

Date: October 24, 2002

**Non-consolidated Semiannual Financial Summary  
(for the fiscal-half year ended September 30, 2002)**

Listed company name **Nitto Denko Corporation**

Code Number : 6988

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

Head Office : Osaka, Japan

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 semiannual dividend payment: Yes

Semiannual dividends payment commencing on: December 10, 2002

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

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

(1) Operating results

	Net Sales		Operating Income		Ordinary Income	
	Million of yen	%	Million of yen	%	Million of yen	%
September, 2002	113,030	(19.3)	11,529	(153.3)	12,786	(79.1)
September, 2001	94,730	( 14.5)	4,552	( 60.1)	7,140	( 44.4)
March, 2002	195,456		12,753		16,281	

	Net income		Net income per share of common stock	
	Millions of yen	%	Yen	
September, 2002	7,094	(66.7)	40.	85
September, 2001	4,255	( 35.0)	24.	49
March, 2002	758		4.	37

(Notes) Average number of shares outstanding during the first half of fiscal year ended September 30, 2002:

173,652,252 shares; First half of fiscal year ended September 30, 2001: 173,758,428 shares;

Fiscal year ended March 31, 2002: 173,758,095 shares

Changes in accounting policies: None

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

(2) Dividends

	Semiannual dividends per share		Annual dividends per share (Year-end)	
	Yen		Yen	
September, 2002	11.	00	--	
September, 2001	11.	00	--	
March, 2002	--		22.	00

(3) Financial Condition

	Total assets	Shareholders' equity	Shareholders' equity to total assets	Shareholders' equity per share of common stock	
	Millions of yen	Millions of yen	%	Yen	
September, 2002	285,397	199,885	70.0	1,152.	46
September, 2001	272,072	199,719	73.4	1,149.	41
March, 2002	267,939	195,988	73.1	1,127.	94

(Notes) Number of shares outstanding: As of September 30, 2002: 173,758,428

As of September 30, 2001: 173,758,428

As of March 31, 2002: 173,758,428

Number of treasury stock: As of September 30, 2002: 315,888  
 As of September 30, 2001: 188  
 As of March 31, 2002: 987

2. Projections for the fiscal year ending March 31, 2003 (From April 1, 2002 to March 31, 2003)

	Net sales	Operating income	Ordinary income	Net income	Annual dividends per share (Year-end)	
					End of term	
Full-year	Millions of yen 221,000	Millions of yen 19,500	Millions of yen 21,000	Millions of yen 10,900	Yen 11. 00	Yen 22. 00

(Reference) Projected net income per share for the full year: 62.77 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.

## NON-CONSOLIDATED SEMIANNUAL BALANCE SHEET

Description	September 30, 2001		September 30, 2002		March 31, 2002	
	Amount	Composition	Amount	Composition	Amount	Composition
(Assets)	Millions of yen	%	Millions of yen	%	Millions of yen	%
<b>Current Assets</b>	(122,134)	44.9	(126,585)	44.4	(114,175)	42.6
Cash and time deposits	30,840		31,112		23,247	
Trade notes receivable	1,189		767		852	
Accounts receivable	52,654		59,817		54,993	
Marketable securities	7,281		4,205		5,599	
Finished goods and merchandise	3,015		2,631		2,545	
Raw materials and supplies	1,538		1,889		1,802	
Work in process	10,895		11,382		11,677	
Short-term loans	6,398		5,252		5,183	
Deferred tax assets	1,727		4,325		2,090	
Other current assets	7,176		6,100		7,081	
Allowance for doubtful receivables	584		900		900	
<b>Fixed Assets</b>	(149,937)	55.1	(158,812)	55.6	(153,764)	57.4
<b>Tangible Fixed Assets</b>	91,941	33.8	93,008	32.6	93,296	34.8
Buildings	32,259		34,931		35,314	
Structures	2,059		2,247		2,157	
Machinery and equipment	32,061		34,416		35,189	
Vehicles and material-handling equipment	87		92		88	
Tools, fixtures and parts	3,491		3,418		3,426	
Land	14,594		14,168		13,916	
Construction in progress	7,386		3,733		3,204	
<b>Intangible Fixed Assets</b>	1,692	0.6	2,947	1.0	2,790	1.1
<b>Investments and Other Assets</b>	56,303	20.7	62,855	22.0	57,677	21.5
Investments in securities	6,162		6,200		4,372	
Investments in subsidiaries and affiliates	42,253		47,172		43,545	
Long-term loans	52		544		645	
Deferred tax assets	6,580		7,894		7,938	
Other investments	1,368		1,174		1,305	
Allowance for doubtful receivables	115		130		128	
<b>Total Assets</b>	<b>272,072</b>	<b>100.0</b>	<b>285,397</b>	<b>100.0</b>	<b>267,939</b>	<b>100.0</b>

