



NOK CORPORATION and Consolidated Subsidiaries

Consolidated Financial Results for the First Quarter Ended June 30, 2010 (Japanese GAAP)

Date: July 30, 2010

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Date of submission of quarterly report: August 6, 2010

Scheduled date for dividend payment: —

Supplemental information for quarterly financial statements: None

Schedule for quarterly "investor meeting presentation": None

(Fractions are rounded down to the nearest million yen.)

1. Consolidated Business Results for the First Quarter of Fiscal 2010 (April 1, 2010 to June 30, 2010)

(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 2010	120,297	54.3	10,584	—	9,825	—	5,524	—
1Q FY 2009	77,969	(41.1)	(5,237)	—	(5,184)	—	(4,862)	—

	Net income per share	Diluted net income per share
	yen	yen
1Q FY 2010	32.23	—
1Q FY 2009	(28.12)	—

(2) Consolidated financial position

	Total assets	Net assets	Capital ratio	Net assets per share
	million yen	million yen	%	yen
1Q FY 2010	540,099	259,398	44.1	1,390.72
FY 2009	547,255	256,503	43.0	1,373.09

Reference: Shareholders' equity: 238,441 million yen (as of June 30, 2010); 235,294 million yen (as of March 31, 2010)

2. Dividends

	Dividend for the fiscal year				
	1Q-end	Interim	3Q-end	Final	Full-year dividend
	yen	yen	yen	yen	yen
FY 2009	—	5.00	—	5.00	10.00
FY 2010	—	—	—	—	—
FY 2010 (Projection)	—	—	—	—	—

Notes: 1. Adjustment to projections for the dividends of the first quarter: None

2. The Company's base dates for dividend payment are the end of the second quarter and the fiscal year-end. However, the amount of dividend on such dates is yet to be determined at present.

3. Projection of Consolidated Financial Results for Fiscal 2010 (April 1, 2010 to March 31, 2011)

(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	247,400	39.5	19,200	—	19,200	—	11,300	—	65.91
Full year	478,400	15.3	31,800	151.3	32,100	209.7	21,700	—	126.57

Note: Adjustment to projections for the financial results for this first quarter: Yes

4. Others (For further details, please refer to the section of “Other information” on page 3 of the “attached document.”)

(1) Changes in significant subsidiaries during the period: None

Note: This refers to changes in “*tokutei kogaisha*” as defined in Ministry of Finance Ordinance No. 5 of 1973, as amended, involving changes in the scope of consolidation.

(2) Application of simplified accounting treatments as well as specific accounting treatments: Yes

Note: This refers to application of simplified accounting treatments and accounting treatments specific to the preparation of consolidated quarterly financial statements.

(3) Changes in accounting principles, procedures and presentation, etc.

i) Changes due to amendments to accounting standards, etc.: Yes

ii) Changes other than those described in i) above: None

Note: This refers to changes in principles, procedures and presentation, etc. of accounting treatment relating to the preparation of consolidated quarterly financial statements, which are to be described in the section of “Changes in significant matters pertaining to the preparation of consolidated quarterly financial statements.”

(4) Number of issued shares (common stock)

i) Number of issued shares at the end of the period (including treasury stock):

ii) Number of shares of treasury stock at the end of the period:

iii) Average number of shares during the period (year to date):

1Q FY 2010	173,138,537 shares	FY 2010	173,138,537 shares
1Q FY 2010	1,686,127 shares	FY 2010	1,777,627 shares
1Q FY 2010	171,378,254 shares	1Q FY 2009	172,916,211 shares

* Quarterly review procedures:

This summary of the quarterly financial results is not in conformity with the quarterly review procedures as provided for under the Financial Instruments and Exchange Act. As of the date on which this summary of quarterly financial results has been released as flash report, the above-mentioned procedures of quarterly review are being implemented.

* Proper use of the projections for financial results, and other important matters:

1. Forward-looking statements such as projections of future financial results and other descriptions concerning our future business included in this document are based on currently available information and certain assumptions that we consider as reasonable, and actual financial results may change significantly due to various factors. For details of the assumptions based on which the financial projections were prepared and the notes concerning the proper use of such financial projections, please see “Qualitative information on consolidated financial projections” on page 3 of the quarterly financial results (attached document).

2. Dividend projections for fiscal year 2010 are yet to be determined at present. We will disclose the dividend projections as soon as they are determined.

