



Masato Tsuru
Chairman of the Board and
President



To our shareholders

I would like to express my sincere gratitude for your unwavering support, and we are pleased to report our business results for the 102nd interim term (April 1, 2007 to September 30, 2007).

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 basic management policy of producing low-cost original products, backed by relevant technology, which are useful for the society, and selling them at reasonable prices all over the world.

In the interim term, our corporate group's sales amounted to 250,491 million yen, up 8.0% compared with the same period of the previous year. Operating income came to 19,738 million yen, down 5.6%, ordinary income came to 22,286 million yen, down 3.7%, and net income totaled 12,962 million yen, down 0.9%.

For details, please refer to the Business Overview shown later.

Among our notable activities in the interim term was the introduction of a new Three-Year Management Plan. An outline of the plan is shown on the next page.

New Three-Year Management Plan

Slogan

**Toward a Mid-sized Excellent Company
in the Global Market – For Higher S.S. *1**

Period

From April 1, 2007 to March 31, 2010
(FY 2007 to FY 2009)

Basic Policies

- (1) To implement a business management respecting human dignity
- (2) To restructure “NOK, renowned for quality”
- (3) To increase new order receipts in the joint efforts of sales, technical and production divisions.*2
- (4) To strengthen the capabilities of each division
- (5) To foster and reinforce the rubber roll business
- (6) To improve and strengthen the global production system
- (7) To improve consolidated profitability and the financial structure by establishing a group management system
- (8) To grow as a corporate citizen

Target indicators

(Goals for the final consolidated fiscal year of the plan)

Net sales: **600** billion yen

Operating income: **62.0** billion yen

ROA: **6.6** %

Notes:

*1 S.S. = Stakeholder Satisfaction.

*2 Each division responsible for sales, technical matters, and production.

The above target indicators for future business results include all the risk factors envisaged as of the date of publication of this document. However, actual results may differ depending on the domestic and overseas economic situation, price of materials, demand, competition from other companies, changes in technologies, and other factors, including fluctuations in foreign exchange rates.

As for the future outlook, the Japanese economy is expected to follow an expansionary path at a moderate pace, but there remains uncertainty over currency movements and the U.S. economy.

The automobile industry, a major customer of our corporate group, has maintained a high level of global production, mainly on the part of Japanese automakers. Meanwhile, steel and other material prices have continued to remain high, and demand for higher quality products has become increasingly pressing.

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

Under these circumstances, the NOK Group has launched a new Three-Year Management Plan for the current fiscal year. We will strive to become a leading global company, as our slogan makes clear, while steadily implementing measures aimed at enhancing competitiveness in all areas of our business.

Furthermore, our corporate group will continue to make a united effort to bolster its earning capacity and corporate structure by aggressively promoting activities aimed at expanding sales, improving product quality and reducing costs.

With regard to dividends for the interim term, we have decided to pay ten yen per share.

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

December 2007

Top Message

Overview of the Interim Term

During the interim term, the Japanese economy continued its moderate recovery. The world economy was generally robust, despite the uncertainty in the latter half of the period that resulted from the U.S. subprime loan problem.

Under these circumstances, the NOK Group commenced a new Three-Year Management Plan that covers a three-year period starting in FY2007. In this new plan, these three years are to be regarded as a period for pursuing business achievements by way of continuous steady implementation of measures, which has been conducted for the last six years under the slogans of "reinforcement of core businesses" and "building up 'Global & GI'."

As a result of the above, the NOK Group posted sales of 250,491 million yen (up 8.0% from the same period of the previous year), operating income of 19,738 million yen (down 5.6%), ordinary income of 22,286 million yen (down 3.7%), and net income of 12,962 million yen (down 0.9%).

A breakdown of the situation in each business section is as follows.

Note: Since changing of our business section classifications, year-on-year comparisons have been stated as if this change to our business sections had taken place in the same period of the previous year. (For the major products in all business sections following this change, please refer to "Main Companies of the Group" on page 9.)

