

## Non-Consolidated Financial Summary for Fiscal 2005 Ended March 31, 2006

May 12, 2006

Name of Listed Company: NOK Corporation  
 Securities Code Number: 7240  
 (URL <http://www.nok.co.jp>)  
 Representative: President, Masato Tsuru  
 Contact Person: Department Manager, Corporate Planning Dept., Kazuhiko Nakano  
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Share Listing: Tokyo, Nagoya  
 Location of Head Office: Tokyo

Date of Board Meeting Approving Fiscal 2005 Business Results: May 12, 2006  
 Commencement of term-end dividend payment: June 30, 2006  
 Date of Annual General Shareholders' Meeting: June 29, 2006  
 Whether Interim Dividend Scheme is Available: Yes  
 Whether Minimum Trading Unit is adopted: Yes (100 Shares)

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

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

	Sales		Operating income		Ordinary profit	
	million yen	%	million yen	%	million yen	%
FY 2005	273,813	(0.6)	12,653	(14.9)	15,186	(1.2)
FY 2004	275,360	3.1	14,864	11.8	15,374	12.2

	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 2005	10,426	(35.9)	59.78	–	8.8	6.2	5.5
FY 2004	16,276	117.7	93.54	–	16.0	6.7	5.6

Notes: 1. Average number of shares outstanding: Fiscal 2005: 173,068,298 shares Fiscal 2004: 173,069,498 shares

2. Change in accounting method: No

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	Year-end			
FY 2005	20.00	8.00	12.00	3,461	33.5	2.9
FY 2004	16.00	8.00	8.00	2,769	17.1	2.7

Note: Breakdown of dividends for fiscal 2005: 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 2005	259,352	127,836	49.3	738.19
FY 2004	230,928	108,744	47.1	627.83

Notes: 1. Number of shares outstanding at the year-end: Fiscal 2005: 173,067,565 shares Fiscal 2004: 173,068,677 shares

2. Number of treasury stock at the year-end: Fiscal 2005: 70,972 shares Fiscal 2004: 69,860 shares

### 2. Projections for Fiscal 2006 (April 1, 2006 to March 31, 2007)

	Sales	Ordinary profit	Net income	Full-year dividend per share		
				Year-end	Interim	Year-end
Interim	million yen	million yen	million yen	yen	yen	yen
Full-year	136,600	6,700	4,000	10.00	–	–
	252,000	16,100	9,500	–	10.00	20.00

(For reference) Estimated net income per share (full year): 54.89 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 2006 projections, refer to page 8 of the attached information sheets.

## Comparative Balance Sheet

(in million yen)

Item	Term	FY 2005 (as of March 31, 2006)		FY 2004 (as of March 31, 2005)		Increase/ (decrease)
		Amount	%	Amount	%	Amount
<b>(Assets)</b>		<b><u>259,352</u></b>	%	<b><u>230,928</u></b>	%	<b><u>28,423</u></b>
<b><u>Current assets</u></b>		<b><u>94,381</u></b>	36.4	<b><u>864,701</u></b>	37.5	<b><u>7,679</u></b>
Cash and deposits		3,295		2,342		953
Notes receivable		15,667		11,389		4,278
Accounts receivable		53,291		48,378		4,913
Inventories		9,515		9,007		508
Corporation taxes receivable		–		4,509		(4,509)
Deferred tax assets		2,743		3,527		(783)
Others		10,740		8,529		2,211
Reserve for doubtful debts		(873)		(981)		108
<b><u>Fixed assets</u></b>		<b><u>164,970</u></b>	63.6	<b><u>144,226</u></b>	62.5	<b><u>20,744</u></b>
<b><u>Tangible fixed assets</u></b>		<b><u>42,912</u></b>		<b><u>43,380</u></b>		<b><u>(467)</u></b>
Buildings and structures		14,909		11,890		3,018
Machinery and equipment		16,036		14,847		1,189
Others		11,966		16,642		(4,675)
<b><u>Intangible fixed assets</u></b>		<b><u>66</u></b>		<b><u>73</u></b>		<b><u>(7)</u></b>
<b><u>Investments and other assets</u></b>		<b><u>121,991</u></b>		<b><u>100,771</u></b>		<b><u>21,219</u></b>
Investment securities		101,558		75,062		26,495
Long-term loans		11,611		12,185		(573)
Deferred tax assets		–		6,217		(6,217)
Others		10,414		9,320		1,093
Allowance for losses on investment		(986)		(1,183)		197
Reserve for doubtful debts		(607)		(831)		224
<b>Total Assets</b>		<b>259,352</b>	100.0	<b>230,928</b>	100.0	<b>28,423</b>

(in million yen)

