

**The 103rd Fiscal Term
Business Report**

Year ended March 31, 2009

NOK CORPORATION

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TO OUR SHAREHOLDERS

We are pleased to report our business results for the 103rd term (April 1, 2008 to March 31, 2009). 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 term, the Group's net sales amounted to 466,694 million yen, down 11.3% compared with the previous term. Operating income came to 7,441 million yen, down 82.5%, ordinary income came to 6,174 million yen, down 86.2% and net income totaled 652 million yen, down 97.5%.

During the same period, the economic situation rapidly deteriorated in an unprecedented manner not only in Japan but across the globe. As a result, industries including the automobile and electronic equipment industries, our major customers, substantially reduced their production and trimmed their inventory. The circumstance influenced our decision to reduce our production sharply, which resulted in a substantial decrease both in our net sales and net income, although we urgently implemented measures to ensure profitability.

In light of this rapid economic downturn, which seems as if it will last into the long term, we have decided to give up our present three-year management plan and instead formulate and implement a two-year plan to reform our Group, believing it is essential to implement the drastic reforms needed to improve our business structure, which will help us weather this difficult situation and continue growing in the future. We will make a concerted effort to carry out this new plan toward the early recovery of our business in and after the next term.

In the two-year plan to reform our business structure, we list the sales promotion of new products and services as one of our core targets. In particular, we will focus on the development of new products and services in the environmental and new energy fields, which have been attracting growing attention in recent years, thereby developing a new business to create a new source of profit for the Group.

For details, please refer to the subsequent sections titled “Business Report” and “Product Introduction”.

We will continue to face a severe financial situation due to the burden of business restructuring and other costs, and 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.

June 2009

Chairman of the Board and President of NOK Corporation

Masato Tsuru

1. Current Status of the NOK Group

(1) Business Overview

(i) Business conditions and results

Supported by exports to developing countries, the Japanese economy expanded at a modest pace during the first half of the year under review, despite the impact of sharp increases in the prices of crude oil and other raw materials. In the second half, however, the global financial crisis that has its origins in the United States produced a severely negative impact in real economic term, causing a sharp deceleration across the world. The knock-on effects in Japan included a drop in consumer spending, businesses restricting capital investment, and decline in exports.

In the automobile industry, exports to developing countries increased in the first half amid solid growth in local production in China and Southeast Asia. In the second half, however, the effects of the financial crises resulted in sharp economic deceleration, causing demand for new vehicles to decline on a global scale. In response, manufacturers of finished vehicles and power train-related equipment cut back production and inventory levels significantly.

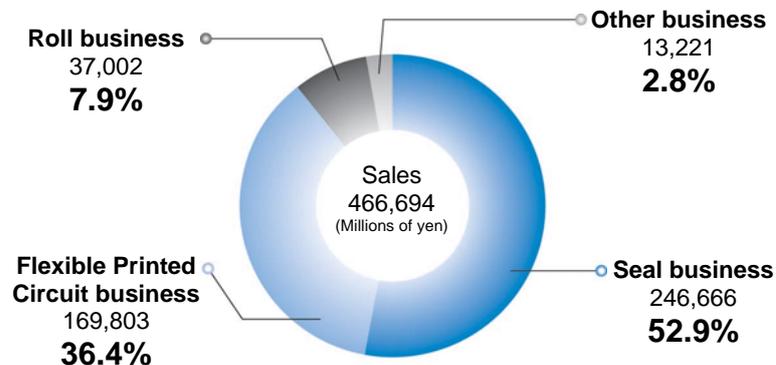
In the electronic equipment industry, although global production levels of mobile phones and hard disk drives (HDDs) during the first half were higher than a year earlier, the second half saw a global inventory correction that resulted in a slump in industry output.

In the office equipment industry, the trend toward color copiers and functionally more advanced models provided a steady boost to growth in the early part of the year, but demand in the United States, Europe and other markets turned down sharply as economies deteriorated. More intense competition prompted erosion of unit prices for components; the repair-parts market also shrank due to a trend toward enhanced durability.

As such, the Group has not ever experienced such drastic deterioration of business circumstances. For coping with these unexpected changes in the business environment, the Group undertook a series of pressing measures including the freeze of capital investment and cut of expenditures so as to strive recovering profitability with concerted effort of the Group as a whole. As a result, the Company posted operating income desperately for the year under review but could not avoid from a significant decrease in profit.

The following is the NOK Group's business results by business segment for this term.

Weighting of business in overall consolidated sales



■ Results of the Business Activities by Business Segment

Seal business

Despite of the strong sales in the first half of the year, NOK's sales to manufacturers across the automobile sector dropped off significantly from the second half of the year as demand for new vehicles cooled worldwide. Production output of construction machinery also declined from the second half following the onset of the global financial crisis amid the suspension and deferral of resource development and infrastructure projects around the world, notably in developing countries. This resulted in lower sales by NOK to manufacturers across the construction machinery sector.

Segment sales declined 13.1% in year-on-year terms to ¥246,666 million. Operating income fell 83.6% to ¥4,268 million, reflecting the substantially lower sales and other factors such as higher raw material prices and increased depreciation expenses.

Flexible Printed Circuit (FPC) business

In the mobile phone sector, although sales to overseas manufacturers increased, overall sales of FPCs were negatively affected by an inventory correction caused by the global slide in demand. Sales to domestic manufactures also declined due to Japanese demand leveling off. Reflecting the high ratio of overseas production, sales of FPCs for HDD applications declined significantly due to the impact of adverse currency movements in addition to continued price erosion.

Segment sales were 8.6% lower in year-on-year terms at ¥169,803 million. Operating income fell 74.3% in year-on-year terms to ¥4,061 million. Besides lower sales revenue, this mainly reflected higher depreciation expenses and the impact of adverse currency movements.

Roll business

Demand for office equipment fell worldwide amid worsening economic conditions as businesses reined in capital investments. Other factors lowering sales included unit price erosion due to fiercer competition and shrinkage of the repair-parts market associated with enhanced durability.

Segment sales declined 7.9% in year-on-year terms to ¥37,002 million. Reflecting lower sales, higher raw material prices and adverse currency movements, the segment posted an operating loss of ¥1,159 million for the year under review (compared with an operating loss of ¥172 million in the previous year).

NOK also recorded an amortization of goodwill of ¥1,511 million in the year under review against these operations.

Other businesses

This segment, which includes special lubricants, recorded sales of ¥13,221 million. This represented a drop of 20.8% in year-on-year terms. Operating income fell 68.3% to ¥272 million since the revenue decreased significantly due to a decrease in global demand.

Taken together, net sales for the NOK Group as a whole decreased 11.3% in year-on-year terms to ¥466,694 million, operating income decreased 82.5% to ¥7,441 million, ordinary income declined 86.2% to ¥6,174 million, and net income decreased 97.5% to ¥652 million.

(ii) Capital investment and fund procurement

The group invested ¥57,452 million (down 5.6% from the previous term) in the constructions of new factories, etc. at home and in China and other Asian countries, with the aim of meeting an expansion of demand from home and abroad, as well as streamlining the production process.

The funds for these investments were partly self-financed and partly financed through borrowing.

(2) Issues to be Addressed by the NOK Group

Future business conditions for the NOK Group are tinged with considerable uncertainty. Having deteriorated sharply in the second half of the year under review, any recovery of the global economy could be prolonged or the downturn could intensify further. Currency fluctuations pose additional risks.

Conditions in the automobile industry are expected to become even harsher due to the slump in global vehicle sales. The possible restructuring of the automobile industry in the United States is adding the unpredictability.

In the electronic equipment industry, the major concerns are tapering demand for mobile phones, HDDs and other products due to sluggish sales and reduced output, along with the threat of further price erosion.

In the office equipment industry, NOK expects existing trends to continue in terms of falling global demand, lower component prices, and shrinkage of the repair-parts market associated with enhanced durability.

Under these circumstances, the Group has not ever experienced such drastic deterioration of business conditions. In addition, NOK considers any rapid short-term recovery extremely unlikely in the current harsh business environment. Therefore, the Group determines to set the urgent and priority target as reinforcing corporate earnings structure in order to overcome the current difficulties and achieve the further development. Consequently, the Group could give up reluctantly its three-year business plan commenced on FY2007.

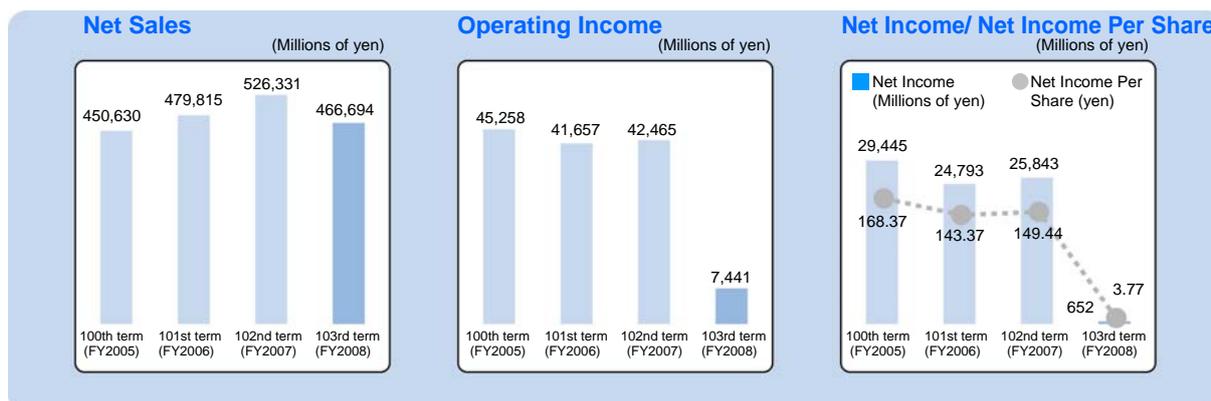
Thus, the Group has formulated and is now implementing a new two-year structural reform plan with undertaking a series of measures to improve profitability that allows NOK to achieve the drastic reform and innovation of its business structures.

The basic policies of the two-year structural reform plan are as follows:

1. To significantly lower break-even point
2. To improve cash flow (to restrict expenditure)
3. To enhance the promotion of new products and development of new markets
4. To ensure safety, superior quality and environmental preservation

Practical measures being taken under this plan include the restructuring of production sites in Japan and overseas and concerted efforts to restrict investment and review unprofitable operations. In addition, NOK is seeking to promote most cost-effective procurement, enhance the efficiency of auxiliary operations and squeeze the cost base through programs to reduce base manufacturing costs as well as making general cost savings.

Furthermore, NOK made a final decision to cut employee salaries and remuneration to Directors and Corporate Auditors for striving to achieve this target with an indomitable determination as a whole group.



