

Summary of Consolidated Financial Statements for the Fiscal 2004 Third Quarter

Listed company name: **Nitto Denko Corporation** Code Number: 6988
 Stock Exchange Listings: Tokyo and Osaka, First Section
 (URL <http://www.nitto.co.jp/>)
 Company Representative: President, Masamichi Takemoto
 Contact Person: General Manager, Public & Investor Relations Department
 Name Hideki Komai TEL: (072) 622-2981

1. Basis of Preparation for the Quarterly Consolidated Financial Statements

Difference in the accounting method from the previous fiscal : Yes (Alteration of business segmentation in year (consolidated) segment information)
 Changes in the scope of consolidation and equity method : Consolidation (Inclusion): 4
 Equity method (Inclusion): 5 (Exclusion): 3
 Audit involvement : Yes

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

2. Consolidated Business Results of the Fiscal 2004 Third Quarter (From April 1, 2003 to December 31, 2003)

(1) Status of Operational Results (consolidated)

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

[Third Quarter] (Three months ended December 31, 2003)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yens	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Third quarter of Fiscal 2004	120,082	25.0	17,007	107.2	17,321	102.9	10,770	140.3
Third quarter of Fiscal 2003	96,095	10.6	8,207	33.7	8,537	32.8	4,482	44.1

	Net income per share – Basic		Net income per share – Diluted	
	Yen		Yen	
Third quarter of Fiscal 2004	65.	38	65.	35
Third quarter of Fiscal 2003	25.	84	-	-

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.

[Third Quarter] (Nine months ended December 31, 2003)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Third quarter of Fiscal 2004	333,689	17.1	38,434	47.2	40,580	55.8	24,856	80.4
Third quarter of Fiscal 2003	284,847	12.3	26,113	95.8	26,044	84.9	13,775	102.6
(Reference) March, 2003	378,705	11.7	33,901	75.5	35,832	81.4	19,237	1,625.1

	Net income per share – Basic		Net income per share – Diluted	
	Yen		Yen	
Third quarter of Fiscal 2004	149.	00	148.	97
Third quarter of Fiscal 2003	79.	36	-	-
(Reference) March, 2003	108.	52	-	-

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
Third quarter of Fiscal 2004	375,882	213,618	56.8	1,305.98
Third quarter of Fiscal 2003	361,594	230,775	63.8	1,330.58
(Reference) March, 2003	379,811	237,560	62.5	1,367.38

<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
Third quarter of Fiscal 2004	22,126	21,584	30,603	42,784
Third quarter of Fiscal 2003	38,958	26,153	3,216	49,928
(Reference) March, 2003	59,224	24,608	1,638	73,341

3. Projections for the Year Ending March, 2004 (From April 1, 2003 to March 31, 2004)

	Net sales	Operating income	Ordinary income	Net income
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Full-year	450,000	52,000	55,000	33,000

(Reference) Projected net income per share for the full year: 196.38 yen

(Reference) Projected Unconsolidated Results of the Year Ending March, 2004 (From April 1, 2003 to March 31, 2004)

	Net sales	Operating income	Ordinary income	Net income
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Full-year	276,000	37,300	41,500	25,800

(Reference) Projected net income per share for the full year: 154.09 yen

* The projection shown above involves provisions based upon assumptions, forecasts, and plans as of the issuing date of this report, and therefore the actual results may differ from these forecasted figures due to risks or uncertain factors by the global economy, competitive conditions, exchange fluctuations, and so on. The projected net income per share is calculated based on the projected average number of shares outstanding caused by purchase of treasury stock.

Summary of Consolidated Business Results

1. Fiscal 2004 third quarter (Three months ended December 31, 2003)

Summary of overall business

In this period, the Nitto Denko Group enjoyed robust growth: LCD-related products and surface protection products for flat-panel display (FPD) industry grew greatly, flexible printed circuits and bonding products for cellular phones and PCs industries remained favorable. Besides, semiconductor-related products and electronic processing products grew smoothly for semiconductor and electronic component industries, which are in recovering trend.