Description	September 30, 2001		September 30, 2002		March 31, 2002	
	Amount	Composition	Amount	Composition	Amount	Composition
(Liabilities)	Millions of yen	%	Millions of yen	%	Millions of yen	%
<b>Current Liabilities</b>	(58,617)	21.5	(70,496)	24.7	(58,765)	21.9
Trade notes payable	7		9		6	
Accounts payable-trade	26,000		34,335		30,336	
Short-term bank loans	5		--		--	
Other accounts payable	18,749		14,221		16,075	
Accrued expenses	4,560		5,967		5,158	
Income taxes	1,934		7,758		--	
Advances received	7,324		8,114		7,117	
Other current liabilities	34		89		71	
<b>Long-term Liabilities</b>	(13,734)	5.1	(15,015)	5.3	(13,186)	5.0
Provision for retirement benefits	13,232		14,244		12,639	
Provision for retirement allowances for directors and corporate auditors	412		519		456	
Guarantee deposits received	90		251		90	
<b>Total Liabilities</b>	<b>72,352</b>	<b>26.6</b>	<b>85,512</b>	<b>30.0</b>	<b>71,951</b>	<b>26.9</b>
(Shareholders' equity)						
<u>Common Stock</u>	26,783	9.8	26,783	9.4	26,783	10.0
<u>Capital Surplus</u>	50,482	18.6	50,482	17.7	50,482	18.8
Additional Paid-in Capital	50,482		50,482		50,482	
<u>Earned Surplus</u>	123,714	45.5	123,349	43.2	118,306	44.1
Legal reserve	4,095		4,095		4,095	
Reserve for special depreciation	322		440		322	
General reserve	111,000		109,000		111,000	
Unappropriated retained earnings (including current net income)	8,296 (4,255)		9,813 (7,094)		2,888 (758)	
<u>Other securities valuation</u>	1,260	0.5	325	0.1	419	0.2
<u>Adjustment</u>						
<u>Cost of treasury stock</u>			1,054	0.4	3	0.0
<b>Total Shareholders' Equity</b>	<b>199,719</b>	<b>73.4</b>	<b>199,885</b>	<b>70.0</b>	<b>195,988</b>	<b>73.1</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>272,072</b>	<b>100.0</b>	<b>285,397</b>	<b>100.0</b>	<b>267,939</b>	<b>100.0</b>

## NON-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	Percentage	Amount	Percentage	Amount	Percentage
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Net Sales	94,730	100.0	113,030	100.0	195,456	100.0
Cost of Sales	73,071	77.1	82,427	72.9	148,246	75.9
Gross profit	21,659	22.9	30,603	27.1	47,209	24.1
Selling, General and Administrative Expenses	17,106	18.1	19,073	16.9	34,456	17.6
<b>Operating income</b>	4,552	4.8	11,529	10.2	12,753	6.5
<b>Other Income</b>	(3,150)	3.3	(2,066)	1.8	(4,624)	2.4
Interest and dividend income	1,479		720		1,797	
Miscellaneous income	1,671		1,345		2,827	
<b>Other Expenses</b>	(563)	0.6	(809)	0.7	(1,096)	0.6
Interest expenses	15		15		31	
Miscellaneous expenses	547		794		1,064	
<b>Ordinary Income</b>	7,140	7.5	12,786	11.3	16,281	8.3
<b>Extraordinary Gains</b>	(662)	0.7	(3)	0.0	(660)	0.3
Gains on sales of fixed assets	166		3		430	
Reversal of provisions for credit losses	272		--		--	
Gains on sales of investments in securities	223		--		230	
<b>Extraordinary Losses</b>	(1,116)	1.2	(1,375)	1.2	(16,063)	8.2
Losses on disposal of fixed assets	184		227		494	
Losses on valuation of investments in securities	--		--		4,718	
Losses on sales of investments in securities	202		--		--	
Restructuring charges	729		1,147		10,623	
Other extraordinary losses	--		--		226	
<b>Income before Provision for Income Taxes</b>	6,685	7.0	11,414	10.1	878	0.4
<b>Corporate income, local and business taxes</b>	2,056	2.1	6,442	5.7	2,674	1.3
<b>Adjustments to income taxes</b>	373	0.4	2,122	1.9	2,554	1.3
<b>Net Income</b>	4,255	4.5	7,094	6.3	758	0.4
<b>Profits brought forward</b>	4,040		2,718		4,040	
<b>Semiannual dividends paid</b>	--		--		1,911	
<b>Unappropriated Retained Earnings</b>	8,296		9,813		2,888	

## **Significant Accounting and Reporting Policies**

### 1. Revaluation standards and method of securities and inventories

#### (1) Securities

Marketable securities                      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 first half of fiscal year end. (All the valuation adjustments are posted to the Shareholders' equity, while the carrying cost for sales of the securities is calculated at moving –average cost method.)

