

# Summary of Consolidated Business Results for the Year Ended March 31, 2002

May 21, 2002

Company Name: Nagase & Co., Ltd.  
Listing Code: 8012  
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Stock Exchanges Listed:  
Tokyo, Osaka  
Location of Head Office:  
Osaka Prefecture

Date of Board of Directors' Meeting for Settlement of Accounts: May 21, 2002  
Date of Regular General Meeting of Shareholders: June 27, 2002  
Interim Dividend System: No Unit Stock System: Yes (1 unit=1,000 shares)

## 1. Consolidated Financial Statements for the Year Ended March 31, 2002 (April 1, 2001 - March 31, 2002)

### (1) Consolidated Operating Results (Note: Amounts have been rounded down to the nearest million yen.)

	Sales		Operating income		Ordinary income	
	¥millions	%	¥millions	%	¥millions	%
Year ended March 31, 2002	490,583	(12.3)	1,673	(78.4)	4,739	(53.9)
Year ended March 31, 2001	559,372	(1.6)	7,752	(47.7)	10,282	4.0

	Net income		Net income per share		After adjustment for latent shares	Return on equity (ROE)	Return on assets (ROA)	Sales-ordinary income ratio
	¥millions	%	¥	¥				
Year ended March 31, 2002	(2,097)	-	(15.39)	-		(1.4)	1.4	1.0
Year ended March 31, 2001	4,945	(22.4)	35.28	-		3.4	3.1	1.8

Notes: 1. Gain (loss) on equity method investment  
Year ended March 31, 2002: ¥276 million Year ended March 31, 2001: ¥375 million  
2. Average number of shares during the consolidated accounting period.  
Year ended March 31, 2002: 136,264,739 Year ended March 31, 2001: 140,173,640  
3. Changes to accounting policies: none.  
4. The percentage figures for sales, operating income, ordinary income and net income represent increases (decreases) relative to the previous year's result.

### (2) Consolidated Financial Position

	Total assets		Shareholders' equity		Shareholders' equity ratio	Shareholders' equity per share
	¥millions	¥	¥millions	¥		
Year ended March 31, 2002	300,073		144,176		48.0	1,082.16
Year ended March 31, 2001	353,776		153,498		43.4	1,104.81

Notes: 1. Shares issued and outstanding at end of the consolidated accounting period  
Year ended March 31, 2002: 133,230,914 Year ended March 31, 2001: 138,936,961

### (3) Consolidated Cash Flows

	Net cash from operating activities		Net cash used for financial activities		Net cash used for investment activities		Balance of cash and cash equivalents at term end	
	¥millions	¥	¥millions	¥	¥millions	¥	¥millions	¥
Year ended March 31, 2002	12,351		1,300		8,615		21,960	
Year ended March 31, 2001	8,165		4,162		8,306		18,465	

### (4) Scope of Consolidation and Application of Equity Method

Consolidated subsidiaries: 26 Non-consolidated affiliated companies covered by equity method accounting: 0  
Affiliated companies covered by equity method accounting: 8

### (5) Changes to Scope of Consolidation and Application of Equity Method

Consolidated subsidiaries: New: 2 (resulting from split-up of consolidated subsidiaries)  
Excluded: 4 (including 3 resulting from mergers of consolidated subsidiaries)  
Equity method: New: 0 Excluded: 0

## 2. Consolidated Forecasts for the Year Ended March 31, 2003 (April 1, 2002 - March 31, 2003)

	Sales		Ordinary Income		Net Income	
	¥millions	¥	¥millions	¥	¥millions	¥
Interim	250,000		4,000		2,400	
Whole Year	500,000		8,000		4,800	

Reference: Net income per share is projected to reach ¥36.03

\* The above forecasts were prepared on the basis of information available on the date of release. Actual results may differ from these forecasts due to various factors. For further information about the forecast items, please refer to Pages 8 and 9 of the attached notes.

## **Management Policy**

### **1. Basic Policy**

#### **Philosophy**

The Nagase Group is a member of society and, as such, it is our duty to behave in a manner in keeping with this role by maintaining good and fair business practices and providing society with the goods and services it needs. Through continued growth and development, Nagase can improve the welfare of its employees, while making a contribution to society.

