

## Summary of Consolidated Financial Statements for the first quarter ended June 30, 2009

Listed company name: **Nitto Denko Corporation**  
 Stock exchange listings: First Section of Tokyo Stock Exchange and Osaka Stock Exchange  
 Code Number : 6988 URL <http://www.nitto.com/>  
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(All monetary values noted herein are rounded down to the nearest million yen.)

### 1. Consolidated financial results of the first quarter ended June 30, 2009 (April 1, 2009 through June 30, 2009)

#### (1) Operating results (% of change from previous year)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First quarter ended June 30, 2009	138,432	-18.1	8,445	-37.5	8,910	-42.8	6,116	-41.4
First quarter ended June 30, 2008	169,060	-	13,517	-	15,567	-	10,445	-

	Net income per share-Basic	Net income per share-Diluted
	Yen	Yen
First quarter ended June 30, 2009	36. 72	36. 68
First quarter ended June 30, 2008	62. 71	62. 66

#### (2) Financial position

	Total assets	Net assets	Shareholders' equity to total assets	Net assets per share
	Millions of yen	Millions of yen	%	Yen
First quarter ended June 30, 2009	594,081	361,867	60.6	2,160. 79
March 31, 2009	558,258	361,130	64.1	2,148. 15

(Reference): Shareholders' equity: (June 30, 2009) 359,975 million yen (March 31, 2009) 357,839 million yen

### 2. Dividends

Record Date	Dividends per share				
	1Q	2Q	3Q	Year-end	Annual
	yen	yen	yen	yen	yen
March, 2009	-	40. 00	-	40. 00	80. 00
March, 2010	-	-	-	-	-
(Forecast) March, 2010	-	20. 00	-	20. 00	40. 00

(Note) Revision of dividend forecast in the current quarter: No

3. Forecast for fiscal year ending March 31, 2010 (April 1, 2009 through March 31, 2010)

(% of change from same period last year)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	yen
First half	280,000	-18.3	18,000	-30.4	18,000	-33.5	12,000	-33.4	72.03
Annual	540,000	-6.6	23,000	66.2	20,000	35.1	13,000	4752.3	78.04

(Note) Revision of consolidated forecast in the current quarter: Yes

4. Others

(1) Changes in significant subsidiaries during this fiscal year: No

(2) Adoption of simplified financial accounting methods and special accounting methods for presenting quarterly consolidated financial statements: Yes

\*For details, please refer to page 7, "[Qualitative Information/Financial Statements and Others] 4. Others".

(3) Changes of accounting policies applied, procedures and disclosures for presenting quarterly consolidated financial statements

1. Changes following to accounting standard changes: Yes

2. Others: No

(4) Number of shares outstanding (Common stock)

1. Number of shares outstanding at the term end (including treasury stock):

(June, 2009) 173,758,428 (March, 2009) 173,758,428

2. Number of treasury stocks at the term end

(June, 2009) 7,163,948 (March, 2009) 7,178,348

3. Weighted-average number of shares outstanding over the period

(April-June, 2009) 166,585,507 (April-June, 2008) 166,571,974

\*Explanations for adequate utilization of the forecast, and other note

1. Forecast announced on April 30, 2009 has been revised. And, original forecast of the year announced on April 30, 2009 remains unchanged as it will be revised at the time of press release of the second quarter earnings.

2. Forecast shown above is prepared based on information available as of the issuing date of this report, and therefore the actual results may differ from these forecasted figures due to various unknown factors. For more information regarding the forecast, please refer to page 7.

## Qualitative Information/Financial Statements and Others

### 1. Qualitative Information Regarding Consolidated Operating Results

During the first quarter under review, the domestic and overseas economic situation was partially boosted by inventory bounce and economic policies. However, restraint on capital investment, deteriorating employment conditions and a slowdown in consumer spending continue to obscure the future.