(3) Financial and Operational Results

(i) Trends in consolidated assets and business results of the NOK Group

(Millions of yen, except for per share figures)

Classification	100th term (FY2005)	101st term (FY2006)	102nd term (FY2007)	103rd term (FY2008)
Net Sales	450,630	479,815	526,331	466,694
Operating Income	45,258	41,657	42,465	7,441
Ordinary Income	49,956	45,399	44,812	6,174
Net Income	29,445	24,793	25,843	652
Net Income Per Share	168.37	143.37	149.44	3.77
Total Assets	471,015	508,021	532,759	509,772
Net Assets	228,297	279,650	298,247	246,130

Notes:

1. The Company applies the "Accounting Standard for Earnings Per Share" (Accounting Standards Board of Japan (ASBJ) Statement No. 2, September 25, 2002) and the "Guidance on Accounting Standard for Earnings Per Share" (ASBJ Guidance No. 4, September 25, 2002).
2. Effective from FY2006 (101st term), the Company has been applying the "Accounting Standard for Presentation of Net Assets in the Balance Sheet" (ASBJ Statement No. 5, December 9, 2005) and the "Guidance on Accounting Standard for Presentation of Net Assets in the Balance Sheet" (ASBJ Guidance No. 8, December 9, 2005).
 - In the 100th term (FY2005), an increase in sales of roll products for office equipment as a result of the acquisition of subsidiaries, as well as brisk sales to the automobile and electronic equipment industries, contributed to sales growth. However, profits showed a decrease due to the end of the temporary factors seen in the previous term, such as extraordinary income as a result of the return of the substitute portion of the employees' pension plan and a decrease in tax expenses as a result of share buybacks by subsidiaries, in addition to a fall in profits due to increased costs for materials and changes in item configuration.
 - In the 101st term (FY2006), sales increased mainly thanks to brisk overseas sales in the automobile industry and the electronics equipment industry. Profits decreased primarily due to fluctuation in prices of flexible printed circuit products.
 - In the 102nd term (FY2007), sales increased mainly thanks to an increase in global sales by Japanese automakers and the expansion of production volume of construction machines manufacturers reflecting higher global demand for construction equipment. Profits increased slightly due to favorable operating income in seal business reflecting the strong sales, partially offset by a decline of income in flexible printed circuit business negatively affected by price erosion.
 - As for the business performance in the 103rd term (FY2008), please refer to the aforementioned (1) Business Overview.

(ii) Trends in assets and business results of the Company

(Millions of yen, except for per share figures)

Classification	100th term (FY2005)	101st term (FY2006)	102nd term (FY2007)	103rd term (FY2008)
Net Sales	273,813	254,348	241,178	202,591
Operating Income	12,653	12,814	15,558	690
Ordinary Income	15,186	14,733	18,051	2,098
Net Income	10,426	10,018	11,447	(2,546)
Net Income Per Share	59.78	57.89	66.15	(14.71)
Total Assets	259,352	254,552	254,261	294,746
Net Assets	127,836	134,994	132,401	118,320

Notes:

1. The Company applies the "Accounting Standard for Earnings Per Share" (Accounting Standards Board of Japan (ASBJ) Statement No. 2, September 25, 2002) and the "Guidance on Accounting Standard for Earnings Per Share" (ASBJ Guidance No. 4, September 25, 2002).
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- In the 100th term (FY2005), sales decreased due to smaller sales to the electronic equipment industry, although sales to the automobile industry were brisk. Profit decreased sharply as there were no profit-boosting factors as in the 99th term, such as an extraordinary income resulting from the return of the substitute portion of the employees' pension plan and a decrease in tax expense as a result of share buybacks by subsidiaries.
- In the 101st term (FY2006), although sales to the automobile industry performed well, overall sales decreased due to a sharp downturn in sales to the electronic equipment industry, as the sales division of flexible printed circuit for electronic equipment was absorbed by Nippon Mektron, Ltd. Profits decreased due to declines in both sales and dividends received and an increase in losses on disposal of fixed assets.
- In the 102nd term (FY2007), although sales to the electronic equipment industry decreased, as the sales division of flexible printed circuits for electronic equipment was absorbed by Nippon Mektron, Ltd. in the 101st term, profits increased thanks to an increase in dividends received as well as brisk sales in the automobile industry.
- In the 103rd term (FY2008), the global financial crisis that has its origins in the United States in September produced a severely negative impact in real economic term, causing a drastic cut of production on a global scale by automobile manufacturers, NOK's major customers. As a result, sales for the full term of FY2008 showed a significant decrease. The Company barely posted operating income reflected by undertaking a series of pressing measures including freeze of capital investment and cut of expenditures. However, the Company recorded a net loss due to deterioration of financial results of subsidiaries and evaluation losses on securities held along with posting allowances related to measures for reinforcing corporate earning structure which is to be implemented over two years.

(4) Status of Corporate Affiliations

(i) Condition of major subsidiaries and affiliates

	Company	Capital stock	Investment ratio	Main business
Seal business	Thai NOK Co., Ltd. (Thailand)	THB1,200 million	100.0%	Manufacture and sale of seal products
	Wuxi NOK-Freudenberg Oilseal Co., Ltd. (China)	RMB152,749,000	- % (50.0)	Manufacture and sale of seal products
	NOK Inc. (U.S.A.)	US\$7,200,000	100.0%	Equity investment in Freudenberg-NOK General Partnership which produces and sells seal products, etc.
	Unimatec Co., Ltd.	¥400 million	100.0%	Manufacture and sale of synthetic chemical products
	Eagle Industry Co., Ltd.	¥10,490 million	28.6% (1.2)	Manufacture and sale of mechanical seals, etc.
Flexible Printed Circuit business	Nippon Mektron, Ltd.	¥5,000 million	100.0%	Manufacture and sale of electronic parts
	Mektec Corporation (Taiwan)	NT\$366,812,000	- % (85.0)	Manufacture and sale of electronic parts
	Mektec Manufacturing Corporation (Thailand) Ltd. (Thailand)	THB200 million	- % (75.0)	Manufacture and sale of electronic parts
	Mektec Manufacturing Corporation (Zhuhai) Ltd. (China)	RMB236,810,000	- % (97.0)	Manufacture and sale of electronic parts
	Mektec Manufacturing Corporation (Suzhou) Ltd. (China)	RMB195,555,000	- % (93.0)	Manufacture and sale of electronic parts
Roll business	SYNZTEC Co., Ltd.	¥700 million	100.0%	Manufacture and sale of roll products for office equipment, etc.
Other businesses	NOK Klüber Co., Ltd.	¥100 million	51.0%	Manufacture and sale of special lubricants

Note: The numbers in parentheses in the column "Investment ratio" show the capital ratio which the Company's subsidiaries hold.

(ii) Status of major business combination, etc.

- Nippon Mektron, Ltd. and Mektec Corporation (Taiwan) increased the capital of Mektec Manufacturing Corporation (Suzhou) Ltd. in May 2008. As a result, its capital increased to RMB195,555,000.
- There are 95 consolidated subsidiaries and 30 companies accounted for by the equity method (including the aforementioned 12 subsidiaries and affiliates).

(iii) Important partners

The Company maintains a partnership with Freudenberg & Co., of the Federal Republic of Germany that encompasses all business aspects including capital and technology.

(5) Main Businesses (as of March 31, 2009)

The major businesses of the NOK Group consist of production and sales of the following products.

Segment	Major products
Seal business	Oil seals, O-rings, vibration-control rubber, plastic products, gaskets, synthetic chemical products, mechanical seals
Flexible Printed Circuit business	Flexible circuits
Roll business	Roll products for office equipment
Other businesses	Special lubricants and others

(6) Major Business Offices and Factories (as of March 31, 2009)

(i) The Company

Name	Location	Name	Location
Head Office	Minato Ward, Tokyo	Osaka Branch 2	Osaka City, Osaka
Utsunomiya Branch	Utsunomiya City, Tochigi Pref.	Hiroshima Branch	Hiroshima City, Hiroshima Pref.
Kumagaya Branch	Kumagaya City, Saitama Pref.	Fukuoka Branch	Fukuoka City, Fukuoka Pref.
Tokyo Branch	Minato Ward, Tokyo	Fukushima Plant	Fukushima City, Fukushima Pref.
Tama Branch	Kawasaki City, Kanagawa Pref.	Nihonmatsu Plant	Nihonmatsu City, Fukushima Pref.
Kanagawa Branch	Atsugi City, Kanagawa Pref.	Shizuoka Plant	Makinohara City, Shizuoka Pref.
Hamamatsu Branch	Hamamatsu City, Shizuoka Pref.	Tokai Plant	Kikugawa City, Shizuoka Pref.
Anjo Branch 1	Anjo City, Aichi Pref.	Tottori Plant	Saihaku-gun, Tottori Pref.
Anjo Branch 2	Anjo City, Aichi Pref.	Saga Plant	Miyaki-gun, Saga Pref.
Nagoya Branch	Nagoya City, Aichi Pref.	Kumamoto Plant	Aso City, Kumamoto Pref.
Osaka Branch 1	Osaka City, Osaka	Shonan Development Center (Fujisawa Factory)	Fujisawa City, Kanagawa Pref.

(ii) **Subsidiaries**

	Company	Business place	Location
Seal business	Thai NOK Co., Ltd.	Head office and factory	Chonburi Pref., Thailand
	NOK Asia Co., Pte. Ltd.	Head office and factory	Singapore
	Wuxi NOK-Freudenberg Co., Ltd.	Head office and factory	Wuxi City, Jiangsu, China
	NOK-Freudenberg Group Sales (China) Co., Ltd.	Head office and sales office	Shanghai City, China
	Fugaku Koki Co., Ltd.	Head office and factory	Kikugawa City, Shizuoka Pref.
	NOK Elastomer Co., Ltd.	Head office and factory	Kama City, Fukuoka Pref.
	NOK Metal Co., Ltd.	Head office and factory	Toda-gun, Miyagi Pref.
	Kansai NOK Sales Inc.	Head office and sales office	Osaka City, Osaka
	Unimatec Co., Ltd.	Kita Ibaraki Plant	Kita Ibaraki City, Ibaraki Pref.
Flexible Printed Circuit business	Nippon Mektron, Ltd.	Head office Electronics Branch 1 Electronics Branch 5 Minami Ibaraki Plant Ushiku Okubara Plant Kashima Plant	Minato Ward, Tokyo Minato Ward, Tokyo Osaka City, Osaka Tsukuba City, Ibaraki Pref. Ushiku City, Ibaraki Pref. Kamisu City, Ibaraki Pref.
	Mektec Corporation (Taiwan)	Head office and factory	Gaoxiong City, Taiwan
	Mektec Manufacturing Corporation (Thailand) Ltd.	Head office and factory	Ayutthaya Pref., Thailand
	Mektec Manufacturing Corporation (Zhuhai) Ltd.	Head office and factory	Zhuhai City, Guangdong, China
	Mektec Manufacturing Corporation (Suzhou) Ltd.	Head office and factory	Suzhou City, Jiangsu, China
	Mektec Corporation (Hong Kong) Ltd.	Head office and sales office	Hong Kong, China
Roll business	SYNZTEC Co., Ltd.	Head office Yokohama Plant Yokosuka Plant Kuki Plant	Shinagawa ward, Tokyo Yokohama City, Kanagawa Pref. Yokosuka City, Kanagawa Pref. Kuki City, Saitama Pref.
	SYNZTEC (Hong Kong) Co., Ltd.	Head office and sales office	Hong Kong, China
	SYNZTEC (Malaysia) Sdn. Bhd.	Head office and factory	Selangor Darul Ehsan, Malaysia
Other businesses	NOK Klüber Co., Ltd.	Kita Ibaraki Plant	Kita Ibaraki City, Ibaraki Pref.

(7) Employee Status (as of March 31, 2009)

(i) Employment of the NOK Group

Number of employees	Change from the end of previous term
34,969 (2,864)	+ 1,381 (- 260)

Note: The number of employees refers to the number of people employed at by the NOK Group, excluding part-time workers and temporary workers. Figures in parentheses are the average number of part-time workers and temporary workers on an annual basis.

