

**Consolidated Financial Summary for Fiscal Year Ended March 31, 2008**

May 12, 2008

Name of Listed Company: NOK Corporation  
 Securities Code Number: 7240  
 Representative: (Title) President; (Name) Masato Tsuru  
 Contact Person: (Title) Department Manager,  
 Corporate Planning Dept.; (Name) Toshio Tominaga

Share Listing: Tokyo  
 (URL <http://www.nok.co.jp>)

Telephone (03) 3434-1736

Scheduled date for the General Shareholders' Meeting: June 27, 2008

Scheduled date for dividend payment: June 30, 2008

Scheduled date for submission of the Securities Report: June 27, 2008

(Fractions are rounded down to the nearest million yen)

## 1. Consolidated business results for FY 2007 (April 1, 2007 to March 31, 2008)

## (1) Consolidated operating results

(Percentage figures represent year-on-year changes)

	Net sales		Operating income		Ordinary profit		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
FY 2007	526,331	9.7	42,465	1.9	44,812	(1.3)	25,843	4.2
FY 2006	479,815	6.5	41,657	(8.0)	45,399	(9.1)	24,793	(15.8)

	Net income per share	Diluted net income per share	Net income ratio to shareholders' equity	Ordinary profit ratio to total assets	Operating income ratio to sales
	yen	yen	%	%	%
FY2007	149.44	-	9.7	8.6	8.1
FY 2006	143.37	-	10.2	9.3	8.7

(Reference) Equity method investment profit: FY 2007 3,242 million yen; FY 2006 2,680million yen

## (2) Consolidated financial position

	Total assets	Net assets	Capital ratio	Net assets per share
	million yen	million yen	%	yen
FY2007	532,759	298,247	51.4	1,583.93
FY 2006	508,021	279,650	50.7	1,489.49

(Reference) Shareholders' equity: FY 2007 273,910; million yen; FY 2006 257,598million yen

## (3) Consolidated cash flows

	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
FY2007	50,535	(60,095)	3,195	38,779
FY 2006	44,572	(43,003)	(5,896)	42,298

## 2. Dividends

(Record date)	Dividend per share			Total dividend (Annual)	Payout ratio (Consolidated)	Dividend ratio to net assets (Consolidated)
	Interim	Term-end	Full year			
	yen	yen	yen	million yen	%	%
FY 2006	10.00	10.00	20.00	3,461	14.0	1.4
FY 2007	10.00	10.00	20.00	3,461	13.4	1.3
FY 2008 (Projection)	10.00	10.00	20.00	-	13.1	-

## 3. Projection of consolidated operating results for FY 2008 (April 1, 2008 to March 31, 2009)

(Percentage figures represent year-on-year change for full year, and change from the corresponding quarters of the previous fiscal year for 1st and 2nd Q.)

	Net sales		Operating income		Ordinary profit		Net income		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
1st and 2nd Q	272,000	8.6	18,800	(4.8)	20,500	(8.0)	11,100	(14.4)	64.19
Full year	556,000	5.6	44,500	4.8	48,000	7.1	26,500	2.5	153.24

## 4. Others

(1) Changes in significant subsidiaries during the term (Change in specific subsidiaries due to change in the scope of consolidation):  
None

(2) Change in principles, procedures, and presentation, etc. of accounting treatment relating to preparation of consolidated financial statements (Matters to be described as significant changes in the basic principle for preparation of 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 "Changes in the Significant Matters for Preparation of Consolidated Financial Statements" on page 18 and Note 5. Changes in method of business segmentation, under "Segment information by business category" on page 24.

(3) Number of shares issued and outstanding (common stock)

i) Number of shares issued and outstanding as of end of the term: (including treasury stock)      FY 2007:      173,138,537;      FY 2006:      173,138,537

ii) Number of treasury stock as of end of the term:      FY 2007:      207,757;      FY 2006:      194,791

Note: For the number of shares used for calculation of consolidated net income per share, please see "Per share information" on page 27.

## (Reference) Summary of Non-Consolidated Operating Results

1. Non-consolidated operating results for FY 2007 (April 1, 2007 to March 31, 2008)

(1) Non-consolidated operating results (Percentage figures represent year-on-year changes.)

	Net sales		Operating income		Ordinary profit		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
FY 2007	241,178	(5.2)	15,558	21.4	18,051	22.5	11,447	14.3
FY 2006	254,348	(7.1)	12,814	1.3	14,733	(3.0)	10,018	(3.9)

	Net income per share	Diluted net income per share
	yen	yen
FY 2007	66.15	-
FY 2006	57.89	-

(2) Non-consolidated financial position

	Total assets	Net assets	Capital ratio	Net assets per share
	million yen	million yen	%	yen
FY 2007	254,261	132,401	52.1	765.04
FY 2006	254,552	134,994	53.0	780.02

(Reference) Shareholders' equity: FY 2007: 132,401 million yen; FY 2006: 134,994 million yen

Note: Notice concerning proper use of the projections for operating results and other important matters:

The descriptions concerning projections of future business results, etc. are based on the information available as of the date of the preparation of this document and certain assumptions considered as reasonable. Actual business results may differ significantly from these projections depending on various factors. For details of assumptions and hypotheses for projections of business results, please refer to "1. Operating Results (1) Analysis of Operating Results iv. Outlook for fiscal 2008" on page 4.

## 1. Operating Results

### (1) Analysis of Operating Results

#### i. Operating results for FY 2007

Brisk exports and increasing capital expenditure supported the Japanese economy during fiscal 2007, allowing it to continue on its path of moderate recovery for the first half of the year. However, uncertainty became the prevailing theme in the second half of the year due to continuing price hikes in oil and raw materials, the confusion in the financial markets triggered by the U.S. subprime loans issue, and other factors including an appreciating yen and weak stock prices.

The automotive industry witnessed continued growth in production outside Japan reflecting robust overseas sales of Japanese cars, while domestic sales decreased.

In the electronics equipment industry, although there was an overall trend of falling prices, production remained strong with respect to items such as mobile phones, hard disc drives (HDD), and flat-screen televisions.

In the office equipment industry, sales increased thanks to the development of colorization of copiers and strong demand outside Japan, led by the BRICs countries.

The final results for the NOK group were as follows: Sales grew to 526,331 million yen (+9.7% y/y), operating income increased to 42,465 million yen (+1.9% y/y), ordinary profit was down slightly at 44,812 million yen (-1.3% y/y), and net income increased to 25,843 million yen (+4.2% y/y).

#### ii. Performance by business category

This fiscal year saw the opening up of new business segments. For details, please refer to page 24. In presenting year-on-year changes, segment information for the previous consolidated fiscal year was rearranged to conform to the new business segmentation described in the consolidated results for this fiscal year for comparison purposes.

##### [Seal Products Business]

In the area of automobile production, sales of fuel-efficient Japanese cars remained robust in mainly North America and Asia, with both exports and the number of locally manufactured cars increasing. The volume of construction machinery produced by Japanese manufacturers also increased due to an expansion in global demand for this machinery.

Sales of new seal products for waterproof mobile phones also contributed to this segment, and the seal products business generally showed strong performance.

Overall, sales increased by 11.1% y/y to 283,743 million yen. Operating income also grew by 29.3% y/y to 25,956 million yen.

##### [FPC Business]

While domestic sales of FPC for mobile phones were sluggish, growth in global demand for multifunctional mobile phones resulted in strong sales of FPC to overseas manufacturers, leading to an overall increase in sales in this category. In addition, sales of FPC for HDD increased due to a steady demand for use in personal computers and home electric appliances.

As a result, sales increased by 10.7% y/y to 185,721 million yen. Operating income, affected by sluggish performance in Taiwan and price fluctuations, decreased by 22.1% y/y to 15,783 million yen.

##### [Rubber Roll Business]

While sales of office equipment centering on color printers remained strong both at home and abroad, prices of copiers were further reduced, causing overall sales of rubber rolls for office equipment to remain fairly steady at 40,174 million yen, an increase of 0.8% y/y. However, a surge in raw materials prices mainly including steel products resulted in an operating loss of 172 million yen (compared with an operating income of 77 million yen a year earlier).

Further, a goodwill amortization of 1,511 million yen, compared with 1,507 million yen of the previous fiscal year, was recorded in the consolidated figures for this fiscal year.

##### [Other Business]

In other businesses including the special lubricants business, sales and operating income decreased to 16,691 million yen (-0.6% y/y) and 858 million yen (-29.9% y/y), respectively.

**iii. Performance by location**

In the domestic market, brisk sales of both seal products and FPC resulted in domestic sales of 326,070 million yen (+7.1% y/y). Operating income amounted to 27,251million yen (+9.6% y/y), mainly supported by an increase in sales of seal products.

In Asia, though sales of seal products increased, particularly in Taiwan, sales of FPC remained weak. As a result, sales increased by 18.5% y/y to 184,050 million yen while operating income declined by 7.4% y/y to 14,901 million yen.

