



NOK CORPORATION and Consolidated Subsidiaries

Consolidated Financial Results for the Six Months Ended September 30, 2015 (Japanese GAAP)

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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 First Six Months of Fiscal 2015 (April 1, 2015 to September 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	%
6 mos. ended Sep. 30, 2015	383,590	22.2	29,317	14.7	34,325	11.2	23,569	25.9
6 mos. ended Sep. 30, 2014	313,951	14.0	25,549	186.7	30,879	112.7	18,727	155.2

Note: Comprehensive income: 6,614 million yen, (82.3)% (as of September 30, 2015); 37,443 million yen, 8.4 % (as of September 30, 2014)

	Net income per share	Diluted net income per share
	yen	yen
6 mos. ended Sep. 30, 2015	136.27	—
6 mos. ended Sep. 30, 2014	108.47	—

(2) Consolidated financial positions

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	million yen	million yen	%	yen
Sep. 30, 2015	769,727	462,133	54.8	2,439.64
March 31, 2015	755,084	462,754	55.9	2,440.93

Reference: Owner's equity: 421,977 million yen (as of September 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	—	25.00	—	—	—
FY 2015 (Forecast)	—	—	—	25.00	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 (November 10, 2015) pertaining to the revision of dividend forecasts.

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
Full year	787,600	13.5	62,000	(7.6)	70,000	(13.3)	45,000	(3.9)	260.17

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 “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)	Sep. 30, 2015	173,138,537 shares	Mar. 31, 2015	173,138,537 shares
ii) Number of treasury stock at the end of fiscal year	Sep. 30, 2015	171,569 shares	Mar. 31, 2015	297,055 shares
iii) Average number of shares (year to date)	6 mos. ended Sep. 30, 2015	172,961,868 shares	6 mos. ended Sep. 30, 2014	172,654,481 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.

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1. Qualitative Information on the Consolidated Operating Results for the Six Months Ended September 30, 2015

(1) Explanation of Operating Results

During the first six months of the current consolidated fiscal year, the Japanese economy remained on a gradual recovery trend, as economic measures including public investment and capital expenditure showed robustness while weakness remained in consumer spending. Overseas, the Chinese economy continued to slow down while the U.S. economy remained robust.

In the automobile industry, recovery from the drop in demand due to the impact of the light vehicle tax hike was slow, and vehicle production decreased. In the overseas market, while demand continued to be weak in Southeast Asian countries such as Thailand, it remained robust in North America.

In the electronic equipment industry, although demand for hard disc drives, tablet terminals and digital cameras decreased, 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 increasingly widespread use of 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 increased demand in North America and the impact of favorable exchange rate fluctuations, although the recovery from the drop in demand due to the impact of the light vehicle tax hike in Japan was slow. However, sales to manufacturers of general industrial machinery decreased due to a drop in demand for construction machinery and the slowdown of the Chinese economy.

As a result, net sales ended at 146,594 million yen (up 0.2% year on year). Operating income totaled 14,278 million yen (down 9.2% year on year) due to increases in personnel costs in emerging countries and in depreciation and other costs.

In the electronic device product business, sales rose 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 216,167 million yen (up 47.0% year on year). Operating income climbed to 13,749 million yen (up 68.7% year on year) due to increased sales, reduced costs, and the impact of favorable exchange rate fluctuations.

In the roll business, sales decreased due to a slump in order intake for printers and copiers.

As a result, net sales decreased to 14,782 million yen (down 0.3% year on year). Operating income was 919 million yen (down 25.4% year on year) due to increases in personnel and other costs in emerging countries in addition to the slump in sales.

In other businesses including specialty lubricants, net sales improved to 6,046 million yen (up 4.7% year on year), while operating income dropped to 328 million yen (down 23.7% year on year).

In summary, operating results for the first six months of the current consolidated fiscal year were as follows: Net sales totaled 383,590 million yen (up 22.2% year on year); operating income rose to 29,317 million yen (up 14.7% year on year); ordinary income increased to 34,325 million yen (up 11.2% year on year); and profit attributable to owners of parent amounted to 23,569 million yen (up 25.9% year on year).

(2) Explanation of Financial Position

Total assets as of the end of the first six months of the current consolidated fiscal year stood at 769,727 million yen, an increase of 14,642 million yen from the end of the previous consolidated fiscal year. This was mainly attributable to increases in accounts receivable, inventories and property, plant and equipment.

Total liabilities increased 15,262 million yen from March 31, 2015, to 307,593 million yen, mostly reflecting an increase in notes and accounts payable.

Net assets totaled 462,133 million yen, a decrease of 620 million yen compared with the end of the previous consolidated fiscal year, reflecting a decrease in foreign currency translation adjustment due to exchange rate fluctuations, a decrease in valuation difference on available-for-sale securities owing to the drop in share prices, and an increase in retained earnings as a result of growth in profit attributable to owners of parent 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 54.8%.

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

Regarding projections for full-year business performance on a consolidated basis for fiscal 2015, the Company has revised upward its previous forecasts for net sales, ordinary income and profit attributable to owners of parent as a result of re-examination.

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 second-quarter period, and multiplying income before income taxes for the current second-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 six-month period of the previous fiscal year, as well as the entire previous fiscal year, have been reclassified to reflect these changes.

Also, from this second quarter, disbursements for acquisitions or proceeds from sales of shares of subsidiaries without change of scope of consolidation have been presented in cash flows from financing activities, and cash out flows from costs for acquisitions of shares of subsidiaries with change of scope of consolidation and cash out flows from acquisition or sale-related costs for shares of subsidiaries without change of scope of consolidation have been presented in cash flows from operating activities on consolidated statements of cash flows for the first six-month period of the current fiscal year.

