



Consolidated Operating Results and Financial Position for the 1st Quarter of Fiscal Year 2006 Ending March 31, 2007

July 31, 2006

Name of Listed Company: NOK Corporation Securities Code Number: 7240

(URL <http://www.nok.co.jp>) Shares Listing: Tokyo (1st Section)

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1. Notes on the Preparation of the Quarterly Financial Statements

1) Use of simplified accounting method: Yes

(Description)

Accounting for income taxes are based on the projected annual tax rates, which are calculated from the normal effective statutory tax rates.

2) Changes in accounting principles (consolidated): No

3) Change in scope of consolidation and application of the equity method: Yes

(Description)

Consolidation Companies removed: 2

2. Summary of Consolidated Operating Results and Financial Position for the 1st Quarter of Fiscal Year 2006 Ending March 31, 2007 (April 1, 2006 to June 30, 2006)

(1) Consolidated Operating Results (Fractions are rounded down to the nearest million yen.)

	Net Sales		Operating Income		Ordinary Profit	
	million yen	%	million yen	%	million yen	%
1st Quarter of Fiscal 2006	116,830	8.5	11,852	(0.0)	13,056	1.4
1st Quarter of Fiscal 2005	107,668	5.6	11,856	(19.1)	12,872	(18.1)
(Reference) Fiscal 2005	450,630	10.7	45,258	(7.2)	49,956	(2.8)

	Net Income		Net Income per Share	Diluted Net Income per Share
	million yen	%	yen	yen
1st Quarter of Fiscal 2006	7,354	3.0	42.53	—
1st Quarter of Fiscal 2005	7,141	3.3	40.91	—
(Reference) Fiscal 2005	29,445	(21.3)	168.37	—

Note: Percentage figures shown for net sales, operating income and ordinary profit represent changes from the corresponding period in the previous fiscal year.

[Qualitative information on the progress of consolidated business results]

Seal products business:

Domestic sales remained robust, reflecting a steady growth in automobile production. In the overseas market, sales of seal products used for Japanese cars increased in China and Southeast Asia.

Flexible boards business:

While domestic sales of flexible boards for mobile phones increased due to a growth in sales of 3G multifunctional mobile phones, domestic sales as a whole saw only a modest growth due to a decrease in sales of the boards for other functions. In the overseas market, sales of the products used for mobile audio players and hard disks increased.

Other business:

While sales of rubber products for office machines and equipments witnessed a slight decrease, sales as a whole resulted in a moderate increase due to an increase in sales of products for the automotive industry.

(2) Consolidated Financial Position

	Total Assets	Net Assets	Capital Adequacy Ratio	Net Asset per Share
	million yen	million yen	%	yen
1st Quarter of Fiscal 2006	473,298	253,466	49.4	1,350.53
1st Quarter of Fiscal 2005	427,445	189,496	44.3	1,095.86
(Reference) Fiscal 2005	471,015	228,297	48.5	1,318.35

Consolidated Cash Flow Status

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at End of the Term
	million yen	million yen	million yen	million yen
1st Quarter of Fiscal 2006	11,987	(7,686)	548	49,830
1st Quarter of Fiscal 2005	8,116	(8,304)	2,313	45,423
(Reference) Fiscal 2006	52,610	(43,170)	(10,270)	44,081

[Qualitative information on the change of consolidated financial positions]

Total assets for the 1st Quarter of fiscal 2006 increased by 2,282 million yen from the end of the previous consolidated fiscal year to 473,298 million yen. This was attributable to an increase in cash and deposits at consolidated domestic and overseas subsidiaries, inventories and fixed tangible assets due to capital expenditures despite decreases in notes and accounts receivable from the execution of discount bills and investment securities due to changes in market values. Liabilities decreased by 3,507 million yen due to a decrease in the corporate tax payable, resulting from payment of corporate taxes, and a decrease in deferred tax liabilities. Net assets reached 253,466 million yen backed by a net income for the 1st Quarter of 7,354 million yen, making a capital adequacy ratio of 49.4%.

Cash flows from operating activities resulted in an inflow of 11,987 million yen due to execution of discount bills despite a decrease attributable to payment of corporate tax. Cash flows from investing activities saw an outflow of 7,686 million yen due to payment for the acquisition of fixed tangible assets. Cash flows from financing activities saw an inflow of 548 million yen due to an increase in short-term borrowings despite repayments of long-term borrowings.

As a result, cash and cash equivalent as of the end of the 1st Quarter of fiscal 2006 were 49,830 million yen, an increase of 5,748 million yen from the end of the previous fiscal year.

[Reference]

Consolidated Business Outlook for Fiscal 2006 ending March 31, 2007 (April 1, 2006 to March 31, 2007)

Currently, there is no change in our business outlook for the consolidated annual results for fiscal 2006 released on May 12, 2006.

