

# NOK CORPORATION

## Consolidated Financial Summary for the First Quarter Ended June 30, 2009

Date: July 31, 2009

Name of Listed Company: NOK Corporation  
 Securities Code Number: 7240  
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Scheduled date for submission of the Quarterly Securities Report: August 7, 2009  
 Scheduled date for dividend payment:

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

### 1. Consolidated Business Results for the First Quarter of Fiscal 2009 (April 1, 2009 through June 30, 2009)

#### (1) Consolidated operating results (year-to-date basis)

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

	Net sales		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
1Q FY 2009	77,969	(41.1)	(5,237)	-	(5,184)	-	(4,862)	-
1Q FY 2008	132,368	-	8,902	-	10,152	-	7,258	-

	Net income per share	Diluted net income per share
	yen	yen
1Q FY 2009	(28.12)	-
1Q FY 2008	41.97	-

#### (2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity to total assets	Net assets per share
	million yen	million yen	%	yen
1Q FY 2009	531,289	250,680	43.5	1,337.55
FY 2008	509,772	246,130	44.4	1,308.90

Reference: Shareholders' equity: 231,284 million yen (as of June 30, 2009)

226,329 million yen (as of March 31, 2009)

### 2. Dividends

(Record date)	Cash dividend per share				
	1Q-end	2Q-end	3Q-end	Term-end	Full year
	yen	yen	yen	yen	yen
FY2008	-	10.00	-	5.00	15.00
FY2009	-	-	-	-	-
FY2009 (Projection)	-	-	-	-	-

Notes: 1. Quarterly dividend projections have not been revised.

2. Dividend projections for FY2009 are yet to be determined.

### 3. Projection of Consolidated Financial Results for Fiscal 2009 (April 1, 2009 through 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
Half year	169,500	(35.0)	(7,400)	-	(8,100)	-	(7,300)	-	(42.22)
Full year	379,000	(18.8)	(5,200)	-	(7,200)	-	(8,000)	-	(46.27)

Note: The projection has not been revised during the first quarter of fiscal 2009.

#### 4. Other Information

- (1) Changes in significant subsidiaries during the term (changes in “*tokutei kogaisha*” as defined in Ministry of Finance Ordinance No. 5 of 1973, as amended, involving changes in the scope of consolidation): None
- (2) Application of simplified accounting treatments and accounting treatments specific to the preparation of consolidated quarterly financial statements: Yes  
Note: For details, please refer to “Qualitative Information and Financial Statements, etc.” on page 4.
- (3) Changes in principles, procedures and presentation, etc. of accounting treatment relating to the preparation of consolidated quarterly financial statements (matters to be described in “Changes in significant matters relating to the preparation of consolidated quarterly financial statements” in the Quarterly Securities Report):
  - i) Changes due to amendments to accounting standards, etc.: None
  - ii) Changes other than those described in i) above: None
- (4) Number of issued shares (common stock)
  - i) Number of issued shares as of the end of the term  
(including treasury stock): 173,138,537 (as of June 30, 2009); 173,138,537 (as of March 31, 2009)
  - ii) Number of treasury shares: 222,531 (as of June 30, 2009); 222,203 (as of March 31, 2009)
  - iii) Average number of shares during the term (year to date): 172,916,211 (1Q FY 2009) 172,928,664 (1Q FY 2008)

\*Notice concerning proper use of projections of operating results and other important matters:

- a) Projections for fiscal 2009 as announced on May 13, 2009 have been revised with respect to both the first half-year and the full-year period.
- b) The projections in this material were prepared based on judgments and assumptions drawn from information available as of the date of preparation of this document and contain risks and uncertainties. Please note that actual business results may differ significantly from these projections depending on various factors. Significant factors that may affect actual business performance include but are not limited to the economic conditions prevailing in and around the business arena of the Company and its Group companies, market trends, and foreign exchange rates of the yen against the U.S. dollar and other currencies.

