



NOK CORPORATION and Consolidated Subsidiaries

Consolidated Financial Results for the Six Months Ended September 30, 2013 (Japanese GAAP)

Date: November 7, 2013

Company name: NOK Corporation
 Securities code: 7240
 Representative: Masato Tsuru
 Chairman of the Board and President
 Inquiries: Takashi Kamata
 Department Manager
 Corporate Planning Department

Listed on the Tokyo Stock Exchange
 URL <http://www.nok.co.jp>
 Telephone: +81-3-3434-1736

Quarterly statement filing date (as planned): November 14, 2013
 Dividend payable date (as planned): December 3, 2013
 Supplemental material of quarterly results: None
 Convening briefing of quarterly results: Yes

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

1. Consolidated Financial Results for the Six Months of Fiscal 2013 (April 1, 2013 to September 30, 2013)

(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	%
2Q FY 2013	275,297	5.5	8,910	(37.0)	14,515	1.7	7,337	(10.4)
2Q FY 2012	260,880	9.4	14,143	6.2	14,271	3.5	8,193	18.6

Note: Comprehensive income: 34,537 million yen, 433.2 % (as of September 30, 2013); 6,477 million yen, 83.2 % (as of September 30, 2012)

	Net income per share	Diluted net income per share
	yen	yen
2Q FY 2013	42.57	–
2Q FY 2012	47.62	–

(2) Consolidated financial positions

	Total assets	Net assets	Capital adequacy ratio
	million yen	million yen	%
2Q FY 2013	621,525	352,087	52.1
FY 2012	601,958	320,217	48.8

Reference: Owner's equity: 324,015 million yen (as of September 30, 2013); 293,458 million yen (as of March 31, 2013)

2. Dividends

	Dividend per share				
	First quarter	Second quarter	Third quarter	Fiscal year end	Total
	yen	yen	yen	yen	yen
FY 2012	–	10.00	–	10.00	20.00
FY 2013	–	10.00	–	–	–
FY 2013 (Forecast)	–	–	–	10.00	20.00

Note: Correction of dividend forecast from the most recent dividend forecast: None

3. Consolidated Forecasts for Fiscal 2013 (April 1, 2013 to March 31, 2014)

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

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Full year	585,000	8.2	28,800	8.6	36,400	3.4	19,800	(10.9)	114.86

Note: Correction of financial forecast from the most recent financial forecast: Yes

* Notes

(1) Material changes in subsidiaries during this period (Changes in scope of consolidations resulting from change in subsidiaries): None

(2) Applying of specific accounting of the consolidated quarterly financial statements: Yes
 Note: For details, please refer to “Summary (Notes) Information” on page 3 of the attached document.

(3) Changes in accounting policies, accounting estimates and retrospective restatement
 i) Changes in accounting policies based on revisions of accounting standard: None
 ii) Changes in accounting policies other than ones based on revisions of accounting standard: None
 iii) Changes in accounting estimates: None
 iv) Retrospective restatement: None

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

i) Number of issued and outstanding shares at the end of fiscal year (including treasury stock)	2Q FY 2013	173,138,537 shares	FY 2012	173,138,537 shares
ii) Number of treasury stock at the end of fiscal year	2Q FY 2013	671,774 shares	FY 2012	815,921 shares
iii) Average number of shares (year to date)	2Q FY 2013	172,387,870 shares	2Q FY 2012	172,056,000 shares

* Quarterly review procedures:

As of the date of release of this summary of quarterly financial results, the quarterly review procedures as provided for under the Financial Instruments and Exchange Act were being implemented.

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

Forward-looking statements such as projections of future financial results and other descriptions concerning our future business included in this document are based on currently available information and certain assumptions that we consider to be reasonable, and no representation or warranty is given with regard to the realization of such projections, etc. Actual financial results may differ significantly due to various factors.

For assumptions, etc., used as the basis for the projections for financial results, please see “Explanation of Operating Results” on page 2 of the attached document.

Table of Contents of Attached Document

1. Qualitative Information on the Consolidated Operating Results for the Second Quarter of FY 2013.....	2
(1) Explanation of Operating Results.....	2
(2) Explanation of Financial Position	2
(3) Explanation of Consolidated Financial Projections and Other Prospects for the Future	2
2. Summary (Notes) Information.....	3
(1) Accounting Treatments Specific to the Preparation of Consolidated Quarterly Financial Statements.....	3
3. Important Matters Regarding the Going Concern Assumption.....	3
4. Consolidated Quarterly Financial Statements	4
(1) Consolidated Quarterly Balance Sheet	4
(2) Consolidated Quarterly Income Statement and Consolidated Quarterly Comprehensive Income Statement.....	6
Consolidated Quarterly Income Statement	
Second-quarter period on a year-to-date basis	6
Consolidated Quarterly Comprehensive Income Statement	
Second-quarter period on a year-to-date basis	7
(3) Notes Concerning Consolidated Quarterly Financial Statements	8
Notes Concerning the Going Concern Assumption	8
Notes on Significant Changes in the Amount of Shareholders' Equity	8
Segment Information	8

1. Qualitative Information on the Consolidated Operating Results for the Second Quarter of FY 2013

(1) Explanation of Operating Results

During the first six months of the current consolidated fiscal year, the Japanese economy saw signs of recovery, including restored production and a growth trend in exports, as the yen progressively weakened on the back of the government's financial and economic policies.

