

NITTO DENKO

Consolidated Annual Financial Results For the Fiscal Year Ended March 31, 2004

Note: This document has been prepared as a guide to non-Japanese investors and contains forward-looking statements that are based on managements' estimates, assumptions and projections at the time of publication. A number of factors could cause actual results to differ materially from expectations. This document is a translation of the Japanese language original. All numbers are rounded down to the nearest unit in accordance with standard Japanese practice.



Summary of Consolidated Financial Results for the Year Ended March 31, 2004

Nitto Denko Corporation (6988)

Exchange Listed:	Tokyo and Osaka, First Section
Principal Office:	Osaka, Japan
Homepage:	http://www.nitto.com
President and Representative Director:	Masamichi Takemoto
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Date of the Board of Directors' meeting to approve financial statements:	April 27, 2004
U.S. (GAAP) accounting standard:	Not adopted for the purposes of these statements.

1. Consolidated Financial Results (April 1, 2003 – March 31, 2004)

(1) Consolidated Operating Results

	Millions of Yen - Except Per Share Data and Percents			
	Fiscal Year Ended March 31,			
	2004	%	2003	%
Operating Revenues	452,726	19.5	378,705	11.7
Operating Income	55,912	64.9	33,901	75.5
Ordinary Income	58,045	62.0	35,832	81.4
Net Income	33,386	73.6	19,237	1625.1
Net Income per Share (yen).....	197.99		108.52	
Net Income per Share, Diluted (yen)	197.93		-	
Return on Equity (ROE).....	14.5%		8.3%	
Return on Assets (ROA).....	15.1%		9.8 %	
Ordinary Income to Operating Revenues Ratio	12.8%		9.5 %	

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

Fiscal year ended March 31, 2004:	2,533 million yen
Fiscal year ended March 31, 2003:	1,861 million yen
 - Average number of shares outstanding during the period (consolidated):

Fiscal year ended March 31, 2004:	166,010,029 shares
Fiscal year ended March 31, 2003:	173,546,147 shares
 - Changes in accounting policies: Yes
 - Percentages for operating revenues, operating income, ordinary income and net income represent changes compared with the previous period.

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(2) Consolidated Financial Position

	Millions of Yen - Except Per Share Data and Percents	
	As of March 31,	
	2004	2003
Total Assets.....	389,525	379,811
Shareholders' Equity	223,114	237,560
Shareholders' Equity Ratio	57.3%	62.5%
Shareholders' Equity per Share.....	1,360.71	1,367.38

Notes: Number of shares outstanding at the end of the year (consolidated):
 As of March 31, 2004: 163,588,924 shares
 As of March 31, 2003: 173,438,827 shares

(3) Consolidated Cash Flows

	Millions of Yen	
	Fiscal Year Ended March 31,	
	2004	2003
Cash Flows from Operating Activities	46,268	59,224
Cash Flows from Investing Activities	(31,312)	(24,608)
Cash Flows from Financing Activities	(39,169)	(1,638)
Cash and Cash Equivalents, End of Year	48,544	73,341

(4) Scope of Consolidation and Equity Method:

Number of consolidated subsidiaries: 42
 Number of non-consolidated subsidiaries accounted for by the equity method: 65
 Number of affiliated companies accounted for by the equity method: 2

(5) Changes in Scope of Consolidation and Equity Method:

Number of consolidated subsidiaries: (Newly consolidated) 4
 (Excluded) 0
 Number of companies for which equity method accounting has been adopted: (Newly included) 7
 (Excluded) 4

2. Projections for the Year Ending March 31, 2005 (April 1, 2004 – March 31, 2005)

Consolidated	Millions of Yen	
	Full Year	Mid Year
Net Sales	530,000	260,000
Operating Income	70,000	34,000
Ordinary Income.....	72,000	35,000
Net Income	41,000	20,000

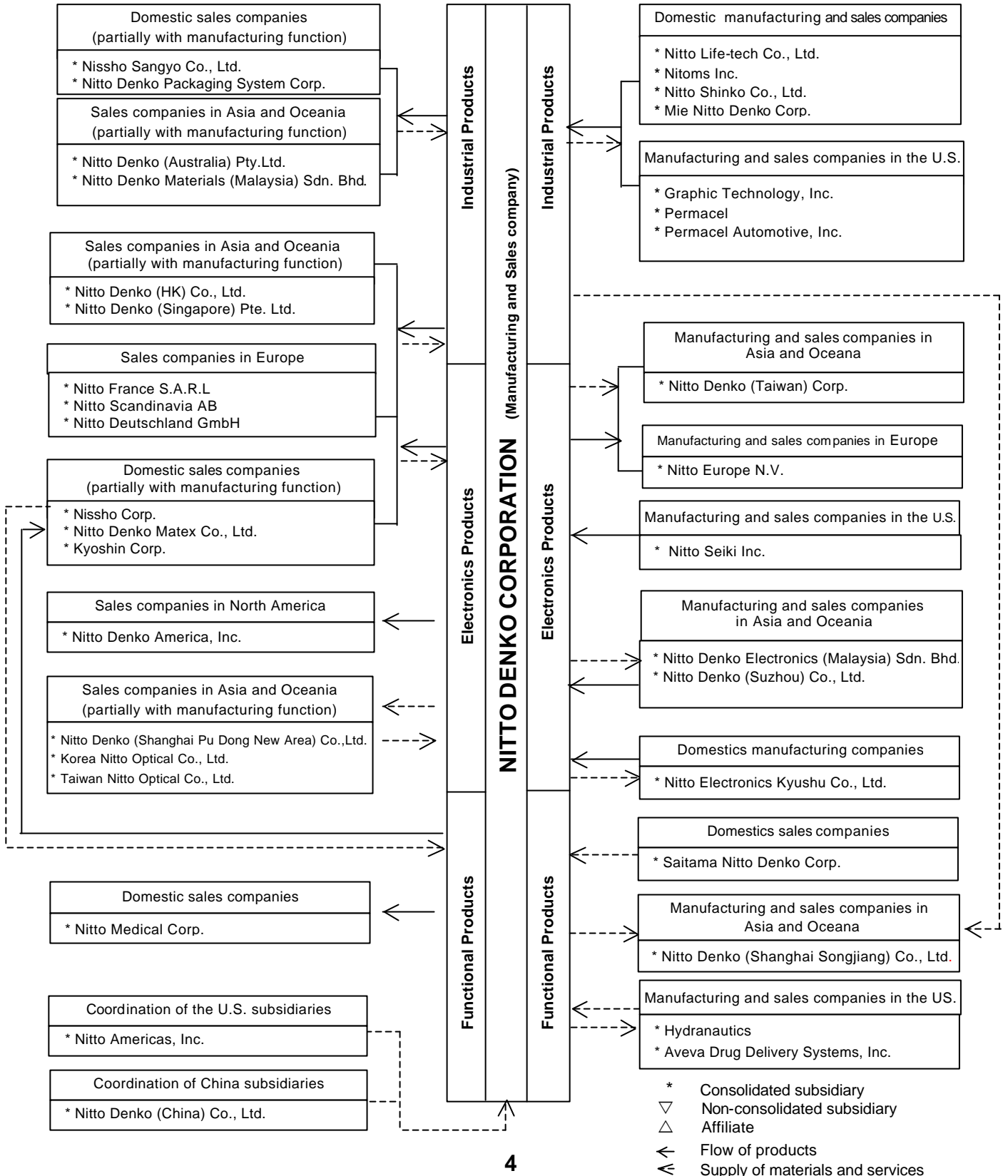
(Reference) Projected consolidated net income per share for the full year: 247.46 yen

*The projections shown above are prepared based on information available as of the issuing date of this report, and therefore the actual results may differ from the projected figures due to various unknown factors.



