

## Consolidated Financial Summary for Fiscal Year Ended March 31, 2009

May 13, 2009

Name of Listed Company: NOK Corporation  
 Securities Code Number: 7240 (URL: <http://www.nok.co.jp>)  
 Representative: (Title) President; (Name) Masato Tsuru  
 Contact Person: (Title) Department Manager,  
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Share Listing: Tokyo

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Scheduled date for the General Shareholders' Meeting: June 25, 2009

Scheduled date for submission of the Securities Report: June 25, 2009

Scheduled date for dividend payment: June 26, 2009

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

## 1. Consolidated financial results for FY 2008 (April 1, 2008 to March 31, 2009)

(1) Consolidated financial results (Percentage figures represent year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
FY 2008	466,694	(11.3)	7,441	(82.5)	6,174	(86.2)	652	(97.5)
FY 2007	526,331	9.7	42,465	1.9	44,812	(1.3)	25,843	4.2

	Net income per share	Diluted net income per share	Net income to shareholders' equity	Ordinary income to total assets	Operating income to net sales
	yen	yen	%	%	%
FY 2008	3.77	-	0.3	1.2	1.6
FY 2007	149.44	-	9.7	8.6	8.1

(Reference) Equity method investment profit: FY 2008 2,073 million yen; FY 2007 3,242 million yen

## (2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity to total assets	Net assets per share
	million yen	million yen	%	yen
FY 2008	509,772	246,130	44.4	1,308.90
FY 2007	532,759	298,247	51.4	1,583.93

(Reference) Shareholders' equity: FY 2008 226,329 million yen; FY 2007 273,910 million yen

## (3) Consolidated cash flows

	Operating cash flow	Investing cash flow	Financing cash flow	Ending cash and cash equivalents
	million yen	million yen	million yen	million yen
FY 2008	32,392	(60,913)	78,319	82,107
FY 2007	50,535	(60,095)	3,195	38,779

## 2. Dividends

(Record date)	Dividend per share					Total dividend (Annual)	Payout ratio (Consolidated)	Dividend to net assets (Consolidated)
	1Q-end	2Q-end	3Q-end	Term-end	Full year			
	yen	yen	yen	yen	yen	million yen	%	%
FY 2007	-	10.00	-	10.00	20.00	3,461	13.4	1.3
FY 2008	-	10.00	-	5.00	15.00	2,595	397.9	1.0
FY 2009 (Projection)	-	-	-	-	-	-	-	-

Note: Dividend projections for FY 2009 are yet to be determined.

## 3. Projection of consolidated financial results for FY 2009 (April 1, 2009 to March 31, 2010)

(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
1st half	174,500	(33.1)	(12,100)	-	(13,400)	-	(12,500)	-	(72.29)
Full year	384,000	(17.7)	(9,900)	-	(12,500)	-	(13,200)	-	(76.34)

## 4. Others

(1) Changes in significant subsidiaries during the term (Change in specific subsidiaries due to change of 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 see "Changes in Significant Matters Pertaining to the Preparation of Consolidated Financial Statements" on page 16.

(3) Number of issued shares (common stock)

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

FY 2008	173,138,537;	FY 2007:	173,138,537
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ii) Number of shares of treasury stock at the end of the period:

FY 2008	222,203;	FY 2007:	207,757
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Note: For the number of shares used for calculation of consolidated net income per share, please see "Per share information" on page 25.

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

1. Non-consolidated financial results for FY 2008 (April 1, 2008 to March 31, 2009)

(1) Non-consolidated financial results

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

	Net sales		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
FY 2008	202,591	(16.0)	690	(95.6)	2,098	(88.4)	(2,546)	-
FY 2007	241,178	(5.2)	15,558	21.4	18,051	22.5	11,447	14.3

	Net income per share	Diluted net income per share
	yen	yen
FY 2008	(14.71)	-
FY 2007	66.15	-

(2) Non-consolidated financial position

	Total assets	Net assets	Shareholders' equity to total assets	Net assets per share
	million yen	million yen	%	yen
FY 2008	294,746	118,320	40.1	683.68
FY 2007	254,261	132,401	52.1	765.04

(Reference) Shareholders' equity: FY 2008 118,320 million yen; FY 2007 132,401 million yen

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

Forward-looking statements such as projections of future financial results are based on judgments and assumptions made by management derived from the information available as of the date of the preparation of this document and contain uncertainties. Their use involves a certain level of risk. Significant factors which may affect actual business results include, but are not limited to, economic conditions, market trends, and fluctuations of the yen exchange rate principally against the U.S. dollar.

Dividend projections for fiscal year 2009 are yet to be determined since the outlook of the management environment is uncertain and we expect that the fiscal year will result in net loss. We will disclose the dividend projections as soon as they are determined based on actual business performance, etc. For our dividend policy, please see "1. (3) Principal Policy on Profit Sharing, and Dividends for this Fiscal Year and the Next Fiscal Year" on page 5.

## 1. Operating Results

### (1) Analysis of Operating Results

#### i. Financial results for FY 2008

Supported by exports to developing countries, the Japanese economy expanded at a modest pace during the first half of fiscal 2008, despite the impact of sharp increases in the prices of oil and other raw materials. In the second half, however, the financial crisis that began in the United States quickly spread to real economies around the world, bringing serious impacts to the Japanese economy, such as sluggish personal consumption, slowing corporate capital expenditure, and declining exports.

In the automobile industry, exports to developing countries increased and local production in China and Southeast Asia expanded solidly in the first half of the fiscal year. In the second half, however, the effects of the financial crisis resulted in sharp economic deceleration, causing demand for new vehicles to decline on a global scale. In response, manufacturers of finished vehicles and power train-related equipment cut back production and inventory levels significantly.

In the electronic equipment industry, although global production levels of mobile phones and hard disk drives (HDDs) during the first half were higher than a year earlier, the second half saw a global inventory correction that resulted in a slump in industry output.

In the business machine sector, the trend toward color copiers and functionally more advanced models provided a steady boost to growth in the early part of the year, but demand in the United States, Europe and other markets turned down sharply as economies deteriorated. More intense competition prompted erosion of unit prices for components; the market for replacement parts also shrank due to a trend toward enhanced durability.

Consolidated net sales for fiscal year 2008 totaled 466,694 million yen, a decrease of 11.3% compared with the previous year. Operating income amounted to 7,441 million yen, a year-on-year fall of 82.5%, while ordinary income dropped 86.2% to 6,174 million yen. Net income for fiscal 2008 was 652 million yen, a decline of 97.5% compared with a year earlier.

#### ii. Performance by business category

##### [Seal Business]

NOK's sales to manufacturers across the automobile sector dropped off significantly from the second half of the year as demand for new vehicles cooled worldwide. Production output of construction machinery also declined following the onset of the global financial crisis amid the suspension and deferral of resource development and infrastructure projects around the world, notably in developing nations. This resulted in lower sales by NOK to manufacturers across the construction machinery sector.

Segment sales declined 13.1% in year-on-year terms to 246,666 million yen. Operating income fell 83.6% to 4,268 million yen, reflecting the substantially lower sales and other factors such as higher raw material prices and increased depreciation expenses.

##### [Flexible printed circuit (FPC) Business]

Although sales to overseas manufacturers increased, overall sales of FPCs for mobile handsets were negatively affected by an inventory correction caused by the global slide in demand. Sales to domestic manufacturers declined due to Japanese demand leveling off. Reflecting the high ratio of overseas production, sales of FPCs for HDD applications declined significantly due to the impact of adverse currency movements in addition to continued price erosion.

Segment sales were 8.6% lower in year-on-year terms at 169,803 million yen. Operating income fell 74.3% in year-on-year terms to 4,061 million yen. Besides lower sales revenue, this mainly reflected higher depreciation expenses and the impact of adverse currency movements.

