

**Summary of Consolidated Financial Statements**  
**for the First Quarter of Fiscal 2007**  
**(from April 1, 2007 to March 31, 2008)**

Listed company name: **Nitto Denko Corporation**  
 Stock exchange listings: First Section of Tokyo Stock Exchange and Osaka Stock Exchange  
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1. Consolidated Business Results of the First Quarter of Fiscal 2007 (from April 1, 2007 to June 30, 2007)

(1) Operating Results

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

	Sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First quarter of Fiscal 2007	176,599	8.8	14,103	-27.3	14,986	-20.0	9,895	-12.3
First quarter of Fiscal 2006	162,347	13.2	19,398	-3.2	18,725	-7.7	11,277	-10.1
(Reference) Fiscal 2006	679,822		69,037		67,319		41,201	

	Net income per share – Basic		Net income per share – Diluted	
	Yen		Yen	
First quarter of Fiscal 2007	59.	44	59.	40
First quarter of Fiscal 2006	68.	28	68.	18
(Reference) Fiscal 2006	248.	33	248.	01

Note: Numbers in percentage in the column of 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	Net assets	Shareholders' equity to total assets	Net assets per share
End of:	Millions of yen	Millions of yen	%	Yen.
First quarter of Fiscal 2007	619,387	377,588	60.5	2,250. 51
First quarter of Fiscal 2006	555,231	338,165	58.7	1,973. 18
(Reference) Fiscal 2006	604,208	367,610	60.4	2,192. 29

## (3) Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of term
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
First quarter of Fiscal 2007	15,449	-20,424	2,329	73,733
First quarter of Fiscal 2006	595	-14,132	1,092	73,931
(Reference) Fiscal 2006	63,032	-77,285	879	74,551

## 2. Dividends

Record date	Dividends per share		
	Interim	Year-end	Full-year
	yen	yen	yen
March, 2007	35. 00	35. 00	70. 00
March, 2008(Projections)	40. 00	40. 00	80. 00

## 3. Projections for the Fiscal 2007 (from April 1, 2007 to March 31, 2008)

	Sales		Operating income		Ordinary income		Net income		Net income per share	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	yen	
Interim	347,000	4.4	29,000	-19.5	28,000	-20.3	17,000	-19.7	102.	11
Full-year	727,000	6.9	70,000	1.4	68,000	1.0	44,000	6.8	264.	30

Note: Numbers in percentage in the column of sales, operating income, ordinary income, and net income indicate changes in percentage from the corresponding period of the previous fiscal year.

\*The projections are kept unchanged from the projections announced on April 27, 2007

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

## 4. Others

- |  |                |
|--|----------------|
| (1) Change for important subsidiaries during this fiscal year:               | Not applicable |
| (2) Adoption of concise accounting method:                                   | Not applicable |
| (3) Changes in accounting methods from most recent consolidated fiscal year: | Not applicable |

[Qualitative information/Financial statements and others]

## 1. Overview for the first quarter of fiscal 2007

### Summary of Overall Business

During the first quarter of fiscal 2007, the prosperous trend of the Japanese economy continued, driven by increased exports, robust capital investment and a rise in consumer spending despite price rises in imported materials due to the yen's depreciation and soaring oil prices. In the world, mainly in Asia, the economic expansion has been continuing moderately.

Under these economic conditions, the flat panel display (FPD) industry, the major market of Nitto Denko Corporation and its consolidated subsidiaries (the Group), sees a recovery trend in production since the cycle of inventories adjustments in the liquid crystal display (LCD) industry has almost come to a close. Sales of LCD-related materials, the main business of the Group, significantly expanded mainly for the large-size LCD TVs, but market prices reduced significantly during the fiscal 2006, and this has been affecting the Group's revenue. The performance of industrial materials remains flat due to a partial withdrawal of purchased products and an impact from the customers' production adjustment of cellular phones. Sales were favorable for printed circuits with product differentiation for the electronic device industry and high-polymer separation membranes for water-related business.

