

Consolidated Semiannual Financial Summary
(for the fiscal year ending March 31, 2005)

Listed company name: **Nitto Denko Corporation**
 Stock exchange listings: Tokyo, Osaka, First Section
 Head office: Osaka, Japan
 (URL <http://www.nitto.com/>)

Code Number: 6988

Company representative: President, Masamichi Takemoto
 Contact person: General Manager, Investor Relations Department
 Name Hideki Komai TEL(072) 622-2981

Date of the board of directors' meeting for the semiannual financial statements: October 28, 2004

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

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

1. Consolidated semiannual business results (From April 1, 2004 to September 30, 2004)

(1) Operational results

	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
September, 2004	259,210	(21.3)	37,699	(75.9)	38,812	(66.9)
September, 2003	213,606	(13.2)	21,427	(19.7)	23,259	(32.9)
March, 2004	452,726		55,912		58,045	

	Net income (semiannual)		Earnings per share – Basic		Earnings per share - Diluted	
	Millions of yen	%	yen		yen	
September, 2004	21,712	(54.1)	132.	70	132.	62
September, 2003	14,085	(51.6)	83.	62	83.	62
March, 2004	33,386		197.	99	197.	93

Notes: Equity in earnings of affiliates and non-consolidated subsidiaries:
 (September, 2004) 1,179 million yen (September, 2003) 1,202 million yen
 (March, 2004) 2,533 million yen

Average number of shares outstanding (consolidated): (September, 2004) 163,627,619 shares
 (September, 2003) 168,451,674 shares (March, 2004) 166,010,029 shares

Changes in accounting policies: No

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

(2) Financial condition

	Total assets	Shareholders' equity	Shareholders' equity to total assets	Shareholders' equity per share
	Millions of yen	Millions of yen	%	yen
September, 2004	416,489	242,912	58.3	1,484. 41
September, 2003	359,012	206,921	57.6	1,265. 54
March, 2004	389,525	223,114	57.3	1,360. 71

Note: Number of shares outstanding at the term end (consolidated): (September, 2004) 163,642,886 shares
 (September, 2003) 163,500,733 shares (March, 2004) 163,588,924 shares

(3) Cash flows

	Cash flows from operating activities	Cash flows from Investing activities	Cash flows from financing activities	Cash and cash equivalents, end of term
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
September, 2004	30,795	22,100	3,441	55,690
September, 2003	13,983	14,809	32,375	39,959
March, 2004	46,268	31,312	39,169	48,544

(4) Scope of consolidation and equity method

Consolidated subsidiaries: 49 Non-consolidated subsidiaries applicable of equity method: 59
Affiliates applicable of equity method: 2

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

Consolidation (Inclusion): 7 (Exclusion): -
Equity method (Inclusion): 2 (Exclusion): 8

2. Projections for the year ending March 31, 2005 (From April 1, 2004 to March 31, 2005)

	Net sales	Operating income	Ordinary income	Net income
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Full-year	520,000	70,000	71,500	42,000

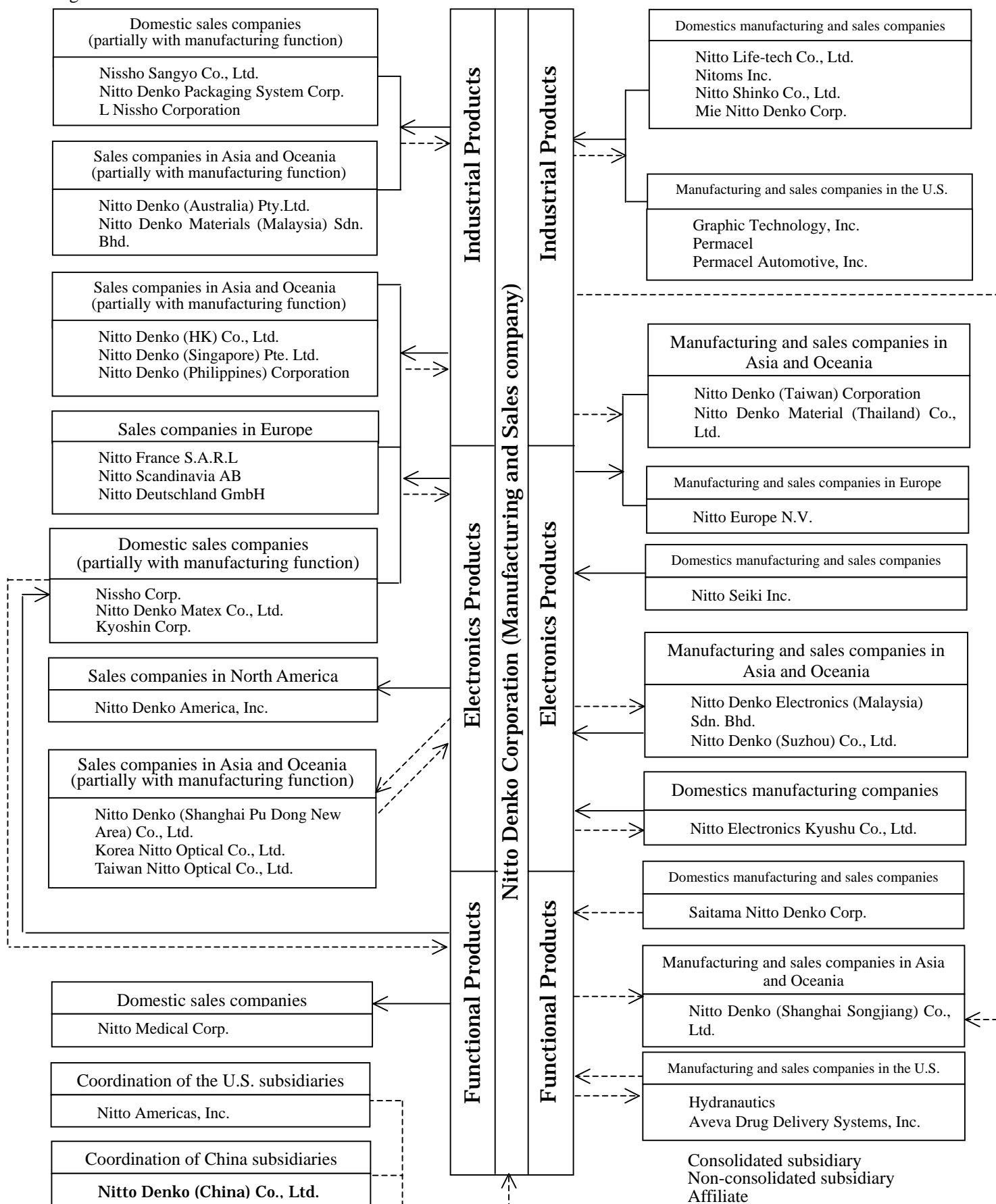
(Reference) Projected net income per share for the full year: 252.84 yen

