

To Our Stakeholders



Introduction

The Nitto Denko Group conducts business activities according to its standard of practice of “Open, Fair and Best”, as well as our corporate vision statement of “Creation of a New Value”. This year, as in previous years we have amalgamated both our Annual and CSR reports into this one comprehensive volume in order for every stakeholder to get a clear overall picture of our corporation. This is based on Nitto’s belief that financial news demonstrating our corporate power and actual business performance are inseparably linked to non-financial information conveying our raison d’être and our contribution to society.

Following a greeting from our top executives, content consists of information on the following Nitto Denko Group topics: “governance”, “business activities”, “research and development”, “environment and safety”, “links to local communities” and “financial news”.

The Nitto Denko Group looks forward to your ever deeper understanding and patronage.

This report relates to the business of the 110 companies of the Nitto Denko Group as of 31 March 2009, of which 102 are consolidated subsidiaries and the remaining 7 are non-consolidated subsidiaries accounted for with the equity method. In writing this report, we consulted the Sustainability Reporting Guidelines 2006 issued by the Global Reporting Initiative and used them as a guide for the disclosure of non-financial related information.

Tatsunosuke Fujiwara

Director, Nitto Denko Corporation
Chief Financial Officer, Nitto Denko Group
CSR Committee Chairman

Stakeholders Around Us



Disclaimer This report contains future projections as well as past and present facts related to the Nitto Denko Corporation (non-consolidated) and the Nitto Denko Group (consolidated). These statements are based on information at the time of creation and may not be completely accurate at the time of reading. Please be advised that actual business activity results could differ materially from those described in the projections.

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Highlight

Sales ————— ¥577,922 million
 Operating Income ————— ¥13,838 million
 Income before Income Taxes ————— ¥1,676 million
 Net Income ————— ¥267 million
 R&D Expenses ————— ¥21,716 million

Capital Investment ————— ¥55,925 million
 Depreciation Cost ————— ¥50,556 million
 Total Assets ————— ¥558,258 million
 Equity ————— ¥357,839 million

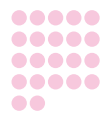
• Europe :
12 companies



• East Asia :
36 companies



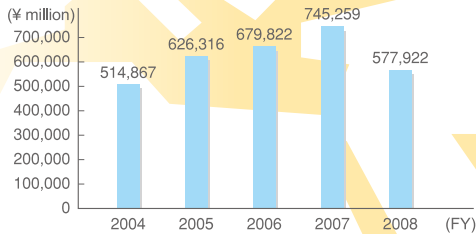
• Japan :
22 companies



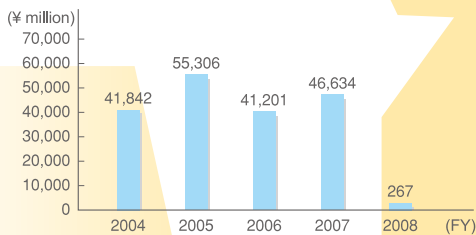
• South Asia :
18 companies



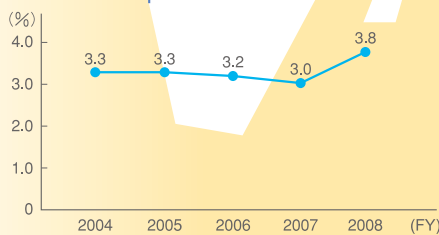
Sales



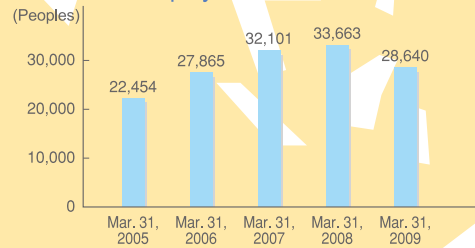
Net Income



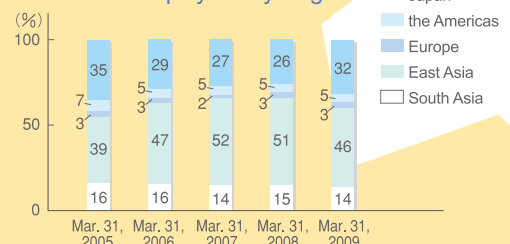
Ratio of R&D Expenses to Sales



Number of Employees



Breakdown of Employees by Region



March 31, 2004: Including Number of Affiliates Subject to Equity Method
 March 31, 2005: Total Number of Employees

ROE 0.1%

Amount per Share

Net Income per Share ¥1.61

Dividends per Share ¥80

Regional Breakdown of Sales

Japan ¥207,263 million

the Americas ¥39,002 million

Europe ¥25,519 million

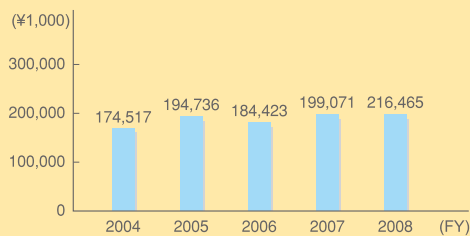
Asia & Oceania ¥306,136 million

• The Americas : 22 companies

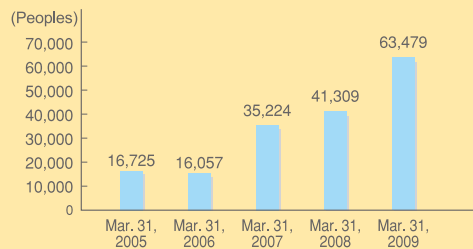


Nitto Denko Group Companies: 110 companies (as of March, 2009)

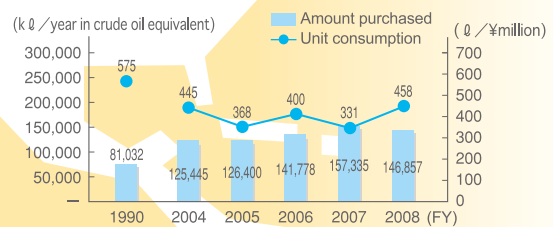
Total Amount Donated



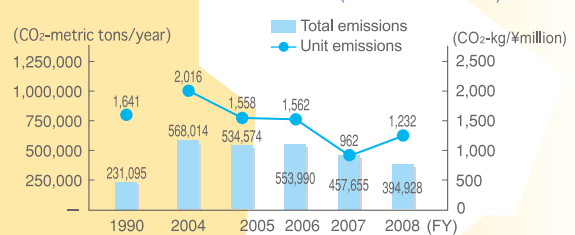
Number of Shareholders



Reference Energy Purchased and Unit Energy Consumption (non-consolidated)



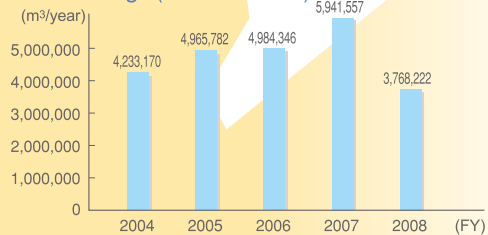
Total and Unit CO₂ Emissions (non-consolidated)



Environmental Investment



Water Usage (non-consolidated)



The Nitto Denko Group aspires to become a “Hyakunen-kigyo” (an Eternal Corporation; a corporation which lasts for more than 100 years) which wins your trust and keeps on growing.

The Nitto Denko Group conducts daily business in accordance with its corporate vision statement of “Creation of a New Value” and its standard of practice of “Open, Fair and Best”, aimed at sharing with every employee throughout the world the joys of contributing to people’s livelihood and the future of industry.

Since the second half of fiscal 2008 the global financial crisis caused by the subprime shock has touched off global depression and inflicted heavy damage on industry and economics. Under its influence, sales and profits of main Nitto Denko Group products such as optical materials for liquid crystal displays, materials for electrical equipment, electronics devices and automobiles turned out to be far below that of the same period for the previous year.

In fiscal 2008, the Nitto Denko Group reached the 90th anniversary of its founding. Looking back on our history,

every time we have been faced with tremendous “changes” every two or three decades—the end of the War in 1945, the oil crisis in 1973 and the burst of the bubble economy in 1991—the Group has transformed these changes instead into opportunities and achieved stable growth through the creation of new products. Taken from this standpoint, fiscal 2008 was a very appropriate year to be termed a year of “change.”

The Nitto Denko Group once again will turn this change into an opportunity and aim to become a “Hyakunen-kigyo”, worthy of your trust and constantly continuing to grow.

Please look forward to the Nitto Denko Group’s business activities and sustainable development congruous to our society and the environment.

Corporate Vision

“Creation of New Value”

Guided by “Open, Fair and Best” as the very foundation of corporate activities, Nitto Denko Group will contribute to human living and industry’s future with its power to generate innovative and unique ideas

Nitto Denko Group will:

- Swiftly create products and services offering new functions that give satisfaction to customers
- Honor autonomy and originality to enhance the working environment with the total freedom for the employees to face their challenges
- Pursue sound business activities and continually earn shareholders’ trust through appropriate information disclosure and communications
- Always be mindful of corporate social responsibility including sustainability and community relations

Guiding Principles

Leveraging our pride and resolve as a Nitto Denko Group member, we will always act with integrity in accordance with “Open, Fair and Best”

We will:

1. Provide our customers with the highest-quality product and service
2. Place safety before everything else
3. Always act with a challenging spirit
4. Conduct ourselves guided by laws and ethics
5. Keep in mind to help protect the global environment and conserve resources



Fiscal 2009 a Year in Which “to Endure” and “to Prepare New Products”

In fiscal 2008 we faced an unprecedented world economic recession, against which business recovery is projected to take several years. Amidst such adverse conditions we will create a comprehensive strategic environment by focusing on new-product development, regathering our energies and making ready for the times to come.



Business Summary for Fiscal 2008

Business environment for fiscal 2008 worsened rapidly in the face of a drastic decline in corporate profits and sluggish individual spending accompanying the worldwide recession which occurred in the second half of the fiscal year. In order to respond to a sharp downturn in orders the Group has sought to raise profits by constricting manufacturing outlay and through other thorough cost reductions. Despite steady

performance, however, from the water treatment and medical businesses we have not been able to head off overall worsening business performance due to unforecasted decreasing demands in almost all business fields including electronics, automobiles and building and housing. Ultimately, sales decreased 22.5% (changes in percentage hereafter are in relation to the previous year) to 577.9 billion yen and operating income fell 82.2% to 13.8 billion yen.

Earnings Forecast for Fiscal 2009

Global economic stagnation is projected to continue despite worldwide gains in inventory adjustment and opinions that production curtailments will finally level out. Among customers of the Group, large progress has been made in inventory adjustment, but rebound in demands for flat-screen TV, home electric appliances and electronics devices by end users in Europe and the U.S. remains uncertain. Earnings forecasts for fiscal 2009 project sales to fall 6.6% to 540 billion yen and operating income to grow 66.2% to 23 billion yen in comparison to the same period of fiscal 2008.

Profit Allotment Policy

At the Nitto Denko Group we consider the stable return of profits to our shareholders to be the foundation

of our dividend policy. Simultaneously, however, it is similarly indispensable to make positive prior investments into research and development and production fields in order to keep pace with rapid technical innovation as well as to meet the needs of our customers. Consequently, when determining cash allotments we comprehensively assess account financial standing, profit levels and dividend payout. Dividends for the current period were ¥40 per share, the same amount as the interim dividend, and annual dividends per share were ¥80, the same as the preceding year. Forthcoming annual dividends are projected to be ¥40, a reduction of ¥40 per share, in line with comprehensive calculations regarding future profits and business investments.

Mid- and Long-term Management Strategy

Due to the unprecedented worldwide recession we have frozen numeric targets of the “G” NET-2010 mid-term management plan, which was drawn up in fiscal 2008 and extends to fiscal 2010. However, we are continuing to implement the basic concept of “Aiming for Sustainable Growth Accompanied by Qualitative Improvement”. This fiscal year, we will focus on the two measures of “fundamental reform in cost calculation” and “creation of new growth fields.”

Fundamental Reform in Cost Calculation

By setting “*Mu Gen Dai*” as a keyword, the Nitto Denko Group will pursue thorough streamlining and rationalization of every business process as well as improvement of productivity according to three new criteria of: “Removing (*Mu*)”, “Reducing (*Gen*)” and “Replacing (*Dai*)”. We will invest the human resources, financial resources, credit and so on gained through this process in growth fields in order to promptly create new foundations for operations.

Creation of New Growth Fields

In order to actualize sustainable growth, the Nitto Denko Group will actively create newly growing fields which will form the nuclei of future business. Basing ourselves on the slogan “Green Clean Fine” as a value which we can offer to our customers and markets, we will pour our efforts into the creation of environmental solutions such as reverse osmosis membranes for seawater desalination (“Green”), new energy materials such as photovoltaic generation and fuel cells (“Clean”), life sciences advancements which support peoples’ health such as transdermal drug delivery patches and DDS (Drug Delivery System) therapeutic agents (“Fine”), as well as focusing our energies on “enhancing increasing use and globalization of tapes”.

Corporate Social Responsibility

The Nitto Denko Group recognizes “corporate social responsibility” as a task of paramount importance. Accordingly, we have set “quality”, “compliance”, “environment”, “safety”, “contribution to society” and “cultivation of human resources” as priority themes in our operations. “Environment” priorities, for example, involve the manufacture of products which will contribute to the global environment as well as reduce the environmental loads of our manufacturing processes. Similarly, in order for the Nitto Denko Group to be meritorious of the name “global citizens” we have established standard worldwide compliance guidelines as basic rules for our employees, through the thorough inculcation of which we intend to be a corporation in which each employee acts not only with a law-abiding spirit but also a high sense of ethics.

Meanwhile, the environment continues to generate new and unknown risks, such as pandemic influenzas, having the potential of exercising great influence on human lives and business activities. Against such risks we are reviewing existing action plans in order to be able to respond in cooperation with society by prioritizing both respect for human life and maintenance of social functions.

Corporate Governance

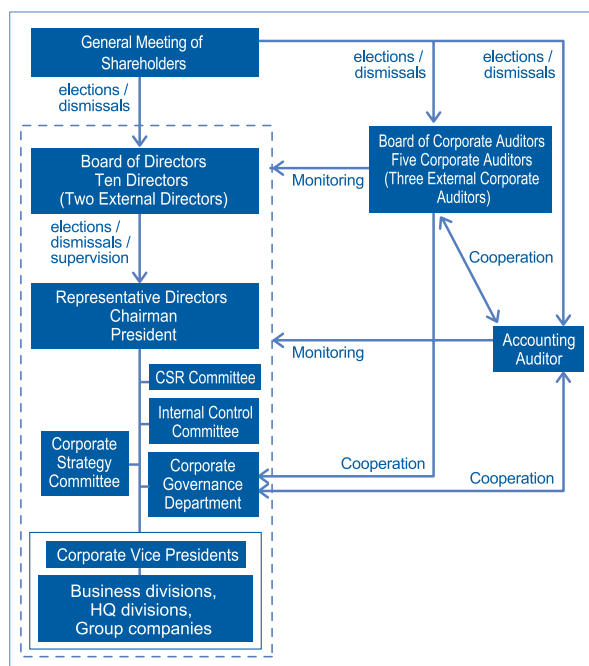
The Nitto Denko Group Sticking to Sound and Transparent Management

Corporate governance is a never-ending process. By continuously returning to the starting line, refusing to be content with the status quo, and paying keen attention to feedback from the field, the Nitto Denko Group aims to create a corporate system which functions effectively and organically.

Governance of the Nitto Denko Group

The Nitto Denko Group considers the fulfillment of corporate governance as a crucially important undertaking for honoring the harmonious interests of all stakeholders supporting our business activities as well as in realizing long-term and ongoing maximization of shareholder value. By fulfilling our standard of practice of "Open, Fair and Best;" namely, sharing information openly, judging fairly and doing our best to achieve what was decided, as well as upholding our basic policy of "sound and transparent management", we promote corporate governance.

At the Board of Directors meeting of May 26, 2000, we laid down basic policies relating to the system for ensuring business appropriateness. Details can be seen in the annual security report posted on our web page (<http://www.nitto.co.jp/ir/financial/index.html>). The following diagram illustrates the corporate governance system and lists the names of Directors, Corporate Auditors and Corporate Vice Presidents of Nitto Denko Corporation (as of 1 July, 2009).



Directors, Corporate Auditors and Corporate Vice Presidents of Nitto Denko Corporation (as of 1 July, 2009)

Chairman	Masamichi Takemoto
President	Yukio Nagira (CEO, COO, CTO)
Senior Executive Corporate Vice President and Director	Yoshiyasu Kamiyama
Executive Corporate Vice President and Director	Yasuo Ninomiya Tatsunosuke Fujiwara (CFO) Kaoru Aizawa
Senior Corporate Vice President and Director	Kenji Matsumoto
Corporate Vice President and Director	Hideo Takasaki
Outside Director	Yoichiro Furuse Kunio Ito
Corporate Auditor	Ryoichi Ota Takashi Awazu
Outside Corporate Auditor	Hisashi Hosokawa Norio Akai Masashi Teranishi
Executive Corporate Vice President	Koichi Nishikawa
Senior Corporate Vice President	Wataru Kitao Yoshihiko Chikuma Hongin Kim Yoji Munakata Minoru Sano Hiroshi Ito
Corporate Vice President	Tomio Sakka Yoichiro Sakuma Takeshi Nasu Toshihiko Omote Masami Kanzaki Masahiko Arimoto Kenji Ueki

※ CEO: Chief Executive Officer
COO: Chief Operating Officer
CTO: Chief Technology Officer
CFO: Chief Financial Officer

Internal Control Relating to Financial Reporting

From this fiscal year, based on the conditions of the Financial Instruments and Exchange Act, we are implementing documentation and self-evaluation of internal control at designated centers of operations for evaluation in our Group in conformity with generally accepted accounting standards of evaluation of internal control relating to financial reporting. At the same time our Corporate Governance Department is monitoring these self-evaluation results from an independent standpoint. Furthermore, we have established an Internal Control Committee (composed of President, CFO* and responsible persons from each executive body) as a body for discussing the effectiveness of internal control of the whole Group. Based on the contents of these discussions, executives (President and CFO) who are to sign on internal control reports make final evaluations.

Via this process the executives have arrived at the conclusion that our internal control as to financial reporting as of 31 March 2009 is valid. Accordingly, our accounting auditors have conducted internal control audit in conformity with generally accepted accounting standards of internal control audit relating to financial reporting, and have composed an audit opinion expressing assent to the Company's evaluation.

Note: The audit opinion addresses internal control related to financial reporting for the Annual Securities Report, while internal control referred to in the compilation of this Report lies outside of the audit opinion's scope.

*CFO : Chief Financial Officer of the group

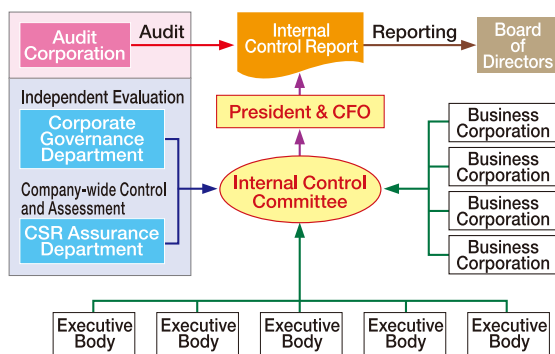
Risk Management at the Nitto Denko Group

We recognize business risks listed in this report (P.49) as serious possibilities. Risks are unpredictable, but it is important to plan for crises in case they occur. As measures against unpredictable risks we have distributed the "Emergency & Incident Reporting Guidebook" to approximately 300 designated employees throughout the world (of course to heads of each company of the Group but also to responsible employees in sparsely-staffed branch offices) as well as thoroughly prepared them to deal with crises in a state of emergency.

We have established an E-mail address and telephone number for exclusive use in the Nitto Denko Group emergency reporting system. In the event that a report arises, E-mails or cellular phone text messages are transmitted to the E-mail address, or a voice message is left to the telephone number, and the system automatically sends notification of receipt to every employee in charge of crisis management. These employees then take measures appropriate to the situation while making efforts to maintain the uninterrupted performance of the whole Group.

Additionally, each company and manufacturing base in Japan thinks out potential risks for their location and makes progress assessments, which we gather regularly, report to the top management, and provide as collective information for each domestic Group.

Management System and Persons in Charge of Internal Control as to Financial Reporting



Emergency & Incident Reporting Guidebook

The following describes measures taken against varied risks.