**iv. Outlook for FY 2008**

Uncertainties surrounding both the domestic and U.S. economies as well as further surges in oil prices would make any conclusions about the future environment in which NOK group operates premature.

The climate for the automotive industry is becoming increasingly difficult due to the steep rise in oil prices, hikes in the prices of materials such as steel, and the strengthening of the yen over the dollar.

In the electronics equipment industry, while the market outside Japan continues to expand competition for price-cutting is intensifying rapidly.

In the office equipment industry, the repair-parts market is shrinking due to the introduction of longer lasting parts and there is thus a concern about dwindling demand. In addition, clients are increasing local procurement at overseas production facilities, and it is expected that competition with local part manufacturers will lead to a further decline in prices.

Under these severe circumstances, working toward our goal of becoming a top-level mid-sized company within the global market—as indicated by the catchphrase employed in the Three-Year Management Plan—we will focus our efforts ensuring the proper implementation of measures. Specifically, we will emphasize the further development of domestic and overseas production, and increasing efficiency and further rationalizing production.

Additionally, in terms of increasing revenue, the focus will be on strengthening and developing the Rubber Roll Business as we strive to expand new orders in each business category and develop a profitable business structure.

Further, the NOK group as a whole will continue to fortify its efforts at improving in quality and reducing costs to reinforce our profitability and corporate structure.

We anticipate sales of 556.0 billion yen (+5.6% y/y), operating income of 44.5 billion yen (+4.8% y/y), ordinary profit of 48.0 billion yen (+7.1% y/y) and net income of 26.5 billion yen (+2.5% y/y) on a consolidated basis for fiscal 2007.

The above projections include prospects calculated on the basis of the latest data available. Actual business results may differ from these projections depending on future operations and other domestic and overseas situations, such as fluctuations in foreign exchange rates.

**(2) Analysis of Financial Position****i. Assets, liabilities and net assets**

Total consolidated assets as of the end of this fiscal year were 532,759 million yen, an increase of 24,737 million yen from the previous year. This mainly reflects continued growth in capital expenditure, such as for tangible fixed assets to reinforce domestic and overseas production capacities, and an increase in trade notes and accounts receivable associated with the expansion of operations, although there was a decrease due to valuation of investments securities at fair value. Total liabilities stood at 234,511 million yen, an increase of 6,140 million yen from the end of the previous fiscal year. Net assets amounted to 298,247 million yen, as a result of an increase in earned surplus fueled by net income of 25,843 million yen and a decrease in valuation difference of other marketable securities. This is an increase of 18,596 million yen from a year earlier, driving up the capital ratio to 51.4%.

**ii. Cash flows**

The balance of cash and cash equivalents (hereinafter, "fund") as of the end of the consolidated fiscal 2007 decreased by 3,518 million yen on a year-on-year basis. Cash flow status for the consolidated fiscal 2007 is as stated below:

**[Cash flows from operating activities]**

The fund generated from operating activities was 50,535 million yen (an increase of 13.4% y/y). This is mainly attributable to an increase in earning before interest, taxes, depreciation and amortization.

**[Cash flows from investing activities]**

The fund used for investing activities amounted to 60,095 million yen (an increase of 39.7% y/y). This reflects investments such as acquisition of tangible fixed assets for upgrade and expansion of production capacities both at home and abroad.

**[Cash flows from financing activities]**

The fund generated from financing activities amounted to 3,195 million yen (a year-on-year increase of 9,091 million yen). This is mainly attributable to repayment of long-term borrowings, in addition to execution of short-term borrowings for payment of income taxes and operating funds.

The trend of cash flow indicators is as follows:

	FY 2004	FY 2005	FY 2006	FY 2007
Capital ratio (%)	43.4	48.5	50.7	51.4
Capital ratio on market value (%)	105.8	116.4	68.3	66.2
Cash flow ratio to interest-bearing liabilities (annualized)	1.3	1.2	1.5	1.5
Interest coverage ratio (multiple)	37.6	37.5	24.2	21.1

Capital ratio = Shareholders' equity / Total assets

Capital ratio on market value = Total market capitalization / Total assets

Cash flow ratio to interest-bearing liabilities = Interest-bearing liabilities / Cash flows

Interest coverage ratio = Cash flows / Interest payments

Note:

1. All indices above are calculated based on consolidated financial statements.
2. Total market capitalization is calculated on the basis of the number of outstanding shares minus treasury stock.
3. Cash flows are calculated with cash flows from operating activities.
4. Interest-bearing liabilities represent all liabilities on the consolidated balance sheet on which we pay interest.

### **(3) Principal Policy on Profit Sharing, and Dividends for this Fiscal Year and the Next Fiscal Year**

Our basic policy on profit sharing to the shareholders is to maintain stable dividend payments at appropriate levels in concert with mid- to long-term corporate performance. On the other hand, however, internal reserves are also an important factor to be considered for future business development and reinforcement of financial health. We will determine dividends taking into consideration all such factors.

Taking into consideration the corporate performance based on the aforementioned policy, the dividend for this fiscal year will be 20 yen per share (10 yen as interim dividend plus 10 yen as term-end dividend), maintaining the same amount of annual dividend as in the previous fiscal year. For the following fiscal year, we expect to pay a dividend of 20 yen per share. However, our final decision will be subject to the financial position and operating results, etc. in accordance with the policy as described above.

### **(4) Risk Factors in Business**

The NOK group's business performance and financial position are exposed to various risks. The following is a discussion of assumed main risks that the NOK group may face in its business activities. In addition, the future events contained in these items were envisioned as of the end of this fiscal term (March 31, 2008).

#### **i. Risks in Seal Products Business**

The automotive industry is our biggest buyer, which accounts for about 70 percent of sales in this product line, and sales performance is subject to trends in production and sales activities within the industry. In the automotive industry, domestic manufacturers have increasingly shifted their production lines overseas.

Under these circumstances, automotive parts suppliers, including the NOK group, have increasingly received requests from the automotive industry, to offer drastic cost reduction, technological innovation, and a global response, not to mention improvements in quality and strict observance of delivery times. Consequently, the NOK group may be adversely affected by these trends in the future.

Moreover, while oil seal products, one of our core products, are used for the internal-combustion engine, battery-driven electric vehicles are under developed in recent years. The NOK group is undertaking research and development efforts on new products to equip electric-powered vehicles in the expectation that they will become more common in the future. However, at this time, it is difficult to foresee the influence of electric vehicles on the future business results of the NOK group.

#### **ii. Risks in Flexible Printed Circuit Business**

Given that the products in this business are characterized by short lifecycles and rapid technical innovation, and that business performance tends to fluctuate significantly subject to trends in the supply-demand relationship, this field may produce an adverse effect on the business performance of the NOK group. In addition, as South Korean and Taiwanese manufacturers continue to gain market share in this industry, technical improvements and expansion of the production capacities of such manufacturers may create increasingly fierce competition that could impact the business results of the NOK group.

#### **iii. Risks in Rubber Roll Business**

On April 1, 2007, we integrated two subsidiaries, HOKUSHIN CORPORATION and NITTO KOGYO CORPORATION in order to launch SYNZTEC CO., LTD. to engage in operations focused on rubber rolls for copiers. As colorization of copiers develops, technology is being replaced at phenomenal rates and competition is becoming increasingly getting fierce. We may face adverse effects of such trends in this new business area.

#### **iv. Risks in Other Business**

The NOK group has been engaged in production and sale of special lubricants. This business is significantly affected by oil prices and so forth. In the future, we may face adverse effects of such trends.

**v. Risks in Production Structure**

As a parts manufacturing company, the NOK group has established a production structure in line with our basic policy of keeping pace with domestic customers' shift to overseas production. In recent years, the overseas production ratio of the NOK group has shown a tendency to go up in accordance with customers' shift to overseas production.

In the future, we plan to raise overseas production ratio further with a focus on production expansion in the Asian area in line with domestic automotive manufacturers' shift to overseas production in the seal business. A further expansion of overseas production is also expected in the flexible printed circuit business. In light of this, the business results of the NOK group will become vulnerable to foreign exchange fluctuations and the business climate of each country where NOK deploys its production facilities.

