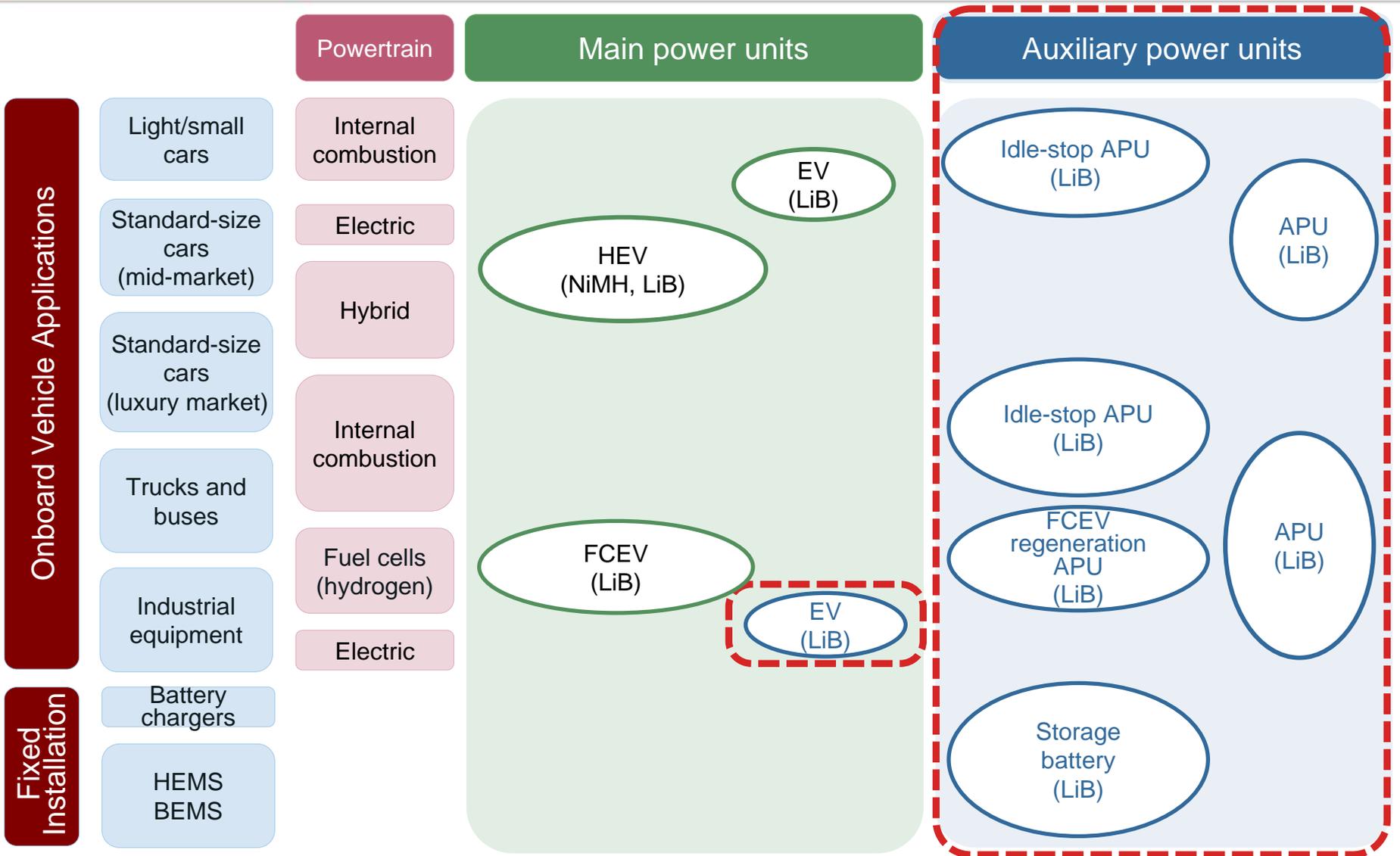
A key initiative under the Nagase Group's "CHANGE" 11 medium-term management plan is to "Build businesses around environment- and energy-related technologies". To create and expand new business in the area of environmentally friendly vehicles, such as electric cars, Nagase's Automotive Solutions Department is developing lithium-ion battery modules and systems at CAPTEX, a Nagase Group company.

CAPTEX Co., Ltd.