## Qualitative Information and Financial Statements, etc.

### 1. Qualitative information concerning consolidated operating results

The Japanese economy during April to June 2009 exited the worst phase of recession, and some segments showed signs of bottoming out. However, under the huge influence of the financial crisis since 2008, the general business environment remained extremely severe, with sluggish corporate capital expenditures, deterioration in employment, weak personal consumption, etc.

In the automotive industry, the market prospects remained uncertain, with sluggish sales of new cars both in Japan and overseas, although Japanese consumers have increasingly focused on hybrid cars because of the government's demand stimulus package including the tax break for buyers of environmentally friendly vehicles.

In the electronic equipment industry, sluggish personal consumption leads to decreased sales of mobile phones, personal computers and their peripherals, while some segments showed signs of pickup in demand thanks to the government's and retailers' stimulus policies.

In the business machine industry, there was a decline in the demand for copiers, etc. as corporate capital expenditures weakened.

Under these circumstances, the performance of each business segment was as follows.

In the seal business, the sales to manufacturers in the automotive industry decreased significantly amid sluggish demand for new cars continuing worldwide since the latter half of the previous fiscal year. The sales to construction machinery manufacturers also decreased significantly as the production of construction machinery declined due to the cancellation and postponement of resource development projects around the world and infrastructure projects mainly in emerging economic countries. As a result, the segment sales decreased by 41.1% year-on-year, to 42,699 million yen. The segment recorded operating loss of 3,588 million yen (operating income of 6,381 million yen in the first quarter of fiscal year 2008).

In the flexible printed circuit (FPC) business, sales decreased significantly, reflecting sluggish production at hard disc drive manufacturers and mobile phone makers both in Japan and overseas, which together constitute the major part of the FPC market. As a result, the segment sales decreased by 41.3% year-on-year, to 26,964 million yen. The segment recorded operating loss of 647 million yen (operating income of 2,627 million yen in the first quarter of fiscal year 2008).

In the roll business, as corporate demand for business machines declined significantly amid the rapid deterioration of the economy, business machine manufacturers decreased production and adjusted inventory levels in response to decreases in their sales. The orders for our products were therefore sluggish, and the segment sales decreased by 36.9% year-on-year, to 6,126 million yen. The segment recorded operating loss of 881 million yen (operating loss of 279 million yen in the first quarter of fiscal year 2008).

All business segments resulted in operating loss, as emergency measures such as reducing labor cost, withholding investments, and other cost cutting could not make up for the deterioration in earnings coming from decreased sales.

As a result, for the first quarter of fiscal year 2009, the Group recorded net sales of 77,969 million yen (down 41.1% compared with the first quarter of fiscal year 2008), operating loss of 5,237 million yen (operating income of 8,902 million yen in the first quarter of fiscal year 2008), ordinary loss of 5,184 million yen (ordinary income of 10,152 million yen in the first quarter of fiscal year 2008), and net loss of 4,862 million yen (net income of 7,258 million yen in the first quarter of fiscal year 2008).

### 2. Qualitative information on consolidated financial position

Total assets as of June 30, 2009 amounted to 531,289 million yen, an increase of 21,516 million yen as compared with the end of the previous fiscal year (March 31, 2009), mainly as a result of an increase of cash and deposits due to additional borrowings and an increase in the market value of investment securities.

Total liabilities as of June 30, 2009 amounted to 280,608 million yen, an increase of 16,966 million yen as compared with the previous fiscal year-end, mainly as a result of additional long-term borrowings to provide for the Group companies' capital demands.

Net assets as of June 30, 2009 totaled 250,680 million yen, an increase of 4,549 million yen as compared with the previous fiscal year-end, mainly as a result of an increase in valuation difference on available-for-sale securities due to increased market value and an increase in foreign currency translation adjustments. The ratio of shareholders' equity to total assets at the end of the first quarter was 43.5%.

