

Consolidated Semiannual Financial Summary
(for the fiscal year ending 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(0726)22-2981

Date of the board of directors' meeting concerning the financial statements: October 24, 2002

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

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

1. Consolidated Semiannual Business Results (From April 1, 2002 to September 30, 2002)

(1) Operational Results

	Net Sales		Operating Income		Ordinary Income	
	Million of yen	%	Million of yen	%	Million of yen	%
September, 2002	188,751	(13.2)	17,906	(148.9)	17,507	(128.6)
September, 2001	166,718	(5.2)	7,194	(57.8)	7,658	(55.4)
March, 2002	338,930		19,314		19,748	

	Net Income (semiannual)		Earnings per share – Basic		Earnings per share - Diluted	
	Million of yen	%	Yen		Yen	
September, 2002	9,293	(152.0)	53.	52	--	
September, 2001	3,687	(51.9)	21.	22	--	
March, 2002	1,115		6.	42	--	

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

(September, 2002) 497 million yen (September, 2001) 415 million yen (March, 2002) 233 million yen

Average number of shares outstanding (consolidated): (September, 2002) 173,652,252 stocks

(September, 2001) 173,758,240 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 (semiannual) 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	
September, 2002	364,463	230,158	63.1	1,327.	00
September, 2001	346,619	225,117	64.9	1,295.	58
March, 2002	350,340	228,409	65.2	1,314.	53

Note: Number of shares outstanding at the term end (consolidated): (September, 2002) 173,442,540 stocks
(September, 2001) 173,758,240 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	
September, 2002	32,498	15,484	4,029	53,428	
September, 2001	9,613	15,593	2,641	50,730	
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: 65
Affiliates applicable of equity method: 2

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

Consolidation (Inclusion): 3 (Exclusion): 2
Equity method (Inclusion): 2 (Exclusion): 3

2. Projections for the Year Ending March 31, 2003 (From April 1, 2002 to March 31, 2003)

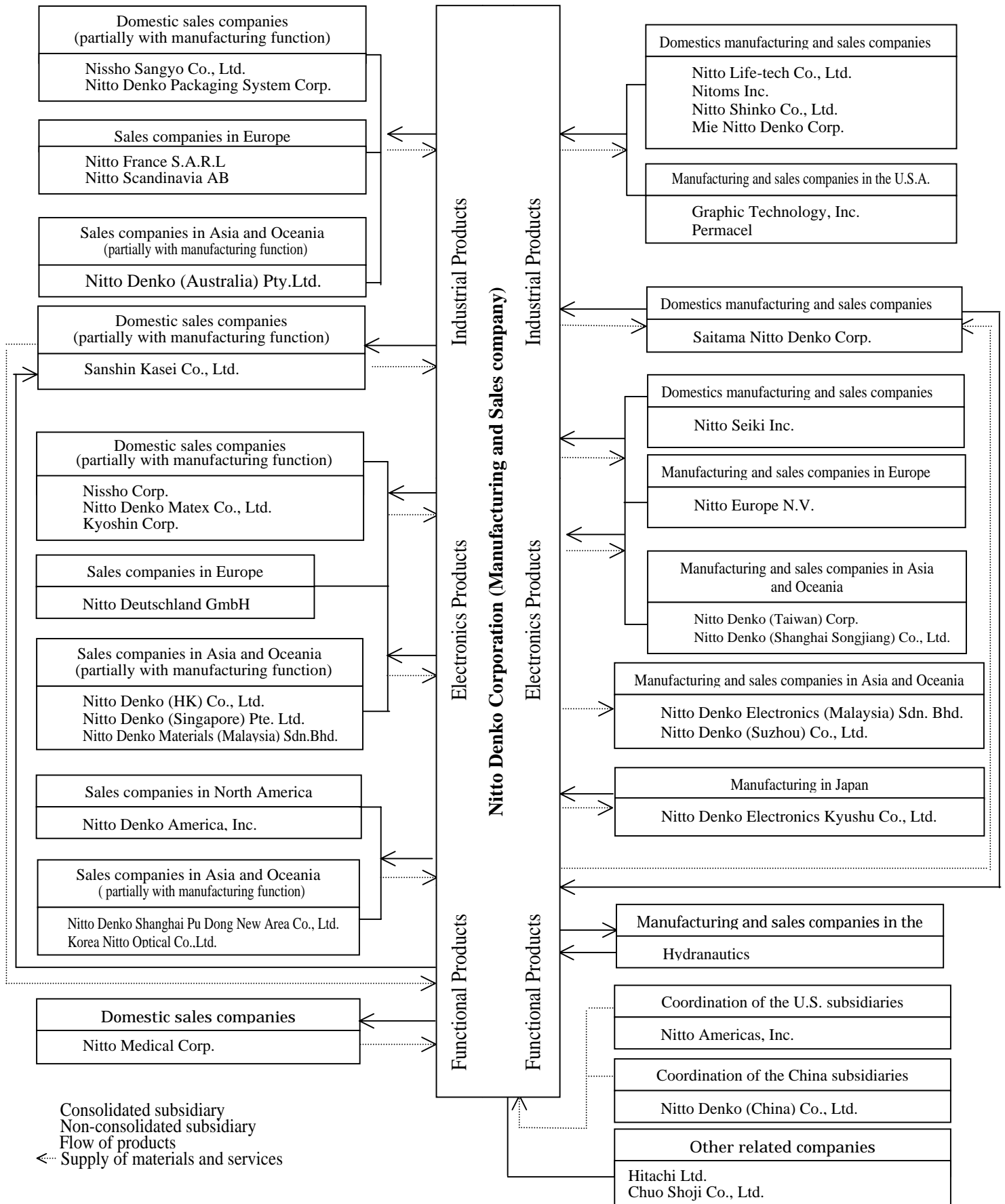
	Net sales	Operating income	Ordinary income	Net income
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Full-year	370,000	30,000	31,500	17,000

