NITTO DENKO

Annual Report 2005

For the year ended March 31, 2005

Be Flexible!

NITTO DENKO CORPORATION

Corporate Profile

Staying Close to Customers, Providing Cutting-Edge Technologies

Nitto Denko Corporation was founded in 1918 as a domestic manufacturer of electrical insulation materials. In the postwar years, our mainstay products were industrial tapes, adhesive tapes and related products. Today our lamination, coating and polymer-synthesis technologies are used by client companies in a wide range of industries, including automotive goods, housing & construction materials and electronics & information technology. Our diverse lineup of products and intermediate materials are now essential to the success of many businesses. Our LCD polarizing films, for example, enjoy the leading share of the world market.

Our growth is driven by our tight-knit relationships with customers and by Nitto Denko's unique "Three New Activities" strategy: (1) develop new applications while providing solutions to customers and thereby (2) create new products that (3) generate new demand and open up new markets.

For example, we make masking tapes for stainless-steel deep drawing. Building on this knowledge, we developed protective sheets to guard the external finishes on automobiles during transport, and also came up with wafer-tacking tapes for the semiconductor manufacturing process. Our "Three New Activities" strategy — to develop new applications, new products, and new demands — is clearly evident in this example. It is a strategy of great importance to us, one that leads to breakthroughs that expand the scope of our business, one that helps us win customer confidence, and one that helps us identify market trends ahead of the competition. The strategy engenders innovative thinking, which translates into expanding opportunities. Our many top-selling global products are the offspring of this initiative, and we will continue to pursue this winning strategy to expand our product lineup and develop new markets.

Contents

Cautionary with Respect to Forward-looking Statements

Statements contained in this report with respect to Nitto Denko Group's plans, strategies and beliefs that are not historical facts are forward-looking statements about the future performance of Nitto Denko Group which are based on management's assumptions and beliefs in light of the information currently available to it. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause Nitto Denko Group's actual results, performance or achievements to differ materially from the expectations expressed herein.

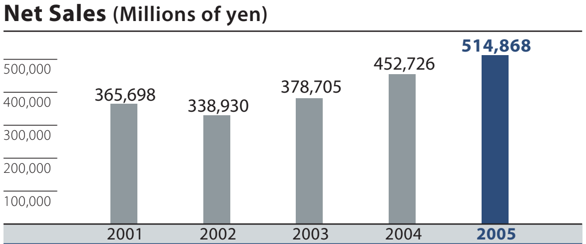
Financial Highlights

Nitto Denko Corporation and Consolidated Subsidiaries
For the Years ended March 31, 2005 and 2004

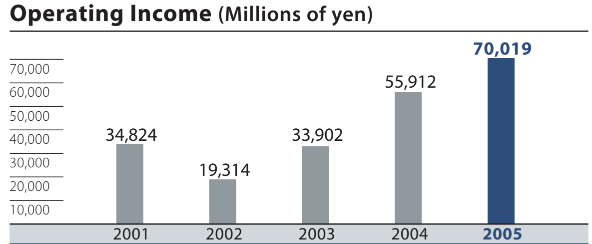
	Millions of yen except per share amounts		Thousands of U.S. dollars except per share amounts
	2005	2004	**2005**
For the year:			
Net sales	**¥ 514,868**	¥ 452,726	**$ 4,794,376**
Operating income	**70,019**	55,912	**652,007**
Net income	**41,843**	33,386	**389,636**
Capital expenditures	**52,914**	36,318	**492,727**
Depreciation and amortization	**24,681**	21,386	**229,826**
R&D expenses	**16,739**	15,822	**155,871**
At year-end:			
Current assets	**¥ 227,206**	¥ 211,294	**$ 2,115,710**
Plant and equipment, at cost	**166,524**	139,330	**1,550,647**
Total assets	**443,264**	389,525	**4,127,610**
Current liabilities	**145,219**	138,274	**1,352,258**
Long-term liabilities	**26,686**	16,154	**248,496**
Shareholders' equity	**261,091**	223,114	**2,431,242**
Per share data	Yen		U.S. dollars
Net income:			
Basic	**¥ 252.72**	¥ 197.99	**$ 2.35**
Diluted	**252.58**	197.93	**2.35**
Cash dividends	**50.00**	40.00	**0.47**
Shareholders’ equity	**1,583.77**	1,360.71	**14.75**

The U.S. dollar amounts in this report represent translations of Japanese yen, for convenience only, at the rate of ¥107.39=U.S.$1, the approximate exchange rate on March 31, 2005.

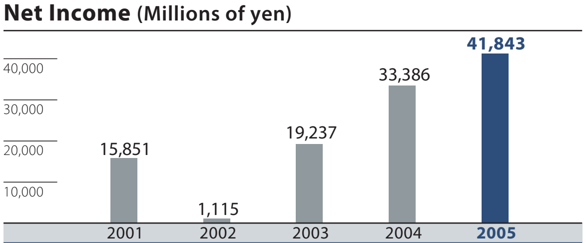
Net Sales (Millions of yen)



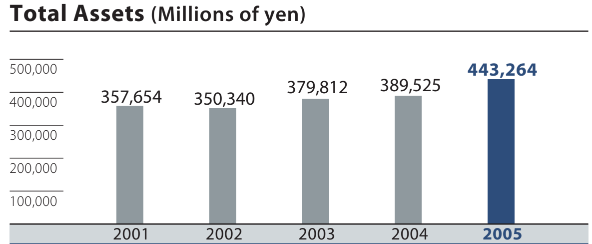
Operating Income (Millions of yen)



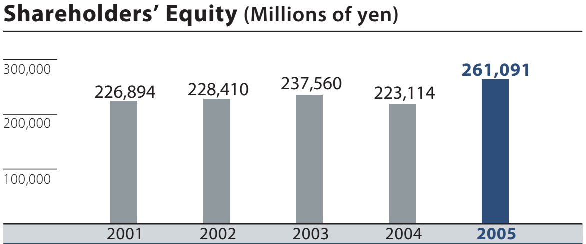
Net Income (Millions of yen)



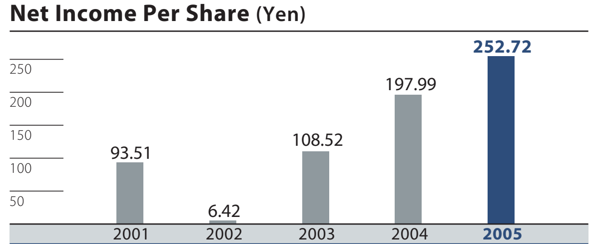
Total Assets (Millions of yen)



Shareholders’ Equity (Millions of yen)



Net Income Per Share (Yen)



Operational Highlights

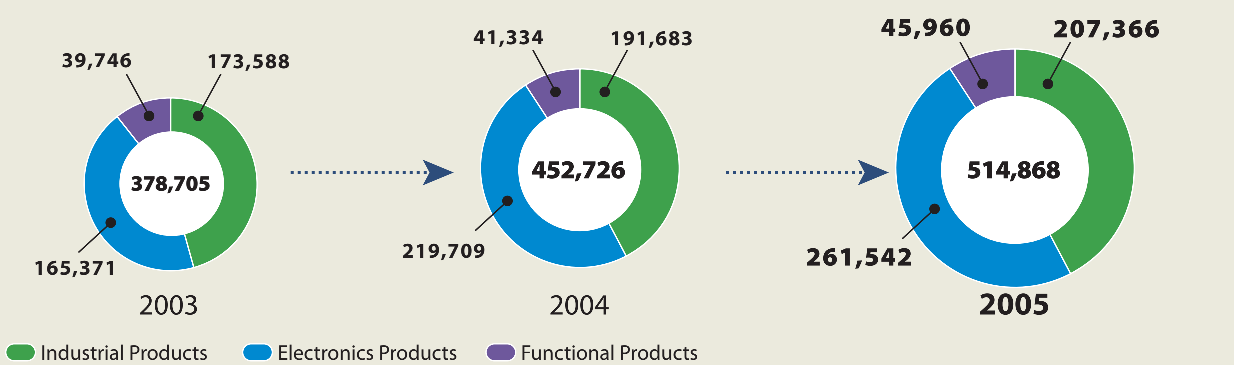
Net Sales ¥**514,868** million ($4,794.3 million)

Operating Income ¥**70,019** million ($652.0 million)

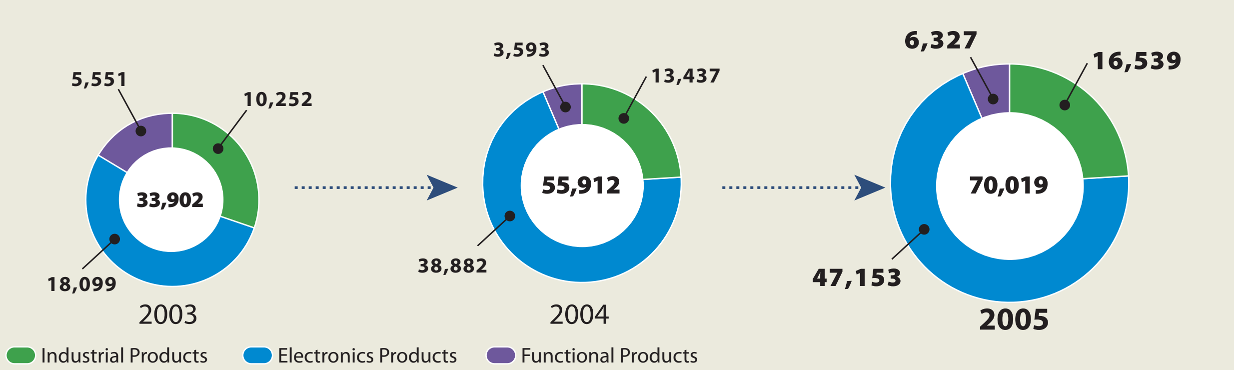
Net Income ¥**41,843** million ($389.6 million)

In fiscal 2005, Nitto Denko Group continued to focus on dynamically growing areas in electronics such as LCD-related products and circuit materials for flat-panel displays (FPD) and automotive products. These strategies resulted in remarkable increases in net sales, operating income and net income.

Net Sales (Millions of Yen)



Operating Income (Millions of Yen)



Note) Nitto Denko changed the segment category for the electronic processing products (formerly electronic component-related products) from Industrial Products to Electronics Products in 2004. The figures for 2003 have been restated to conform with 2004 presentation.

Our product lineup features advanced technologies for sealing, bonding, separation, permeation and diffusion. Many products enjoy the top share of their respective global markets.

Industrial Products

Nitto Denko's products are found throughout your car and its electrical devices: advanced sealing materials to shut out heat, water, noise and vibration and electrical insulation materials for wire harnesses and systems. Our products also protect and secure vital devices, components and coatings, including exterior vehicle body parts, instrument panels, air conditioners, sensors and electronic control units.

Vehicle requirements for safety, comfort, fuel efficiency and environmental-friendliness are increasingly demanding. For example, high rigidity is required to improve the safety of the vehicle chassis, but weight reduction is also needed to improve fuel economy. Our mission is to develop products that help solve the difficult requirement of making vehicles stronger and lighter at the same time.

Electronics Products

We offer component materials for cellular phones, semiconductors, audiovisual equipment, computers and other equipment. We also offer materials for manufacturing such products, including transparent epoxy encapsulating resin for optical semiconductor devices, wafer-protection tapes and thin metal core boards for magnetro resistive heads.

Of all our competitive electronics products, demand for our LCD-related products continues to grow the most, and we now enjoy the top share of the world market for polarizing film. We have expanded our LCD-related products manufacturing capacity, anticipating strong worldwide growth for LCD TVs. In Japan, for example, demand for large-screen LCD TVs is expanding steadily.

Functional Products

We offer many products that leverage our advanced lamination technologies. Our transdermal therapeutic patch, for example, provides an innovative "stick-on-and-cure" drug delivery system, and we lead the way in developing safe and stable preparations, including synthesis of optimal adhesives for dosage control. Our transdermal method allows the drug to slowly penetrate the skin by simply applying a medicated patch. It is not taxing on internal organs, as are oral medicines, and it is pain-free, unlike injections. We will continue research on transdermal products, given the good prospects for strong future demand.

Elsewhere, demand for fresh water is climbing worldwide. Our membrane technologies are highly regarded and utilized by seawater desalination and sewage plants worldwide.

To Our Shareholders

Last year's active investments in growth areas helped us achieve sales of ¥514,868 million and an operating income of ¥70,019 million.

Fiscal 2005 Achievements

The Japanese economy recovered steadily in fiscal 2005, led in part by the booming digital economy and a strong upswing in capital investment. The pace of growth was slowed, however, by skyrocketing prices for energy and primary raw materials. In the second half of the year, moreover, uneasiness about economic conditions in the U.S. and China hampered exports and prompted production cuts in manufactured goods.

Against this backdrop, Nitto Denko Group continued to forge ahead with selection and focus, with special attention given to growth areas in electronics and automotive products. We gained ground in the market for information-related appliances and devices, concentrating our efforts on LCD-related products and circuit materials for FPDs, cellular phones and other products. We made further advances with industrial materials and engineering plastics for the automotive sector and the office automation market. In the medical segment, where we expect to generate strong future revenues and profits, our efforts turned to transdermal therapeutic patches and other promising medical-related products. Nitto Denko Group is also boosting operational efficiencies by gradually withdrawing

Masamichi Takemoto
President

from low-value-added general-purpose products and by disposing of businesses with weak group synergies. As a result of these and other activities, Nitto Denko achieved another year of outstanding performance in fiscal 2005, with both sales and profits climbing to record highs.

Net sales in fiscal 2005 were ¥514,868 million, a 13.7% increase compared to fiscal 2004 (all comparisons hereafter are year-on-year for the same period). Operating income jumped 25.2% to ¥70,019 million, slightly above our initial projection of ¥70 billion. Net income also rose significantly, up 25.3% to ¥41,843 million, thanks largely to increased capacity utilization due to the positive impact of expanded sales, successful reductions in supply prices for raw and auxiliary materials, and improved production yields. These improvements were achieved despite various negative factors, including lower product selling prices, soaring oil prices and the resultant cost increase for certain raw and auxiliary materials, a stronger Japanese yen and increased depreciation expenses.

Distribution of Profits

The pillar of Nitto Denko's dividend policy is to provide shareholders with a stable stream of profits. Nonetheless, Nitto Denko is still on a growth path, and it operates in an extremely competitive industry that continues to undergo intense and rapid change. Our survival and future growth cannot be secured without proactive investments in R&D and production technologies. These indispensable investments keep us in step with (and ahead of) the rapidly advancing technological frontier, and they allow us to respond more quickly to customer needs. We are convinced that farsighted investments will also bring greater value and profit to our shareholders. Our policy from this point forward will be to calculate fair and appropriate dividend payments based on a comprehensive review of our investment plans, financial condition, profitability levels, dividend payout ratios and other relevant factors.

In fiscal 2005, Nitto Denko increased dividends to ¥50 per share, up ¥10 compared to fiscal 2004.

Prospects for Fiscal 2006

The Japanese economy in fiscal 2006 is expected to continue along the path of cyclical adjustment that started in fiscal 2005. In the second half, we foresee a recovery in demand in the U.S. and Europe for information-related equipment, and this should help Japanese production regain its vitality,

Nitto Denko's Corporate Branding Activities

Flexible Technology Company

Nitto Denko enjoys high marks among analysts and the business community, but recognition among the general populace remains low. Although we have grown to include 113 companies in 24 countries employing 22,000 people, the fact is that even some of our employees do not fully understand the value and quality of their own company. This must be remedied if Nitto Denko hopes to join the ranks of the world's top-class corporations. Toward this end, Nitto Denko Group launched a project in July 2004 to raise its corporate brand (CB) value.

Improved CB value tends to be equated with better visibility, but there are also other major benefits. At this time, we feel we should focus most on improving employee motivation and nurturing people who can stand on their own in any country where they work. We want employees who take pride in their company, employees who are constantly improving their skills and aiming for excellence, and employees who are capable of saying "No" to behavior inconsistent with Nitto Denko's CB. We boost employee awareness in all these directions, and we believe doing so will contribute greatly to Nitto Denko's sustained growth while simultaneously minimizing potential risks.

We are committed to expanding our brand activities in this fashion and to creating a virtuous cycle, one that raises the quality and motivation of our human resources, one that improves customer satisfaction and corporate performance, one that leads in turn to higher levels of performance and eventually to the return of further profits to shareholders. This is the essence of our campaign to raise our CB value.

To Our Shareholders (continued)

especially for electronic devices. Nevertheless, with a robust recovery of the U.S. economy seeming unlikely, we envision only a gradual trend toward a recovery.

More than 70% of all sales by Nitto Denko Group are related to the electronics market, and the favorable results we have enjoyed to date reflect the healthy condition of the electronics industry. However, we feel that such favorable conditions are unlikely to continue given the significant fluctuations of the global electronics industry and the increasing intensity of price competition in this market. Therefore, our efforts should focus on laying the groundwork and the stepping-stones that will spark advances in fiscal 2007 and beyond.

In light of these considerations, Nitto Denko is aggressively developing strategies to ensure growth in fiscal 2006 and beyond. In fiscal 2006, we will continue to pursue our selection and focus strategy, which aims to strengthen our operations in growth areas like electronics and automotive, and to identify and develop new "Global Niche Top" products.

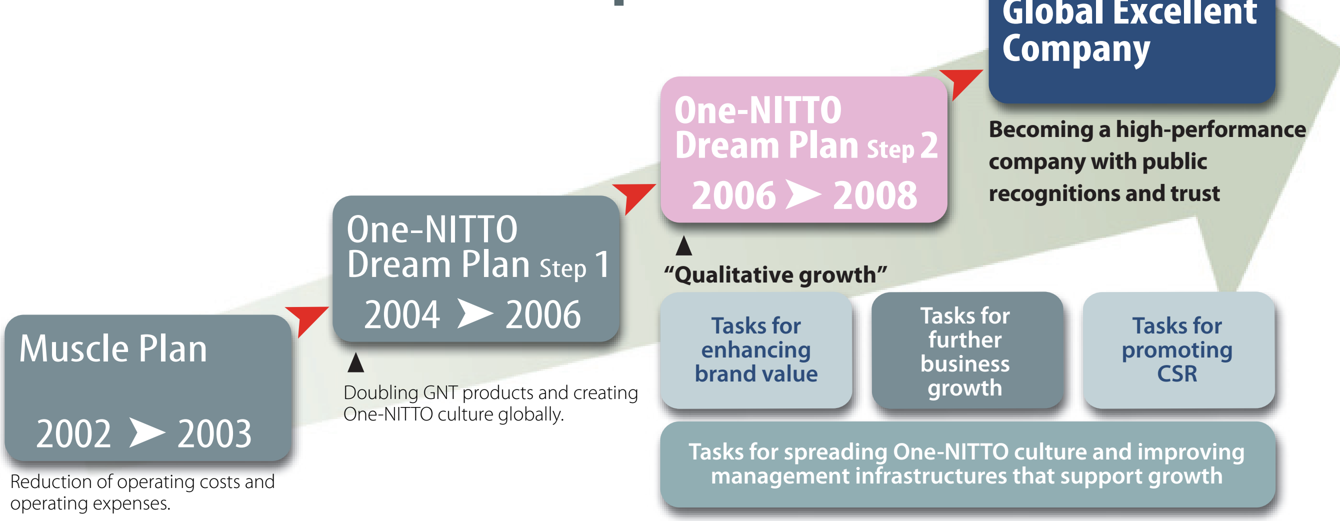
We anticipate great future growth in several areas; for example, in the FPD industry, we are concentrating efforts on LCD-related products such as optical compensation films and polarizing films for large-scale LCD panels, as well as surface protection products. In the automotive sector, we have expanded our share of business with Japanese transplants, and in fiscal 2006 we also intend to aggressively boost our market share among overseas automakers. Elsewhere, Nitto Denko is leveraging its expertise and strengthening its position with circuit materials for small hard disk drives used in mobile music players and other mobile information devices. We will continue to focus on these and other existing growth areas, while simultaneously pushing forward with the development of "Next-Generation Growth Engines," including our transdermal therapeutic patches.

