

## Non-Consolidated Financial Summary for Fiscal 2004 Ended March 31, 2005

May 13, 2005

Name of Listed Company: NOK Corporation

Share Listing: Tokyo, Nagoya

Securities Code Number: 7240

Location of Head Office: Tokyo

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

Representative: President, Masato Tsuru

Contact Person: Department Manager, Corporate Planning Dept., Kazuhiko Nakano

Telephone (03) 3434-1736

Date of Board Meeting Approving Fiscal 2004 Business Results: May 13, 2005

Date of Annual General Shareholders' Meeting: June 29, 2005

Whether Interim Dividend Scheme is Available: Yes

Whether Minimum Trading Unit is adopted: Yes (100 Shares)

### 1. Results for Fiscal 2004 (April 1, 2004 to March 31, 2005)

#### (1) Business results (Fractions are rounded down to nearest million yen.)

	Sales		Operating income		Ordinary profit	
	million yen	%	million yen	%	million yen	%
FY 2004	275,360	3.1	14,864	11.8	15,374	12.2
FY 2003	266,985	8.5	13,299	32.1	13,699	28.5

	Net income		Net income per share	Diluted net income per share	Net income ratio to Stockholders' equity	Ordinary profit ratio to total assets	Ordinary profit ratio to sales
	million yen	%	yen	yen	%	%	%
FY 2004	16,276	117.7	93.54	–	16.0	6.7	5.6
FY 2003	7,475	59.7	43.75	–	9.2	6.7	5.1

Notes: 1. Average number of shares outstanding: Fiscal 2004: 173,069,498 shares Fiscal 2003: 168,896,234 shares

2. Change in accounting method: Yes

3. Percentage figures shown for sales, operating income, ordinary profit and net income represent changes from the previous accounting term.

#### (2) Dividend situation

	Full-year dividend per share			Dividend paid (Annual)	Dividend pay-out ratio	Dividend ratio to shareholders' equity
	Interim	Year-end				
	yen	yen	yen	million yen	%	%
FY 2004	16.00	8.00	8.00	2,769	17.1	2.7
FY 2003	12.00	4.00	8.00	2,058	27.4	2.5

Note: Breakdown of dividends for fiscal 2004: Memorial dividend: Nil Special dividend: Nil

#### (3) Financial condition

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	million yen	million yen	%	yen
FY 2004	230,928	108,744	47.1	627.83
FY 2003	224,939	94,622	42.1	546.23

Notes: 1. Number of shares outstanding at the year-end: Fiscal 2004: 173,068,677 shares Fiscal 2003: 173,070,033 shares

2. Number of treasury stock at the year-end: Fiscal 2004: 69,860 shares Fiscal 2003: 68,504 shares

### 2. Projections for Fiscal 2005 (April 1, 2005 to March 31, 2006)

	Sales	Ordinary profit	Net income	Full-year dividend per share	
				Year-end	Interim

	million yen	million yen	million yen	yen	yen	yen
Interim	133,300	6,400	3,800	8.00	–	–
Full-year	277,600	15,400	9,000	–	8.00	16.00

(For reference) Estimated net income per share (full year): 52.00 yen

\* Projections shown above are calculated on the basis of the latest data available. Actual business results may differ significantly from these projections depending on various unforeseen factors. For further information about the fiscal 2005 projections, refer to page 9 of the attached information sheets.

## Comparative Balance Sheet

(in million yen)