I. Nitto Denko Group Operation

As of March 31, 2004 Nitto Denko Group is comprised of this Corporation and its 107 subsidiaries as well as its 2 affiliated 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.





III. Management Policy

1. Nitto Denko's basic management policy

The Nitto Denko Group advocates "creating new value" as the common management philosophy of the group, and aims to achieve sound growth by continuing to provide new value to its customers around the world as well as to be a company with existing value for all its stakeholders, including society, shareholders, and employees.

As the image of that company we should be, we have declared that we aim to be a "global excellent company". This means that we will strive to continually grow our earnings to a level where they rank on a par with those of companies that are called world-class. It also means that we are aiming for our so-called corporate value itself, which includes earnings, but also our corporate culture and environment, as well as the attitudes and behavior of our employees, to be broadly commended by society.

In terms of businesses that are oriented toward the realization of a "global excellent company", "Global Niche Top" is our basic strategy. Global Niche Top refers to the fact that we will endeavor on a consolidated basis to achieve top global market share by offering customers optimal satisfaction based on the effective use of proprietary, competitively differentiated technologies applied in niche areas within changing and growing markets. When implementing this strategy, as it is essential to prepare and establish competitively differentiated technologies that can precisely meet customer needs in a timely manner, we are striving to reinforce our technological capabilities under the slogan of "Technology-oriented Company". Furthermore, through marketing activities called "Sanshin (three new) Activities", which advocate the development of new applications, the development of new products, and the cultivation of new demand, we will originate new business fields on the periphery of existing businesses. We believe that by developing businesses in such a way globally we will end up creating a corporate structure that is not vulnerable to the fluctuations of the Japanese economy. To put this another way, however severe the macroeconomic environment is, there are always areas that are expanding and changing on a microeconomic basis, and thus Global Niche Top is a strategy that enables us to maintain growth by focusing on these microeconomic trends and needs.

Through such business activities, we aim to achieve further development and prosperity. We use Global Niche Top as the name for Nitto Denko's business strategy, and we have registered it as a trademark in Japan.

2. Basic policy regarding appropriation of Company's profits

The Company's basic dividend policy is to ensure a stable and fair return to its shareholders. At the same time, in order to cope with rapid technological innovation and respond to customer needs in a timely manner, it is also essential to actively make upfront investments in R&D and production facilities. Accordingly, we pay dividends to shareholders after comprehensively taking into account the Company's financial position, profit levels, and payout ratio.

3. Rationale and policy regarding lowering of investment unit

On August 1, 2000, in order to increase the distribution of the Company's shares and its investor base, we changed the minimum unit for investment in the Company's shares from 1,000 shares to 100 shares. As a result, the number of investors in Nitto Denko increased from 6,558 at the end of March 2000 to 20,999 at the end of March 2004, and we believe that we have accomplished to a certain degree our objective of expanding the number of individual investors in the Company.

At present, we are not considering any further reduction in the minimum unit of investment.



4. Medium to long-term business strategy and management goals

To become the type of company we are aiming for, we have set medium-term goals for fiscal 2008 that call for a return on assets (ROA) of 20% and an operating income margin of 17%, levels that rank on a par with world-class companies. In other words, we think that becoming a "global excellent company" depends on the creation of such an efficient corporate structure.

To achieve this goal, we have initiated a new medium-term management plan called "One-NITTO Dream Plan" for the term ending March 2006, as a 3-year action plan that views the Company's business from the standpoint of five years ahead. The plan focuses on business growth, and its objectives are to further strengthen "Global Niche Top", Nitto Denko's basic strategy, and double the number of Global Niche Top products.

In fiscal 2004, the initial year of this plan, the Company already achieved a business results that exceeded the medium-term management targets of 450,000 million yen in sales and 55,000 million yen in operating income that were initially announced. Nevertheless, we recognize that structural reform designed to turn Nitto Denko into a global excellent company is still under way, and we will therefore continue to exert out utmost efforts to ensure that we are widely recognized as a world-class company by our shareholders, customers, and society in general. In particular, we regard fiscal 2004, the second year of the medium-term management plan, as the year when we must ensure that we double the number of "Global Niche Top" products, and we are therefore actively injecting management resources into such products. Moreover, we intend to review our earnings targets to appropriately bring them into line with the management environment.

5. Challenges that the Company faces

To become a "global excellent company" in name and in reality, we believe it is essential not only to reinforce growth-oriented businesses, of course, but also to enhance the value of the corporate brand itself. This means having products and services with reliability, performance and quality that only the Nitto Denko Group can provide, as well as having employees with reliability that only the Nitto Denko Group can boast. With this in mind, from fiscal 2005 we will make a full-fledged effort to enhance the corporate brand of the Nitto Denko Group, and we also intend to enhance the trust and expectations of shareholders, customers, society, and employees in a well-balanced way, to generate synergies by linking the satisfaction of each party, and to thereby enhance our overall corporate value. Going forward, in order to realize this goal, we will implement external communication activities and design management, and as part of our design management activity, we intend to shortly devise a logo that will be the symbol of the group.

In terms of business tasks, with regard to LCD-related materials in the electronic materials business, we will bring the new LCD use optical films plant that we constructed in Kameyama, Mie Prefecture into full operation, increase the production capacity of the Onomichi plant according to trends in the market, and boost our finishing capacity in the Asian region, where growth is remarkable. In the case of semiconductor-related materials, printed circuit board materials, and electronic process materials, we will build a globally optimized production system and put these businesses on the growth track again by creating new Global Niche Top products. As for the industrial materials business, we will bolster our local marketing operations in the United States, Europe, and Asia and endeavor to create new businesses. As regards the functional materials business, which we see as the medium-term growth driver, we will expand the scale of our business operations through global expansion.

Nitto Denko has been actively engaged in efforts to conserve the global environment in its business activities for some time. The Company formulated a voluntary plan (the Environmental Protection Action Plan), established a "Code of Conduct", and released "Environmental Reports". In addition, from fiscal 2003 we introduced an environmental accounting system on a consolidated basis, and we will continue to actively implement environmental conservation measures.