(Reference) Projected net income per share for the full year: 97.90 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 September 30, 2002 Nitto Denko Group is comprised of this Corporation and its 103 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. Korea Nitto Optical Co., Ltd., which had been previously accounted for as a non-consolidated subsidiary, was transferred to the consolidation during the first half of the current fiscal year.



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 toward 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”. By facilitating activities under this strategy, we intend to expand our business to lead us to further development and prosperity. As filing of “Global Niche Top” as trademark was completed in April 2002, it 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, 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

While we have undertaken the structural reform measures under the motto “Changes are our Opportunities” and adopting “Expeditious Management Decision-making” as our slogan, we have adopted a business plan called “Muscle Plan” comprised of two concepts, “Productivity Enhancement” and “Business Growth Strategy”, in order to effectively respond to the turbulent business conditions, as well as to improve the company's resilience in the face of economic downturns. The plan is aimed at establishing a structure with the ability to increase the operating margin to 10% by fiscal year ending March 2004. Additionally, we intend to prepare a new mid-term management plan for growth within the current fiscal year for the period ending March 2006, based on the “Muscle Plan”.

Industrial structure has been transformed to further accommodate globalization.

The Corporation's “Global Niche Top” strategy will be executed with an increasing emphasis on global originations primarily targeting at the western countries and China, rather than pursuing worldwide expansion with the export of products originated in Japan.

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

When we adopted the corporate vision embodied in the phrase “Creating New Value” in 1993, we set out a “Code of Conduct” as our guide for our day-to-day corporate activities of employees and related companies. Based on this code of conduct, specific guidelines have been established, committing us to product safety and environmental protection as basic requirements for customer satisfaction. In particular, in order to address the issue of planet-wide environmental conservation, based on our history of active involvement in this issue, a voluntary plan (the Environmental Protection Action Plan) was established and a “Corporate Environmental Policy” was adopted while an “Environmental Report” has

been issued. We have introduced an “Environment Accounting System” on a consolidated-base, starting in the fiscal 2003.

As regards corporate governance, a series of management reform measures under the motto “Open & Fair” have been implemented to expedite the decision-making process. In addition, our disclosure practice has been enhanced to ensure management transparency for the shareholders and investors. The Corporation has introduced a stock option plan from this year to strengthen management with an aim to enhance shareholders’ value.

5. 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 “Muscle Plan”, to improve the corporation’s resilience in the face of economic downturns, and to reinforce business capabilities for growth.

Specifically, we opened a new facility specialized in LCD-related business in Kameyama Plant in Mie Prefecture, in response to the growing demand for LCD monitors and in anticipation of enormous increase in demand for LCD TV. Additionally, we will introduce an LCD-related product line on top of the flexible printed circuit product business in Suzhou Plant in China. We have established a management company in China in order to reinforce and expeditiously execute business development in Chinese market.

On the business front, we have implemented a structural change from a product-based to a market-based sales organization, in order to better utilize the Corporation’s accumulated technologies, thus improving our resilience to the rapidly changing market conditions. We intend to take concerted efforts to bolster global sales force to deliver further growth.

The Corporation integrated the Group’s sales agencies from 8 two years ago into 3 during the current fiscal year. Additionally, we are in the process of building up distribution infrastructure with enhanced productivity, by streamlining and reinforcing the Group’s IT and logistics capabilities. We will restructure headquarters functions in order to optimally allocate the Group’s management resources such as human resources, assets and funds on a consolidated base.

Through such activities, we aim at sustainable growth, by implementing the “Muscle Plan”, to enhance cost efficiency and to increase variable costs relative to fixed costs, promoting globalization of business and production bases by building up more muscular corporate structure. At the same time, we will exercise “Selection and Focus of Businesses”, “Emphasis on the Areas of Potential Growth”, and “Differentiation by Unique Technology”, based on the “Global Niche Top” strategy to identify and pursue new growth opportunities.