Item	Term	FY 2004 (as of March 31, 2005)		FY 2003 (as of March 31, 2004)		Increase/ (decrease)
		Amount	%	Amount	%	Amount
<b>(Assets)</b>		<b><u>230,928</u></b>	%	<b><u>224,939</u></b>	%	<b><u>5,988</u></b>
<b><u>Current assets</u></b>		<b><u>86,701</u></b>	37.5	<b><u>84,210</u></b>	37.4	<b><u>2,491</u></b>
Cash and deposits		2,342		4,481		(2,139)
Notes receivable		11,389		14,321		(2,932)
Accounts receivable		48,378		47,023		1,354
Inventories		9,007		8,770		237
Corporation taxes receivable		4,509		–		4,509
Deferred tax assets		3,527		2,371		1,156
Others		8,529		8,106		423
Reserve for doubtful debts		(981)		(864)		(117)
<b><u>Fixed assets</u></b>		<b><u>144,226</u></b>	62.5	<b><u>140,728</u></b>	62.6	<b><u>3,497</u></b>
<b><u>Tangible fixed assets</u></b>		<b><u>43,380</u></b>		<b><u>36,560</u></b>		<b><u>6,819</u></b>
Buildings and structures		11,890		10,960		930
Machinery and equipment		14,847		13,858		988
Others		16,642		11,742		4,900
<b><u>Intangible fixed assets</u></b>		<b><u>73</u></b>		<b><u>571</u></b>		<b><u>(497)</u></b>
Computer software		–		489		(489)
Others		73		81		(7)
<b><u>Investments and other assets</u></b>		<b><u>100,771</u></b>		<b><u>103,596</u></b>		<b><u>(2,824)</u></b>
Investment securities		75,062		76,053		(991)
Long-term loans		12,185		12,383		(198)
Deferred tax assets		6,217		8,821		(2,603)
Others		9,320		7,692		1,628
Allowance for losses on investment		(1,183)		(1,003)		(180)
Reserve for doubtful debts		(831)		(351)		(480)
<b>Total Assets</b>		<b>230,928</b>	100.0	<b>224,939</b>	100.0	<b>5,988</b>

(in million yen)

Item	Term	FY 2004 (as of March 31, 2005)		FY 2003 (as of March 31, 2004)		Increase/ (decrease)
		Amount	%	Amount	%	Amount
<b>(Liabilities)</b>		<b><u>122,183</u></b>	52.9%	<b><u>130,316</u></b>	57.9%	<b><u>(8,133)</u></b>
<b><u>Current liabilities</u></b>		<b><u>72,546</u></b>	31.4	<b><u>79,376</u></b>	35.3	<b><u>(6,829)</u></b>
Accounts payable		27,867		28,466		(599)
Short-term borrowings		16,388		21,448		(5,059)
Other accounts payable and accrued expenses		8,883		7,895		988
Accrued income taxes		–		4,244		(4,244)
Employees' deposits		12,697		12,627		69
Reserves for bonus payments		3,849		3,843		6
Reserve for restructuring of production facilities		2,550		–		2,550
Others		309		850		(541)
<b><u>Fixed liabilities</u></b>		<b><u>49,637</u></b>	21.5	<b><u>50,940</u></b>	22.6	<b><u>(1,303)</u></b>
Long-term borrowings		9,510		3,653		5,856
Reserve for retirement benefits		38,459		45,991		(7,531)
Reserve for retirement lump sum grant for directors		446		448		(2)
Others		1,220		846		373
<b>(Shareholders' Equity)</b>		108,744	47.1	94,622	42.1	14,121
<b><u>Common stock</u></b>		<b><u>23,335</u></b>	10.1	<b><u>23,335</u></b>	10.4	=
<b><u>Capital surplus</u></b>		<b><u>20,397</u></b>	8.8	<b><u>20,397</u></b>	9.1	=
Additional paid-in capital		20,397		20,397		=
<b><u>Earned surplus</u></b>		<b><u>49,179</u></b>	21.3	<b><u>35,758</u></b>	15.9	<b><u>13,420</u></b>
Retained earnings		2,983		2,983		–
Voluntary reserve		27,015		23,363		3,652
Special depreciation reserve		125		134		(9)
Deferred gains on sale of fixed assets		790		628		161
General reserve		26,100		22,600		3,500
Unappropriated retained earnings		19,179		9,412		9,767
<b><u>Net unrealized gain on investment securities</u></b>		<b><u>15,962</u></b>	<b>6.9</b>	<b><u>15,256</u></b>	<b>6.8</b>	<b><u>706</u></b>
<b><u>Treasury stock</u></b>		<b><u>(129)</u></b>	<b>(0.0)</b>	<b><u>(125)</u></b>	<b>(0.1)</b>	<b><u>(4)</u></b>