In the automobile industry, demand decreased in Japan due to the termination of the government subsidy for eco-friendly car purchases. Overseas, while demand fell in China and India, demand in the U.S. market increased due to factors such as a rise in consumer spending.

In the electronic equipment industry, demand for digital cameras and hard disc drives was weak due to widespread use of smartphones and tablet terminals.

In the office machine industry, demand for both printers and copiers centered on color devices remained robust.

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

In the seal business, sales to automobile manufacturers increased on the back of robust vehicle production in the U.S. and Southeast Asia despite a drop in demand in Japan due to the termination of the government subsidy for eco-friendly car purchases. Sales to manufacturers of general industrial machinery also climbed, underpinned by factors such as the recovery in demand for construction machinery in China.

As a result, net sales ended at 139,923 million yen (up 6.2% year on year). Operating income totaled 12,979 million yen (up 9.0 % year on year) due to increased revenue despite increases in personnel and other expenses from operations in emerging nations.

In the electronic device product business, sales increased on the back of favorable exchange rate fluctuations despite sluggish sales for digital cameras and hard disc drives as well as a slowdown in demand from smartphone manufacturers.

As a result, net sales improved to 115,898 million yen (up 6.4% year on year). An operating loss of 5,179 million yen was posted (compared with an operating income of 1,744 million yen in the same period last year) due to a decrease in production volume despite favorable exchange rate fluctuations.

In the roll business, sales dropped owing to a decline in demand for monochrome printers and copiers and a slump in demand for replacement parts for copiers due to a rise in durability.

As a result, net sales fell to 13,910 million yen (down 1.0% year on year). Operating income increased to 742 million yen (up 543.5% year on year) owing to a reduction in expenses such as personnel costs due to execution of business structure reforms.

In other businesses including specialty lubricants, net sales dropped to 5,564 million yen (down 10.2% year on year). Operating income fell to 334 million yen (down 5.8% year on year) owing to decreased revenue.

In summary, operating results for the first six months of the current consolidated fiscal year were as follows: Net sales totaled 275,297 million yen (up 5.5% year on year); operating income dropped to 8,910 million yen (down 37.0% year on year); ordinary income increased to 14,515 million yen (up 1.7% year on year); and net income fell to 7,337 million yen (down 10.4% year on year).

(2) Explanation of Financial Position

Total assets as of the end of the second quarter of the current consolidated fiscal year stood at 621,525 million yen, an increase of 19,566 million yen from the end of the previous consolidated fiscal year. This was mainly attributable to an increase in assets of overseas subsidiaries due to the rise in the yen and an increase in the market value of investment securities following the rise in share prices.

Total liabilities dropped 12,303 million yen from March 31, 2013, to 269,437 million yen, mostly reflecting the repayment of short-term and long-term loans payable.

Net assets totaled 352,087 million yen, an increase of 31,870 million yen compared with the end of the previous consolidated fiscal year, reflecting an increase in foreign currency translation adjustment due to exchange rate fluctuations and an increase in retained earnings as a result of a growth in net income for the first six-month period of the current consolidated fiscal year. Consequently, the ratio of shareholders' equity to total assets at the end of the second quarter stood at 52.1%.

(3) Explanation of Consolidated Financial Projections and Other Prospects for the Future

Regarding projections for full-year business performance on a consolidated basis for FY 2013, the Company has revised upward the previous projections for net sales in response to the continued steady demand for automobiles. We have revised downward the previous projections for operating income in light of stagnant orders for smartphone components and based on the outlook that earnings will fall due to factors such as increases in personnel and other expenses. Ordinary income and net income have been revised upward from the previous projections owing to an increase in foreign exchange gains, among other factors.

2. Summary (Notes) Information

(1) Accounting Treatments Specific to the Preparation of Consolidated Quarterly Financial Statements

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

3. Important Matters Regarding the Going Concern Assumption

None.

4. Consolidated Quarterly Financial Statements

(1) Consolidated Quarterly Balance Sheet

(million yen)

	FY 2012 (as of March 31, 2013)	2Q FY 2013 (as of September 30, 2013)
Assets		
Current assets		
Cash and deposits	65,342	66,168
Notes and accounts receivable-trade	163,807	145,618
Inventories	64,525	64,171
Other	16,526	17,789
Allowance for doubtful accounts	(751)	(574)
Total current assets	309,451	293,172
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	66,438	77,477
Machinery, equipment and vehicles, net	70,347	75,448
Other, net	43,682	42,543
Total property, plant and equipment	180,469	195,469
Intangible assets		
Goodwill	73	58
Other	1,403	1,503
Total intangible assets	1,477	1,562
Investments and other assets		
Investments securities	85,144	102,837
Other	25,705	28,764
Allowance for doubtful accounts	(289)	(281)
Total investments and other assets	110,560	131,320
Total noncurrent assets	292,507	328,352
Total assets	601,958	621,525