Our vision is to remain faithful to this philosophy as a technology and information oriented company that turns wisdom into business. We interpret this vision as meaning a total commitment to the customer based on a fundamental belief that all answers can be found in the market, and a determination to develop our business activities through the combination of information with experience to create wisdom that goes beyond the narrow definition of the trading company.

The needs of our customer vary widely, and we cannot hope to build stable business relationships based solely on an intermediation role. We recognize that the time when we could function effectively through intermediation alone has passed. We are also aware that it is no longer feasible for a single company to perform all functions itself. We are strengthening our capabilities so that customers will feel confident to choose us as a reliable business partner that can help them to create new value. Our priorities are as follows:

- Expansion and enhancement of our R&D and manufacturing capabilities
- Development of new investments and businesses based on our business strategy
- Reinforcement of our distribution systems
- Maintenance and expansion of domestic and overseas business relationships based on trust developed over many years
- Reinforcement of our unique human resources

Efforts in these areas will help us to lay the foundations for a more focused business structure that will allow us to supply our markets with a continuing stream of attractive business ideas.

### **2. Basic Policy on Profit Distribution**

Our fundamental policy is to enhance our corporate fundamentals and earning power so that we can continue to generate stable dividends for our shareholders. As in the previous year, we plan to pay a dividend of ¥8 in the current year. We are also working to improve our share price by taking advantage of the treasury stock system to acquire and cancel our own shares. We are also employing effective capital policies, including stock options and M&A.

### **3. Thinking and Policies on Reduction of Investment Unit**

We recognize that the reduction of minimum investment units is a way to encourage individual investors to participate in the stock market, thereby increasing share liquidity. We intend to proceed with caution, taking into account our business performance, the state of the market, and the balance between costs and benefits. However, we have not yet made decisions concerning a specific policy or time for the reduction of investment units.

### **4. Medium- to Long-Term Management Strategy**

We are implementing a medium-term management plan covering the period from April 2000 to March 2003. This plan, which stipulates key business strategies and targets, is called the "WIT2000" plan (W: Wisdom, I: Intelligence, T: Technology). Our aim under this plan is to achieve earnings in excess of capital costs and continued income growth, and to achieve this we established a new business indicator called "Nagase Return on Equity" (Note), or NROE. Our target was to raise our consolidated NROE to 7% by the end of fiscal 2002. Unfortunately, an extremely harsh business environment has forced us to reduce our targets for the final year of the medium-term plan to net income of ¥4,800 million and an NROE of 5%. Our approach is based on the following management policies.

We will continue to target earnings in excess of capital costs by achieving profit growth through aggressive investment in the priority areas of electronics and healthcare. In principle, that investment will not exceed Nagase profit.

We will work to maximize efficiency and productivity by focusing on consolidated management priorities for the Nagase Group, including the reinforcement and development of manufacturing group companies, and improvement of the sales systems and business fundamentals of sales and service companies.

We will concentrate our resources by dividing our business operations into chemicals, plastics, electronics and healthcare segments, and by identifying core and challenge activities in each of these four segments.

Note:  $\text{NROE} = \text{Nagase profit} / \text{equity capital at the beginning of the period}$

$\text{Nagase profit} = \text{Profit after tax} + (\text{depreciation} \pm \text{appraisal profit/loss}) \times (1 - \text{effective tax rate})$

Nagase profit is equivalent to operating cash flows.

## **5. Policies Concerning the Management Organization**

At the Board of Directors' meeting held today, the Directors of Nagase & Co. Ltd. adopted a proposal to amend the Articles of Association to reduce the term of office of directors from two years to one year, and table this proposal as a motion at the 87<sup>th</sup> regular general meeting of shareholders to be held on June 27, 2002.

In the previous fiscal year, the Company introduced an executive director system and defined its Board of Directors as the organization responsible for decisions concerning management policy and strategy, and for supervision of the performance of business operations. Management systems will be flexibly developed to create a structure that will support speedy and appropriate management decision-making. The aim of these moves is to accelerate the implementation and realization of the WIT2000 Medium-term Management Plan, which has as its goal the improvement of group earning power, and to build a corporate structure equipped for success in the 21<sup>st</sup> century.

