



110th Fiscal Term
Interim Business Report

April 1, 2015 to September 30, 2015

NOK CORPORATION



TOP MESSAGE

To Our Shareholders



Masato Tsuru
Chairman of the Board and
President of NOK Corporation

We are pleased to report our business results for the interim period of the 110th term (April 1, 2015 to September 30, 2015). 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 basis of producing low-cost original products—backed by technology—which are useful to society, and selling them at reasonable prices all over the world.

With regard to the business environment surrounding the NOK Group during this six-month period, the Japanese economy remained on a gradual recovery trend, as economic measures including public investment and capital expenditure showed robustness, while weakness remained in consumer spending. Overseas, the Chinese economy continued to slow down while the U.S. economy remained robust.

Under these circumstances, the Group has promoted various measures with the aim of achieving sustainable growth with an eye toward the future.

In this six-month period, the Group's net sales amounted to 383,590 million yen, up 22.2% year on year. The Group recorded an operating income of 29,317 million yen, up 14.7% year on year; ordinary income of 34,325 million yen, up 11.2% year on year; and profit attributable to owners of parent of 23,569 million yen, up 25.9% year on year.

Looking forward, although we expect the gradual recovery of the Japanese economy to continue, the outlook is unpredictable due to uncertainties such as the slowdown in the growth of the Chinese economy and sluggish economic growth in emerging markets.

In the seal business, vehicle production is expected to grow on the back of robust demand for automobiles in the North American market, despite expectations of a decrease in Japan. Since competition from overseas competitors is expected to intensify, we intend to continue to make concerted efforts in the sales, production and technology divisions to improve the efficiency of our production system through initiatives such as sales expansion, manpower-saving and automation as well as optimal production location and local production for local consumption, in addition to quality improvements.

In the electronic device product business, while demand for smartphones and wearable devices is expected to grow, a decline in product sales prices stemming from intensified competition as well as an increase in demand volatility, etc. have become pressing issues. In order to address these concerns, the Group will seek to expand sales of products for automobiles and other new uses.

Sales in the roll business are expected to be sluggish due to structural changes in office machines and environmental changes such as contraction of the replacement parts market due to acceleration in durability. In order to address the expected drop in sales, the Group will make efforts to expand sales outside of office machines and seek to raise profitability by further improving management efficiency.

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

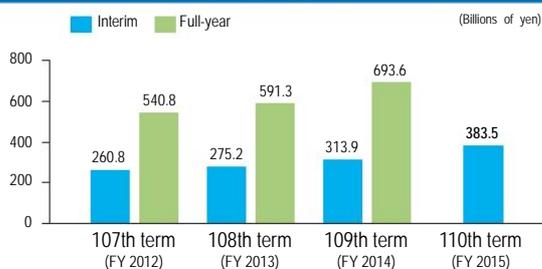
With regard to the interim dividend for this six-month period, we have decided to set it at 25 yen per share.

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.

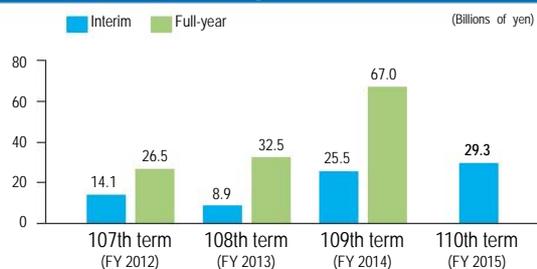
December 2015

FINANCIAL HIGHLIGHT (CONSOLIDATED)