<Measures against Possible Influenza Pandemics>

The Nitto Denko Group has consistently made efforts to get the most up-to-date information in preparation for a possible influenza pandemic. We have regularly transmitted relevant information to all companies throughout the Group in order to ensure collective understanding. We have also provided appropriate information by publishing articles regarding "cough etiquette" and the like in our company magazine in order to encourage employees' self-help efforts.

Until recently, we had established a global countermeasure headquarters and had drawn up action plans appropriate to various scenarios. However, influenza type A virus (H1N1) which occurred in April 2009 differed from what we had supposed and we have been called upon to adopt a flexible and adaptive manner. As the nature of the virus has become clear measures in various quarters have quieted down, but in consideration of the possibility of a second or third wave, or a mutant of this virus, the Nitto Denko Group is reviewing existing action plans. It is difficult to forecast how unknown viruses might affect mankind, but the Group intends to prioritize "protecting employees' lives" and the maintenance of initiatives necessary for the continuance of societal functions. Furthermore, the Group will treat measures requested of corporations by society to prevent infection spread as social responsibilities, responding without delay.

<Measures against Earthquakes>

As a measure against earthquakes, we have installed an early-warning system which displays earthquake

announcements broadcasted by the Japan Meteorological Agency in real time to our manufacturing bases in Japan. At the time of the Iwate-Miyagi Nairiku Earthquake which occurred on June 14, 2008 the Earthquake Early Warning and safety confirmation systems successfully activated and were of use during the rapid recovery at our Tohoku Plant.

· Earthquake BCPs (Business Continuity Plans)

As BCPs had been drawn up at the Tohoku Plant, business at the plant could be smoothly restored without a state of confusion.

· Earthquake Early Warning

Due to the close proximity of the epicenter from the plant, the warning alarm sounded simultaneously to the shock of the earthquake. The system functioned normally and we could confirm its usefulness in the case of an anticipated Miyagi Offshore Earthquake which is predicted to occur within 30 years with a probability of 90%.

· Safety Confirmation System

Thanks to the safety confirmation system we could confirm the safety of approximately 100 employees out of some 200, but ultimately it was necessary to respond to some employees separately in person. As a result of this earthquake we could verify the importance of the safety confirmation system, as well as recognize new priorities for its use such as the necessity of awareness campaigns and the need for registration of each and every employee.

<Asbestos Problem— Follow-up>

As mentioned in our 2006 CSR Report, our company had incorporated asbestos in our operations before its use became prohibited. The Nitto Denko Group has provided regular medical examinations to employees

Promotion of NITTO DENKO Brand at Local Universities (Malaysia)

In our efforts to attract the best students from the local universities, Nitto Denko Electronics (Malaysia) Sdn. Bhd. (NIDEM) and Nitto Denko Materials Malaysia Sdn. Bhd. (NMM) have embarked on promoting Nitto Denko to three local universities.

We were invited to give a career or a motivational talk to the universities' current undergraduates. Mr. Kazuhiko Yamamoto of NMM R&D and Ms. Teo Shu Yin of NIDEM R&D gave a lecture to the students particularly on the career of R&D in Nitto Denko Malaysia and also on the requirements to be a successful R&D engineer. With such talks, we believe the undergraduates will have a better understanding of what to expect when they work for multinational companies such as Nitto Denko.

Many students were not aware of the existence of Nitto Denko, but after our briefing we received many queries for a potential career in Nitto Denko.

We also took the opportunity to promote Nitto Denko at the universities career fair to attract potential excellent candidates.



(including retired employees) who worked with asbestos at that time.

<Compliance Training Sessions>

In fiscal 2008 the Nitto Denko Group conducted our fourth Compliance Training Sessions. These gatherings are held every year based on our strong belief in the need to enlighten every employee so as to maintain high standards of compliance. 75 mandatory training sessions were held this year throughout Japan. Management level employees who attend the training sessions subsequently provide training to their employees, and in this manner we aim to make every employee fully aware of compliance. Also, each department gathers opinions for case studies from their employees and submits these to the secretariat. We are making efforts to ensure that this education reaches all our employees.

<“Nitto Denko Group Cultivation System” Expanded to Overseas Groups>

Starting in 2008 in overseas group companies, we implemented our new educational system which had been in effect since July 2007. We provide elementary knowledge as a manufacturing business as well as Compliance Education based on our “Business Conduct Guidelines*” which have been distributed to all employees.

* Please refer to the Nitto Denko website.
(http://www.nitto.com/company/environment/env_04.html)

Issues of CSR

The Nitto Denko Group has focused strong efforts on compliance with laws and business ethics, risk management and information disclosure as significant priorities of our CSR. In 2008 various issues arose as we continued previous efforts as well as promoted new initiatives.

<Implementation of Survey as to Satisfaction Level of Employees>

From December 2008 to January 2009, in order to gain a clear grasp of employees’ perception of measures implemented in accord with our slogans “Improve Quality” and “Grow People”, and to link this to better management, we conducted a “Survey as to Satisfaction Level of Employees” amongst all domestic employees including junior employees, contract

employees and part-time employees. Issues of CSR which arose from the survey are as follows:

- “Compliance with law and business ethics” has been understood but approaches to the individual issues of sexual harassment, power harassment (bullying) and human rights violations are as yet insufficient.
- Awareness levels regarding the global environment and environmental conservation are high, but the concrete contents of measures which companies are implementing are not fully known.

<Overseas Development of Compliance Training Sessions>

At present, the system in domestic companies is such that Compliance Training Sessions are held once a year for organization ladder managers, who then subsequently discuss the case studies in separate sessions with their subordinates. But the issue remains of how to organize these sessions in overseas companies.

<Disabled Persons’ Employment>

Opportunities to work together in cooperation between disabled persons and the non-disabled are a step toward the realization of a sound society. The Nitto Denko Group is making efforts domestically to promote disabled persons’ employment at our company and to eventually raise employment rates to over 2%, although at this point in time we still have yet to reach 2%. In addition, having launched a new enterprise to provide numerous work opportunities for disabled persons at our Group Company, the Nitto Denko Himawari Co., Ltd., we aim to promote disabled persons’ employment in the Group as a whole. Our goal is the creation of a work environment that will be comfortable for both the disabled and the non-disabled.

<Acceptance into Practical Workplace Training of People Having Difficulty in Finding Employment>

Nitto Business Support Corporation, a member of the Nitto Denko Group, is lending a hand to the “establishment of human rights through employment” initiative at the Career Support & Talent Enhancement Plaza, a program which consists of human resources development and employment matching services for people having difficulty in finding employment*. As we did in fiscal 2005 and fiscal 2007 we have accepted one intern from February 9 to 20 of fiscal 2008.

* Refers to those people who have difficulty in finding employment for reasons prescribed by the Ordinance of the Ministry of Health, Labor & Welfare

<Securing Business Performance and Responsibility for Employment>

As described in the Highlights and Business Results sections of this CSR & Annual Report, business performance ending in March 2009 has drastically fallen short of the previous fiscal year. Facing the global financial crisis evolved from the subprime shock, leading companies have been forced to make all-around downward revisions since the second half of fiscal 2008. Amidst such a situation, numerous media have run articles on the stabilizing of employment as well as on unemployment throughout the world. Reflecting on this situation, we have reconfirmed that we can execute responsibility for employment only after having secured business performance.

The Nitto Denko Group is responsible for employing many employees in various employment patterns for its business operations. As countermeasures against worsening business performance we have implemented reduction of fixed cost through changes in method of cost depreciation, as well as through partial reduction of managerial position salaries, reduced benefits, temporary layoffs, and so on. We have also conducted review of product lines and consolidation of business operation bases. As a consequence of personnel relocation the number of employees has decreased from 33,600 at the end of March 2008 to 28,640 at the end of March 2009.

Maintaining stable employment is one of our fundamental corporate social responsibilities toward employees and their families, and in fiscal 2009 we will pull our business together and protect employment to the greatest degree possible.

QES Audit

<Promotion of Risk Minimization in 'Quality, Environment and Safety'>

In order to enhance risk minimization the QES Audit Department selected 69 manufacturing bases out of the 111* Group companies to audit from two standpoints, "Quality from the customers' point of view," and "Environment and safety from employees' and their families' point of view." Negative influences on management which stem from neglect of problems related to quality, environment and safety are a not infrequent occurrence. The Nitto Denko Group will have completed the auditing of every manufacturing base by fiscal 2010.

In 2008 we audited a total of 21 bases, 8 domestic and 13 overseas. Audits for these purposes measure thoroughness of implementation of the Nitto Denko Group policy and notifications systems along with legality and effectiveness of business management. Audit results are reported to the management team in addition to the persons in charge at each base, and responsible employees in each base accordingly draw up programs for areas of improvement. Progress is validated six months later through a follow-up audit by the QES Audit Department. 90% of improvements requested in 2008 have been completed. Common issues of the Nitto Denko Group related to quality, environment and safety are then derived from the results of analysis for each fiscal year. In this way, the Nitto Denko Group aims to promote governance and total optimization by achieving improvement in each department as well as making reports and recommendations to the management team.

* as of 2008

Nitto Denko Receives Award for Having Formed Good Labor-Management Relations

Nitto Denko (Shanghai Pu Dong New Area) Co., Ltd. received an award from the Waigaoqiao Free Trade Zone Trade Union Committee for having formed a good partnership with labor unions. The awards are presented to five selected corporations operating within the Waigaoqiao Free Trade Zone. At the January 9th award ceremony in the presence of 200 top officials from the Trade Union Committee, Shanghai City Government, Pu Dong New Area Government and Waigaoqiao Free Trade Zone Administration, the president received a commemorative gift as a representative of the corporation. The Trade Union Committee bestowed the award in recognition of Nitto Denko labor and management's collaboration in adhering to legal regulations and in appreciation of Nitto Denko's fund-raising campaign for the 2008 Sichuan earthquake.



Quality and Safety in the Nitto Denko Group

<Quality Assurance of the Nitto Denko Group>

The Nitto Denko Group's Quality Management Department, with collaboration from all departments, continues its activities for "proactive prevention activities against quality defects" under the motto of "pursuit of quality which makes customers content." Via this approach of reviewing the entire process from design to delivery of products and extending this examination to the very source of operations, we aim to achieve systematic and reliable quality assurance.

One achievement of this tenacious effort has been the improvement of the rejection rate, resulting in a decrease in industrial waste. The Group assesses and reviews such activities in each company at our Global Quality Sector Conference, and presents case studies of improvement activities and encourages their adoption where relevant at each base in the Group in "Global Quality Presentation Sessions".

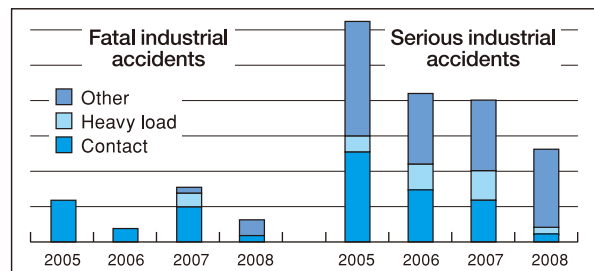
Furthermore, every year we conduct a survey for customers in the form of a questionnaire as to Customer Satisfaction Assessment. We aim to enhance customers' satisfaction through comprehensive improvement in line with its findings as to quality, technologies, responses, deliveries, services and environments.

A system of small group activity which the Nitto Denko Group has continued with the objective of strengthening operating effectiveness of the manufacturing and office departments has presently expanded into a large and lively initiative being conducted and enhanced at each manufacturing base around the world. Achievements of this initiative are presented at gatherings of top-level teams to be distributed worldwide throughout the Group. Recently, along with concerns about regulation of chemical substances such as REACH, RoHS and GHS, more customers have been making requests for the issue of relevant documents. In order to be able to meet these requests without delay we have created the system of a full-time "Chemical Substance Management Center". Additionally, in order for our sales department to be able to respond promptly we have created databases of

analysis results frequently requested by customers.

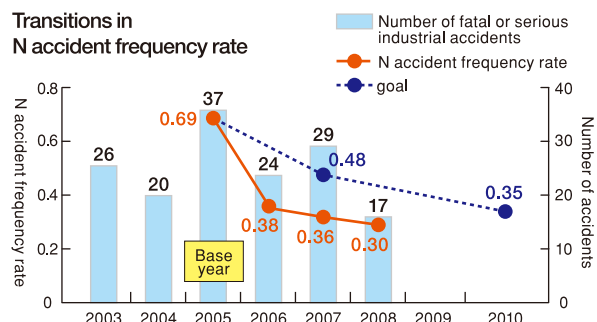
<Safety Measures of the Nitto Denko Group>

The Nitto Denko Group has laid it down as our safety policy to "construct safe and secure workplaces where each employee is able to realize his affluence." The Nitto Denko Group upholds an objective of "Zero Fatal or Serious Industrial Accidents." The definition of industrial accident differs among countries, so setting common goals is difficult, but we are taking action by defining accidents which we want to eliminate from the Group as "Fatal or Serious Accidents" and by setting "Eradication of Fatal Accidents" as a Group-wide collective reduction goal.



■ Contact accidents occurred in cases where machines were not shut-off. The number of such accidents in which employees touched moving equipment has dropped and the frequency rate declined. We take this to mean that the introduction and expansion of the "Prior Examination System for Equipment" has produced concrete results and that we have succeeded in the establishment of a "Shut-off-Culture."

Transitions in N accident frequency rate



【Fatal industrial accidents】Industrial accidents resulting in long-term injuries (disabilities)
 【Serious industrial accidents】Industrial accidents with the potential for long-term injuries (disabilities)
 N frequency rate=Number of fatal or serious industrial accidents per total 100 million labor hours



Selected as a "Corporation Paying Regard to Employees' Families"

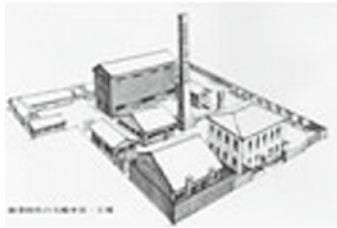
KyungBuk Province selected Korea Optical Hightech Co., Ltd. as a "Corporation Paying Regard to Employees' Families", in its annual tribute to corporations within KyungBuk Province. In the KyungBuk system honorable recognition is made to corporations in which female employees are able to work comfortably. Korea Optical Hightech Co., Ltd. received high accolade for its system of maternity leave.

History of the Nitto Denko Group

Nitto Denko Corporation began its operation aiming to produce domestic electrical insulation material in Ohsaki, Tokyo in 1918. Since then with ongoing technical innovation and the introduction of advanced technologies, we have grown and expanded into what is now the current Nitto Denko Group.

1918

Nitto Electric Industrial Co., Ltd. starts business in Ohsaki, Tokyo.



1918: Ohsaki head office and the plant at that time

1941

Ibaraki Plant in Osaka begins operation.

1945

Head office in Ohsaki is destroyed by air raids.

The First Change Period- Multi Lateralization of Business (“Second Establishment”)

1946

Head office is relocated to Ibaraki-shi, Osaka (the present Ibaraki Plant).



1946 Beginning of commercial production of friction tape

1950

1940

1910



1962 The present Toyohashi Plant

1961

Nitto Denko opens its first overseas office in New York.

1962

Toyohashi Plant begins operation.
Listed as a common stock on Second Sections of the Tokyo and Osaka Stock Exchanges.

1967

Kanto Plant begins operation.
Listed as a common stock on First Sections of the Tokyo and Osaka Stock Exchanges.

1969

Establishment of the first overseas production base; Nitto Denko (Taiwan) Corporation.
Establishment of Nitto Denko America Inc.
Kameyama Plant begins operation.

1973

Beginning research and development into membrane technologies and products.

1960



1967 The present Kanto Plant



1969 The present Kameyama Plant

The Second Change Period- Overseas Deployment

1974

Establishment of Nitto Belgium NV (the present Nitto Europe NV).



1974 The present Nitto Europe NV

1975

Establishment of Nitoms Inc.
Production of polarizing films for liquid crystal displays begins.

1970

1977

Tohoku Plant begins operation.



1977 The present Tohoku Plant

1982

Kyushu Nitto Denko (the present Nitto Electronics Kyushu Co., Ltd.) begins operation.

1983
Beginning of production of transdermal drug delivery patches.

1986
Shiga Plant begins operation as the world's first plant specializing in membrane production.



1986 The present Shiga Plant

1987
Acquisition of Hydranautics in the USA.

1988
Acquisition of Permacel in the USA.
70th anniversary of the founding
Company name altered to Nitto Denko Corporation.

1980

The Third Change Period- Return to Our Core Business- Introduction of Division System

1989
Development of plant tissue culture technology.

1994
Establishment of a sales and processing base in China

1996
Onomichi Plant begins operation.
Introduction of department system



1996 The present Onomichi Plant

The Fourth Change Period- Technology-oriented Company

1997
Seven domestic plants obtain ISO 9000 Series certification.

1998
Construction of Adhesive Tape Research & Technology Center at the Toyohashi Plant.



1998 Adhesive Tape Research & Technology Center

1990

1999
Establishment of Nitto Denko Packaging System Corporation.
Establishment of Korea Nitto Optical Co., Ltd.

2000
Establishment of Nitto Denko Himawari Co., Ltd.



2000 Nitto Denko Himawari Co., Ltd.

The Fifth Change Period- Period of Globalization

2002
Initiation of spiral RO element module assembly in Shanghai Song Jiang in China.

2005
Received the Prime Minister Prize for "invention of the method of manufacturing wide-view-angle birefringent film for LCDs".



2005 Presentation ceremony

2000

2006
Head office is relocated to Osaka City.

2007
Kyoshin Corporation, one of the group companies, and Nitto Denko Matex Corporation are consolidated into Nitto Denko Corporation.

Establishment of Kathyd Technology LLC with Mitsubishi Rayon Engineering Co., Ltd.

2008
Awarded 2007 Nikkei Superior Products and Services Awards for Seawater Desalination Membrane "SWC5"

Establishment of R&D center for water processing business in Singapore

Establishment of Nitto Denko Asia Technical Center Pte. Ltd.

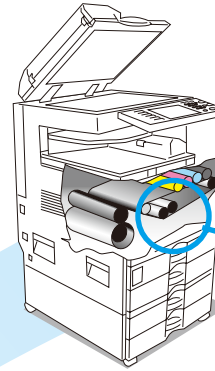
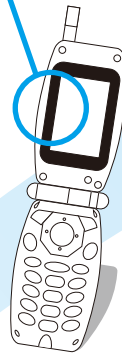
Evolving Product Family of the Nitto Denko Group

The Nitto Denko Group has lived up to its customers' expectations with advances being made in the areas of solid polymer synthesis technology and adhesive processing technology. The Nitto Denko Group has provided highly functional materials for markets since its inauguration of business as the first domestic manufacturer of electrical insulation material in 1918. Nowadays our range of products is extensive and includes new materials used for cutting-edge electronic devices to products that support the environment and health. The Nitto Denko Group's contribution to society is continually expanding.



Transparent Epoxy Encapsulating Materials for Optical Semiconductor Devices

For cellular telephones

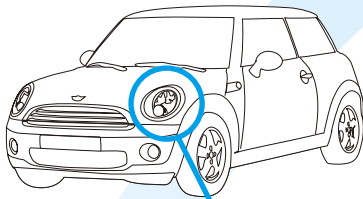


For transfer/fusing parts of photocopiers and laser printers
Intermediate transfer belt
Carrying belt
Fusing belt



Polyimide seamless belts

For headlights of vehicles



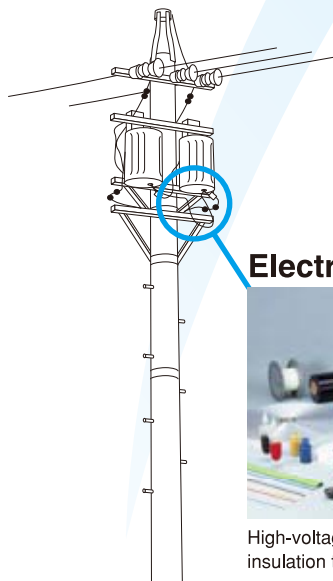
Fluoroplastic porous membrane



Removable double-coated adhesive tape



In dismantling parts such as adhesive tapes enhance recycling and reuse efficiency as they remain tough whilst being peeled off and use glue that is easy to remove.



