

Summary of Consolidated Business Results for the First Quarter Ended June 2005

July 29, 2005

Company Name Nagase & Co., Ltd
 Listing Code 8012
 (URL <http://www.nagase.co.jp/>)

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

Representative Position President
 Contact Details Position Accounting Division, Manager

Hiroshi Nagase
 Takahide Osada

Telephone (03) 3665-3103

1. Matters concerning the preparation of the Summary of Business Results for the First Quarter of fiscal 2005

(1) Use of simplified accounting procedures:

(Description):

Accounting standard of income and other taxes: The amount of these taxes was calculated using the estimated yearly tax rates based on the legal effective tax rates.

For some account items with minor effects, a simpler calculation method was used.

(2) Change in the applicable scope of the consolidation and equity method: The applicable scope was changed.

Consolidated Subsidiaries: New: 5 Excluded: 0 Equity method: New: 0 Excluded: 1

2. Consolidated Business Results for the First Quarter Ended June 2005 (April 1, 2005 – June 30, 2005)

1) Consolidated Operating Results

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

	Net Sales		Operating Income		Recurring income	
	¥ Millions	%	¥ Millions	%	¥ Millions	%
First Quarter Ended June 2005	152,182	7.8	4,515	33.0	5,325	21.4
First Quarter Ended June 2004	141,214	6.2	3,394	-2.5	4,384	-11.1
(Reference) Period Ended March 31, 2005	575,636		13,256		15,158	

	Net (quarterly) income		EPS (quarterly)	Fully Diluted EPS (quarterly)
	¥ Millions	%	¥	¥
First Quarter Ended June 2005	3,233	21.7	25.39	25.33
First Quarter Ended June 2004	2,656	- 4.6	20.89	20.84
(Reference) Period Ended March 31, 2005	10,384		81.00	80.82

Notes: Figures shown in percentage of sales, operating income and other items show the ratios of sequential changes compared with the first quarter of 2004.

2) Consolidated Financial Position

	Total Assets	Shareholder's Equity	Shareholder's Equity Ratio	Shareholders Equity Per Share
	¥ Millions	¥ Millions	%	¥
First Quarter Ended June 2005	341,891	168,965	49.4	1,326.64
First Quarter Ended June 2004	321,146	159,195	49.6	1,251.77
(Reference) Period Ended March 31, 2005	335,290	167,092	49.8	1,311.37

3) Consolidated Cash Flows

	Net Cash from operating activities	Net Cash Used for Investment Activities	Net Cash Used for Financial Activities	Balance of Cash and Cash Equivalents at Term End
	¥ Millions	¥ Millions	¥ Millions	¥ Millions
First Quarter Ended June 2005	2,332	554	829	21,984
First Quarter Ended June 2004	-1,448	-972	-436	19,279
(Reference) Period Ended March 31, 2005	1,716	-1,412	-5,119	17,215

3. Consolidated Forecasts for the Year Ended March 31, 2006 (April 1, 2005 - March 31, 2006)

No change has been made to the forecasts published on April 28, 2005 both for the subsequent quarters and for the entire fiscal year.

	Net Sales	Recurring Income	Net Income
	¥ Millions	¥ Millions	¥ Millions
Interim Period	300,000	8,800	5,600
Whole Year	600,000	17,400	10,800

(Reference) Expected EPS(Whole Year) ¥ 84.21

*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.

Business Performance and Financial Position

[Business Performance]

Summary of Overall Company Performance

Although a trend of recovery continued in the Japanese economy as a whole in this first quarter of the fiscal year, prices dropped continuously in some products in the liquid crystal market, and a temporary slowdown was also found in export activities. From now on, sources of worry for the Japanese economy include possible impacts from the ever-high oil prices and the revaluation of Chinese yuan, as well as shifts in the U.S. and Chinese economies.

Given these circumstances, our quarterly business record shows that we achieved 93.89 billion yen in domestic sales, up by 5.7% year on year, and 58.28 billion yen in overseas sales, up by 11.3% year on year, which, put together, make our sales proceeds amount to 152.18 billion yen, up by 7.8% year on year.

On the income front, operating income grew by 33.0% year on year, to 4.51 billion yen thanks to sales growth etc. Despite such factors as a drop in investment income as a result of the application of the equity method, we registered 5.32 billion yen in ordinary income, up by 21.4% year on year, and 3.23 billion yen in net quarterly income, up by 21.7% year on year.