(Status of cash flows)

Cash and cash equivalents (hereinafter, "funds") as of June 30, 2009 increased by 15,199 million yen from the previous fiscal year-end to 97,306 million yen. The status of cash flows on the consolidated basis for the first quarter of the fiscal year is outlined below.

[Cash flows from operating activities]

Funds generated through operating activities reached 4,875 million yen, a year-on-year increase of 42.4%. The major outflow item was a decrease in net income before income taxes and minority interests, while the major inflow items included an increase in operating funds resulting from inventory reduction and a decrease in income taxes paid.

[Cash flows from investment activities]

Funds used in investment activities amounted to 4,654 million yen, a year-on-year decrease of 65.6%, mainly as a result of curbing the acquisition of property, plant and equipment.

[Cash flows from financing activities]

Funds generated in financing activities amounted to 13,572 million yen, a year-on-year increase of 40.5%, mainly as a result of additional long-term borrowings to provide for the Group companies' capital demands.

### 3. Qualitative information on consolidated financial projections

Financial projections have been revised to reflect the recent economic conditions.

For details, please refer to "Announcement on Revision of Financial Projections for the Fiscal Year Ending March 31, 2010" released on July 31, 2009.

### 4. Other information

- (1) Changes in significant subsidiaries during the term (changes in "*tokutei kogaisha*" as defined in Ministry of Finance Ordinance No. 5 of 1973, as amended, involving changes in the scope of consolidation):  
Not applicable.
- (2) Application of simplified accounting treatments and accounting treatments specific to the preparation of consolidated quarterly financial statements
  1. Simplified accounting treatments  
For measurement of inventories as of the end of the term, some consolidated subsidiaries omitted physical inventory check, and calculated the amount of inventories by a reasonable method based on the physical inventory results pertaining to the previous consolidated fiscal year.
  2. Accounting treatments specific to the preparation of consolidated quarterly financial statements  
As to tax expense, some consolidated subsidiaries calculated the amount by reasonably estimating an effective tax rate after applying tax effect accounting to income before income taxes and minority interests for the consolidated fiscal year including the current first-quarter period, and multiplying income before income taxes and minority interests for the current first-quarter period by such estimated effective tax rate.  
Income taxes-deferred are included in income taxes.
- (3) Changes in principles, procedures and presentation, etc. of accounting treatment relating to the preparation of consolidated quarterly financial statements  
(Additional information)
  - Abolishment of the directors' retirement benefits system  
In order to provide for the payment of benefits to retiring directors, the Company and some consolidated subsidiaries had recorded necessary amounts of "provision for directors' retirement benefits" as calculated in accordance with their internal rules. However, it was resolved at the Company's board meeting on May 25, 2009 to abolish the directors' retirement benefits system. In addition, it was resolved at the ordinary general shareholders' meetings of the relevant companies held in June 2009 to cut off the calculation of retirement benefits to the incumbent directors at the end of the respective meetings. Since such retirement benefits will be paid upon the retirement of each director, an outstanding amount of 952 million yen is included in "Other" under "Non-current liabilities".

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

(million yen)

	As of end of 1Q FY 2009 (June 30, 2009)	Summary of consolidated balance sheet as of end of FY 2008 (March 31, 2009)
<b>Assets</b>		
Current assets		
Cash and deposits	97,730	82,600
Notes and accounts receivable-trade	91,346	87,863
Merchandise and finished goods	17,861	21,432
Work in process	17,939	13,079
Raw materials and supplies	9,794	14,616
Other	15,422	14,610
Allowance for doubtful accounts	(1,066)	(1,084)
Total current assets	249,029	233,118
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	73,626	73,132
Machinery, equipment and vehicles, net	80,439	79,487
Other, net	39,828	40,819
Total property, plant and equipment	193,894	193,439
Intangible assets		
Goodwill	1,043	1,237
Other	1,404	1,357
Total intangible assets	2,447	2,594
Investments and other assets		
Investment securities	49,508	42,692
Other	36,719	38,235
Allowance for doubtful accounts	(310)	(308)
Total investments and other assets	85,917	80,619
Total noncurrent assets	282,259	276,653
Total assets	531,289	509,772