<b>Total Liabilities and Shareholders' Equity</b>	<b>230,928</b>	100.0	<b>224,939</b>	100.0	<b>5,988</b>
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## Comparative Profit and Loss Statement

(in million yen)

Term Item	FY 2004 (April 1, 2004 to March 31, 2005)		FY 2003 (April 1, 2003 to March 31, 2004)		Increase/ (decrease)
	Amount	% on Sales	Amount	% on Sales	Amount
<b>(Ordinary profit/loss)</b>		%		%	
<b><u>Operating profit/loss:</u></b>					
Sales	275,360	100.0	266,985	100.0	8,375
Cost of sales	229,357	83.3	223,919	83.9	5,438
Selling, general and administrative expenses	31,138	11.3	29,767	11.1	1,371
Operating income	14,864	5.4	13,299	5.0	1,564
<b><u>Non-operating profit/loss:</u></b>					
<b><u>Non-operating profit:</u></b>	<b><u>2,277</u></b>		<b><u>2,041</u></b>		<b><u>235</u></b>
Interests and dividends received	1,150		1,068		81
Others	1,127		973		154
<b><u>Non-operating expenses:</u></b>	<b><u>1,767</u></b>		<b><u>1,642</u></b>		<b><u>125</u></b>
Interests paid	914		853		61
Others	852		789		63
<b><u>Ordinary profit</u></b>	<b><u>15,374</u></b>	<b><u>5.6</u></b>	<b><u>13,699</u></b>	<b><u>5.1</u></b>	<b><u>1,675</u></b>
<b>(Extraordinary profit/loss)</b>					
<b><u>Extraordinary profit:</u></b>	<b><u>8,421</u></b>		<b><u>816</u></b>		<b><u>7,605</u></b>
Gain on sale of fixed assets	118		353		(235)
Gain on sale of investment securities	2		462		(459)
Gain on return of substitutable portion of welfare pension fund	8,300		-		8,300
<b><u>Extraordinary loss:</u></b>	<b><u>4,634</u></b>		<b><u>580</u></b>		<b><u>4,054</u></b>
Loss on disposal of fixed assets	1,048		293		755
Provision for reserve for restructuring of production facilities	2,550		-		2,550
Devaluation loss on investment securities	115		-		115
Provision for allowance for losses on investment	180		241		(61)
Software depreciation expense	489		-		489
Loss on impairment of fixed assets	213		-		213
Others	38		46		(7)
<b><u>Income before income taxes</u></b>	<b><u>19,160</u></b>	<b><u>7.0</u></b>	<b><u>13,935</u></b>	<b><u>5.2</u></b>	<b><u>5,225</u></b>
Income taxes - current	1,910		7,545		(5,635)
Income taxes - deferred	974		(1,085)		2,060
<b>Net income</b>	<b><u>16,276</u></b>	<b><u>5.9</u></b>	<b><u>7,475</u></b>	<b><u>2.8</u></b>	<b><u>8,800</u></b>

Unappropriated retained earnings carried forward from the previous term	4,288		2,610		1,677
Interim dividends	1,384		673		710
<b>Unappropriated retained earnings</b>	<b>19,179</b>		<b>9,412</b>		<b>9,767</b>

### Statement of Appropriation of Retained Earnings

(in million yen)

Item	Term	FY 2004 (April 1, 2004 to March 31, 2005)	FY 2003 (April 1, 2003 to March 31, 2004)	Increase/ (decrease)
		Amount	Amount	Amount
Unappropriated retained earnings		19,179	9,412	9,757
Reversal of special tax purpose reserve		42	35	7
Total		19,222	9,447	9,775
Appropriation of retained earnings				
Dividends		1,384	1,384	(0)
Directors' bonuses		87	86	0
of which paid to auditors		9	13	(4)
Special tax purpose reserve		42	26	16
Deferred gains on sale of fixed assets		53	161	(107)
Transfer to general reserve		11,500	3,500	8,000
Unappropriated retained earnings carried forward to the next term		6,154	4,288	1,866

## **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 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 was applied.
5. Depreciation of intangible fixed assets: Straight-line method was applied.

