



NOK CORPORATION and Consolidated Subsidiaries

Consolidated Financial Results for the First Quarter Ended June 30, 2015 (Japanese GAAP)

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 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 Three Months of Fiscal 2015 (April 1, 2015 to June 30, 2015)

(1) Consolidated operating results

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
3 mos. ended June 30, 2015	176,098	18.2	11,722	6.4	15,263	21.5	9,879	32.0
3 mos. ended June 30, 2014	149,002	13.8	11,017	208.5	12,559	71.0	7,484	66.4

Note: Comprehensive income: 17,507 million yen, 258.1% (as of June 30, 2015); 4,889 million yen, (80.8)% (as of June 30, 2014)

	Net income per share	Diluted net income per share
	yen	yen
3 mos. ended June 30, 2015	57.12	–
3 mos. ended June 30, 2014	43.36	–

(2) Consolidated financial positions

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	million yen	million yen	%	yen
June 30, 2015	776,592	473,823	55.7	2,499.12
March 31, 2015	755,084	462,754	55.9	2,440.93

Reference: Owner's equity: 432,265 million yen (as of June 30, 2015); 421,894 million yen (as of March 31, 2015)

2. Dividends

	Dividend per share				
	First quarter	Second quarter	Third quarter	Fiscal year end	Total
	yen	yen	yen	yen	yen
FY 2014	–	15.00	–	35.00	50.00
FY 2015	–				
FY 2015 (Forecast)		25.00	–	–	–

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

Although the Company stipulates its dividend record dates as September 30 and March 31 in its Articles of Incorporation, the projected dividend amount for the fiscal year ending March 31, 2016 is not yet determined.

3. Consolidated Forecasts for Fiscal 2015 (April 1, 2015 to March 31, 2016)

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Half year	386,500	23.1	32,500	27.2	35,500	15.0	23,000	22.8	133.25
Full year	760,000	9.6	62,000	(7.6)	68,000	(15.8)	44,000	(6.0)	254.92

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: None

iii) Changes in accounting estimates: None

iv) Retrospective restatement: None

(Note) These correspond to Article 10-5 of the “Ordinance on Terminology, Forms, and Preparation Methods of Quarterly Consolidated Financial Statements, etc.” For details, please refer to p.3 of attached material “2. Summary (Notes) Information (3) Changes in Accounting Policies, Accounting Estimates and Retrospective Restatement.”

(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)	June 30, 2015	173,138,537 shares	Mar. 31, 2015	173,138,537 shares
ii) Number of treasury stock at the end of fiscal year	June 30, 2015	171,538 shares	Mar. 31, 2015	297,055 shares
iii) Average number of shares (year to date)	3 mos. ended June 30, 2015	172,956,707 shares	3 mos. ended June 30, 2014	172,616,528 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:

1. 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.

2. Dividend projections for fiscal 2015 are yet to be determined. We intend to disclose our dividend projections as soon as disclosure is possible.

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1. Qualitative Information on the Consolidated Operating Results for the First Quarter of FY 2015

(1) Explanation of Operating Results

During the first three months of the current consolidated fiscal year, the Japanese economy continued to gradually recover from the drop that occurred after the rise of the consumption tax rate. Overseas, the U.S. economy remained robust, while the Chinese economy continued to slow down due to factors such as sluggish exports and the drop in share prices.

In the automobile industry, demand dropped in Japan following a last minute surge in demand prior to the light vehicle tax hike. In overseas markets, while demand continued to be weak in China and Thailand, it remained robust in North America.

In the electronic equipment industry, although demand for digital cameras and hard disc drives remained weak, demand for smartphones continued to be robust.

In the office machine industry, demand remained robust in markets such as Europe and the U.S. due to increases in color printers and copiers abroad.

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

In the seal business, sales to automobile manufacturers increased due to the impact of favorable exchange rate fluctuations, although the drop in demand following the last minute rise in demand prior to the light vehicle tax hike was larger than expected in Japan. However, sales to manufacturers of general industrial machinery decreased due to a drop in demand for construction machinery despite robust demand for machine tools and industrial machinery. As a result, net sales ended at 72,892 million yen (down 0.6% year on year). Operating income totaled 6,593 million yen (down 14.7%) due to a decrease in sales and an increase in depreciation.

In the electronic device product business, sales increased on the back of increased demand for smartphones and automobiles in addition to the impact of favorable exchange rate fluctuations.

As a result, net sales improved to 92,729 million yen (up 42.0% year on year). Operating income was at 4,397 million yen (up 79.1% year on year) due to an increase in sales and the impact of favorable exchange rate fluctuations.