*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 changes in treasury stock in this fiscal year.

Nitto Denko Group Operations

As of September 30, 2004 Nitto Denko Group is comprised of this Corporation and its 108 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.



Management Policy

1. Corporation's Basic Management Policy

The Nitto Denko Group has a corporate vision – “Creating New Values” – shared by all its group companies. By continuously offering new values to our customers throughout the world, we intend to attain sound growth and to make a corporation of real value to all its stakeholders, including the society, shareholders and employees.

Our corporate goal is to become a “global excellent company”. We intend not only to successively attain good business results comparable to those of the world's top companies but also to make a company whose value itself, including culture, climate and employees' attitude and behavior, is widely recognized by the society.

To attain this goal, we have developed our basic strategy to become a “Global Niche Top”. We unite ourselves to provide the greatest satisfaction to our customers and to gain the top market shares on a global scale by making the most of our unique differentiation technologies in the niche areas of the changing and growing markets. In pursuing this strategy, we find it necessary to prepare and build up our “differentiation technologies” well in advance so that we can meet customer demands timely and aptly. To this end, we endeavor to fortify the foundations of our technological expertise under the slogan of being a “Technology-oriented Company”.

We will also carry forward our marketing activities collectively called “San-Shin (Three-New) Activities” in which we aim to “explore new applications”, to “develop new products” and to “create new demands”. Through these activities, we will create new business areas around the existing ones. By carrying forward these activities on a global scale, we keep growing and will endeavor to attain further development and prosperity, exploring the areas growing or changing in a microscopic view even while the economy is in severe conditions from a macroscopic point of view.

We use “Global Niche Top” as the proper name to represent our business strategy, and we have registered it as a trademark in Japan.

2. Basic Policy of Corporate Profits Appropriation

The Corporation's dividend policy, in principle, is to ensure a stable and fair return to the shareholders. At the same time, it is essential for the Corporation to make an active prior investment in R&D and production in order to stay ahead of rapid technological innovation and to meet the customer demands timely. Accordingly, the dividends to the shareholders will be determined, in consideration of the Corporation's overall financial condition, profit level, and payout ratio.

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

The Corporation's business goal is to achieve 20% ROA (return on assets) and 17% operating margin in fiscal 2008, the level comparable to that of the world's top companies. We have developed and have been pursuing a mid-term business plan called “One-NITTO Dream Plan” for the fiscal 2004 – 2006. It is a “three-year action plan viewed from the standpoint of five years ahead” for becoming a “global excellent company”. In fiscal 2004, the first year in this plan, we fortunately achieved the best-ever results, and could attain the business goal two years earlier than we originally planned. In the first half of fiscal 2005, our business results still keep expanding. The world's top company, however, is expected to maintain good results continuously, and its value itself is also expected to be widely recognized by the society. Accordingly, the Corporation intends to make every effort to improve its nature and to strengthen its makeup more speedily than ever, which we believe must be pursued in parallel with better business achievements.

As we attained the business plan two years earlier than we originally planned, the whole group is currently reviewing the mid-term business plan “One-NITTO Dream Plan”. While maintaining the concept to pursue an “global excellent company” through the “Global Niche Top products doubling plan” and “One-NITTO”, an effort to bring oneness to group management, we plan to further develop the “plans to be accomplished” in fiscal 2006 - 2008 in order to attain the “business goal” in fiscal 2008 that was defined in the original plan.

We will continue to exert our utmost so that the Corporation will be recognized as the world's top company by the shareholders and other customers, as well as by the society as a whole.

4. Challenges the Corporation Faces

With regard to the LCD-related products in the Electronics material business, the Corporation will reinforce the production capacity in Onomichi Plant and Kameyama Plant in response to the market' upward trend, and enhance the finishing capacity in South Korea, Taiwan and China where we experience remarkable growth. We will build up the world's optimum production system for semiconductor-related products, printed circuits products and electronic process products, and set them on the track to growth by creating new Global Niche Top products. As to the industrial products, we will reinforce local marketing in the U.S., Europe and Asia, and endeavor to create new business by global information sharing. With regard to the functional products, which we expect to be the

driving force of mid-term and long-term growth, we will expedite the selection and concentration of resources in the promising areas to bring forth our business growth.

