

## Summary of Consolidated Financial Statements of Fiscal 2007 (12months ended March 31, 2008)

Listed company name: **Nitto Denko Corporation**  
 Stock exchange listings: First Section of Tokyo Stock Exchange and Osaka Stock Exchange  
 Code Number : 6988 URL <http://www.nitto.com/>  
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Date of the general shareholders' meeting June 20, 2008  
 Estimated starting date of dividend paying June 23, 2008  
 Filing date of financial statements June 20, 2008

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

### 1. Consolidated financial results of Fiscal 2007 (April 1, 2007 through March 31, 2008)

#### (1) Operating results (% of change from previous year)

	Sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal 2007	745,259	9.6	77,954	12.9	74,468	10.6	46,634	13.2
Fiscal 2006	679,822	8.5	69,037	-22.6	67,319	-25.4	41,201	-25.5

	Net income per share - Basic		Net income per share - Diluted		Return on equity	Ordinary income to total assets	Ordinary income to net sales
	Yen	%	Yen	%	%	%	%
Fiscal 2007	280 . 07		279 . 82		12.5	12.4	10.5
Fiscal 2006	248 . 33		248 . 01		12.0	11.6	10.2

Reference: Equity in earnings of affiliated companies :(Fiscal 2007) -146 million yen (Fiscal 2006) 392 million yen

#### (2) Financial position

	Total assets	Net assets	Shareholders' equity to total assets	Net assets per share
End of:	Millions of yen	Millions of yen	%	yen
Fiscal 2007	595,972	385,593	64.2	2,297 . 12
Fiscal 2006	604,208	367,610	60.4	2,192 . 29

(Reference): Shareholders' equity: (Fiscal 2007) 382,627 million yen (Fiscal, 2006) 364,942 million yen

#### (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
Fiscal 2007	101,595	-61,468	-27,648	79,238
Fiscal 2006	63,032	-77,285	879	74,551

## 2. Dividends

Record Date	Dividends per share			Dividends total (Annual)	Dividend payout ratio (Consolidated)	Dividends to net asset (Consolidated)
	Interim	Year-end	Annual			
	yen	yen	yen	Millions of yen	%	%
March, 2007	35. 00	35. 00	70. 00	11,650	28.2	3.4
March, 2008	40. 00	40. 00	80. 00	13,322	28.6	3.5
(Forecast) March, 2009	45. 00	45. 00	90. 00	-	29.4	-

## 2. Forecast for the Fiscal 2008 (April 1, 2008 through March 31, 2009)

(% of change from same period last year)

	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	386,000	5.5	35,000	0.3	34,000	1.9	23,000	5.1	138 . 08
Annual	800,000	7.3	78,000	0.1	76,000	2.1	51,000	9.4	306 . 18

## 4. Others

(1) Changes in significant subsidiaries during FY2007: Yes

Excluded : 1 (Kyoshin Co., Ltd)

(2) Changes

1. Changes following to accounting standard changes : No

2. Others : No

(3) Number of shares outstanding (Common stock)

1. Number of shares outstanding at the term end (including treasury stock):

(Fiscal 2007) 173,758,428 (Fiscal 2006) 173,758,428

2. Number of treasury stocks at the term end

(Fiscal 2007) 7,189,976 (Fiscal 2006) 7,292,233

(Note) As to the number of shares for the computation of net income (consolidated) per share, please refer to page 24, "Amount per share".

## (Reference) Unconsolidated financial Results

## 1. Operating results

(% of change from previous year)

	Sales		Operating income		Ordinary income		Net income	
	Million of yen	%	Million of yen	%	Million of yen	%	Million of yen	%
Fiscal 2007	481,799	20.3	34,097	-8.7	43,653	1.9	35,827	64.5
Fiscal 2006	400,339	5.7	37,352	-41.4	42,832	-38.1	21,783	-36.7

	Net income per share - Basic		Net income per share - -Diluted	
	Yen		Yen	
Fiscal 2007	215	. 17	214	. 98
Fiscal 2006	131	. 29	131	. 12

## 2. Financial position

	Total assets	Net Asset	Shareholders' equity to total assets	Shareholders' equity per share
	Million of yen	Million of yen	%	Yen
Fiscal 2007	458,861	297,405	64.6	1,780 . 09
Fiscal 2006	432,411	274,240	63.3	1,644 . 52

(Reference) Shareholders' equity (Fiscal 2007) 296,507 Million yen (Fiscal 2006) 273,756 Million yen

## Explanations for adequate utilization of the forecast, and other note

- 1) Forecast dated on February 1, 2008 was adjusted.
- 2) Forecast 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.

## 1. Business Results

### (1) Analysis of Business Results

#### 1. Summary of the Fiscal Year

##### Summary of Overall Business

This business year corporate earnings weakened in Japan due to the yen's sharp appreciation and price hikes of oil and raw materials, while consumer spending remained almost unchanged. Affected by the subprime mortgage problem, the US economy slowed, which made the pace of economic recovery in Europe more moderate than before. Meanwhile, in Asia, particularly China, the economy continued to expand.

Under this economic situation, the Group increased sales of LCD (liquid crystal display) related materials, circuit materials and industrial materials to the FPD (flat panel display) industry and the electronic device industry, especially for HDDs (hard disk drives) and mobile phones. Sales of high-polymer separation membranes for water related environment were also favorable. As for transdermal drug delivery patches, sales were sluggish as new products were not approved as a medicine in the US. In this business year, the Group reorganized and integrated its sales function to cope with the increasing globalization of markets.

As a result, consolidated net sales increased 9.6% from the previous year (changes in percentage hereafter are in comparison to the previous year) to 745,259 million yen. Operating income rose 12.9% to 77,954 million yen, and ordinary income grew 10.6% to 74,468 million yen. Net income went up 13.2% to 46,634 million yen.

##### Summary of Results by Business Segments

###### [Industrial Products]

Sales of bonding and joining products for use in portable electronics (such as music players and game machines), HDD-related components, home appliances and personal computers remained strong particularly in East Asia. With regard to surface protection products, sales of surface protection film for the FPD industry were favorable amid rising demand, while sales of automobile paint protection film and metal sheet protection film stayed flat. Sealing products sold well for peripheral components for appliances such as flat TVs and game gadgets and automobile components, while sales for cell phones were affected by production adjustments by customers. With regard to construction materials, sales were sluggish in Japan affected by the enforcement of the revised Building Standards Law, but sales of masking tapes for construction applications were robust in the overseas market. As for custom processing materials and purchased goods, overall sales decreased owing to a decline in handling of procurement products.

