

NOK CORPORATION and Consolidated Subsidiaries

Consolidated Financial Results for the First Quarter Ended June 30, 2008

Date: July 31, 2008

Name of Listed Company: NOK Corporation
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(Fractions are rounded down to the nearest million yen)

1. Consolidated Business Results for the First Quarter of Fiscal 2008 (April 1, 2008 to June 30, 2008)

(1) Consolidated operating results (year-to-date basis) (Percentage figures represent year-on-year changes.)

	Net sales		Operating income		Ordinary profit		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
1Q FY 2008	132,368	-	8,902	-	10,152	-	7,258	-
1Q FY 2007	125,976	7.8	10,960	(7.5)	12,728	(2.5)	7,325	(0.4)

	Net income per share		Diluted net income per share	
	yen		yen	
1Q FY 2008	41.97		-	
1Q FY 2007	42.36		-	

(2) Consolidated financial position

	Total assets		Net assets		Capital ratio		Net assets per share	
	million yen		million yen		%	yen		
1Q FY 2008	520,297		285,804		50.8	1,528.16		
FY 2007	532,759		298,247		51.4	1,583.93		

Reference: Shareholders' equity: 264,255 million yen (as of June 30, 2008)

273,910 million yen (as of March 31, 2008)

2. Dividends

(Base date)	Dividends per share					Total annual
	1Q-end	Interim	3Q-end	Final		
FY2007	yen	yen	yen	yen	yen	yen
FY2008	-	10.00	-	10.00	20.00	
FY2008 (Projection)	-	10.00	-	10.00	20.00	

Note: Quarterly dividend projections have not been revised.

3. Consolidated Performance Forecasts for Fiscal 2008 (April 1, 2008 to March 31, 2009)

(Percentage figures represent year-on-year changes.)

	Net sales		Operating income		Ordinary profit		Net income		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Half year	272,000	-	18,800	-	20,500	-	11,100	-	64.19
Full year	556,000	5.6	44,500	4.8	48,0007.1	7.1	26,500	2.5	153.24

Note: Consolidated performance forecasts have not been revised.

4. Other Information

- (1) Changes in significant subsidiaries during the term (change in specific subsidiaries due to change in the scope of consolidation): None
- (2) Application of simplified accounting treatments and accounting treatments specific to the preparation of quarterly consolidated financial statements: Yes
Note: For details, please refer to "Qualitative Information and Financial Statements, etc." on page 3.
- (3) Changes in principles, procedures and presentation, etc. of accounting treatment relating to preparation of quarterly consolidated financial statements (matters to be described as significant changes in the basic principle for preparation of quarterly consolidated financial statements):
 - i) Changes due to amendments to accounting standards, etc.: Yes
 - ii) Changes other than those described in i) above: Yes
 Note: For details, please refer to "Qualitative Information and Financial Statements, etc." on page 3.
- (4) Number of shares issued and outstanding (common stock)
 - i) Number of shares issued and outstanding
as of end of the term (including treasury stock): 173,138,537 (as of June 30, 2008); 173,138,537 (as of March 31, 2008)
 - ii) Number of treasury shares: 213,939 (as of June 30, 2008); 207,757 (as of March 31, 2008)
 - iii) Average number of shares during the term (year to date): 172,928,664 (1Q FY 2008) 172,943,626 (1Q FY 2007)

*Notice concerning proper use of projections of operating results and other important matters:

- a) The projections in this material were prepared based on judgments and assumptions drawn from information available as of the date of preparation of this document, and contain uncertainties. Please note that actual business results may differ significantly from these projections depending on various factors. Significant factors that may affect actual business performance include but are not limited to the economic conditions prevailing in and around the business arena of the Company and its Group companies, market trends and foreign exchange rates of the yen against the U.S. dollar and other currencies.
- b) Projections for fiscal 2008 as announced on May 12, 2008 have not been revised.
- c) "Accounting Standard for Quarterly Financial Reporting" (Accounting Standards Board of Japan Statement No. 12) and "Guidance on Accounting Standard for Quarterly Financial Reporting" (ASBJ Guidance No. 14) have been applied to the consolidated results starting from the current fiscal year (ending March 31, 2009). In addition, quarterly consolidated financial statements were prepared in accordance with the "Regulations on Quarterly Consolidated Financial Statements."

