

Consolidated Financial Summary For the Six Months Ended September 30, 2005

November 15, 2005

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 2005: November 15, 2005

Adoption of U.S. Accounting Standards: Not applicable

1. Consolidated financial results for the first half of FY 2005 (April 1, 2005 to September 30, 2005)

(1) Consolidated 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 2005	216,978	7.1	21,830	(19.4)	23,712	(17.2)
1st half of FY 2004	202,610	19.2	27,073	32.7	28,652	29.8
FY 2004	407,041		48,770		51,389	

	Net Income		Net Income per Share	Diluted Net Income per Share
	million yen	%	yen	yen
1st half of FY 2005	13,597	(28.9)	78.25	—
1st half of FY 2004	19,123	46.3	110.58	—
FY 2004	37,414		214.94	—

(Note) 1. Equity in earnings of affiliated companies: ¥1,602 million in 1st half of FY 2005; ¥1,511 million in 1st half of FY 2004; ¥2,867 million in FY 2004

2. Average outstanding shares (consolidated): 172,920,249 in 1st half of FY 2005; 172,929,054 in 1st half of FY 2004; 172,921,230 in FY 2004

3. Change in accounting policies: No

4. 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) Consolidated Financial Position

	Total Assets	Shareholders' Equity	Equity Ratio	Shareholders' Equity per Share
	million yen	million yen	%	yen
September 30, 2005	438,005	202,697	46.3	1,172.20
September 30, 2004	378,801	164,744	43.5	952.67
March 31, 2005	417,617	181,277	43.4	1,046.90

(Note) Outstanding shares (consolidated): 172,920,033 at September 30, 2005; 172,928,838 at September 30, 2004; 172,920,410 at March 31, 2005

(3) Consolidated Cash Flow Status

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Cash and cash equivalents at end of the term
	million yen	million yen	million yen	million yen
1st half of FY 2005	23,178	(21,079)	(2,934)	42,614
1st half of FY 2004	22,314	(18,055)	(4,573)	28,912
FY 2004	56,561	(48,142)	4,042	41,519

(4) Scope of Consolidation and Equity Method

Number of consolidated subsidiaries: 89

Number of non-consolidated subsidiaries accounted for under equity method: 4

Number of affiliates accounted for under equity method: 21

(5) Change in Scope of Consolidation and Equity Method

Consolidated subsidiaries: (addition) 2 (exclusion) 0

Affiliates accounted for under equity method: (addition) 0, (exclusion) 1

2. Projection for Consolidated FY 2005 (April 1, 2005 to March 31, 2006)

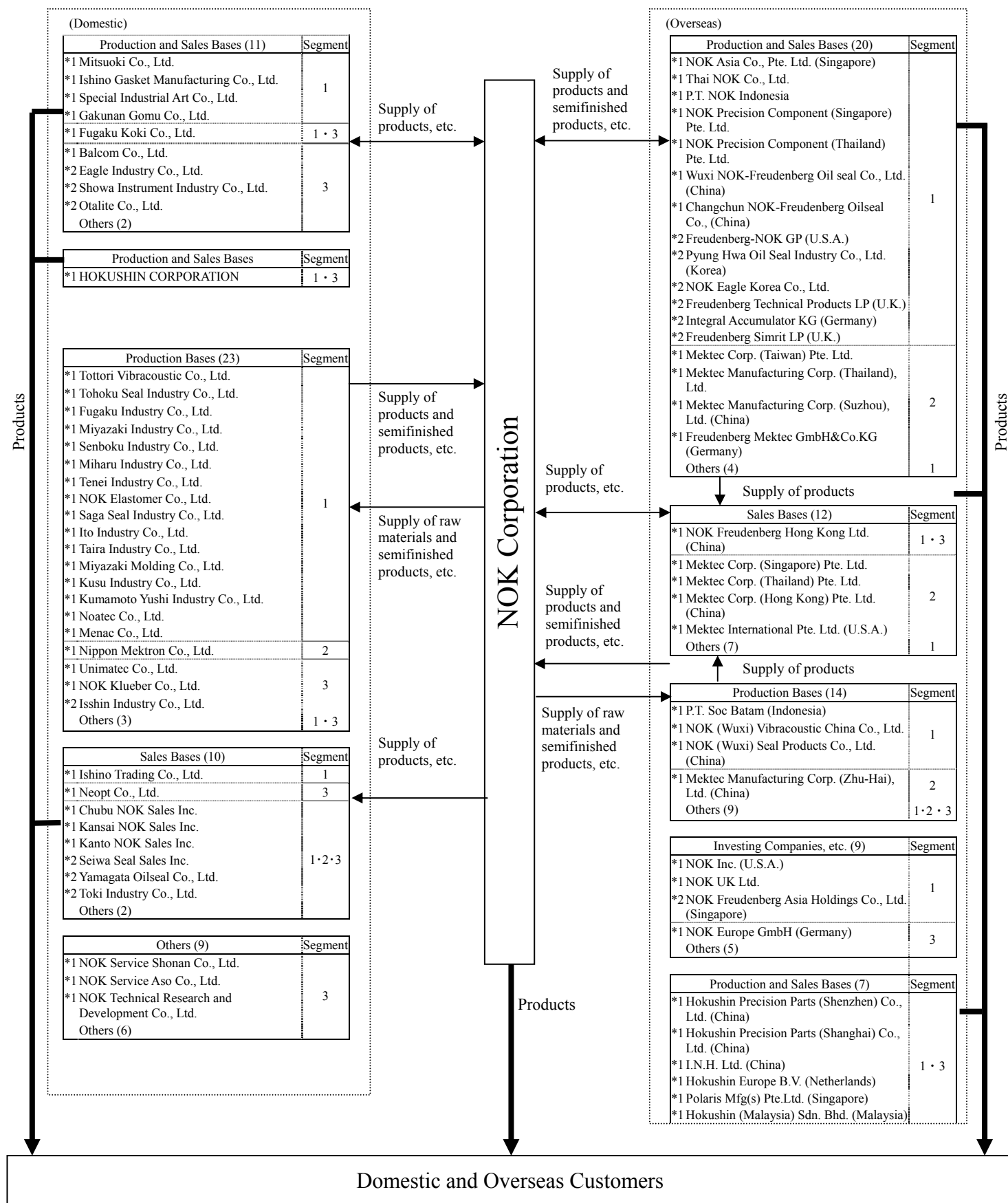
	Sales	Ordinary Profit	Net Income
	million yen	million yen	millions yen
Annual	446,000	50,500	29,000

(Reference) Forecasted net income per share (annual): 167.32 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 2005 projections, please see page 9 of the attached information sheets.

Group Relationship Diagram

The following diagram shows our company's group structure.



Notes: 1.

Business Segment	Indicator
Sealing products	1
Flexible boards	2
Others	3

2. *1: Consolidated subsidiary
*2: Equity method applied affiliate

Management Policy

1. Principal Management Policy

It is our basic concept that a firm is a common asset of its shareholders, employees and society. At the same time, the goal of NOK is to become an entity in which all its stakeholders including customers, suppliers and financial institutions can take pride. For such purposes, we concentrate our efforts to create a vigorous corporate group of high profitability through “manufacturing and distributing unique and useful products with high technical capabilities in all over the world and at appropriate prices.” That is the main policy with which NOK conducts its business.

2. Principal Policy on the Profit Sharing

Our basic policy on profit sharing to the shareholders is to maintain stable dividend payments at appropriate levels in concert with mid- to long-term corporate performance. On the other hand, however, internal reserves are also important factors to be considered for future business development and reinforcement of financial health. We will determine the dividends taking into consideration all those factors.