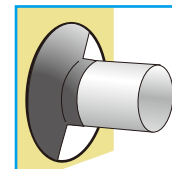
Electrical insulating material



High-voltage electrical insulation tape

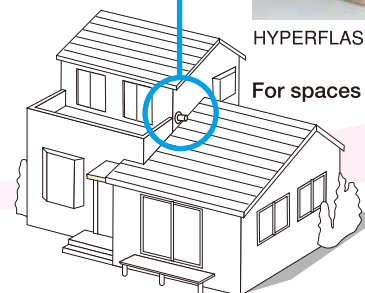


Electrical insulation varnish



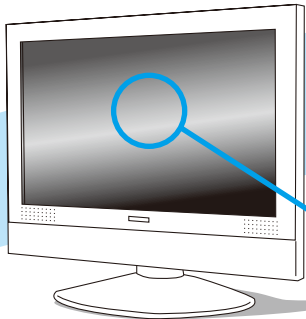
HYPERFLASH® No.695

For spaces around pipes



Starting from electrical insulating material

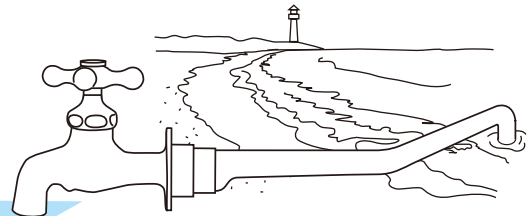
Developing into electronics market



Optical materials
For LCD television screens



Polarizing films for liquid crystal displays



Membrane products

For producing water in areas lacking a supply of fresh water.

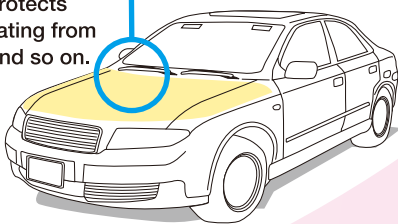


Reverse osmosis membrane products used for seawater desalination.

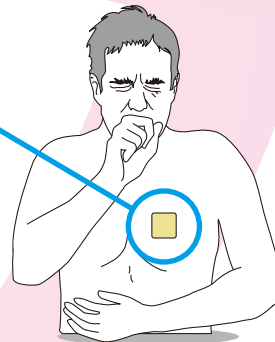


Painting protection film for vehicles

This film protects vehicle coating from acid rain and so on.

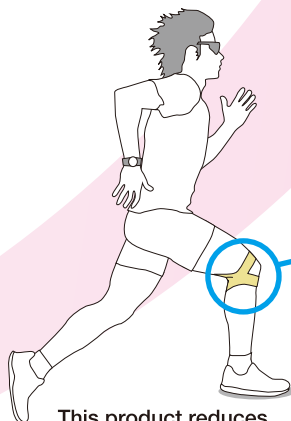


Transdermal drug delivery patches



Medical products

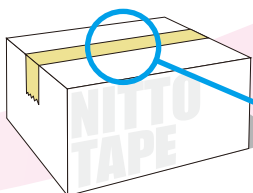
Such patches can be used for persons who have difficulty swallowing medication in tablet form.



This product reduces the strain on knees and other joints.



KANTAN taping series (Easy Application Sports Tapes)



For sealing cardboard boxes and for other general sealing purposes.



Kraft adhesive tape

Applying and developing adhesive processing technology

Business Activity~Achievements and Prospects

The Nitto Denko Group Tape and Optical Businesses have been forced into tough times due to repercussions from adjustments in production by our customers, a situation to which we will respond by new development, through enhancing production capacity and entering developing markets. Meanwhile we will pursue our Membrane Business, which has continued to be robust, through enhancement of technical cooperation as well as further development of maintenance and service businesses. We will pursue further growth of our Medical Business by investing in new products.

Optical Business

Since November of fiscal 2008, volumes of sales of every product such as LCD televisions, personal computers and mobile devices for which the Nitto Denko Group provides components decreased, resulting in a drastic reduction of our initial production forecast for each instrument. As for optical films for LCD television, we shifted our strategy into the securing of production materials, mainly for the highest selling general-purpose 32-inch class products, by reducing costs via thorough rationalization in domestic and overseas plants. However, we were still not able to head off a considerable decrease in order volume stemming from production adjustments by panel manufacturers.

In fiscal 2009, in order to enable our business to deal with changes readily and remain in competition, we will strengthen our competitiveness by pursuing enhancement of production capacity, streamlining and rationalization, and, for LCD television markets in developing countries having good prospects for sales expansion, we will create systems which enable us to strategically develop competitive-price products.

Furthermore, in the field of big screen televisions larger than 40-inches, we will broadcast our original technological capabilities by pursuing the development of larger, thinner and more highly functional optical films.



Optical film for high-definition LCD

We will expand our business even more in the field of small and medium sized products such as mobile phones and portable music players, through mobilizing all of our unique accumulated technologies such as Transparent Conductive Film for touch panels.



Transparent conductive film ELECRYSTA®

Tape Business

Since the second half of fiscal 2008, inventory adjustments which occurred amongst our customers serving the personal computer, portable music player, game console, HDD and household appliance industries, caused sales of almost all bonding and joining products for these industries to hover at a low level.

Surface protective products have also been affected by inventory adjustments in the metal-processing industry. Surface protective films for the FPD industry which contribute to high-functionalization of thin displays have been robust, while markets for surface protective products for optical elements have hit the wall owing to decreased demand.

Automotive related products have also been affected by sluggish world demand. We will develop products in synch with various needs in the automobile industry including those for environment-responsive cars, with functions such as resistance to heat, insulation, heat release, reinforcement and damping.

In the tape business overall, we will promote aggressive penetration into the markets of newly developing countries, globalization via overseas production, and manufacturing with due consideration to the global environment, as well as pour our efforts into new product development.



Membrane Business

As for reverse osmosis membranes, business deals for seawater desalination plants with Algeria, Spain, Saudi Arabia, India, China, Australia and so on were strong and progressed favorably, making up for decreases in new deals for industrial use in the manufacturing process of semiconductor materials and liquid crystal



New factory in Shiga Plant

panels as well as for decreases in exchange demands, stemming from the economic recession.

Against the situation of the worsening global freshwater shortage, production capacity of our reverse osmosis membrane, expected to be in even more demand in the future, increases 1.6 times with the start-up of operations of a new factory in the Shiga Plant. We will commit ourselves to accepting orders for products for seawater desalination and reuse of wastewater in the future.

In addition to pursuing enhancement of state-of-the-art reverse osmosis membrane technology, the Group has established a joint venture with Mitsubishi Rayon Engineering Co., Ltd. and is conducting product development of micro filtration (MF) for seawater treatment prior to desalination as well as of micro filtration such as membrane bio reactors (MBR) for wastewater treatment. In 2008 we established an R&D center specializing in water treatment business at WaterHub of the Singapore Public Utilities Bureau (PUB) in Singapore. Focusing on usefulness assessment tests using water which will actually be processed, we are developing applications and aiming at further global evolution.

Hydranautics Partnering with Water For People

In late fiscal year 2008, Hydranautics made a founding corporate donation of a "Village Sponsorship" to Water For People, a leading global non-profit dedicated to providing clean water to developing countries by developing locally sustainable drinking water facilities, sanitation facilities and education programs. To build on the foundational corporate sponsorship, Hydranautics employees around the world had the opportunity to participate in one-time and ongoing donation programs – payroll deductions, online giving as well as a recyclables drive/fundraiser.

Over 1.1 billion people worldwide do not have access to safe drinking water – and 2.6 billion people lack adequate sanitation facilities. As leaders in water filtration technologies and as an integral member of the clean water industry, we recognize that the reach and impact of our products not only

improves life around the world, it also opens up opportunities for Hydranautics as a company to reach out to at-risk communities to make life better. We look forward to this beginning-of-legacy initiative as a sponsor and benefactor of Water For People and are excited about our future as a helpful global 'good neighbor.'



Additionally, taking the initiative before other corporations in developing IMS designs (Integrated Membrane Solutions: proposing comprehensive systems around membranes to customers at the planning stage), the Nitto Denko Group offers services in which customers themselves can design the most appropriate water treatment systems. We support customers' facility management by helping get long-range maintenance services started and implementing technical assistance which actualizes stable desalination.

In addition to three production bases in Japan, the United States and China, we have deployed sales technical service bases (bases where we not only sell products but also suggest techniques and services matching to our customers' needs) in twenty-some places in the world including newly established bases in Mumbai, India and Dubai, United Arab Emirates.

We will continue to enhance our global responsiveness based on close adherence to customers' needs by taking advantage of the world's most advanced water treatment membrane technologies.

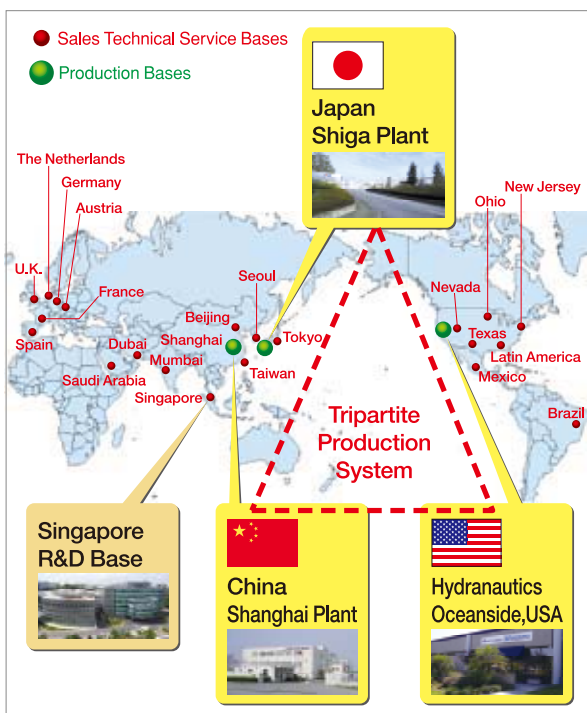
Medical Business

In 1978 Nitto Denko Corporation entered into the medical field. By applying our accumulated adhesive technologies to the development of "Transdermal Drug Delivery Patches", through which medicines painted on tapes placed on the skin permeate into the body, we produced our first commercial therapeutic product, "Fluocinolone Acetonide". Thereafter, we manufactured an angina treatment product for responding to sudden angina attacks (1983) and an asthma treatment product for preventing morning asthma attacks as well as allowing patients to sleep at ease by stabilizing blood levels of medicines. Initially, we had a tough time due to influence from National Health Insurance price revision in Japan, however owing to the enhancement of our sales force we have steadily boosted our sales figures. Even now both of these products dominate domestic markets.

In the autumn of 2008, we succeeded in collaborative development with the Teva Pharmaceutical Industries Ltd. of a Transdermal Drug Delivery Patch lenitive (The Fentanyl Patch) for cancer-related pain, which we launched for sale after being granted approval by the United States Food and Drug Administration (FDA). Marketing of other medical and sanitary articles such as tapes supporting muscles (NITREAT Kinesiology Tape) is also robust.

In the future as a medical business activity we will expand the sales of therapeutic products for asthma on the market in China, where their production and distribution have already been launched through obtaining approval as imported therapeutic products. Still more, while devoting ourselves to enhancing development of new products, we plan to expand the sales of existing products globally.

In recent years "nucleic-acid drugs"* have gained attention in the biomedical field as a prospective treatment for illnesses. As stated elsewhere in our Research and Development pages, we are currently marketing solid polymer support "NittoPhase®" for oligonucleotide synthesis, through Kinovate Life Sciences Inc., an American affiliate. By means of these solid polymer supports, medicines can be produced



Network of Membrane Business

more efficiently than by traditional controlled porosity glass. At this time Nitto Denko Corporation and our U.S. research subsidiary Nitto Denko Technical Corporation have jointly developed a further new, high-performance solid polymer support for oligonucleotide synthesis.

Further, we are conducting research on a biodegradable polymer for molecular-targeted therapy which delivers drugs to targets in the body, developed through our core technologies of polymer synthesis and processing based on adhesive technology. Based on an earnest desire that in the not-so-distant future transdermal absorption technology and these new Nitto Denko Group polymer synthesis and processing technologies will clear away people's various pains and sickness, we are devoting ourselves to research.

* Nucleic-acid drugs: Nucleic acid, indispensable for heredity, survival and breeding, is the most significant chemical substance for living organisms, a high-molecular substance composed of Nucleic acid base (purine and pyrimidine), Pentose (Ribose or Deoxyribose) and phosphoric acid. Drugs manufactured from this substance are called "nucleic-acid drugs."



Transdermal bronchodilator therapeutic patch for asthma



NITREAT Kinesiology Tape



Fentanyl Patch

Donation of Transdermal Patch for Local Anesthesia

In response to a request by the "Asia Child Care League", an NPO supporting pediatric cancer patients and their families, the Nitto Denko Group has donated three years' worth of Transdermal Patches for local anesthesia. Children are scared of injections, and we wanted to do whatever we could to relieve their suffering and empower them in their battle against cancer. The patch, a type of transdermal pharmaceutical which produces local anesthetic effects, reduces pain by merely being put on the skin before injections.



The pediatric cancer ward of Hue Central Hospital in Vietnam



Transdermal Patch for Local Anesthesia

Research and Development of the Nitto Denko Group

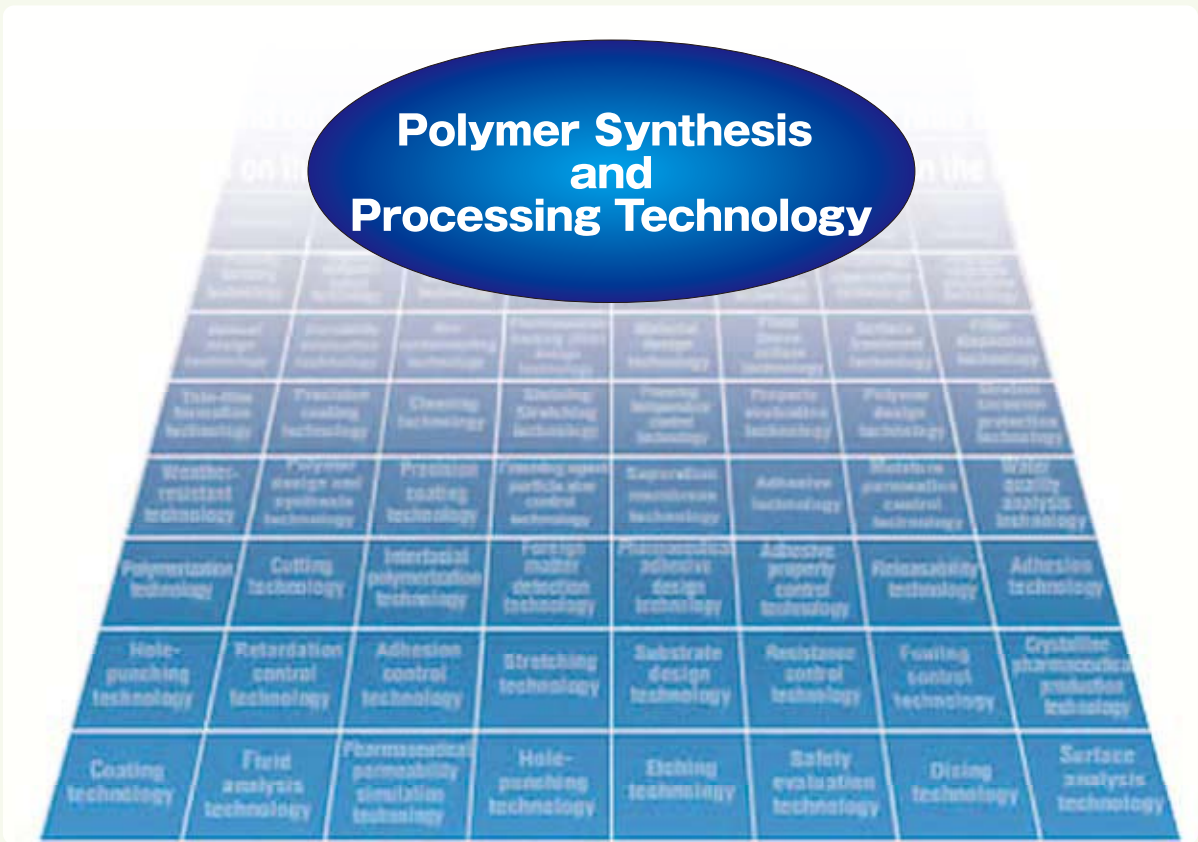
The Nitto Denko Group launches into various production projects by leveraging combined strength gleaned from accumulated expertise from over six hundred different types of technologies, all of which evolve from the following four fundamental technologies: “Adhesion Technology”, “Coating Technology”, “Polymer Function Control Technology” and “Polymer Analysis and Evaluation Technology”.

Four Fundamental Technologies

“Adhesion Technology”, “Coating Technology”, “Polymer Function Control Technology” and “Polymer Analysis and Evaluation Technology” are the four fundamental technologies of the Nitto Denko Group.



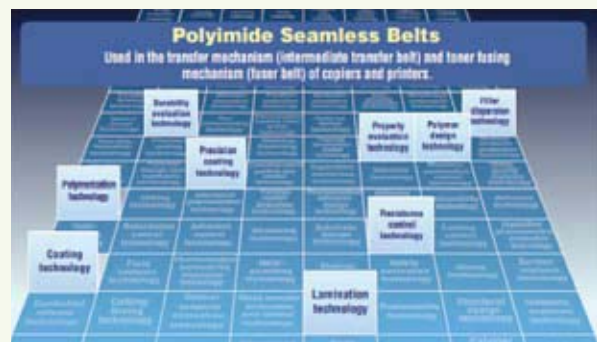
The Nitto Denko Group creates a diverse variety of products through the combination of these technologies.



For example, polyimide seamless belts which are used for transfer parts (intermediate transfer belt) and fusing parts (fusing belt) of photocopiers and laser printers are produced from a combination of “Durability Evaluation Technology”, “Precision Coating Technology”, “Property Evaluation Technology”, “Polymer Design Technology”, “Filler Dispersion Technology”, “Coating Technology”, “Polymerization Technology”, “Lamination Technology” and “Resistance Control Technology”.



Polyimide seamless belts

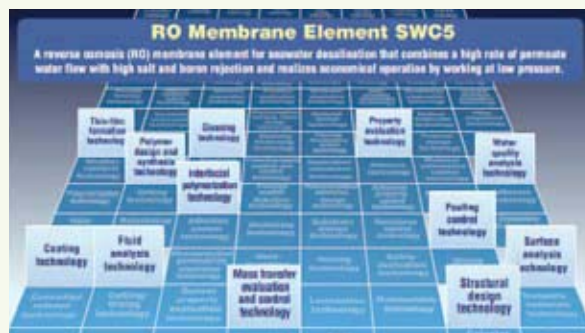




Seawater desalination low pressure spiral RO membrane element SWC5 combines a high rate of permeate water flow with high salt and boron rejection and realizes economical operation by working at low pressure. It is an achievement of a combination of “Thin-film Formation Technology”, “Polymer Design and Synthesis Technology”, “Cleaning Technology”, “Interfacial Polymerization Technology”, “Property Evaluation Technology”, “Water Quality Analysis Technology”, “Coating Technology”, “Fluid Analysis Technology”, “Mass Transfer Evaluation and Control Technology”, “Fouling Control Technology”, “Structural Design Technology” and “Surface Analysis Technology.”



SWC5



Yu-Ki-Ban is a surgical tape for medical use designed to hold gauze dressings and tubes in place. Yu-Ki Perme-Aid is a medical film dressing used for holding catheters in place and as emergency wound dressing. These products utilize such technologies as “Cutting Technology”, “Pharmaceutical Backing (Film) Design Technology”, “Property Evaluation Technology”, “Moisture Permeation Control Technology”, “Stratum Corneum Protection Technology”, “Coating Technology”, “Hole-punching Technology”, “Pharmaceutical Adhesive Design Technology”, “Safety Evaluation Technology” and “Dicing Technology.”



Yu-Ki-Ban, Yu-Ki Perme-Aid

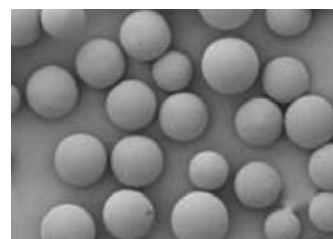


New, High-performance Solid Support for Oligonucleotide Synthesis Developed

Nitto Denko Corporation and our U.S. research subsidiary Nitto Denko Technical Corporation have jointly developed a new, high-performance solid polymer support for oligonucleotide synthesis.