Qualitative Information and Financial Statements, etc.

1. Qualitative information concerning consolidated operating results

Reflecting surges in the prices of oil and other raw materials and an economic slowdown in the United States, uncertainty about the future prospects of the Japanese economy mounted during the first quarter of the current fiscal year (ending March 31, 2009).

In the Japanese automobile industry, production expanded due to higher sales, particularly in Asia and emerging markets, despite reduced sales in the domestic market.

In the electronic equipment industry, production of mobile phones, hard disk drives (HDDs) and digital still cameras increased as a result of buoyant demand in emerging markets. However, the market as a whole continued its downward trend in product prices.

In the business machine sector, production volume for copiers, etc. increased due to robust demands in emerging markets, offsetting a dip in demand in North America, where capital spending has decreased.

The performance of each business segment against this backdrop is outlined below.

In the seal business, reflecting an increase in sales, particularly in Asia and emerging markets, of fuel-efficient models made by Japanese manufacturers against a background of high oil prices, the production volume of Japanese automakers' automobiles increased both in terms of exports and production at overseas plants. In addition, production volumes of Japanese construction machinery manufacturers increased, generating higher sales as a result of expanding global demand for construction equipment. As a consequence, segment sales rose 8.0% on a year-on-year basis to 72,544 million yen. Operating income rose 1.2% year on year to 6,381 million yen, despite steep increases in the prices of steel and other raw materials.

In the flexible printed circuit (FPC) business, NOK recorded higher production volumes and sales of FPCs for digital still cameras due to an increase in demand across both the compact and single-lens reflex segments of the market. As a result, segment sales increased 4.1% compared with the same period last year to 45,953 million yen. In contrast, operating income for the first quarter declined 35.6% year on year to 2,627 million yen, negatively affected by an increase in costs mainly related to the development of overseas production facilities in addition to lower profits associated with adverse currency movements recorded with FPCs for HDDs.

In the roll business, segment sales fell 7.7% compared with the first quarter of last year to 9,717 million yen. This reflected a number of adverse factors, including an ongoing slide in business machine demand in North America; unit price declines caused by the entry of Chinese manufacturers into the sector; and shrinkage in the after-sales market for copiers associated with increasing durability. The segment posted an operating loss of 279 million yen, which represented a decline of 542 million yen on a year-on-year basis. This was primarily attributable to steep increases in raw material prices and currency translation effects.

Consolidated net sales for the three-month period ended June 30, 2008 totaled 132,368 million yen, an increase of 5.1% compared with the same period in the previous year. Operating income amounted to 8,902 million yen, a year-on-year decline of 18.8%, while ordinary profit fell 20.2% year on year to 10,152 million yen. Net income for the first quarter of the fiscal year ending March 2009 was 7,258 million yen, a decrease of 0.9% from a year earlier.

2. Qualitative information on consolidated financial position

Total consolidated assets as of June 30, 2008 amounted to 520,297 million yen, decreasing by 12,461 million yen compared with the end of the previous fiscal year (March 31, 2008). This decline is mainly attributable to the adverse effect of the appreciation of the yen in the foreign exchange translation of the assets of the consolidated overseas subsidiaries, which offset the growth in assets due to capital investments.

Total liabilities as of June 30, 2008 amounted to 234,493 million yen, a decrease of 18 million yen compared with the previous fiscal year-end. While income taxes payable and reserve for employee bonus payments decreased, short-term borrowings increased to finance payment of income taxes and employee bonuses.

Net assets as of June 30, 2008 totaled 285,804 million yen, a decrease of 12,442 million yen from the previous fiscal year-end. This was mainly a reflection of lower translation adjustments associated with yen appreciation. The capital ratio at the end of the first quarter was 50.8%.