Business Results and Financial Condition

1. Summary of First Half of the Fiscal 2003

Summary of Overall Business

During the first half of the fiscal 2003, the global economy looked as if it had been in the process of recovery with the progress of inventory adjustment, but it sharply slowed down during the second quarter as demand on inventory rebuilding had been almost over and the global equity markets were headed into simultaneous downtrends. Recovery of Japanese economy remained sluggish, although the export-led economy temporarily bottomed out.

Under such economic conditions, the Corporation delivered a sharp growth in sales of LCD-related products and semiconductor-related products for electronic components as well as electronic-related components and bonding products for the electronics industry during the first quarter, followed by a generally reactionary slowdown in the second quarter.

Net sales increased by 13.2% (changes in percentage below indicate the change from the first half of the previous fiscal year) to 188,751 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 148.9% to 17,906 million yen, ordinary income increased 128.6% to 17,507 million yen, and net income increased 152.0% to 9,293 million yen.

Summary of Results by Business Segments

[Industrial Products]

Sales of bonding products for electronics industry including OA, home electronics and cellular phones remained robust, so did surface protection and sealing products for the automobile and the display industries. Among construction products, some products such as waterproof airtight tapes for the construction industry showed strong sales growth, although sales of these products generally remained sluggish. 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. Additionally, we worked to eliminate some unprofitable products among electrical insulation products.

As a result, net sales of industrial products increased 1.7% to 94,676 million yen, and operating income increased 215.9% to 5,474 million yen.

[Electronic Products]

Among LCD-related products, sales of high-performance optical films were robust thanks to the growing demand for a larger screen with higher resolution and wider viewing angle as a result of the shift in technology from CRT to LCD for monitors. Thanks to expansion of LCD TV production, sales of high-performance compensation films for high-quality images remained favorable. Among semiconductor-related products, a progress of inventory adjustments made by semiconductor manufactures contributed to the sales growth of both semiconductor encapsulating resins and wafer-protection tapes for the semiconductor manufacturing process. Among flexible printed circuits (FPCs), sales of high-density FPCs on a color screen for the cellular phone industry picked up late in the first half, while weak demand in the PC and HDD industries affected sales of the core standard products, and similarly sales of thin metal core boards for HDD heads remained poor.

As a result, net sales of electronic products increased 33.8% to 74,222 million yen, and operating income

increased 185.8% to 9,823 million yen.

[Functional Products]

Among healthcare products, despite strong end market demand for transdermal therapeutic patches, sales remained slow due to inventory adjustment. Sales of polymer separation membrane products used during the manufacture of semiconductors to generate ultra-pure water were sluggish, while demand for membranes used in cleansing process for the LCD industry, and in seawater desalination in the U.S. market and in drinking water treatment in Chinese market, remained favorable. Among engineering plastic products, sales of inner pressure control filters for OA equipment and electronics devices for automobiles, and polyimide belts for OA, as well as process products for semiconductor and electronic component industries were robust.

As a result, net sales of functional products increased 9.5% to 19,853 million yen, and operating income increased 28.8% to 2,608 million yen.

Semiannual Dividends

The Corporation will maintain 11 yen per share for the semiannual dividends, the same amount paid out for the first half of the previous fiscal year.

2. Projections for the Full Year

Going forward, the economy is expected to bounce along the bottom due to the mounting pressure from slowdown of the U.S. economy and the battered equity market. Under such severe economic conditions, the Corporation intends to recover and further improve business performance by taking necessary measures to keep abreast of the growing LCD-related market and allocating management resources mainly to process product development in the tape business, the Corporation's mainstay business line to meet the changing needs of markets and areas, expanding sales of healthcare products and polymer separating membranes. The Corporation intends to further improve productivity and build up low-cost structure, in order to strengthen its operational capabilities.

Our projections for the business results in the fiscal year ending March 31, 2003, are as follows: net sales of 370 billion yen (increase 9.2% from the previous fiscal year.), operating income at 30 billion yen (up 55.3%), ordinary income at 31.5 billion yen (up 59.5%), net income at 17 billion yen (up 1,424.5%).

3. Financial Condition

Cash and cash equivalents (hereunder called "net cash") at the end of the first half of the fiscal 2003 were 53,428 million yen, an increase in 13,323 million yen from the end of the fiscal 2002. Analysis of cash flow and financial position are as follows:

(Cash flow from operating activities)

Net cash provided by operating activities totaled 32,498 million yen.

This was mainly attributable to an increase in net profit after taxes by 15,911 million yen, depreciation by 10,169 million yen, and accounts payable by 4,465 million yen, and to a decrease in accounts receivable by 1,838 million yen and inventories by 429 million yen.

(Cash flow from investing activities)

Net cash used in investing activities totaled 15,484 million yen.

This was mainly attributable to an outlay of 14,415 million yen for acquisition of fixed assets.

(Cash flow from financing operations)

Net cash used in financing operations totaled 4,029 million yen.

This was mainly attributable to an outlay of 1,911 million yen for dividends paid and 1,051 million yen for repurchase of the company's shares.

