

Non-Consolidated Financial Summary For the Six Months Ended September 30, 2004

November 16, 2004

Name of Listed Company: NOK Corporation

Stock code number: 7240

(URL <http://www.nok.co.jp>)

Representative: Masato Tsuru, President

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Listed exchanges: Tokyo

Location of Head Office: Tokyo

Date of Board Meeting approving financial results for the first-half of FY 2004: November 16, 2004

Interim dividend system: existent

Commencement of interim dividends payment: December 10, 2004

System of trading unit of shares: adopted (one unit: 100 shares)

1. Non-consolidated financial results for the first half of FY 2004 (April 1, 2004 to September 30, 2004)

(1) Operating results

(Fractions are rounded down to the nearest million yen.)

	Sales		Operating Income		Ordinary Profit	
	million yen	%	million yen	%	million yen	%
1st half of FY 2004	140,105	8.7	8,417	60.2	8,874	66.8
1st half of FY 2003	128,950	8.2	5,253	24.0	5,320	20.0
FY 2003	266,985		13,299		13,699	

	Net Income		Net income per Share
	million yen	%	yen
1st half of FY 2004	7,499	142.6	43.33
1st half of FY 2003	3,091	26.8	18.35
FY 2003	7,475		43.75

(Note) 1. Average outstanding shares: 173,069,820 in 1st half of FY 2004; 168,485,731 in 1st half of FY 2003; 168,896,234 in FY 2003

2. Change in accounting policies: Yes

3. Percentages shown in sales, operating income, ordinary profit and net income in tables above are percentages of change from comparable term of previous year.

(2) Dividends

	Interim Dividends per Share	Annual Dividends per Share
	yen	yen
1st half of FY 2004	8.00	-
1st half of FY 2003	4.00	-
FY 2003	-	12.00

(3) Consolidated Financial Position

	Total Assets	Shareholders' Equity	Equity Ratio	Shareholders' Equity per Share
	million yen	million yen	%	yen
September 30, 2004	225,345	101,076	44.9	584.02
September 30, 2003	186,159	73,440	39.5	435.90
March 31, 2004	224,939	94,622	42.1	546.23

(Note) 1. Outstanding shares: 173,069,605 at September 30, 2004; 168,479,238 at September 30, 2003; 173,070,033 at March 31, 2004

2. Treasury stocks: 68,932 at September 30, 2004; 59,299 at September 30, 2003; 68,504 at March 31, 2004

2. Projection for FY 2004 (April 1, 2004 to March 31, 2005)

	Sales	Ordinary Profit	Net Income	Annual Dividends per Share	
	million yen	million yen	million yen	Term-end	yen
Annual	281,800	16,600	16,700	yen	16.00

(Reference) Forecasted net income per share (annual): 96.49 yen

* Projections shown above are calculated based on the latest data available. Actual business results may differ significantly from those projections depending on various unforeseen factors. For further information about FY 2004 projections, please see page 7 of the attached information sheets.

Comparative Balance Sheet

(in millions of yen)

Item	Term	1st half of this fiscal year (As of September 30, 2004)		Previous fiscal year (As of March 31, 2004)		Increase/ decrease (from March 31, 2004)	1st half of previous fiscal year (As of September 30, 2003)	
		Amount	%	Amount	%		Amount	%
Assets		<u>225,345</u>		<u>224,939</u>		<u>406</u>	<u>186,159</u>	
<u>Current assets:</u>		<u>83,087</u>	36.9	<u>84,210</u>	37.4	<u>(1,123)</u>	<u>77,447</u>	41.6
Cash and deposits		3,170		4,481		(1,311)	5,625	
Notes receivable		8,187		14,321		(6,134)	8,649	
Accounts receivable		50,012		47,023		2,989	46,858	
Inventories		8,921		8,770		151	8,243	
Deferred tax assets		4,680		2,371		2,309	3,006	
Others		8,929		8,106		823	5,936	
Reserve for doubtful debts		(814)		(864)		49	(872)	
<u>Fixed assets:</u>		<u>142,258</u>	63.1	<u>140,728</u>	62.6	<u>1,529</u>	<u>108,711</u>	58.4
<u>Tangible fixed assets:</u>		<u>39,046</u>		<u>36,560</u>		<u>2,485</u>	<u>36,339</u>	
Buildings and structures		11,159		10,960		199	10,938	
Machinery and equipment		13,668		13,858		(189)	13,896	
Others		14,218		11,742		2,475	11,504	
<u>Intangible fixed assets:</u>		<u>77</u>		<u>571</u>		<u>(493)</u>	<u>387</u>	
Software		-		489		(489)	281	
Others		77		81		(3)	105	
<u>Investments and other assets:</u>		<u>103,134</u>		<u>103,596</u>		<u>(462)</u>	<u>71,984</u>	
Investment securities		78,330		76,053		2,276	46,581	
Long-term loans		12,394		12,383		11	11,336	
Deferred tax assets		5,882		8,821		(2,938)	9,946	
Others		8,104		7,692		412	5,506	
Allowance for losses on investment		(1,003)		(1,003)		-	(762)	
Reserve for doubtful debts		(574)		(351)		(223)	(624)	
Total Assets		225,345	100.0	224,939	100.0	406	186,159	100.0

