

Consolidated Financial Summary
(for the fiscal year ended March 31, 2003)

Listed company name **Nitto Denko Corporation**

Code Number : 6988

Stock Exchange Listings : Tokyo, Osaka, and Nagoya, First Section

Head Office : Osaka, Japan

(URL <http://www.nitto.com/>)

Company Representative: President Masamichi Takemoto

Contact Person : General Manager, Public & Investor Relations Department

Name Hideki Komai TEL(072)622-2981

Date of the board of directors' meeting concerning the financial statements: April 24, 2003

Adoption of the GAAP in the U.S. : No

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

1. Consolidated Business Results (From April 1, 2002 to March 31, 2003)

(1) Operational Results

	Net Sales		Operating Income		Ordinary Income	
	Million of yen	%	Million of yen	%	Million of yen	%
March, 2003	378,705	(11.7)	33,901	(75.5)	35,832	(81.4)
March, 2002	338,930	(7.3)	19,314	(44.5)	19,748	(44.1)

	Net income		Net income per share – Basic	Net income per share - Diluted	Return on equity	Ordinary income to total assets	Ordinary income to net sales
	Millions of yen	%	Yen	Yen	%	%	%
March, 2003	19,237	(1,625.1)	108 . 52	-- --	8.3	9.8	9.5
March, 2002	1,115	(93.0)	6 . 42	-- --	0.5	5.6	5.8

Notes: Equity in earnings of affiliates and non-consolidated subsidiaries:

(March, 2003) 1,861 million yen (March, 2002) 233 million yen

Average number of shares outstanding (consolidated): (March, 2003) 173,546,147 stocks

(March, 2002) 173,758,095 stocks

Changes in accounting policies: No

Numbers in percentage in parentheses under the column of sales, operating income, ordinary income, and net income indicate changes in percentage from the corresponding period of the previous fiscal year.

(2) Financial Condition

	Total assets	Shareholders' equity	Shareholders' equity to total assets	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
March, 2003	379,811	237,560	62.5	1,367. 38
March, 2002	350,340	228,409	65.2	1,314. 53

Note: Number of shares outstanding at the term end (consolidated): (March, 2003) 173,438,827 stocks

(March, 2002) 173,757,441 stocks

(3) Cash Flows

	Cash flows from Operating activities	Cash flows from Investing activities	Cash flows from Financing activities	Cash and cash equivalents, end of term
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March, 2003	59,224	24,608	1,638	73,341
March, 2002	20,012	35,593	4,444	40,105

(4) Scope of consolidation and equity method

Consolidated subsidiaries: 38 Non-consolidated subsidiaries applicable of equity method: 62

Affiliates applicable of equity method: 2

(5) Change in the scope of consolidation and the equity method

Consolidation (Inclusion): 4 (Exclusion): 3
Equity method (Inclusion): 3 (Exclusion): 7

2. Projections for the Year Ending March 31, 2004 (From April 1, 2003 to March 31, 2004)

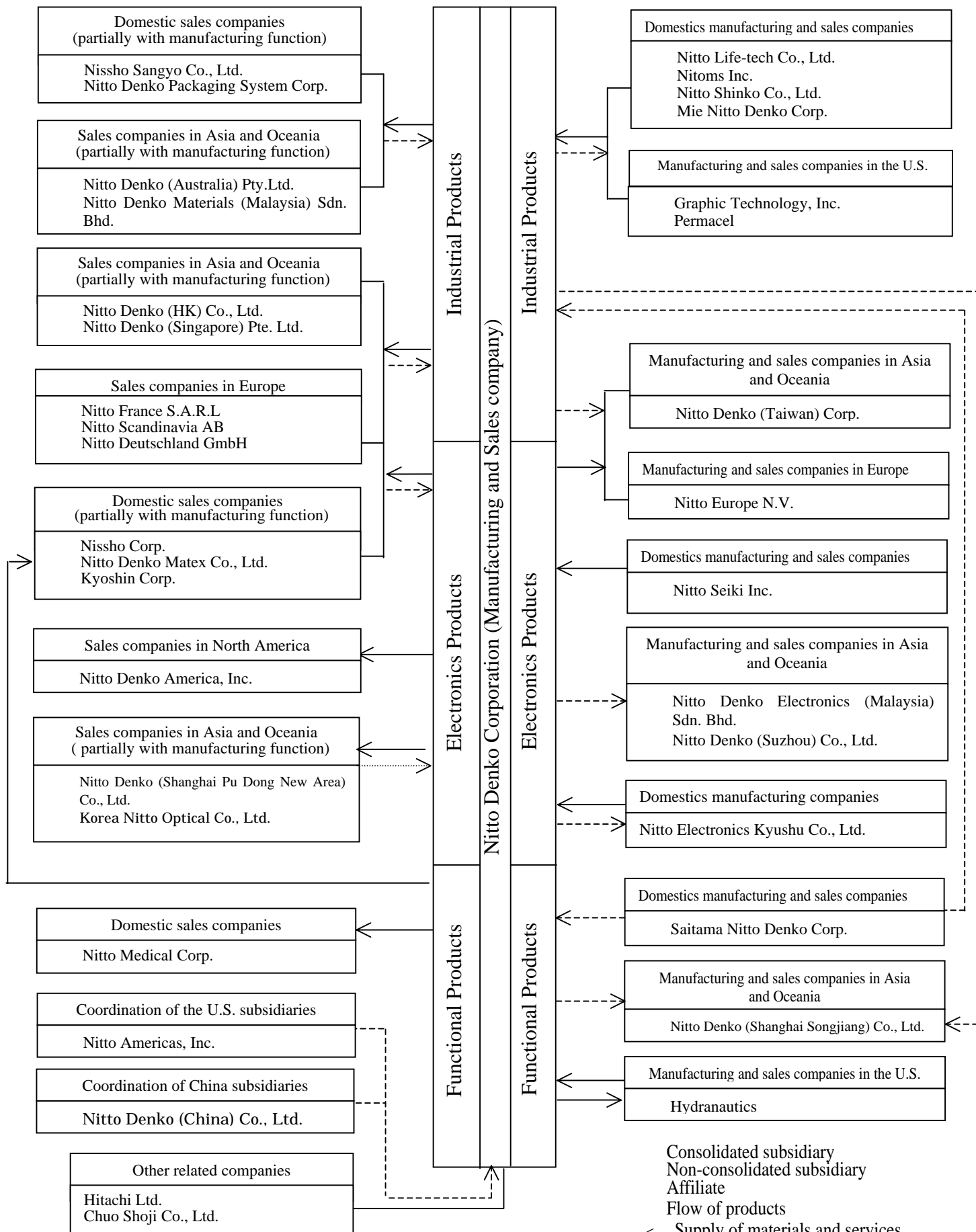
	Net sales	Operating income	Ordinary income	Net income
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Interim	195,000	18,400	18,800	11,400
Full-year	400,000	40,000	41,000	25,000

(Reference) Projected net income per share for the full year: 141.82 yen

*The projection 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.