As a result, sales from the industrial products segment decreased by 4.5% to 256,910 million yen, and operating income decreased by 0.3% to 27,921 million yen.

###### [Electronic Products]

With regard to the business of LCD-related materials, as the markets for LCD TVs, cell phones and touch panels expanded, the Company put its efforts and resources into the fields, in which it has strength, such as polarizing plates with compensator for large-size panels and transparent conductive films for touch panels. Thanks to these efforts, this business continued to be steady. Sales of semiconductor-related materials rose only slightly in general due to price hikes of materials and an exchange rate fluctuation (in this case, the yen's appreciation), despite favorable sales of environmentally friendly resin and resin for advanced device. Overall sales of circuit materials were robust backed by strong sales for the storage industry, mainly for HDDs, despite weak sales of such materials for use in cell phones. As for electronic processing materials, sales of taping system for semiconductor manufacturing processes slowed affected by market adjustments in the latter half of the business year, while sales of water-protection adhesive tape for semiconductor manufacturing processes and adhesive tapes for semiconductor packaging were healthy, as well as sales of processing materials for small electronic components were strong in the field of digital home appliances.

As a result, sales for the electronic products segment rose by 21.1% to 432,332 million yen, and operating income rose by 29.9% to 40,852 million yen.

###### [Functional Products]

In medical-related products, sales were generally weak. In the background are: customers' refraining from buying transdermal therapeutic patches influenced by the revision of drug prices; competitors' launch of generic bronchodilator patches (for treatment of asthma); and the fact that in the US, new products (anti-hypertension drugs and cancer pain palliatives) were not approved as medicines within fiscal 2007. Sales of high-polymer separation membranes, particularly those for sea water desalination, were steady in Europe, the Middle East and emerging countries, due to the effects of an increase in production capacity and launch of new products. As for engineering plastic materials, overall sales were flat, although sales of functional materials for OA and information equipment and porous film materials for the automobile parts, electronic parts and home appliances were favorable.

As a result, sales in the functional products segment increased by 3.7% to 56,016 million yen, and operating income decreased by 4.1% to 9,180 million yen.

## (Reference) Operating Segment Information

(Yen in Millions)

		Fiscal 2006 (April 1, 2006 through March 31, 2007)		Fiscal 2007 (April 1, 2007 through March 31, 2008)		Increase/ Decrease	Fiscal 2008 (April 1, 2008 through March 31, 2009)	
		Sales	Y-o-Y(%)	Sales	Y-o-Y(%)		Sales	Y-o-Y(%)
Industrial Products	Tape materials	141,114	108.2	139,743	99.0	-1,370	157,000	112.3
	Custom processing materials/Purchased goods	127,774	105.7	117,166	91.7	-10,607	121,000	103.3
	Total	268,888	107.0	256,910	95.5	-11,977	278,000	108.2
	Operating income	28,019	122.2	27,921	99.7	-97	28,900	103.5
Electronic Products	LCD related products	255,776	108.2	309,314	120.9	53,537	348,000	112.5
	Semiconductor related products	20,850	102.7	21,348	102.4	497	22,000	103.1
	Printed circuits	48,358	122.0	64,863	134.1	16,504	58,000	89.4
	Electronic processing materials	31,955	102.8	36,806	115.2	4,851	36,000	97.8
	Total	356,941	109.0	432,332	121.1	75,390	464,000	107.3
	Operating income	31,449	53.6	40,852	129.9	9,402	42,600	104.3
Functional Products	Medical related products	18,200	102.6	17,577	96.6	-623	17,800	101.3
	Membrene products	17,702	126.9	20,075	113.4	2,372	21,600	107.6
	Engineering plastics	18,089	114.2	18,364	101.5	275	18,600	101.3
	Total	53,991	113.6	56,016	103.7	2,024	58,000	103.5
	Operating income	9,568	126.3	9,180	95.9	-387	6,500	70.8
Total	Sales	679,822	108.5	745,259	109.6	65,437	800,000	107.3
	Operating income	69,037	77.4	77,954	112.9	8,916	78,000	100.1

### Breakdown by Geographical Segments

In Japan, depreciation and amortization cost due to capital investment increased in tandem with the progression of transfers of high value-added products to overseas countries. In Asia and the Oceania region, sales of LCD-related products and industrial materials to be used in household appliances and electronic and information equipment such as LCD TVs, PCs and OA equipment were strong. There were particular increases in the sale of industrial materials made to conform to decreasing thickness and functional enhancement of electronic and information equipment.

As a result, sales in Japan were recorded at 256,288 million yen (down 4.5%) and operating income at 44,969 million yen (down 14.4%). Asia and the Oceania region saw strong sales of industrial materials for components related to LCD TV panels thanks to a surge in their production in South Korea and Taiwan in addition to increases in LCD-related products. Also, because of robust sales of printed circuits for HDDs, sales were 414,743 million yen (up 20.1%) with operating income at 27,614 million yen (up 123.0%).

In Europe, sales of industrial materials for the automotive industry and cellular phone related applications showed steady growth resulting in sales of 29,172 million yen (up 22.6%) and operating income of 2,178 million yen (up 37.2%).

In North America, as part of efforts to improve our automotive industry related business, the product lineup was revised and some products were transferred to production bases in Mexico. The high-polymer separation membranes business was strong in Europe and the Middle East, especially in the area of reverse osmosis membranes for seawater desalination. As a result, sales were recorded at 45,054 million yen (up 6.4%) and operating income was 338 million yen (restoration of profitability due to an increase of 1,001 million yen from the previous fiscal year).

## 2. Projection for the Next Term

As for the global economic outlook for fiscal 2008, the Group anticipates uncertainty to increase in the wake of the subprime loan crisis in the US. In Japan, soaring oil and raw material prices and a weakened dollar against the yen will lead to lower corporate earnings and sluggish consumer spending. In Asia, the Chinese economy, which has so far maintained positive figures, is showing signs of a slowdown.

Under these stringent economic circumstances, the Group will strive to improve quality and ensure sustainable growth in fiscal 2008, the first year of the new mid-term management plan (fiscal 2008-2010).

Regarding LCD-related products, the Group will continue its year-long efforts to strengthen the manufacturing capabilities of its new process wing at the Onomichi Plant, which makes optical films, focusing on large-sized TV panels and small panels for mobile phones with characteristics reflecting the technologies of the Group. At the same time, the Group is concentrating on the establishment of an optimum production system in China (Shenzhen) for the finishing processing.