- Establishment date July 2004
- Capital ¥496 million (100% owned by Nagase & Co., Ltd.)
- Business lines Manufacture and development of battery and power unit controls; manufacture and development of batteries and power units and peripheral devices

History

- 2004 Obtained license for electric double-layer capacitors
- 2005 Developed lithium-ion battery module for initial hybrid car prototype
- 2006 Developed lithium-ion battery module for 2nd hybrid car prototype
- 2007 Developed capacitor module for industrial equipment prototype
- 2008 Participated in Kyoto University Venture Business Laboratory's Kyoto-Car project
- 2009 Became wholly owned subsidiary of Nagase & Co., Ltd.
Began joint research with Kyoto University
- 2011 Decided to build mass-production plant (slated to go into operation in 2012)



HEMS: Home Energy Management Systems
BEMS: Building Energy Management Systems

EV: Electric Vehicle
HEV: Hybrid Electric Vehicle
FCEV: Fuel Cell Electric Vehicle

LiB: Lithium-Ion Battery

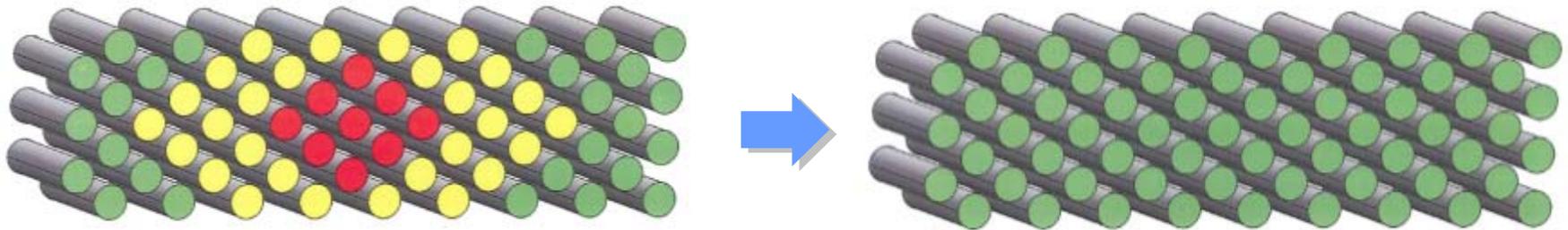
Excellent safety and long life enabled by thermal dispersion and voltage equalization technology not possible with conventional systems

(Battery control technology)

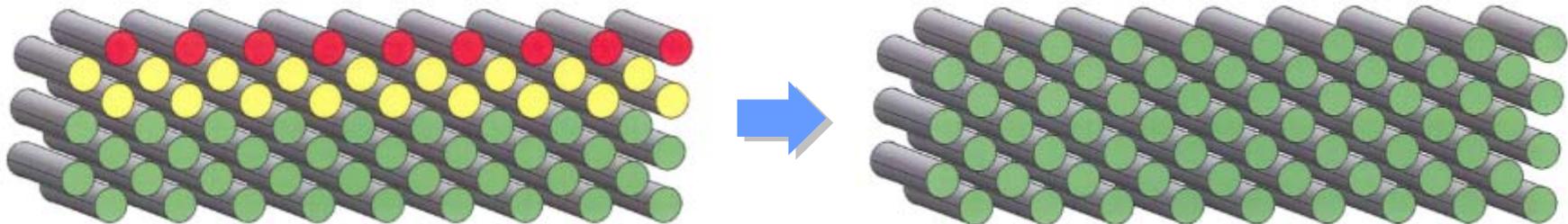
(1) Thermal dispersion (thermoregulation) (2) Voltage equalization

→ Excellent safety and long life

(1) Thermal dispersion (thermoregulation)