Nucleic acid drugs are a relatively new class of molecules that have in the past few years shown good promise for the treatment of various illnesses through the delivery of oligonucleotides such as antisense DNA and RNA into the human body. Among them “siRNA (small interfering RNA) drugs” comprising oligomers of double strand RNA have attracted much attention. As a result, a further expansion of the synthesis market for nucleic acid drugs, including siRNA drugs, is expected in the future. It is against this backdrop that we have developed the improved version of the existing NittoPhase® solid support, which can be loaded at significantly higher levels when compared to existing products on the market, making it possible to synthesize not only DNA but also RNA with high purity and high yield at the highest levels in the world.

We are currently marketing solid support under the trade name “NittoPhase®”, via another U.S. subsidiary of Nitto Denko, Kinovate Life Sciences Inc.



Magnified Image of the New Solid Support

Trends in Research and Development

Establishment of Two R&D Centers for the Creation of Technologies for the Next-generation

In recent years MEMS Devices have attracted much attention. Generally, MEMS (microelectro mechanical systems) refers to devices which integrate diverse functions on machineries, electron, photon and chemistry by using semiconductor microfabrication technology. Inorganic MEMS comprise the mainstream amidst the fierce global competition for miniaturization being carried out in the aim of lowering power consumption.

Alternatively, in October 2008 we established a center for organic electronic device development, the "Nitto Denko Asia Technical Center Pte. Ltd.", at Fusionopolis, Singapore's largest hub of multi-disciplinary R&D. In view of organic electronic device's role as a potential competitor against inorganic MEMS, we have positioned the center as a base for development of organic electronic device-related materials in South Asia.



Exterior View of Fusionopolis

The Center has cinched agreements with the A*STAR Data Storage Institute (DSI), A*STAR Institute of Materials Research and Engineering (IMRE) and Nanyang Technological University (NTU) to fund and carry out three research projects on the development of novel organic electronic sensing devices.

Through fusing our as many as 600 technologies with technologies of polymer waveguides developed in 2005 via DSI, IMRE and NTU's expertise in Complex Vibration Numerical/Experimental Analysis, Organic Electronics and Photonic Research, we are developing new high-sensitivity sensor products. Furthermore, we aim to expand our research scope to other fields beyond electronics.

Since 2000, large-scale NEWater plants at Bedok, Kranji and Ulu Pandan, have successfully adopted our Reverse Osmosis membranes, developed with the Singapore Public Utilities Bureau after the launch of Nitto Denko's NEWater wastewater recycling project in Singapore.

As a development base for this water treatment technology Nitto Denko established an R&D center, the "Singapore Water Membrane Technical Center" at WaterHub in Singapore, and is engaged in actual applications-development, centering our efforts on practical-use evaluation tests of Singapore water. Additionally, we aim to participate in new plant construction projects in collaboration with engineering companies from within and without Singapore.



Exterior View of WaterHub



New Holographic Display System/Method Featured in the science journal "Nature"

As we introduced in last year's CSR & Annual Report, our R&D base in U.S.A., Nitto Denko Technical Corporation has succeeded in jointly developing a rewritable holographic display with the University of Arizona.

A hologram is an image, which is used in films and the like as a means of displaying an object in three-dimensional form. Current hologram recording materials have the disadvantage that once an image is recorded, videos and the like can not be played as the image is not rewritable.

The photorefractive materials developed this time are rewritable recording materials. This material/system has the highest diffraction efficiency level in the world as well as excellent compositional stability. At the same time, writing

speed was successfully improved by devising a special diffraction grating configuration.

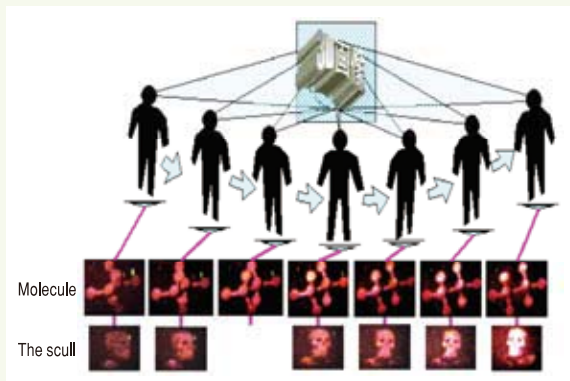
Unlike the current photorefractive materials, we have made improvements in the chemical structure of the material and introduced special material layers, so that an image once recorded could be retained for a long time, while at the same time maintaining high image strength and fast writing speed. We succeeded in lengthening the period of time over which a recorded image could be retained until disappearance, from the order of the customary several seconds to several hours. The size of the photorefractive material-based sample developed is the largest in the world. The large-area display could be created both homogeneously and defect-free by capitalizing on our polymer processing technology expertise. The details of this system/method appeared in the science journal "Nature" (7 February 2008 edition).

1. Retentivity of Image

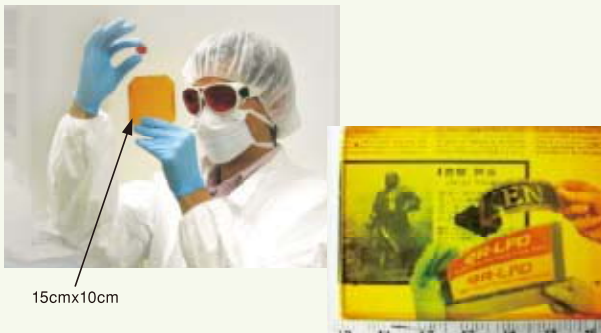


Attainment of Image Longevity

2. Rewrite Capability (Erasure possible at any time)

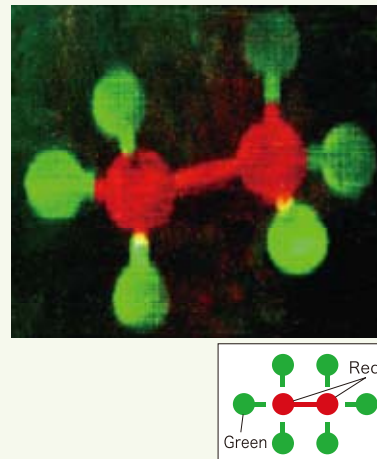


3. Defect-Free Large-area Samples



15cmx10cm

4. Capable of Two-color Display (Green&Red)



Breaking into the Field of Medicine with Polymer Technology

Our company's polymer synthesis technology is being applied to medical fields. Previously we had already conducted extensive bio-related materials research by applying our expertise in polymer technologies—for example, having previously developed a “biodegradable polymers carrier”, and so on.

This time, the Japanese government has selected an R&D project being jointly pursued by us and a team headed by leading world medical researcher Professor Yoshiro Niitsu of Sapporo Medical University on an epoch-making Molecular Targeting Drug Delivery System (Molecular Targeting DDS), to receive Japanese government-sponsored financial and other assistance for fiscal year 2008.

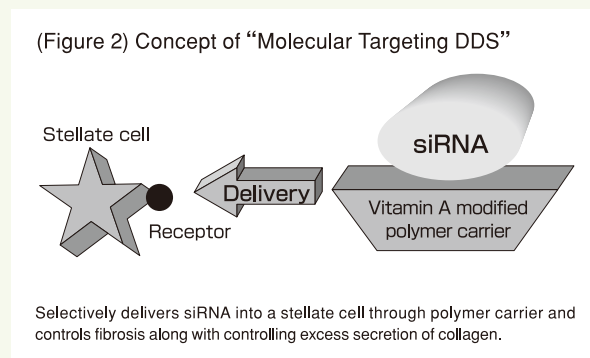
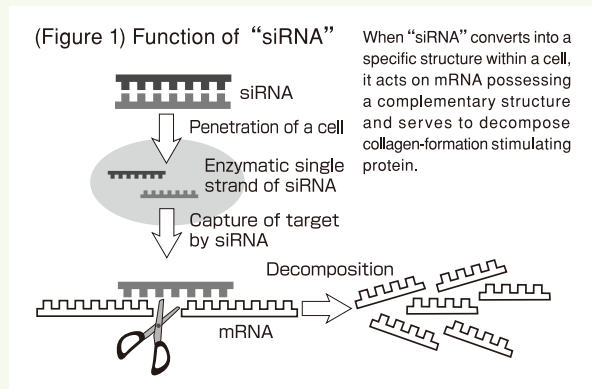
The assistance comes under the New Energy and Industrial Technology Development Organization (NEDO)'s “Translational Research Promotion (TRP) Project,” designed to bridge basic research and clinical research stages. The objective of the NEDO's TRP project system is the realization of swift practical application and popularization of medical technologies commensurate to levels of progress in scientific disciplines. It focuses on the four fields of Drug Discovery, Diagnostic Technology, Regenerative and Cell Medicine, and Therapy Equipment. NEDO's selection of our research theme “Novel Therapy for Fibrosis by the Use of Vitamin A- Conjugated Polymer—siRNA”, was due to results of Professor Niitsu's research group at Sapporo Medical University demonstrating that the biodegradable polymer we developed was useful in liver cirrhosis treatment.

In this therapy, through administering siRNA (short duplex RNA which has the same sequence as a part of the target gene) the function of genes which promote the production of collagen is inhibited. This in turn is thought to delay the progress of cirrhosis (Figure 1). Until now liposome (lipid cachet) coupled with Vitamin A has been used as a carrier* to deliver siRNA to causative cells, but the parent carrier has been a liposome which has been difficult to measure. By converting from liposomes to the biodegradable polymer we developed, quantification will become possible and the realization of the development of molecular-targeted therapy will be made achievable. (Figure 2)

The actual development of the biodegradable polymer carrier at stake is being conducted by Nitto Denko Technical Corporation (NDT), while research is being jointly carried out by Professor Niitsu's team and Nitto Denko.

We anticipate that polymer carrier technology will become a new core of our medical business in the future.

* Carrier: a substance which combines with various substances in vivo and carries the bound substance



Environmental Conservation Activities

Under a unique strict criterion, the Nitto Denko Group aims to create businesses which will be conducive to our customers' environmental conservation as well as contribute to reduction of environmental load generated by our business activities. Whenever an unachieved objective or other issue arises, we take "source measures" to resolve the problem at its source, at the root of production processes.

Concept of Environmental Management

The Nitto Denko Group approaches global environmental conservation according to the two targets of, "reduction of environmental load associated with business activities" and "development of business conducive to environmental conservation."

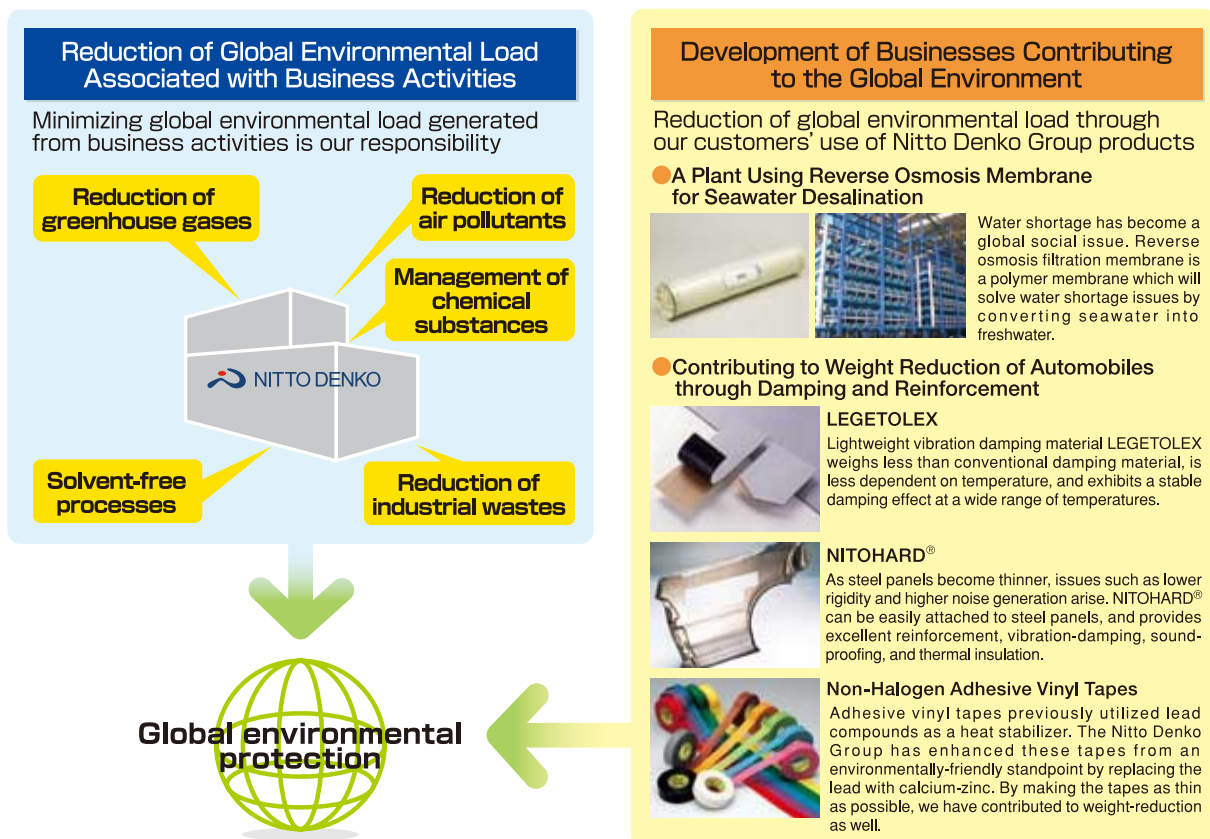
In the intention of taking responsibility for minimizing the environmental load produced from our business activities, we evaluate them according to our own independent environmental management index.

Additionally we promote the development and provision of products and functional parts for our customers which achieve reduction in the environmental load from their process and end products.

Since this fiscal year, by establishing a department handling these two targets of environmental management strategy in an integrated fashion, we

have advanced our past activities to a new level as well as embarked in earnest on reducing absolute quantities of organic solvent used and of CO₂ and industrial waste emissions. We have also given high priority not only to evaluation of degree of environmental contribution for each product but also to product development and marketing support which add to environmental contribution.

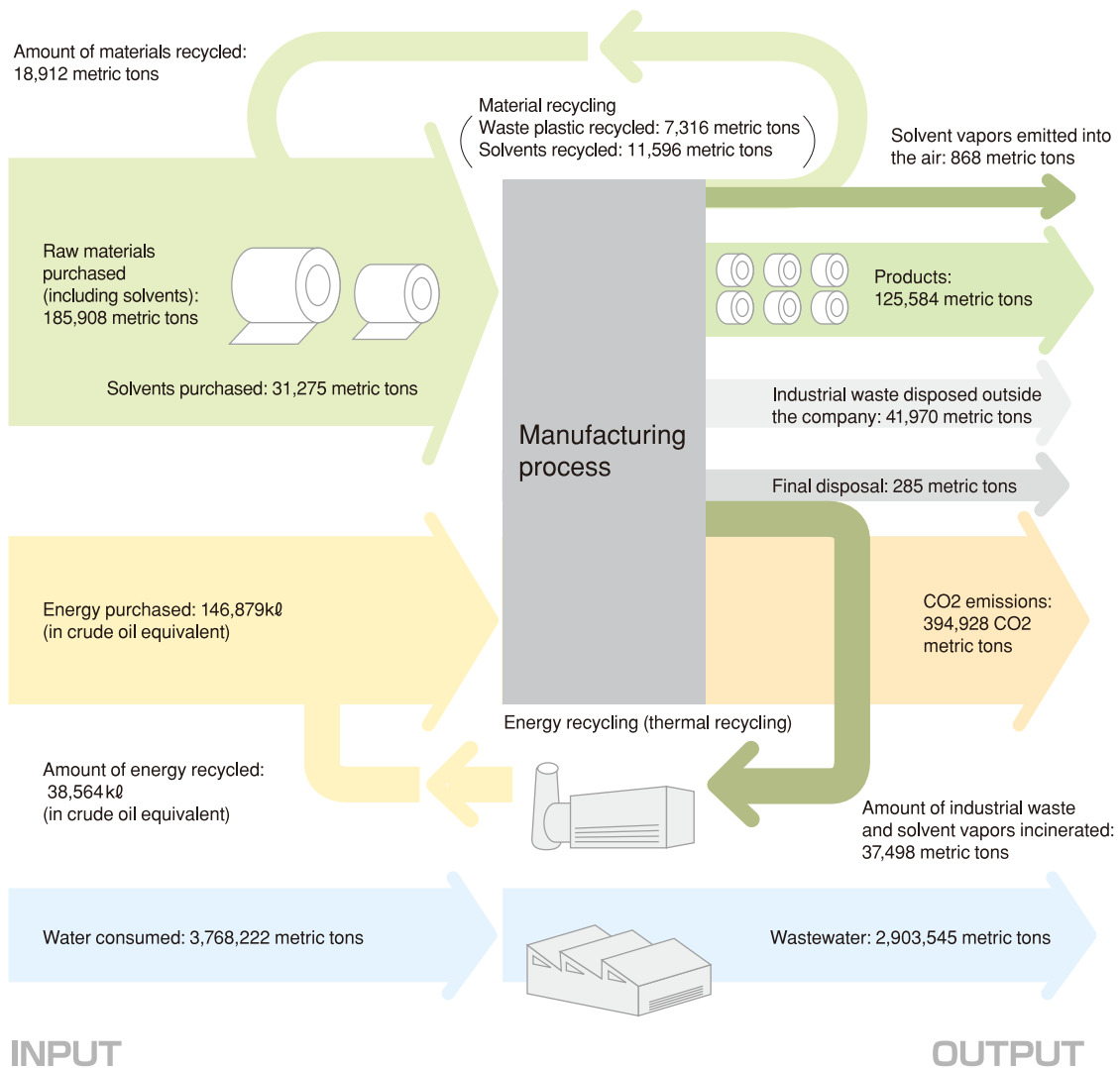
As part of these new activities, setting our sights on 2018 when Nitto Denko Corporation will reach the 100th anniversary of its founding, we established target values for amounts of CO₂ emissions, industrial waste generation and organic solvent used. Meanwhile we closely reviewed past environmental performance data as well as re-examined the scope of aggregation targets. As this fiscal year's CSR Report contains revised aggregation and analysis results conducted on the basis of this reconfirmed data, we ask for your understanding that some content will differ from that of last year's CSR Report.



Environmental Conservation Activities

Material Flow in Business Activities (non-consolidated)

In fiscal 2008, due to a decline in production, input amounts of purchased energy and water consumption and corresponding output amounts of CO₂ emissions and industrial waste generation have decreased compared to fiscal 2007. Despite these conditions, the amount of material recycling being conducted at the Recycling Promotion Center in the Toyohashi Plant has doubled compared to that of fiscal 2007 owing to enhancement of processing capabilities and increases in operating rates.



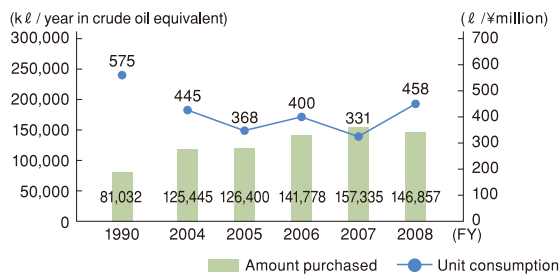
Environmental Conservation Activities

Environmental Performance Data (non-consolidated)

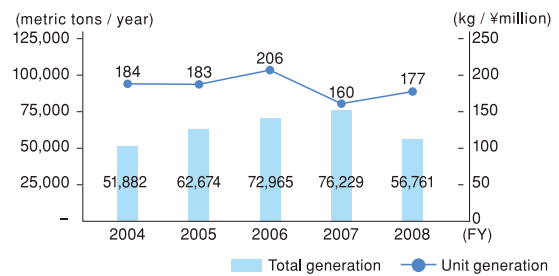
Nitto Denko Corporation distinguishes CO₂ emissions, energy purchased, industrial wastes, and volatile organic compound emissions as the four chief environmental loads generated from our business activities. We are drawing up and implementing remediation measures for each, taking into account the balance between absolute amounts and production efficiency. For fiscal 2008 the absolute amounts of all of these items decreased compared to the last fiscal year, but this result stems, however,

from a sharp drop in production since the end of 2008 and not from our environmental preservation measures. As is clear from worsening of unit cost per output (efficiency for production), loss occurring before and after the operation of the intermittent production line and operation energy for cleanrooms which is independent of production, loss amounts were high. Reduction of such loss remains a task for the future.