Item	Term	FY 2005 (as of March 31, 2006)		FY 2004 (as of March 31, 2005)		Increase/ (decrease)
		Amount	%	Amount	%	Amount
	<b>(Liabilities)</b>	<b><u>131,515</u></b>	50.7%	<b><u>122,183</u></b>	52.9%	<b><u>(9,332)</u></b>
	<b><u>Current liabilities</u></b>	<b><u>79,432</u></b>	30.6	<b><u>72,546</u></b>	31.4	<b><u>(6,886)</u></b>
	Accounts payable	29,670		27,867		1,802
	Short-term borrowings	18,690		16,388		2,301
	Other accounts payable and accrued expenses	7,977		8,883		(906)
	Accrued income taxes	4,732		–		4,732
	Employees' deposits	12,508		12,697		(188)
	Reserves for bonus payments	3,895		3,849		46
	Reserve for restructuring of production facilities	–		2,550		(2,550)
	Others	1,957		309		1,648
	<b><u>Fixed liabilities</u></b>	<b><u>52,082</u></b>	20.1	<b><u>49,637</u></b>	21.5	<b><u>2,445</u></b>
	Long-term borrowings	10,892		9,510		1,381
	Long-term deferred tax liabilities	1,932		–		1,932
	Reserve for retirement benefits	37,185		38,459		(1,274)
	Reserve for retirement lump sum grant for directors	437		446		(8)
	Others	1,634		1,220		413
	<b>(Shareholders' Equity)</b>	127,836	49.3	108,744	47.1	19,091
	<b><u>Common stock</u></b>	<b><u>23,335</u></b>	9.0	<b><u>23,335</u></b>	10.1	—
	<b><u>Capital surplus</u></b>	<b><u>20,397</u></b>	7.9	<b><u>20,397</u></b>	8.8	—
	Additional paid-in capital	20,397		20,397		—
	<b><u>Earned surplus</u></b>	<b><u>56,749</u></b>	21.9	<b><u>49,179</u></b>	21.3	<b><u>7,569</u></b>
	Retained earnings	2,983		2,983		–
	Voluntary reserve	38,568		27,015		11,553
	Special depreciation reserve	125		125		0
	Deferred gains on sale of fixed assets	843		790		53
	General reserve	37,600		26,100		11,500
	Unappropriated retained earnings	15,196		19,179		(3,983)
	<b><u>Net unrealized gain on investment securities</u></b>	<b><u>27,487</u></b>	<b>10.6</b>	<b><u>15,962</u></b>	<b>6.9</b>	<b><u>11,525</u></b>
	<b><u>Treasury stock</u></b>	<b><u>(133)</u></b>	<b>(0.1)</b>	<b><u>(129)</u></b>	<b>(0.0)</b>	<b>(3)</b>
	<b>Total Liabilities and Shareholders' Equity</b>	<b>259,352</b>	100.0	<b>230,928</b>	100.0	<b>28,423</b>

## Comparative Profit and Loss Statement

(in million yen)

Item	FY 2005 (April 1, 2005 to March 31, 2006)		FY 2004 (April 1, 2004 to March 31, 2005)		Increase/ (decrease)
	Amount	% on Sales	Amount	% on Sales	Amount
<b>(Ordinary profit/loss)</b>		%		%	
<b><u>Operating profit/loss:</u></b>					
Sales	273,813	100.0	275,360	100.0	(1,547)
Cost of sales	229,469	83.8	229,357	83.3	111
Selling, general and administrative expenses	31,690	11.6	31,138	11.3	551
<b>Operating income</b>	15,186	5.5	15,374	5.6	(188)
<b><u>Ordinary profit</u></b>					
<b>(Extraordinary profit/loss)</b>					
<b><u>Extraordinary profit:</u></b>	<b><u>2,041</u></b>		<b><u>8,421</u></b>		<b><u>(6,379)</u></b>
Gain on sale of fixed assets	477		118		358
Gain on sale of investment securities	1,035		2		1,033
Gain on reversal of reserve for doubtful debts	331		-		331
Gain on reversal of reserve for loss on investments in unconsolidated subsidiaries and affiliates	197		-		197
Gain on return of substitutable portion of welfare pension fund	-		8,300		(8,300)
<b><u>Extraordinary loss:</u></b>	<b><u>373</u></b>		<b><u>4,634</u></b>		<b><u>(4,261)</u></b>
Loss on disposal of fixed assets	341		1,048		(706)
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		(180)
Software depreciation expense			489		(489)
Loss on impairment of fixed assets	3		213		(209)
Others	28		38		(10)
<b><u>Income before income taxes</u></b>	<b><u>16,854</u></b>	6.2	<b><u>19,160</u></b>	7.0	<b><u>(2,306)</u></b>
Income taxes - current	5,210		1,910		3,300
Income taxes - deferred	1,218		974		243
<b>Net income</b>	<b>10,426</b>	3.8	<b>16,276</b>	5.9	<b>(5,850)</b>
Unappropriated retained earnings carried forward from the previous term	6,154		4,288		1,866
Interim dividends	1,384		1,384		(0)
<b><u>Unappropriated retained earnings</u></b>	<b><u>15,196</u></b>		<b><u>19,179</u></b>		<b><u>(3,983)</u></b>
<b>Unappropriated retained earnings</b>	<b>15,196</b>		<b>19,179</b>		<b>(3,983)</b>