By rapidly dealing with such challenges, we aim to realize our desired corporate image, but it is our human resources that will carry out these measures. In addition to education and training based on the level and job position of employees, we have carried out training to cultivate selected leaders for some time. We have developed this program into a leader cultivation organization called "Nitto University" and initiated its operation.

6. Basic rationale regarding corporate governance and implementation of measures

The establishment of corporate governance is a very important issue in terms of emphasizing profits for all stakeholders, who support corporate activities, and maximizing corporate value over the long term on a continual basis. Based on this recognition, we are striving to promote sound and transparent management starting with behavior that we call "Open, Fair and Best". This refers to sharing information openly, making fair decisions, and uniting together to make the best effort with regard to what has been decided.

In fiscal 2004, we clearly separated the role of directors, who are in charge of making important management decisions, and that of executive officers, who are responsible for implementing business operations, by introducing an executive officer system. We also carried out such reforms as the establishment of a "Management Advisory Committee", which receives advice from specialists outside the company. Furthermore, from June this year, we will reduce the number of directors to five, increase the number of auditors to five. Thus, by having the same number of directors and auditors, we plan to further reinforce our corporate governance. We intend to have external auditors occupy the position of three of the five auditors. In addition, with regard to the system of remuneration for company officers, in order to enhance transparency and linkage with business performance, we are considering the participation of external specialists and from June this year, we plan to abolish the retirement benefit system for directors and introduce a stock option-based remuneration system.

As regards our endeavors on the corporate ethics front, in April 2003 we formulated "Legal and Ethical Compliance Guidelines" and thereby indicated corporate ethical standards as well as specific behavioral guidelines. We formulated these guidelines to ensure that employees of the Company and the group engage in business activities that are based on a higher sense of ethics, and we are thoroughly enforcing these guidelines by distributing them as a booklet to all employees. At the same time, to supplement these guidelines, we have set up a "Corporate Ethics Helpline" that provides advice regarding behavior that risks infringing the law, ethics or the public interest.

In addition to continuing to aim for growth that satisfies all our shareholders, we intend to engage in corporate behavior that is in harmony with society and trusted by society through the development of products that take the environment into account.



IV. Business Results and Financial Condition

During the fiscal year ended March 31, 2004, the world economy stood at a standstill at the beginning of the year in response to the SARS epidemic and the war in Iraq, but after these incidents were concluded, the economy entered a recovery phase centered on Asia and the United States. In particular, the US economy showed a robust performance due to a boost in consumer spending stemming from large-scale tax cuts and buoyant housing investment supported by low interest rate policy. In the case of the Japanese economy, the recovery stalled at the start of the year because of uncertainty regarding the international situation, but it then recovered rapidly in response to the recovery of the US economy and vigorous exports to Asia. Capital investment also increased and through the end of the fiscal year, the base of the economic recovery broadened.

Under such an economic environment, the Nitto Denko Group focused on business in industries that continued to perform favorably. In the case of the flat panel display industry, LCD-related materials and surface protection materials performed well, and in the case of the cellular phone and PC industries, circuit materials and bonding materials were favorable.

Net sales increased by 19.5% (changes in percentage below indicate the change from the corresponding period of the previous fiscal year) to 452,726 million yen. On the profit front, product prices declined, the yen appreciated, and R&D expenses increased, but capacity utilization rose because of increased sales while rationalization measures were implemented and unit prices for materials were reduced. As a result, operating income rose 64.9% to 55,912 million yen, ordinary income grew 62.0% to 58,045 million yen, and net income increased 73.6% to 33,386 million yen, as earnings reached an all-time high.

Based on Nitto Denko's basic policy regarding the appropriation of profits, the Company increased the year-end dividend per share by 6 yen from the first half to 23 yen, and paid an annual dividend per share of 40 yen, which represents an increase of 16 yen over the previous fiscal year.

1. Summary of Results by Business Segment

Industrial Products

In the case of tape materials, sales of bonding and joining materials and sealing materials used in cellular phones, in PC peripheral equipment for East Asian markets, and in the consumer electronics industry were favorable, while surface protection materials and cleaning materials supplied to the flat panel display industry also performed well. Sealing materials supplied to the automobile industry were robust, but electrical insulating materials for the electric power industry, packaging materials, and consumer goods were weak. In the case of processed materials that the Company processes and supplies according to customers' applications, products used in cellular phones and PC peripheral equipment, as well as by the automobile industry generated good sales. Permacel Automotive Inc., a company that manufactures automotive materials in the United States, became a consolidated subsidiary from fiscal 2004 and posted a sales increase of about 6,900 million yen.

As a result, sales of industrial materials increased by 10.4% to 191,682 million yen and operating income surged 31.1% to 13,437 million yen.



Electronic Products

Among LCD-related products, sales of enhanced compensation films for high-quality displays increased sharply due to the full-scale start-up of the LCD TV market, while sales of viewing angle expansion films for LCD monitors and brightness enhancement films for cellular phones, notebook PCs, and LCD TVs also expanded strongly and contributed to earnings. In addition, the decline in unit prices for products influenced by the tight supply-demand balance for LCD panels eased compared with the previous term. At the same time, we increased production capacity for LCD-use optical films at the Onomichi and Kameyama factories due to the expansion of the market. In the case of semiconductor-related products, sales of transparent encapsulating resin for optical devices was steady, and sales of enhanced packaging material increased, but overall sales were flat. As for circuit materials, owing to vigorous activity in the cellular phone market, sales rose favorably as the Company focused its efforts on products for color displays and compact cameras, while products for hard disk drives were also robust and earnings improved substantially. At Nitto Denko (Suzhou) Co., Ltd., a plant that performs integrated production of circuit materials, we have established a manufacturing system and this factory contributed to the expansion of earnings. As regards electronic process materials, protection sheets and bonding machines for use in semiconductor manufacturing processes performed favorably due to a recovery in demand in the semiconductor electronic component industries, while thermal release sheets for component manufacturing processes were also robust.

As a result, sales of electronic products jumped 32.9% to 219,709 million yen and operating income increased by 114.8% to 38,881 million yen.

Functional Products

In the case of the health care products business, the overall market was stagnant due to the impact of measures to curb medical expenses, but transdermal therapeutic patches for bronchodilatation performed strongly. In contrast, sales of medical hygienic materials such as bandages remained flat. During the period under review, Nitto Denko acquired Aveva Drug Delivery Systems Inc. (ADS), a manufacturer of transdermal therapeutic patches in the United States, with the aim of expanding the medical products business in the future. Earnings, however, were weak due to the one-time write-off of expenses associated with the purchase of ADS and the burden of research expenses. In the case of polymer separation membranes, washing water for the semiconductor industry and the LCD panel industry and industrial water for the Asian market were favorable, but overall sales were low because of a decrease in large-scale seawater desalination projects. In the engineering plastic materials segment, the Company abandoned some unprofitable products and this had an impact, but sales of office automation material and internal pressure control filters for automotive electrical components as well as process materials for the electronics industry were favorable. Consequently, overall sales were robust.