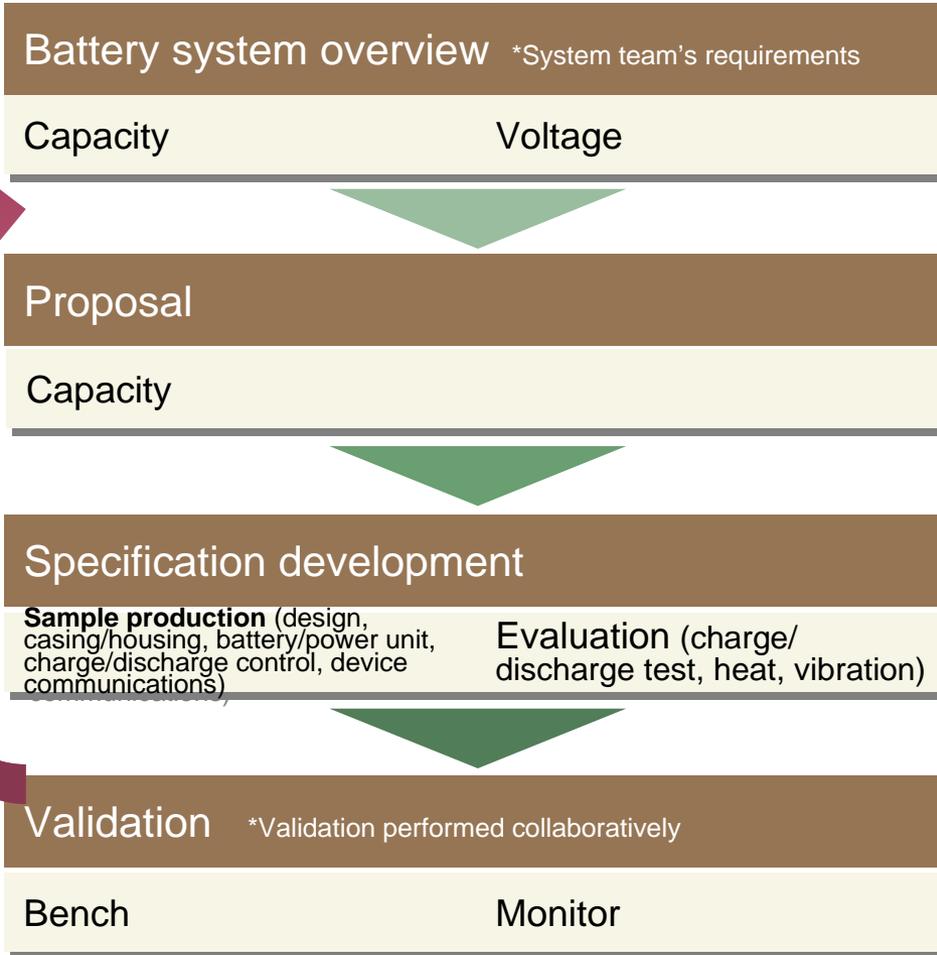


(2) Voltage equalization

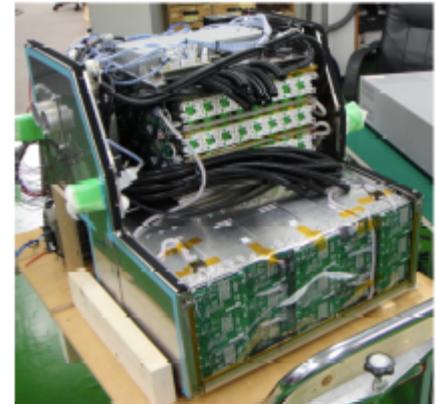


One-stop service encompassing planning, specification development, and validation processes

- (Component technologies)
- (1) Battery pack design
 - (2) Heat
 - (3) Vibration
 - (4) Noise
 - (5) Large current
 - (6) Charge/discharge control
 - (7) Remaining capacity monitoring
 - (8) CAN communications
 - (9) Remote monitoring
 - (10) Bank control
 - (11) Cascading
- +
(Validation testing)



One-stop service



Rapid establishment of mass production;
Quality requirements met

| | Development project | Specification | Start of mass production | Planned no. of units (no. of modules) |
|---|---|-----------------------|--------------------------|---------------------------------------|
| 1 | Portable power unit | DC12V/DC24V AC100V | Mid 2012 | 700pcs/yr |
| 2 | Auxiliary power unit for idle-stop technology | DC300V | End of 2012 | 24,000pcs/yr |
| 3 | Charger | DC300-360V | Start of 2013 | 15,000pcs/yr |
| 4 | BEMS/HEMS | DC300V | Start of 2013 | 15,000pcs/yr |

(Examples of modules)

