



104th Fiscal Term
Interim Business Report
April 1, 2009 to September 30, 2009

NOK CORPORATION

Top Message

TO OUR SHAREHOLDERS

We are pleased to report our business results for the interim period of the 104th term (April 1, 2009 to September 30, 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 interim period, the Group's net sales amounted to 177,317 million yen, down 32.1% year on year. The Group recorded an operating loss of 4,190 million yen, an ordinary loss of 6,123 million yen and a net loss of 7,581 million yen, as opposed to an operating income of 14,276 million yen, an ordinary income of 15,934 million yen and a net income of 9,726 million yen for the same period of the previous year. For details, please refer to "Business Overview."

As for the future outlook, uncertainties regarding the future of the global economy remain as the recession that began in the fall of 2008 continues. Although some signs of recovery have been observed as economic stimulus packages implemented by governments take effect, there are still concerns that the global economy will remain sluggish.

The conditions of the industries in which the Group's core businesses operate are as follows.

In the automotive industry, although car sales in Asia have shown some recovery, there are concerns about future decline as demand is expected to fall in line with the end of government policy measures to encourage new car purchase in several countries.

In the electronic equipment industry, while there has been some good news in terms of short-term demand due to various factors, including increased sales of thin screen TVs, buoyed domestically, among other things, by the government's Eco Point shopping incentive program, sluggish personal consumption remains a concern due to the bleak employment situation around the world.

In the business machine industry, businesses are expected to remain reluctant to put money into capital expenditure, and therefore there are concerns about a delay in the recovery of the demand for copiers, etc.

In this difficult management environment, we will promote a thorough reform of our business structure, seeking an early recovery of performance by steadily implementing the two-year reform plan for fiscal 2009 and 2010. For details, please refer to "Progress the Two-Year Program Plan."

With regard to the interim dividend for this six-month period, we have decided to set it at 5 yen per share.

Although our performance is expected to remain weak for some time due to the burden of business restructuring and other costs, we are earnest in our determination to endeavor to meet the expectations of our shareholders. We ask for your understanding of the current business climate and our management direction, as well as our commitment. The NOK Group greatly appreciates your continued support and guidance.

December 2009

Chairman of the board and President of NOK Corporation
Masato Tsuru

Business Overview

■ Overview of the Interim Period

During the interim period (April 1, 2009 to September 30, 2009), the Japanese economy remained in a severe condition amid the global recession since last autumn. In some segments, however, signs of recovery were observed as the government's economic stimulus package took effect.

As to the consolidated financial results, the Group recorded net sales of 177,317 million yen (down 32.1% compared with the same period of the previous term), an operating loss of 4,190 million yen (an operating income of 14,276 million yen in the same period of the previous term), an ordinary loss of 6,123 million yen (an ordinary income of 15,934 million yen in the same period of the previous term), and a net loss of 7,581 million yen (a net income of 9,726 million yen in the same period of the previous term).

Results by business segment are explained below.

● Sealing Business

The sales to manufacturers in the automotive industry decreased as global automotive production declined significantly in comparison with the same period of the previous year amid continued sluggish global demand for new cars, even though the production in China and Southeast Asia has picked up since this spring thanks to the policy measures to encourage the purchase of new cars adopted in some countries. The sales to construction machinery manufacturers also decreased as the production of construction machinery declined due to the cancellation and postponement of resource development projects around the world and infrastructure projects mainly in emerging economic countries.

As a result, the segment sales decreased by 32.9% year-on-year to 96,250 million yen. The segment recorded an operating loss of 3,582 million yen, with the impact of the decrease in sales overwhelming the effect of cost reduction efforts (an operating income of 9,985 million yen in the same period of the previous term).

● Flexible Printed Circuit (FPC) Business

The sales to manufacturers of electronic devices such as mobiles phones and digital still cameras decreased under the influence of shrinking demand around the world. The sales to hard disc drive manufacturers increased mainly due to increased demand for netbook PCs, after a rapid decrease in production in the early part of this year.