(in millions of yen)

Item	Term	1st half of this fiscal year (As of September 30, 2004)		Previous fiscal year (As of March 31, 2004)		Increase/ decrease (from March 31, 2004)	1st half of previous fiscal year (As of September 30, 2003)	
		Amount	%	Amount	%		Amount	%
Liabilities		<u>124,269</u>	55.1	<u>130,316</u>	57.9	<u>(6,046)</u>	<u>112,718</u>	60.5
<u>Current liabilities:</u>		<u>81,240</u>	36.0	<u>79,376</u>	35.3	<u>1,864</u>	<u>62,297</u>	33.4
Accounts payable		26,712		28,466		(1,754)	25,502	
Short-term borrowings		21,038		21,448		(410)	9,371	
Other accounts payable and accrued expenses		8,026		7,895		131	6,480	
Accrued income taxes		4,518		4,244		273	3,317	
Reserve for bonus payments		4,281		3,843		438	4,368	
Employees' deposits		12,601		12,627		(26)	12,567	
Reserve for reorganization of production systems		3,600		-		3,600	-	
Others		462		850		(387)	689	
<u>Fixed liabilities:</u>		<u>43,029</u>	19.1	<u>50,940</u>	22.6	<u>(7,911)</u>	<u>50,421</u>	27.1
Long-term borrowings		2,740		3,653		(912)	4,942	
Reserve for retirement benefits		38,802		45,991		(7,188)	44,658	
Reserve for retirement lump sum grant for directors		411		448		(37)	410	
Others		1,074		846		227	410	
Shareholders' equity		<u>101,076</u>	44.9	<u>94,622</u>	42.1	<u>6,453</u>	<u>73,440</u>	39.5
<u>Common stock</u>		<u>23,335</u>	10.4	<u>23,335</u>	10.4	<u>-</u>	<u>15,911</u>	8.5
<u>Legal capital reserve</u>		<u>20,397</u>	9.1	<u>20,397</u>	9.1	<u>-</u>	<u>12,972</u>	7.0
Additional paid-in capital		20,397		20,397		-	12,972	
<u>Retained earnings</u>		<u>41,787</u>	18.5	<u>35,758</u>	15.9	<u>6,028</u>	<u>32,049</u>	17.2
Retained earnings		2,983		2,983		-	2,983	
Voluntary reserve		27,015		23,363		3,652	23,363	
Unappropriated retained earnings		11,787		9,412		2,375	5,702	
<u>Net unrealized gain on investment securities</u>		<u>15,682</u>	7.0	<u>15,256</u>	6.8	<u>426</u>	<u>12,596</u>	6.8
<u>Treasury stock</u>		<u>(126)</u>	(0.1)	<u>(125)</u>	(0.1)	<u>(1)</u>	<u>(89)</u>	(0.0)
Total liabilities and shareholder's equity		225,345	100.0	224,939	100.0	406	186,159	100.0

Comparative Profit and Loss Statement

(in millions of yen)