The Corporation has been actively involved in planet-wide environmental preservation in its business activities. We have developed a “voluntary plan (action plan on environmental protection)”, set up the “basic environmental policy” and have published the “report on environment and society”. We also introduced consolidated “environmental accounting system” in fiscal 2003. We will continue to be actively involved in this issue in future. To become an “global excellent company” both in name and reality, we believe it is essential to pursue enhancement of the corporate brand value in parallel with business growth so that the customers “can rely on Nitto Denko Group products”, “feel assured of the reliable performance and quality of Nitto Denko Group products” and “can trust Nitto Denko Group employees”. Based on this understanding, the Group has started a movement to improve the corporate brand value, to enhance the trust and expectations we receive from our shareholders, customers, society and employees, to bring about a synergy of all their satisfaction, and to improve the corporate value as a whole. Specifically, we have issued a short statement on our promises to the stakeholders titled “Flexible Technology Company” – “At Moments of Change with Brilliant Technology and Flexible Attitude”, and have been spreading it both in and outside the group. We have also decided on the brand mark common to all the group companies in July 2004, and started using it in our communication and other activities in and outside the group as a symbol of corporate brand value improvement. We plan to carry this movement forward in future.

Awareness of CSR (corporate social responsibility) is rapidly growing in recent years. Business companies are obliged not only to achieve better results and fulfill their responsibilities in economic aspect but also to take overall responsibilities in environmental and social aspects. The group has dealt with environment, safety, corporate ethics, human rights and information security individually to date, but now recognizes the need to deal with these issues comprehensively across the whole group. We have set up a CSR promotion preparation office and have been deliberating on the ways to coordinate the actions of respective divisions. We plan to organize an executive body in fiscal 2006.

5. Basic Idea on Corporate Governance and Execution of Measures for its Achievement

Establishment of corporate governance is extremely important in considering the interest of all the stakeholders supporting the corporate activities and attaining long-term and continuous maximization of the shareholders’ value. In view of this understanding, we have been promoting “sound and transparent management” by the motto “Open, Fair and Best”, which means “to share information openly”, “to judge fairly”, and “to unite our best efforts in executing what has been determined”.

As part of this movement, we executed a structural reform in fiscal 2004; we introduced the executive system “to clarify the roles of the management’ decision making functions and business execution functions”, and set up the management advisory committee “to seek advice from experts outside the group”. We plan to secure “sound and transparent management” by cutting the number of directors to five, increasing the number of auditors to five, the same as directors, and setting three of them as outside auditors. To make the directors’ remuneration more transparent and linked to the business results, we have done away with the retirement bonus system for the directors, and replaced it with stock option.

The Group will continue to pursue its business growth as well as corporate activities in due consideration of harmony with the society, and to give full satisfaction to the shareholders.

Business Results and Financial Condition

1. Summary of First Half of the Fiscal 2004

Summary of Overall Business

During the first half of fiscal 2005, the global economy showed a tendency toward recovery with improved corporate profits and an increase in capital investment despite soaring crude oil prices and other causes for concern. The fundamental direction of the Japanese economy in general was toward recovery with expansion of export, increased capital investment and regained consumer expenditure, while there were some adjustments in LCD and semiconductor industries in the second quarter.

Under such economic conditions, the Group (the Corporation, consolidated subsidiaries and equity method-applied companies) concentrated on products for flat panel display (FPD), cellular phone and automobile industries as well as process products for semiconductor and electronic components industries that showed a tendency toward recovery.

As a result, net sales increased by 21.3% compared with the same period in the previous year (the same comparison applies to the following percentages) to 259,210 million yen. In terms of profits, despite the drop in product prices, influence of yen's appreciation and increase of depreciation cost, operating income increased by 75.9% to 37,699 million yen, ordinary income increased by 66.9% to 38,812 million yen and net income increased by 54.1% to 21,712 million yen, thanks to the operating ratio effect brought by sales increase and lowered material unit costs.

Summary of Results by Business Segments

[Industrial Products]

Sales of bonding and sealing products for cellular phone and automobile industries remained robust. Sales of bonding products for OA (office automation) and home electronics also remained strong in East Asia. Sales of surface protection products and cleaning materials increased satisfactorily as the FPD market expanded. Sales of surface protection products for mechanical equipment also remained brisk as capital investment in electronics industry recovered. Among construction products, products for public works remained sluggish, while preservative products for housing remained robust.

As a result, net sales of industrial products increased to 104,539 million yen (up 12.8%), and operating income increased to 8,833 million yen (up 52.3%).

[Electronic Products]

Among LCD-related products, sales of view angle expansion films for LCD monitors and notebook PCs showed remarkable growth, as the demand for high-performance films increased in accordance with the market expansion and growth of demand for larger LCD panels.

Among semiconductor-related products, sales of sealers (semiconductor encapsulating resins, etc.) for advanced packages and optical semiconductors remained strong along with the demand increase in the whole semiconductor industry due to market recovery. While sales of printed circuits (PC) products for cellular phones remained sluggish due to delayed start of customers, sales of thin metal core board for magnetron resistive heads (MRH) used in hard disk drive (HDD) remained strong. Among electronic process products, sales of protection tapes and bonding machines for semiconductor production process as well as thermal release sheets for electronic components remained robust.

As a result, net sales of electronic products increased to 132,175 million yen (up 30.6%), and operating income increased to 25,893 million yen (up 80.2%).

[Functional Products]

Among healthcare products, sales of cosmetic-related products, tapes for hospital use (Yuki series) and other sanitary products for medical use remained strong, while sales of transdermal therapeutic patches and other medical products leveled off. With regard to polymer separation membrane products, while the sales for industrial water treatment for North American and Chinese markets remained strong, the sales on the whole remained sluggish as seawater desalination and other bulk orders were off-season and the selling prices went down. Among engineering plastic products, sales of inner pressure control filters for OA equipment and automobiles as well as fluorine porous membrane products for air filters, etc. remained strong. Sales of process products for the electronics industry also remained robust as the market showed a tendency toward recovery.

