



103rd Fiscal Term
Interim Business Report
April 1, 2008 to September 30, 2008

NOK CORPORATION

TO OUR SHAREHOLDERS



Masato Tsuru
Chairman of the Board and President

We are pleased to report our business results for the interim period of the 103rd term (April 1, 2008 to September 30, 2008). I would like to express my sincere gratitude for your unwavering support again during this term.

The NOK Group has been implementing a business management plan with which it hopes to become a strong business group with high profitability, under its management policy of producing low-cost original products—backed by technology—which are useful to society, and selling them at reasonable prices all over the world.

In the interim period, the Group's net sales amounted to 260,953 million yen, up 4.2% compared with the same period in the previous term. Operating income came to 14,276 million yen, down 27.7%, ordinary profit came to 15,934 million yen, down 28.5%, and net income totaled 9,726 million yen, down 25.0%.

For details, please refer to the section titled "Business Overview."

As for the future outlook, the global economy is expected to continue to be unstable due to the financial turmoil which started from the U.S. subprime mortgage crisis as well as the uncertainty over foreign exchange fluctuations.

In the automobile industry, a major customer of the Group, stagnant sales of automobiles worldwide, particularly in North America, will have a significant negative impact on the demand for our products. Moreover, the market will be more stringent in demanding quality.

In the electronic equipment industry, the market has continued to expand, primarily overseas, but competition has intensified on a global level, as is apparent in declining prices, among other things.

In the office equipment industry, decline in unit prices caused by increasingly fierce competition in the sector and the shrinking spare parts market for copiers, which is associated with increases in the service life, will have a negative impact on the demand for our products.

Under these severe circumstances, we will strive to become an excellent mid-sized company in the global market by steadily implementing measures aimed at enhancing competitiveness in all areas of our business, including streamlining production both in Japan and abroad, and improving profitability by obtaining new contracts.

Furthermore, the Group will continue in a united effort to reinforce its management strength by aggressively promoting measures to improve product quality and reduce costs.

We have decided to pay 10 yen per share as an interim dividend.

As outlined above, we intend to continue making every effort to live up to your expectations. We ask for your understanding of the current business climate and our management direction, as well as our commitment. The NOK Group greatly appreciates your continued support and guidance.

Masato Tsuru
December 2008

■ Overview of the Interim Period

During the interim period (April 1, 2008 to September 30, 2008), the Japanese economy presented a severe business environment under the influence of the financial turmoil that started from the U.S. subprime mortgage crisis, the rising price of oil and other raw materials, and the stagnant sales of automobiles worldwide, particularly in North America.

As to the Group's consolidated financial results, net sales amounted to 260,953 million yen, up 4.2% compared with the same period of the previous term. Operating income came to 14,276 million yen, down 27.7%, ordinary profit came to 15,934 million yen, down 28.5%, and net income totaled 9,726 million yen, down 25.0%.

Results by business segment are explained below.

● Seal Business

Global four-wheel automobile production increased: in Japan, there was a significant increase in exports to emerging economies, including Middle Eastern countries and Russia. Production volumes in North America, meanwhile, decreased due to rising oil prices and the slowing economy. In contrast, production increased in China and Southeast Asia. Production volumes of construction machinery manufacturers also rose in response to surging demand as a result of active natural resource development worldwide and infrastructure development in the emerging economies. As a consequence, segment sales rose 5.6% on a year-on-year basis to 143,340 million yen. Operating income fell 14.1% year on year to 9,985 million yen, due to adverse factors including steep increases in the price of steel and other raw materials and an increase in depreciation expenses for the equipment installed to boost production.

● Flexible Printed Circuit (FPC) Business

While sales of FPCs for hard disk drives decreased compared with the same period last year due to currency fluctuations and the decline in unit prices, sales of FPCs for mobile phones increased, with the increase in sales to overseas manufacturers more than compensating for lower sales in Japan. Sales of FPCs for digital still cameras increased due to an increase in demand across both the compact and single-lens reflex segments of the market. As a result, segment sales increased 4.6% compared with the same period last year to 90,242 million yen. In contrast, operating income for the first half of the fiscal year declined 43.3% year on year to 4,237 million yen, affected by an increase in depreciation expenses and other fixed costs.