Nitto Denko is working hard to improve production yields by reducing its overall industrial waste and strengthening its recycling efforts. Our group is also exploring ways to streamline logistics to keep pace with globalization.

In fiscal 2006, we forecast net sales of ¥580 billion (12.7% increase), operating income of ¥77 billion (10.0% increase), ordinary income of ¥75.5 billion (5.1% increase) and net income of ¥48 billion (14.7% increase). These projections take into account various factors, including the impact of exchange rate fluctuations and changes in the scopes of consolidation among our affiliates.

MID-Term Managemant Plan (Fiscal 2006-2008)

One-NITTO Dream Plan Step 2



One-NITTO Dream Plan Step 2 (fiscal 2006-2008)

A major objective of Nitto Denko Group, and one designed to spark further corporate growth, is to become a "Global Excellent Company" by fiscal 2008. One important requirement for achieving this status is to create a highly efficient and value-adding corporate culture. By fiscal 2008, we are aiming for a return on assets (ROA*) of 12% and an operating margin of 17%, numbers comparable to the performances of top-class global companies. To achieve our goals, we developed and launched a mid-term management plan in fiscal 2004 entitled "One-NITTO Dream Plan (fiscal 2004-2006)." The plan is devoted to corporate growth, and focuses more than ever on our "Global Niche Top" strategy.

It also underscores our aggressive pursuit of portfolio selection and focus as well as globalization. Indeed, having achieved record-high results in the plan's first two years (fiscal 2004 and 2005), we feel that the achievement of our fiscal 2008 target is well within reach. Our mission is to achieve continuously healthy business results and to consistently boost our corporate value among our stakeholders and society at large.

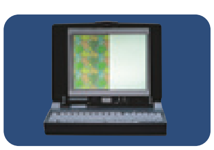
** Based on net income*

We don't have high expectations for a favorable business environment in fiscal 2006. This is why we must pursue strategies that promise strong results in fiscal 2007 and beyond.

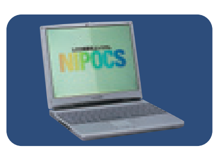
"Global Niche Top" Strategy Drives Our Growth

Nitto Denko's Global Niche Top (GNT) strategy has been the foundation of its growth. This GNT strategy consists of the following. Before entering a market we ask three questions: Is the market growing?; Does the market have areas for niche products?; and Does Nitto Denko have technology, competencies, and information that will differentiate it in this market? If we can answer 'Yes' to these three questions, then we will invest heavily in management resources, such as human resources, and develop products that will gain a number one share world-wide in the market. By developing and introducing GNT products, we have been able to keep the engines of growth going from one generation to the next.

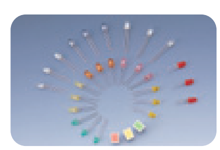
At present we have 10 GNT product categories, including products such as polarizing films for LCDs and reverse osmosis membranes for semiconductor washing. Moreover, for FPDs, automotive, cellular phone, environmental-electronics industries, we have identified 22 other GNT product candidates, such as transparent conduction film for FPDs, steel plate reinforcement materials for automobiles, and internal pressure regulation materials for automobiles and consumer electronic devices. In this fiscal year we plan to select 14 of these candidates and develop them into full-fledged GNT products.

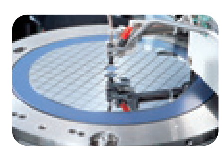

Polarizing film for LCDs


Retardation film for LCDs

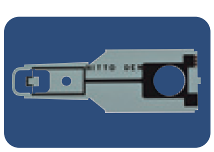


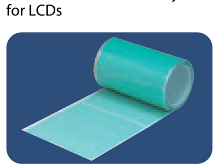
Polarization conversion system for LCDs


Transparent epoxy encapsulating resin


Semiconductor wafer protection and fixing tapes


Reverse osmosis membrane for semiconductor cleaning wafer


Thin metal core board for magnetro resistive heads


Thermal release sheets


Surface protection film for automobiles


Transdermal therapeutic patches

To Our Shareholders (continued)

Over the mid-term we will pursue strategic capital investments and shift to "growth engine" products with higher added value to enhance our Global Niche Top strategy.

Yet, despite the many successes of our Dream Plan, we realize we are still only halfway home in reforming our corporate culture. This is why we launched the new One-NITTO Dream Plan Step 2 (fiscal 2006-2008). Step 2 stresses qualitative growth in Corporate Social Responsibility (CSR) promotion and brand value improvement, and it reinforces our goal of becoming a "Global Excellent Company." We also launched a program in fiscal 2005 entitled "Corporate Brand (CB) Value Improvement Initiatives." For fiscal 2006, we established new corporate units devoted to both CB value improvement and CSR promotion. The Step 2 plan has concrete numerical targets, namely operating income of ¥100 billion in addition to the targets for fiscal 2008 stated above.

Strategic capital investments over the medium term will spearhead a shift to higher value-added "growth engine" products.

Capital Investment Strategy

Our strategic capital investments in fiscal 2006 will be concentrated both on existing and next-generation growth engines. Nitto Denko's current growth engine is

R&D Sections Synchronize with Manufacturing Sites

Kameyama Plant Technical Center

Kameyama Plant, near Nagoya in central Japan, is the stronghold of Nitto Denko's Electronics Products Division. In August 2005, we will open a technical center at the site. The Center will be responsible for consolidating the group's electronics-related R&D, and is expected to further accelerate the company's R&D efforts in the field of flexible printed circuits, semiconductor-related materials and electronic processing materials.

Kameyama Plant Technical Center

NDT New Research Center

A new research center was opened in Nitto Denko Technical Corporation (U.S.) in May 2005. This site specializes in the R&D of materials relating to optical communications, genomics and nanoceramics. We have high hopes for this new addition to our R&D family.

NDT New Research Center

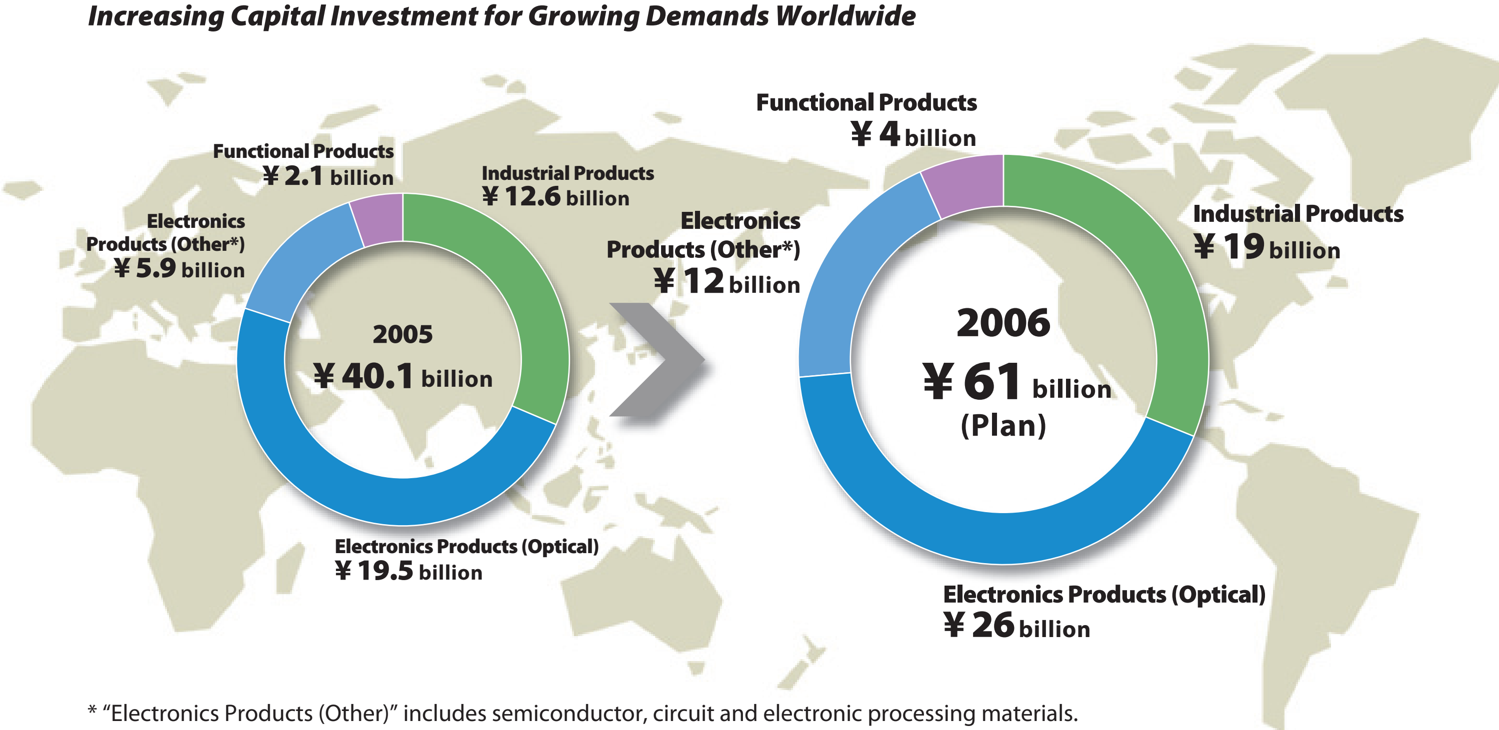
the electronics segment, which is centered on FPD panels. In fiscal 2006, we will pursue first-stage investments of ¥14.5 billion to boost our production capacity of optical films by about 1.6 times. This investment, we believe, will allow us to keep in step with growth in the LCD market. This plan covers funding for the construction of a new processing facility at our Onomichi site in Japan, thereby introducing a new process to improve productivity. A new logistics center will be established as well to deal with increased material flow. We also plan to invest aggressively at our Kameyama Plant in Japan, where we will introduce a new film-orienting line and construct a new site annex.

We anticipate substantial growth in the FPD market, mainly in TV applications, despite the intensely competitive nature of this industry. We intend to maintain our top share of this market by taking advantage of Nitto Denko's four strengths—differentiated technologies, overwhelming production capacities, unparalleled know-how acquired from customer ties and close relations with suppliers.

Automotive products, we believe, are one of the most promising next-generation growth engines. The automotive market represents a substantial market for us, as one vehicle alone can utilize more than 20 products from the Nitto Denko lineup. In the past, most of our sales were directed at Japanese car manufacturers, but henceforth we plan to aggressively grow our automotive business by targeting overseas automakers in the U.S., Europe and Korea, and by leveraging the success and know-how we have accumulated in Japan.

To achieve our objectives, we have established a network of technical centers to conduct product evaluations on vehicle frames supplied by our client automotive manufacturers. We have technical centers in Detroit, the U.S. (established Dec. 2002), Toyohashi, Japan (Oct. 2003) and Genk, Belgium (June 2005). In fiscal 2004, we launched the Global Automotive Business Strategy Group, an organization that cuts across our operating units to ensure an integrated group approach to the automotive industry. This move, combined with a strong networking among our worldwide production sites and technical centers, has improved our responsiveness to the market and strengthened our ability to develop products that respond to customer needs.

Increasing Capital Investment for Growing Demands Worldwide



* "Electronics Products (Other)" includes semiconductor, circuit and electronic processing materials.

To Our Shareholders (continued)

Circuit materials are another next-generation growth engine. Our Kameyama and Suzhou (China) plants currently manufacture flexible circuit boards for use in cellular phones and other devices. In the future, we plan to reinforce our global production setup and our ability to meet expanding demand by embarking on integrated production in Vietnam. The new Vietnamese facility will be involved in all production stages, from initial to final processing.

Another important target is the market for thin metal core boards for magnetro resistive heads (MRH), which are used in HDD assemblies. HDD usage has now expanded beyond the traditional personal computer market into the markets for cellular phones and mobile music players. MRH demand is increasing rapidly in step with such developments. To meet this growing demand, we plan to expand our MRH capacity by installing a 10th facility at our Kameyama Plant. We have also established a new company to carry out integrated production in southern China, and steps are being taken to start operations in the near future. These additions to our production network will help to shorten lead times and improve our crisis management in case of natural disasters.

Nitto Denko Group is committed to boosting its overseas production capacity to meet expanding global demand. We will also proceed with capital investments in Japan to boost our production capacity and improve product quality, especially for FPD-related materials.

In fiscal 2006, we anticipate capital expenditures of ¥61 billion, and we intend to back this up with active strategic capital investments during the next three years.

Future Growth Engines

Our strategic investment strategies go beyond medium- and long-term frames. We also believe it is important to look at a longer time horizon, to take steps now that will foster our growth well beyond fiscal 2008. We are focusing currently on two promising markets: (1) medical products and (2) polymer separation membranes.

The mainstay products in our existing medical business include transdermal therapeutic patches and adhesive medical tapes. Our ongoing focus is on introducing new products in cooperation with drug manufacturers in the U.S. At the same time, we plan to begin selling our existing Japanese products — those that already enjoy large market shares in Japan — in China and other Asian nations. These efforts are expected to significantly improve our financial performance in fiscal 2007 or fiscal 2008 and beyond. Another area of great interest is the market for polymer separation membranes, products that continue to enjoy steadily increasing demand due to global water shortages and water pollution. Nitto Denko has achieved a certain degree of success in this field, having already introduced reverse-osmosis membranes for seawater desalination in China and elsewhere in years past. Even so, the time has come for us to contemplate a unique and dedicated membrane business, one that maximizes our strengths and minimizes indiscriminate market-chasing. From this point forward, Nitto Denko will move with selection and focus on key markets toward achieving the goals of "Global Niche Top" strategy.

These and other initiatives will spearhead our group efforts as we strive to become a Global Excellent Company and the business partner of choice among our customers.

Masamichi Takemoto

Masamichi Takemoto
President

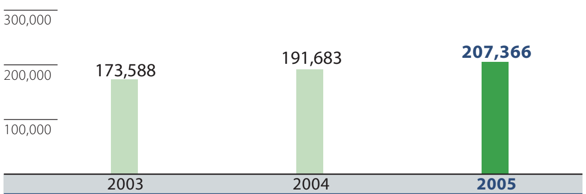
Review of Operations

Results by Business Segment

Industrial Products

This segment achieved gains in both sales and profits, with sales climbing 8.2% to ¥207,366 million and operating income rising 23.1% to ¥16,539 million.

Net Sales (Millions of yen)



Hyper-flash

New Product

To counter sick-house syndrome, houses require more ventilation facilities. At the same time, however, they need to boost waterproofing and sealing of parts such as piping and the metal sash windows that pierce the walls. We therefore developed a reliable, hermetically sealed, waterproof tape that makes installation simple. This is the first tape in the industry that can be used in three dimensions and is ideal for sections of piping that used to be difficult to construct using traditional tapes and construction methods.

Nitto Denko's Industrial Products segment provides electrical, electronics, automotive, housing, construction and other industries with various products, including joining-use adhesive tapes for plastics, metals and other base materials and configurations. We also offer materials for surface protection and packing, as well as sealing and packaging materials for waterproofing and corrosion-proofing.

In fiscal 2005, bonding and joining materials for cellular phones and small LCD modules performed strongly, while sales of OA equipment and home electronics in East Asia remained steady. Sales were flat for surface protection and cleaning materials for the machinery, equipment and building sectors. In contrast, sales to the FPD sector boomed thanks to increased production of LCD panels. Sealing products for cellular phones and automobiles performed well, reflecting a recovery in capital investments by the electronics industry. Elsewhere, curing materials for housing and window-frame waterproofing products performed well even though construction materials in general did poorly in the public works sector. During the fiscal period, we sold the entire business of Graphic Technology Inc. (GTI) to Vestcom International Inc., the latter with headquarters in Little Rock, Arkansas. GTI was one of our American subsidiaries engaged in making bar-code labels. The reason for the sale was that we decided there was no longer a synergistic effect between GTI's current business model and Nitto's business strategy.

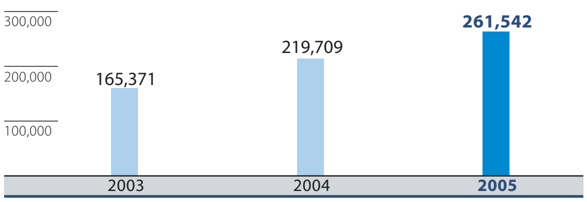
Our industrial products business is shifting focus from general-purpose tapes to specialty products used in electronics and automobiles, and this shift is boosting segment profitability. We expect to further strengthen this trend in fiscal 2006, with a special focus on tape products for overseas automotive manufacturers. In addition, the housing industry is increasingly adopting countermeasures to deal with sick-house syndrome, and this translates into growing demand for products that enhance the waterproofing and air-tightness of residential plumbing and window sashes. We plan to forge ahead with development of new products in this sector.

We also changed the name of our fully owned subsidiary from Nitto Denko Packaging System Corp. to Nitto Denko CS Systems Corp. This company is engaged in manufacturing and selling adhesive packing tapes. Through this subsidiary, we plan to address small-lot market requirements in industrial products, just as we have done with conventional packaging materials.

Electronics Products

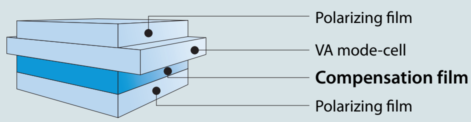
Profits in this segment rose significantly in fiscal 2005, with sales climbing 19.0% to ¥261,542 million and operating income jumping 21.3% to ¥47,153 million.

Net Sales (Millions of yen)



Polarizing Film with Compensation Function for Use in Vertically Aligned (VA) Mode

New Product



This revolutionary optical compensation film uses coating technology to achieve optical characteristics in vertically aligned mode. Until now two or three optical compensation films were required in order for LCD screens to display uniformly irrespective of the viewing angle. Our optical compensation film achieves this feat with just one film, reducing both production costs and processing requirements.

The electronics products segment supplies a wide array of materials for the manufacture of leading-edge information equipment and electronic systems and devices. These include optical films for LCDs and flexible printed circuits (FPC) for cellular phones and hard disk drives (HDDs). We also provide products for electronic processing and semiconductor-related industries. Nitto Denko enjoys a 55% share of the global market for optical films, a market that is growing rapidly thanks in large part to rising demand for LCD panels.

Among products in this segment, LCD-related products posted strong gains, thanks to the continuing expansion of the overall market and growing demand for larger LCD panels. Optical compensation films for LCD TVs performed well despite the negative impact of eroding market prices.

The high-performance optical film business, which consists of viewing-angle-compensation films and brightness-enhancement films, performed well overall thanks to a steady expansion in production of computer monitors and laptop PCs.

