

Operational Highlights

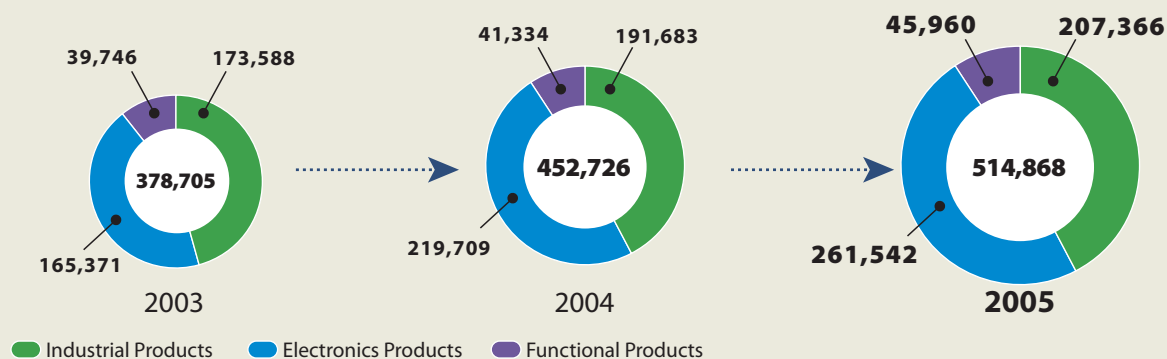
Net Sales ¥ **514,868** million (\$4,794.3 million)

Operating Income ¥ **70,019** million (\$652.0 million)

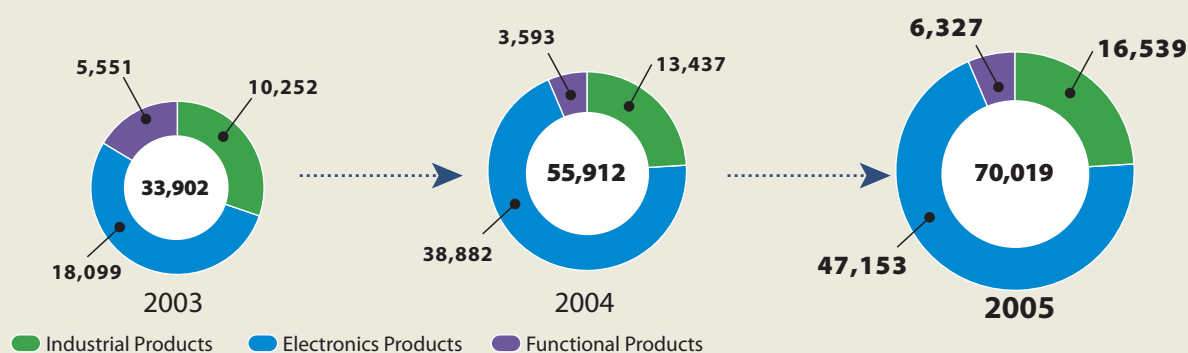
Net Income ¥ **41,843** million (\$389.6 million)

In fiscal 2005, Nitto Denko Group continued to focus on dynamically growing areas in electronics such as LCD-related products and circuit materials for flat-panel displays (FPD) and automotive products. These strategies resulted in remarkable increases in net sales, operating income and net income.

Net Sales (Millions of Yen)



Operating Income (Millions of Yen)



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

Our product lineup features advanced technologies for sealing, bonding, separation, permeation and diffusion. Many products enjoy the top share of their respective global markets.

Industrial Products



Nitto Denko's products are found throughout your car and its electrical devices: 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.

Vehicle requirements for safety, comfort, fuel efficiency and environmental-friendliness are increasingly demanding. For example, high rigidity is required to improve the safety of the vehicle chassis, but weight reduction is also needed to improve fuel economy. Our mission is to develop products that help solve the difficult requirement of making vehicles stronger and lighter at the same time.

Electronics Products



We offer component materials for cellular phones, semiconductors, audiovisual equipment, computers and other equipment. We also offer materials for manufacturing such products, including transparent epoxy encapsulating resin for optical semiconductor devices, wafer-protection tapes and thin metal core boards for magnetro resistive heads.

Of all our competitive electronics products, demand for our LCD-related products continues to grow the most, and we now enjoy the top share of the world market for polarizing film. We have expanded our LCD-related products manufacturing capacity, anticipating strong worldwide growth for LCD TVs. In Japan, for example, demand for large-screen LCD TVs is expanding steadily.

Functional Products



We offer many products that leverage our advanced lamination technologies. Our transdermal therapeutic patch, for example, provides an innovative "stick-on-and-cure" drug delivery system, and we lead the way in developing safe and stable preparations, including synthesis of optimal adhesives for dosage control. Our transdermal method allows the drug to slowly penetrate the skin by simply applying a medicated patch. It is not taxing on internal organs, as are oral medicines, and it is pain-free, unlike injections. We will continue research on transdermal products, given the good prospects for strong future demand.

Elsewhere, demand for fresh water is climbing worldwide. Our membrane technologies are highly regarded and utilized by seawater desalination and sewage plants worldwide.