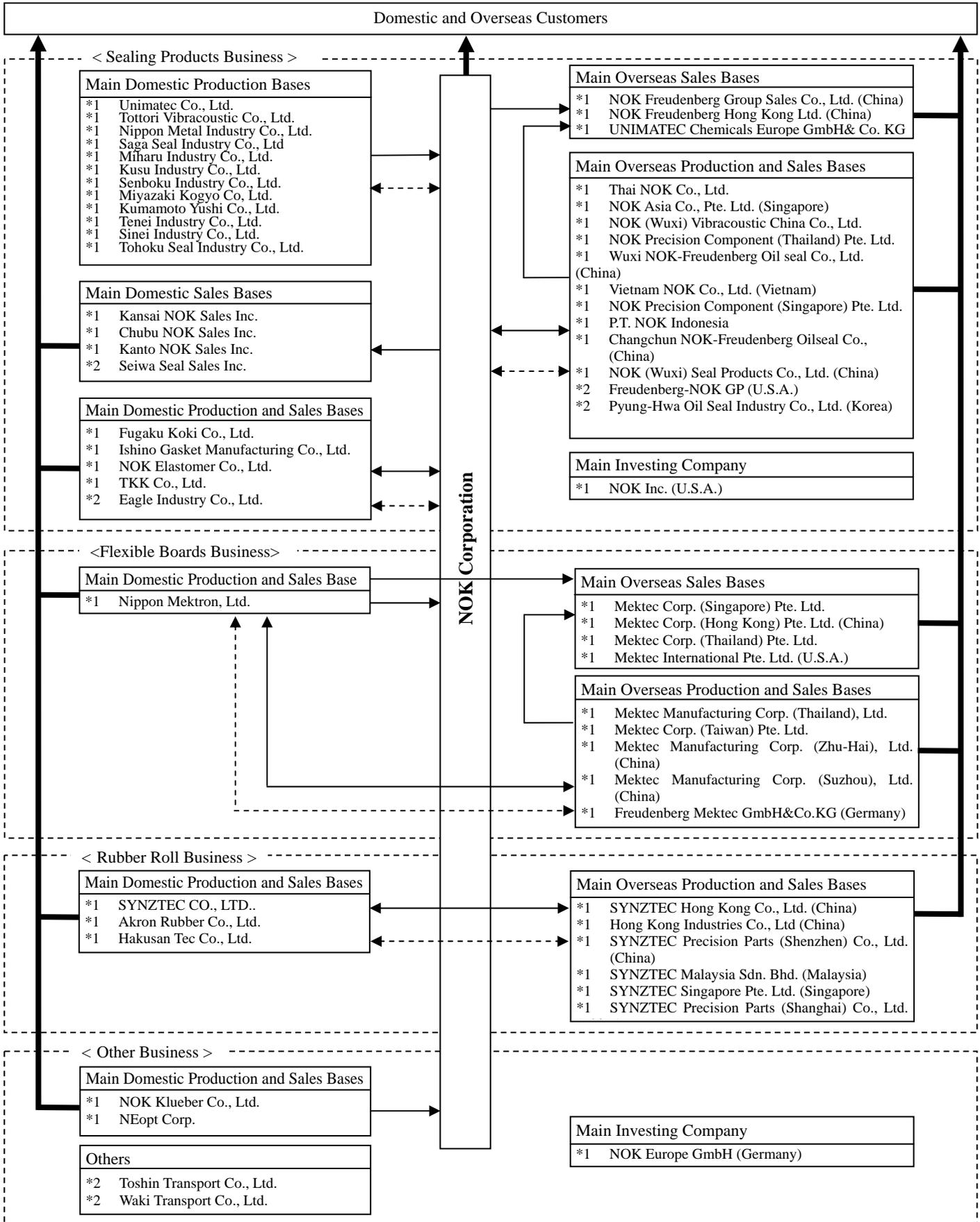
**vi. Risks in business relationship with Freudenberg & Co.**

NOK has maintained capital and technical alliances with Freudenberg & Co. ("Freudenberg") since 1960. Also, Freudenberg (including its group companies) plays an important role as a partner for the NOK group's business activities.

Currently, Freudenberg is the largest stockholder, holding 23.0% of outstanding and issued shares of NOK through Freudenberg Beteiligings GmbH, Freudenberg's investment company, continuing the NOK group's relationship with Freudenberg begun with the first alliance agreement concluded in 1960. We believe that both groups will continue to develop their stable relationship in the future. However, any change in business alliances or any strategic shift of Freudenberg may have a significant impact on the business results of the NOK group.

## 2. Corporate Group

The following diagram shows the company's group structure.



Notes:

- The solid line arrows indicate supply of products.
- - - → The dotted-line arrows indicate supply of raw materials and semi-finished products.

2. \*1: Consolidated subsidiary  
\*2: Equity method applied affiliate

### 3. Management Policy

#### (1) Principal Management Policy

It is our basic concept that a firm is the common asset of its shareholders, employees, and society. At the same time, the goal of NOK is to become an entity in which all of its stakeholders including customers, suppliers, and financial institutions can take pride. For such purposes, we concentrate our efforts to create a vigorous, high profitability corporate group through “manufacturing and distributing unique and useful products with high technical capabilities throughout the world and at appropriate prices.” That is the main policy with which NOK conducts its business.

#### (2) Mid- to Long-Term Management Strategies

Our New Three-Year Management Plan was implemented from fiscal 2007. The outline of this plan is as follows:

1. Slogan: “Toward a Mid-sized Excellent Company in the Global Market – For Higher S.S.”\*1
2. Period: From April 1, 2007 to March 31, 2010 (FY 2007 to FY 2009)
3. Basic policies:
  - (1) To implement a business management respecting human dignity
  - (2) To restructure “NOK, renowned for quality”
  - (3) To increase new order receipts in the joint efforts of sales, technical and production divisions.\*2
  - (4) To strengthen the capabilities of each division
  - (5) To foster and reinforce the rubber roll business
  - (6) To improve and strengthen the global production system
  - (7) To improve consolidated profitability and the financial structure by establishing a group management system
  - (8) To grow as a corporate citizen
4. Target indicators (Goals for the final consolidated fiscal year of the plan)

Net sales:	600 billion yen
Operating income:	62.0 billion yen
ROA:	6.6%

Notes: \*1 S.S. = Stakeholder Satisfaction.

\*2 Each division responsible for sales, technical matters, and production.

The above target indicators for future business results include all the risk factors envisaged as of the date of publication of this document. However, actual results may differ depending on the domestic and overseas economic situation, price of materials, demand, competition from other companies, changes in technologies, and other factors, including fluctuations in foreign exchange rates.

#### 4. Consolidated Financial Statements

##### (1) Consolidated Balance Sheet

Item	FY 2006 (as of March 31, 2007)		FY 2007 (as of March 31, 2008)		Year-on-year comparison
	Amount (million yen)	(%)	Amount (million yen)	(%)	Change (million yen)
<b>Assets</b>					
<b>I. Current assets</b>					
1. Cash and deposits	45,837		39,756		(6,081)
2. Notes and accounts receivable	113,683		125,369		11,686
3. Inventories	47,110		51,826		4,715
4. Deferred tax assets	7,526		7,121		(404)
5. Others	10,552		11,396		843
Allowance for doubtful accounts	(1,020)		(995)		24
Total current assets	223,691	44.0	234,475	44.0	10,783
<b>II. Fixed assets</b>					
<b>(1) Tangible fixed assets</b>					
1. Buildings and structures	111,684		125,980		
Accumulated depreciation	51,529	60,155	57,486	68,494	8,339
2. Machinery, equipment and vehicles	208,998		238,602		
Accumulated depreciation	140,893	68,104	153,871	84,730	16,625
3. Furniture and fixtures	54,391		62,057		
Accumulated depreciation	39,866	14,525	46,083	15,973	1,448
4. Land		18,611		19,618	1,006
5. Construction in progress		8,842		12,142	3,299
Total tangible fixed assets	170,239	(33.5)	200,958	(37.7)	30,718
<b>(2) Intangible fixed assets</b>					
1. Goodwill	4,179		2,825		(1,354)
2. Others	2,168		1,686		(481)
Total intangible fixed assets	6,348	(1.3)	4,512	(0.9)	(1,835)
<b>(3) Investments and other assets</b>					
1. Investment securities	74,598		59,774		(14,823)
2. Long-term loans to employees	8,768		8,214		(554)
3. Deferred tax assets	2,890		3,066		176
4. Others	21,769		21,979		210
Allowance for doubtful accounts	(285)		(223)		62
Total investments and other assets	107,741	(21.2)	92,812	(17.4)	(14,928)
Total fixed assets	284,330	56.0	298,283	56.0	13,953
Total Assets	508,021	100.0	532,759	100.0	24,737

Item	FY 2006 (as of March 31, 2007)		FY 2007 (as of March 31, 2008)		Year-on-year comparison
	Amount (million yen)	(%)	Amount (million yen)	(%)	Change (million yen)
<b>Liabilities</b>					
<b>I. Current liabilities</b>					
1. Notes and accounts payable – trade	54,632		59,972		5,339
2. Short-term borrowings	35,114		45,706		10,592
3. Income taxes payable	9,618		7,255		(2,362)
4. Reserve for employees' bonus payments	8,005		8,230		225
5. Employee deposits	15,653		15,855		201
6. Others	29,344		29,785		441
Total current liabilities	152,368	30.0	166,806	31.3	14,437
<b>II. Fixed liabilities</b>					
1. Long-term borrowings	14,774		13,724		(1,049)
2. Deferred tax liabilities	8,027		3,565		(4,461)
3. Reserve for retirement benefits	50,232		47,546		(2,685)
4. Reserve for retirement lump sum grant for directors	1,176		1,326		150
5. Others	1,792		1,542		(250)
Total fixed liabilities	76,002	15.0	67,705	12.7	(8,296)
Total Liabilities	228,371	45.0	234,511	44.0	6,140