Sales of circuit materials were slow due to customer delays in starting up production of small and medium-size LCD modules for use mainly in cellular phones. But prospects are now good, and we anticipate robust growth by specializing in areas that leverage our strengths, such as HDDs. Among sector products, thin metal core boards for magnetro resistive heads of small-sized HDDs posted steady gains, helping to maintain relatively firm overall results for our circuit materials business.

Semiconductor-related products posted a solid showing in the first half of the fiscal year, thanks to a rebound in the semiconductor market. Gains were centered mostly on advanced semiconductor packaging resins. However, the overall performance for the full fiscal year was sluggish due to the negative impact of inventory adjustments in the second half of the fiscal period.

Elsewhere, the market for electronics processing materials was affected by industry-wide production adjustments in the electronic components market in the second half of the fiscal year. Nevertheless, the first-half rebound in the semiconductor market translated into strong full-year sales of protective-sheet laminating devices, which are used in semiconductor production and thermal release sheets, which are processing materials for electronics parts.

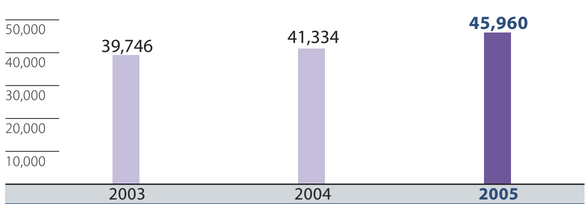
Nitto Denko is pushing ahead with aggressive capital investments to expand the number of Global Niche Top products and to achieve a highly profitable business structure. In particular, we are positioning LCD-related products as our current and future growth engine, and we are steadily consolidating our LCD-related products production network via large-scale investments. Approximately 50% of the company's capital investments in fiscal 2005 were channeled into LCD-related products (¥19.5 million). In particular, we plan to expand our manufacturing capacity, first at Onomichi Plant and then at Kameyama Plant, and to beef up our finishing capabilities in Korea and other Asian locations.

Our key plan for fiscal 2006 for FPC production is to invest ¥15 billion on an integrated production facility in Vietnam and on the currently operating Kameyama Plant and Suzhou Plant (China). Moreover, we plan to boost FPC production capacity to take advantage of the expanding market for cellular phones and other mobile devices. Our goals are to stabilize supply and shorten lead times.

Functional Products

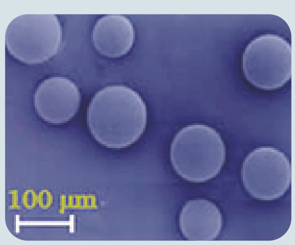
Net sales in this segment climbed 11.2% to ¥45,960 million, and operating income soared 76.1% to ¥6,327 million.

Net Sales (Millions of yen)



Solid Support (Polymer Beads) *New Product*

Nucleic-acid medicines are one of the important gene therapy treatments. In collaboration with ISIS Pharmaceuticals, Inc. of the U.S., we are proud to announce the development of NittoPhase™ high-performance solid support, a base ingredient necessary for synthesis of these nucleic-acid medicines.



This product generated much interest when first launched in December 2004. NittoPhase™'s high performance and lower cost will make a strong contribution to lowering the costs of goods for oligonucleotides and promises to play a major role in the development of therapeutic agents for cancer and other life threatening diseases. This product is scheduled for initial sales in the U.S. in 2005.

Our many functional products and materials include transdermal therapeutic patches for the healthcare sector, polymer separation membranes (osmosis membranes) for seawater desalination and fluoroplastics for air filters.

The functional products business posted a good overall performance in fiscal 2005 despite the high R&D costs incurred by Aveva Drug Delivery Systems, Inc. (ADS), our US-based transdermal patch products manufacturer.

Among healthcare products, our mainstay drug-delivery patches for bronchial asthma performed well in fiscal 2005, as did our tape products for hospitals and our cosmetic-related products. While continuing pressures from government to reduce healthcare costs hurt companies in healthcare industries, Nitto Denko's operations performed relatively well.

The market for polymer separation membranes was adversely affected by a decline in the number of large-scale seawater desalination projects and by price declines on membranes for delivering ultra-pure water for use in semiconductor production. Nonetheless, sales were brisk for small-scale seawater desalination projects, and for industrial water and clean drinking water projects in East Asia. Thus, this business sector achieved solid growth overall.

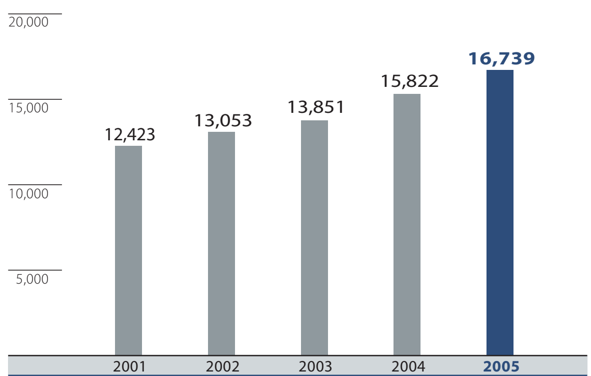
Good performances were also posted by a broad range of other functional products, including engineering plastic products for automotive parts, inner-pressure control membranes for OA equipment and fluoroplastic porous films for air filters. Multi-porous process materials used by the electronics industry made a solid showing and appear to be recovering.

In recent years, Nitto Denko has been focusing its efforts on healthcare products and polymer separation membranes. While much of this focus has been on significantly expanding our share of the healthcare products market in Japan, we plan to devote more efforts from the coming term and onward on developing markets outside Japan. In particular, we will focus on the U.S. market for new transdermal therapeutic patches, as well as on markets in China and Asia for our existing products in Japan. In addition, we expect worldwide demand for water to expand greatly in the years ahead, and we thus anticipate a boom in demand for polymer membranes in the coming years, especially in the U.S. and Europe, where large amounts of membrane-purified water are consumed. The use of membrane technologies for water purification and re-use is also spreading in Southeast Asia and East Asia, where demand for water is also growing. There is much promise in these markets, and we will work to actively identify and develop business fields that take maximum advantage of our unique strengths in fiscal 2006.

Global Operations and Global R&D

Nitto Denko Group's R&D is closely connected with market needs, and stems directly from managerial decisions. We believe management of technology (MOT) is an essential strategy for growth, and "techno-marketing" is one of the strengths of Nitto Denko's MOT. As well, the entire group must function like a single unit capable of making consistent business judgments anywhere. Our R&D also needs a global perspective to be part of a truly unified Nitto Denko Group.

R&D Expenses (Millions of yen)



Integrated Technology Strategy Meeting

Each month Nitto Denko holds an Integrated Technology Strategy Meeting that is hosted by our Chief Technology Officer (CTO).

This meeting is an important vehicle for information exchange among our many R&D operational divisions and R&D teams. At meetings, participants discuss company-wide R&D projects, allocate R&D resources toward maximizing the success of our combined R&D efforts, and present reports on important technology and manufacturing developments.

Designed to transcend the traditional framework of our business units, this integrated R&D approach emphasizes strategic priorities and urgencies, particularly for company-wide R&D projects. Already a large number of new blockbuster products have been born through this approach. As of April 2005, company-wide R&D projects were being carried out in nine different research areas.

The globalization of our R&D efforts continues to accelerate. We are already enjoying steady achievements at nine R&D bases overseas, including our U.S. research site (Nitto Denko Technical Corporation), which was established to pursue R&D on next-generation products and technologies. We are also investigating the option of opening new research facilities in Europe and Southeast Asia.

First Joint Global Meeting of the Four Technology Divisions

The first-ever joint meeting among the R&D, Quality Assurance, Environmental Safety and Procurement Divisions was held in Osaka in November 2004.

While each division had been holding its own global gatherings in the past few years, this was the first time that all four divisions participated in a single joint meeting. At this new forum for information exchange, the four divisions mutually introduced their technology, and identified the common issues confronting them, motivated by Nitto Denko Group's common goal of becoming a Global Excellent Company. Of particular significance was the announcement of the contenders for the "Global Niche Top Product" title under the company's Global Niche Top strategy. All in all, the joint global meeting was a very meaningful event.

A second joint global meeting of the four divisions is being scheduled for autumn 2005.

Establishing New In-House Ventures

Since its formation, Nitto Denko has created so many new businesses that it is sometimes referred to as "a venture business collective." This spirit still exists in our In-House Ventures System (introduced in 2003). In addition to growing the core technologies of Nitto Denko, this in-house system is designed to support motivated employees who are eager to take on the challenges of establishing new and non-traditional businesses.

The system's first offspring are Kinovate Life Sciences Inc. of the U.S., inaugurated in January 2004, and Optmate Corp., the first venture company in Japan, established in April 2005. Optmate in particular is already gaining attention from industry players as a promising venture devoted to developing, manufacturing and selling new optical materials.

Joint Projects with Industry, Government and Academia

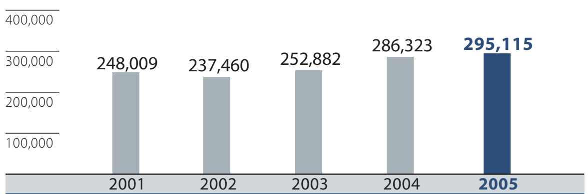
Nitto Denko Group is actively engaged in joint projects with industry, government and academic groups. As part of such initiatives, in 2001 we started a joint project with the Japan Atomic Energy Research Institute (JAERI) to develop an ion exchange membrane of a highly conductive fluoropolymer.

JAERI has developed numerous technologies related to radiation cross-linking of fluoropolymers, in addition to pursuing research into polymer electrolyte films using radiation. Building upon JAERI's membrane-preparation technology, Nitto Denko has successfully produced film-like membrane rolls by utilizing its own radiation-processing technologies for button-cell polymer separators.

The new technology developed in this joint project is expected to find application in the production of electrolyte membranes for fuel cells, which are gaining attention as a next-generation energy source. In the future, Nitto Denko plans to commercialize the technology in laptop computers, cellular phones and other mobile devices.

Japan

Net Sales (Millions of yen)

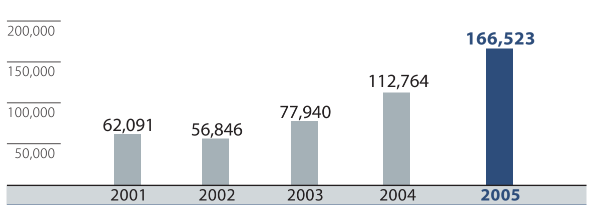


Japan is Nitto Denko's largest market. Our operations here improved steadily during fiscal 2005, including LCD-related products used by the FPD industry, as well as industrial and circuit materials for automotive and office equipment manufacturers. As a result, sales increased to ¥295,115 million (up 3.1%) and operating income climbed exceptionally to ¥65,918 million (up 28.9%).

In fiscal 2006, we will continue to work hard to improve business results by concentrating our resources on growth areas such as LCD-related products for the FPD industry, circuit materials for the HDD industry, and industrial materials for the automotive industry.

Asia & Oceania

Net Sales (Millions of yen)



We achieved excellent growth in East Asia (Taiwan, Korea and China, including Hong Kong) in fiscal 2005 thanks to favorable sales of LCD products. In other product areas, we enjoyed greater sales thanks to our "selection and focus" on growing markets such as liquid crystals and cellular phone devices, personal computers and office equipment.

In South Asia, each country showed broad economic growth despite temporary slowdowns caused in the previous year by SARS and bird flu. Nitto Denko enjoyed good overall performances and improved its sales of semiconductor materials and industrial materials.

As a result, sales in Asia and Oceania in fiscal 2005 climbed 47.7% to ¥166,523 million. Operating income, however, fell 9.3% to ¥5,937 million due to slumping sales prices, exchange-rate fluctuations and other unfavorable factors in the second half.

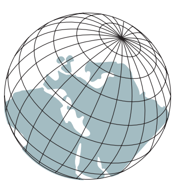
In fiscal 2006, in response to vigorous market demand, we aim to generate further growth by building new factories for LCD-related optical products in Taiwan and China (Shanghai, Pudong and Suzhou), and by promoting further expansion and development in Korea. We also intend to boost sales of our circuits business by expanding production and upgrading equipment at our Chinese plant in Suzhou, and by fully utilizing our newly built MRH plant in Shenzhen, China. In addition, we hope to boost our market share for water-treatment membranes by investing in capacity expansion at our existing plant in Shanghai. In automotive

Rapidly Developing Asian R&D Centers in Malaysia

As with production, Nitto Denko Group is pursing both globalization and localization of its R&D activities. This is especially true in Malaysia, where Nitto Denko Electronics Malaysia (NIDEM) is handling R&D for semiconductor encapsulation materials, and Nitto Denko Materials Malaysia (NMM) is pursuing research in carrier tapes. Each company is functioning as an "Asian R&D Center" in its own right. NIDEM has already spearheaded the launching of a large number of new semiconductor encapsulation materials, while NMM released its first new product, the automated chip component carrier tape, in March 2005. Both have helped us take significant steps toward the true globalization of Nitto Denko Group.

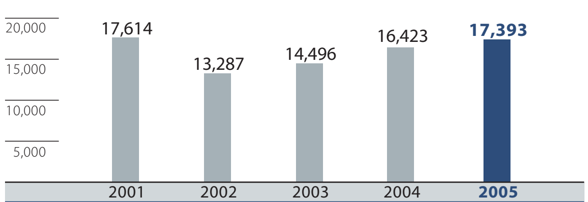
materials, too, we plan to enlarge our share of the wire-harness market for automobiles by starting production and sales at our facility in Tianjin, China, and by upping the capacity of our Kaohsiung Plant in Taiwan.

We are likewise improving our ability to meet market needs in South Asia. In Vietnam, we are launching integrated FPC production at our local factory. In Thailand, we established our No. 2 MRH plant and look set to become the world's largest MRH manufacturer for HDDs. We are also starting production of automotive materials in Thailand. We expect to achieve strong growth in South Asia in fiscal 2006 thanks to these activities.



Europe

Net Sales (Millions of yen)



During the first half of fiscal 2005, the economies of Europe performed well despite a second-half slowdown sparked by uncertainty over the U.S. economic growth and by a slackening in exports caused by higher oil prices.

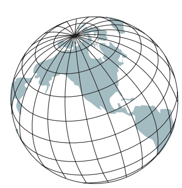
Nonetheless, performance gaps appeared, with France, Spain and Belgium enjoying strong domestic demand while Germany, Italy and the Netherlands suffered from sluggish demand.

Against this European backdrop, we focused its expansion efforts on two main areas—automotive and electronics. In the automotive market, we started sales of locally produced reinforcement and dampening materials, in addition to traditional sealing materials, to Japanese automotive manufacturers.

In addition, we started construction of Automotive Technical Center (ATC) to improve our capabilities as a solution provider. In the electronics sector, we also concentrated on the cellular phone market. As a result, our industrial materials business, which is concentrated mostly around the automotive industry, performed favorably. Progress was also made with circuit materials, bonding and joining materials and surface protection products in the second half.

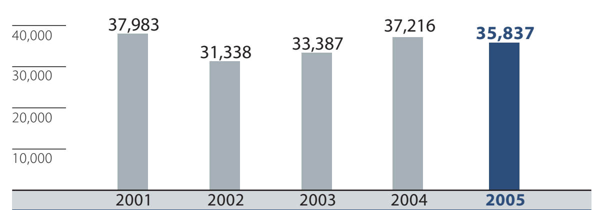
Sales in fiscal 2005 reached ¥17,393 million, up 5.9%. However, operating income fell 51.6% to ¥247 million, reflecting the higher costs associated with steep price rises in toluene and other raw materials, as well as other factors. Profit also suffered from the negative impact of debt recovery and other management problems.

In fiscal 2006, we will continue to pursue further expansion of sales to the automotive industry in the wake of capacity expansion by Japanese automotive manufacturers in Europe. At the same time, we will aggressively pursue business expansion in Central and Eastern Europe by enhancing our sales functions there in response to accelerating shifts into those regions by industry players.



North America

Net Sales (Millions of yen)



Fiscal 2005 saw the completion of our U.S. group's historic and dramatic three-year restructuring plans to "Create Our New Future" and "Selectively Discard Our Past" in the important U.S. market. Some of the bold actions undertaken

Global Operations and Global R&D (continued)

this year included selling our Graphic Technologies unit (which produced bar-code labels for the retail market), closing our 75-year-old Permacel tape manufacturing plant in North Brunswick, New Jersey, and doubling production volume at our new specialty tape plant in Pleasant Prairie, Wisconsin.

Aveva Drug Delivery Systems, our U.S. pharmaceuticals company, continued its aggressive business development activities in order to become the partner of choice for major U.S. pharmaceutical producers.

Our automotive businesses had mixed results. The financially healthier Japanese-affiliated automotive companies in the U.S. saw double-digit growth in sales and helped the Permacel facility in Lakewood, New Jersey achieve operating margins of more than 20%. However, Permacel Automotive suffered significant volume reductions as the U.S. automotive industry retrenched.

For our electronics business, Nitto Denko America continued specification work for leading U.S. electronics firms and is seeking new applications in this ever-changing field, notably LCDs, flexible printed circuits and semiconductors.

Permacel expanded operations at its profitable and growing Lakewood facility, sold off an old product line, and re-focused its business on the specialty markets of electrical/electronics, aircraft/aerospace, surface protection, automotive and web-processing/bonding and joining.

Such bold programs incurred high costs, including the heavy costs associated with the creation and start-up of the new plant, the closure of the old plant, the climbing expenses of maintaining our tape operation's pension and post-retirement health plans, and continued early losses on our new transdermal drug delivery operation. Total operating losses for this region thus increased during fiscal 2005.

Operating performance made a late rally at Hydranautics, our membrane/environmental unit, which specializes in high-polymer water filtration membranes. We hope to achieve greater synergy with Nitto's membrane units in Japan and China and have initiated a global project to improve operating results at Hydranautics.

Finally, our tape entity, Permacel, posted double-digit sales growth during the year despite experiencing the highest degree of restructuring of all our U.S. companies. But the company's profitability suffered as it continued to scale-up its US$60 million Pleasant Prairie facility and push through with the closure of the North Brunswick facility.

As a result, sales in fiscal 2005 decreased by 3.7% to ¥35,837 million and operating losses increased by 3.3% to ¥2,479 million .

In the coming year, the company will emphasize growth in its focused markets, realize planned efficiencies at Pleasant Prairie, and cut discretionary costs. Thanks to the stronger strategic positioning of the U.S. Group, the North American region is now poised for growth and profitability.

Intellectual Property Strategy

Developing a Solid Intellectual Property Strategy

Governments and companies around the world are becoming more aggressive in their efforts to protect intellectual property. In March 2003, the Japanese government established the Intellectual Property Policy Headquarters. In July of the same year, it announced the Promotion Program on Creation, Protection and Exploitation of Intellectual Property. Since then, it has implemented several other measures to transform Japan into a nation dedicated to respecting and protecting intellectual property rights.

As more and more countries realize the importance of patents, we are seeing drastic changes in infrastructure for intellectual property laws and regulations in countries around the world.
More than ever, Nitto Denko Group must heighten its awareness of intellectual property issues.

We must appropriately address the changes in the social environment surrounding such issues; for example, the handling of intellectual property rights resulting from academic-industrial alliances, amendments to the laws and regulations governing employee inventions, creation of an intellectual property appellate court, and interpretation of tax laws dealing with intellectual property transfer.