Nitto Denko Group Operations

As of March 31, 2003 Nitto Denko Group is comprised of the Corporation and its 100 subsidiaries as well as its 2 affiliated companies and 2 other related companies, where their business lines, positioning of each affiliated companies and their relationship to each business segment are indicated in the chart below. The information provided here reflects the classification used in the segment information.



Management Policy

1. Corporations' Management Basic Policy

The Nitto Denko Group has a corporate vision – “Creating New Value” – common to all the group companies. This leads us towards continuously delivering new value to customers throughout the world, while achieving sound growth as a corporation. The Nitto Denko Group intends to become a corporation that enhances value for all its stakeholders, including society, shareholders and employees.

Nitto Denko's strategy is to become a “Global Niche Top” – identifying future needs in selective growing markets worldwide, developing proprietary technologies attuned to those needs to the fullest satisfaction of customers, and then being the leader in the markets. We believe that drawing on the combined strength of the Nitto Denko Group, both domestic and overseas companies, will enable us to become the “Global Niche Top”. To promote the strategy, it is necessary to establish and to prepare proprietary technologies ready for future needs, so we are working hard to enhance our technologies with a slogan of “Technology-oriented Company”. In addition, we are promoting marketing activities called “Sanshin (three new) Activities”: “Development of new applications”, “Development of new products” and “Cultivation of new demands” to expand our business domain. By applying this strategy globally, we intend to become a corporation that is not vulnerable to the fluctuations of the Japanese economy. In other words, “Global Niche Top” is a strategy that enables us to maintain growth through focusing and expanding our business in areas that keep expanding and changing even under a globally bad economy. As filing of “Global Niche Top” as trademark was completed in Japan, it is now officially represents the Corporation's management strategy both in name and reality.

2. Basic Policy of Appropriation of the Corporation's Profits

The Corporation is committed, as its basic dividend policy, to ensure a stable and fair return to its shareholders. At the same time, in order to stay ahead of rapidly changing technologies and to respond to customers' needs, the Corporation aggressively devotes funds for investment in R&D and in production facilities. Therefore, dividends to shareholders are determined, after taking into account the Corporation's overall financial condition, profit level, and payout ratio.

3. Mid-term and Long-term Business Strategies and Management Goals

We have set up our goal to be a “Globally Excellent Company” in 5 years. To achieve the goal, we have started a new mid-term management plan, “One-NITTO Dream Plan”, for the period ending March 2006, as a 3-year action plan that views the Corporation's business from the standpoint of 5 years ahead. The plan focuses on business growth and aims to double the “Global Niche Top” products by expanding product development efforts that used to be limited in Japan to all 5 areas of the world, to develop products suitable for industries in each area. We will enhance the regional business execution structure and strengthen regional R&D investment. Especially, we will extend our utmost effort in China, whose economy has expanded remarkably these past years. We will make our Suzhou plant, which will soon be in full operation, profitable as soon as possible, enhance the sales forces and promote joint research projects with universities to strengthen business execution functions by integrating technology, production and sales forces.

In the plan, we will further continue the “Muscle Plan”, a business plan that significantly improved company-wide “Productivity Enhancement” for these two years, by modifying it into “Muscle Plan 2nd Step” so that it will take root within the Corporation as our backbone and one of the key concepts in the plan.

We plan to increase the consolidated operating income for the fiscal year ending March 2006 to 55,000 million yen, the ROA (Return on Assets) 15% and operating earning rate 12%.

We put a phrase “One-NITTO” on the mid-term business plan so that group companies with different cultural background can share the same values globally and to form an organization that

can maximize cross-cultural synergy of group companies.

In addition to the mid-term business plan, in 5 years, we plan to increase the ROA to 20% and the operating margin to 17%, the figures comparable to the world's leading companies and suitable for an Excellent Global Company of our vision.

As this target values shows, the new mid-term management plan, "One-NITTO Dream Plan" is positioned as a passing point for us to realize our goal in 5 years. We are committed to achieve the goal.

We will continue to achieve sufficient growth to satisfy the needs of our customers, and to be active in the development of environmentally friendly products, thus fostering corporate activities that win the trust of the community and are in concert with society.

4. Challenges the Corporation Faces

While Nitto Denko Group's endeavor to become a "Global Niche Top", on the foundation of its technological expertise remains unchanged, we will focus on executing the new mid-term business plan, to improve the corporation's resilience in the face of economic downturns and to reinforce business capabilities for growth.

Specifically, we will focus on enhancing our Research and Development capability. For this purpose, we will strengthen our basic technologies and strengthen the Research and Development capability in overseas facilities. We will also aggressively promote joint research projects with local universities in order to minimize development periods.

We have been working actively for environment conservation and formulated a voluntary plan (the Environmental Protection Action Plan), established "Code of Conduct" and released "Environmental Reports". From the fiscal year ending March 2003, we have introduced an Environmental Accounting System on a consolidated base. We are committed to our continuous effort for environment conservation.

We are working on construction of a new LCD plant in Kameyama city in Mie prefecture to cope with the growing demand for LCD displays for LCD TV and other equipment. We are also working hard to increase production capacity of the Onomichi LCD plant. In the field of tape business, our subsidiary in the U.S. has acquired an automotive parts design and sales company to strengthen marketing in the area. With this structure, we will work towards a fully-fledged marketing effort in the field of automotive industries there. We have also started operation of a new plant of a subsidiary in the U.S. from January 2003 with a keyword "Clean". In addition, we have expanded the production line in our Toyohashi plant to increase production capacity. As to our electronics business, we have taken all measures to realize low cost production by transferring our production facilities to China and are working hard to create new businesses. We are already taking strategic moves for growth in the future. As to our medical business that is considered to be a growth driving force for our mid-term plan, we plan to expand the production line for transdermal therapeutic patches. For the membrane business, we plan to expand our business by establishing a production facility in Shanghai, China.

5. Measures to Streamline the Corporate Management Control Structure (and to Enhance Corporate Governance)

We have enforced reform of the corporate management control structure on April 1st, 2003 aiming to "Make Management Sounder", to "Expedite the decision-making process" and to enhance "Management of group companies as a whole". To clearly separate management and operation functions, we made "Clarification of the role for management decision-making function and the role for operation function" and introduced "operating officers system". Here directors are positioned as *alter egos* of the chairman and the president and devote themselves exclusively to management of the group as a whole. Newly established operating officers endeavor to optimize their operation units. With the introduction of the new system, the number of directors is reduced from 14 to 9 and the terms of directors and operating officers are defined to be one year.

Business Results and Financial Condition

1. Summary of the Fiscal year 2003

1.1 Summary of the Fiscal year

Summary of Overall Business

The fiscal year ended March 31, 2003 showed that the global economy looked as if it had been in the process of recovery with the progress of inventory adjustment, but it had slowed down as demand on inventory rebuilding had been almost over and the global equity markets were headed into simultaneous downtrends and sluggish personal consumption. The Japanese economy seemed to be in the process of recovery led by export industries, but due to concerns about the uncertainty of the world economies, typically that of the U.S., and lack of enthusiasm in capital investment due to prolonged deflation, it remained in low level.