Net sales increased by 25.0% (changes in percentage below indicate the change from the corresponding period of the previous fiscal year) to 120,082 million yen. In terms of profits, by positive factors such as increased capacity utilization due to sales growth and rationalization, despite negative factors such as yen's upswing or pricing pressure, operating income increased by 107.2% to 17,007 million yen, ordinary income increased by 102.9% to 17,321 million yen, and net income increased by 140.3% to 10,770 million yen.

Summary of Result by Business Segments

[Industrial Products]

Sales of bonding products and sealing products for PCs and cellular phones industries were robust, and those of surface protection products and cleaning materials for FPD industry were steady. Sales for automotive industries were weakened by drop in the number of automotive productions, and so were those of construction materials and consumer goods by pricing pressure. The whole sales of this segment were in good shape, because of favorable sales for electronics industry.

As a result, net sales of industrial products increased by 12.4% to 50,893 million yen, and operating income increased by 30.1% to 4,140 million yen.

[Electronic Products]

Sales of LCD-related products greatly grew; sales of viewing angle expansion films for LCD monitors, retardation films for color-displayed cellular phones favorably grew, and significant sales growth of enhanced compensation films for high quality display and new optical compensation films for LCD TVs contributed to the growth. Besides, decline in unit-price was moderate than the original forecast, due to tightness of demand and supply of LCD panels. Among semiconductor-related products, sales of semiconductor encapsulating resin were steady thanks to demand increase for cellular phones and digital appliance. Earnings of flexible printed circuits (FPCs) hugely recovered by focusing on cellular phones and hard disc drive (HDD) industries. As to electronic processing products, recover of electronic components industry led to steady sales of products for semiconductor production processes and of thermal release sheets for electronic component production processes.

As a result, net sales increased by 45.1% to 58,735 million yen, and operating income increased by 243.5% to 11,624 million yen.

[Functional Products]

Among healthcare products, sales of transdermal therapeutic patches remained steady, despite downturn in healthcare market influenced by medical-expenses control policy. Medical and sanitary products such as surgical tapes were sluggish. Earnings of healthcare section were negatively influenced by delayed approval for new products of our affiliate company, ADS (Aveva Drug Delivery Systems, Inc.). Overall sales of high-polymer separation membranes were sluggish due to few large projects such as seawater desalination, while sales of membrane modules for washing water for cleaning process in the LCD and semiconductor industries were steady. Among engineering plastics products, sales of inner pressure control filters for OA equipment and automotive electric equipment and also processing products for semiconductor industry remained steady.

As a result, net sales increased by 1.2% to 10,454 million yen, and operating income decreased by 24.2% to 1,242 million yen.

2. Financial Condition

Financial condition of the fiscal year 2004 third quarter are as follows:

Compared with the end of the previous fiscal year, shareholders' equity to total assets decreased from 62.5% to 56.8% because the total assets decreased by 3,928 million yen to 375,882 million yen and shareholders' equity also decreased by 23,941 million yen to 213,618 million yen, due to purchase of treasury stock.

Cash and cash equivalents decreased by 30,557 million yen to 42,784 million yen.

Cash flows from operating activities increased by 22,126 million yen. This was mainly attributable to an increase in income before taxes by 41,029 million yen, depreciation by 15,772 million yen, trade notes and accounts payable by 12,791 million yen, and to a decrease due to increase of accounts receivable by 18,594 million yen and income tax paid by 19,846 million yen.

Cash flows from investing activities decreased by 21,584 million yen. This was mainly attributable to an outlay of 16,357 million yen for acquisition of fixed assets and 7,738 million yen for acquisition of stock of affiliate company.

Cash flows from financing activities decreased by 30,603 million yen. This was mainly attributable to a decrease in dividends paid by 5,034 million yen and an outlay of 39,707 million yen for purchase of treasury stock and so on.

