

NOK CORPORATION

**108th Fiscal Term
Interim Business Report**
April 1, 2013 to September 30, 2013

NOK



Masato Tsuru
Chairman of the Board and
President of NOK Corporation

We are pleased to report our business results for the interim period of the 108th term (April 1, 2013 to September 30, 2013). 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.

The business environment surrounding the NOK Group during this six-month period saw signs of recovery, including restored production and a growth trend in exports, as the yen progressively weakened on the back of the government's financial and economic policies.

Under these circumstances, the Group has promoted various measures with the aim of achieving further sustainable growth.

In this six-month period, the Group's net sales amounted to 275,297 million yen, up 5.5% year on year. The Group recorded an operating income of 8,910 million yen, down 37.0% year on year; ordinary income of 14,515 million yen, up 1.7% year on year; and a net income of 7,337 million yen, down 10.4% year on year.

Looking forward, we expect the gradual recovery to continue into the second half. On the other hand, factors including uncertainty of the economic effects of Abenomics and the impact of the rise in consumption tax, as well as the slowdown in the Chinese economy are sources of concern.

In the seal business, issues such as the rise in personnel costs in China and Southeast Asia as well as intensified competition from overseas competitors represent major challenges. In order to address such challenges, we intend to make efforts to improve the efficiency of our production system by constructing new factories at production subsidiaries both in and outside of Japan, among other measures. For specific efforts that

are being planned, please refer to "Topics" mentioned later in the report.

In the electronic device product business, there is an urgent need to address the decline in product sales prices stemming from intensified competition as well as the increase in demand volatility, etc. The Group will seek to improve margins through a rise in yield at the time of new mass production launches as well as by expanding the use of products in tablet terminals in addition to smartphones, which had been the driver of business expansion.

Sales in the roll business were sluggish due to changes in the environment including advancing technology of business machines and contraction of the replacement parts market due to a rise in durability. However, the Group succeeded in posting a profit in this six-month period by implementing business structure reforms. We will seek to retain profitability and improve earnings by making further efforts to expand sales.

While strengthening the bases of our conventional businesses by addressing these issues, we will strive to develop and expand sales of products in new fields such as fuel cells and the robot industry.