3. Mid- to Long-Term Management Strategies and Challenges

Since fiscal 2004, we have been promoting our New Management Plan for mid- to long-term growth and a stable earnings basis. The outline of the plan is as follows:

- (1) The slogan: “Global & GI”
- (2) Period covered by the plan: From fiscal 2004 (ending March 2005) to fiscal 2006 (ending March 2007)
- (3) Basic policies:
 - 1) Achieving global operations mainly by reorganizing Production Structures
 - 2) Realization of global management by applying new management indicators
 - 3) Development and optimization of human resources by streamlining back-office sections
 - 4) Product development of “GI,” next to AI, EI, seal products and FPC*
 - *AI: Automotive industry. This represents our sales to the automotive industry.
 - EI: Electronic equipment industry. This represents our sales of FPC (flexible printed circuits) to the electronic equipment industry.
 - Seal products: Oil seals, O-rings, etc.
 - FPC: Flexible printed circuit
 - GI: A general term for industries other than automotive and electronic equipment. In this document this refers mainly to general industrial machinery industry. This represents our sales to such industries.
- (4) Principal items for managerial efforts
 - 1) Establishment of global manufacturing system through reorganization of domestic operating locations and expanding overseas manufacturing bases.
 - 2) Enhancement of sale and marketing system for further global operation.
 - 3) Expansion of the third core business (GI) to stabilize the management.
 - 4) Clarifying assets and profits by business category in Japan, China and Southeast Asia, using the profit ratio to business assets.
- (5) Target indicators (Goals for the final fiscal year of the plan)

[Item]	[Consolidated results]
Sales	¥480 billion

Operating income	¥62 billion
Net income	¥38 billion
ROA	8.7%
Capital expenditure (3-year total)	¥106 billion

4. Policy on Lowering the Minimum Trading Unit of Shares

One of our most critical challenges in capital policies is to promote long-term and stable shareholding by our shareholders, along with expanding the investor base. In accordance with this policy, we reduced the minimum number of shares of one trading unit from 1,000 to 100, effective February 1, 2004. Currently, we have no plans to change the number of shares in one trading unit.

5. Basic Policy on Corporate Governance and the Current Situation

The NOK group focuses its efforts to become an entity which “all the stakeholders can be proud of.” Based on that basic management policy, we are implementing our corporate governance programs as follows:

- (1) The board of directors comprises 18 external directors. In principle, the board meetings are held on a monthly basis where important issues are determined and operations are supervised.
- (2) NOK adopts an auditing system and the board of auditors comprises five auditors (including three external auditors). Based on the audit policy and planning determined by the board of auditors, each auditor monitors appropriateness of directors’ activities by attending the board meetings and auditing NOK’s compliance with legal requirements.
- (3) Internal audit is conducted in accordance with our “Internal Audit Codes” and “Codes for Internal Audits of Operations,” for the purpose of streamlining and improving efficiency of the management, and implementing appropriate conduct of business. In addition, the results of internal audits are reported to the board of auditors, as needed.
- (4) Risk management office, recently established, is now formulating risk management structure.
- (5) Various committees such as “The Central Council for Labor-Management,” consisting of the labor and the management, are held as necessary to explain and discuss about business plans, important issues on reorganizations and management measures.
- (6) To secure information sharing and management transparency, management meetings are held with the management and directors of the respective group companies every six months, while the management meeting of NOK is held every 3 months. Progress on the business plans, management measures and operation plans is reviewed and confirmed at these management meetings.
- (7) To improve the accountability of the management, we positively conduct public relations and investor relations activities, such as holding analyst meetings on a regular basis.
- (8) Nihonbashi Corporation signed an audit agreement with NOK to serve as the independent accounting auditor of NOK. The certified public accountants that conducted accountancy services during the first half of the fiscal 2005 were Mr. Shigehisa Chiba and Mr. Noriyuki Segawa. Both external and internal auditors exchanged information, as needed, to cooperate in their work.

6. Information on the Parent Company of the Concern

There is no corresponding matter.

7. Risk Factors in Business

The NOK group’s business performance and financial position are exposed to various risks at

present and in the future. The following is a discussion of assumed main risks that the NOK group may face in its business activities. In addition, the future events contained in these items are envisioned as of the end of the first half of this fiscal term (September 30, 2005).

(1) Risk in Seal Products Business

The core products of the seal products business include oil seals, O-rings, and vibration-controls. While these products are mainly sold as automotive parts to domestic automotive manufacturers etc., they are also supplied to construction machinery manufacturers, farm machinery manufacturers, and electrical home appliance manufacturers, etc.

The automotive industry is our biggest buyer, which accounts for about 70 percent of sales in this product line, and sales performance is subject to the trends in production and sales activities in this industry. The automobile industry, including the automotive parts industry, has experienced a further shift towards global production, intensified sales competition, alliances, and resulting restructuring on a global basis, and efforts to reduce procurement costs. In addition, domestic automotive manufacturers have accelerated the shift to overseas production.

Under these circumstances, automotive parts suppliers, including the NOK group, have increasingly received requests from automotive industry, including for drastic cost reduction, technological innovation, and global response, not to mention improvements in quality and strict observance of delivery times. Consequently, the NOK group may be adversely affected by these trends in the future.

Moreover, while oil seal products, one of the core products, are used for the internal-combustion engine, battery-driven electric vehicles are being developed in recent years. Although it seems unlikely that electric-powered vehicles will become widespread in the near future, the NOK group is undertaking research and development efforts on new products to equip electric-powered vehicles on the chance that they will become more common in the future. However, at this time, it is difficult to foresee the influence of battery-driven electric vehicles on the future business results of the NOK group.

(2) Risks in Flexible Printed Circuit Business

The core products of this business are circuit boards, called flexible printed circuits (FPC), which have excellent flexibility and are used in various electronic devices, such as cellular phones, hard disc drives (HDD) and optical pickups. The NOK group is performing this business, both in domestic and overseas markets.

In recent years, the business volume of this area has been expanding due to brisk demand for various types of electronic devices, reflecting the introduction of new information technologies and the spread and upgrade of digital equipment on a global basis. In such a business climate, the NOK group has a policy to make timely investments as required. We believe that this business will continue to contribute to our business performance.

However, given that the products in this business are characterized by short lifecycles and rapid technical innovation, and business performance tends to fluctuate significantly subject to trends in the supply-demand relationship, this field may produce an adverse effect on the business performance of the NOK group. In addition, as South Korean and Taiwan manufacturers are gaining market shares in this business field through the improvement of technical levels and the expansion of production capacity, such tough competition may have a major impact on the business results of the NOK group.

(3) Risks in Other Business

The NOK group has been engaged in the production and sales of special lubricants, chemical products, and mechanical face seals as another business category. We believe it important to

develop the third core business next to seal products and flexible printed circuit businesses with an eye to ensuring a stable business base.

In the meantime, we acquired HOKUSHIN CORPORATION in March 2004 and NITTO KOGYO CORPORATION in March 2005, both of which have a business base centering on the production of goods for business equipment market. While we will make efforts to take advantage of both subsidiaries' base in the market to achieve synergy, there is no guarantee that such new business will develop as scheduled.

(4) Risk in Production Structure

As a parts manufacturing company, the NOK group has established a production structure in line with our basic policy of keeping pace with domestic customers' shift to overseas production.

In the seal products business, approximately 90% is domestically manufactured by NOK group, while the remaining portions are manufactured in Southeast Asia, China, and other overseas regions. In addition, production activities in the U.S. are made by joint venture corporations, which are affiliated companies accounted for by the equity method.

In flexible printed circuit business, approximately 40% is domestically manufactured, and the remaining 60% is produced at overseas subsidiaries (located in Thailand, China, and other countries).