As a result, consolidated sales for the quarter increased by 8.8% year-on-year to 176,599 million yen. Operating income decreased by 27.3% year-on-year to 14,103 million yen, and ordinary income also decreased by 20.0% year-on-year to 14,986 million yen, with net income decreasing by 12.3% year-on-year to 9,895 million yen.

### Summary by Business Segments

#### [Industrial Products]

Regarding bonding and joining products, sales for cellular phone components remained flat due to the impact from customers' production adjustment, however, sales for home appliances, personal computers and hard disk drives (HDD) were brisk. With regard to surface protection products, sales of surface protection film for automotive paint and metal sheets remained flat, but sales of these products for the FPD industry decreased as a result of customers' production adjustments. Sealing materials for automotive components sold well, but peripheral components of cellular phones remained flat again because of customers' production adjustments. Sales of products for use in housing and building remained flat because of stagnation in the domestic housing market. Also, a partial withdrawal of purchased products negatively affected the sales in this field as well.

As a result, sales from the industrial products segment decreased by 5.3% year-on-year to 63,177 million yen, and operating income decreased by 9.1% year-on-year to 5,910 million yen.

#### [Electronic Products]

In relation to the LCD-related materials, sales for LCD TVs and cellular phones remained robust, but the profits remained flat due to the deterioration of product yields by increasing large-size LCD TVs sales and an increase in depreciation costs. As for sales of semiconductor-related materials, sales of environmentally friendly resin and resin for advanced device were favorable, but as a whole leveled off due to depressed market conditions compared with the first

quarter of fiscal 2006. As for printed circuits, sales for cellular phones and displays were weak, but sales in the storage industry, mainly for HDD were strong. With regard to electronic processing materials, sales of wafer-protection adhesive tape for semiconductor manufacturing processes remained flat due to the effect of product price decreases despite an increase in wafer production volumes and the expansion of its market. However, adhesive tapes for semiconductor manufacturing packaging performed strongly in overseas markets. In addition to the above, sales for small electronic components were favorable.

As a result, sales for the electronic products segment increased by 20.5% year-on-year to 99,636 million yen, and operating income decreased by 43.5% year-on-year to 6,043 million yen.

#### [Functional Products]

In relation to medical-related products, sales of transdermal therapeutic patches for the treatment of bronchiectasis (asthma) were affected by customers' production adjustments, and sales of sanitary materials were affected by the ending of product life cycles in cosmetic-related products and the implementation of scrap-and-build measures. As a result, overall sales remained at the same level. Sales of high-polymer separation membranes did well with orders for ultra-pure water for the semiconductor industry in Japan and orders for seawater desalination plants in the Middle East and in Europe. As for engineering plastic products, porous film materials for automotive parts, electronic parts and home appliances were favorable as well as functional materials for office and information equipment (polyimide seamless belt).

Sales in the functional products segment increased by 6.0% year-on-year to 13,785 million yen, and operating income decreased by 1.9% year-on-year to 2,149 million yen.

## (Reference) Operating Segment Information

(Unit: Millions of yen)

		First Quarter of Fiscal 2006 (from April 1 to June 30, 2006)		First Quarter of Fiscal 2007 (from April 1 to June 30, 2007)	
		Sales	Y-o-Y(%)	Sales	Y-o-Y(%)
Industrial Products	Tape materials	34,306	113.7	33,857	98.7
	Custom processing materials/Purchased goods	32,376	122.7	29,319	90.6
	Total	66,682	117.9	63,177	94.7
	Operating income	6,503	132.1	5,910	90.9
Electronic Products	Optical related products	57,929	107.1	72,264	124.7
	Semiconductor related products	5,257	107.2	5,321	101.2
	Printed circuits	11,199	123.6	13,315	118.9
	Electronic processing materials	8,275	121.5	8,735	105.6
	Total	82,662	110.4	99,636	120.5
	Operating income	10,703	81.2	6,043	56.5
Functional Products	Medical related products	4,370	98.1	4,388	100.4
	Membrane products	4,347	116.0	4,941	113.7
	Engineering plastics	4,285	112.7	4,455	104.0
	Total	13,003	108.3	13,785	106.0
	Operating income	2,191	113.6	2,149	98.1
Total	Sales	162,347	113.2	176,599	108.8
	Operating income	19,398	96.8	14,103	72.7