● Roll Business

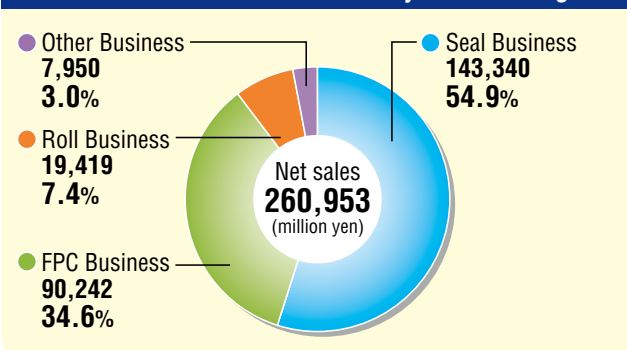
Segment sales fell 3.8% compared with the first half of the previous fiscal year to 19,419 million yen. This reflected a number of adverse factors, including a decline in demand for office equipment in the United States and European countries in the face of slowing economies; decline in unit prices caused by increasingly fierce competition in the sector; and the shrinking spare parts market for copiers, which is associated with an increase in the service life. The segment posted an operating loss of 280 million yen, which represents a decline of 552 million yen on a year-on-year basis.

This was primarily attributable to steep increases in raw material prices.

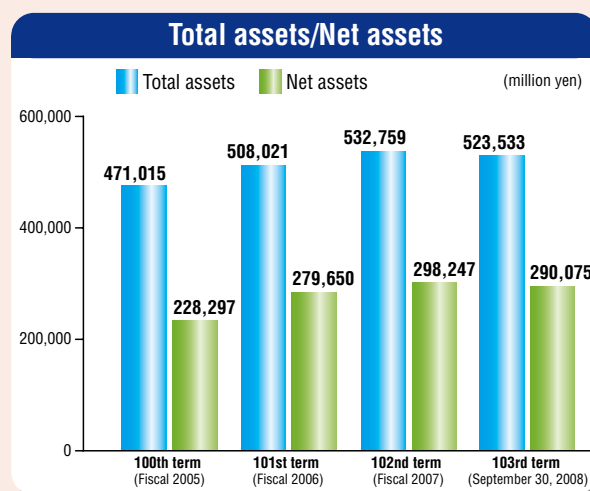
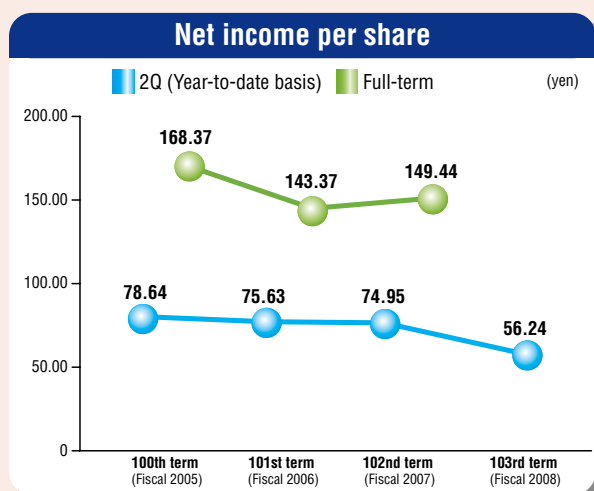
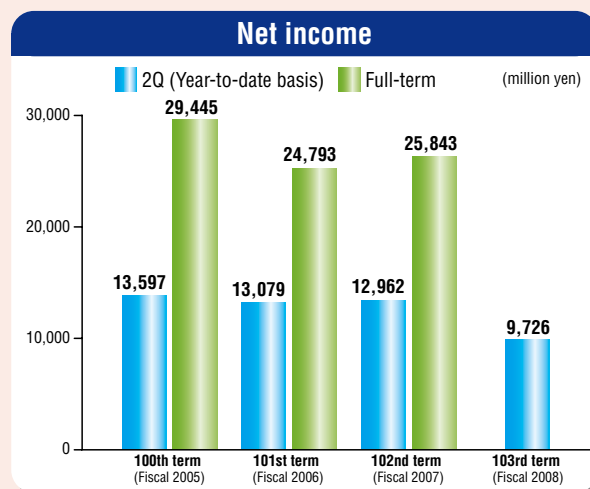
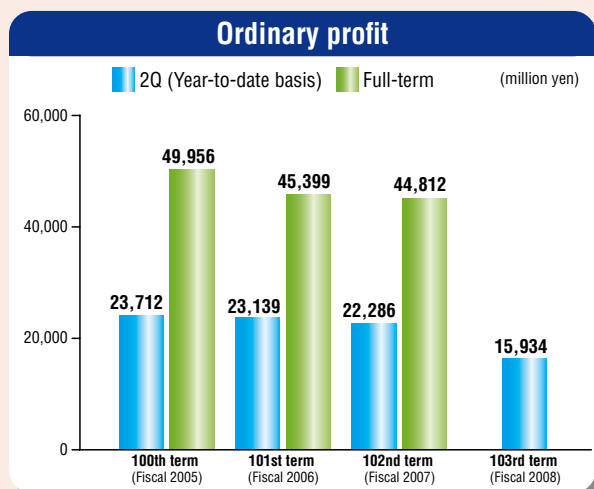
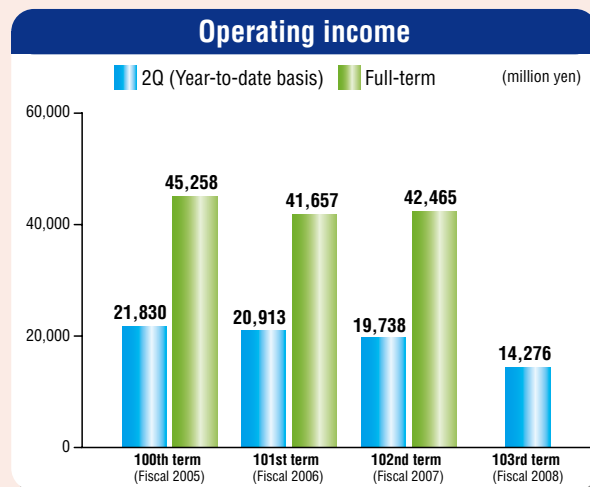
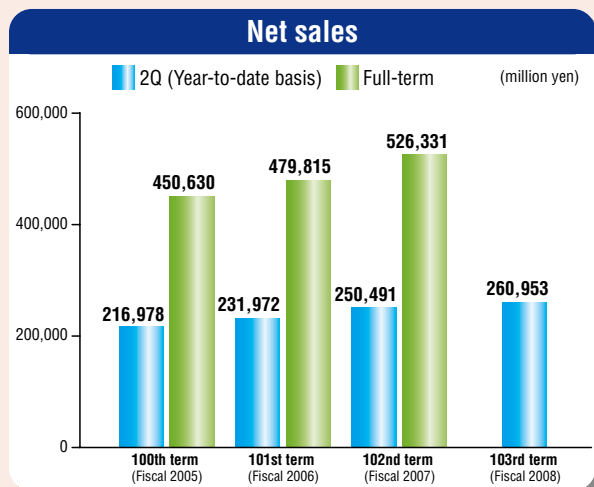
● Other Business