CONSOLIDATED SEMIANNUAL BALANCE SHEET

Description	As of September 30, 2001		As of September 30, 2002		As of March 31, 2002	
	Amount	Composition	Amount	Composition	Amount	Composition
(Assets)	Millions of yen	%	Millions of yen	%	Millions of yen	%
Current Assets	(186,541)	53.8	(194,110)	53.3	(182,031)	52.0
Cash and time deposits	45,909		51,807		39,539	
Trade notes and accounts receivable	87,203		89,311		90,187	
Marketable securities	7,773		4,298		5,693	
Inventories	32,610		33,726		33,535	
Deferred tax assets	4,188		6,790		4,028	
Other current assets	9,895		9,456		10,375	
Allowance for doubtful receivables	1,039		1,279		1,328	
Fixed Assets	(160,078)	46.2	(170,352)	46.7	(168,308)	48.0
Tangible Fixed Assets	123,376	35.6	132,192	36.3	129,969	37.1
Buildings and structures	92,857		101,827		98,946	
Machinery and material-handling equipment	163,320		177,267		174,319	
Tools, fixtures and parts	20,645		21,415		21,279	
Land	19,872		19,559		19,772	
Construction in progress	12,331		12,806		10,494	
Accumulated depreciation	185,650		200,683		194,842	
Intangible Fixed Assets	4,206	1.2	5,679	1.5	5,688	1.6
Goodwill	1,587		1,376		1,610	
Other intangible fixed assets	2,618		4,303		4,078	
Investments and Other Assets	32,495	9.4	32,479	8.9	32,649	9.3
Investments in securities	8,836		8,764		7,321	
Investments in non-consolidated subsidiaries and affiliates	9,328		9,484		10,826	
Deferred tax assets	8,074		9,456		9,192	
Others	7,042		5,428		6,210	
Allowance for doubtful receivables	787		654		901	
Total Assets	346,619	100.0	364,463	100.0	350,340	100.0

Description	As of September 30, 2001		As of September 30, 2002		As of March 31, 2002	
	Amount	Composition	Amount	Composition	Amount	Composition
(Liabilities)	Millions of yen	%	Millions of yen	%	Millions of yen	%
Current Liabilities	(87,860)	25.3	(99,653)	27.4	(89,040)	25.4
Trade notes and accounts payable	45,029		52,680		48,407	
Short-term loans payable	6,651		5,662		7,057	
Current portion of bonds	-		200		200	
Accrued expenses	9,484		11,582		10,246	
Income taxes payable	3,214		9,992		748	
Other current liabilities	23,480		19,535		22,379	
Long-term Liabilities	(24,450)	7.1	(24,856)	6.8	(23,548)	6.7
Bonds	500		300		300	
Long-term loans payable	1,673		1,838		1,661	
Provision for retirement benefits	19,328		19,390		18,373	
Provision for retirement allowances for directors and internal auditors	994		1,090		1,101	
Other long-term liabilities	1,953		2,237		2,112	
Total Liabilities	112,310	32.4	124,510	34.2	112,588	32.1
(Minority Interests)						
Minority interests	9,191	2.7	9,794	2.7	9,341	2.7
(Shareholders' Equity)						
Common stock	26,783		26,783		26,783	
Capital surplus	50,482		50,482		50,482	
Earned surplus	157,990		160,596		153,518	
Net unrealized holding gains or losses on securities	1,134		451		662	
Foreign Currency Translation Adjustments	8,994		7,100		3,034	
Cost of treasury stock	0		1,054		3	
Cost of parent company's stocks held by subsidiaries	8		-		-	
Total Shareholders' Equity	225,117	64.9	230,158	63.1	228,409	65.2
Total Liabilities, Minority Interest and Shareholders' Equity	346,619	100.0	364,463	100.0	350,340	100.0

CONSOLIDATED SEMIANNUAL STATEMENTS OF INCOME

Description	(From April 1, 2001 to September 30, 2001)		(From April 1, 2002 to September 30, 2002)		(From April 1, 2001 to March 31, 2002)	
	Amount	Composition	Amount	Composition	Amount	Composition
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Net sales	166,718	100.0	188,751	100.0	338,930	100.0
Cost of sales	123,423	74.0	133,452	70.7	247,822	73.1
Gross profits	43,294	26.0	55,299	29.3	91,107	26.9
Selling, general and administrative expenses	36,100	21.7	37,393	19.8	71,793	21.2
Operating Income	7,194	4.3	17,906	9.5	19,314	5.7
Other Income	(2,394)	1.4	(2,011)	1.1	(3,534)	1.0
Interest and dividend income	360		279		545	
Equity in earnings of non-consolidated subsidiaries and affiliates	415		497		233	
Miscellaneous income	1,618		1,234		2,755	
Other Expenses	(1,930)	1.1	(2,410)	1.3	(3,100)	0.9
Interest expenses	136		70		218	
Miscellaneous expenses	1,794		2,339		2,882	
Ordinary Income	7,658	4.6	17,507	9.3	19,748	5.8
Extraordinary Gains	(1,238)	0.7	(259)	0.1	(1,942)	0.6
Gains on sales of fixed assets	935		243		1,312	
Other extraordinary gains	302		16		630	
Extraordinary Losses	(1,679)	1.0	(1,855)	1.0	(17,969)	5.3
Losses on sales and disposal of fixed assets	481		358		1,351	
Losses on evaluation of investment in Securities	--		6		4,869	
Restructuring charges	994		1,487		11,518	
Other extraordinary losses	203		3		229	
Income before provision for income taxes	7,216	4.3	15,911	8.4	3,722	1.1
Corporate income, local and business taxes	2,873	1.7	8,731	4.6	4,171	1.2
Adjustments to income taxes	405	0.2	2,518	1.3	1,971	0.5
Minority interest in net income of consolidated subsidiaries	251	0.2	405	0.2	406	0.1
Net Income	3,687	2.2	9,293	4.9	1,115	0.3