## 2. Qualitative Information on Consolidated Financial Condition

Financial condition at the end of first quarter of fiscal 2007 was as follows.

Compared with the end of fiscal 2006, total assets increased by 15,179 million yen to 619,387 million yen.

Shareholders' equity (including valuation and translation adjustments) also increased by 9,728 million yen to 374,671 million yen. As a result, the ratio of shareholders' equity to total assets changed from 60.4 %, at the end of fiscal year 2006, to 60.5 %.

Main items of change in assets were in trade notes and accounts receivable by 5,870 million yen and in tangible fixed assets by 5,500 million yen. In liabilities, there was an increase in commercial paper by 10,000 million yen and a decrease in accounts payable-others by 5,569 million yen.

The balance of cash and cash equivalents (hereinafter referred to as "cash") at the end of first quarter of fiscal 2007 decreased by 817 million yen to 73,733 million yen. The main factors and status by each cash flow activity were as follows.

Net cash provided by operating activities was 15,449 million yen. This was mainly due to income before provisions for income taxes by 14,814 million yen, depreciation and amortization by 11,102 million yen and payment of income taxes of 9,330 million yen.

Net cash used in investing activities was 20,424 million yen. This was mainly due to payment on acquisition of fixed assets of 21,210 million yen.

Net cash provided by financing activities was 2,329 million yen. This was mainly from the increase in commercial paper by 10,000 million yen and the outflow from payments of dividends of 5,826 million yen.

## 3. Qualitative Information on Consolidated Forecast

There is no revision on our earnings forecasts for the interim and full year, which were announced on April 27, 2007. Estimated net income per share is calculated based on estimated average number of shares outstanding for the year after adjustments for increases or decreases in treasury stock.

## 4. Others

(1) Changes for important subsidiaries during this fiscal year: Not applicable

(2) Adoption of concise accounting method: Not applicable

(3) Changes in accounting methods from most recent consolidated fiscal year: Not applicable