## **6. Priority Goals**

### **(1) Management Rationalization**

The number of employees (non-consolidated) was reduced by approximately 150 compared with the previous year's total, through an early retirement plan and natural attrition. We will continue to reduce group selling and administrative costs and improve earning power through restructuring of the domestic sales networks.

In the current year, Nagase withdrew from a TV component assembly business in Mexico and a temporary staffing business in Japan. It also sold the sales operations of Nagase Pharmaceuticals Co., Ltd. Nagase will continue to drop some activities and pick up others as part of its continuing efforts to strengthen its sales and earning potential by concentrating its management resources in strategically important areas in which it has an advantage.

### **(2) Reinforcement of R&D and Manufacturing Systems**

Nagase is strengthening its research and development systems and manufacturing systems to facilitate the creation of new businesses based on wisdom that goes beyond the conventional framework of a trading company. The Nagase R&D Center has earned an excellent reputation for its high standard of technology. Its product development activities focus primarily on the healthcare field, especially synthesis technology for pharmaceutical intermediates, and natural extracts.

Recent moves designed to strengthen Nagase's manufacturing capabilities include the establishment of Nagase Finechem Singapore Pte Limited to manufacture and recycle LCD materials and the industrial packaging material manufacturer Nagase Precision Plastics Shanghai Co., Ltd.. Nagase also invested in Guangzhou Kurabo Chemicals Co., Ltd., a joint venture established to manufacture automotive urethane moldings.

### **(3) Investment and New Business Development Based on Business Strategies**

Nagase is strengthening its business base and competitiveness by channeling its investment into strategic areas with long-term growth and profit potential. In the area of electronic products, Gigatech Co., Ltd. has expanded its production capacity for communications modules. It continues to achieve rapid growth, especially in sales of products for the Chinese market. A functional film image processing system, which Gigatech took from the

planning to development stages, has become the de facto standard in the Japanese market. Nagase ChemteX Corp. is working to expand its epoxy business and has acquired sales rights from Nihon Polymer Co. Ltd.

In the healthcare area, Herbal Care Co., Ltd. is building a new sales network for cosmetics and healthcare products through the establishment of outlets in department stores. Nagase ChemteX has expanded its production capacity for pharmaceutical intermediates, while Nagase Pharmaceutical Co., Ltd. is investing in facilities to support the expansion of its contract production operations.

In the plastics field, Nagase is working with its customers and group companies to strengthen its automobile-related activities. Recently it established Design & Die Co., Ltd., which specializes in automotive plastic parts, from the design and prototype stage through development and engineering of mass-production dies.

Nagase will continue to foster new business activities through investment in areas that reflect its business strategies.

#### **(4) Emphasis on Consolidated Management**

Nagase is rationalizing and restructuring its group with the emphasis on group earnings. Nagase sells a wide range of highly specialized products, and its approach in the past has been to maintain sales companies in each business segment. This structure is now being replaced with one based on customer- and region-focused sales companies that span multiple business areas and are able to respond quickly to customer needs in various product categories. This restructuring will strengthen Nagase's sales capabilities and income base.

#### **(5) Reinforcement of Overseas Business Activities**

Nagase recognizes the growth potential of the Chinese market and has established four new production operations there, bringing the total to seven. It has also expanded its network of sales offices to nine with the opening of new offices in Dalian, Suzhou and Guangzhou. In addition, Nagase has also restructured its sales network in North America, including the establishment of Nagase Plastics America Corporation. These changes reflect the emergence of a quadrilateral structure based on Japan, North America, Europe and Asia in the automobile sector.

Nagase will continue to expand its overseas business activities. Future plans include the establishment of a business operation in Hanoi, Vietnam.

#### **(6) Strengthening Human Resources**

Globalization is bringing dramatic changes in Japan's industrial structure. Nagase is adapting flexibly to these changes by increasingly linking promotion and remuneration to results, instead of the traditional system of seniority-based advancement. It is also working to revitalize both people and organizations under a new human resource management system. To improve morale and provide enhanced motivation toward performance improvement, Nagase also intends to introduce stock option plans for directors, executive directors, senior employees and directors of subsidiaries.

