

Summary of Consolidated Financial Statements for the Fiscal 2007 Third 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 Group, Accounting & Finance Dept.
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1. Basis of Preparation for the Quarterly Consolidated Financial Statements

- ① Adaptation of the simple accounting method : None
 ② Difference in the accounting method from the previous fiscal year (consolidated) : None
 ③ Changes in the scope of consolidation and equity method : Consolidation (Newly established): 3
 Integration between affiliated companies: 1
 ④ Auditor 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 2007 Third Quarter (From April 1, 2006 to December 31, 2006)

(1) Status of Operational Results (consolidated)

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

[Three months ended December 31, 2006]

| | Net sales | | Operating income | | Ordinary income | | Net income | |
|-------------|-----------------|------|------------------|-------|-----------------|-------|-----------------|-------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| Fiscal 2007 | 178,808 | 9.2 | 18,855 | △24.1 | 19,009 | △26.4 | 12,459 | △21.3 |
| Fiscal 2006 | 163,678 | 27.5 | 24,826 | 44.8 | 25,821 | 50.3 | 15,828 | 51.4 |

| | Net income per share – Basic | | Net income per share – Diluted | |
|-------------|---------------------------------|----|-----------------------------------|----|
| | Yen | | Yen | |
| Fiscal 2007 | 74. | 90 | 74. | 82 |
| Fiscal 2006 | 96. | 01 | 95. | 83 |

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.

[Nine months ended December 31, 2006]

| | Net sales | | Operating income | | Ordinary income | | Net income | |
|-----------------------|-----------------|------|------------------|-------|-----------------|-------|-----------------|-------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| Fiscal 2007 | 511,315 | 10.7 | 54,874 | △18.0 | 54,134 | △21.0 | 33,639 | △19.9 |
| Fiscal 2006 | 461,822 | 19.2 | 66,883 | 22.0 | 68,529 | 22.4 | 41,971 | 30.5 |
| Fiscal 2006 Full-year | 626,316 | | 89,224 | | 90,196 | | 55,306 | |

| | Net income per share – Basic | | Net income per share – Diluted | |
|-----------------------|---------------------------------|----|-----------------------------------|----|
| | Yen | | Yen | |
| Fiscal 2007 | 202. | 97 | 202. | 70 |
| Fiscal 2006 | 254. | 74 | 254. | 36 |
| Fiscal 2006 Full-year | 332. | 30 | 331. | 72 |

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 |
|-----------------------|-----------------|----------------------|---|-----------------------------------|
| | Millions of yen | Millions of yen | % | Yen |
| Fiscal 2007 | 595,805 | 360,439 | 60.1 | 2,149. 42 |
| Fiscal 2006 | 523,428 | 305,598 | 58.4 | 1,852. 88 |
| Fiscal 2006 Full-year | 556,934 | 321,464 | 57.7 | 1,943. 73 |

<Cash Flows> (Nine months results)

| | 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 |
| Fiscal 2007 | 40,654 | △56,106 | △1,208 | 71,574 |
| Fiscal 2006 | 52,843 | △40,543 | 2,685 | 73,346 |
| Fiscal 2006 Full-year | 84,525 | △55,365 | △1,010 | 86,684 |

3. Projections for the Year Ending March, 2007(From April 1, 2006 to March 31, 2007)

| | Net sales | Operating income | Ordinary income | Net income |
|-----------|-----------------|------------------|-----------------|-----------------|
| | Millions of yen | Millions of yen | Millions of yen | Millions of yen |
| Full-year | 690,000 | 75,000 | 72,000 | 45,000 |

(Reference) Projected net income per share for the full year: 271.22 yen

(Reference)

Projected Non-consolidated Results of the Year Ending March, 2007 (From April 1, 2006 to March 31, 2007)

| | Net sales | Operating income | Ordinary income | Net income |
|-----------|-----------------|------------------|-----------------|-----------------|
| | Millions of yen | Millions of yen | Millions of yen | Millions of yen |
| Full-year | 410,000 | 45,000 | 50,000 | 33,000 |

(Reference) Projected net income per share for the full year: 198.90 yen

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

Business Results and Financial Condition

1. Summary of the third quarter (three months ending on December 31)

Summary of Overall Business

During the third quarter, the Group (the Corporation and its consolidated subsidiaries) concentrated on the FPD (Flat Panel Display) industry, HDD (Hard Disk Drives), the cellular phone industry, and the automotive industry. As to the FPD industry, due to the influence of product price decline, mainly for large-sized flat panel display televisions, the market environment was harsh. As for countermeasures, the Group is continuously working on new products and improvement of production efficiency.