(Status of Cash Flows)

Cash and cash equivalents (hereinafter, "fund") as of June 30, 2008 decreased 4,121 million yen to 34,657 million yen from the end of the previous fiscal year's consolidated results. The consolidated status of cash flows for the first quarter of the current fiscal year is outlined below.

(Cash flows from operating activities)

Fund generated through operating activities reached 3,424 million yen, decreasing 40.8% on a year-on-year basis. This is mainly attributable to a decrease in income before taxes and minority interests.

(Cash flows from investing activities)

Fund used in investing activities was 13,523 million yen, a year-on-year decrease of 0.2%, as a result of acquisition of tangible fixed assets including investments for expansion of production at home and abroad.

(Cash flows from financing activities)

Fund generated from financing activities amounted to 9,661 million yen, an increase of 69.2% compared with the same period last year. This result is a reflection mainly of scheduled repayments of long-term borrowings, while short-term fund was newly borrowed to apply to tax payment and working capital.

3. Qualitative information on consolidated business performance forecasts

There is no change in the business performance forecasts announced on May 12, 2008.

4. Other information

(1) Changes in significant subsidiaries during the term (change in specific subsidiaries due to change in the scope of consolidation):

Not applicable.

(2) Application of simplified accounting treatments and accounting treatments specific to the preparation of quarterly consolidated financial statements

1. Simplified accounting treatments

For measurement of inventories as of the end of the term, some consolidated subsidiaries omitted a physical inventory check, and calculated the amount of inventories by a reasonable method based on the physical inventory check conducted as of the end of the previous fiscal year.

2. Accounting treatments specific to the preparation of quarterly consolidated financial statements

As to tax expense, some consolidated subsidiaries calculated the amount by reasonably estimating an effective tax rate after applying tax effect accounting to income before income taxes and minority interests for the consolidated fiscal year containing the current first-quarter period, and multiplying such estimated effective tax rate by income before income taxes and minority interests.

Deferred income tax is included in income taxes.

(3) Changes in principles, procedures and presentation, etc. of accounting treatment relating to preparation of quarterly consolidated financial statements

• Changes in matters concerning accounting standards

1. “Accounting Standard for Quarterly Financial Reporting” (Accounting Standards Board of Japan Statement No. 12) and “Guidance on Accounting Standard for Quarterly Financial Reporting” (ASBJ Guidance No. 14) have been applied to the consolidated results starting from the current fiscal year (ending March 31, 2009). In addition, quarterly consolidated financial statements were prepared in accordance with the “Regulations on Quarterly Consolidated Financial Statements.”

2. With regard to inventories held for sale in the ordinary course of business, finished goods and work-in-process goods of the parent company and its consolidated domestic subsidiaries were previously stated mainly at cost on a retail method basis, and raw materials and stored goods were measured at cost, based on the periodic average method. However, with the Company’s adoption of “Accounting Standard for Measurement of Inventories” (ASBJ Statement No. 9) from the first quarter ended June 30, 2008, finished goods and work-in-process goods of the parent company and its consolidated domestic subsidiaries are measured at cost on a retail method basis (balance sheet value is stated by writing down carrying value based upon lowered profitability), and raw materials and stored goods are mainly stated at cost, based on the periodic average method (balance sheet value is stated by writing down carrying value based upon lowered profitability).

The impact of this change on operating income, ordinary profit and income before income taxes and minority interests is insignificant.

3. “Practical Solution on Unification of Accounting Policies Applied to Overseas Subsidiaries for Consolidated Financial Statements” (ASBJ Practical Issues Task Force No. 18) has been applied from the first quarter ended June 30, 2008, and necessary modifications have been made for consolidation.

The impact of this change on operating income, ordinary profit and income before income taxes and minority interests is a decrease of 135 million yen for each.

4. Finance lease transactions without title transfer were formerly accounted for as operating lease. However, application was permitted of “Accounting Standard for Lease Transactions” (ASBJ Statement No. 13) and “Guidance on Accounting Standard for Lease Transactions” (ASBJ Guidance No. 16) to the consolidated quarterly financial statements relevant to the fiscal year beginning on or after April 1, 2008. As a result, the Company adopted the aforementioned standard and guidance from the first quarter of the current fiscal year for consolidated results, capitalizing all finance lease transactions. In addition, leased assets related to finance lease transactions without title transfer are depreciated on a straight-line basis, with the lease periods as their useful lives and no residual value. Finance lease transactions without title transfer of which the starting dates of lease transactions are prior to the beginning of the fiscal year to which such accounting standard and guidance is applied are accounted for as operating leases.