## Quarterly Consolidated Balance Sheets

	First Quarter of Fiscal 2006 (As of June 30, 2006)		First Quarter of Fiscal 2007 (As of June 30, 2007)		Fiscal 2006 (As of March 31, 2007)	
	Millions of yen	Composition Ratio (%)	Millions of yen	Composition Ratio (%)	Millions of yen	Composition Ratio (%)
<b>(Assets)</b>						
<b>Current assets</b>						
Cash on hand and in banks	74,666		74,709		75,762	
Trade notes and accounts receivable	141,596		156,247		150,377	
Inventories	63,631		75,991		72,293	
Other current assets	14,832		17,679		16,869	
	294,727	53.1	324,628	52.4	315,303	52.2
<b>Fixed assets</b>						
Tangible fixed assets	219,802		252,244		246,744	
Intangible fixed assets	6,931		6,918		6,768	
Investments and other assets	33,769		35,596		35,391	
	260,504	46.9	294,759	47.6	288,904	47.8
<b>Total assets</b>	<b>555,231</b>	<b>100.0</b>	<b>619,387</b>	<b>100.0</b>	<b>604,208</b>	<b>100.0</b>
<b>(Liabilities)</b>						
<b>Current liabilities</b>						
Trade notes and accounts payable	95,422		108,376		104,417	
Short-term loans payable	13,027		25,299		24,228	
Commercial paper	10,000		20,000		10,000	
Other current liabilities	68,994		61,990		70,777	
	187,444	33.8	215,666	34.8	209,422	34.7
<b>Long-term liabilities</b>						
Long-term loans payable	5,535		1,735		1,806	
Provision for retirement benefits	15,674		15,930		16,102	
Other long-term liabilities	8,411		8,467		9,265	
	29,621	5.3	26,133	4.2	27,174	4.5
<b>Total liabilities</b>	<b>217,066</b>	<b>39.1</b>	<b>241,799</b>	<b>39.0</b>	<b>236,597</b>	<b>39.2</b>
<b>(Net assets)</b>						
<b>Shareholders' equity</b>						
Paid-in capital	26,783		26,783		26,783	
Capital surplus	51,277		56,055		56,023	
Earned Surplus	280,463		308,621		304,552	
Treasury stock	-33,936		-28,764		-28,829	
	324,561	58.5	362,695	58.6	358,530	59.3
<b>Variance and translation adjustments</b>						
Valuation difference on available-for-sale securities	6,043		6,008		5,646	
Deferred gains or losses on hedges	-142		-213		-76	
Translation adjustments	-4,547		6,179		842	
	1,354	0.2	11,975	1.9	6,411	1.1
Subscription rights to shares	--	--	508	0.1	484	0.1
Minority interests	12,249	2.2	2,408	0.4	2,183	0.3
<b>Total net assets</b>	<b>338,165</b>	<b>60.9</b>	<b>377,588</b>	<b>61.0</b>	<b>367,610</b>	<b>60.8</b>
<b>Total liabilities and net assets</b>	<b>555,231</b>	<b>100.0</b>	<b>619,387</b>	<b>100.0</b>	<b>604,208</b>	<b>100.0</b>

## Quarterly Consolidated Statements of Income

	First quarter of Fiscal 2006 (from April 1 to June 30, 2006)		First quarter of Fiscal 2007 (from April 1 to June 30, 2007)		Fiscal 2006 (from April 1, 2006 to March 31, 2007)	
	Millions of yen	Composition Ratio (%)	Millions of yen	Composition Ratio (%)	Millions of yen	Composition Ratio (%)
Sales	162,347	100.0	176,599	100.0	679,822	100.0
Cost of sales	115,143	70.9	132,727	75.2	496,361	73.0
Gross profit	47,204	29.1	43,871	24.8	183,460	27.0
Selling, general and administrative expenses	27,805	17.1	29,767	16.8	114,423	16.8
Operating income	19,398	12.0	14,103	8.0	69,037	10.2
Non-operating income	873	0.5	2,060	1.2	4,523	0.6
Interest and dividend income	195		272		790	
Miscellaneous income	678		1,788		3,732	
Non-operating expenses	1,547	1.0	1,177	0.7	6,241	0.9
Interest expenses	347		471		1,651	
Miscellaneous expenses	1,199		705		4,589	
Ordinary income	18,725	11.5	14,986	8.5	67,319	9.9
Extraordinary gains	15	0.0	844	0.5	400	0.1
Gains on sales of fixed assets	15		27		389	
Gains on sale of investments in securities	--		275		11	
Other extraordinary gains	--		541		--	
Extraordinary losses	375	0.2	1,016	0.6	2,618	0.4
Losses on sales and disposal of fixed assets	235		640		1,653	
Other extraordinary losses	139		375		964	
Income before provision for income taxes	18,365	11.3	14,814	8.4	65,100	9.6
Corporate tax and others	7,134	4.4	4,755	2.7	23,447	3.4
Minority interest in net income of consolidated subsidiaries	-46	-0.0	163	0.1	452	0.1
Net income	11,277	6.9	9,895	5.6	41,201	6.1