Net sales of functional products rose 4.0% to 41,333 million yen and operating income fell 35.3% to 3,592 million yen.

Summary of Segment Performance by Region

In Japan, the rest of Asia, and Oceania, LCD-related products and cellular phone-related materials performed well. In East Asia, in particular, the expansion of back-end process production for LCD-related materials and the full-scale operation of the circuit material integrated production plant of Nitto Denko (Suzhou) contributed to earnings, while tape materials for notebook PCs and consumer electronic equipment also recorded a good performance. As a result, in Japan, sales grew by 13.2% to 286,322 million yen and operating income increased 71.7% to 51,158 million yen.

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In Asia and Oceania, sales grew by 44.7% to 112,764 million yen and operating income increased 173.3% to 6,547 million yen. In Europe, industrial materials for the automobile industry and circuit materials for cellular phones performed well, and sales rose 13.3% to 16,422 million yen while operating income increased by 13.9% to 509 million yen.

In North America, Permacel Automotive Inc. (PCA), an automotive material manufacturing company, became a consolidated subsidiary, but owing to expenses associated with the acquisition of ADS, the burden of research expenses, a delay in integrating production at the new Permacel plant, and a decrease in large-scale projects at Hydronautics (which manufactures high polymer separation membranes), earnings were sluggish. As a result, sales in North America grew 11.5% to 37,216 million yen and operating losses amounted to 2,399 million yen.

2. Projections for Fiscal 2005

With regard to the future economic outlook, there are some bright prospects, but there are many causes for concern such as the problems in Iraq, anxiety regarding the international situation including terrorism, a projected slowdown in the US economy associated with the fading effects of tax cuts, the trend in the China economy, where signs of overheating have emerged, deterioration in the profitability of companies due to a rise in the price of raw materials, and foreign exchange trends (the appreciation of the yen). Thus, uncertainty is likely to continue.

Under such economic conditions, the Nitto Denko Group aims to make active investments, while regarding fiscal 2005, the second year of the medium-term management plan, as the year when we must ensure that we double the number of "Global Niche Top" products. Moreover, we will continue to focus on industries that are expected to grow, and we will strengthen our LCD-related products and surface protection materials for the flat panel display market as well as our circuit materials and bonding materials for the cellular phone market. At the same time, we intend to boost sales of process materials for the semiconductor industry and the electronic component industry, where market conditions are recovering. We also plan to strive to raise earnings from medical-related materials and polymer separation membranes, which we regard as future growth businesses, by steadily cultivating markets.

For full fiscal year 2005, we project net sales of 530,000 million yen (an increase of 17.1% from the previous fiscal year), operating income of 70,000 million yen (up 25.2%), ordinary income of 72,000 million yen (up 24.0%), and net income of 41,000 million yen (up 22.8%).



3. Financial Conditions

Cash and cash equivalents (hereunder called "net cash") at the end of the fiscal year was 48,544 million yen, a decrease in 24,797 million yen from the end of the previous fiscal year. Analysis of cash flow and financial position are as follows:

(Cash flows from operating activities)

Net cash provided by operating activities totaled, increased to 46,268 million yen. This was mainly attributable to an increase in net profit after taxes by 57,074 million yen, depreciation of 21,386 million yen, accounts payable by 15,565 million yen, increase of accounts receivable of 16,879 million yen, and a reduction of payments for items such as corporate income tax by 19,857 million yen.

(Cash flow from investing activities)

Net cash used in investing activities totaled 31,312 million yen. This was mainly attributable to an outlay of 27,084 million yen for the acquisition of fixed assets, and an outlay of 7,659 million yen for the purchase of stocks of affiliate companies.

(Cash flow from financing operations)

Net cash used in financing operations totaled 39,169 million yen. This was mainly attributable to an outlay of 5,034 million yen for dividend payment, and an outlay of 39,708 million yen for the purchase of treasury stocks.

Movements of the cash flow indexes of our group companies are as follows:

	As of March 31,			
	2004	2003	2002	2001
Equity Ratio (%)	57.3	62.5	65.2	63.4
Equity Ratio at Market Value Basis (%)	240.2	144.8	190.0	155.5
Liability Maturity (years)	0.4	0.2	0.5	0.3
Interest Coverage Ratio	193.3	284.1	89.2	72.3

(Notes)

1. Each index is calculated by relevant formulas with financial figures quoted from the consolidated balance sheet.

- Equity Ratio = Shareholder's equity ÷ Total assets
- Equity Ratio at market value basis = Total market value of listed shares ÷ Total assets
- Liability Maturity = Liability with interest ÷ Cash flows from operating activities
- Interest Coverage Ratio = Cash flows from operating activities ÷ interest payment

2. Market capitalization is calculated by multiplying a closing price of a share at the year end by the number of shares issued after deduction of own shares at the year-end.

3. Liabilities with interest, liabilities accounted in the consolidated balance sheet, all debts that incur interest payment.

4. For the amount of cash flows from operating activities and interest payment, "Cash flows from operating activities" and "Interest payment" in the consolidated statement of cash flow are used.



V. Annual Consolidated Financial Statements

1. Consolidated Balance Sheets

	Millions of Yen				
	As of March 31, 2004		As of March 31, 2003		Change
	Amount	%	Amount	%	
Assets					
Current Assets:					
Cash on hand and in banks.....	49,144		52,709		(3,565)
Trade notes and accounts receivable.....	105,369		89,727		15,642
Marketable securities	--		19,027		(19,027)
Inventories	40,670		37,674		2,996
Deferred tax assets	6,411		5,905		506
Other current assets	10,866		12,608		(1,741)
Allowance for doubtful receivables.....	(1,169)		(1,211)		42
Total Current Assets	211,294	54.2	216,440	57.0	(5,146)
Fixed Assets:					
Tangible Fixed Assets:					
Buildings and structures	111,061		104,511		6,549
Machinery and material-handling equipment	195,932		183,576		12,355
Tools, fixtures and parts.....	21,966		21,920		45
Land	18,823		19,115		(291)
Construction in progress.....	10,214		6,380		3,833
Accumulated depreciation.....	(218,668)		(208,059)		(10,609)
Total Tangible Fixed Assets	139,329	35.8	127,445	33.6	11,884
Intangible Fixed Assets:					
Goodwill	620		1,396		(775)
Other intangible assets.....	6,132		4,309		1,822
Total Intangible Fixed Assets	6,753	1.7	5,705	1.5	1,047
Investments and Other Assets:					
Investments in securities	11,602		6,434		5,167
Investments in non-consolidated subsidiaries and affiliates	13,538		11,835		1,703
Deferred tax assets	2,669		7,697		(5,028)
Other assets	4,874		4,993		(118)
Allowance for doubtful receivables	(537)		(741)		204
Total Investments and Other Assets	32,148	8.3	30,219	7.9	1,928
Total Fixed Assets	178,231	45.8	163,371	43.0	14,860
Total Assets	389,525	100.0	379,811	100.0	9,713

