

Environmental Activities of Fiscal 2001

Results of Environmental Accounting

Nitto Denko Group companies find out the relationship between environment and management from our own point of view, tabulate the results using environmental accounting, and even publish a brief statement of accounts. Outside the company, we are active members of the Ministry of the Environment's "committee on corporate research of environmental accounting" and the Ministry of the Economy and Industry's committee.

Results of 2001

As a non-consolidated base, environmental impact cost has been reduced by the effect of unachieved budget of sales. Because the percentage of

reduction was small compared with sales, environmental impact cost ratio was 18.8%, and 16.6% of the budget therefore was not achieved. On the other hand, with the settlement of accounts of the consolidated base

started in fiscal 2001 by participation of 5 domestic manufacturing group companies, it became 5.4%, surpassing the budget by 0.3 points.

Environmental budget results calculation table (Nitto Denko non-consolidated base)

1. Environmental cost (million yen/month)

Categories	Fiscal 2001 budget (A)	Fiscal 2001 results (B)	Balance (B-A)	Budget ratio (B÷A)
Total sales	20,177.0	16,288.0	▲3,889.0	80.7%
Production amount	19,695.3	15,290.1	▲4,405.2	77.6%
General and administrative overhead	72.4	81.3	▲8.9	112.3%
Treatment for industrial waste	89.4	77.1	▲12.3	86.2%
External services for environmental management	21.5	18.9	▲2.6	87.9%
Personnel	44.0	42.9	▲1.1	97.5%
Depreciation	100.4	96.6	▲3.8	96.2%
R&D&E	93.2	95.1	1.9	102.0%
Total	420.9	411.9	▲9.0	97.9%
Value of industrial waste	2,797.2	2,576.5	▲220.7	92.1%
Energy	358.6	330.8	▲27.8	92.2%
Organic solvents	182.3	130.1	▲52.2	71.4%
Water	20.6	21.7	1.1	105.3%
Total	3,358.7	3,059.1	▲299.6	91.1%
Ratio of environmental impact costs	16.6%	18.8%	2.1%	112.8%

Environmental budget results calculation table (Nitto Denko Group domestic companies)

1. Environmental cost (million yen/month)

Categories	Fiscal 2001 budget (A)	Fiscal 2001 results (B)	Balance (B-A)	Budget ratio (B÷A)
Total sales	3,160.4	2,638.5	▲521.9	83.5%
Production amount	-	1,742.8	-	-
General and administrative overhead	2.1	0.6	▲1.5	28.6%
Treatment for industrial waste	5.8	6.8	1.0	117.2%
External services for environmental management	3.4	2.3	▲1.1	67.6%
Personnel	5.6	5.4	▲0.2	96.4%
Depreciation	10.7	4.9	▲5.8	45.8%
R&D&E	9.1	5.3	▲3.8	58.2%
Total	36.7	25.3	▲11.4	68.9%
Value of industrial waste	122.9	100.4	▲22.5	81.7%
Energy	35.3	29.9	▲5.4	84.7%
Organic solvents	21.3	12.5	▲8.8	58.7%
Water	0.4	0.5	0.1	125.0%
Total	179.9	143.3	▲36.6	79.7%
Ratio of environmental impact costs	5.7%	5.4%	▲0.3%	95.4%

2. Beneficial to the environment

Categories	Fiscal 2001 budget (A)	Fiscal 2001 results (B)	Balance (B-A)	Budget ratio (B÷A)
Environmental impact costs (million yen/month)	3,358.7	3,059.1	▲299.6	91.1%
Ratio of environmental impact costs	16.6%	18.8%	2.1%	112.8%
Cost of incinerating materials of value (million yen/month)	6.0	5.3	▲0.7	88.3%
Quantity of disposed industrial waste (t/month)	2,800.1	2,586.0	▲214.1	92.4%
Recycling rate	-	91.3%	-	-
Value of industrial waste ratio	14.2%	16.9%	2.6%	118.6%
Consumption of energy (/ month)	8,984.8	8,263.2	▲721.6	92.0%
Consumption of energy per product unit (/million yen)	456.2	533.5	77.3	116.9%
Solvent emission (t/month)	370.8	240.5	▲130.3	64.9%

Tabulation range

Nitto Denko non-consolidated base

*Ratio of environmental impact costs = environmental impact costs ÷ total sales

2. Beneficial to the environment

Categories	Fiscal 2001 budget (A)	Fiscal 2001 results (B)	Balance (B-A)	Budget ratio (B÷A)
Environmental impact costs (million yen/month)	179.9	143.3	▲36.6	79.7%
Ratio of environmental impact costs	5.7%	5.4%	▲0.3%	95.4%
Cost of incinerating materials of value (million yen/month)	0.2	0.3	0.1	150.0%
Quantity of disposed industrial waste (t/month)	217.6	185.4	▲32.2	85.2%
Recycling rate	-	58.7%	-	-
Value of industrial waste ratio	-	5.8%	-	-
Consumption of energy (/ month)	704.1	716.6	12.5	101.8%
Consumption of energy per product unit (/million yen)	-	411.2	-	-
Solvent emission (t/month)	43.4	40.6	▲2.8	93.5%

Tabulation range

Nitto Shinko Corp.

Nitoms Inc.

Saitama Nitto Denko Corp.

Mie Nitto Denko Corp.