(million yen)

	As of end of 1Q FY 2009 (June 30, 2009)	Summary of consolidated balance sheet as of end of FY 2008 (March 31, 2009)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	36,922	34,235
Short-term loans payable	63,958	61,890
Provision for bonuses	4,138	4,726
Provision for business structure improvement	1,924	1,959
Other	32,837	35,489
Total current liabilities	139,780	138,300
Noncurrent liabilities		
Long-term loans payable	90,468	75,184
Provision for retirement benefits	46,174	46,340
Other provision	244	1,504
Other	3,940	2,311
Total noncurrent liabilities	140,828	125,340
Total liabilities	280,608	263,641
<b>Net assets</b>		
Shareholders' equity		
Capital stock	23,335	23,335
Capital surplus	22,450	22,450
Retained earnings	187,134	192,861
Treasury stock	(242)	(241)
Total shareholders' equity	232,678	238,406
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	13,484	9,580
Foreign currency translation adjustments	(14,879)	(21,656)
Total valuation and translation adjustments	(1,394)	(12,076)
Minority interests	19,396	19,801
Total net assets	250,680	246,130
Total liabilities and net assets	531,289	509,772

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

	(million yen)	
	1Q FY 2008 on a year-to-date basis (April 1, 2008 to June 30, 2008)	1Q FY 2009 on a year-to-date basis (April 1, 2009 to June 30, 2009)
Net sales	132,368	77,969
Cost of sales	106,485	70,293
Gross profit	25,883	7,676
Selling, general and administrative expenses		
Salaries	4,353	3,821
Provision for bonuses	1,077	803
Retirement benefit expenses	481	593
Other	11,068	7,695
Total selling, general and administrative expenses	16,981	12,913
Operating income (loss)	8,902	(5,237)
Non-operating income		
Dividends income	485	237
Equity in earnings of affiliates	1,270	-
Foreign exchange gains	-	578
Other	663	668
Total non-operating income	2,419	1,484
Non-operating expenses		
Interest expenses	624	910
Equity in losses of affiliates	-	430
Foreign exchange losses	336	-
Other	208	90
Total non-operating expenses	1,169	1,431
Ordinary income (loss)	10,152	(5,184)
Extraordinary income		
Gain on sales of noncurrent assets	-	57
Reversal of allowance for doubtful accounts	150	-
Reversal of provision for retirement benefits	104	-
Other	116	20
Total extraordinary income	372	77
Extraordinary loss		
Loss on retirement of noncurrent assets	160	161
Other	123	27
Total extraordinary loss	283	189
Income (loss) before income taxes and minority interests	10,240	(5,296)
Income taxes	2,343	(448)
Minority interests in income	638	14
Net income (loss)	7,258	(4,862)

## (3) Consolidated Quarterly Cash Flow Statement

(million yen)