CONSOLIDATED SEMIANNUAL STATEMENTS OF SHAREHOLDERS' EQUITY

Description	(From April 1, 2001 to September 30, 2001)	(From April 1, 2002 to September 30, 2002)	(From April 1, 2001 to March 31, 2002)
	Amount Millions of yen	Amount Millions of yen	Amount Millions of yen
(Capital Surplus)			
I Beginning Balance of Capital Surplus	50,482	50,482	50,482
II Ending Balance of Capital Surplus (Semiannual/Annual)	50,482	50,482	50,482
(Earned Surplus)			
I Beginning Balance of Earned Surplus	156,543	153,518	156,543
II Increase in Earned Surplus	(3,687)	(9,293)	(1,115)
Net Income (Semiannual/Annual)	3,687	9,293	1,115
III Decrease in Earned Surplus	(2,240)	(2,215)	(4,140)
Cash dividends paid	1,911	1,911	3,820
Directors' bonuses	329	303	319
IV Ending Balance of Earned Surplus (Semiannual/Annual)	157,990	160,596	153,518

CONSOLIDATED SEMIANNUAL STATEMENTS OF CASH FLOWS

Year	Previous First Half (From April 1,2001 to September 30, 2001)	Current First Half (From April 1,2002 to September 30, 2002)	Previous Fiscal-Full (From April 1,2001 to March 31, 2002)
Description	Amount Millions of yen	Amount Millions of yen	Amount 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	7,216	15,911	3,722
Depreciation and amortization	9,330	10,169	20,442
Increase/decrease in provision for retirement benefits	294	1,017	1,205
Increase/decrease in provision for retirement allowances for directors and internal auditors	532	11	425
Interest and dividend income	360	279	545
Interest expenses	136	70	218
Equity in earnings of non-consolidated subsidiaries and affiliates	415	497	233
Losses on evaluation of investment in securities	--	6	4,869
Increase (decrease) in trade notes and accounts receivable	11,515	1,838	10,581
Increase (decrease) in inventories	3,895	429	4,099
Increase (decrease) in other accounts receivable	2,032	258	1,470
Increase (decrease) in trade notes and accounts payable	7,134	4,465	4,696
Directors' bonuses paid	380	344	380
Others, net	6,548	629	2,698
Sub-total	18,460	29,127	35,218
Interest and dividends received	325	251	501
Interest paid	149	73	224
Income taxes paid and refunded	9,022	3,192	15,483
Net cash provided by operating activities	9,613	32,498	20,012
II Cash Flows from Investing Activities			
Increase (decrease) in time deposits	319	0	756
Purchase of marketable securities	554	--	1,367
Proceeds from sales of marketable securities	1,765	402	3,325
Acquisition of fixed assets	19,522	14,415	41,629
Proceeds from sales of fixed assets	1,926	631	3,032
Purchase of investment in securities	758	2,029	890
Proceeds from sales of investment in securities	1,662	55	2,160
Purchase of securities of affiliates	658	113	1,058
Proceeds from sales of securities of affiliates	--	--	20
Payments of loans	135	353	459
Collections of loans	361	337	518
Net cash used in investing activities	15,593	15,484	35,593
III Cash Flows from Financing Activities			
Increase (decrease) in short-term debt	1,006	1,879	562
Proceeds from long-term debt	1,350	970	1,598
Repayment of long-term debt	997	55	1,582
Purchase of treasury stock based on stock option	--	1,051	--
Dividends paid	1,911	1,911	3,820
Dividends paid to minority interest	77	102	77
Net cash used in financing activities	2,641	4,029	4,444
IV Effect of Exchange-rate changes on cash and cash equivalents	274	488	503
V Net Increase in Cash and Cash Equivalents	8,896	12,495	19,521
VI Cash and Cash Equivalents, Beginning of Year	57,988	40,105	57,988
VII Increase in Cash and Cash Equivalents due to changes in scope of consolidation	1,638	827	1,638
VIII Cash and Cash Equivalents, End of First Half of Fiscal Year	50,730	53,428	40,105

Basis of Preparation the Consolidated Financial Statements

1. Scope of Consolidation

1) Consolidated subsidiaries: 38

Major companies: Nitto Shinko Corp, Nissho Corp., Kyoshin Co., Ltd., Nitto Denko Matex Co., Ltd., and 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 newly added from non-consolidated company.