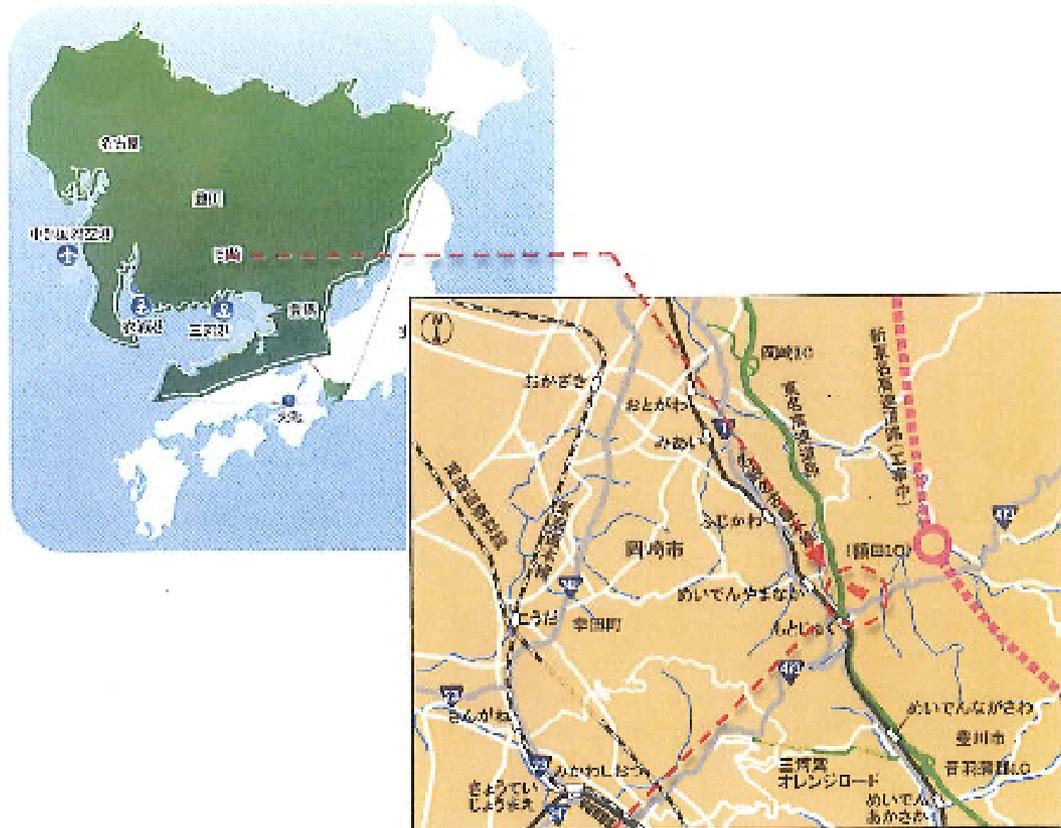


| | Development project | Specification | Start of mass production | Planned no. of units (no. of modules) |
|---|-------------------------------------|---------------------|--------------------------|---------------------------------------|
| 1 | Power unit for industrial equipment | DC24V | End of 2012 | 1,000pcs/yr |
| 2 | Power unit for industrial equipment | DC48V | Start of 2013 | 1,500pcs/yr |
| 3 | Storage battery for parking lot | DC24V DC300-360V | Start of 2013 | 1,000pcs/yr |

(Examples of modules)