#### **(7) Environmental Initiatives**

Nagase's environmental policy emphasizes consideration for the environment in all business activities. Specific initiatives that reflect Nagase's capabilities as a technology- and information-oriented enterprise include the dissemination of information about the safety of chemical products. Nagase also supplies information about the achievement of zero emissions and proposes eco-materials, equipment and systems that will help to reduce environmental impact. Another way in which Nagase contributes to environmental protection is through the expansion of its eco-business activities. These include on-site recycling of liquid waste, including oils and cleansers, from metal processing and other manufacturing operations, and sales of Pluswood, a new environment-friendly construction material made by mixing halogen-free resins with powdered scrap timber and timber from forest thinning activities.

## **Business Results and Financial Position**

### **I. Business Results**

#### **1. Overview of the Year Ended March 31, 2002**

The Japanese economy continued to stagnate in the year ended March 2002. Falling business incomes caused a decline in private sector capital investment, while high unemployment and falling personal incomes continued to exert downward pressure on consumer spending. As in the previous year, this harsh economic environment was exacerbated by a deflationary trend.

Overseas, the U.S. economy began to show signs of recovery in the second half of the fiscal year, and the European and Asian economies were also expected to recover. However, the IT slump that rippled outward from the United States had a major impact, and the world economy as a whole remained stagnant throughout the fiscal year.

Nagase worked to expand its earnings in every business segment. However, total sales were 12.3% below the previous year's level at ¥490,580 million, reflecting economic stagnation in Japan and the worldwide slump in the IT sector. Domestic sales declined by 13.1% to ¥341,100 million, while overseas sales were down 10.4% at ¥149,480 million.

The decline in sales had a serious impact on profit. Operating income was sharply lower with a 78.4% decline to ¥1,670 million, while ordinary income fell by 53.9% to ¥4,730 million. Nagase also posted extraordinary cost items, including restructuring costs and valuation losses on investment securities. It is with regret that management must report a net loss of ¥2,090 million for the year ended March 31, 2002.

#### **Segment Summaries**

##### **Chemicals**

Sales: Decline of 8.1% to ¥218,520 million

##### **Situation**

In the chemicals segment, trends in Nagase's pharmaceuticals bulk and pharmaceuticals intermediate businesses remained firm, but economic deceleration in Japan and overseas caused sales of pigments, paints, plastic raw materials, electronic chemicals and other products to stagnate. As a result, total sales fell below the previous year's level.

The plastic additive business has been a major focus for Nagase over the past few years, and it has enjoyed relatively strong trends in exports Asia. In the current year, however, slower trends in several sectors, notably housing, construction and data equipment, were reflected in reduced domestic demand for plastics. This in turn led to lower unit prices, causing sales of plastic raw materials, pigments and other products to fall on year-to-year basis.

In the area of recording materials, Nagase continued to develop new products in such areas as inkjet and display products. Unfortunately, demand for materials used in pressure- and thermal-sensitive papers fell sharply in Europe, North America and Japan, with the result that sales failed to match the previous year's figures. Sales of paint-related products also declined year-on-year due to stagnating demand, especially in the area of house paints.

In the pharmaceutical category, exports of pharmaceutical bulk and intermediates to Europe and North America were buoyant, and Nagase also maintained firm trends in its sales of bulk and intermediates to pharmaceutical manufacturers in Japan.

In the specialty chemicals field, Nagase recorded strong sales of newly developed products, such as cosmetic and perfume raw materials and catalysts. However, sales of chemicals used to manufacture electronic raw materials were sharply lower than in the previous year. Demand for enzymes used in food manufacturing was also slow. As a result, sales declined year-on-year.

#### **Performance of Group Companies**

Nagase ChemteX Corporation recorded a year-on-year decline in its sales of chemical products. This reflects slower sales of enzymes, specialty chemicals and other products.

The sales of Nagase Color & Chemicals., Ltd. were below the previous year's level due to a slump in the Japanese textiles industry.

Nagase Thailand Co., Ltd. recorded excellent results thanks to increased sales of urethane raw materials and other products.

Nagase America Corporation reported pleasing results, including increased sales of food additives and other products.

