

# NOK CORPORATION and Consolidated Subsidiaries

## Consolidated Financial Results for Fiscal 2008 (Third Quarter)

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(Figures rounded off to nearest million yen)

### 1. Business Results for Fiscal 2008 (April 1, 2008 to March 31, 2009)

(1) Consolidated operating results (cumulative year-to-date basis) (Year-on-year changes in %)

	Net sales		Operating income		Ordinary profit		Net income	
	Million yen	%	million yen	%	million yen	%	million yen	%
3Q FY2008	381,991	—	15,620	—	15,830	—	8,322	—
3Q FY2007	389,227	9.4	32,912	5.9	36,291	4.1	20,296	6.4

	Net income per share	Diluted net income per share
	yen	yen
3Q FY2008	48.13	—
3Q FY2007	117.36	—

(2) Consolidated financial position (at end of period indicated)

	Total assets	Net assets	Capital ratio	Net assets per share
	million yen	million yen	%	yen
3Q FY2008	525,942	273,660	47.8	1,453.90
FY2007	532,759	298,247	51.4	1,583.93

(For reference) Shareholders' equity equaled ¥251,397 million on December 31, 2008 and ¥273,910 million on March 31, 2008.

### 2. Dividends

Fiscal year	Dividends paid per share				
	1Q-end	Interim	3Q-end	Final	Total annual
	yen	yen	yen	yen	yen
FY2007	—	10.00	—	10.00	20.00
FY2008	—	10.00	—	—	—
FY2008 (proj.)	—	—	—	tbd	tbd

Notes:

- The quarterly dividend projections have been revised.
- NOK's Articles of Incorporation define the year-end as the date of record for dividend purposes. The projected dividend for the date of record at the end of FY2008 has not yet been decided.

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

(Percentages are projected year-on-year growth rates based on corresponding prior-year results)

	Net sales	Operating income	Ordinary profit	Net income	Net income per share
Full year	million yen % 473,000 (10.1)	million yen % 1,900 (95.5)	million yen % (1,100) —	million yen % (4,500) —	yen —

Note: Quarterly consolidated performance projections have not been revised.

#### 4. Qualitative Information

##### (1) Review of consolidated operating results

The global economy slowed sharply in the nine-month period ended December 31, 2008 under the impact of the deepening sub-prime loan crisis and uncertainty in financial markets caused by the collapse of a leading US securities firm, among other factors. In addition to these global effects, the Japanese economy was negatively affected by a stronger yen, which put a brake on exports that in turn led to a sharp correction in industrial production. With consumer spending also on the decline, the domestic economy slipped into recession.

Business segment information is outlined below.

In the seal business, after the favorable conditions that had prevailed in the first half of the year, demand for new vehicles cooled worldwide from the onset of the second half of fiscal 2008. This resulted in a significant drop-off in NOK's sales to manufacturers across the automobile sector. Production output of construction machinery also faltered amid the suspension and deferral of resource development and infrastructure projects around the world, notably in developing nations. This resulted in lower sales by NOK to manufacturers across the construction machinery sector. Segment sales for the first nine months of fiscal 2008 declined 1.7% in year-on-year terms to 206,348 million yen. Operating income fell 44.9% to 10,918 million yen, reflecting factors such as higher depreciation costs.

In the flexible printed circuit (FPC) business, sales of FPCs for digital still cameras increased despite the market impact of the production correction. Although sales of mobile phone-related products grew in overall terms, sales in the domestic market dipped in year-on-year terms and growth in sales to overseas makers slackened in pace. Sales of FPCs for hard disk drive (HDD) applications decreased due to the continued impact of adverse currency movements and price erosion. Segment sales for the first nine months of fiscal 2008 were 0.7% lower in year-on-year terms at 135,301 million yen. Principally reflecting higher depreciation expenses and other fixed costs as well as adverse currency movements, operating income fell 61.2% in year-on-year terms to 4,644 million yen.