With Nitto Denko's Intellectual Property Department serving as the core, we are pushing ahead with our mission: engender a Nitto Denko with a high level of intellectual property awareness, one that can maintain a sustained competitive advantage in securing and beneficially utilizing intellectual property rights. At the end of fiscal 2005, Nitto Denko had 1,255 registered Japanese patents and 1,731 overseas patents, for a total of 2,986 patents worldwide.

We intend to henceforth adopt a solid intellectual property strategy aimed at further business expansion. In practical terms, this means we will identify and develop products that are likely to become Global Niche Top products in the future. We will increase added value through intellectual property rights, strengthen and increase international competitiveness, and contribute to boosting our stock prices. All in all, this strategy will create value globally and act as an engine for Nitto Denko to attain the Global Niche Top position.

To these ends, we will step up our intellectual property activities while at the same time creating a global patent application network that protects our intellectual property rights.

In the long-term, we will establish new and practical training courses to improve intellectual property awareness among all employees of Nitto Denko Group. In unison with this, we will carry out other educational activities to increase worldwide awareness of intellectual property.

Corporate Social Responsibility

Commencement of Group-Wide Activities to Improve Corporate Social Responsibility

The increasing number of corporate scandals reported in the press in recent years has helped raise interest in Corporate Social Responsibility (CSR). In many cases, the company involved suffered a sharp drop in its share price, followed by the eventual dissolution of the company itself. A corporation's responsibility now goes far beyond achieving good business results and recurring profits. For companies to develop and survive, they must perform their duties not only for the benefit of shareholders but also for the benefit of all stakeholders from an environmental and social perspective. Companies who conscientiously carry out these duties protect their shareholder profits while expanding their corporate value among a much broader support base.

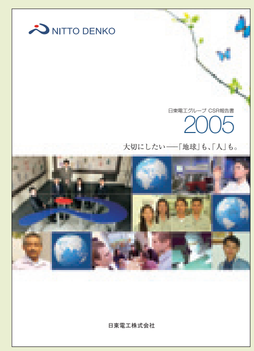
As part of its strategies to improve CSR, Nitto Denko Group established a new unit called the CSR Assurance Department on April 1, 2005. To date, our environment, safety, quality, corporate ethics, human rights and information security sections have each maintained separate policies. From this point forward, however, our CSR activities will be group-wide and cut across sectional barriers.

In our business operations, we encounter many variables that impact society and the environment, and we must recognize these issues and behave responsibly. In fiscal 2006, we will put in place initiatives with a particular stress on compliance.

CSR Report

Starting this year, we will present our CSR activities and results in the CSR Report, which can be viewed at our company Web site*. Until now, these topics were reported in the Environmental & Social Report.

* The English version of the report will be available in the fall of 2005.



Corporate Ethics and Compliance

Nitto Denko Group considers compliance to be a crucial issue underscoring our responsibility to all stakeholders. In April 2003, we established standard evaluation criteria in our Guidelines for the Observance of Laws and Ethics. In addition, we are currently setting up a Business Ethics Help Line to increase the effectiveness of these guidelines and to speed up self-evaluation.

In fiscal 2006, we plan to offer training courses on compliance to boost awareness among all staff members. We also plan to introduce the Guidelines for the Observance of Laws and Ethics to all our group operations, providing employees worldwide with guidelines that reflect local cultures and customs. Multi-lingual versions will be created as part of this effort.

Environment

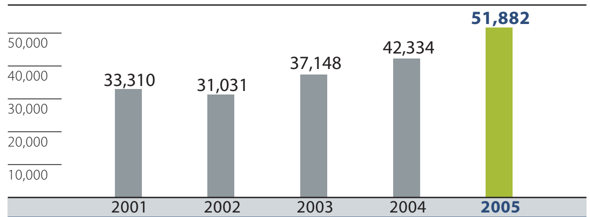
Industrial Waste Reduction and Recycling Activities

In fiscal 2005, Nitto Denko Group increased overall production in response to market demand. This in turn led to higher output of industrial waste.

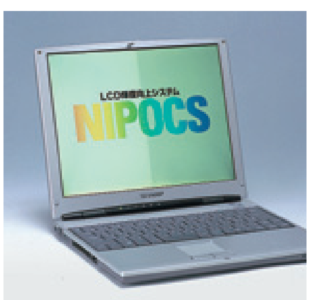
To address this issue, and to achieve better production efficiencies while reducing waste output, we launched the Total Loss Reduction Project in November 2004. We intend to limit total waste output by re-evaluating existing manufacturing processes and by developing production methods that generate little or no waste. Starting with our Shiga Plant for membrane products, our project goal in fiscal 2006 is to cut industrial waste by 30% compared to fiscal 2005. In future this will be expanded to Kanto Plant and Onomichi Plant, and eventually to the entire company.

Our Toyohashi Plant, which manufactures products that utilize adhesives, produced 1,428 tons of waste adhesive in fiscal 2005. Until now, solvent waste has been outsourced to an external party for thermal recycling, but in fiscal 2006 we plan to start using new equipment to extract toluene from solvent waste. 70% of these solvent wastes will be handled by this new process, which we believe will help us effectively reduce the cost of purchasing solvents and cut expenses for industrial waste disposal.

Amount of Industrial Waste (Metric tons)

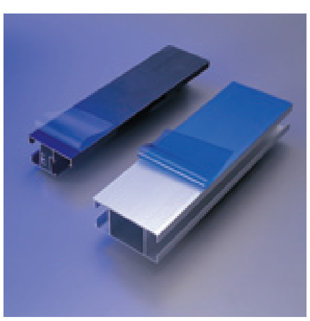


Environmentally Conscious Products



Polarization Conversion Film for LCDs
Our brightness enhancement film, when incorporated into the liquid crystal displays of PCs and mobile phones, enhances screen brightness by 50% to 60%. This results in energy savings.

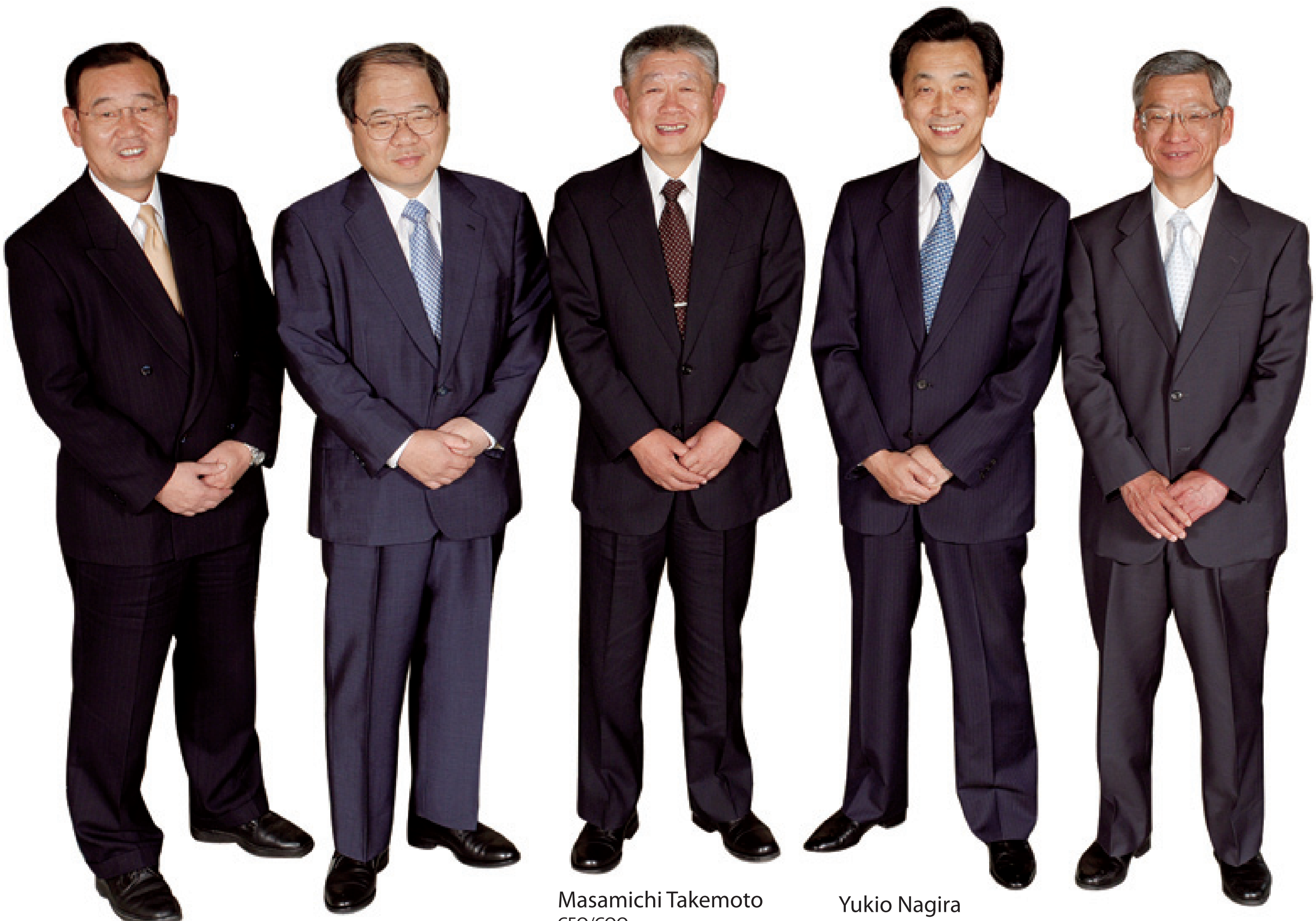
Halogen-Free Semiconductor Sealing Materials
We utilize a unique metal hydroxide instead of a halogen-flame retardant, and this eliminates the need for halogen.



Surface Protection Tape
These tapes are used to protect various products, including metal boards and aluminum sashes during their transportation. Our tapes use a moisture-dispersion pressure-sensitive adhesive that does not use organic solvents. These products thus meet green procurement requirements.

Micro-Organic Pesticide Insect Pest-Removal Sheet
Used for the first time in Japan, these new micro-organic agricultural chemicals make use of mold to repel insects harmful to crops. The use of mold (which is effective against specific pests) significantly minimizes any adverse impact on other living creatures.

Corporate Governance



Wataru Kitao
CSO

Yasuo Ninomiya
CTO

Masamichi Takemoto
CEO/COO

Yukio Nagira
Deputy COO

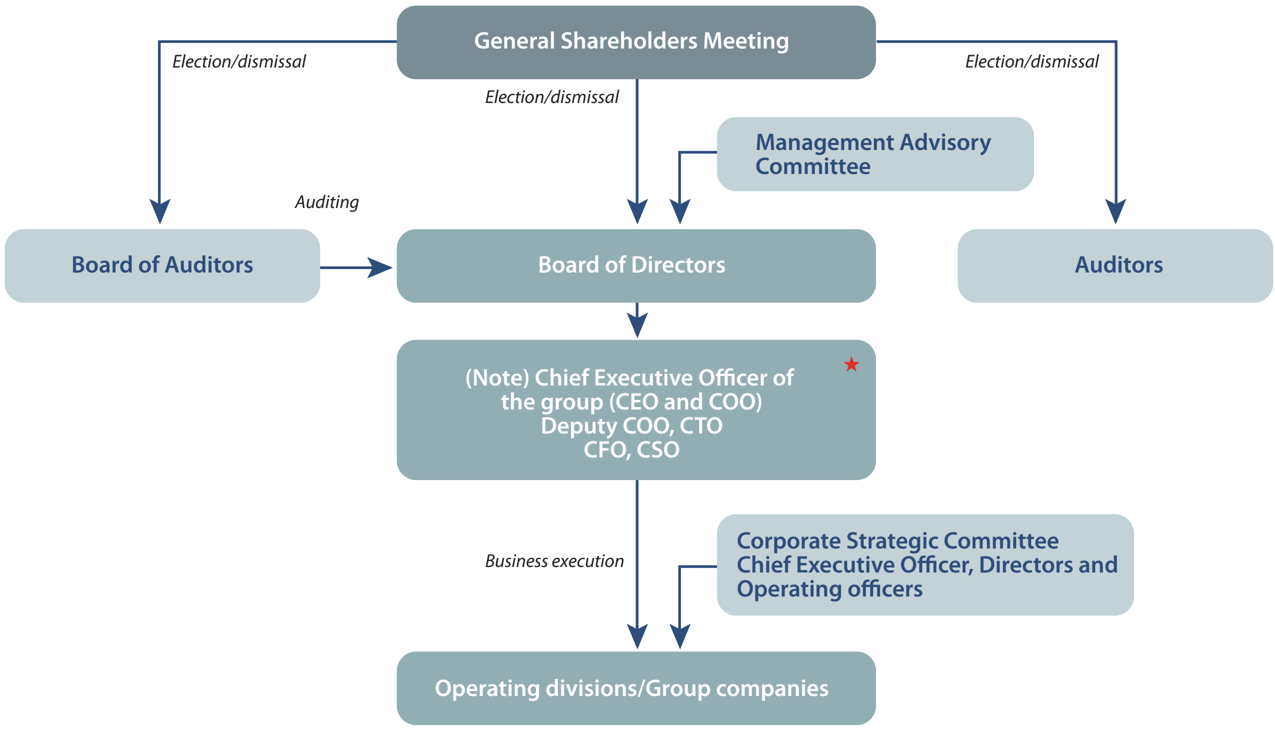
Tatsunosuke Fujiwara
CFO

Corporate governance is an extremely important issue to Nitto Denko, one that impacts the interests of all stakeholders who support our activities, and one that is closely related to the continuous and long-term maximization of shareholder value. Nitto Denko Group is dedicated to sound and transparent management based on the fundamental principles of "open, fair and best": to share information openly, to judge fairly and to do our best based on those judgments.

We have introduced a Chief Officer System for operations and management, a system designed to ensure that decisions are made swiftly, fairly and openly. Corporate directors combine their regular duties with the added responsibility of conducting group management. We also introduced the Operating Officer System to clarify the roles of management and operational functions. The company's Board of Directors is responsible not only for making decisions about important management issues, but also serving in a supervisory role over the managerial conduct of directors and company executives.

To ensure sound management and transparency at Nitto Denko Group, we also established a Management Advisory Committee to provide advice from well-informed individuals from outside the company. In addition, a Corporate Strategic

Governance Structure



★ Note

CEO (Chief Executive Officer): Chief Executive Officer of the group
COO (Chief Operating Officer): Chief Operating Officer of the group
CTO (Chief Technology Officer): Chief Technology Officer of the group
CFO (Chief Financial Officer): Chief Financial Officer of the group
CSO (Chief Strategy Officer): Chief Strategy Officer of the group

Committee is held each month to share (and decide on) information from both management and executives.

The company also employs a system of auditors to act in a supervisory role over management. In addition to attending Board of Directors meetings and other important gatherings, auditors perform surveillance and auditing of the corporate management setup. This involves a broad range of activities, from receiving business reports from employees and accessing various important documents, to investigating business departments, factories, research labs and subsidiaries, both domestic and overseas. Moreover, three of the five auditors are outside auditors, with no personal relationships, investments, transactions or other interests with or in Nitto Denko Group.

We have also established an Internal Audit Office to inspect the thoroughness of the group's internal controls, and the suitability of company work processes (including those of related domestic and overseas companies), management propriety and efficiency. Furthermore, specialist groups conduct environmental, safety, quality and export management audits in cooperation with the Internal Audit Office.

Six-year Summary

Nitto Denko Corporation and Consolidated Subsidiaries
For the Years Ended March 31

	Millions of yen						Thousands of U.S. dollars
	2005	2004	2003	2002	2001	2000	**2005**
Net Sales	**¥ 514,868**	¥ 452,726	¥ 378,705	¥ 338,930	¥ 365,698	¥ 325,399	**$ 4,794,376**
Industrial products (Note)	**207,382**	191,694	173,602	184,131	197,270	187,676	**1,931,111**
Electronic products	**261,628**	219,805	165,519	120,143	133,115	107,798	**2,436,242**
Functional products	**46,415**	41,829	40,402	35,800	37,186	32,894	**432,210**
Eliminations	**(557)**	(602)	(818)	(1,144)	(1,873)	(2,969)	**(5,187)**
Operating income	**70,019**	55,912	33,902	19,314	34,824	26,612	**652,007**
Income before provision for income taxes	**69,976**	57,075	33,525	3,722	25,724	21,583	**651,606**
Net income	**41,843**	33,386	19,237	1,115	15,851	13,399	**389,636**
Domestic sales	**442,770**	384,486	321,407	287,543	302,754	276,137	**4,123,010**
Overseas sales	**231,471**	174,832	132,436	107,939	124,553	98,029	**2,155,424**
North America	**37,586**	38,823	35,140	32,774	39,616	38,366	**349,995**
Europe	**20,011**	18,372	16,359	14,494	19,383	15,156	**186,340**
Asia & Oceania	**173,874**	117,637	80,937	60,671	65,554	44,507	**1,619,089**
Eliminations	**(159,373)**	(106,592)	(75,138)	(56,552)	(61,609)	(48,767)	**(1,484,058)**
Depreciation & amortization	**24,681**	21,386	21,144	20,443	18,345	16,464	**229,826**
Capital expenditures	**52,914**	36,318	23,337	40,311	32,727	24,014	**492,727**
R&D expenses	**16,739**	15,822	13,851	13,053	12,423	10,647	**155,871**
Total assets	**¥ 443,264**	¥ 389,525	¥ 379,812	¥ 350,340	¥ 357,654	¥ 334,501	**$ 4,127,610**
Shareholders' equity	**261,091**	223,114	237,560	228,410	226,894	212,126	**2,431,242**
Number of employees	**16,311**	13,161	10,764	9,510	9,857	9,092	**16,311**
	Yen						U.S. dollars
Net income per share of common stock	**¥ 252.72**	¥ 197.99	¥ 108.52	¥ 6.42	¥ 93.51	¥ 82.04	**$ 2.35**
Cash dividends per share of common stock	**50.00**	40.00	24.00	22.00	21.00	18.00	**0.47**
	(Numbers)						
Shares outstanding (thousands)	**173,758**	173,758	173,758	173,758	173,758	166,512	
Shareholders	**16,485**	20,786	16,952	15,386	14,745	5,943	
	(%)						
ROE	**17.28**	14.49	8.26	0.49	7.22	6.65	
ROA	**10.05**	8.68	5.27	0.32	4.58	4.11	
Operating income ratio	**13.60**	12.35	8.95	5.70	9.52	8.18	
Equity ratio	**58.90**	57.28	62.55	65.20	63.44	63.42	
Asset turnover (times)	**1.24**	1.18	1.04	0.97	1.06	1.00	
	Thousands of yen						U.S. dollars
Net sales per employee	**¥ 31,566**	¥ 34,399	¥ 35,183	¥ 35,639	¥ 37,100	¥ 35,790	**$ 293,938**

Note : The Corporation changed the segment category for the electronic processing products (formerly electronic component-related products) from Industrial Products to Electronic Products in 2004. The figures for 2003 have been restated to conform with 2004 presentation.

Analysis of Results of Operations and Financial Condition

1. Results of Operations

1. Overview

In the financial environment of this fiscal year, the primary causes for the decelerating tempo of growth were sharp rises in energy prices and climbing prices for raw materials, but general performance was stable due to the good shape of the digital sector and high growth in capital expenditures. In the second half a sense of ambiguity regarding future business exports and manufacturing conditions arose, due to uncertainty in the U.S. and Chinese economies.