Under such economic conditions, the Corporation maintained constant growth by actively engaging in expanding areas such as sales of LCD-related products and tape materials for automotive industries and semiconductor-related products for electronic components as well as electronic-related components for the electronics industry that had a process of inventory adjustment and polymer separation membrane that enjoy demand increase as environment conservation related products in spite of sluggish business in some areas.

Net sales increased by 11.7% (changes in percentage below indicate the change from the corresponding period of the previous fiscal year) to 378,705 million yen. In terms of profits, despite negative factors such as pricing pressure, the increase in capacity utilization caused by an increase in sales as well as the structural reform plan, "Muscle Plan" launched during the second half of the previous fiscal year, contributed greatly to the profit growth. As a result, operating income increased 75.5% to 33,910 million yen, ordinary income increased 81.4% to 35,832 million yen, and net income increased 1,625.1% to 19,237 million yen with loss of approx. 1,700 million yen from revaluation of equity shares due to decline in stocks value and Extraordinary profit of 3,700 million yen obtained by return of substituted portion of employee pension fund.

The Corporation will pay 13 yen per share for the semi-annual dividends, increasing by 2 yen the dividend paid previously, representing a 24 yen total payment per share for the fiscal year increasing by 2 yen that paid out the previous fiscal year.

Summary of Results by Business Segments

[Industrial Products]

Sales of bonding products for cellular phones and electronics industry including Office Automation in East Asia and PC peripherals remained robust, as did surface protection and sealing products for the display industries with recovery of capital investment. Sales of electronic-component related products such as packaging tapes for mobile apparatus and thermal release sheets for temporary bonding used in process advanced, thanks to the recovery of production at the electronics component industry. Among construction products, some products such as waterproof airtight tapes for the construction industry showed sluggish sales growth due to the decrease of newly built houses. On the other hand, damping materials for the automotive industry and curing compound for construction showed robust sales.

As a result, net sales of industrial products increased 4.6% to 192,179 million yen, and operating income increased 147.9% to 11,502 million yen.

[Electronic Products]

Among LCD-related products, sales of high-performance optical films for laptop computers and LCD

monitors showed robust increase, especially films for widening the viewing angle and films for increasing brightness, thanks to the growing demand for a larger screen with higher resolution and wider viewing angle as a result of the shift of demands from CRTs to LCD for monitors.

Compensation films showed favorable sales due to the shift of cellular phones to color screens. Sales of high-performance compensation films for LCD TV remained favorable. Although there were severe decreases in unit prices of those LCD related film products, the release of new products and expansion of the market contributed significantly to our business result. Among semiconductor-related products, recovery of demand for PCs, cellular phones and IT related products contributed to the sales growth of semiconductor encapsulating resins, wafer-protection tapes and bonding machines for the semiconductor manufacturing process. As to flexible printed circuits (FPCs) demand for circuits in HDD industries remained poor, while sales of high-density FPCs on a color screen for the cellular phone and Plasma Display Panels (PDP) were favorable due to increased number of color LDC displays mounted on cellular phone and expansion of PDP market.

As a result, net sales of electronic products increased 22.7% to 146,780 million yen, and operating income increased 58.4% to 16,848 million yen.

[Functional Products]

Among healthcare products, despite strong end market demand for transdermal therapeutic patches and medical-use tapes, sales for bronchodilatation remained favorable as with the previous year, however sales for ischemic heart disease remained the same as the previous years due to NHI price revision. Sales of polymer for membranes used in cleansing process for the LCD industry, for power plants, for agricultural water and in drinking water treatment in the Chinese market, remained favorable. Among engineering plastic products, sales of environment conservation filters, inner pressure control filters for OA equipment and automobiles, and polyimide belts for OA equipment, as well as process products for semiconductor and electronic component industries, were robust.

As a result, net sales of functional products increased 11.6% to 39,745 million yen, and operating income increased 37.4% to 5,550 million yen.

1.2. Projections for the Next Year

Going forward, the economy is expected to remain unclear due to depressed consumers and investors confidences in the U.S. economy even though Iraqi war has ended. In the Japanese economy, consumer spending remains sluggish while the exports that used to lead economic recovery will slow down and remain sluggish due to the slow recovery of the U.S. economy. Asian economies will show slow growth in spite of possible expansion of domestic demands in countries in the area under the influence of the sluggish economy of the U.S. and Japan.

Under such severe economic conditions, the Corporation intends to further improve business performance by taking necessary measures to keep abreast of the growing LCD-monitor related market, healthcare products and polymer separating membranes allocating management resources, to expand the tape business, the Corporation's mainstay business line world wide areas, while promoting structural reform.

Our projections for the business results in the fiscal year ending March 31, 2004, are as follows: net sales of 400 billion yen (increase of 5.6% from the previous fiscal year.), operating income at 40 billion yen (up 18.0%), ordinary income at 41 billion yen (up 14.4%), net income at 25 billion yen (up 30.0%). The result projection and future forecast described here are figures estimated by the corporation with currently available information and may contain potential risks and uncertainty. Actual result may significantly deviate from those projected due to fluctuation of various factors.

2. Financial Condition

Cash and cash equivalents (hereunder called “net cash”) at the end of the fiscal year 2003 were 73,341 million yen, an increase in 33,236 million yen from the end of the fiscal year 2002. Analysis of cash flow and financial position are as follows:

(Cash flow from operating activities)

Net cash provided by operating activities totaled 59,224 million yen.

This was mainly attributable to an increase in income before taxes by 33,524 million yen, depreciation by 21,143 million yen, and an increase in accounts payable by 7,251 million yen, and to a decrease in accounts receivable by 2,398 million yen and inventories by 4,493 million yen.

(Cash flow from investing activities)

Net cash used in investing activities totaled 24,608 million yen.

This was mainly attributable to an outlay of 24,451 million yen for acquisition of fixed assets.

(Cash flow from financing activities)

Net cash used in financing activities totaled 1,638 million yen.

This was mainly attributable to an outlay of 3,819 million yen for dividends paid.

As to cash flow of the next fiscal year, the net cash is expected to increase in spite of a decrease due to outlays for corporate tax and capital investment.

CONSOLIDATED BALANCE SHEETS

Description	Fiscal 2002 (As of March 31, 2002)		Fiscal 2003 (As of March 31, 2003)		Increase/decrease
	Amount	Composition	Amount	Composition	
(Assets)	Millions of yen	%	Millions of yen	%	Millions of yen
Current Assets	(182,031)	52.0	(216,440)	57.0	(34,408)
Cash on hand in banks	39,539		52,709		13,170
Trade notes and accounts receivable	90,187		89,727		459
Marketable securities	5,693		19,027		13,334
Inventories	33,535		37,674		4,138
Deferred tax assets	4,028		5,905		1,876
Other current assets	10,375		12,608		2,232
Allowance for doubtful receivables	1,328		1,211		116
Fixed Assets	(168,308)	48.0	(163,371)	43.0	(4,937)
Tangible Fixed Assets	129,969	37.1	127,445	33.6	2,523
Buildings and structures	98,946		104,511		5,565
Machinery and material-handling equipment	174,319		183,576		9,257
Tools, fixtures and parts	21,279		21,920		641
Land	19,772		19,115		657
Construction in progress	10,494		6,380		4,113
Accumulated depreciation	194,842		208,059		13,216
Intangible Fixed Assets	5,688	1.6	5,705	1.5	16
Goodwill	1,610		1,396		213
Other intangible fixed assets	4,078		4,309		230
Investments and Other Assets	32,649	9.3	30,219	7.9	2,430
Investments in securities	7,321		6,434		886
Investments in non-consolidated subsidiaries and affiliates	10,826		11,835		1,008
Deferred tax assets	9,192		7,697		1,494
Others	6,210		4,993		1,217
Allowance for doubtful receivables	901		741		159
Total Assets	350,340	100.0	379,811	100.0	29,471