In the roll business, segment sales dipped 4.0% in year-on-year terms to 29,110 million yen. This reflected a number of adverse factors, including an ongoing slide in business machine demand in the United States and Europe due to worsening economic conditions; unit price erosion caused by fiercer competition within the sector; and shrinkage in the after-sales market for copiers associated with rising durability. Reflecting higher raw material prices and adverse currency movements, the segment posted a cumulative operating loss of 374 million yen for the first nine months of fiscal 2008. This represented a fall in profit of 662 million yen in year-on-year terms.

Sales from other operations amounted to 11,230 million yen. This segment posted operating income of 427 million yen for the first nine months of fiscal 2008.

Consolidated net sales for the nine-month period ended December 31, 2008 totaled 381,991 million yen, a decrease of 1.9% compared with the same period in the previous year. Operating income amounted to 15,620 million yen, a year-on-year decline of 52.5%, while ordinary profit fell 56.4% to 15,830 million yen. Net income for the first nine months of the fiscal year to March 2009 was 8,322 million yen, a decline of 59.0% compared with a year earlier.

(Year-on-year comparative growth figures are provided for reference purposes.)

## (2) Review of consolidated financial position

Total assets as of December 31, 2008 equaled 525,942 million yen, a decline of 6,816 million yen compared with the end of the previous fiscal year (March 31, 2008). This result mainly reflected the impact of yen appreciation on the translation into yen of assets owned by NOK consolidated subsidiaries in overseas markets, more than offsetting asset growth due to capital spending.

Total liabilities as of December 31, 2008 amounted to 252,282 million yen, an increase of 17,770 million yen compared with the end of the previous fiscal year. This reflected fresh short-term and long-term borrowings to supply operating capital and to fund capital investment programs.

Net assets totaled 273,660 million yen as of December 31, 2008, a decline of 24,586 million yen compared with the previous fiscal year-end. This mainly reflected lower translation adjustments associated with yen appreciation. The capital ratio at the end of the quarter was 47.8%.

## 5. Consolidated Financial Statements

### (1) Consolidated Balance Sheet

(Millions of yen)

	3Q FY2008 (as of December 31, 2008)	FY2007 (as of March 31, 2008)
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	44,203	39,756
Notes and accounts receivable	118,495	125,369
Finished goods	22,854	20,680
Work in process	20,990	18,749
Raw materials and inventories	11,675	12,396
Others	17,452	18,517
Allowance for doubtful accounts	(1,068)	(995)
Total current assets	234,604	234,475
<b>Fixed assets</b>		
Tangible fixed assets		
Buildings and structures, net	73,299	68,494
Machinery, equipment and vehicles, net	85,574	84,730
Others, net	50,128	47,733
Total tangible fixed assets	209,001	200,958
Intangible fixed assets		
Goodwill	1,622	2,825
Others	1,502	1,686
Total intangible fixed assets	3,125	4,512
Investments and other assets		
Investments in securities	41,000	59,774
Others	38,434	33,261
Allowance for doubtful accounts	(223)	(223)
Total investments and other assets	79,210	92,812
Total fixed assets	291,338	298,283
Total assets	525,942	532,759

(Millions of yen)

	3Q FY2008 (as of December 31, 2008)	FY2007 (as of March 31, 2008)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable–trade	52,569	59,972
Short-term borrowings	58,655	45,706
Allowances and reserves	4,607	9,029
Others	44,924	52,097
Total current liabilities	160,757	166,806
<b>Fixed liabilities</b>		
Long-term borrowings	39,048	13,724
Reserve for retirement benefits	47,500	47,546
Other allowances and reserves	1,419	1,326
Others	3,556	5,107
Total fixed liabilities	91,524	67,705
Total liabilities	252,282	234,511
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Common stock	23,335	23,335
Additional paid-in capital	22,451	22,451
Retained earnings	200,530	197,464
Treasury stock	(246)	(223)
Total shareholders' equity	246,071	243,029
<b>Valuation and translation gains/losses</b>		
Net unrealized gains on other securities	9,026	17,988
Translation adjustments	(3,700)	12,892
Total valuation and translation gains/losses	5,325	30,881
<b>Minority interests</b>	22,262	24,337
Total net assets	273,660	298,247
Total liabilities and net assets	525,942	532,759