The impact of this change on operating income, ordinary profit and income before income taxes and minority interests is insignificant.

• Additional information

The amendment of the Corporate Tax Law in fiscal 2008 included the shortening of the useful lives of machinery and equipment. In accordance with such amendment, the Company and its consolidated domestic subsidiaries have shortened the useful lives of machinery and equipment from the first quarter of the current fiscal year in the consolidated results.

The impact of this change on operating income, ordinary profit and income before income taxes and minority interests is a decrease of 328 million yen for each.

5. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheet

(million yen)

	As of end of 1Q FY 2008 (June 30, 2008)	Summary of consolidated balance sheet as of end of FY 2007 (March 31, 2008)
Assets		
Current assets		
Cash and deposits	35,762	39,756
Notes and accounts receivable	121,828	125,369
Finished goods	20,194	20,680
Raw materials	9,006	10,500
Work in process	18,986	18,749
Other	19,291	20,413
Allowance for doubtful accounts	(958)	(995)
Total current assets	224,112	234,475
Fixed assets		
Tangible fixed assets		
Buildings and structures (net)	69,919	68,494
Machinery, equipment and vehicles (net)	81,583	84,730
Other (net)	46,669	47,733
Total tangible fixed assets	198,171	200,958
Intangible fixed assets		
Goodwill	2,424	2,825
Other	1,507	1,686
Total intangible fixed assets	3,932	4,512
Investments and other assets		
Investments in securities	62,091	59,774
Other	32,210	33,261
Allowance for doubtful accounts	(220)	(223)
Total investments and other assets	94,081	92,812
Total fixed assets	296,185	298,283
Total assets	520,297	532,759
Liabilities		
Current liabilities		
Notes and accounts payable-trade	56,036	59,972
Short-term borrowings	58,977	45,706
Income taxes payable	3,079	7,255
Allowance for employee bonuses	5,497	8,230
Other allowances and reserves	550	799
Other	44,309	44,842
Total current liabilities	168,451	166,806
Fixed liabilities		
Long-term borrowings	9,787	13,724
Reserve for retirement benefits	48,676	47,546
Other allowances and reserves	1,349	1,326

	(million yen)	
	As of end of 1Q FY 2008 (June 30, 2008)	Summary of consolidated balance sheet as of end of FY 2007 (March 31, 2008)
Other	6,228	5,107
Total fixed liabilities	66,041	67,705
Total liabilities	234,493	234,511
Net assets		
Shareholders' equity		
Common stock	23,335	23,335
Additional paid-in capital	22,451	22,451
Retained earnings	201,170	197,464
Treasury stock	(235)	(223)
Total shareholders' equity	246,723	243,029
Valuation and translation gains/losses		
Net unrealized gains on other securities	20,549	17,988
Translation adjustments	(3,016)	12,892
Total valuation and translation gains/losses	17,532	30,881
Minority interests	21,549	24,337
Total net assets	285,804	298,247
Total liabilities and net assets	520,297	532,759

(2) Quarterly Consolidated Income Statement
(First-quarter period on a year-to-date basis)

	(million yen)
	1Q FY 2008 on a year-to-date basis (April 1, 2008 to June 30, 2008)
Net sales	132,368
Cost of sales	106,485
Gross profit	25,883
Selling, general and administrative expenses	
Salary and allowances	4,353
Increase in allowance for bonuses	1,077
Retirement and severance costs	481
Other SG&A expenses	11,068
Total SG&A expenses	16,981
Operating income	8,902
Non-operating income	
Dividends received	485
Equity in earnings of affiliates	1,270
Other	663
Total non-operating income	2,419
Non-operating expenses	
Interest paid	624
Currency translation losses	336
Other	208
Total non-operating expenses	1,169
Ordinary profit	10,152
Extraordinary gains	
Reversal of allowance for doubtful accounts	150
Reversal of reserve for retirement benefits	104
Other	116
Total extraordinary gains	372
Extraordinary losses	
Loss on disposal of fixed assets	160
Other	123
Total extraordinary losses	283
Income before income taxes and minority interests	10,240
Income taxes	2,343
Minority interests	638
Net income	7,258