As for the tape business, which represents the Group's core business, efforts will be made to improve results under the new system after the consolidation of Group sales functions effectuated last year. Also, production capabilities at new tape factories within the Toyohashi and Shiga Plants will be increased.

Further, as a business effectuated for improving the global environment, the Group will implement measures to expand businesses for seawater desalination and drainage recycling plants as to polymer separation membrane products, which are promising for water-related business.

As for transdermal therapeutic patches, a pharmaceutical product, the Group will work towards obtaining drug approval for new products.

For fiscal 2008, the Group forecasts sales of 800,000 million yen (up 7.3 %), operating income of 78,000 million yen (up 0.1%), ordinary income of 76,000 million yen (up 2.1%) and net income of 51,000 million yen (up 9.4%).\*

\*Assuming an exchange rate of 100 yen per US dollar.

The following are forecasts per business segment.

Business Segment	Sales (Millions of yen)	Y-o-Y(%)	Operating Income (Millions of yen)	Y-o-Y(%)
Industrial Products	278,000	8.2	28,900	3.5
Electronic Products	464,000	7.3	42,600	4.3
Functional Products	58,000	3.5	6,500	-29.2
Total	800,000	7.3	78,000	0.1

## (2) Analysis of Consolidated Financial Position

Cash and cash equivalents (hereinafter, "Cash") was 79,238 million yen at the end of the fiscal year, an increase of 4,686 million yen compared with the end of fiscal 2006. The main factors for changes by each cash flow activity were as follows.

### (Cash Flows from Operating Activities)

Cash increased to 101,595 million yen as a result of operating activities.

The main factors for this increase include income before provision for income taxes, 69,090 million yen, depreciation and amortization, 49,617 million yen, and trade notes and accounts payable, 5,495 million yen. On the other hand, the main uses of cash during the period include increased amounts of inventories, 4,465 million yen, and payment of income taxes, 20,799 million yen.

### (Cash Flows from Investing Activities)

Cash decreased to 61,468 million yen as a result of investing activities.

This was mainly attributable to the result of acquisition of fixed assets, 66,850 million yen.

### (Cash Flows from Financing Activities)

Cash decreased to 27,648 million yen as a result of financing activities.

This was mainly attributable to the result of a payment of dividends, 12,485 million yen and a decrease of commercial paper, 10,000 million yen.

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

	March, 2005	March, 2006	March, 2007	March, 2008
Shareholder' equity ratio (%)	58.9	57.7	60.4	64.2
Shareholders' equity ratio on a market value basis (%)	208.7	296.2	152.4	117.7
Debt redemption period (year)	0.3	0.3	0.6	0.2
Interest coverage ratio	169.0	92.1	57.1	57.6

Note:

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

Shareholders' equity ratio: shareholders' equity / total assets

Shareholders' equity ratio on a market value basis: total market value of shares / total assets

Debt redemption period: liabilities with interest / cash flow from operating activities

Interest coverage ratio: cash flow from operating activities / interest payment

2. Total market value of shares is obtained by multiplying the closing price of a share at the end of the year by the number of shares issued at the end of the first half, after deduction of treasury stock.

3. Cash flow from operating activities and interest payment used here are those included in the consolidated cash flow statement.

4. Liabilities with interest represent all the liabilities included in the consolidated balance sheet for which interest is paid.

### 3. Dividend policy, dividends at year-end

The Corporation's dividend policy, in principle, is to ensure a stable and fair return for 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 timely customer demands. Accordingly, the dividends to the shareholders will be determined, in consideration of the Corporation's overall financial condition, profit level and payout ratio.

The Corporation will pay 40 yen per share for year-end dividends, as the interim dividends paid, based on our basic policy of appropriation of the corporation's profits, making a total of 80 yen per share for the full year, a 10 yen increase from the previous year. As to the dividends of the next term, we plan a total of 90 yen per share for the full year.