As a result, net sales increased by 9.2% compared with the same period in the previous year to 178,808 million yen (the same comparison applies to the following percentages). In terms of profits, operating income decreased by 24.1% to 18,855 million yen, ordinary income decreased by 26.4% to 19,009 million yen, and net income decreased by 21.3% to 12,459 million yen.

Summary of Results by Business Segments

[Industrial Products]

Sales of bonding and sealing products for the electronics and information industries for Office Automation equipment, cellular phones, hard disc drives (HDD) and FPD televisions remained robust, and increased mainly in East Asia. Sales for surface protection products for the FPD industry were influenced by adjustments of production of our customers, but surface protection products for the automotive body and metal plate remained robust. Sales of sealing products for the automobile industry and mobile equipment such as cellular phones and portable music players remained strong. Sales of preservative products for housing and building material leveled off due to the influence of product streamlining.

As a result, net sales of industrial products increased to 70,001 million yen (up 4.8%), and operating income increased to 8,160 million yen (up 17.6%).

[Electronic Products]

Sales of LCD-related products increased but were limited as a whole because the sales of optical films for televisions increased due to the increase in production of large-size LCD television by LCD manufacturers for Christmas and year-end sales, but there was a significant influence of product price decline. Sales of semi-conductor related products, the leading edge resin for package sealing and eco-friendly resin remained strong, but it leveled off as a whole. Sales of flexible printed circuit products, thin metal core boards for magneto-resistive heads (MRH) for the hard disk drive (HDD) market remained robust due to the expansion of market needs and the production increase. Among electronic process products, sales of process products for general electronic components and die attach films for slim devices remained robust, while protection sheets and laminating machines for semi-conductor production process remained sluggish when compared with the same period of the previous year and it remained sluggish as a whole.

As a result, net sales of electronic products increased to 94,319 million yen (up 11.0%), and operating income decreased to 8,003 million yen (down 49.8%).

[Functional Products]

Among healthcare products, medical transdermal therapeutic patches for the bronchodilator (for asthma) remained strong, and cosmetic-related products such as YU-KI Perme Roll (film adhesive patch) also increased, and healthcare product as a whole remained strong. Among high-polymer separation membranes, new projects and the replacement of ultra-pure water products for semiconductor and LCD panel industries, and wastewater treatment in the U. S. and reverse osmosis membrane projects for seawater desalination in Middle East and Europe remained robust. In addition, new products introduced into China for industrial use are gaining recognition in the market and sales of the product remained robust. Engineering plastic materials such as fluorine porous membrane products for inner pressure control filters for automobiles and OA equipment, process products for electronic parts industry and for air filters remained robust.

As a result, net sales of functional products increased to 14,488 million yen (up 21.8%), and operating income increased to 2,691 million yen (up 37.8%).

(Reference) Operating Segment Information

(Unit: Millions of yen Ratio: %)