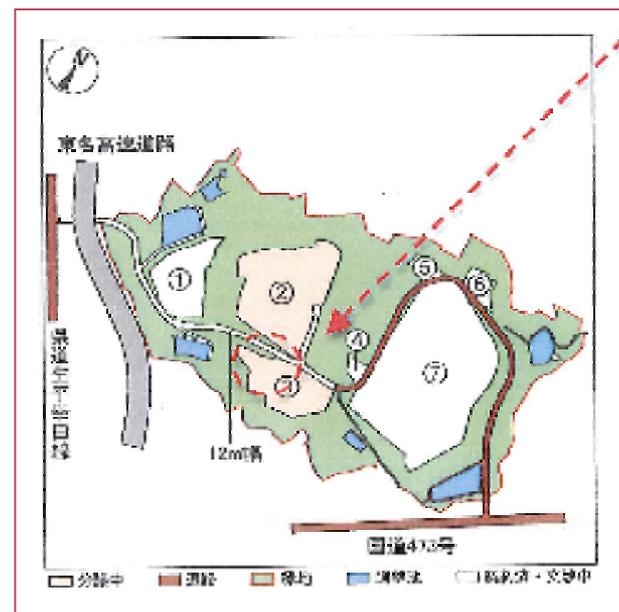
別紙①：(イ)補助事業の実施場所の付近見取図



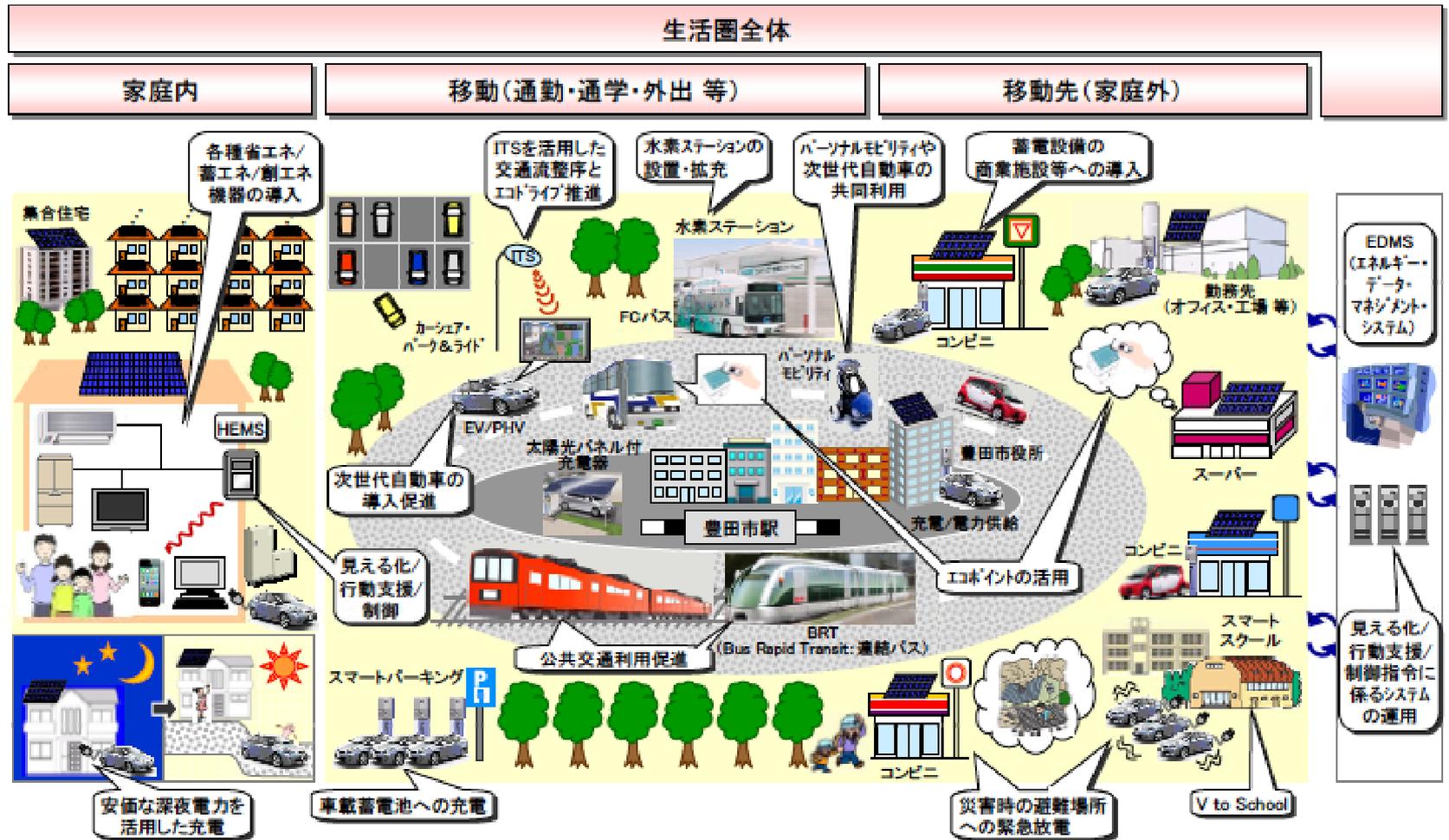
Overview of new plant

Location Okazaki, Aichi Prefecture
 Site area ~23,000m²
 Gross floor area ~5,000m² (2 floors)
 Construction start June 2011
 Scheduled completion March 2012
 Total investment ¥2.0bn

2013 net sales target: around ¥1.5bn







Source: Household- and community-oriented low-carbon city feasibility project master plan in Toyota-shi, Aichi Prefecture

Contributing to society by providing power-storage devices for a low-carbon society

Cells: Cylindrical 18650 cell + Pouch cell; Highly efficient control + cascading

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 May 20, 2011. Actual results may differ from projections due to risks and uncertainties associated with the global economy, competition, and exchange rate fluctuations and other risks and uncertainties.