(ii) Employment of the Company

Number of employees	Change from the end of previous term	Average age	Average length of service
3,419 (418)	+ 141 (+ 94)	39.8 years old	18.5 years

Note: The number of employees refers to the number of people employed by the Company, excluding part-time workers and temporary workers. Figures in parentheses are the average number of part-time workers and temporary workers on an annual basis.

(8) Major Lenders to the Company (as of March 31, 2009)

Lenders	Borrowings (Millions of yen)
Sumitomo Mitsui Banking Corp.	51,902
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	21,417
Mizuho Corporate Bank, Ltd.	17,383
The Sumitomo Trust and Banking Co., Ltd.	11,884
Development Bank of Japan Inc.	8,166
The Dai-ichi Mutual Life Insurance Co.	5,516
The Norinchukin Bank	4,068
Nipponkoa Insurance Co., Ltd.	3,233
The Chuo Mitsui Trust and Banking Company, Limited	1,942
The Bank of Fukuoka, Ltd.	1,346

2. Outline of the Company

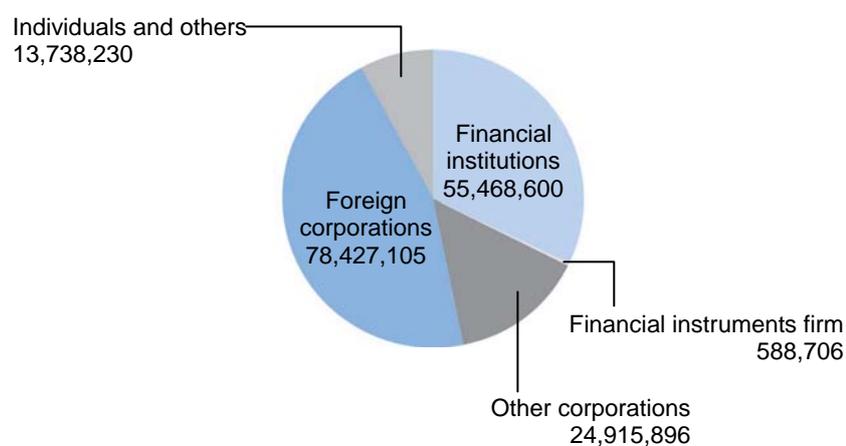
(1) Status of Stock (as of March 31, 2009)

- (i) Total number of shares authorized to be issued: 600,000,000 shares
- (ii) Total number of shares issued: 173,138,537 shares
- (iii) Number of shareholders: 11,556 (an increase of 1,584 year-on-year)
- (iv) Major shareholders

Shareholder	Equity in the Company	
	Number of shares held (thousands)	% of shares outstanding
Freudenberg Beteiligungs GmbH	43,226	25.0
Japan Trustee Services Bank, Ltd. (Trust account)	10,959	6.3
Seiwa Jisho Co., Ltd.	8,773	5.1
CBNY-ORBIS SICAV	8,505	4.9
The Dai-ichi Mutual Life Insurance Co.	8,000	4.6
Toyota Motor Corp.	6,809	3.9
Japan Trustee Services Bank, Ltd. (Trust account 4G)	6,685	3.9
The Master Trust Bank of Japan, Ltd. (Trust account)	5,370	3.1
Nipponkoa Insurance Co., Ltd.	4,500	2.6
Sumitomo Mitsui Banking Corp.	4,270	2.5

Note: For the basis of the calculation of “% of shares outstanding” above, the Companies’ treasury stock (75,204) is excluded from the total number of shares issued.

Share Ownership by Shareholder Category



(2) Board Members of the Company

(i) Directors and Corporate Auditors (as of March 31, 2009)

Position	Name	Positions, responsibilities or main representation at other companies
Chairman of the Board and President	Masato Tsuru	
Senior Managing Director	Yoshiro Takashima	Assistant to the President, General Manager, Corporate Quality Control Office
Senior Managing Director	Kunihiko Soga	Assistant to the President, and in charge of general affairs, personnel, finance & accounting, data processing and corporate planning
Senior Managing Director	Hideo Hatsuzawa	General Manager, Corporate Technology Office and Manufacturing Technology Office
Managing Director	Shigekazu Kokai	General Manager, Corporate Production Control Office
Managing Director	Takahito Yokouchi	General Manager, Corporate Administration Office and Corporate Risk Management Office
Managing Director	Kiyoshi Doi	Division Manager, Corporate Sales & Marketing Div.
Director	Tetsuji Tsuru	Representative Director & President Eagle Industry Co., Ltd.
Director	Shuji Ando	Representative Director & President, Nippon Mektron, Ltd.
Director	Toshio Kawai	Representative Director & President, SYNZTEC Co., Ltd.
Director	Soichiro Uchida	Senior Managing Director, SYNZTEC Co., Ltd.
Director	Sumitaka Kasai	Representative Director & President, Fugaku Koki Co., Ltd.
Director	Kazuhiko Seki	Deputy General Manager, Corporate Technology Office
Director	Jiro Iida	General Manager, Corporate Planning Office
Director	Masaaki Amano	Division Manager, IMC & Boots Div.
Director	Yuichi Kuroki	Deputy General Manager, Corporate Technology Office
Director	Masaru Yasukage	Director & President, Thai NOK Co., Ltd.
Director	Yasuhiko Kuroki	Deputy Division Manager, Corporate Sales & Marketing Div.
Director	Akira Watanabe	General Manager, Corporate Finance & Accounting Office
Standing Corporate Auditor	* Kazuaki Motozato	
Standing Corporate Auditor	* Kiyoshi Shiga	
Corporate Auditor	Yasunari Unemura	Managing Director, Eagle Industry Co., Ltd.
Corporate Auditor	Fumiaki Aono	Managing Director, Eagle Industry Co., Ltd.
Corporate Auditor	* Gen Kajitani	Lawyer

Notes:

1. Mr. Masato Tsuru, Mr. Yoshiro Takashima, Mr. Kunihiko Soga and Mr. Hideo Hatsuzawa are Representative Directors.
2. Those marked with an asterisk (*) were elected and installed as Corporate Auditors at the 102nd Annual Shareholders' Meeting on June 27, 2008.
3. Mr. Shiro Ui, Mr. Kenji Haga and Mr. Norio Tanoue retired as Corporate Auditors at the conclusion of the 102nd Annual Shareholders' Meeting on June 27, 2008 following the end of tenure of office.

4. Changes in Directors and Corporate Auditors' positions, responsibilities or main representation at other companies during this term are as follows:

Name	New position	Old position	Effective date
Sumitaka Kasai	Director, Representative Director & President, Fugaku Koki Co., Ltd.	Director, Division Manager, Vibracoustic Div.	June 27, 2008
Masaaki Amano	Director, Division Manager, IMC & Boots Div.	Director, Division Manager, Fluid Control Components Div.	June 27, 2008
Fumiaki Aono	Corporate Auditor, Managing Director, Eagle Industry Co., Ltd.	Corporate Auditor, Director, Eagle Industry Co., Ltd.	June 26, 2008

5. Mr. Yasunari Unemura, Mr. Fumiaki Aono and Mr. Gen Kajitani serve as Outside Corporate Auditors.
6. In addition to the above, notable representation at other companies by Directors and Corporate Auditors is as follows.

Name	Notable representation at other companies
Masato Tsuru	Chairman of the Board & Representative Director, Nippon Mektron, Ltd. Chairman of the Board & Representative Director, SYNZTEC Co., Ltd. Chairman of the Board & Representative Director, NOK Klüber Co., Ltd. Chairman of the Board & Representative Director, Unimatec Co., Ltd. Chairman of the Board & Representative Director, Seiwa Jisho Co., Ltd. Chairman of the Board, Representative Director & President, NOK Technical Research and Development Co., Ltd. Chairman of the Board, Director & President, NOK Inc. Chairman of the Board & Director, Eagle Industry Co., Ltd. Outside Director, Sumida Corporation
Shigekazu Kokai	Chairman of the Board & Director, Thai NOK Co., Ltd. Chairman of the Board & Director, Wuxi NOK-Freudenberg Co., Ltd. Chairman of the Board & Director, Changchun NOK-Freudenberg Co., Ltd.
Takahito Yokouchi	Representative Director & President, NOK Group Service Corporation
Kiyoshi Doi	Chairman of the Board & Director, NOK-Freudenberg Group Sales (China) Co., Ltd. Chairman of the Board & Director, NOK-Freudenberg Group Trading (China) Co., Ltd. Chairman of the Board & Director, NOK-Freudenberg Hong Kong Ltd.
Kazuaki Motozato	Outside Corporate Auditor, Eagle Industry Co., Ltd.
Kiyoshi Shiga	Outside Corporate Auditor, Eagle Industry Co., Ltd.

7. As of April 1, 2009, responsibilities of Directors are changed as follows:

Name	New position	Old position
Hideo Hatsuzawa	Senior Managing Director with overall responsibility for Seal business General Manager, Corporate Technology Office and Manufacturing Technology Office	Senior Managing Director, General Manager, Corporate Technology Office and Manufacturing Technology Office

(ii) Total sum of remuneration paid to Directors and Corporate Auditors

(a) Total sum of remuneration paid during this business year

Classification	Number of officer	Total amount paid (Millions of yen)
Director	19	404
Corporate Auditor (Outside Corporate Auditors from among the above)	8 (4)	45 (8)
Total	27	449

Notes:

1. The amount paid to Directors does not include employee salaries for those serving as Directors.
2. The number of officers and total amount paid in the "Corporate Auditor" column of the above table include the number and amounts paid during their terms of office for three (3) Corporate Auditors (one of which was an Outside Corporate Auditor) who retired at the conclusion of the 102nd Annual Shareholders' Meeting on June 27, 2008.
3. The maximum amount of remuneration to Directors was set at ¥32 million per month (excluding employee salaries) at the 85th Annual Shareholders' Meeting held on June 27, 1991.
4. The maximum amount of remuneration to Corporate Auditors was set at ¥8 million per month at the 97th Annual Shareholders' Meeting held on June 27, 2003.
5. The total amount paid includes the increased amount for the term in allowance for retirement benefits to Directors and Corporate Auditors (¥72 million to Directors and ¥4 million to Corporate Auditors).

(b) Retirement benefits to Directors and Corporate Auditors paid during the term

According to the resolution of the 102nd Annual Shareholders' Meeting on June 27, 2008, the following retirement benefits to Directors and Corporate Auditors are paid to Corporate Auditors who retired at the conclusion of the Meeting.

- ¥26 million for two (2) Corporate Auditors (excluding Outside Corporate Auditors)
- (Included amount for allowance for retirement benefits to Directors and Corporate Auditors of ¥9 million that is included in "Total sum of retirement paid to Directors and Corporate Auditors" in the above (a) and those in Business Reports of the previous years.)

(iii) Matters concerning Outside Directors and Corporate Auditors

(a) Additional executive director posts at other companies

- Corporate Auditor Yasunari Unemura and Fumiaki Aono also serve as Managing Directors for Eagle Industry Co., Ltd., a trade partner of the Company.

(b) Major activities during the term

Position	Name	Major activities
Corporate Auditor	Yasunari Unemura	Has attended 16 out of 17 Board of Directors meetings, and 10 out of 10 Board of Corporate Auditors meetings held during the term, where he made necessary remarks on Items for Resolution.
Corporate Auditor	Fumiaki Aono	Has attended 15 out of 17 Board of Directors meetings and 10 out of 10 Board of Corporate Auditors meetings held during the term, where he made necessary remarks on Items for Resolution.
Corporate Auditor	Gen Kajitani	Has attended 12 out of 12 Board of Directors meetings and 7 out of 7 Board of Corporate Auditors meetings held during this term, where he made necessary remarks for Items for Resolution.