As a result, the segment sales decreased by 29.7% year-on-year to 63,453 million yen. The segment recorded an operating income of 1,017 million yen, a decrease of 76.0% year-on-year, with the effect of cost reduction efforts compensating negative factors such as currency fluctuation and price erosion.

● Roll Business

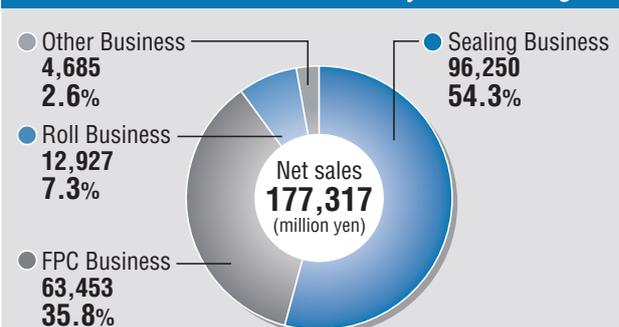
The sales to business machine manufacturers decreased as the global demand for business machines declined under the influence of businesses' reluctance toward capital expenditure amid sluggish economy. Inventory adjustment by manufacturers and the shrinkage in the after-sales market for copiers associated with increasing durability also pushed down the segment sales.

As a result, the segment sales decreased by 33.4% year-on-year to 12,927 million yen. The segment recorded an operating loss of 1,513 million yen, with the impact of the decrease in sales overwhelming the effect of cost reduction efforts (an operating loss of 280 million yen in the same period of the previous term).