## Quarterly Consolidated Statements of Cash Flows

	First quarter of Fiscal 2006 (from April 1 to June 30, 2006)	First quarter of Fiscal 2007 (from April 1 to June 30, 2007)	Fiscal 2006 (from April 1, 2006 to March 31, 2007)
	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	18,365	14,814	65,100
Depreciation and amortization	8,372	11,102	40,169
Earnings (losses) on investments in equity-method affiliates	5	37	-392
Increase (decrease) in trade notes and accounts receivable	100	-1,056	-5,401
Increase (decrease) in inventories	-4,506	-1,670	-11,613
Increase (decrease) in other accounts receivable	574	-416	-308
Increase (decrease) in trade notes and accounts payable	2,870	-337	9,849
Income taxes paid and refunded	-21,890	-9,330	-37,124
Others	-3,295	2,306	2,752
Net cash provided by operating activities	595	15,449	63,032
Cash flows from investing activities			
Acquisition of fixed assets	-14,393	-21,210	-77,716
Proceeds from sales of fixed assets	70	373	1,308
Others	160	412	-877
Net cash used in investing activities	-14,132	-20,424	-77,285
Cash Flows from Financing Activities			
Increase (decrease) in short-term debt	-3,761	-1,733	2,555
Increase (decrease) in commercial paper	10,000	10,000	10,000
Repayment of long-term debt	-198	-154	-1,386
Dividends paid	-4,953	-5,826	-10,777
Purchase of treasury stock	348	70	819
Others	-342	-26	-330
Net cash provided by financing activities	1,092	2,329	879
Effect of exchange-rate changes on cash and cash equivalents	-308	1,796	1,240
Net increase in cash and cash equivalents	-12,752	-848	-12,132
Cash and cash equivalents at beginning of period	86,684	74,551	86,684
Cash and cash equivalents of a newly consolidated company	--	31	--
Cash and cash equivalents at end of period	73,931	73,733	74,551

## Segment Information

(Operating Segment Information)

(Unit: Millions of yen)

		First quarter of Fiscal 2006 (from April 1 to June 30, 2006)	First quarter of Fiscal 2007 (from April 1 to June 30, 2007)	Fiscal 2006 (from April 1, 2006 to March 31, 2007)
<b>Sales</b>	Industrial products	66,682	63,177	268,888
	Electronic products	82,662	99,636	356,941
	Functional products	13,003	13,785	53,991
	Total	162,347	176,599	679,822
<b>Operating income</b>	Industrial products	6,503	5,910	28,019
	Electronic products	10,703	6,043	31,449
	Functional products	2,191	2,149	9,568
	Total	19,398	14,103	69,037

Major products for each operating segment

Operating 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 process materials, semiconductor-related products
Functional products	Medical-related products, polymer separation membranes, engineering plastics products

(Segment Information by Geographic Area)

		First quarter of Fiscal 2006 (from April 1 to June 30, 2006)	First quarter of Fiscal 2007 (from April 1 to June 30, 2007)	Fiscal 2006 (from April 1, 2006 to March 31, 2007)
<b>Sales</b>	Japan	66,949	61,000	268,364
	North America	10,050	11,524	42,349
	Europe	5,582	7,577	23,789
	Asia & Oceania	79,765	96,496	345,321
	Total	162,347	176,599	679,822
<b>Operating income</b>	Japan	17,045	8,992	52,535
	North America	-280	23	-663
	Europe	425	604	1,587
	Asia & Oceania	2,339	3,923	12,382
	Eliminations (Corporate)	-130	560	3,195
	Total	19,398	14,103	69,037

(Sales to Customers outside Japan)

	First quarter of Fiscal 2006 (from April 1 to June 30, 2006)	First quarter of Fiscal 2007 (from April 1 to June 30, 2007)	Fiscal 2006 (from April 1, 2006 to March 31, 2007)
Sales to customers outside Japan	99,580	116,354	425,699
Ratio of sales to customers outside Japan to consolidated sales	61.3%	65.9%	62.6%