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1. Qualitative information on the consolidated operating results for the first quarter of FY 2010

(1) Qualitative information concerning consolidated operating results

During the first quarter of the current consolidated fiscal year, the Japanese economy was on a modest recovery trend due to the economic stimulus measures implemented by the government and the turnaround in emerging markets.

On the other hand, under the influence of European credit impairment triggered by the Greek financial crisis and the negative effects of the termination of the economic stimulus packages, the Japanese economy faces uncertainty with regards to future prospects.

In the automotive industry, car production gradually increased with support from the new car purchase subsidy programs. Car production outside Japan also rose, driven by increased demand in the United States, China, and Southeast Asia.

In the electronic equipment industry, production of personal computers, mobile phones, flat-screen television, etc. increased as demand picked up.

In the business machine industry, sluggish demand due to decreased capital expenditure is likely to have bottomed out, and the production of copying machines, etc. showed signs of recovery.

Under these circumstances, the operating results of the Group by business category were as follows:

In the seal business, sales to automobile manufacturers increased due to a recovery in domestic car demand and car production in Asia. Also, sales to manufacturers of general industrial machinery expanded, reflecting growth in the production output of construction machinery, as well as general industrial machinery, due to the recovery of demand in emerging countries.

As a result, sales in the seal business rose to 66,297 million yen (up 55.3% year-on-year). Operating income soared to 7,728 million yen (compared with an operating loss of 3,588 million yen in the same period last year), driven by increased sales and cost-cutting measures, etc.

In the flexible printed circuit (FPC) business, sales increased as production of hard disk drives (HDD), mobile phones, and digital audio equipment recorded robust performance.

As a result, sales expanded to 42,715 million yen (up 58.4% year-on-year). Operating income surged to 2,765 million yen (compared with an operating loss of 647 million yen in the same period last year) supported by increased sales and cost-cutting measures, etc.

In the roll business, sales grew due to an increase in production of cartridges for copying machines in China, and copying machines, etc. in Asia, reflecting the recovery of demand in Europe and the United States.

As a result, sales rose by 30.5% year-on-year, to 7,993 million yen. Operating loss shrank but still remained at 89 million yen (compared with an operating loss of 881 million yen in the same period last year) despite increased sales and cost-cutting measures, etc.

In other business, including specialty lubricants, sales rose to 3,290 million yen (up 51.1% year-on-year). Operating income jumped to 186 million yen (compared with an operating loss of 122 million yen in the same period last year) driven by increased sales and cost-cutting measures, etc.

In summary, operating results for the first quarter of the current consolidated fiscal year were as follows: Net sales totaled 120,297 million yen (up 54.3% year-on-year); Operating income was 10,584 million yen (compared with an operating loss of 5,237 million yen in the same period last year); Ordinary income was 9,825 million yen (compared with an ordinary loss of 5,184 million yen in the same period last year); and Net income was 5,524 million yen (compared with a net loss of 4,862 million yen in the same period last year).

(2) Qualitative information on consolidated financial position

Total assets as of June 30, 2010 amounted to 540,099 million yen, a decrease of 7,155 million yen compared with the end of the previous consolidated fiscal year. This decline mainly reflected a decrease in cash and deposits resulting from repayment of borrowings and a drop in valuation amount of investment securities.

Liabilities shrank by 10,051 million yen from the end of the previous consolidated fiscal year, to 280,700 million yen, due to repayment of long-term borrowings, etc.

Net assets totaled 259,398 million yen, an increase of 2,895 million yen compared with the end of the previous consolidated fiscal year, driven by an increase in net income despite a fall in valuation difference on available-for-sale securities due to the deteriorated stock market. The ratio of shareholders' equity to total assets at the end of the first quarter was 44.1%.

(Status of cash flows)

Cash and cash equivalents (hereinafter, "funds") as of June 30, 2010 decreased by 4,186 million yen from the previous fiscal year-end to 88,642 million yen. The status of cash flows on the consolidated basis for the period under review is outlined below:

[Cash flows from operating activities]

Funds from operating activities amounted to 9,396 million yen (an increase of 92.8% year on year), due principally to an increase in income before income taxes.

[Cash flows from investing activities]

Net outflow of funds in investing activities was 4,626 million yen (a decrease of 0.6% year on year) due mainly to purchase of property, plant and equipment.

[Cash flows from financing activities]

Net outflow of funds from financing activities amounted to 9,690 million yen (compared with an inflow of 13,572 million yen in the same period last year), which is mainly attributable to repayment of short-term and long-term borrowings.