Note: Since Corporate Auditor Gen Kajitani was elected at the 102nd Annual Shareholders' Meeting on June 27, 2008, the number of times of Board of Directors meetings and Board of Corporate Auditors meetings held is different to that of other Outside Corporate Auditors.

(c) Summary of limited liability contract

Under the provisions of Article 427, Paragraph 1 of the Corporation Law, the Company entered into a contract with each Outside Corporate Auditor so as to limit their liability for damage as provided for in Article 423, Paragraph 1 of the Corporation Law. The limit of liability for damage under this contract is the amount set forth by the laws and regulations.

(3) Independent Auditor

(i) Name:

Nihombashi Corporation Certified Public Accountants

(ii) Amount of remuneration

(Millions of yen)

	Amount of payment
Amount to be paid by the Company as remuneration for duties stipulated in Article 2, Paragraph 1 of the Certified Public Accountants Law	30
Amount to be paid by the Company and its subsidiaries to Independent Auditors as financial benefit, such as monetary reward, etc.	72

Notes:

1. In the audit contracts between the Company and its Independent Auditor, the fees for audits conducted under the Corporation Law and under the Financial Instruments and Exchange Law are not clearly differentiated. As they cannot be effectively separated, the accounting audit fees for the year under review show the total.
2. Nihombashi Corporation Certified Public Accountants also serves as Independent Auditor for the Company's major domestic subsidiaries.

(iii) Policy concerning decision regarding dismissal and non- reappointment

Where there is anything that obstructs the fulfillment of Independent Auditors' duties, or where the Board of Directors considers it necessary, the Board of Directors, by way of an agreement by the Board of Corporate Auditors or based on a request from the Board of Corporate Auditors, will bring up at a shareholders' meeting the item concerning the dismissal and non-reappointment of the Independent Auditor.

The Board of Corporate Auditors, based on an agreement by all corporate auditors, will dismiss the Independent Auditor in any case where the Independent Auditor is deemed as having fallen under the provisions of Article 340, Paragraph 1 of the Corporation Law. In such cases, one Corporate Auditor appointed by the Board of Corporate Auditors will report the execution of dismissal and the reasons at the first shareholders' meeting following the dismissal.

(4) System for Ensuring Properness of Operations

Following are the details of the decisions made in order to firmly implement a system for ensuring the compliance of Directors' execution of their duties in line with the laws and regulations as well as with the Articles of Incorporation and a system for ensuring the properness of the Company business operations.

(i) System for storing and managing of information regarding Directors' execution of duties

In accordance with the relevant laws and regulations, the Articles of Incorporation and other rules established by the Company, departments in charge shall record and file minutes of meetings, including Annual Shareholders' Meetings and Board of Directors meetings, and also file approval documents and other authorizations. Directors and Corporate Auditors shall ensure an environment that allows to inspect such documents.

(ii) Rules concerning loss risk management

In accordance with the Risk Management Rules established by the Company, the Risk Management Office shall take the initiative in identifying and analyzing underlying risks and establishing and promoting a cross-organizational risk management system. The Risk Management Office shall report to Directors regarding the implementation status of said system on a regular basis and revise the system as necessary.

(iii) System for securing efficiency of Directors' execution of duties

Directors shall hold Board of Directors meetings in accordance with the Board of Directors Regulations. At these meetings, they shall determine the allocation of duties and other important matters while reviewing the status of the execution of their duties. The Directors shall set rules on operational authorities and decision-making in accordance with the Rules concerning the Operational Authorities of Upper Management, and monitor progress of business plans, managerial policies, and operational implementation plans at regular management meetings and through management reviews, thereby ensuring an environment that allows Directors to execute their respective duties in an appropriate and efficient manner.

In order to ensure the efficiency in the execution of duties by Directors, the Directors shall hold committee meetings including meetings of the Central Labor-Management Council consisting of the representatives of both the management team and employees, and explain and discuss business plans, important changes to organizational structures, and managerial policies.

(iv) System for ensuring compliance in execution of duties by Directors and employees with the relevant laws and regulations and the Articles of Incorporation

Pursuant to the NOK Charter of Corporate Behavior, the Company shall clearly state that it places priority on compliance in its business activities. In accordance with compliance rules and Behavioral Guidelines Concerning Employee Compliance, the Company shall also provide training programs for its employees, thereby establishing and promoting a framework for compliance that conforms with the relevant laws and regulations, the Articles of Incorporation, and other rules established by the Company.

(v) System for ensuring properness of operations of the Group consisting of the Company and its subsidiaries

The management teams and managers of the NOK Group companies shall hold joint management meetings on a semiannual basis to share information and promote managerial transparency. At these meetings, attendees shall report on and discuss the progress of their managerial policies and business plans, thereby ensuring efficiency in the management of the Group as a whole.

In accordance with the provisions of the Internal Control Rules for Subsidiaries, each of the Group's companies shall maintain a supervising division designed to inspect the financial condition of their companies, and each department and division shall provide their companies with necessary instructions and support in relation to the business operations in which they are engaged, and review the progress in their managerial policies and business plans.

In addition, under the provisions of the Internal Control Rules regarding Financial Reporting the supervising divisions shall monitor the properness of operations based on Directors' instructions to ensure the credibility of the financial statements of the Company and its affiliates.

(vi) Matters concerning assistant employees in cases where Corporate Auditors request the Company to assign employees to assist them with their duties

Regarding the employees who are required to assist Corporate Auditors with their duties, the Company shall assign personnel with expertise of laws and regulations who are capable of providing assistance to Corporate Auditors, upon discussions with the Corporate Auditors on the selection of assistant employees and the operational authorities thereof.

(vii) Independence of the aforementioned assistant employees from Directors

If the Company assigns employees to assist Corporate Auditors with their duties, said personnel shall follow the directions and orders of the Corporate Auditors in their duties, and it shall discuss with the Corporate Auditors about the changes to the employment status of assistant employees.

(viii) Systems for reporting to Corporate Auditors by Directors and employees, etc.

In order to accelerate managerial streamlining and efficiency and to promote appropriate performance of operations, the Company shall conduct internal audits in accordance with the Internal Auditing Rules and Internal Operational Auditing Rules, and where necessary report the results thereof to the Board of Corporate Auditors.

Also, the Auditing Committee for Internal Controls, an advisory body to the Board of Directors, shall, in accordance with the Managerial Rules for Auditing Committee for Internal Control, conduct periodical internal audits on the state of the system to ensure appropriateness of the Company's and its group companies' operations, and where necessary report the results thereof to the Board of Corporate Auditors.

(ix) Other systems for securing effective audits by Corporate Auditors

In order to supervise the Directors' execution of their duties, in accordance with the audit policy and audit plan formulated at the Board of Corporate Auditors meetings pursuant to the Board of Corporate Auditors Regulations, the Company shall maintain a system that allows Corporate Auditors to attend the Board of Directors meetings and other important meetings and to investigate the Company's operational and financial conditions.

The Independent Auditor and Corporate Auditors shall exchange opinions on a regular basis.

In addition, joint meetings named "the meeting of Representative Directors and Corporate Auditors" with the participation of Representative Directors and Corporate Auditors shall be held on a regular basis with a view to facilitating exchanges of opinions.

All amounts are rounded down to the nearest million yen, and the number of shares is rounded down to the nearest 1,000 shares. Percentages are rounded to the nearest whole unit.

CONSOLIDATED FINANCIAL DATA

Consolidated Balance Sheet

(As of March 31, 2009)

(Millions of yen)

Item	FY2008	FY2007 (Reference)	Item	FY2008	FY2007 (Reference)
(ASSETS)	509,772	532,759	(LIABILITIES)	263,641	234,511
CURRENT ASSETS	233,118	234,475	CURRENT LIABILITIES	138,300	166,806
Cash and deposits	82,600	39,756	Notes and accounts payable - trade	34,235	59,972
Notes and accounts receivable - trade	87,863	125,369	Short-term loans payable	61,890	45,706
Inventories	49,128	51,826	Income taxes payable	-	7,255
Deferred tax assets	4,239	7,121	Provision for bonuses	4,726	8,230
Other	10,370	11,396	Provision for business structure improvement	1,959	-
Allowance for doubtful accounts	(1,084)	(995)	Deposits received from employees	15,920	15,855
NONCURRENT ASSETS	276,653	298,283	Other	19,568	29,785
Property, plant and equipment	193,439	200,958	NONCURRENT LIABILITIES	125,340	67,705
Buildings and structures	73,132	68,494	Long-term loans payable	75,184	13,724
Machinery, equipment and vehicles	79,487	84,730	Deferred tax liabilities	-	3,565
Tools, furniture and fixtures	12,717	15,973	Provision for retirement benefits	46,340	47,546
Land	18,945	19,618	Provision for directors' retirement benefits	1,504	1,326
Lease assets	914	-	Other	2,311	1,542
Construction in progress	8,242	12,142			
Intangible assets	2,594	4,512	(NET ASSETS)	246,130	298,247
Goodwill	1,237	2,825	SHAREHOLDERS' EQUITY	238,406	243,029
Other	1,357	1,686	CAPITAL STOCK	23,335	23,335
Investments and other assets	80,619	92,812	CAPITAL SURPLUS	22,450	22,451
Investment securities	42,692	59,774	RETAINED EARNINGS	192,861	197,464
Long-term loans receivable from employees	7,791	8,214	TREASURY STOCK	(241)	(223)
Deferred tax assets	12,433	3,066	VALUATION AND TRANSLATION ADJUSTMENTS	(12,076)	30,881
Other	18,010	21,979	VALUATION DIFFERENCE ON AVAILABLE-FOR-SALE SECURITIES	9,580	17,988
Allowance for doubtful accounts	(308)	(223)	FOREIGN CURRENCY TRANSLATION ADJUSTMENT	(21,656)	12,892
TOTAL	509,772	532,759	MINORITY INTERESTS	19,801	24,337
			TOTAL	509,772	532,759

Note: Figures are rounded down to the nearest million yen.

Consolidated Statement of Income

(From April 1, 2008 to March 31, 2009)

(Millions of yen)

Item	FY2008		FY2007 (Reference)	
Net Sales		466,694		526,331
Cost of Sales		394,994		416,275
Gross Profit		71,700		110,055
Selling, General and Administrative Expenses		64,258		67,589
Operating Income		7,441		42,465
Non-operating Income				
Interest income	706		986	
Dividends income	1,007		973	
Equity in earnings of affiliates	2,073		3,242	
Rent income	977		956	
Other	1,548	6,314	1,649	7,808
Non-operating expenses				
Interest expenses	2,825		2,407	
Foreign exchange losses	3,688		1,986	
Other	1,067	7,581	1,067	5,461
Ordinary Income		6,174		44,812
Extraordinary Income				
Gain on sale of noncurrent assets	339		140	
Gain on sale of investment securities	101		554	
Reversal of allowance for doubtful accounts	-		349	
Reversal of provision for retirement benefits	166		-	
Gain on transfer of subsidiary pension plan	-		496	
Other	135	743	140	1,681
Extraordinary Loss				
Loss on retirement of noncurrent assets	1,945		778	
Loss on valuation of investment securities	1,146		1	
Provision for business structure improvement	1,966		-	
Other	739	5,797	233	1,014
Income before Income Taxes		1,121		45,480
Income taxes - current	2,438		13,246	
Income taxes - deferred	(3,210)	(772)	3,261	16,508
Minority interests in income		1,240		3,128
Net Income		652		25,843

Note: Figures are rounded down to the nearest million yen.

