

Date: October 23, 2003

**Unconsolidated Semiannual Financial Summary  
(for the fiscal-half year ended September 30, 2003)**

Listed company name **Nitto Denko Corporation**

Code Number : 6988

Stock Exchange Listings : Tokyo, Osaka, First Section

Head Office : Osaka, Japan

Company Representative: President Masamichi Takemoto

Contact Person : General Manager, Public & Investor Relations Department

Name Hideki Komai TEL(072) 622-2981

Date of the board of directors' meeting concerning the financial statements: October 23, 2003

Adoption of semiannual dividend payment: Yes

Semiannual dividends payment commencing on: December 10, 2003

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

1. Semiannual Business Results (From April 1, 2003 to September 30, 2003)

(1) Operating results

	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
September, 2003	127,768	(13.0)	14,986	(30.0)	18,571	(45.2)
September, 2002	113,030	(19.3)	11,529	(153.3)	12,786	(79.1)
March, 2003	225,450		22,416		25,097	

	Net income		Net income per share of common stock	
	Millions of yen	%	Yen	
September, 2003	11,862	(67.2)	70.	42
September, 2002	7,094	(66.7)	40.	85
March, 2003	15,099		85.	74

(Notes) Average number of shares outstanding during the first half of fiscal year ended September 30, 2003:

168,451,674 shares; First half of fiscal year ended September 30, 2002: 173,652,252 shares;

Fiscal year ended March 31, 2003: 173,546,147 shares

Changes in accounting policies: Yes

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, 2003	17.	00	--	
September, 2002	11.	00	--	
March, 2003	--		24.	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, 2003	268,176	177,087	66.0	1,083.	10
September, 2002	285,397	199,885	70.0	1,152.	46
March, 2003	290,068	205,779	70.9	1,185.	20

(Notes) Number of shares outstanding: As of September 30, 2003: 163,500,733

As of September 30, 2002: 173,442,540

As of March 31, 2003: 173,438,827

Number of treasury stock: As of September 30, 2003: 10,257,695

As of September 30, 2002: 315,888  
 As of March 31, 2003: 319,601

2. Projections for the fiscal year ending March 31, 2004 (From April 1, 2003 to March 31, 2004)

	Net sales	Operating income	Ordinary income	Net income	Annual dividends per share (Year-end)	
					End of term	
Full-year	Millions of yen 269,000	Millions of yen 32,400	Millions of yen 36,600	Millions of yen 23,000	Yen 19. 00	Yen 36. 00

(Reference) Projected net income per share for the full year: 137.25 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. The projected net income per share for the full year is calculated using the projected average number of shares outstanding, considered purchase of treasury stock in this fiscal year.

## UNCONSOLIDATED SEMIANNUAL BALANCE SHEET

Description	September 30, 2002		September 30, 2003		March 31, 2003	
	Amount	Composition	Amount	Composition	Amount	Composition
(Assets)	Millions of yen	%	Millions of yen	%	Millions of yen	%
<b><u>Current Assets</u></b>	(126,585)	44.4	(110,665)	41.3	(139,510)	48.1
Cash on hand and in banks	31,112		18,979		33,032	
Trade notes receivable	767		900		750	
Accounts receivable	59,817		60,373		53,594	
Marketable securities	4,205		603		18,934	
Finished goods and merchandise	2,631		2,842		2,906	
Raw materials and supplies	1,889		2,021		2,049	
Work in process	11,382		13,600		13,772	
Short-term loans	5,252		1,384		1,943	
Deferred tax assets	4,325		3,643		3,695	
Other current assets	6,100		6,615		9,131	
Allowance for doubtful receivables	900		300		300	
<b><u>Fixed Assets</u></b>	(158,812)	55.6	(157,510)	58.7	(150,558)	51.9
<b>Tangible Fixed Assets</b>	93,008	32.6	90,563	33.7	87,691	30.2
Buildings	34,931		33,325		33,712	
Structures	2,247		2,206		2,121	
Machinery and equipment	34,416		30,780		33,343	
Vehicles and material-handling equipment	92		76		84	
Tools, fixtures and parts	3,418		2,986		3,055	
Land	14,168		13,905		13,905	
Construction in progress	3,733		7,283		1,468	
<b>Intangible Fixed Assets</b>	2,947	1.0	3,463	1.3	3,011	1.1
<b>Investments and Other Assets</b>	62,855	22.0	63,482	23.7	59,855	20.6
Investments in securities	6,200		6,587		4,272	
Investments in subsidiaries and affiliates	47,172		52,640		47,932	
Long-term loans	544		539		539	
Deferred tax assets	7,894		4,301		6,128	
Other investments	1,174		1,174		1,128	
Allowance for doubtful receivables	130		146		146	
Allowance for capital loss	--		1,614		--	
<b>Total Assets</b>	<b>285,397</b>	<b>100.0</b>	<b>268,176</b>	<b>100.0</b>	<b>290,068</b>	<b>100.0</b>