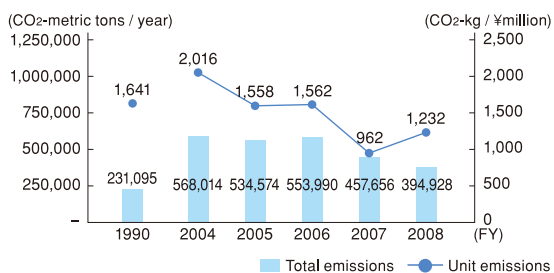
Energy Purchased and Unit Energy Consumption (non-consolidated)



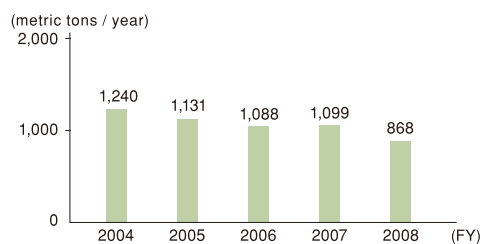
Total and Unit Generation of Industrial Waste (non-consolidated)



Total and Unit CO₂ Emissions (non-consolidated)



Amount of Volatile Organic Compound (VOC) Emissions (non-consolidated)



Environmental Conservation Activities

Environmental Management Index (consolidated)

The Nitto Denko Group is implementing environmental load reduction activities aimed primarily at prevention of global warming by establishing a unique environmental efficiency index and corresponding target values. The environmental management index of “environmental load value-added productivity” which we have set is defined as the value of added value created by corporate activities divided by the environmental load in CO₂ equivalent. Using the level achieved in fiscal 2005 as a benchmark, we aim to double our environmental efficiency by fiscal 2015.

In fiscal 2008, under the influence of a slump in business results, generated added value decreased and the environmental management index worsened by 5% compared to fiscal 2007. In comparison to the level in fiscal 2005, however, efficiency has improved by approximately 11%.

In the future, in order to meet our goals we will fully examine production processes and give high priority to “source measures” which will resolve problems at their roots.

Environmental Management Index

	Fiscal 2005	Fiscal 2006	Fiscal 2007	Fiscal 2008
Management index	0.363	0.357	0.421	0.402
(index)	100	98	116	111

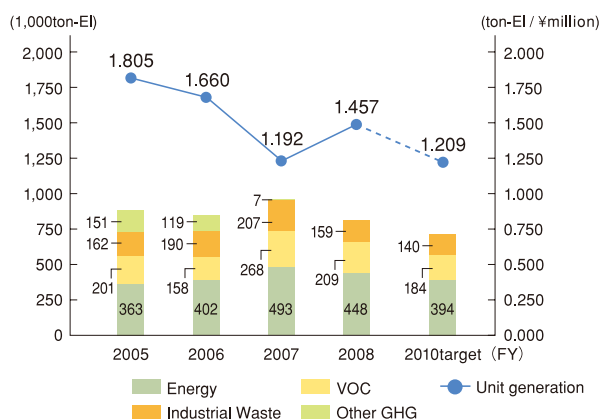
Environmental Management Index

The Environmental Management Index is an index used to evaluate our environmental efficiency through measuring the relationship between the value created by corporate activities and their environmental impact.

$$\text{Environmental Management Index} = \frac{\text{Value added}}{\text{Environmental impact (Quantity of CO}_2\text{ emission equivalent)}}$$

Value added = Sales amount - (Material cost + Energy cost)

Total and Unit Generation of Environmental Load (consolidated)



ton-EI : a unique unit utilized by the Nitto Denko Group indicating environmental load into which we convert energy purchased, industrial waste generated, VOC purchased and the like by employing a coefficient

Environmental Conservation Activities

Toward the Prevention of Global Warming (consolidated)

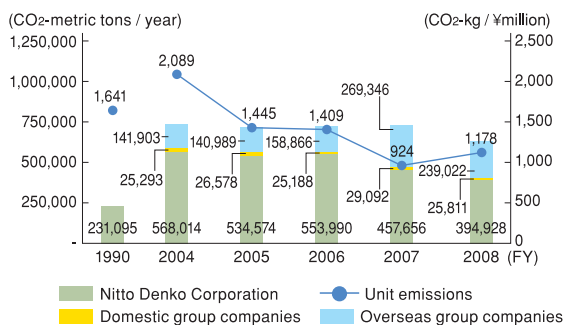
The Nitto Denko Group is working in unison to implement prevention of global warming. In order to reduce CO₂ generated from business activities, we are taking steps to raise efficiency of energy use, conserve energy and switch to fuels which produce less CO₂ emissions.

Unit CO₂ emissions (CO₂ emissions per ¥1 million of production output) in fiscal 2008 worsened 27% compared to fiscal 2007. Possible causes are operation energy for cleanrooms, which is independent of

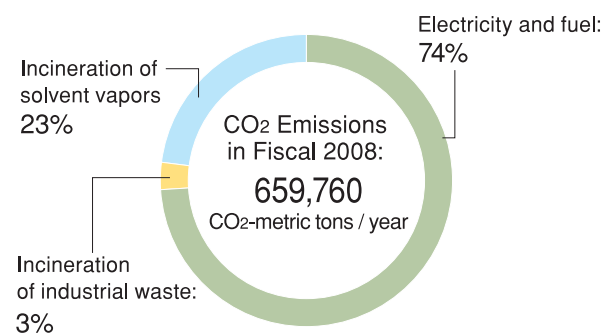
production quantity, and worsening of operation efficiency due to intermittent operation of the production line.

On the other hand, in Europe where environmental conservation is aggressive, Nitto Europe NV in Belgium has switched all electric power into green energy since January 2009 and has accomplished a 1,500 metric ton reduction in CO₂ emissions. (Details are given on P.39.)

■ Total and Unit CO₂ Emissions (consolidated)



■ CO₂ Emissions by Source (consolidated)



Participating in Light Dimming Campaign

Beginning this fiscal year we have implemented an environmental awareness campaign, “Green Design Action” for employees of the Nitto Denko Group.

“Green Design”, meaning “design geared toward environmental conservation”, had been adopted as part of the Nitto Denko Group slogan for environmental action, “The Next Green Design”, and at this juncture we additionally incorporated it as the name of our environmental awareness campaign for offices as well as for individual employee’s lives, the aim of which is to “plan environmentally-considerate lives, conduct environmentally-considerate behavior”.

In previous campaigns each base had performed various creative activities appropriate to their varied environments and societies, but in order to foster an even stronger sense of unity as members of the Nitto Denko Group, we launched activities anew by collectively unifying the theme and period of implementation. We want to take the campaign to new heights. As the initial activity of the inaugural year, fiscal 2009, we implemented a project from June 20 to July 7 in synch with the light dimming campaign by the Ministry of the Environment, turning off the lights of our outside advertising displays and offices at our plants and business branches on June 21 and July 7.

Additionally, in the intention of carrying out light dimming in each employee’s home over the same period, we distributed candles to participating employees. The idea was to have employees reflect on the environment through the experience of spending time deprived of lighting as well as to give them a chance to enjoy an unusual night, an activity in which employees’ families graciously participated as well.



Environmental Conservation Activities

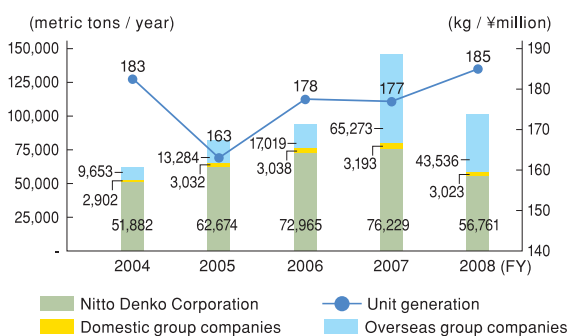
Beneficial Use of Resources (consolidated)

Nitto Denko (Shanghai Songjiang) Co., Ltd., a Nitto Denko Group affiliate in China which manufactures membrane products and tape-related products, achieved an industrial waste recycling rate of 97%. Domestically in Japan, we have implemented industrial waste recycling through thermal recycling and material recycling since fiscal 1998, with the Nitto Denko Corporation (non-consolidated) accomplishing a recycling rate of 98% in fiscal 2003 and the domestic Group also accomplishing a recycling rate of 98% in fiscal 2006, levels which we have since maintained. Meanwhile, in overseas Group companies, raising recycling rates is difficult because circumstances surrounding recycling processes differ from country to country. Nitto Denko (Shanghai Songjiang) Co., Ltd., was able to achieve its present recycling rate of 97% by aggressively pursuing

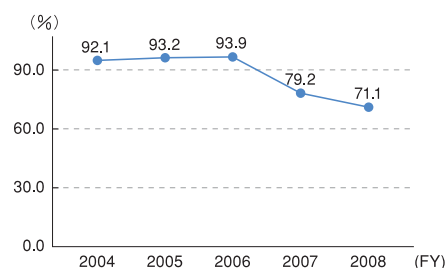
recycling, selling 240 metric tons out of its annual 460 metric tons of industrial waste as raw materials and arranging for the disposal of another approximately 210 metric tons with concerned dealers through means including recycling. We will continue our efforts to raise recycling rates in overseas Group affiliates.

At the Recycling Promotion Center in the Toyohashi Plant we promote material recycling by pelletizing industrial wastes generated in the Plant and then restoring them to raw materials. We not only sell produced pellets as raw materials to dealers but also make full use of them internally by molding them into plastic cores to be used in Nitto Denko Corporation or into car stops for use in employees' parking spaces. We are also deliberating their use in trays used in our eating facilities.

■ Total and Unit Generation of Industrial Waste (consolidated)



■ Recycling Rate (consolidated)



Displaying a booth at “Eco-Products 2008”



Environmental Conservation Activities

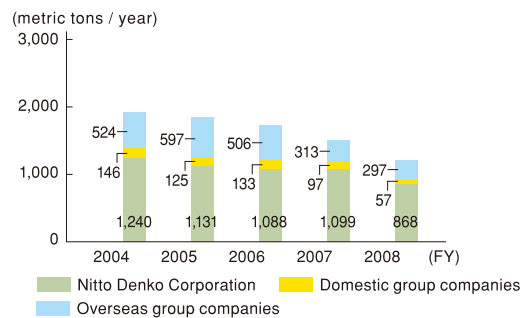
Proper Management of Chemical Substances (consolidated)

The Nitto Denko Group uses various chemical substances. By elevating awareness of employees who deal with such chemical materials of the influence that such substances may have on humans, the global environment and ecosystems, we manage and deal with these materials safely and responsibly through the adoption of a voluntary management standard which is stricter than legal requirements.

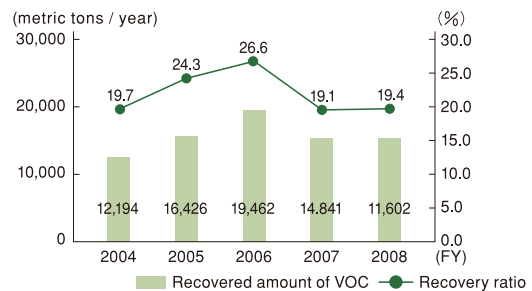
At the Chemical Substances Control Center established in 2007, we aim to implement uniform management of the information relating to chemical substances and raw materials used by the Group in the manufacturing of our products by means not only of enhancing our management system but also through advance anticipation of overseas legal control limits. It will become possible to respond to demands from customers and suppliers promptly and precisely by means of establishing a unitary Nitto Denko Group criteria.

As a deluge of inquiries from customers regarding REACH in addition to existing RoHS and ELV regulations are projected in the future, we are implementing concretization of disclosure rules and preparation of disclosure documents relating to chemical substances contained in our products.

Amount of VOC Emissions (consolidated)



Amount of VOC Recycling (consolidated)



Beginning of Full-scale Operation of Nitto Denko Group Chemical Substances Management Database

The Nitto Denko Group launched the operation of the Nitto Denko Group Chemical Substances Management Database (NCM) on December 28, 2008. NCM provides a vehicle by which to unify management of information as to chemical substances, from raw materials to finished products, through the adding of information such as product composition to previously existing information on raw material composition and the like in the database.

Employees are able to search for and view data such as information on chemical substances or regulations and administrative information on chemical substances. Furthermore, NCM possesses a quantity counting function which can be applied to composition of each product or each country, and is able to respond promptly to the disclosure of data requested from various business fields such as IMDS, JAMA, MSDS plus, which is projected to increase in the future.



Environmental Contribution of Products

Through the systematic organization of our technologies into categories of, “basic technology”, “fundamental technology” and “basic function”, and the further deepening of our understanding of these technologies and improving of their functions by due consideration to the environment, the Nitto Denko Group has constructed a “Technology Platform,” which we constantly continue to build on and develop.

We combine the Technology Platform with advanced marketing to unearth needs in advance of the times, and at the same time cultivate technologies by applying our accumulated cutting-edge functions onto

sheets, films and adhesive compounds to produce unique function products which contribute to miniaturization, process reduction, electrical power saving and resource saving.

Directly or indirectly via the medium of customers’ products our Group’s function products anticipate the aspirations of customers concerned about the global environment, by actualizing environmental conservation and reduction of environmental load. Meeting the various demands of future society for environmentally-conscious products is a real possibility.

Development of Businesses Contributing to the Global Environment

Reduction of global environmental load through our customers’ using Nitto Denko Group products

Flexible Printed Circuits Contributing to Miniaturization

Flexible printed circuits play an active role in folded parts and in product miniaturization. The Nitto Denko Group can provide circuits meeting detailed design specifications if consulted from the product design stage.



NIPOCS Contributes to Electrical Power Saving

By means of applying special films to create retroreflection NIPOCS converts absorbed and diffused light into utilizable light, thus reducing light loss as well as power consumed.



TEMISH® Capseal Useful in Simplifying Processes

TEMISH®, a generic term for polytetrafluoroethylene (PTFE) porous membrane manufactured by Nitto Denko Corporation, exhibits waterproof/dustproof functions while maintaining high air permeability. By compounding TEMISH® with molded products such as plastic or rubber, installation is simplified through the achievement of our “One touch” interlocking system while additionally reduction in number of parts becomes possible, resulting in reduction of total manufacturing cost.



Electrical Power Conservation by Polyimide Seamless Belt

Using our unique technology the Nitto Denko Group has precision-processed polyimide, which possesses superior characteristics of heat resistance, mechanical strength, electric characteristics and dimensional stability, into seamless belts. These highly-functional polyimide belts used for transfer/fusing parts of photocopiers and laser printers contribute to instrument miniaturization and power saving. The Nitto Denko Group has additionally wielded our synthetic technologies to synthesize high-intensity, high-durability polyimide resin and actualize maintenance-free products.



SWC5 Enabling High Permeate Flow through Low Pressure, Low Electric Energy

“SWC5” is a cutting-edge reverse osmosis (RO) filtration membrane for seawater desalination which actualizes a salt rejection of 99.8% as well as high permeate flow.



Recycling Promotion Center Prioritizes Recycling-oriented Resource Use

The Recycling Promotion Center processes waste plastic and so on generated from factories into pellets and plastic cores, which when re-utilized in tape products contribute to resource conservation.



Environmental Conservation Activities

Other Approaches

Activities Geared Toward the International Standardization of Material Flow Cost Accounting

Material Flow Cost Accounting (MFCA) is a measure of environmental accounting specialized for inner management of enterprises, which was developed in Germany in the latter half of the 1990s. By focusing attention on the loss of resources and energy throughout the production process, we define raw materials, energy, labor costs and so on invested to the loss as “negative product”, thus making possible the visualization of waste both quantitatively and monetarily, consequently promoting cost reductions, increasing productivity and enhancing “corporate persons’” awareness of the environment.

In 2000 Nitto Denko Corporation introduced MFCA for the first time to Japan. The target was a production line of adhesive tapes for electronics which despite its then growing market encompassed many costly processes and was prone to generate a large amount of waste material. At the outset of introduction of MFCA “negative product” costs such as snippets from tapes or unwanted adhesive compound accounted for 32% of production costs, but we managed to reduce the negative product costs to 22% in fiscal 2004 by analyzing the cause of generation of wastes (the loss) and implementing improvement measures in accordance with MFCA.

Under the initiative of Japan’s Ministry of Economy, Trade and Industry, the Nitto Denko Group is taking the action of proposing to the International Organization for Standardization (ISO) that MFCA be established as an international standard as part of the ISO14000 series. This project is one of those to which the Japanese government is presently concentrating their efforts to the fullest so that Japan may become a leader in the field of environmental management.

In the event that MFCA becomes adopted as an international standard, a clear base will be established amongst enterprises thus making use of MFCA and the prospects for its promotion on an international basis even higher, and in turn this could lead to the realization of a society characterized by compatibility between the environment and the economy.

In line with these aspirations, the ISO initiated the formal process of establishing MFCA as an international standard at the General Assembly held in Bogota, Colombia, June 21~28, 2008. Yoshikuni Furukawa of our Group, acting representative of the Japan industrial sector, is serving as organizer of the Working Group which bears the task of deliberations until standards

become established.

The Working Group is aiming for the establishment and effectuation of ISO14051 by March 2011, and Furukawa continually plays a central role.

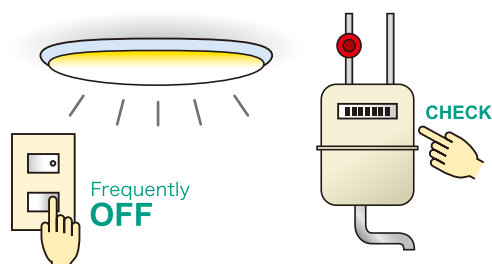
In the Nitto Denko Group various approaches exist for contributing to society, but we can say that this activity represents a new style of being involved.

Approaches in Employees’ Homes

In order to preserve the global environment, it is important that unrelenting efforts are made not only at the corporate level but also by each and every one of us. At the Nitto Denko Group, we promoted eco-activities in the household through an “Eco-awareness Boosting Marathon,” in which we aimed at CO₂ reduction by having Group employees and their families maintain a high awareness of the environment and take care to implement pro-environment behaviors.

Setting the month of September as a standard, employees and their families converted their monthly electricity and gas consumption into “CO₂ emissions” scores, then measured their level of emissions for each month and competed with one another based on their results. Additionally, the Nitto Denko Group solicited eco-ideas applied in employees’ homes and posted them in our company magazine.

We were blessed with high levels of participation and comments such as, “It was good,” “I enjoyed it,” and “I’ll continue eco-activities for a while.”



Switching 100% of Purchased Electricity to Green Energy

< Nitto Europe Going for Green Energy >

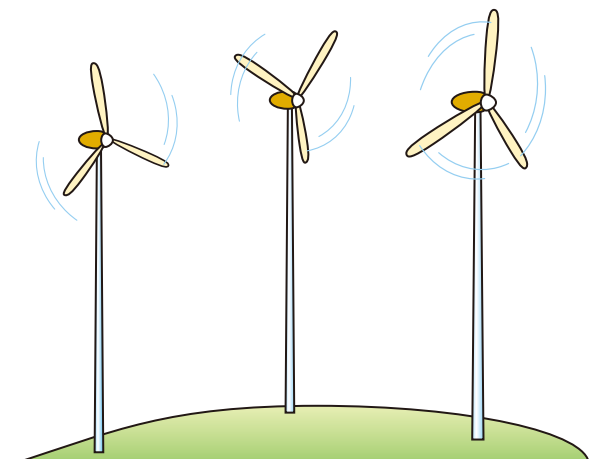
On the 1st of January 2009, Nitto Europe NV switched to green energy delivered from energy supplier Eneco. Green Power from Eneco is 100% guaranteed to be coming from different renewable energy sources.

“The selection to go for green energy fits Nitto Europe’s vision for the future. As a manufacturing company we have to take our responsibility towards man and nature. We have to use the given resources, such as energy, very carefully,” clarifies Eric Pass, Director Corporate Planning & Communications of Nitto Europe NV.