In recent years, the overseas production ratio of the NOK group has shown a tendency to go up in accordance with customers' shift to overseas production. In the future, we plan to raise overseas production ratio further with a focus on production expansion in the Asian area in line with domestic automotive manufacturers' shift to overseas production in the seal business. A further expansion of overseas production is also expected in the flexible printed circuit business. In light of this, the business results of the NOK group will become vulnerable to foreign exchange fluctuations and business situations of each country where NOK deploys its production facilities.

(5) Risk in business relationship with Freudenberg & Co.

NOK has maintained capital and technical alliances with Freudenberg & Co. ("Freudenberg") since 1960. Freudenberg has its main office in Weinheim, Germany, and engages in the manufacture and sale of seal products, vibration-controls, non-woven fabrics, special lubricants, and other products. NOK entered into an alliance with Freudenberg in 1960, as at that time NOK was convinced of the need to introduce the advanced technology held by Freudenberg when sealing agents were changing from natural rubber to synthetic rubber in the Japanese market. Up to the present time, NOK has built up an equal collaborative relationship with Freudenberg to promote technology exchanges.

The NOK group and Freudenberg (including its group companies) are also cooperating with a focus on seal products business in the form of several joint venture companies, such as Freudenberg-NOK GP and Freudenberg Technical Products LP. Moreover, the NOK group and Freudenberg have a joint global production and sales structure in order to respond to the accelerated shifts in global production by automotive manufacturers. Based on the joint venture agreements, the NOK group demonstrates its initiative in Japan and Southeast Asia regions, Freudenberg exercises leadership in Europe and U.S. regions, and both groups are making mutually concerted efforts in the China and India regions. In this way, Freudenberg (including its group companies) plays an important role as a partner for the NOK group's business activities.

Currently, Freudenberg is the largest stockholder, holding 22.3% of outstanding and issued shares of NOK through Freudenberg Beteiligungs GmbH, Freudenberg's investment company, continuing the NOK group's relationship with Freudenberg begun with the first alliance agreement concluded in 1960. We believe that both groups will continue to develop their stable relationship in the future.

However, any change in business alliances or any strategic shift of Freudenberg may have a significant impact on the business results of the NOK group.

Operating Results and Financial Conditions

1. Operating Results for the first half of FY 2005

During the first half of fiscal year 2005, the Japanese economy showed moderate business recovery, especially in private capital investments and personal consumption. On the other hand, the overseas economy also showed a solid growth, especially in the U.S.

Under these circumstances, domestic automobile manufacturers, the main customers of our group, showed increased production of finished cars and knock-down products reflecting the strong sales in the domestic market as well as an increase in sales of Japanese cars in overseas markets.

In the electronics industry, PC-related equipment developed favorably, especially in overseas production. In the cellular phone industry, while overseas makers steadily increased production, domestic makers, our major customers, slowed down production due to the saturation of the domestic market.

As a result of the business activities mentioned above, consolidated sales in the first half of fiscal year 2005 totaled 216,978 million yen (an increase of 7.1% y/y). Accordingly, consolidated ordinary profit and net income were 23,712 million yen (a decrease of 17.2% y/y), and 13,597 million yen (a decrease of 28.9% y/y), respectively.

Performance by business category

[Seal Products Business]

Sales and operating income of seal products business amounted to 96,581 million yen (an increase of 3.5% y/y) and 8,394 million yen (a decrease of 11.2% y/y), respectively. Sales of core products including oil seals increased, especially for automobile and general industrial machinery manufactures, whereas the steep rise in the cost of primary materials, especially steel and rubber products undermined operating income.

[FPC Business]

Sales and operating income of FPC business amounted to 73,117 million yen (a decrease of 0.8% y/y) and 11,496 million yen (a decrease of 26.2% y/y), respectively. Increased sales for PC-related equipment, especially for hard disc drives (HDD), were offset by decreased sales in cellular phones. The decrease in operating income was also attributable to a decrease in sales of cellular phones in the domestic market.

[Other Business]

Sales and operating income of other business amounted to 47,280 million yen (an increase of 32.8% y/y) and 2,025 million yen (a decrease of 1.7% y/y), respectively. The main drivers behind this sales increase were the inclusion of HOKUSHIN CORPORATION in the scope of application of the consolidated subsidiaries and increase in sales in particular for the automobile industry. The decrease in operating income was attributable to goodwill depreciation.

Performance by location

Sales and operating income in Japan amounted to 150,040 million yen (a decrease of 0.1% y/y) and 12,166 million yen (a decrease of 37.7% y/y), respectively. Increased sales of seal products for the automotive industry were offset by decreased sales of FPC for the electronic equipment industry. The decrease in operating income was attributable to a decrease in sales for the electronic equipment industry.

Sales and operating income in Asia amounted to 58,270 million yen (an increase of 26.0% y/y) and 9,193 million yen (an increase of 27.7% y/y), respectively. The main drivers were an increase in sales of FPC in Thailand and Taiwan, as well as an increase in sales of seal products due to expanded local production by Japanese automotive companies in China and Southeast Asia.

2. Interim Dividends

Interim dividends for the first half of fiscal 2005 were 8 yen per share.

3. Cash Flows

The balance of cash and cash equivalents (hereinafter, “fund”) as of the end of the first half of fiscal 2005 increased by 1,094 million yen from the end of the previous fiscal year. Cash flow status for the first half of the consolidated fiscal 2005 is stated below:

[Cash flows from operating activities]

The fund generated from operating activities was 23,178 million yen (an increase of 3.9% y/y). This is attributable to a decrease in income tax paid, which was partially offset by a decrease in net income before taxes and a decrease in notes discounted.

[Cash flows from investing activities]

The fund used in investing activities for the first half of fiscal 2005 amounted to 21,079 million yen (an increase of 16.7% y/y). This was mainly due to active acquisition of tangible fixed assets, particularly investments for expansion of overseas production.

[Cash flows from financing activities]

The fund generated from financing activities was 2,934 million yen (a decrease of 35.8% y/y). While raising money through long-term borrowings for expansion of overseas production, we made efforts to reduce interest-bearing debts, such as a decrease in notes discounted (as stated above in “Cash flows from operating activities”).

The trend of cash flow indicators is as follows:

	FY 2003		FY 2004		FY 2005
	As of September 30, 2003	As of March 31, 2004	As of September 30, 2004	As of March 31, 2005	As of September 30, 2005
Capital ratio (%)	36.9	40.0	43.5	43.4	46.3
Capital ratio on market value (%)	210.2	181.1	154.3	105.8	133.4
Years to redemption of debts (years)	2.0	1.3	1.2	1.3	1.5
Interest coverage ratio	17.3	29.6	22.9	37.6	24.9

Capital ratio = Shareholders' equity / Total assets

Capital ratio on market value = Total market capitalization / Total assets

Years to redemption of debts = Interest-bearing liabilities / Cash flows from operating activities

Interest coverage ratio = Cash flows from operating activities / Interest paid

1. All indices above are calculated based on consolidated financial statements.
2. Total market capitalization is calculated on the following formula: the closing stock price on the last day of the fiscal year multiplied by the number of issued and outstanding shares as of the end of the fiscal year.

3. Cash flows are calculated with operating cash flows. Interest-bearing liabilities represent the liabilities on the consolidated balance sheet to which we pay interest

4. Outlook for the full year of fiscal 2005

While it is expected that the overseas economy, particularly that of the U.S., will continue to expand, there is a concern about a sharp rise in oil prices and a negative impact from the hurricane damage in the U.S. In the domestic market, while the Japanese economy is expected to continue its moderate recovery, it might be exposed to the influence from a sharp rise in oil prices and the overseas economy.

Moreover, the NOK group is facing tough competition both in the domestic and overseas markets due to a further shift in global production, together with automotive and electronic equipment industries.