Description	Fiscal 2002 (As of March 31, 2002)		Fiscal 2003 (As of March 31, 2003)		Increase/decrease
	Amount	Composition	Amount	Composition	
(Liabilities)	Millions of yen	%	Millions of yen	%	Millions of yen
Current Liabilities	(89,040)	25.4	(109,204)	28.8	(20,164)
Trade notes and accounts payable	48,407		55,457		7,049
Short-term loans payable	7,057		9,468		2,410
Current portion of bonds	200				200
Accrued expenses	10,246		13,647		3,400
Income taxes	748		13,276		12,527
Other current liabilities	22,379		17,355		5,024
Long-term Liabilities	(23,548)	6.7	(22,800)	6.0	(747)
Bonds	300		300		
Long-term loans payable	1,661		2,348		687
Provision for retirement benefits	18,373		16,616		1,756
Provision for retirement allowances for directors and corporate auditors	1,101		1,232		130
Other long-term liabilities	2,112		2,303		191
Total Liabilities	112,588	32.1	132,005	34.8	19,416
(Minority Interests)					
Minority interests	9,341	2.7	10,246	2.7	904
(Shareholders' Equity)					
Common stock	26,783		26,783		--
Capital surplus	50,482		50,482		--
Earned surplus	153,518		168,632		15,113
Net unrealized holding gains on securities	662		242		420
Foreign Currency Translation Adjustments	3,034		7,513		4,479
Cost of treasury stock	3		1,067		1,063
Total Shareholders' Equity	228,409	65.2	237,560	62.5	9,150
Total Liabilities, Minority Interest and Shareholders' Equity	350,340	100.0	379,811	100.0	29,471

CONSOLIDATED STATEMENTS OF INCOME

Description	Fiscal 2002 From April 1, 2001 to March 31, 2002		Fiscal 2003 From April 1, 2002 to March 31, 2003		Increase/ decrease	Yr/yr % change
	Amount	Percentage	Amount	Percentage		
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Net sales	338,930	100.0	378,785	100.0	39,774	111.7
Cost of sales	247,822	73.1	269,084	71.1	21,261	
Gross profit	91,107	26.9	109,620	28.9	18,513	120.3
Selling, general and administrative expenses	71,793	21.2	75,718	19.9	3,925	
Operating Income	19,314	5.7	33,901	9.0	14,587	175.5
Other Income	(3,534)	1.0	(5,876)	1.5	(2,341)	
Interest and dividend income	545		516		28	
Equity in earnings of non-consolidated subsidiaries and affiliates	233		1,861		1,628	
Miscellaneous income	2,755		3,497		742	
Other Expenses	(3,100)	0.9	(3,945)	1.0	(845)	
Interest expenses	218		201		16	
Miscellaneous expenses	2,882		3,744		861	
Ordinary Income	19,748	5.8	35,832	9.5	16,084	181.4
Extraordinary Gains	(1,942)	0.6	(4,080)	1.1	(2,137)	
Gains on sales of fixed assets	1,312		343		969	
Gains on return of substituted portion of employee pension fund	--		3,731		3,731	
Other extraordinary gains	630		4		625	
Extraordinary Losses	(17,969)	5.3	(6,387)	1.7	(11,581)	
Losses on sales and disposal of fixed assets	1,351		1,025		326	
Losses on evaluation of investment in securities	4,869		1,657		3,211	
Restructuring expenses	11,518		1,820		9,697	
Other extraordinary losses	229		1,883		1,654	
Income before provision for income taxes	3,722	1.1	33,524	8.9	29,802	900.7
Corporate income, local and business taxes	4,171	1.2	13,592	3.6	9,421	
Adjustments to income taxes	1,971	0.5	240	0.1	1,730	
Minority interest in net income of consolidated subsidiaries	406	0.1	935	0.3	529	
Net Income	1,115	0.3	19,237	5.1	18,121	1,725.1

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

Description	(From April 1, 2001 to March 31, 2002)	(From April 1, 2002 to March 31, 2003)
	Millions of yen	Millions of yen
(Capital Surplus)		
I Beginning Balance of Capital Surplus	50,482	50,482
II Ending Balance of Capital Surplus	50,482	50,482
(Earned Surplus)		
I Beginning Balance of Earned Surplus	156,543	153,518
II Increase in Earned Surplus	(1,115)	(19,237)
Net Income	1,115	19,237
III Decrease in Earned Surplus	(4,140)	(4,123)
Cash dividends paid	3,820	3,819
Directors' bonuses	319	303
IV Ending Balance of Earned Surplus	153,518	168,632

CONSOLIDATED STATEMENTS OF CASH FLOWS

Year	Fiscal 2002 (From April 1, 2001 to March 31, 2002)	Fiscal 2003 (From April 1, 2002 to March 31, 2003)
Description	Millions of yen	Millions of yen
I Cash Flows from Operating Activities		
Income before provision for income taxes before adjustments to reconcile income to net cash provided by operating activities	3,722	33,524
Depreciation and amortization	20,442	21,143
Increase (decrease) in provision for retirement benefits	1,205	1,756
Increase (decrease) in provision for retirement allowances for directors and corporate auditors	425	130
Interest and dividend income	545	516
Interest expenses	218	201
Foreign exchange gains	11	0
Equity in earnings of non-consolidated subsidiaries and affiliates	233	1,861
Losses on evaluation of investment in securities	4,869	1,657
Losses on sales and disposal of fixed assets	38	681
Increase (decrease) in trade notes and accounts receivable	10,581	2,398
Increase (decrease) in inventories	4,099	4,493
Increase (decrease) in other accounts receivable	1,470	291
Increase (decrease) in trade notes and accounts payable	4,696	7,251
Directors' bonuses paid	380	344
Others, net	2,725	4,320
Sub-total	35,218	57,247
Interest and dividends received	501	480
Interest paid	224	208
Income taxes paid and refunded	15,483	1,706
Net cash provided by operating activities	20,012	59,224
II Cash Flows from Investing Activities		
Increase (decrease) in time deposits	756	1
Purchase of marketable securities	1,367	3,000
Proceeds from sales of marketable securities	3,325	5,677
Acquisition of fixed assets	41,629	24,451
Proceeds from sales of fixed assets	3,032	1,184
Purchase of investments in securities	890	2,065
Proceeds from sales of investments in securities	2,160	389
Purchase of securities in subsidiaries	1,058	2,073
Proceeds from sales of securities in subsidiaries	20	--
Payments of loans	459	975
Collections of loans	518	708
Net cash used in investing activities	35,593	24,608
III Cash Flows from Financing Activities		
Increase (decrease) in short-term debt	562	1,756
Proceeds from long-term debt	1,598	1,845
Repayment of long-term debt	1,582	54
Purchase of treasury stock based on stock option	--	1,063
Repayment of bonds upon maturity	--	200
Dividends paid	3,820	3,819
Dividends paid to minority interest	77	102
Net cash used in financing activities	4,444	1,638
IV Effect of Exchange-rate Changes on Cash and Cash Equivalents	503	569
V Net Increase in Cash and Cash Equivalents	19,521	32,408
VI Cash and Cash Equivalents, Beginning of Year	57,988	40,105
VII Cash and Cash Equivalents of a Newly Consolidated Company	1,638	827
VIII Cash and Cash Equivalents, End of Year	40,105	73,341