| | | 3Q, FY2006 (Three months) | | 3Q, FY2007 (Three months) | | 3Q, FY2006 (Nine months) | | 3Q, FY2007 (Nine months) | |
|------------------------|---------------------------------|------------------------------|-------|------------------------------|-------|-----------------------------|-------|-----------------------------|-------|
| | | Net sales | Y-o-Y | Net sales | Y-o-Y | Net sales | Y-o-Y | Net sales | Y-o-Y |
| Industrial Products | Tape materials | 34,649 | 110.7 | 36,905 | 106.5 | 96,612 | 106.4 | 105,690 | 109.4 |
| | Custom processing materials | 18,060 | 165.8 | 18,473 | 102.3 | 47,121 | 143.7 | 55,311 | 117.4 |
| | Purchased goods | 14,097 | 130.8 | 14,621 | 103.7 | 41,496 | 122.4 | 43,375 | 104.5 |
| | Total | 66,806 | 126.1 | 70,001 | 104.8 | 185,230 | 117.6 | 204,377 | 110.3 |
| | Operating income | 6,939 | 144.8 | 8,160 | 117.6 | 16,926 | 124.2 | 21,364 | 126.2 |
| Electronic Products | LCD related products | 61,447 | 141.5 | 68,946 | 112.2 | 174,158 | 131.1 | 191,344 | 109.9 |
| | Semiconductor related products | 5,140 | 113.0 | 5,101 | 99.2 | 15,125 | 97.8 | 15,797 | 104.4 |
| | Printed circuits | 9,964 | 106.8 | 12,285 | 123.3 | 29,076 | 110.3 | 35,218 | 121.1 |
| | Electronic processing materials | 8,428 | 128.0 | 7,985 | 94.7 | 22,714 | 106.0 | 24,117 | 106.2 |
| | Total | 84,980 | 133.0 | 94,319 | 111.0 | 241,074 | 123.0 | 266,478 | 110.5 |
| | Operating income | 15,933 | 148.4 | 8,003 | 50.2 | 44,227 | 120.7 | 26,348 | 59.6 |
| Functional Products | Medical related products | 4,369 | 98.4 | 5,003 | 114.5 | 13,468 | 105.2 | 13,883 | 103.1 |
| | Polymer separation membranes | 3,522 | 113.1 | 4,795 | 136.1 | 10,350 | 108.2 | 13,165 | 127.2 |
| | Engineering plastics | 3,999 | 102.0 | 4,689 | 117.3 | 11,698 | 100.8 | 13,410 | 114.6 |
| | Total | 11,891 | 103.6 | 14,488 | 121.8 | 35,517 | 104.5 | 40,459 | 113.9 |
| | Operating income | 1,953 | 121.2 | 2,691 | 137.8 | 5,729 | 125.0 | 7,161 | 125.0 |
| Total | Total of net sales | 163,678 | 127.5 | 178,808 | 109.2 | 461,822 | 119.2 | 511,315 | 110.7 |
| | Total of operating income | 24,826 | 144.8 | 18,855 | 75.9 | 66,883 | 122.0 | 54,874 | 82.0 |

2. Financial Condition

The financial condition of the third quarter is as listed below.

Total assets increased by 38,871 million yen from the previous consolidated year-end to 595,805 million yen. Due to an increase in retained earnings by 22,311 million yen, net assets have risen to 360,439 million yen. As a result, shareholders' equity ratio has increased to 60.1%.

This was mainly attributable to an increase in trade notes and accounts receivable of 10,926 million yen, inventories, 8,598 million yen, tangible fixed assets, 36,965 million yen, notes payable and accounts payable, 12,691 million yen, commercial paper of 12,000 million yen, a decrease of cash and cash equivalent of 15,733 million yen, and income tax payable and other payments of 17,830 million yen.

Cash and cash equivalents at the end of the third quarter decreased by 15,109 million yen when compared with the previous consolidated fiscal year end 71,574 million yen.

Analysis of cash flows and financial positions are as follows.

Net cash provided by operating activities totaled 40,654 million yen. This was mainly attributable to an increase in net profit before taxes of 53,219 million yen, depreciation of 28,565 million yen, and outlay of corporate taxes and other payments of 35,214 million yen.

Net cash used in investing activities totaled 56,106 million yen. This was mainly attributable to an outlay of 56,931 million yen for acquisition of fixed assets.

Capital decreased as a result of financial operations totaled 1,208 million yen. This was mainly attributable to an increase of commercial paper by 12,000 million yen and 10,777 million yen for dividends paid.

