

Summary of Consolidated Financial Statements for the first quarter ended June 30, 2011

Listed company name: **Nitto Denko Corporation**
 Stock exchange listings: First Section of Tokyo Stock Exchange and Osaka Stock Exchange
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Filing date of quarterly financial statements August 10, 2011
 Estimated starting date of dividend paying -
 Preparation of supplementary explanatory materials: Yes
 Holding of quarterly earning release conference: Yes (for investment analysts and institutional investors)

(All monetary values noted herein are rounded down to the nearest million yen.)

1. Consolidated financial results of the first quarter ended June 30, 2011 (April 1, 2011 through June 30, 2011)
 (1) Operating results (% of change from same period last 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, 2011	156,487	-3.4	20,876	-15.8	20,691	-17.4	13,264	-22.8
First quarter ended June 30, 2010	161,955	17.0	24,799	193.6	25,062	181.3	17,180	180.9

(Note) Comprehensive income: (First quarter ended June 30, 2011) 11,022 million yen (30.4%) (First quarter ended June 30, 2010) 8,452 million yen (- %)

	Net income per share-Basic	Net income per share-Diluted
	Yen	Yen
First quarter ended June 30, 2011	80. 67	80. 48
First quarter ended June 30, 2010	103. 11	102. 95

(2) Financial position

	Total assets	Net assets	Shareholders' equity to total assets
	Millions of yen	Millions of yen	%
June 30, 2011	643,069	422,614	65.4
March 31, 2011	653,961	419,673	63.9

(Reference): Shareholders' equity: (June 30, 2011) 420,608 million yen (March 31, 2011) 417,606 million yen

2. Dividends

Record Date	Dividends per share				
	1Q	2Q	3Q	Year-end	Annual
	yen	yen	yen	yen	yen
March, 2011	-	40. 00	-	50. 00	90. 00
March, 2012	-	-	-	-	-
(Forecast) March, 2012	-	50. 00	-	50. 00	100. 00

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

3. Forecast for fiscal year ending March 31, 2012 (April 1, 2011 through March 31, 2012)

(% 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	320,000	-1.2	40,000	-15.4	40,000	-14.5	26,000	-16.6	158.11
Annual	650,000	1.8	80,000	-6.2	80,000	-6.0	52,000	-6.7	316.20

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

4. Others

(1) Changes in significant subsidiaries during the first quarter ended June 30, 2011: No

(Note) This item indicates whether there were changes in significant subsidiaries affecting the scope of consolidation during the first quarter ended June 30, 2011.

(2) Adoption of special accounting methods for presenting quarterly consolidated financial statements: No

(3) Changes of accounting policies applied, changes in accounting estimates and retrospective restatement

1. Changes of accounting policies applied due to revisions of accounting standards: No

2. Changes of accounting policies other than the above: No

3. Changes in accounting estimates: No

4. Retrospective restatement: No

(4) Number of shares outstanding (Common stock)

1. Number of shares outstanding at period end (including treasury stock)

(June 30, 2011) 173,758,428 (March 31, 2011) 173,758,428

2. Number of treasury stocks at period end

(June 30, 2011) 9,294,820 (March 31, 2011) 9,365,688

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

(April- June, 2011) 164,424,208 (April- June, 2010) 166,624,853

-Information regarding the implementation of quarterly review procedures

These quarterly financial results are not subject to quarterly review procedures. Thus, at the time of disclosure of these financial results, the quarterly financial statement review procedures based on the Financial Instruments and Exchange Law, have not been completed.

-Explanations for adequate utilization of the forecast, and other note

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.

(Attached Documents)

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1. Qualitative Information Regarding Quarterly Settlement of Accounts

(1) Qualitative information regarding consolidated operating results

In the economic environment during the first quarter ended June 30, 2011, concerns of economic stagnation grew on account of not only a decline in production and exports due to the effect of the Great East Japan Earthquake, economic slowdown in the U.S. and financial instability in Europe, but also tight-money policy in China, which has been driving demand from emerging countries. On the other hand, in the second half of the quarter, production activity was observed to be recovering on account of early recuperation from the earthquake.