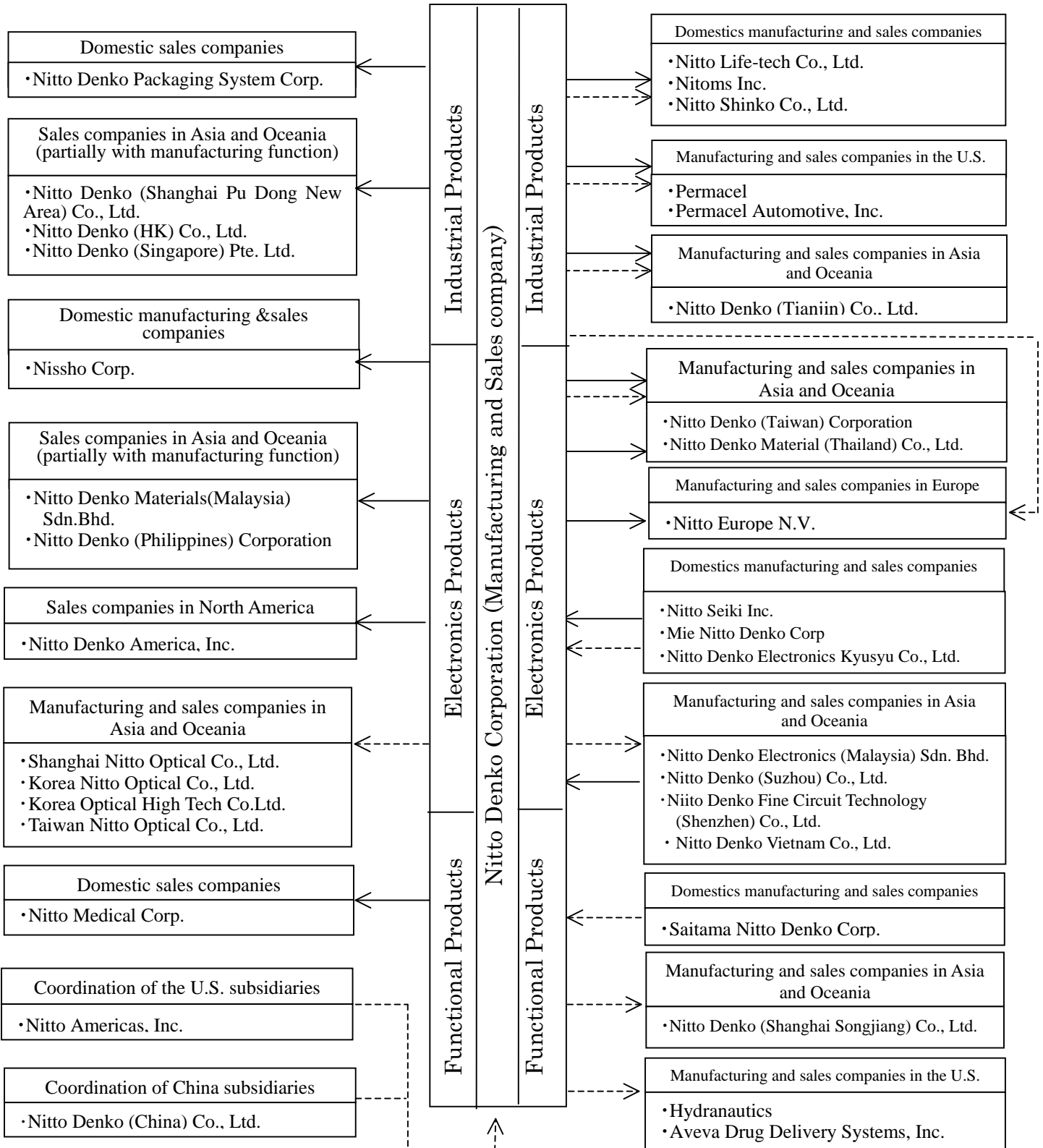
## 2. Nitto Denko Group Operations

As of March 31, 2008 Nitto Denko Group is comprised of this Corporation and its 109 subsidiaries as well as its 1 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.

Notes:

1. As of April 1, 2007, the Company conducted a corporate demerger which Nissho corporation, Kyoshin Co., Ltd., and Nitto Denko Matex Co., Ltd. were the divisively reorganizing companies and the Company and Nissho corporation were the succeeding companies.

2. As of July 1, 2007, the Company conducted an absorption-type merger of Kyoshin Co., Ltd. and Nitto Denko Matex Co., Ltd.



### 3. Management Policy

#### (1) 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 build a corporation of real value for all our stakeholders, including society, shareholders and employees.

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 our basic strategy, we have developed "Global Niche Top" strategy. We organize ourselves to provide the greatest satisfaction for our customers and to gain top market shares on a global scale by making the most of our unique differentiated 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 "differentiated technologies" well in advance so that we can meet customer demands timely and aptly. We will also carry forward our marketing activities, collectively called the "San-Shin (Three-New) Activities", in which we aim to "explore new uses", to "develop new products" and to "create new demands". Through these activities, we will create new business areas around our existing ones. By continuously increasing Global Niche Top products, we will respond to expectations of stakeholders.

"Global Niche Top", used as the proper name to represent our business strategy, has received a trademark in Japan.

#### (2) Mid-term and long-term business strategy

The Group formulated a new mid-term management plan, "G" NET-2010, which will last through fiscal 2010. With the basic concept, "Striving for Quality-driven Sustainable Growth," the plan calls for achieving consolidated net sales of 900,000 million yen and an operating income of 100,000 million yen for fiscal 2010. To attain these earnings targets, we will prioritize: (1) the well-balanced development of niche businesses for supporting high growth and businesses for stably earning profits; (2) enhancement of corporate quality through contribution to global environment and the creation of an easy-to-work environment; and (3) encouraging our employees to think, act and take on challenges on their own. Thus, by proactively investing not only in developing businesses but also in improving quality and training personnel, we aim to be a corporation that will continue to grow even in 2018, the year marking the Company's 100th anniversary.

#### (3) Key issues to be addressed

During fiscal 2007, considering it as a "preparatory year for the next growth," the Group focused on the reform of Group business structure, the productivity reform for LCD-related materials, the acceleration of overseas development of the industrial material business, and the establishment of global management infrastructure for supporting these projects.

In fiscal 2008, the world economy is experiencing increased uncertainty affected by the subprime mortgage problem in the US. In Japan, the strong yen against the dollar and price hikes of oil and raw materials are putting heavy pressure on corporate earnings, and consumer spending looks weak. In Asia, the Chinese economy, which had maintained robust growth, is forecast to decelerate.

In implementing businesses, we will focus on the following efforts:

##### [Industrial Products]

With the integration of sales functions within the Group in fiscal 2007, we have made great efforts in the tape business to respond more rapidly to the needs of the industry and customers. In the future, we will further strengthen our worldwide production system, raise production capacity, invest in the measures for reducing impact on the global environment, and develop eco-friendly products such as low-VOC (volatile organic compound) products.

##### [Electronic Products]

As for the mainstay LCD-related business, in which large-size LCD panels are becoming commodities, the Group will continue to implement various measures, including the reform of productivity such as reorganization of manufacturing processes, from the perspective emphasizing cash flows. We will increase production capacity for touch-panel materials, whose market is expanding. With regard to semiconductor-related materials, we will establish a new plant in Kyushu in order to cope with a growing demand for environmentally friendly resin.

##### [Functional Products]

In the business of medical-related materials, the Group will reinforce the business of transdermal drug delivery patches in North America and Asia. In the backdrop of global water shortage, we will aggressively implement

global activities to win orders for high-polymer separation membranes for sea water desalination and reuse of waste water, which can contribute to protecting the environment, from the perspective of energy saving.

As stated above, amid various changes including shortened product life cycle, globalization of customers as in the case of BRICs whose economies are rapidly developing, and heightened public awareness of environmental problems, the Group takes such changes as business opportunities and will develop its operations.

## Consolidated Balance Sheets

	Fiscal 2006 (As of March 31, 2007)		Fiscal 2007 (As of March 31, 2008)		Increase/ decrease
	Millions of yen	%	Millions of yen	%	Millions of yen
(Assets)					
<b>Current assets</b>					
Cash on hand and in banks	75,762		80,182		4,419
Trade notes and accounts receivable	150,377		142,070		-8,306
Inventories	72,293		72,403		109
Deferred tax assets	7,505		8,045		539
Other current assets	10,892		13,894		3,002
Allowance for doubtful receivables	-1,528		-772		755
	315,303	52.2	315,824	53.0	520
<b>Fixed assets</b>					
Tangible fixed assets					
Buildings and structures	173,475		177,519		4,043
Machinery and material-handling equipment	286,892		306,457		19,565
Tools, fixtures and parts	33,248		33,741		493
Land	19,666		19,530		-135
Construction in progress	24,809		25,438		628
Accumulated depreciation	-291,348		-318,883		-27,535
	246,744	40.8	243,803	40.9	-2,940
Intangible fixed assets					
Goodwill and consolidation adjustment account	60		72		11
Other intangible fixed assets	6,707		6,538		-168
	6,768	1.1	6,610	1.1	-157
Investments and other assets					
Investments in securities	17,320		10,806		-6,514
Deferred tax assets	2,191		3,431		1,240
Prepaid pension cost	11,050		11,241		191
Others	5,103		4,420		-682
Allowance for doubtful receivables	-274		-166		108
	35,391	5.9	29,733	5.0	-5,658
Total of fixed assets	288,904	47.8	280,148	47.0	-8,756
Total assets	604,208	100.0	595,972	100.00	-8,235