3. Outlook for the full fiscal year

As to the outlook for the full fiscal year, even though the market environment remains uncertain due to possible seasonal influence and further declines of product prices in the FPD industry, October 27, 2006, we have not revised our earning forecast for the full fiscal year announced at the time of the interim final settlement (the business year ending March 2008).

QUARTERLY CONSOLIDATED BALANCE SHEET

| Description | As of the end of Fiscal 2006 Third Quarter (December 31, 2005) | | As of the end of Fiscal 2007 Third Quarter (December 31, 2006) | | As of the end of Fiscal 2006 (March 31, 2006) | |
|-------------------------------------|--|----------------------|--|-----------------------|---|----------------------|
| | Amount | Composition ratio | Amount | Compositio n ratio | Amount | Composition ratio |
| (Assets) | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| <u>Current Assets</u> | (286,514) | 54.7 | (309,239) | 51.9 | (307,707) | 55.3 |
| Cash on hand and in banks | 74,320 | | 71,924 | | 87,658 | |
| Trade notes and accounts receivable | 142,541 | | 153,623 | | 142,697 | |
| Inventories | 55,078 | | 68,126 | | 59,528 | |
| Other current assets | 14,574 | | 15,563 | | 17,824 | |
| <u>Fixed Assets</u> | (236,914) | 45.3 | (286,566) | 48.1 | (249,226) | 44.7 |
| Tangible fixed assets | 196,133 | | 243,872 | | 206,906 | |
| Intangible fixed assets | 7,276 | | 6,930 | | 7,326 | |
| Investments and other assets | 33,505 | | 35,764 | | 34,993 | |
| Total Assets | 523,428 | 100.0 | 595,805 | 100.0 | 556,934 | 100.0 |

| Description | As of the end of Fiscal 2006 Third Quarter (December 31, 2005) | | As of the end of Fiscal 2007 Third Quarter (December 31, 2006) | | As of the end of Fiscal 2006 (March 31, 2006) | |
|--|--|----------------------|--|----------------------|---|----------------------|
| | Amount | Composition ratio | Amount | Composition ratio | Amount | Composition ratio |
| (Liabilities) | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| <u>Current Liabilities</u> | (174,310) | 33.3 | (208,061) | 34.9 | (191,463) | 34.4 |
| Trade notes and accounts payable | 88,914 | | 105,328 | | 92,636 | |
| Short-term loans payable | 17,527 | | 20,289 | | 18,021 | |
| Commercial paper | 5,000 | | 12,000 | | -- | |
| Other current liabilities | 62,868 | | 70,443 | | 80,805 | |
| <u>Long-term Liabilities</u> | (30,851) | 5.9 | (27,305) | 4.6 | (31,263) | 5.6 |
| Long-term loans payable | 6,374 | | 2,154 | | 5,673 | |
| Provision for retirement benefits | 15,485 | | 16,139 | | 15,870 | |
| Other long-term liabilities | 8,991 | | 9,011 | | 9,719 | |
| Total Liabilities | 205,161 | 39.2 | 235,366 | 39.5 | 222,727 | 40.0 |
| (Minority Interests) | | | | | | |
| Minority interests | 12,668 | 2.4 | -- | -- | 12,742 | 2.3 |
| (Shareholders' Equity) | | | -- | | | |
| Common stock | 26,783 | | -- | | 26,783 | |
| Capital surplus | 50,821 | | -- | | 51,166 | |
| Earned surplus | 261,343 | | -- | | 274,678 | |
| Net unrealized holding gains on securities | 6,023 | | -- | | 6,712 | |
| Foreign currency translation adjustments | △4,485 | | -- | | △3,702 | |
| Cost of treasury stock | △34,888 | | -- | | △34,173 | |
| Total Shareholders' Equity | 305,598 | 58.4 | -- | -- | 321,464 | 57.7 |
| Total Liabilities, Minority Interest and Shareholders' Equity | 523,428 | 100.0 | -- | -- | 556,934 | 100.0 |