Under such economic environment, the Nitto Denko Group (“the Group”) shifted from the previous year’s “Year of Offensive” into the “Year to Take on Challenges” and started activities aimed at new growth. We steadily achieved expanded sales of LCD related materials and industrial tape for use in smartphones (multi-function cellular phones) and tablet PCs, for which market demand was strong. With the effect of the Great East Japan Earthquake, however, demand for some products, particularly those to the automobile industry remained weak. The yen also remained strong, and overall, the Group faced a difficult environment.

As a result, consolidated net sales decreased 3.4% from the first quarter ended June 30, 2010 (changes hereafter are in comparison with the same period in the previous year) to 156,487 million yen. Operating income decreased 15.8% to 20,876 million yen. Ordinary income decreased 17.4% to 20,691 million yen and net income decreased 22.8% to 13,264 million yen.

Summary of results by segments

a. Industrial Tape

Concerning sales to the electronic industry, double sided adhesive tape and sealing products fared well owing to considerable growth in demand for smartphones and tablet PCs. Adhesive tape for electronic components also fared well because of the demand for electronic components, such as miniature capacitors, being driven by the lively demand for the electronic equipments using those components. On the other hand, protection film for optical applications was affected by production adjustments in the LCD TV market and transparent adhesive tape for touch panels was affected by fierce competition. In addition, impacted by the Great East Japan Earthquake, the automobile industry’s production levels remained low, which created difficult circumstances. Demand was weak for protection products used in a broad range of industry applications, conventional double-coated adhesive tape and fluoroplastic products etc.

As a result of the above, net sales were 65,038 million yen and operating income was 4,085 million yen.

b. Optronics

For sales of LCD related materials, in addition to the Group’s continued, ongoing cost reduction and productivity improvement activities, optical film fared well on account of the expanding market for smartphones and tablet PCs. Furthermore, sales of transparent electro-conductive films grew steadily as the application of touch panels in cellular phones expanded. As for semiconductor related materials and flexible printed circuits, although there was a slight recovery in the market, profits remained low due to the effect of the strong yen. In processing materials, although sales of protection tape for semiconductor manufacturing processes were robust, demand for protection tape laminating machines was weak.

As a result of the above, net sales were 93,310 million yen and operating income was 16,055 million yen.

c. Medical & Membrane

The manufacturing base for transdermal therapeutic patches for the domestic medical market (for medical related products), was damaged by the earthquake. However, as a result of putting total efforts into recovery activities, production was able to be restarted during April and these products fared well. On the other hand, sales for the same product in the U.S. market continued at a low level due to the effect of a Group company in the U.S. voluntarily halting production in order to focus on improving product quality control. In membrane products (reverse osmosis membrane), demand for use of these products in general industrial applications in China, India and other emerging countries were firm. However, with respect to use of these products in projects, the large seawater desalination projects in Australia have been completed and, a further appreciation of the yen has also impacted results. Consequently, sales of membrane products were weak overall.

As a result of the above, net sales were 8,884 million yen and operating loss was 384 million yen.

(Reference) Segment Information

(Yen in Millions)

		First quarter ended June 30, 2010 (April 1, 2010 through June 30, 2010)	First quarter ended June 30, 2011 (April 1, 2011 through June 30, 2011)	
		Net sales	Net sales	Y-o-Y (%)
Industrial Tape	Tape materials/ Custom processing materials	72,566	65,038	89.6
	Operating income	8,156	4,085	50.1
Optronics	LCD related materials	70,062	74,517	106.4
	Semiconductor related materials	4,090	3,446	84.3
	Flexible printed circuits	13,331	11,925	89.5
	Processing materials	3,912	3,421	87.4
	Total	91,396	93,310	102.1
	Operating income	15,558	16,055	103.2
Medical & Membrane	Medical products	4,661	4,499	96.5
	Membrane products	4,969	4,384	88.2
	Total	9,631	8,884	92.2
	Operating income	604	-384	-
Eliminatiton /Corporate	Total	-11,640	-10,746	-
	Operating income	479	1,121	234.0
Total	Net sales	161,955	156,487	96.6
	Operating income	24,799	20,876	84.2

