

**106th Fiscal Term  
Interim Business Report**  
April 1, 2011 to September 30, 2011

**NOK CORPORATION**

# Top Message

## TO OUR SHAREHOLDERS



**Masato Tsuru**  
Chairman of the Board and  
President of NOK Corporation

We are pleased to report our business results for the interim period of the 106th term (April 1, 2011 to September 30, 2011). 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.

During this six-month period, the Japanese economy suffered from damage to production facilities, supply chain disruptions, etc. resulting from the Great East Japan Earthquake which occurred in March 2011. Although there were signs of recovery in some areas, the environment surrounding the Japanese economy remained difficult due to factors

including financial instability in Europe, slowdown of the U.S. economy, and continued appreciation of the yen.

In the term, the Group's net sales amounted to 238,559 million yen, down 4.2% year on year. The Group recorded an operating income of 13,312 million yen, down 28.5% year on year, an ordinary income of 13,792 million yen, down 20.4% year on year and a net income of 6,907 million yen, down 30.6% year on year.

As for the future outlook, economic uncertainties will remain as there are concerns about a possible global economic slowdown, impact of the flooding in Thailand, and currency fluctuations.

In the automobile industry, although domestic vehicle production rebounded quickly from the supply chain disruptions resulting from the impact of the Great East Japan Earthquake, there are growing concerns about a decline in vehicle production due to the influence of the flooding in Thailand.

In the electronic equipment industry, while demand has remained strong for smartphones and tablet PCs, there is rising anxiety about a loss of production capacity, particularly for hard disc drives (HDD), owing to the impact of the flooding in Thailand.

In the business machinery industry, a decline in sales of copiers is feared due to deteriorating economic conditions in Europe and the U.S., despite a moderate upward trend after recovery from the impact of the Great East Japan Earthquake.

Under these circumstances, the NOK Group will continue to promote the three-year plan that started this term under the slogan, "Building Foundations for Sustainable Growth—Ensuring Success in the Next Decade." (For details, please refer to the "NOK Group Three-Year Plan" on page 4.)