“In view of our Vision 2012 it was very important to find a supplier for green energy, that could supply us under the same conditions as a supplier of grey energy, but moreover, could guide us in our further efforts in efficient use of (alternative) energy sources,” explains Johan De Boeck, General Manager Supply Chain. When Nitto Europe NV performed its market investigation, several suppliers made offers, but could not guarantee 100% green energy at all times. “In the end, Eneco was selected as the best supplier. Next to their 100% guarantee for green energy, they are also very committed to help us in decreasing our energy consumption in the future. Even with the idea of producing our own energy they are willing to share their expertise! An extra asset, is the fact that Eneco is no more expensive than our former supplier of mixed energy. Moreover, thanks to a number of tax deductions we are now paying less. Green energy is not always more expensive,” concludes Johan De Boeck.

< Sustainable Development >

In its Mid-term Plan, the company states clearly that ‘durability’ is the key-message for the future. With its Vision 2012 “REACH 2012 as a Clean, Green & Healthy company”, Nitto Europe is going for a new style of doing business. The switch to energy supplier Eneco confirms the eagerness of the company. “Our vision for the future is no hollow promise,” explains Eric Pass, “Every day, we have to take steps towards becoming a clean, green and healthy company.”



Links to Local Communities

Approach to a Better Society

The time has come for us to be concerned about environmental destruction and other “negative legacies” that have been left to us as a result of societal neglect. The Nitto Denko Group has and continues to engage in various activities alongside its business operations that contribute to the betterment of society.

Co-sponsoring the Osaka International Ladies Marathon 2009



Photo credit—the Sankei Shimbun

Under the slogan “Backing up Challengers”, Nitto Denko Corporation this year again co-sponsored the Osaka International Ladies Marathon and the Osaka Half Marathon. Approximately 1800 employees and their families gave their support to these events at Osaka’s Nagai Stadium (Osaka-shi Nagai Rikujo Kyogijo). In co-sponsoring this event we aimed to foster communication and bring about a sense of unity within the Group as well as have many people become familiar with our Group’s name.



One runner who finished the race stated: “I felt uneasy about my ankle, but thanks to Nitto Denko’s sporting tapes I could finish the race without any pain.”

While some employees actively took part in the Osaka Half Marathon, others carried out volunteer activities in both marathon races such as taping, providing directions and support to people in wheelchairs and cleaning around the site.

At this year’s corporate display booth, employing the theme, “Hands-on Eco-experience”, we introduced Nitto Denko Group approaches and products which contribute to the environment.



During the approximately two hours in which participants were running the race, for the amusement of visitors to our booth, we had them enjoy quizzes and take the “Eco-friendliness Challenge Pledge.”

Prior to the event, within the Group, in order to give all members a chance to be involved, we sold original goods in advance in the office, and proceeds from these sales and from a fund drive were spent on planting trees in the Ibaraki Plant of Nitto Denko Corporation. We also implemented an “Eco-awareness Boosting Marathon”, in which we reflected on how the environment is affected by our daily activities.

Reutilizing Waste Material for Campaign Posters of the Race



Every year we display campaign posters for the race within each office of the Group. This year we manufactured these posters using pellet made from industrial waste collected at the Recycling Promotion Center of the Toyohashi Plant of Nitto Denko Corporation. After the race all of the posters were collected, re-palletized in the center again and reutilized in various ways as plastic materials.

Nitto Denko Himawari Launches New Business

Nitto Denko Himawari Co., Ltd., a member of the Nitto Denko Group, launched a new cleaning business to add to their current tape processing business activities. Nitto Denko Himawari Co., Ltd. plans to meet orders from companies in the same industrial park as well as those from our own Nitto Denko Group.

Exhibition of Paintings Drawn by Disabled Artist

When Nitto Denko Corporation moved headquarters operations to Osaka City, we had the notion that we wanted to buy paintings drawn by a disabled person to exhibit at the front desk and elsewhere. On referral from Nitto Denko Himawari Co., Ltd. we bought a painting titled "Haru no Omoide (Memories of Spring)" by the artist Yukio Sato. In 2008 Mr. Sato did another painting which we purchased entitled "Boku to Watashi no Natsuyasumi (My Summer Holiday)". It took Mr. Sato one and a half years to finish the picture, which he painted entirely with brushes in his mouth. Upon completion of the second painting, Mr. Sato visited Nitto Denko Himawari Co., Ltd. and watched our employees at work.



"Boku to Watashi no Natsuyasumi"



Mr. Sato creating "Boku to Watashi no Natsuyasumi"

Community Day: Canosaville Children Home Christmas Party

On December 16 in 2008, as a part of our CSR activities, Nitto Denko Singapore Pte. Ltd. organized a Christmas celebration for children from Canosaville Children

Home, a children's nursing home.

Before the event day, we ran a donation drive and our colleagues generously contributed a collection of old story books and toys.

On the event day itself, we sang Christmas songs, gave quizzes, played games, passed out lots of presents, and ordered lunch for the children. One of our colleagues even dressed up as Santa Claus!

At the end of the day, Mrs. Anne Loh, the executive director of the home gave us a tour of the facility. All in all, the event was a great success and we were so happy that they enjoyed it.



Assistance for Burns Victims

In February 2009, Australia was hit by a record heat wave. Bush fires starting in succession in the State of Victoria caused enormous damage including the loss of many lives. The area surrounding Nitto Denko Australia Pty. Ltd. located some 100 kilometers from Australia's provincial capital, Melbourne, was also affected, and it is our sole consolation that there were no injuries amongst our employees.

Nitto Denko Australia Pty. Ltd. has donated a carton of Xtrata Perme-Roll to The Alfred Hospital Burns Unit, which is the only unit for burns in Victoria, to assist and support burns victims who were injured in the fire disaster.



Xtrata Perme-Roll



Donation of Reflection Tapes for Traffic Safety to Local Board of Education

The Ibaraki Plant of Nitto Denko Corporation donated 22,500 sets of reflection tapes for traffic safety to the local board of education, who distributed them to elementary schools and junior high schools. It is our hope on this occasion that students will not only become fully aware of traffic safety but also that the reflection tapes be put to use for protecting students' families and local citizens. The tapes are manufactured by Nitto Denko Corporation, Aichi Nitto Denko Corporation and Nitto Denko Himawari Co., Ltd.



Visiting Children's Nursing Home

As per their annual custom, Nitto Matex (Thailand) Co., Ltd. again visited a welfare institution this year. About 80 employees called on a local nursing home for children who are not able to live with their parents because of various reasons, where they distributed presents (small rucksacks and T-shirts), ran a talk-show, played games, performed live music and generally spent a happy time with the children. A Japanese employee, who is a representative of Nitto Matex (Thailand) Co., Ltd., greeted the children in Thai and asked if they understood his greeting, to which the children answered in chorus, "not at all." It was a heart-warming scene.



Donation of Stained Glass Made Using Our Polarizing Film to Osaka Science Museum

The Osaka Science Museum, run by the Osaka Science Education Foundation is exhibiting a 20-meter-long piece of stained glass featuring our polarizing and retardation films in the Museum's front entrance. The glass normally looks like a smoke sheet but by means of the polarizing film 12 beautiful constellations can be seen.

Please take the opportunity to enjoy the stained glass when you are in the neighborhood.



Windows appear to be covered by a smoke sheet



Seen through the polarizing film, this kind of picture appears

Co-sponsoring "Friend Nippon Co-op Japanese Speech Contest"

Nitto Denko Corporation co-sponsored a "Japanese Speech Contest" hosted by Friend Nippon Co-op, a window for Nitto Denko Group trainees from the Philippines. Trainees from the Philippines from Nitto Business Support Corporation and Nitto Denko Corporation participated in the contest.

Planting Trees in Shenzhen City in China – Consensus between Labor and Management –

Together with more than 100 companies, employees of Nitto Denko Fine Circuit Technology (Shenzhen) Co., Ltd. planted trees in Shenzhen City in China in commemoration of the Beijing Olympics. In promoting the event Shenzhen City had made an overture for environmental conservation to each company in the city, and the labor union at Nitto Denko Fine Circuit Technology (Shenzhen) Co., Ltd. responded to the City's call by relaying the significance of participating in the event to the management. The management readily assented to their proposal.



Assistance to the Malaysian Government in Promoting Investors to Malaysia

On July 7, 2008 in the Osaka Imperial Hotel, the Managing Director of Nitto Denko Electronics (Malaysia) Sdn. Bhd. (NIDEM) and Nitto Denko Materials Malaysia Sdn. Bhd. (NMM), Mr. Osamu Kosaka with the invitation of the Malaysian Ministry of International Trade and Industry and the Ministry of Industrial Development Authority, helped the Malaysian trade mission to Osaka, Japan promote Malaysia as a gateway to Japanese investors.

He presented Nitto Denko's investment and experience in Malaysia (NIDEM and NMM) from 1989 until the present and stressed that NIDEM and NMM have progressed very well and that the Malaysian government has also cooperated very well for the past 19 years of Nitto Denko's operation in Malaysia.

An estimated 200 potential investors from around the Osaka area who attended this seminar were very

surprised and impressed by the development and growth of Nitto Denko Malaysia.



Green, Clean and Fine – Hydranautics Getting Greener Every Day

In 1989, the World Commission on Environment and Development (Brundtland Commission) articulated what has now become the widely accepted definition of sustainability: "to meet the needs of the present without compromising the ability of future generations to meet their own needs." At Hydranautics, in addition to continuing to enhance the environmental value of our membrane products, we have begun taking steps such as waste reduction, recycling and so on to make corporate sustainability part of our company DNA. Each step we take brings us closer to the "idea of eco-business": source responsibly, use sparingly, reuse aggressively, dispose of properly.

On Earth Day 2009 (April 22) Hydranautics global headquarters in California kicked off our in-house corporate sustainability initiative "Green, Clean & Fine" with focus on water conservation and clean water, and were visited by a City of Oceanside expert who shared ways that all employees could use water responsibly both at work and home.

Each Hydranautics employee around the world received a reusable (and ultimately recyclable) shopping bag to use in lieu of disposable plastic shopping bags. Lightweight and easily blown around by the lightest breeze, disposable plastic shopping bags find their way into rivers, lakes and oceans where they foul the water and kill animals. Additionally, these bags don't biodegrade, they photodegrade (taking as long as 250

to 1,000 years to break down). For each reusable bag used, they can reduce their personal plastic bag 'footprint' by up to 600 bags – that means cleaner water and a healthier environment for everyone.

Green, Clean & Fine – Hydranautics, Nitto Denko Group's "eco-business driver" is working hard to be as green as we can be.



Participation as Local Business in Symposium Hosted by Ibaraki Citizen NPO

Nitto Denko Corporation participated as a panel member in "About CSR by Local Businesses", a symposium held under the auspices of the "Civic Activity Center of Ibaragi City", an Ibaraki citizen NPO. Regardless of the day being a holiday, approximately 80 citizens participated in the event with interest. This gathering, the first ever opportunity for us to communicate about Corporate Responsibility themes with local citizens, was a golden chance for us to let them know about our Group. We hope to maintain good relations with members of the local community for years to come.

Donation of Part of Nitto Premises for a Sidewalk

The west area and east area of the Ibaraki Plant of the Nitto Denko Corporation flank a local road. In the process of tearing down buildings which had been short of earthquake-resistance strength in the west area and replacing block walls with aluminum fences, Nitto Denko Corporation became aware that the road sharing borders with our south premises was too narrow to have a walkway. Out of concern for safe

passage by local residents we donated a part of our land to the city government so that they could build a sidewalk.

Nitto Matex Receives Numerous Awards in Thailand

Nitto Matex (Thailand) Co., Ltd. received a number of awards in 2008 from Chonburi Prefecture as well as from the Thai government.



From the left, Excellence in Labor Environment and Welfare (from the Government), Certificate of Commendation for Excellence in Labor Environment and Welfare (from the Government), Contribution to Local Traffic Safety (from the Prefecture), Excellence in Safety of Labor Environment (from the Prefecture), Excellence in Safety of Labor Environment (from the Government)

Clean Up Activities in China

The labor union of Nitto Denko Fine Circuit Technology (Shenzhen) Co., Ltd. conducted clean up activities at a mountain in Shenzhen, and company employees also seized the opportunity to participate.



Business Results

10-Year Summary

April 1 - March 31

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2008
										yen in Millions	U.S. dollars in Thousands
Statement of income											
Sales	325,398	365,697	338,930	378,705	452,726	514,867	626,316	679,822	745,259	577,922	5,883,355
Operating income	26,612	34,824	19,314	33,901	55,912	70,018	89,224	69,037	77,954	13,838	140,873
ratio to sales	8.2%	9.5%	5.7%	9.0%	12.4%	13.6%	14.2%	10.2%	10.5%	2.4%	2.4%
Ordinary income	27,419	35,330	19,748	35,832	58,045	71,828	90,196	67,319	74,468	14,807	150,738
ratio to sales	8.4%	9.7%	5.8%	9.5%	12.8%	14.0%	14.4%	9.9%	10.0%	2.6%	2.6%
Net income	13,399	15,850	1,115	19,237	33,386	41,842	55,306	41,201	46,634	267	2,718
ratio to sales	4.1%	4.3%	0.3%	5.1%	7.4%	8.1%	8.8%	6.1%	6.3%	0.0%	0.0%
Segment information											
Operating Segment Information											
Industrial products (Note 1)•• Sales	185,824	196,535	183,699	192,179	191,682	207,366	251,384	268,888	256,910	209,491	2,132,658
Operating income	10,722	13,229	4,640	11,502	13,437	16,539	22,938	28,019	27,921	8,300	84,496
Electronic products (Note 1)•• Sales	107,056	132,144	119,626	146,780	219,709	261,541	327,398	356,941	432,332	314,315	3,199,786
Operating income	12,728	16,391	10,633	16,848	38,881	47,152	58,713	31,449	40,852	-933	-9,498
Functional products •••••••• Sales	32,516	37,018	35,604	39,745	41,333	45,959	47,533	53,991	56,016	54,114	550,891
Operating income	3,161	5,203	4,039	5,550	3,592	6,326	7,573	9,568	9,180	6,470	65,866
Segment information by geographic area											
Japan•••••••••••••••• Sales	232,364	248,009	237,459	252,881	286,322	295,115	271,186	268,364	256,288	207,263	2,109,977
Operating income	21,785	28,776	16,727	29,803	51,158	65,918	76,888	52,535	44,969	3,305	33,646
North America•••••••••• Sales	36,870	37,983	31,337	33,386	37,216	35,836	38,580	42,349	45,054	39,002	397,048
Operating income	1,635	1,402	172	1,027	-2,399	-2,479	-1,078	-663	338	-1,298	-13,214
Europe•••••••••••••• Sales	13,916	17,614	13,287	14,496	16,422	17,392	19,395	23,787	29,172	25,519	259,788
Operating income	903	1,024	248	447	509	246	693	1,587	2,178	-20	-204
Asia & Oceania••••••••• Sales	42,246	62,090	56,845	77,940	112,764	166,522	297,153	345,321	414,743	306,136	3,116,522
Operating income	2,288	3,495	1,340	2,396	6,547	5,936	12,575	12,382	27,614	8,368	85,188
Per share information											
Net assets per share	1,274.0	1,305.8	1,314.5	1,367.4	1,360.7	1,583.8	1,943.7	2,192.3	2,297.1	2,148.2	21.87
Net income per share	82.0	93.5	6.4	108.5	198.0	252.7	332.3	248.3	280.1	1.6	0.02
Dividends per share	18.0	21.0	22.0	24.0	40.0	50.0	60.0	70.0	80.0	80.0	0.81
Shares outstanding (thousands)	166,511	173,758	173,758	173,758	173,758	173,758	173,758	173,758	173,758	173,758	—
Shareholders	6,559	14,903	15,556	17,144	20,999	16,725	16,057	35,224	41,309	63,479	—
Balance sheet											
Total assets	334,500	357,653	350,340	379,811	389,525	443,264	556,934	604,208	595,972	558,258	5,683,172
Equity	212,126	226,893	228,409	237,560	223,114	261,090	321,464	364,942	382,627	357,839	3,642,869
ROA	4.1%	4.6%	0.3%	5.3%	8.7%	10.0%	11.1%	7.1%	7.8%	0.0%	—
ROE	6.7%	7.2%	0.5%	8.3%	14.5%	17.3%	19.0%	12.0%	12.5%	0.1%	—
Equity to total assets	63.4%	63.4%	65.2%	62.5%	57.3%	58.9%	57.7%	60.4%	64.2%	64.1%	—
Capital investment	25,502	26,716	34,684	28,306	31,731	40,101	60,889	75,324	59,406	55,926	569,337
Depreciation cost	16,463	18,344	20,442	21,143	21,386	24,681	31,470	40,169	49,617	50,556	514,670
R&D expenses	10,646	12,423	13,053	13,851	15,822	16,739	20,489	21,733	22,096	21,716	221,073
Number of employees (Note 2)	12,763	13,834	13,685	15,389	18,926	22,454	27,865	32,101	33,663	28,640	—

Note 1. From FY1999 to FY2002, electronic component-related products are categorized in "Industrial products".

2. Part-time employees are included.

3. The exchange rate Japanese yen and US dollars is the rate at March 31, 2009, which was ¥98.23 to US\$1.00.



Business Results

Analysis of the Business Results

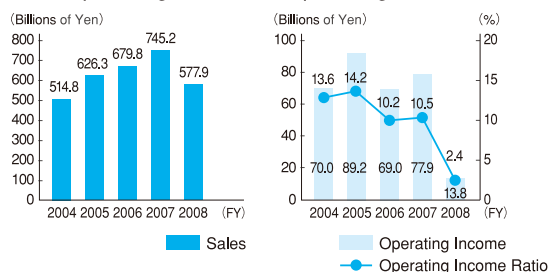
1. Summary of Overall Business

During the fiscal year under review, the economic situation drastically deteriorated in the economy with decreased corporate earnings and weaker consumer spending in the wake of the global financial uncertainty situation, which was triggered in the U.S. in the latter half of the fiscal year.

Under these circumstances, the Nitto Denko Group labored to promote the reduction of costs; including manufacturing costs and attempted to improve earnings. However, the results significantly worsened due to a greater-than-expected decrease in demand across almost all business sectors; such as the electronic, automobile, housing and construction industries.

As a result, consolidated net sales decreased 22.5% from the previous year (changes in percentage hereinafter are in comparison to the previous year) to 577,922 million yen. Operating income fell 82.2% to 13,838 million yen, and ordinary income dropped 80.1% to 14,807 million yen. Net income decreased by 99.4% to 267 million yen due to the recording of domestic and international business re-structuring costs recognized as extraordinary losses.

Sales, Operating Income & Operating income Ratio



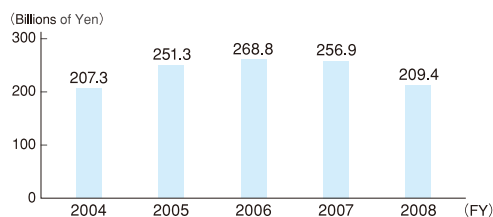
2. Summary by Business Segment

Industrial Products

Regarding bonding and joining products, sales for nearly all product categories were weak because products for the personal computer industry, portable music players, gaming electronics devices industry, HDDs (hard disk drives) industry and home appliances industry were all affected by customer inventory adjustments during the latter half of the fiscal year. Surface protection products experienced difficult sales conditions as a result of production adjustments in the metal processing industry, in the latter half of the year when the financial crisis began. In the FPD (flat panel display) industry, sales of protection film for optical use lagged due to decreased production of panel makers, despite favorable results from some transparent double-coated adhesive tape products for use by optical device. Sales of sealing products were low due to a decline in the production of portable devices and flat panel TVs, as well as production adjustments in the automobile industry. Sales of construction materials were lower overall as a result of the sharp deterioration of market conditions in the latter half of the fiscal year for certain products such as, protection tape, even though waterproof tape for the overseas market fared well.

As a result, sales for the industrial products segment were 209,491 million yen (down 18.5%) and operating income was 8,300 million yen (down 70.3%).