● Sealing products business

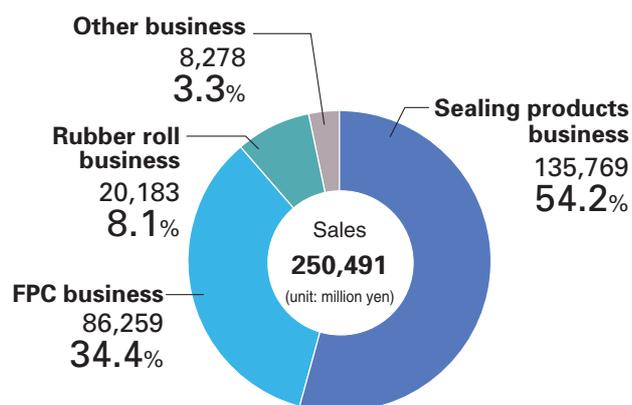
Production of four-wheel cars for the domestic market declined, but both exports and local production increased, reflecting brisk sales of Japanese-made cars in North America and sales increases in the Middle East as well as in Russia and other emerging countries. Production of construction machinery also increased due to the growing demand abroad.

As a result, sales rose to 135,769 million yen (up 9.7% from the same period of the previous year) and operating income to 11,624 million yen (up 29.0%).

● Flexible printed circuit (FPC) business

In relation to mobile phones, sales of FPCs for liquid-crystal panels used in mobile phones declined, but sales to overseas mobile phone manufacturers increased. Sales

Weighting of businesses in overall consolidated sales



of FPCs for mobile phone cameras also increased, reflecting brisk demand. Furthermore, sales of FPCs for hard disk drives (HDD) increased, driven by increased demand for laptops.

As a result, sales rose to 86,259 million yen (up 7.6% from the same period of the previous year). By contrast, operating income declined to 7,478 million yen (down 32.6%), primarily due to sluggish sales in Taiwan and price fluctuations.

● Rubber roll business

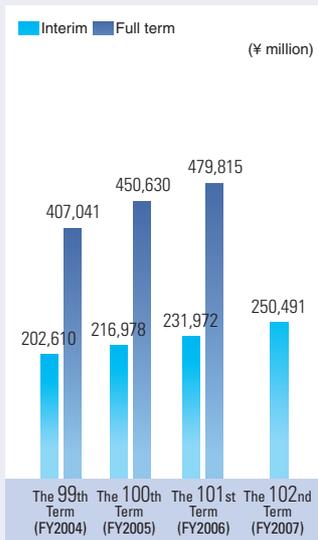
Rising sales in China offset a decrease in sales caused by declining market prices and other economic factors.

As a result, sales rose to 20,183 million yen (up 3.4% from the same period of the previous year). Operating income also rose to 271 million yen (up 106.6%) due mainly to sales increases and cost reduction efforts.

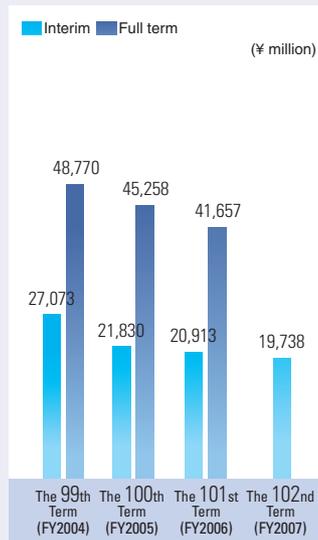
● Other business

Sales in this section fell to 8,278 million yen (down 2.5% from the same period of the previous year), and operating income fell to 330 million yen (down 49.7%).