[Attachment]

1. Consolidated Balance Sheet (Summary)

(in millions of yen)

Item	Term	1st Quarter of Fiscal 2006 (at June 30, 2006)		Fiscal 2005 (at March 31, 2006)		Increase/ (Decrease)	(Reference) 1st Q of Fiscal 2005 (at June 30, 2005)	
		Amount	%	Amount	%		Amount	%
(Assets)								
<u>Current assets</u>		<u>215,854</u>	45.6	<u>213,009</u>	45.2	<u>2,845</u>	<u>201,202</u>	47.1
Cash and deposits		54,414		47,870		6,543	48,399	
Notes and accounts receivable		104,250		109,888		(5,637)	96,343	
Inventories		43,077		40,817		2,260	35,682	
Others		14,112		14,432		(320)	20,776	
<u>Fixed assets</u>		<u>257,443</u>	54.4	<u>258,006</u>	54.8	<u>(563)</u>	<u>226,243</u>	52.9
Tangible fixed assets		151,260		148,152		3,108	135,354	
Intangible fixed assets		7,115		7,282		(166)	8,074	
Investment and other assets		99,066		102,571		(3,504)	82,814	
Total Assets		473,298	100.0	471,015	100.0	2,282	427,445	100.0
(Liabilities)								
<u>Current liabilities</u>		<u>143,742</u>	30.4	<u>144,414</u>	30.7	<u>(671)</u>	<u>142,984</u>	33.5
Notes payable and accounts payable		53,858		55,536		(1,677)	50,751	
Short-term borrowings		36,650		32,491		4,159	38,448	
Others		53,232		56,386		(3,153)	53,784	
<u>Fixed liabilities</u>		<u>76,089</u>	16.0	<u>78,924</u>	16.7	<u>(2,835)</u>	<u>79,699</u>	18.6
Long-term borrowings		15,906		17,111		(1,205)	21,750	
Reserve for retirement benefits		51,752		52,144		(392)	53,812	
Others		8,430		9,668		(1,237)	4,135	
Total Liabilities		219,831	46.4	223,338	47.4	(3,507)	222,683	52.1
Minority Interests		—	—	19,379	4.1	(19,379)	15,265	3.6
(Shareholder's Equity)								
Common Stock		—	—	23,335	5.0	(23,335)	23,335	5.5
Additional paid-in capital		—	—	22,393	4.7	(22,393)	22,393	5.2
Earned surplus		—	—	154,168	32.7	(154,168)	133,252	31.2
Net unrealized gains on other securities		—	—	28,159	6.0	(28,159)	16,411	3.8
Valuation variance of foreign exchange		—	—	441	0.1	(441)	(5,670)	(1.3)
Treasury stock		—	—	(201)	(0.0)	201	(225)	(0.1)
Total Shareholder's Equity		—	—	228,297	48.5	(228,297)	189,496	44.3
Total Liabilities, Minority Shareholders' Interest and Shareholders' Equity		—	—	471,015	100.0	(471,015)	427,445	100.0
(Net Assets)								
<u>Shareholder's Equity</u>		<u>204,775</u>	43.3	<u>—</u>	—	<u>204,775</u>	<u>—</u>	—
Common Stock		23,335		—		23,335	—	
Additional paid-in capital		22,451		—		22,451	—	
Earned surplus		159,178		—		159,178	—	
Treasury stock		(190)		—		(190)	—	
<u>Net unrealized gains, foreign currency translation adjustments, etc.</u>		<u>28,798</u>	6.1	<u>—</u>	—	<u>28,798</u>	<u>—</u>	—
Net unrealized gains on other securities		25,794		—		25,794	—	
Valuation variance of foreign exchange		3,003		—		3,003	—	
<u>Minority Shareholders' Interest</u>		<u>19,892</u>	4.2	<u>—</u>	—	<u>19,892</u>	<u>—</u>	—
Total Net Assets		253,466	53.6	—	—	253,466	—	—
Total Liabilities and Net Assets		473,298	100.0	—	—	473,298	—	—

2. Consolidated Profit and Loss Statement (Summary)

(in millions of yen)

