



# NOK CORPORATION and Consolidated Subsidiaries

## Consolidated Financial Results for the Nine Months Ended December 31, 2011 (Japanese GAAP)

Date: February 1, 2012

Name of Listed Company: NOK Corporation  
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Scheduled date for submission of quarterly report: February 14, 2012  
 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 Nine Months of Fiscal 2011 (April 1, 2011 to December 31, 2011)

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

	Net sales		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
3Q FY 2011	372,483	(1.5)	23,297	(20.4)	25,467	(6.3)	12,758	(0.3)
3Q FY 2010	378,283	28.3	29,257	582.9	27,171	930.9	12,800	–

Note: Comprehensive income: 1,197 million yen, -83.3% (as of December 31, 2011); 7,172 million yen, –% (as of December 31, 2010)

	Net income per share	Diluted net income per share
	yen	yen
3Q FY 2011	74.27	–
3Q FY 2010	74.65	–

### (2) Consolidated financial position

	Total assets	Net assets	Capital ratio
	million yen	million yen	%
3Q FY 2011	516,790	260,721	46.2
FY 2010	525,553	262,484	45.9

Reference: Shareholders' equity: 238,753 million yen (as of December 31, 2011); 241,112 million yen (as of March 31, 2011)

### 2. Dividends

	Dividend for the fiscal year				Full-year dividend
	1Q-end	Interim	3Q-end	Final	
FY 2010	–	7.50	–	7.50	15.00
FY 2011	–	7.50	–	–	–
FY 2011 (Projection)	–	–	–	–	–

Notes: 1. Adjustment to most-recently announced projections for dividends: None

2. The Company's Articles of Incorporation stipulate that the date of record for dividend payment is the fiscal year-end. The amount of dividend payable has not yet been determined.

### 3. Projection of Consolidated Financial Results for Fiscal 2011 (April 1, 2011 to March 31, 2012)

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

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Full year	494,300	(0.9)	27,600	(21.4)	30,300	(6.6)	12,600	(24.5)	73.35

Note: Adjustment to most-recently announced projections for consolidated financial results: Yes

## 1. Qualitative information on the consolidated operating results for the third quarter of FY 2011

### (1) Qualitative information concerning consolidated operating results

During the first nine months of the current consolidated fiscal year, the Japanese economy deteriorated due to factors including financial instability in Europe and the influence of appreciation of the yen, despite recovery trend from the supply chain disruptions resulting from the Great East Japan Earthquake. In addition, the outlook for the Japanese economy remained uncertain owing to reasons such as the impact of damage related to the floods in Thailand which occurred in October 2011 and the slowdown of the Chinese economy due to fiscal tightening measures by the government.

In the automobile industry, domestic vehicle production remained strong as a result of vehicle replacement demand related to the Great East Japan Earthquake. In overseas markets, overall vehicle production continued to be resilient with consistent demand in emerging countries.

In the electronic equipment industry, demand remained strong for electronic equipment such as digital cameras and hard disc drives (HDD), in addition to growing demand for smartphones and tablet PCs.

In the business machinery industry, production remained low due to a decline in sales of copiers owing to the deterioration of the European economy and the influence of exchange rate fluctuations, despite the recovery trend from the impact of the disaster.

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

The Precision Component Department, which is primarily in charge of the production of plastic components for hard disc drives (HDD), was transferred from NOK Corporation to Nippon Mektron, Ltd., a subsidiary of NOK, at the beginning of the current consolidated fiscal year. Consequently, the "flexible printed circuit (FPC) business," one of our reportable business segments, has been renamed the "electric device product (EDP) business." Regarding business results reporting, the precision component business, which was previously part of the seal business, is included in the EDP business. The comparison of business results with the previous consolidated fiscal year reflects the above transfer.

In the seal business, while sales to automobile manufacturers increased as a result of replacement demand related to the Great East Japan Earthquake, sales to manufacturers of general industrial machinery decreased due to factors including a declining economy due to the European financial crisis. Demand for construction machinery in China, in particular, dropped significantly mainly owing to the impact of fiscal tightening by the Chinese government. As a result, sales increased to 193,594 million yen (up 0.4% year on year). Operating income rose to 19,543 million yen (up 2.4% year on year).