(Reference) Segment Information

(Yen in Millions)

		Forecasts of fiscal year ending March 31, 2012 (As of April 28, 2011)		Forecasts of fiscal year ending March 31, 2012 (As of July 29, 2011)	
		Net sales	Y-o-Y (%)	Net sales	Y-o-Y (%)
Industrial Tape	Tape materials/ Custom processing materials	296,000	104.9	282,000	100.0
	Operating income	29,000	104.8	23,500	84.9
Optronics	LCD related materials	318,000	111.6	297,000	104.2
	Semiconductor related materials	15,900	106.6	14,300	95.9
	Flexible printed circuits	54,200	108.3	49,400	98.7
	Processing materials	11,600	86.0	11,300	83.8
	Total	399,700	110.0	372,000	102.4
	Operating income	62,300	106.1	58,500	99.6
Medical & Membrane	Medical products	18,300	113.3	18,000	111.4
	Membrane products	19,700	107.7	18,000	98.4
	Total	38,000	110.3	36,000	104.5
	Operating income	-1,500	-	-2,500	-
Eliminatiton /Corporate	Total	-43,700	-	-40,000	-
	Operating income	-800	-	500	103.7
Total	Net sales	690,000	108.1	650,000	101.8
	Operating income	89,000	104.4	80,000	93.8

(2) Qualitative information on consolidated financial position

Financial position at the end of the first quarter ended June 30, 2011 was as follows.

Compared with the end of the fiscal year ended March 31, 2011, total assets decreased by 10,892 million yen to 643,069 million yen. Net assets increased by 2,941 million yen to 422,614 million yen. As a result, the ratio of shareholders' equity to total assets changed from 63.9% at the end of the fiscal year ended March 31, 2011, to 65.4% at the end of the first quarter ended June 30, 2011.

Main changes in assets were decreases in cash and deposits by 11,291 million yen and in notes and accounts receivable-trade by 3,808 million yen and an increase in work in process by 4,581 million yen. In liabilities, there was an increase in notes and accounts payable-trade by 2,718 million yen, and decreases in income taxes payable by 13,061 million yen, and in other current liabilities by 2,963 million yen, due to a decline in accrued expenses.

(Reference) Summary of consolidated quarterly statements of cash flows

(Yen in Millions)

	First quarter ended June 30, 2010 (April 1, 2010 through June 30, 2010)	First quarter ended June 30, 2011 (April 1, 2011 through June 30, 2011)
Net cash provided by (used in) operating activities	15,853	7,410
Net cash provided by (used in) investing activities	-5,389	-9,388
Net cash provided by (used in) financing activities	-6,744	-8,261
Effect of exchange rate change on cash and cash equivalents	-3,659	-934
Net increase (decrease) in cash and cash equivalents	58	-11,173
Cash and cash equivalents at the beginning of period	110,627	148,289
Cash and cash equivalents at the end of period	110,686	137,115

(3) Qualitative information on consolidated forecast

During the first quarter ended June 30, 2011, a range of products including LCD related materials and components for touch panels fared well owing to an increase in demand for smartphones and tablet PCs. On the other hand, industrial production in Japan, particularly in the automobile industry, decreased considerably because of the effects of the Great East Japan Earthquake. The Group was particularly impacted by a considerable decline in orders received for automobile related materials.

With respect to profits, although the Group strove to boost productivity through its ongoing efforts to reduce costs and by improving product mix, the exchange rate was dominated by a stronger-than-expected yen, which reduced profits.

Looking ahead at the second quarter of the year onwards, although we expect a recovery in demand from the automobile industry and recovery demand related to the Great East Japan Earthquake, there are concerns that demand for LCD TVs will stagnate and that the strong yen will continue to prevail in currency exchange. The outlook, therefore, remains uncertain.