## **Plastics**

Sales: Decline of 14.7% to ¥175,250 million

### **Situation**

Nagase maintained firm sales trends in the areas of automotive products and products manufactured by group companies. However, exports of plastics for use in electrical equipment and data equipment manufacturing were lower because of the IT slump, while the transfer of domestic sales of GE products caused a reduction in domestic sales of plastics. As a result, total sales fell below the previous year's level.

Despite a fall in the number of automobiles sold in Japan, sales of automotive products remained strong because of Nagase's efforts to build a four-sided sales structure encompassing Japan, North America, Europe and Asia.

Exports of electrical equipment and data equipment to China and Hong Kong were buoyant, reflecting the accelerating shift of production operations to China by the Japanese manufacturing sector. However, sales of data equipment were affected by the IT slump, and both domestic sales and exports to Southeast Asia were below the previous year's levels.

In the area of packaging materials and construction materials, competition from imports caused the unit prices of general-purpose plastics to decline. A predicted increase in sales of timber composite materials failed to emerge because of delays in market development, and sales stagnated. As a result, total sales of packaging materials and construction materials declined year-on-year.

## **Performance of Group Companies**

Nagase Plastics Co., Ltd. reported lower sales than in the previous fiscal year. Reasons for this result included a stagnant market environment due to competition from imports.

Kotobuki Kasei Kogyo Co., Ltd. recorded buoyant sales trends, but Totaku Industries, Inc. and Setsunan Kasei Co., Ltd. were both affected by slumps in the construction, civil engineering, office automation equipment and electrical appliance industries, and their sales fell sharply compared with the previous year's results.

Reduced demand for plastics in the electrical equipment and data equipment manufacturing industries was reflected in substantially reduced sales for several companies, including Nagase Singapore (Pte) Ltd. and Nagase Wahlee Plastics Corporation.

The shift of production operations for electrical equipment, data equipment and other products to China was reflected in increased sales for Nagase (Hong Kong) Ltd.

Canada Mold Technology Inc. increased its sales of automotive molds.

## **Electronics**

Sales: Decline of 19.1% to ¥83,660 million

### **Situation**

Sales increased in a number of areas, notably communications parts and modules and image processing equipment. Nagase continued to target future business expansion through investment in Japan and overseas, including the establishment of Nagase Finechem Singapore Pte Limited. However, demand for PCs, mobile telephones, data equipment and other products was substantially lower, and there was a dramatic fall in the unit prices of LCDs. Sales of parts for mobile telephones, fluororesins and encapsulation agents were also slow. As a result, total sales fell short of the previous year's result.

Market prices for LCDs were dramatically lower, causing sales to decline year-on-year.

In the area of parts for communications equipment, increased demand for telecommunications in China was reflected in strong sales of communications parts and modules.

In the functional materials category, Nagase recorded strong sales of some products, including insulating materials for electrical equipment, and optical adhesives. However, total sales fell below the previous year's level due to slack demand for electronic parts, including fluororesins, encapsulation agents, and advanced functional adhesives.

Sales of precision abrasive materials were significantly affected by inventory adjustments necessitated by sluggish demand for mobile telephones and PCs, which are the main applications for crystal oscillators and hard disk drives. Total sales in this area declined year-on-year.

### **Performance of Group Companies**

Nagase ChemteX Corp. maintained firm trends in its sales of epoxy resins for heavy electrical machinery and chemicals for LCD manufacturing. However, there were sharp declines in sales of epoxy resins and chemicals used in semiconductor manufacturing, with the result that total sales declined relative to the previous year's result.

Hoei Sangyo Co., Ltd. recorded buoyant sales of image media, but stagnant demand for equipment systems and software meant that sales marked time at the previous year's level.

Nagase Electronic Equipment Service Co., Ltd. reported a substantial year-on-year decline in its sales. This reflects a sharp fall in semiconductor-related capital investment.

### **Health Care and Other Activities**

Sales: Increase of 3.9% to ¥13,140 million

#### **Situation**

Door-to-door sales of cosmetics declined year-on-year, but sales of health foods and beauty foods were higher. There was also an increase in sales of medical information equipment.

Door-to-sales of cosmetics declined because of economic stagnation, which was reflected in falling prices and reduced consumer spending. However, sales of health foods expanded, reflecting increased health awareness on the part of consumers, as well as the introduction of New Belmash.