| Description | As of the end of Fiscal 2006 Third Quarter (December 31, 2005) | | As of the end of Fiscal 2007 Third Quarter (December 31, 2006) | | As of the end of Fiscal 2006 (March 31, 2006) | |
|--|--|----------------------|--|----------------------|---|----------------------|
| | Amount | Composition ratio | Amount | Composition ratio | Amount | Composition ratio |
| (Net Assets) | Million of yen | % | Million of yen | % | Million of yen | % |
| <u>Shareholders' capital</u> | (--) | -- | (350,959) | 58.9 | (--) | -- |
| Common stock | -- | | 26,783 | | -- | |
| Capital surplus | -- | | 56,024 | | -- | |
| Retained earnings | -- | | 296,990 | | -- | |
| Cost of treasury stock | -- | | △28,839 | | -- | |
| <u>Variance of the estimate/conversion</u> | (--) | -- | (6,840) | 1.2 | (--) | -- |
| Net unrealized holding gains on securities | -- | | 6,031 | | -- | |
| Deferred currency hedging | -- | | △325 | | -- | |
| Foreign currency translation adjustments | -- | | 1,134 | | -- | |
| <u>Share Warrant</u> | (--) | -- | (435) | 0.1 | (--) | -- |
| <u>Minority interests</u> | (--) | -- | (2,203) | 0.3 | (--) | -- |
| Total Shareholders' Equity | -- | -- | 360,439 | 60.5 | -- | -- |
| Total liabilities, Shareholders' Equity | -- | -- | 595,805 | 100.0 | -- | -- |

QUARTERLY CONSOLIDATED STATEMENTS OF INCOME

(Three months ended December 31, 2006)

| Description | Fiscal 2006 third quarter (from October 1 to December 31, 2005) | | Fiscal 2007 third quarter (from October 1 to December 31, 2006) | | Year-on-Year changes |
|---|---|------------|---|------------|-------------------------|
| | Amount | Percentage | Amount | Percentage | Percentage |
| | Millions of yen | % | Millions of yen | % | % |
| Net sales | 163,678 | 100.0 | 178,808 | 100.0 | 109.2 |
| Cost of sales | 111,575 | 68.2 | 130,470 | 73.0 | |
| Gross profit | 52,103 | 31.8 | 48,337 | 27.0 | |
| Selling, general and administrative expenses | 27,276 | 16.6 | 29,481 | 16.4 | |
| Operating Income | 24,826 | 15.2 | 18,855 | 10.6 | 75.9 |
| Other Income | (1,897) | 1.2 | (1,487) | 0.8 | |
| Interest and dividend income | 103 | | 204 | | |
| Equity in earnings of non-consolidated subsidiaries and affiliates | 8 | | 348 | | |
| Miscellaneous income | 1,785 | | 935 | | |
| Other Expenses | (902) | 0.6 | (1,334) | 0.8 | |
| Interest expense | 318 | | 445 | | |
| Miscellaneous expense | 584 | | 888 | | |
| Ordinary Income | 25,821 | 15.8 | 19,009 | 10.6 | 73.6 |
| Extraordinary Gains | (43) | 0.0 | (344) | 0.2 | |
| Gains on sales of fixed assets | 42 | | 340 | | |
| Other extraordinary gains | 0 | | 4 | | |
| Extraordinary Losses | (180) | 0.1 | (529) | 0.3 | |
| Losses on sales and disposal of fixed assets | 150 | | 423 | | |
| Other extraordinary losses | 29 | | 105 | | |
| Income before provision for income taxes | 25,685 | 15.7 | 18,825 | 10.5 | 73.3 |
| Corporate tax and others | 9,458 | 5.8 | 6,200 | 3.4 | |
| Minority interest in net income of consolidated subsidiaries | 398 | 0.2 | 166 | 0.1 | |
| Net Income | 15,828 | 9.7 | 12,459 | 7.0 | 78.7 |