##### [Roll Business]

Demand for business machines fell worldwide amid worsening economic conditions as businesses reined in capital spending. Other factors lowering sales included unit price erosion due to fiercer competition and shrinkage of the market for replacement parts associated with rising durability.

Segment sales declined 7.9% in year-on-year terms to 37,002 million yen. Reflecting lower sales, higher raw material prices and adverse currency movements, the segment posted an operating loss of 1,159 million yen for fiscal 2008 (compared with an operating loss of 172 million yen in the previous year).

NOK also recorded goodwill amortization expenses of 1,511 million yen in fiscal 2008 against these operations.

##### [Other businesses]

This segment, which includes specialty lubricants, recorded sales of 13,221 million yen. This represented a drop of 20.8% in year-on-year terms. Operating income fell 68.3% to 272 million yen, due mainly to the decline in sales revenue caused by reduced global demand.

iii. Performance by location

Sales in Japan dropped 15.4% in year-on-year terms to 275,932 million yen, reflecting lower sales of products across each of the Seal, FPC and Roll Businesses. Declines in sales across all business segments, combined with higher depreciation expenses and sharp increases in raw material costs, led to an operating loss of 2,598 million yen (compared with operating income of 27,251 million yen in the previous year).

Sales in Asia fell 3.7% in year-on-year terms to 177,202 million yen. Although sales of seal and roll products were broadly on a par with the previous year, sales of FPCs fell in Thailand and adverse price movements negatively affected regional sales. Operating income declined 34.4% to 9,769 million yen, reflecting lower sales of FPCs as well as currency fluctuations.

iv. Outlook for FY 2009

Prospective business conditions in fiscal 2009 are tinged with considerable uncertainties over possible delay of recovery or further downturn of the global economy, which has deteriorated sharply in the second half of fiscal 2008. Currency fluctuations pose additional risks.

Conditions in the automobile industry are expected to become even harsher due to the slump in global vehicle sales. The possible consolidation of the automobile industry in the United States is adding to the unpredictability.

In the electronic equipment industry, there are major concerns about tapering demand for components due to sluggish sales and reduced output of mobile phones, HDDs and other products, along with the threat of further price erosion.

In the business machine sector, NOK expects existing trends to continue in terms of falling global demand, lower component prices, and shrinkage of the market for replacement parts associated with rising durability.

Reflecting these harsh conditions, NOK projects consolidated net sales of 384 billion yen in fiscal 2009. This forecast represents a significant year-on-year decline in sales of 17.7% (due to sales growth rates of -19.3% for the Seal Business, -12.8% for the FPC Business and -27.0% for the Roll Business). NOK expects to post an operating loss of 9.9 billion yen (compared with operating income of 7,414 million yen in the previous year), an ordinary loss of 12.5 billion yen (compared with ordinary income of 6,174 million yen in the previous year) and a net loss of 13.2 billion yen (compared with net income of 652 million yen in the previous year).

NOK considers any rapid short-term recovery extremely unlikely in the current harsh business environment. Since improving profitability as quickly as possible is a matter of urgency, NOK has formulated and is now implementing a two-year structural reform plan (please see "3. Management Policy" on page 8).

Practical measures being taken under this plan include the consolidation of production sites in Japan and overseas and concerted efforts to restrict investment and review unprofitable operations.

In addition, NOK is seeking to promote more cost-effective procurement, enhance the efficiency of indirect operations and squeeze the cost base through manufacturing cost reduction programs and other cost saving efforts.

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 internal and external factors, such as fluctuations in foreign exchange rates.

## (2) Analysis of Financial Position

## i. Assets, liabilities and net assets

Total assets as of March 31, 2009 equaled 509,772 million yen, a decline of 22,986 million yen compared with the previous fiscal year-end. Cash and deposits increased, mainly reflecting fresh short-term and long-term borrowings to supply operating capital for the NOK Group. This was more than offset by a decline in notes and accounts receivable associated with the contraction in business, a write-down of investment securities, and the impact of further yen appreciation on the translation of overseas asset values into yen.

Total liabilities as of March 31, 2009 amounted to 263,641 million yen, an increase of 29,129 million yen compared with the previous fiscal year-end. This was principally due to increased short-term and long-term borrowings.

Net assets totaled 246,130 million yen as of March 31, 2009, a decline of 52,116 million yen compared with the previous fiscal year-end. This mainly reflected the effects of lower foreign currency translation adjustments associated with yen appreciation, along with a reduction in valuation difference on available-for-sale securities resulting from a drop in equity markets.

## ii. Cash flows

Cash and cash equivalents (hereinafter, "cash") as of the end of fiscal 2008 amounted to 82,107 million yen. This represented an increase in cash of 43,328 million yen compared with the previous fiscal year-end. Cash flows during fiscal 2008 are summarized below.

## [Cash flows from operating activities]

Net cash provided by operating activities totaled 32,392 million yen. This represented a year-on-year decline of 18,142 million yen. The major factor was the decrease in income before income taxes and minority interests, which reflected the sharp deterioration in business operating performance during the second half of fiscal 2008.

## [Cash flows from investment activities]

Net cash used in investment activities amounted to 60,913 million yen, an increase of 818 million yen compared with the previous year. This mainly reflected investments to expand and upgrade production at domestic and overseas facilities, along with acquisitions of property, plant and equipment.

## [Cash flows from financing activities]

Net cash provided by financing activities amounted to 78,319 million yen, a year-on-year increase of 75,124 million yen. This mainly reflected long-term borrowings to supply operating capital for the NOK Group.

The trend of cash flow indicators is as follows:

	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Shareholders' equity to total assets (%)	43.4	48.5	50.7	51.4	44.4
Market capitalization to total assets (%)	105.8	116.4	68.3	66.2	28.4
Interest-bearing liabilities to cash flow (annualized)	1.3	1.2	1.5	1.5	4.8
Interest coverage ratio (multiple)	37.6	37.5	24.2	21.1	11.2

Shareholders' equity to total assets = Shareholders' equity / Total assets

Market capitalization to total assets = Market capitalization / Total assets

Interest-bearing liabilities to cash flow = Interest-bearing liabilities / Cash flow

Interest coverage ratio = Cash flows / Interest payments

Notes:

1. All indices above are calculated based on consolidated financial statements.
2. Market capitalization is calculated on the basis of the number of issued and outstanding shares.
3. Operating cash flow is used as "cash flow" in the above calculation.
4. Interest-bearing liabilities represent all liabilities on the consolidated balance sheet on which we pay interest.

## (3) Principal Policy on Dividends and Dividend Distribution for this Fiscal Year and the Next Fiscal Year

Our basic dividend distribution policy is to maintain stable dividend payments at appropriate levels in accordance 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 aforementioned policy and rapid deterioration of the management environment, we propose the annual dividend of 15 yen per share for fiscal year 2008 (a 10-yen interim dividend plus a 5-yen term-end dividend). Dividend projections for fiscal 2009 are yet to be determined since the management environment remains extremely severe and the future outlook is uncertain.

## (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 the main risks that it is assumed the NOK Group may face in its business activities. The future events contained in these items were envisioned as of the end of this fiscal term (March 31, 2009).

## i. Risks in Seal Business

The automotive industry is our biggest buyer, accounting for about 70% 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 have been underdeveloped in recent years. The NOK Group is undertaking research and development efforts on new products for 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 FPC 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, South Korean and Taiwanese manufacturers continue to gain market share in line with the commoditization of FPCs, leading to increasingly fierce competition that could impact the business results of the NOK Group.

## iii. Risks in Roll Business

As the business machines acquire more sophisticated functions, technology is being replaced at phenomenal rates and competition is becoming increasingly fierce. We may face adverse effects of such trends in this business area. Shrinkage of the market for replacement parts associated with rising durability may also have adverse impacts on this business.

## iv. Risks in Other Businesses

The NOK Group has been engaged in the 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 our domestic customers' shift to overseas production. In recent years, the overseas production ratio of the NOK Group has shown a tendency to rise in accordance with our customers' shift to overseas production.

