

ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Revenue Analysis

Nitto Denko's consolidated net sales for fiscal 2000, ended March 31, 2000, amounted to ¥325,399 million, a 9.5% increase against fiscal 1999.

Net sales of electronic products amounted to ¥107,056 million, an increase of 31.0%, and accounted for 32.9% of total sales, up 5.4 percentage points.

Net sales of industrial products amounted to ¥185,824 million, an increase of 0.3%, and accounted for 57.1% of total sales, down 5.3 percentage points.

Net sales of functional products amounted to ¥32,516 million, an increase of 8.3%, and accounted for 10.0% of total sales, down 0.1 percentage points.

Net sales to customers outside Japan amounted to ¥111,589 million, a 10.7% up against fiscal 1999, and accounted for 34.3% of total sales, up 0.4 percentage points.

Income Analysis

Cost of sales amounted to ¥232,729 million, an increase of 6.3%.

This compares with an increase in net sales of 9.5%, the ratio of cost of sales to net sales decreased by 2.2 percentage points to 71.5%.

Gross profit amounted to ¥92,670 million, a 18.6% increase against fiscal 1999. The ratio of gross profit to net sales increased 2.2 percentage points to 28.5%.

Selling, general and administrative (SGA) expenses were up 10.3% to ¥66,058 million, due mainly to an increase in labor costs. The ratio of SGA expenses to net sales increased 0.1 percentage point to 20.3%.

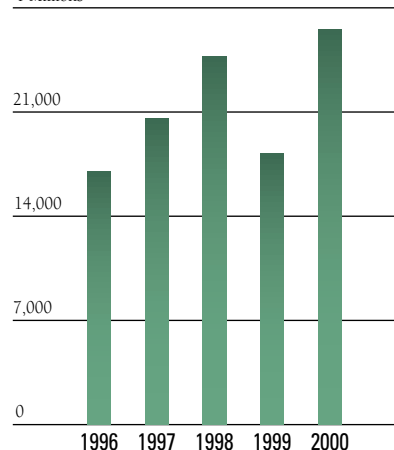
As a result, operating income increased 45.7% to ¥26,612 million. The operating income ratio increased by 2.1 percentage points to 8.2%.

In other income, interest and dividend income amounted to ¥744 million. In other expenses, interest expense amounted to ¥789 million, net profit on sales of marketable securities and investments in securities amounted to ¥2 million, and other net expenses were ¥4,986 million. Thereby, the balance of other income and expenses resulted in a ¥5,029 million loss.

Income before income taxes increased 69.8% to ¥21,583 million. Net income amounted to ¥13,399 million, a 98.8% increase against fiscal 1999. The ratio of net income to net sales was 4.1%, a up of 1.8 percentage points. Net income per share was ¥82.04, an increase of ¥38.53. ROE rose by 3.00 percentage points to 6.65%.

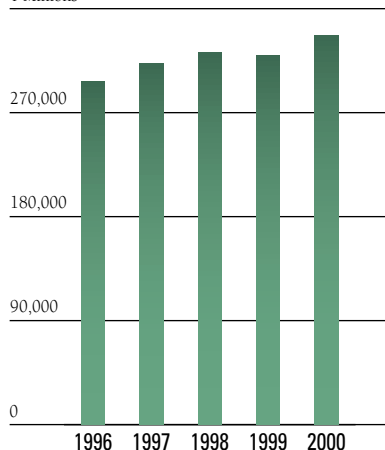
OPERATING INCOME

¥ Millions



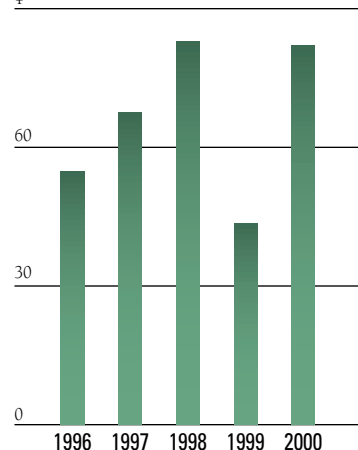
TOTAL ASSETS

¥ Millions



NET INCOME PER SHARE

¥



Analysis of Financial Condition

Total assets as of March 31, 2000 amounted to ¥334,501 million, an increase of ¥17,366 million against the figure at the end of fiscal 1999. This was attributable mainly to an increase in current assets, including cash and cash equivalents.

Among current assets, cash and cash equivalents increased ¥11,310 million to ¥47,244 million and trade receivables increased ¥6,788 million to ¥92,865 million, reflecting increased sales. In the other hand, inventories decreased ¥308 million to ¥27,496 million due to improvements in stock control operations. Deferred tax assets and other decreased ¥4,768 million to ¥10,741 million.

Plant and equipment increased ¥1,665 million to ¥101,470 million, mainly as a result of an increase in building, machinery for product development and production, reflecting its active investment in production facilities.

Total liabilities decreased by ¥4,288 million to ¥118,324 million.

Shareholders' equity increased ¥21,504 million to ¥212,126 million. Shareholders' equity ratio rose 3.31 percentage points to 63.42%. Shareholders' equity per share increased ¥69.88 to ¥1,273.95.

Cash Flow Analysis

Net cash provided by operating activities amounted to ¥39,758 million, a 78.1% increase compared to fiscal 1999. The increase is due mainly to a ¥8,874 million increase of income before income taxes, and a ¥1,619 million increase of depreciation and amortization.

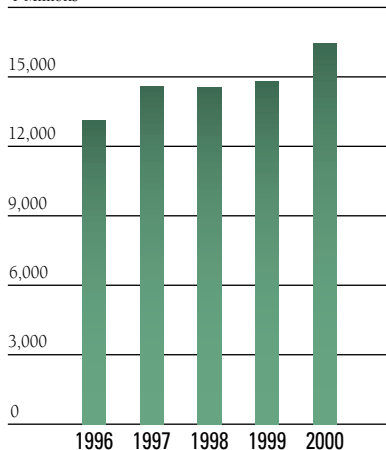
Net cash used in investing activities amounted to ¥20,531 million. That was mainly used for investment in LCD related production facilities.

Net cash used in financing activities amounted to ¥7,008 million. That was used primarily for repayments of long-term loan payable.

As a results of that, as of March 31, 2000, cash and cash equivalents were ¥47,244 million, an increase of ¥11,310 million over fiscal 1999.

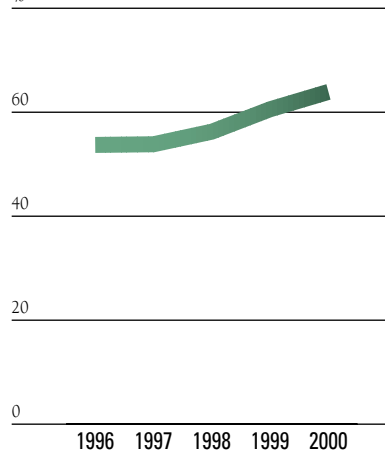
DEPRECIATION & AMORTIZATION

¥ Millions



EQUITY RATIO

%



ROE

%

