

Date: July 29, 2004

Summary of Consolidated Financial Statements for the Fiscal 2005 First Quarter

Listed company name: **Nitto Denko Corporation** Code Number: 6988
 Stock Exchange Listings: Tokyo and Osaka, First Section
 (URL <http://www.nitto.com/>)
 Company Representative: President, Masamichi Takemoto
 Contact Person: General Manager, Investor Relations Department
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1. Basis of Preparation for the Quarterly Consolidated Financial Statements

Adaptation of the simple accounting method : None
 Difference in the accounting method from the : None
 previous fiscal year (consolidated)
 Changes in the scope of consolidation and : Consolidation (Inclusion): 6
 equity method Equity method (Inclusion): 2 (Exclusion): 8
 Audit Involvement : Yes

Note: The accompanying quarterly consolidated balance sheet and consolidated statements of income and cash flows have been presented based on the guidance of independent auditors in compliance with “Standards Concerning Presentation of Auditors’ Opinion on Quarterly Financial Statements,” separately supplemented an appendix of “Application of Provisions Concerning Timely Disclosure of Information of the Business Entity by the Issuer of Listed Securities” set forth by Tokyo Stock Exchange.

2. Consolidated Business Results of the Fiscal 2005 First Quarter (From April 1, 2004 to June 30, 2004)

(1) Status of Operational Results

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

	Net sales		Operating income		Ordinary income		Net income	
	Million of yen	%	Million of yen	%	Million of yen	%	Million of yen	%
First quarter of Fiscal 2005	128,462	25.2	20,012	103.9	20,603	93.1	12,413	95.9
First quarter of Fiscal 2004	102,634	7.8	9,815	2.8	10,670	13.1	6,336	25.1
(Reference) March, 2004	452,726	19.5	55,912	64.9	58,045	62.0	33,386	73.6

	Net income per share – Basic		Net income per share – Diluted	
	Yen		Yen	
First quarter of Fiscal 2005	75.	87	75.	81
First quarter of Fiscal 2004	36.	53	-	-
(Reference) March, 2004	197.	99	197.	93

Note: Numbers in percentage in the column of net sales, operating income, ordinary income, and net income 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
	Million of yen	Million of yen	%	Yen.
First quarter of Fiscal 2005	402,855	232,153	57.6	1,418. 84
First quarter of Fiscal 2004	382,213	241,822	63.3	1,394. 29
(Reference) March, 2004	389,525	223,114	57.3	1,360. 71

<Cash Flows>

	Cash flows from Operating activities	Cash flows from Investing activities	Cash flows from Financing activities	Cash and cash equivalents, end of term
	Million of yen	Million of yen	Million of yen	Million of yen
First quarter of Fiscal 2005	7,007	12,383	2,482	47,188
First quarter of Fiscal 2004	423	4,042	1,028	69,224
(Reference) March, 2004	46,268	31,312	39,169	48,544

3. Projections for the Year Ending March, 2005 (From April 1, 2004 to March 31, 2005)

Only the interim projections released on April 27, 2004, the day of announcement for the fiscal 2004 financial results, have been revised. Full-year projections will be revised when the interim results announcement. The projected net income per share is calculated based on projected average number of share outstanding in consideration of reacquisition of common stock.

	Net sales	Operating income	Ordinary income	Net income
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Interim	260,000	38,000	39,000	23,000
Full-year	530,000	70,000	72,000	41,000

(Reference) Projected net income per share for the full year: 247.41yen

(Reference) Projected Non-consolidated Results of the Year Ending March, 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
Interim	165,000	30,400	33,500	21,200
Full-year	333,000	50,000	53,000	33,000

(Reference) Projected net income per share for the full year: 199.79 yen

* The projection shown above involves provisions based upon assumptions, forecasts, and plans as of the issuing date of this report, and therefore the actual results may differ from these forecasted figures due to risks or uncertain factors by the global economy, competitive conditions, exchange fluctuations, and so on.

Summary of Consolidated Business Results

(1) Fiscal 2005 first quarter

The global economy in this quarter started on a recovery trend thanks to increase of exports and capital expenditures accompanied with revitalization of the US economy. The Japanese economy also has shown a steady recovery due to favorable individual consumption and capital expenditures.

Under such an economic environment, Nitto Denko Group (the company, consolidated subsidiaries, and equity method affiliates) focused on materials for flat panel display and cellular phone industries, and electronic process materials for semiconductor industry and electronic component industry, which have been on the recovery trend.