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	Millions of Yen				
	As of March 31, 2004		As of March 31, 2003		Change
	Amount	%	Amount	%	
Liabilities					
Current Liabilities:					
Trade notes and accounts payable.....	70,927		55,457		15,469
Short-term loans payable.....	12,115		9,468		2,647
Accrued expenses	15,202		13,647		1,555
Income taxes	12,573		13,276		(702)
Other current liabilities	27,455		17,355		10,100
Total Current Liabilities.....	138,274	35.5	109,204	28.8	29,069
Long-term Liabilities					
Bonds	300		300		--
Long term loans payable.....	3,448		2,348		1,099
Provision for retirement benefits	8,641		16,616		(7,974)
Provision for allowances for directors and corporate auditors	1,339		1,232		107
Other long-term liabilities	2,424		2,303		120
Total Long-term Liabilities.....	16,153	4.1	22,800	6.0	(6,647)
Total Liabilities.....	154,427	39.6	132,005	34.8	22,422
Shareholders' Equity					
Minority Interests					
Minority interests	11,983	3.1	10,246	2.7	1,736
Shareholders' Equity					
Common stock	26,783		26,783		--
Capital surplus	50,482		50,482		--
Earned Surplus.....	196,596		168,632		27,963
Net unrealized holding gains on securities	3,057		242		2,814
Foreign currency translation adjustments	(13,629)		(7,513)		(6,115)
Cost of treasury stock	(40,175)		(1,067)		(39,108)
Total Shareholders' Equity.....	223,114	57.3	237,560	62.5	(14,445)
Total Liabilities, Minority Interest and Shareholders' Equity	389,525	100.0	379,811	100.0	9,713

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2. Consolidated Statements of Income

	Millions of Yen					
	Fiscal Year ended March 31,					
	2004	%	2003	%	Change	%
Net Sales	452,726	100.0	378,705	100.00	74,020	119.5
Cost of sales	314,785	69.5	269,084	71.1	45,701	
Gross profit.....	137,940	30.5	109,620	28.9	28,319	125.8
Selling, general, & administrative expenses	82,028	18.1	75,718	19.9	6,309	
Operating Income	55,912	12.4	33,901	9.0	22,010	164.9
Other Income and Expenses						
Other Income:						
Interest and dividend income.....	526		516		9	
Equity in earnings of non-consolidated subsidiaries and affiliates	2,533		1,861		671	
Miscellaneous income	2,715		3,497		(781)	
Other Income	5,775	1.2	5,876	1.5	(100)	
Other Expenses:						
Interest expenses	245		201		44	
Miscellaneous expenses	3,396		3,744		(347)	
Other Expenses	3,642	0.8	3,945	1.0	(302)	
Ordinary Income	58,045	12.8	35,832	9.5	22,212	162.0
Extraordinary Gain and Loss:						
Gains on sales of fixed assets.....	93		343		(250)	
Gains on return of substituted portion of the welfare pension fund plan.....	--		3,731		(3,731)	
Reversal of provision for retirement benefits by system changes	1,957		--		1,957	
Other extraordinary gains	141		4		136	
Extraordinary Gains	2,192	0.5	4,080	1.1	(1,887)	
Losses on sales and disposal of fixed assets.....	1,071		1,025		46	
Losses on evaluation of investment in securities	2		1,657		(1,655)	
Restructuring expenses	--		1,820		(1,820)	
Other extraordinary losses	2,089		1,883		205	
Extraordinary Losses	3,162	0.7	6,387	1.7	(3,224)	
Income Before Provision for Income Taxes	57,074	12.6	33,524	8.9	23,549	170.2
Corporate Income, Local and Business Taxes	18,954	4.2	13,592	3.6	5,361	
Adjustments to Income Taxes	2,946	0.6	(240)	(0.1)	3,187	
Minority Interest in Net Income of Consolidated Subsidiaries	1,787	0.4	935	0.3	851	
Net Income	33,386	7.4	19,237	5.1	14,148	173.6



3. Consolidated Statements of Shareholders' Equity

	Millions of Yen	
	Fiscal Year Ended March 31,	
	2004	2003
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 capital surplus	168,632	153,518
II. Increase in earned surplus	33,386	19,237
Net Annual Income	33,386	19,237
III. Decrease in earned surplus.....	5,422	4,123
Cash dividends paid	5,034	3,819
Directors' bonuses	385	303
Loss on disposal of treasury stock.....	2	--
IV. Ending balance of earned surplus	196,596	168,632



4. Consolidated Statements of Cash Flows

	Millions of Yen	
	2004	2003
I. Cash flows from operating activities:		
Income before provision for income taxes before adjustments to reconcile income to net cash provided by operating activities.....	57,074	33,524
Depreciation and amortization.....	21,386	21,143
Increase (decrease) in provision for retirement benefits.....	(7,974)	(1,756)
Increase (decrease) in provision for retirement allowances for directors and corporate auditors.....	107	130
Interest and dividend income.....	(526)	(516)
Interest expenses.....	245	201
Increase (decrease) in exchange transactions.....	0	(0)
Equity in earnings of non-consolidated subsidiaries and affiliates.....	(2,533)	(1,861)
Losses on evaluation of investment in securities.....	2	1,657
Losses on sales and disposal of fixed assets.....	978	681
Increase (decrease) in trade notes and accounts receivable.....	(16,879)	(2,398)
Increase (decrease) in inventories.....	(3,948)	(4,493)
Increase (decrease) in other accounts receivable.....	(1,949)	(291)
Increase (decrease) in trade notes and accounts payable.....	15,565	7,251
Directors' bonuses paid.....	(437)	(344)
Increase (decrease) in others.....	4,449	4,320
Sub Total	65,560	57,247
Interest and dividends received.....	803	480
Interest paid.....	(239)	(208)
Income taxes paid and refunded.....	(19,857)	1,706
Net cash provided by operating activities	46,268	59,224
II. Cash flows from investing activities:		
Increase (decrease) in time deposits.....	1	(1)
Purchase of marketable securities.....	--	(3,000)
Proceeds from sales of marketable securities.....	1,717	5,677
Acquisition of fixed assets.....	(27,084)	(24,451)
Proceeds from sales of fixed assets.....	973	1,184
Purchase of investments in securities.....	(611)	(2,065)
Proceeds from sales of investments in securities.....	459	389
Purchase of securities of subsidiaries.....	(7,659)	(2,073)
Proceeds from sales of securities of subsidiaries.....	148	--
Payments of loans.....	(86)	(975)
Collections of loans.....	829	708
Net cash used in investing activities.....	(31,312)	(24,608)

