



NOK CORPORATION and Consolidated Subsidiaries

Consolidated Financial Results for the Nine Months Ended December 31, 2014 (Japanese GAAP)

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Dividend payable date (as planned): –

Supplemental material of quarterly results: None

Convening briefing of quarterly results: None

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

1. Consolidated Financial Results for the First Nine Months of Fiscal 2014 (April 1, 2014 to December 31, 2014)

(1) Consolidated operating results

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

	Net sales		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
9 mos. ended Dec. 31, 2014	513,511	18.5	49,988	143.4	63,361	114.2	39,575	134.1
9 mos. ended Dec. 31, 2013	433,331	8.9	20,534	9.7	29,583	26.5	16,906	27.1

Note: Comprehensive income: 81,701 million yen, 64.8% (as of December 31, 2014); 49,563 million yen, 158.5% (as of December 31, 2013)

	Net income per share	Diluted net income per share
	yen	yen
9 mos. ended Dec. 31, 2014	229.19	–
9 mos. ended Dec. 31, 2013	98.05	–

(2) Consolidated financial positions

	Total assets	Net assets	Capital adequacy ratio
	million yen	million yen	%
Dec. 31, 2014	755,876	443,436	53.5
March 31, 2014	663,265	364,411	50.0

Reference: Owner's equity: 404,044 million yen (as of December 31, 2014); 331,547 million yen (as of March 31, 2014)

2. Dividends

	Dividend per share				
	First quarter	Second quarter	Third quarter	Fiscal year end	Total
	yen	yen	yen	yen	yen
FY 2013	–	10.00	–	10.00	20.00
FY 2014	–	15.00			
FY 2014 (Forecast)				35.00	50.00

Notes: Correction of dividend forecast from the most recent dividend forecast: Yes

Please refer to the "Announcement of Revision of Dividend Forecasts" announced today (February 9, 2015) for details regarding the revision of dividend forecasts.

3. Consolidated Forecasts for Fiscal 2014 (April 1, 2014 to March 31, 2015)

(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	692,700	17.1	64,900	99.2	77,800	83.9	44,000	102.2	254.81

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

* 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 “2. Summary (Notes) Information” on page 3 of the attached document.
- (3) Changes in accounting policies and accounting estimates, retrospective restatement
- i) Changes in accounting policies based on revisions of accounting standard: Yes
 - ii) Changes in accounting policies other than ones based on revisions of accounting standard: Yes
 - iii) Changes in accounting estimates: Yes
 - 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)	Dec. 31, 2014	173,138,537 shares	Mar. 31, 2014	173,138,537 shares
ii) Number of treasury stock at the end of fiscal year	Dec. 31, 2014	484,628 shares	Mar. 31, 2014	536,602 shares
iii) Average number of shares (year to date)	9 mos. ended Dec. 31, 2014	172,678,090 shares	9 mos. ended Dec. 31, 2013	172,420,105 shares

* Quarterly review procedures:

As this summary of quarterly financial results is not subject to quarterly review procedures as provided for under the Financial Instruments and Exchange Act, such review procedures have not been completed as of the date of the release of this summary of consolidated quarterly financial results.

* 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 Consolidated Financial Projections and Other Prospects for the Future” on page 2 of the attached document.

Table of Contents of Attached Document

1. Qualitative Information on the Consolidated Operating Results for the Nine Months Ended December 31, 2014	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) Material Changes in Subsidiaries during This Period	3
(2) Accounting Treatments Specific to the Preparation of Consolidated Quarterly Financial Statements	3
(3) Changes in Accounting Policies, Accounting Estimates and Retrospective Restatement	3
3. 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	
Nine Months Ended December 31, 2014	6
Consolidated Quarterly Comprehensive Income Statement	
Nine Months Ended December 31, 2014	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 Nine Months Ended December 31, 2014

(1) Explanation of Operating Results

During the first nine months of the current consolidated fiscal year, the Japanese economy remained on a gradual recovery trend, as economic measures and capital expenditures including public spending showed robustness despite weakness in consumer spending following the consumption tax hike.

The automobile industry in Japan saw a slow recovery from the drop in demand that followed the last minute surge in demand prior to the rise in the consumption tax. Overseas, while demand decreased in Thailand as the car purchase subsidy scheme ended, demand in North America remained robust.