3. Projections for Fiscal 2004 Results

Our current projections for business results of the fiscal year ending March 31, 2004 are as follows:

	March, 2003	March, 2004	
		Projections	Year-to-year change
Net sales	378,705	450,000	118.8%
Operating income	33,901	52,000	153.4%
Ordinary income	35,832	55,000	153.5%
Net income	19,237	33,000	171.5%

The projections shown above are based on the following expectations for the forth quarter:

- Decline in sales of tape materials influenced by seasonal factors such as Chinese New Year holidays;
- Decline in sales of flexible printed circuits and bonding materials influenced by production adjustment of cellular phones; and,
- Sustained favorable sales of LCD-related products due to full-scale production of LCD monitors, PCs, and LCD TVs.

QUARTERLY CONSOLIDATED BALANCE SHEET

Description	As of the end of Fiscal 2003 Third Quarter (December 31, 2002)		As of the end of Fiscal 2004 Third Quarter (December 31, 2003)		As of the end of Fiscal 2003 (As of March 31, 2003)	
	Amount	Composition ratio	Amount	Composition ratio	Amount	Composition ratio
(Assets)	Millions of yen	%	Millions of yen	%	Millions of yen	%
<u>Current Assets</u>	(194,757)	53.9	(202,609)	53.9	(216,440)	57.0
Cash on hand and in banks	48,261		43,383		52,709	
Trade notes and accounts receivable	92,706		107,249		89,727	
Marketable securities	6,497		200		19,027	
Inventories	34,025		38,288		37,674	
Other current assets	13,267		13,488		17,301	
<u>Fixed Assets</u>	(166,836)	46.1	(173,273)	46.1	(163,371)	43.0
Tangible fixed assets	128,832	35.6	135,413	36.0	127,445	33.6
Intangible fixed assets	5,566	1.5	6,492	1.7	5,705	1.5
Investments and other assets	32,437	9.0	31,366	8.4	30,219	7.9
Total Assets	361,594	100.0	375,882	100.0	379,811	100.0

Description	As of the end of Fiscal 2003 Third Quarter (December 31, 2002)		As of the end of Fiscal 2004 Third Quarter (December 31, 2003)		As of the end of Fiscal 2003 (As of March 31, 2003)	
	Amount	Composition ratio	Amount	Composition ratio	Amount	Composition ratio
(Liabilities)	Millions of yen	%	Millions of yen	%	Millions of yen	%
<u>Current Liabilities</u>	(95,116)	26.3	(133,757)	35.6	(109,204)	28.8
Trade notes and accounts payable	52,303		68,245		55,457	
Short-term loans payable	8,503		15,011		9,468	
Commercial paper	--		6,000		--	
Other current liabilities	34,309		44,499		44,278	
<u>Long-term Liabilities</u>	(25,773)	7.1	(17,077)	4.5	(22,800)	6.0
Bonds	300		300		300	
Long-term loans payable	1,768		3,325		2,348	
Provision for retirement benefits	20,168		9,958		16,616	
Other long-term liabilities	3,535		3,493		3,536	
Total Liabilities	120,889	33.4	150,835	40.1	132,005	34.8
(Minority Interests)						
Minority interests	9,929	2.8	11,429	3.1	10,246	2.7
(Shareholders' Equity)						
Common stock	26,783		26,783		26,783	
Capital surplus	50,482		50,482		50,482	
Earned surplus	163,170		188,062		168,632	
Net unrealized holding gains on securities	569		2,179		242	
Foreign currency translation adjustments	8,025		13,638		7,513	
Cost of treasury stock	1,065		40,250		1,067	
Total Shareholders' Equity	230,775	63.8	213,618	56.8	237,560	62.5
Total Liabilities, Minority Interest and Shareholders' Equity	361,594	100.0	375,882	100.0	379,811	100.0

QUARTERLY CONSOLIDATED STATEMENTS OF INCOME

(Three months ended December 31, 2003)