Item	FY 2006 (as of March 31, 2007)		FY 2007 (as of March 31, 2008)		Year-on-year comparison
	Amount (million yen)	(%)	Amount (million yen)	(%)	Change (million yen)
<b>Net assets</b>					
<b>I Shareholders' equity</b>					
1. Common stock	23,335	4.6	23,335	4.4	—
2. Additional paid-in capital	22,451	4.4	22,451	4.2	—
3. Earned surplus	174,985	34.4	197,464	37.0	22,479
4. Treasury stock	(194)	(0.0)	(223)	(0.0)	(28)
Total shareholders' equity	220,578	43.4	243,029	45.6	22,450
<b>II Valuation and translation adjustments</b>					
1. Net unrealized gains on other securities	29,002	5.7	17,988	3.4	(11,014)
2. Cumulative currency translation adjustments	8,016	1.6	12,892	2.4	4,875
Total valuation and translation adjustments	37,019	7.3	30,881	5.8	(6,138)
<b>III Minority interests</b>	22,052	4.3	24,337	4.6	2,284
Total net assets	279,650	55.0	298,247	56.0	18,596
Total Liabilities and Net Assets	508,021	100.0	532,759	100.0	24,737

## (2) Comparative Consolidated Profit and Loss Statement

Item	FY 2006 (April 1, 2006 to March 31, 2007)		FY 2007 (April 1, 2007 to March 31, 2008)		Year-on-year comparison		
	Amount (million yen)	(%)	Amount (million yen)	(%)	Change (million yen)		
<b>I Net sales</b>		479,815	100.0		526,331	100.0	46,515
<b>II Cost of sales</b>		376,675	78.5		416,275	79.1	39,599
Gross profit		103,140	21.5		110,055	20.9	6,915
<b>III Selling, general and administrative expenses</b>							
1. Fares	10,663			11,235			
2. Wages and benefits	17,849			17,902			
3. Provision for accrued bonuses	1,978			2,214			
4. Retirement benefits	1,783			1,768			
5. Research and development	8,001			9,149			
6. Other expenses	21,204	61,482	12.8	25,318	67,589	12.8	6,107
Operating income		41,657	8.7		42,465	8.1	808
<b>IV Non-operating profit/loss</b>							
1. Interest received	893			986			
2. Dividends received	791			973			
3. Equity in earnings of affiliates	2,680			3,242			
4. Rental income	874			956			
5. Others	1,756	6,995	1.5	1,649	7,808	1.4	812
<b>V Non-operating expenses</b>							
1. Interest paid	1,840			2,407			
2. Exchange loss	192			1,986			
3. Others	1,220	3,254	0.7	1,067	5,461	1.0	2,207
Ordinary profit		45,399	9.5		44,812	8.5	(587)
<b>VI Extraordinary gains</b>							
1. Gain on disposal of fixed assets	239			140			
2. Gain on sales of investments in securities	1,123			554			
3. Provision of allowance for doubtful accounts	765			349			
4. Gain on transition of subsidiary pension plan	–			496			
5. Others	170	2,299	0.4	140	1,681	0.3	(617)
<b>VII Extraordinary losses</b>							
1. Loss on disposal of fixed assets	1,195			778			
2. Loss on wind-up of subsidiary pension fund	574			–			
3. Provisions for reserve for business restructuring of subsidiaries	769			–			
4. Others	383	2,923	0.6	235	1,014	0.2	(1,909)
Income before taxes		44,775	9.3		45,480	8.6	704
Income taxes, current	15,821			13,246			
Income taxes, deferred	960	16,781	3.5	3,261	16,508	3.1	(273)
Minority interests		3,200	0.6		3,128	0.6	(71)
Net income		24,793	5.2		25,843	4.9	1,049

(3) Consolidated Statement of Changes in Shareholders' Equity  
FY 2006 (April 1, 2006 to March 31, 2007)

	Shareholders' Equity				
	Common Stock	Additional paid-in capital	Retained earnings	Treasury stock	Total
Balance as of March 31, 2006 (million yen)	23,335	22,393	154,168	(201)	199,695
Changes during the term					
Dividends from capital surplus (Note)			(2,074)		(2,074)
Dividends from capital surplus			(1,729)		(1,729)
Bonus paid to directors (Note)			(269)		(269)
Net income			24,793		24,793
Purchase of treasury stock				(4)	(4)
Disposal of treasury stock		57		12	70
Change in the scope of consolidation			23		23
Change in the scope of application of equity method			86	(0)	85
Change in the scope of consolidation of equity method-applied companies			(11)		(11)
Net changes in assets other than Shareholders' equity during the term					
Total change (million yen)	—	57	20,817	7	20,882
Balance as of March 31, 2007 (million yen)	23,335	22,451	174,985	(194)	220,578

	Valuation and translation adjustments			Minority interests	Total Net Assets
	Net unrealized gains on other securities	Cumulative currency translation adjustments	Total		
Balance as of March 31, 2006 (million yen)	28,159	441	28,601	19,379	247,677
Changes during the term					
Dividends from capital surplus (Note)					(2,074)
Dividends from capital surplus					(1,729)
Bonus paid to directors (Note)					(269)
Net income					24,793
Purchase of treasury stock					(4)
Disposal of treasury stock					70
Change in the scope of consolidation					23
Change in the scope of application of equity method					85
Change in the scope of consolidation of equity method-applied companies					(11)
Net changes in assets other than Shareholders' equity during the term	843	7,575	8,418	2,672	11,090
Total change (million yen)	843	7,575	8,418	2,672	31,973
Balance as of March 31, 2007 (million yen)	29,002	8,016	37,019	22,052	279,650

Note: Appropriation of these surpluses was resolved at the General Shareholders' Meeting held in June 2006.

Consolidated Statement of Changes in Shareholders' Equity  
 FY 2007 (April 1, 2007 to March 31, 2008)

	Shareholders' Equity				
	Common Stock	Additional paid-in capital	Retained earnings	Treasury stock	Total
Balance as of March 31, 2007 (million yen)	23,335	22,451	174,985	(194)	220,578
Changes during the term					
Dividends from capital surplus			(3,458)		(3,458)
Net income			25,843		25,843
Purchase of treasury stock				(28)	(28)
Change in the scope of consolidation			(2)		(2)
Change in the scope of consolidation of equity method-applied companies			(0)		(0)
Change in the accounting standard of equity-method subsidiaries			98		98
Net changes in assets other than Shareholders' equity during the term					
Total change (million yen)	—	—	22,479	(28)	22,450
Balance as of March 31, 2008 (million yen)	23,335	22,451	197,464	(223)	243,029

	Valuation and translation adjustments			Minority interests	Total Net Assets
	Net unrealized gains on other securities	Cumulative currency translation adjustments	Total		
Balance as of March 31, 2007 (million yen)	29,002	8,016	37,019	22,052	279,650
Changes during the term					
Dividends from capital surplus					(3,458)
Net income					25,843
Purchase of treasury stock					(28)
Change in the scope of consolidation					(2)
Change in the scope of consolidation of equity method-applied companies					(0)
Change in the accounting standard of equity-method subsidiaries					98
Net changes in assets other than Shareholders' equity during the term	(11,014)	4,875	(6,138)	2,284	(3,853)
Total change (million yen)	(11,014)	4,875	(6,138)	2,284	18,596
Balance as of March 31, 2008 (million yen)	17,988	12,892	30,881	24,337	298,247

## (4) Consolidated Statement of Cash Flows

	FY 2006 (April 1, 2006 to March 31, 2007)	FY 2007 (April 1, 2007 to March 31, 2008)	Year-on-year comparison
Item	Amount (million yen)	Amount (million yen)	Change (million yen)
<b>I Cash flows from operating activities:</b>			
Income before income taxes	44,775	45,480	704
Depreciation and amortization	27,512	33,692	6,180
Decrease in allowance for doubtful accounts	(1,055)	(129)	926
Increase in reserve for employees' bonus payments	110	225	115
Decrease in reserve for retirement benefits	(1,913)	(2,723)	(809)
Increase (decrease) in reserve for retirement lump sum grant for directors	(231)	150	381
Interest and dividend income	(1,684)	(1,959)	(275)
Interests expense	1,840	2,407	566
Equity in gain (loss) of affiliated companies	(2,680)	(3,242)	(562)
Amortization of goodwill	1,649	1,597	(52)
Gain on sale of investment securities	(1,123)	(554)	569
Gain on sale of fixed assets	(239)	(140)	98
Loss on disposal of fixed assets	1,195	778	(417)
Increase in accounts receivable	(3,967)	(6,251)	(2,284)
Increase in inventories	(5,030)	(3,583)	1,446
Increase (decrease) in accounts payable	(5,065)	5,372	10,438
Increase (decrease) in notes discounted	3,300	(2,091)	(5,391)
Others	2,716	(2,772)	(5,488)
Bonus paid to directors	(269)	—	269
Sub Total	59,838	66,255	6,416
Interest and dividends received	2,871	2,819	(52)
Interest paid	(1,842)	(2,390)	(548)
Income taxes paid	(16,296)	(16,149)	146
Cash flows from operating activities	44,572	50,535	5,963