Toyohashi Nikka Co., Ltd. and another companies were excluded (through consolidation).

2) Non-consolidated subsidiaries: 65

Major company: Nistem Corporation

Aichi Nitto Denko Co., Ltd. and another companies were newly established.

Nissho Nishiki Precision Co., Ltd. was newly added (through adding the stake).

Korea Nitto Optical Co., Ltd. was excluded.

Nitto U-tech Corp. and another companies were excluded.

2. Application of equity method

1) Non-consolidated subsidiaries applicable of equity method: 65

Major company : Nistem Corporation

Aichi Nitto Denko Co., Ltd. and another companies were newly established.

Nissho Nishiki Precision Co., Ltd. was newly added.

Korea Nitto Optical Co., Ltd. was excluded.

Nitto U-tech Corp. and another companies excluded.

2) Affiliated companies applicable of equity method: 2

Nissho Nishiki Precision Co., Ltd. was excluded.

3. First Half of Fiscal Year End of Consolidated Companies

First half of fiscal year end of all the consolidated 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 first half of fiscal year end.

Necessary adjustments have been made for inter-company transactions between these four subsidiaries and the Corporation, which have taken place during the intervening period from the end of last consolidated fiscal year-end to the current consolidated first half of fiscal year end.

4. Accounting Principles and Practices

1) Revaluation standards and method of significant assets

Securities

Marketable securities for trading purposes

Stated at market value (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.

Market value is not available: Stated at moving-average cost

Derivatives Fair value method

Inventories The lower of cost or market, where cost is determined by the average method.

2) Depreciation method of significant depreciable 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) Provisioning of significant allowances

Allowance for doubtful receivables

Allowance of 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 semiannual period 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 obligations are expenses as incurred and amortized using the straight-line method over certain period (12 years) during the average remaining service life of employees.

Actuarial gains and losses are also recognized as expense using the straight line over certain period (12 years) during the estimated average remaining service life of employees from the each succeeding period.

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 date of the first half 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 semiannual 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 hedging accounting

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 assets: 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 semiannual consolidated financial statements

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

5. 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.

(Additional information)

1. Accounting for 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 (ASB No.1)". There is no effect of adopting the new accounting standard on profits and losses of this semiannual period.

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

(Significant contingent liabilities)

Not applicable.

Notes

(Consolidated Balance Sheets)

1. Pledged assets and secured liabilities

	<u>September 30, 2001</u>	<u>September 30, 2002</u>	<u>March 31, 2002</u>
Pledged assets	1,142 mil. yen	1,258 mil. yen	1,132 mil.yen
Secured debt	566 mil. yen	620 mil. yen	643 mil. yen

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

	<u>September 30, 2001</u>	<u>September 30, 2002</u>	<u>March 31, 2002</u>
Obligations under the guarantee agreements	1,465 mil. yen	2,098 mil. yen	1,576 mil.yen
Commitments under the Guarantee agreements (including letters of comfort for management guidance)	3,343 mil. yen	222 mil. yen	267 mil. yen

3. Trade notes discounted and trade notes endorsed

	<u>September 30, 2001</u>	<u>September 30, 2002</u>	<u>March 31, 2002</u>
Notes receivable discounted	2,322 mil. yen	90 mil. yen	90 mil.yen
Notes receivable endorsed	839 mil. yen	388 mil. yen	659 mil.yen

(Consolidated Statements of Cash Flows)

Cash and cash equivalents at the end of the first half of fiscal year and their relevant items posted in the balance sheet and their amount

	<u>September 30, 2001</u>	<u>September 30, 2002</u>	<u>March 31, 2002</u>
Cash and time deposits	45,909 mil. yen	51,807 mil. yen	39,539 mil.yen
Time deposits maturing over 3 months	1,094 mil. yen	689 mil. yen	744 mil. yen
Marketable securities	5,915 mil. yen	2,310 mil. yen	1,310 mil. yen
Cash and cash equivalents	50,730 mil. yen	53,428 mil. yen	40,105 mil. yen

(Leases)

1. Finance leases, except for those leases where the ownership of the leased assets is considered to be transferred to the lessee.