In this economic environment, the Nitto Denko Corporation and its consolidated subsidiaries (the "Group") continued to expand its focus. While the Group continued to supply industrial materials, electronic circuit materials and macromolecular separation membranes to the FPD (Flat Panel Display) industry, it also shipped engineering plastics to the automobile and office automation machinery industries. Further, initiatives in medical materials for transdermal therapeutic patch products has yielded promising developments, resulting in net sales increasing 13.7% over the previous period, to ¥514,868 million. Operating income increased by 25.2% to ¥70,019 million, and net income increased by 25.3% to ¥41,843 million.

2. Analysis of Income Statement

Net Sales

Net sales were ¥514,868 million, an increase of 13.7% over the previous fiscal year. Excluding unfavorable effect of foreign exchange conversion due to a stronger yen, this represented a substantial growth rate of 15.4%. Among these results, the proportion of overseas sales of LCD related materials has grown significantly, and domestic sales held steady with a 1.5% growth over the previous year to ¥246,761 million. In turn, LCD materials for Asia and Oceania have grown and there were increased yields due to changes in scope of consolidation and equity method, resulted in the overseas sales ratio for total consolidated sales grew from 46.3% to 52.1%.

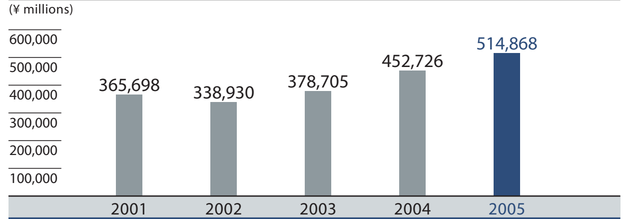
Sales in the Industrial Products segment increased by 8.2% over the previous year to ¥207,366 million, and the operating income for the segment was ¥16,539 million (up 23.1%). The trends were good for cellular phone and small format LCD module materials, and sales to East Asia for office automation products, consumer electronics and laptop computers were also firmer. Sales of surface protection products for machinery, equipment and construction materials for houses stayed at the prior level, but sales of those for the FPD industry benefited from the effect of increases in LCD panel production. Sales of sealing materials for cellular telephones and automobiles were satisfactory, and construction materials for house renovation and waterproofing of window surrounds were steady.

In the Electronic Products segment sales were up 19.0% in comparison to the previous year, for a record ¥261,542 million. Operating income reached ¥47,153 million, growth of 21.3% over the previous year. In particular, LCD materials had favorable results due to the market's expansion and the enlargement of LCD panels. Despite the effect of lower prices, optical compensation films for LCD TVs went strong and sales of polarizing board with viewing angle compensation film for LCD TVs were also satisfactory. Positive developments in laptop computer production also resulted that the overall sales were good for high-grade optical films, including enhanced brightness polarized films. In the first half sales of semiconductor materials were strong led by our leading edge resin for package sealing, but these went slow in the second half as the effects of inventory adjustment in the marketplace. In circuit materials, sales were weak for small-format LCD modules used in cellular phones, but thin metal core board for magnetro resistive heads (MRH) used in hard disk drives sold well giving a positive result overall. In the second half, sales of electronic processing materials were affected by reduction of production in the electronic parts industry, but, throughout the year, sales of protection tapes and laminating device applicators for semiconductor processing went firmer.

The sales of the Functional Products segment grew 11.2% to ¥45,960 million, and operating income was a 76.1% improvement over the previous year's performance, reaching ¥6,327 million. While the overall market for medical goods is being influenced by political measures to restrain medical expenditure, main products in the medical-related materials, transdermal therapeutic patches used for the treatment of bronchial asthma, sold well as did cosmetic-related products in healthcare products. Accordingly, while there was a cost burden for research and development carried out by Aveva Drug Delivery Systems (ADS), our US manufacturer of transdermal therapeutic patches, the business overall moved to a positive position. Polymer separation membranes had reduced sales due to reductions in large-scale desalination projects and lowered prices for membranes used for water purification in the semiconductor industry, but since the sales for smaller scale desalination projects and sales for industrial water purification to East Asia were strong, the overall sales were stable. Functional materials such as engineering plastics for automobile parts and internal pressure-regulating membranes for office automation equipment sold well, as did sales of porous process materials for the electronics industry.

Net Sales

(¥ millions)



Analysis of Results of Operations and Financial Condition

Cost of Sales and Selling, General and Administrative Expenses

In line with the rise in net sales, the Cost of Sales (COS) grew 13.0% compared to the previous year to a total of ¥355,881 million. Due to efforts to reduce costs for raw materials and improved yields as we as improvement of production associated with the greater scale of sales, COS ratio against sales declined by 0.4% to 69.1% even though there was a reduction in the price of finished goods. Selling, General and Administrative expenses (SG&A) were 8.5% higher than the previous year, up to ¥88,968 million. This was mainly due to increases in personnel costs, freight, and outsourcing fees. The ratio of SG&A against sales was 17.3%, which was 0.8% less than the previous year.

Operating Income

Along with the rise in sales, the reduction in COS and SG&A as a proportion of sales led to a dramatic increase in operating income by 25.2% over the previous year to ¥70,019 million.

Electronic Products segment made the greatest contribution to the increased profit, with a net increase of ¥8,271 million, a 21.3% growth rate. Secondary, Industrial Products contributed to a net increase of ¥3,102 million, which was a 23.1% growth rate. Operating income in Functional Products grew 76.1% in comparison to the previous period, a net increase of ¥2,734 million. LCD-related materials made the largest contribution to the increased income of Electronic Products followed by good performance of circuit materials. medical-related and engineering plastics materials contributed to Functional Materials' growth.

Other Income (Expenses)

From the previous year's net other income of ¥1,163 million, the total declined to a net other expenses of ¥43 million. While equity in earnings of nonconsolidated subsidiaries and affiliates was ¥2,626 million and rose by 3.7% or an increase of ¥92 million, the decrease was due not having the one-time reversal of the allowance for pension and severance benefits which amounted to ¥1,958 million in the previous year. Also, in fiscal 2004 a special extraordinary loss of ¥683 million was written off for loss on evaluation of goodwill at our US subsidiary Graphic Technology, Inc. (GTI), and an additional loss on evaluation of goodwill at GTI of ¥258 million was accounted for in this fiscal year.

Income before Provision for Income Taxes

As a result of the above items, income before provision for income taxes increased by 22.6% over the previous year to ¥69,976 million.

Provision for Income Taxes

The total of corporate income taxes, local income taxes, enterprise taxes and adjustments to income tax was ¥26,616 million, up from ¥21,901 million in the previous year.

Tax reductions for research and development expense in Japan lowered the corporate tax rate. On the other, losses incurred in subsidiaries mainly in the U.S., could not be utilized to recognize deferred taxes, which increased the rate. As a result the effective tax rate became 38.0%, a small reduction of 0.4% from last year's rate, 38.4%.

Net Income

Due to the above, the net income for the current period was ¥41,843 million, an increase of 25.3% over the previous year. The net income per share rose 27.6% to ¥252.72 (¥252.58 after dilution).

Results by Geographic Area

Japan

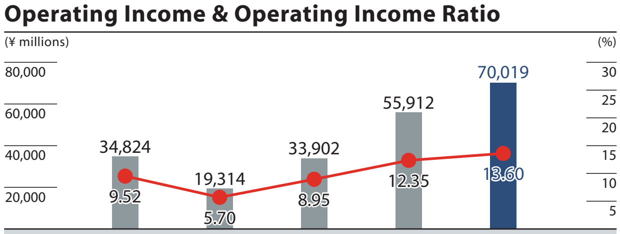
Bonding and joining materials performed well in the cellular phone and small LCD market. Sales of surface protection materials for the FPD industry increased, along with those increased production of LCD panels. Sales of sealing materials for the automobile industry and cellular phones also improved. For LCD-related materials, the growth in advanced compensation films and viewing angle compensation films in accordance with growing screen size of LCD TVs and monitors made a great contribution to the results. For medical materials, despite stagnation of the overall market due to the effect of political measures to restrain medical costs, our main transdermal therapeutic tape has performed well and cosmetic-related medical health products have also been satisfactory.

As a result of the above, sales increased by 3.1% to ¥295,115 million and operating Income increased by 28.9% to ¥65,918 million

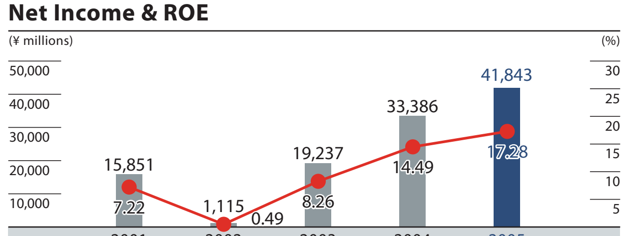
North America

In North America, US-based transdermal therapeutic patch sales and manufacturing company Aveva Drug Delivery Systems (ADS), which was acquired by the "medical-related

Operating Income & Operating Income Ratio



Net Income & ROE



materials business" in the last fiscal year, faced delays in the launch of its new product and did not contribute to results. The high-polymer separation membrane business has shown signs of recovery thanks to orders from the Iraq reconstruction and the Indian Ocean tsunami relief efforts, but suffered from the effects of a slump in prices due to increased competition.

As a result of the above, sales decreased by 3.7% to ¥35,837 million and operating losses increased by 3.3 % to ¥2,479 million.

Europe

In Europe, while the sales of its main industrial material products to the automobile industry were stable, bad debts losses incurred in the second half.

As a result of the above, sales increased by 5.9% to ¥17,393 million and operating income decreased by 51.6% to ¥247 million.

Asia and Oceania

Bonding and joining materials for office automation and consumer electronics performed well. While the LCD-related materials segment suffered from the drop in prices for optical compensation films for LCD TVs, sales to LCD monitors and laptop computer manufacturers were strong. Circuit materials had good sales of thin metal core board for magnetro resistive heads (MRH) used in hard disk drives.

As a result of the above, sales increased by 47.7% to ¥166,523 million and operating income decreased by 9.3% to ¥5,937 million.

2. Analysis of Financial Condition

1. Assets and Liabilities & Shareholders' Equity

Total consolidated assets at the end of fiscal 2005 were ¥443,264 million, which exceeded the end of the previous fiscal year by13.8% or ¥ 53,739 million. Of this amount, current assets increased by 7.5% or ¥15,912 million over the previous year-end to ¥227,206 million, tangible fixed assets (plant and equipment) increased by 19.5% or ¥27,194 million to ¥166,524 million, and investments and other assets increased by 27.3% or ¥10,633 million to ¥49,534 million.

The main factor in the increase in current assets is the increase in accounts receivable and inventories due to increased sales.

The major cause of the increase in tangible fixed assets was the capital investment in manufacturing facilities to supply for the FPD industry, which is expected to continue to grow in the future. With regard to the increase in investment and other assets, long-term deferred tax assets decreased by ¥1,579 million but investments in nonconsolidated subsidiaries and affiliates increased by ¥2,033 million. Also, to give due consideration to the materiality of retirement severance allowances, which had been shown as netted-off amounts in the prior years, retirement allowance and prepaid pension costs were presented on a gross basis at this fiscal year's consolidated accounts. As a result, the prepaid pension cost increased by ¥10,524 million.

Total liabilities at the end of fiscal 2005 increased by ¥17,477 million or 11.3% over the previous year to a total of ¥171,905 million.

Current liabilities at the end of fiscal 2005 increased by 5% or ¥6,945 million compared to the previous year-end, and reached ¥145,219 million due to growth of ¥2,833 million in accounts payable for equipment and an increase of ¥3,516 million for accrued income taxes.

Long-term liabilities increased by 65.2% or ¥10,532 million over the previous year-end to reach ¥26,686 million, due to an increase of ¥5,388 million in the allowance for severance and pension benefits, as well as increase of long-term debt of ¥2,756 million.

Consolidated shareholders' equity at the end of fiscal 2005 totaled ¥261,091 million, a 17% or ¥37,977 million increase from the previous year-end.

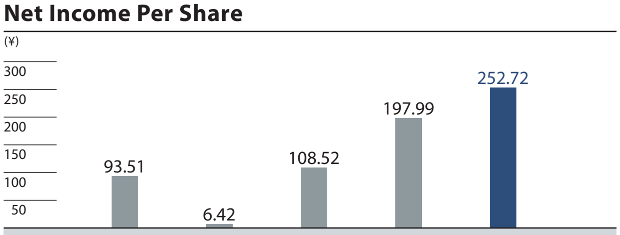
This is because retained earnings have increased by ¥32,331 million or 16.4% over the previous year-end to ¥228,927 million from growth in net income, etc.

Consequently, the shareholder equity ratio has risen from 57.3% to 58.9%.

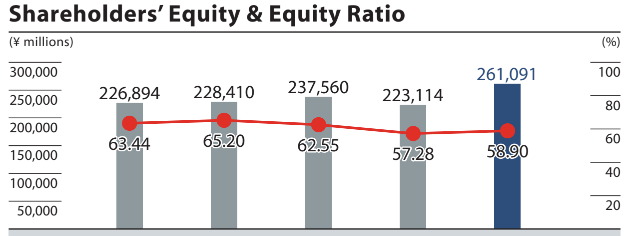
2. Cash Flow Analysis

Consolidated cash and cash equivalents (hereafter "cash") reduced by ¥47,594 million (the previous fiscal year featured a ¥27,085 million reduction) due to vital capital expenditure for fixed asset acquisition, despite a growth in income before provision for income taxes of 22.6% to ¥69,976 million. Further reduction of ¥7,854 million due to increased dividends (the previous fiscal year dividends were ¥5,034 million), the Group's cash was reduced by 0.5% or ¥266 million in comparison to the previous year-end to ¥48,278 million. Also, changes in the scope of consolidation in this fiscal year increased cash by ¥1,250 million.

Net Income Per Share



Shareholders' Equity & Equity Ratio



Net cash provided by operating activities increased by 21.2% or ¥9,800 million over the previous year-end to ¥56,068 million. This was because while on the one hand income before provision for income taxes, which is the principal source of cash inflow, increased by 22.6% over the previous term's result to ¥69,976 million. There were also depreciation of non-cash items increased by 15.4% as compared to the previous year to ¥24,681 million and there was a huge change in the increase in trade notes and accounts receivable of 56.4% compared to the previous year of ¥8,041 million, which is usually caused by sales.

Net cash flow used in investing activities increased by 57.0% or ¥17,859 million to ¥49,171 million. This was primarily because expenditures for acquisition of plant and machinery increased by 75.7% or ¥20,509 million to ¥47,594 million.

Net cash flow used in financing activities greatly decreased by ¥30,015 million from the previous year to ¥9,155 million. There were cash inflows due to the exercise of stock options in contrast to ¥39,111 million of cash outflows mainly for the purchase of treasury stock in the previous year. In addition, payment of dividends increased by 56.0% to ¥7,854 million.

3. Business and Other Risks

1. Exchange Rate Fluctuations

The Group manufactures and sells in various areas of the world. As a result, the Group's performance is affected by exchange rate fluctuations - yen appreciations have an unfavorable impact and yen depreciations have a favorable impact. Although the Group makes every effort to minimize the impact of exchange rate fluctuations between key currencies such as the US dollar, Asian currencies and the yen, they may have an adverse effect on the Group's performance over the long-term.

2. Optical Business

The cumulative build-up of transactions with the world's key LCD panel manufacturers has enabled the Group's optical business to take the number one global market share in the sector, giving it a core role in our overall operations. We are working to expand our market share and maintain and enhance our profitability by continually launching new products and expanding our production capacity in a timely fashion. However, the intensified competition and sharply lower prices that result from the continuing influx of new competitors could affect the Group's performance adversely.

3. Worldwide Expansion of Business

The Group is advancing operations in the United States, Europe and Asia and actively promoting global business development through marketing activities and reduction of the production cost of each area. On the other hand, in the Asian region, there are unavoidable inherent risks such as unexpected changes of laws, tax systems and regulations, or social disruption due to undeveloped social infrastructure such as transportation delays and power cuts, as well as political changes, war and terrorism. If these risks eventuate, there is a possibility that they will affect the performance of the Group.

4. Operational Developments in the North American Region

The Group is developing industrial materials and functional products (films, medicines) in North America region. While the Group is taking active measures such as integrating the production of local affiliates, the Group posted an operating loss in fiscal 2005. Although the Group is making efforts to increase efficiency and aiming for profits, there is a possibility that it will affect the performance of the Group.

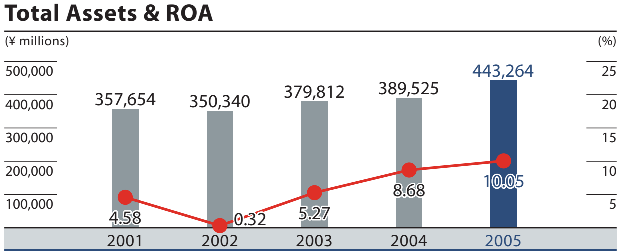
5. Capability of New Products Development

In the areas in which the Group develops products, there are difficult demands for technical innovation and cost competition. Therefore, under the Global Niche Top strategy the Group is making investments in research & development and equipment that is necessary for new technology, new product development and production process innovation. However as it is not easy to forecast market changes and technology innovations, there is a possibility that it will affect the future corporate management if conditions change more than expected.

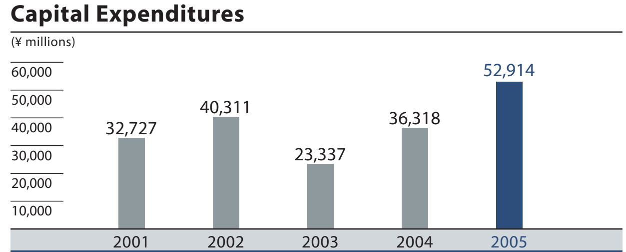
6. Intellectual Property

The Group owns, maintains and manages a number of intellectual properties. There is a possibility that they may be invalidated by third parties or they may not be protected

Total Assets & ROA



Capital Expenditures



enough in particular regions, and could be imitated. In the case of protection on intellectual property being significantly impaired, it is possible that the performance of the Group will be impacted.

7. Product Defects

The Group is endeavoring to earn customer trust by manufacturing products in accordance with the ISO 9000 series of quality management standards. Since producer goods transactions are the basis of our business, the Group believes it is unlikely to find itself in a position of compensating end-users or recalling our products. However, the Group and its products would lose trust and its performance could be affected adversely if the Group is claimed o compensate final consumers for defective products or make product recalls to the extent exceeding product liability insurance coverage.

8. Environmental Issues

Environmental conservation activities have always been an important element of the Group's management policy and as a result of our efforts to reduce waste, prevent global warming and atmospheric pollution, and engage in ISO 14000 activities, we have never caused a major environmental problem. The Group uses large quantities of toluene, disclosing this fact in the PRTR (Pollutant Release and Transfer Register) and environmental reports, and is implementing a reduction plan that it drew up voluntarily. However, there is a possibility that it would incur large environment-related expenses under the provisions of newly-enacted environmental regulations.

9. Laws and Regulations

The Group's business includes licensed medicines like transdermal therapeutic patches (for asthma and ischemic heart disease) and items for medical use such as surgical tapes. In conducting the Group's business activities the Group has applied the various laws and regulations. In case of major changes in related laws and regulations, it is possible that the Group's results may be impacted due to restrictions of the Group's activities and additional costs.