Basis of Preparation for the Consolidated Financial Statements

1. Scope of Consolidation

- 1) Consolidated subsidiaries: 38
Major companies: Nitto Denko Matex Co., Ltd., Nitto Shinko Corp., Nissho Corp., Kyoshin Co., Ltd., Nitto Europe N.V.
Nitto Electronics Kyushu Co., Ltd. was newly established.
Nitto Denko (China) Co., Ltd. was newly established.
Korea Nitto Optical Co., Ltd. was added from non-consolidated company.
Toyohashi Nikka Co., Ltd. was excluded (through consolidation).
Jinsec Corp. was excluded (through consolidation).
Sanshin Kasei Co., Ltd. was dissolved.
- 2) Non-consolidated subsidiaries: 62
Major companies: Nistem Corporation
Aichi Nitto Denko Co., Ltd. and another company were newly established.
Permacel Automotive Inc. was newly acquired.
Nissho Nishiki Precision Co., Ltd. was newly added (through adding the stake).
Korea Nitto Optical Co., Ltd. and other six companies were excluded.

2. Application of equity method

- 1) Non-consolidated subsidiaries applicable of equity method: 62
Major company: Nistem Corporation
Aichi Nitto Denko Co., Ltd. and another company were newly established.
Permacel Automotive Inc. was newly acquired.
Nissho Nishiki Precision Co., Ltd. was newly added (through adding the stake).
Korea Nitto Optical Co., Ltd. and other six companies were excluded.
- 2) Affiliates applicable of equity method: 2
Nissho Nishiki Precision Co., Ltd. was excluded.

3. Fiscal Year End of Consolidated Companies

Fiscal year end of all the subsidiaries except for Nitto Denko (Shanghai Songjiang) Co., Ltd., Nitto Denko (Shanghai Pu Dong New Area) Co., Ltd., Nitto Denko (Suzhou) Co., Ltd., and Nitto Denko (China) Co., Ltd. use the same fiscal year end.

The fiscal year for those four subsidiaries listed above ends December 31, the financial statements for them are recalculated on a proforma basis, as if their fiscal year ends March 31, for the consolidation purpose.

4. Accounting Principles and Practices

- 1) Revaluation standards and method of significant assets
 - Securities
 - Marketable securities for trading purposes:
Market value method (Moving average cost method for cost of sales)
 - Other securities:
Market value is available: Stated at market value on the date of the current consolidated first half of fiscal year end (Valuation adjustments are reported in Equity section, and the sales cost is calculated by a moving average method)
 - Market value is not available: Stated at moving-average cost
 - Derivatives Fair value method
 - Inventories Mainly the lower of cost or market, where cost is determined by the average method.
- 2) Depreciation and amortization of significant depreciable fixed assets:
 - Tangible fixed assets Mainly declining-balance method
 - Intangible fixed assets Straight-line method
(Straight-line method is applied for the software used in-house for the proprietary purposes during its usable life (five years).)

3) Provision of significant allowances

Allowance for doubtful receivables

Allowance for doubtful receivables is provided at an amount sufficient to cover possible losses on the collection of receivables. For certain probable doubtful accounts the uncollectible amounts are estimated based on a review of the collectibility of individual receivables.

Provision for retirement benefits

The corporation provided allowance for employees' severance and pension benefits at the end of this fiscal year based on the estimated amounts of projected benefit obligation and the fair value of plan assets at the end of this fiscal year.

Prior service cost of pension plans are amortized over the fixed years less than the estimated average remaining service lives of the employees, which is 12 years for the current year.

The actuarial net losses are amortized over the fixed years less than the estimated average remaining service lives of the employees, which is 12 years for the current year, from the next fiscal year.

(Additional Information)

In conjunction with enforcement of the Defined Benefit Enterprise Pension Plan Law, the corporation received approval from the Minister of Health, Labour and Welfare, for exemption from payment of future benefits regarding the substituted portion of the employee pension fund as of March 26, 2003. We applied the transitional accounting treatment specified in paragraph 47-2 of the "Practical Guidelines of Accounting for Retirement Benefits (Interim Report)", and recognized an extinguishment of retirement benefit obligation with respect to such substituted portion as of the date of the approval. As a result, the corporation has recorded the substituted pension assets of 20,177 million yen.

Provision for retirement allowances for directors and corporate auditors

Domestic consolidated companies provide for retirement allowances for directors and corporate auditors at the full amount which would be required to be paid if all directors and corporate auditors retired at the balance sheet date based on each Company's internal regulations.

4) Translation of foreign currency assets and liabilities into Japanese yen

Foreign currency assets and liabilities of the Corporation are translated into Japanese yen at the spot exchange rate prevailing at the end of the fiscal year, while exchange gain or loss adjustments were posted as gains or losses. The assets and liabilities of the foreign subsidiaries are translated into Japanese yen at the spot exchange rate prevailing at the balance sheet date, and their revenues and expenses are translated into Japanese yen at the average exchange rate during the reporting period, the differences arising from such translations are posted as "Minority interests" and "Foreign currency translation adjustments" at the section of the Shareholder's equity.

5) Lease transactions

Finance leases, except for those leases where the ownership of the leased assets is considered to be transferred to the lessee are allowed to be accounted for in the same manner as ordinary rental transactions.

6) Significant accounting method for hedges

Hedge accounting

Deferred hedge accounting is adopted for the foreign currency forward contracts on anticipated transactions.

Hedging instruments and hedged assets

Hedging instruments and hedged assets subject to the hedging accounting during the current semiannual fiscal year are as follows:

1) Hedging instruments: Foreign currency forward contracts

2) Hedged items: Accounts receivable denominated in foreign currencies for product exports

Debt in foreign currencies for imports of facilities and others

Hedging policy

Foreign currency forward contracts are executed to hedge the risk in fluctuations in the amount of receivables due to fluctuations in foreign currency exchange rates.

7) Other basic information for preparation of the financial statements

The tax-excluded method is adopted for accounting treatment of consumption and other taxes.

Accounting Principles relating to treasury stock and reclassification of statutory reserve

Effective April 1, 2002 the Corporation adopted the "Accounting Standard for Treasury Stock and Reclassification of Statutory Reserve (Accounting Standards Board Statement No.1)". However the effects of adopting the new accounting standard on profits and losses of this period are immaterial.