As a result, net sales of functional products increased to 22,496 million yen (up 14.2%), and operating income increased to 2,972 million yen (up 136.2%).

Semiannual Dividends

The Corporation will pay 25 yen per share for the semiannual dividends, 8 yen up from the amount paid out for the first half of the previous fiscal year.

2. Projections for the Full Year

The economic recovery in Japan is expected to slow down affected by a slowdown in the overseas economy especially in the U.S., soaring crude oil prices, and storage adjustment of electronic components, while the fundamental direction of capital investment is currently toward increase owing to the recovery of corporate profits. Under such economic conditions, the Corporation continues to concentrate on the growing FPD industry, though this market is also expected to be affected by weakened product prices and rise in material prices. Accordingly, the Group will take a multiple approach to the industry, reinforcing LCD-related products, industrial products, printed circuit products, engineering plastic products, etc. as peripheral materials for small- and medium-sized FPD panels as well as large LCD panels of which market is expected to expand dramatically in future. We will further pursue expansion of Global Niche Top products by expanding the sales of printed circuit products for use in HDD and process products for semiconductor industry and reinforcing the sales of automobile-related products and healthcare-related products on a global scale.

Our projections for the business results in the fiscal year ending March 31, 2005, are as follows: net sales of 520 billion yen (up 14.9% from the previous fiscal year - the same comparison applies to the percentages below), operating income at 70 billion yen (up 25.2%), ordinary income at 71.5 billion yen (up 23.2%), and net income at 42 billion yen (up 25.8%).

3. Financial Conditions

Cash and cash equivalents (hereunder called "net cash") at the end of the first half of the fiscal 2005 were 55,690 million yen, 7,146 million yen up from the end of the fiscal 2004. Analysis of cash flow and financial position are as follows:

(Cash flows from operating activities)

Net cash provided by operating activities totaled 30,795 million yen.

This was mainly attributable to an increase in net profit before taxes by 37,764 million yen, depreciation by 11,562 million yen, and accounts payable by 2,593 million yen, and to a decrease in accounts receivable by 7,380 million yen and an outlay of corporate taxes and other payments by 12,333 million yen.

(Cash flows from investing activities)

Net cash used in investing activities totaled 22,100 million yen.

This was mainly attributable to an outlay of 22,059 million yen for acquisition of fixed assets.

(Cash flows from financing operations)

Net cash used in financing operations totaled 3,441 million yen.

This was mainly attributable to an outlay of 3,762 million yen for dividends paid.

The following table shows the changes in the Group's cash flow indices:

	2002 September	2003 March	2003 September	2004 March	2004 September
Shareholders' equity ratio (%)	63.1	62.5	57.6	57.3	58.3
Shareholders' equity ratio at market value basis (%)	147.0	144.8	220.0	240.2	199.2
Debt redemption period (year)	0.1	0.2	0.8	0.4	0.3
Interest coverage ratio	440.3	284.1	190.5	193.3	190.0

Notes:

1. Respective indices are obtained by calculating the financial results on a consolidated basis with the following formulae.

Shareholders' equity ratio (capital adequacy ratio): $\text{Shareholders' equity} \div \text{total assets}$
Shareholders' equity ratio at market value basis : $\text{Total market value of shares} \div \text{total assets}$
Debt redemption period: $\text{Liabilities with interest} \div \text{cash flow from operating activities}$
Debt redemption period at the end of the first half:
 $\text{Liabilities with interest} \div (\text{cash flow from operating activities} \times 2)$
Interest coverage ratio: $\text{Cash flows from operating activities} \div \text{interest payment}$

2. Total market value of listed shares is obtained by multiplying the closing price of share at the end of the first half by the number of shares issued at the end of the first half after deduction of treasury stock.
3. Liabilities with interest represent all the liabilities included in the consolidated balance sheet for which interest is paid.
4. Cash flows from operating activities and interest payment used here are those included in the consolidated cash flow statement.

CONSOLIDATED SEMIANNUAL BALANCE SHEETS

Description	As of September 30, 2003		As of September 30, 2004		As of March 31, 2004	
	Amount	Composition	Amount	Composition	Amount	Composition
(Assets)	Millions of yen	%	Millions of yen	%	Millions of yen	%
<u>Current Assets</u>	(191,247)	53.3	(231,188)	55.5	(211,294)	54.2
Cash on hand and in banks	40,401		56,619		49,144	
Trade notes and accounts receivable	98,415		115,788		105,369	
Marketable securities	643		--		--	
Inventories	37,389		43,701		40,670	
Deferred tax assets	6,122		6,841		6,411	
Other current assets	9,559		9,546		10,866	
Allowance for doubtful receivables	1,286		1,308		1,169	
<u>Fixed Assets</u>	(167,765)	46.7	(185,301)	44.5	(178,231)	45.8
Tangible Fixed Assets	131,576	36.7	148,952	35.8	139,329	35.8
Buildings and structures	106,037		117,060		111,061	
Machinery and material-handling equipment	186,052		204,457		195,932	
Tools, fixtures and parts	21,836		22,821		21,966	
Land	18,925		19,007		18,823	
Construction in progress	12,030		9,399		10,214	
Accumulated depreciation	213,305		223,795		218,668	
Intangible Fixed Assets	6,614	1.8	6,730	1.6	6,753	1.7
Goodwill	659		374		620	
Other intangible fixed assets	5,955		6,356		6,132	
Investments and Other Assets	29,574	8.2	29,619	7.1	32,148	8.3
Investments in securities	9,223		10,276		11,602	
Investments in non-consolidated subsidiaries and affiliates	11,339		12,088		13,538	
Deferred tax assets	4,660		2,252		2,669	
Others	4,978		5,470		4,874	
Allowance for doubtful receivables	627		468		537	
Total Assets	359,012	100.0	416,489	100.0	389,525	100.0