	FY 2006 (April 1, 2006 to March 31, 2007)	FY 2007 (April 1, 2007 to March 31, 2008)	Year-on-year comparison
Item	Amount (million yen)	Amount (million yen)	Change (million yen)
<b>II Cash flows from investing activities</b>			
Net increase (decrease) in time deposits	330	2,763	2,433
Purchase of investment securities	(907)	(2,163)	(1,255)
Proceeds from sale of investment securities	1,718	174	(1,543)
Purchase of additional shares in consolidated subsidiaries	(173)	(822)	(648)
Proceeds from sale of shares in consolidated subsidiaries	1,456	—	(1,456)
Payments for share capital	(1,571)	—	1,571
Payments for purchase of tangible fixed assets	(45,625)	(61,079)	(15,454)
Proceeds from sale of tangible fixed assets	2,365	1,058	(1,307)
Payments for purchase of intangible fixed assets	(614)	(82)	532
Others	19	55	36
Cash flows from investing activities	(43,003)	(60,095)	(17,091)
<b>III Cash flows from financing activities</b>			
Net increase (decrease) in short-term borrowings	3,733	10,444	6,710
Proceeds from long-term borrowings	5,399	4,758	(641)
Payments for repayment of long-term borrowings	(9,871)	(6,867)	3,003
Proceeds from shares subscribed by minority shareholders	4	289	284
Net of purchase and sale of treasury stock	212	(28)	(241)
Dividends paid by the Company	(3,803)	(3,458)	344
Dividends paid to minority shareholders	(1,572)	(1,940)	(368)
Net cash flows from financing activities	(5,896)	3,195	9,091
<b>IV Adjustment on foreign currency translation of cash and cash equivalents</b>	2,349	2,470	120
<b>V Net change in cash and cash equivalents (decrease)</b>	(1,978)	(3,894)	(1,916)
<b>VI Cash and cash equivalents at beginning of the term</b>	44,081	42,298	(1,783)
<b>VII Increase in cash and cash equivalents due to change in the scope of consolidation</b>	194	375	181
<b>VIII Cash and cash equivalents at end of the term</b>	42,298	38,779	(3,518)

Important Accounting Guidelines for the Preparation of Consolidated Financial Statements

Matters other than those described in "Changes in the Significant Matters for Preparation of Consolidated Financial Statements" below are not disclosed in this document, as there are no significant changes in descriptions in the latest Securities Report submitted on June 28, 2007.

Changes in the Significant Matters for Preparation of Consolidated Financial Statements

Depreciation method of significant depreciable assets

Tangible fixed assets

The Company and its domestic consolidated subsidiaries, in accordance with the amendment to the Corporation Tax Law, changed their depreciation method to a method based on the revised Corporation Tax Law, with respect to tangible fixed assets acquired on or after April 1, 2007, in this fiscal year.

As a result, operating income, ordinary profit, and income before taxes each decreased by 1,281 million yen.

Please refer to segment information for the impact on each segment.

(Additional information)

With respect to the assets acquired on or before March 31, 2007, the Company and its domestic consolidated subsidiaries, in accordance with the amendment to the Corporation Tax Law, have adopted a method in which, when the value of the asset reached 5% of acquisition value under the depreciation method based on the Corporation Tax Law before revision, the difference between the value equivalent to 5% of acquisition value and memorandum value is evenly depreciated over five years from the following fiscal year and recorded as depreciation and amortization.

As a result, operating income, ordinary profit, and income before taxes each decreased by 736 million yen.

Please refer to segment information for the impact on each segment.

[Notes to consolidated financial statements]

(Consolidated balance sheet)

	(million yen)	
	FY 2006	FY2007
Assets pledged as security (buildings, etc.)	7,146	5,702
Secured liabilities corresponding to the above	3,014	2,563
Balance of loan guarantee	10	10
Amount discounted on notes receivable	18,373	16,289
Notes endorsed for payment	273	276
Unsettled transferred receivables	3,075	—

Notes maturing at the end of the consolidated fiscal year

Notes receivable	523	—
Amount discounted on notes receivable	2,136	—
Notes endorsed for payment	32	—
Notes payable	103	—

Note: Notes maturing at the end of the consolidated fiscal year were accounted for on the day of settlement.

(Securities)

1. Other securities with market value

(million yen)

Type of securities	FY 2006			FY2007		
	Acquisition cost	Consolidated balance sheet amount	Unrealized gains	Acquisition cost	Consolidated balance sheet amount	Unrealized gains
Stocks	7,156	55,351	48,195	9,661	39,690	30,028
Corporate bonds	5	5	0	—	—	—
Total	7,162	55,357	48,195	9,661	39,690	30,028

2. Principal securities with no market value

(million yen)

Type of securities	FY 2006	FY2007
(1) Securities held to maturity		
Unlisted bonds	71	71
(2) Other securities:		
Unlisted stocks	116	116
Preferred subscription certificates	500	500

(Omission of disclosure)

Notes to the following information are omitted due to their immaterial degree of necessity for disclosure in this financial summary document.

Consolidated Profit and Loss Statement

Lease Transactions

Derivative Transactions

Retirement Benefits

Transactions with Related Parties

(Consolidated Statement of Changes in Shareholders' Equity)

FY 2006 (April 1, 2006 to March 31, 2007)

1. Matters concerning the type and aggregate number of shares issued and outstanding and treasury stock

	Number of shares and treasury stock as of the end of FY 2005	Increase in number of shares and treasury stock during FY 2006	Decrease in number of shares during FY 2006	Number of shares and treasury stock as of the end of FY 2006
Shares of common stock issued and outstanding				
Common stock	173,138,537	-	-	173,138,537
Total	173,138,537	-	-	173,138,537
Treasury stock (common stock)				
Common stock	220,739	6,552	32,500	194,791
Total	220,739	6,552	32,500	194,791

Notes: 1. Breakdown of the increase of 6,552 shares in the treasury stock in the common stock is as follows:

Increase due to repurchase of shares of less than one trading unit: 1,692 shares

Treasury stock (shares of the Company) held by the new equity method-applied companies, which are accounted for as shares held by us: 4,860 shares

Notes: 2. Decrease of 32,500 treasury stock in common shares are resulted from sale of treasury stock (shares of the Company) held by a consolidated subsidiary.

2. Matters relating to dividend payments

(1) Dividend paid

Resolution	Class of shares	Aggregate amount of dividend paid (million yen)	Dividend per share (yen)	Record date	Effective date
General Meeting of Shareholders held on June 29, 2006	Common stock	2,074	12	March 31, 2006	June 30, 2006
Meeting of the Board of Directors held on November 14, 2006	Common stock	1,729	10	September 30, 2006	December 8, 2006

(2) Dividends for which the record date belongs to this fiscal year but the effective date is in the following fiscal year.

Resolution	Class of shares	Aggregate amount of dividend paid (million yen)	Dividend resource	Dividend per share (yen)	Record date	Effective date
General Meeting of Shareholders to be held on June 28, 2007	Common stock	1,729	Earned surplus	10	March 31, 2007	June 29, 2007

FY2007(April 1, 2007 to March 31, 2008)

## 1. Matters concerning the type and aggregate number of shares issued and outstanding and treasury stock

	Number of shares and treasury stock as of the end of FY 2005	Increase in number of shares and treasury stock during FY 2006	Decrease in number of shares during FY 2006	Number of shares and treasury stock as of the end of FY 2006
Shares of common stock issued and outstanding				
Common stock	173,138,537	-	-	173,138,537
Total	173,138,537	-	-	173,138,537
Treasury stock (common stock)				
Common stock	194,791	12,966	-	207,757
Total	194,791	12,966	-	207,757

## Note

Breakdown of the increase of 12,966 shares in the treasury stock in the common stock is as follows:

Increase due to repurchase of shares of less than one trading unit: 966 shares

Treasury stock (shares of the Company) held by the new equity method-applied companies, which are accounted for as shares held by us:12,000 shares

## 2. Matters relating to dividend payments

## (1) Dividend paid

Resolution	Class of shares	Aggregate amount of dividend paid (million yen)	Dividend per share (yen)	Record date	Effective date
General Meeting of Shareholders held on June 28, 2007	Common stock	1,729	10	March 31, 2007	June 29, 2007
Meeting of the Board of Directors held on November 13, 2007	Common stock	1,729	10	September 30, 2007	December 7, 2007

## (2) Dividends for which the record date belongs to this fiscal year but the effective date is in the following fiscal year.