In light of the above, the following revisions have been made to the consolidated forecasts for the first half ending September 30, 2011 and for the full year ending March 31, 2012 announced on April 28, 2011.

The currency exchange rate used as the premise for the forecast revision has been revised from 1 USD = 85 JPY to 1 USD = 80 JPY.

Revision of consolidated forecasts for the first half ending September 30, 2011 (April 1, 2011 through September 30, 2011)

	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)	340,000	44,000	44,000	29,000	176.40
Revised forecasts (B)	320,000	40,000	40,000	26,000	158.11
Difference (B) – (A)	-20,000	-4,000	-4,000	-3,000	—
Rate of change (%)	-5.9	-9.1	-9.1	-10.3	—
(Reference) Consolidated business results of first half ended September 30, 2010	323,840	47,276	46,774	31,182	187.59

Revision of consolidated forecasts for fiscal year ending March 31, 2012 (April 1, 2011 through March 31, 2012)

	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)	690,000	89,000	89,000	59,000	358.90
Revised forecasts (B)	650,000	80,000	80,000	52,000	316.20
Difference (B) – (A)	-40,000	-9,000	-9,000	-7,000	—
Rate of change (%)	-5.8	-10.1	-10.1	-11.9	—
(Reference) Consolidated business results of fiscal year ended March 31, 2011	638,556	85,245	85,143	55,743	337.36

The above results and 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.

2. Other Information

- (1) Changes in significant subsidiaries during the first quarter ended June 30, 2011
Not applicable.

3. Consolidated Quarterly Financial Statements

(1) Consolidated quarterly balance sheets

(Yen in Millions)

	March 31, 2011	June 30, 2011
(Assets)		
Current assets		
Cash and deposits	211,044	199,752
Notes and accounts receivable-trade	132,725	128,916
Merchandise and finished goods	20,795	20,815
Work in process	28,911	33,492
Raw materials and supplies	12,693	14,652
Other	17,879	16,645
Allowance for doubtful accounts	-708	-559
Total current assets	423,340	413,715
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	196,974	197,262
Machinery, equipment and vehicles	328,438	330,967
Tools, furniture and fixtures	36,683	37,194
Land	19,077	19,046
Construction in progress	12,388	12,321
Accumulated depreciation	-398,409	-403,910
Total property, plant and equipment	195,152	192,881
Intangible assets	8,100	7,813
Investments and other assets		
Other	27,613	28,899
Allowance for doubtful accounts	-245	-240
Total investments and other assets	27,367	28,658
Total noncurrent assets	230,620	229,353
Total assets	653,961	643,069

(Yen in Millions)

	March 31, 2011	June 30, 2011
(Liabilities)		
Current liabilities		
Notes and accounts payable-trade	80,876	83,595
Short-term loans payable	10,654	10,405
Income taxes payable	18,709	5,648
Provision for directors' bonuses	407	111
Other	46,398	43,434
Total current liabilities	157,046	143,195
Noncurrent liabilities		
Bonds payable	50,000	50,000
Long-term loans payable	6,000	6,000
Provision for retirement benefits	18,688	18,783
Provision for directors' retirement benefits	393	351
Other	2,160	2,123
Total noncurrent liabilities	77,242	77,258
Total liabilities	234,288	220,454
(Net assets)		
Shareholders' equity		
Capital stock	26,783	26,783
Capital surplus	56,171	56,175
Retained earnings	398,161	403,205
Treasury stock	-33,953	-33,696
Total shareholders' equity	447,163	452,468
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,250	1,185
Deferred gains or losses on hedges	123	272
Foreign currency translation adjustment	-30,931	-33,317
Total accumulated other comprehensive income	-29,557	-31,860
Subscription rights to shares	847	769
Minority interests	1,219	1,236
Total net assets	419,673	422,614
Total liabilities and net assets	653,961	643,069

(2) Consolidated quarterly statements of income and consolidated quarterly statements of comprehensive income

(Consolidated quarterly statements of income)

(Yen in Millions)