Description	As of September 30, 2003		As of September 30, 2004		As of March 31, 2004	
	Amount	Composition	Amount	Composition	Amount	Composition
(Liabilities)	Millions of yen	%	Millions of yen	%	Millions of yen	%
<u>Current Liabilities</u>	(123,438)	34.4	(143,313)	34.4	(138,274)	35.5
Trade notes and accounts payable	62,474		74,663		70,927	
Short-term loans payable	14,948		11,342		12,115	
Commercial paper	2,000		--		--	
Accrued expenses	13,995		16,200		15,202	
Income taxes	6,839		15,378		12,573	
Other current liabilities	23,180		25,727		27,455	
<u>Long-term Liabilities</u>	(17,614)	4.9	(17,107)	4.1	(16,153)	4.1
Bonds	300		300		300	
Long-term loans payable	3,540		5,838		3,448	
Provision for retirement benefits	10,415		7,561		8,641	
Provision for retirement allowances for directors and corporate auditors	1,077		488		1,339	
Other long-term liabilities	2,282		2,919		2,424	
Total Liabilities	141,053	39.3	160,420	38.5	154,427	39.6
(Minority Interests)						
Minority interests	11,037	3.1	13,156	3.2	11,983	3.1
(Shareholders' Equity)						
Common stock	26,783		26,783		26,783	
Capital surplus	50,482		50,489		50,482	
Earned surplus	180,074		213,993		196,596	
Net unrealized holding gains or losses on securities	1,788		2,337		3,057	
Foreign Currency Translation Adjustments	11,685		10,728		13,629	
Cost of treasury stock	40,522		39,963		40,175	
Total Shareholders' Equity	206,921	57.6	242,912	58.3	223,114	57.3
Total Liabilities, Minority Interest and Shareholders' Equity	359,012	100.0	416,489	100.0	389,525	100.0

CONSOLIDATED SEMIANNUAL STATEMENTS OF INCOME

Description	(From April 1, 2003 to September 30, 2003)		(From April 1, 2004 to September 30, 2004)		(From April 1, 2003 to March 31, 2004)	
	Amount	Composition	Amount	Composition	Amount	Composition
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Net sales	213,606	100.0	259,210	100.0	452,726	100.0
Cost of sales	151,768	71.1	177,429	68.4	314,785	69.5
Gross profits	61,837	28.9	81,781	31.6	137,940	30.5
Selling, general and administrative expenses	40,410	18.9	44,081	17.1	82,028	18.1
Operating Income	21,427	10.0	37,699	14.5	55,912	12.4
Other Income	(3,325)	1.6	(2,405)	1.0	(5,775)	1.2
Interest and dividend income	329		174		526	
Equity in earnings of non-consolidated subsidiaries and affiliates	1,202		1,179		2,533	
Miscellaneous income	1,793		1,051		2,715	
Other Expenses	(1,493)	0.7	(1,292)	0.5	(3,642)	0.8
Interest expenses	84		166		245	
Miscellaneous expenses	1,409		1,125		3,396	
Ordinary Income	23,259	10.9	38,812	15.0	58,045	12.8
Extraordinary Gains	(2,007)	0.9	(177)	0.1	(2,192)	0.5
Gains on sales of fixed assets	24		35		93	
Reversal of provision for retirement benefits by system changes	1,957		--		1,957	
Other extraordinary gains	25		141		141	
Extraordinary Losses	(1,213)	0.5	(1,225)	0.5	(3,162)	0.7
Losses on sales and disposal of fixed assets	347		466		1,071	
Losses on evaluation of investment in Securities	2		8		2	
Other extraordinary losses	863		750		2,089	
Income before provision for income taxes	24,054	11.3	37,764	14.6	57,074	12.6
Corporate income, local and business taxes	7,103	3.3	14,617	5.6	18,954	4.2
Adjustments to income taxes	2,016	1.0	483	0.2	2,946	0.6
Minority interest in net income of consolidated subsidiaries	848	0.4	951	0.4	1,787	0.4
Net Income	14,085	6.6	21,712	8.4	33,386	7.4

CONSOLIDATED SEMIANNUAL STATEMENTS OF SHAREHOLDERS' EQUITY

Description	(From April 1, 2003 to September 30, 2003)	(From April 1, 2004 to September 30, 2004)	(From April 1, 2003 to March 31, 2004)
	Millions of yen	Millions of yen	Millions of yen
(Capital Surplus)			
I Beginning balance of capital surplus	50,482	50,482	50,482
II Increase in capital surplus	(--)	(7)	(--)
Gains on disposal of treasury stock	--	7	--
III Decrease in capital surplus	--	--	--
IV Ending balance of capital surplus (Semiannual/Annual)	50,482	50,489	50,482
(Earned Surplus)			
I Beginning balance of earned surplus	168,632	196,596	168,632
II Increase in earned surplus	(14,085)	(21,712)	(33,386)
Net income (Semiannual/Annual)	14,085	21,712	33,386
III Decrease in earned surplus	(2,643)	(4,314)	(5,422)
Cash dividends paid	2,254	3,762	5,034
Directors' bonuses	385	552	385
Loss on disposal of treasury stock	2	--	2
IV Ending balance of earned surplus (Semiannual/Annual)	180,074	213,993	196,596