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	Millions of Yen	
	Fiscal Year Ended March 31,	
	2004	2003
III. Cash flows from financing activities:		
Increase (decrease) in short-term debt.....	1,944	1,756
Proceeds from long-term debt.....	3,446	1,845
Repayment of long-term debt.....	(284)	(54)
Purchase of treasury stock based on stock option.....	(39,708)	(1,063)
Proceeds from sales of treasury stock.....	597	--
Redemption of debenture.....	--	(200)
Dividends paid.....	(5,034)	(3,819)
Dividends paid to minority interest.....	(130)	(102)
Net cash used in financing activities.....	(39,169)	(1,638)
IV. Exchange rate adjustments on cash and cash equivalents.....	(947)	(569)
V Net increase in cash and cash equivalents.....	(25,161)	32,408
VI. Cash and cash equivalents at beginning of year.....	73,341	40,105
VII. Increase due to inclusion of consolidations.....	364	827
VIII. Cash and cash equivalents at end of year	48,544	73,341



VI. Basis of Preparation for the Consolidated Financial Statements

1. Scope of Consolidation

1) Consolidated subsidiaries: 42

- Major companies: Nitto Shinko Corp, Nissho Corp., Kyoshin Co., Ltd., Nitto Denko Matex Co., Ltd., and Nitto Europe N. V.
- Acquired: Aveva Drug Delivery Systems, Inc.
- Established: Taiwan Nitto Optical Co., Ltd.
- Established: Nitto Denko (Shanghai) Electro-Energy Co., Ltd.
- Added from non-consolidated status: Permacel Automotive, Inc.
- Excluded: --

2) Non-consolidated subsidiaries: 65

- Major company: Nistem Corporation
- Established: Nissho Precision (Suzhou) Co., Ltd. and 6 additional companies.
- Excluded: Nichiei Insatsu Shiko Co., Ltd. and 3 additional companies.

2. Application of Equity Method

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

- Major company: Nistem Corporation
- Established: Nissho Precision (Suzhou) Co., Ltd. and 6 additional companies.
- Excluded: Nichiei Insatsu Shiko Co., Ltd. and 3 additional companies.

2) Affiliates applicable of equity method: 2

- Established: --
- Excluded: --

3. Financial Year End of Consolidated Companies

- 37 of the consolidated subsidiaries use the same fiscal year end.
- 5 of the consolidated subsidiaries use a different fiscal year end.
- Necessary adjustments have been made for inter-company transactions between these five subsidiaries and the Corporation which have taken place during the intervening period from the end of last consolidated financial year-end to the current consolidated financial year end.

4. Accounting Principles and Practices

1) Revaluation standards and method of significant assets

(i) Securities

- Marketable securities for trading purposes: stated at fair value method (Moving average cost method for cost of sales)
- Other securities
 - a. Market value is available: Stated at market value on the date of the current consolidated financial year end (Valuation adjustments are reported in Equity section, and the sales cost is calculated by a moving average method).
 - b. Market value is not available: Stated at moving-average cost

(ii) Derivatives

- Fair value method

(iii) Inventories

- Mainly the lower of cost or market, where cost is determined by the average method.



2) Depreciation method of significant depreciable assets

(i) Tangible fixed assets

- Mainly declining balance method

(ii) 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

(i) 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 collectivity of individual receivables.

(ii) 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 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.

(iii) 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 end of the financial 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 are considered to be transferred to the lessee are allowed to be accounted for in the same manner as ordinary rental transactions.

6) Hedging accounting

(i) Hedge accounting

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

(ii) Hedging instruments and hedged items

- Hedging instruments and hedged items subject to the hedging accounting during the current financial year are as follows:
 - Hedging instruments: Foreign currency forward contracts
 - Underlying hedged items: Accounts receivable denominated in foreign currencies for product exports
 - Debt in foreign currencies for imports of facilities and others

(iii) 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 annual 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.

6. Repayment of Consolidated Adjustment Accounts

Regarding the repayment of consolidated adjustment accounts, uniform payments over five years are made. Further, in minor cases, the total of recurring bills are repaid on a fiscal yearly basis.

7. Appropriation of Profits

Regarding the consolidated company profit, a consolidated surplus account statement is created based on the regular appropriation of fixed profits throughout the consolidated fiscal year.

8. Related to the scope of working capital in the consolidated cash-flow statement

Working capital (cash and cash equivalent assets) includes cash on hand, readily-available savings, fixed-term deposits which will come to term within three months of the acquisition date, assets easily convertible to cash, and short-term investments which can be redeemed within three months of acquisition with little risk of their value changing.

(Significant contingent liabilities)

Not applicable.



VII. Notes to the Consolidated Financial Statements

1. Related to Consolidated Balance Sheets

	Millions of Yen	
	As of March 31,	
	2004	2003
1. Pledged assets and secured debt:		
• Pledged assets	447	427
• Secured debt	423	451
2. Assets at non-consolidated subsidiaries or affiliates		
• Investment in securities	13,538	11,835
3. Obligation and commitment under guarantee agreements (including letters of comfort for management guidance):		
• Obligations under the guarantee agreements	1,711	1,980
• Commitments under the guarantee agreements (including letters of comfort for management guidance)	--	150
4. Trade notes discounted and trade notes endorsed:		
• Notes receivable discounted	90	90
• Notes receivable endorsed	720	803

2. Related to Consolidated Statements of Income

	Millions of Yen	
	2004	2003
1. Major items of Selling, General and Administrative Expenses and their amount:		
• Transportation cost	9,783	9,010
• Advertisement and sales commission	3,195	2,664
• Employees' salaries and benefits	28,934	27,211
• Traveling expenses	3,578	3,340
• Fees and commissions	9,518	8,761
• Depreciation and amortization	4,083	4,033
• Rents and leases	2,530	2,580



3. Related to Consolidated Statements of Cash Flows

	Millions of Yen	
	2004	2003
1. Cash and cash equivalents at the end of the year and their relevant items posted in the balance sheet and their amount:		
• Cash.....	49,144	52,709
• Time deposits maturing over 3 months	(600)	(678)
• Marketable securities	--	23,310
Cash and cash equivalents.....	48,544	73,341

4. 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

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5.1 Securities (for the fiscal year ended March 31, 2004)

(1) Securities held for trading purposes

(millions of yen)

• Carrying amount	--
• Valuation adjustment charged to income	(5)

(2) Debt Securities intended to be held until their maturities

- Not applicable

(3) Other Securities with fair value

Securities with book value exceeding acquisition costs

(Millions of Yen)

	Acquisition cost	Book value	Difference
Equity securities	2,738	8,276	5,537
Bonds			
• Government bonds, municipal bonds	--	--	--
• Corporate bonds	--	--	--
• Others	165	200	34
Other marketable securities	--	--	--
Total	2,904	8,477	5,572

Securities with book value not exceeding acquisition costs

(Millions of Yen)

	Acquisition cost	Book value	Difference
Equity securities	516	515	(1)
Bonds			
• Government bonds, municipal bonds	--	--	--
• Corporate bonds	--	--	--
• Others	104	103	(1)
Other marketable securities	--	--	--
Total	621	619	(2)

(4) Other Securities sold in the current financial year (April 1, 2003 – March 31, 2004)

Sales proceeds	Total Sales Gain	Total sales losses
459	38	14

(5) Securities with no fair values

(millions of yen)

	Carrying amount
Other securities	
• Non-listed equity (excluding equity securities traded over-the-counter)	2,506

(6) There is no redemption scheduled to note for securities with stated maturities and debt securities held-to-maturity among other securities.