As a result, net sales increased by 25.2% (changes in percentage below indicate the change from the corresponding period of the previous year) to 128,462 million yen. In terms of profits, effected by improvement of operation capacity, which was led by sales increase, and downward of unit prices for materials, operating income increased by 103.9% to 20,012 million yen, ordinary income increased by 93.1% to 20,603 million yen and net income increased by 95.9% to 12,413 million yen.

Summary of Results of Business Segments

[Industrial Products]

Sales of bonding and joining products and sealing products for cellular phones and automotive industries were good, bonding and joining products for office automation equipment and home electronics appliance industries were steady in East Asia area. Surface protection materials and cleaning materials for flat panel display industry enjoyed robust sales. Sales of surface protection materials for mechanical equipment were good due to the recovery trend of capital investments in the electronics industry. As to construction materials, sales for public works were sluggish but sales of preservative materials for housing industry remained steady.

As a result, net sales increased by 12.7% to 51,691 million yen, and operating income increased by 51.9% to 4,514 million yen.

[Electronic Products]

Among LCD-related products, sales of advanced films such as viewing angle expansion films for LCD-monitors and notebook PCs were favorable, and sales of optical compensation films for LCD TVs showed significant growth. Among semiconductor-related products, sales of those for advanced packages were steady, in accordance with demand increase due to the market recovery of semiconductor industry. As to printed circuits, sales of those for HDD were favorable, but for cellular phones were sluggish, affected by delay of customers' orders. Among electronic process materials, sales of wafer-protection tapes and bonding machines for semiconductor manufacturing process showed robust growth also due to the market recovery of semiconductor industry. Sales of thermal release sheets, which are process materials for electronic components, were also good.

As a result, net sales increased by 38.9% to 65,710 million yen, and operating income increased by 140.2% to 14,017 million yen.

[Functional Products]

Among medical related products, sales of pharmaceutical products such as transdermal therapeutic patches unchanged due to affect by NHI price revision, but sales of surgical tape products for hospitals (YUKI-BAN series) were favorable. From this period, Aveva Drug Delivery System (ADS), which the Company acquired last year, has realized sales. Overall sales of high-polymer separation membranes were steady thanks to favorable sales for industrial water and drinking-water in China market, while decline in sales of large-scale desalination membranes because of a temporary lull in demand. Among engineering plastics, inner pressure controlling membrane for automobiles or office automation equipment, and fluoroplastic porous films such as for air filters sold well. Besides, sales of process materials for electronics industry, which has been on the recovery trend, were steady.

As a result, net sales increased by 17.2% to 11,059 million yen, and operating income increased by 46.8% to 1,480million yen.

(2) Financial Conditions

Financial conditions of the fiscal year 2005 first quarter are as follows:

Compared with the end of the previous fiscal year, total assets increased by 13,329 million yen to 402,855 million yen. Shareholders' equity increased by 9,038 million yen to 232,153 million yen. As a result, shareholders' equity ratio to total assets inched up to 57.6% from 57.3%.

This resulted primarily from increases in trade notes and accounts receivables by 8,329 million yen, inventories by

1,741 million yen, tangible fixed assets by 6,900 million yen, commercial paper by 6,000 million yen, as well as from decreases in cash and cash equivalents by 914 million yen, and items such as income tax payable by 5,758 million yen.

Compared with the end of the previous fiscal year, cash and cash equivalents (hereunder called “net cash”) at the end of the first quarter of this fiscal year decreased by 1,356 million yen to 47,188 million yen. Analysis of cash flows and financial position are as follows:

(Cash flows from operating activities)

Net cash provided by operating activities totaled, increased to 7,007 million yen. This was mainly due to cash increases in income before taxes by 20,392 million yen, depreciation by 5,534 million yen, trade notes and accounts payable by 2,497 million yen, as well as cash decreases in accounts receivable by 6,150 million yen, payments for items such as corporate income tax by 11,467 million yen.

(Cash flows from investing activities)

Net cash used in investing activities totaled 12,383 million yen. This was mainly due to an outlay of 12,097 million yen for the acquisition of fixed assets.

(Cash flows from financing activities)

Net cash provided by financing activities totaled, increased to 2,482 million yen. This was mainly due to cash increases in short-term debt by 1,045 million yen, commercial paper by 6,000 million yen, and a cash decrease in dividend payment by 3,762 million yen.