	First quarter ended June 30, 2010 (April 1, 2010 through June 30, 2010)	First quarter ended June 30, 2011 (April 1, 2011 through June 30, 2011)
Net sales	161,955	156,487
Cost of sales	110,052	108,054
Gross profit	51,902	48,433
Selling, general and administrative expenses	27,103	27,556
Operating income	24,799	20,876
Non-operating income		
Interest income	92	67
Dividends income	71	69
Gain on sales of scraps	264	286
Miscellaneous income	896	423
Total non-operating income	1,325	847
Non-operating expenses		
Interest expenses	279	233
Foreign exchange losses	373	354
Miscellaneous loss	408	445
Total non-operating expenses	1,061	1,033
Ordinary income	25,062	20,691
Extraordinary income		
Gain on sales of noncurrent assets	10	3
Other	-	0
Total extraordinary income	10	4
Extraordinary loss		
Loss on sales of noncurrent assets	1	5
Loss on disposal of noncurrent assets	188	206
Impairment loss	180	52
Special retirement expenses	32	10
Other	161	35
Total extraordinary loss	564	310
Income before income taxes	24,508	20,385
Income taxes	7,244	7,059
Income before minority interests	17,264	13,325
Minority interests in income	83	61
Net income	17,180	13,264

(Consolidated quarterly statements of comprehensive income)

(Yen in Millions)

	First quarter ended June 30, 2010 (April 1, 2010 through June 30, 2010)	First quarter ended June 30, 2011 (April 1, 2011 through June 30, 2011)
Income before minority interests	17,264	13,325
Other comprehensive income		
Valuation difference on available-for-sale securities	-579	-65
Deferred gains or losses on hedges	768	148
Foreign currency translation adjustment	-8,908	-2,332
Share of other comprehensive income of associates accounted for using equity method	-91	-53
Total other comprehensive income	-8,811	-2,303
Comprehensive income	8,452	11,022
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	8,442	10,961
Comprehensive income attributable to minority interests	10	61

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

(4) Segment information

Information regarding sales, income or loss by segments

First quarter ended June 30, 2010 (April 1, 2010 through June 30, 2010)

(Yen in Millions)

	Industrial Tape	Optronics	Medical & Membrane	Total	Adjustment	Figures in consolidated statement of income
Net sales						
Net sales to outside customers	67,256	84,975	9,360	161,592	362	161,955
Inter-segment sales or transfers	5,310	6,421	271	12,002	-12,002	-
Total	72,566	91,396	9,631	173,595	-11,640	161,955
Segment income (Operating income)	8,156	15,558	604	24,319	479	24,799

Note) 479 million yen in adjustment of segment income includes 89 million yen for intersegment elimination and 389 million yen for others.

Major products for each segment

Business segment	Major products
Industrial Tape	Bonding and joining products, surface protection products, sealing products, packaging products and equipments, engineering plastics
Optronics	LCD related materials, semiconductor related materials, flexible printed circuits, processing materials
Medical & Membrane	Medical products, membrane products

First quarter ended June 30, 2011 (April 1, 2011 through June 30, 2011)

(Yen in Millions)

	Industrial Tape	Optronics	Medical & Membrane	Total	Adjustment	Figures in consolidated statement of income
Net sales						
Net sales to outside customers	59,633	87,916	8,548	156,099	388	156,487
Inter-segment sales or transfers	5,404	5,393	336	11,134	-11,134	—
Total	65,038	93,310	8,884	167,233	-10,746	156,487
Segment income (Operating income)	4,085	16,055	-384	19,755	1,121	20,876

Note) 1,121 million yen in adjustment of segment income includes 73 million yen for intersegment elimination and 1,047 million yen for others.

Major products for each segment

Business segment	Major products
Industrial Tape	Bonding and joining products, surface protection products, sealing products, packaging products and equipments, engineering plastics
Optronics	LCD related materials, semiconductor related materials, flexible printed circuits, processing materials
Medical & Membrane	Medical products, membrane products

(5) Notes on significant changes in shareholders' equity
Not applicable.

(6) Significant subsequent events
Not applicable.