This segment represents special lubricants and other products. Sales fell by 4.0% year on year to 7,950 million yen, and operating income fell by 1.4% year on year to 325 million yen.

Breakdown of consolidated sales by business segment



Financial Highlights (Consolidated)



● About the descriptions in this business report

Since the submission of quarterly securities reports becomes mandatory from the fiscal year starting on April 1, 2008 under the Financial Instruments and Exchange Law, descriptions in the above section have been revised from the previous term. However, this business report adopts the following treatment for the convenience of shareholders:

■ Earnings-related figures are presented on a year-to-date basis.

■ Accounting standards and expressions are different between financial information for this interim period and for the same period of the previous term. Figures for the same period of the previous term are presented for the convenience of comparison only.

Consolidated Financial Data

Consolidated Quarterly Balance Sheet (Summary)

(million yen)

Item	September 30, 2008	March 31, 2008
(1) Assets	523,533	532,759
Current assets	221,652	234,475
Cash and deposits	34,169	39,756
Notes and accounts receivable	117,065	125,369
Inventories	53,165	51,826
Others	17,252	17,521
Fixed assets	301,880	298,283
Tangible fixed assets	209,795	200,958
Intangible fixed assets	3,573	4,512
Investments and other assets	88,511	92,812
Total assets	523,533	532,759
(2) Liabilities	233,457	234,511
Current liabilities	162,713	166,806
Notes and accounts payable	56,538	59,972
Short-term borrowings	46,883	45,706
Income taxes payable	5,616	7,255
Others	53,675	53,871
Fixed liabilities	70,744	67,705
Long-term borrowings	17,009	13,724
Reserve for retirement benefits	48,191	47,546
Others	5,543	6,434
(3) Net assets	290,075	298,247
Shareholders' equity	249,226	243,029
Capital stock	23,335	23,335
Additional paid-in capital	22,451	22,451
Retained earnings	203,678	197,464
Treasury stock	(238)	(223)
Valuation and translation adjustments	18,262	30,881
Minority interests in subsidiaries	22,585	24,337
Total liabilities and net assets	523,533	532,759

Notes on Consolidated Quarterly Financial Statements

[Consolidated Quarterly Balance Sheet]

(1) Assets

Consolidated total assets as of September 30, 2008 amounted to 523,533 million yen, a decrease of 9,226 million yen compared with the end of the previous fiscal year (March 31, 2008) under the influence of an unrealized loss on the valuation of assets owned by overseas subsidiaries due to the appreciation of the yen and other factors. This was despite an increase in tangible fixed assets.

(2) Liabilities

Total liabilities were 233,457 million yen, down 1,053 million yen from the previous fiscal year-end.

(3) Net assets

Net assets totaled 290,075 million yen, a decrease of 8,172 million yen from the previous fiscal year-end. While the Group posted a net income of 9,726 million yen, there was a decline in cumulative currency translation adjustments associated with the appreciation of the yen. Equity to total assets was 51.1%.

[Consolidated Quarterly Profit and Loss Statement]

As described in "Business Overview," in this interim period, sales increased in the Seal Business and the FPC Business and decreased in the Roll Business and Other Business, when compared with the same period of the previous term.

Operating income fell by 5,461 million yen with decreases in all business segments.

Ordinary profit decreased by 6,351 million yen, with an increase in non-operating expenses such as foreign exchange losses, exceeding the increase in non-operating revenues such as equity in earnings of affiliates.

The Group posted a net extraordinary loss of 1,070 million yen due to a loss on the retirement of fixed assets and an unrealized loss on the valuation of investment securities, etc.

As a result, net income decreased by 3,235 million yen compared with the same period of the previous term.

[Consolidated Quarterly Cash Flow Statement]

(4) Net cash flow from operating activities

Funds generated through operating activities reached 25,225 million yen, up 4,828 million yen on a year-on-year basis, with an increase in depreciation expense, a decrease in accounts receivable, and the increase in notes receivable discounted more than offsetting the decrease in earnings.

(5) Net cash flow from investing activities

Funds used in investing activities amounted to 30,249 million yen, as a result of the acquisition of tangible fixed assets, for example in capital investment for expanding production at home and abroad.

(6) Net cash flow from financing activities

Funds generated from financing activities amounted to 2,512 million yen, mainly reflecting long-term borrowings to fund capital investment at home and abroad.

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■ Consolidated Quarterly Profit and Loss Statement (Summary) (million yen)

Item	April 1, 2008 to September 30, 2008
Net Sales	260,953
Cost of sales	212,281
Gross profit	48,672
Selling, general and administrative expenses	34,395
Operating income	14,276
Non-operating revenues	4,355
Non-operating expenses	2,697
Ordinary profit	15,934
Extraordinary gains	347
Extraordinary losses	1,418
Net income before income taxes and minority interests	14,864
Income taxes	3,973
Minority interests in earnings of subsidiaries	1,164
Net income	9,726

■ Consolidated Quarterly Cash Flow Statement (Summary) (million yen)

Item	April 1, 2008 to September 30, 2008
(4) Net cash flow from operating activities	25,225
(5) Net cash flow from investing activities	(30,249)
(6) Net cash flow from financing activities	2,512
Foreign currency translation adjustments on cash and cash equivalents	(3,122)
Decrease in cash and cash equivalents	(5,633)
Cash and cash equivalents at beginning of period	38,779
Cash and cash equivalents at end of period	33,145