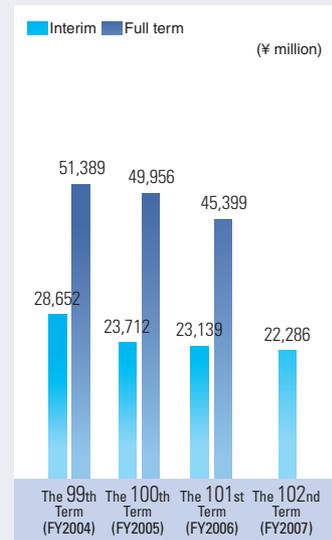
Sales



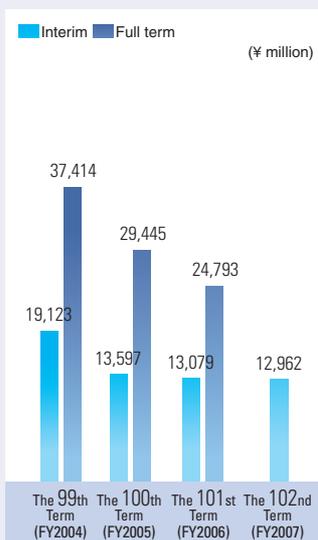
Operating income



Ordinary income



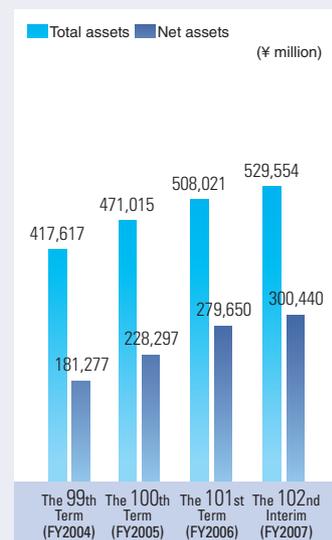
Interim (Full term) Net income



Interim (Full term) Net income per share



Total assets / Net assets



CONSOLIDATED BALANCE SHEET (Summary)

(¥ million)

	September 30, 2007	March 31, 2007
ASSETS	529,554	508,021
CURRENT ASSETS	228,845	223,691
Cash and deposits with bank	44,156	45,837
Notes receivable and accounts receivable – trade	115,064	113,683
Inventories	49,565	47,110
Others	20,060	17,059
FIXED ASSETS	300,709	284,330
Tangible assets	187,580	170,239
Intangible assets	5,970	6,348
Investments and other assets	107,158	107,741
TOTAL ASSETS	529,554	508,021
LIABILITIES	229,114	228,371
CURRENT LIABILITIES	154,667	152,368
Notes and accounts payable – trade	55,200	54,632
Short-term loans	43,139	35,114
Income taxes payable	7,166	9,618
Others	49,159	53,003
FIXED LIABILITIES	74,447	76,002
Long-term loans	14,441	14,774
Allowance for retirement benefits	48,844	50,232
Others	11,161	10,996
NET ASSETS	300,440	279,650
SHAREHOLDERS' EQUITY	231,806	220,578
Capital stock	23,335	23,335
Capital surplus	22,451	22,451
Retained earnings	186,214	174,985
Treasury stock	(195)	(194)
VALUATION AND TRANSLATION ADJUSTMENTS	45,470	37,019
MINORITY INTERESTS	23,163	22,052
TOTAL LIABILITIES AND NET ASSETS	529,554	508,021

[Interim Consolidated Balance Sheet]

- Total assets at the end of the current interim term stood at 529,554 million yen, an increase of 21,533 million yen from the end of the previous term. This increase was primarily attributable to increases in inventories and tangible fixed assets resulting from capital expenditures related to the expansion of domestic and overseas production.
- Total liabilities stood at 229,114 million yen, an increase of 743 million yen from the end of the previous term.
- Net assets increased to 300,440 million yen, bolstered by a net income of 12,962 million yen and an increase in translation adjustments account primarily caused by the appreciation of Thai baht. As a result, the equity ratio reached 52.4%.

CONSOLIDATED STATEMENT OF INCOME (Summary)

(¥ million)

	April 1, 2007 to September 30, 2007	April 1, 2006 to September 30, 2006
Sales	250,491	231,972
Cost of sales	197,956	180,183
Gross profit	52,535	51,788
Selling, general and administrative expenses	32,797	30,875
Operating Income	19,738	20,913
Non-operating revenue	4,167	3,736
Non-operating expenses	1,619	1,510
Ordinary Income	22,286	23,139
Extraordinary income	1,119	1,057
Extraordinary loss	433	363
Net income before income taxes	22,972	23,832
Income taxes	6,345	8,704
Adjustments of income taxes	1,964	514
Minority interests	1,699	1,534
Net income	12,962	13,079

[Interim Consolidated Statement of Income]

As shown in the Business Overview, all business sections other than “other business” registered a sales increase in the current interim term. However, operating income decreased by 1,175 million yen compared with the same period of the previous year.