QUARTERLY CONSOLIDATED BALANCE SHEET

Description	As of the end of Fiscal 2004 First Quarter (June 30, 2003)		As of the end of Fiscal 2005 First Quarter (June 30, 2004)		As of the end of Fiscal 2004 (As of March 31, 2004)	
	Amount	Composition ratio	Amount	Composition ratio	Amount	Composition ratio
(Assets)	Million of yen	%	Million of yen	%	Million of yen	%
Current Assets	(217,304)	56.9	(220,111)	54.6	(211,294)	54.2
Cash on hand and in banks	65,619		48,229		49,144	
Trade notes and accounts receivable	95,188		113,698		105,369	
Marketable securities	5,674		-		-	
Inventories	39,765		42,412		40,670	
Other current assets	11,055		15,771		16,109	
Fixed Assets	(164,908)	43.1	(182,743)	45.4	(178,231)	45.8
Tangible fixed assets	128,179	33.5	146,230	36.3	139,329	35.8
Intangible fixed assets	5,731	1.5	6,820	1.7	6,753	1.7
Investments and other assets	30,997	8.1	29,692	7.4	32,148	8.3
Total Assets	382,213	100.0	402,855	100.0	389,525	100.0

Description	As of the end of Fiscal 2004 First Quarter (June 30, 2003)		As of the end of Fiscal 2005 First Quarter (June 30, 2004)		As of the end of Fiscal 2004 (As of March 31, 2004)	
	Amount	Composition ratio	Amount	Composition ratio	Amount	Composition ratio
(Liabilities)	Million of yen	%	Million of yen	%	Million of yen	%
Current Liabilities	(104,452)	27.3	(142,782)	35.4	(138,274)	35.5
Trade notes and accounts payable	59,470		74,465		70,927	
Short-term loans payable	9,009		13,510		12,115	
Commercial paper	-		6,000		-	
Other current liabilities	35,972		48,806		55,231	
Long-term Liabilities	(25,369)	6.7	(15,189)	3.8	(16,153)	4.1
Bonds	300		300		300	
Long-term loans payable	4,166		3,336		3,448	
Provision for retirement benefits	17,668		8,433		8,641	
Other long-term liabilities	3,234		3,119		3,763	
Total Liabilities	129,821	34.0	157,972	39.2	154,427	39.6
(Minority Interests)						
Minority interests	10,568	2.7	12,729	3.2	11,983	3.1
(Shareholders' Equity)						
Common stock	26,783		26,783		26,783	
Capital surplus	50,482		50,488		50,482	
Earned surplus	172,310		204,694		196,596	
Net unrealized holding gains on securities	605		2,664		3,057	
Foreign currency translation adjustments	7,291		12,435		13,629	
Cost of treasury stock	1,067		40,043		40,175	
Total Shareholders' Equity	241,822	63.3	232,153	57.6	223,114	57.3
Total Liabilities, Minority Interests and Shareholders' Equity	382,213	100.0	402,855	100.0	389,525	100.0

QUARTERLY CONSOLIDATED STATEMENTS OF INCOME

Description	Fiscal 2004 first quarter (from April 1 to June 30, 2003)		Fiscal 2005 first quarter (from April 1 to June 30, 2004)		Fiscal 2004 (from April 1, 2003 to March 31, 2004)	
	Amount	%	Amount	%	Amount	%
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Net sales	102,634	100.0	128,462	100.0	452,726	100.0
Cost of sales	73,114	71.2	86,758	67.5	314,785	69.5
Gross profit	29,520	28.8	41,703	32.5	137,940	30.5
Selling, general and administrative expenses	19,704	19.2	21,691	16.9	82,028	18.1
Operating Income	9,815	9.6	20,012	15.6	55,912	12.4
Other Income	(1,505)	1.4	(1,199)	0.9	(5,775)	1.2
Interest and dividend income	116		81		526	
Equity in earnings of non-consolidated subsidiaries and affiliates	589		531		2,533	
Miscellaneous	799		587		2,715	
Other Expenses	(650)	0.6	(608)	0.5	(3,642)	0.8
Interest expenses	35		80		245	
Miscellaneous expenses	615		528		3,396	
Ordinary Income	10,670	10.4	20,603	16.0	58,045	12.8
Extraordinary Gains	(34)	0.0	(21)	0.0	(2,192)	0.5
Gains on sales of fixed assets	12		21		93	
Other extraordinary gains	21		0		2,099	
Extraordinary Losses	(239)	0.2	(233)	0.1	(3,162)	0.7
Losses on sales and disposal of fixed assets	123		150		1,071	
Other extraordinary losses	116		82		2,091	
Income before provision for income taxes	10,465	10.2	20,392	15.9	57,074	12.6
Corporate tax and others	3,715	3.6	7,488	5.8	21,901	4.8
Minority interest in net income of consolidated subsidiaries	413	0.4	489	0.4	1,787	0.4
Net Income	6,336	6.2	12,413	9.7	33,386	7.4