Description	Fiscal 2003 third quarter (from October 1 to December 31, 2002)		Fiscal 2004 third quarter (from October 1 to December 31, 2003)		Year-to-Year change
	Amount	Percentage	Amount	Percentage	Percentage
	Millions of yen	%	Millions of yen	%	%
Net sales	96,095	100.0	120,082	100.0	125.0
Cost of sales	68,608	71.4	82,248	68.5	
Gross profit	27,487	28.6	37,834	31.5	
Selling, general and administrative expenses	19,279	20.1	20,827	17.3	
Operating Income	8,207	8.5	17,007	14.2	207.2
Other Income	(1,049)	1.1	(1,311)	1.1	
Interest and dividend income	106		99		
Equity in earnings of non-consolidated subsidiaries and affiliates	403		702		
Miscellaneous income	539		509		
Other Expenses	(719)	0.7	(997)	0.9	
Interest expense	42		39		
Miscellaneous expense	677		958		
Ordinary Income	8,537	8.9	17,321	14.4	202.9
Extraordinary Gains	(45)	0.0	(13)	0.0	
Gains on sales of fixed assets	44		13		
Other extraordinary gains	0		--		
Extraordinary Losses	(411)	0.4	(359)	0.3	
Losses on sales and disposal of fixed assets	265		276		
Other extraordinary losses	146		82		
Income before provision for income taxes	8,170	8.5	16,974	14.1	207.8
Corporate tax and others	3,502	3.6	5,782	4.8	
Minority interest in net income of consolidated subsidiaries	186	0.2	422	0.3	
Net Income	4,482	4.7	10,770	9.0	240.3

QUARTERLY CONSOLIDATED STATEMENTS OF INCOME

(Nine months ended December 31, 2003)

Description	Fiscal 2003 third quarter (from April 1 to December 31, 2002)		Fiscal 2004 third quarter (from April 1 to December 31, 2003)		Year-to-Year change
	Amount	Percentage	Amount	Percentage	Percentage
	Millions of yen	%	Millions of yen	%	%
Net sales	284,847	100.0	333,689	100.0	117.1
Cost of sales	202,060	70.9	234,017	70.1	
Gross profit	82,787	29.1	99,672	29.9	
Selling, general and administrative expenses	56,673	19.9	61,237	18.4	
Operating Income	26,113	9.2	38,434	11.5	147.2
Other Income	(3,061)	1.0	(4,637)	1.4	
Interest and dividend income	385		429		
Equity in earnings of non-consolidated subsidiaries and affiliates	901		1,905		
Miscellaneous income	1,774		2,302		
Other Expenses	(3,130)	1.1	(2,491)	0.7	
Interest expense	112		123		
Miscellaneous expense	3,017		2,367		
Ordinary Income	26,044	9.1	40,580	12.2	155.8
Extraordinary Gains	(304)	0.2	(2,020)	0.6	
Gains on sales of fixed assets	288		37		
Other extraordinary gains	16		1,982		
Extraordinary Losses	(2,267)	0.8	(1,572)	0.5	
Losses on sales and disposal of fixed assets	623		623		
Other extraordinary losses	1,643		948		
Income before provision for income taxes	24,082	8.5	41,029	12.3	170.4
Corporate tax and others	9,715	3.5	14,902	4.5	
Minority interest in net income of consolidated subsidiaries	591	0.2	1,270	0.4	
Net Income	13,775	4.8	24,856	7.4	180.4