Under these circumstances, the Nitto Denko Group, while promoting the thorough reduction of costs, succeeded in steadfastly acquiring orders for electronic products from the electronic industry, from which demand has partially recovered. Industrial products targeting the automobile, housing and construction industries were low because of delayed effects from inventory adjustments and a lackluster recovery in demand. Conversely, among functional products, medical related products, membrane products and other products performed well within expected limits.

As a result, consolidated net sales decreased 18.1% from the first quarter of the previous year (changes in percentage hereafter are in comparison to same period in the previous year) to 138,432 million yen. Operating income fell 37.5% to 8,445 million yen, and ordinary income dropped 42.8% to 8,910 million yen. Net income went down 41.4% to 6,116 million yen.

#### Summary of Results by Business Segments

##### 1. Industrial Products

Regarding bonding and joining products, inventory adjustments have been completed and production increased with respect to some industries such as HDDs (hard disk drives) and cellular phones. However, the recovery in the automobile, home appliances and OA industries was weak resulting in low performance overall. Surface protection products were impacted by production adjustments on the part of our customers in the metal processing industry. However, in the FPD (flat panel display) industry, sales of protection film for optical application and transparent double-side adhesive sheet for optical application expanded favorably as flat TVs and multi-functional cellular phones (smart phones) production recovered. On the whole, the conditions were favorable. Sales of sealing products were good for HDDs, FPDs and other products in the electronic industry, however, they were low in the automobile industry due to significant production quantity adjustments. Sales of construction materials were low for waterproof tape and protection tape as a result of the unabating sluggishness of the domestic housing market.

As a result, sales for the industrial products segment were 42,805 million yen (down 29.2%) and operating income was 1,320 million yen (down 73.2%).

##### 2. Electronic Products

With regard to LCD related products, factors such as inventory adjustments at panel makers, our customers, ended in the middle of the fourth quarter of the previous year, and sharp recovery in demand for panels for applications including flat TVs, PCs, cellular phones and other products as a result of economic stimulus measures taking hold in countries worldwide including Japan, had positive impact. Effects from group-wide efforts to reform the cost structure and enhance productivity as well as effects from volume increases due to a sharp recovery in demand strengthened performance. For sales of semiconductor related products, environmentally friendly resin and other products fared well, however, the market demand recovery was limited resulting in low sales overall. Sales for printed circuits were positive on the whole due to a rebound in demand for HDDs despite low orders for cellular phones. With regard to electronic processing materials, although die attach sheet for semiconductor packaging and protection sheet for semiconductor manufacturing processes are recovering, a real recovery is yet to be attained as sales of protection sheet laminating machines for semiconductor manufacturing processes were low due to continuing restraint on capital investment. Regarding processing materials for small electronic components, the market entered a sharp upward trend, however, did not reach the level recorded for the same quarter in the previous year.

As a result, sales for the electronic products segment were 83,529 million yen (down 11.8%) with an operating income of 6,489 million yen (down 1.5%).

### 3. Functional Products

Concerning medical related products, transdermal therapeutic patches, a pharmaceutical product, fared well for angina use in Japan and for cancer pain palliatives in the U.S. Favorable sanitary material sales on overseas markets resulted in a strong performance overall. Sales of membrane products were low because large seawater desalination projects for overseas market were in their drop-off period and a recovery in the ultra-pure water market mostly in Japan, in terms of demand for new projects and conversions, continued to be weak. As for engineering plastics, sales were down due to a lackluster recovery in demand for porous films for semiconductor industry, automobile parts and functional parts for information equipment.

As a result, sales in the functional products segment were 12,096 million yen (down 13.0%) and operating income was 636 million yen (down 68.4%).

#### Breakdown by Geographic Segments

In Japan, although the economy was partially boosted by government-led economic policies, demand was low as corporate capital investment and consumer sentiment failed to improve. With regard to the Asia and Oceania region, there were positive effects from increased productivity by Group manufacturing companies and a sharp recovery in demand for flat TVs, PCs, cellular phones and other products thanks to the “home appliances to rural areas” policy of the Chinese government.