In the future, we plan to raise the overseas production ratio of our Seal Business further, in line with domestic automotive manufacturers' shift to overseas production. A further expansion of overseas production is also expected in the FPC 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.

We will also reform our production structure to make it more efficient to effectively respond to rapid sales declines. The business performance of the NOK Group may be affected depending on the progress of the restructuring efforts.

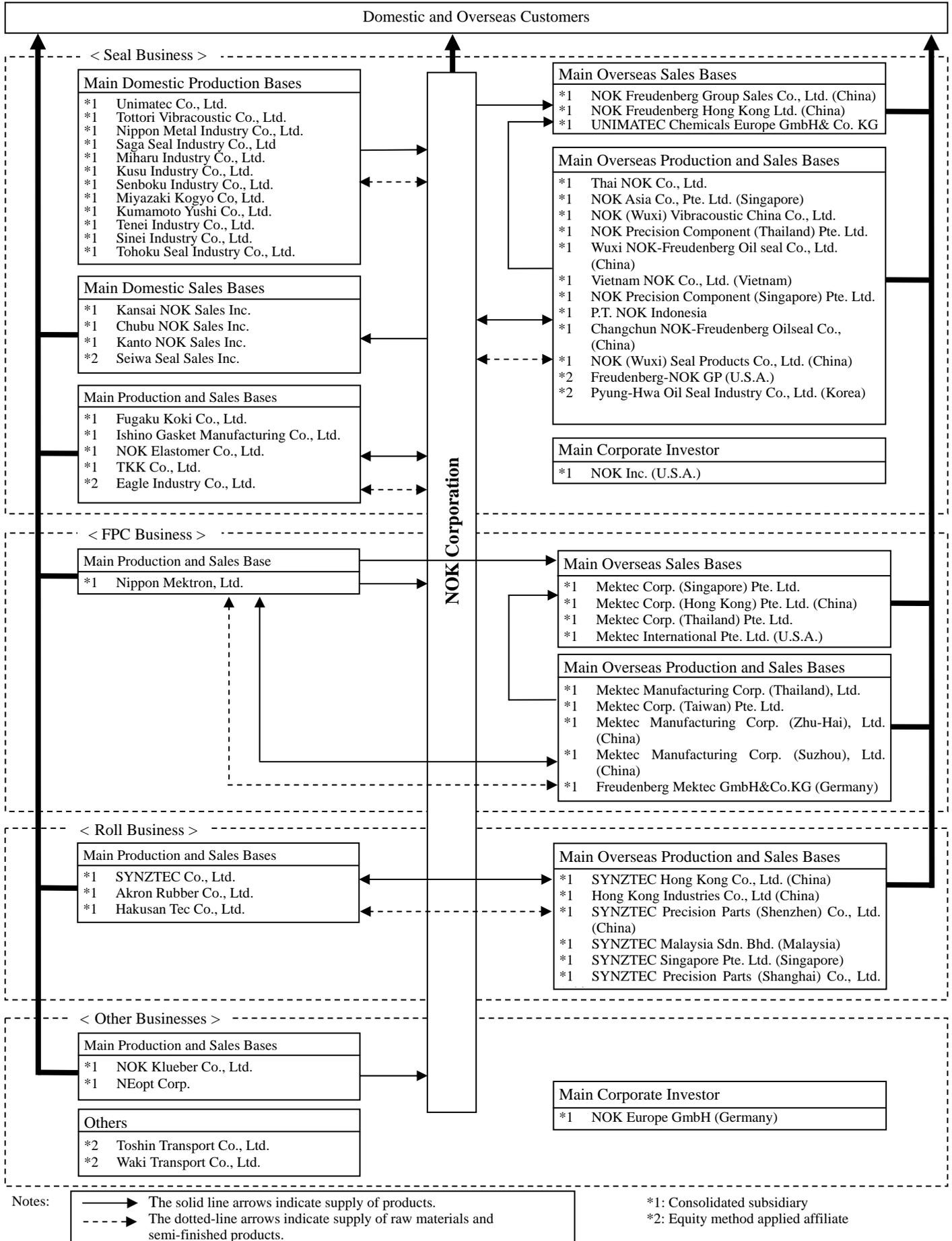
## vi. Risks in business relationship with Freudenberg &amp; Co.

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

Currently, Freudenberg is the largest stockholder, holding 25.0% of outstanding and issued shares of NOK through Freudenberg Beteiligungs GmbH, Freudenberg's investment company, continuing the NOK Group's relationship with Freudenberg, which begun with the first alliance agreement concluded in 1960. We believe that the stable relationship between the two groups will continue to develop 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.



### 3. Management Policy

#### (1) Principal Management Policy

It is our basic philosophy 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, highly profitable corporate group through “manufacturing and distributing unique and useful products with high technical capabilities throughout the world and at appropriate prices.” This is the main policy under which NOK conducts its business.

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

The management environment surrounding the NOK Group has deteriorated at an unprecedented rate. We see this situation not as a temporary economic recession but rather as the beginning of long-term economic sluggishness. Based on our judgment that, in order to weather this difficult situation and achieve prosperity thereafter, a reform of the corporate structure is a matter of urgency, we have decided to abandon the three-year management plan, which started in fiscal 2007, and have established a new two-year reform plan.

We have been implementing this two-year reform plan from the beginning of fiscal 2009 and promoting various measures for comprehensive reform and transformation of the business structure.

An outline of this plan is as follows:

1. Slogan: “Overhauling the Corporate Structure—overcome challenges with wisdom and ingenuity”
2. Period: From April 1, 2009 to March 31, 2011 (FY 2009 to FY 2010)
3. Basic policies:
  - (1) To significantly lower the break-even point
  - (2) To improve cash flow (to restrict expenditure)
  - (3) To enhance the promotion of new products and development of new markets
  - (4) To ensure safety, superior quality and environmental preservation

## 4. Consolidated Financial Statements

## (1) Consolidated Balance Sheet

(million yen)

	FY 2007 (as of March 31, 2008)	FY 2008 (as of March 31, 2009)
Assets		
Current assets		
Cash and deposits	39,756	82,600
Notes and accounts receivable-trade	125,369	87,863
Merchandise and finished goods	20,680	21,432
Work in process	18,749	13,079
Raw materials and supplies	12,396	14,616
Deferred tax assets	7,121	4,239
Other	11,396	10,370
Allowance for doubtful accounts	(995)	(1,084)
Total current assets	234,475	233,118
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	125,980	133,669
Accumulated depreciation	(57,486)	(60,537)
Buildings and structures, net	68,494	73,132
Machinery, equipment and vehicles	238,602	232,203
Accumulated depreciation	(153,871)	(152,715)
Machinery, equipment and vehicles, net	84,730	79,487
Tools, furniture and fixtures	62,057	58,580
Accumulated depreciation	(46,083)	(45,862)
Tools, furniture and fixtures, net	15,973	12,717
Land	19,618	18,945
Construction in progress	12,142	8,242
Other	-	914
Total property, plant and equipment	200,958	193,439
Intangible assets		
Goodwill	2,825	1,237
Other	1,686	1,357
Total intangible assets	4,512	2,594
Investments and other assets		
Investment securities	59,774	42,692
Long-term loans receivable from employees	8,214	7,791
Deferred tax assets	3,066	12,433
Other	21,979	18,010
Allowance for doubtful accounts	(223)	(308)
Total investments and other assets	92,812	80,619
Total noncurrent assets	298,283	276,653
Total assets	532,759	509,772

(million yen)