(1) Equivalent amounts at the first half of fiscal year end of the acquisition cost, the accumulated depreciation and the net balance for the leased assets (Unit: Millions of yen)

	Previous semiannual period			Current semiannual period			Previous fiscal year		
	Equivalent amount of the acquisition cost	Equivalent amount of the accumulated depreciation	Equivalent amount of the net balance	Equivalent amount of the acquisition cost	Equivalent amount of the accumulated depreciation	Equivalent amount of the net balance	Equivalent amount of the acquisition cost	Equivalent amount of the accumulated depreciation	Equivalent amount of the net balance
Building	28	17	11	27	14	13	28	19	9
Machinery and material-handling equipment	795	344	451	742	395	347	813	398	415
Tools, fixtures and parts	1,453	979	473	831	565	266	1,108	757	350
Others	479	205	273	592	259	333	527	211	315
Total	2,756	1,547	1,209	2,195	1,235	959	2,477	1,386	1,090

(2) Future minimum payments

	Previous semiannual period	Current semiannual period	Previous fiscal year
Due within one year	482 mil. yen	391 mil. yen	433 mil. yen
Due after one year	765 mil. yen	598 mil. yen	691 mil. yen
Total	1,247 mil. yen	990 mil. yen	1,125 mil. yen

(3) Lease payments and equivalent amounts of the depreciation and interest expenses

	Previous semiannual period	Current semiannual period	Previous fiscal year
Lease payments	448 mil. yen	247 mil. yen	773 mil. yen
Equivalent amount of the depreciation expenses	425 mil. yen	228 mil. yen	726 mil. yen
Equivalent amount of the interest expenses	16 mil. yen	14 mil. yen	36 mil. yen

(4) Calculation of the equivalent amount of depreciation expenses

The equivalent amount of depreciation expenses is calculated using the straight-line method by which the balance of assets would be fully depreciated assuming the estimated useful lives of the respective assets are equal to the terms of the agreements.

(5) Calculation of the equivalent amount of the interest expenses

The equivalent amount of the interest expenses as the difference between total expenses and the equivalent amount of the acquisition cost of the leased assets is allocated to each term by the interest method.

2. Operating leases

Future minimum payments

	Previous semiannual period	Current semiannual period	Previous fiscal year
Due within one year	4 mil. yen	5 mil. yen	6 mil. yen
Due after one year	5 mil. yen	7 mil. yen	9 mil. yen
Total	10 mil. yen	12 mil. yen	15 mil. yen

(Market Value Information of Securities)

(Previous first half of fiscal year end)(As of September 30, 2001)

1. The debt securities intended to be held till their maturities

None

2. Other securities subject to marked-to-market

(Unit: Millions of yen)

	Carrying cost	Amount posted on balance sheet	Valuation gains or losses
(1) Equity securities	9,180	7,416	1,764
(2) Bonds			
Government bonds, municipal bonds	-	-	-
Corporate bonds	0	0	-
Others	-	-	-
(3) Others	1,081	1,039	41
Total	10,263	8,457	1,806

3. Securities not subject to marked-to-market

	Amount posted on balance sheet
Other securities	
Unlisted equity securities (not including over-the-counter traded equities)	460
MMF	411
Total	871

(Current first half of fiscal year end)(As of September 30, 2002)

1. The debt securities intended to be held till their maturities

None

2. Other securities subject to marked-to-market

(Unit: Millions of yen)

	Carrying cost	Amount posted on balance sheet	Valuation gains or losses
(1) Equity securities	4,312	5,354	1,042
(2) Bonds			
Government bonds, municipal bonds	-	-	-
Corporate bonds	-	-	-
Others	959	861	98
(3) Others	138	131	6
Total	5,410	6,347	937

3. Securities not subject to marked-to-market

	Amount posted on balance sheet
Other securities	
Unlisted equity securities (not including over-the-counter traded equities)	2,509
Total	2,509

(Previous fiscal year end)(As of March 31, 2002)

1. Marketable securities for trading purposes

Amount posted on balance sheet

5,599 mil. yen

Securities valuation adjustments included in the current fiscal year's gains and losses

47 mil. yen

2. The debt securities intended to be held till their maturities

None

3. Other securities subject to marked-to-market

Securities of which amount posted on balance sheet exceed carrying cost (Unit: Millions of yen)

	Carrying cost	Amount posted on balance sheet	Valuation gains or losses
(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 of which amount posted on balance sheet do not exceed carrying cost (Unit: Millions of yen)

	Carrying cost	Amount posted on balance sheet	Valuation gains or losses
(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 current fiscal year (From April 1, 2001 to March 31, 2002)

(Unit: Millions of yen)

Proceeds from sales	Amount of profit on sale	Amount of loss on sale
2,160	630	209

5. Securities not subject to marked-to-market

	Amount posted on balance sheet
Other securities Unlisted equity securities (not including over-the-counter traded equities)	503

6. Redemption amount of marketable securities subject to matured and debt securities intended to be held till their maturities

Not applicable.

(Derivative transactions)

(Previous first half of fiscal year end)(As of September 30, 2001)

None. All derivative transactions are subject to hedging accounting.

(Current first half of fiscal year end)(As of September 30, 2002)

None. All derivative transactions are subject to hedging accounting.

(Previous fiscal year end)(As of March 31, 2002)

None. All derivative transactions are subject to hedging accounting.