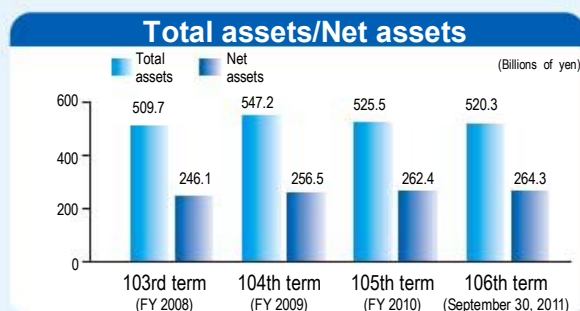
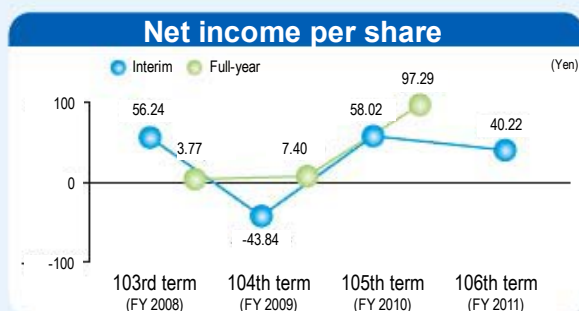
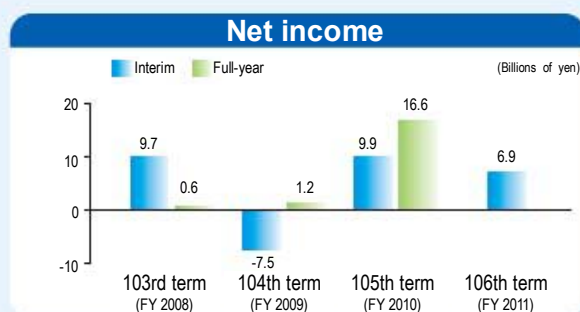
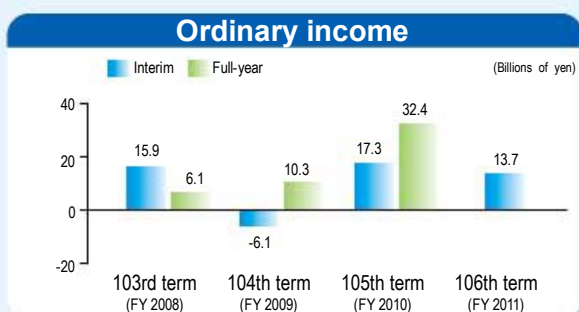
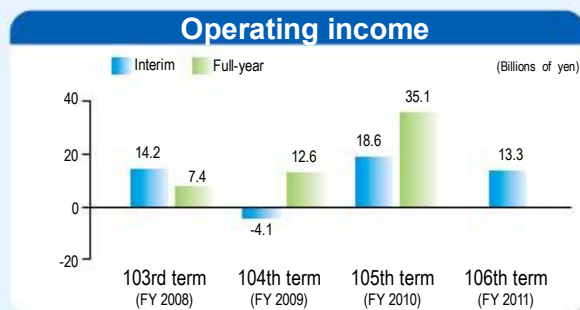
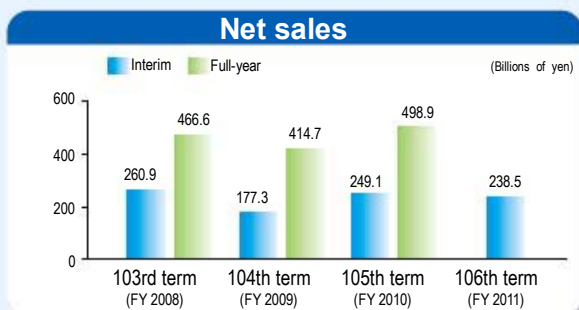
Although some of the Group's plants have been affected by inundation as a result of the flooding in Thailand, we are making concerted efforts towards recovery.

With regard to the interim dividend for this six-month period, we have decided to set it at 7.5 yen per share.

We are earnest in our determination to endeavor to meet the expectations of our shareholders. 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.

December 2011

# Financial Highlight (Consolidated)



# Business Overview

The production and sales of hard disc drives (HDD) and precision components for mobile devices have been transferred from NOK Corporation to Nippon Mektron, Ltd., a subsidiary of NOK, from this six-month period. Consequently, the “flexible printed circuit (FPC) business”, one of our reportable business segments, has been renamed the “electric device product (EDP) business.” Regarding business results reporting, the precision component business, which was previously part of the seal business, is included in the EDP business. The comparison of business results with the previous consolidated fiscal year reflects the above transfer.

- Seal business

Sales to automobile manufacturers decreased mainly due to the impact of production curtailment during the first quarter, although domestic automobile demand, which had been stagnant as a result of the impact of the Great East Japan Earthquake, rebounded during the second quarter. As a result, sales decreased to 125,917 million yen (down 1.3% year on year). Operating income declined to 11,982 million yen (down 2.7% year on year) due to the decrease in sales, etc.



Oil seals

- Electric device product (EDP) business

While sales increased on the back of strong demand for smartphones and tablet PCs, demand for conventional mobile phones remained weak both domestically and overseas. In addition, sales decreased reflecting a decline in demand for digital music players, etc., and rapid appreciation of the yen. As a result, sales declined to 90,855 million yen (down 7.1% year on year). Operating income plunged to 1,186 million yen (down 80.4% year on year) due to factors including the decrease in sales and the influence of exchange rate fluctuations.