(Additional information)

NOK reviewed the validity of software cost reduction effect on the occasion of the company-wide introduction of the new software system during this fiscal year. Based on the above revision, NOK adjusted the unamortized balance at the beginning of the term by 489 million yen, and charged such adjustment as extraordinary loss.
6. Accounting policies for allowances:
  - 1) Reserve for doubtful debts: In providing for bad debts, 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 are 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 term.
  - 3) Reserve for bonus payments: To provide for the employee bonus payments, estimated bonuses are stated based on prescribed calculation methods.
  - 4) Reserve for retirement benefits: NOK makes provisions for retirement benefits based on projected retirement obligations and pension fund asset at the balance sheet date. Provisions are stated at the value as considered to have arisen as of the end 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 following fiscal year of the 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 NOK participates received handover approval from the Minister of Health, Labor and Welfare on September 1, 2004, relating to exemption of the payment obligation for the past service liabilities with respect to the substitutable portion of the Welfare Pension Fund Scheme. Upon this approval, NOK transferred the fund to NOK No.1 Corporate Pension Fund, and returned the substitutable portion (minimum legal reserve) to the Japanese government on February 24, 2005.

Gains on returning of substitutable portion of NOK Employees' Pension Fund, equivalent to 8,300 million yen, is accounted for as an extraordinary profit for the fiscal year 2004.

In addition, the tax-qualified retirement annuity plan was transferred to NOK No.2 Corporate Pension Fund on September 1, 2004.

5) Reserve for retirement lump sum grant for directors:

To provide for the payment of retirement lump sum grant for directors, NOK makes allowances for the necessary amount based on internal rules.

6) Reserve for restructuring of production facilities:

NOK makes allowances for the necessary amount to provide for the payment of restructuring costs or losses associated with R&D or domestic production facilities with the primary objective of improving business structure.

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.

### **Changes in Accounting Principles**

(Accounting Standard for Impairment of Long-Lived Assets)

NOK has adopted “Accounting Standard for Impairment of Long-Lived Assets” (Accounting Standards Board, August 9, 2002) and “Guidelines for Accounting Standard for Impairment of Long-Lived Assets” (Accounting Standards Board Guideline No. 6, October 31, 2003), which became applicable to the financial statements for the fiscal year ended March 31, 2004. The application of the new accounting standard reduced income before income taxes and minority interests by 213 million yen compared to the previous accounting method.

Accumulated losses on impairment of fixed assets are directly deducted from the amount of each asset.

NOK categorizes fixed assets by business segment in management accounting practice for analysis and comparison purposes. However, idle assets having no operating chance are treated as a separate asset group. In addition, fixed assets not clearly attributable to a specific business segment (for example, headquarters premises) are classified as a common asset group.

As the market value of some idle assets was significantly below their acquisition value, NOK wrote down the book values to recoverable amounts to record 213 million impairment losses in the extraordinary section. The extraordinary losses consisted of Land (187 million yen), Telephone rights (17 million yen), and Long-term prepaid expenses (7 million yen).

Recoverable values of idle lands are assessed primarily by application of net realizable value on the basis of the assessed value of fixed assets.

[Notes]

(Balance sheets)

	(in million yen)	
	FY 2004	FY 2003
Accumulated depreciation of tangible fixed assets	85,628	87,184
Balance of loan guarantee	229	227
Amount discounted on notes receivable	15,983	8,401
Notes endorsed for payment	3,787	13,483
Unsettled transferred receivables	2,305	1,860
Number of treasury stock: common stock	69,860 shares	68,504 shares

(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 million yen)

	FY 2004	FY 2003
Equivalent of acquisition cost	1,464	1,549
Equivalent of accumulated depreciation	988	839
Equivalent of residual value at end of the term	475	710

Equivalent balance of the unaccrued lease fees at end of the term

(in million yen)

	FY 2004	FY 2003
Within 1 year	265	320
More than 1 year	209	390
Total	475	710

Note: As the percentages of equivalent 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 equivalent of acquisition cost and residual value of unaccrued lease fees are calculated including the interest payable.