(3) Quarterly Consolidated Cash Flow Statement

(million yen)

	1Q FY 2008 on a year-to-date basis (April 1, 2008 to June 30, 2008)
Cash flows from operating activities	
Income before income taxes and minority interests	10,240
Depreciation expense	8,962
Increase (decrease) in allowance for bonuses	(2,727)
Increase (decrease) in reserve for retirement benefits	(641)
Interest and dividend income	(661)
Interest payments	624
Currency translation losses (gains)	(149)
Equity in earnings of affiliates (gains)	(1,270)
Amortization of goodwill	400
Loss on disposal of fixed assets	160
Decrease (increase) in notes and accounts receivable	(651)
Decrease (increase) in inventories	(1,369)
Increase (decrease) in notes and accounts payable	(1,359)
Increase (decrease) in bills discounted	(3,346)
Other	1,331
Subtotal	9,542
Interest and dividends received	858
Interest paid	(889)
Income taxes paid	(6,086)
Net cash flows from operating activities	3,424
Cash flows from investing activities	
Net decrease (increase) in time deposits	(226)
Proceeds from sale and redemption of investments in securities	626
Payments for purchase of tangible fixed assets	(14,165)
Proceeds from sale of tangible fixed assets	268
Other	(26)
Net cash flows from investing activities	(13,523)
Cash flows from financing activities	
Net increase (decrease) in short-term borrowings	13,734
Proceeds from long-term borrowings	821
Repayment of long-term borrowings	(2,157)
Payment of cash dividends	(1,582)
Dividend payments to minority shareholders	(1,103)
Other	(51)
Net cash flows from financing activities	9,661
Adjustment on foreign currency translation of cash and cash equivalents	(3,684)
Net increase (decrease) in cash and cash equivalents	(4,121)
Cash and cash equivalents at beginning of period	38,779
Cash and cash equivalents at end of period	34,657

“Accounting Standard for Quarterly Financial Reporting” (ASBJ Statement No. 12) and “Guidance on Accounting Standard for Quarterly Financial Reporting” (ASBJ Guidance No. 14) have been applied to the consolidated results starting from the current fiscal year (ending March 31, 2009). In addition, quarterly consolidated financial statements were prepared in accordance with the “Regulations on Quarterly Consolidated Financial Statements.”

(4) Notes concerning the assumptions of going concerns:

Not applicable.

(5) Segment Information

a. Segment information by business category

1Q FY2008 (April 1, 2008 to June 30, 2008) (year-to-date basis)

(million yen)

	Seal	FPC	Roll	Other	Total	Eliminations/ Corporate	Consolidated
Net sales							
(1) Sales to external customers	72,544	45,953	9,717	4,153	132,368	–	132,368
(2) Inter-segment sales/transfer	1,109	364	–	321	1,795	(1,795)	–
Total	73,654	46,318	9,717	4,474	134,164	(1,795)	132,368
Operating income (loss)	6,381	2,627	(279)	173	8,904	(2)	8,902

b. Segment information by geographic area

1Q FY2008 (April 1, 2008 to June 30, 2008) (year-to-date basis)

(million yen)

	Japan	Asia	Other areas	Total	Eliminations/ Corporate	Consolidated
Net sales						
(1) Sales to external customers	82,728	45,625	4,015	132,368	–	132,368
(2) Inter-segment sales/transfer	11,901	7,968	276	20,146	(20,146)	–
Total	94,629	53,594	4,291	152,515	(20,146)	132,368
Operating income	5,155	3,476	57	8,689	212	8,902

c. Overseas sales

1Q FY2008 (April 1, 2008 to June 30, 2008) (year-to-date basis)

(million yen)

	Asia	Other areas	Total
I Overseas sales	50,457	7,312	57,769
II Consolidated sales	–	–	132,368
III Percentage of overseas sales in consolidated sales	38.1%	5.5%	43.6%

(6) Notes in case of significant changes in the amount of shareholders' equity

Not applicable.