Segment Summary

[Chemicals]

Sales: 66.32 billion yen Year-On-Year Comparison: Up 5.0%

In the chemicals segment, business was positive in the area that includes automobile-related products such as paint materials and urethane materials, the area that includes printer and

copier ink and toner materials, and the specialty chemicals market that involves the sale of materials for such specialty chemicals as surface active agents and industrial oil solutions. Although sales dropped in the product areas related to pharmaceutical intermediates and agricultural materials, the chemicals business as a whole, backed by expanded sales in the Asian region as well, enjoyed a positive tone of business.

[Plastics]

Sales: 52.21 billion yen Year-On-Year Comparison: Up 18.5%

In the plastics segment, sales in China plus Hong Kong and Taiwan, the so-called Greater China region, continued to grow by a large margin, as can be observed in sales of, as a principal example, armoring materials for office equipment. Business was also positive in sales to the automobile industry, thanks to expanded overseas sales in North America etc., which was also coupled with a favorable sales record in Japan. While sales in the housing equipment and construction materials remained unchanged, the plastics segment as a whole achieved huge growth.

[Electronics]

Sales 30.57 billion yen Year-On-Year Comparison: Down 1.3%

In the electronics operation, sales of products related to fine polishing abrasives expanded both in domestic and overseas markets. We also had sales grow in the business of surface-inspection systems etc. which are our proprietary products, and in the sale of final consumption products such as DVD players, though we operate only on a small scale in those market areas. In the meantime, in the liquid crystal-related market, although we fared relatively well in products related to drug solutions and optical films that are used in the front-end manufacturing processes of liquid crystal products, a decrease in sales in the liquid crystal module-related market due to product price drops etc. caused a slight decline in the electronics segment as a whole.

[Healthcare and Others]

Sales: 3.07 billion yen Year-On-Year Comparison: Up 2.9%

Although we have been making continuous efforts to create a new business model in the fields of clinical analysis systems and medical information in our healthcare and other business segment, they have not yielded a significant contribution to sales; as a result, sales in this segment, coupled with those related to cosmetics and health food products, achieved only slight growth as a whole.

[Financial Position]

Total assets amounted to 341.89 billion yen, a growth of 6.6 billion yen compared to the end of the previous fiscal year. The main items of growth in total assets are: 4.76 billion yen in cash and deposits, and 6.71 billion yen in current assets resulting from, among other factors, a 1.78-billion yen growth in bills and accounts receivable.

Liabilities amounted to 167.95 billion yen, a growth of 4.59 billion yen compared to the end of the previous fiscal year. This was caused mainly by a 2.78-billion yen growth in long-term loans.

Shareholders' equity amounted to 168.96 billion yen, a growth of 1.87 billion yen compared to the end of the previous fiscal year. This is attributable principally to a 1.57-billion yen growth in retained earnings.

As a result of the above, the shareholders' equity ratio declined to 49.4%, a 0.4-point drop from 49.8%, the ratio calculated at the end of the previous fiscal year.

[Status of Consolidated Cash Flow]

Cash flows from operating activities resulted in income of 2.33 billion yen. This is attributable to the fact that, among other factors, while we generated 6.44 billion yen in quarterly net income before income taxes and minority interests, we paid 2.92 billion yen in corporate income tax etc. and spent 1.2 billion in additional operating capital.

Cash flows from investing activities resulted in income of 550 million yen. This is attributable to the fact that, among other factors, while we spent 540 million yen to acquire property, plant and equipment, we earned 1.09 billion yen from the sale of property, plant and equipment.

Cash flows from financing activities resulted in income of 820 million yen. This is attributable to the fact that, among other factors, while we paid 1.27 billion yen in dividends and posted 510 million yen in net decrease in short-term loans, we generated 2.78 billion yen in long-term loans.

After making adjustments to these figures, including the counting-in of the 550-million yen increase in cash and cash equivalents as a result of new subsidiary consolidation in accounting, the balance of cash and cash equivalents at the end of this first quarter of the fiscal year grew by 4.76 billion yen from the end of the previous fiscal year, to 21.98 billion yen.

[Financial Forecasts]

At this point in time, there have been no changes to the figures that we announced on April 28, 2005 as consolidated financial forecasts for the interim term and the entire fiscal year, respectively. We have also made no changes to our non-consolidated financial forecasts.