Description	September 30, 2002		September 30, 2003		March 31, 2003	
	Amount	Composition	Amount	Composition	Amount	Composition
(Liabilities)	Millions of yen	%	Millions of yen	%	Millions of yen	%
<b><u>Current Liabilities</u></b>	(70,496)	24.7	(82,922)	30.9	(71,439)	24.6
Trade notes payable	9		--		7	
Accounts payable	34,335		41,239		36,050	
Short-term loans payable	--		5,000		--	
Commercial paper	--		2,000		--	
Other accounts payable	14,221		18,217		12,519	
Accrued expenses	5,967		6,435		6,707	
Income taxes	7,758		5,591		9,908	
Advances received	8,114		4,396		6,200	
Other current liabilities	89		42		44	
<b><u>Long-term Liabilities</u></b>	(15,015)	5.3	(8,165)	3.1	(12,849)	4.5
Provision for retirement benefits	14,244		7,327		12,038	
Provision for retirement allowances for directors and corporate auditors	519		602		582	
Guarantee deposits received	251		236		229	
<b>Total Liabilities</b>	<b>85,512</b>	<b>30.0</b>	<b>91,088</b>	<b>34.0</b>	<b>84,289</b>	<b>29.1</b>
(Shareholders' equity)						
<b><u>Common Stock</u></b>	26,783	9.4	26,783	10.0	26,783	9.2
<b><u>Capital Surplus</u></b>	50,482	17.7	50,482	18.8	50,482	17.4
Additional Paid-in Capital	50,482		50,482		50,482	
<b><u>Earned Surplus</u></b>	123,349	43.2	138,831	51.8	129,446	44.7
Legal reserve	4,095		4,095		4,095	
Reserve for special depreciation	440		400		440	
General reserve	109,000		117,000		109,000	
Unappropriated retained earnings (including current net income)	9,813 (7,094)		17,336 (11,862)		15,910 (15,099)	
<b><u>Other securities valuation Adjustment</u></b>	325	0.1	1,513	0.5	134	0.0
<b><u>Cost of treasury stock</u></b>	1,054	0.4	40,522	15.1	1,067	0.4
<b>Total Shareholders' Equity</b>	<b>199,885</b>	<b>70.0</b>	<b>177,087</b>	<b>66.0</b>	<b>205,779</b>	<b>70.9</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>285,397</b>	<b>100.0</b>	<b>268,176</b>	<b>100.0</b>	<b>290,068</b>	<b>100.0</b>

## UNCONSOLIDATED SEMIANNUAL STATEMENTS OF INCOME

Description	From April 1, 2002 to September 30, 2002		From April 1, 2003 to September 30, 2003		From April 1, 2002 to March 31, 2003	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Net sales	113,030	100.0	127,768	100.0	225,450	100.0
Cost of sales	82,427	72.9	92,873	72.7	164,911	73.1
Gross profit	30,603	27.1	34,894	27.3	60,538	26.9
Selling, general and administrative expenses	19,073	16.9	19,908	15.6	38,122	17.0
<b>Operating Income</b>	11,529	10.2	14,986	11.7	22,416	9.9
<b>Other Income</b>	(2,066)	1.8	(4,220)	3.3	(4,254)	1.9
Interest and dividend income	720		2,385		798	
Miscellaneous income	1,345		1,834		3,456	
<b>Other Expenses</b>	(809)	0.7	(634)	0.5	(1,573)	0.7
Interest expenses	15		13		30	
Miscellaneous expenses	794		621		1,542	
<b>Ordinary Income</b>	12,786	11.3	18,571	14.5	25,097	11.1
<b>Extraordinary Gains</b>	(3)	0.0	(1,777)	1.4	(3,354)	1.5
Gains on sales of fixed assets	3		9		23	
Gains on sales of stocks of affiliated companies	--		130		--	
Gains on return of substituted portion of employee pension fund	--		--		2,990	
Reversal of provision for retirement benefits by system changes	--		1,637		--	
Other extraordinary gains	--		--		341	
<b>Extraordinary Losses</b>	(1,375)	1.2	(1,917)	1.5	(3,672)	1.6
Losses on sales and disposal of fixed assets	227		225		765	
Losses on evaluation of investments in securities	--		2		1,541	
Restructuring charges	1,147		--		1,365	
Transfer to allowance for investment losses	--		1,614		--	
Other extraordinary losses	--		74		--	
<b>Income before provision for income taxes</b>	11,414	10.1	18,432	14.4	24,779	11.0
<b>Corporate income, local and business taxes</b>	6,442	5.7	5,629	4.4	9,264	4.1
<b>Adjustments to income taxes</b>	2,122	1.9	940	0.7	415	0.2
<b>Net Income</b>	7,094	6.3	11,862	9.3	15,099	6.7
<b>Profits brought forward</b>	2,718		5,476		2,718	
<b>Semiannual dividends paid</b>	--		--		1,907	
<b>Loss from disposal of treasury stock</b>	--		2		--	
<b>Unappropriated Retained Earnings</b>	9,813		17,336		15,910	

## **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) Allowance for investment losses

Allowance for investment losses is provided at an amount sufficient to cover possible losses on investments in affiliated companies based on the Company's standard, considering the financial condition.

(Changes in accounting procedure)

"Allowance for investment losses" is newly provided from this term. Certain amount sufficient to cover possible losses is estimated in the view of financial soundness of the Corporation, because the financial conditions of affiliated companies invested are expected to require long periods of time for recovery. As the result, the income before provision for income taxes is less than that calculated in the way of the previous procedure by 1,614 million yen.

#### (3) 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.

(4) 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.

(Significant Contingent Liabilities)

Not applicable.

(Notes)

	<u>September 30, 2002</u>	<u>September 30, 2003</u>	<u>March 31, 2003</u>
1. Accumulated depreciation of tangible fixed assets	154,429 mil. yen	164,318 mil. yen	159,514 mil. yen
2. Notes receivable endorsed	4 mil. yen	-- mil. yen	4 mil. yen
Guaranteed obligations	3,111 mil. yen	5,542 mil. yen	3,588 mil. yen
Amounts outstanding under Letters of comfort for management guidance	3,650 mil. yen	7,964 mil. yen	7,165 mil. yen

(Leases)

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

(Securities)

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.