Consolidated Statement of Changes in Net Assets

(From April 1, 2008 to March 31, 2009)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Beginning balance	23,335	22,451	197,464	(223)	243,029
Changes of items during the period					
Dividends from surplus			(3,458)		(3,458)
Net income			652		652
Purchase of treasury stock				(25)	(25)
Change of scope of consolidation					
Change of accounting policies of foreign subsidiaries			(1,778)		(1,778)
Change of scope of equity method affiliates			(66)		(66)
Change of accounting policies of equity method affiliates			47		47
Disposal of treasury stock		(1)		7	6
Net changes of items other than shareholders' equity					
Total changes during the period	-	(1)	(4,603)	(18)	(4,622)
Ending balance	23,335	22,450	192,861	(241)	238,406

	Valuation and translation adjustments			Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total valuation and translation adjustments		
Beginning balance	17,988	12,892	30,881	24,337	298,247
Changes of items during the period					
Dividends from surplus					(3,458)
Net income					652
Purchase of treasury stock					(25)
Change of scope of consolidation					
Change of accounting policies of foreign subsidiaries					(1,778)
Change of scope of equity method affiliates					(66)
Change of accounting policies of equity method affiliates					47
Disposal of treasury stock					6
Net changes of items other than shareholders' equity	(8,408)	(34,549)	(42,957)	(4,535)	(47,493)
Total changes during the period	(8,408)	(34,549)	(42,957)	(4,535)	(52,116)
Ending balance	9,580	(21,656)	(12,076)	19,801	246,130

Note: Figures are rounded down to the nearest million yen.

(Reference) Consolidated Statement of Cash Flow (Summary)

(Millions of yen)

Item	FY2008	FY2007
	(April 1, 2008 to March 31, 2009)	(April 1, 2007 to March 31, 2008)
Net cash provided by operating activities	32,392	50,535
Net cash provided by investment activities	(60,913)	(60,095)
Net cash provided by financing activities	78,319	3,195
Effect of exchange rate change on cash and cash equivalents	(6,469)	2,470
Net increase (decrease) in cash and cash equivalents	43,328	(3,894)
Cash and cash equivalents at beginning of year	38,779	42,298
Increase in cash and cash equivalents resulting from change of scope of consolidation	-	375
Ending cash and cash equivalents	82,107	38,779

Notes to Consolidated Financial Statements

1. Basis for preparing consolidated financial statements

- (1) Scope of consolidation
 - (i) Consolidated subsidiaries
 - (a) Number of consolidated subsidiaries: 95
 - (b) Names of major consolidated subsidiaries: Thai NOK Co., Ltd.
Unimatec Co., Ltd.
Nippon Mektron, Ltd.
Mektec Corporation (Taiwan)
SYNZTEC Co., Ltd.
 - (ii) Unconsolidated subsidiaries
 - (a) Name of major unconsolidated subsidiary: Mektec Corp. (Taiwan) Pte. Ltd. (Jianyi)
 - (b) Reasons for exclusion from scope of consolidation
The subsidiary is excluded from the scope of consolidation because its business scale is small and its total assets, sales, net income/loss (corresponding to equity shares) and retained earnings (corresponding to equity shares) have no major impact on the consolidated financial statements.
- (2) Application of the equity method of accounting
 - (i) Unconsolidated subsidiaries accounted for by the equity method
 - (a) Number of unconsolidated subsidiaries accounted for by the equity method: 30
 - (b) Names of major unconsolidated subsidiaries and affiliates: Eagle Industry Co., Ltd.
Pyung-Hwa Oilseal Industry Co., Ltd.
Freudenberg-NOK General Partnership
 - (ii) Unconsolidated subsidiaries not accounted for by the equity method
Names of major unconsolidated subsidiaries: Not applicable
 - (iii) Special notes regarding the procedures for applying the equity method
If there are any companies whose closing dates adopted by the companies accounted for by the equity method are different from the consolidated closing date, the financial statements thereof, compiled as of their own closing dates, are used to produce consolidated financial statements.
- (3) Notes regarding changes of scope of consolidation and equity method affiliates
 - (i) Change of scope of consolidation
 - (a) Newly consolidated subsidiaries (1) NOK Singapore Sales Pte. Ltd.
 - (b) Companies excluded from the scope of consolidation (1) Korea NOK Kiki Co., Ltd.
 - (ii) Change of scope of the equity method Not applicable
- (4) Matters concerning the business term of consolidated subsidiaries
The closing date for overseas subsidiaries (49) is December 31.
Important deals made between said closing date and the consolidated closing date have been adjusted to the extent necessary for consolidation.
- (5) Matters concerning accounting criteria
 - (i) Valuation criteria and methods for principal assets
 - (a) Other securities
 - Those with market quotations
They are stated at market price based on the market price, etc. on the closing date (variance of the estimate is incorporated into the capital and the costs of products sold are determined by the moving average method).
 - Those without market quotations
They are stated at cost with the cost being determined by the moving average method.
 - (b) Valuation criteria and methods for derivatives
They are stated at market price.
 - (c) Valuation criteria and methods for inventories
 - Finished goods and work in process
They are primarily stated at cost with the cost being determined by the selling price reduction method (The book values in the balance sheet are calculated by the write-down method to reflect the decline of profitability).
 - Raw materials and supplies
They are primarily stated at cost with the cost being determined by the gross average method (The book values in the balance sheet are calculated by the write-down method to reflect the decline of profitability).
 - (ii) Method of depreciation of principal noncurrent assets
 - (a) Property, plant and equipment (excluding lease assets)
Depreciation is computed primarily by the declining balance method.
However, in some of the domestic consolidated subsidiaries, depreciation on buildings (excluding fixtures) acquired on and after April 1, 1998 is computed by the straight-line method.
 - (b) Intangible assets (excluding lease assets)
Amortization is computed primarily by the straight-line method.

- (c) Lease assets
 - Lease assets related to finance leases other than those deemed to transfer ownership of leased property to the lessee by the Company
 - Depreciation is calculated on the straight-line method over the lease period as the useful life and assuming no residual value.
 - Finance lease transactions not transferring ownership that commenced on or before March 31, 2008 are accounted for using the same accounting method as that applied to ordinary operating leases.
- (iii) Accounting policies for principal allowances
 - (a) Allowance for doubtful accounts
 - To prepare for losses on bad debt, general claims are accounted using the loan loss ratio and doubtful claims are accounted as the expected unrecoverable amount taking into consideration of the recoverability of individual claims.
 - As for overseas subsidiaries, estimated amount of allowance for doubtful accounts has been recorded depending primarily on the condition of receivables.
 - (b) Provision for bonuses
 - In order to prepare for the payment of employee bonuses, accrued bonuses based primarily on estimated payment amounts have been entered into the accounts.
 - (c) Provision for retirement benefits
 - To provide for accrued employees' retirement benefits, the Company and its domestic consolidated subsidiaries provide an allowance in the amount deemed to have accrued at the end of the current fiscal year mainly based on estimated retirement benefits and pension assets. Prior service liabilities are treated as expenses in equal installments over a prescribed period of time (10 years) that is less than the average remaining period of employment for the employees in question. Differences arising from actuarial calculations are treated as expenses in equal installments over a prescribed period of time (10 years) that is less than the average remaining period of employment for the employees in question, beginning in the year following the fiscal year in which such calculations are made.
 - (d) Provision for directors' retirement benefits
 - To prepare for the payment of retirement benefits to directors and corporate auditors, the Company and some of its domestic consolidated subsidiaries have recorded a necessary allowance in the amount based on internal regulations.
 - (e) Provision for business structure improvement
 - To prepare for expenses and losses for restructuring the production system in order to particularly enhance the business structure, the Company has recorded a necessary allowance.
- (iv) Accounting for consumption tax and other taxes
 - All amounts stated exclude consumption and other taxes.
- (6) Valuation of assets and liabilities of consolidated subsidiaries
 - Assets and liabilities of the consolidated subsidiaries are wholly valued at market.
- (7) Changes in accounting policies
 - (i) Valuation criteria and methods for inventories
 - Effective from the consolidated fiscal year ended March 31, 2009, the Company adopted the "Accounting Standard for Measurement of Inventories" (ASBJ Statement No. 9, July 5, 2006).
 - The effect of this change on operating income, ordinary income and income before income taxes was immaterial.
 - (ii) Accounting treatment of overseas subsidiaries in preparation of consolidated financial statements
 - Effective from the consolidated fiscal year ended March 31, 2009, the Company adopted the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (PITF No. 18, May 17, 2006) and made necessary adjustments for preparing consolidated financial statements.
 - The effects of this change were to decrease operating income, ordinary income and income before income taxes by ¥466 million, respectively.
 - (iii) Accounting standards applied to lease transactions
 - Finance leases other than those deemed to transfer ownership of leased property to the lessee by the Company were previously treated as ordinary operating lease transactions for accounting purposes. Effective from the consolidated fiscal year ended March 31, 2009, the Company adopted the "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13 [Business Accounting Council Committee No. 1, June 17, 1993; revised March 30, 2007]) and the "Guidance on Accounting Standard for Lease Transactions" (ASBJ Guidance No. 16 [The Japanese Institute of Certified Public Accountants (JICPA) Accounting Standard Committee, January 18, 1994; revised March 30, 2007]). Under the revised standard, such leases are treated as ordinary commercial transactions for accounting purposes.
 - The effect of this change on operating income, ordinary income and income before income taxes was immaterial.
- (8) Additional information
 - Changes in useful lives of property, plant and equipment
 - Through a revision of the Corporate Tax Law, useful life applicable to machinery and equipment were reviewed in keeping with the amendment of the Corporate Tax Law, and has been amended so that they are based on the Corporate Tax Law as amended from the consolidated fiscal year under review.
 - This change caused operating income, ordinary income and income before income taxes to decrease ¥1,603 million, respectively.

2. Notes regarding the consolidated balance sheet

(1) Pledged assets	
(i) Assets pledged as security	
Land	¥1,955 million
Buildings and structures etc.	¥4,477 million
Total	¥6,433 million
(ii) Secured liabilities corresponding to the above	
Short-term loans payable	¥916 million
Long-term loans payable	¥2,107 million
Total	¥3,023 million
(2) Accumulated depreciation of property, plant and equipment	¥259,620 million
(3) Notes receivable - trade discounted	¥336 million
(4) Notes receivable - trade transferred by endorsement	¥209 million
(5) Unsettled accounts receivable - trade transferable	¥2,060 million

3. Notes regarding the consolidated statement of changes in net assets

(1) Matters concerning the total number of outstanding shares

Type of shares	Number of shares at the end of the previous consolidated fiscal year	Increase in number of shares during the current consolidated fiscal year	Decrease in number of shares during the current consolidated fiscal year	Number of shares at the end of the current consolidated fiscal year
Common shares	173,138,537	-	-	173,138,537

(2) Matters concerning the number of treasury stock shares

Type of shares	Number of shares at the end of the previous consolidated fiscal year	Increase in number of shares during the current consolidated fiscal year	Decrease in number of shares during the current consolidated fiscal year	Number of shares at the end of the current consolidated fiscal year
Common shares	207,757	21,846	7,400	222,203

Notes:

- The increase of 21,846 common shares of treasury stock consists of 1,574 shares obtained through the purchase of shares constituting less than one share-trading unit and 20,000 shares appropriate to NOK among treasury stocks acquired by the equity method affiliates as well as 272 shares belonged to NOK among treasury stocks (NOK shares) acquired through an increase in investments in the equity method affiliates.
- The decrease of 7,400 common shares of treasury stock consists of shares appropriate to NOK on sale of treasury stocks (NOK shares) by the equity method affiliates.