Lease fees payable (equivalent of depreciation)

(in million yen)

	FY 2004	FY 2003
Lease fees payable (equivalent of depreciation)	332	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. Operating lease transactions

Unaccrued lease fees

(in million yen)

	FY 2004	FY 2003
Within 1 year	59	59
More than 1 year	355	415
Total	415	475

(Securities)

Shares of subsidiaries and affiliates with market value

(in million yen)

Category	FY 2004	FY 2003

Shares of affiliates	Non-consolidated balance sheet amount	2,875	1,968
	Market value	9,432	7,958
	Unrealized gains	6,557	5,989

(Tax effect accounting)

1. The tax effects of temporary differences which give rise to a significant portion of the deferred tax assets and liabilities:

(in million yen)

	FY 2004	FY 2003
Reserve for doubtful debts	623	37
Accrued corporate taxes	–	371
Reserve for bonus payments	1,543	1,541
Excess of depreciation over the deductible limit	1,369	804
Investment securities	494	494
Allowance for losses on investment	474	402
Reserve for retirement benefits	15,139	17,875
Reserve for retirement lump sum grant for directors	179	179
Reserve for restructuring of production facilities	1,022	–
Others	639	529
Sub-total deferred tax assets	21,485	22,235
Valuation reserve	(518)	(433)
Total deferred tax assets	20,967	21,802
Corporation taxes receivable	114	–
Special tax purpose reserve	84	83
Deferred profit on fixed assets	337	313
Net unrealized gain on investment securities	10,685	10,213
Total deferred tax liabilities	11,222	10,610
Balance of deferred tax assets	9,744	11,192

2. Reconciliation between the statutory tax rate and the effective tax rate as a percentage of income before income taxes is as follows:

(%)

	FY 2004	FY 2003
Statutory effective tax rate	40.1	41.4
(Reconciliation items)		
Permanent nondeductible expenses, such as entertainment expenses	1.3	1.9
Dividend income and others, which are permanently excluded from taxable income	(27.3)	(1.1)
Per capita inhabitant's tax	0.1	0.4
Valuation reserve	0.4	3.1
Others	0.5	0.6
Effective tax rate after adopting tax-effect accounting	15.1	46.3

## Changes in Board Members (effective June 29, 2005)

### 1. Candidates for election to the board of directors

- Director: Masaaki Amano (Currently, General Manager, Fluid Control Components Division)
- Director: Atsunobu Tsuchiya (Currently, Deputy General Manager, Sales & Marketing Office)
- Director: Yuichi Kuroki (Currently, Deputy General Manager, Engineering Office, General Manager, New Products Development Department)
- Director: Masaru Yasukage (Currently, General Manager, Business Managing Department)
- Director: Yasuhiko Kuroki (Currently, Deputy General Manager, Sales & Marketing Office)
- Director: Akira Watanabe (Currently, General Manager, Finance and Accounting Department)

### 2. Retiring directors

- Yoichi Yamamoto (Currently, Managing Director and General Manager, Oil Seal Division)
- Tateo Kitagawa (Currently, Director and General Manager, Manufacturing Engineering Office)
- Jun-ichi Arita (Currently, Director and Deputy General Manager, Sales & Marketing Office)
- Hiromichi Sato (Currently, Director and General Manager, Vibracoustic Division)
- Kiyoshi Doi (Currently, Director of NOK and Executive Vice President of Freudenberg-NOK GP)

### 3. Promotion

- Managing Director: Shigekazu Kokai  
(Currently, Director of NOK and Director Chairman & President of Thai NOK Co., Ltd.)