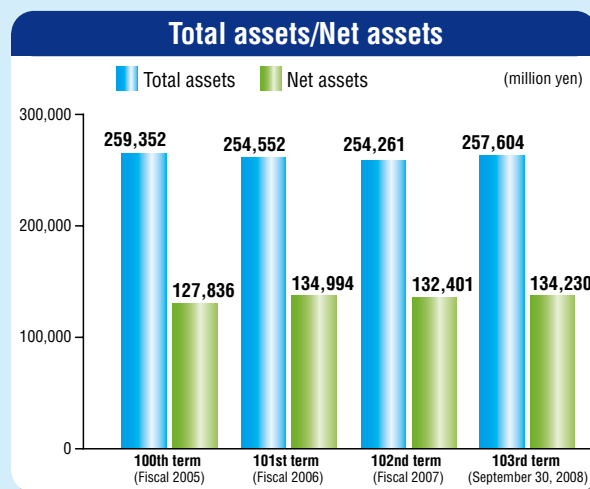
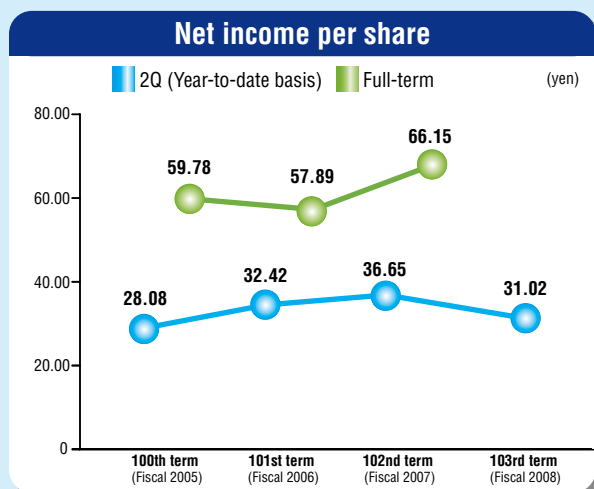
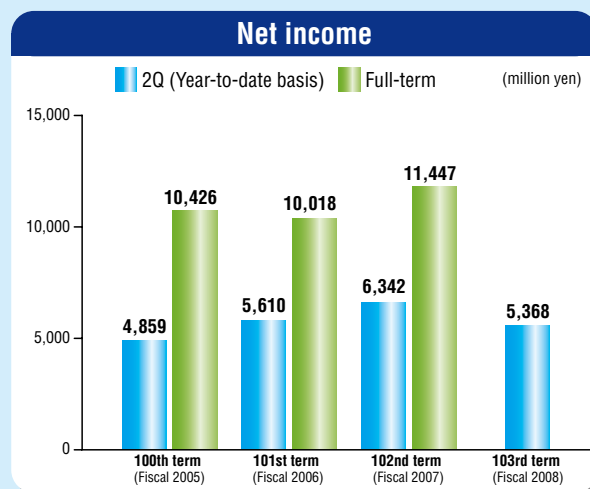
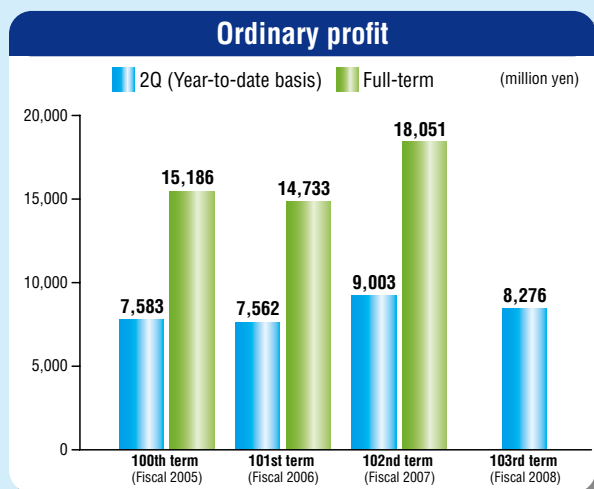
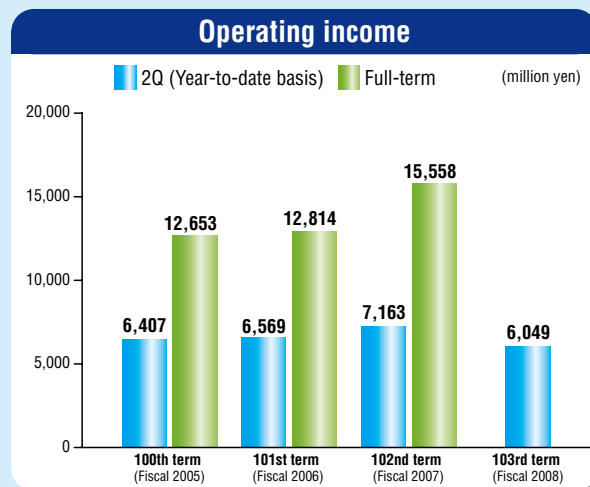
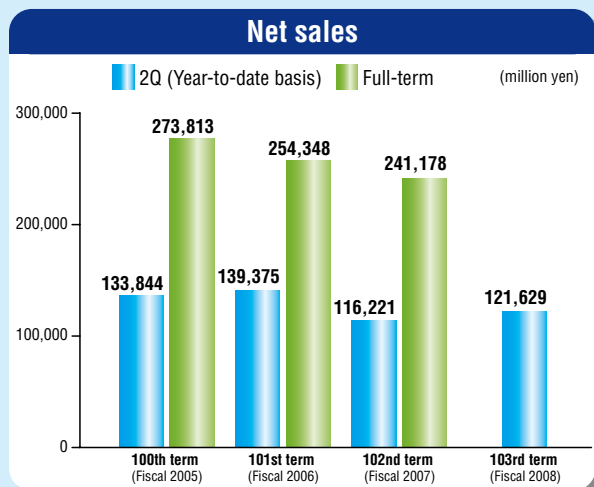
(Reference) (million yen)