### Statement of Appropriation of Retained Earnings

(in million yen)

Item	Term	FY 2005 (April 1, 2005 to March 31, 2006)	FY 2004 (April 1, 2004 to March 31, 2005)	Increase/ (decrease)
		Amount	Amount	Amount
Unappropriated retained earnings		15,196	19,179	(3,983)
Reversal of special tax purpose reserve		35	42	(7)
Total		15,231	19,222	(3,990)
Appropriation of retained earnings				
Dividends		2,076	1,384	692
Directors' bonuses		79	87	(7)
<of which paid to auditors>		<9>	<9>	<(0)>
Special tax purpose reserve		2	42	(40)
Deferred gains on sale of fixed assets		216	53	163
Transfer to general reserve		5,500	11,500	(6,000)
Unappropriated retained earnings carried forward to the next term		7,356	6,154	1,201

## **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.
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.
  - 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.
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]

(Balance sheets)

(in million yen)

	FY 2005	FY 2004
Accumulated depreciation of tangible fixed assets	82,632	85,628
Balance of loan guarantee	10	229
Amount discounted on notes receivable	13,143	15,983
Notes endorsed for payment	1,233	3,787
Unsettled transferred receivables	749	2,305
Number of treasury stock: common stock	70,972 shares	69,860 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 2005	FY 2004
Equivalent of acquisition cost	1,469	1,464
Equivalent of accumulated depreciation	1,092	988
Equivalent of residual value at end of the term	377	475

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

(in million yen)

	FY 2005	FY 2004
Within 1 year	163	265
More than 1 year	214	209
Total	377	475

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 2005	FY 2004
Lease fees payable (equivalent of depreciation)	270	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. Operating lease transactions

Unaccrued lease fees

(in million yen)

	FY 2005	FY 2004
Within 1 year	59	59
More than 1 year	295	355
Total	355	415

(Securities)

Shares of subsidiaries and affiliates with market value

(in million yen)

Category		FY 2005	FY 2004
Shares of affiliates	Non-consolidated balance sheet amount	4,511	2,875
	Market value	16,390	9,432
	Unrealized gains	11,878	6,557

(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 2005	FY 2004
Reserve for doubtful debts	589	623
Accrued corporate taxes	336	–
Reserve for bonus payments	1,562	1,543
Excess of depreciation over the deductible limit	1,480	1,369
Investment securities	494	494
Allowance for losses on investment	395	474
Reserve for retirement benefits	14,911	15,139
Reserve for retirement lump sum grant for directors	175	179
Reserve for restructuring of production facilities	–	1,022
Others	446	639
Sub-total deferred tax assets	20,390	21,485
Valuation reserve	(647)	(518)
Total deferred tax assets	19,742	20,967
Corporation taxes receivable	–	114
Special tax purpose reserve	62	84
Deferred profit on fixed assets	468	337
Net unrealized gain on investment securities	18,401	10,685
Total deferred tax liabilities	18,932	11,222
Balance of deferred tax assets	810	9,744

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

(%)

	FY 2005	FY 2004
Statutory effective tax rate	40.1	40.1
(Reconciliation items)		
Permanent nondeductible expenses, such as entertainment expenses	1.8	1.3
Dividend income and others, which are permanently excluded from taxable income	(2.0)	(27.3)
Per capita inhabitant's tax	0.1	0.1
Valuation reserve	0.8	0.4
Others	(2.7)	0.5
Effective tax rate after adopting tax-effect accounting	38.1	15.1

### **Important Subsequent Event**

NOK Corporation, by a resolution of the Board of Directors meeting held on May 12, 2006, decided to divest its sales division of flexible printed circuits (FPC) for the electronic equipment industry to Nippon Mektron, Ltd., a wholly-owned subsidiary of NOK Corporation, as of October 1, 2006, pursuant to the provision of Article 784, Paragraph 3 of the Company Law regarding simplified divestiture through an absorbing company. Following the resolution, NOK Corporation entered into a divestiture agreement with Nippon Mektron, Ltd. on May 12, 2006.