	FY 2007 (as of March 31, 2008)	FY 2008 (as of March 31, 2009)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	59,972	34,235
Short-term loans payable	45,706	61,890
Income taxes payable	7,255	-
Provision for bonuses	8,230	4,726
Provision for business structure improvement	-	1,959
Deposits received from employees	15,855	15,920
Other	29,785	19,568
<b>Total current liabilities</b>	<b>166,806</b>	<b>138,300</b>
<b>Noncurrent liabilities</b>		
Long-term loans payable	13,724	75,184
Deferred tax liabilities	3,565	-
Provision for retirement benefits	47,546	46,340
Provision for directors' retirement benefits	1,326	1,504
Other	1,542	2,311
<b>Total noncurrent liabilities</b>	<b>67,705</b>	<b>125,340</b>
<b>Total liabilities</b>	<b>234,511</b>	<b>263,641</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	23,335	23,335
Capital surplus	22,451	22,450
Retained earnings	197,464	192,861
Treasury stock	(223)	(241)
<b>Total shareholders' equity</b>	<b>243,029</b>	<b>238,406</b>
<b>Valuation and translation adjustments</b>		
Valuation difference on available-for-sale securities	17,988	9,580
Foreign currency translation adjustments	12,892	(21,656)
<b>Total valuation and translation adjustments</b>	<b>30,881</b>	<b>(12,076)</b>
<b>Minority interests</b>	<b>24,337</b>	<b>19,801</b>
<b>Total net assets</b>	<b>298,247</b>	<b>246,130</b>
<b>Total liabilities and net assets</b>	<b>532,759</b>	<b>509,772</b>

## (2) Consolidated Statement of Income

(million yen)

	FY 2007 (April 1, 2007 to March 31, 2008)	FY 2008 (April 1, 2008 to March 31, 2009)
Net sales	526,331	466,694
Cost of sales	416,275	394,994
Gross profit	110,055	71,700
Selling, general and administrative expenses		
Freightage expenses	11,235	11,287
Salaries and allowances	17,902	18,714
Provision for bonuses	2,214	1,013
Retirement benefit expenses	1,768	1,922
Research and development expenses	9,149	7,952
Other	25,318	23,367
Total selling, general and administrative expenses	67,589	64,258
Operating income	42,465	7,441
Non-operating income		
Interest income	986	706
Dividends income	973	1,007
Equity in earnings of affiliates	3,242	2,073
Rent income	956	977
Other	1,649	1,548
Total non-operating income	7,808	6,314
Non-operating expenses		
Interest expenses	2,407	2,825
Foreign exchange losses	1,986	3,688
Other	1,067	1,067
Total non-operating expenses	5,461	7,581
Ordinary income	44,812	6,174
Extraordinary income		
Gain on sale of noncurrent assets	140	339
Gain on sale of investment securities	554	101
Reversal of provision for retirement benefits	-	166
Gain on transition of subsidiary pension plan	496	-
Other	490	135
Total extraordinary income	1,681	743
Extraordinary loss		
Loss on retirement of noncurrent assets	778	1,945
Loss on valuation of investment securities	1	1,146
Provision for business structure improvement	-	1,966
Other	233	739
Total extraordinary loss	1,014	5,797
Income before income taxes and minority interests	45,480	1,121
Income taxes-current	13,246	2,438
Income taxes-deferred	3,261	(3,210)
Total income taxes	16,508	(772)
Minority interests in income	3,128	1,240
Net income	25,843	652

## (3) Consolidated Statement of Changes in Net Assets

(million yen)

	FY 2007 (April 1, 2007 to March 31, 2008)	FY 2008 (April 1, 2008 to March 31, 2009)
<b>Shareholders' Equity</b>		
<b>Capital stock</b>		
Beginning balance	23,335	23,335
Changes of items during the period		
Total changes of items during the period	-	-
Ending balance	23,335	23,335
<b>Capital surplus</b>		
Beginning balance	22,451	22,451
Changes of items during the period		
Disposal of treasury stock	-	(1)
Total changes of items during the period	-	(1)
Ending balance	22,451	22,450
<b>Retained earnings</b>		
Beginning balance	174,985	197,464
Changes of items during the period		
Dividends from surplus	(3,458)	(3,458)
Net income	25,843	652
Change of scope of consolidation	(2)	-
Change of accounting policies of foreign subsidiaries	-	(1,778)
Change of scope of equity method affiliates	(0)	(66)
Change of accounting policies of equity method affiliates	98	47
Total changes of items during the period	22,479	(4,603)
Ending balance	197,464	192,861
<b>Treasury stock</b>		
Beginning balance	(194)	(223)
Changes of items during the period		
Purchase of treasury stock	(28)	(25)
Disposal of treasury stock	-	7
Total changes of items during the period	(28)	(18)
Ending balance	(223)	(241)
<b>Total shareholders' equity</b>		
Beginning balance	220,578	243,029
Changes of items during the period		
Dividends from surplus	(3,458)	(3,458)
Net income	25,843	652
Purchase of treasury stock	(28)	(25)
Change of scope of consolidation	(2)	-
Change of accounting policies of foreign subsidiaries	-	(1,778)
Change of scope of equity method affiliates	(0)	(66)
Change of accounting policies of equity method affiliates	98	47
Disposal of treasury stock	-	6
Total changes of items during the period	22,450	(4,622)
Ending balance	243,029	238,406

(million yen)

	FY 2007 (April 1, 2007 to March 31, 2008)	FY 2008 (April 1, 2008 to March 31, 2009)
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Beginning balance	29,002	17,988
Changes of items during the period		
Net changes of items other than shareholders' equity	(11,014)	(8,408)
Total changes of items during the period	(11,014)	(8,408)
Ending balance	17,988	9,580
Foreign currency translation adjustments		
Beginning balance	8,016	12,892
Changes of items during the period		
Net changes of items other than shareholders' equity	4,875	(34,549)
Total changes of items during the period	4,875	(34,549)
Ending balance	12,892	(21,656)
Total valuation and translation adjustments		
Beginning balance	37,019	30,881
Changes of items during the period		
Net changes of items other than shareholders' equity	(6,138)	(42,957)
Total changes of items during the period	(6,138)	(42,957)
Ending balance	30,881	(12,076)
Minority interests		
Beginning balance	22,052	24,337
Changes of items during the period		
Net changes of items other than shareholders' equity	2,284	(4,535)
Total changes of items during the period	2,284	(4,535)
Ending balance	24,337	19,801
Total net assets		
Beginning balance	279,650	298,247
Changes of items during the period		
Dividends from surplus	(3,458)	(3,458)
Net income	25,843	652
Purchase of treasury stock	(28)	(25)
Change of scope of consolidation	(2)	-
Change of accounting policies of overseas subsidiaries	-	(1,778)
Change of scope of equity method affiliates	(0)	(66)
Change of accounting policies of equity method affiliates	98	47
Disposal of treasury stock	-	6
Net changes of items other than shareholders' equity	(3,853)	(47,493)
Total changes of items during the period	18,596	(52,116)
Ending balance	298,247	246,130

## (4) Consolidated Statement of Cash Flows

(million yen)

	FY 2007 (April 1, 2007 to March 31, 2008)	FY 2008 (April 1, 2008 to March 31, 2009)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	45,480	1,121
Depreciation and amortization	33,692	40,939
Increase (decrease) in allowance for doubtful accounts	(129)	283
Increase (decrease) in provision for bonuses	225	(3,492)
Increase (decrease) in provision for retirement benefits	(2,723)	(2,487)
Increase (decrease) in provision for directors' retirement benefits	150	177
Increase (decrease) in provision for business structure improvement	-	1,966
Interest and dividends income	(1,959)	(1,714)
Interests expenses	2,407	2,825
Foreign exchange losses (gains)	143	1,557
Equity in (earnings) losses of affiliates	(3,242)	(2,073)
Amortization of goodwill	1,597	1,604
Loss (gain) on sales and retirement of noncurrent assets	637	1,605
Loss (gain) on sale of investment securities	(554)	83
Loss (gain) on valuation of investment securities	1	1,146
Decrease (increase) in notes and accounts receivable-trade	(6,251)	37,896
Decrease (increase) in inventories	(3,583)	(3,567)
Increase (decrease) in notes and accounts payable-trade	5,372	(17,776)
Increase (decrease) in notes discounted	(2,091)	(15,952)
Other, net	(2,917)	(306)
Subtotal	66,255	43,835
Interest and dividends received	2,819	2,801
Interest expenses paid	(2,390)	(2,885)
Income taxes paid	(16,149)	(11,359)
Net cash provided by (used in) operating activities	50,535	32,392
Net cash provided by (used in) investment activities		
Decrease (increase) in time deposits	2,763	213
Purchase of investment securities	(2,163)	(2,804)
Proceeds from sale of investment securities	174	761
Purchase of property, plant and equipment	(61,079)	(59,575)
Proceeds from sale of property, plant and equipment	1,058	628
Purchase of intangible assets	(82)	(153)
Other, net	(766)	16
Net cash provided by (used in) investment activities	(60,095)	(60,913)