In the EDP business, while sales remained strong for smartphones, tablet PCs and digital cameras, overall sales decreased reflecting a decline in demand for digital music players, etc., and the impact of rapid appreciation of the yen. As a result, sales declined to 146,367 million yen (down 2.3% year on year). Operating income plunged to 3,276 million yen (down 66.4% year on year) due to factors including an increase in fixed costs such as personnel expenses as well as the influence of exchange rate fluctuations.

In the roll business, sales dropped due to factors including a decline in demand owing to the deterioration of the European economy and the impact of the appreciation of the yen, despite a recovery in demand for repair products for copiers since the second quarter of the current fiscal year. As a result, sales decreased to 22,619 million yen (down 12.7% year on year). An operating loss of 248 million yen was recorded (compared with an operating loss of 326 million yen in the same period last year).

In other businesses including specialty lubricants, sales rose to 9,900 million yen (up 1.5% year on year) on the back of the recovery in automobile production after the Great East Japan Earthquake among other factors. Operating income increased to 685 million yen (up 2.4% year on year).

In summary, operating results for the first nine months of the current consolidated fiscal year were as follows: Net sales totaled 372,483 million yen (down 1.5% year on year); operating income dropped to 23,297 million yen (down 20.4% year on year); ordinary income was 25,467 million yen (down 6.3% year on year); and net income amounted to 12,758 million yen (down 0.3% year on year).

**(2) Qualitative information on consolidated financial projections**

Regarding projections for full-year business performance on a consolidated basis for FY 2011, the Company has revised downward the previous projections for net sales and operating, on the assumption that severe operating conditions will continue due to factors including the impact of the floods in Thailand, continued appreciation of the yen, and signs of slowdown of the global economy. For ordinary income, we have revised the previous projections upward mainly reflecting a decline in foreign exchange losses resulting from slightly recovering appreciation of Asian currencies against the US dollar. Furthermore, net income has been revised due to factors including the partial reversal of deferred tax assets in line with tax reform.

**Revised projections for full-year consolidated financial results for FY 2011 (April 1, 2011 through March 31, 2012)**

	Net sales	Operating income	Ordinary income	Net income	Net income per share
Previously announced projection (A)	Million yen 494,600	Million yen 28,100	Million yen 29,400	Million yen 15,800	Yen 91.97
Revised projection (B)	494,300	27,600	30,300	12,600	73.35
Change (B-A)	(300)	(500)	900	(3,200)	-
Percentage change (%)	(0.1)	(1.8)	3.1	(20.3)	-
(Reference) Previous fiscal year (FY 2010)	498,932	35,134	32,426	16,685	97.29

**2. Summary (other) information****(1) Accounting treatments specific to the preparation of consolidated quarterly financial statements**

As to tax expenses, some consolidated subsidiaries calculate the amount by reasonably estimating an effective tax rate after applying tax effect accounting to income before income taxes for the consolidated fiscal year including the current third-quarter period, and multiplying income before income taxes for the current third-quarter period by the estimated effective tax rate.

**3. Consolidated Quarterly Financial Statements****(1) Consolidated Quarterly Balance Sheet**

(million yen)

	FY 2010 (as of March 31, 2011)	3Q FY 2011 (as of December 31, 2011)
<b>Assets</b>		
Current assets		
Cash and deposits	86,703	67,171
Notes and accounts receivable-trade	124,623	146,305
Inventories	53,223	57,278
Other	17,823	17,138
Allowance for doubtful accounts	(948)	(710)
Total current assets	281,426	287,184
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	66,465	61,436
Machinery, equipment and vehicles, net	61,020	57,341
Other, net	29,641	30,935
Total property, plant and equipment	157,127	149,713
Intangible assets		
Goodwill	206	130
Other	1,108	1,074
Total intangible assets	1,314	1,204
Investments and other assets		
Investments securities	59,089	51,389
Other	26,816	27,561
Allowance for doubtful accounts	(220)	(263)
Total investments and other assets	85,685	78,688
Total noncurrent assets	244,127	229,606
Total assets	525,553	516,790