Reference:

Financial Statements for 1Q FY 2007

(1) Quarterly Consolidated Income Statement (summary)

Item	1Q FY 2007
	(April 1, 2007 to June 30, 2007)
	Amount (million yen)
I Net sales	125,976
II Cost of sales	98,849
Gross profit	27,127
III Selling, general and administrative expenses	16,167
Operating income	10,960
IV Non-operating income	2,461
Interest and dividend income	671
Equity in earnings of affiliates	1,018
Other	771
V Non-operating expenses	693
Interest paid	484
Other	208
Ordinary profit	12,728
VI Extraordinary gains	507
VII Extraordinary losses	113
Income before income taxes and minority interests	13,122
Income taxes	4,882
Minority interests	914
Net income	7,325

(2) Quarterly Consolidated Cash Flow Statement (Summary)

		1Q FY 2007 (April 1, 2007 to June 30, 2007)
Category		Amount (million yen)
I	Cash flows from operating activities:	
	Income before income taxes and minority interests	13,122
	Depreciation expense	7,176
	Decrease in notes and accounts receivable	150
	Decrease in inventories	81
	Decrease in notes and accounts payable	(3,591)
	Other	(4,068)
	Subtotal	12,871
	Income taxes paid	(7,265)
	Other	176
	Net cash flows from operating activities	5,782
II	Cash flows from investing activities:	
	Payments for purchase of tangible fixed assets	(14,183)
	Other	638
	Net cash flows from investing activities	(13,544)
III	Cash flows from financing activities:	
	Net increase (decrease) in short-term borrowings	8,973
	Proceeds from long-term borrowings	1,687
	Repayment of long-term borrowings	(2,029)
	Payment of cash dividends by the parent company	(1,554)
	Other	(1,366)
	Net cash flows from financing activities	5,709
IV	Adjustment on foreign currency translation of cash and cash equivalents	2,017
V	Net increase (decrease) in cash and cash equivalents	(35)
VI	Cash and cash equivalents at beginning of the term	42,298
VII	Increase in cash and cash equivalents due to change in the scope of consolidation	375
VIII	Cash and cash equivalents at end of the term	42,638

(3) Segment information

a. Segment information by business category

1Q FY2007 (April 1, 2007 to June 30, 2007)

(million yen)

	Seal	FPC	Roll	Other	Total	Eliminations/ Corporate	Consolidated
Net sales							
(1) Sales to external customers	67,151	44,140	10,523	4,160	125,976	–	125,976
(2) Inter-segment sales/transfer	630	291	–	434	1,355	(1,355)	–
Total	67,781	44,432	10,523	4,594	127,332	(1,355)	125,976
Operating expenses	61,472	40,351	10,260	4,296	116,381	(1,364)	115,016
Operating income	6,308	4,080	263	298	10,951	8	10,960

b. Segment information by geographic area

1Q FY2007 (April 1, 2007 to June 30, 2007)

(million yen)

	Japan	Asia	Other areas	Total	Eliminations/ Corporate	Consolidated
Net sales						
(1) Sales to external customers	78,689	42,387	4,899	125,976	–	125,976
(2) Inter-segment sales/transfer	10,812	5,818	282	16,913	(16,913)	–
Total	89,502	48,206	5,181	142,890	(16,913)	125,976
Operating expenses	82,322	44,452	5,118	131,893	(16,877)	115,016
Operating income (loss)	7,179	3,754	63	10,996	(36)	10,960

c. Overseas sales

1Q FY2007 (April 1, 2007 to June 30, 2007)

(million yen)

	Asia	Other areas	Total
I Overseas sales	45,962	7,191	53,153
II Consolidated sales	–	–	125,976
III Percentage of overseas sales in consolidated sales	36.5%	5.7%	42.2%