On a non-operating basis, investment profit on equity method and dividend income grew, but the increase was not sufficient to make up for a decline in operating income, partly due to an increase in interest paid. As a result, ordinary income decreased by 853 million yen.

We earned extraordinary income such as gains on the sale of investment securities and reversal of allowances for doubtful accounts. However, extraordinary income failed to offset the decline in ordinary income, leading to a decrease of 117 million yen in net income.

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS (Summary)

(April 1, 2007 to September 30, 2007)

(¥ million)

	Shareholders' Equity					Valuation and translation adjustments	Minority interests	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity			
Balance at the end of the previous term	23,335	22,451	174,985	(194)	220,578	37,019	22,052	279,650
Changes of items during the interim term								
Dividends from surplus			(1,729)		(1,729)			(1,729)
Net income			12,962		12,962			12,962
Acquisition of treasury stock				(0)	(0)			(0)
Changes in scope of consolidation			(3)		(3)			(3)
Net changes of items other than shareholders' equity						8,450	1,110	9,561
Total changes of items during the interim term	—	—	11,229	(0)	11,228	8,450	1,110	20,789
Balance at the end of the interim term	23,335	22,451	186,214	(195)	231,806	45,470	23,163	300,440

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (Summary)

(¥ million)

	April 1, 2007 to September 30, 2007	April 1, 2006 to September 30, 2006
① Cash flows from operating activities	20,397	21,060
② Cash flows from investing activities	(26,741)	(18,875)
③ Cash flows from financing activities	2,656	(4,613)
Foreign currency conversion gains or losses of cash and cash equivalents	3,449	582
Decrease in cash and cash equivalents	(238)	(1,845)
Cash and cash equivalents at beginning of interim term	42,298	44,081
Increase in cash and cash equivalents due to alteration of the scope of consolidation	375	67
Cash and cash equivalents at end of interim term	42,435	42,303

① Cash flows from operating activities

Funds generated by operating activities totaled 20,397 million yen. The decrease was mainly due to a decline in net income before taxes and a small increase in notes receivable discounted.

② Cash flows from investing activities

Expenses related to investment activities totaled 26,741 million yen. The increase mainly stemmed from the acquisition of tangible fixed assets partly due to investments related to the expansion of production facilities both in Japan and abroad.

③ Cash flows from financing activities

Funds generated by financing activities totaled 2,656 million yen. We took out short-term loans to finance income tax payments, etc., while implementing the payment of matured long-term loans.

INTERIM NON-CONSOLIDATED BALANCE SHEET (Summary)

(¥ million)

	September 30, 2007	March 31, 2007
ASSETS	255,223	254,552
CURRENT ASSETS	80,147	78,916
Cash and deposits with bank	3,075	3,752
Notes receivable and accounts receivable – trade	52,305	51,545
Inventories	10,110	9,958
Others	14,654	13,660
FIXED ASSETS	175,076	175,635
Tangible assets	49,778	48,039
Intangible assets	59	61
Investments and other assets	125,238	127,535
TOTAL ASSETS	255,223	254,552
LIABILITIES	117,840	119,557
CURRENT LIABILITIES	73,820	71,745
Accounts payable – trade	25,094	25,560
Short-term loans	7,157	10,068
Income taxes payable	2,609	2,205
Others	38,958	33,911
FIXED LIABILITIES	44,020	47,812
Long-term loans	6,024	7,921
Allowance for retirement benefits	33,626	34,685
Others	4,369	5,204
NET ASSETS	137,382	134,994
SHAREHOLDERS' EQUITY	111,087	106,476
Capital stock	23,335	23,335
Capital surplus	20,397	20,397
Retained earnings	67,492	62,880
Treasury stock	(138)	(137)
VALUATION AND TRANSLATION ADJUSTMENTS	26,295	28,518
TOTAL LIABILITIES AND NET ASSETS	255,223	254,552