CONSOLIDATED SEMIANNUAL STATEMENTS OF CASH FLOWS

Year	Previous First Half (From April 1, 2003 to September 30, 2003)	Current First Half (From April 1, 2004 to September 30, 2004)	Previous Fiscal-Full (From April 1, 2003 to March 31, 2004)
Description	Millions of yen	Millions of yen	Millions of yen
I Cash Flows from Operating Activities			
Income before provision for income taxes before adjustments to reconcile income to net cash provided by operating activities	24,054	37,764	57,074
Depreciation and amortization	10,010	11,562	21,386
Increase/decrease in provision for retirement benefits	6,200	1,080	7,974
Increase/decrease in provision for retirement allowances for directors and corporate auditors	155	507	107
Interest and dividend income	329	174	526
Interest expenses	84	166	245
Equity in earnings of non-consolidated subsidiaries and affiliates	1,202	1,179	2,533
Losses on evaluation of investment in securities	2	8	2
Increase (decrease) in trade notes and accounts receivable	8,762	7,380	16,879
Increase (decrease) in inventories	8	1,537	3,948
Increase (decrease) in other accounts receivable	1,450	72	1,949
Increase (decrease) in trade notes and accounts payable	6,905	2,593	15,565
Directors' bonuses paid	430	622	437
Others, net	4,725	3,008	5,427
Sub-total	27,258	42,694	65,560
Interest and dividends received	602	597	803
Interest paid	73	162	239
Income taxes paid and refunded	13,804	12,001	19,857
Net cash provided by operating activities	13,983	30,795	46,268
II Cash Flows from Investing Activities			
Increase (decrease) in time deposits	199	72	1
Proceeds from sales of marketable securities	1,072	--	1,717
Acquisition of fixed assets	10,147	22,059	27,084
Proceeds from sales of fixed assets	443	172	973
Purchase of investments in securities	34	35	611
Proceeds from sales of investments in securities	27	41	459
Purchase of securities of subsidiaries	6,922	509	7,659
Proceeds from sales of securities of subsidiaries	148	--	148
Payments of loans	28	27	86
Collections of loans	431	245	829
Net cash used in investing activities	14,809	22,100	31,312
III Cash Flows from Financing Activities			
Increase (decrease) in short-term debt	4,993	1,216	1,944
Increase (decrease) in commercial paper	2,000	--	--
Proceeds from long-term debt	2,498	2,600	3,446
Repayment of long-term debt	23	986	284
Purchase of treasury stock based on stock option	39,704	3	39,708
Proceeds from sales of treasury stock	245	222	597
Dividends paid	2,254	3,762	5,034
Dividends paid to minority interest	130	295	130
Net cash used in financing activities	32,375	3,441	39,169
IV Effect of Exchange-rate changes on cash and cash equivalents	545	642	947
V Net Increase in Cash and Cash Equivalents	33,746	5,896	25,161
VI Cash and Cash Equivalents, Beginning of Year	73,341	48,544	73,341
VII Cash and Cash Equivalents of Newly Consolidated Companies	364	1,249	364
VIII Cash and Cash Equivalents, End of First Half of Fiscal Year	39,959	55,690	48,544

Basis of Preparation for the Consolidated Financial Statements

1. Scope of Consolidation

1) Consolidated subsidiaries: 49

Major companies: Nitto Shinko Corp, Nissho Corp., Kyoshin Co., Ltd., Nitto Denko Matex Co., Ltd., and Nitto Europe N. V.

Nitto Denko (Tianjin) Co., Ltd. was newly established.

L Nissho Corporation was newly added from non-consolidated company.

Nitto U.K. Limited was newly added from non-consolidated company.

Nitto Italia S.R.L. was newly added from non-consolidated company.

Nitto Polska Sp.zo.o. was newly added from non-consolidated company.

Nitto Denko Material Thailand Co., Ltd. was newly added from non-consolidated company.

Nitto Denko Philippines Corp. was newly added from non-consolidated company.

2) Non-consolidated subsidiaries: 59

Major company: Nistem Corporation

Nitto Matex (Shenzhen) Co., Ltd. was newly established.

Nissho Precision (Wuxi) Co., Ltd. was newly established.

Nissho (Malaysia) Sdn. Bhd. and other 1 company were excluded (through consolidation).

L Nissho Corporation was excluded.

Nitto U.K. Limited was excluded.

Nitto Italia S.R.L. was newly added from non-consolidated company.

Nitto Polska Sp.zo.o. was excluded.

Nitto Denko Material Thailand Co., Ltd. was excluded.

Nitto Denko Philippines Corp. was excluded.

2. Application of equity method

1) Non-consolidated subsidiaries applicable of equity method: 59

Major company : Nistem Corporation

Nitto Matex (Shenzhen) Co., Ltd. was newly established.

Nissho Precision (Wuxi) Co., Ltd. was newly established.

Nissho (Malaysia) Sdn. Bhd. and other 1 company were excluded (through consolidation).

L Nissho Corporation was excluded.

Nitto U.K. Limited was excluded.

Nitto Italia S.R.L. was excluded.

Nitto Polska Sp.zo.o. was excluded.

Nitto Denko Material Thailand Co., Ltd. was excluded.

Nitto Denko Philippines Corp. was excluded.

2) Affiliates applicable of equity method: 2

3. First Half of Fiscal Year End of Consolidated Companies

43 of the consolidated subsidiaries use the same first half of fiscal year end.

6 of the consolidated subsidiaries use the different first half of fiscal year end.

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

4. Accounting Principles and Practices

1) Revaluation standards and method of significant assets

Securities

Marketable securities for trading purposes

Stated at market value (Moving average cost method for cost of sales)

Other securities

Market value is available: Stated at market value on the date of the current consolidated first half of fiscal year end (**Valuation adjustments are reported in Equity section, and the sales cost is calculated by a moving average method**).

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

Derivatives	Fair value method
Inventories	Mainly the lower of cost or market, where cost is determined by the average method.