Item	1st half of this fiscal year (April 1, 2004 to September 30, 2004)		1st half of previous fiscal year (April 1, 2003 to September 30, 2003)		Increase/ decrease from previous interim fiscal year	Previous fiscal year (April 1, 2003 to March 31, 2004)	
	Amount	% of sales	Amount	% of sales		Amount	% of sales
Ordinary profit/loss							
<u>Operating profit/loss:</u>							
Sales	140,105	100.0	128,950	100.0	11,155	266,985	100.0
Cost of sales	116,543	83.2	108,726	84.3	7,816	223,919	83.9
Selling, general and administrative expenses	15,145	10.8	14,970	11.6	174	29,767	11.1
Operating income	8,417	6.0	5,253	4.1	3,164	13,299	5.0
<u>Non-operating profit/loss:</u>							
<u>Non-operating profit:</u>	<u>1,221</u>		<u>931</u>		<u>289</u>	<u>2,041</u>	
Interest and dividends received	545		538		6	1,068	
Others	676		392		283	973	
<u>Non-operating expenses:</u>	<u>763</u>		<u>864</u>		<u>(100)</u>	<u>1,642</u>	
Interest paid	475		415		60	853	
Others	287		449		(161)	789	
Ordinary profit	8,874	6.3	5,320	4.1	3,554	13,699	5.1
Extraordinary profit/loss							
<u>Extraordinary profit:</u>	<u>8,303</u>		<u>199</u>		<u>8,104</u>	<u>816</u>	
Gain on sale of fixed assets	1		148		(146)	353	
Gain on sale of investment securities	1		51		(49)	462	
Gain on return of the proxy portion of corporate employee pension funds to the government	8,300		–		8,300	–	
<u>Extraordinary loss:</u>	<u>4,704</u>		<u>101</u>		<u>4,603</u>	<u>580</u>	
Loss on disposal of fixed assets	271		99		171	293	
Devaluation loss on investment securities	128		–		128	–	
Provision for allowance for losses on investment	–		–		–	241	
Provisions for reserve for reorganization of production systems	3,600		–		3,600	–	
Depreciation on software	489		–		489	–	
Loss on impairment	204		–		204	–	
Others	11		1		10	46	
Net income before income taxes	12,473	8.9	5,418	4.2	7,055	13,935	5.2
Income taxes - current	4,630		3,392		1,238	7,545	
Income taxes - deferred	343		(1,065)		1,409	(1,085)	
Net income	7,499	5.4	3,091	2.4	4,408	7,475	2.8
Profits brought forward from the previous term	4,288		2,610		1,677	2,610	
Interim dividends	–		–		–	673	
Unappropriated retained earnings	11,787		5,702		6,085	9,412	

Significant accounting policy

1. Valuation and computation of securities
 - 1) Shares of subsidiaries and affiliates: Stated at moving average cost.
 - 2) Other securities:
 - Securities with market value: Market value as determined by the quoted price at the end of the interim fiscal year. (The difference between the carrying value and the market value is included in equity, and cost of securities sold is computed using the moving average method.)
 - Securities with no market value: Stated at moving average cost.
2. Valuation and computation of derivative transactions: Stated at market value.
3. Valuation and computation of inventories
 - 1) Finished goods and goods in process: Stated at cost using retail inventory method.
 - 2) Materials and supplies: Stated at cost using weighted-average cost method.
4. Depreciation of tangible fixed assets: Declining balance method.
5. Depreciation of intangible fixed assets: Straight-line method.
(Additional information)
Validity of the cost-reducing effects of software was reviewed in the 1st half of this fiscal year, as new systems were introduced in the company overall. Corrected amount of unamortized balance at beginning of term resulted in 489 million yen, and is included in extraordinary loss.
6. Accounting policies for principal allowances
 - 1) Reserve for doubtful debts: In providing for bad debts, the reserve for ordinary doubtful debts is stated based on the historical rate of default. For debts where recovery is doubtful, the amount regarded as irrecoverable is stated, taking into consideration the likelihood of recovery on an individual basis.
 - 2) Allowance for losses on investment: In providing for losses arising from significant decline in the share prices of subsidiaries, the allowance is stated based on the real value at the end of the 1st half of this fiscal year.
 - 3) Reserve for bonus payments: To provide for employee bonus payments, estimated bonuses are provided based on prescribed calculation methods.
 - 4) Reserve for retirement benefits: The Company makes provisions for retirement benefits based on projected retirement obligations and pension fund assets at the balance sheet date, and interim provisions are stated at the value as considered to be appropriate as of the end of the 1st half of this fiscal year.
Past service liabilities are stated as expenses in the fiscal year when such liabilities are identified, and have been recognized evenly in 10 years, a period not exceeding the expected average remaining working lives of the employees.
Actuarial losses are stated as expenses in the year following the fiscal year when such losses are identified, and have been recognized evenly in 10 years, a period not exceeding the expected average remaining working lives of the employees.
(Additional information)
Following the enactment of the Defined Benefit Pension Law, the NOK Employees' Pension Fund, in which the Company participates, received handover approval from the Minister of Health, Labor and Welfare on September 1, 2004 relating to exemption from payment obligations for past pensions.
As a result, an 83 million yen gain on return of such proxy portion was stated in extraordinary profit.
 - 5) Reserve for retirement lump sum grant for directors: To provide for the payment of retirement lump sum grant for directors, the Company makes allowances for the necessary amount based on internal rules.
 - 6) Reserve for reorganization of production systems: The Company makes provisions for expenses and losses on reorganization of the research and development system and the domestic production system, mainly for the purpose of reinforcing corporate strength.
7. Finance lease transactions other than those where the ownership of the leased assets are transferred to the lessee are treated according to the method used for ordinary loan transactions.
8. Amounts shown on the financial statements are stated net of consumption tax and local consumption tax.