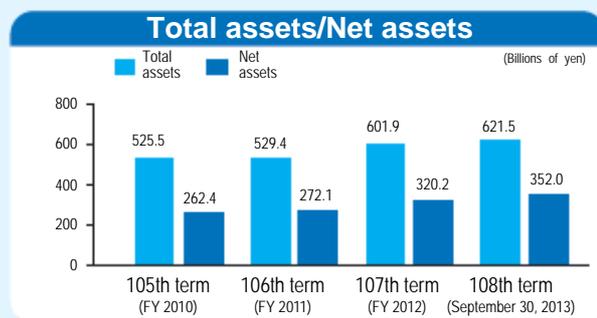
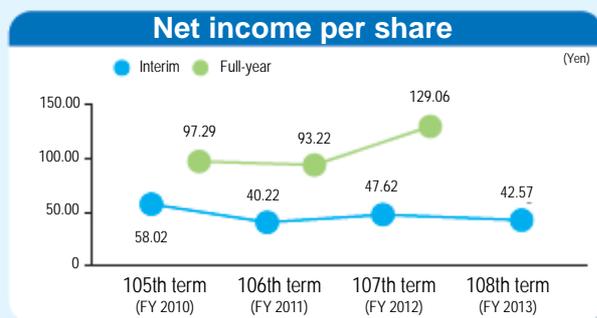
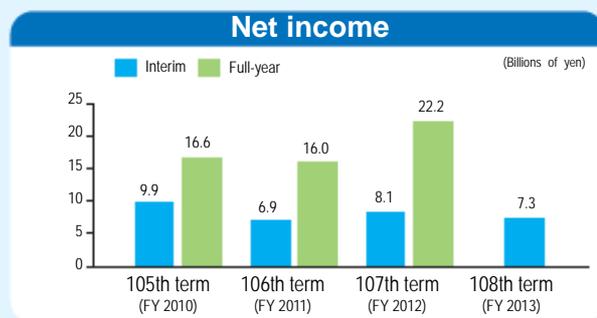
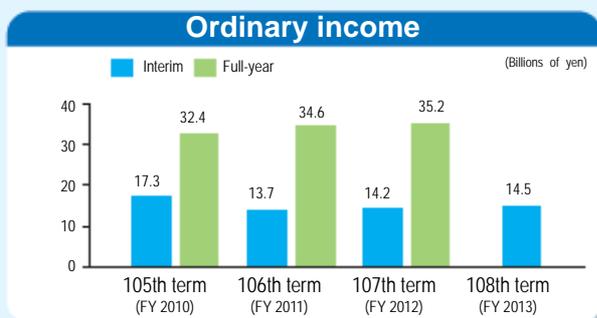
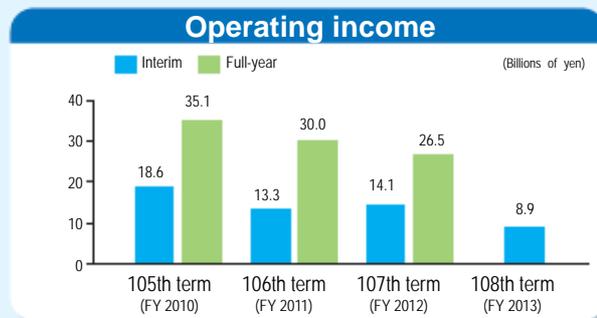
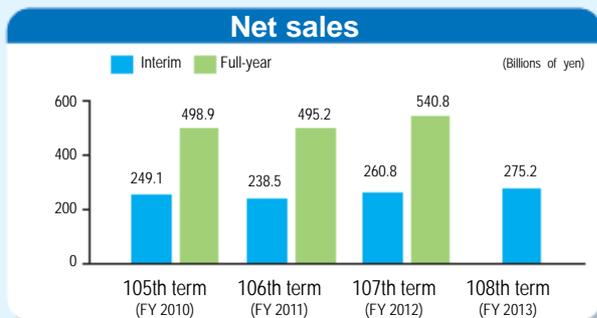
By forcefully promoting these measures, the entire Group will work together in order to achieve sustainable growth.

With regard to the interim dividend for this six-month period, we have decided to set it at 10 yen per share.

We are earnest in our determination to endeavor to meet the expectations of our shareholders. We ask for your understanding of the current business climate and our management direction, as well as our commitment. The NOK Group greatly appreciates your continued support and guidance.

December 2013

Financial Highlight (Consolidated)



Business Overview

● Seal business

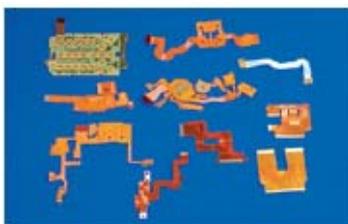
Sales to automobile manufacturers increased on the back of robust vehicle production in the U.S. and Southeast Asia despite a drop in demand in Japan due to the termination of the government subsidy for eco-friendly car purchases. Sales to manufacturers of general industrial machinery also climbed, underpinned by factors such as the recovery in demand for construction machinery in China. As a result, net sales ended at 139,923 million yen (up 6.2% year on year). Operating income totaled 12,979 million yen (up 9.0 % year on year) due to increased revenue despite increases in personnel and other costs from operations in emerging nations.



Oil seals

● Electronic device product business

Sales increased on the back of favorable exchange rate fluctuations despite sluggish sales for digital cameras and hard disc drives as well as a slowdown in demand from smartphone manufacturers. As a result, net sales improved to 115,898 million yen (up 6.4% year on year). An operating loss of 5,179 million yen was posted (compared with an operating income of 1,744 million yen in the same period last year) due to a decrease in production volume despite favorable exchange rate fluctuations.



Flexible printed circuits (FPC)

● Roll business

Sales dropped owing to a decline in demand for monochrome printers and copiers and a slump in demand for replacement parts for copiers due to a rise in durability. As a result, net sales fell to 13,910 million yen (down 1.0% year on year). Operating income increased to 742 million yen (up 543.5% year on year) owing to a reduction in expenses such as personnel costs due to execution of business structure reforms.