	Fiscal 2006 (As of March 31, 2007)		Fiscal 2007 (As of March 31, 2008)		Increase/ decrease
	Millions of yen	%	Millions of yen	%	Millions of yen
(Liabilities)					
<b>Current liabilities</b>					
Trade notes and accounts payable	104,417		100,588		-3,828
Short-term loans payable	24,228		8,416		-15,811
Commercial paper	10,000		-		-10,000
Account payable others	38,894		36,936		-1,958
Accrued expenses	18,053		19,440		1,386
Income taxes	9,777		12,329		2,551
Reserve for directors' bonuses	498		529		30
Other current liabilities	3,552		2,296		-1,255
	209,422	34.7	180,536	30.3	-28,885
<b>Long-term liabilities</b>					
Long-term loans payable	1,806		6,933		5,127
Provision for retirement benefits	16,102		18,267		2,164
Provision for retirement allowances for directors and corporate auditors	852		574		-277
Deferred tax liabilities	1,628		457		-1,170
Negative goodwill	1,540		1,063		-476
Other long-term liabilities	5,244		2,545		-2,699
	27,174	4.5	29,842	5.0	2,667
Total liabilities	236,597	39.2	210,379	35.3	-26,218
(Net assets)					
<b>Shareholders' equity</b>					
Common stock	26,783		26,783		-
Capital surplus	56,023		56,163		140
Retained earnings	304,552		338,701		34,148
Treasury stock	-28,829		-28,427		402
	358,530	59.3	393,221	66.0	34,691
<b>Variance and translation adjustments</b>					
Valuation difference on available-for-sale securities	5,646		3,171		-2,475
Deferred gains or losses on hedges	-76		169		246
Translation adjustments	842		-13,935		-14,777
	6,411	1.1	-10,594	-1.8	-17,006
<b>Subscription rights to shares</b>	484	0.1	897	0.2	413
<b>Minority interests</b>	2,183	0.3	2,068	0.3	-115
Total net assets	367,610	60.8	385,593	64.7	17,982
Total liabilities and net assets	604,208	100.0	595,972	100.0	-8,235

## Consolidated Statements of Income

	Fiscal 2006 (April 2006 through March 2007)		Fiscal 2007 (April 2007 through March 2008)		Increase/ decrease
	Millions of yen	%	Millions of yen	%	Millions of yen
I Sales	679,822	100.0	745,259	100.0	65,437
II Cost of sales	496,361	73.0	548,551	73.6	52,190
Gross profit	183,460	27.0	196,708	26.4	13,247
III Selling, general and administrative expenses	114,423	16.8	118,753	15.9	4,330
<b>Operating income</b>	69,037	10.2	77,954	10.5	8,916
<b>IV Non-operating income</b>					
Interest income	611		676		
Dividend income	178		215		
Equity in earnings of non-consolidated subsidiaries and affiliates	392		-		
Rent income	337		311		
Subsidies	177		451		
Scrap income	781		1,361		
Negative goodwill amortization	-		489		
Miscellaneous income	2,043		1,243		
	4,523	0.6	4,749	0.6	226
<b>V Non-operating expenses</b>					
Interest expenses	1,651		1,738		
Sales discount	668		512		
Exchange loss	2,220		4,032		
Miscellaneous expenses	1,700		1,952		
	6,241	0.9	8,235	1.1	1,993
Ordinary income	67,319	9.9	74,468	10.0	7,149

	Fiscal 2006 (April 2006 through March 2007)		Fiscal 2007 (April 2007 through March 2008)		Increase/ decrease
	Millions of yen	%	Millions of yen	%	Millions of yen
<b>VI Extraordinary gains</b>					
Gains on sales of fixed assets	389		534		
Gains on sales of investments in securities	11		308		
Gains on insurance cancellation	-		427		
Reversal of allowance for doubtful accounts	-		489		
Other extraordinary gains	-		604		
	400	0.1	2,363	0.3	1,963
<b>VII Extraordinary losses</b>					
Losses on sales of fixed assets	456		201		
Losses on disposal of fixed assets	1,197		4,927		
Devaluation Loss of Investments in Securities	-		21		
Impairment loss on fixed assets	86		345		
Special benefits on retirement	582		465		
Loss on sales of affiliated companies	77		-		
Annuity purchase cost for oversea pension plan	218		-		
Other extraordinary losses	-		1,778		
	2,618	0.4	7,741	1.0	5,122
Income before provision for income taxes	65,100	9.6	69,090	9.3	3,990
Provision for income taxes					
Current	22,330		23,215		
Deferred	1,116		-1,408		
Minority interest in net income of consolidated subsidiaries	452	0.1	650	0.0	198
<b>Net income</b>	41,201	6.1	46,634	6.3	5,432

## Consolidated Statements of Changes in Net Assets

April 1, 2006 through March 31, 2007

(Yen in Millions)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total
Balance as of March 31, 2006	26,783	51,166	274,678	-34,173	318,455
Changes during the term					
Cash dividends (Note)			-4,953		-4,953
Cash dividends			-5,824		-5,824
Directors' bonuses (Note)			-549		-549
Net income			41,201		41,201
Repurchases of treasury stocks				-16	-16
Disposal of treasury stocks		4,857		5,360	10,217
Net changes of items other than shareholders' equity					
Total changes during the term	-	4,857	29,873	5,343	40,075
Balance as of March 31, 2007	26,783	56,023	304,552	-28,829	358,530

	Valuation and translation adjustments				Subscription rights to shares	Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains and losses on hedges	Translation adjustments	Total			
Balance as of March 31, 2006	6,712	-	-3,702	3,009	-	12,742	334,206
Net changes during the term							
Cash dividends (Note)							-4,953
Cash dividends							-5,824
Directors' bonuses (Note)							-549
Net income							41,201
Repurchases of treasury stocks							-16
Disposal of treasury stocks							10,217
Net changes of items other than shareholders' equity	-1,065	-76	4,544	3,402	484	-10,558	-6,671
Total changes during the term	-1,065	-76	4,544	3,402	484	-10,558	33,403
Balance as of March 31, 2007	5,646	-76	842	6,411	484	2,183	367,610

Note: These are items concerning the appropriations of earnings resolved at the general shareholders' meeting of held on June 2006.