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.

There is no significant impact on consolidated financial statements for the first six-month period of the current fiscal year.

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

(million yen)

	FY 2014 (as of March 31, 2015)	2Q FY 2015 (as of September 30, 2015)
Assets		
Current assets		
Cash and deposits	102,406	82,910
Notes and accounts receivable-trade	160,388	179,962
Inventories	80,621	98,445
Other	19,141	18,536
Allowance for doubtful accounts	(283)	(259)
Total current assets	362,275	379,595
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	86,130	83,157
Machinery, equipment and vehicles, net	85,372	95,600
Other, net	48,303	48,419
Total property, plant and equipment	219,807	227,177
Intangible assets		
Goodwill	6	—
Other	2,771	2,809
Total intangible assets	2,777	2,809
Investments and other assets		
Investments securities	137,447	126,523
Other	32,967	33,793
Allowance for doubtful accounts	(190)	(173)
Total investments and other assets	170,224	160,144
Total noncurrent assets	392,809	390,131
Total assets	755,084	769,727

(million yen)

	FY 2014 (as of March 31, 2015)	2Q FY 2015 (as of September 30, 2015)
Liabilities		
Current liabilities		
Accounts payable-trade	64,332	84,941
Short-term loans payable	55,095	57,417
Income taxes payable	8,352	5,398
Provision for bonuses	8,847	10,651
Provision for business structure improvement	669	303
Other	52,050	53,624
Total current liabilities	189,349	212,337
Noncurrent liabilities		
Long-term loans payable	24,162	20,709
Deferred tax liabilities	15,219	12,989
Provision for environmental measures	400	400
Net defined benefit liabilities	58,711	56,824
Other	4,486	4,332
Total noncurrent liabilities	102,980	95,255
Total liabilities	292,330	307,593
Net assets		
Shareholders' equity		
Capital stock	23,335	23,335
Capital surplus	22,716	22,735
Retained earnings	302,571	320,091
Treasury stock	(374)	(214)
Total shareholders' equity	348,250	365,948
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	47,343	39,354
Foreign currency translation adjustment	34,253	23,682
Remeasurements of defined benefit plans	(7,952)	(7,008)
Total accumulated other comprehensive income	73,644	56,029
Non-controlling interests	40,860	40,156
Total net assets	462,754	462,133
Total liabilities and net assets	755,084	769,727

(2) Consolidated Quarterly Income Statement and Consolidated Quarterly Comprehensive Income Statement
 (Consolidated Quarterly Income Statement)
 (Six Months Ended September 30, 2015)

(million yen)

	6 months ended September 30, 2014	6 months ended September 30, 2015
Net sales	313,951	383,590
Cost of sales	250,433	313,324
Gross profit	63,517	70,266
Selling, general and administrative expenses	37,968	40,948
Operating income	25,549	29,317
Non-operating income		
Dividends income	847	1,027
Equity in earnings of affiliates	2,568	3,313
Foreign exchange gains	1,723	328
Other	1,697	1,812
Total non-operating income	6,836	6,481
Non-operating expenses		
Interest expenses	1,353	1,205
Other	153	267
Total non-operating expenses	1,506	1,473
Ordinary income	30,879	34,325
Extraordinary income		
Gain on sales of noncurrent assets	126	95
Gain on step acquisitions	—	150
Other	61	42
Total extraordinary income	188	288
Extraordinary loss		
Loss on retirement of noncurrent assets	161	197
Product compensation costs	815	—
Other	157	412
Total extraordinary loss	1,134	609
Income before income taxes and minority interests	29,933	34,005
Income taxes	9,027	8,136
Net income	20,905	25,868
Profit attributable to non-controlling interests	2,178	2,299
Profit attributable to owners of parent	18,727	23,569

(Consolidated Quarterly Comprehensive Income Statement)
 (Six Months Ended September 30, 2015)

(million yen)

	6 months ended September 30, 2014	6 months ended September 30, 2015
Net income	20,905	25,868
Other comprehensive income		
Valuation difference on available-for-sale securities	6,545	(7,898)
Foreign currency translation adjustment	8,167	(10,964)
Remeasurements of defined benefit plans	1,214	911
Share of other comprehensive income of associates accounted for using equity method	609	(1,302)
Total other comprehensive income	16,537	(19,254)
Comprehensive income	37,443	6,614
(Detail)		
Comprehensive income attributable to owners of the parent	34,357	5,954
Comprehensive income attributable to non-controlling interests	3,085	660

- (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 Six Months Ended September 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 statement (Note 2)
	Seal	Electronic device product	Roll	Other			
Net sales							
Net sales to external customers	146,315	147,039	14,820	5,775	313,951	–	313,951
Inter-segment sales/transfers	1,493	4	–	166	1,663	[1,663]	–
Total	147,809	147,043	14,820	5,941	315,615	[1,663]	313,951
Segment income	15,725	8,152	1,232	430	25,540	9	25,549

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 Six Months Ended September 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 statement (Note 2)
	Seal	Electronic device product	Roll	Other			
Net sales							
Net sales to external customers	146,594	216,167	14,782	6,046	383,590	–	383,590
Inter-segment sales/transfers	1,733	4	–	140	1,878	[1,878]	–
Total	148,328	216,172	14,782	6,186	385,468	[1,878]	383,590
Segment income	14,278	13,749	919	328	29,275	42	29,317

Notes: 1. The amount of 42 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.