Significant change in accounting policies

1. Accounting standards for impairment of fixed assets

Accounting standards for impairment of fixed assets (according to “Opinions for Accounting Standard for Impairment of Fixed Assets” (Accounting Standards Board of Japan, August 9, 2002) and “Guideline for the Application of Accounting Standards for Impairment of Fixed Assets” (Guideline for the Application of Accounting Standards No. 6, October 31, 2003)) have been allowed to apply to financial statements relating to the fiscal year ended March 31, 2004 and thereafter. The Company has applied such accounting standards and guidelines to this interim financial statement. As a result, net income before income tax for the 1st half of this fiscal year decreased by 204 million yen.

Accumulated loss of impairment was directly deducted from each fixed asset.

The Company uses accounting segments by business category as units for identification of impairment losses. However, idle properties without likelihood of future use are included in respective asset groups. Assets such as the building of the head office are classified as common assets, having no clear distinction as to specific business.

For the idle asset group whose market value has declined significantly, its book value was reduced to an amount considered as recoverable. Such loss on impairment resulted in 204 million yen (187 million yen in land and 16 million yen in telephone subscription rights), and was stated as extraordinary loss.

To calculate the amount considered as recoverable, net sales value for idle land was applied mainly based on the property tax evaluation.

[Notes to non-consolidated interim financial statements]

(Interim balance sheet)

(in millions of yen)

	1st half of this fiscal year (As of September 30, 2004)	1st half of previous fiscal year (As of September 30, 2003)	Previous fiscal year (As of March 31, 2004)
Accumulated depreciation of tangible fixed assets	87,301	86,093	87,184
Assets pledged as security	-	2,946	-
Balance of loan guarantee	237	328	227
Amount discounted on notes receivable	9,187	8,603	8,401
Notes endorsed for payment	16,089	14,964	13,483
Unsettled transferred receivables	1,448	1,892	1,860
Number of treasury stock: common stock	68,932 stocks	59,299 stocks	68,504 stocks

(Lease transactions)

1. Finance lease transactions other than those where the ownership of the leased assets are transferred to the lessee

Equivalent of acquisition cost, accumulated depreciation, and residual value of the leased assets (in millions of yen)

	1st half of this fiscal year (As of September 30, 2004)	1st half of previous fiscal year (As of September 30, 2003)	Previous fiscal year (As of March 31, 2004)
Equivalent of acquisition cost	1,496	1,716	1,549
Equivalent of accumulated depreciation	873	875	839
Equivalent of residual value at the end of the term	623	840	710

Equivalent of unaccrued lease fees (in millions of yen)

	1st half of this fiscal year (As of September 30, 2004)	1st half of previous fiscal year (As of September 30, 2003)	Previous fiscal year (As of March 31, 2004)
Within one year	299	365	320
More than one year	324	475	390
Total	623	840	710

Note: As the percentages of equivalents of acquisition cost and residual value of unaccrued lease fees in the balance of tangible fixed assets at end of the terms are immaterial, the equivalents of acquisition cost and residual value of unaccrued lease fees are calculated including the interest payable.

Lease fees payable (equivalent of depreciation) (in millions of yen)

	1st half of this fiscal year (As of September 30, 2004)	1st half of previous fiscal year (As of September 30, 2003)	Previous fiscal year (As of March 31, 2004)
Lease fees payable (equivalent of depreciation)	179	230	404

Note: Method of calculating equivalent of depreciation

Equivalent of depreciation is calculated by using the straight-line method, assuming that the lease period corresponds to the useful life of the asset and the residual value is zero.

2. Payments under operating lease transactions

Equivalent of acquisition cost, accumulated depreciation, and residual value of the leased assets (in millions of yen)

	1st half of this fiscal year (As of September 30, 2004)	1st half of previous fiscal year (As of September 30, 2003)	Previous fiscal year (As of March 31, 2004)
Within one year	59	59	59
More than one year	385	445	415
Total	445	505	475

(Securities)

Shares of subsidiaries and affiliates with market value (in millions of yen)

		1st half of this fiscal year (As of September 30, 2004)	1st half of previous fiscal year (As of September 30, 2003)	Previous fiscal year (As of March 31, 2004)
Shares of affiliates	Non-consolidated balance sheet amount	2,875	1,968	1,968
	Market value	8,040	5,890	7,958
	Unrealized gains	5,165	3,921	5,989