(million yen)

	FY 2007 (April 1, 2007 to March 31, 2008)	FY 2008 (April 1, 2008 to March 31, 2009)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	10,444	14,420
Proceeds from long-term loans payable	4,758	77,682
Repayment of long-term loans payable	(6,867)	(8,621)
Repayment of finance lease obligations	-	(503)
Cash dividends paid	(3,458)	(3,458)
Cash dividends paid to minority shareholders	(1,940)	(1,180)
Other, net	260	(18)
Net cash provided by (used in) financing activities	3,195	78,319
Effect of exchange rate change on cash and cash equivalents	2,470	(6,469)
Net increase (decrease) in cash and cash equivalents	(3,894)	43,328
Beginning cash and cash equivalents	42,298	38,779
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	375	-
Ending cash and cash equivalents	38,779	82,107

Events or Circumstances Casting Significant Doubt on the Going Concern Assumption

None

Important Accounting Guidelines for the Preparation of Consolidated Financial Statements

Matters other than those described in “Changes in Significant Matters Pertaining to the 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 27, 2008.

Changes in Significant Matters Pertaining to the Preparation of Consolidated Financial Statements

## 1. Valuation of inventories

With respect to inventories held by the Company and its domestic consolidated subsidiaries for sale in the ordinary course of business, previously, finished goods and work in process were mainly stated at cost using the retail inventory method, while raw materials and supplies were stated at cost using the periodic average method. However, the “Accounting Standard for Measurement of Inventories” (ASBJ Statement No. 9) has been applied from fiscal 2008, and finished goods and work in process are mainly stated at cost using the retail inventory method (balance sheet value is calculated by writing down the book value based on a decrease in profitability) and raw materials and supplies are stated at cost using the periodic average method (balance sheet value is calculated by writing down the book value based on a decrease in profitability).

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

## 2. “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements”

The “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements” (ASBJ PITF No. 18) has been applied from fiscal year 2008 and necessary adjustments were made in the preparation of consolidated financial statements.

This change has resulted in a decrease of 466 million yen each in operating income, ordinary income and net income before income taxes and minority interests. The impact of this change on segment results is described in “Segment information” on page 20.

## 3. Accounting of lease transactions

Previously, financial leases other than those in which the title to the lease asset transfers to the lessee were accounted for under the accounting method applicable to ordinary rental transactions. However, the “Accounting Standard for Lease Transactions” (ASBJ Statement No. 13) and “Guidance on Accounting Standard for Lease Transactions (ASBJ Guidance No. 16) have been applied from fiscal year 2008, and they are accounted for under the accounting method applicable to ordinary sales transactions. The method of depreciation of lease assets of financial leases other than those in which the title to the lease asset transfers to the lessee are depreciated is the straight-line method with the lease term as useful life and a residual value of zero.

Financial leases other than those in which the title of the leased property transfers to the lessee which commenced prior to the first year of said application are accounted for under the method applicable to ordinary rental transactions.

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

## (Additional information)

## Useful lives of property, plant and equipment

Following the revision of the Corporate Tax Act effected in fiscal year 2008, the Company and its domestic consolidated subsidiaries have shortened the useful lives of machinery and equipment in accordance with the revised Corporate Tax Act.

This change has resulted in a decrease of 1,603 million yen each in operating income, ordinary income and net income before income taxes and minority interests. The impact of this change on segment results is described in “Segment information” on page 20.

## [Notes to consolidated financial statements]

## (Consolidated balance sheet)

	(million yen)	
	FY 2007	FY 2008
Assets pledged as security (buildings, etc.)	5,702	6,433
Secured liabilities corresponding to the above	2,563	3,023
Balance of loan guarantee	10	-
Amount discounted on notes receivable	16,289	336
Notes endorsed for payment	276	209
Unsettled transferred receivables	-	2,060

## (Consolidated statement of income)

“Provision for business structure improvement” under extraordinary loss is the provision for possible expenses and loss relating to restructuring of the production structure for improving corporate strength.

## (Securities)

## 1. Other securities with market value

(million yen)

Type of securities	FY 2007			FY 2008		
	Acquisition cost	Consolidated balance sheet amount	Unrealized gains	Acquisition cost	Consolidated balance sheet amount	Unrealized gains
Stocks	9,661	39,690	30,028	11,110	27,378	16,267

2. Principal securities with no market value

Type of securities	FY 2007	FY 2008
(1) Securities held to maturity Unlisted bonds	71	-
(2) Available-for-sale securities: Unlisted bonds	116	105
Preferred subscription certificates	500	-

(Consolidated statement of changes in net assets)  
FY 2007 (April 1, 2007 to March 31, 2008)

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

	Number of shares at the beginning of the period	Increase during the period	Decrease during the period	Number of shares at the end of the period
Issued shares				
Common stock	173,138,537	-	-	173,138,537
Total	173,138,537	-	-	173,138,537
Treasury 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 of common stock in treasury is as follows:

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

Portion of shares of treasury stock (the Company's stock) purchased by equity method affiliates that is attributable to the Company: 12,000 shares

2. Matters relating to dividend payments

(1) Dividend paid

Resolution	Type of shares	Total dividend cost (million yen)	Dividend per share (yen)	Record date	Payment date
Ordinary 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 payment date is in the following fiscal year.

Resolution	Type of shares	Total dividend cost (million yen)	Dividend resource	Dividend per share (yen)	Record date	Payment date
Ordinary General Meeting of Shareholders to be held on June 27, 2008	Common stock	1,729	Retained earnings	10	March 31, 2008	June 30, 2008

FY 2008 (April 1, 2008 to March 31, 2009)

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

	Number of shares at the beginning of the period	Increase during the period	Decrease during the period	Number of shares at the end of the period
Issued shares				
Common stock	173,138,537	-	-	173,138,537
Total	173,138,537	-	-	173,138,537
Treasury stock				
Common stock	207,757	21,846	7,400	222,203
Total	207,757	21,846	7,400	222,203

Notes:

## 1. Breakdown of the increase of 21,846 shares of common stock in treasury is as follows:

Increase due to repurchase of shares of less than one trading unit: 1,574 shares

Portion of shares of treasury stock (the Company's stock) purchased by equity method affiliates which is attributable to the Company: 20,000 shares

Increase in the portion of shares of treasury stock (the Company's stock) owned by equity method affiliates which is attributable to the Company due to increase in the Company's equity in such affiliates: 272 shares

## 2. The decrease of 7,400 shares of common stock in treasury is the portion of shares of treasury stock (the Company's stock) sold by equity method affiliates which is attributable to the Company.