INTERIM NON-CONSOLIDATED STATEMENT OF INCOME (Summary)

(¥ million)

	April 1, 2007 to September 30, 2007	April 1, 2006 to September 30, 2006
Sales	116,221	139,375
Cost of sales	93,719	116,960
Gross profit	22,502	22,414
Selling, general and administrative expenses	15,338	15,845
Operating Income	7,163	6,569
Non-operating revenue	2,533	1,737
Non-operating expenses	694	744
Ordinary Income	9,003	7,562
Extraordinary income	754	1,178
Extraordinary loss	58	73
Net income before income taxes	9,699	8,667
Income taxes	2,825	2,630
Adjustments of income taxes	531	426
Net income	6,342	5,610

INTERIM NON-CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS (Summary)

(April 1, 2007 to September 30, 2007)

(¥ million)

	Shareholders' Equity					Valuation and translation adjustments	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity		
Balance at the end of the previous term	23,335	20,397	62,880	(137)	106,476	28,518	134,994
Changes of items during the interim term							
Dividends from surplus			(1,730)		(1,730)		(1,730)
Net income			6,342		6,342		6,342
Acquisition of treasury stock				(0)	(0)		(0)
Net changes of items other than shareholders' equity						(2,222)	(2,222)
Total changes of items during the interim term	—	—	4,611	(0)	4,610	(2,222)	2,388
Balance at the end of the interim term	23,335	20,397	67,492	(138)	111,087	26,295	137,382

Traffic Delineator Post “Lumipost”

Automobiles have become essential in our everyday lives nowadays, and vehicle traffic volume is increasing year by year.

In view of this, traffic delineator posts have been installed on roads to allow drivers to drive smoothly. Various types of traffic delineator posts are now available and have been installed nationwide. We have now developed the “Lumipost,” a fully reflective delineator post, and as such it reflects car headlight glare more effectively than before.

By using our unique technology and production methods, we have applied reflective sheets in two colors, which are coated with a special protective layer, to the pole surface, thereby improving daytime and night visibility. Excellent reflectivity in rainy days is also another feature of “Lumipost.”

NOK intends to do its part in ensuring safety in this increasingly motorized society.

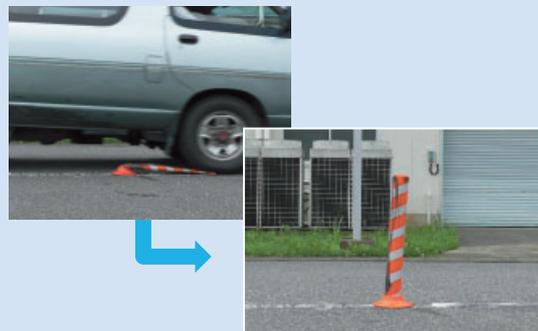
Lumipost Regular delineator post



Feature 1 Improved visibility made possible by reflectivity of entire surface area



Feature 2 Highly elastic structure that allows for easy return to original position upon impact



Company Portrait (As of September 30, 2007)

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 in the Company	3,318 (Number in the Group: 31,068)

Main offices of the Company

Branches	Utsunomiya, Kumagaya, Tokyo, Tama, Kanagawa, Hamamatsu, Anjo Daiichi, Anjo Daini, Nagoya, Osaka, Hiroshima, Fukuoka
	Fukushima, Nihonmatsu, Shizuoka, Toukai, Tottori, Saga, Kumamoto
Factories	
Research Center	Shonan Development Center (Fujiwara)

Board Members of the Company (As of September 30, 2007)

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 Corporate Auditor	Shiro Ui
Standing Corporate Auditor	Kenji Haga
Corporate Auditor	Yasunari Unemura
Corporate Auditor	Fumiaki Aono
Corporate Auditor	Norio Tanoue

Main Companies of the Group

Sealing Products Business

[Major products]
Oil seals
O rings
Vibration controls
Resin products and gaskets
Chemical products
Mechanical seals