(3) Qualitative information on consolidated financial projections

Please refer to the “Announcement on Revision of Financial Projections for the Fiscal Year Ending March 31, 2011” published today, for the projections for financial results.

2. Other information

(1) Outline of changes in significant subsidiaries during the period

Not applicable.

(2) Application of simplified accounting treatments and specific accounting treatments

(Simplified accounting treatments)

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

(Accounting treatments specific to the preparation of consolidated quarterly 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 including the current first-quarter period, and multiplying income before income taxes and minority interests for the current first-quarter period by such estimated effective tax rate.

Income taxes-deferred are included in income taxes.

(3) Outline of changes in accounting principles, procedures and presentation, etc.

(Application of Accounting Standard for Asset Retirement Obligations)

Starting with the current quarter, we have applied the “Accounting Standard for Asset Retirement Obligations” (Accounting Standard No. 18, March 31, 2008) and “Application Guideline for the Accounting Standard for Asset Retirement Obligations” (Application Guideline for the Accounting Standard No. 21, March 31, 2008).

The impact of the application stated above on operating income and ordinary income is immaterial, and income before income taxes for the first quarter decreased 86 million yen. The change in asset retirement obligations due to this application is 92 million yen.

Some of the NOK’s domestic and overseas factories rent buildings and land, assuming obligations for restoring to the original state when leaving the leased properties under the respective real property leasing agreements. However, we are unable to estimate the reasonable amount of asset retirement obligations as the lease period of the relevant properties is unclear, and relocations of such factories are not planned at present. Therefore, no amounts of asset retirement obligations corresponding to such obligations have been reported.

3. Consolidated Quarterly Financial Statements

(1) Consolidated Quarterly Balance Sheet

(million yen)

	As of end of 1Q FY 2010 (June 30, 2010)	Summary of consolidated balance sheet as of end of FY 2009 (March 31, 2010)
Assets		
Current assets		
Cash and deposits	89,014	93,104
Notes and accounts receivable-trade	125,367	123,789
Merchandise and finished goods	16,904	17,262
Work in process	22,737	22,450
Raw materials and supplies	11,255	10,303
Other	14,572	14,475
Allowance for doubtful accounts	(868)	(1,584)
Total current assets	278,982	279,801
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	72,120	72,523
Machinery, equipment and vehicles, net	68,255	69,646
Other, net	31,833	31,570
Total property, plant and equipment	172,209	173,739
Intangible assets		
Goodwill	311	210
Other	1,240	1,240
Total intangible assets	1,551	1,450
Investments and other assets		
Investments securities	52,235	58,829
Other	35,407	33,718
Allowance for doubtful accounts	(287)	(284)
Total investments and other assets	87,356	92,263
Total noncurrent assets	261,117	267,454
Total assets	540,099	547,255

	As of end of 1Q FY 2010 (June 30, 2010)	Summary of consolidated balance sheet as of end of FY 2009 (March 31, 2010)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	45,673	50,872
Short-term loans payable	60,412	63,793
Income taxes payable	2,840	1,815
Provision for bonuses	4,756	5,337
Provision for business structure improvement	3,059	3,715
Other	40,434	37,385
Total current liabilities	<u>157,177</u>	<u>162,919</u>
Noncurrent liabilities		
Long-term loans payables	73,986	78,414
Provision for retirement benefits	45,866	45,854
Other	3,669	3,564
Total noncurrent liabilities	<u>123,523</u>	<u>127,832</u>
Total liabilities	<u>280,700</u>	<u>290,752</u>
Net assets		
Shareholders' equity		
Capital stock	23,335	23,335
Capital surplus	22,450	22,450
Retained earnings	197,095	192,427
Treasury stock	(2,105)	(2,221)
Total shareholders' equity	<u>240,775</u>	<u>235,992</u>
Valuation and translation adjustment		
Valuation difference on available-for-sale securities	11,491	15,613
Foreign currency translation adjustment	(13,826)	(16,311)
Valuation and translation adjustments	<u>(2,334)</u>	<u>(698)</u>
Minority interests	20,957	21,209
Total net assets	<u>259,398</u>	<u>256,503</u>
Total liabilities and net assets	<u>540,099</u>	<u>547,255</u>

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

(million yen)