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5.2 Securities (for the fiscal year ended March 31, 2003)

(1) Securities held for trading purposes

(millions of yen)

• Carrying amount	18,934
• Valuation adjustment charged to income	8

(2) Debt Securities intended to be held until their maturities

- Not applicable

(3) Other Securities with fair value

Securities with book value exceeding acquisition costs			(Millions of Yen)
	Acquisition cost	Book value	Difference
Equity securities	1,200	2,001	800
Bonds			
• Government bonds, municipal bonds	--	--	--
• Corporate bonds	--	--	--
• Others	--	--	--
Other marketable securities	92	93	0
Total	1,293	2,094	800

Securities with book value not exceeding acquisition costs			(Millions of Yen)
	Acquisition cost	Book value	Difference
Equity securities	1,395	1,260	(134)
Bonds			
• Government bonds, municipal bonds	--	--	--
• Corporate bonds	--	--	--
• Others	757	654	(102)
Other marketable securities	15	7	(7)
Total	2,167	1,922	(245)

(4) Other Securities sold in the financial year

- There are no notes since the total amount of sales gains /losses is immaterial.

(5) Securities with no fair values

(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 note for securities with stated maturities and 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.



VIII. Employees' severance and retirement benefits

1. Summary of the Corporate retirement benefit plan

- 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 retirement benefit liabilities

(millions of yen)

	FY2004	FY2003
1. Projected benefit obligation	87,539	97,401
2. Pension assets.....	59,250	44,614
3. Unreserved provision for retirement benefits (1 - 2)	28,288	52,786
4. Unrecognized actuarial difference.....	23,360	36,150
5. Unrecognized prior service costs.....	(3,469)	19
6. Difference (3 - 4 - 5).....	8,396	16,616
7. Prepaid annuity costs	244	--
8. Provision for retirement benefits (6 + 7)	8,641	16,616

(Notes)

- 1) Some subsidiaries adopt simplified methods to calculate projected benefit obligations.
- 2) (6) "Difference" is the net amount after deducting the prepaid pension expenses 3,280 million yen in FY2002 (ended March 31, 2003) and 6,187 million yen in FY 2003 (ended March 31, 2004).
- 3) Reductions in Provisions for retirement benefits reflect changes in the law which were adopted by the Company in this period.

3. Items regarding retirement benefit expenses

	FY2004	FY2003
1. Service costs	3,176	3,232
2. Interest costs	2,167	3,833
3. Expected return on plan assets	1,720	2,640
4. Amortization of unrecognized actuarial loss.....	2,917	1,864
5. Prior service costs.....	(230)	2
6. Retirement benefit expense (1 + 2 - 3 + 4 + 5)	6,310	6,291
7. Gains on return of substitutional portion of employee pension fund.....	--	3,731
8. Reversal of allowance for retirement benefits consequent on change in pension plan.....	1,957	--
9. Total (6 - 7 - 8)	4,353	2,560

Note:

Retirement benefit expenses of the consolidated subsidiaries, which have adopted simplified methods, are posted in (1) "Service costs".



4. Basis of calculation of retirement benefit liabilities

	FY2004	FY2003
1. Method of allocating expected retirement benefits to reporting periods	Fixed base for period	
2. Discount rate	2.0 – 2.5%	2.5%
3. Expected rate of return on plan assets	1.5 – 3.5%	1.5 – 4.0%
4. Amortization period of prior service costs	12 years	12 years
5. Amortization period of actuarial difference	12 years	12 years
6. Amortization of unrecognized prior service liabilities	Fully recognized in the initial fiscal year	



IX. Tax Effect Accounting

(1) Significant components of deferred tax assets and liabilities

	Millions of Yen	
	As of March 31,	
	2004	2003
Current Assets		
Deferred tax assets:		
• Valuation of inventories	299	241
• Unrealized gains on inventories	1,014	702
• Allowance for doubtful receivables.....	166	201
• Accounts receivable	--	117
• Unpaid business taxes	1,226	1,187
• Accounts payable.....	248	233
• Accrued expenses	2,705	2,928
• Others	751	292
Total deferred tax assets.....	6,411	5,905
Net deferred tax assets.....	6,411	5,905
Fixed assets		
Deferred tax assets:		
• Depreciation expenses beyond allowable amount as deductibles	1,754	1,613
• Provision for retirement benefits	3,008	5,820
• Provision for retirement allowances for directors and corporate auditors	542	493
• Others	2,093	2,149
Total deferred tax assets.....	7,398	10,076
Deferred tax liabilities		
• Reserve for special depreciation	1,498	1,260
• Undistributed earnings of overseas subsidiaries and affiliates	976	896
• Net unrealized holding gains on securities	2,254	221
Total deferred tax liabilities.....	4,729	2,378
Net deferred tax assets.....	2,669	7,697

(2) Domestic legal effective tax rates used in calculation of Deferred tax assets and Total deferred tax liabilities are 41.8% for current assets and 40.5% for fixed assets in Fiscal 2003, and 40.5% for current and fixed assets in Fiscal 2004. These decreased Deferred tax assets by 150 million yen, and increased the amount of adjustments to income taxes, accounted for Fiscal 2004's costs, by the same amount.

(Going Concern Assumption)

- There is no appropriate item for this assumption.



X. Segment Information

1. Segment Information by Business Category

Current Consolidated Fiscal Year (April 1, 2003 - March 31, 2004)

(Millions of Yen)

	Industrial products	Electronic products	Functional products	Total	Eliminations (corporate)	Consolidated total
1. Net sales and operating income						
I. Net sales						
i) Net sales to outside customers	191,682	219,709	41,333	452,726	--	452,726
ii) Intersegment sales or transfers	11	95	495	602	(602)	--
Total net sales	191,694	219,805	41,829	453,328	(602)	452,726
II. Operating expense	178,256	180,923	38,236	397,416	(602)	396,814
III. Operating income	13,437	38,881	3,592	55,912	--	55,912
2. Assets, depreciation and amortization, capital expenditures						
I. Assets	118,462	165,956	41,457	325,876	63,649	389,525
II. Depreciation and amortization	7,832	10,438	3,114	21,386	--	21,386
III. Capital expenditure	11,994	19,148	5,175	36,317	--	36,317

Previous Consolidated Fiscal Year (April 1, 2002 - March 31, 2003)

(Millions of Yen)

	Industrial products	Electronic products	Functional products	Total	Eliminations (corporate)	Consolidated total
1. Net sales and operating income						
I. Net sales						
i) Net sales to outside customers	173,588	165,371	39,745	378,705	--	705,378
ii) Intersegment sales or transfers	13	147	656	817	(817)	--
Total net sales	173,601	165,518	40,402	379,522	(817)	378,705
II. Operating expense	163,350	147,419	34,851	345,620	(817)	344,803
III. Operating income	10,251	18,099	5,550	33,901	--	33,901
2. Assets, depreciation and amortization, capital expenditures						
I. Assets	122,027	135,571	38,592	296,191	83,619	379,811
II. Depreciation and amortization	8,367	9,824	2,950	21,143	--	21,143
III. Capital expenditure	8,801	11,804	2,731	23,337	--	23,337

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Notes:

1. Methods of business segmentation

- The Corporation classifies its operations principally into three business segments: industrial products, electronic products and functional products, depending on the use of the products in the market.
- Materials for electronic components that used to be included in Industrial Materials are now categorized as Electronic Process Materials in line with market applications, and are separated from electronics materials beginning this fiscal period. Figures shown for the previous fiscal year reflect the new segmentation.