As a result, sales in Japan were 45,901 million yen (down 22.1%) with an operating income of 5,239 million yen (down 38.5%). Sales in the Asia and Oceania region were 77,433 million yen (down 15.5%) with an operating income of 4,131 million yen (up 8.1%).

In Europe, sales for industrial products and electronic products for the electronic and automobile industries were impacted by the downturn in the economy. As a result, sales in Europe were 6,616 million yen (down 16.4%) with an operating income of 100 million yen (down 85.7%).

In North America, transdermal therapeutic patches (cancer pain palliatives), which acquired FDA (U.S. Food and Drug Administration) approval, contributed to our performance. However, a drop in sales of industrial products in the wake of weakened demand for automobiles as well as membrane products for seawater desalination projects, among others, resulted in sales in North America of 8,480 million yen (down 19.6%) with an operating loss of 89 million yen.

## (Reference) Operating Segment Information

(Yen in Millions)

		First quarter ended June 30, 2008		First quarter ended June 30, 2009	
		(April 1, 2008 through June 30, 2008)		(April 1, 2009 through June 30, 2009)	
		Net sales	Y-o-Y(%)	Net sales	Y-o-Y(%)
Industrial Products	Tape materials Custom processing materials Purchased goods	60,478	95.7	42,805	70.8
	Operating income	4,918	83.2	1,320	26.8
Electronic Products	LCD related products	68,085	94.2	62,468	91.8
	Semiconductor related products	5,023	94.4	3,623	72.1
	Printed circuits	11,801	88.6	11,598	98.3
	Electronic processing materials	9,764	111.8	5,839	59.8
	Total	94,674	95.0	83,529	88.2
	Operating income	6,587	109.0	6,489	98.5
Functional Products	Medical related products	4,389	100.0	4,820	109.8
	Membrane products	5,081	102.8	4,108	80.8
	Engineering plastics	4,435	99.6	3,167	71.4
	Total	13,906	100.9	12,096	87.0
	Operating income	2,010	93.6	636	31.6
Total	Net sales	169,060	95.7	138,432	81.9
	Operating income	13,517	95.8	8,445	62.5

## (Reference) Operating Segment Information

(Yen in Millions)

		Forecasts of first half ending September 30, 2009			
		Previous (Announced on April 30, 2009)		Revised	
		Net sales	Y-o-Y(%)	Net sales	Y-o-Y(%)
Industrial Products	Tape materials Custom processing materials Purchased goods	85,000	68.7	85,000	68.7
	Operating income	1,300	13.7	2,600	27.3
Electronic Products	LCD related products	105,000	78.5	127,500	95.3
	Semiconductor related products	6,000	58.3	7,500	72.9
	Printed circuits	17,500	63.3	23,500	85.0
	Electronic processing materials	11,500	61.2	12,000	63.9
	Total	140,000	73.5	170,500	89.5
	Operating income	800	6.4	14,000	112.4
Functional Products	Medical related products	10,000	116.9	9,500	111.0
	Membrane products	9,000	82.4	8,500	77.8
	Engineering plastics	6,000	66.7	6,500	72.3
	Total	25,000	87.8	24,500	86.0
	Operating income	1,900	48.9	1,400	36.0
Total	Net sales	250,000	73.0	280,000	81.7
	Operating income	4,000	15.5	18,000	69.6

## 2. Qualitative Information on Consolidated Financial Position

Financial position at the end of the first quarter of fiscal 2009 was as follows.

Compared with the end of fiscal 2008, total assets increased by 35,823 million yen to 594,081 million yen. Net assets also increased by 736 million yen to 361,867 million yen. As a result, the ratio of shareholders' equity to total assets changed from 64.1 %, at the end of fiscal 2008, to 60.6 %.

Main changes in assets were increases of cash and deposits by 18,258 million yen and in notes and accounts receivable-trade by 22,921 million yen. In liabilities, there were increases in notes and accounts payable-trade by 19,850 million yen, decreases in commercial papers by 25,000 million yen and increases in bonds payable by 50,000 million yen.