Double-sided flexible printed circuits

- Roll business

Sales dropped primarily due to the impact of the Great East Japan Earthquake, despite a recovery in demand for repair products. As a result, sales decreased to 15,125 million yen (down 11.7% year on year). An operating loss of 345 million yen was recorded (compared with an operating loss of 197 million yen in the same period last year) owing to factors including decreased sales and the influence of exchange rate fluctuations.



Development and charge rollers

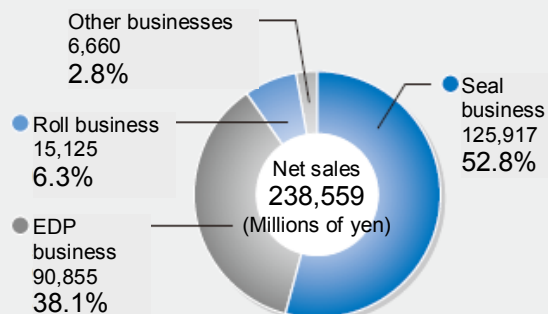
- Other businesses

In other businesses including special lubricants, sales rose to 6,660 million yen (up 1.4% year on year) on the back of the recovery of demand for automobiles, etc., in spite of the impact of the Great East Japan Earthquake. Operating income jumped to 450 million yen (up 15.7% year on year) owing to increased revenue, etc.



Special lubricants

### Breakdown of consolidated sales by business segment



# Special Report

## NOK Group Three-Year Plan

The NOK Group designed and has been implementing the three-year plan for the period from April 2011 to March 2014.

Although the market environment remains unpredictable due to factors including power constraints as a result of the Great East Japan Earthquake, currency fluctuations, and uncertainties over the global economy, we are determined to overcome these issues and focus on the achievement of the plan.



### Damage and the status of recovery related to the Great East Japan Earthquake

Although some of the NOK Group’s business sites in Miyagi Prefecture, Fukushima Prefecture and Ibaraki Prefecture were affected by the Great East Japan Earthquake which occurred on March 11, 2011, fortunately no NOK employees suffered serious injury due to the earthquake. While there was some damage to buildings and manufacturing facilities, we managed to resume normal operations by the end of March, when infrastructure such as electricity and water was recovered, as a result of the concerted efforts of all those involved.

# Corporate Data

## ■ Company Profile

(As of September 30, 2011)

<b>Corporate Name</b>	NOK CORPORATION						
<b>Head Office</b>	1-12-15 Shiba Daimon, Minato-ku, Tokyo 105-8585, Japan  Telephone: 03-3432-4211 Website: <a href="http://www.nok.co.jp">http://www.nok.co.jp</a>						
<b>Established</b>	December 2, 1939						
<b>Capital Stock</b>	23,335 million yen						
<b>Number of Employees</b>	3,361 (Group: 41,048)						
<b>Main Offices</b>	<table> <tr> <td>Branches</td> <td>Utsunomiya, Kumagaya, Tokyo, Tama, Kanagawa, Hamamatsu, Anjo Daiichi, Anjo Daini, Nagoya, Osaka Daiichi, Osaka Daini, Hiroshima, Fukuoka</td> </tr> <tr> <td>Plants</td> <td>Fukushima, Nihonmatsu, Kitaibaraki, Shizuoka, Tokai, Tottori, Kumamoto</td> </tr> <tr> <td>Research Center</td> <td>Shonan Development Center (Fujisawa)</td> </tr> </table>	Branches	Utsunomiya, Kumagaya, Tokyo, Tama, Kanagawa, Hamamatsu, Anjo Daiichi, Anjo Daini, Nagoya, Osaka Daiichi, Osaka Daini, Hiroshima, Fukuoka	Plants	Fukushima, Nihonmatsu, Kitaibaraki, Shizuoka, Tokai, Tottori, Kumamoto	Research Center	Shonan Development Center (Fujisawa)
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Plants	Fukushima, Nihonmatsu, Kitaibaraki, Shizuoka, Tokai, Tottori, Kumamoto						
Research Center	Shonan Development Center (Fujisawa)						