In the roll business, sales increased owing to favorable exchange rate fluctuations.

As a result, net sales increased to 7,533 million yen (up 1.0% year on year). Operating income was 543 million yen (down 16.5% year on year) due to increases in personnel and other costs.

In other businesses including specialty lubricants, net sales improved to 2,943 million yen (up 2.1% year on year), while operating income dropped to 171 million yen (down 11.1% year on year).

In summary, operating results for the first three months of the current consolidated fiscal year were as follows: Net sales totaled 176,098 million yen (up 18.2% year on year), operating income rose to 11,722 million yen (up 6.4% year on year), ordinary income amounted to 15,263 million yen (up 21.5% year on year), and profit attributable to owners of parent increased to 9,879 million yen (up 32.0% year on year).

(2) Explanation of Financial Position

Total assets as of the end of the first three months of the current consolidated fiscal year stood at 776,592 million yen, an increase of 21,507 million yen from the end of the previous consolidated fiscal year. This was mainly attributable to increases in inventories and property, plant and equipment, as well as the increase in fair value of investment securities following a rise in share prices.

Total liabilities increased 10,438 million yen from March 31, 2015, to 302,769 million yen, mostly reflecting an increase in notes and accounts payable.

Net assets totaled 473,823 million yen, an increase of 11,069 million yen compared with the end of the previous consolidated fiscal year, reflecting an increase in retained earnings as a result of growth in profit attributable to owners of parent for the first three-month period of the current consolidated fiscal year, as well as an increase in valuation difference on available-for-sale securities. Consequently, the ratio of shareholders' equity to total assets at the end of the first quarter stood at 55.7%.

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

There have been no changes to the financial projections that were announced on May 12, 2015.

2. Summary (Notes) Information

- (1) Material Changes in Subsidiaries during This Period
None.

- (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 first-quarter period, and multiplying income before income taxes for the current first-quarter period by the estimated effective tax rate.

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

Changes in accounting policies

(Application of Revised Accounting Standard for Business Combinations and other standards)

Starting with the first three-month period of the fiscal year ending March 31, 2016, NOK has applied the “Revised Accounting Standard for Business Combinations (ASBJ Statement No. 21 issued on September 13, 2013, hereinafter “Business Combinations Accounting Standard”), the “Revised Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22 issued on September 13, 2013, hereinafter “Consolidation Accounting Standard”), the “Revised Accounting Standard for Business Divestitures” (ASBJ Statement No. 7 issued on September 13, 2013, hereinafter “Business Divestitures Accounting Standard”) and other standards. Accordingly, the accounting method was changed to record the difference arising from changes in equity in subsidiaries that NOK continues to control as capital surplus, and to record business acquisition costs as expenses for the fiscal year in which they occurred. In addition, regarding business combinations that became or will become effective on or after April 1, 2015, the accounting method was changed to retroactively reflect adjustments to the allocation of acquisition cost under provisional accounting treatment on the consolidated quarterly financial statements of the quarterly fiscal period in which the relevant business combinations became or will become effective. In addition, the Company has changed its expression of net income, etc., and changed “minority interests” to “non-controlling interests.” Financial statements for the first three-month period of the previous fiscal year, as well as the entire previous fiscal year, have been reclassified to reflect these changes.

The Business Combinations Accounting Standard and other standards were applied in accordance with the transitional treatment set forth in Article 58-2 (4) of the Business Combinations Accounting Standard, Article 44-5 (4) of the Consolidation Accounting Standard and Article 57-4 (4) of the Business Divestitures Accounting Standard, and have been applied from the beginning of the first quarter of the consolidated fiscal year under review up to the future.

This change has no effect on profits.

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

(million yen)

	FY 2014 (as of March 31, 2015)	1Q FY 2015 (as of June 30, 2015)
Assets		
Current assets		
Cash and deposits	102,406	99,183
Notes and accounts receivable-trade	160,388	163,486
Inventories	80,621	87,043
Other	19,141	18,025
Allowance for doubtful accounts	(283)	(280)
Total current assets	362,275	367,459
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	86,130	86,037
Machinery, equipment and vehicles, net	85,372	91,211
Other, net	48,303	52,271
Total property, plant and equipment	219,807	229,520
Intangible assets		
Goodwill	6	—
Other	2,771	2,916
Total intangible assets	2,777	2,916
Investments and other assets		
Investments securities	137,447	143,159
Other	32,967	33,733
Allowance for doubtful accounts	(190)	(195)
Total investments and other assets	170,224	176,696
Total noncurrent assets	392,809	409,133
Total assets	755,084	776,592