(2) Consolidated Income Statement  
(For the nine-month period ended December 31, 2008)

(Millions of yen)

	3Q FY2008 (April 1, 2008 to December 31, 2008)
<b>Net sales</b>	381,991
<b>Cost of sales</b>	315,387
Gross profit	66,603
<b>Selling, general and administrative expenses</b>	
Wages and allowances	14,877
Increase in allowance for bonuses	960
Retirement and severance costs	1,446
Other SG&A expenses	33,698
Total SG&A expenses	50,982
Operating income	15,620
<b>Non-operating income</b>	
Equity in earnings of affiliates	2,569
Others	3,015
Total non-operating income	5,584
<b>Non-operating expenses</b>	
Interest paid	1,934
Currency translation losses	2,785
Other	654
Total non-operating expenses	5,375
Ordinary profit	15,830
<b>Extraordinary gains</b>	
Gain on disposal of fixed assets	125
Other	417
Total extraordinary gains	542
<b>Extraordinary losses</b>	
Loss on disposal of fixed assets	797
Loss on valuation of investments in securities	1,954
Other	434
Total extraordinary losses	3,185
<b>Income before income taxes and minority interests</b>	13,187
<b>Income taxes</b>	3,281
<b>Minority interests</b>	1,583
<b>Net income</b>	8,322

(For the three-month period ended December 31, 2008)

(Millions of yen)

	3Q FY2008 (October 1, 2008 to December 31, 2008)
<b>Net sales</b>	121,037
<b>Cost of sales</b>	103,106
Gross profit	17,930
<b>Selling, general and administrative expenses</b>	
Wages and allowances	4,270
Increase in allowance for bonuses	943
Retirement and severance costs	477
Other SG&A expenses	10,895
Total SG&A expenses	16,587
Operating income	1,343
<b>Non-operating income</b>	
Dividends received	411
Equity in earnings of affiliates	248
Others	569
Total non-operating income	1,229
<b>Non-operating expenses</b>	
Interest paid	651
Currency translation losses	1,769
Other	222
Total non-operating expenses	2,643
Ordinary profit	(70)
<b>Extraordinary gains</b>	
Gain on disposal of fixed assets	63
Other	97
Total extraordinary gains	161
<b>Extraordinary losses</b>	
Loss on valuation of investments in securities	1,382
Other	384
Total extraordinary losses	1,767
<b>Income before income taxes and minority interests</b>	(1,676)
<b>Income taxes</b>	(692)
<b>Minority interests</b>	419
<b>Net income</b>	(1,403)

## (3) Consolidated Cash Flow Statement

(Millions of yen)