Development rollers, charge rollers

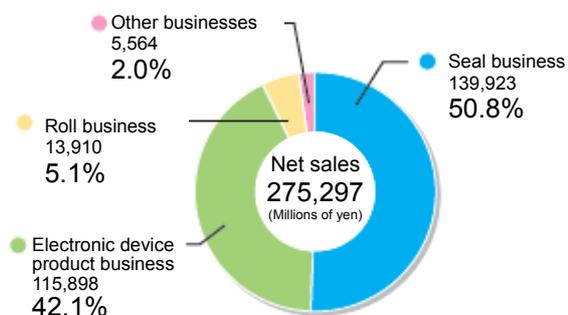
● Other businesses

In other businesses including specialty lubricants, net sales dropped to 5,564 million yen (down 10.2% year on year). Operating income fell to 334 million yen (down 5.8% year on year) owing to decreased revenue.



Special lubricants

Breakdown of net sales by business segment (consolidated)



Topics

The NOK Group is aggressively promoting enhancement of our global production system by constructing new factories at production subsidiaries in and outside of Japan, among other measures, in order to address the increasing demand for products in Japan and abroad.

New factory at Isohara Poly Urethane Kogyo Co., Ltd.

A new factory (total area: 8,690 m²) has been completed at subsidiary Isohara Poly Urethane Kogyo Co., Ltd., which manufactures industrial belts, traffic signs, safety devices and post cones.

The new factory possesses excellent strength with regards to earthquake-resistance as a result of lessons learned from the Great East Japan Earthquake.

Due to completion of the new factory, the Group will seek to strengthen competitiveness through improved efficiency by consolidating the production bases of urethane products.



● Isohara Poly Urethane Kogyo Co., Ltd. (Kita-Ibaraki, Ibaraki prefecture)

New factory at Wuxi NOK-Freudenberg Oilseal Co., Ltd.

A new factory began operations at Wuxi NOK-Freudenberg Oilseal Co., Ltd., our base of production in China for seal products.

With a total area of 29,266 m², the new factory is one of the largest in the NOK Group.

As the core of our China presence, we will develop a production system for various seal products so as to quickly respond to customer needs in China, where the market is expected to expand due to growth in motorization.



● Wuxi NOK-Freudenberg Oilseal Co., Ltd. (Wuxi, Jiangsu province, China)



Corporate Data

Company Profile

(As of September 30, 2013)

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	3,098 (Group: 47,286)						
Main Offices	<table> <tr> <td>Branches</td> <td>Sendai, Mito, Utsunomiya, Kumagaya, Tokyo, Matsumoto, Tama, Kanagawa, Fuji, Hamamatsu, Anjo Daiichi, Anjo Daini, Nagoya, Osaka Daiichi, Osaka Daini, Hiroshima, Fukuoka</td> </tr> <tr> <td>Plants</td> <td>Fukushima, Nihonmatsu, Kitaibaraki, Shizuoka, Tottori, Kumamoto</td> </tr> <tr> <td>Research Centers</td> <td>Shonan Development Center (Fujisawa) NOK Tokai R&D Center for Membrane Technology (Tokai)</td> </tr> </table>	Branches	Sendai, Mito, Utsunomiya, Kumagaya, Tokyo, Matsumoto, Tama, Kanagawa, Fuji, Hamamatsu, Anjo Daiichi, Anjo Daini, Nagoya, Osaka Daiichi, Osaka Daini, Hiroshima, Fukuoka	Plants	Fukushima, Nihonmatsu, Kitaibaraki, Shizuoka, Tottori, Kumamoto	Research Centers	Shonan Development Center (Fujisawa) NOK Tokai R&D Center for Membrane Technology (Tokai)
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Research Centers	Shonan Development Center (Fujisawa) NOK Tokai R&D Center for Membrane Technology (Tokai)						

Directors, Corporate Auditors and Operating Officers

(As of September 30, 2013)