2) Depreciation method of significant depreciable assets

Tangible fixed assets Mainly declining balance method

Intangible fixed assets Straight-line method

(Straight-line method is applied for the software used in-house for the proprietary purposes during its usable life (five years).)

3) Provision of significant allowances

Allowance for doubtful receivables

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

Provision for retirement benefits

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

Prior service 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.

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.

As the result of reviewing the board members compensation in the management reforms, the Corporation abolished the retirement allowances for directors and corporate auditors system on June 24, 2004, the day of the annual shareholders meeting. The amount of the allowances for the periods until the annual shareholders meeting is posted as "Other long-term liabilities" at the section of the Long-term liabilities.

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

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

5) Lease transactions

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

6) Hedging accounting

Hedge accounting

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

Hedging instruments and hedged items

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

- 1) Hedging instruments: Foreign currency forward contracts
- 2) Hedged items: Accounts receivable denominated in foreign currencies for product exports
Debt in foreign currencies for imports of facilities and others

Hedging policy

Foreign currency forward contracts are executed to hedge the risk in fluctuations in the amount of receivables

due to fluctuations in foreign currency exchange rates.

- 7) Other basic information for preparation of the semiannual consolidated financial statements
The tax-excluded method is adopted for accounting treatment of consumption and other taxes.

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

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

[Additional Information]

(Assessment by estimation on the basis of the size of business)

In accordance with the public announcement of Business Practice Report No.12 “Business practice on the description of the portion of corporate business tax assessed by estimation on the basis of the size of business in the profit and loss statement” (Business Accounting Standard Committee) (February 13, 2004), the Corporation deals with the portion of corporate business tax assessed by added value and that assessed by capital (332 million yen) as selling expenses and administrative expenses in compliance with the report from this consolidated accounting of the first half of the fiscal 2005.

(Significant contingent liabilities)

Not applicable.

Notes

(Consolidated balance sheets)

1. Pledged assets and secured debt

	<u>September 30, 2003</u>	<u>September 30, 2004</u>	<u>March 31, 2004</u>
Pledged assets	438 mil. yen	1,291 mil. yen	447 mil.yen
Secured debt	442 mil. yen	1,160 mil. yen	423 mil.yen

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

	<u>September 30, 2003</u>	<u>September 30, 2004</u>	<u>March 31, 2004</u>
Obligations under the guarantee agreements	1,773 mil. yen	1,183 mil. yen	1,711 mil.yen
Commitments under the Guarantee agreements (including letters of comfort for management guidance)	-- mil. yen	-- mil. yen	-- mil.yen

3. Trade notes discounted and trade notes endorsed

	<u>September 30, 2003</u>	<u>September 30, 2004</u>	<u>March 31, 2004</u>
Notes receivable discounted	90 mil. yen	90 mil. yen	90 mil.yen
Notes receivable endorsed	809 mil. yen	758 mil. yen	720 mil.yen

(Consolidated statements of cash flows)

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

	<u>September 30, 2003</u>	<u>September 30, 2004</u>	<u>March 31, 2004</u>
Cash on hand and in banks	40,401 mil. yen	56,619 mil. yen	49,144 mil.yen
Time deposits maturing over 3 months	442 mil. yen	928 mil. yen	600 mil. yen
Marketable securities	-- mil. yen	-- mil. yen	-- mil. yen
Cash and cash equivalents	39,959 mil. yen	55,690 mil. yen	48,544 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)

(Previous first half of fiscal year end)(As of September 30, 2003)

1. Debt securities intended to be held till their maturities

Not applicable.

2. Other Securities with Fair Value

(Unit: Millions of yen)

	Acquisition cost	Book value	Difference
(1) Equity securities	2,689	6,021	3,331
(2) Bonds			
Government bonds, municipal bonds	-	-	-
Corporate bonds	-	-	-
Others	679	688	9
(3) Others	40	40	0
Total	3,408	6,750	3,341

3. Securities with no Fair Values

	Carrying amount
Other securities	
Unlisted equity securities (not including over-the-counter traded equities)	2,513
Total	2,513

(Current first half of fiscal year end)(As of September 30, 2004)

1. Debt securities intended to be held till their maturities

Not applicable

2. Other Securities with Fair Value

(Unit: Millions of yen)

	Acquisition cost	Book value	Difference
(1) Equity securities	3,254	7,470	4,216
(2) Bonds			
Government bonds, municipal bonds	-	-	-
Corporate bonds	-	-	-
Others	269	298	29
(3) Others	-	-	-
Total	3,523	7,769	4,245

3. Other Securities with No Fair Value

	Carrying amount
Other securities	
Unlisted equity securities (not including over-the-counter traded equities)	2,506
Total	2,506

(Previous fiscal year end)(As of March 31, 2004)

1. Marketable securities for trading purposes

Amount posted on balance sheet

-- mil. yen

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

5 mil. yen

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

Not applicable

3. Other securities subject to marked-to-market

Securities with book values exceeding acquisition costs

(Unit: Millions of yen)

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

Securities with book values not exceeding acquisition costs

(Unit: Millions of yen)

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

4. Other securities sold during the current fiscal year (From April 1, 2003 to March 31, 2004)

Proceeds from sales	Amount of capital gain	Amount of capital loss
459	38	14

5. Securities not subject to marked-to-market

(Unit: Millions of yen)

	Amount posted on balance sheet
Other securities	
Unlisted equity securities (not including over-the-counter traded equities)	2,506

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

Not applicable.

(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.