In the electronic equipment industry, demand for smartphones trended favorably. Demand for hard disc drives was also robust due to replacement demand for PCs and others.

In the office machine industry, demand for both printers and copiers centered on color devices remained robust in overseas markets such as Europe and the U.S.

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 strong demand in North America despite a slowdown in recovery in Japan and the impact of the end of the car purchase subsidy scheme in Thailand. Sales to manufacturers of general industrial machinery also rose due to robust demand in China and other parts of Asia. As a result, net sales reached 221,241 million yen (up 4.3% year on year). Operating income totaled 24,740 million yen (up 18.7% year on year) due to the change in the depreciation method as well as an increase in revenue despite increases in personnel and other costs in emerging nations.

In the electronic device product business, sales were boosted on the back of greater demand for smartphones and automobiles in addition to favorable exchange rate fluctuations. As a result, net sales improved to 260,844 million yen (up 36.5% year on year). Operating income was 22,747 million yen (compared with an operating loss of 2,412 million yen in the same period last year) due to an increase in the number of new smartphone models, improvement in yield, and favorable exchange rate fluctuations.

In the roll business, sales increased owing to a rise in demand mainly for color printers and color copiers in overseas markets such as Europe and the U.S. despite negative impact from a slump in order intake for copier replacement parts due to a rise in durability. As a result, net sales increased to 22,719 million yen (up 5.9% year on year). Operating income was 1,820 million yen (up 24.6% year on year) owing to a reduction in costs, among other factors.

In other businesses including specialty lubricants, net sales were 8,707 million yen (up 0.6% year on year). Operating income rose to 675 million yen (up 9.8% year on year).

In summary, operating results for the first nine months of the current consolidated fiscal year were as follows: Net sales totaled 513,511 million yen (up 18.5% year on year); operating income rose to 49,988 million yen (up 143.4% year on year); ordinary income amounted to 63,361 million yen (up 114.2% year on year); and net income increased to 39,575 million yen (up 134.1% year on year).

(2) Explanation of Financial Position

Total assets as of the end of the first nine months of the current consolidated fiscal year stood at 755,876 million yen, an increase of 92,611 million yen from the end of the previous consolidated fiscal year. This was mainly attributable to an increase in the assets of overseas subsidiaries due to the weakening of the yen, as well as an increase in the market value of investment securities following the rise in share prices.

Total liabilities increased 13,587 million yen from March 31, 2014, to 312,440 million yen.

Net assets totaled 443,436 million yen, an increase of 79,024 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 growth in net income for the first nine-month period of the current consolidated fiscal year. Consequently, the ratio of shareholders' equity to total assets at the end of the third quarter stood at 53.5%.

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

There are no changes to the financial projections announced on January 21, 2015.

2. Summary (Notes) Information

(1) Material Changes in Subsidiaries during This Period

None.

In order to seek more appropriate disclosure of consolidated financial information, the accounting date for ten overseas consolidated subsidiaries including Thai NOK Co., Ltd., whose accounting date had been December 31, was changed to March 31 in the first quarter of the current consolidated fiscal year. In addition, the consolidation methods of 35 companies, including Mektec Manufacturing Corporation (Zhuhai) Ltd., were changed to carry out provisional settlements of accounts based on full-year business results on March 31, the consolidated accounting date.

The profit and loss for the three months following these changes in accounting dates have been adjusted as increases and decreases in retained earnings.

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

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

(3) Changes in Accounting Policies, Accounting Estimates and Retrospective Restatement

(Application of accounting standard for retirement benefits)

Starting with the first three-month period of the fiscal year ending March 31, 2015, NOK has applied the Accounting Standard for Retirement Benefits (ASBJ Statement No. 26, May 17, 2012. Hereinafter referred to as the "Accounting Standard") and the Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25, May 17, 2012. Hereinafter referred to as the "Guidance") with regard to the provisions prescribed in the main text of Section 35 of the Accounting Standard and Section 67 of the Guidance. As a result, the calculation methods for retirement benefit obligations and service costs were reviewed, the period attribution method of the expected amount of retirement benefits was changed from straight-line attribution to a benefit calculation standard, and the decision method of the discount rate was changed from a discount rate based on the number of years equal to approximately the average remaining period of employees to a single weighted average discount rate that reflects the expected payment period of retirement benefits and the amount for each expected payment period.