## 2. Matters relating to dividend payments

## (1) Dividend paid

Resolution	Type of shares	Total dividend cost (million yen)	Dividend per share (yen)	Record date	Payment date
Ordinary General Meeting of Shareholders held on June 27, 2008	Common stock	1,729	10	March 31, 2008	June 30, 2008
Meeting of the Board of Directors held on November 11, 2008	Common stock	1,729	10	September 30, 2008	December 5, 2008

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

Resolution	Type of shares	Total dividend cost (million yen)	Dividend resource	Dividend per share (yen)	Record date	Payment date
Ordinary General Meeting of Shareholders to be held on June 25, 2009	Common stock	864	Retained earnings	5	March 31, 2009	June 26, 2009

## (Consolidated statement of cash flows)

FY 2007 (April 1, 2007 to March 31, 2008)	FY 2008 (April 1, 2008 to March 31, 2009)
* Reconciliation between the balance of cash and cash equivalents at the end of the period and the figure of the account in the consolidated balance sheet	* Reconciliation between of the balance of cash and cash equivalents at the end of the period and the figure of the account in the consolidated balance sheet
Cash and deposits 39,756 million yen	Cash and deposits 82,600 million yen
Time deposits with maturities exceeding 3 months (977)	Time deposits with maturities exceeding 3 months (492)
Cash and cash equivalents 38,779	Cash and cash equivalents 82,107

(Tax-Effect Accounting)

(million yen)

FY 2007 (as of March 31, 2008)	FY 2008 (as of March 31, 2009)
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	Amount exceeding provision limit for doubtful accounts
290	384
Accrued enterprise tax	Tax loss carried forward
666	3,677
Amount exceeding provision limit for bonuses	Amount exceeding provision limit for bonuses
3,225	1,858
Amount exceeding tax limit for depreciation	Amount exceeding tax limit for depreciation
3,366	3,164
Loss on valuation of investment securities	Loss on valuation of investment securities
27	454
Amount exceeding provision limit for retirement benefits	Amount exceeding provision limit for retirement benefits
18,781	17,855
Provision for director's retirement benefits	Provision for director's retirement benefits
554	586
Unrealized income	Unrealized income
997	651
Other	Other
1,546	3,047
Subtotal	Subtotal
29,455	31,680
Valuation allowance	Valuation allowance
(344)	(3,473)
Total	Total
29,111	28,206
Deferred tax liabilities	Deferred tax liabilities
Reserve for special depreciation	Reserve for special depreciation
109	190
Reserve for advanced depreciation of noncurrent assets	Reserve for advanced depreciation of noncurrent assets
496	474
Retained earnings of foreign affiliates	Retained earnings of foreign affiliates
9,795	4,861
Valuation difference on available-for-sale securities	Valuation difference on available-for-sale securities
12,154	6,643
Total	Total
22,557	12,169
Net deferred tax assets	Net deferred tax assets
6,554	16,036
(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	Current assets - Deferred tax assets
7,121	4,239
Noncurrent assets- Deferred tax assets	Noncurrent assets - Deferred tax assets
3,066	12,433
Current liabilities - Other	Current liabilities - Other
68	55
Noncurrent liabilities - Deferred tax liabilities	Noncurrent liabilities - Other
3,565	580
2. Reconciliation between the statutory tax rate and the effective tax rate as a percentage of income before income taxes and minority interests is as follows:	2. Reconciliation between the statutory tax rate and the effective tax rate as a percentage of income before income taxes and minority interests is as follows:
Statutory tax rate	Statutory tax rate
40.1%	40.1%
(Reconciliation items)	(Reconciliation items)
Permanent differences arising from nondeductible expenses such as entertainment expenses	Permanent differences arising from nondeductible expenses such as entertainment expenses
3.7	117.1
Per capita portion of inhabitant's tax	Per capita portion of inhabitant's tax
0.2	8.4
Different tax rates applied to foreign consolidated subsidiaries	Different tax rates applied to foreign consolidated subsidiaries
(6.0)	(23.4)
Equity in earnings of affiliates	Equity in earnings of affiliates
(2.1)	(51.6)
Retained earnings of foreign entities	Retained earnings of foreign entities
-	(439.2)
Valuation allowance	Valuation allowance
(0.6)	279.1
Other	Other
1.0	0.6
Effective tax rate after adopting tax-effect accounting	Effective tax rate after adopting tax-effect accounting
36.3	(68.9)

## (Segment information)

## a. Segment information by business category

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

	Seal (million yen)	FPC (million yen)	Roll (million yen)	Other (million yen)	Total (million yen)	Eliminations/ Corporate (million yen)	Consolidated (million yen)
I Sales and operating income (loss)							
Net sales:							
(1) Sales to external customers	283,743	185,721	40,174	16,691	526,331	—	526,331
(2) Inter-segment sales and transfers	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 (loss)	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 of categorizing 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	Oil seals, O-rings, vibration controls, resin products, gaskets, chemical products, and mechanical seals
FPC	Flexible printed circuits
Roll	Rubber rolls for office machines and equipment
Other businesses	Special lubricants, and others

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

## 4. Changes in accounting policies

## (Depreciation method of significant depreciable assets)

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

## (Additional information)

As described in "Changes in Significant Matters Pertaining to the 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 Corporate Tax Act, have adopted a method in which, when the value of the asset reached 5% of acquisition value under the depreciation method based on the Corporate Tax Act before revision, the difference between the value equivalent to 5% of acquisition value and memorandum value is amortized in equal installments 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 Business, 141 million yen in the FPC Business, 66 million yen in the 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 Roll Business was separated from Other Businesses and has been managed as an independent segment. Further, the management structure of each business has been reviewed and products were redistributed among the segments. For example, chemical products have been reclassified from Other Businesses to the Seal Business based on their relation to the production processes of seal products. Simultaneously, mechanical seals have been reclassified from Other Businesses to the Seal Business based 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 (million yen)	FPC (million yen)	Roll (million yen)	Other (million yen)	Total (million yen)	Eliminations/ Corporate (million yen)	Consolidated (million yen)
I Sales and operating income (loss)							
Net sales:							
(1) Sales to external customers	255,443	167,715	39,869	16,787	479,815	—	479,815
(2) Inter-segment sales and transfers	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
II 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 of categorizing 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	Oil seals, O-rings, vibration controls, resin products, gaskets, chemical products, and mechanical seals
FPC	Flexible printed circuits
Roll	Rubber rolls for office machines and equipment
Other businesses	Special lubricants, and others

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

FY 2008 (April 1, 2008 to March 31, 2009)

	Seal (million yen)	FPC (million yen)	Roll (million yen)	Other (million yen)	Total (million yen)	Eliminations/ Corporate (million yen)	Consolidated (million yen)
I Sales and operating income (loss)							
Net sales:							
(1) Sales to external customers	246,666	169,803	37,002	13,221	466,694	—	466,694
(2) Inter-segment sales and transfers	3,244	1,582	—	1,343	6,170	(6,170)	—
Total	249,910	171,386	37,002	14,564	472,864	(6,170)	466,694
Operating expenses	245,642	167,324	38,162	14,292	465,422	(6,169)	459,252
Operating income (loss)	4,268	4,061	(1,159)	272	7,442	(0)	7,441
II Assets, depreciation, and capital expenditure							
Assets	227,553	139,462	29,917	7,048	403,982	105,789	509,772
Depreciation	26,429	11,858	2,220	431	40,939	—	40,939
Capital expenditure	35,171	19,859	2,445	139	57,616	—	57,616

Notes:

## 1. Method of categorizing 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	Oil seals, O-rings, vibration controls, resin products, gaskets, chemical products, and mechanical seals
FPC	Flexible printed circuits
Roll	Rubber rolls for office machines and equipment
Other businesses	Special lubricants, and others

## 3. Assets of the entire company included in Eliminations/Corporate total 111,742 million yen, of which the principal assets are cash and deposits of the Company, investment securities, and deferred tax assets, etc.

## 4. Changes in accounting policies

(“Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements”)

As described in “Changes in Significant Matters Pertaining to the Preparation of Consolidated Financial Statements,” the “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements” (ASBJ PITF No. 18) has been applied from fiscal 2008. This resulted in operating income decreasing by 238 million yen in the Seal Business and 228 million yen in the FPC Business.