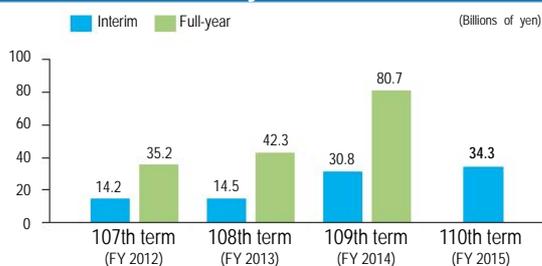
Net sales



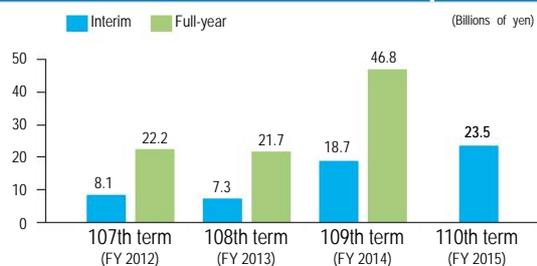
Operating income



Ordinary income



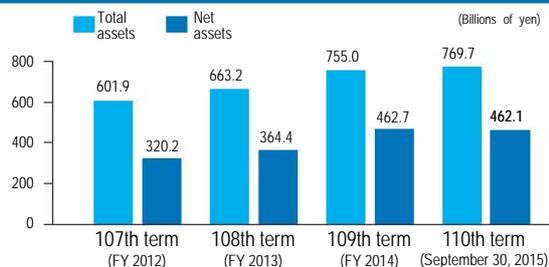
Profit attributable to owners of parent



Net income per share



Total assets/Net assets



BUSINESS OVERVIEW

<div data-bbox="167 436 359 616"> <p>Breakdown of net sales 38.2%</p> </div> <div data-bbox="391 436 774 481"> <h3>Seal business</h3> </div> <div data-bbox="391 504 774 638"> <p>■ Net sales 146,594 million yen Year on year growth rate 0.2% ↗</p> <p>■ Operating income 14,278 million yen Year on year growth rate 9.2% ↘</p> </div> <div data-bbox="167 660 406 1030"> <p>Sales to automobile manufacturers increased due to increased demand in North America and the impact of favorable exchange rate fluctuations, although the recovery from the drop in demand due to the impact of the light vehicle tax hike in Japan was slow. However, sales to manufacturers of general industrial machinery decreased due to a drop in demand for construction machinery and the slowdown of the Chinese economy.</p> </div> <div data-bbox="422 660 774 884"> <p>Oil seals</p> </div> <div data-bbox="167 1030 774 1137"> <p>As a result, net sales ended at 146,594 million yen (up 0.2% year on year). Operating income totaled 14,278 million yen (down 9.2% year on year) due to increases in personnel costs in emerging countries and in depreciation and other costs.</p> </div>	<div data-bbox="805 436 997 616"> <p>Breakdown of net sales 3.9%</p> </div> <div data-bbox="1029 436 1412 481"> <h3>Roll business</h3> </div> <div data-bbox="1029 504 1412 638"> <p>■ Net sales 14,782 million yen Year on year growth rate 0.3% ↘</p> <p>■ Operating income 919 million yen Year on year growth rate 25.4% ↘</p> </div> <div data-bbox="805 660 1061 739"> <p>Sales decreased due to a slump in order intake for printers and copiers.</p> </div> <div data-bbox="805 739 1061 985"> <p>As a result, net sales decreased to 14,782 million yen (down 0.3% year on year). Operating income was 919 million yen (down 25.4% year on year) due to increases in personnel and other costs in emerging countries in addition to the slump in sales.</p> </div> <div data-bbox="1077 660 1428 918"> <p>Development rollers, charge rollers</p> </div>
<div data-bbox="167 1153 359 1332"> <p>Breakdown of net sales 56.4%</p> </div> <div data-bbox="391 1153 774 1198"> <h3>Electronic device product business</h3> </div> <div data-bbox="391 1220 774 1355"> <p>■ Net sales 216,167 million yen Year on year growth rate 47.0% ↗</p> <p>■ Operating income 13,749 million yen Year on year growth rate 68.7% ↗</p> </div> <div data-bbox="167 1377 406 1556"> <p>Sales rose on the back of increased demand for smartphones and automobiles in addition to the impact of favorable exchange rate fluctuations.</p> </div> <div data-bbox="422 1377 774 1601"> <p>Flexible printed circuits (FPC)</p> </div> <div data-bbox="167 1556 774 1740"> <p>As a result, net sales improved to 216,167 million yen (up 47.0% year on year). Operating income climbed to 13,749 million yen (up 68.7% year on year) due to increased sales, reduced costs, and the impact of favorable exchange rate fluctuations.</p> </div>	<div data-bbox="805 1153 997 1332"> <p>Breakdown of net sales 1.6%</p> </div> <div data-bbox="1029 1153 1412 1198"> <h3>Other businesses</h3> </div> <div data-bbox="1029 1220 1412 1355"> <p>■ Net sales 6,046 million yen Year on year growth rate 4.7% ↗</p> <p>■ Operating income 328 million yen Year on year growth rate 23.7% ↘</p> </div> <div data-bbox="805 1377 1061 1612"> <p>In other businesses, including specialty lubricants, net sales improved to 6,046 million yen (up 4.7% year on year), while operating income dropped to 328 million yen (down 23.7% year on year).</p> </div> <div data-bbox="1077 1377 1428 1646"> <p>Specialty lubricants</p> </div>

NOK in the food area

—Products of the NOK Group that protect the safety and quality of food—



In addition to parts for automobiles and electronic devices, the NOK Group's technologies are also used in the food industry. Products such as rubber with antibacterial and mold inhibiting functions, and heat-resistant materials with odor preventing effects enable the addition of new features to conventional seal products, etc. As such, products of the NOK Group are widely used in the food area as well—mainly in food and beverage manufacturing equipment. We intend to continue to meet the needs of various industries by taking advantage of our unique technologies.