## ■ Directors, Corporate Auditors and Operating Officers

(As of September 30, 2011)

<b>Directors</b>	Masato Tsuru, Chairman of the Board and President Hideo Hatsuzawa, Representative Senior Managing Director Shigekazu Kokai, Senior Managing Director Takahito Yokouchi, Senior Managing Director Kiyoshi Doi, Senior Managing Director Tetsuji Tsuru, Director Toshifumi Kobayashi, Director Soichiro Uchida, Director
<b>Corporate Auditors</b>	Kazuaki Motozato, Standing Auditor Kiyoshi Shiga, Standing Auditor Yasunari Unemura, Auditor Fumiaki Aono, Auditor Gen Kajitani, Auditor
<b>Operating Officers</b>	Jiro Iida, Senior Operating Officer Masaru Yasukage, Senior Operating Officer Yasuhiko Kuroki, Senior Operating Officer Akira Watanabe, Senior Operating Officer Atsunobu Tsuchiya, Operating Officer Yuichi Kuroki, Operating Officer Yoshindo Masumoto, Operating Officer Yukio Yamazaki, Operating Officer Masao Murayama, Operating Officer Kazuhiro Ohashi, Operating Officer Yasuhiro Shimokawa, Operating Officer Kazuhiko Fujimoto, Operating Officer Shinichi Sawaki, Operating Officer Takeomi Yano, Operating Officer Shinji Nagasawa, Operating Officer Hiroshi Yamashita, Operating Officer Tsuyoshi Yanagimoto, Operating Officer

## ■ Major Group Companies

<b>Seal business</b>	Thai NOK Co., Ltd. (Chonburi, Thailand) NOK Asia Co., Pte. Ltd. (Singapore) Wuxi NOK-Freudenberg Oilseal Co., Ltd. (Wuxi, Jiangsu, China) Saga Seal Industry Co., Ltd. (Ureshino City, Saga Pref.) Unimatec Co., Ltd. (Kitaibaraki City, Ibaraki Pref.) NOK Elastomers Processing Co., Ltd. (Kama City, Fukuoka Pref.) Fugaku Koki Co., Ltd. (Kikugawa City, Shizuoka Pref.) Kansai NOK Hanbai Co., Ltd. (Osaka City, Osaka Pref.) NOK-Freudenberg Group Sales (China) Co., Ltd. (Shanghai, China)
<b>EDP business</b>	Nippon Mektron, Ltd. (Minato-ku, Tokyo) Mektec Corporation (Taiwan) (Kaohsiung, Taiwan) Mektec Manufacturing Corporation (Thailand) Ltd. (Ayutthaya, Thailand)
<b>Main products:</b>	
Flexible printed circuits	Mektec Manufacturing Corporation (Zhuhai) Ltd. (Zhuhai, Guangdong, China)
Precision components	Mektec Manufacturing Corporation (Suzhou) Ltd. (Suzhou, Jiangsu, China) Mektec Corporation (Hong Kong) Ltd. (Hong Kong, China)
<b>Roll business</b>	SYNZTEC Co., Ltd. (Shinagawa-ku, Tokyo)
<b>Main products:</b>	
Rubber rolls for office equipment	SYNZTEC (Malaysia) Sdn. Bhd. (Selangor, Malaysia) SYNZTEC (Hong Kong) Co., Ltd. (Hong Kong, China)
<b>Other businesses</b>	
<b>Main products:</b>	
Special lubricants etc.	NOK Klueber Co., Ltd. (Kitaibaraki City, Ibaraki Pref.)