April 1, 2007 through March 31, 2008

(Yen in Millions)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total
Balance as of March 31, 2007	26,783	56,023	304,552	-28,829	358,530
Net changes during the term					
Cash dividends			-12,485		-12,485
Net income			46,634		46,634
Repurchases of treasury stocks				-6	-6
Disposal of treasury stocks		140		408	548
Net changes of items other than shareholders' equity					
Total changes during the term	-	140	34,148	402	34,691
Balance as of March 31, 2008	26,783	56,163	338,701	-28,427	393,221

	Valuation and translation adjustments				Subscription rights to shares	Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains and losses on hedges	Translation adjustments	Total			
Balance March 31, 2007	5,646	-76	842	6,411	484	2,183	367,610
Net changes during the term							
Cash dividends							-12,485
Net income							46,634
Repurchases of treasury stocks							-6
Disposal of treasury stocks							548
Net changes of items other than shareholders' equity	-2,475	246	-14,777	-17,006	413	-115	-16,708
Total changes during the term	-2,475	246	-14,777	-17,006	413	-115	17,982
Balance as of March 31, 2008	3,171	169	-13,935	-10,594	897	2,068	385,593

## Consolidated Statements of Cash Flows

	Fiscal 2006 (April 2006 through March 2007)	Fiscal 2007 (April 2007 through March 2008)
	Millions of yen	Millions of yen
<b>I Cash flows from operating activities</b>		
Income before provision for income taxes before adjustments to reconcile income to net cash provided by operating activities	65,100	69,090
Depreciation and amortization	40,169	49,617
Impairment losses	86	345
Increase/decrease in provision for retirement benefits	-296	2,267
Increase/decrease in provision for retirement allowances for directors and corporate auditors	-12	-277
Interest and dividend income	-790	-892
Interest expenses	1,651	1,738
Exchange gains/losses	-0	-84
Equity in earnings of non-consolidated subsidiaries and affiliates	-392	146
Devaluation Loss of Investments in Securities	-	21
Gains/Losses on sales and disposal of fixed assets	1,264	4,595
Increase (decrease) in trade notes and accounts receivable	-5,401	-1,082
Increase (decrease) in inventories	-11,613	-4,465
Increase (decrease) in other accounts receivable	-308	-383
Increase (decrease) in trade notes and accounts payable	9,849	5,495
Increase (decrease) in accrued expenses	-618	2,283
Directors' bonuses paid	-582	33
Changes in others	2,397	-5,151
Sub-total	100,505	123,299
Interest and dividends received	755	858
Interest paid	-1,104	-1,762
Income taxes paid and refunded	-37,124	-20,799
<b>Net cash provided by operating activities</b>	63,032	101,595
<b>II Cash flows from investing activities</b>		
Increase (decrease) in time deposits	-218	238
Acquisition of fixed assets	-77,716	-66,850
Proceeds from sales of fixed assets	1,308	2,995
Purchase of investments in securities	-112	-209
Proceeds from sales of investments in securities	18	2,745
Purchase of securities of subsidiaries	-613	-392
Proceeds from sales of subsidiary securities	99	153
Payments of loans	-80	-331
Collections of loans	29	181
<b>Net cash used in investing activities</b>	-77,285	-61,468
<b>III Cash flows from financing activities</b>		
Increase (decrease) in short-term debt	2,555	-8,579
Increase (decrease) in commercial papers	10,000	-10,000
Proceeds from long term debt	-	6,741
Repayment of long-term debt	-1,386	-3,798
Proceeds from sales of treasury stock	819	542
Dividends paid	-10,777	-12,485
Dividends paid to minority interest	-330	-68
<b>Net cash used in financing activities</b>	879	-27,648
<b>IV Effect of exchange-rate changes on cash and cash equivalents</b>	1,240	-7,822
<b>V Net Increase in cash and cash equivalents</b>	-12,132	4,655
<b>VI Cash and cash equivalents, beginning of period</b>	86,684	74,551
<b>VII Cash and cash equivalents of newly consolidated companies</b>	-	31
<b>VIII Cash and cash equivalents, at end of year</b>	74,551	79,238

## Basis of Preparation for the Consolidated Financial Statements

The disclosure of the other changes except the following are omitted, since there have been no significant changes since the recent financial statements (submitted on June 23, 2006).

Fiscal 2006 (From April 1, 2006 to March 31, 2007)	Fiscal 2007 (From April 1, 2007 to March 31, 2008)
<p>1. Number of consolidated and non-consolidated subsidiaries</p> <p>Number of consolidated subsidiaries: 112</p> <p>Number of non-consolidated subsidiaries: 5</p> <hr/> <p>Total 117</p> <p>Newly consolidated subsidiaries:</p> <ul style="list-style-type: none"> <li>• Established: Shenzhen Nitto Optical Co., Ltd.</li> <li>And other 5 companies</li> </ul> <p>Company whose status as a consolidated subsidiary ceased:</p> <ul style="list-style-type: none"> <li>• Merged among affiliated companies: Nitto Machinery Co. Ltd.</li> </ul> <p>Newly non-consolidated subsidiaries:</p> <ul style="list-style-type: none"> <li>• Established: None</li> </ul> <p>Company whose status as a non-consolidated subsidiary ceased: 1 company</p> <p>2. Major consolidated subsidiaries:</p> <p>Nissho Corp. Kyoshin Co., Ltd. Nitto Denko Matex Corporation Taiwan Nitto Optical Co., Ltd. Korea Nitto Optical Co., Ltd.</p> <p>3. Major non-consolidated subsidiaries:</p> <p>Korea Nitto Denko Co., Ltd.</p> <p>4. All of the non-consolidated subsidiaries are small, and their total net assets, net sales, net profit or loss, and earned surplus, etc., which correspond to holdings under the equity method have little effect on the consolidated financial statements. Hence, these companies are excluded from the scope of consolidation.</p>	<p>1. Number of consolidated and non-consolidated subsidiaries</p> <p>Number of consolidated subsidiaries: 105</p> <p>Number of non-consolidated subsidiaries: 4</p> <hr/> <p>Total 109</p> <p>Newly consolidated subsidiaries:</p> <ul style="list-style-type: none"> <li>• Established: Nissho Precision Vietnam Co., Ltd.</li> <li>• Transferred from a non-consolidated subsidiary: Korea Nitto Denko Co., Ltd.</li> </ul> <p>Company whose status as a consolidated subsidiary ceased:</p> <ul style="list-style-type: none"> <li>• Merged with the Company: Kyoshin Co., Ltd., Nitto Denko Matex Corporation</li> <li>• Liquidated, sold, etc.: Kyoshin Electronics (Shanghai) Co., Ltd. and other 6 companies</li> </ul> <p>Newly non-consolidated subsidiaries:</p> <ul style="list-style-type: none"> <li>• Established: None</li> </ul> <p>Company whose status as a non-consolidated subsidiary ceased: 1 company</p> <p>2. Major consolidated subsidiaries:</p> <p>Nissho Corp., Taiwan Nitto Optical Co., Ltd. Korea Nitto Optical Co., Ltd. Nitto Europe N.V.</p> <p>3. Major non-consolidated subsidiaries:</p> <p>Nitto Denko Technical Corporation</p> <p>4. All of the non-consolidated subsidiaries are small, and their total net assets, net sales, net profit or loss, and earned surplus, etc., which correspond to holdings under the equity method have little effect on the consolidated financial statements. Hence, these companies are excluded from the scope of consolidation.</p>