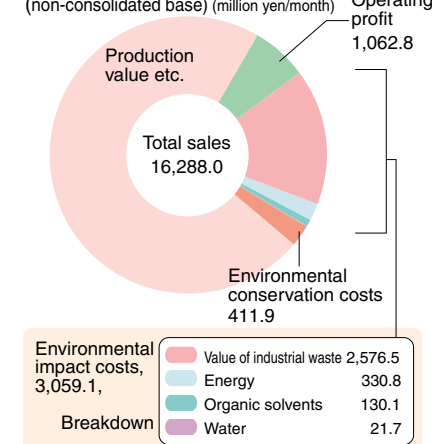
Nitto Life-tech Co., Ltd.

*Ratio of environmental impacts costs = environmental impact cost ÷ total sales

Philosophy of environmental accounting

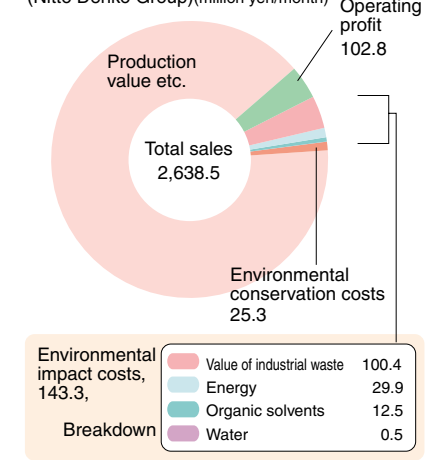
With the Nitto Denko Group's environmental accounting, in addition to environmental conservation costs, raw material and processing cost (value of industrial waste, not used for product manufacturing and cost of energy, solvents and water consumed in the manufacturing process in the company, are defined and tabulated as environmental impact costs. Believing that reducing these environmental impact costs has an environmental effect, we are looking for ways to improve resource productivity and feel this is related to total low cost. Through environmental accounting, the Nitto Denko Group has switched its environmental policy from measures oriented toward treatment of conventional industrial waste (dealing with that problem at its destination) to establishment of manufacturing technology that does not produce waste (dealing with that problem at its source) in order to support both business and environmental conservation.

Fiscal 2001 environmental costs (non-consolidated base) (million yen/month)



Tabulation range Nitto Denko non-consolidated base

Fiscal 2001 environmental costs (Nitto Denko Group) (million yen/month)

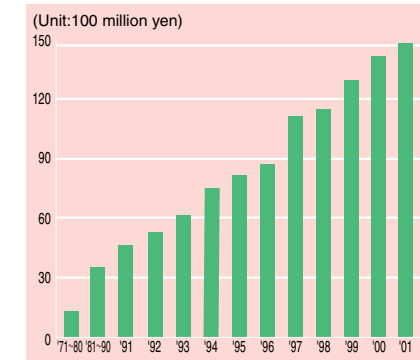


Tabulation range Nitto Shinko Corp. Nitoms Inc. Saitama Nitto Denko Corp. Mie Nitto Denko Corp. Nitto Life-tech Co., Ltd.

Investment in environmental conservation equipment

Investment in environmental conservation equipment in fiscal 2001 was 1.55 billion yen, coming to a total of 15.14 billion yen since 1971.

Total investment in environmental conservation

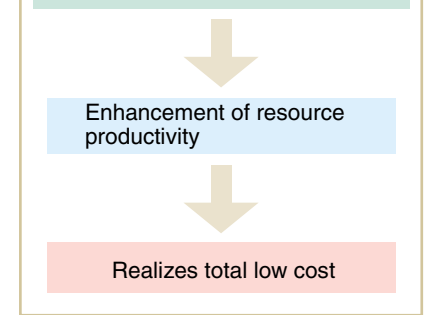


Flow cost accounting

The Nitto Denko Group has introduced flow cost accounting being developed in Germany etc., on a trial basis. With this type of accounting, costs from energy and raw material invested in production to indirect costs are separated into flow to manufactured products and flow to waste in order to get an understanding of both the amount of materials and money by process units. Flow cost accounting can help apply environmental accounting for internal business management. This activity also serves as a model for "Trade and Industry's committee on environmental accounting and study of advancement of eco-business" of the Ministry of Economy and Industry. Effectiveness and possibility of introduction of the Toyohashi plant's adhesive tape for electronics as a model product was studied in fiscal 2001.

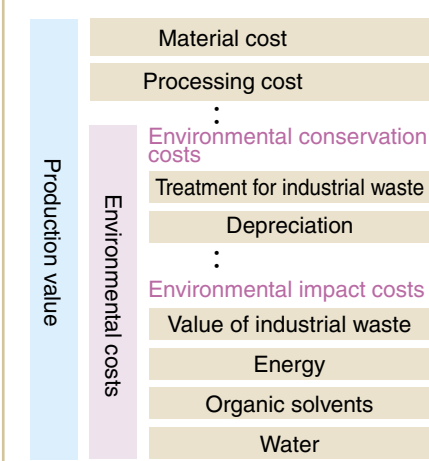
Merits of introducing flow cost accounting

- Clarifies amount of value of manufacturing accounted for by environmental costs for each product.
- Views problems by manufacturing process units to find a solution.
- Changes flow to waste into flow to products.



Existing environmental accounting and flow cost accounting

Existing environmental accounting - Accounting for division and Nitto Denko -



Separates from material input in production to indirect cost into flow to products and flow to waste to get a result of cost by process unit for each product, and is characterized by providing a good understanding of both materials and money.

Flow cost accounting - Provides understanding of both material (material flow) and money -