QUARTERLY CONSOLIDATED STATEMENTS OF INCOME

(Nine months ended December 31, 2006)

| Description | Fiscal 2006 third quarter (from April 1 to December 31, 2005) | | Fiscal 2007 third quarter (from April 1 to December 31, 2006) | | Year-on-Year changes |
|---|---|------------|---|------------|-------------------------|
| | Amount | Percentage | Amount | Percentage | Percentage |
| | Millions of yen | % | Millions of yen | % | % |
| Net sales | 461,822 | 100.0 | 511,315 | 100.0 | 110.7 |
| Cost of sales | 316,571 | 68.5 | 370,965 | 72.6 | |
| Gross profit | 145,250 | 31.5 | 140,350 | 27.4 | |
| Selling, general and administrative expenses | 78,367 | 17.0 | 85,476 | 16.7 | |
| Operating Income | 66,883 | 14.5 | 54,874 | 10.7 | 82.0 |
| Other Income | (3,866) | 0.8 | (3,247) | 0.6 | |
| Interest and dividend income | 299 | | 564 | | |
| Equity in earnings of non-consolidated subsidiaries and affiliates | -- | | 335 | | |
| Miscellaneous income | 3,566 | | 2,347 | | |
| Other Expenses | (2,220) | 0.5 | (3,987) | 0.7 | |
| Interest expense | 625 | | 1,175 | | |
| Miscellaneous expense | 1,594 | | 2,811 | | |
| Ordinary Income | 68,529 | 14.8 | 54,134 | 10.6 | 79.0 |
| Extraordinary Gains | (718) | 0.2 | (391) | 0.1 | |
| Gains on sales of fixed assets | 400 | | 380 | | |
| Other extraordinary gains | 317 | | 10 | | |
| Extraordinary Losses | (861) | 0.2 | (1,306) | 0.3 | |
| Losses on sales and disposal of fixed assets | 581 | | 905 | | |
| Other extraordinary losses | 280 | | 401 | | |
| Income before provision for income taxes | 68,386 | 14.8 | 53,219 | 10.4 | 77.8 |
| Corporate tax and others | 25,388 | 5.5 | 19,159 | 3.7 | |
| Minority interest in net income of consolidated subsidiaries | 1,026 | 0.2 | 419 | 0.1 | |
| Net Income | 41,971 | 9.1 | 33,639 | 6.6 | 80.1 |

QUARTERLY CONSOLIDATED STATEMENTS OF CASHFLOWS

(Nine months ended December 31, 2006)

| Year | Fiscal 2006 third quarter (from April 1 to December 31, 2005) | Fiscal 2007 third quarter (from April 1 to December 31, 2006) | Fiscal 2006 (from April 1, 2005 to March 31, 2006) |
|--|---|---|--|
| 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 | 68,386 | 53,219 | 89,614 |
| Depreciation and amortization | 22,412 | 28,565 | 31,470 |
| Earnings (losses) on investments in equity-method affiliates | 1 | △335 | △14 |
| Increase (decrease) in trade notes and accounts receivable | △19,077 | △8,165 | △18,767 |
| Increase (decrease) in inventories | △3,318 | △7,267 | △7,480 |
| Increase (decrease) in other accounts receivable | 690 | △418 | 129 |
| Increase (decrease) in trade notes and accounts payable | 14,149 | 9,873 | 17,836 |
| Income taxes paid (refunded) | △28,638 | △35,214 | △29,457 |
| Others | △1,762 | 398 | 1,194 |
| Net cash provided by operating activities | 52,843 | 40,654 | 84,525 |
| II Cash Flows from Investing Activities | | | |
| Acquisition of fixed assets | △43,619 | △56,931 | △58,157 |
| Proceeds from sales of fixed assets | 1,305 | 837 | 1,398 |
| Others | 1,769 | △13 | 1,393 |
| Net cash used in investing activities | △40,543 | △56,106 | △55,365 |
| III Cash Flows from Financing Activities | | | |
| Increase (decrease) in short-term loans payable | 7,982 | △1,977 | 8,695 |
| Increase (decrease) in commercial paper | 5,000 | 12,000 | -- |
| Proceeds from long-term loans payable | 44 | -- | 123 |
| Repayment of long-term loans payable | △2,332 | △933 | △2,880 |
| Dividends paid | △9,059 | △10,777 | △9,059 |
| Increase (decrease) in treasury stock | 1,661 | 810 | 2,721 |
| Others | △610 | △330 | △611 |
| Net cash used in financing activities | 2,685 | △1,208 | △1,010 |
| IV Effect of Exchange-rate Changes on Cash and Cash Equivalents | 2,302 | 1,550 | 2,476 |
| V Net Increase in Cash and Cash Equivalents | 17,288 | △15,109 | 30,625 |
| VI Cash and Cash Equivalents, Beginning of Year | 48,278 | 86,684 | 48,278 |
| VII Cash and Cash Equivalents of a Newly Consolidated Company | 7,780 | -- | 7,780 |
| VIII Cash and Cash Equivalents, End of Year | 73,346 | 71,574 | 86,684 |