Additional Information

Fiscal 2006 (From April 1, 2006 to March 31, 2007)	Fiscal 2007 (From April 1, 2007 to March 31, 2008)
-----	<p>(Depreciation method of major depreciable assets)</p> <p>In the wake of the revision of the Corporation Tax Law in fiscal 2007, we reviewed the economic useful life of some facilities, and shortened the useful life from seven years to five years beginning in this consolidated fiscal year. As a result, operating income, ordinary income and income before provision for income taxes are each 2,703 million yen less than those based on the conventional life.</p> <p>From this consolidated fiscal year, we evenly depreciate the difference between the amount equivalent to 5% of the acquisition value and the memorandum value over a five-year period, starting from the following fiscal year of the consolidated fiscal year when the value of assets reached 5% of the acquisition value. This change has a limited impact.</p>

**Notes to the Consolidated Financial Statements**

(Consolidated Statements of Income)

Fiscal 2006 (From April 1, 2006 to March 31, 2007)	Fiscal 2007 (From April 1, 2007 to March 31, 2008)
Major Items of Selling, General and Administrative Expenses and their Amount:	Major Items of Selling, General and Administrative Expenses and their Amount:
Fees 6,134 million yen	Fees 5,530 million yen
Transportation cost 16,682 million yen	Transportation cost 17,103 million yen
Depreciation and amortization 6,725 million yen	Depreciation and amortization 7,125 million yen
Employment cost 46,778 million yen	Employment cost 47,778 million yen
Provision for retirement benefits 2,351 million yen	Provision for retirement benefits 2,698 million yen
Provision for retirement allowances for directors and corporate auditors 159 million yen	Provision for retirement allowances for directors and corporate auditors 114 million yen
Provision for directors' bonuses 498 million yen	Provision for directors' bonuses 520 million yen

## (Tax Effect Accounting)

Fiscal 2006 (As of March 31, 2007)		Fiscal 2007 (As of March 31, 2008)	
Significant components of deferred tax assets and liabilities:		Significant components of deferred tax assets and liabilities:	
[Current assets] (Deferred tax assets)		[Current assets] (Deferred tax assets)	
Loss on revaluation of inventories	197 mil. yen	Loss on revaluation of inventories	577 mil. yen
Unrealized gains on inventories	1,637 mil. yen	Unrealized gains on inventories	1,554 mil. yen
Unpaid business taxes	878 mil. yen	Unpaid business taxes	1,165 mil. yen
Accounts payable	304 mil. yen	Accounts payable	315 mil. yen
Accrued expenses	3,639 mil. yen	Accrued expenses	4,068 mil. yen
Others	687 mil. yen	Others	477 mil. yen
Total deferred tax assets	7,505 mil. yen	Total deferred tax assets	8,159 mil. yen
Net deferred tax assets	7,505 mil. yen	(Deferred tax liabilities)	
		Deferred gains or losses on hedges	113 mil. yen
		Total deferred tax liabilities	113 mil. yen
		Net deferred tax liabilities	8,045 mil. yen
[Fixed assets]		[Fixed assets]	
Depreciation expenses beyond allowable amount as deductibles	2,744 mil. yen	Depreciation expenses beyond allowable amount as deductibles	3,259 mil. yen
Intangible fixed assets	128 mil. yen	Intangible fixed assets	103 mil. yen
Provision for retirement benefits	2,935 mil. yen	Provision for retirement benefits	2,951 mil. yen
Provision for retirement allowances for directors and corporate auditors	459 mil. yen	Provision for retirement allowances for directors and corporate auditors	345 mil. yen
Others	705 mil. yen	Others	1,248 mil. yen
Total deferred tax assets	6,973 mil. yen	Total deferred tax assets	7,908 mil. yen
(Deferred tax liabilities)		(Deferred tax liabilities)	
Advance retirement pension cost	637 mil. yen	Advance retirement pension cost	551 mil. yen
Reserve for reduction of acquisition cost of fixed assets	206 mil. yen	Reserve for reduction of acquisition cost of fixed assets	271 mil. yen
Reserve for special depreciation	410 mil. yen	Reserve for special depreciation	145 mil. yen
Undistributed earnings of overseas subsidiaries and affiliates	1,363 mil. yen	Reserve for reduction of special account	136 mil. yen
Net unrealized holding gains on securities	3,792 mil. yen	Undistributed earnings of overseas subsidiaries and affiliates	1,698 mil. yen
Total deferred tax liabilities	6,410 mil. yen	Net unrealized holding gains on securities	2,132 mil. yen
Net deferred tax assets	562 mil. yen	Total deferred tax liabilities	4,935 mil. yen
		Net deferred tax assets	2,973 mil. yen

## Segment information

### a. Operating segment information

Fiscal 2006 (April 1, 2006 through March 31, 2007)

(Yen in Millions)

	Industrial products	Electronic products	Functional products	Total	Eliminations and corporate	Consolidated total
1. Net sales and operating income						
Net sales						
(1) Net sales to outside customers	268,888	356,941	53,991	679,822	-	679,822
(2) Inter-segment sales or transfers	-	47	691	738	(738)	-
Total	268,888	356,989	54,683	680,560	(738)	679,822
Operating expenses	240,869	325,539	45,114	611,523	(738)	610,784
Operating income	28,019	31,449	9,568	69,037	-	69,037
2. Assets, Depreciation and Amortization, and Capital Expenditures						
Assets	170,986	316,245	52,395	539,626	64,581	604,208
Depreciation and Amortization	10,278	25,813	4,078	40,169	-	40,169
Capital Expenditure	19,398	54,603	7,500	81,502	-	81,502