(3) Matters concerning dividends

(i) Payment of dividends

(a) Matters concerning dividends resolved at the 102nd Annual Shareholders' Meeting held on June 27, 2008

- Total amount of dividends ¥1,729 million
- Dividends per share ¥10
- Record date March 31, 2008
- Effective date June 30, 2008

(b) Matters concerning dividends resolved at the Board of Directors meeting held on November 11, 2008

- Total amount of dividends ¥1,729 million
- Dividends per share ¥10
- Record date September 30, 2008
- Effective date December 5, 2008

(ii) Dividends for which the effective date will fall after the end of the current fiscal year among those whose record date is within the consolidated fiscal year under review

This will be discussed at the 103rd Annual Shareholders' Meeting to be held on June 25, 2009 as follows:

- Total amount of dividends ¥864 million
- Dividends per share ¥5
- Record date March 31, 2009
- Effective date June 26, 2009

4. Notes regarding per-share information

(1) Net assets per share	¥1,308.90
(2) Net income per share for the term	¥3.77

NON-CONSOLIDATED FINANCIAL DATA

Balance Sheet

(As of March 31, 2009)

(Millions of yen)

Item	FY2008	FY2007 (Ref)	Item	FY2008	FY2007 (Ref)
(ASSETS)	294,746	254,261	(LIABILITIES)	176,426	121,859
CURRENT ASSETS	127,430	80,373	CURRENT LIABILITIES	75,216	83,315
Cash and deposits	60,060	3,349	Accounts payable - trade	14,616	27,638
Notes receivable - trade	12,732	9,097	Short-term loans payable	29,023	8,994
Accounts receivable - trade	26,265	46,377	Accounts payable - other	3,910	6,216
Finished goods	6,550	7,154	Income taxes payable	-	3,392
Work in process	742	864	Accrued expenses	1,101	1,657
Raw materials and supplies	2,147	2,290	CMS deposits	11,061	18,791
Short-term loans receivable	10,529	2,126	Provision for bonuses	2,240	3,851
Income taxes receivable	2,268	-	Provision for business structure improvement	877	-
Accounts receivables - other	3,241	5,945	Deposits received from employees	12,107	12,121
Deferred tax assets	2,201	2,417	Other	277	651
Other	1,093	1,040			
Allowance for doubtful accounts	(402)	(290)	NONCURRENT LIABILITIES	101,210	38,544
NONCURRENT ASSETS	167,315	173,888	Long-term loans payable	69,013	4,127
Property, plant and equipment	55,371	53,782	Provision for retirement benefits	30,272	32,593
Buildings	16,681	13,993	Provision for directors' retirement benefits	623	572
Structures	1,764	1,307	Other	1,301	1,250
Machinery and equipment	22,420	19,910			
Vehicles	212	251	(NET ASSETS)	118,320	132,401
Tools, furniture and fixtures	3,650	4,690	SHAREHOLDERS' EQUITY	108,451	114,460
Land	6,138	6,139	CAPITAL STOCK	23,335	23,335
Lease assets	29	-	CAPITAL SURPLUS	20,397	20,397
Construction in progress	4,473	7,489	Legal capital surplus	20,397	20,397
Intangible assets	54	57	RETAINED EARNINGS	64,859	70,867
Investments and other assets	111,890	120,048	Legal retained earnings	2,983	2,983
Investment securities	26,654	38,904	Other retained earnings	61,876	67,883
Stocks of subsidiaries and affiliates	49,612	49,707	Reserve for special depreciation	189	129
Investment in capital of subsidiaries and affiliates	11,258	11,258	Reserve for advanced depreciation of noncurrent assets	1,070	1,070
Long-term loans receivable	18,203	16,109	General reserve	54,100	46,600
Guarantee deposits	1,100	1,089	Retained earnings brought forward	6,516	20,083
Deferred tax assets	10,596	2,627	TREASURY STOCK	(141)	(139)
Other	1,163	1,283	VALUATION AND TRANSLATION ADJUSTMENTS	9,868	17,941
Allowance for investment loss	(4,627)	(195)	VALUATION DIFFERENCE ON AVAILABLE-FOR-SALE SECURITIES	9,868	17,941
Allowance for doubtful accounts	(2,071)	(736)			
TOTAL	294,746	254,261	TOTAL	294,746	254,261

Note: Figures are rounded down to the nearest million yen.

Statement of Income

(From April 1, 2008 to March 31, 2009)

(Millions of yen)

Item	FY2008		FY2007 (Reference)	
Net Sales		202,591		241,178
Cost of Sales		173,120		194,414
Gross Profit		29,471		46,763
Selling, General and Administrative Expenses		28,781		31,204
Operating Income		690		15,558
Non-operating Income				
Interest and dividends income	3,491		2,983	
Rent income	842		833	
Other	493	4,827	285	4,102
Non-operating Expenses				
Interest expenses	1,288		956	
Foreign exchange losses	364		-	
Provision of allowance for doubtful accounts	1,446		-	
Other	320	3,419	652	1,608
Ordinary Income		2,098		18,051
Extraordinary Income				
Gain on sale of noncurrent assets	35		9	
Gain on sale of investment securities	27		534	
Reversal of allowance for doubtful accounts	-	62	42	586
Extraordinary Loss				
Loss on retirement of noncurrent assets	618		124	
Loss on valuation of investment securities	906		-	
Provision of allowance for investment loss	4,432		-	
Provision for business structure improvement	877		-	
Other	145	6,980	6	131
Income (Loss) before Income Taxes		(4,819)		18,507
Income taxes - current	60		6,037	
Income taxes - deferred	(2,333)	(2,273)	1,022	7,059
Net Income (Loss)		(2,546)		11,447

Note: Figures are rounded down to the nearest million yen.

Statement of Changes in Net Assets

(From April 1, 2008 to March 31, 2009)

(Millions of yen)

	Shareholders' equity										
	Capital stock	Capital surplus		Legal retained earnings	Retained earnings					Treasury stock	Total shareholders' equity
		Legal capital surplus	Total capital surplus		Other retained earnings				Total retained earnings		
					Reserve for special depreciation	Reserve for advanced depreciation of noncurrent assets	General reserve	Retained earnings brought forward			
Beginning balance	23,335	20,397	20,397	2,983	129	1,070	46,600	20,083	70,867	(139)	114,460
Changes of items during the period											
Dividends from surplus								(3,461)	(3,461)		(3,461)
Provision of reserve for special depreciation					87			(87)	-		-
Reversal of reserve for special depreciation					(27)			27	-		-
Provision of general reserve							7,500	(7,500)	-		-
Net loss								(2,546)	(2,546)		(2,546)
Purchase of treasury stock										(1)	(1)
Net changes of items other than shareholders' equity											
Total changes during the period	-	-	-	-	59	-	7,500	(13,567)	(6,007)	(1)	(6,009)
Ending balance	23,335	20,397	20,397	2,983	189	1,070	54,100	6,516	64,859	(141)	108,451

	Valuation and translation adjustments		Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Beginning balance	17,941	17,941	132,401
Changes of items during the period			
Dividends from surplus			(3,461)
Provision of reserve for special depreciation			-
Reversal of reserve for special depreciation			-
Provision of general reserve			-
Net loss			(2,546)
Purchase of treasury stock			(1)
Net changes of items other than shareholders' equity	(8,072)	(8,072)	(8,072)
Total changes during the period	(8,072)	(8,072)	(14,081)
Ending balance	9,868	9,868	118,320

Note: Figures are rounded down to the nearest million yen.

Notes to Financial Statements

1. Significant accounting policies

- (1) Valuation criteria and methods for assets
 - (i) Valuation criteria and methods for securities that have been traded on the exchange and other investments
 - (a) Stocks and investments in subsidiaries and affiliates have been valued at cost based on the moving average method.
 - (b) Other securities
 - Those with market quotations
They are stated at market price based on the market price, etc. on the closing date (variance of the estimate is incorporated into the capital and the costs of products sold are determined by the moving average method).
 - Those without market quotations
They are stated at cost with the cost being determined by the moving average method.
 - (ii) Valuation criteria and methods for derivatives
They are stated at market price.
 - (iii) Valuation criteria and methods for inventories
 - (a) Finished goods and work in process
They are stated at cost with the cost being determined by the selling price reduction method (The book values in the balance sheet are calculated by the write-down method to reflect the decline of profitability).
 - (b) Raw materials and supplies
They are stated at cost with the cost being determined by the gross average method (The book values in the balance sheet are calculated by the write-down method to reflect the decline of profitability).
- (2) Method of depreciation of noncurrent assets
 - (i) Property, plant and equipment (excluding lease assets)
Depreciation is computed by the declining balance method.
 - (ii) Intangible assets (excluding lease assets)
Amortization is computed by the straight-line method.
 - (iii) Lease assets
Lease assets related to finance leases other than those deemed to transfer ownership of leased property to the lessee by the Company
Depreciation is calculated on the straight-line method over the lease period as the useful life and assuming no residual value.
Finance lease transactions not transferring ownership that commenced on or before March 31, 2008 are accounted for using the same accounting method as that applied to ordinary operating leases.
- (3) Accounting policies for allowances
 - (i) Allowance for doubtful accounts
To prepare for losses on bad debt, general claims are accounted using the loan loss ratio and doubtful claims are accounted as the expected unrecoverable amount taking into consideration of the recoverability of individual claims.
 - (ii) Allowance for investment losses
To prepare for losses due to significant drop in stocks in subsidiaries and affiliates, the necessary amounts are recorded in consideration of actual amounts as of the end of the current fiscal year.
 - (iii) Provision for bonuses
In order to prepare for the payment of employee bonuses, accrued bonuses based on the estimated amount of payment have been entered in the accounts.
 - (iv) Provision for retirement benefits
To provide for accrued employees' retirement benefits, the Company provides an allowance in the amount deemed to have accrued at the end of the current fiscal year based on estimated retirement benefits and pension assets. Prior service liabilities are treated as expenses in equal installments over a prescribed period of time (10 years) that is less than the average remaining period of employment for the employees in question. Differences arising from actuarial calculations are treated as expenses in equal installments over a prescribed period of time (10 years) that is less than the average remaining period of employment for the employees in question, beginning in the year following the fiscal year in which such calculations are made.
 - (v) Provision for directors' retirement benefits
To prepare for the payment of retirement benefits to directors and corporate auditors, the necessary amounts are recorded in accordance with internal regulations.
 - (vi) Provision for business structure improvement
To prepare for expenses and losses for restructuring the production system in order to particularly enhance the business structure, the Company has recorded a necessary allowance.
- (4) Accounting for consumption tax and other taxes
All amounts stated exclude consumption and other taxes.

(5) Changes in accounting policies

(i) Valuation criteria and methods for inventories

Effective from the fiscal year ended March 31, 2009, the Company adopted the “Accounting Standard for Measurement of Inventories” (ASBJ Statement No. 9, July 5, 2006).