The corporation prepared the consolidated balance sheet and statement of shareholders' equity in accordance with the revised Accounting Principles for Consolidated financial statements.

Information per share

Effective April 1, 2002, the Corporation adopted the new accounting standard for earnings per share and related guidance (Accounting Standards Board Statement No. 2, "Accounting Standard for Earnings Per Share" and Financial Standards Implementation Guidance No. 4, "Implementation Guidance for Accounting Standard for Earnings Per Share").

5. Revaluation of Assets and Liabilities of Subsidiaries

Partial fair market value method is applied to revalue assets and liabilities of consolidated subsidiaries.

6. Amortization of consolidation adjustment account

The difference between the cost of investments in the consolidated subsidiaries and the amount of underlying equity in the net assets of such subsidiaries is amortized over a 5-year period on a straight-line basis. If such amount is not material, it is directly charged to income for the current year.

7. Consolidated Appropriation of Retained Earnings

Consolidated Statements of Shareholders' Equity has been prepared based on the appropriation of earnings determined during the fiscal year.

8. Scope of funds in the Consolidated Statements of Cash Flows

Funds (cash and cash equivalents) in the consolidated statements of cash flows are comprised of cash in hand, demand deposits and time deposits maturing within three months from the date of acquisition, and highly liquid short-term investments having an original maturity of three months or less with minor risk of fluctuations in value.

(Significant Subsequent Events)

The Board of Directors has decided at their meeting on April 24, 2003 that they would vote on submitting motions of "Proposal to issue stock rights to the Company's directors" and "Repurchase of the Company's own stock" to the annual stockholders' meeting scheduled to be held on June 20, 2003.

Notes:**(Consolidated Balance Sheets)**

1. Pledged assets and secured debt

	<u>Fiscal 2002</u>	<u>Fiscal 2003</u>
Pledged assets	1,132 mil. yen	427 mil. yen
Secured debt	643 mil. yen	451 mil. yen

2. Assets at non-consolidated subsidiaries and affiliates

	<u>Fiscal 2002</u>	<u>Fiscal 2003</u>
Investments in securities (equity)	10,826 mil. yen	11,835 mil. yen

3. Obligations and commitment under the guarantee agreements
(including letters of comfort for management guidance)

	<u>Fiscal 2002</u>	<u>Fiscal 2003</u>
Obligations under the guarantee agreements	1,576 mil. yen	1,980 mil. yen
Commitments under the guarantee agreements (including letters of comfort for management guidance)	267 mil. yen	150 mil. yen

4. Trade notes discounted and trade notes endorsed

	<u>Fiscal 2002</u>	<u>Fiscal 2003</u>
Notes receivable discounted	90 mil. yen	90 mil. yen
Notes receivable endorsed	659 mil. yen	803 mil. yen

(Consolidated Statements of Income)

1. Major Items of Selling, General and Administrative Expenses and their Amount

	<u>Fiscal 2002</u>	<u>Fiscal 2003</u>
Transportation cost	7,874 mil. yen	9,010 mil. yen
Advertisement and sales commission	2,174 mil. yen	2,664 mil. yen
Employees' salaries and benefits	28,154 mil. yen	27,211 mil. yen
Traveling expenses	2,954 mil. yen	3,340 mil. yen
Fees and commissions	7,118 mil. yen	8,761 mil. yen
Depreciation and amortization	3,371 mil. yen	4,033 mil. yen
Rents and leases	2,814 mil. yen	2,580 mil. yen

(Consolidated Statements of Cash Flows)

1. Cash and cash equivalents at the end of the year and their relevant items posted in the balance sheet and their amount

	<u>Fiscal 2002</u>	<u>Fiscal 2003</u>
Cash on hand and in banks	39,539 mil. yen	52,709 mil. yen
Time deposits maturing over 3 months	744 mil. yen	678 mil. yen
Marketable securities	1,310 mil. yen	21,310 mil. yen
Cash and cash equivalents	40,105 mil. yen	73,341 mil. yen

(Leases)

No notes are made since we disclose them electronically in accordance with the provisions in paragraph 30-6 of Article 27 of Securities Exchange Law.

(Securities)

(Fiscal 2003) (As of March 31, 2003)

1. Securities Held for Trading Purposes

Carrying amount	18,934 mil. yen
Valuation adjustment charged to income	8 mil. yen

2. Debt Securities Intended to be Held till Their Maturities

Not applicable.

3. Other Securities with Fair Value

Securities with book values exceeding acquisition costs (unit: million yen)

	Acquisition cost	Book value	Difference
(1) Equity securities	1,200	2,001	800
(2) Bonds			
Government bonds, municipal bonds	--	--	--
Corporate bonds	--	--	--
Others	--	--	--
(3) Others	92	93	0
Total	1,293	2,094	800

Securities with book values not exceeding acquisition costs

(unit: million yen)

	Acquisition cost	Book value	Difference
(1) Equity securities	1,395	1,260	134
(2) Bonds			
Government bonds, municipal bonds	--	--	--
Corporate bonds	--	--	--
Others	757	654	102
(3) Others	15	7	7
Total	2,167	1,922	245

4. Other Securities Disposed during the Fiscal 2003 (April 1, 2002 - March 31, 2003)

No notes are made since the total amount of gains/losses from sales is immaterial.

5. Securities with no Fair Values

(Unit: Millions of yen)

	Carrying amount
Other securities	
Non-listed equity (excluding equity securities traded over the counter)	2,510

6. There is no redemption scheduled to be noted for the securities with stated maturities and the debt securities held-to-maturity among other securities.

(Fiscal 2002) (As of March 31, 2002)

1. Securities Held for Trading Purposes

Carrying amount	5,599 mil. yen
Valuation adjustment charged to income	47 mil. yen

2. Debt Securities Intended to be Held till Their Maturities

Not applicable.

3. Other Securities with Fair Value

Securities with book values exceeding acquisition costs

(unit: million yen)

	Acquisition cost	Book value	Difference
(1) Equity securities	4,320	5,882	1,562
(2) Bonds			
Government bonds, municipal bonds	--	--	--
Corporate bonds	0	0	0
Others	--	--	--
(3) Others	93	93	0
Total	4,415	5,977	1,562

Securities with book values not exceeding acquisition costs

(unit: million yen)

	Acquisition cost	Book value	Difference
(1) Equity securities	21	21	0
(2) Bonds			
Government bonds, municipal bonds	--	--	--
Corporate bonds	--	--	--
Others	962	873	89
(3) Others	45	39	5
Total	1,029	934	95

4. Other securities sold during the fiscal year (April 1, 2001 – March 31, 2002)

(Unit: Millions of yen)

Sales proceeds	Total sales gain	Total sales losses
2,160	630	209

5. Securities with no Fair Value

(Unit: Millions of yen)

	Carrying amount
Other securities Non-listed equity (excluding equity securities traded over the counter)	503

6. There is no redemption scheduled to be noted for the securities with stated maturities and the debt securities held-to maturity among other securities.

(Derivative transactions)

No notes are made since we disclose them electronically in accordance with the provisions in paragraph 30-6 of Article 27 of Securities Exchange Law.