QUARTERLY CONSOLIDATED STATEMENTS OF CASHFLOWS

Year	Fiscal 2003 third quarter (from April 1 to December 31, 2002)	Fiscal 2004 third quarter (from April 1 to December 31, 2003)	Fiscal 2003 (from April 1, 2002 to March 31, 2003)
Description	Millions of yen	Millions of yen	Millions of yen
Cash Flows from Operating Activities			
Income before provision for income taxes before adjustments to reconcile income to net cash provided by operating activities	24,082	41,029	33,524
Depreciation and amortization	15,632	15,772	21,143
Earnings (losses) on investments in equity-method affiliates	901	1,905	1,861
Increase (decrease) in trade notes and accounts receivable	5,542	18,594	2,398
Increase (decrease) in inventories	848	1,384	4,493
Increase (decrease) in other accounts receivable	136	1,506	291
Increase (decrease) in trade notes and accounts payable	4,136	12,791	7,251
Income taxes paid and refunded	2,211	19,846	1,706
Others	324	4,229	4,644
Net cash provided by operating activities	38,958	22,126	59,224
Cash Flows from Investing Activities			
Increase (decrease) in marketable securities	1,794	1,514	2,677
Acquisition of fixed assets	20,751	16,357	24,451
Proceeds from sales of fixed assets	843	544	1,184
Others	4,450	7,286	4,019
Net cash used in investing activities	26,153	21,584	24,608
Cash Flows from Financing Activities			
Increase (decrease) in short-term debt	1,021	5,421	1,756
Increase (decrease) in commercial paper	--	6,000	--
Proceeds from long-term debt	1,002	2,518	1,845
Repayment of long-term debt	55	188	54
Repayment of bonds upon maturity	200	--	200
Dividends paid	3,819	5,034	3,819
Purchase of treasury stock	1,062	39,707	1,063
Others	102	386	102
Net cash used in financing activities	3,216	30,603	1,638
Effect of Exchange-rate Changes on Cash and Cash Equivalents	592	860	569
Net Increase in Cash and Cash Equivalents	8,995	30,921	32,408
Cash and Cash Equivalents, Beginning of Year	40,105	73,341	40,105
Cash and Cash Equivalents of a Newly Consolidated Company	827	364	827
Cash and Cash Equivalents, End of Year	49,928	42,784	73,341

SEGMENT INFORMATION

(Operating Segment Information)

(Unit: Millions of yen)

		Third Quarter (Three months ended December 31)			Third Quarter (Nine months ended December 31)		
		Fiscal 2003	Fiscal 2004	Y-to-Y (%)	Fiscal 2003	Fiscal 2004	Y-to-Y (%)
Net sales	Industrial products	45,279	50,893	112.4	130,172	143,609	110.3
	Electronic products	40,481	58,735	145.1	124,486	159,930	128.5
	Functional products	10,335	10,454	101.2	30,188	30,149	99.9
	Total	96,095	120,082	125.0	284,847	333,689	117.1
Operating income	Industrial products	3,183	4,140	130.1	7,906	9,941	125.7
	Electronic products	3,384	11,624	343.5	13,959	25,992	186.2
	Functional products	1,639	1,242	75.8	4,247	2,500	58.9
	Total	8,207	17,007	207.2	26,113	38,434	147.2

(Segment Information by geographic area)

Net sales	Japan	65,508	76,522	116.8	190,261	213,678	112.3
	North America	8,470	9,036	106.7	25,684	27,639	107.6
	Europe	3,446	3,954	114.8	10,482	11,872	113.3
	Asia & Oceania	18,670	30,569	163.7	58,419	80,498	137.8
	Total	96,095	120,082	125.0	284,847	333,689	117.1
Operating income	Japan	7,922	15,590	196.8	22,831	35,140	153.9
	North America	308	437	--	1,054	1,629	--
	Europe	21	89	--	319	276	86.7
	Asia & Oceania	90	1,850	--	1,701	4,480	263.3
	Eliminations (corporate)	88	86	--	207	165	79.7
	Total	8,207	17,007	207.2	26,113	38,434	147.2

(Net Sales to Customers outside Japan)

Net sales to customers outside Japan	37,167	54,658	147.1	114,876	151,660	132.0
Ratio of net sales to customers outside Japan to consolidated sales	38.7%	45.5%	--	40.3%	45.4%	--

Major products for each business segment

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

(Note) <Alteration of business segmentation>

1. From this period, the Corporation altered the segmentation of “electronic component-related products”, previously segmented in Industrial products, as “electronic processing products” in Electronic products, depending on the use of the products in the market. Therefore, segment results of the past business period are adjusted according to this alteration.

2. Segment information of the third quarter of Fiscal 2003 based upon the previous segmentation are as follows:

(Unit: Millions of yen)

		Three months ended December 31, 2002	Nine months ended December 31, 2002
Net sales	Industrial products	49,839	144,515
	Electronic products	35,921	110,143
	Functional products	10,335	30,188
	Total	96,095	284,847
Operating income	Industrial products	3,501	8,975
	Electronic products	3,067	12,890
	Functional products	1,639	4,247
	Total	8,207	26,113