For application of the above Accounting Standard and the Guidance, in accordance with the transitional handling prescribed in Section 37 of the Accounting Standard, at the beginning of the first nine-month period of the current fiscal year the effect of the changes in the calculation methods of retirement benefit obligations and service costs were adjusted in retained earnings.

As a result, liabilities pertaining to retirement benefits at the beginning of the first nine-month period of the fiscal year under review increased by 4,919 million yen and retained earnings decreased by 3,467 million yen. The application of the Accounting Standard did not have a material effect on operating income, ordinary income and income before income taxes of the first nine months of the current fiscal year.

(Application of practical treatment concerning transactions that issue own shares to employees, etc. through trust)

Starting with the first three-month period of the fiscal year ending March 31, 2015, NOK has applied the Practical Treatment Concerning Transactions that Issue Own Shares to Employees, etc. through Trust (Practical Issues Task Force No. 30, December 25, 2013). Since accounting treatment pertaining to trust agreements concluded before the beginning of the term of the first year in which the said Practical Issues Task Force was applied will continue using the conventional method, the application of the said Practical Issues Task Force will have no impact on consolidated quarterly financial statements.

(Change in accounting principles that is difficult to distinguish from the change in accounting estimations)

The depreciation method for property, plant and equipment of NOK and its domestic consolidated subsidiaries, which was previously a fixed-rate method, has been changed to a straight-line method starting with the first three-month period of the current consolidated fiscal year.

This change was made based on the judgment that it is rational to change the depreciation method to a straight-line method since cost allocation through even depreciation over the useful lives of assets can reflect the actual state of usage of property, plant and equipment more appropriately, since the continued current usage of property, plant and equipment of NOK and its domestic consolidated subsidiaries is not expected to lead to rapid economic degradation and obsolescence of manufacturing equipment but rather is expected to lead to long-term stable utilization, according to a study of the state of the related usage following the rise in the percentage of overseas business due to the progress of globalization within the NOK Group.

As a result, operating income of the first nine months of the current consolidated fiscal year increased by 4,360 million yen, while ordinary income and income before income taxes each increased by 4,361 million yen.

The impact of this change on segment information has been stated in the relevant sections.

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

(million yen)

	FY 2013 (as of March 31, 2014)	3Q FY 2014 (as of December 31, 2014)
Assets		
Current assets		
Cash and deposits	78,633	92,056
Notes and accounts receivable-trade	158,606	187,296
Inventories	66,901	76,691
Other	21,213	19,641
Allowance for doubtful accounts	(570)	(267)
Total current assets	324,784	375,417
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	78,715	86,226
Machinery, equipment and vehicles, net	80,121	84,660
Other, net	41,295	45,525
Total property, plant and equipment	200,132	216,412
Intangible assets		
Goodwill	40	14
Other	2,515	2,643
Total intangible assets	2,556	2,658
Investments and other assets		
Investments securities	108,112	131,019
Other	27,930	30,587
Allowance for doubtful accounts	(251)	(218)
Total investments and other assets	135,791	161,388
Total noncurrent assets	338,480	380,459
Total assets	663,265	755,876

(million yen)

	FY 2013 (as of March 31, 2014)	3Q FY 2014 (as of December 31, 2014)
Liabilities		
Current liabilities		
Accounts payable-trade	67,653	76,038
Short-term loans payable	83,887	65,869
Income taxes payable	6,011	7,127
Provision for bonuses	8,227	4,979
Provision for business structure improvement	1,760	943
Provision for recall loss	300	—
Other	50,077	53,779
Total current liabilities	217,918	208,736
Noncurrent liabilities		
Long-term loans payable	14,277	25,575
Net defined benefit liabilities	59,315	63,091
Other	7,342	15,037
Total noncurrent liabilities	80,935	103,703
Total liabilities	298,853	312,440
Net assets		
Shareholders' equity		
Capital stock	23,335	23,335
Capital surplus	22,450	22,450
Retained earnings	257,894	295,329
Treasury stock	(642)	(428)
Total shareholders' equity	303,038	340,687
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	30,181	41,041
Foreign currency translation adjustment	12,920	35,258
Remeasurements of defined benefit plans	(14,594)	(12,942)
Total accumulated other comprehensive income	28,508	63,357
Minority interests	32,864	39,391
Total net assets	364,411	443,436
Total liabilities and net assets	663,265	755,876