Fiscal 2007 (April 1, 2007 through March 31, 2008)

(Yen in Millions)

	Industrial products	Electronic products	Functional products	Total	Eliminations and corporate	Consolidated total
1. Net sales and operating income						
Net sales						
(1) Net sales to outside customers	256,910	432,332	56,016	745,259	-	745,259
(2) Inter-segment sales or transfers	-	99	670	769	(769)	-
Total	256,910	432,432	56,686	746,029	(769)	745,259
Operating expenses	228,989	391,580	47,505	668,075	(769)	667,305
Operating income	27,921	40,852	9,180	77,954	-	77,954
2. Assets, Depreciation and Amortization, and Capital Expenditures						
Assets	166,944	316,095	46,394	529,434	66,537	595,972
Depreciation and Amortization	12,954	32,485	4,176	49,617	-	49,617
Capital Expenditure	12,065	46,820	3,600	62,487	-	62,487

(Notes) ① 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.

② 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

③ Corporate assets in fiscal 2006 and fiscal 2007 amount to 70,041 million and 83,183 million yen, respectively, which consist mainly of the parent company's cash, time deposits and marketable securities.

## b. Segment information by geographic area

Fiscal 2006 (April 1, 2006 through March 31, 2007)

(Yen in Millions)

	Japan	North America	Europe	Asia & Oceania	Total	Eliminations and corporate	Consolidated total
1. Sales and operating income							
Sales							
(1) Sales to outside customers	268,364	42,349	23,787	345,321	679,822	-	679,822
(2) Inter-segment sales or transfers	269,925	2,641	4,381	17,434	294,383	(294,383)	-
Total	538,289	44,991	28,169	362,755	974,205	(294,383)	679,822
Operating expenses	485,753	45,654	26,581	350,373	908,364	(297,579)	610,784
Operating income	52,535	-663	1,587	12,382	65,841	3,195	69,037
2. Assets	381,237	49,621	17,450	188,213	636,522	(32,313)	604,208

Fiscal 2007 (April 1, 2007 through March 31, 2008)

(Yen in Millions)

	Japan	North America	Europe	Asia & Oceania	Total	Eliminations and corporate	Consolidated total
1. Sales and operating income							
Sales							
(1) Sales to outside customers	256,288	45,054	29,172	414,743	745,259	-	745,259
(2) Inter-segment sales or transfers	316,763	2,513	4,595	28,204	352,077	(352,077)	-
Total	573,052	47,568	33,768	442,947	1,097,337	(352,077)	745,259
Operating expenses	528,082	47,230	31,590	415,333	1,022,236	(354,931)	667,305
Operating income	44,969	338	2,178	27,614	75,100	2,853	77,954
2. Assets	375,232	45,452	20,512	180,127	621,324	(25,351)	595,972

(Notes) ① Countries or regions are segmented by geographical proximity.

② Major countries or regions excluding Japan represented by categories:

    North America : U.S.A.

    Europe : Belgium, France, Germany, Sweden

    Asia & Oceania : China, Korea, Taiwan, Singapore, Malaysia, Hong Kong, Thailand

③ Corporate assets in fiscal 2006 and fiscal 2007 amount to 70,041 million and 83,183 million yen, respectively, which consist mainly of the parent company's cash, time deposits and marketable securities.

### c. Sales to customers outside Japan

Fiscal 2006 (April 1, 2006 through March 31, 2007)

	North America	Europe	Asia & Oceania	Others	Total
I. Sales to customers outside Japan	Millions of yen 36,510	Millions of yen 25,650	Millions of yen 362,816	Millions of yen 722	Millions of yen 425,699
II. Consolidated sales					Millions of yen 679,822
III. Ratio of sales to customers outside Japan to consolidated sales	% 5.4	% 3.8	% 53.4	% 0.1	% 62.6

- Notes: ① Countries or regions are listed in the order of geographical proximity.  
 ② Major countries or regions excluding Japan represented by categories:  
     North America : U.S.A.  
     Europe : Belgium, France, Germany, Sweden  
     Asia & Oceania : China, Korea, Taiwan, Singapore, Malaysia, Hong Kong, Thailand  
     Others : African and South American countries  
 ③ Sales to customers outside Japan represent the sales by the parent company and its consolidated subsidiaries in the countries or regions outside Japan.

Fiscal 2007 (April 1, 2007 through March 31, 2008)

	North America	Europe	Asia & Oceania	Others	Total
I. Sales to customers outside Japan	Millions of yen 38,072	Millions of yen 33,952	Millions of yen 432,758	Millions of yen 1,226	Millions of yen 506,010
II. Consolidated sales					Millions of yen 745,259
III. Ratio of sales to customers outside Japan to consolidated sales	% 5.1	% 4.6	% 58.1	% 0.2	% 67.9

- Notes: ① Countries or regions are listed in the order of geographical proximity.  
 ② Major countries or regions excluding Japan represented by categories:  
     North America : U.S.A.  
     Europe : Belgium, France, Germany, Sweden  
     Asia & Oceania : China, Korea, Taiwan, Singapore, Malaysia, Hong Kong, Thailand  
     Others : African and South American countries  
 ③ Sales to customers outside Japan represent the sales by the parent company and its consolidated subsidiaries in the countries or regions outside Japan.

(Amount per share)

	Fiscal 2006 (From April 1, 2006 to March31, 2007)	Fiscal 2007 (From April 1, 2007 to March31, 2008)
Net assets amount per share	2,192. 29 yen	2,297. 12 yen
Net income per share	248. 33 yen	280. 07 yen
Net income per share after adjustment of residual securities	248. 01 yen	279. 82 yen
(Information for the computation of the net income per share)		
Net income	41,201 million yen	46,634 million yen
The amount which is not attributable to ordinary shareholders (Bonus to directors to pay as appropriation of retained earnings)	-- (--)	-- (--)
Net income related to common stock	41,201 million yen	46,634 million yen
Average number of common stock	165,916,000	165,510,000
The number of increased common stock for computation of net income per share after adjustment of residual securities (The number of share warrant)	215,000 (215,000)	148,000 (148,000)
Residual securities not included in the calculation of net income per share after adjustment of residual securities as they do not have any diluting effect	Share warrant Number of residual securities 356,900	Share warrant Number of residual securities 997,300