## 3. Qualitative Information on Consolidated Forecast

The Group's first quarter results surpassed expectations thanks to an increase in orders for some products such as optical films and electronic products as well as yen fluctuating lower than expected on the exchange.

In light of these circumstances, the following revisions have been made to the consolidated forecasts for the first half of fiscal 2009.

Annual forecasts will be revised at the time of the announcement of results for the first half of fiscal 2009. No revision shall be made to the forecasts announced on April 30, 2009.

Revision of consolidated forecasts for the first half of fiscal 2009 (April 1, 2009 to September 30, 2009)

	Net sales	Operating income	Ordinary income	Net income	Net income per share
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen
Previous forecasts (A)	250,000	4,000	3,000	1,000	6. 00
Revised forecasts (B)	280,000	18,000	18,000	12,000	72. 03
Difference (B) – (A)	30,000	14,000	15,000	11,000	-
Rate of change (%)	12.0	350.0	500.0	1,100.0	-
(Reference) Consolidated business results of first half ended September 2008	342,692	25,856	27,082	18,018	108.17

The above results forecasts are forward-looking statements determined by the Company based on currently available information that include risks and uncertainties. Please acknowledge that actual results may vary significantly due to a number of important factors.

## 4. Others

(1) Significant changes in subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation)

No items to report

(2) Application of simplified accounting as well as specific accounting for preparing the quarterly consolidated financial statements

a. Simplified accounting

Calculation of depreciation of fixed assets

Depreciation expense for assets that are depreciated using the declining-balance method is calculated by dividing on a pro-rata basis the annual depreciation expense.

b. Specific accounting for preparing the quarterly consolidated financial statements

No items to report

(3) Changes in accounting policies, procedures, and methods of presentation for preparing the quarterly consolidated financial statements

No items to report

## 5. Consolidated Quarterly Financial Statements

### (1) Consolidated Quarterly Balance Sheets

(Yen in Millions)

	June 30, 2009	March 31, 2009
(Assets)		
Current assets		
Cash and deposits	132,223	113,965
Notes and accounts receivable-trade	116,446	93,524
Merchandise and finished goods	19,303	20,300
Work in process	29,945	28,960
Raw materials and supplies	11,811	11,726
Other	19,845	21,429
Allowance for doubtful accounts	-905	-672
	328,671	289,234
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	194,580	189,426
Machinery, equipment and vehicles	316,066	311,453
Tools, furniture and fixtures	35,992	36,142
Land	19,732	19,688
Construction in progress	15,642	20,198
Accumulated depreciation	-355,435	-346,719
	226,578	230,188
Intangible assets		
	8,657	8,579
Investments and other assets		
Other	30,498	30,556
Allowance for doubtful accounts	-325	-301
	30,173	30,255
Total noncurrent assets	265,409	269,023
Total assets	594,081	558,258

(Yen in Millions)

	June 30, 2009	March 31, 2009
(Liabilities)		
Current liabilities		
Notes and accounts payable-trade	73,729	53,879
Short-term loans payable	26,279	28,832
Commercial papers	-	25,000
Income taxes payable	1,589	1,545
Provision for directors' bonuses	90	265
Other	40,315	44,195
	142,006	153,718
Noncurrent liabilities		
Bonds payable	50,000	-
Long-term loans payable	18,094	20,923
Provision for retirement benefits	18,742	18,351
Provision for directors' retirement benefits	459	506
Negative goodwill	107	574
Other	2,803	3,054
	90,208	43,409
Total liabilities	232,214	197,127
(Net assets)		
Shareholders' equity		
Capital stock	26,783	26,783
Capital surplus	56,170	56,166
Retained earnings	324,194	324,740
Treasury stock	-28,322	-28,380
	378,825	379,310
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	2,017	1,040
Deferred gains or losses on hedges	43	-129
Foreign currency translation adjustment	-20,910	-22,382
	-18,849	-21,471
Subscription rights to shares	1,071	1,086
Minority interests	819	2,204
Total net assets	361,867	361,130
Total liabilities and net assets	594,081	558,258