(million yen)

	FY 2010 (as of March 31, 2011)	3Q FY 2011 (as of December 31, 2011)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	50,552	54,405
Short-term loans payable	46,659	52,659
Income taxes payable	5,339	3,118
Provision for bonuses	8,522	4,680
Provision for business structure improvement	346	-
Provision for loss on disaster	1,463	620
Other	41,301	47,953
Total current liabilities	154,185	163,436
Noncurrent liabilities		
Long-term loans payable	58,885	43,656
Provision for retirement benefits	45,496	44,532
Other	4,501	4,443
Total noncurrent liabilities	108,883	92,632
Total liabilities	263,069	256,069
<b>Net assets</b>		
Shareholders' equity		
Capital stock	23,335	23,335
Capital surplus	22,450	22,450
Retained earnings	206,956	217,138
Treasury stock	(1,845)	(1,474)
Total shareholders' equity	250,897	261,449
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	14,228	10,268
Foreign currency translation adjustment	(24,012)	(32,965)
Total accumulated other comprehensive income	(9,784)	(22,696)
Minority interests	21,371	21,968
Total net assets	262,484	260,721
Total liabilities and net assets	525,553	516,790

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

(million yen)

	3Q FY 2010 on a year-to-date basis (April 1, 2010 to December 31, 2010)	3Q FY 2011 on a year-to-date basis (April 1, 2011 to December 31, 2011)
Net sales	378,283	372,483
Cost of sales	304,629	302,213
Gross profit	73,654	70,269
Selling, general and administrative expenses	44,396	46,972
Operating income	29,257	23,297
Non-operating income		
Dividends income	578	659
Equity in earnings of affiliates	3,084	2,422
Other	1,848	2,619
Total non-operating income	5,511	5,701
Non-operating expenses		
Interest expenses	2,546	2,054
Foreign exchange losses	4,587	1,071
Other	463	405
Total non-operating expenses	7,597	3,531
Ordinary income	27,171	25,467
Extraordinary income		
Gain on sales of noncurrent assets	137	555
Insurance income	–	1,500
Other	125	71
Total extraordinary income	262	2,126
Extraordinary loss		
Loss on retirement of noncurrent assets	579	382
Loss on valuation of investment securities	11	753
Other	274	60
Total extraordinary loss	865	1,195
Income before income taxes and minority interests	26,569	26,398
Income taxes	11,250	11,236
Income before minority interests	15,319	15,162
Minority interests in income	2,518	2,404
Net income	12,800	12,758

(Consolidated Quarterly Comprehensive Income Statement)  
(Third-quarter period on a year-to-date basis)

(million yen)

	3Q FY 2010 on a year-to-date basis (April 1, 2010 to December 31, 2010)	3Q FY 2011 on a year-to-date basis (April 1, 2011 to December 31, 2011)
Income before minority interests		
Other comprehensive income	15,319	15,162
Valuation difference on available-for-sale securities	(1,116)	(3,941)
Foreign currency translation adjustment	(5,617)	(8,621)
Share of other comprehensive income of associates accounted for using equity method	(1,412)	(1,400)
Total other comprehensive income	(8,147)	(13,964)
Quarterly comprehensive income	7,172	1,197
(Detail)		
Quarterly comprehensive income attributable to owners of the parent	5,208	(154)
Quarterly comprehensive income attributable to minority interests	1,964	1,352

## (3) Additional Information

(Influence of change in corporate tax rate, etc.)

The “Act for Partial Revision of the Income Tax Act, etc., to Construct a Tax System Responding to Changes in Economic and Social Structures” (Act No.114 of 2011) and the “Act on Special Measures for Securing Financial Resources Necessary to Implement Measures for Reconstruction following the Great East Japan Earthquake” (Act No. 117 of 2011) were promulgated on December 2, 2011. In accordance with this, the corporate tax rate will be reduced and the Special Reconstruction Corporate Tax will be newly imposed on companies effective for consolidated fiscal years starting on April 1, 2012 and after. As a result, the statutory effective tax rate used to calculate deferred tax assets and deferred tax liabilities will decrease from the current rate of 40.1% to 37.5% for temporary differences expected to be reversed during the period between the consolidated fiscal year starting on April 1, 2012 and the consolidated fiscal year starting on April 1, 2014, and to 35.1% for temporary differences expected to be reversed during the consolidated fiscal year starting on April 1, 2015 and the period after that. NOK Corporation’s deferred tax assets (after deducting deferred tax liabilities) decreased 1,142 million yen and income taxes-deferred increased 2,316 million yen due to the change in tax rates.