Industrial Products Sales



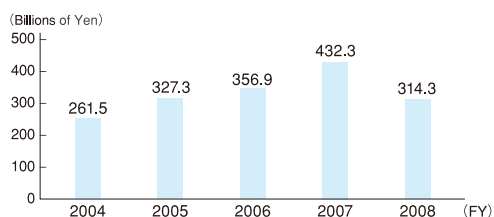
Electronic Products

With regard to LCD related products, demand sharply decreased since last fall for all applications including LCD TVs, PCs and portable devices. In response to this,

in the large-sized panels segment, we sought to secure quantities of sales to keep the facilities operating and, at the same time, implemented rationalization and cost cutting efforts at domestic and overseas plants. However, the sales for large-sized panels faltered as demand fell significantly due to production adjustments at panel makers. Sales of semiconductor related products produced unfavorable results as environmentally friendly resin sales fell due to worsening market conditions despite a good showing up to the second quarter. Sales for flexible printed circuit products, for which a special focus is made for the storage industry and the cell phone industry, were lower due to sluggish parts procurement by customers. Some printed circuits developed for the flat TV industry were discontinued due to the low expectation of the recovery in profitability. With regard to electronic processing materials, despite robust sales of die attach sheet in semiconductor packaging, there was a large drop in demand for protection sheets and protection sheet laminating machines for semiconductor manufacturing processes due to a restraint on capital investment and production adjustments in the semiconductor industry. Sales of processing materials for small electronic components experienced a downward adjustment due to customer production adjustments.

As a result, sales for the electronic products segment were 314,315 million yen (down 27.3%) with an operating loss of 933 million yen.

Electronic Products Sales



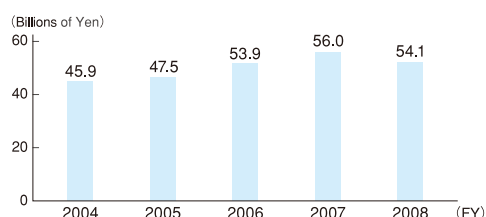
Functional Products

Medical related products such as transdermal therapeutic patches which are pharmaceutical products and other existing products (for treatment of asthma and

angina) were affected by the drug price revision in Japan. However, as a result of sales enhancement, overall revenues were robust. Recently, official approval in the US was acquired by our partner in a joint development agreement, thus launching sales of cancer pain palliatives. In addition, sanitary material sales were favorable resulting in strong overall performance. Sales of high-polymer separation membranes, used mainly in overseas seawater desalination projects, positively mitigated the impact from deteriorating demand for new projects for industrial applications and conversions as a result the economic slowdown. As for engineering plastics, sales were down due to worsening market conditions in the area of functional materials for porous films for home appliances and semiconductors, automobile parts and information equipment.

As a result, sales in the functional products segment were 54,114 million yen (down 3.4%) and operating income was 6,470 million yen (down 29.5%).

Functional Products Sales



3. Summary by Geographic Area

In Japan, earnings were constrained by a slowdown in the economy caused by unstable prices of crude oil and petrochemicals in the first half of the fiscal year and the slowdown of the US economy and the appreciated of the yen, in the latter half of the fiscal year. With regard to the Asia and Oceania region, conditions were difficult due to the impact to LCD related products caused by significant production adjustments in Taiwan and Korea



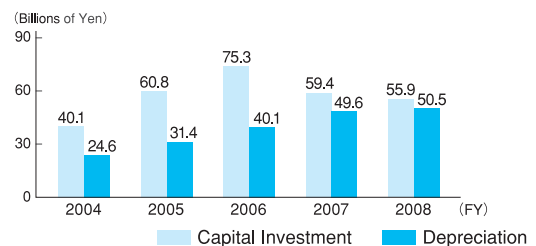
as well as customer inventory adjustments in China and South Asia for industrial products and electronic products used as electronic components in cellular phones, HDDs, and home appliances. As a result, sales in Japan were 207,263 million yen (down 19.1%) and operating income was 3,305 million yen (down 92.7%). Sales in the Asia and Oceania region were 306,136 million yen (down 26.2%) with an operating income of 8,368 million yen (down 69.7%). In Europe, sales for industrial products and electronic products for the electronic and automobile industries were impacted by the downturn in the economy. As a result, sales overall in Europe were 25,519 million yen (down 12.5%) with an operating loss of 20 million yen. In North America, there was a strong contribution from the launching of transdermal therapeutic patches (for treatment of cancer pain palliatives) in the U.S., after acquiring official approval, as well as from high-polymer separation membranes for seawater desalination projects. However, the strong contribution was offset by other factors such as a drop in sales of industrial products in the wake of weakened demand for automobiles, which resulted in sales in North America of 39,002 million yen (down 13.4%) with an operating loss of 1,298 million yen. Please note that business structure reforms are now being implemented in North America and local production of tape for electrical and electronic products is being phased out.

4. Capital Investment

The Group invested a total of 55,926 million yen in plant and equipment during the business year under review. Of this total, 39,817 million yen was invested on a non-consolidated basis for capital investment to improve the productivity for LCD related materials at the Onomichi Plant, as well as to improve production facilities for joining materials and surface protection materials at the Toyohashi Plant, and for building a new facility for surface protection materials at the Shiga Plant. For group companies, a total of 16,109 million yen was invested in production facilities for LCD related

products and facilities for industrial materials in China, Taiwan and South Korea.

Capital investment & Depreciation



5. Financial Condition

Cash and cash equivalents (hereinafter, "Cash") was 113,722 million yen at the end of the fiscal year, an increase of 34,484 million yen compared with the end of fiscal 2007. The main factors for changes by each cash flow activity were as follows.

Cash Flows from Operating Activities

Cash increased to 51,290 million yen as a result of operating activities.

The main factors for this increase include income before income taxes of 1,676 million yen, depreciation and amortization of 50,556 million yen, and an increase in notes and accounts receivable-trade of 43,149 million yen. On the other hand, the main uses of cash during the period include decreases of notes and accounts payable-trade of 41,844 million yen and payment of income taxes of 19,831 million yen.

Cash Flows from Investing Activities

Cash decreased to 60,751 million yen as a result of investing activities.

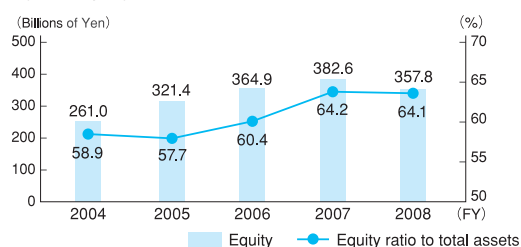
This was mainly attributable to the result of purchases of noncurrent assets of 61,396 million yen.

Cash Flows from Financing Activities

Cash increased to 46,703 million yen as a result of financing activities.

This was mainly the result of an increase of short-term loans payable of 21,046 million yen, an increase of commercial paper of 25,000 million yen, an increase of long-term loans payable of 14,850 million yen and cash dividends paid of 13,325 million yen.

■ Equity & Equity ratio to total asset



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

	2005	2006	2007	2008
Equity ratio (%)	57.7	60.4	64.2	64.1
Equity ratio on a market value basis (%)	296.2	152.4	117.7	59.8
Debt redemption period (year)	0.3	0.6	0.2	1.5
Interest coverage ratio	92.1	57.1	57.6	37.5

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

- 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 year, after deduction of treasury stock.
- Cash flow from operating activities and interest payment used here are those included in the consolidated cash flow statement.
- Liabilities with interest represent all the liabilities included in the consolidated balance sheet for which interest is paid.

6. Business and Other Risks

1 Optical Business (LCD related products)

The Group's optical business, the core business of the Group, achieved the top position in global market share. However, while demand for LCD TVs is anticipated to grow, there are many companies participating in this market and competition continues to be stiff. Relationships with panel

manufacturers (our customers), an imbalance between the supply and demand conditions of the industry, decline in prices, corporate reorganization among panel makers, intensified price competition due to new players entering the market, under capacity of material suppliers and sharp increases in material costs could all negatively affect the performance of the Group.



2 Business Operations in North America

Business operation in North America on the whole experienced an operating loss due to deterioration of market environment for industrial products, medical related and polymer separation membrane products improved performance with the introduction of new product offerings and other factors. The Group aims to focus on the polymer separation membrane business and medical related products business while expanding sales of products for the automobile industry in hopes of further improving earnings. However, future events such as further deterioration of the environment surrounding the Company's businesses brought about by a drop in private consumption by American consumers, or a strain placed on investment and in the U.S. automobile industry, or failure to receive FDA approval for transdermal therapeutic patches in the medical products business or the occurrence of unexpected costs related to the further centralization of businesses could all negatively affect the performance of the Group.

3 Financial Standing of Our Customers

The Group works with customers who meet its strict financial criteria. However, the credit extended to customers of LCD related products is significantly large compared with other businesses. If a default were to occur, the amount would tend to be quite significant.

4 Raw Material Vendors

For some key raw materials, the Group depends on specific vendors. Although it does endeavor to find multiple raw material vendors so as to reduce the risk of failure to procure key materials, failure to obtain the necessary key raw materials could negatively affect the performance of the Group.

5 Currency Fluctuations

The Group manufactures and markets its products across the world; therefore, its business is affected by the global economy. A longer than expected struggling global economy, fluctuations of crude oil prices and currency exchange rates could negatively affect the performance of the Group.

6 Overseas Operations

The Group operates businesses in Europe, North America and Asia, actively pursuing global business operations by performing marketing activities and reducing production costs in each area. Depending on the area, there are inherent unavoidable risks such as unanticipated changes to laws and ordinances, taxes and regulations, social disorder such as transportation delays and power outages due to incomplete social infrastructures, political disturbances, war and terrorism. The occurrence of such events could negatively affect the performance of the Group.

7 New Product Development

There are severe requirements for technological innovation and cost competition in the area in which the Group operates its businesses. The Group continues to pursue new technologies and new product development, with research and development investment necessary for production process innovation, as well as plant and equipment investment based on its "Global Niche Top" strategy. However, it is not easy to accurately forecast changes in an industry in which market changes are so drastic. It is possible that another company could unexpectedly develop new technology or a new product that renders a product of the Group obsolete. The occurrence of such an event exceeding contingency expectations could affect the management of the Company.

8 Intellectual Property

The Group owns, maintains and manages valuable intellectual property rights. However there is a possibility that a third party might claim these rights to be invalid and the Group might not enjoy complete protection. The Group's property may be imitated in some areas and the Company may be involved in lawsuits. Intellectual property rights infringements could negatively affect the performance of the Group.

9 Product Defects

The Group manufactures products according to ISO 9000 quality standards and carries out quality management trusted by its customers. Although the

Group has products approved as pharmaceuticals, such as its products for transdermal therapeutic patches, the business activities of the Group mainly involve transactions between companies engaged in the manufacturing industry. Although the possibility of the Group being forced to directly compensate end users for its products or to conduct a product recall are slim, the Group cannot completely eliminate the risk of liability associated with product defects. If compensation exceeds the coverage of product liability insurance, this could negatively affect the performance of the Group.

10 Environmental Issues

The Group regards environmental preservation measures as one of its key business policies and has been acting from a standpoint of social responsibility, focusing on reducing waste, preventing global warming and air pollution. The Group has not caused any serious environmental problems and publishes the fact that it uses large amounts of toluene in the PRTR (The Pollutant Release and Transfer Register) and discloses this in CSR reports. The Group established a voluntary reduction plan, which it duly observes. However, there is a chance there could be changes in future laws and regulations which could result in significant expenses due to environmental issues and this could negatively affect the performance of the Group.

11 Laws and Regulations

The Group operates its business not only in Japan but also overseas where the Group is governed by the various laws and regulations of various countries and strives to abide by them. If these laws and regulations are strengthened or changed significantly, the activities of the Group may be limited or the Group may incur additional costs relating to compliance which could negatively affect the performance of the Group.

12 Accidents and Disasters

The Group carries out safety measures to protect itself from accidents and disasters by following a safety first policy. In particular, Japan has a high occurrence rate of earthquakes and if a large-scale earthquake

occurred in a particular area, despite the existence of earthquake insurance, its coverage would be limited and could influence the performance of the Group. Moreover, if there were a massive outbreak of a new strain of influenza that threatened to spread across the world, depending on the nature of virus, it may not only influence the global economy, but also the performance of the Group.

13 Retirement Benefit Liability

Employee accrued benefit costs and liabilities of the Group are calculated on the basis of assumptions such as the discount rate and other actuarial calculations and expected returns of pension assets. When the actual results are different from the assumptions or when the assumptions are altered, effects will accumulate and be systematically recognized in the future. This may generally influence recognized costs and calculated liabilities in the future. If market interest rates go down or investment yields of pension assets deteriorate in the future, an increase in retirement benefit liability and a shortage of funds might occur and thus influence the business results of the Group.

Consolidated Financial Statements

Consolidated Balance Sheets

(Yen in Millions)

Assets	Amount		Liabilities	Amount	
	As of March 31, 2009	As of March 31, 2008 (Reference)		As of March 31, 2009	As of March 31, 2008 (Reference)
Current assets:	289,234	315,824	Current liabilities:	153,718	180,536
Cash and deposits	113,965	80,182	Notes and accounts payable-trade	53,879	100,588
Notes and accounts receivable-trade	93,524	142,070	Short-term loans payable	28,832	8,416
Merchandise and finished Goods	20,300	23,877	Commercial papers	25,000	-
Raw materials and supplies	11,726	13,120	Accrued expenses	11,667	19,440
Work in process	28,960	35,405	Income taxes payable	1,545	12,329
Deferred tax assets	7,164	8,045	Other	32,793	39,762
Other	14,264	13,894	Noncurrent liabilities:	43,409	29,842
Allowance for doubtful accounts	△672	△772	Long-term loans payable	20,923	6,933
Noncurrent assets:	269,023	280,148	Provision for retirement benefits	18,351	18,267
Property, plant and equipment	230,188	243,803	Provision for directors' retirement benefits	506	574
Buildings and structures	100,566	96,118	Deferred tax liabilities	348	457
Machinery, equipment and vehicles	81,019	94,011	Negative goodwill	574	1,063
Tools, furniture and fixtures	8,716	8,705	Other	2,705	2,545
Land	19,688	19,530	Total liabilities	197,127	210,379
Construction in progress	20,198	25,438	(Net assets)		
Intangible assets:	8,579	6,610	Shareholders' equity	379,310	393,221
Goodwill	65	72	Capital stock	26,783	26,783
Software	3,633	2,727	Capital surplus	56,166	56,163
Other	4,880	3,810	Retained earnings	324,740	338,701
Investments and other assets:	30,255	29,733	Treasury stock	△28,380	△28,427
Investments securities	7,578	10,806	Valuation and translation adjustments	△21,471	△10,594
Deferred tax assets	8,674	3,431	Valuation difference on available-for-sale securities	1,040	3,171
Prepaid pension cost	9,682	11,241	Deferred gains or losses on hedges	△129	169
Other	4,620	4,420	Foreign currency translation adjustment	△22,382	△13,935
Allowance for doubtful accounts	△301	△166	Subscription rights to shares	1,086	897
Total assets	558,258	595,972	Minority interests	2,204	2,068
			Total net assets	361,130	385,593
			Total liabilities and net assets	558,258	595,972

Consolidated Financial Statements

Consolidated Statements of Income

(Yen in Millions)

	April 1, 2008 – March 31, 2009	April 1, 2007 – March 31, 2008 (Reference)
Net sales	577,922	745,259
Cost of sales	455,763	548,551
Gross profit	122,158	196,708
Selling, general and administrative expenses	108,320	118,753
Operating income	13,838	77,954
Non-operating income:	4,808	4,749
Interest and dividends income	663	892
Foreign exchange gains	899	-
Miscellaneous income	3,245	3,856
Non-operating expenses:	3,838	8,235
Interest expenses	1,278	1,738
Equity in losses of affiliates	173	146
Miscellaneous loss	2,386	6,351
Ordinary income	14,807	74,468
Extraordinary income:	995	2,363
Gain on sales of noncurrent assets	93	534
Gain on patent assignment	285	-
Other	617	1,829
Extraordinary loss:	14,127	7,741
Loss on sales and retirement of noncurrent assets	5,359	5,129
Impairment loss	5,014	345
Special retirement expenses	739	465
Other	3,014	1,799
Income before income taxes	1,676	69,090
Income taxes-current	3,232	23,215
Income taxes-deferred	△2,820	△1,408
Minority interests in income	995	650
Net income	267	46,634



Consolidated Financial Statements

Consolidated Statements of Cash Flows (Reference)

(Yen in Millions)

	April 1, 2008 — March 31, 2009	April 1, 2007 — March 31, 2008
I. Net cash provided by (used in) operating activities		
Income before income taxes	1,676	69,090
Depreciation and amortization	50,556	49,617
Decrease (increase) in notes and accounts receivable-trade	43,149	△1,082
Increase (decrease) in inventories	8,354	△4,465
Increase (decrease) in notes and accounts payable-trade	△41,844	5,495
Interest expenses paid	△1,369	△1,762
Income taxes paid	△19,831	△20,799
Other, net	10,599	5,501
Net cash provided by (used in) operating activities	51,290	101,595
II. Net cash provided by (used in) investing activities		
Purchase of noncurrent assets	△61,396	△66,850
Proceeds from sales of noncurrent assets	509	2,995
Other, net	135	2,385
Net cash provided by (used in) investing activities	△60,751	△61,468
III. Net cash provided by (used in) financing activities		
Increase (decrease) in short-term loans payable	21,046	△8,579
Increase (decrease) in commercial papers	25,000	△10,000
Repayment of long-term loans payable	△781	△3,798
Cash dividends paid	△13,325	△12,485
Other, net	14,765	7,215
Net cash provided by (used in) financing activities	46,703	△27,648
IV. Effect of exchange rate change on cash and cash equivalents	△2,758	△7,822
V. Net increase (decrease) in cash and cash equivalents	34,484	4,655
VI. Cash and cash equivalents at the beginning of period	79,238	74,551
VII. Increase in cash and cash equivalents from newly consolidated subsidiary	-	31
VIII. Cash and cash equivalent at the end of period	113,722	79,238

Consolidated Financial Statements

Consolidated Statement of Changes in Net Assets

April 1, 2008 through March 31, 2009

(Yen in Millions)

	Shareholders' equity				
	Paid-in capital	Capital Surplus	Retained earnings	Treasury stock	Total Shareholders' equity
Balance as of March 31, 2008	26,783	56,163	338,701	△28,427	393,221
Changes of items during the period					
Dividends from surplus			△13,325		△13,325
Net income			267		267
Purchase of treasury stock				△3	△3
Disposal of treasury stock		2		50	53
Effect of changes in accounting policies applied to foreign subsidiaries			△902		△902
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	2	△13,960	47	△13,910
Balance as of March 31, 2009	26,783	56,166	324,740	△28,380	379,310

	Valuation and translation adjustments				Subscription rights to shares	Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Total valuation and translation adjustments			
Balance as of March 31, 2008	3,171	169	△13,935	△10,594	897	2,068	385,593
Changes of items during the period							
Dividends from surplus							△13,325
Net income							267
Purchase of treasury stock							△3
Disposal of treasury stock							53
Effect of changes in accounting policies applied to foreign subsidiaries							△902
Net changes of items other than shareholders' equity	△2,130	△298	△8,447	△10,876	188	135	△10,552
Total changes of items during the period	△2,130	△298	△8,447	△10,876	188	135	△24,463
Balance as of March 31, 2009	1,040	△129	△22,382	△21,471	1,086	2,204	361,130



Consolidated Financial Statements

Notes to Consolidated Financial Statements

1. Notes regarding significant accounting policies for the preparation of the consolidated financial statements

(1) Scope of consolidation

1. Number of consolidated subsidiaries: 102

Major companies:

Nissho Corp., Nitto Europe NV,
Nitto Americas, Inc.,
Nitto Denko (China) Investment Co., Ltd.,
Nitto Denko (Suzhou) Co., Ltd.,
Taiwan Nitto Optical Co., Ltd.,
Korea Nitto Optical Co., Ltd.,
Nitto Denko (HK) Co., Ltd.,
Shanghai Nitto Optical Co., Ltd.

Newly consolidated subsidiaries:

Established:

Nistem Precision de Mexico S.A. de C.V.
Company whose status as a consolidated subsidiary ceased:

Merged with the Company:

Nitto Matex (Tianjin) Fabricating Co., Ltd.

Liquidated, etc.:

Kyoshin (Hong Kong) Co., Ltd.
and other 2 companies

2. Number of non-consolidated subsidiaries: 6

Major company:

Nitto Denko Technical Corporation

New non-consolidated subsidiaries

Established:

Nitto Denko (Shanghai) Pharmaceutical Consulting Co., Ltd.
and other 1 company

All of the non-consolidated subsidiaries are small, and their total assets, net sales, net income or loss, and retained earnings, 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.