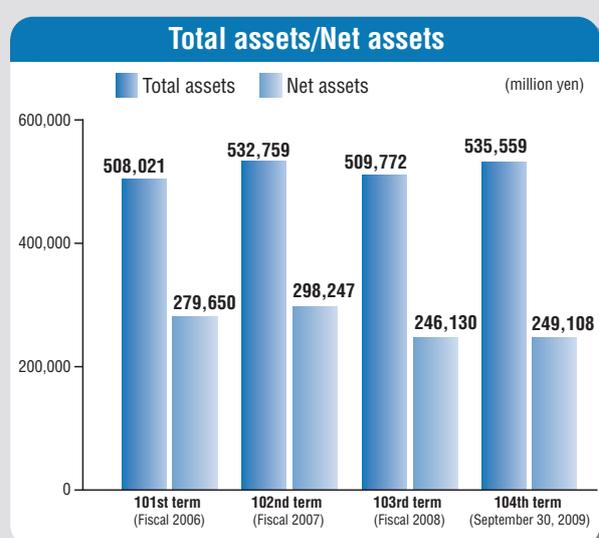
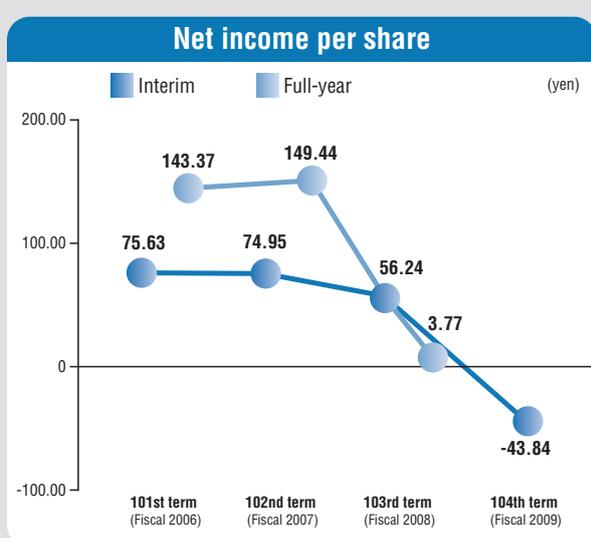
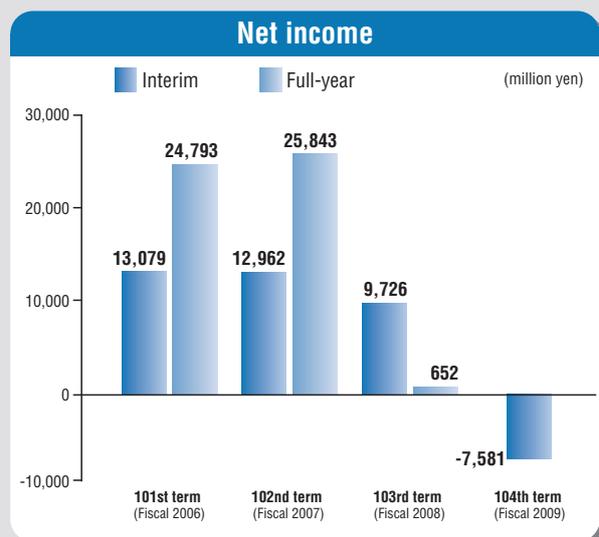
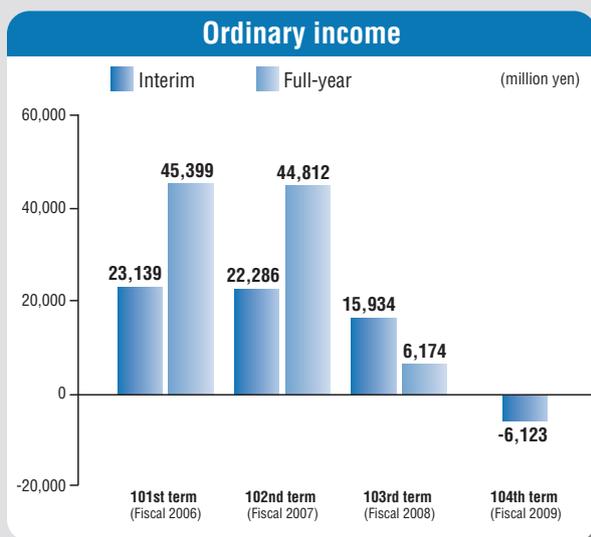
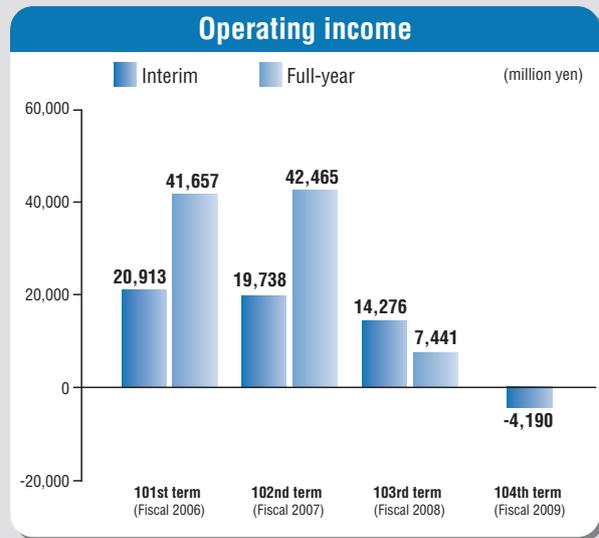
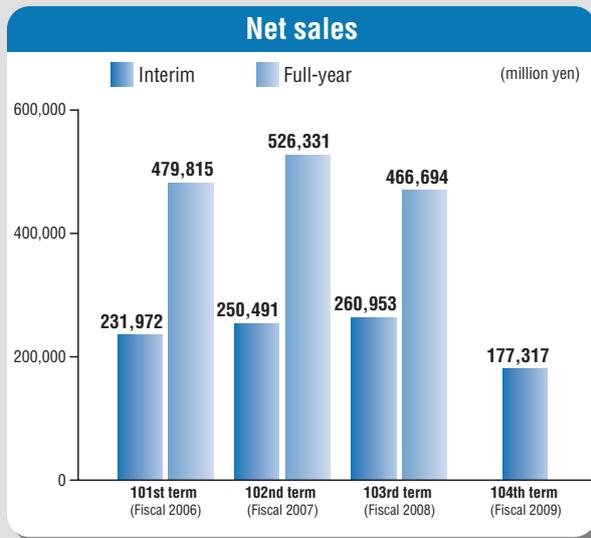
● Other Business

This segment, representing special lubricants and other products, recorded sales of 4,685 million yen, a decrease of 41.1% year-on-year, and an operating loss of 107 million yen (an operating income of 325 million yen in the same period of the previous term).