	1Q FY 2009 on a year-to-date basis (April 1, 2009 to June 30, 2009)	1Q FY 2010 on a year-to-date basis (April 1, 2010 to June 30, 2010)
Net sales	77,969	120,297
Cost of sales	70,293	95,557
Gross profit	7,676	24,739
Selling, general and administrative expenses		
Salaries	3,821	4,074
Provision for bonuses	803	865
Retirement benefit expenses	593	641
Other	7,695	8,574
Total selling, general and administrative expenses	12,913	14,155
Operating income (loss)	(5,237)	10,584
Non-operating income		
Dividends income	237	272
Equity in earnings of affiliates	—	911
Foreign exchange gains	578	—
Other	668	768
Total non-operating income	1,484	1,952
Non-operating expenses		
Interest expenses	910	1,066
Equity in losses of affiliates	430	—
Foreign exchange losses	—	1,478
Other	90	166
Total non-operating expenses	1,431	2,711
Ordinary income (loss)	(5,184)	9,825
Extraordinary income		
Gain on sales of noncurrent assets	57	77
Reversal of allowance for doubtful accounts	—	163
Other	20	16
Total extraordinary income	77	256
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	161	103
Loss on valuation of investment securities	—	207
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	86
Other	27	32
Total extraordinary loss	189	430
Income (loss) before income taxes and others	(5,296)	9,651
Income taxes	(448)	3,326
Income before minority interests	—	6,324
Minority interests in income	14	800
Net income (loss)	(4,862)	5,524

(3) Consolidated Quarterly Cash Flow Statement

(million yen)

	1Q FY 2009 on a year-to-date basis (April 1, 2009 to June 30, 2009)	1Q FY 2010 on a year-to-date basis (April 1, 2010 to June 30, 2010)
Net cash provided by (used in) operating activities		
Income (loss) before income taxes and others	(5,296)	9,651
Depreciation and amortization	8,554	7,913
Increase (decrease) in provision for bonuses	(590)	(593)
Increase (decrease) in provision for retirement benefits	(282)	(77)
Increase (decrease) in provision for directors' retirement benefits	(1,259)	—
Increase (decrease) in provision for business structure improvement	—	(655)
Interest and dividends income	(332)	(355)
Interest expenses	910	1,066
Foreign exchange losses (gains)	(214)	537
Equity in (earnings) losses of affiliates	430	(911)
Amortization of goodwill	272	—
Loss (gain) on sales and retirement of property, plant and equipment	180	131
Loss (gain) on valuation of investment securities	—	207
Decrease (increase) in notes and accounts receivable-trade	(583)	(284)
Decrease (increase) in inventories	4,612	(441)
Increase (decrease) in notes and accounts payable-trade	14	(5,237)
Increase (decrease) in notes discounted	(326)	—
Other, net	(238)	24
Subtotal	5,850	10,974
Interest and dividends income received	444	441
Interest expenses paid	(920)	(1,084)
Income taxes paid	(499)	(935)
Net cash provided by (used in) operating activities	4,875	9,396
Net cash provided by (used in) investment activities		
Purchase of investment securities	(114)	—
Purchase of investments in subsidiaries	(150)	—
Purchase of investments in capital of subsidiaries	—	(779)
Purchase of property, plant and equipment	(4,607)	(3,896)
Proceeds from sale of property, plant and equipment	259	179
Other, net	(41)	(130)
Net cash provided by (used in) investment activities	(4,654)	(4,626)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(2,872)	(3,568)
Proceeds from long-term loans payable	20,942	918
Repayment of long-term loans payable	(2,300)	(5,333)
Repayments of finance lease obligations	(259)	(293)
Cash dividends paid	(771)	(779)
Cash dividends paid to minority shareholders	(1,164)	(751)
Other, net	(0)	116
Net cash provided by (used in) financing activities	13,572	(9,690)
Effect of exchange rate change on cash and cash equivalents	1,406	732
Net increase (decrease) in cash and cash equivalents	15,199	(4,186)
Cash and cash equivalents at beginning of period	82,107	92,829
Cash and cash equivalents at end of period	97,306	88,642

(4) Notes on the Premise of Going Concern

Not applicable.