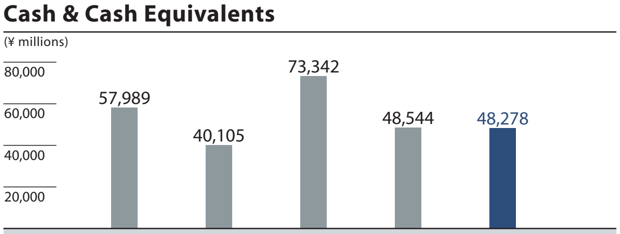
10. Impact of Accidents and Disasters

In order to prevent damages arising from accidents or disasters caused by fires, explosions and the like, the Group is committed to ensuring that facilities inspections, safety equipment and fire extinguishing equipment are adequate, and to engage in various kinds of safety activities. One of the most important production centers, the Toyohashi Plant, is located in an "Area under Intensified Measures against Earthquake Disasters." To prevent direct damage and secondary disasters, the plant has improved its facilities by reinforcing them against earthquakes and installing automatic shutoff devices, and carries out periodic emergency drills. Yet there is still a possibility that the Group's performance could be adversely affected. Accidents and disasters could still occur despite these efforts, while the scope of the compensation payable under the earthquake insurance taken out for the Toyohashi Plant in the earthquake-prone Tokai region is limited.

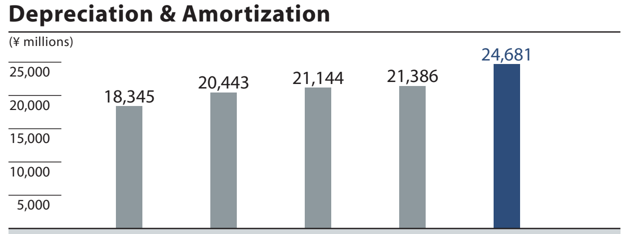
11. Retirement Benefit Obligations

Expenses for the Group employees' retirement benefits are calculated on the basis of assumptions established for discount ratios and other actuarial calculations or on the basis of expected returns on pension assets. Generally speaking, this affects the expenses recognized and the obligations recorded at some future time because in cases where actual results differ from the assumptions, or the assumptions are altered, the cumulative impact is recognized in the future period. The Group acts as a welfare pension agent, and despite intending to restore part of the pension funds to the Japanese Government and by means of this reduce the risk of a lack of deposits arising, if in future the lowering of market interest rates or deterioration in the return on pension assets occurs there is the possibility of the Group's results being influenced by increased retirement benefit liabilities or by forecasts of insufficient deposits.

Cash & Cash Equivalents



Depreciation & Amortization



Consolidated Balance Sheets

Nitto Denko Corporation and Consolidated Subsidiaries
As of March 31, 2005 and 2004

	Millions of yen		Thousands of U.S. dollars	
Assets	**2005**	2004	**2005**	2004
Current Assets:				
Cash on hand and in banks (Note 2)	**¥ 50,355**	¥ 49,145	**$ 468,898**	$ 457,631
Trade notes and accounts receivable	**119,735**	108,583	**1,114,955**	1,011,109
Allowance for doubtful receivables	**(1,598)**	(1,169)	**(14,880)**	(10,886)
Inventories (Note 4)	**44,171**	40,671	**411,314**	378,722
Deferred tax assets and other (Note 5)	**14,543**	14,064	**135,423**	130,953
	227,206	211,294	**2,115,710**	1,967,529
Plant and Equipment, at Cost (Note 6):				
Land	**19,001**	18,824	**176,935**	175,286
Buildings	**122,785**	111,061	**1,143,356**	1,034,184
Machinery and equipment	**234,300**	217,898	**2,181,767**	2,029,034
Construction in progress	**22,228**	10,215	**206,984**	95,121
	398,314	357,998	**3,709,042**	3,333,625
Accumulated depreciation	**(231,790)**	(218,668)	**(2,158,395)**	(2,036,204)
	166,524	139,330	**1,550,647**	1,297,421
Investments and Other Assets:				
Investments in nonconsolidated subsidiaries and affiliates	**15,571**	13,538	**144,995**	126,064
Investments in securities (Notes 3 and 6)	**11,468**	11,603	**106,788**	108,045
Goodwill	**81**	621	**754**	5,783
Prepaid pension cost (Note 1 (j))	**10,524**	—	**97,998**	—
Deferred tax assets and other (Note 5)	**11,890**	13,139	**110,718**	122,358
	49,534	38,901	**461,253**	362,250
	¥ 443,264	¥ 389,525	**$ 4,127,610**	$ 3,627,200

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

Liabilities and Shareholders' Equity	Millions of yen 2005	Millions of yen 2004	Thousands of U.S. dollars 2005	Thousands of U.S. dollars 2004
Current Liabilities:				
Short-term bank loans, including current portion of long-term debt (Note 6)	**¥ 8,809**	¥ 12,116	**$ 82,028**	$ 112,822
Trade notes and accounts payable (Note 6)	**103,417**	97,776	**963,004**	910,476
Accrued expenses	**15,635**	15,202	**145,591**	141,559
Income taxes (Note 5)	**16,089**	12,573	**149,818**	117,078
Other current liabilities	**1,269**	607	**11,817**	5,652
	145,219	138,274	**1,352,258**	1,287,587
Long-term Liabilities:				
Long-term debt (Note 6)	**6,504**	3,748	**60,564**	34,901
Allowance for severance and pension benefits (Notes 1(j) and 7)	**14,030**	8,642	**130,645**	80,473
Retirement allowances for directors and corporate auditors	**595**	1,339	**5,541**	12,469
Consolidation differences (Notes 1(n))	**2,012**	—	**18,735**	—
Other long-term liabilities	**3,545**	2,425	**33,011**	22,581
	26,686	16,154	**248,496**	150,424
Minority Interests	**10,268**	11,983	**95,614**	111,584
Commitments and Contingent Liabilities (Note 11)				
Shareholders' Equity (Note 9):				
Common stock	**26,784**	26,784	**249,409**	249,409
Authorized — 400,000,000 shares				
Issued — 173,758,428 shares in 2005 and 2004				
Capital surplus	**50,482**	50,482	**470,081**	470,081
Retained earnings	**228,927**	196,596	**2,131,735**	1,830,673
Net unrealized holding gains on securities	**3,022**	3,057	**28,141**	28,466
Foreign currency translation adjustments	**(11,913)**	(13,629)	**(110,932)**	(126,911)
Cost of treasury stock (9,164,140 shares in 2005 and 10,169,504 shares in 2004)	**(36,211)**	(40,176)	**(337,192)**	(374,113)
	261,091	223,114	**2,431,242**	2,077,605
	¥ 443,264	¥ 389,525	**$ 4,127,610**	$ 3,627,200

Consolidated Statements of Income

Nitto Denko Corporation and Consolidated Subsidiaries
For the Years Ended March 31, 2005 and 2004

	Millions of yen		Thousands of U.S. dollars	
	2005	2004	**2005**	2004
Net Sales	**¥ 514,868**	¥ 452,726	**$ 4,794,376**	$ 4,215,718
Cost of Sales	**355,881**	314,786	**3,313,912**	2,931,241
Gross profit	**158,987**	137,940	**1,480,464**	1,284,477
Selling, General and Administrative Expenses	**88,968**	82,028	**828,457**	763,833
Operating income	**70,019**	55,912	**652,007**	520,644
Other Income (Expenses):				
Interest and dividend income	**306**	526	**2,849**	4,898
Interest expense	**(323)**	(246)	**(3,008)**	(2,291)
Foreign exchange gain (loss)	**—**	1,088	**—**	10,131
Equity in earnings of nonconsolidated subsidiaries and affiliates	**2,626**	2,534	**24,453**	23,596
Loss on disposal of plant and equipment	**(1,207)**	(973)	**(11,239)**	(9,060)
Loss on evaluation of fixed assets (Note 13)	**—**	(683)	**—**	(6,360)
Loss on evaluation of goodwill (Note 13)	**(258)**	(683)	**(2,402)**	(6,360)
Reversal of allowance for severance and pension benefits (Note 1 (j))	**—**	1,958	**—**	18,233
Special benefits on retirement (Note 7)	**(718)**	(428)	**(6,686)**	(3,985)
Other, net	**(469)**	(1,930)	**(4,368)**	(17,972)
	(43)	1,163	**(401)**	10,830
Income before Provision for Income Taxes	**69,976**	57,075	**651,606**	531,474
Provision for Income Taxes (Note 5)**:**				
Current	**24,464**	18,954	**227,805**	176,497
Deferred, net	**2,152**	2,947	**20,039**	27,442
	26,616	21,901	**247,844**	203,939
Minority Interests in Net Income of Consolidated Subsidiaries	**(1,517)**	(1,788)	**(14,126)**	(16,649)
Net Income	**¥ 41,843**	¥ 33,386	**$ 389,636**	$ 310,886

Per Share of Common Stock (Note 9)**:**	Yen		U.S. dollars	
Net Income	**¥ 252.72**	¥ 197.99	**$ 2.35**	$ 1.84
Net Income — Diluted	**252.58**	197.93	**2.35**	1.84
Cash Dividends, Applicable to Earnings of the Year	**50.00**	40.00	**0.47**	0.37

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

Consolidated Statements of Shareholders' Equity

Nitto Denko Corporation and Consolidated Subsidiaries
For the Years Ended March 31, 2005 and 2004

	Number of Shares (thousands)		Millions of yen		Thousands of U.S. dollars	
	2005	2004	**2005**	2004	**2005**	2004
Common Stock (Note 9)**:**						
Authorized shares	**400,000**	400,000				
Outstanding shares						
Beginning balance	**173,758**	173,758	**¥ 26,784**	¥ 26,784	**$ 249,409**	$ 249,409
Net increase	**—**	—	**—**	—	**—**	—
Ending balance	**173,758**	173,758	**¥ 26,784**	¥ 26,784	**$ 249,409**	$ 249,409
Capital Surplus (Note 9)**:**						
Beginning balance			**¥ 50,482**	¥ 50,482	**$ 470,081**	$ 470,081
Net increase			**—**	—	**—**	—
Ending balance			**¥ 50,482**	¥ 50,482	**$ 470,081**	$ 470,081
Retained Earnings (Note 9)**:**						
Beginning balance			**¥ 196,596**	¥ 168,632	**$ 1,830,673**	$ 1,570,276
Net income			**41,843**	33,386	**389,636**	310,886
Cash dividends paid			**(7,854)**	(5,034)	**(73,135)**	(46,876)
Directors' bonuses			**(552)**	(386)	**(5,140)**	(3,594)
Loss on treasury stock			**(1,106)**	(2)	**(10,299)**	(19)
Ending balance			**¥ 228,927**	¥ 196,596	**$ 2,131,735**	$ 1,830,673
Net Unrealized Holding Gains on Securities:						
Beginning balance			**¥ 3,057**	¥ 243	**$ 28,466**	$ 2,263
Net increase (decrease)			**(35)**	2,814	**(325)**	26,203
Ending balance			**¥ 3,022**	¥ 3,057	**$ 28,141**	$ 28,466
Foreign Currency Translation Adjustments:						
Beginning balance			**¥ (13,629)**	¥ (7,514)	**$ (126,911)**	$ (69,976)
Net increase (decrease)			**1,716**	(6,115)	**15,979**	(56,935)
Ending balance			**¥ (11,913)**	¥ (13,629)	**$ (110,932)**	$ (126,911)
Cost of Treasury Stock (Note 10)**:**						
Beginning balance			**¥ (40,176)**	¥ (1,067)	**$ (374,113)**	$ (9,936)
Net decrease (increase)			**3,965**	(39,109)	**36,921**	(364,177)
Ending balance			**¥ (36,211)**	¥ (40,176)	**$ (337,192)**	$ (374,113)

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

Consolidated Statements of Cash Flows

Nitto Denko Corporation and Consolidated Subsidiaries
For the Years Ended March 31, 2005 and 2004

	Millions of yen		Thousands of U.S. dollars	
	2005	2004	**2005**	2004
Cash Flows from Operating Activities:				
Income before provision for income taxes	**¥ 69,976**	¥ 57,075	**$ 651,606**	$ 531,474
Adjustments to reconcile income before provision for income taxes to net cash provided by operating activities:				
Depreciation and amortization	**24,681**	21,386	**229,826**	199,143
Increase (decrease) in allowance for severance and pension benefits	**(5,135)**	(7,974)	**(47,816)**	(74,253)
Interest and dividend income	**(306)**	(526)	**(2,849)**	(4,898)
Interest expense	**323**	246	**3,008**	2,291
Equity in earnings of nonconsolidated subsidiaries and affiliates	**(2,626)**	(2,534)	**(24,453)**	(23,596)
Loss on evaluation of investments in securities	**8**	2	**74**	19
Loss on evaluation of goodwill	**258**	683	**2,402**	6,360
(Gain) loss on sales and disposal of fixed assets	**1,152**	978	**10,727**	9,107
Decrease (increase)in trade notes and accounts receivable	**(8,041)**	(18,458)	**(74,876)**	(171,878)
Decrease (increase) in inventories	**(2,006)**	(3,948)	**(18,680)**	(36,763)
Decrease (increase) in other receivables	**620**	(1,949)	**5,773**	(18,149)
Increase (decrease) in trade notes and accounts payable	**(37)**	15,566	**(345)**	144,948
Other, net	**(1,728)**	5,014	**(16,090)**	46,689
Total	**77,139**	65,561	**718,307**	610,494
Interest and dividend income received	**824**	804	**7,673**	7,487
Interest paid	**(332)**	(239)	**(3,092)**	(2,226)
Income taxes refunded (paid)	**(21,563)**	(19,858)	**(200,791)**	(184,914)
Net cash provided by operating activities	**56,068**	46,268	**522,097**	430,841
Cash Flows from Investing Activities:				
Decrease in marketable securities, net	**—**	1,717	**—**	15,988
Acquisitions of plant and equipment	**(47,594)**	(27,085)	**(443,188)**	(252,212)
Proceeds from sales of plant and equipment	**1,051**	973	**9,787**	9,060
Decrease (increase) in time deposits, net	**(1,048)**	1	**(9,759)**	9
Purchase of investments in securities	**(81)**	(611)	**(754)**	(5,690)
Proceeds from sales of investments in securities	**133**	460	**1,238**	4,283
Acquisitions of subsidiaries	**(1,514)**	(7,660)	**(14,098)**	(71,329)
Other, net	**(118)**	893	**(1,099)**	8,318
Net cash used in investing activities	**(49,171)**	(31,312)	**(457,873)**	(291,573)
Cash Flows from Financing Activities:				
Proceeds from long-term debt	**4,022**	3,446	**37,452**	32,089
Repayments of long-term debt	**(1,687)**	(284)	**(15,709)**	(2,645)
Increase (decrease) in short-term debt, net	**(3,779)**	1,944	**(35,189)**	18,102
Decrease (increase) in treasury stock	**438**	(39,111)	**4,079**	(364,196)
Dividends paid	**(7,854)**	(5,034)	**(73,135)**	(46,876)
Other, net	**(295)**	(131)	**(2,748)**	(1,219)
Net cash used in financing activities	**(9,155)**	(39,170)	**(85,250)**	(364,745)
Foreign Currency Exchange Gain (Loss) in Cash and Cash Equivalents	**742**	(948)	**6,909**	(8,828)
Net Increase (Decrease) in Cash and Cash Equivalents	**(1,516)**	(25,162)	**(14,117)**	(234,305)
Cash and Cash Equivalents, Beginning of Year	**48,544**	73,342	**452,035**	682,950
Increase in Cash and Cash Equivalents due to Change in Scope of Consolidated Subsidiaries	**1,250**	364	**11,640**	3,390
Cash and Cash Equivalents, End of Year (Note 2)	**¥ 48,278**	¥ 48,544	**$ 449,558**	$ 452,035

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

Notes to Consolidated Financial Statements

Nitto Denko Corporation and Consolidated Subsidiaries
For the Years Ended March 31, 2005 and 2004

1. Basis of Presenting Consolidated Financial Statements

NITTO DENKO CORPORATION (the "Corporation") and its consolidated domestic subsidiaries maintain their official accounting records in Japanese yen and in accordance with the provisions set forth in the Japanese Commercial Cord and the Securities and Exchange Law and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

The accounts of overseas subsidiaries are based on their accounting records maintained in conformity with generally accepted accounting principles prevailing in the respective countries of domicile.

The accompanying consolidated financial statements have been restructured and translated into English (with some expanded descriptions and the inclusion of consolidated statements of shareholders' equity) from the consolidated financial statements of the Company prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Securities and Exchange Law. Some supplementary information included in the statutory Japanese language consolidated financial statements, but not required for fair presentation, is not presented in the accompanying consolidated financial statements.

The translation of the Japanese yen amounts into U.S. dollars are included solely for the convenience of readers outside Japan, using the prevailing exchange rate at March 31, 2005, which was ¥107.39 to U.S. $1.00. The convenience translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.

Significant accounting and reporting policies are summarized as follows:

(a) Principles of Consolidation
The accompanying consolidated financial statements include the accounts of the Corporation and significant companies over which the Corporation has power of control through majority voting right or existence of certain conditions evidencing control by the Corporation.

Investments in nonconsolidated subsidiaries and affiliates over which the Corporation has the ability to exercise significant influence over operating and financial policies of the investees are accounted for under the equity method.

In the elimination of investments in subsidiaries, the portion of the assets and liabilities of a subsidiary attributable to the subsidiary's shares owned by the Corporation are evaluated based on the fair value at the time when the Corporation acquired control of the subsidiary. The amounts of assets and liabilities attributable to minority shareholders of the subsidiary are determined using the financial statements of the subsidiary.

Material intercompany balances and transactions have been eliminated in consolidation.

(b) Translation of Foreign Currencies
Monetary assets and liabilities denominated in foreign currencies are translated at the year-end rates.

Investments in the common stock of foreign nonconsolidated subsidiaries and affiliates denominated in foreign currencies are translated into Japanese yen at the historical rates.

Balance sheet accounts of the consolidated foreign subsidiaries are translated into Japanese yen at the year-end rates except for shareholders' equity accounts, which are translated at the historical rates. Profit and loss accounts of the consolidated foreign subsidiaries are translated into Japanese yen at the average rates.

Revenue and expenses accounts of the consolidated foreign subsidiaries are translated into Japanese yen at average rates.

The resulting foreign currency translation adjustments are included in minority interests and foreign currency translation adjustments in shareholders' equity.

(c) Leases
Finance leases, except those leases for which the ownership of the leased assets is considered to be transferred to the lessee, are primarily accounted for as operating leases.

(d) Investments in Securities
Investments in securities consist principally of marketable and non-marketable equity securities and interest-bearing securities.

Securities not classified as trading securities or held-to-maturity debt securities are classified as "other securities" by the Corporation and its domestic subsidiaries.

Other securities with fair market value are stated at fair value. Unrealized holding gains and losses on these securities are reported, net of applicable income taxes, as a separate component of shareholders' equity. Related deferred tax assets (net) are included in other assets. Realized gains and losses on sales of such securities are principally determined by the moving average method.

Other securities with no available fair market value are stated at moving average cost.

If the fair market value of other securities declines significantly, such securities are stated at fair market value and the difference between fair market value and the carrying amount is recognized as a loss in the period of decline. If the net asset value of other securities with no fair market value declines significantly, such securities should be written down to the net asset value by charging to income. In these cases, such fair market value or the net asset value will be carried forward to the next year.

(e) Inventories
Inventories are mainly stated at the lower of average cost or market.