Thai NOK Co., Ltd. (Thailand)
NOK Asia Co., Pte. Ltd. (Singapore)
Wuxi NOK-Freudenberg Oil seal Co., Ltd. (China)
Unimatec Co., Ltd. (Kita Ibaraki City, Ibaraki Pref.)
Fugaku Koki Co., Ltd. (Kikugawa City, Shizuoka Pref.)
NOK Elastomer Co., Ltd. (Kaho-gun, Fukuoka Pref.)
NOK Metal Co., Ltd. (Toda-gun, Miyagi Pref.)
Kansai NOK Sales Inc. (Osaka City, Osaka)

FPC Business

[Major products]
Flexible printed circuits

Nippon Mektron, Ltd. (Minato-ku, Tokyo)
Mektec Corporation (Taiwan) Ltd. (Taiwan)
Mektec Manufacturing Corporation (Thailand) Ltd. (Thailand)
Mektec Manufacturing Corporation (Zhuohai) Ltd. (China)
Mektec Corporation (HK) Ltd. (China)

Rubber Roll Business

[Major products]
Rubber rolls for office machines and equipment

SYNZTEC Co., Ltd. (Shinagawa-ku, Tokyo)

Other Business

[Major products]
Special lubricants
Others

NOK Klueber Co., Ltd. (Kita Ibaraki City, Ibaraki Pref.)
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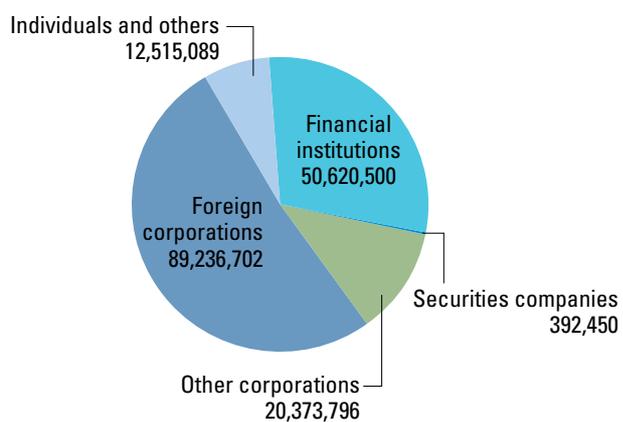
Stock (As of September 30, 2007)

Total number of shares issuable 600,000,000
 Total number of shares issued and outstanding 173,138,537
 Number of shareholders 10,824

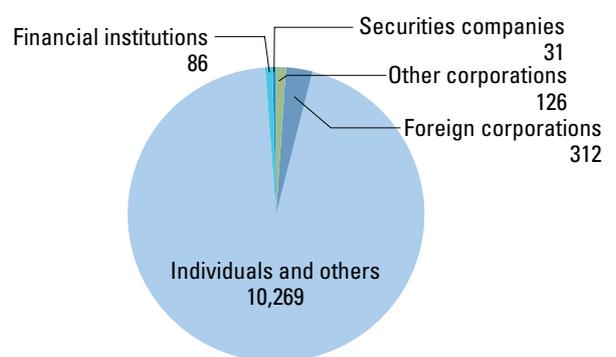
Major Shareholders

Shareholders	Number of shares held (thousands)	%
Freudenberg Beteiligungs GmbH	38,576	22.3
Japan Trustee Services Bank, Ltd. (Trust account)	10,702	6.2
Seiwa Jisho Co., Ltd.	8,773	5.1
The Dai-ichi Mutual Life Insurance Co.	8,000	4.6
The Chase Manhattan Bank, N.A. London	7,045	4.1
Toyota Motor Corp.	6,809	3.9
The Master Trust Bank of Japan, Ltd. (Trust account)	4,752	2.7
NIPPONKOA Insurance Co., Ltd.	4,500	2.6
Sumitomo Mitsui Banking Corp.	4,270	2.5
State Street Bank and Trust Company 505103	3,904	2.3

Share Ownership by Shareholder Category



Number of Shareholders by Shareholder Category



NOK CORPORATION