Market value is not available:        Stated at moving-average cost  
Equities of subsidiaries and affiliated companies              Moving Average cost method

#### (2) Derivatives

Fair value method

#### (3) Inventories

Finished products, raw materials and work in progress        Weighted average cost method

Stores    Latest purchase cost method

### 2. Method of depreciation and amortization of fixed assets

(1) Tangible fixed assets                  Declining-balance method

(2) 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

#### (1) Allowance of 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.

#### (2) Provision for retirement benefits

Provision for retirement benefits are presented at the amount computed by deducting the estimated balance in the qualified plan as of the balance sheet date from the full amount payable under the plan, assuming that all employees had voluntarily terminated their services as of the balance sheet date.

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

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 succeeding period.

#### (3) Provision for retirement allowances for directors and corporate auditors

The Company provides 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 the 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 of the fiscal year end, while exchange gain or loss

adjustments were posted as gains or losses.

#### 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. Hedge accounting

##### (1) Hedge accounting

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

##### (2) Hedging instruments and hedged assets

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

Hedging instruments: Foreign currency forward contracts

Hedged assets: Accounts receivable denominated in foreign currencies for product exports  
Debt in foreign currencies for imports of facilities and others

##### (3) Hedging policy

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

#### 7. Other basic information for the preparation of semiannual financial statements

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

#### (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.

##### 2. Non-consolidated semiannual balance sheet

The corporation presented Additional paid-in capital as breakdown of Capital Surplus, and Legal reserve, Reserve for special depreciation, General reserve and Unappropriated retained earnings as breakdown of Earned Surplus in accordance with the revised Accounting Principles for Non-Consolidated Semiannual financial statements.

And due to that change, the Company has presented treasury stock as a component of shareholders' equity as of September 30, 2002 instead of as a component of current assets presented as of September 30, 2001 (0 million yen).

#### (Significant Contingent Liabilities)

Not applicable.

#### (Notes)

	<u>September 30, 2001</u>	<u>September 30, 2002</u>	<u>March 31, 2002</u>
1. Accumulated depreciation of tangible fixed assets	143,586 mil. yen	154,429 mil. yen	148,856 mil. yen
2. Notes receivable endorsed	4 mil. yen	4 mil. yen	7 mil. yen
Guaranteed obligations	1,320 mil. yen	3,111 mil. yen	86 mil. yen
Amounts outstanding under Letters of comfort for management guidance	4,583 mil. yen	3,650 mil. yen	2,704 mil. yen

[Leases]

1. Finance leases, except for those leases for which the ownership of the leases assets are considered to be transferred to the lessee.

Equivalent amounts at the half-fiscal year end of the acquisition cost, the accumulated depreciation and the net balance for the leased assets.

(Unit: Millions of yen)

	September 30, 2001			September 30, 2002			March 31, 2002		
	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
Machinery and equipment	47	40	7	6	1	5	53	45	8
Tools, fixture and parts	548	438	109	167	149	18	357	307	50
Others	73	32	40	60	28	32	60	22	37
Total	669	511	157	235	178	56	472	375	97

	<u>September 30, 2001</u>	<u>September 30, 2000</u>	<u>March 31, 2001</u>
Future minimum lease payments			
Due within one year	114 mil. yen	27 mil. yen	60 mil. yen
Due after one year	51 mil. yen	31 mil. yen	42 mil. yen
Total	166 mil. yen	59 mil. yen	102 mil. yen

Lease payments and equivalent amounts of the depreciation and interest expenses

Lease payments	103 mil. yen	44 mil. yen	179 mil. yen
Equivalent amount of the depreciation expenses	94 mil. yen	40 mil. yen	165 mil. yen
Equivalent amount of the interest expenses	4 mil. yen	1 mil. yen	7 mil. yen

Calculation of the equivalent amount of depreciation expenses

The equivalent amount of depreciation expenses was 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.

Calculation of the equivalent amount of the interest expenses

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

	<u>September 30, 2001</u>	<u>September 30, 2002</u>	<u>March 31, 2002</u>
2. Operating leases			
Future minimum lease payments			
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 on Securities]

There are no shares of subsidiaries or affiliated companies, which are subject to mark-to-market during the current and previous semiannual reporting periods, and the previous fiscal year.