Item	Term	1st Quarter of Fiscal 2006 (April 1, 2006 to June 30, 2006)		1st Quarter of Fiscal 2005 (April 1, 2005 to June 30, 2005)		Change Amount	(Reference) Fiscal 2005 (April 1, 2005 to March 31, 2006)	
		Amount	%	Amount	%		Amount	% on Sales
(Ordinary profit/loss)			%		%			%
<u>Operating profit/loss</u>								
Sales		116,830	100.0	107,668	100.0	9,162	450,630	100.0
Cost of sales		89,490	76.6	80,542	74.8	8,948	343,159	76.2
Selling, general and administrative expenses		15,488	13.3	15,269	14.2	218	62,212	13.8
Operating income		11,852	10.1	11,856	11.0	(4)	45,258	10.0
<u>Non-operating profit/loss</u>		<u>2,103</u>		<u>1,569</u>		<u>534</u>	<u>7,234</u>	
Interest and dividends received		563		359		203	1,081	
Investment gains on equity method		882		738		143	2,994	
Others		658		471		186	3,157	
<u>Non-operating expenses</u>		<u>899</u>		<u>553</u>		<u>345</u>	<u>2,535</u>	
Interest paid		435		363		71	1,633	
Others		464		189		274	902	
Ordinary profit		13,056	11.2	12,872	12.0	183	49,956	11.1
(Extraordinary profit/loss)								
Extraordinary profit		620		259		361	1,519	
Extraordinary loss		178		168		10	1,555	
Current net income and before income taxes (quarterly)		13,498	11.6	12,963	12.0	535	49,921	11.1
Income taxes-current		5,127		4,968		158	16,959	
Minority interests		1,016		853		163	3,515	
Net income		7,354	6.3	7,141	6.6	213	29,445	6.5

3. Consolidated Statement of Cash Flows (Summary)

(in millions of yen)

Item	Term	1st Quarter of Fiscal 2006 (April 1, 2006 to June 30, 2006)	1st Quarter of Fiscal 2005 (April 1, 2005 to June 30, 2005)	(Reference) Fiscal 2005 (April 1, 2005 to March 31, 2006)
		Amount	Amount	Amount
I. Cash flows from operating activities:				
Current net income and brief income taxes (quarterly)		13,498	12,963	49,921
Depreciation expense		6,122	5,541	25,051
Increase (decrease) in accounts receivable		1,772	780	(4,704)
Increase (decrease) in inventories		(1,935)	(46)	(4,146)
Decrease in accounts payable		(4,476)	(4,054)	(1,152)
Others		2,976	(3,351)	(7,592)
----- Sub Total		17,958	11,832	57,376

Income taxes paid		(5,968)	(3,600)	(5,019)
Others		(2)	(115)	253
Net cash flows from operating activities		11,987	8,116	52,610
II. Cash flows from investing activities:				
Payments for tangible fixed assets		(8,623)	(9,603)	(44,986)
Proceeds from sale of shares in subsidiaries		1,456	—	—
Others		(516)	1,298	1,816
Net cash flows from investing activities		(7,686)	(8,304)	(43,170)
III. Cash flows from financing activities:				
Net increase (decrease) in short-term borrowings		4,735	(935)	(5,898)
Proceeds from long-term borrowings		1,381	7,970	10,319
Repayment of long-term borrowings		(3,120)	(2,809)	(11,976)
Dividends paid by the Company		(1,895)	(1,383)	(2,765)
Others		(551)	(529)	49
Net cash flows from financing activities		548	2,313	(10,270)
IV. Adjustment on foreign currency translation of cash and cash equivalents		899	600	2,213
V. Net change in cash and cash equivalents		5,748	2,725	1,383
VI. Cash and cash equivalents at beginning of the term		44,081	41,519	41,519
VII. Increase in cash and cash equivalents due to change in the scope of consolidation		—	1,178	1,178
VIII. Cash and cash equivalents at term end		49,830	45,423	44,081

Note: Cash and cash equivalents at the term end as listed above and the balance listed on the consolidated balance sheet (summary) (in millions of yen)

Item	1st Quarter of Fiscal 2006	1st Quarter of Fiscal 2005	Fiscal 2005
Cash and deposits	54,414	48,399	47,870
Time deposits more than three months	(4,583)	(2,975)	(3,788)
Total	49,830	45,423	44,081

4. Segment Information

(1) Segment Information by Business Category

1st Quarter of Fiscal 2006 (April 1, 2006 to June 30, 2006)

(in millions of yen)

	Seal Products	Flexible Boards	Other Products	Total	Eliminations/Corporate	Consolidated
Sales and operating profit/loss Sales:						
(1) Sales to external customers	51,337	41,254	24,238	116,830	—	116,830
(2) Inter-segment sales/transfers	390	—	1,684	2,074	(2,074)	—
Total	51,727	41,254	25,922	118,905	(2,074)	116,830
Operating expenses	47,308	34,812	24,945	107,066	(2,087)	104,978
Operating income	4,419	6,441	977	11,838	13	11,852

1st Quarter of Fiscal 2005 (April 1, 2005 to June 30, 2005)

(in millions of yen)