(million yen)

	FY 2014 (as of March 31, 2015)	1Q FY 2015 (as of June 30, 2015)
Liabilities		
Current liabilities		
Accounts payable-trade	64,332	75,153
Short-term loans payable	55,095	57,533
Income taxes payable	8,352	3,824
Provision for bonuses	8,847	6,367
Provision for business structure improvement	669	480
Other	52,050	54,992
Total current liabilities	189,349	198,351
Noncurrent liabilities		
Long-term loans payable	24,162	24,065
Deferred tax liabilities	15,219	17,671
Provision for environmental measures	400	400
Net defined benefit liabilities	58,711	57,844
Other	4,486	4,435
Total noncurrent liabilities	102,980	104,417
Total liabilities	292,330	302,769
Net assets		
Shareholders' equity		
Capital stock	23,335	23,335
Capital surplus	22,716	22,716
Retained earnings	302,571	306,401
Treasury stock	(374)	(214)
Total shareholders' equity	348,250	352,239
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	47,343	50,618
Foreign currency translation adjustment	34,253	36,946
Remeasurements of defined benefit plans	(7,952)	(7,539)
Total accumulated other comprehensive income	73,644	80,025
Non-controlling interests	40,860	41,558
Total net assets	462,754	473,823
Total liabilities and net assets	755,084	776,592

(2) Consolidated Quarterly Income Statement and Consolidated Quarterly Comprehensive Income Statement
(Consolidated Quarterly Income Statement)
(Three Months Ended June 30, 2015)

(million yen)

	3 months ended June 30, 2014	3 months ended June 30, 2015
Net sales	149,002	176,098
Cost of sales	119,044	143,512
Gross profit	29,957	32,586
Selling, general and administrative expenses	18,939	20,863
Operating income	11,017	11,722
Non-operating income		
Dividends income	770	943
Equity in earnings of affiliates	1,395	1,551
Foreign exchange gains	—	931
Other	1,200	928
Total non-operating income	3,365	4,354
Non-operating expenses		
Interest expenses	706	636
Foreign exchange losses	1,047	—
Other	70	177
Total non-operating expenses	1,823	813
Ordinary income	12,559	15,263
Extraordinary income		
Gain on sales of noncurrent assets	78	62
Other	19	31
Total extraordinary income	98	94
Extraordinary loss		
Loss on retirement of noncurrent assets	76	116
Other	180	41
Total extraordinary loss	257	157
Income before income taxes and minority interests	12,400	15,199
Income taxes	3,984	4,352
Net income	8,416	10,846
Profit attributable to non-controlling interests	932	967
Profit attributable to owners of parent	7,484	9,879

(Consolidated Quarterly Comprehensive Income Statement)
 (Three Months Ended June 30, 2015)

(million yen)

	3 months ended June 30, 2014	3 months ended June 30, 2015
Net income	8,416	10,846
Other comprehensive income		
Valuation difference on available-for-sale securities	3,037	3,219
Foreign currency translation adjustment	(6,846)	2,350
Remeasurements of defined benefit plans	665	507
Share of other comprehensive income of associates accounted for using equity method	(383)	584
Total other comprehensive income	(3,527)	6,660
Comprehensive income	4,889	17,507
(Detail)		
Comprehensive income attributable to owners of the parent	4,965	16,260
Comprehensive income attributable to non-controlling interests	(75)	1,246

- (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 Three Months Ended June 30, 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 statements (Note 2)
	Seal	Electronic device product	Roll	Other			
Net sales							
Net sales to external customers	73,349	65,313	7,456	2,883	149,002	–	149,002
Inter-segment sales/transfers	726	0	–	76	803	[803]	–
Total	74,075	65,314	7,456	2,959	149,805	[803]	149,002
Segment income	7,726	2,455	651	193	11,027	(9)	11,017

Notes: 1. The amount of (9) 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 Three Months Ended June 30, 2015

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 statements (Note 2)
	Seal	Electronic device product	Roll	Other			
Net sales							
Net sales to external customers	72,892	92,729	7,533	2,943	176,098	–	176,098
Inter-segment sales/transfers	851	2	–	79	932	[932]	–
Total	73,743	92,731	7,533	3,022	177,031	[932]	176,098
Segment income	6,593	4,397	543	171	11,706	16	11,722

Notes: 1. The amount of 16 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.