Sales of medical information equipment remained strong, thanks to marketing efforts focusing on infection prevention systems and bacteria test devices.

## **2. Forecasts for the Year to March 31, 2003**

Year Ended	March 31, 2002	March 31, 2003	Year-on-Year Increase (Decrease) (%)
Sales (¥millions)	490,583	500,000	101.9%
Ordinary income (¥millions)	4,739	8,000	168.8%
Net income (¥millions)	(2,097)	4,800	

The U.S. economy is expected to remain on a recovery path, which should also ensure a recovery in the Asia economies. Japan's economic performance is also likely to bottom out, led by exports to the United States and

Asia. Based on this economic outlook, Nagase is predicting growth in exports of plastic raw materials to Asia, and a recovery in demand for materials used to manufacture semiconductors and LCDs. Rationalization measures implemented in the previous and current years, including reductions in selling and administrative expenses, should translate into higher income.

## **Segment Forecasts**

### **Chemicals**

Sales: Increase of 3.4% to ¥226,000 million

The domestic demand environment is expected to remain harsh, and overall sales and income for the chemicals segment are expected to show only marginal growth. The current year's strong trends in sales of pharmaceutical bulk and intermediates should continue, and a recovery in demand for plastic additives in Asia and recording materials in Europe and North America is expected to result in buoyant sales in these areas. Nagase will also continue its efforts to expand its business activities in China.

### **Plastics**

Sales: Decline of 5.9% to ¥165,000 million

Overseas, the new fiscal year is expected to bring a recovery in sales of plastic raw materials for use in the production of office automation equipment and electrical appliances, especially in China and Southeast Asia. However, domestic sales of plastics are expected to stagnate because of a shift to offshore production. Sales are therefore likely to be lower than in the current year. Despite this, profit will benefit from the restructuring of the Nagase Group's manufacturing companies and increased sales of high-margin in-house products. Nagase is therefore predicting lower sales but higher income.

### **Electronics**

Sales: Increase of 12.4% to ¥94,000 million

Demand for semiconductor- and LCD-related products is expected to recover, and Nagase is predicting increased sales of parts for communications equipment, as well as increased revenues and profit resulting from the expansion of its overseas assembly operations. One priority will be the early start-up of Nagase Finechem Singapore Pte Limited. Nagase will also work to strengthen its business activities relating to LCDs and semiconductors.

### **Health Care and Other Activities**

Sales: Increase of 14.1% to ¥15,000 million

In the area of cosmetics and health foods, Nagase will work to launch necessary products and expand its business through retail outlets, which are a new sales channel in this segment. Both revenues and income are expected to rise. In the medical information equipment field, Nagase will target further business expansion, including increased sales of infection prevention systems and bacteria test devices.

These forecasts add up to total sales of ¥500,000 million, ordinary income of ¥8,000 million, and net income of ¥4,800 million in the year to March 31, 2003. Nagase plans to pay a dividend of ¥8 per share.

## **II. Financial Position**

### **1. Overview of the Current Fiscal Year**

#### **(1) Consolidated Balance Sheet**

Consolidated total assets declined by ¥53,700 million compared with the figure for the previous consolidated accounting period to ¥300,070 million. The decline reflects a reduction in accounts receivable because of a decline in sales, as well as a decline in investment securities. Shareholders' equity declined ¥9,320 million from the level in previous consolidated accounting period to ¥144,170 million. Reasons for this include a reduction in the amount of unrealized profit on other securities transferred to capital, due to the stagnation of the stock market. The shareholders' equity ratio rose by 4.6 points to 48.0%.

## **(2) Consolidated Cash Flows**

Despite the net loss of ¥2,940 million before adjustment for income taxes, net cash from operating activities amounted to ¥12,350 million. This is mainly attributable to adjustments for non-financial costs, such as valuation losses on securities, and a reduction in working capital.

Nagase invested actively in plant and facilities. However, it also sold some of its investment securities, with the result that net cash used for investment activities amounted to only ¥1,300 million.

Net cash used for financial activities amounted to ¥8,610 million. This reflects the repayment of bank loans, the payment of dividends, and the acquisition of treasury stock.