(million yen)

	FY 2012 (as of March 31, 2013)	2Q FY 2013 (as of September 30, 2013)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	61,251	55,901
Short-term loans payable	81,541	76,725
Income taxes payable	3,605	5,403
Provision for bonuses	8,150	9,319
Provision for business structure improvement	1,503	1,362
Other	45,930	42,194
Total current liabilities	201,982	190,907
Noncurrent liabilities		
Long-term loans payable	29,304	24,064
Provision for retirement benefits	43,362	42,623
Other	7,091	11,842
Total noncurrent liabilities	79,758	78,529
Total liabilities	281,740	269,437
Net assets		
Shareholders' equity		
Capital stock	23,335	23,335
Capital surplus	22,450	22,450
Retained earnings	239,637	245,251
Treasury stock	(997)	(814)
Total shareholders' equity	284,425	290,223
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	22,865	31,389
Foreign currency translation adjustment	(13,832)	2,403
Total accumulated other comprehensive income	9,032	33,792
Minority interests	26,758	28,071
Total net assets	320,217	352,087
Total liabilities and net assets	601,958	621,525

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

	(million yen)	
	2Q FY 2012 on a year-to-date basis (April 1, 2012 to September 30, 2012)	2Q FY 2013 on a year-to-date basis (April 1, 2013 to September 30, 2013)
Net sales	260,880	275,297
Cost of sales	215,319	230,548
Gross profit	45,560	44,748
Selling, general and administrative expenses	31,417	35,837
Operating income	14,143	8,910
Non-operating income		
Dividends income	452	599
Equity in earnings of affiliates	1,645	2,216
Foreign exchange gains	-	3,100
Other	1,772	1,680
Total non-operating income	3,870	7,596
Non-operating expenses		
Interest expenses	1,296	1,489
Foreign exchange losses	2,213	-
Other	233	501
Total non-operating expenses	3,743	1,991
Ordinary income	14,271	14,515
Extraordinary income		
Gain on sales of noncurrent assets	133	288
Insurance income	2,126	944
Other	127	67
Total extraordinary income	2,387	1,300
Extraordinary loss		
Loss on retirement of noncurrent assets	253	571
Loss on valuation of investment securities	1,718	-
Other	105	76
Total extraordinary loss	2,076	648
Income before income taxes and minority interests	14,581	15,168
Income taxes	4,835	7,037
Income before minority interests	9,746	8,130
Minority interests in income	1,552	792
Net income	8,193	7,337

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

(million yen)

	2Q FY 2012 on a year-to-date basis (April 1, 2012 to September 30, 2012)	2Q FY 2013 on a year-to-date basis (April 1, 2013 to September 30, 2013)
Income before minority interests	9,746	8,130
Other comprehensive income		
Valuation difference on available-for-sale securities	(5,386)	8,480
Foreign currency translation adjustment	2,646	16,209
Share of other comprehensive income of associates accounted for using equity method	(528)	1,716
Total other comprehensive income	(3,268)	26,406
Comprehensive income	6,477	34,537
(Detail)		
Comprehensive income attributable to owners of the parent	4,699	32,097
Comprehensive income attributable to minority interests	1,777	2,440

- (3) Notes Concerning Consolidated Quarterly Financial Statements
(Notes Concerning the Going Concern Assumption)
None.

(Notes on Significant Changes in the Amount of Shareholders' Equity)
None.

(Segment Information)

I 2Q FY 2012 (April 1, 2012 to September 30, 2012) (year-to-date basis)

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

(million yen)

	Reportable segments				Total	Adjustments (Note 1)	Amount included in the consolidated quarterly financial statement (Note 2)
	Seal	Electronic device product	Roll	Other			
Net sales							
Net sales to external customers	131,695	108,931	14,054	6,198	260,880	–	260,880
Inter-segment sales/transfers	1,633	44	–	315	1,993	[1,993]	–
Total	133,329	108,975	14,054	6,514	262,874	[1,993]	260,880
Segment income	11,906	1,744	115	354	14,121	22	14,143

Notes: 1. The amount of 22 million yen in Adjustments of segment income represents the result of elimination in the inter-segment transactions.

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

II 2Q FY 2013 (April 1, 2013 to September 30, 2013) (year-to-date basis)

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

(million yen)

	Reportable segments				Total	Adjustments (Note 1)	Amount included in the consolidated quarterly financial statement (Note 2)
	Seal	Electronic device product	Roll	Other			
Net sales							
Net sales to external customers	139,923	115,898	13,910	5,564	275,297	–	275,297
Inter-segment sales/transfers	1,753	9	–	309	2,072	[2,072]	–
Total	141,677	115,908	13,910	5,873	277,370	[2,072]	275,297
Segment income (loss)	12,979	(5,179)	742	334	8,876	34	8,910

Notes: 1. The amount of 34 million yen in Adjustments of segment income (loss) represents the result of elimination in the inter-segment transactions.

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