Breakdown of consolidated sales by business segment



Financial Highlights (Consolidated)



Special Report

■ Progress of the Two-Year Reform Plan

In order to address the recent rapid deterioration of the management environment in a timely manner, weather this difficult situation and achieve prosperity thereafter, we established a two-year reform plan that encompasses fiscal years 2009 and 2010, and we have been implementing various measures aimed at a thorough reform of the Group's business structure.

The basic policies of the plan and the current state for each policy are explained below.

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

(1) To significantly lower the break-even point

We have been proceeding with the consolidation and closure of factories in Japan and reorganization of Japanese and overseas subsidiaries to significantly reduce fixed costs.

We have also been promoting variable-cost reduction measures such as centralization of purchasing functions for purchasing materials and parts with more favorable prices and in-house processing of parts instead of purchasing them from outside sources.

(2) To improve cash flow (to restrict expenditure)

We have been promoting cash flow improvement measures such as refraining from capital expenditure and other investments and reducing inventories, in addition to cost reduction efforts.

(3) To enhance promotion of new products and development of new markets

As a short-term measure, we have been promoting the sale of product items that will have immediate effects in improving the earnings.

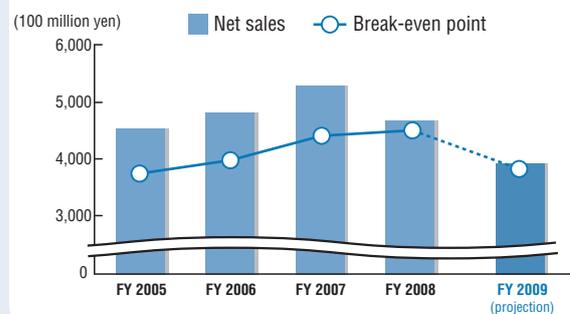
As a middle- to long-term measure, we have been concentrating our efforts in the development of new products that will contribute to environmental preservation and higher energy efficiency.

(4) To ensure safety, superior quality and environmental preservation

We have been continuing with our efforts to ensure safety, superior quality and environmental preservation, regarding them all as tasks of the highest priority among all management measures.

In addition, directors' and officers' compensation and employees' salaries are temporarily reduced to generate profit. Sharing pain in this way, we are all committed to achieving the goal of the two-year plan.

● Consolidated net sales and break-even point



The two-year reform plan has been implemented generally as scheduled, centering on measures to reduce fixed costs, and the break-even point has moved down steadily.

However, the current cost level has been achieved as a result of including emergency measures such as freezing new investment programs and reducing employees' salaries; it cannot be regarded as genuine financial strength of the Group.

Although there are signs of recovery in some segments of the economy, we are determined to further reinforce the Group's financial health by remaining vigilant and continuing cost reduction efforts.

Product Introduction

Sealing Parts Integrated with Flexible Printed Circuit Board (FPC) for Vehicle Electronic Devices

Automobiles have continued to evolve through the application of electronics to engine control, speed control, body control, and safety control. Thus, electronics is greatly expected to continue to play an important role in the future as well in the development of environmentally friendly hybrid electric vehicles and electrical vehicles. Furthermore, an increasing number of electronic devices and high-power electric components are expected to be used in these vehicles.