## 5. Additional information

As described in “Changes in Significant Matters Pertaining to the Preparation of Consolidated Financial Statements,” following the revision of the Corporate Tax Act effected in fiscal 2008, the Company and domestic consolidated subsidiaries have shortened the useful lives of machinery and equipment in accordance with the revised Corporate Tax Act. This resulted in operating income decreasing by 1,514 million yen in the Seal Business, 35 million yen in the FPC Business, 41 million yen in the Roll Business and 11 million yen in Other Businesses.

b. Segment information by location  
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 income (loss)						
Sales:						
(1) Sales to external customers	326,070	184,050	16,210	526,331	—	526,331
(2) Inter-segment sales and transfers	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:

- Countries and areas are classified by geographical proximity.
- Principal countries and areas belonging to above segments, except Japan, are as follows:
  - Asia ----- Singapore, Thailand, Taiwan, and China
  - Other areas ----- the United States and Germany
- Assets of the entire company included in Eliminations/Corporate total 53,964 million yen, of which the principal assets are cash and deposits of the Company, investment securities, and deferred tax assets, etc.
- Changes in accounting policies  
(Depreciation method of significant depreciable assets)

As described in "Changes in Significant Matters Pertaining to the Preparation of Consolidated Financial Statements," the Company and its domestic consolidated subsidiaries, in accordance with the amendment to the Corporate Tax Act, changed their depreciation method to a method based on the revised Corporate Tax Act, with respect to property, plant and equipment 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 Significant Matters Pertaining to the 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 Corporate Tax Act, have adopted a method in which, when the value of the asset reached 5% of acquisition value under the depreciation method based on the Corporate Tax Act before revision, the difference between the value equivalent to 5% of acquisition value and memorandum value is amortized in equal installments 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.

FY 2008 (April 1, 2008 to March 31, 2009)

	Japan (million yen)	Asia (million yen)	Other areas (million yen)	Total (million yen)	Eliminations/ Corporate (million yen)	Consolidated (million yen)
I Sales and operating income (loss)						
Sales:						
(1) Sales to external customers	275,932	177,202	13,559	466,694	—	466,694
(2) Inter-segment sales and transfers	43,689	35,191	1,003	79,884	(79,884)	—
Total	319,622	212,393	14,563	546,579	(79,884)	466,694
Operating expenses	322,221	202,624	14,742	539,588	(80,335)	459,252
Operating income (loss)	(2,598)	9,769	(179)	6,990	450	7,441
II Assets	277,636	156,175	20,449	454,261	55,511	509,772

## 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 ----- the United States and Germany
3. Assets of the entire company included in Eliminations/Corporate total 111,742 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  
 (“Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements”)  
 As described in “Changes in Significant Matters Pertaining to the Preparation of Consolidated Financial Statements,” the “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements” (ASBJ PITF No. 18) has been applied from fiscal 2008. This resulted in operating income of the Asia segment decreasing by 466 million yen.
5. Additional information  
 As described in “Changes in Significant Matters Pertaining to the Preparation of Consolidated Financial Statements,” following the revision of the Corporate Tax Act effected in fiscal year 2008, the Company and domestic consolidated subsidiaries have shortened the useful lives of machinery and equipment in accordance with the revised Corporate Tax Act. This resulted in operating income of the Japan segment decreasing by 1,603 million yen.

## c. Overseas sales

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 out of consolidated sales (%)	37.7	5.3	43.0

FY 2008 (April 1, 2008 to March 31, 2009)

	Asia	Other areas	Total
I Overseas sales (million yen)	193,234	25,350	218,584
II Consolidated sales (million yen)	—	—	466,694
III Percentage of overseas sales out of consolidated sales (%)	41.4	5.4	46.8

## Notes:

- Countries and areas are classified by geographical proximity.
- Principal countries and areas belonging to above segments, except Japan, are as follows:
  - Asia ----- Singapore, Thailand, Taiwan, and China
  - Other areas ----- the United States and Germany
- Overseas sales represent the sales in countries or areas other than Japan of NOK and its consolidated subsidiaries.

## (Per Share Information)

FY 2007 (April 1, 2007 to March 31, 2008)		FY 2008 (April 1, 2008 to March 31, 2009)	
Net assets per share:	1,583.93 yen	Net assets per share:	1,308.90 yen
Net income per share:	149.44 yen	Net income per share:	3.77 yen
Diluted net income per share is not shown as there are no residual securities.		Diluted net income per share is not shown as there are no residual securities.	

Note: The basis of the computation of net income per share is as shown below:

	FY 2007 (April 1, 2007 to March 31, 2008)	FY 2008 (April 1, 2008 to March 31, 2009)
Net income (million yen)	25,843	652
Amount not attributable to common stock (million yen)	—	—
Net income attributable to common stock (million yen)	25,843	652
Average number of shares during the period (1,000 shares)	172,940	172,919

## 5. Non-Consolidated Financial Statements

## (1) Non-Consolidated Balance Sheet

(million yen)

	FY 2007 (as of March 31, 2008)	FY 2008 (as of March 31, 2009)
<b>Assets</b>		
<b>Current assets:</b>		
Cash and deposits	3,349	60,060
Notes receivable-trade	9,097	12,732
Accounts receivable-trade	46,377	26,265
Finished goods	7,154	6,550
Raw materials	1,623	1,631
Work in process	864	742
Supplies	667	516
Advance payments-trade	28	7
Prepaid expenses	87	60
Deferred tax assets	2,417	2,201
Short-term loans receivable from employees	126	116
Short-term loans receivable from subsidiaries and affiliates	1,999	10,413
Accounts receivable-other	5,945	3,241
Other	923	3,294
Allowance for doubtful accounts	(290)	(402)
<b>Total current assets</b>	<b>80,373</b>	<b>127,430</b>
<b>Noncurrent assets</b>		
<b>Property, plant and equipment</b>		
Buildings	30,687	34,794
Accumulated depreciation	(16,694)	(18,112)
Buildings, net	13,993	16,681
Structures	3,777	4,457
Accumulated depreciation	(2,470)	(2,692)
Structures, net	1,307	1,764
Machinery and equipment	70,431	76,640
Accumulated depreciation	(50,520)	(54,219)
Machinery and equipment, net	19,910	22,420
Vehicles	955	964
Accumulated depreciation	(703)	(752)
Vehicles, net	251	212
Tools, furniture and fixtures	24,193	24,870
Accumulated depreciation	(19,502)	(21,220)
Tools, furniture and fixtures, net	4,690	3,650
Land	6,139	6,138
Lease assets	-	37
Accumulated depreciation	-	(8)
Lease assets, net	-	29
Construction in progress	7,489	4,473
<b>Total property, plant and equipment</b>	<b>53,782</b>	<b>55,371</b>
<b>Intangible assets</b>		
Leasehold right	6	6
Other	51	47
<b>Total intangible assets</b>	<b>57</b>	<b>54</b>

(million yen)

	FY 2007 (as of March 31, 2008)	FY 2008 (as of March 31, 2009)
Investments and other assets		
Investment securities	38,904	26,654
Stocks of subsidiaries and affiliates	49,707	49,612
Investments in capital of subsidiaries and affiliates	11,258	11,258
Long-term loans receivable from employees	6,383	5,981
Long-term loans receivable from subsidiaries and affiliates	9,725	12,221
Long-term prepaid expenses	46	41
Deferred tax assets	2,627	10,596
Guarantee deposits	1,089	1,100
Other	1,236	1,121
Allowance for investment loss	(195)	(4,627)
Allowance for doubtful accounts	(736)	(2,071)
Total investments and other assets	120,048	111,890
Total noncurrent assets	173,888	167,315
Total Assets	254,261	294,746
Liabilities		
Current liabilities		
Accounts payable-trade	27,638	14,616
Short-term loans payable	5,200	19,504
Current portion of long-term loans payable	3,794	9,519
Lease obligations	-	9
Accounts payable-other	6,216	3,910
Accrued expenses	1,657	1,101
Income taxes payable	3,392	-
Deposits received from employees	12,121	12,107
CMS deposits	18,791	11,061
Deposits received	241	209
Provision for bonuses	3,851	2,240
Provision for business structure improvement	-	877
Other	409	58
Total current liabilities	83,315	75,216
Noncurrent liabilities		
Long-term loans payable	4,127	69,013
Guarantee deposits received	1,250	1,276
Lease obligations	-	25
Provision for retirement benefits	32,593	30,272
Provision for directors' retirement benefits	572	623
Total noncurrent liabilities	38,544	101,210
Total Liabilities	121,859	176,426