## (4) Segment Information

I 3Q FY 2010 (April 1, 2010 to December 31, 2010) (year-to-date basis)

Information regarding sales and income (loss) by reportable segment

(million yen)

	Reportable segments				Total	Adjustments (Note 1)	Amount included in the consolidated quarterly financial statement (Note 2)
	Seal	EDP	Roll	Other			
Sales							
Sales to external customers	204,723	137,907	25,901	9,750	378,283	–	378,283
Inter-segment sales/transfers	5,242	2,105	–	529	7,877	[7,877]	–
Total	209,965	140,013	25,901	10,280	386,161	[7,877]	378,283
Segment income (loss)	21,839	7,036	(326)	669	29,218	39	29,257

Notes: 1. The amount of 39 million yen in Adjustments of segment income represents the result of elimination in the inter-segment transactions.

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

II 3Q FY 2011 (April 1, 2011 to December 31, 2011) (year-to-date basis)  
Information regarding sales and income (loss) by reportable segment

(million yen)

	Reportable segments				Total	Adjustments (Note 1)	Amount included in the consolidated quarterly financial statement (Note 2)
	Seal	EDP	Roll	Other			
Sales							
Sales to external customers	193,594	146,367	22,619	9,900	372,483	–	372,483
Inter-segment sales/transfers	2,591	10	–	543	3,145	[3,145]	–
Total	196,186	146,378	22,619	10,444	375,629	[3,145]	372,483
Segment income (loss)	19,543	3,276	(248)	685	23,256	40	23,297

Notes: 1. The amount of 40 million yen in Adjustments of segment income represents the result of elimination in the inter-segment transactions.

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

3. As stated in the “Qualitative information on the consolidated operating results for the third quarter of FY 2011” on page 2, effective from the first quarter of the current consolidated fiscal year, the Precision Component Department, which is primarily in charge of the production of plastic components for hard disc drives (HDD), was transferred from NOK Corporation to Nippon Mektron, Ltd., a subsidiary of NOK. In line with this, the “flexible printed circuit (FPC) business” has been renamed the “electric device product (EDP) business” in the Company’s reportable segment classification and operating results for the precision component business, which had been previously included in the “seal business,” has been resegmented and disclosed under the “EDP business.”

The following is the segment information for the third quarter of FY 2010 which is based on the reportable segment classification adopted in the third quarter of FY 2011.

(million yen)

	Reportable segments				Total	Adjustments	Amount included in the consolidated quarterly financial statement
	Seal	EDP	Roll	Other			
Sales							
Sales to external customers	192,778	149,853	25,901	9,750	378,283	–	378,283
Inter-segment sales/transfers	2,284	–	–	529	2,814	[2,814]	–
Total	195,063	149,853	25,901	10,280	381,098	[2,814]	378,283
Segment income (loss)	19,077	9,754	(326)	669	29,174	83	29,257

## (5) Significant Subsequent Events

Due to the floods in Thailand caused by exceptionally heavy rain, Mektec Manufacturing Corporation (Thailand) Ltd. and NOK Precision Component (Thailand) Ltd. sustained inundation damage. These two consolidated subsidiaries of NOK Corporation are located in the Bangpa-in Industrial Estate, Ayutthaya Province in central Thailand, which is the production center for NOK’s EDP business.

Although operations have gradually resumed, an extraordinary loss amounting to approximately 2,100 million yen is expected to be incurred for the retirement of inventories and property, plant and equipment, etc. and for the repair of buildings and machinery, etc.

As both companies have insurance policies against loss or damage, they will accordingly make a claim in the future. The amount of insurance income cannot, however, be determined at this point.