(Segment information)**I. Operating segment information**

From April 1, 2003 to September 30, 2003

(Unit: Millions of yen)

	Industrial products	Electronic products	Functional products	Total	Eliminations (corporate)	Consolidated total
Net sales						
(1) Net sales to outside customers	92,716	101,195	19,694	213,606	--	213,606
(2) Inter-segment sales or transfers	5	41	245	293	(293)	--
Total	92,722	101,237	19,939	213,899	(293)	213,606
Operating expenses	86,921	86,869	18,681	192,472	(293)	192,179
Operating income	5,800	14,368	1,258	21,427	--	21,427

From April 1, 2004 to September 30, 2004

(Unit: Millions of yen)

	Industrial products	Electronic products	Functional products	Total	Eliminations (corporate)	Consolidated total
Net sales						
(1) Net sales to outside customers	104,539	132,175	22,496	259,210	--	259,210
(2) Inter-segment sales or transfers	15	61	227	304	(304)	--
Total	104,554	132,236	22,723	259,515	(304)	259,210
Operating expenses	95,721	106,343	19,750	221,816	(304)	221,511
Operating income	8,833	25,893	2,972	37,699	--	37,699

(Fiscal 2004) (From April 1, 2003 to March 31, 2004)

(Unit: Millions of yen)

	Industrial products	Electronic products	Functional products	Total	Eliminations (corporate)	Consolidated total
Net sales						
(1) Net sales to outside customers	191,682	219,709	41,333	452,726	--	452,726
(2) Inter-segment sales or transfers	11	95	495	602	(602)	--
Total	191,694	219,805	41,829	453,328	(602)	452,726
Operating expenses	178,256	180,923	38,236	397,416	(602)	396,814
Operating income	13,437	38,881	3,592	55,912	--	55,912

(Notes) Methods of business segmentation

The Corporation classifies its operation principally in three business segments, industrial products, electronic products, and functional products, depending on the use of the products in the market.

Major products for each business segment

Current First Half (From April 1, 2004 to September 30, 2004)

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	LCD-related products, flexible printed circuit products, electronic processing products, Semi-conductor related products
Functional products	Medical-related products, polymer separation membranes, engineering plastics products

II. Segment information by geographic area

From April 1, 2003 to September 30, 2003

(Unit: Millions of yen)

	Japan	North America	Europe	Asia & Oceania	Total	Eliminations (corporate)	Consolidated total
Net sales							
(1) Net sales to outside customers	137,156	18,603	7,917	49,928	213,606	--	213,606
(2) Inter-segment sales or transfers	41,385	783	848	2,078	45,095	(45,095)	--
Total	178,542	19,386	8,766	52,006	258,701	(45,095)	213,606
Operating expenses	158,992	20,578	8,579	49,376	237,526	(45,347)	192,179
Operating income	19,549	1,191	186	2,630	21,175	251	21,427

From April 1, 2004 to September 30, 2004

(Unit: Millions of yen)

	Japan	North America	Europe	Asia & Oceania	Total	Eliminations (corporate)	Consolidated total
Net sales							
(1) Net sales to outside customers	150,059	19,062	8,591	81,497	259,210	--	259,210
(2) Inter-segment sales or transfers	70,641	912	1,254	3,676	76,484	(76,484)	--
Total	220,701	19,975	9,845	85,173	335,695	(76,484)	259,210
Operating expenses	185,661	21,123	9,379	81,599	297,764	(76,252)	221,511
Operating income	35,039	1,148	466	3,573	37,931	(231)	37,699

(Fiscal 2004) (From April 1, 2003 to March 31, 2004)

(Unit: Millions of yen)

	Japan	North America	Europe	Asia & Oceania	Total	Eliminations (corporate)	Consolidated total
Net sales							
(1) Net sales to outside customers	286,322	37,216	16,422	112,764	452,726	--	452,726
(2) Inter-segment sales or transfers	98,163	1,606	1,949	4,872	106,592	(106,592)	--
Total	384,486	38,823	18,372	117,637	559,319	(106,592)	452,726
Operating expenses	333,328	41,222	17,862	111,089	503,502	(106,688)	396,814
Operating income	51,158	2,399	509	6,547	55,816	95	55,912

- (Notes) Countries or regions are segmented by geographical proximity.
Major countries or regions excluding Japan represented by categories:
North America : U.S.A.
Europe : European countries
Asia & Oceania : East and South-east Asian countries, Australia

III. Net sales to customers outside Japan

From April 1, 2003 to September 30, 2003

	North America	Europe	Asia & Oceania	Total
I. Net sales to customers outside Japan	Millions of yen 16,583	Millions of yen 8,716	Millions of yen 71,702	Millions of yen 97,002
II. Consolidated sales				Millions of yen 213,606
III. Ratio of net sales to customers outside Japan to consolidated sales	% 7.8	% 4.1	% 33.6	% 45.4

From April 1, 2004 to September 30, 2004

	North America	Europe	Asia & Oceania	Total
I. Net sales to customers outside Japan	Millions of yen 16,902	Millions of yen 9,433	Millions of yen 106,309	Millions of yen 132,645
II. Consolidated sales				Millions of yen 259,210
III. Ratio of net sales to customers outside Japan to consolidated sales	% 6.5	% 3.6	% 41.0	% 51.2

(Fiscal 2004) (From April 1, 2003 to March 31, 2004)

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

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

Major countries or regions excluding Japan represented by categories:

North America : U.S.A.

Europe : European countries

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

Net sales to customers outside Japan represent the sales by the parent company and its consolidated subsidiaries in the countries or regions outside Japan.

(Production and sales)**(1) Production results**

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

Description of business segment	Amount	Change (%)
Industrial products	55,693	108.7
Electronic products	118,157	128.2
Functional products	21,216	114.5
Total	195,066	120.5

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

(2) Sales results

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

Description of business segment	Amount	Change (%)
Industrial products	104,539	112.8
Electronic products	132,175	130.6
Functional products	22,496	114.2
Total	259,210	121.3

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

Amounts in the table do not include consumption taxes.