Under these circumstances, in the 2nd year of our current 3-year management plan, the NOK group will steadily advance several measures and policies to establish our goal of “Global & GI” before the final year of fiscal 2006. We will continuously implement group-wide measures to improve profitability and our corporate structure by vigorously promoting sales expansion, quality improvement, and cost reduction.

The forecast for consolidated sales and ordinary profit for fiscal 2005 are 446 billion yen (an increase of 9.6% y/y) and 50,500 million yen (a decrease of 1.7% y/y), respectively. However, we expect that net income will be 29 billion yen (a decrease of 22.5% y/y).

The above projections include prospects calculated on the basis of the latest data available. Actual business results may differ from these projections depending on future operations and other domestic and overseas situations such as fluctuations in foreign exchange rates.

Comparative Balance Sheet

		(in millions of yen)						
Item	Term	1st half of this consolidated fiscal year (As of September 30, 2005)		Previous consolidated fiscal year (As of March 31, 2005)		Increase/ decrease (from March 31, 2005)	1st half of previous consolidated fiscal year (As of September 30, 2004)	
		Amount	%	Amount	%		Amount	%
Assets								
Current assets:		<u>200,124</u>	45.7	<u>194,437</u>	46.6	<u>5,686</u>	<u>178,954</u>	47.2
	Cash and deposits	46,067		44,563		1,503	31,926	
	Notes and accounts receivable	102,094		94,097		7,996	98,033	
	Inventories	36,942		35,088		1,853	33,173	
	Deferred tax assets	7,107		7,992		(885)	8,674	
	Tax receivable	–		4,518		(4,518)	–	
	Others	9,647		9,717		(70)	8,045	
	Reserve for doubtful debts	(1,735)		(1,541)		(193)	(899)	
Fixed assets:		<u>237,880</u>	54.3	<u>223,179</u>	53.4	<u>14,700</u>	<u>199,846</u>	52.8
Tangible fixed assets:		<u>140,490</u>		<u>131,179</u>		<u>9,311</u>	<u>116,191</u>	
	Buildings and structures	47,975		45,207		2,768	37,511	
	Machinery and equipment	52,045		49,607		2,437	44,901	
	Others	40,469		36,363		4,105	33,779	
Intangible fixed assets:		<u>7,851</u>		<u>8,496</u>		<u>(644)</u>	<u>3,251</u>	
	Consolidated adjustment account	6,402		6,985		(582)	2,342	
	Others	1,448		1,511		(62)	908	
Investments and other assets:		<u>89,538</u>		<u>83,504</u>		<u>6,033</u>	<u>80,403</u>	
	Investment securities	59,566		47,515		12,051	45,502	
	Long-term loans	9,561		10,771		(1,210)	9,963	
	Deferred tax assets	3,786		8,659		(4,872)	8,414	
	Others	17,372		17,323		49	17,231	
	Reserve for doubtful debts	(748)		(764)		15	(708)	
Total Assets		438,005	100.0	417,617	100.0	20,387	378,801	100.0

Item	Term	1st half of this consolidated fiscal year (As of September 30, 2005)		Previous consolidated fiscal year (As of March 31, 2005)		Increase/ decrease (from March 31, 2005)	(in millions of yen) 1st half of previous consolidated fiscal year (As of September 30, 2004)	
		Amount	%	Amount	%		Amount	%
		Liabilities						
Current liabilities:		141,839	32.4	145,935	34.9	(4,095)	132,094	34.9
	Notes and accounts payable	51,159		51,651		(491)	45,007	
	Short-term borrowings	34,921		38,220		(3,299)	26,847	
	Accrued income taxes	7,476		5,885		1,591	11,737	
	Reserve for bonus payments	8,449		7,670		778	8,153	
	Employees' deposits	15,479		15,621		(142)	15,489	
	Reserve for reorganization of production systems	–		2,550		(2,550)	3,600	
	Others	24,353		24,336		17	21,259	
Fixed liabilities:		77,473	17.7	75,478	18.1	1,995	68,561	18.1
	Long-term borrowings	20,138		17,331		2,807	12,057	
	Reserve for retirement benefits	53,182		54,289		(1,106)	53,293	
	Reserve for retirement lump sum grant for directors	1,274		1,421		(146)	1,248	
	Others	2,877		2,436		441	1,962	
Total liabilities		219,313	50.1	221,414	53.0	(2,100)	200,656	53.0
Minority interests		15,994	3.6	14,926	3.6	1,068	13,401	3.5
Shareholders' equity								
	Common stock	23,335	5.3	23,335	5.6	–	23,335	6.2
	Additional paid-in capital	22,393	5.1	22,393	5.4	–	22,393	5.9
	Retained earnings	139,708	31.9	127,809	30.6	11,899	110,862	29.3
	Net unrealized gain on other securities	22,271	5.1	16,062	3.8	6,208	15,775	4.2
	Net loss on foreign exchange translation	(4,785)	(1.1)	(8,099)	(1.9)	3,313	(7,432)	(2.0)
	Treasury stock	(226)	(0.0)	(225)	(0.1)	(1)	(190)	(0.1)
Total shareholders' equity		202,697	46.3	181,277	43.4	21,420	164,744	43.5
Total liabilities, minority interests and shareholders' equity		438,005	100.0	417,617	100.0	20,387	378,801	100.0

Comparative Profit and Loss Statement

(in millions of yen)

Item	Term		1st half of previous consolidated fiscal year (April 1, 2004 to September 30, 2004)		Increase/decrease from previous consolidated interim fiscal year	Previous consolidated fiscal year (April 1, 2004 to March 31, 2005)	
	1st half of this consolidated fiscal year (April 1, 2005 to September 30, 2005)		Amount	% of sales		Amount	% of sales
Ordinary profit/loss							
<u>Operating profit/loss:</u>							
Sales	216,978	100.0	202,610	100.0	14,368	407,041	100.0
Cost of sales	164,499	75.8	148,348	73.2	16,150	303,535	74.6
Selling, general and administrative expenses	30,648	14.1	27,187	13.4	3,461	54,734	13.4
Operating income	21,830	10.1	27,073	13.4	(5,243)	48,770	12.0
<u>Non-operating profit/loss:</u>							
<u>Non-operating profit:</u>	<u>2,942</u>		<u>2,769</u>		<u>172</u>	<u>5,505</u>	
Interest and dividends received	264		348		(83)	808	
Investment gains on equity method	1,602		1,511		90	2,867	
Others	1,074		909		165	1,829	
<u>Non-operating expenses:</u>	<u>1,060</u>		<u>1,190</u>		<u>(130)</u>	<u>2,886</u>	
Interest paid	816		710		106	1,413	
Others	243		480		(236)	1,472	
Ordinary profit	23,712	10.9	28,652	14.1	(4,940)	51,389	12.6
Extraordinary profit/loss							
<u>Extraordinary profit:</u>	<u>602</u>		<u>10,919</u>		<u>(10,317)</u>	<u>11,328</u>	
Gain on sales of fixed assets	543		11		531	323	
Gain on return of the proxy portion of corporate employee pension funds to the government	–		10,811		(10,811)	10,811	
Others	58		96		(38)	193	
<u>Extraordinary loss:</u>	<u>558</u>		<u>5,563</u>		<u>(5,004)</u>	<u>6,380</u>	
Loss on disposal of fixed assets	432		552		(119)	1,843	
Devaluation loss on investment securities	–		141		(141)	131	
Provisions for reserve for reorganization of production systems	–		3,600		(3,600)	2,550	
Depreciation on software	–		863		(863)	864	
Loss on impairment	9		298		(288)	320	
Others	116		106		9	669	
Net income before income taxes	23,756	10.9	34,008	16.8	(10,252)	56,337	13.8
Income taxes - current	6,700		11,649		(4,949)	12,888	
Income taxes - deferred	1,963		1,691		272	3,054	
Minority interests	1,494		1,544		(49)	2,980	