(2) Application of equity method

1. Number of non-consolidated subsidiaries subject to equity method: 6

Major company:

Nitto Denko Technical Corporation

New non-consolidated subsidiaries subject to equity method

Established:

Nitto Denko (Shanghai) Pharmaceutical Consulting Co., Ltd.
and other 1 company

2. Number of affiliates subject to equity method: 1 Kathyd Technology, LLC

(3) Fiscal year of the consolidated subsidiaries

Number of companies whose fiscal year is the same as that of the Company: 81

Number of companies whose fiscal year is different from that of the Company: 21

※For the 21 companies above, a provisional settlement of accounts based on March 31, 2009 was used.

(4) Accounting policies

1. Valuation basis and methods for principal assets

1) Securities

Other securities:

Securities with available fair value:

Carried at fair value, as of the consolidated balance sheet date. (Valuation adjustments were reported in the net assets section, and selling costs were calculated using the moving average method.)

Securities with no available fair value:

Stated at cost based on the moving average method

2) Derivatives: Stated at fair value

3) Inventories: Mainly stated at gross average cost (for balance sheet valuation, in the event that an impairment is determined: impairment write down is calculated based on inventory net realizable value)

(Changes in accounting policies)

From this consolidated fiscal year, the consolidated financial statements conform to the "Accounting Standard for Measurement of Inventories" (ASBJ Statement No. 9, July 5, 2006).

This change has no impacts on profits.

2. Depreciation method of major depreciable assets

1) Property, plant and equipment

(excluding lease assets):

Mainly the declining-balance method

(Additional information)

In the wake of the revision of the Corporation Tax Law in fiscal 2008, the Company and its domestic consolidated subsidiaries reviewed the economic useful life of machinery, equipment, etc., and changed the useful life thereof beginning in this consolidated fiscal year.

As a result, operating income, ordinary income and income before provision for income taxes are each 508 million yen less than those based on the conventional life.

- 2) Intangible assets (excluding lease assets):
Straight-line method (software for in-house use is depreciated using the straight-line method over its useful life of 5 years)
 - 3) Lease assets:
Lease assets, determined to be finance leases not involving the transfer of ownership of the leased property to the lessee are accounted for using the straight-line method, with the useful life set as the period of the lease contract, with no residual value.
3. Accounting criteria for major allowances
- 1) Allowance for doubtful accounts
Allowance for doubtful accounts is provided to cover probable losses on collection. It is the sum of the probable uncollectable amount estimated using the rate of actual collection losses for normal receivables and a review of the individual collectability of the specific receivables.
 - 2) Provision for directors' bonuses
The Company and its domestic consolidated subsidiaries make provisions for the amount of bonuses for directors deemed to accrue during the fiscal year, based on the Company's estimated payment obligation for the current consolidated accounting fiscal year.
 - 3) Provision for retirement benefits
The Company makes provisions for the necessary amount of allowance for employees' severance and retirement benefits deemed to accrue during the term based on the Company's estimated payment obligation and the balance of the pension fund at the term-end.

Prior service cost of pension plans is amortized from the year in which the gain or loss is recognized by the straight-line method for a given number of years (12 years) within employees' average remaining years of service.

Actuarial gain or loss is amortized from the year following the year in which the gain or loss is recognized by the straight-line method for a given number of years (12 years) within employees' average remaining years of service.

- 4) Provision for directors' retirement benefits
The consolidated subsidiaries in Japan calculate the required amount based on internal regulations in preparation for the payment of retirement allowances to Directors and Corporate Auditors.
4. Conversion criteria of major assets or liabilities in foreign currencies into Japanese yen
Monetary credits and debts in foreign currencies are converted into Japanese yen by using the spot exchange rates on the day of consolidated account settlement, and the difference arising from such conversion is stated as gain or loss. Assets and liabilities of overseas subsidiaries and others are converted into yen based on the spot exchange rate on the day of consolidated settlement of accounts, and revenue and expenses are converted into yen by using the average exchange rate during the fiscal year, while the difference arising from the conversion is shown as foreign currency translation adjustment and minority interests.
5. Methods of hedge accounting
 - 1) Method of hedge accounting
Deferred hedging is used for forward exchange contracts applied to forecasted transactions. For currency swaps that qualify for hedge accounting, gain or loss is translated at the exchange rate stipulated in the contract under the allocation process. Interest rate swaps that qualify for hedge accounting and meet specific criteria are not measured at market value but the differential paid or received under the swap agreements are recognized and included in interest expenses or income.



- 2) Hedge instruments and targets
 - Hedge instruments:
 - Forward exchange contracts, Currency swaps, Interest rate swaps
 - Hedge targets:
 - Foreign currency-denominated receivables and payables, etc.
- 3) Hedge policy
 - The Company adopts a policy aimed at averting the risks associated with exchange fluctuations and interest rate fluctuations.
- 4) Method of assessing the effectiveness of the hedges
 - The effectiveness is assessed by comparing market change in hedged instruments or cumulative change in its cash flows with market change in hedging instruments or cumulative change in its cash flow to observe a ratio of those changes. However, the assessment of the effectiveness is omitted for interest rate swaps that are handled under special rules.
6. Other important items for compiling consolidated financial statements
 - Consumption tax and similar taxes are excluded from the transaction amounts.
- (5) Matters relating to the valuation of the assets and liabilities of consolidated subsidiaries
 - Partial fair value method is adopted for valuing assets and liabilities of our consolidated subsidiaries.
- (6) Matters relating to the amortization of goodwill or negative goodwill
 - Goodwill or negative goodwill is accounted for by equal amortization over five years. In case of the absence of materiality, it is fully amortized in the consolidated accounting year during which it was incurred.
- (7) Changes in significant items that form the basis of preparation for the consolidated financial statements
 1. Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements
 - From this consolidated fiscal year, the consolidated financial statements conform to the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (PITF No. 18, May 17, 2006), and necessary amendments for

the consolidation were made.

Accordingly, operating income, ordinary income, and income before income taxes each increased by 412 million yen.

2. Application of "Accounting Standard for Lease Transactions"
 - The accounting treatment before the change for finance leases not involving the transfer of ownership of the leased property to the lessee followed the same method as for operating leases. However, because the "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13 [Business Accounting Council Committee No. 1, June 17, 1993; revised March 30, 2007]) and the "Guidance on Accounting Standard for Lease Transactions" (ASBJ Guidance No. 16 [The Japanese Institute of Certified Public Accountants (JICPA) Accounting Standard Committee, January 18, 1994; revised March 30, 2007]) are now applied, and commencing with this consolidated fiscal year, such finance leases follow the method for ordinary purchase and sales transactions.
 - Depreciation of lease assets, which are determined to be finance leases not involving the transfer of ownership of the leased property to the lessee are accounted for using the straight-line method, using the lease period as the useful life and assuming no residual value.
 - Also, finance leases not involving the transfer of ownership of the leased property to the lessee whose transaction commenced before the first fiscal year in which this accounting standard and its guidance are applied, continue to be accounted for by the same method as for ordinary operating leases.
 - This change has immaterial impacts on profits.
3. Changes in presentation of inventories
 - In line with the application of the "Cabinet Office Ordinance Partially Revising Regulation for Terminology, Forms and Preparation of Financial Statements" (Cabinet Office Ordinance No. 50 of August 7 of 2008), "Inventories," which was presented as this in the previous fiscal year, are separately listed as "Merchandise and finished Goods," "Work in process" and "Raw materials and

supplies” from this consolidated fiscal year. “Merchandise and finished Goods,” “Work in process” and “Raw materials and supplies” for the previous fiscal year, which were included in “Inventories,” were 23,877 million yen, 13,120 million yen and 35,405 million yen, respectively.

4. Changes in presentation of software
Software was included in Intangible assets for the purpose of consolidated balance sheet, but is shown as Software from the current consolidated accounting year due to its increased materiality.
5. Changes in presentation of gain on sales of investment securities
Gain on sales of investment securities is included in the ‘Other Extraordinary income’ as its materiality in terms of monetary value diminishes in the current consolidated accounting year.

2. Notes to consolidated balance sheets

- (1) Accumulated depreciation of property, plant and equipment 346,719 million yen
- (2) Pledged assets and secured liabilities
Pledged assets:
Investment in securities 14 million yen
Secured liabilities:
Accounts payable 4 million yen
- (3) Guarantees on liabilities and contracts for future guarantees on liabilities
(including notes on management guidance, etc.)
The Company extends guarantees on liabilities for its employees’ bank loans.
Employees’ housing loans 13 million yen

3. Notes to consolidated statement of changes in net assets

- (1) Type and total number of outstanding shares as at the end of the current fiscal year
Common stock 173,758 thousand shares

(2) Dividends

1. Dividend payments

Resolution	General meeting of shareholders held on June 20, 2008	Board of Directors meeting held on October 31, 2008	Total
Type of shares	Common stock	Common stock	–
Total dividends (in millions of yen)	6,662	6,663	13,325
Dividend per share (in yen)	40	40	–
Record date	March 31, 2008	September 30, 2008	–
Effective date	June 23, 2008	November 28, 2008	–

2. Of the dividends for which the record date falls during the current fiscal year and items for which the effective date arrives during the following fiscal year
The following proposal on dividends for common stock will be presented for resolution at the General Meeting of Shareholders scheduled on June 19, 2009.

Total dividends 6,663 million yen
Dividend per share 40 yen
Record date March 31, 2009
Effective date June 22, 2009

Dividends are to be paid out of retained earnings.

3. Type and number of shares for the target of warrant (excluding items for which the initial date of the rights exercise period has not arrived) as of the end of the current fiscal year

Common stock 1,262,900 shares

4. Notes on information per share

Net asset per share 2,148.15 yen
Net income per share 1.61 yen

In consolidated balance sheets, consolidated statements of income and consolidated statement of changes in net assets, figures less than 1 million yen are omitted

Segment Information (Reference)

Operating Segment Information

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

(Yen in Millions)

	Industrial products	Electronic products	Functional products	Total	Eliminations and corporate	Consolidated total
I. 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
II. 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

Fiscal 2008 (April 1, 2008 through March 31, 2009)

(Yen in Millions)

	Industrial products	Electronic products	Functional products	Total	Eliminations and corporate	Consolidated total
I. Net sales and operating income						
Net sales						
(1) Net sales to outside customers	209,491	314,315	54,114	577,922	–	577,922
(2) Inter-segment sales or transfers	1,549	78	534	2,161	(2,161)	–
Total	211,040	314,394	54,648	580,083	(2,161)	577,922
Operating expenses	202,740	315,327	48,178	566,245	(2,161)	564,084
Operating income	8,300	-933	6,470	13,838	–	13,838
II. Assets, Depreciation and Amortization, Impairment loss, and Capital Expenditures						
Assets	148,449	251,518	53,243	453,211	105,046	558,258
Depreciation and Amortization	14,115	32,165	4,274	50,556	–	50,556
Impairment loss	2,017	2,996	–	5,014	–	5,014
Capital expenditure	21,285	28,396	6,630	56,312	–	56,312

Note 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, printed circuits, electronic processing materials, semiconductor related products
Functional products	Medical related products, membrane products, engineering plastics

3. Corporate assets in fiscal 2007 and fiscal 2008 amounted to 83,183 million and 128,631 million yen, respectively, which consist mainly of the parent company's cash, time deposits and investment securities.

Segment Information (Reference)

Segment Information by Geographic Area

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

(Yen in Millions)

	Japan	North America	Europe	Asia & Oceania	Total	Eliminations and corporate	Consolidated total
I. Net sales and operating income							
Net sales							
(1) Net 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
II. Assets	375,232	45,452	20,512	180,127	621,324	(25,351)	595,972

Fiscal 2008 (April 1, 2008 through March 31, 2009)

(Yen in Millions)

	Japan	North America	Europe	Asia & Oceania	Total	Eliminations and corporate	Consolidated total
I. Net sales and operating income							
Net sales							
(1) Net sales to outside customers	207,263	39,002	25,519	306,136	577,922	–	577,922
(2) Inter-segment sales or transfers	240,120	1,230	3,808	26,641	271,801	(271,801)	–
Total	447,384	40,233	29,328	332,777	849,723	(271,801)	577,922
Operating expenses	444,079	41,532	29,348	324,408	839,367	(275,283)	564,084
Operating income	3,305	△1,298	△20	8,368	10,355	3,482	13,838
II. Assets	299,159	44,983	16,671	146,043	506,858	51,399	558,258

Note 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 2007 and fiscal 2008 amounted to 83,183 million and 128,631 million yen, respectively, which consist mainly of the parent company's cash, time deposits and investment securities.



Segment Information (Reference)

Sales to Customers outside Japan

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

(Yen in Millions)

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

Fiscal 2008 (April 1, 2008 through March 31, 2009)

(Yen in Millions)

	North America	Europe	Asia & Oceania	Others	Total
I. Net sales to customers outside Japan	27,832	32,634	319,685	3,018	383,171
II. Consolidated sales					577,922
III. Ratio of sales to customers outside Japan to consolidated sales (%)	4.8	5.6	55.3	0.5	66.3

Note 1. Countries or regions or 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.

[English Translation of the Auditors' Report Originally Issued in the Japanese Language]

Independent Auditors' Report

[English Translation of the Auditor's Report Originally Issued in the Japanese Language]

Independent Auditors' Report

The Board of Directors
NITTO DENKO CORPORATION

May 7, 2009

KPMG AZSA & Co

Hisae Kitayama (Seal)
Designated and Engagement Partner
Certified Public Accountant

Toshiro Miyabayashi (Seal)
Designated and Engagement Partner
Certified Public Accountant

Takaharu Higashiura (Seal)
Designated and Engagement Partner
Certified Public Accountant

We have audited the consolidated statutory report, comprising the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets and the related notes of NITTO DENKO CORPORATION (the "Company") as of March 31, 2009 and for the year from April 1, 2008 to March 31, 2009 in accordance with Article 444(4) of the Corporate Law. The consolidated statutory report is the responsibility of the Company's management. Our responsibility is to express an opinion on the consolidated statutory report based on our audit as independent auditors.

We conducted our audit in accordance with auditing standards generally accepted in Japan. Those auditing standards require us to obtain reasonable assurance about whether the consolidated statutory report is free of material misstatement. An audit is performed on a test basis, and includes assessing the accounting principles used, the method of their application and estimates made by management, as well as evaluating the overall presentation of the consolidated statutory report. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated statutory report referred to above presents fairly, in all material respects, the financial position and the results of operations of NITTO DENKO CORPORATION and its consolidated subsidiaries for the period, for which the consolidated statutory report was prepared, in conformity with accounting principles generally accepted in Japan.

Without qualifying our opinion, we draw attention to the Notes to the consolidated financial statements 1.(7) Changes in significant items that form the basis of preparation for the consolidated financial statements, the Company applies the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" from this consolidated fiscal year.

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

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WEB : <http://www.nitto.com/company/environment/index.html>

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	Additional	EN9.	Water sources significantly affected by withdrawal of water.	—
	Additional	EN10.	Percentage and total volume of water recycled and reused.	—
Biodiversity	Core	EN11.	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	P43
	Core	EN12.	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	P43
	Additional	EN13.	Habitats protected or restored.	CSR & Annual Report 2007-P41
	Additional	EN14.	Strategies, current actions, and future plans for managing impacts on biodiversity.	—
	Additional	EN15.	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	—
Emissions, Effluents, and Waste	Core	EN16.	Total direct and indirect greenhouse gas emissions by weight.	P5, 34
	Core	EN17.	Other relevant indirect greenhouse gas emissions by weight.	P34, 36
	Additional	EN18.	Initiatives to reduce greenhouse gas emissions and reductions achieved.	P34, 36, 39
	Core	EN19.	Emissions of ozone-depleting substances by weight.	—
	Core	EN20.	NO, SO, and other significant air emissions by type and weight.	—
	Core	EN21.	Total water discharge by quality and destination.	P31
	Core	EN22.	Total weight of waste by type and disposal method.	P31
	Core	EN23.	Total number and volume of significant spills.	—
	Additional	EN24.	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	—
	Additional	EN25.	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	—
Products and Services	Additional	EN26.	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	P6-9, 21, 27, 35, 37
	Additional	EN27.	Percentage of products sold and their packaging materials that are reclaimed by category.	—
Compliance	Core	EN28.	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Not applicable
Transport	Additional	EN29.	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	CSR & Annual Report 2008-P14
Overall	Additional	EN30.	Total environmental protection expenditures and investments by type.	P5, 8-9

WEB : <http://www.nitto.com/company/environment/index.html>

Labor Practices and Decent Work Performance Indicators				Page
Employment	Core	LA1.	Total workforce by employment type, employment contract, and region.	P5
	Core	LA2.	Total number and rate of employee turnover by age group, gender, and region.	—
	Additional	LA3.	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	P15
Labor/ Management Relations	Core	LA4.	Percentage of employees covered by collective bargaining agreements.	—
	Core	LA5.	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements.	—
Occupational Health and Safety	Additional	LA6.	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	WEB, BCG
	Core	LA7.	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.	P15
	Core	LA8.	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	—
	Core	LA9.	Health and safety topics covered in formal agreements with trade unions.	—
Training and Education	Core	LA10.	Average hours of training per year per employee by employee category.	P13
	Additional	LA11.	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	P9, 13
	Additional	LA12.	Percentage of employees receiving regular performance and career development reviews.	—
Diversity and Equal Opportunity	Core	LA13.	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	P15
	Core	LA14.	Ratio of basic salary of men to women by employee category	—

Human Rights Performance Indicators				Page
Investment and Procurement Practices	Core	HR1.	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	—
	Core	HR2.	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	—
	Additional	HR3.	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	P12-13, BCG
Non-discrimination	Core	HR4.	Total number of incidents of discrimination and actions taken.	—
Freedom of Association and Collective Bargaining	Core	HR5.	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	—
Child Labor	Core	HR6.	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.	BCG
Forced and Compulsory Labor	Core	HR7.	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor.	BCG
Security Practices	Additional	HR8.	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	P12-13, BCG
Indigenous Rights	Additional	HR9.	Total number of incidents of violations involving rights of indigenous people and actions taken.	—

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Nitto Denko Group's Business Conduct Guidelines (BCG) can be accessed on line via the Nitto Denko website address. (http://www.nitto.com/company/environment/env_04.html)

Society Performance Indicators				Page
Community	Core	SO1.	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.	—
Corruption	Core	SO2.	Percentage and total number of business units analyzed for risks related to corruption.	P13
	Core	SO3.	Percentage of employees trained in organization's anti-corruption policies and procedures.	P11-14, BCG
	Core	SO4.	Actions taken in response to incidents of corruption.	—
Public Policy	Core	SO5.	Public policy positions and participation in public policy development and lobbying.	BCG
	Additional	SO6.	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	BCG, No donations made
Anti-Competitive Behavior	Additional	SO7.	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	BCG, Not applicable
Compliance	Core	SO8.	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	Not applicable

Product Responsibility Performance Indicators				Page
Customer Health and Safety	Core	PR1.	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	P14-15
	Additional	PR2.	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	P14-15, Not applicable
Product and Service Labeling	Core	PR3.	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	P14-15
	Additional	PR4.	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	—
	Additional	PR5.	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	—
Marketing Communications	Core	PR6.	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	BCG, Not applicable
	Additional	PR7.	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	BCG, Not applicable
Customer Privacy	Additional	PR8.	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	BCG
Compliance	Core	PR9.	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	—

WEB : <http://www.nitto.com/company/environment/index.html>

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About the Material Used for the Cover

This cover is made from reeds from the Yodo River, whose riverhead is Lake Biwako located near the Nitto Denko Corporation's Shiga Plant. The reeds when mown down become easy to ratoon and assist in keeping the lake water clean. We used "lake papyrus" for the cover in the hope that our efforts would assist in maintaining Lake Biwako's current and future beauty.

Extra consideration has been given to the use of colour in this report to assist people who have visual difficulties.

Sincerely yours,

NITTO DENKO Group

NITTO DENKO CORPORATION

CSR Assurance Department

Herbis Osaka, 2-5-25, Umeda, Kita-ku, Osaka 530-0001, Japan Tel: +81-6-6452-7102 Fax: +81-6-6452-3305

<http://www.nitto.com/>