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

From April 1, 2001 to September 30, 2001

(Unit : Millions of yen)

	Industrial products	Electronic products	Functional products	Total	Eliminations (corporate)	Consolidated total
Net sales						
(1) Net sales to outside customers	93,094	55,489	18,134	166,718	--	166,718
(2) Inter-segment sales or transfers	303	403	134	841	(841)	--
Total	93,397	55,893	18,268	167,559	(841)	166,718
Operating expenses	91,664	52,456	16,244	160,365	(841)	159,524
Operating income	1,733	3,436	2,024	7,194	--	7,194

From April 1, 2002 to September 30, 2002

(Unit : Millions of yen)

	Industrial products	Electronic products	Functional products	Total	Eliminations (corporate)	Consolidated total
Net sales						
(1) Net sales to outside customers	94,676	74,222	19,853	188,751	--	188,751
(2) Inter-segment sales or transfers	57	34	390	482	(482)	--
Total	94,733	74,256	20,243	189,234	(482)	188,751
Operating expenses	89,259	64,432	17,635	171,327	(482)	170,845
Operating income	5,474	9,823	2,608	17,906	--	17,906

(Fiscal 2002) (from April 1, 2001 to March 31, 2002)

(Unit : Millions of yen)

	Industrial products	Electronic products	Functional products	Total	Eliminations (corporate)	Consolidated total
Net sales						
(1) Net sales to outside customers	183,699	119,626	35,604	338,930	--	338,930
(2) Inter-segment sales or transfers	431	516	195	1,143	(1,143)	--
Total	184,130	120,143	35,799	340,073	(1,143)	338,930
Operating expenses	179,490	109,509	31,759	320,759	(1,143)	319,616
Operating income	4,640	10,633	4,039	19,314	--	19,314

(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, anti-corrosive/ water-proof materials, sealing products, packaging products and equipment, electronic component-related products
Electronic products	Semi-conductor related products, LCD-related products, flexible printed circuit products
Functional products	Medical healthcare products, polymer separation membranes, engineering plastics products

II. Segment information by geographic area

From April 1, 2001 to September 30, 2001

(Unit : Millions of yen)

	Japan	North America	Europe	Asia & Oceania	Total	Eliminations (corporate)	Consolidated total
Net sales							
(1) Net sales to outside customers	118,558	15,805	6,824	25,529	166,718	--	166,718
(2) Inter-segment sales or transfers	22,814	651	521	1,474	25,462	(25,462)	--
Total	141,373	16,456	7,346	27,004	192,181	(25,462)	166,718
Operating expenses	135,017	16,324	7,171	26,910	185,424	(25,899)	159,524
Operating income	6,355	132	174	94	6,756	437	7,194

From April 1, 2002 to September 30, 2002

(Unit : Millions of yen)

	Japan	North America	Europe	Asia & Oceania	Total	Eliminations (corporate)	Consolidated total
Net sales							
(1) Net sales to outside customers	124,752	17,213	7,036	39,749	188,751	--	188,751
(2) Inter-segment sales or transfers	34,727	1,098	833	1,867	38,527	(38,527)	--
Total	159,479	18,312	7,869	41,617	227,279	(38,527)	188,751
Operating expenses	144,570	17,566	7,529	39,825	209,492	(38,646)	170,845
Operating income	14,908	745	340	1,791	17,786	119	17,906

From April 1, 2001 to March 31, 2002

(Unit : Millions of yen)

	Japan	North America	Europe	Asia & Oceania	Total	Eliminations (corporate)	Consolidated total
Net sales							
(1) Net sales to outside customers	237,459	31,337	13,287	56,845	338,930	--	338,930
(2) Inter-segment 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
Operating expenses	270,815	32,601	14,245	59,330	376,993	(57,377)	319,616
Operating income	16,727	172	248	1,340	18,489	825	19,314

- (Notes) Countries or regions are listed in the order of 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

III. Net Sales to Customers outside Japan

From April 1, 2001 to September 30, 2001

	North America	Europe	Asia & Oceania	Total
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
I. Net sales to customers outside Japan	13,977	7,795	38,737	60,510
II. Consolidated sales				166,718
III. Ratio of net sales to customers outside Japan to consolidated sales	% 8.4	% 4.7	% 23.2	% 36.3

From April 1, 2002 to September 30, 2002

	North America	Europe	Asia & Oceania	Total
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
I. Net sales to customers outside Japan	14,349	8,413	54,946	77,709
II. Consolidated sales				188,751
III. Ratio of net sales to customers outside Japan to consolidated sales	% 7.6	% 4.5	% 29.1	% 41.2

(Fiscal 2002) (from April 1, 2001 to March 31, 2002)

	North America	Europe	Asia & Oceania	Total
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
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

Notes: Countries or regions are listed in the order of 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.

(Production and Sales)**(1) Production results**

Production results by business segment for the current consolidated first half of the fiscal year are as follows:
(Unit: Millions of yen)

Description of business segment	Amount	Change (%)
Industrial products	55,411	114.2
Electronic products	68,501	132.4
Functional products	18,652	108.7
Total	142,565	121.4

(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 first half of the fiscal year are as follows:
(Unit: Millions of yen)

Description of business segment	Amount	Change (%)
Industrial products	94,676	101.7
Electronic products	74,222	133.8
Functional products	19,853	109.5
Total	188,751	113.2

(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.