Directors	Masato Tsuru, Chairman of the Board and President Takahito Yokouchi, Senior Managing Director Kiyoshi Doi, Senior Managing Director Jiro Iida, Senior Managing Director Yasuhiko Kuroki, Senior Managing Director Akira Watanabe, Senior Managing Director Tetsuji Tsuru, Director Toshifumi Kobayashi, Director
Corporate Auditors	Kazuaki Motozato, Full-time Auditor Kiyoshi Shiga, Full-time Auditor Gen Kajitani, Auditor Eizou Kawarada, Auditor Osamu Kobayashi, Auditor
Operating Officers	Masaru Yasukage, Senior Operating Officer Shinji Nagasawa, Senior Operating Officer Atsunobu Tsuchiya, Operating Officer Yuichi Kuroki, Operating Officer Yoshindo Masumoto, Operating Officer Yukio Yamazaki, Operating Officer Masao Murayama, Operating Officer Kazuhiro Ohashi, Operating Officer Yasuhiro Shimokawa, Operating Officer Kazuhiko Fujimoto, Operating Officer Shinichi Sawaki, Operating Officer Takeomi Yano, Operating Officer Hiroshi Yamashita, Operating Officer Tsuayoshi Yanagimoto, Operating Officer Nobuyuki Kobayashi, Operating Officer Yoshihiro Sugaya, Operating Officer Atsushi Yoshida, Operating Officer

Major Group Companies

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

Stock Information

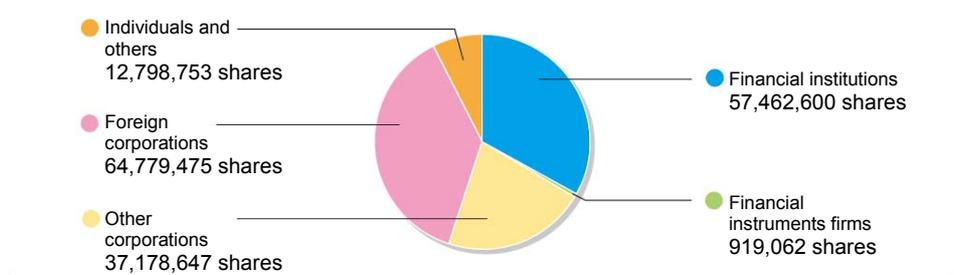
Stock

(As of September 30, 2013)

- Total number of shares authorized to be issued.....600,000,000 shares
- Total number of shares in issue.....173,138,537 shares
- Number of shareholders..... 10,062
- Major shareholders

Shareholder	Number of shares held (thousands)	% of shares outstanding
Freudenberg S.E.	43,457	25.1
Seiwa Jisho Co., Ltd.	8,773	5.1
The Dai-ichi Life Insurance Company, Limited	8,000	4.6
Japan Trustee Services Bank, Ltd. (Trust account)	7,631	4.4
Toyota Motor Corporation	6,809	3.9
The Master Trust Bank of Japan, Ltd. (Trust account)	5,939	3.4
National Mutual Insurance Federation of Agricultural Cooperatives (Zenkyoren)	5,190	3.0
Japan Trustee Services Bank, Ltd. (Trust account 9)	4,508	2.6
Sumitomo Mitsui Banking Corporation	4,270	2.5
NIPPON KOA Insurance Co., Ltd.	3,780	2.2

Share ownership by shareholder category



Shareholder Information

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)

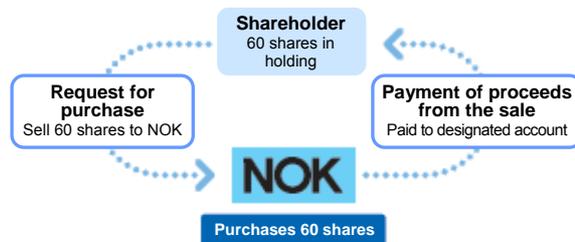
(Notes)

- Change of address, etc.
 - Shareholders are required to process changes of address and other matters concerning their shareholding in the Company through the account management institutions (securities companies, etc.) at which their accounts are held. Please contact your account management institution for details. The transfer agent will not process these matters.
 - 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.
- Unpaid dividends
The head office and branches of Mitsubishi UFJ Trust and Banking Corporation will process requests for the payment of unpaid dividends.

Information on the request for purchase of fractional shares—investors who hold fractional shares constituting less than one trading unit (100 shares)—

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

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



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This document adopts a universal design font that is easy to read and reduces the risk of misreading.