(5) Segment Information

a. Segment information by business category

1Q FY 2009 (April 1, 2009 to June 30, 2009) (year-to-date basis)

(million yen)

	Seal	FPC	Roll	Other	Total	Eliminations/ Corporate	Consolidated
Net sales							
(1) Sales to external customers	42,699	26,964	6,126	2,178	77,969	—	77,969
(2) Inter-segment sales/transfer	782	285	—	266	1,335	(1,335)	—
Total	43,481	27,250	6,126	2,445	79,304	(1,335)	77,969
(Operating loss)	(3,588)	(647)	(881)	(122)	(5,239)	2	(5,237)

b. Segment information by geographic area

1Q FY 2009 (April 1, 2009 to June 30, 2009) (year-to-date basis)

(million yen)

	Japan	Asia	Other areas	Total	Eliminations/ Corporate	Consolidated
Net sales						
(1) Sales to external customers	51,099	25,320	1,549	77,969	—	77,969
(2) Inter-segment sales/transfer	10,678	4,647	84	15,410	(15,410)	—
Total	61,778	29,968	1,633	93,379	(15,410)	77,969
(Operating loss)	(3,274)	(1,667)	(284)	(5,226)	(10)	(5,237)

c. Overseas sales

1Q FY2009 (April 1, 2009 to June 30, 2009) (year-to-date basis)

(million yen)

	Asia	Other areas	Total
I Overseas sales	28,850	3,071	31,921
II Consolidated sales	—	—	77,969
III Percentage of overseas sales in consolidated sales	37.0	3.9	40.9

[Segment Information]

1. Outline of Reportable Segment Information

NOK's reportable segments are constituents of NOK of which separate financial information is available, and the Board of Directors review on a regular basis in order to determine distribution of management resources and evaluate business results.

The NOK Group classifies business segments by taking into consideration the product series and the similarities of markets. Each department controlling the relevant segments establishes the comprehensive business strategies concerning the products and services to develop the respective business activities.

The businesses of the NOK Group consist of four reportable segments of "Seal business," "Flexible printed circuit (FPC) business," "Roll business" and "Other business."

In the "Seal business," NOK is the main company in the Group to manufacture and sell seal products for manufacturers of automobile, construction machinery and general industrial machinery. In the "FPC business," NIPPON MEKTRON, LTD. is the Group's leader in the manufacture and sale of electronic parts, etc. mainly for the electronic equipment industry. In the "Roll business," SYNZTEC CO., LTD. manufactures and sells roll products, etc. mainly for the office machine industry. In the "Other business," NOK and NOK KLUEBER CO., LTD. are Group leaders in the manufacture and sale of specialty lubricants, etc.

2. Information regarding sales and income (loss) by reportable segment

Current first quarter (April 1, 2010 to June 30, 2010)

(million yen)

	Reportable segments				Total	Adjustments (Note 1)	Quarterly consolidated income statement amounts (Note 2)
	Seal	FPC	Roll	Other			
Sales							
Sales to external customers	66,297	42,715	7,993	3,290	120,297	—	120,297
Inter-segment sales/transfers	1,673	687	—	164	2,525	(2,525)	—
Total	67,971	43,402	7,993	3,455	122,822	(2,525)	120,297
Segment income (loss)	7,728	2,765	(89)	186	10,591	(7)	10,584

Notes: 1. The amount of minus 7 million yen in Adjustments represents the result of elimination in the inter-segment transactions.

2. Segment income (loss) is adjusted with operating income stated in the quarterly consolidated income statement.

(Additional information)

Starting with the current first quarter, the Company has applied the "Accounting Standard Concerning the Disclosure of Segment Information, etc." (Accounting Standard No. 17, March 27, 2009) and the "Application Guideline for the Accounting Standard Concerning the Disclosure of Segment Information, etc." (Application Guideline for the Accounting Standard No. 20, March 21, 2008).

The application above caused no change in the segment classification.

*Supplementary information

(Segment information by geographic area)

1Q FY 2010 (April 1, 2010 to June 30, 2010)

(million yen)

	Japan	Asia	Other areas	Total	Eliminations/ Corporate	Consolidated
Sales						
(1) Sales to external customers	70,651	47,021	2,623	120,297	—	120,297
(2) Inter-segment sales/transfers	15,096	11,499	163	26,759	(26,759)	—
Total	85,748	58,520	2,787	147,056	(26,759)	120,297
Operating income	5,029	5,233	79	10,341	242	10,584

Notes: 1. Countries and regions are classified by geographical proximity.

2. Principal countries and regions belonging to above segments, except Japan, are as follows:

- (1) Asia: Singapore, Thailand, Taiwan and China
- (2) Other areas: United States and Germany

(6) Notes on Significant Changes in the Amount of Shareholders' Equity

Not applicable.