The effect of this change on income was immaterial.

(ii) Accounting standards applied to lease transactions

Finance leases other than those deemed to transfer ownership of leased property to the lessee by the Company were previously treated as ordinary operating lease transactions for accounting purposes. Effective from the fiscal year ended March 31, 2009, the Company adopted the “Accounting Standard for Lease Transactions” (ASBJ Statement No. 13 [Business Accounting Council Committee No. 1, June 17, 1993; revised March 30, 2007]) and the “Guidance on Accounting Standard for Lease Transactions” (ASBJ Guidance No. 16 [The Japanese Institute of Certified Public Accountants (JICPA) Accounting Standard Committee, January 18, 1994; revised March 30, 2007]). Under the revised standard, such leases are treated as ordinary commercial transactions for accounting purposes.

The effect of this change on income was immaterial.

(6) Additional information

Changes in useful lives of property, plant and equipment

Through a revision of the Corporate Tax Law, useful life applicable to machinery and equipment were reviewed in keeping with the amendment of the Corporate Tax Law, and has been amended so that they are based on the Corporate Tax Law as amended from the fiscal year under review.

This change caused operating income and ordinary income to decrease ¥1,194 million, and loss before income taxes increased ¥1,194 million.

2. Notes regarding the balance sheet

(1) Accumulated depreciation of property, plant and equipment ¥97,005 million

(2) Liabilities for guarantees

The Company has offered to guarantee borrowings of subsidiaries and affiliates from financial institutions as follows

Vietnam NOK Co., Ltd. ¥2,622 million

Unimatec Singapore Pte., Ltd. ¥100 million

Unimatec Singapore Pte., Ltd. S\$35 million

(3) Notes receivable - trade discounted ¥313 million

(4) Notes receivable - trade transferred by endorsement ¥31 million

(5) Monetary claims or liabilities to subsidiaries and affiliates

Short-term claims ¥20,926 million

Long-term claims ¥12,221 million

Short-term liabilities ¥18,991 million

Long-term liabilities ¥93 million

3. Notes regarding the statement of income

Transactions with subsidiaries and affiliates

Sales to subsidiaries and affiliates ¥32,130 million

Purchases from subsidiaries and affiliates ¥116,345 million

Transactions with subsidiaries and affiliates other than business transactions ¥35,213 million

4. Notes regarding the statement of changes in net assets

Matters concerning the number of treasury stock shares

Type of shares	Number of shares at the end of the previous fiscal year	Increase in number of shares during the current fiscal year	Decrease in number of shares during the current fiscal year	Number of shares at the end of the current fiscal year
Common shares	73,630	1,574	-	75,204

Note: The increase in the number of treasury stock shares is due to the purchase of shares constituting less than one share-trading unit.

5. Tax effect accounting

(1) Breakdown of deferred tax assets/liabilities by cause

Deferred tax assets

Allowance for doubtful accounts	¥991 million	
Provision for bonuses	¥898 million	
Excess amount of depreciation	¥1,296 million	
Investment securities	¥1,039 million	
Allowance for investment loss	¥1,855 million	
Provision for retirement benefits	¥12,139 million	
Provision for directors' retirement benefits	¥250 million	
Provision for business structure improvement	¥351 million	
Amounts of loss carried forward	¥1,823 million	
Other	¥278 million	¥20,924 million
Valuation allowance		¥(851) million
Total deferred tax assets		¥20,073 million

Deferred tax liabilities

Accrued enterprise tax	¥(125) million	
Reserve for special depreciation	¥(126) million	
Reserve for advanced depreciation of noncurrent assets	¥(433) million	
Differences from other securities valuation	¥(6,591) million	¥(7,276) million
Net amount of deferred tax assets		¥12,797 million

(2) Breakdown of major adjustments that have caused differences between the prevailing statutory tax rate and the effective rate of income taxes after tax effect accounting is applied

As the Company posted a loss before income taxes for the current fiscal year, the explanation regarding this matter is omitted.

6. Notes regarding noncurrent assets used under lease contracts

Finance leases other than those deemed to transfer ownership of leased property to the lessee that commenced on or before March 31, 2008 are accounted for using the same accounting method as that applied to ordinary operating leases.

Finance leases other than those deemed to transfer ownership of leased property to the lessee

(1) Acquisition cost equivalent, cumulative depreciation equivalent, and term-end balance equivalent of leased property

(Millions of yen)

	Acquisition cost equivalent	Cumulative depreciation equivalent	Term-end balance equivalent
Tools, furniture and fixtures	412	271	141
Other	58	42	16
Total	471	313	157

Note: The acquisition cost equivalent is calculated by way of the interest-inclusive method since outstanding lease payments make up only a small percentage of the balance of tangible assets at the term-end.

(2) Equivalent balance of outstanding lease payments at the term-end

Within one year	¥95 million
Over one year	¥62 million
<hr/>	
Total	¥157 million

Note: The equivalent balance of outstanding lease payments at the term-end is calculated by way of the interest-inclusive method since outstanding lease payments make up only a small percentage of property, plant and equipment at the term-end.

(3) Lease payment, depreciation cost equivalent, and interest paid equivalent

Lease payment	¥115 million
Depreciation cost equivalent	¥115 million

(4) Method of calculating depreciation cost equivalent

The equivalent is calculated on the straight-line method over the lease period as the useful life and assuming no residual value.

7. Notes regarding transactions with related parties

(1) Subsidiaries and affiliates

Category	Subsidiary
Name	Unimatec Co., Ltd.
Location	Minato Ward, Tokyo
Capital or investment amount (¥ mil)	400
Type of business or occupation	Manufacture and sale of synthetic chemical products
Percentage of voting rights	Direct; 100%
Relationship with the Company	The Company sells products manufactured by the subsidiary
Transaction details	Loans
Transaction amount (¥ mil)	3,640
Item	Short-term loans
End-of-term balance (¥ mil)	4,084

(2) Board members and major individual shareholders

Category	The company whose board members, or their family members and other close relatives, own a majority of its voting rights
Name	Seiwa Jisho Co., Ltd.
Location	Minato Ward, Tokyo
Capital or investment amount (¥ mil)	120
Type of business or occupation	Real estate leasing
Percentage of voting rights	Direct ownership of NOK shares; 5.1%
Relationship with the Company	-
Transaction details	Rental of buildings
Transaction amount (¥ mil)	496
Item	-
End-of-term balance (¥ mil)	-

Notes: Terms and conditions of transactions and the decision-making policy therefor.

1. Loan amount has been determined in view of market interest rates.
2. The building rental fees have been determined in view of current market prices.

(Additional information)

The Company applies the “Accounting Standards for Disclosure of Related Parties” (ASBJ Statement No. 11, October 17, 2006), and the “Application Policies for Accounting Standards for Disclosure of Related Parties” (ASBJ Guidance No. 13, October 17, 2006) from the fiscal year under review.

There were no changes in scope of disclosure due to this application.

8. Notes regarding per-share information

(1) Net assets per share	¥683.68
(2) Net loss per share for the term	¥14.71

AUDIT REPORT

May 18, 2009

To: The Board of Directors
NOK CORPORATION

Nihombashi Corporation
Masahiko Kinoshita

Hitoshi Watanabe

Certified Public Accountants
Certified Public Accountant, Designated Partner,
Managing partner (Seal)
Certified Public Accountant, Designated Partner,
Managing Partner (Seal)

We have examined the Consolidated Balance Sheet, Consolidated Statement of Income, Consolidated Statement of Changes in Net Assets, and Notes regarding Consolidated Financial Statements of NOK Corporation for the consolidated fiscal year from April 1, 2008 to March 31, 2009, under the provisions of Article 444, Paragraph 4 of the Corporation Law. The Company is responsible for preparing the consolidated financial statements above, and we are responsible for presenting comments on them as an organization independent of the Company.

Our examinations were made in accordance with generally accepted auditing standards in Japan, which require us to provide the rational assurance that there are no important fallacies for the consolidated financial statements above. The audit, which is carried out based on a testing audit, includes the examination of total indication of consolidated financial statements, including the estimated evaluation conducted by the Company, accounting policies and their application method adopted by the Company. As a result of auditing, we established the rational basis for the presentation of our comments.

Following the implementation of examinations, we found that the above-mentioned consolidated financial statements present fairly all significant points of financial condition and operating results of the Corporate Group, consisting of NOK Corporation and its consolidated subsidiaries, for the fiscal year, in accordance with generally accepted financial accounting standards.

There is no conflict of interest between the Company and this incorporated accounting firm or its designated managing partners that requires mention here in accordance with provisions of the Certified Public Accountants Law.

AUDIT REPORT

May 18, 2009

To: The Board of Directors
NOK CORPORATION

Nihombashi Corporation	Certified Public Accountants
Masahiko Kinoshita	Certified Public Accountant, Designated Partner, Managing partner (Seal)
Hitoshi Watanabe	Certified Public Accountant, Designated Partner, Managing Partner (Seal)

We have examined the Balance Sheet, Statement of Income, Statement of Changes in Net Assets, Notes regarding Financial Statements, and supplementary statements by NOK Corporation for the 103rd term from April 1, 2008 to March 31, 2009, under the provisions of Article 436, Paragraph 2, Item 1 of the Corporation Law. The Company is responsible for preparing the aforementioned financial statements and supplementary statements, and we are responsible for presenting comments on them as an organization independent of the Company.

Our examinations were made in accordance with generally accepted auditing standards in Japan, which require us to provide the rational assurance that there are no important fallacies for the aforementioned financial statements. The audit, which is carried out based on a testing audit, includes the examination of total indication of financial statements and supplementary statements, including the estimated evaluation conducted by the Company, accounting policies and their application method adopted by the Company. As a result of auditing, we established the rational basis for the presentation of our comments.

Following the implementation of examinations, we found that the above-mentioned financial statements and supplementary statements present fairly all significant points of financial condition and operating results of the Company for the fiscal year, in accordance with generally accepted financial accounting standards.

There is no conflict of interest between the Company and this incorporated accounting firm or its designated managing partners that requires mention here in accordance with provisions of the Certified Public Accountants Law.

Audit Report

This Board of Corporate Auditors deliberated on the execution of duties by Directors during the 103rd term between April 1, 2008 and March 31, 2009, based on reports prepared by each of the Corporate Auditors, and pursuant to deliberation prepared this Audit Report. The Board reports as follows:

1. Method and Details of Auditing by Corporate Auditors and the Board of Corporate Auditors

The Board of Corporate Auditors established an audit policy and a responsibility-sharing policy, and obtained reports from each of the Corporate Auditors on the state of auditing and its results. In addition, the Board of Corporate Auditors obtained reports and, where necessary, sought explanations from Directors and independent auditors on the execution of their duties.

The Corporate Auditors have been engaged in communication with Directors, the internal audit department and other employees, collecting information and the promotion of improvement of the Company's auditing environment in accordance with the audit and responsibility-sharing policies in compliance with the auditing standards established by the Board of Corporate Auditors. The Corporate Auditors have also been attending Board of Directors meetings and other important meetings, obtaining reports from the Directors and employees on the execution of their duties, examining important authorization papers and related documents, and inspecting the state of business affairs and assets at the Company's head office and other major business locations. They have also been involved in inspecting and verifying the state of systems designed to ensure Directors' compliance in the execution of their duties with laws and regulations or with the Articles of Incorporation and the state of the system (internal control system) established based on resolutions decided by the Board of Directors under the provisions of Article 100, Paragraphs 1 and 3 of the Enforcement Regulations of the Corporation Law so as to ensure the appropriateness of corporate business activities. As for subsidiaries, Corporate Auditors have been promoting communication and information exchange among Directors and Corporate Auditors within the Company's subsidiaries, and have been receiving periodic reports on the state of their business activities. Based on the above method, the Board of Corporate Auditors has reviewed the Company's business report and accompanying statements.