Net income	13,593	6.3	19,123	9.4	(5,525)	37,414	9.2
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Comparative Retained Surplus Statement

(in millions of yen)

Item \ Term	1st half of this consolidated fiscal year (April 1, 2005 to September 30, 2005)	1st half of previous consolidated fiscal year (April 1, 2004 to September 30, 2004)	Previous consolidated fiscal year (April 1, 2004 to March 31, 2005)
Additional paid-in capital			
Additional paid-in capital at beginning of term	22,393	22,393	22,393
Additional paid-in capital at end of term	22,393	22,393	22,393
Retained earnings			
Additional paid-in capital at beginning of term	127,809	93,642	93,642
Increase in retained earnings	13,597	19,159	37,490
Net income	13,597	19,123	37,414
Increase due to increase in number of consolidated companies	–	18	18
Increase due to increase in number of equity method-applied companies	–	–	39
Increase due to expanded scope of consolidation of equity method-applied companies	–	17	17
Decrease in retained earnings	1,698	1,939	3,322
Dividends paid	1,383	1,383	2,766
Bonuses paid to directors	315	320	320
Decrease due to change in accounting standards of consolidated overseas subsidiaries	–	236	236
Consolidated retained earnings at end of term	139,708	110,862	127,809

Consolidated Cash Flow Statement

(in millions of yen)

Item	1st half of this consolidated fiscal year (April 1, 2005 to September 30, 2005)	1st half of previous consolidated fiscal year (April 1, 2004 to September 30, 2004)	Previous consolidated fiscal year (April 1, 2004 to March 31, 2005)
	Amount	Amount	Amount
[I. Cash flows from operating activities]			
Net income before income taxes	23,756	34,008	56,337
Depreciation and amortization	11,525	10,178	22,529
Increase in reserve for doubtful debts	170	211	413
Increase in reserve for bonus payments	777	786	31
Increase (decrease) in reserve for reorganization of production systems	(2,550)	3,600	2,550
Decrease in reserve for retirement benefits	(1,099)	(9,154)	(9,118)
Decrease in reserve for retirement lump sum grant for directors	(146)	(117)	(2)
Interest and dividends income	(264)	(348)	(808)
Interest expense	816	710	1,413
Gain (loss) on foreign exchange	(57)	81	(62)
Investment gains (losses) on equity method	(1,602)	(1,511)	(2,867)
Amortization of goodwill	727	227	458
Gain (loss) on sale of fixed assets	(543)	(11)	(323)
Loss on disposal of fixed assets	432	552	1,843
Depreciation on software	-	863	864
Loss on impairment	9	298	320
Devaluation loss of investment securities	-	141	131
Increase (decrease) in accounts receivable	2,031	(2,022)	3,570
Increase in inventories	(1,244)	(2,444)	(2,472)
Decrease in accounts payable	(3,942)	(2,947)	(3,084)
Increase (decrease) in notes discounted	(6,929)	1,272	8,930
Others	3,096	2,157	753
Bonus paid to directors	(315)	(320)	(320)
Sub Total	24,648	36,213	81,088
Interest and dividends received	473	402	816
Interest paid	(931)	(975)	(1,504)
Income taxes paid	(1,011)	(13,325)	(23,839)
Net cash flows from operating activities	23,178	22,314	56,561
[II. Cash flows from investing activities]			
Additions to time-deposits	(859)	(1,157)	(1,983)
Maturity of time-deposits	498	716	1,642
Expenditure due to acquisition of securities	(1,075)	-	-
Expenditure resulting from loans	(17)	-	(651)
Proceeds from collection of loans	60	112	196
Purchase of investment securities	(1,205)	(926)	(1,037)
Payments for share capital	-	(329)	(615)
Purchase of additional shares of consolidated subsidiaries	(83)	(8)	(8)
Proceeds from refund of share capital	890	239	429
Payments for purchase of shares of subsidiaries	-	-	(5,856)
Payments for purchase of tangible fixed assets	(21,370)	(16,902)	(41,221)
Proceeds from sale of tangible fixed assets	2,263	410	1,772
Payments for purchase of intangible fixed assets	(211)	(138)	(812)
Others	30	(73)	3
Net cash flows from investing activities	(21,079)	(18,055)	(48,142)
[III. Cash flows from financing activities]			
Proceeds from short-term borrowings	9,881	12,299	33,090
Payments for repayment of short-term borrowings	(14,059)	(11,616)	(28,676)
Proceeds from long-term borrowings	9,258	2,304	12,839
Payments for repayment of long-term borrowings	(6,096)	(5,762)	(9,997)
Proceeds from issuance of shares	295	-	-
Net of purchase and sale of treasury stock	(1)	(1)	(36)
Dividends paid by the Company	(1,383)	(1,383)	(2,766)
Payments of dividends to minority shareholders	(829)	(413)	(410)
Net cash flows from financing activities	(2,934)	(4,573)	4,042
IV. Adjustment on foreign currency translation of cash and cash equivalents	750	(70)	(239)
V. Net change in cash and cash equivalents	(84)	(385)	12,222
VI. Cash and cash equivalents at beginning of the term	41,519	28,545	28,545
VII. Increase in cash and cash equivalents due to change in the scope of consolidation	1,178	751	751
VIII. Cash and cash equivalents at end of the term	42,614	28,912	41,519

(Note) Breakdown of cash and cash equivalents at end of the respective terms

Item	1st half of this consolidated fiscal year (As of September 30, 2005)	1st half of previous consolidated fiscal year (As of September 30, 2004)	Previous consolidated fiscal year (As of March 31, 2005)
Cash and deposits	46,067	31,926	44,563
Time deposits of more than three months	(3,453)	(3,014)	(3,043)
Cash and cash equivalents at end of the term	42,614	28,912	41,519

Basis of Interim Consolidated Financial Statements

1. Scope of consolidation

Consolidated subsidiaries and equity method-applied companies are as follows:

- (1) Consolidated subsidiaries (89 companies)
Nippon Mektron Co., Ltd. and 88 other companies
- (2) Equity method-applied non-consolidated subsidiaries (4 companies) among all non-consolidated subsidiaries (10 companies)
Mektec Corp. Taiwan Pte. Ltd. (Jian Yi) and 3 other companies
- (3) Equity method-applied affiliates (21 companies) among all affiliates (23 companies)
Eagle Industry Co., Ltd. and 20 other companies

2. Changes in the scope of consolidation and equity method

- (1) Addition to consolidated subsidiaries: 2 companies
Mektec Manufacturing Corp. (Suzhou), Ltd. (China) and 1 other company
- (2) Exclusion of equity method-applied affiliates: 1 company
Mektec Manufacturing Corp. (Suzhou), Ltd. (China)

3. Interim closing dates of consolidated subsidiaries

Interim closing date of 45 consolidated overseas subsidiaries is June 30.

Significant matters that occurred between the said interim closing date and the consolidated interim closing date are subject to adjustment necessary for consolidation.

4. Accounting policies

- (1) Valuation and computation of securities

Other securities

- 1) Securities with market value: Market value as determined by the quoted price at the end of the interim consolidated 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.)

- 2) 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: Principally stated by straight-line method.

- (6) Accounting policies for principal allowances

- 1) Reserve for doubtful debts: In providing mainly 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) Reserve for bonus payments: To provide for employee bonus payments, estimated bonuses are provided based on prescribed calculation methods.