Cash and cash equivalents as of March 31, 2001, amounted to ¥21,960 million. This represents an increase of ¥3,490 million over the position at the end of the previous fiscal year.

## **2. Outlook for the Year to March 31, 2003**

Net income before income taxes will improve compared with the current year's result. However, net cash from operating activities is expected to decline because of an increase in working capital due to the absence of the holiday factor.

Net cash used for investment activities is expected increase, reflecting continuing investment in plant and facilities, and investment and lending activities.

Net cash used in financial activities is expected to remain close to the current year's level, due to the continuing acquisition of treasury stock and reduction of interest-bearing debt.

On this basis, the balance of cash and cash equivalents at the end of the next fiscal year is expected to be lower than the position at the end of the current year.

\* The above forecasts of business performance and the financial position in the year to March 31, 2003 are based on reasonable conclusions and assumptions from information available at this time. It should be noted that actual results may vary from these statements due to future changes in the situation.

# Summary of Non-Consolidated Financial Statements for the Year Ended March 31, 2002

May 21, 2002

Company Name: Nagase & Co., Ltd.  
 Listing Code: 8012  
 (URL <http://www.nagase.co.jp>)  
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 Position: Chief Financial Officer  
 Telephone: (03) 3665-3100

Stock Exchanges Listed:  
 Tokyo, Osaka  
 Location of Head Office:  
 Osaka Prefecture

Date of Board of Directors' Meeting for Settlement of Accounts: May 21, 2002  
 Date of Regular General Meeting of Shareholders: June 27, 2002  
 Interim Dividend System: No Unit Stock System: Yes (1 unit=1,000 shares)

## 1. Results for the Year Ended March 31, 2002 (April 1, 2001 - March 31, 2002)

### (1) Business Results

(Note: Amounts have been rounded down to the nearest million yen.)

	Sales		Operating income		Ordinary income	
	¥millions	%	¥millions	%	¥millions	%
Year ended March 31, 2002	407,950	(15.2)	(905)	-	2,761	(51.5)
Year ended March 31, 2001	481,294	(1.7)	2,280	(47.7)	5,697	(5.4)

	Net income		Net income per share	After adjustment for latent shares	Return on equity (ROE)	Return on assets (ROA)	Sales-ordinary income ratio
	¥millions	%					
Year ended March 31, 2002	(2,361)	-	(17.33)	-	(2.0)	1.0	0.1
Year ended March 31, 2001	3,004	(27.2)	21.42	-	2.6	2.1	1.2

Notes: 1. Average number of shares during accounting period.  
 Year ended March 31, 2002: 136,264,739 Year ended March 31, 2001: 140,248,593  
 2. Changes to accounting policies: none.  
 3. The percentage figures for sales, operating income, ordinary income and net income represent increases (decreases) relative to the previous year's result.

### (2) Dividends

	Dividend per share			Total annual dividend	Dividend propensity	Dividend-shareholders' equity ratio
	Interim	Final				
Year ended March 31, 2002	8.00	-	8.00	1,065	-	1.0
Year ended March 31, 2001	8.00	-	8.00	1,111	37.0	1.0

### (3) Financial Position

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	¥millions	¥millions	%	¥
Year ended March 31, 2002	244,916	111,350	45.5	835.77
Year ended March 31, 2001	284,772	121,970	42.8	877.88

Notes: 1. Shares issued and outstanding at end of accounting period  
 Year ended March 31, 2002: 133,230,914 Year ended March 3, 2001: 138,937,285  
 2. Treasury stock at the end of accounting period  
 Year ended March 31, 2002: 5,177,371 Year ended March 3, 2001: 324

## 2. Forecasts for the Year Ended March 31, 2003 (April 1, 2002 - March 31, 2003)

	Sales	Ordinary income	Net income	Annual dividend per share		
				Interim	Final	
Interim	¥millions 200,000	¥millions 1,900	¥millions 1,400	-	-	-
Whole Year	400,000	3,800	2,900	-	8.00	8.00

Reference: Net income per share is projected to reach ¥21.77

\* The above forecasts were prepared on the basis of information available on the date of release. Actual results may differ from these forecasts due to various factors. For further information about the forecast items, please refer to Pages 8 and 9 of the attached notes.