

Operational Highlights

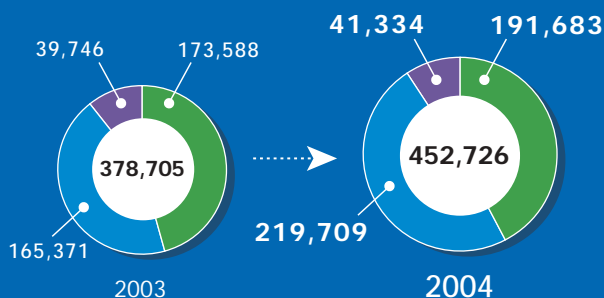
Nitto Denko supplies industries worldwide with an extensive line of high-performance products that combine our expertise in polymers and other advanced fields. These products feature sophisticated technologies for sealing, bonding, separation, permeation and diffusion, and many have captured a top share in global niche markets.

In fiscal 2004, the Nitto Denko Group concentrated its energies on sales to the flat-panel-display (FPD) industry, which continued to enjoy strong growth, as well as the cellular phones and personal-computer industries. Thanks to this focused effort, our Group achieved its best-ever results, with consolidated Net Sales of ¥452,726 million and Operating Income of ¥55,912 million.

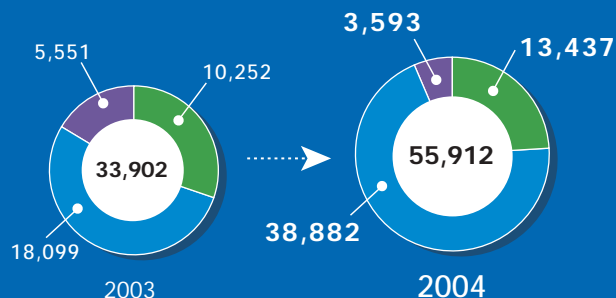
- Double-coated adhesive tapes
- Surface protection films
- Thermal release sheets
- Advanced sealing materials
- Barcode labels

Industrial Products

Net Sales (Millions of Yen)



Operating Income (Millions of Yen)



Industrial Products Electronic Products Functional Products

Note) Nitto Denko changed the segment category for the electronic processing products (formerly electronic component-related products) from Industrial Products to Electronic Products in 2004. The figures for 2003 have been restated to conform with 2004 presentation.

Advanced Automotive Products



Reinforcing & vibration damping material

A wide range of products made by Nitto Denko can be found under the hood and throughout your vehicle: advanced sealing materials to shut out heat, water, noise and vibration, and electrical insulation materials for wire harnesses and systems. Our products also protect and secure vital devices, components and coatings, including exterior vehicle body parts, instrument panels, air conditioners, sensors, and electronic control units (ECUs).

In recent years, vehicles have had to meet a variety of challenging safety, comfort, fuel- efficiency and environmental requirements. For example, while high rigidity is required in order to improve safety of the vehicle chassis, weight reduction also needs to be pursued to improve mileage. We believe Nitto Denko's mission in its automotive business is to develop products that help solve the difficult paradox of making vehicles stronger and lighter at the same time.

A Leading Supplier to the Electrical & Electronics Industry



Retardation film

Nitto Denko's products include component materials for cellular phones, semiconductors, audiovisual equipment, computers, and a variety of other electrical and electronic equipment. In addition, we produce materials and devices that are indispensable to the manufacturing process of such products. These include transparent epoxy encapsulating resin for optical semiconductor devices, wafer-protection tapes, transparent seals for semiconductors, and thin metal core boards for magnetoresistive heads.

Our product lines in liquid crystal display (LCD)-related materials have continued to grow rapidly. We launched our LCD-related business in 1974, and have since gained the largest share of the global market for polarizing film, which is the key material of LCD panels. We have also expanded our production capacity ahead of the competition, anticipating the growth of the LCD TV market. Our positioning as a Global Niche Top in electronics is solid.



Electronic Products

- Polarizing films (NPF)
- Retardation films (NRF)
- Polarization conversion system
- Semiconductor encapsulating resins
- Thin metal core boards for MR heads
- Flexible printed circuits (FPCs)

Functional Products

- High-polymer separation membrane modules
- Transdermal therapeutic patches
- Fluoroplastic tapes
- Tissue-cultured ginseng
- Pest control products



Revolutionary Healthcare Products

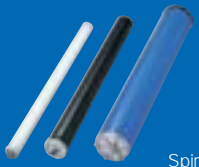


Transdermal patch of isosorbide dinitrate

Nitto Denko Corporation, a dedicated maker of surgical tapes since its establishment, has developed a diverse line of products for healthcare and sports with lamination technology at its core. Leveraging advanced lamination technology acquired in the course of healthcare product development, Nitto Denko created a new product that has revolutionized the traditional concept of medicine: the transdermal therapeutic patch. The transdermal patch provides an innovative “stick-on-and-cure” drug administration system. Starting in the late 1970s, Nitto Denko became one of the first companies in the world to develop transdermal therapeutic patches. As a result, our Company had established technologies to design extremely safe and stable preparations, including synthesis of an optimal adhesive for dosage control.

The medical world has great expectations for the innovative transdermal treatment method, because it allows the drug to slowly penetrate the skin simply by applying a patch, alleviates side effects, is not taxing to internal organs unlike oral medicine, and is pain-free unlike injections. Nitto Denko is developing transdermal-patch technology for ischemic heart disease and for asthma, both of which have been highly rated by medical practitioners. We will continue to work on development of new products, especially for transdermal therapeutic patches with the aim of expanding their market, as demand is expected to increase greatly in the future.

Meeting Public Service Needs



Spiral wound type module

It is often said that the 21st Century will be the era of water. Demand for fresh water is increasing rapidly worldwide because of desertification resulting from global warming, shortages of drinking water attributable to river pollution, and rising demand for agricultural water. Under these circumstances, a technology that is attracting a great deal of attention is membrane seawater desalination, which involves removing salt from seawater and turning it into fresh water.

Nitto Denko has been developing reverse osmosis membranes, which are essential devices for seawater desalination, since as early as 1973. Based on polymer synthesizing technology used to produce adhesive tapes and advanced films, we have refined our high-polymer separation membrane technology for manufacturing reverse osmosis membranes. To do so, we combined technologies for molecular design, membrane production, membrane modules, systems design, and evaluation and analysis. In 1995, we developed an ultra-low-pressure reverse osmosis membrane, which realizes a high permeate flow and a high blocking rate at pressures less than half of conventional membranes. Our reverse-osmosis membrane modules, which are now regarded as de-facto international standards, have been chosen for seawater desalination plants and sewage treatment plants worldwide, from Tampa, Florida to Shanghai, China.