(million yen)

	FY 2007 (as of March 31, 2008)	FY 2008 (as of March 31, 2009)
Net Assets		
Shareholders' equity		
Capital stock	23,335	23,335
Capital surplus		
Legal capital surplus	20,397	20,397
Total capital surplus	20,397	20,397
Retained earnings		
Legal retained earnings	2,983	2,983
Other retained earnings		
Reserve for special depreciation	129	189
Reserve for advanced depreciation of noncurrent assets	1,070	1,070
General reserve	46,600	54,100
Retained earnings brought forward	20,083	6,516
Total retained earnings	70,867	64,859
Treasury stock	(139)	(141)
Total shareholders' equity	114,460	108,451
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	17,941	9,868
Total valuation and translation adjustments	17,941	9,868
Total Net Assets	132,401	118,320
Total Liabilities and Net Assets	254,261	294,746

## (2) Non-Consolidated Statement of Income

	(million yen)	
	FY 2007	FY 2008
	(April 1, 2007 to March 31, 2008)	(April 1, 2008 to March 31, 2009)
Net sales	241,178	202,591
Cost of sales		
Beginning finished goods	6,669	7,154
Cost of products manufactured	129,636	119,542
Cost of purchased goods	65,262	52,974
Total	201,569	179,670
Ending finished goods	7,154	6,550
Cost of finished goods sold	194,414	173,120
Gross profit	46,763	29,471
Selling, general and administrative expenses		
Freightage expenses	6,908	6,635
Salaries and allowances	6,885	7,121
Provision for bonuses	1,118	636
Retirement benefit expenses	1,258	1,279
Welfare expenses	1,443	1,357
Research and development expenses	6,533	5,711
Depreciation	389	477
Rent expenses	1,617	1,712
Traveling and communication expenses	1,473	1,163
Other	3,577	2,685
Total selling, general and administrative expenses	31,204	28,781
Operating income	15,558	690
Non-operating income		
Interest income	332	471
Dividends income	2,650	3,020
Rent income	833	842
Other	285	493
Total non-operating income	4,102	4,827
Non-operating expenses		
Interest expenses	956	1,288
Loss on sales of notes payable	282	203
Foreign exchange losses	184	364
Provision for doubtful accounts	-	1,446
Other	185	116
Total non-operating expenses	1,608	3,419
Ordinary income	18,051	2,098

	(million yen)	
	FY 2007	FY 2008
	(April 1, 2007 to March 31, 2008)	(April 1, 2008 to March 31, 2009)
Extraordinary income		
Gain on sale of noncurrent assets	9	35
Gain on sale of investment securities	534	27
Reversal of allowance for doubtful accounts	42	-
Total extraordinary income	586	62
Extraordinary loss		
Loss on retirement of noncurrent assets	124	618
Loss on valuation of investment securities	-	906
Provision of allowance for investment loss	-	4,432
Provision for business structure improvement	-	877
Other	6	145
Total extraordinary loss	131	6,980
Income before income taxes	18,507	(4,819)
Income taxes-current	6,037	60
Income taxes-deferred	1,022	(2,333)
Total income taxes	7,059	(2,273)
Net income	11,447	(2,546)

## (3) Non-Consolidated Statement of Changes in Net Assets

(million yen)

	FY 2007 (April 1, 2007 to March 31, 2008)	FY 2008 (April 1, 2008 to March 31, 2009)
Shareholders' equity		
Capital stock		
Beginning balance	23,335	23,335
Changes of items during the period		
Total changes of items during the period	-	-
Ending balance	23,335	23,335
Capital surplus		
Legal capital surplus		
Beginning balance	20,397	20,397
Changes of items during the period		
Total changes of items during the period	-	-
Ending balance	20,397	20,397
Total capital surplus		
Beginning balance	20,397	20,397
Changes of items during the period		
Total changes of items during the period	-	-
Ending balance	20,397	20,397
Retained earnings		
Legal retained earnings		
Beginning balance	2,983	2,983
Changes of items during the period		
Total changes of items during the period	-	-
Ending balance	2,983	2,983
Other retained earnings		
Reserve for special depreciation		
Beginning balance	58	129
Changes of items during the period		
Provision of reserve for special depreciation	93	87
Reversal of reserve for special depreciation	(22)	(27)
Total changes of items during the period	71	59
Ending balance	129	189
Reserve for advanced depreciation of noncurrent assets		
Beginning balance	1,070	1,070
Changes of items during the period		
Total changes of items during the period	-	-
Ending balance	1,070	1,070
General reserve		
Beginning balance	43,100	46,600
Changes of items during the period		
Provision of general reserve	3,500	7,500
Total changes of items during the period	3,500	7,500
Ending balance	46,600	54,100

(million yen)

	FY 2007 (April 1, 2007 to March 31, 2008)	FY 2008 (April 1, 2008 to March 31, 2009)
Retained earnings brought forward		
Beginning balance	15,668	20,083
Changes of items during the period		
Dividends from surplus	(3,461)	(3,461)
Provision of reserve for special depreciation	(93)	(87)
Reversal of reserve for special depreciation	22	27
Provision of general reserve	(3,500)	(7,500)
Net income	11,447	(2,546)
Total changes of items during the period	4,414	(13,567)
Ending balance	20,083	6,516
Total retained earnings		
Beginning balance	62,880	70,867
Changes of items during the period		
Dividends from surplus	(3,461)	(3,461)
Provision of reserve for special depreciation	-	-
Reversal of reserve for special depreciation	-	-
Provision of general reserve	-	-
Net income	11,447	(2,546)
Total changes of items during the period	7,986	(6,007)
Ending balance	70,867	64,859
Treasury stock		
Beginning balance	(137)	(139)
Changes of items during the period		
Purchase of treasury stock	(2)	(1)
Total changes of items during the period	(2)	(1)
Ending balance	(139)	(141)
Total shareholders' equity		
Beginning balance	106,476	114,460
Changes of items during the period		
Dividends from surplus	(3,461)	(3,461)
Net income	11,447	(2,546)
Purchase of treasury stock	(2)	(1)
Total changes of items during the period	7,984	(6,009)
Ending balance	114,460	108,451

(million yen)

	FY 2007 (April 1, 2007 to March 31, 2008)	FY 2008 (April 1, 2008 to March 31, 2009)
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Beginning balance	28,518	17,941
Changes of items during the period		
Net changes of items other than shareholders' equity	(10,576)	(8,072)
Total changes of items during the period	(10,576)	(8,072)
Ending balance	17,941	9,868
Total valuation and translation adjustments		
Beginning balance	28,518	17,941
Changes of items during the period		
Net changes of items other than shareholders' equity	(10,576)	(8,072)
Total changes of items during the period	(10,576)	(8,072)
Ending balance	17,941	9,868
Total net assets		
Beginning balance	134,994	132,401
Changes of items during the period		
Dividends from surplus	(3,461)	(3,461)
Net income	11,447	(2,546)
Purchase of treasury stock	(2)	(1)
Net changes of items other than shareholders' equity	(10,576)	(8,072)
Total changes of items during the period	(2,592)	(14,081)
Ending balance	132,401	118,320

## 6. Others

(1) Changes in directors and officers

Please see “Announcement of Changes in Representative Directors, Introduction of Executive Officer System and Changes in Management Positions” released on May 13, 2009.