Item	April 1, 2007 to September 30, 2007
Net Sales	250,491
Cost of sales	197,956
Gross profit	52,535
Selling, general and administrative expenses	32,797
Operating income	19,738
Non-operating revenues	4,167
Non-operating expenses	1,619
Ordinary profit	22,286
Extraordinary gains	1,119
Extraordinary losses	433
Net income before income taxes and minority interests	22,972
Income taxes – current	6,345
Income taxes – deferred	1,964
Minority interests in earnings of subsidiaries	1,699
Net income	12,962

(Reference) (million yen)

Item	April 1, 2007 to September 30, 2007
Net cash flow from operating activities	20,397
Net cash flow from investing activities	(26,741)
Net cash flow from financing activities	2,656
Foreign currency translation adjustments on cash and cash equivalents	3,449
Decrease in cash and cash equivalents	(238)
Cash and cash equivalents at beginning of period	42,298
Increase in cash and cash equivalents due to change in the scope of consolidation	375
Cash and cash equivalents at end of period	42,435

Financial Highlights (Non-Consolidated)



● About the descriptions in this business report

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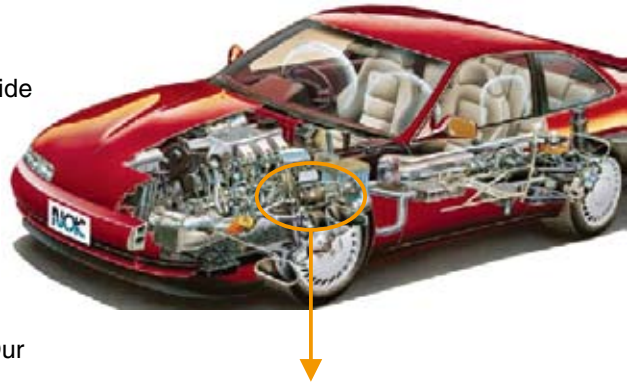
Product Introduction

Bonded Piston Seals (BPS) – Oil Seals for Motor Vehicle Automatic Transmissions

Features providing higher shift speeds have recently become more important for motor vehicle automatic transmissions (ATs) because of the requirements for ride quality improvement (smooth shift transmission) and higher environmental performance (higher mileage). However, an increase in shift speeds leads to a more complicated structure and larger ATs.

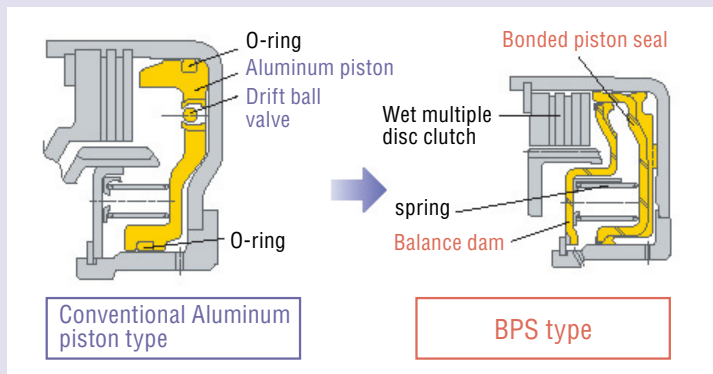
A BPS is an integrated oil seal for ATs in which a rubber seal is burned in the surface of a steel plate. Our BPS can contribute to developing smaller sized transmissions and efficient assembly of further integrated components.