	1Q FY 2008 on a year-to-date basis (April 1, 2008 to June 30, 2008)	1Q FY 2009 on a year-to-date basis (April 1, 2009 to June 30, 2009)
Net cash provided by (used in) operating activities		
Income (loss) before income taxes and minority interests	10,240	(5,296)
Depreciation and amortization	8,962	8,554
Increase (decrease) in provision for bonuses	(2,727)	(590)
Increase (decrease) in provision for retirement benefits	(641)	(282)
Increase (decrease) in provision for directors' retirement benefits	–	(1,259)
Interest and dividends income	(661)	(332)
Interest expenses	624	910
Foreign exchange losses (gains)	(149)	(214)
Equity in (earnings) losses of affiliates	(1,270)	430
Amortization of goodwill	400	272
Loss on retirement of property, plant and equipment	160	180
Decrease (increase) in notes and accounts receivable-trade	(651)	(583)
Decrease (increase) in inventories	(1,369)	4,612
Increase (decrease) in notes and accounts payable-trade	(1,359)	14
Increase (decrease) in notes discounted	(3,346)	(326)
Other, net	1,331	(238)
Subtotal	9,542	5,850
Interest and dividends income received	858	444
Interest expenses paid	(889)	(920)
Income taxes paid	(6,086)	(499)
Net cash provided by (used in) operating activities	3,424	4,875
Net cash provided by (used in) investment activities		
Decrease (increase) in time deposits	(226)	–
Purchase of investment securities	–	(114)
Proceeds from sale and redemption of investment securities	626	–
Purchase of investments in subsidiaries	–	(150)
Purchase of property, plant and equipment	(14,165)	(4,607)
Proceeds from sale of property, plant and equipment	268	259
Other, net	(26)	(41)
Net cash provided by (used in) investment activities	(13,523)	(4,654)
Net cash provided by (used in) financing activities		
Increase (decrease) in short-term loans payable	13,734	(2,872)
Proceeds from long-term loans payable	821	20,942
Repayment of long-term loans payable	(2,157)	(2,300)
Repayment of finance lease obligations	–	(259)
Cash dividends paid	(1,582)	(771)
Cash dividends paid to minority shareholders	(1,103)	(1,164)
Other, net	(51)	(0)
Net cash provided by (used in) financing activities	9,661	13,572
Effect of exchange rate change on cash and cash equivalents	(3,684)	1,406
Net increase (decrease) in cash and cash equivalents	(4,121)	15,199
Cash and cash equivalents at beginning of period	38,779	82,107
Cash and cash equivalents at end of period	34,657	97,306

(4) Notes on the Premise of Going Concern

Not applicable.

(5) Segment Information

Segment information by business category

1Q FY2008 (April 1, 2008 through June 30, 2008) (year-to-date basis)

(million yen)

	Seal	FPC	Roll	Other	Total	Eliminations/ Corporate	Consolidated
Sales							
(1) Sales to external customers	72,544	45,953	9,717	4,153	132,368	–	132,368
(2) Inter-segment sales/transfers	1,109	364	–	321	1,795	(1,795)	–
Total	73,654	46,318	9,717	4,474	134,164	(1,795)	132,368
Operating income (loss)	6,381	2,627	(279)	173	8,904	(2)	8,902

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

(million yen)

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

Segment information by geographic area

1Q FY2008 (April 1, 2008 through June 30, 2008) (year-to-date basis)

(million yen)

	Japan	Asia	Other areas	Total	Eliminations/ Corporate	Consolidated
Sales						
(1) Sales to external customers	82,728	45,625	4,015	132,368	–	132,368
(2) Inter-segment sales/transfers	11,901	7,968	276	20,146	(20,146)	–
Total	94,629	53,594	4,291	152,515	(20,146)	132,368
Operating income	5,155	3,476	57	8,689	212	8,902

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

(million yen)

	Japan	Asia	Other areas	Total	Eliminations/ Corporate	Consolidated
Sales						
(1) Sales to external customers	51,099	25,320	1,549	77,969	–	77,696
(2) Inter-segment sales/transfers	10,678	4,647	84	15,410	(15,410)	–
Total	61,778	29,968	1,633	93,379	(15,410)	77,969
Operating income	(3,274)	(1,667)	(284)	(5,226)	(10)	(5,237)

Overseas sales

1Q FY2008 (April 1, 2008 through June 30, 2008) (year-to-date basis)

(million yen)

	Asia	Other areas	Total
I Overseas sales	50,457	7,312	57,769
II Consolidated sales	–	–	132,368
III Percentage of overseas sales in consolidated sales	38.1	5.5	43.6

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

(million yen)

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

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

Not applicable.