(Employees' severance and retirement benefits)

1. Summary of the retirement benefit plan the Corporation has adopted

The Corporation and its domestic subsidiaries have established employees' pension plan, qualified pension plan, and retirement allowance plan as its defined benefit plans. The Corporation may pay extra retirement and severance allowance upon its employees' retirement.

The Corporation has established a retirement benefit trust under the employees' pension plan.

2. Items regarding the retirement benefit liabilities

	Fiscal 2002	Fiscal 2003
Projected benefit obligation	112,456 mil. yen	97,401 mil. yen
Pension assets	72,754 mil. yen	44,614 mil. yen
Unreserved provision for retirement benefits (-)	39,702 mil. yen	52,786 mil. yen
Unrecognized actuarial difference	21,307 mil. yen	36,150 mil. yen
Unrecognized prior service costs	21 mil. yen	19 mil. yen
Provision for retirement benefits (- -)	18,373 mil. yen	16,616 mil. yen

(Note) 1. Some subsidiaries adopt simplified method to calculate the projected benefit obligation.

2. "Provision for retirement benefits" is the net amount after deducting the prepaid pension expenses 3,894 million yen of FY2002 and 3,280 million yen of FY2003 respectively.

3. Items regarding the retirement benefit expenses

	Fiscal 2002	Fiscal 2003
Service costs	4,199 mil. yen	3,232 mil. yen
Interest costs	3,773 mil. yen	3,833 mil. yen
Expected return on plan assets	2,674 mil. yen	2,640 mil. yen
Amortization of unrecognized actuarial loss	1,348 mil. yen	1,864 mil. yen
Prior service costs	2 mil. yen	2 mil. yen
Retirement benefit expenses (+ - + +)	6,649 mil. yen	6,291 mil. yen
Gains on return of substituted portion of employee pension fund	-- mil. yen	3,731 mil. yen
Total (-)	6,649 mil. yen	2,560 mil. yen

(Note) Retirement benefit expenses of the consolidated subsidiaries, which have adopted simplified method, are posted at "Service costs".

4. Basis of calculation of retirement benefit liabilities

	Fiscal 2002	Fiscal 2003
Method of allocating expected retirement benefits to reporting periods	Fixed Base for Period	Fixed Base for Period
Discount rate	3.5 %	2.5 %
Expected rate of return on plan assets	1.5-4.0 %	1.5-4.0 %
Amortization period of prior service costs	12 years	12 years
Amortization period of actuarial difference	12 years	12 years
Amortization period of transition obligation	Recognized all in the first fiscal year	Same as in the left

(Tax Effect Accounting)

1. Significant components of deferred tax assets and liabilities:

	Fiscal 2002	Fiscal 2003
[Current assets]		
(Deferred tax assets)		
Valuation of inventories	311 mil. yen	241 mil. yen
Unrealized gains on inventories	699 mil. yen	702 mil. yen
Allowance for doubtful receivables	142 mil. yen	201 mil. yen
Accounts receivable	271 mil. yen	117 mil. yen
Unpaid business tax	-- mil. yen	1,187 mil. yen
Accounts payable	647 mil. yen	233 mil. yen
Accrued expenses	1,731 mil. yen	2,928 mil. yen
Others	453 mil. yen	292 mil. yen
Total deferred tax assets	4,258 mil. yen	5,905 mil. yen
(Total deferred tax liabilities)		
Accrued business taxes	229 mil. yen	-- mil. yen
Total deferred tax liabilities	229 mil. yen	-- mil. yen
Net deferred tax assets	4,028 mil. yen	5,905 mil. yen
[Fixed assets]		
(Deferred tax assets)		
Depreciation expenses beyond allowable amount as deductibles	1,202 mil. yen	1,613 mil. yen
Provision for retirement benefits	5,850 mil. yen	5,820 mil. yen
Provision for retirement allowances for directors and corporate auditors	452 mil. yen	493 mil. yen
Losses from valuation of other securities	2,035 mil. yen	-- mil. yen
Others	1,986 mil. yen	2,149 mil. yen
Total deferred tax assets	11,528 mil. yen	10,076 mil. yen
(Total deferred tax liabilities)		
Reserve for special depreciation	676 mil. yen	1,260 mil. yen
Undistributed earnings of overseas subsidiaries and affiliates	1,046 mil. yen	896 mil. yen
Net unrealized holding gains on securities	613 mil. yen	221 mil. yen
Total deferred tax liabilities	2,335 mil. yen	2,378 mil. yen
Net deferred tax assets	9,192 mil. yen	7,697 mil. yen

2. Domestic legal effective tax rates used in calculation of Deferred tax assets and Total deferred tax liabilities are 41.8% for Fiscal 2002, and 41.8% for current assets and 40.5% for fixed assets of Fiscal 2003. These decreased Deferred tax assets by 283 million yen, and increased the amount of adjustments to income taxes, accounted for Fiscal 2003's costs, by the same amount.

(Going Concern Assumption)

There is no appropriate item for this assumption.

(Segment Information)**I. Operating Segment Information**

(Fiscal 2002) (April 1, 2001 – March 31, 2002)

(Unit: Millions of yen)

	Industrial products	Electronic products	Functional products	Total	Eliminations (corporate)	Consolidated total
1. Net sales and operating income						
I. Net sales						
(1) Net sales to outside customers	183,699	119,626	35,604	338,930	--	338,930
(2) Intersegment sales or transfers	431	516	195	1,143	(1,143)	--
Total	184,130	120,143	35,799	340,073	(1,143)	338,930
II. Operating expenses	179,490	109,509	31,759	320,759	(1,143)	319,616
III. Operating income	4,640	10,633	4,039	19,314	--	19,314
2. Assets, Depreciation and Amortization, and Capital Expenditures						
Assets	149,757	100,930	37,626	288,314	62,025	350,340
Depreciation and Amortization	9,779	7,990	2,672	20,442	--	20,442
Capital Expenditure	19,609	14,688	6,012	40,310	--	40,310

(Fiscal 2003) (April 1, 2002 – March 31, 2003)

(Unit: Millions of yen)

	Industrial products	Electronic products	Functional products	Total	Eliminations (corporate)	Consolidated total
1. Net sales and operating income						
I. Net sales						
(1) Net sales to outside customers	192,179	146,780	39,745	378,705	--	378,705
(2) Intersegment sales or transfers	93	69	656	819	(819)	--
Total	192,273	146,849	40,402	379,525	(819)	378,705
II. Operating expenses	180,771	130,000	34,851	345,623	(819)	344,803
III. Operating income	11,502	16,848	5,550	33,901	--	33,901
2. Assets, Depreciation and Amortization, and Capital Expenditures						
Assets	145,767	111,831	38,592	296,191	83,619	379,811
Depreciation and Amortization	9,790	8,401	2,950	21,143	--	21,143
Capital Expenditure	10,651	9,954	2,731	23,337	--	23,337

(Notes) 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.