As stated in the 102nd report, NOK has constructed BPS buildings at their Nihonmatsu Works and started operation to meet the rapidly increasing demand for BPS.



Features

- In a conventional AT, a sealing O-ring is attached to the aluminum piston to effectively seal in the hydraulic oil. With BPS, on the other hand, a lip-type seal is integrated in the piston, achieving smaller transmissions and lower friction.
- A balance dam is used instead of the drift ball valve, which is removed to shorten the response time of the hydraulic piston. As a result, the piston and the balance dam are used as a set.



■ Company Profile As of September 30, 2008

Corporate name	NOK CORPORATION
Head Office	1-12-15 Shiba Daimon, Minato-ku, Tokyo 105-8585, Japan Telephone: 03-3432-4211 Website: http://www.nok.co.jp
Established	December 2, 1939
Capital Stock	23,335 million yen
Number of Employees	3,472 (Group: 35,104)
Main Offices	
Branches	Utsunomiya, Kumagaya, Tokyo, Tama, Kanagawa, Hamamatsu, Anjo Daiichi, Anjo Daini, Nagoya, Osaka Daiichi, Osaka Daini, Hiroshima, Fukuoka
Plants	Fukushima, Nihonmatsu, Shizuoka, Tokai, Tottori, Saga, Kumamoto
Research Center	Shonan Development Center (Fujisawa)

■ Board Members As of September 30, 2008

Chairman of the Board and President	Masato Tsuru
Representative Senior Managing Director	Yoshiro Takashima
Representative Senior Managing Director	Kunihiko Soga
Representative Senior Managing Director	Hideo Hatsuzawa
Managing Director	Shigekazu Kokai
Managing Director	Takahito Yokouchi
Managing Director	Kiyoshi Doi
Director	Tetsuji Tsuru
Director	Shuji Ando
Director	Toshio Kawai
Director	Soichiro Uchida
Director	Sumitaka Kasai
Director	Kazuhiko Seki
Director	Jiro Iida
Director	Masaaki Amano
Director	Yuichi Kuroki
Director	Masaru Yasukage
Director	Yasuhiko Kuroki
Director	Akira Watanabe
Standing Auditor	Kazuaki Motozato
Standing Auditor	Kiyoshi Shiga
Auditor	Yasunari Unemura
Auditor	Fumiaki Aono
Auditor	Gen Kajitani

■ Major Group Companies

Seal Business Main products: Oil seals O-rings Vibration controls Resin products Gaskets Chemical products Mechanical seals	Thai NOK Co., Ltd. (Chonburi, Thailand)	FPC Business Main products: Flexible printed circuits	Nippon Mektron, Ltd. (Minato-ku, Tokyo)
	NOK Asia Co., Pte. Ltd. (Singapore)		Mektec Corp. (Taiwan) (Kaohsiung, Taiwan)
	Wuxi NOK-Freudenberg Oilseal Co., Ltd. (Wuxi, Jiangsu, China)		Mektec Manufacturing Corp. (Thailand) Ltd. (Ayutthaya, Thailand)
	NOK- Freudenberg Group Sales (China) Co., Ltd. (Shanghai, China)		Mektec Manufacturing Corp. (Zhuhai) Ltd. (Zhuhai, Guangdong, China)
	Fugaku Koki Co., Ltd. (Kikugawa City, Shizuoka Pref.)		Mektec Manufacturing Corp. (Suzhou) Ltd. (Suzhou, Jiangsu, China)
	NOK Elastomer Co., Ltd. (Kama City, Fukuoka Pref.)		Mektec Corp. (Hong Kong) Ltd. (Hong Kong, China)
	NOK Metal Co., Ltd. (Toda-gun, Miyagi Pref.)		SYNZTEC Co., Ltd. (Shinagawa-ku, Tokyo)
	Kansai NOK Sales Inc. (Osaka City, Osaka)		SYNZTEC (Hong Kong) Co., Ltd. (Hong Kong, China)
	Unimatec Co., Ltd. (Kitaibaraki City, Ibaraki Pref.)		SYNZTEC (Malaysia) Sdn. Bhd. (Selangor, Malaysia)
		Other Business Main products: Special lubricants, etc.	NOK Klueber Co., Ltd. (Kitaibaraki City, Ibaraki Pref.)