(f) Depreciation
Depreciation of plant and equipment is computed by using primarily the declining-balance method over their estimated useful lives.

Maintenance and repairs, including minor replacements and betterments, are charged to income as incurred.

(g) Impairment of Fixed Assets
In the years ended March 31, 2005 and 2004, the Company did not adopt early the new accounting standard for impairment of fixed Assets ("Opinion Concerning Establishment of Accounting Standard for Impairment of Fixed Assets" issued by the Business Accounting Deliberation Council on August 9, 2002) and the implementation guidance for the accounting standard for impairment of fixed assets (the Financial Accounting Standard Implementation Guidance No. 6 issued by the Accounting Standards Board of Japan on October 31, 2003). The new accounting standard is required to be adopted in periods beginning on or after April 1, 2005.

(h) Income Taxes
The Corporation and its consolidated subsidiaries recognize tax effects of temporary differences between the carrying amounts of assets and liabilities for tax and financial reporting purposes.

The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

(i) Research and Development Expenses
Research and development expenses are charged to income as incurred. Research and development expenses charged to income amounted to ¥16,739 million ($155,871 thousand) and ¥15,822 million ($147,332 thousand) for the years ended March 31, 2005 and 2004, respectively.

(j) Employees' Severance and Pension Benefits
The Corporation and its domestic subsidiaries have retirement plans and a contributory funded pension plan for employees, which are defined benefit plans.

The Corporation and its domestic subsidiaries provided the allowance for employees' severance and pension benefits based on the estimated amounts of projected benefit obligation and the fair value of plan assets at the balance sheet date. The allowance and expenses for severance and pension benefits are determined based on the amounts actuarially calculated using certain assumptions. The discount rate of projected benefit obligation and the rate of expected return on plan assets used by the Corporation and its domestic subsidiaries are 2.0-2.5% and 1.5-3.5%, respectively.

Prior service cost of pension plans are amortized on the straight-line method over 12 years which are less than the estimated average remaining service lives of the employees from fiscal 2005.

An actuarial net losses are amortized on the straight-line method over years less than or equal to the estimated average remaining service lives of the employees from the next fiscal year.

In the previous year, a reversal of allowance for severance and pension benefits amounting to ¥1,958 million ($18,233 thousand) was incurred due to a change in the employees' pension plan of the Corporation and certain domestic subsidiaries, which decreased prior service costs.

The allowance for severance and pension benefits and prepaid pension cost were previously netted in the consolidated financial statements. However, in consideration of materiality, they are shown in gross amount at March 31, 2005. Prepaid pension cost for the previous year was ¥6,187 million ($57,612 thousand)

(k) Definition of Cash Equivalents in the Consolidated Statements of Cash Flows
Cash and cash equivalents in the consolidated statements of cash flows include cash on hand, demand deposits, time deposits maturing within three months from the date of acquisition, and short-term investments maturing within three months from the date of acquisition with high liquidity and low risk in terms of fluctuations in value.

(l) Derivative Transactions and Hedge Accounting
Derivative financial instruments are stated at fair value and recorded on the balance sheets.

However, if a foreign exchange forward contract is executed to hedge a future transaction denominated in a foreign currency, the Corporation and its domestic subsidiaries defer recognition of gains or losses on evaluation of derivative financial instruments until the related gains or losses on the hedged items are recognized.

A. Hedging instruments and hedged items
Hedging instruments:
Foreign exchange forward contracts
Hedged items:
Trade receivables associated with export of products and payables associated with purchase of certain plants and equipments
B. Hedge policy
The Corporation and its domestic subsidiaries use foreign exchange forward contracts to hedge the risk due to the effect of foreign currency exchange rates.

(m) Reclassifications
Certain prior year amounts have been reclassified to conform to 2005 presentation.

(n) Consolidation differences
The minor differences arising from the investments in subsidiaries and affiliates over the equity in their net assets at fair value are charged or credited to income in the year of acquisition significant differences are, as a rule, amortized over period of 5 years.

2. Cash and Cash Equivalents

The reconciliations of cash and cash equivalents to the accounts on the balance sheets as of March 31, 2005 and 2004 are as follows:

	Millions of yen		Thousands of U.S. dollars	
	2005	2004	**2005**	2004
Cash on hand and in banks	**¥ 50,355**	¥ 49,145	**$ 468,898**	$ 457,631
Time deposits with maturities exceeding three months.	**(2,077)**	(601)	**(19,340)**	(5,596)
Cash and cash equivalents	**¥ 48,278**	¥ 48,544	**$ 449,558**	$ 452,035

3. Securities

A. The following tables summarize acquisition costs, book values and fair value of securities with available fair values:

Other securities as of March 31, 2005 and 2004:

2005

	Millions of yen			Thousands of U.S. dollars		
Type	Acquisition cost	Book value	Difference	Acquisition cost	Book value	Difference
Securities with book values exceeding acquisition costs						
Equity securities	**¥ 3,218**	**¥ 8,528**	**¥ 5,310**	**$ 29,966**	**$ 79,411**	**$ 49,445**
Others	**268**	**304**	**36**	**2,496**	**2,831**	**335**
Total	**¥ 3,486**	**¥ 8,832**	**¥ 5,346**	**$ 32,462**	**$ 82,242**	**$ 49,780**
Securities with book values not exceeding acquisition costs						
Equity securities	**¥ 16**	**¥ 12**	**¥ (4)**	**$ 149**	**$ 112**	**$ (37)**
Total	**¥ 16**	**¥ 12**	**¥ (4)**	**$ 149**	**$ 112**	**$ (37)**

2004

	Millions of yen			Thousands of U.S. dollars		
Type	Acquisition cost	Book value	Difference	Acquisition cost	Book value	Difference
Securities with book values exceeding acquisition costs						
Equity securities	¥ 2,739	¥ 8,276	¥ 5,537	$ 25,505	$ 77,065	$ 51,560
Others	165	201	36	1,536	1,872	336
Total	¥ 2,904	¥ 8,477	¥ 5,573	$ 27,041	$ 78,937	$ 51,896
Securities with book values not exceeding acquisition costs						
Equity securities	¥ 517	¥ 516	¥ (1)	$ 4,814	$ 4,805	$ (9)
Others	105	103	(2)	978	959	(19)
Total	¥ 622	¥ 619	¥ (3)	$ 5,792	$ 5,764	$ (28)

B. The following table summarizes the book values of other securities with no available fair values as of March 31, 2005 and 2004:

	Millions of yen		Thousands of U.S. dollars	
	2005	2004	**2005**	2004
Other securities with no fair value				
Carrying amount	**¥ 2,623**	¥ 2,507	**$ 24,425**	$ 23,345

C. Total sales of other securities sold in the year ended March 31, 2004 amounted to ¥460 million ($4,283 thousand) and the related gains and losses amounted to ¥38 million ($354 thousand) and ¥14 million ($130 thousand), respectively. Those amounts in the year ended March 31, 2005 are immaterial.

4. Inventories

Inventories as of March 31, 2005 and 2004 are as follows:

	Millions of yen		Thousands of U.S. dollars	
	2005	2004	**2005**	2004
Finished products	**¥ 15,063**	¥ 15,262	**$ 140,264**	$ 142,117
Work in process	**17,514**	17,496	**163,088**	162,920
Raw materials	**11,594**	7,913	**107,962**	73,685
	¥ 44,171	¥ 40,671	**$ 411,314**	$ 378,722

5. Income Taxes

The normal statutory tax rate used for calculation of deferred taxes assets and liabilities was 40.5% for the year ended March 31, 2005. Effective for years commencing on April 1, 2004 or later, according to the revised local tax law, income tax rates for enterprise taxes will be reduced as a result of introducing the assessment by estimation on the basis of the size of the business. Based on the change of income tax rates, for the calculation of deferred taxes assets and liabilities, the Corporation and its consolidated domestic subsidiaries used the normal statutory tax rates of 40.5% for both current items and non-current items, for the years ended March 31, 2005 and 2004.

As the result of the change in the normal statutory tax rates, deferred tax assets decreased by ¥150 million ($1,397 thousand) and income taxes-deferred increased by the same amount at March 31, 2004 compared with what would have been recorded under the previous local tax law.

The consolidated financial statements for the year ended March 31, 2005 applied the new legislation and included the sum of the value added component and the capital-based component of local enterprise taxes in selling, general and administrative expenses. As a result of applying the new legislation, selling, general and administrative expenses increased by ¥626 million ($5,829 thousand). Operating income and income before provision for income taxes decreased by the same amount.

The Corporation is subject to a number of different income taxes which, in aggregate, indicate normal tax rate in Japan of approximately 41% and 42% for the years ended March 31, 2005 and 2004, respectively.

The following table summarizes the significant differences between the normal tax rate and the Corporation's effective tax rate for financial statement purposes for the years ended March 31, 2005 and 2004.

	2005	2004
Normal statutory tax rate	**41 %**	42 %
Tax credits	**(4)**	(4)
Valuation allowance	**5**	3
Difference in normal tax rate of foreign subsidiaries	**(2)**	(4)
Other, net	**(2)**	1
Effective tax rate	**38 %**	38 %

Significant components of the Corporation's deferred tax assets and liabilities as of March 31, 2005 and 2004 are as follows:

	Millions of yen		Thousands of U.S. dollars	
	2005	2004	**2005**	2004
Deferred Tax Assets:				
Current				
Deferred tax assets:				
Inventories	**¥ 147**	¥ 300	**$ 1,369**	$ 2,794
Unrealized gains on inventories	**1,256**	1,014	**11,696**	9,442
Allowance for doubtful receivables	**157**	166	**1,462**	1,546
Accrued revenue	**—**	—	**—**	—
Enterprise taxes	**1,132**	1,226	**10,541**	11,416
Accounts payable	**243**	248	**2,263**	2,309
Accrued expenses	**2,852**	2,705	**26,557**	25,189
Other	**529**	752	**4,926**	7,002
Total current deferred tax assets	**6,316**	6,411	**58,814**	59,698
Net current deferred tax assets	**¥ 6,316**	¥ 6,411	**$ 58,814**	$ 59,698
Long-term				
Deferred tax assets:				
Depreciation	**¥ 2,008**	¥ 1,754	**$ 18,698**	$ 16,333
Intangible assets	**200**	222	**1,862**	2,067
Severance and pension benefits	**1,803**	3,009	**16,789**	28,019
Retirement allowance for directors and corporate auditors	**387**	542	**3,604**	5,047
Net operating loss carry forwards	**1,102**	1,587	**10,262**	14,778
Other	**2,826**	2,096	**26,315**	19,518
Gross deferred tax assets	**8,326**	9,210	**77,530**	85,762
Less valuation allowance	**(3,146)**	(1,811)	**(29,295)**	(16,864)
Total long-term deferred tax assets	**5,180**	7,399	**48,235**	68,898
Deferred tax liabilities:				
Prepaid pension cost	**549**	—	**5,112**	—
Reserve for special depreciation	**709**	1,499	**6,602**	13,958
Undistributed earnings of overseas subsidiaries and affiliates	**1,099**	976	**10,234**	9,088
Net unrealized holding gains on securities	**2,161**	2,254	**20,123**	20,989
Total deferred tax liabilities	**4,518**	4,729	**42,071**	44,035
Net long-term deferred tax assets	**¥ 662**	¥ 2,670	**$ 6,164**	$ 24,863

6. Short-term Bank Loans and Long-term Debt

Short-term bank loans are principally notes payable to banks due in 30-365 days. The average interest rates on these loans, as of March 31, 2005 and 2004 were approximately 2.8% and 1.7%, respectively.

Long-term debt as of March 31, 2005 and 2004 is summarized below:

	Millions of yen		Thousands of U.S. dollars	
	2005	2004	**2005**	2004
0.00% to 4.98% loans from banks and others, due in installments through 2012	**¥ 7,640**	¥ 4,998	**$ 71,143**	$ 46,541
2.1% mortgage bonds, due 2005	**300**	300	**2,793**	2,793
	7,940	5,298	**73,936**	49,334
Current portion	**(1,436)**	(1,550)	**(13,372)**	(14,433)
	¥ 6,504	¥ 3,748	**$ 60,564**	$ 34,901

At March 31, 2005, land of ¥596 million ($5,550 thousand), buildings with a net book value of ¥742 million ($6,909 thousand) and investments in securities of ¥65 million ($605 thousand) are pledged as collateral for ¥300 million ($2,793 thousand) of mortgage bonds, ¥64 million ($596 thousand) of trade notes and accounts payable, ¥41 million ($382 thousand) of short-term bank loans, and ¥667 million ($6,211 thousand) of long-term debt, respectively.

As is customary in Japan, short-term and long-term bank loans are made under general agreements which provide that additional security and guarantees for present and future indebtedness will be given upon request of the bank, and that any collateral so furnished will be applicable to all indebtedness to that bank. To date, the Corporation and its subsidiaries have not received any such requests from the banks. In addition, the agreements provide that the bank has the right to offset cash deposited against any short-term debt or long-term debt that becomes due, and, in case of default and certain other specified events, against all other debt payable to the bank.

The aggregate annual maturities of long-term debt are summarized below:

Year ending March 31	Millions of yen	Thousands of U.S. dollars
2007	¥ 1,057	$ 9,843
2008	3,442	32,051
2009	734	6,835
2010	553	5,149
2011 and thereafter	718	6,686
	¥ 6,504	$ 60,564

7. Employees' Severance and Pension Benefits

The allowance for severance and pension benefits as of March 31, 2005 and 2004 consist of the following:

	Millions of yen		Thousands of U.S. dollars	
	2005	2004	**2005**	2004
Projected benefit obligation	**¥ 88,625**	¥ 87,539	**$ 825,263**	$ 815,150
Unrecognized prior service benefits (costs)	**4,873**	3,469	**45,377**	32,303
Unrecognized actuarial differences	**(22,330)**	(23,361)	**(207,934)**	(217,534)
Less fair value of pension assets	**(67,662)**	(59,250)	**(630,059)**	(551,727)
Prepaid pension cost	**10,524**	245	**97,998**	2,281
Allowance for severance and pension benefits	**¥ 14,030**	¥ 8,642	**$ 130,645**	$ 80,473

Severance and pension benefits expenses for the years ended March 31, 2005 and 2004 comprise the following:

	Millions of yen		Thousands of U.S. dollars	
	2005	2004	**2005**	2004
Service costs-benefits earned during the year	**¥ 3,155**	¥ 3,177	**$ 29,379**	$ 29,584
Interest costs on projected benefit obligation	**2,164**	2,168	**20,151**	20,188
Expected return on plan assets	**(2,529)**	(1,721)	**(23,550)**	(16,026)
Amortization of actuarial differences	**2,343**	2,917	**21,818**	27,163
Amortization of prior service costs (benefits)	**(320)**	(230)	**(2,980)**	(2,142)
Severance and pension benefits expense	**¥ 4,813**	¥ 6,311	**$ 44,818**	$ 58,767
Plan amendments	**—**	(1,958)	**—**	(18,233)
Net	**¥ 4,813**	¥ 4,353	**$ 44,818**	$ 40,534

Besides the above costs, the Corporation and its consolidated subsidiaries paid a special retirement allowance amounting to ¥718 million and ¥428 million and charged them to income for the years ended March 31, 2005 and 2004, respectively.

8. Leases

Finance Leases

Information relating to finance leases, except those leases for which the ownership of the leased assets is considered to be transferred to the lessee, at March 31, 2005 and 2004 and for the fiscal years then ended, is as follows:

2005	Millions of yen			Thousands of U.S. dollars
	Cost	Accumulated depreciation	Net amount	Net amount
Buildings	¥ 18	¥ 12	¥ 6	$ 56
Machinery and vehicles	492	273	219	2,039
Tools and equipment	275	208	67	624
Other	404	296	108	1,006
	¥ 1,189	¥ 789	¥ 400	$ 3,725

2004	Millions of yen			Thousands of U.S. dollars
	Cost	Accumulated depreciation	Net amount	Net amount
Buildings	¥ 19	¥ 10	¥ 9	$ 84
Machinery and vehicles	600	356	244	2,272
Tools and equipment	340	216	124	1,155
Other	496	300	196	1,825
	¥ 1,455	¥ 882	¥ 573	$ 5,336

	Millions of yen		Thousands of U.S. dollars	
	2005	2004	2005	2004
Future minimum lease payments				
Due within one year	¥ 214	¥ 273	$ 1,992	$ 2,542
Due after one year	198	318	1,844	2,961
	¥ 412	¥ 591	$ 3,836	$ 5,503
Lease payments for the year ended March 31	¥ 302	¥ 423	$ 2,812	$ 3,939

Operating Leases

Future minimum lease payments due under operating leases as of March 31, 2005 and 2004 are as follows:

	Millions of yen		Thousands of U.S. dollars	
	2005	2004	2005	2004
Due within one year	¥ 2	¥ 3	$ 19	$ 28
Due after one year	—	2	—	19
	¥ 2	¥ 5	$ 19	$ 47

9. Shareholders' Equity and Per Share Data

The Japanese Commercial Code provides that at least one-half of the proceeds from shares issued be included in common stock and the remaining amount of the proceeds be accounted for as additional paid-in-capital.

The Japanese Commercial Code provides that an amount equivalent to at least 10% of cash dividends paid and other cash outlays resulting from appropriations of retained earnings with respect to each annual period shall be appropriated and set aside as a legal reserve until the total amount of legal reserve and additional paid-in-capital equals 25% of stated capital.

On condition that the total amount of legal reserve and additional paid-in-capital remains being equal to or exceeding 25% of stated capital, they are available for distribution by the resolution of the shareholders' meeting.

Legal reserve is included in retained earnings and additional paid-in-capital is included in capital surplus.

Cash dividends are declared by the Board of Directors on a semi-annual basis in the three months after the end of each six-month period, and are payable to the shareholders of record at the end of such six-month period. Dividends applicable to the last six months and related appropriations of retained earnings are subject to the approval of the shareholders and are recorded at the time they are approved.

However, dividends per share are shown in the accompanying consolidated statements of income in the period to which they are applicable.

Net income per share is based on the weighted average number of shares of common stock outstanding during the year. Diluted net income per share is based on the assumption that all warrants were exercised at the beginning of the year or the issuance date.

On June 24, 2004, the Corporation's annual general meeting passed a resolution on modifying the articles of incorporation to allow the Corporation to purchase its outstanding shares upon approval of the Board of Directors' meeting in conformity with Article 211-3 of the Commercial Code of Japan.

The shareholders approved, at the general meeting of shareholders held on June 24, 2005, the declaration of the final cash dividends of ¥25.00 ($0.23) per share totaling ¥4,115 million ($38,318 thousand).

10. Stock Option Plans

At the general meeting of shareholders held on June 21, 2002, the Corporation resolved to grant all directors, key employees and some of subsidiaries' directors the right to purchase the ordinary shares of the Corporation. The options were granted at an exercise price of 105 percent of the higher of the average of daily closing prices on the Tokyo Stock Exchange during the month proceeding the month in which the option is issued, and the closing price of the Corporation's stock on the market on the day the options were issued. The Corporation acquired 314,700 shares of its common stock for the plan upon the resolution of the shareholders' meeting. The options are exercisable at an exercise price of ¥3,905 per share for three years from January 1, 2003 to December 31, 2005.