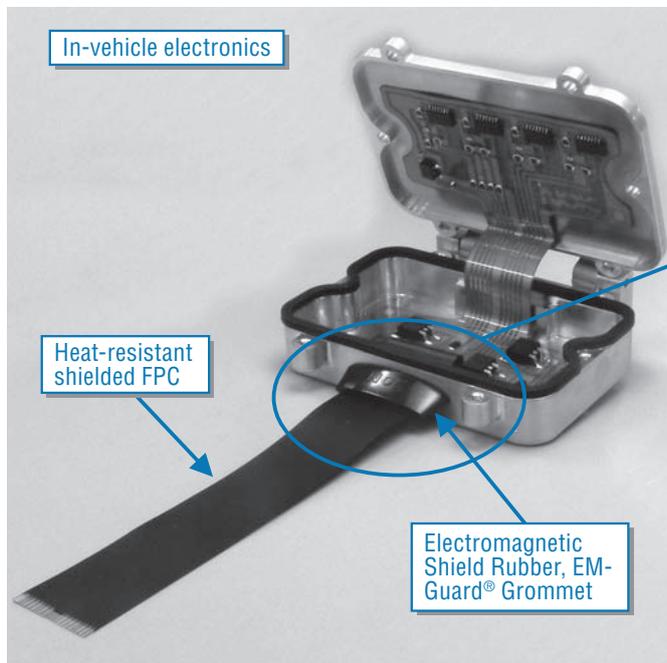
NOK has developed FPC-integrated sealing parts that enable small and lightweight in-vehicle electronic devices particularly for the electronic industry. NOK has also developed products that combine the sealing feature and the function that can shield the electromagnetic wave, which is a particular concern when expanding the use of high-power electric components.

NOK is determined to supply products that contribute to the fuel efficiency improvement, safety, and cost reduction of environmentally friendly vehicles.

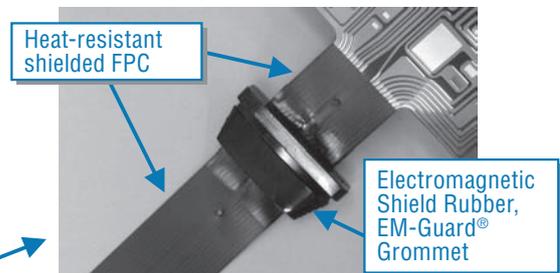
Features

- Reduced size and weight due to the application of FPC to electrical wiring and circuit boards
- No connectors because wires are directly drawn from electronic devices themselves (reduced size, number of components, and assembly man-hours)
- Application of Electromagnetic Shield Rubber, EM-Guard®* to sealing components as a protective measure against electromagnetic waves (A single component serves dual functions of sealing and electromagnetic shielding.)

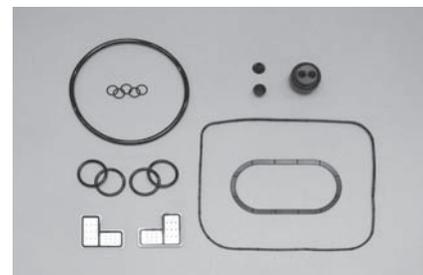
* ®: Registered trademark



Sealing parts integrated with flexible printed circuit board (FPC) for vehicle electronic devices (overall view)



Sealing parts integrated with flexible printed circuit board (FPC) for vehicle electronic devices (Enlarged view of grommet)



Electromagnetic Shield Rubber, EM-Guard®—various products

Corporate Data

■ Company Profile

(As of September 30, 2009)

Corporate Name	NOK CORPORATION
Head Office	1-12-15 Shiba Daimon, Minato-ku, Tokyo 105-8585, Japan Telephone: 03-3432-4211 Website: http://www.nok.co.jp
Established	December 2, 1939
Capital Stock	23,335 million yen
Number of Employees	3,522 (Group: 33,229)
Main Offices	Sendai, Utsunomiya, Kumagaya, Tokyo, Tama, Kanagawa, Hamamatsu, Anjo Daiichi, Anjo Daini, Nagoya, Osaka Daiichi, Osaka Daini, Hiroshima, Fukuoka
Branches	
Plants	Fukushima, Nihonmatsu, Shizuoka, Tokai, Tottori, Saga, Kumamoto
Research Center	Shonan Development Center (Fujisawa)

■ Directors, Corporate Auditors and Operating Officers

(As of September 30, 2009)