QUARTERLY CONSOLIDATED STATEMENTS OF CASHFLOWS

Year	Fiscal 2004 first quarter (from April 1 to June 30, 2003)	Fiscal 2005 first quarter (from April 1 to June 30, 2004)	Fiscal 2004 (from April 1, 2003 to March 31, 2004)
Description	Millions of yen	Millions of yen	Millions of yen
Cash Flows from Operating Activities			
Income before provision for income taxes before adjustments to reconcile income to net cash provided by operating activities	10,465	20,392	57,074
Depreciation and amortization	4,851	5,534	21,386
Earnings (losses) on investments in equity-method affiliates	589	531	2,533
Increase (decrease) in trade notes and accounts receivable	3,948	6,150	16,879
Increase (decrease) in inventories	1,514	693	3,948
Increase (decrease) in other accounts receivable	569	349	1,949
Increase (decrease) in trade notes and accounts payable	3,683	2,497	15,565
Income taxes paid and refunded	13,060	11,467	19,857
Others	1,106	2,224	2,590
Net cash provided by operating activities	423	7,007	46,268
Cash Flows from Investing Activities			
Increase (decrease) in marketable securities	353	-	1,717
Acquisition of fixed assets	4,823	12,097	27,084
Proceeds from sales of fixed assets	152	171	973
Others	275	457	6,917
Net cash used in investing activities	4,042	12,383	31,312
Cash Flows from Financing Activities			
Increase (decrease) in short-term debt	1,065	1,045	1,944
Increase (decrease) in commercial paper	-	6,000	-
Proceeds from long-term debt	2,436	-	3,446
Repayment of long-term debt	13	642	284
Dividends paid	2,254	3,762	5,034
Purchase of treasury stock	0	2	39,708
Others	130	154	467
Net cash provided/used in financing activities	1,028	2,482	39,169
Effect of Exchange-rate Changes on Cash and Cash Equivalents	165	287	947
Net Increase in cash and cash Equivalents	4,481	2,605	25,161
Cash and Cash Equivalents, Beginning of Year	73,341	48,544	73,341
Cash and Cash Equivalents of a Newly Consolidated Company	364	1,249	364
Cash and Cash Equivalents, End of Year	69,224	47,188	48,544

SEGMENT INFORMATION

(Operating Segment Information)

(Unit: Millions of yen)

		Fiscal 2004 first quarter (from April 1 to June 30, 2003)	Fiscal 2005 first quarter (from April 1 to June 30, 2004)	Fiscal 2004 (from April 1, 2003 to March 31, 2004)
Net sales	Industrial products	45,881	51,691	191,682
	Electronic products	47,312	65,710	219,709
	Functional products	9,440	11,059	41,333
	Total	102,634	128,462	452,726
Operating income	Industrial products	2,971	4,514	13,437
	Electronic products	5,835	14,017	38,881
	Functional products	1,008	1,480	3,592
	Total	9,815	20,012	55,912

(Segment Information by geographic area)

Net sales	Japan	65,353	73,411	286,322
	North America	9,316	9,819	37,216
	Europe	4,119	4,346	16,422
	Asia & Oceania	23,845	40,885	112,764
	Total	102,634	128,462	452,726
Operating income	Japan	8,163	18,406	51,158
	North America	43	436	2,399
	Europe	145	301	509
	Asia & Oceania	1,232	1,856	6,547
	Eliminations (corporate)	230	114	95
	Total	9,815	20,012	55,912

(Net Sales to Customers outside Japan)

Net sales to customers outside Japan	45,901	65,349	209,525
Ratio of net sales to customers outside Japan to consolidated sales	44.7%	50.9%	46.3%

Major products for each business segment

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

Figures of Fiscal 2004 First quarter reflect the new segmentation that changed from the first half period of FY2004.