Moreover, the Board of Corporate Auditors has been inspecting and verifying whether independent auditors are maintaining their independence and implementing proper auditing procedures. The Board of Corporate Auditors has also been receiving reports and, where necessary, explanations from them concerning their audits. The Board of Corporate Auditors has also been receiving notices from independent auditors to the effect that they have established "systems to ensure proper execution of duties" under the provisions of Article 131 of the Corporate Calculation Regulations, in accordance with "Quality Control Standards concerning Audit (October 28, 2005, Financial Accounting Standards Board)" and where necessary has been obtaining explanations from them. Based on the above method, the Board of Corporate Auditors has reviewed the financial documents for the fiscal year under review (balance sheet, statement of income, statement of changes in net assets, and notes regarding financial statements), supplementary statements, and consolidated financial documents (consolidated balance sheet, consolidated statement of income, and consolidated statement of changes in net assets, and notes regarding consolidated financial statements).

2. Results of Audit

(1) Results of audit of business report

Board of Corporate Auditors finds:

- (i) That the business report and the accompanying statements present in a fair manner the conditions of the Company in compliance with the laws and regulations and the Articles of Incorporation of the Company.
- (ii) That there are no unfair practices in the Directors' execution of their duties or any serious conditions that conflict with the laws and regulations or the Articles of Incorporation of the Company.
- (iii) That the Board of Director's decisions in regards to the internal control system are appropriate and that nothing in the Directors' execution of their duties related thereto needs to be addressed herein.

(2) Results of audit of the financial documents and the accompanying statements

Board of Corporate Auditors finds that the auditing methods of the independent auditors, Nihombashi Corporation, an incorporated accounting firm, and the results of their audit are appropriate.

(3) Results of audit of the consolidated financial documents

Board of Corporate Auditors finds that the auditing methods of the independent auditors, Nihombashi Corporation, an incorporated accounting firm, and the results of their audit are appropriate.

May 21, 2009

Board of Corporate Auditors, NOK CORPORATION

Kazuaki Motozato	Standing Corporate Auditor	(Seal)
Kiyoshi Shiga	Standing Corporate Auditor	(Seal)
Yasunari Unemura	Outside Corporate Auditor	(Seal)
Fumiaki Aono	Outside Corporate Auditor	(Seal)
Gen Kajitani	Outside Corporate Auditor	(Seal)

PRODUCT INTRODUCTION (REFERENCE)

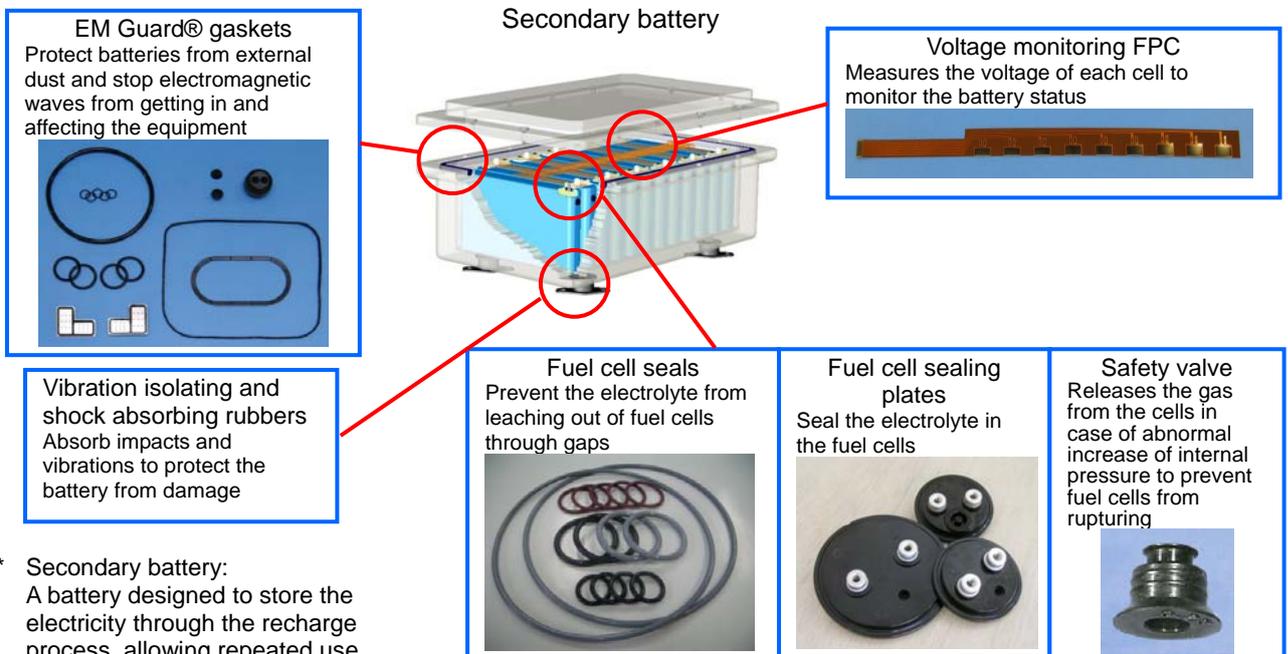
With the sharp increases in the prices of fossil fuels like crude oil and enhanced awareness of environmental conservation, ecologically friendly transportation in the form of hybrid vehicles and others and power generation systems that utilize new energy sources, like the sun and wind, have recently been in the limelight. Japan and many other countries have responded accordingly and deployed policies aimed at protecting the environment. There are high expectations that ecology-oriented technologies will not only contribute to environmental conservation but also trigger the recovery of the global economy.

The NOK Group is positively making utmost efforts to develop new products targeted for the protection of the environment and new technologies to reduce energy consumption, both of which are strongly expected to be areas of growing demand in the future.

Seal products for automotive secondary batteries*

With the jump in gasoline prices, there have been serious efforts to develop ecologically friendly means of transportation such as hybrid, electric, and fuel cell vehicles for wide-scale popularization. NOK manufactures and supplies secondary batteries such as nickel metal hydrate and lithium ion batteries, which will be used as power sources for these next-generation vehicles, and components used in the fuel cells.

NOK's seal products used in secondary batteries

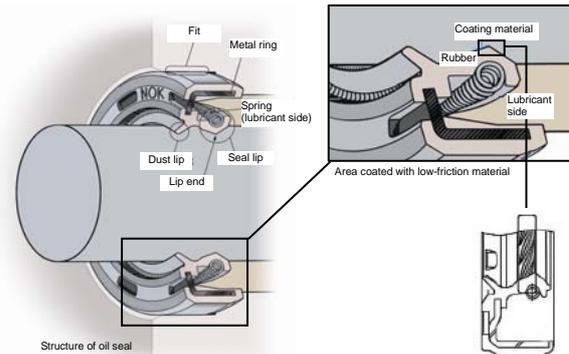


Enhancement of ecological performance through introduction of low-friction oil seals

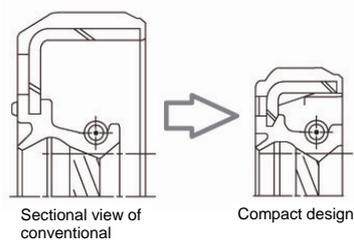
Oil seals are installed into mechanical systems such as engines to prevent lubricants from leaking through the gap on rotary or reciprocating shafts. These components are indispensable mechanical elements in machinery that needs to be lubricated.

In order to seal the lubricants effectively, oil seals must be closely mounted to the shaft to achieve a tight fit. Such a structural design, however, generates friction-induced energy loss between the seals and shaft. NOK's low-friction material coating and cross-section reduction technologies can minimize this energy loss without impairing the seal performance, contributing to improved fuel economy.

- **Low-friction material coating**
By coating the surface of the oil seal with a thin layer of low-friction, ultra-fine particulates, friction can be substantially reduced to consistently maintain energy conservation for a prolonged period.



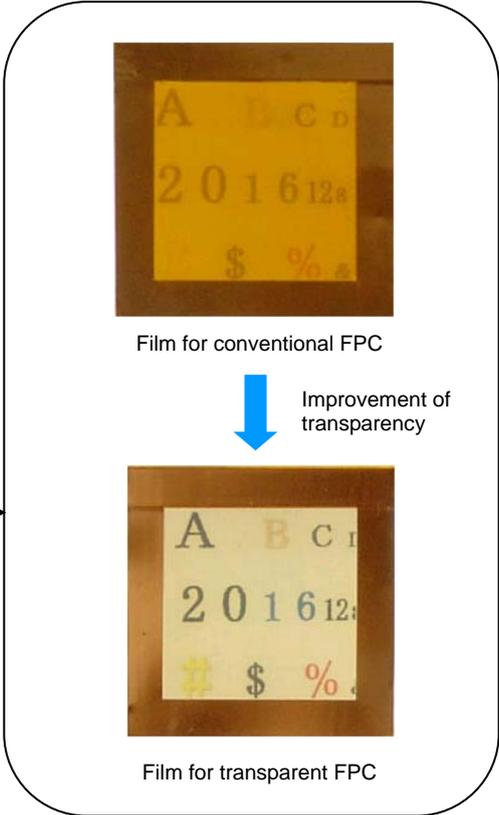
- **Cross-section reduction**
By reducing only the cross section of the seal lip without changing the sealing mechanism, friction can be minimized. This technology not only means a decrease in friction-induced energy loss but also facilitates a compact and lightweight design.



Transparent flexible printed circuit board

Nippon Mektron has developed a transparent flexible printed circuit board (FPC) that has four times the transparency of FPCs equipped with conventional amber films, without compromising the flexibility that is the characterizing feature of FPCs. The company is now developing completely transparent FPCs that will transmit more than 80 % of light in its final assembly including film and wiring.

These transparent FPCs make mobile phones composed of skeleton (transparent) electronic components possible. Because the illuminating light can easily pass through the FPCs, the electrical energy necessary to backlight mobile keypads can be cut. In addition, expanded applications are expected in other fields that need transparent devices like transparent displays and electronic paper.



* Electronic paper:
Electronic paper is a paper-like device that incorporates a thin electronic display element, such as a LCD, on which characters and information can be indicated. It is expected to replace books, magazines, and newspapers in the future.

MEMORANDUM FOR SHAREHOLDERS (REFERENCE)

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
Account management institution of special accounts	
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)
Public notice	The Nihon Keizai Shimbun
Trading unit	100 shares
Stock listing	Tokyo Stock Exchange 1st Section Abbreviation: NOK (Code 7240)

(Notes)

1. Since the enforcement of the electronic share certificate system, shareholders are required to process changes of address, requests for repurchase of fractional shares and other matters concerning shareholding in the Company through the account management institutions (securities companies, etc.) at which their accounts are held. Please note that the transfer agent (Mitsubishi UFJ Trust and Banking Corporation) 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.
3. The head office and branches of Mitsubishi UFJ Trust and Banking Corporation will process requests for the payment of unpaid dividends.

NOK CORPORATION