Resolution	Class of shares	Aggregate amount of dividend paid (million yen)	Dividend resource	Dividend per share (yen)	Record date	Effective date
General Meeting of Shareholders to be held on June 27, 2008	Common stock	1,729	Earned surplus	10	March 31, 2008	June 30, 2008

## (Consolidated Cash Flow Statements)

FY 2006 (April 1, 2006 to March 31, 2007)		FY 2007 (April 1, 2007 to March 31, 2008)	
1. Relations of the year-end balance of cash and equivalents and the value shown in accounts described in the consolidated balance sheet		1. Relations of the year-end balance of cash and equivalents and the value shown in accounts described in the consolidated balance sheet	
Cash and deposits account	45,837 million yen	Cash and deposits account	39,756 million yen
<u>Time-deposits of a deposit term exceeding 3 months</u>		<u>Time-deposits of a deposit term exceeding 3 months</u>	
	(3,539)		(977)
Cash and equivalents	42,298	Cash and equivalents	38,779

(Tax-Effect Accounting)

FY 2006 (as of March 31, 2007)		FY 2007 (as of March 31, 2008)	
1. Details of main accrual sources of deferred tax assets and deferred tax liabilities are as follows:		1. Details of main accrual sources of deferred tax assets and deferred tax liabilities are as follows:	
Deferred tax assets		Deferred tax assets	
Amount exceeding provision limit for doubtful accounts	390	Amount exceeding provision limit for doubtful accounts	290
Accrued enterprise tax	809	Accrued enterprise tax	666
Amount exceeding provision limit for bonus payments	3,207	Amount exceeding provision limit for bonus payments	3,225
Amount exceeding tax limit for depreciation	3,584	Amount exceeding tax limit for depreciation	3,366
Loss on valuation of investment securities	88	Loss on valuation of investment securities	27
Amount exceeding provision limit for retirement benefits	19,968	Amount exceeding provision limit for retirement benefits	18,781
Reserve for retirement lump sum grants for directors	482	Reserve for retirement lump sum grants for directors	554
Unrealized inter-company profit	987	Unrealized inter-company profit	997
Others	1,945	Others	1,546
Sub total deferred tax assets	<u>31,464</u>	Sub total deferred tax assets	<u>29,455</u>
Valuation allowance	<u>(620)</u>	Valuation allowance	<u>(344)</u>
Total deferred tax assets	<u>30,843</u>	Total deferred tax assets	<u>29,111</u>
Deferred tax liabilities		Deferred tax liabilities	
Allowance for special depreciation	58	Allowance for special depreciation	109
Deferred gains on sale of fixed assets	521	Deferred gains on sale of fixed assets	496
Retained earnings of overseas affiliates	8,490	Retained earnings of overseas affiliates	9,795
Net devaluation gains and loss of other securities	19,500	Net devaluation gains and loss of other securities	12,154
Total deferred tax liabilities	<u>28,570</u>	Total deferred tax liabilities	<u>22,557</u>
Net deferred tax assets	<u>2,273</u>	Net deferred tax assets	<u>6,554</u>
(Note) Net deferred tax assets include following items of the consolidated balance sheet.		(Note) Net deferred tax assets include following items of the consolidated balance sheet.	
Current assets - Deferred tax assets	7,526	Current assets - Deferred tax assets	7,121
Fixed assets - Deferred tax assets	2,890	Fixed assets - Deferred tax assets	3,066
Current liabilities - Others	116	Current liabilities - Others	68
Fixed liabilities - Deferred tax liabilities	8,027	Fixed liabilities - Deferred tax liabilities	3,565
2. Reconciliation between the statutory tax rate and the effective tax rate as a percentage of income before income taxes is as follows:		2. Reconciliation between the statutory tax rate and the effective tax rate as a percentage of income before income taxes is as follows:	
Statutory effective tax rate (Reconciliation items)	40.1%	Statutory effective tax rate (Reconciliation items)	40.1%
Permanent differences arising from nondeductible expenses such as entertainment expenses	3.5	Permanent differences arising from nondeductible expenses such as entertainment expenses	3.7
Per capita portion of inhabitant's tax	0.2	Per capita portion of inhabitant's tax	0.2
Different tax rates applied to foreign subsidiaries	(4.7)	Different tax rates applied to foreign subsidiaries	(6.0)
Equity in net gains (losses) of affiliates	(1.7)	Equity in net gains (losses) of affiliates	(2.1)
Valuation allowance	(0.3)	Valuation allowance	(0.6)
Others	0.4	Others	1.0
Effective tax rate after adopting tax-effect accounting	<u>37.5</u>	Effective tax rate after adopting tax-effect accounting	<u>36.3</u>

(Segment information)

## a. Segment information by business category

FY 2006 (April 1, 2006 to March 31, 2007)

	Seal products (million yen)	FPC (million yen)	Other products (million yen)	Total (million yen)	Eliminations/ Corporate (million yen)	Consolidated (million yen)
I Net sales and operating profit/loss						
Net sales:						
(1) Sales to external customers	212,336	167,715	99,763	479,815	—	479,815
(2) Inter-segment sales/ transfer	1,532	227	7,623	9,384	(9,384)	—
Total	213,869	167,943	107,387	489,200	(9,384)	479,815
Operating expenses	196,403	147,687	103,454	447,544	(9,386)	438,158
Operating income	17,466	20,256	3,932	41,655	2	41,657
II Assets, depreciation, and capital expenditure						
Assets	206,434	149,609	89,027	445,071	62,950	508,021
Depreciation	15,911	8,077	3,523	27,512	—	27,512
Capital expenditure	26,280	16,869	7,441	50,590	—	50,590

Notes: 1. Method to categorize businesses:

Businesses are categorized by product series.

2. Main products of respective business categories:

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

3. Assets of the entire company included in "Eliminations/Corporate is 67,608 million yen, out of which the principal assets are cash and deposits of the Company, investment securities, and deferred tax assets, etc.

FY 2007 (April 1, 2007 to March 31, 2008)

	Seal products (million yen)	FPC (million yen)	Rubber Roll (million yen)	Other products (million yen)	Total (million yen)	Eliminations/ Corporate (million yen)	Consolidated (million yen)
I Net sales and operating profit/loss							
Net sales:							
(1) Sales to external customers	283,743	185,721	40,174	16,691	526,331	—	526,331
(2) Inter-segment sales/transfer	4,410	1,018	—	1,802	7,230	(7,230)	—
Total	288,153	186,740	40,174	18,493	533,561	(7,230)	526,331
Operating expenses	262,197	170,956	40,347	17,635	491,136	(7,271)	483,865
Operating income	25,956	15,783	(172)	858	42,424	40	42,465
II Assets, depreciation, and capital expenditure							
Assets	267,087	168,620	38,875	9,727	484,310	48,448	532,759
Depreciation	22,011	9,233	2,186	261	33,692	—	33,692
Capital expenditure	39,031	19,704	2,008	218	60,964	—	60,964

Notes: 1. Method to categorize businesses:

Businesses are categorized by product series and market similarities, based on the segmentation adopted for internal administration.

2. Main products of respective business categories:

Business category	Main products
Seal products	Oil seals, O-rings, vibration controls, resin products, gaskets, chemical products, and mechanical seals
FPC	Flexible printed circuits
Rubber Roll	Rubber rolls for office machines and equipment
Other products	Special lubricants, and others

3. Assets of the entire company included in Eliminations/Corporate is 53,964 million yen, out of which the principal assets are cash and deposits of the Company, investment securities, and deferred tax assets, etc.

4. Changes in accounting policies

(Depreciation method of significant depreciable assets)

As described in "Changes in the Significant Matters for Preparation of Consolidated Financial Statements," the Company and its domestic consolidated subsidiaries, in accordance with the amendment to the Corporation Tax Law, changed their depreciation method to a method based on the revised Corporation Tax Law, with respect to tangible fixed assets acquired on or after April 1, 2007, in this fiscal year. This resulted in operating income decreasing by 961 million yen in the Seal Products Business, 261 million yen in the FPC Business, 48 million yen in the Rubber Roll Business and 9 million yen in Other Businesses.

(Additional information)

As described in "Changes in the Significant Matters for Preparation of Consolidated Financial Statements," with respect to the assets acquired on or before March 31, 2007, the Company and its domestic consolidated subsidiaries, in accordance with the amendment to the Corporation Tax Law, have adopted a method in which, when the value of the asset reached 5% of acquisition value under the depreciation method based on the Corporation Tax Law before revision, the difference between the value equivalent to 5% of acquisition value and memorandum value is evenly depreciated over five years from the following fiscal year and recorded as depreciation and amortization. This resulted in operating income decreasing by 521 million yen in the Seal Products Business, 141 million yen in the FPC Business, 66 million yen in the Rubber Roll Business and 7 million yen in Other Businesses.