- 3) Reserve for retirement benefits: The Company and its consolidated domestic subsidiaries make provisions for retirement benefits mainly based on projected retirement obligations and pension fund asset at the consolidated 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 consolidated fiscal year.

Past service liabilities are stated as expenses in the fiscal year when such liabilities are identified, and have been recognized by the straight-line method 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 consolidated fiscal year when such losses are identified, and have been recognized by the straight-line method evenly in 10 years, a period not exceeding the expected average remaining working lives of the employees.

- 4) Reserve for retirement lump sum grant for directors:

To provide for the payment of retirement lump sum grant for directors, the Company and some of its consolidated domestic subsidiaries make allowances for the necessary amount based on internal rules.

- (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.

5. Scope of cash and cash equivalents in consolidated interim statements of cash flow

Cash and cash equivalents in consolidated interim cash flow statements include cash in hand, highly liquid deposits at banks, and short-term investments with negligible risk of fluctuation in value and maturities of three months or less.

[Notes to consolidated interim financial statements]

(Interim consolidated balance sheets)

(in millions of yen)

	1st half of this consolidated fiscal year (As of September 30, 2005)	1st half of previous consolidated fiscal year (As of September 30, 2004)	Previous consolidated fiscal year (As of March 31, 2005)
Accumulated depreciation of tangible fixed assets	205,860	192,215	203,876
Assets pledged as security (Buildings, etc.)	10,998	11,782	12,305
Corresponding secured liabilities	6,531	5,824	7,112
Balance of loan guarantee	10	15	14
Amount discounted on notes receivable	12,973	12,093	19,802
Notes endorsed for payment	614	48	380
Unsettled transferred receivables	729	1,448	2,305
Total number of shares in issue: common stock	173,138,537 stocks	173,138,537 stocks	173,138,537 stocks
Number of treasury stock: common stock	218,504 stocks	209,699 stocks	218,127 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 consolidated fiscal year (As of September 30, 2005)	1st half of previous consolidated fiscal year (As of September 30, 2004)	Previous consolidated fiscal year (As of March 31, 2005)
Equivalent of acquisition cost	9,845	8,792	9,096
Equivalent of accumulated depreciation	5,365	5,127	5,336
Equivalent of residual value at end of the term	4,480	3,664	3,759

Note: The principal component of the above amounts is tools and furniture.

Equivalent of unaccrued lease fees

(in millions of yen)

	1st half of this consolidated fiscal year (As of September 30, 2005)	1st half of previous consolidated fiscal year (As of September 30, 2004)	Previous consolidated fiscal year (As of March 31, 2005)
Within one year	2,364	1,823	1,933
More than one year	2,116	1,841	1,826
Total	4,480	3,664	3,759

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 consolidated fiscal year (As of September 30, 2005)	1st half of previous consolidated fiscal year (As of September 30, 2004)	Previous consolidated fiscal year (As of March 31, 2005)
Lease fees payable (equivalent of depreciation)	1,343	1,297	2,489

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

Unaccrued lease fees

(in millions of yen)

	1st half of this consolidated fiscal year (As of September 30, 2005)	1st half of previous consolidated fiscal year (As of September 30, 2004)	Previous consolidated fiscal year (As of March 31, 2005)
Within one year	147	76	74
More than one year	731	399	372
Total	879	476	447

(Securities)**1. Other securities with market value** (in millions of yen)

Type of securities	1st half of this consolidated fiscal year (As of September 30, 2005)			1st half of previous consolidated fiscal year (As of September 30, 2004)			Previous consolidated fiscal year (As of March 31, 2005)		
	Acquisition cost	Consolidated balance sheet amount	Unrealized gains	Acquisition cost	Consolidated balance sheet amount	Unrealized gains	Acquisition cost	Consolidated balance sheet amount	Unrealized gains
Stocks	7,666	44,862	37,196	6,986	33,434	26,448	7,638	34,530	26,892
Bonds	10	9	(0)	–	–	–	–	–	–
Others	1,115	1,118	3	–	–	–	–	–	–
Total	8,791	45,990	37,199	6,986	33,434	26,448	7,638	34,530	26,892

2. Principal securities with no market value (in millions of yen)

Type of securities	1st half of this consolidated fiscal year (As of September 30, 2005)	1st half of previous consolidated fiscal year (As of September 30, 2004)	Previous consolidated fiscal year (As of March 31, 2005)
(1) Securities held to maturity Unlisted foreign bonds	121	–	30
(2) Other securities Unlisted stocks except for OTC stocks	931	91	93
Preferred subscription certificates	500	500	500

(Derivative transactions)

(in millions of yen)

Type		1st half of this consolidated fiscal year (As of September 30, 2005)			1st half of previous consolidated fiscal year (As of September 30, 2004)			Previous consolidated fiscal year (As of March 31, 2005)			
Category	Transaction	Contract amount	Market value	Valuation gain/loss	Contract amount	Market value	Valuation gain/loss	Contract amount	Market value	Valuation gain/loss	
Currency	Forward foreign exchange agreements	Buy	571	581	(9)	849	863	(13)	954	969	(14)
		Sell	–	–	–	–	–	–	106	107	0
Total		571	581	(9)	849	863	(13)	1,061	1,076	(13)	

(Segment Information)

1. Segment information by business category

1st half of this consolidated fiscal year (April 1, 2005 to September 30, 2005) (in millions of yen)

	Sealing product business	Flexible board business	Other product business	Total	Eliminations/Corporate	Consolidated
Sales						
(1) Sales to external customers	96,581	73,117	47,280	216,978	–	216,978
(2) Inter-segment sales	452	–	3,103	3,555	(3,555)	–
Total	97,033	73,117	50,383	220,534	(3,555)	216,978
Operating expenses	88,639	61,620	48,357	198,618	(3,469)	195,148
Operating profit	8,394	11,496	2,025	21,916	(86)	21,830

1st half of previous consolidated fiscal year (April 1, 2004 to September 30, 2004) (in millions of yen)

	Sealing product business	Flexible board business	Other product business	Total	Eliminations/Corporate	Consolidated
Sales						
(1) Sales to external customers	93,298	73,710	35,600	202,610	–	202,610
(2) Inter-segment sales	63	4	2,806	2,874	(2,874)	–
Total	93,362	73,714	38,407	205,484	(2,874)	202,610
Operating expenses	83,906	58,131	36,347	178,385	(2,848)	175,536
Operating profit	9,456	15,583	2,059	27,099	(25)	27,073

Previous consolidated fiscal year (April 1, 2004 to March 31, 2005) (in millions of yen)

	Sealing product business	Flexible board business	Other product business	Total	Eliminations/Corporate	Consolidated
Sales						
(1) Sales to external customers	189,166	145,265	72,609	407,041	–	407,041
(2) Inter-segment sales	132	7	5,803	5,943	(5,943)	–
Total	189,299	145,272	78,413	412,985	(5,943)	407,041
Operating expenses	172,627	117,083	74,484	364,195	(5,924)	358,270
Operating profit	16,671	28,189	3,928	48,789	(18)	48,770

Note:

Principal products included in each business category

Business category	Principal products
Sealing product business	Oil seals, O-rings, vibration controls, resin products and gaskets
Flexible board business	Flexible printed circuits
Other product business	Rubber products for office machines and equipment, chemical products, special lubricants, and mechanical seals

2. Segment information on operations by geographic area

1st half of this consolidated fiscal year (April 1, 2005 to September 30, 2005) (in millions of yen)

	Japan	Asia	Other areas	Total	Eliminations/ Corporate	Consolidated
Sales						
(1) Sales to external customers	150,040	58,270	8,667	216,978	–	216,978
(2) Inter-segment sales	14,839	6,993	43	21,875	(21,875)	–
Total	164,879	65,263	8,710	238,854	(21,875)	216,978
Operating expenses	152,713	56,070	8,738	217,522	(22,373)	195,148
Operating profit (loss)	12,166	9,193	(28)	21,332	498	21,830