2. Major products for each business segment:

(1) Current fiscal year

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

(2) Previous fiscal year

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

3. Corporate assets included in "Eliminations (Corporate)" in FY2004 amounted to 65,099 million yen, which consists mainly of the parent company's investment of surplus funds (cash, time deposits and marketable securities) and securities held as investments, as compared with 92,046 million yen in fiscal FY2003.

4. Segment information using previous segmentation:

Previous Consolidated Fiscal Year (April 1, 2002 - March 31, 2003)

	(Millions of Yen)					
	Industrial products	Electronic products	Functional products	Total	Eliminations (corporate)	Consolidated total
1. Net sales and operating income						
I. Net sales						
i) Net sales to outside customers	192,179	146,780	39,745	378,705	--	378,705
ii) Intersegment sales or transfers	93	69	656	819	(819)	--
Total net sales	192,273	146,849	40,402	379,525	(819)	378,705
II. Operating expense	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, capital expenditures						
I. Assets	145,767	111,831	38,592	296,191	83,619	379,811
II. Depreciation and amortization	9,790	8,401	2,950	21,143	--	21,143
III. Capital expenditure	10,651	9,954	2,731	23,337	--	23,337



2. Segment Information by Region

Current Consolidated Fiscal Year (April 1, 2003 - March 31, 2004)

(Millions of Yen)

	Japan	North America	Europe	Asia & Oceania	Total	Eliminations (corporate)	Consolidated total
1. Net sales and operating income							
I. Net sales							
i) Net sales to outside customers	286,322	37,216	16,422	112,764	452,726	--	452,726
ii) Intersegment sales or transfers	98,163	1,606	1,949	4,872	106,592	(106,592)	--
Total net sales	384,486	38,823	18,372	117,637	559,319	(106,592)	--
II. Operating expense	333,328	41,222	17,862	111,089	503,502	(106,688)	396,814
III. Operating income	51,158	(2,399)	509	6,547	55,816	95	55,912
2. Assets, depreciation and amortization, and capital expenditures							
I. Assets	245,748	47,628	11,368	57,221	361,967	27,557	389,525

Previous Consolidated Fiscal Year (April 1, 2003 - March 31, 2003)

(Millions of Yen)

	Japan	North America	Europe	Asia & Oceania	Total	Eliminations (corporate)	Consolidated total
1. Net sales and operating income							
I. Net sales							
i) Net sales to outside customers	252,881	33,386	14,496	77,940	378,705	--	378,705
ii) Intersegment sales or transfers	68,525	1,753	1,862	2,996	75,138	(75,138)	--
Total net sales	321,407	35,140	16,358	80,937	453,843	(75,138)	378,705
II. Operating expense	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, depreciation and amortization, and capital expenditures							
I. Assets	187,118	53,211	10,825	48,133	299,288	80,523	379,811

(Notes)

1. Regions are segmented by geographical proximity.

2. Major countries or regions excluding Japan are represented in the following categories:

North America: U.S.A.;

Europe: European countries

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

3. Corporate assets included in "Eliminations (corporate)" in FY2004 amounted to 65,099 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 92,046 million yen in FY2003.



3. Net Sales to Customers Outside Japan

Current Consolidated Fiscal Year (April 1, 2003 - March 31, 2004) (Millions of Yen)

	North America	Europe	Asia & Oceania	Total
I. Net sales to customers outside Japan	33,442	17,634	158,448	209,525
II. Consolidated sales				452,726
III. Ratio of net sales to customers outside Japan to consolidated sales	7.4%	3.9%	35.0%	46.3%

Previous Consolidated Fiscal Year (April 1, 2002 - March 31, 2003) (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)

1. Countries and regions are segmented by geographical proximity.
2. Major countries or regions excluding Japan are represented in the following categories:
 - North America: U.S.A.;
 - Europe: European countries
 - Asia & Oceania: East and South-east Asian countries, Australia
3. 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: (FY 2003, April 1, 2003 – March 31, 2004)

- No transactions to be noted.



4. Production and Sales Results by Business Segment

(1) Production results

Current Consolidated Fiscal Year (April 1, 2003 - March 31, 2004) (Millions of Yen)

Business segment	Amount	Change (%)
Industrial products	105,825	113.6
Electronic products	200,106	129.7
Functional products	38,466	99.9
Total	344,398	120.4

(Notes)

1. 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. Change (%) from previous period is calculated using the same method as the current fiscal period for each segment.

(2) Sales results

Current Consolidated Fiscal Year (April 1, 2003 - March 31, 2004) (Millions of Yen)

Business segment	Amount	Change (%)
Industrial products	191,682	110.4
Electronic products	219,709	132.9
Functional products	41,333	104.0
Total	452,726	119.5

(Notes)

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

2. Amounts in the table do not include consumption tax.

3. Change (%) from previous period is calculated using the same method as the current fiscal period for each segment.



Environmental Accounting Report (Supplement)

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 in fiscal 2002 and to overseas members in 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. Any reduction of the environmental load cost is considered as an environmental effect, with which we are aiming at improvement in the productivity of resources, hence the lower total costs.

For the fiscal year ended March 31, 2004, the Parent Corporation's ratio of environmental load cost to sales (the ratio of environmental load cost against net sales) stood at 15.3%, improved 2.3 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.

		Millions of Yen			
		2004	2003	Change	%
Net sales (unconsolidated)		278,024	225,450	52,574	123.3
Environmental preservation costs	General expenses	874	913	(39)	95.7
	Waste disposal	1,162	1,039	123	111.8
	Outsourcing	223	181	42	123.2
	Salary and compensation	462	466	(4)	99.1
	Depreciation and amortization	1,054	1,218	(164)	86.5
	Technology development	883	972	(89)	90.8
	Total	4,658	4,789	(131)	97.3
Environmental load costs	Waste costs	36,058	33,554	2,504	107.5
	Energy	4,084	4,085	(1)	100.0
	Solution supply	2,164	1,692	472	127.9
	Industrial water supply	292	304	(12)	96.1
	Total	42,598	39,635	2,963	107.5
Ratio of environmental load cost to net sales		15.3%	17.6%	(2.3%)	--