At the general meeting of shareholders held on June 20, 2003, the Corporation resolved to grant all directors, key employees and some of subsidiaries' directors the right to purchase the ordinary shares of the Corporation. The exercise price was calculated on the same conditions above. The Corporation acquired 326,200 shares of its common stock for the plan upon the resolution of the shareholders' meeting. The options are exercisable at an exercise price of ¥5,177 for three years from January 1, 2004 to December 31, 2006.

At the general meeting of shareholders held on June 24, 2004, the Corporation resolved to grant all directors, key employees and some of subsidiaries' directors the right to purchase the ordinary shares of the Corporation. The exercise price was calculated on the same conditions above. The Corporation acquired 350,000 shares of its common stock for the plan upon the resolution of the shareholders' meeting. The options are exercisable for three years from January 1, 2005 to December 31, 2007.

At the general meeting of shareholders held on June 24, 2005, the Corporation resolved to grant all directors, key employees and some of subsidiaries' directors the right to purchase the ordinary shares of the Corporation. The exercise price was calculated on the same conditions above. The Corporation acquired 400,000 shares of its common stock for the plan upon the resolution of the shareholders' meeting. The options are exercisable for three years from January 1, 2005 to December 31, 2008.

At the general meeting of shareholders held on June 24, 2004, the Corporation resolved to grant all directors and corporate officers the right to purchase the ordinary shares of the Corporation. The options were granted at an exercise price of ¥1. The Corporation acquired 45,000 shares of its common stock for the plan upon the resolution of shareholders' meeting. The options are exercisable for twenty years from June 25, 2004 to June 24, 2024.

In addition, at the general meeting of shareholders held on June 24, 2005, the Corporation resolved to grant all directors and corporate officers the right to purchase the ordinary shares of the Corporation. The options were granted at an exercise price of ¥1. The Corporation acquired 40,000 shares of its common stock for the plan upon the resolution of shareholders' meeting. The options are exercisable for twenty years from June 25, 2005 to June 24, 2025.

11. Commitments and Contingent Liabilities

Capital Expenditure Program

Under the capital expenditure program of the Corporation and its subsidiaries, it is estimated that ¥82,066 million ($764,187 thousand) will be expended during the two years ending March 31, 2006, of which ¥31,291 million ($291,377 thousand) represents contractual commitments.

Contingent Liabilities

The Corporation and certain consolidated subsidiaries are contingently liable, as of March 31, 2005, for trade notes receivable which were discounted or endorsed of ¥834 million ($7,766 thousand), and as guarantors for borrowings of ¥1,812 million ($16,873 thousand) by certain employees and nonconsolidated subsidiaries.

12. Derivative Financial Instruments

The Corporation and its domestic subsidiaries use foreign exchange forward and option contracts to hedge foreign exchange risk associated with certain assets and liabilities denominated in foreign currencies. The Corporation and its domestic subsidiaries do not hold or issue derivatives for trading or speculative purpose. If these derivative transactions are used as hedges and meet certain hedging criteria, the Corporation and its domestic subsidiaries apply hedge accounting for the derivatives

Because the counterparties to these derivatives are limited to international financial institutions, the Corporation and its domestic subsidiaries do not anticipate any losses arising from credit risk. Derivative transactions used by the Corporation and its domestic subsidiaries have been made in accordance with internal policies which regulate the authorization and credit limit amounts.

The following tables summarize market value information as of March 31, 2005 of derivative transactions for which hedge accounting has not been applied:

					Millions of yen
	Contract amounts			Market value	Unrealized gain (loss)
Year ended March 31, 2005	Due within 1 year	Due over 1 year	Total		
Currency option contracts					
Buy					
Put U.S. dollars	¥ 322	—	¥ 322	¥ 3	¥ 1
Sell					
Call U.S. dollars	485	—	485	(5)	(1)

					Thousands of U.S. dollars
	Contract amounts			Market value	Unrealized gain (loss)
Year ended March 31, 2005	Due within 1 year	Due over 1 year	Total		
Currency option contracts					
Buy					
Put U.S. dollars	$ 2,998	—	$ 3,000	$ 28	$ 9
Sell					
Call U.S. dollars	4,516	—	4,516	(47)	(9)

13. Loss on evaluation of Fixed Assets and Goodwill

In the previous year, ¥683 million ($6,360 thousand) was written off for loss on evaluation of fixed assets as a result of a factory shutdown in one of the U.S. subsidiaries.

In addition, ¥683 million ($6,360 thousand) was written off for loss on evaluation of goodwill in one of the U.S. subsidiaries. In the current year, ¥258 million ($2,402 thousand) was written off for loss on evaluation of goodwill in one of the U.S. subsidiaries.

14. Operating Segment Information

(1) Business Segments

The Corporation operates principally in three business segments: Industrial Products, Electronic Products, and Functional Products.

Industrial Products include bonding and joining products, surface protection products, anti-corrosion and waterproof products, sealing products, and packaging products and equipment.

Electronic Products include semiconductor-related products, LCD-related products, flexible printed circuit products, and electronic processing products.

Functional products include medical-related products, polymer separation membranes, and fluoroplastic products.

Business segment information for the years ended March 31, 2005 and 2004 is as follows:

Millions of yen

2005	Industrial Products	Electronic Products	Functional Products	Eliminations Corporate	Consolidated Total
Sales:					
Sales to outside customers	¥ 207,366	¥ 261,542	¥ 45,960	¥ —	¥ 514,868
Intersegment sales	16	86	455	(557)	—
Total	207,382	261,628	46,415	(557)	514,868
Operating expenses	190,843	214,475	40,088	(557)	444,849
Operating income	16,539	47,153	6,327	—	70,019
Assets	123,053	208,948	45,986	65,277	443,264
Depreciation and amortization	7,248	14,251	3,182	—	24,681
Capital expenditure	12,768	34,890	5,256	—	52,914

Thousands of U.S. dollars

2005	Industrial Products	Electronic Products	Functional Products	Eliminations Corporate	Consolidated Total
Sales:					
Sales to outside customers	$ 1,930,962	$ 2,435,441	$ 427,973	$ —	$ 4,794,376
Intersegment sales	149	801	4,237	(5,187)	—
Total	1,931,111	2,436,242	432,210	(5,187)	4,794,376
Operating expenses	1,777,102	1,997,160	373,294	(5,187)	4,142,369
Operating income	154,009	439,082	58,916	—	652,007
Assets	1,145,852	1,945,693	428,215	607,850	4,127,610
Depreciation and amortization	67,492	132,703	29,631	—	229,826
Capital expenditure	118,894	324,891	48,943	—	492,727

Millions of yen

2004	Industrial Products	Electronic Products	Functional Products	Eliminations Corporate	Consolidated Total
Sales:					
Sales to outside customers	¥ 191,683	¥ 219,709	¥ 41,334	¥ —	¥ 452,726
Intersegment sales	11	96	495	(602)	—
Total	191,694	219,805	41,829	(602)	452,726
Operating expenses	178,257	180,923	38,236	(602)	396,814
Operating income	13,437	38,882	3,593	—	55,912
Assets	118,462	165,957	41,457	63,649	389,525
Depreciation and amortization	7,833	10,439	3,114	—	21,386
Capital expenditure	11,995	19,148	5,175	—	36,318

Thousands of U.S. dollars

2004	Industrial Products	Electronic Products	Functional Products	Eliminations Corporate	Consolidated Total
Sales:					
Sales to outside customers	$ 1,784,924	$ 2,045,898	$ 384,896	$ —	$ 4,215,718
Intersegment sales	103	894	4,610	(5,607)	—
Total	1,785,027	2,046,792	389,506	(5,607)	4,215,718
Operating expenses	1,659,904	1,684,728	356,049	(5,607)	3,695,074
Operating income	125,123	362,064	33,457	—	520,644
Assets	1,103,101	1,545,367	386,042	592,690	3,627,200
Depreciation and amortization	72,940	97,206	28,997	—	199,143
Capital expenditure	111,696	178,303	48,189	—	338,188

(2) Geographic Area

Geographic area information for the years ended March 31, 2005 and 2004 is as follows:

Millions of yen

2005	Japan	North America	Europe	Asia & Oceania	Eliminations Corporate	Consolidated Total
Sales:						
Sales to outside customers	¥ 295,115	¥ 35,837	¥ 17,393	¥ 166,523	¥ —	¥ 514,868
Intersegment sales	147,655	1,749	2,618	7,351	(159,373)	—
Total	442,770	37,586	20,011	173,874	(159,373)	514,868
Operating expenses	376,852	40,065	19,764	167,937	(159,769)	444,849
Operating income	65,918	(2,479)	247	5,937	396	70,019
Assets	280,505	41,569	12,325	94,895	13,970	443,264

Thousands of U.S. dollars

2005	Japan	North America	Europe	Asia & Oceania	Eliminations Corporate	Consolidated Total
Sales:						
Sales to outside customers	$ 2,748,068	$ 333,709	$ 161,961	$ 1,550,638	$ —	$ 4,794,376
Intersegment sales	1,374,942	16,286	24,379	68,451	(1,484,058)	—
Total	4,123,010	349,995	186,340	1,619,089	(1,484,058)	4,794,376
Operating expenses	3,509,191	373,079	184,039	1,563,805	(1,487,745)	4,142,369
Operating income	613,819	(23,084)	2,301	55,284	3,687	652,007
Assets	2,612,022	387,084	114,769	883,648	130,087	4,127,610

Millions of yen

2004	Japan	North America	Europe	Asia & Oceania	Eliminations Corporate	Consolidated Total
Sales:						
Sales to outside customers	¥ 286,323	¥ 37,216	¥ 16,423	¥ 112,764	¥ —	¥ 452,726
Intersegment sales	98,163	1,607	1,949	4,873	(106,592)	—
Total	384,486	38,823	18,372	117,637	(106,592)	452,726
Operating expenses	333,328	41,222	17,862	111,089	(106,687)	396,814
Operating income	51,158	(2,399)	510	6,548	95	55,912
Assets	245,749	47,628	11,369	57,222	27,557	389,525

Thousands of U.S. dollars

2004	Japan	North America	Europe	Asia & Oceania	Eliminations Corporate	Consolidated Total
Sales:						
Sales to outside customers	$ 2,666,198	$ 346,550	$ 152,928	$ 1,050,042	$ —	$ 4,215,718
Intersegment sales	914,079	14,964	18,149	45,377	(992,569)	—
Total	3,580,277	361,514	171,077	1,095,419	(992,569)	4,215,718
Operating expenses	3,103,901	383,853	166,328	1,034,445	(993,453)	3,695,074
Operating income	476,376	(22,339)	4,749	60,974	884	520,644
Assets	2,288,379	443,505	105,866	532,843	256,607	3,627,200

(3) Net Sales to Customer Outside Japan

Manufacturing operations of the Corporation and its subsidiaries are primarily in Japan. Net sales of the Corporation and its subsidiaries to customers outside Japan for the years ended March 31, 2005 and 2004 are as follows:

	Millions of yen		Thousands of U.S. dollars	
	2005	2004	2005	2004
North America	¥ 31,806	¥ 33,443	$ 296,173	$ 311,416
Europe	19,352	17,635	180,203	164,215
Asia & Oceania	216,949	158,448	2,020,197	1,475,445
	¥ 268,107	¥ 209,526	$ 2,496,573	$ 1,951,076

Independent Auditors’ Report

To the Board of Directors of
NITTO DENKO CORPORATION:

We have audited the accompanying consolidated balance sheets of NITTO DENKO CORPORATION and consolidated subsidiaries as of March 31, 2005 and 2004, and the related consolidated statements of income, shareholders' equity and cash flows for the years then ended expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to independently express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

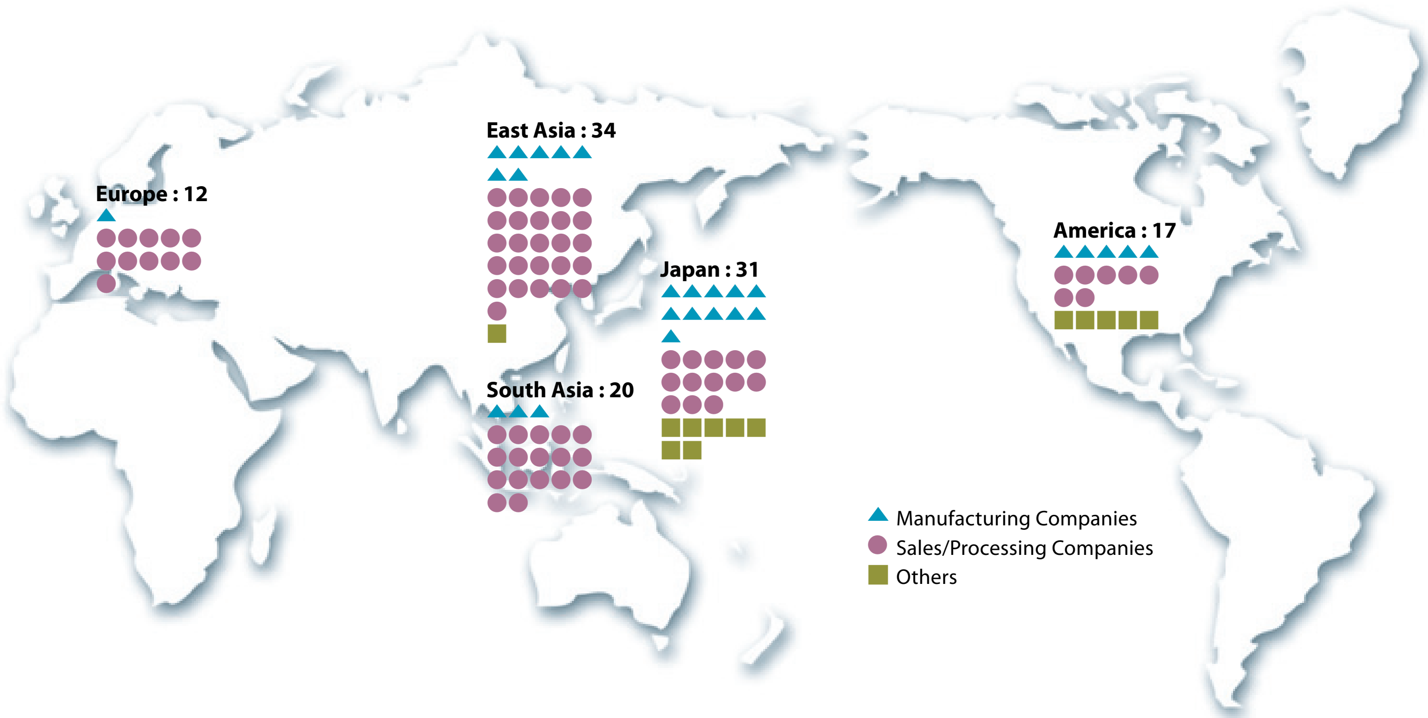
In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of NITTO DENKO CORPORATION and subsidiaries as of March 31, 2005 and 2004, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2005 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

KPMG AZSA & Co.

Osaka, Japan
June 24, 2005

Nitto Denko Group (As of March 31, 2005)



Major Consolidated Subsidiaries and Affiliates

Japan

Head Office
NITTO DENKO CORP.

NITTO SHINKO CO., LTD.
NITTO DENKO CS SYSTEM CORP.
NITOMS INC.
KYOSHIN CO., LTD.
NISSHO CORP.
NITTO DENKO MATEX CO., LTD.

East Asia

NITTO DENKO (CHINA) INVESTMENT CO., LTD.
NITTO DENKO (SHANGHAI SONGJIANG) CO., LTD.
NITTO DENKO (SHANGHAI PU DONG NEW AREA) CO., LTD.
NITTO DENKO (SUZHOU) CO., LTD.
NITTO DENKO XIAMEN CO., LTD.
NITTO DENKO (HK) CO., LTD.
NITTO DENKO MATERIALS (SHENZHEN) CO., LTD.
NITTO DENKO (TAIWAN) CORP.
TAIWAN NITTO OPTICAL CO., LTD.
KOREA NITTO DENKO CO., LTD.
KOREA NITTO OPTICAL CO., LTD.

South Asia

NITTO DENKO (SINGAPORE) PTE. LTD.
NITTO DENKO ELECTRONICS (MALAYSIA) SDN. BHD.
NITTO DENKO MATERIALS (MALAYSIA) SDN. BHD.
NITTO DENKO MATERIAL (THAILAND) CO., LTD.
NITTO DENKO VIETNAM CO., LTD.
NITTO DENKO TAPE MATERIALS (VIETNAM) CO., LTD.
NITTO DENKO PHILIPPINES CORP.
P.T. NITTO MATERIALS INDONESIA
NITTO DENKO (AUSTRALIA) PTY. LTD.

Europe

NITTO EUROPE N.V.
NITTO U.K. LTD.
NITTO FRANCE S.A.R.L.
NITTO DEUTSCHLAND GMBH
NITTO SCANDINAVIA AB
NITTO ITALIA S.R.L.
NITTO POLSKA SP. ZO.O.

America

NITTO AMERICAS, INC.
NITTO DENKO AMERICA, INC.
PERMACEL
PERMACEL AUTOMOTIVE, INC.
HYDRANAUTICS
AVEVA DRUG DELIVERY SYSTEMS, INC.
NITTO DENKO TECHNICAL CORP.

CORPORATE DATA (As of March 31, 2005)

Company Name	NITTO DENKO CORPORATION
Established	October 25, 1918
Head Office	1-1-2, Shimohozumi, Ibaraki, Osaka 567-8680, Japan
Employees	16,311
Capital	US$249,407 thousand
Fiscal Year-end	March 31
Shares Issued	173,758,428
Stock Exchange Listings	Tokyo, Osaka stock exchanges
Independent Auditors	KPMG AZSA & Co.
Business Line	Manufacture and sales of the following: Bonding and joining products, surface protection products, anticorrosion and waterproofing products, sealing products, packaging products and equipment, LCD-related products, flexible printed circuit products, electronic processing products, semi-conductor related products, medical-related products, polymer separation membranes, engineering plastics products
Domestic Offices	Tokyo, Sendai, Takasaki, Nagoya, Osaka, Hiroshima, Fukuoka
Overseas Offices	Genk, Belgium; Shenzhen, China
Domestic Plants	Miyagi, Saitama, Aichi, Mie, Shiga, Hiroshima Prefectures

Board of Directors

President-Board Member:	Masamichi Takemoto (CEO/COO)
Director-Board Member:	Yukio Nagira (Deputy COO)
	Yasuo Ninomiya (CTO)
	Tatsunosuke Fujiwara (CFO)
	Wataru Kitao (CSO)
Corporate Auditor:	Nobuyuki Tanioka
	Shigeru Hozan
	Hisashi Hosokawa
	Shiko Saikawa
	Kazuo Kumagai
Senior Executive Corporate Vice President:	Yoshiyasu Kamiyama
Executive Corporate Vice President:	Yasuki Nishizaka
	Katsuhiro Akamatsu
Senior Corporate Vice President:	Ryoichi Ota
	Tetsuo Horiuchi
	Kaoru Aizawa
	Hideo Abe
	Setsuo Watanabe
Corporate Vice President:	William J. Hayes
	Yoshihiko Chikuma
	Tomio Sakka
	Masakazu Ozawa
	Kenji Matsumoto
	Takeshi Igarashi
	Hongin Kim

(Notes) CEO: Chief Executive Officer
COO: Chief Operating Officer
CTO: Chief Technology Officer
CFO: Chief Financial Officer
CSO: Chief Strategy Officer

NITTO DENKO

NITTO DENKO CORPORATION

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