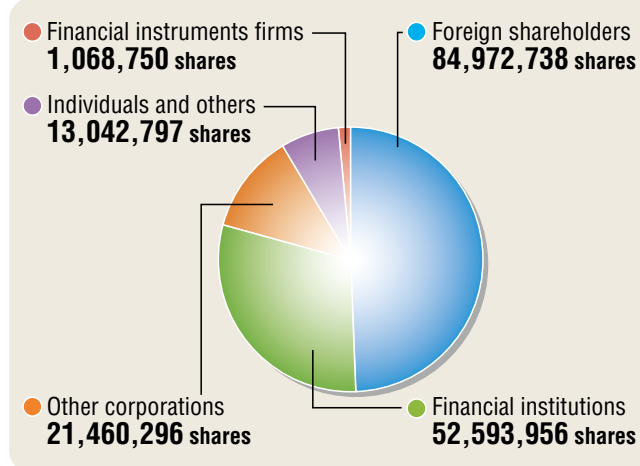
Stock Information/Shareholder Information

■ Stock As of September 30, 2008

- Number of shares authorized to be issued 600,000,000 shares
- Number of shares in issue 173,138,537 shares
- Number of Shareholders 11,399
- Major shareholders

Name	Number of shares held (thousands)	Percentage of shares in issue (%)
Freudenberg Beteiligungs-GmbH	39,776	23.0
JPMorgan Chase Bank 380055	13,351	7.7
Japan Trustee Services Bank, Ltd. (Trust account)	11,457	6.6
Seiwa Jisho Co., Ltd.	8,773	5.1
The Dai-ichi Mutual Life Insurance Company	8,000	4.6
Toyota Motor Corporation	6,809	3.9
NIPPONKOA Insurance Co., Ltd.	4,500	2.6
Sumitomo Mitsui Banking Corporation	4,270	2.5
Japan Trustee Services Bank, Ltd. (Trust account 4G)	3,940	2.3
The Master Trust Bank of Japan, Ltd. (Trust account)	3,890	2.2

● Share ownership by shareholder category



■ Memorandum for Shareholders

- **Fiscal term** April 1 to March 31
- **Ordinary general meeting of shareholders** June
- **Record dates** For term-end dividend: March 31
For interim dividend: September 30
- **Transfer agent** Mitsubishi UFJ Trust and Banking Corporation
- **Contact** Mitsubishi UFJ Trust and Banking Corporation Stock Transfer Agency Department
7-10-11 Higashisuna, Koto-ku, Tokyo 137-8081
Telephone: 0120-232-711 (toll-free)
- **Liaison offices** Branches of Mitsubishi UFJ Trust and Banking Corporation in Japan (See the note below.)

[How to request shareholder forms]

Requests for shareholder forms (notice of change of address, etc., notice of bank account for remittance of dividends, request for repurchase of fractional shares) can be made to the transfer agent by telephone and via the website on a 24-hour basis.

Please note that, after the enforcement of the electric share certificate system, these shareholder forms will be available only for shares recorded in special accounts at the transfer agent.

Telephone: 0120-244-479 (toll-free)

Website: <http://www.tr.mufig.jp/daikou/>

* Shareholders using the central securities custody and book-entry transfer system are advised to contact the securities companies at which their accounts are held.

- **Public notice** Nihon Keizai Shimbun
- **Trading unit** 100 shares
- **Stock listing** Tokyo Stock Exchange 1st Section
Abbreviation: NOK (Code 7240)

(Note) About the designation of liaison offices of the transfer agent

After the enforcement of the electric share certificate system, liaison offices of the transfer agent will not process matters concerning shareholding in the Company, since shareholders are supposed to process them through the securities companies at which their accounts are held.

However, the head office and branches of Mitsubishi UFJ Trust and Banking Corporation will continue to process requests for the payment of unpaid dividends.