## (2) Consolidated Quarterly Statements of Income

(Yen in Millions)

	First quarter ended June 30, 2008 (April 1, 2008 through June 30, 2008)	First quarter ended June 30, 2009 (April 1, 2009 through June 30, 2009)
Net Sales	169,060	138,432
Cost of sales	126,913	104,946
Gross profit	42,146	33,485
Selling, general and administrative expenses	28,629	25,040
Operating income	13,517	8,445
Non-operating income		
Interest income	136	76
Dividends income	95	84
Gain on sales of scraps	-	438
Foreign exchange gains	1,791	169
Miscellaneous income	888	660
	2,910	1,430
Non-operating expenses		
Interest expenses	272	353
Miscellaneous loss	587	611
	860	965
Ordinary income	15,567	8,910
Extraordinary income		
Gain on sales of noncurrent assets	46	13
Gain on patent assignment	285	-
Gain of reversal of impairment loss	-	43
Gain on prior periods adjustment	-	70
Other	80	3
	412	130
Extraordinary loss		
Loss on sales of noncurrent assets	11	23
Loss on disposal of noncurrent assets	61	170
Special retirement expenses	74	110
Other	9	49
	156	354
Income before income taxes	15,823	8,686
Income taxes	5,142	2,544
Minority interests in income	234	25
Net income	10,445	6,116

## (3) Consolidated Quarterly Statements of Cash Flows

(Yen in Millions)

	First quarter ended June 30, 2008 (April 1, 2008 through June 30, 2008)	First quarter ended June 30, 2009 (April 1, 2009 through June 30, 2009)
<b>Net cash provided by (used in) operating activities</b>		
Income before income taxes	15,823	8,686
Depreciation and amortization	11,717	10,454
Decrease (increase) in notes and accounts receivable-trade	655	-22,576
Increase (decrease) in inventories	-1,826	52
Decrease (increase) in accounts receivable-other	1,540	158
Increase (decrease) in notes and accounts payable-trade	-9,562	19,418
Increase (decrease) in accrued expenses	-5,476	443
Income taxes (paid) refund	-10,898	-1,206
Other, net	5,565	2,649
<b>Net cash provided by (used in) operating activities</b>	<b>7,539</b>	<b>18,081</b>
<b>Net cash provided by (used in) investing activities</b>		
Purchase of noncurrent assets	-14,836	-11,986
Proceeds from sales of noncurrent assets	245	26
Other, net	158	-1,695
<b>Net cash provided by (used in) investing activities</b>	<b>-14,432</b>	<b>-13,655</b>
<b>Net cash provided by (used in) financing activities</b>		
Net increase (decrease) in short-term loans payable	952	-5,265
Increase (decrease) in commercial papers	-	-25,000
Proceeds from long-term loans payable	245	165
Repayment of long-term loans payable	-103	-64
Proceeds from issuance of bonds	-	50,000
Cash dividends paid	-6,662	-6,663
Other, net	-98	-62
<b>Net cash provided by (used in) financing activities</b>	<b>-5,666</b>	<b>13,109</b>
<b>Effect of exchange rate change on cash and cash equivalents</b>	<b>4,523</b>	<b>856</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>-8,036</b>	<b>18,391</b>
<b>Cash and cash equivalents at the beginning of period</b>	<b>79,238</b>	<b>113,722</b>
<b>Cash and cash equivalents at the end of period</b>	<b>71,201</b>	<b>132,114</b>

(4) Notes on premise of going concern  
Not applicable.