# Stock Information

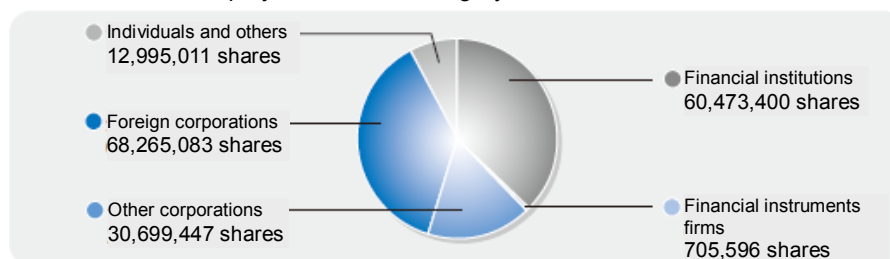
## ■ Stock

(As of September 30, 2011)

- Total number of shares authorized to be issued ..... 600,000,000 shares
- Total number of shares in issue..... 173,138,537 shares
- Number of shareholders..... 11,060
- Major shareholders

Shareholder	Number of shares held (thousands)	% of shares outstanding
Freudenberg Beteiligungs-GmbH	43,457	25.1
Seiwa Jisho Co., Ltd.	8,773	5.1
Japan Trustee Services Bank, Ltd. (Trust account)	8,428	4.9
The Master Trust Bank of Japan, Ltd. (Trust account)	8,292	4.8
The Dai-ichi Life Insurance Company, Limited	8,000	4.6
Toyota Motor Corporation	6,809	3.9
National Mutual Insurance Federation of Agricultural Cooperatives (Zenkyoren)	5,190	3.0
NIPPON KOA Insurance Co., Ltd.	4,500	2.6
Sumitomo Mitsui Banking Corporation	4,270	2.5
Japan Trustee Services Bank, Ltd. (Trust account 9)	3,022	1.7

- Share ownership by shareholder category



# Shareholder Information

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<b>Fiscal term</b>	April 1 to March 31
<b>Ordinary general meeting of shareholders</b>	June
<b>Record dates</b>	For term-end dividend: March 31
	For interim dividend: September 30
<b>Transfer agent</b>	Mitsubishi UFJ Trust and Banking Corporation
<b>Administrator of special accounts</b>	
<b>Contact</b>	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)
<b>Public notice</b>	Public notices of the Company shall be given electronically on its website ( <a href="http://www.nok.co.jp">http://www.nok.co.jp</a> ); provided, however, that when electronic public notice cannot be made due to accidents or other unavoidable reasons, public notices of the Company shall be given by publication in the Nihon Keizai Shimbun.
<b>Trading unit</b>	100 shares
<b>Stock listing</b>	Tokyo Stock Exchange 1st Section Abbreviation: NOK (Code 7240)

## (Notes)

### 1. Change of address, etc.

- (1) Shareholders are required to process changes of address and other matters concerning their shareholding in the Company through the account management institutions (securities companies, etc.) at which their accounts are held. Please contact your account management institution for details. The transfer agent will not process these matters.
- (2) The account management institution for shares recorded in special accounts is Mitsubishi UFJ Trust and Banking Corporation. Please contact Mitsubishi UFJ Trust and Banking Corporation using the above contact information about the processing of matters concerning such shares. Branches of Mitsubishi UFJ Trust and Banking Corporation in Japan serve as liaison offices for the head office.

### 2. Request for repurchase of fractional shares

Fractional shares constituting less than one trading unit (100 shares) are subject to restrictions such as not being tradable on securities markets. However, shareholders may sell such shares to the Company at market value by making a request for repurchase. The details are as follows:

- (1) For details of the procedure and fee concerning request for repurchase of fractional shares recorded in your accounts at securities companies, etc., please contact the relevant company.
- (2) Fractional shares recorded in special accounts may be sold at market value and without fee, subject to the procedure established by the Company. Please contact Mitsubishi UFJ Trust and Banking Corporation for details of the procedure.

### 3. Unpaid dividends

The head office and branches of Mitsubishi UFJ Trust and Banking Corporation will process requests for the payment of unpaid dividends.