1st half of previous consolidated fiscal year (April 1, 2004 to September 30, 2004) (in millions of yen)

	Japan	Asia	Other areas	Total	Eliminations/ Corporate	Consolidated
Sales						
(1) Sales to external customers	150,228	46,257	6,124	202,610	–	202,610
(2) Inter-segment sales	13,084	5,556	233	18,874	(18,874)	–
Total	163,313	51,813	6,357	221,484	(18,874)	202,610
Operating expenses	143,770	44,616	6,434	194,821	(19,285)	175,536
Operating profit	19,542	7,197	(77)	26,662	410	27,073

Previous consolidated fiscal year (April 1, 2004 to March 31, 2005) (in millions of yen)

	Japan	Asia	Other areas	Total	Eliminations/ Corporate	Consolidated
Sales						
(1) Sales to external customers	295,037	99,568	12,435	407,041	–	407,041
(2) Inter-segment sales	26,774	11,591	685	39,050	(39,050)	–
Total	321,811	111,159	13,120	446,091	(39,050)	407,041
Operating expenses	289,539	95,070	13,267	397,877	(39,606)	358,270
Operating profit	32,272	16,089	(147)	48,214	556	48,770

Notes:

- Countries and areas are classified by geographical proximity.
- Principal countries and areas belonging to each segment above (except Japan) are as follows:
 - Asia.....Singapore, Thailand, Taiwan, and China
 - Other areasUnited States and Germany

3. Overseas sales

(in millions of yen)

		Asia	Other areas	Total
1st half of this consolidated fiscal year (April 1, 2005 to September 30, 2005)	I Overseas sales	60,085	12,693	72,778
	II Consolidated sales			216,978
	III Percentage of overseas sales in consolidated sales	27.7%	5.8%	33.5%

(in millions of yen)

		Asia	Other areas	Total
1st half of previous consolidated fiscal year (April 1, 2004 to September 30, 2004)	I Overseas sales	48,341	9,649	57,990
	II Consolidated sales			202,610
	III Percentage of overseas sales in consolidated sales	23.8%	4.8%	28.6%

(in millions of yen)

		Asia	Other areas	Total
Previous consolidated fiscal year (April 1, 2004 to March 31, 2005)	I Overseas sales	102,275	21,998	124,273
	II Consolidated sales			407,041
	III Percentage of overseas sales in consolidated sales	25.1%	5.4%	30.5%

Notes:

1. Countries and areas are classified by geographical proximity.
2. Principal countries and areas belonging to each segment above (except Japan) are as follows:
 - (1) Asia.....Singapore, Thailand, Taiwan, and China
 - (2) Other areasUnited States and Germany
3. Overseas sales represent sales of the Company and its consolidated subsidiaries in countries and areas outside Japan.

Non-Consolidated Financial Summary For the Six Months Ended September 30, 2005

November 15, 2005

Name of Listed Company: NOK Corporation

Stock code number: 7240

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

Representative:

Masato Tsuru, President

Contact Person:

Kazuhiko Nakano, General Manager, Planning Dept.

Listed exchanges: Tokyo

Location of Head Office: Tokyo

TEL (03) 3434-1736

Date of Board Meeting approving financial results for the first-half of FY 2005: November 15, 2005

Interim dividend system: existent

Commencement of interim dividends payment: December 9, 2005

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

2. Non-consolidated financial results for the first half of FY 2005 (April 1, 2005 to September 30, 2005)

(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 2005	133,844	(4.5)	6,407	(23.9)	7,583	(14.6)
1st half of FY 2004	140,105	8.7	8,417	60.2	8,874	66.8
FY 2004	275,360		14,864		15,374	

	Net Income		Net income per Share
	million yen	%	yen
1st half of FY 2005	4,859	(35.2)	28.08
1st half of FY 2004	7,499	142.6	43.33
FY 2004	16,276		93.54

(Note) 1. Average outstanding shares: 173,068,515 in 1st half of FY 2005; 173,069,820 in 1st half of FY 2004; 173,069,820 in FY 2004

2. Change in accounting policies: No

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 2005	8.00	—
1st half of FY 2004	8.00	—
FY 2004	—	16.00

(3) Consolidated Financial Position

	Total Assets	Shareholders' Equity	Equity Ratio	Shareholders' Equity per Share
	million yen	million yen	%	yen
September 30, 2005	242,998	118,100	48.6	682.39
September 30, 2004	225,345	101,076	44.9	584.02
March 31, 2004	230,928	108,744	47.1	627.83

(Note) 1. Outstanding shares: 173,068,300 at September 30, 2005; 173,069,605 at September 30, 2004; 173,068,677 at March 31, 2005

2. Treasury stocks: 70,237 at September 30, 2005; 68,932 at September 30, 2004; 69,860 at March 31, 2005

2. Projection for FY 2005 (April 1, 2005 to March 31, 2006)

	Sales	Ordinary Profit	Net Income	Annual Dividends per Share	
	million yen	million yen	million yen	Term-end yen	yen
Annual	275,800	16,200	9,900	8.00	16.00

(Reference) Forecasted net income per share (annual): 57.20 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 2005 projections, please see page 9 of the attached information sheets.

Comparative Balance Sheet

(in millions of yen)

Term Item	1st half of this fiscal year (As of September 30, 2005)		Previous fiscal year (As of March 31, 2005)		Increase/ decrease (from March 31, 2005)	1st half of previous fiscal year (As of September 30, 2004)	
	Amount	%	Amount	%		Amount	%
Assets	<u>242,998</u>		<u>230,928</u>		<u>12,070</u>	<u>225,345</u>	
<u>Current assets:</u>	<u>91,316</u>	37.6	<u>86,701</u>	37.5	<u>4,614</u>	<u>83,087</u>	36.9
Cash and deposits	2,452		2,342		110	3,170	
Notes receivable	17,694		11,389		6,304	8,187	
Accounts receivable	49,638		48,378		1,260	50,012	
Inventories	9,283		9,007		275	8,921	
Tax receivable	—		4,509		(4,509)	—	
Deferred tax assets	3,028		3,527		(499)	4,680	
Others	10,347		8,529		1,818	8,929	
Reserve for doubtful debts	(1,127)		(981)		(145)	(814)	
<u>Fixed assets:</u>	<u>151,682</u>	62.4	<u>144,226</u>	62.5	<u>7,455</u>	<u>142,258</u>	63.1
<u>Tangible fixed assets:</u>	<u>43,452</u>		<u>43,380</u>		<u>71</u>	<u>39,046</u>	
Buildings and structures	13,654		11,890		1,763	11,159	
Machinery and equipment	14,908		14,847		61	13,668	
Others	14,889		16,642		(1,753)	14,218	
<u>Intangible fixed assets:</u>	<u>71</u>		<u>73</u>		<u>(2)</u>	<u>77</u>	
<u>Investments and other assets:</u>	<u>108,158</u>		<u>100,771</u>		<u>7,387</u>	<u>103,134</u>	
Investment securities	86,515		75,062		11,452	78,330	
Long-term loans	11,484		12,185		(700)	12,394	
Deferred tax assets	2,010		6,217		(4,207)	5,882	
Others	10,177		9,320		856	8,104	
Allowance for losses on investment	(1,183)		(1,183)		—	(1,003)	
Reserve for doubtful debts	(844)		(831)		(13)	(574)	
Total Assets	242,998	100.0	230,928	100.0	12,070	225,345	100.0

(in millions of yen)