Directors	Masato Tsuru, Chairman of the Board and President Hideo Hatsuzawa, Representative Senior Managing Director Shigekazu Kokai, Senior Managing Director Takahito Yokouchi, Senior Managing Director Kiyoshi Doi, Senior Managing Director Tetsuji Tsuru, Director Toshifumi Kobayashi, Director Toshio Kawai, Director
Corporate Auditors	Kazuaki Motozato, Standing Auditor Kiyoshi Shiga, Standing Auditor Yasunari Unemura, Auditor Fumiaki Aono, Auditor Gen Kajitani, Auditor
Operating Officers	Jiro Iida, Senior Operating Officer Masaru Yasukage, Senior Operating Officer Yasuhiko Kuroki, Senior Operating Officer Akira Watanabe, Senior Operating Officer Sumitaka Kasai, Operating Officer Masaaki Amano, Operating Officer Atsunobu Tsuchiya, Operating Officer Yuichi Kuroki, Operating Officer Hidenori Goto, Operating Officer Yoshindo Masumoto, Operating Officer Yukio Yamazaki, Operating Officer Kunimatsu Hayashida, Operating Officer

■ Major Group Companies

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

Stock Information/Shareholder Information

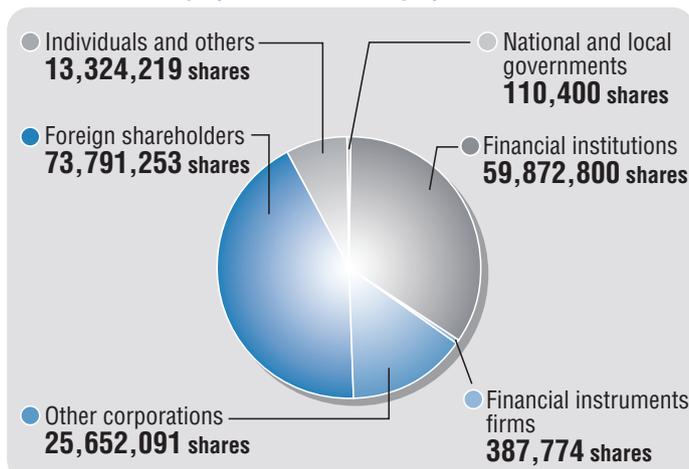
Stock

(As of September 30, 2009)

- Number of shares authorized to be issued 600,000,000 shares
- Number of shares in issue 173,138,537 shares
- Number of shareholders 11,329
- Major shareholders

Name	Number of shares held (thousands)	Percentage of shares in issue (%)
Freudenberg Beteiligungs-GmbH	43,457	25.1
Japan Trustee Services Bank, Ltd. (Trust account)	12,464	7.2
The Master Trust Bank of Japan, Ltd. (Trust account)	9,350	5.4
Seiwa Jisho Co., Ltd.	8,773	5.1
The Dai-ichi Mutual Life Insurance Company	8,000	4.6
Toyota Motor Corporation	6,809	3.9
NIPPONKOA Insurance Co., Ltd.	4,500	2.6
Sumitomo Mitsui Banking Corporation	4,270	2.5
CBNY - ORBIS SICAV	4,057	2.3
Japan Trustee Services Bank, Ltd. (Sumitomo Mitsui Banking Co. Retirement Payment Trust retrusted from Sumitomo Trust Banking Co., Ltd.)	3,000	1.7

Share ownership by shareholder category



Memorandum for Shareholders

- **Fiscal term** April 1 to March 31
- **Ordinary general meeting of shareholders** June
- **Record dates** For term-end dividend: March 31
For interim dividend: September 30
- **Transfer agent** Mitsubishi UFJ Trust and Banking Corporation
- **Administrator 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** Public notices of the Company shall be given electronically on its website (<http://www.nok.co.jp>); provided, however, that when electronic public notice cannot be made due to accidents or other unavoidable reasons, public notices of the Company shall be given by publication in the Nihon Keizai Shimbun.
- **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.