	Seal Products	Flexible Boards	Other Products	Total	Eliminations/Corporate	Consolidated
Sales and operating profit/loss Sales:						
(1) Sales to external customers	47,794	36,268	23,604	107,668	—	107,668
(2) Inter-segment sales/transfers	231	—	1,564	1,796	(1,796)	—
Total	48,026	36,268	25,169	109,464	(1,796)	107,668
Operating expenses	43,133	30,426	24,101	97,661	(1,849)	95,811
Operating income	4,893	5,842	1,067	11,803	53	11,856

Fiscal 2005 (April 1, 2005 to March 31, 2006)

(in millions of yen)

	Seal Products	Flexible Boards	Other Products	Total	Eliminations/Corporate	Consolidated
Sales and operating profit/loss Sales:						
(1) Sales to external customers	198,299	155,035	97,294	450,630	—	450,630
(2) Inter-segment sales/transfers	973	30	6,039	7,043	(7,043)	—
Total	199,272	155,066	103,334	457,674	(7,043)	450,630
Operating expenses	183,246	129,710	99,520	412,477	(7,104)	405,372
Operating income	16,026	25,356	3,814	45,196	61	45,258

Notes: Main Products of Respective Business Categories

Business category	Main Products
Seal products	Oil seals, O-rings, vibration controls, resin products and gaskets
Flexible boards	Flexible printed circuits
Other products	Rubber products for office machines and equipments, chemical products, special lubricants and mechanical face seals

(2) Segment Information by Location

1st Quarter of Fiscal 2006 (April 1, 2006 to June 30, 2006)

(in millions of yen)

	Japan	Asia	Other Areas	Total	Eliminations/ Corporate	Consolidated
Sales and operating profit/loss Sales:						
(1) Sales to external customers	75,987	36,507	4,336	116,830	—	116,830
(2) Inter-segment sales/transfers	11,561	5,003	91	16,656	(16,656)	—
Total	87,549	41,510	4,427	133,487	(16,656)	116,830
Operating expenses	80,406	36,855	4,458	121,720	(16,741)	104,978
Operating income (loss)	7,143	4,655	(31)	11,767	84	11,852

1st Quarter of Fiscal 2005 (April 1, 2005 to June 30, 2005)

(in millions of yen)

	Japan	Asia	Other Areas	Total	Eliminations/ Corporate	Consolidated
Sales and operating profit/loss Sales:						
(1) Sales to external customers	74,828	28,146	4,693	107,668	—	107,668
(2) Inter-segment sales/transfers	7,595	3,563	80	11,239	(11,239)	—
Total	82,424	31,709	4,773	118,907	(11,239)	107,668
Operating expenses	75,470	27,022	4,699	107,192	(11,380)	95,811
Operating income (loss)	6,953	4,686	74	11,715	141	11,856

Fiscal 2005 (April 1, 2005 to March 31, 2006)

(in millions of yen)

	Japan	Asia	Other Areas	Total	Eliminations/ Corporate	Consolidated
Sales and operating profit/loss Sales:						
(1) Sales to external customers	305,371	128,948	16,310	450,630	—	450,630
(2) Inter-segment sales/transfers	31,379	14,391	541	46,313	(46,313)	—
Total	336,750	143,340	16,852	496,943	(46,313)	450,630
Operating expenses	312,154	123,405	16,751	452,311	(46,938)	405,372
Operating income (loss)	24,596	19,934	101	44,632	625	45,258

Notes: 1. Countries and areas are grouped by geographical proximity.

2. Principal countries and areas belonging to the above segments except Japan are as follows:

1) Asia: Singapore, Thailand, Taiwan and China

2) Other areas: The United States and Germany

(3) Overseas Sales

(in millions of yen)

Term		Asia	Other Areas	Total
1st Quarter of Fiscal 2006 (April 1, 2006 to June 30, 2006)	I. Overseas sales	37,629	6,532	44,161
	II. Consolidated sales			116,830
	III. Percentage of overseas sales in consolidated sales	32.2%	5.6%	37.8%

(in millions of yen)

Term		Asia	Other Areas	Total
1st Quarter of Fiscal 2005 (April 1, 2005 to June 30, 2005)	I. Overseas sales	29,338	6,619	35,957
	II. Consolidated sales			107,668
	III. Percentage of overseas sales in consolidated sales	27.3%	6.1%	33.4%

(in millions of yen)

Term		Asia	Other Areas	Total
Fiscal 2005 (April 1, 2005 to March 31, 2006)	I. Overseas sales	131,112	24,941	156,053
	II. Consolidated sales			450,630
	III. Percentage of overseas sales in consolidated sales	29.1%	5.5%	34.6%

Notes: 1. Countries and areas are grouped by geographical proximity.

2. Principal countries and areas belonging to the above segments except Japan are as follows:

1) Asia: Singapore, Thailand, Taiwan and China

2) Other areas: The United States and Germany

3. Overseas sales represent sales by the Company and its consolidated subsidiaries in countries or areas other than Japan.