	3Q FY2008 (April 1, 2008 to December 31, 2008)
<b>Cash flows from operating activities</b>	
Income before income taxes and minority interests	13,187
Depreciation expense	29,810
Increase (decrease) in allowance for doubtful accounts	110
Increase (decrease) in allowance for bonuses	(4,082)
Increase (decrease) in reserve for retirement benefits	(1,697)
Interest and dividend income	(1,518)
Interest payments	1,934
Currency translation losses (gains)	680
Equity in earnings of affiliates (gains)	(2,569)
Amortization of goodwill	1,203
Loss (gain) on sales of fixed assets	671
Loss (gain) on valuation of investments in securities	1,954
Decrease (increase) in notes and accounts receivable	5,289
Decrease (increase) in inventories	(6,403)
Increase (decrease) in notes and accounts payable	(3,734)
Increase (decrease) in bills discounted	(5,957)
Other	1,961
Subtotal	30,841
Interest and dividends received	2,502
Interest paid	(2,164)
Income taxes paid	(11,138)
Net cash flows from operating activities	20,040
<b>Cash flows from investing activities</b>	
Net decrease (increase) in time deposits	(131)
Payments for purchase of marketable securities and investments in securities	(880)
Proceeds from sales of marketable securities and investments in securities	754
Payments for purchase of tangible fixed assets	(47,877)
Proceeds from sale or disposal of tangible fixed assets	654
Acquisition of intangible fixed assets	(106)
Other	23
Net cash flows from investing activities	(47,562)
<b>Cash flows from financing activities</b>	
Net increase (decrease) in short-term borrowings	10,437
Proceeds from long-term borrowings	36,265
Repayment of long-term borrowings	(5,979)
Repayment of finance lease-related obligations	(298)
Payment of cash dividends	(3,348)
Dividend payments to minority shareholders	(1,160)
Other	(23)
Net cash flows from financing activities	35,893
<b>Adjustment on foreign currency translation of cash and cash equivalents</b>	(3,888)
<b>Net increase (decrease) in cash and cash equivalents</b>	4,483
<b>Cash and cash equivalents at start of period</b>	38,779
<b>Cash and cash equivalents at end of period</b>	43,262

(4) Segment information

a. Segment information by business category

3Q FY2008 (April 1, 2008 to December 31, 2008)

	Seal (million yen)	FPC (million yen)	Roll (million yen)	Other (million yen)	Total (million yen)	Eliminations/ corporate (million yen)	Consolidated (million yen)
Net sales							
(1) Sales to external customers	206,348	135,301	29,110	11,230	381,991	—	381,991
(2) Inter-segment sales/transfer	3,094	1,152	—	1,101	5,348	(5,348)	—
Total	209,443	136,453	29,110	12,331	387,339	(5,348)	381,991
Operating income	10,918	4,644	(374)	427	15,615	5	15,620

3Q FY2007 (April 1, 2007 to December 31, 2007)

	Seal (million yen)	FPC (million yen)	Roll (million yen)	Other (million yen)	Total (million yen)	Eliminations/ corporate (million yen)	Consolidated (million yen)
Net sales							
(1) Sales to external customers	209,935	136,295	30,334	12,662	389,227	—	389,227
(2) Inter-segment sales/transfer	3,274	655	—	1,341	5,271	(5,271)	—
Total	213,209	136,950	30,334	14,004	394,499	(5,271)	389,227
Operating expenses	193,412	124,965	30,086	13,162	361,626	(5,311)	356,315
Operating income	19,797	11,985	247	842	32,873	39	32,912

b. Geographic segment information

3Q FY2008 (April 1, 2008 to December 31, 2008)

	Japan (million yen)	Asia (million yen)	Other regions (million yen)	Total (million yen)	Eliminations/ corporate (million yen)	Consolidated (million yen)
Net sales						
(1) Sales to external customers	232,009	138,486	11,495	381,991	—	381,991
(2) Inter-segment sales/transfer	37,448	26,808	860	65,116	(65,116)	—
Total	269,457	165,294	12,355	447,107	(65,116)	381,991
Operating income	7,067	8,352	(4)	15,415	205	15,620

3Q FY2007 (April 1, 2007 to December 31, 2007)

	Japan (million yen)	Asia (million yen)	Other regions (million yen)	Total (million yen)	Eliminations/ corporate (million yen)	Consolidated (million yen)
Net sales						
(1) Sales to external customers	242,730	134,018	12,478	389,227	—	389,227
(2) Inter-segment sales/transfer	35,870	19,252	792	55,915	(55,915)	—
Total	278,600	153,270	13,271	445,142	(55,915)	389,227
Operating expenses	256,737	142,519	13,051	412,307	(55,992)	356,315
Operating income	21,862	10,751	220	32,835	77	32,912