## 5. Changes in method of business segmentation

Under the Three-Year Management Plan implemented this fiscal year, the Rubber Roll Business was separated from Other Businesses and managed accordingly. Further, the management structure of each business has been reviewed and products were redistributed among the businesses. For example, chemical products which were traditionally placed in Other Businesses are now included in the Seal Products Business, as their relation to production processes of seal products is emphasized. Simultaneously, mechanical seals which traditionally belonged to "Other Businesses" have been incorporated into the Seal Products Business, as we have placed more emphasis on the similarities with seal products in terms of function and market.

The following table shows the segment information for fiscal 2006 as rearranged based on the business segmentation method applied this fiscal year.

FY 2006 (April 1, 2006 to March 31, 2007)

	Seal products (million yen)	FPC (million yen)	Rubber roll (million yen)	Other products (million yen)	Total (million yen)	Eliminations/ Corporate (million yen)	Consolidated (million yen)
<b>I</b> Net sales and operating profit/loss							
Net sales:							
(1) Sales to external customers	255,443	167,715	39,869	16,787	479,815	—	479,815
(2) Inter-segment sales/ transfer	2,843	227	—	1,050	4,122	(4,122)	—
Total	258,287	167,943	39,869	17,837	483,938	(4,122)	479,815
Operating expenses	238,211	147,687	39,792	16,612	442,303	(4,145)	438,158
Operating income	20,076	20,256	77	1,225	41,634	23	41,657
<b>II</b> Assets, depreciation, and capital expenditure							
Assets	244,930	149,609	40,587	10,541	445,669	62,352	508,021
Depreciation	17,391	8,077	1,818	224	27,512	—	27,512
Capital expenditure	30,324	16,869	3,115	281	50,590	—	50,590

Notes: 1. Method to categorize businesses:

Businesses are categorized by product series and market similarities, based on the segmentation adopted for internal administration.

2. Main products of respective business categories:

Business category	Main products
Seal products	Oil seals, O-rings, vibration controls, resin products, gaskets, chemical products, and mechanical seals
FPC	Flexible printed circuits
Rubber Roll	Rubber rolls for office machines and equipment
Other products	Special lubricants, and others

3. Assets of the entire company included in Eliminations/Corporate is 67,608 million yen, out of which the principal assets are cash and deposits of the Company, investment securities, and deferred tax assets, etc.

## b. Segment information by location

FY 2006 (April 1, 2006 to March 31, 2007)

	Japan (million yen)	Asia (million yen)	Other areas (million yen)	Total (million yen)	Eliminations/ corporate (million yen)	Consolidated (million yen)
I Sales and operating profit/loss						
Sales:						
(1) Sales to external customers	304,400	155,363	20,051	479,815	—	479,815
(2) Inter-segment sales/transfer	50,356	18,210	474	69,041	(69,041)	—
Total	354,757	173,573	20,525	548,857	(69,041)	479,815
Operating expenses	329,892	157,474	20,398	507,766	(69,608)	438,158
Operating income	24,864	16,099	127	41,091	566	41,657
II Assets	304,801	153,509	27,640	485,952	22,069	508,021

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

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

1) Asia ----- Singapore, Thailand, Taiwan, and China

2) Other areas ----- United States and Germany

3. Assets of the entire company included in "Eliminations/Corporate is 67,608 million yen, out of which the principal assets are cash and deposits of the Company, investment securities, and deferred tax assets, etc.

FY 2007 (April 1, 2007 to March 31, 2008)

	Japan (million yen)	Asia (million yen)	Other areas (million yen)	Total (million yen)	Eliminations/ corporate (million yen)	Consolidated (million yen)
I Sales and operating profit/loss						
Sales:						
(1) Sales to external customers	326,070	184,050	16,210	526,331	—	526,331
(2) Inter-segment sales/transfer	46,449	26,961	1,286	74,698	(74,698)	—
Total	372,519	211,011	17,497	601,029	(74,698)	526,331
Operating expenses	345,268	196,110	17,243	558,622	(74,757)	483,865
Operating income	27,251	14,901	254	42,406	58	42,465
II Assets	314,534	189,514	26,110	530,159	2,599	532,759

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

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

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

3. Assets of the entire company included in "Eliminations/Corporate is 53,964 million yen, out of which the principal assets are cash and deposits of the Company, investment securities, and deferred tax assets, etc.

4. Changes in accounting policies

(Depreciation method of significant depreciable assets)

As described in "Changes in the Significant Matters for Preparation of Consolidated Financial Statements," the Company and its domestic consolidated subsidiaries, in accordance with the amendment to the Corporation Tax Law, changed their depreciation method to a method based on the revised Corporation Tax Law, with respect to tangible fixed assets acquired on or after April 1, 2007, in this fiscal year. This resulted in operating income of domestic operations decreasing by 1,281 million yen.

(Additional information)

As described in "Changes in the Significant Matters for Preparation of Consolidated Financial Statements," with respect to the assets acquired on or before March 31, 2007, the Company and its domestic consolidated subsidiaries, in accordance with the amendment to the Corporation Tax Law, have adopted a method in which, when the value of the asset reached 5% of acquisition value under the depreciation method based on the Corporation Tax Law before revision, the difference between the value equivalent to 5% of acquisition value and memorandum value is evenly depreciated over five years from the following fiscal year and recorded as depreciation and amortization. This resulted in operating income of domestic operations decreasing by 736 million yen.

## c. Overseas sales

FY 2006 (April 1, 2006 to March 31, 2007)

	Asia	Other areas	Total
I Overseas sales (million yen)	164,561	25,911	190,472
II Consolidated sales (million yen)	—	—	479,815
III Percentage of overseas sales in the consolidated sales (%)	34.3	5.4	39.7

FY 2007 (April 1, 2007 to March 31, 2008)

	Asia	Other areas	Total
I Overseas sales (million yen)	198,254	28,220	226,474
II Consolidated sales (million yen)	—	—	526,331
III Percentage of overseas sales in the consolidated sales (%)	37.7	5.3	43.0

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

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

1) Asia----- Singapore, Thailand, Taiwan, and China

2) Other areas ----- United States and Germany

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

## (Per Share Information)

FY 2006 (April 1, 2006 to March 31, 2007)		FY 2007 (April 1, 2007 to March 31, 2008)	
Net assets per share:	1,489.49 yen	Net assets per share:	1,583.93 yen
Net income per share:	143.37 yen	Net income per share:	149.44 yen
Diluted net income per share is not shown due to non-existence of residual securities.		Diluted net income per share is not shown due to non-existence of residual securities.	

Note: Basic of computation of net income per share is as shown below:

	FY 2006 (April 1, 2006 to March 31, 2007)	FY 2007 (April 1, 2007 to March 31, 2008)
Net income (million yen)	24,793	25,843
Amount not applicable to common stock (million yen)	—	—
Net income applicable to common stock (million yen)	24,793	25,843
Average number of common stocks used in net income per share computation (1,000 shares)	172,937	172,940

**5. Non-Consolidated Financial Statements**

(1) Comparative Non-Consolidated Balance Sheet

(million yen)

Item	Term	FY 2006 (as of March 31, 2007)		FY 2007 (as of March 31, 2008)		Year-on-year increase/ (decrease)
		Amount	%	Amount	%	Amount
<b>Assets</b>			%		%	
<b><u>Current assets:</u></b>		<u>78,916</u>	31.0	<u>80,373</u>	31.6	<u>1,456</u>
Cash and deposits		3,752		3,349		(402)
Notes receivable		8,460		9,097		637
Accounts receivable		43,085		46,377		3,291
Inventories		9,958		10,309		351
Deferred tax assets		2,458		2,417		(41)
Others		11,688		9,112		(2,575)
Allowance for doubtful accounts		(486)		(290)		195
<b><u>Fixed assets</u></b>		<u>175,635</u>	69.0	<u>173,888</u>	68.4	<u>(1,747)</u>
<b><u>Tangible fixed assets</u></b>		<u>48,039</u>		<u>53,782</u>		<u>5,742</u>
Buildings and structures		16,506		15,300		(1,206)
Machinery and equipment		18,416		19,910		1,494
Others		13,116		18,571		5,454
<b><u>Intangible fixed assets</u></b>		<u>61</u>		<u>57</u>		<u>(3)</u>
<b><u>Investment and other assets</u></b>		<u>127,535</u>		<u>120,048</u>		<u>(7,486)</u>
Investment securities		103,129		88,612		(14,517)
Long-term loans		12,095		16,109		4,013
Deferred tax assets		—		2,627		2,627
Others		13,268		13,631		362
Allowance for valuation loss on investments		(375)		(195)		180
Allowance for doubtful accounts		(583)		(736)		(153)
<b>Total Assets</b>		254,552	100.0	254,261	100.0	(290)

(million yen)