(5) Segment Information  
(Operating segment information)

First quarter ended June 30, 2009 (April 1, 2009 through June 30, 2009) (Yen in Millions)

	Industrial products	Electronic products	Functional products	Total	Eliminations and corporate	Consolidated total
Net sales						
(1) Net sales to outside customers	42,805	83,529	12,096	138,432	-	138,432
(2) Inter-segment sales or transfers	323	21	85	430	-430	-
Total	43,128	83,551	12,182	138,863	-430	138,432
Operating income	1,320	6,489	636	8,445	-	8,445

First quarter ended June 30, 2008 (April 1, 2008 through June 30, 2008) (Yen in Millions)

	Industrial products	Electronic products	Functional products	Total	Eliminations and corporate	Consolidated total
Net sales						
(1) Net sales to outside customers	60,478	94,674	13,906	169,060	-	169,060
(2) Inter-segment sales or transfers	447	28	166	642	-642	-
Total	60,926	94,702	14,073	169,702	-642	169,060
Operating income	4,918	6,587	2,010	13,517	-	13,517

(Notes) 1 Methods of business segmentation

The Corporation classifies its operation principally in three business segments, industrial products, electronic products, and functional products, depending on the use of the products in the market.

2 Major products for each business segment

Business segment	Major products
Industrial products	Bonding and joining products, surface protection products, sealing products, packaging products and equipment
Electronic products	LCD related products, printed circuits, electronic processing materials, semiconductor related products
Functional products	Medical related products, membrane products, engineering plastics

(Segment information by geographic area)

First quarter ended June 30, 2009 (April 1, 2009 through June 30, 2009)

(Yen in Millions)

	Japan	North America	Europe	Asia & Oceania	Total	Eliminations and corporate	Consolidated total
Sales							
(1) Sales to outside customers	45,901	8,480	6,616	77,433	138,432	-	138,432
(2) Inter-segment sales or transfers	65,702	282	677	7,702	74,365	-74,365	-
Total	111,603	8,763	7,294	85,136	212,797	-74,365	138,432
Operating income	5,239	-89	100	4,131	9,383	-937	8,445

First quarter ended June 30, 2008 (April 1, 2008 through June 30, 2008)

(Yen in Millions)

	Japan	North America	Europe	Asia & Oceania	Total	Eliminations and corporate	Consolidated total
Sales							
(1) Sales to outside customers	58,942	10,548	7,911	91,657	169,060	-	169,060
(2) Inter-segment sales or transfers	71,815	385	1,193	6,303	79,698	-79,698	-
Total	130,758	10,934	9,104	97,960	248,758	-79,698	169,060
Operating income	8,525	-214	702	3,822	12,836	680	13,517

(Notes) 1 Countries or regions are segmented by geographical proximity.

2 Major countries or regions excluding Japan represented by categories:

North America : U.S.A.

Europe : Belgium, France, Germany, Sweden

Asia & Oceania : China, Korea, Taiwan, Singapore, Malaysia, Hong Kong, Thailand

(Sales to customers outside Japan)

First quarter ended June 30, 2009 (April 1, 2009 through June 30, 2009) (Yen in Millions)

	North America	Europe	Asia & Oceania	Others	Total
I. Sales to customers outside Japan	6,089	7,552	81,007	240	94,890
II. Consolidated sales					138,432
III. Ratio of sales to customers outside Japan to consolidated sales (%)	4.4	5.5	58.5	0.2	68.5

First quarter ended June 30, 2008 (April 1, 2008 through June 30, 2008) (Yen in Millions)

	North America	Europe	Asia & Oceania	Others	Total
I. Sales to customers outside Japan	8,087	9,327	95,505	854	113,775
II. Consolidated sales					169,060
III. Ratio of sales to customers outside Japan to consolidated sales (%)	4.8	5.5	56.5	0.5	67.3

Notes: 1 Countries or regions are segmented by geographical proximity.

2 Major countries or regions excluding Japan represented by categories:

North America : U.S.A.

Europe : Belgium, France, Germany, Sweden

Asia & Oceania : China, Korea, Taiwan, Singapore, Malaysia, Hong Kong, Thailand

Others : South American and African countries

3 Sales to customers outside Japan represent the sales by the parent company and its consolidated subsidiaries in the countries or regions outside Japan.

(6) Notes on significant changes in Shareholders' Equity

Not applicable.