Item	Term	1st half of this fiscal year (As of September 30, 2005)		Previous fiscal year (As of March 31, 2005)		Increase/ decrease (from March 31, 2005)	1st half of previous fiscal year (As of September 30, 2004)	
		Amount	%	Amount	%		Amount	%
Liabilities		<u>124,898</u>	51.4	<u>122,183</u>	52.9	<u>2,714</u>	<u>124,269</u>	55.1
Current liabilities:		<u>72,159</u>	29.7	<u>72,546</u>	31.4	<u>(386)</u>	<u>81,240</u>	36.0
Accounts payable		28,075		27,867		208	26,712	
Short-term borrowings		14,814		16,388		(1,574)	21,038	
Other accounts payable and accrued expenses		10,042		8,883		1,158	8,026	
Accrued income taxes		2,262		—		2,262	4,518	
Reserve for bonus payments		4,179		3,849		329	4,281	
Employees' deposits		12,537		12,697		(159)	12,601	
Reserve for reorganization of production systems		—		2,550		(2,550)	3,600	
Others		248		309		(60)	462	
Fixed liabilities:		<u>52,738</u>	21.7	<u>49,637</u>	21.5	<u>3,101</u>	<u>43,029</u>	19.1
Long-term borrowings		13,154		9,510		3,644	2,740	
Reserve for retirement benefits		37,739		38,459		(720)	38,802	
Reserve for retirement lump sum grant for directors		400		446		(45)	411	
Others		1,444		1,220		223	1,074	
Shareholders' equity		<u>118,100</u>	48.6	<u>108,744</u>	47.1	<u>9,355</u>	<u>101,076</u>	44.9
Common stock		<u>23,335</u>	9.6	<u>23,335</u>	10.1	—	<u>23,335</u>	10.4
Legal capital reserve		<u>20,397</u>	8.4	<u>20,397</u>	8.8	—	<u>20,397</u>	9.1
Additional paid-in capital		20,397		20,397		—	20,397	
Retained earnings		<u>52,567</u>	21.6	<u>49,179</u>	21.3	<u>3,388</u>	<u>41,787</u>	18.5
Retained earnings		2,983		2,983		—	2,983	
Voluntary reserve		38,568		27,015		11,553	27,015	
Unappropriated retained earnings		11,014		19,179		(8,164)	11,787	
Net unrealized gain on investment securities		<u>21,930</u>	9.0	<u>15,962</u>	6.9	<u>5,968</u>	<u>15,682</u>	7.0
Treasury stock		<u>(130)</u>	(0.0)	<u>(129)</u>	(0.0)	<u>(1)</u>	<u>(126)</u>	(0.1)
Total liabilities and shareholder's equity		242,998	100.0	230,928	100.0	12,070	225,345	100.0

Comparative Profit and Loss Statement

(in millions of yen)

Item	1st half of this fiscal year (April 1, 2005 to September 30, 2005)		1st half of previous fiscal year (April 1, 2004 to September 30, 2004)		Increase/ decrease from previous interim fiscal year	Previous fiscal year (April 1, 2004 to March 31, 2005)	
	Amount	% of sales	Amount	% of sales		Amount	% of sales
Ordinary profit/loss							
<u>Operating profit/loss:</u>							
Sales	133,844	100.0	140,105	100.0	(6,261)	275,360	100.0
Cost of sales	111,182	83.1	116,543	83.2	(5,360)	229,357	83.3
Selling, general and administrative expenses	16,255	12.1	15,145	10.8	1,109	31,138	11.3
Operating income	6,407	4.8	8,417	6.0	(2,010)	14,864	5.0
<u>Non-operating profit/loss:</u>							
<u>Non-operating profit:</u>	<u>1,823</u>		<u>1,221</u>		<u>602</u>	<u>2,277</u>	
Interest and dividends received	1,024		545		479	1,150	
Others	798		676		122	1,127	
<u>Non-operating expenses:</u>	<u>647</u>		<u>763</u>		<u>(116)</u>	<u>1,767</u>	
Interest paid	458		475		(16)	914	
Others	188		287		(99)	852	
Ordinary profit	7,583	5.7	8,874	6.3	(1,291)	15,374	5.6
Extraordinary profit/loss							
<u>Extraordinary profit:</u>	<u>474</u>		<u>8,303</u>		<u>(7,829)</u>	<u>8,421</u>	
Gain on sale of fixed assets	474		1		472	118	
Gain on sale of investment securities	0		1		(1)	2	
Gain on return of the proxy portion of corporate employee pension funds to the government	–		8,300		(8,300)	8,300	
<u>Extraordinary loss:</u>	<u>206</u>		<u>4,704</u>		<u>(4,498)</u>	<u>4,634</u>	
Loss on disposal of fixed assets	203		271		(67)	1,048	
Provisions for reserve for reorganization of production systems	–		3,600		(3,600)	2,550	
Devaluation loss on investment securities	–		128		(128)	115	
Provision for allowance for losses on investment	–		–		–	180	
Depreciation on software	–		489		(489)	489	
Loss on impairment	1		204		(203)	213	
Others	2		11		(9)	38	
Net income before income taxes	7,851	5.9	12,473	8.9	(4,622)	19,160	7.0
Income taxes - current	2,280		4,630		(2,350)	1,910	
Income taxes - deferred	711		343		367	974	
Net income	4,859	3.6	7,499	5.4	(2,639)	16,276	5.9
Profits brought forward from the previous term	6,154		4,288		1,866	4,288	
Interim dividends	–		–		–	1,384	
Unappropriated retained earnings	11,014		11,787		(773)	19,179	

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.
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 by the straight-line method 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 by the straight-line method evenly in 10 years, a period not exceeding the expected average remaining working lives of the employees.
 - 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.
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.

[Notes to non-consolidated interim financial statements]

(Interim balance sheet)

(in millions of yen)

	1st half of this fiscal year (As of September 30, 2005)	1st half of previous fiscal year (As of September 30, 2004)	Previous fiscal year (As of March 31, 2005)
Accumulated depreciation of tangible fixed assets	80,994	87,301	85,628
Balance of loan guarantee	10	237	229
Amount discounted on notes receivable	11,242	9,187	15,983
Notes endorsed for payment	1,410	16,089	3,787
Unsettled transferred receivables	729	1,448	2,305
Number of treasury stock: common stock	70,237 stocks	68,932 stocks	69,860 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, 2005)	1st half of previous fiscal year (As of September 30, 2004)	Previous fiscal year (As of March 31, 2005)
Equivalent of acquisition cost	1,169	1,496	1,464
Equivalent of accumulated depreciation	794	873	988
Equivalent of residual value at the end of the term	374	623	475

Equivalent of unaccrued lease fees (in millions of yen)

	1st half of this fiscal year (As of September 30, 2005)	1st half of previous fiscal year (As of September 30, 2004)	Previous fiscal year (As of March 31, 2005)
Within one year	210	299	265
More than one year	164	324	209
Total	374	623	475

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, 2005)	1st half of previous fiscal year (As of September 30, 2004)	Previous fiscal year (As of March 31, 2005)
Lease fees payable (equivalent of depreciation)	146	179	332

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, 2005)	1st half of previous fiscal year (As of September 30, 2004)	Previous fiscal year (As of March 31, 2005)
Within one year	59	59	59
More than one year	325	385	355
Total	385	445	415

(Securities)

Shares of subsidiaries and affiliates with market value

(in millions of yen)

		1st half of this fiscal year (As of September 30, 2005)	1st half of previous fiscal year (As of September 30, 2004)	Previous fiscal year (As of March 31, 2005)
Shares of affiliates	Non-consolidated balance sheet amount	2,875	2,875	2,875
	Market value	10,688	8,040	9,432
	Unrealized gains	7,812	5,165	6,557