SEGMENT INFORMATION

(Operating Segment Information)

(Unit: Millions of yen)

| | | Third Quarter (Three months ended December 31) | | | Third Quarter (Nine months ended December 31) | | |
|-------------------------|---------------------|---|-------------|-----------|--|-------------|-----------|
| | | Fiscal 2006 | Fiscal 2007 | Y-o-Y (%) | Fiscal 2006 | Fiscal 2007 | Y-o-Y (%) |
| Net sales | Industrial products | 66,806 | 70,001 | 104.8 | 185,230 | 204,377 | 110.3 |
| | Electronic products | 84,980 | 94,319 | 111.0 | 241,074 | 266,478 | 110.5 |
| | Functional products | 11,891 | 14,488 | 121.8 | 35,517 | 40,459 | 113.9 |
| | Total | 163,678 | 178,808 | 109.2 | 461,822 | 511,315 | 110.7 |
| Operating income | Industrial products | 6,939 | 8,160 | 117.6 | 16,926 | 21,364 | 126.2 |
| | Electronic products | 15,933 | 8,003 | 50.2 | 44,227 | 26,348 | 59.6 |
| | Functional products | 1,953 | 2,691 | 137.8 | 5,729 | 7,161 | 125.0 |
| | Total | 24,826 | 18,855 | 75.9 | 66,883 | 54,874 | 82.0 |

(Segment Information by geographic area)

| | | | | | | | |
|-------------------------|-----------------------------|---------|---------|-------|---------|---------|-------|
| Net sales | Japan | 70,053 | 70,799 | 101.1 | 204,681 | 204,530 | 99.9 |
| | North America | 9,884 | 10,695 | 108.2 | 28,482 | 30,978 | 108.8 |
| | Europe | 4,759 | 5,761 | 121.1 | 13,893 | 16,527 | 119.0 |
| | Asia & Oceania | 78,981 | 91,551 | 115.9 | 214,765 | 259,279 | 120.7 |
| | Total | 163,678 | 178,808 | 109.2 | 461,822 | 511,315 | 110.7 |
| Operating income | Japan | 20,695 | 14,378 | 69.5 | 57,097 | 43,283 | 75.8 |
| | North America | △137 | 18 | -- | △891 | △649 | -- |
| | Europe | 183 | 282 | 154.1 | 428 | 871 | 203.4 |
| | Asia & Oceania | 3,845 | 3,613 | 94.0 | 9,473 | 9,090 | 95.9 |
| | Eliminations (corporate) | 240 | 563 | -- | 775 | 2,278 | -- |
| | Total | 24,826 | 18,855 | 75.9 | 66,883 | 54,874 | 82.0 |

(Net Sales to Customers outside Japan)

| | | | | | | |
|--|--------|---------|-------|---------|---------|-------|
| Net sales to customers outside Japan | 98,173 | 111,482 | 113.6 | 272,930 | 318,555 | 116.7 |
| Ratio of net sales to customers outside Japan to net sales | 60.0 | 62.3 | -- | 59.1 | 62.3 | -- |

Major products for each business segment

| Business segment | Major products |
|---------------------|---|
| Industrial products | Bonding and joining products, surface protection products, sealing products, packaging products and equipment |
| Electronic products | LCD-related products, flexible printed circuit products, electronic processing products, semiconductor-related products |
| Functional products | Medical-related products, polymer separation membranes, engineering plastics products |