Major products for each business segment

Business segment	Major products
Industrial products	Bonding and joining products, surface protection products, anticorrosion and waterproofing products, sealing products, packaging products and equipment, electronic component-related products
Electronic products	Semiconductor-related products, LCD-related products, flexible printed circuit products
Functional products	Medical-related products, polymer separation membranes, engineering plastics products

Corporate assets included in the account "Eliminations (Corporate)" in fiscal 2003 amounted to 92,046 million yen, which consists mainly of the parent company's investment of the surplus funds (cash, time deposits and marketable securities) and securities held as investments, as compared with 67,177 million yen in fiscal 2002.

II. Segment information by geographic area

(Fiscal 2002) (April 1, 2001 – March 31, 2002)

(Unit: Millions of yen)

	Japan	North America	Europe	Asia & Oceania	Total	Eliminations (corporate)	Consolidated total
1. Net sales and operating income							
I. Net sales							
(1) Net sales to outside customers	237,459	31,337	13,287	56,845	338,930	--	338,930
(2) Intersegment sales or transfers	50,083	1,436	1,206	3,825	56,551	(56,551)	--
Total	287,542	32,773	14,494	60,671	395,482	(56,551)	338,930
II. Operating expenses	270,815	32,601	14,245	59,330	376,993	(57,377)	319,616
III. Operating income	16,727	172	248	1,340	18,489	825	19,314
2. Assets	192,253	53,422	9,123	37,190	291,990	58,350	350,340

(Fiscal 2003) (April 1, 2002 – March 31, 2003)

(Unit: Millions of yen)

	Japan	North America	Europe	Asia & Oceania	Total	Eliminations (corporate)	Consolidated total
1. Net sales and operating income							
I. Net sales							
(1) Net sales to outside customers	252,881	33,386	14,496	77,940	378,705	--	378,705
(2) Intersegment sales or transfers	68,525	1,753	1,862	2,996	75,138	(75,138)	--
Total	321,407	35,140	16,358	80,937	453,843	(75,138)	378,705
II. Operating expenses	291,603	34,112	15,911	78,541	420,168	(75,364)	344,803
III. Operating income	29,803	1,027	447	2,396	33,675	226	33,901
2. Assets	187,118	53,211	10,825	48,133	299,288	80,523	379,811

(Notes)

Methods of geographical segmentation

Countries or regions are segmented by geographical proximity.

Major countries or regions excluding Japan represented by categories

North America: U.S.A.

Europe: European countries

Asia & Oceania: East and South-east Asian countries, Australia

Corporate assets included in the account "Eliminations (corporate)" in fiscal 2003 amounted to 92,046 million yen, which consists mainly of the parent company's investment of the surplus funds (cash, time deposits and marketable securities) and securities held as investments, compared with 67,177 million yen in fiscal 2002.

III. Net Sales to Customers outside Japan

(Fiscal 2002) (April 1, 2001 – March 31, 2002)

(Unit: Millions of yen)

	North America	Europe	Asia & Oceania	Total
I. Net sales to customers outside Japan	26,930	15,475	85,469	127,876
II. Consolidated sales				338,930
III. Ratio of net sales to customers outside Japan to consolidated sales	7.9%	4.6%	25.2%	37.7%

(Fiscal 2003) (April 1, 2002 – March 31, 2003)

(Unit: Millions of yen)

	North America	Europe	Asia & Oceania	Total
I. Net sales to customers outside Japan	28,212	17,357	108,558	154,128
II. Consolidated sales				378,705
III. Ratio of net sales to customers outside Japan to consolidated sales	7.4%	4.6%	28.7%	40.7%

(Notes) Methods of geographical segmentation
Countries or regions are segmented by geographical proximity.
Major countries or regions excluding Japan represented by categories
North America: U.S.A.
Europe: European countries
Asia & Oceania: East and South-east Asian countries, Australia
Net sales to customers outside Japan represent the sales by the parent company and its consolidated subsidiaries in the countries or regions outside Japan.

(Related Party Transactions)

Fiscal 2003 (April 1, 2002 – March 31, 2003)

No transactions to be noted.

(Production and Sales)**(1) Production Results**

Production results by business segment for the current consolidated fiscal year are as follows:

(Unit: Millions of yen)

Description of business segment	Amount	
		Year-on-year change (%)
Industrial products	111,537	110.7
Electronic products	135,931	123.5
Functional products	38,498	111.8
Total	285,967	116.6

(Note) The amounts are rounded since it is difficult to accurately estimate the total amounts of products due to the complex nature of the transactions between consolidated subsidiaries.

(2) Sales Results

Sales results by business segment for the current consolidated fiscal year are as follows:

(Unit: Millions of yen)

Description of business segment	Amount	
		Year-on-year change (%)
Industrial products	192,179	104.6
Electronic products	146,780	122.7
Functional products	39,745	111.6
Total	378,705	111.7

(Notes) Names of major counter-parties are not indicated herein as none has constituted 10% or more of the total sales.

Amounts in the table do not include consumption taxes.

(Supplement)

Environmental Accounting Report

We adopted Environmental Accounting in the fiscal 2001 as part of our own philosophy of harmonization of management and environment, defined from our own viewpoint, and we have started to apply this Accounting method to group companies; to domestic members from fiscal 2002 and to overseas members from fiscal 2003.

One of the main features of our Environmental Accounting is that, in addition to the environment preservation cost in compliance with the guidelines set by the Ministry of Environment, we include in the capitalization of such costs defined as “environmental load cost” such as cost for raw materials and processing of industrial waste that cannot be used for production and purchase cost of energy/solution liquids/waters that are consumed during the in-house manufacturing stages. And any reduction of the environmental load cost is considered as environmental effects, with which we are aiming at improvement in the productivity of resources, hence the lower total costs.

For the fiscal year ended March 31, 2003, the Parent Corporation’s ratio of environmental load cost to sales (the ratio of environmental load cost against net sales) stood at 17.6%, improved 1.2 percentage points from the previous year.

Additionally, we have participated in the Business Study Group for Environmental Accounting sponsored by Japan’s Ministry of the Environment, and acted as a member of committee in Ministry of Economy, Trade and Industry.

We intend to lower the ratio of environmental load cost to sales, specifically to 13% as a goal, by the end of the fiscal year ending March 31, 2006, by focusing on the technological development centered on the reduction of original costs associated with the control of industrial waste materials.

	Prior Fiscal Year (April 1, 2001 - March 31, 2002)	Current Fiscal Year (April 1, 2002 - March 31, 2003)	Year-on-year Changes	Year-on-year Changes in Percentages	
Net sales (Unconsolidated)	Millions of yen 195,456	Millions of yen 225,450	Millions of yen 29,993	% 115.3	
Environmental preservation costs	General expenses	976	913	63	93.6
	Waste disposal	925	1,039	114	112.3
	Outsourcing	227	181	46	79.9
	Salary and compensation	515	466	49	90.4
	Depreciation and amortization	1,159	1,218	60	105.2
	Technology development	1,141	972	169	85.2
	Total	4,943	4,789	153	96.9
Environmental load costs	Waste costs	30,918	33,554	2,638	108.5
	Energy	3,970	4,085	115	102.9
	Solution supply	1,561	1,692	130	108.4
	Industrial water supply	260	304	44	116.6
	Total	36,709	39,635	2,926	108.0
Ratio of environmental load cost to net sales	18.8%	17.6%	1.2%	--	