(2) Consolidated Quarterly Income Statement and Consolidated Quarterly Comprehensive Income Statement
 (Consolidated Quarterly Income Statement)
 (Nine Months Ended December 31, 2014)

(million yen)

	9 months ended December 31, 2013	9 months ended December 31, 2014
Net sales	433,331	513,511
Cost of sales	359,678	405,371
Gross profit	73,653	108,139
Selling, general and administrative expenses	53,118	58,151
Operating income	20,534	49,988
Non-operating income		
Dividends income	1,183	1,529
Equity in earnings of affiliates	3,443	4,259
Foreign exchange gains	5,003	7,702
Other	2,304	2,403
Total non-operating income	11,934	15,894
Non-operating expenses		
Interest expenses	2,220	2,180
Other	666	341
Total non-operating expenses	2,886	2,522
Ordinary income	29,583	63,361
Extraordinary income		
Gain on sales of noncurrent assets	326	223
Gain on step acquisitions	—	364
Insurance income	944	—
Other	138	132
Total extraordinary income	1,409	720
Extraordinary loss		
Loss on retirement of noncurrent assets	698	567
Product compensation costs	—	1,000
Other	135	86
Total extraordinary loss	834	1,654
Income before income taxes and minority interests	30,158	62,427
Income taxes	11,492	18,692
Income before minority interests	18,665	43,735
Minority interests in income	1,759	4,159
Net income	16,906	39,575

(Consolidated Quarterly Comprehensive Income Statement)
(Nine Months Ended December 31, 2014)

(million yen)

	9 months ended December 31, 2013	9 months ended December 31, 2014
Income before minority interests	18,665	43,735
Other comprehensive income		
Valuation difference on available-for-sale securities	11,887	10,793
Foreign currency translation adjustment	15,881	23,256
Remeasurements of defined benefit plans	–	1,643
Share of other comprehensive income of associates accounted for using equity method	3,127	2,272
Total other comprehensive income	30,897	37,966
Comprehensive income	49,563	81,701
(Detail)		
Comprehensive income attributable to owners of the parent	45,520	74,424
Comprehensive income attributable to minority interests	4,042	7,276

- (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)

[Segment Information]

I Nine Months Ended December 31, 2013

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 income statement (Note 2)
	Seal	Electronic device product	Roll	Other			
Net sales							
Net sales to external customers	212,095	191,126	21,451	8,658	433,331	—	433,331
Inter-segment sales/transfers	2,558	11	—	432	3,002	[3,002]	—
Total	214,653	191,138	21,451	9,090	436,333	[3,002]	433,331
Segment income (loss)	20,835	(2,412)	1,461	615	20,500	34	20,534

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.

II Nine Months Ended December 31, 2014

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 income statement (Note 2)
	Seal	Electronic device product	Roll	Other			
Net sales							
Net sales to external customers	221,241	260,844	22,719	8,707	513,511	—	513,511
Inter-segment sales/transfers	2,162	5	—	256	2,424	[2,424]	—
Total	223,403	260,849	22,719	8,963	515,936	[2,424]	513,511
Segment income	24,740	22,747	1,820	675	49,984	4	49,988

Notes: 1. The amount of 4 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.

2. Changes to reporting segments

(Change in accounting principles that is difficult to distinguish from the change in accounting estimations)

As stated in the Changes in Accounting Policies, etc., the depreciation method for property, plant and equipment of NOK and its domestic consolidated subsidiaries, which was previously a fixed-rate method, has been changed to a straight-line method starting with the first three-month period of the current consolidated fiscal year.

Following this change, segment profits of the first nine-month period of the current consolidated fiscal year increased as follows compared with the conventional method: Seal business: 3,706 million yen; electronic device product business: 529 million yen; roll business: 80 million yen; and other businesses: 44 million yen.