Item	Term	FY 2006 (as of March 31, 2007)		FY 2007 (as of March 31, 2008)		Year-on-year increase/ (decrease)
		Amount	%	Amount	%	Amount
<b>Liabilities</b>			%		%	
<b><u>Current liabilities</u></b>		<u>71,745</u>	28.2	<u>83,315</u>	32.8	<u>11,569</u>
Accounts payable – trade		25,560		27,638		2,077
Short-term borrowings		10,068		8,994		(1,073)
Accounts payable and accrued expenses		10,077		7,874		(2,203)
Accrued income taxes		2,205		3,392		1,187
Employees' deposits		12,036		12,121		85
Deposits received in CMS		7,407		18,791		11,383
Reserve for bonus payments		3,808		3,851		42
Others		581		651		70
<b><u>Fixed liabilities</u></b>		<u>47,812</u>	18.8	<u>38,544</u>	15.1	<u>(9,268)</u>
Long-term borrowings		7,921		4,127		(3,794)
Deferred tax liabilities		3,471		—		(3,471)
Reserve for retirement benefits		34,685		32,593		(2,092)
Reserve for retirement lump sum grant for directors		510		572		62
Others		1,222		1,250		27
<b>Total Liabilities</b>		<b>119,557</b>	<b>47.0</b>	<b>121,859</b>	<b>47.9</b>	<b>2,301</b>
<b>(Net Assets)</b>		<b>106,476</b>	<b>41.8</b>	<b>114,460</b>	<b>45.0</b>	<b>7,984</b>
<b>Shareholders' equity</b>						
<b><u>Common stock</u></b>		<u>23,335</u>	9.2	<u>23,335</u>	9.2	<u>—</u>
<b><u>Additional paid-in capital</u></b>		<u>20,397</u>	8.0	<u>20,397</u>	8.0	<u>—</u>
Capital surplus		20,397		20,397		—
<b><u>Earned surplus</u></b>		<u>62,880</u>	24.7	<u>70,867</u>	27.9	<u>7,986</u>
Retained surplus		2,983		2,983		—
Other earned surplus		59,896		67,883		7,986
Allowance for special depreciation		58		129		71
Reserve for deferred gain on sale of property		1,070		1,070		—
General reserve		43,100		46,600		3,500
Retained earnings brought forward		15,668		20,083		4,414
<b><u>Treasury stock</u></b>		<u>(137)</u>	(0.1)	<u>(139)</u>	(0.1)	<u>(2)</u>
Cumulative currency translation adjustments		28,518	11.2	17,941	7.1	(10,576)
<b><u>Net unrealized gains on other securities</u></b>		<u>28,518</u>		<u>17,941</u>		<u>(10,576)</u>
<b>Total Net Assets</b>		<b>134,994</b>	<b>53.0</b>	<b>132,401</b>	<b>52.1</b>	<b>(2,592)</b>
<b>Total Liabilities and Net Assets</b>		<b>254,552</b>	<b>100.0</b>	<b>254,261</b>	<b>100.0</b>	<b>(290)</b>

## (2) Comparative Non-Consolidated Profit and Loss Statement

(million yen)

Item	FY 2006 (April 1, 2006 to March 31, 2007)		FY 2007 (April 1, 2007 to March 31, 2008)		Year-on-year Changes
	Amount	% to Net sales	Amount	% to Net sales	
Net sales	254,348	100.0	241,178	100.0	(13,170)
Cost of sales	210,724	82.9	194,414	80.6	(16,309)
Selling, general and administrative expenses	30,809	12.1	31,204	12.9	395
Operating income	12,814	5.0	15,558	6.5	2,743
<u>Non-operating profit</u>	<u>3,380</u>		<u>4,102</u>		<u>721</u>
Interests and dividends received	1,815		2,983		1,167
Rent income on fixed assets	824		833		8
Others	740		285		(455)
<u>Non-operating expenses</u>	<u>1,462</u>		<u>1,608</u>		<u>146</u>
Interests paid	872		956		83
Others	589		652		62
Ordinary profit	14,733	5.8	18,051	7.5	3,318
<u>Extraordinary profit</u>	<u>2,012</u>		586		<u>(1,425)</u>
Gain on sale of fixed assets	34		9		(25)
Gain on sale of investment securities	959		534		(425)
Provision of allowance for doubtful accounts	406		42		(364)
Provision of allowance for valuation loss on investments	611		—		(611)
<u>Extraordinary loss</u>	<u>652</u>		<u>131</u>		<u>(521)</u>
Loss on disposal of fixed assets	599		124		(474)
Others	53		6		(46)
Income before income taxes	16,092	6.3	18,507	7.7	2,415
Income taxes, current	4,940		6,037		1,097
Income taxes, deferred	1,134		1,022		(111)
Net income	10,018	3.9	11,447	4.7	1,429

## Statement of Changes in Non-Consolidated Shareholders' Equity

FY 2006 (April 1, 2006 to March 31, 2007)

(million yen)

	Shareholders' Equity										Valuation and translation adjustments		Total Net Assets	
	Common stock	Additional paid-in capital		Retained surplus	Earned surplus					Treasury stock	Total	Net unrealized gains on other securities		Total
		Capital surplus	Total		Other earned surplus				Total					
					Allowance for special depreciation	Reserve for deferred gain on sale of property	General reserve	Retained earnings brought forward						
Balance as of March 31, 2006 (million yen)	23,335	20,397	20,397	2,983	125	843	37,600	15,196	56,749	(133)	100,349	27,487	27,487	127,836
Changes during the term														
Dividends from capital surplus (Note)								(2,076)	(2,076)		(2,076)			(2,076)
Dividends from capital surplus								(1,730)	(1,730)		(1,730)			(1,730)
Bonus paid to directors (Note)								(79)	(79)		(79)			(79)
Provision for reserve for special depreciation (Note)					2			(2)	—		—			—
Reversal of reserve for special depreciation (Note)					(35)			35	—		—			—
Reversal of reserve for special depreciation					(34)			34	—		—			—
Provision for reserve for deferred gain on sale of property (Note)								216	(216)		—			—
Provision for reserve for deferred gain on sale of property								10	(10)		—			—
Provision for general reserve (Note)								5,500	(5,500)		—			—
Net income								10,018	10,018		10,018			10,018
Acquisition of treasury stock									—	(4)	(4)			(4)
Net changes in items other than shareholders' equity during the term									—		—	1,030	1,030	1,030
Total changes	—	—	—	—	(67)	226	5,500	472	6,131	(4)	6,127	1,030	1,030	7,157
Balance as of March 31, 2007	23,335	20,397	20,397	2,983	58	1,070	43,100	15,668	62,880	(137)	106,476	28,518	28,518	134,994

Note: Appropriation of these surpluses was resolved at the General Shareholders' Meeting held in June 2006.

## Statement of Changes in Non-Consolidated Shareholders' Equity

FY 2007 (April 1, 2007 to March 31, 2008)

(million yen)

	Shareholders' Equity										Valuation and translation adjustments		Total Net Assets	
	Common stock	Additional paid-in capital		Retained surplus	Earned surplus					Treasury stock	Total	Net unrealized gains on other securities		Total
		Capital surplus	Total		Other earned surplus				Total					
					Allowance for special depreciation	Reserve for deferred gain on sale of property	General reserve	Retained earnings brought forward						
Balance as of March 31, 2007 (million yen)	23,335	20,397	20,397	2,983	58	1,070	43,100	15,668	62,880	(137)	106,476	28,518	28,518	134,994
Changes during the term														
Dividends from capital surplus								(3,461)	(3,461)		(3,461)			(3,461)
Provision for reserve for special depreciation (Note)					93			(93)	—		—			—
Reversal of reserve for special depreciation					(22)			22	—		—			—
Provision for general reserve (Note)								(3,500)	(3,500)		—			—
Net income								11,447	11,447		11,447			11,447
Acquisition of treasury stock									—	(2)	(2)			(2)
Net changes in items other than shareholders' equity during the term									—		—	(10,576)	(10,576)	(10,576)
Total changes	—	—	—	—	71	—	3,500	4,414	7,986	(2)	7,984	(10,576)	(10,576)	(2,592)
Balance as of March 31, 2008	23,335	20,397	20,397	2,983	129	1,070	46,600	20,083	70,867	(139)	114,460	17,941	17,941	132,401

## 6. Others

### Changes in directors

#### 1. Changes in representative directors

None

#### 2. Changes in other directors

- Auditor candidates for new appointments

(Standing) Auditor Kazuaki Motozato (Incumbent: Division Manager of Plastics & Packings Division)

(Standing) Auditor Kiyoshi Shiga (Incumbent: Department Manager of Administration Department of the Japan Auto Parts Industries Association)

(Part-time) Independent Auditor Gen Kajitani (Attorney-at-law)

- Retiring auditors

(Standing) Auditor Shiro Ui

(Standing) Auditor Kenji Haga

(Part-time) Independent Auditor Norio Tanoue

#### 3. Scheduled date of appointment

June 27, 2008