Antibacterial and mold-inhibiting rubber

With high antibacterial and mold inhibiting functions, these rubber products are used in various fields such as medical, welfare and consumer electronics, in addition to food manufacturing equipment.

Examples of use



Also, bulbs and IC tags, etc.

Antibacterial and mold inhibiting performance evaluation (examples)

	NOK's antibacterial, mold inhibiting rubber	General rubber
Antibacterial performance (JIS Z 2801)*1		
E. Coli E. Coli/ml	Not detected (Antibacterial potency of 5 or more)	1 × 10⁵
Mold inhibiting performance (JIS Z 2911)*2	Growth level 0 (SIAA standard association)	Growth level 1

*1 Fungus-containing liquid that was in contact with the rubber sheet for 24 hours was grown on nutrient agar.

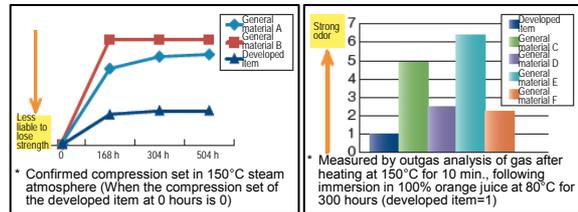
*2 The Growth level of mycelium after 4-week cultivation

Ferrule gaskets for food and beverage machines

These are used in beverage manufacturing lines and high-temperature vapor washing equipment as a seal material that is steam resistant and anti-odorant.



Steam resistant and anti-odorant performance



O-ring for use in water

The longer-lasting O-rings are resistant to high temperatures and high-density chlorine, and are used in water heaters, etc.

High-temperature and chlorine-water resistance



CORPORATE DATA

Company Profile

(As of September 30, 2015)

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	3,126 (Group: 51,381)						
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 (Fujsawa) 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 (Fujsawa) NOK Tokai R&D Center for Membrane Technology (Tokai)
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Plants	Fukushima, Nihonmatsu, Kitaibaraki, Shizuoka, Tottori, Kumamoto						
Research Centers	Shonan Development Center (Fujsawa) NOK Tokai R&D Center for Membrane Technology (Tokai)						

Directors, Corporate Auditors and Operating Officers

(As of September 30, 2015)

Directors	Masato Tsuru, Chairman of the Board and President 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 Kensaku Hogen, Director (outside)
Corporate Auditors	Kazuaki Motozato, Standing Auditor Kiyoshi Shiga, Standing Auditor Gen Kajitani, Auditor (outside) Eizou Kawarada, Auditor (outside) Osamu Kobayashi, Auditor (outside)
Operating Officers	Shinji Nagasawa, Senior Operating Officer Shinichi Sawaki, Senior Operating Officer Takeomi Yano, Senior Operating Officer Tetsuya Nakamura, 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 Kazuhiko Fujimoto, Operating Officer Hiroshi Yamashita, Operating Officer Tsuyoshi Yanagimoto, Operating Officer Nobuyuki Kobayashi, Operating Officer Yoshihiro Sugaya, Operating Officer Noriyuki Takahashi, Operating Officer Shoji Hinomoto, Operating Officer Masanobu Kobayashi, Operating Officer Tomio Nakayama, Operating Officer

Major Group Companies

Seal business Main products: Oil seals O-rings Vibration controls Resin products Gaskets Chemical products Mechanical seals	Unimatec Co., Ltd. (Kitaibaraki City, Ibaraki Pref.) NOK Elastomers Processing Co., Ltd. (Kama City, Fukuoka Pref.) Fugaku Koki Co., Ltd. (Kikugawa City, Shizuoka Pref.) Saga Seal Industry Co., Ltd. (Ureshino City, Saga Pref.) Thai NOK Co., Ltd. (Chonburi, Thailand) Wuxi NOK-Freudenberg Oilseal Co., Ltd. (Wuxi, Jiangsu, China) NOK Asia Co., Pte. Ltd. (Singapore) Kansai NOK Hanbai Co., Ltd. (Osaka City, Osaka Pref.) NOK-Freudenberg Group Sales (China) Co., Ltd. (Shanghai, China)	EDP business Main products: Flexible printed circuits Precision components	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) Mektec Precision Component (Thailand) Ltd. (Ayuttaya, Thailand) Mektec Corporation (Hong Kong) Ltd. (Hong Kong, China)	Roll business Main products: Rubber rolls for office equipment	SYNZTEC Co., Ltd. (Yokosuka City, Kanagawa Pref.) Kuki Roll Industry Co., Ltd. (Kuki City, Saitama Pref.) SYNZTEC VIETNAM CO., LTD. (Haiphong City, Vietnam) SYNZTEC (Hong Kong) Co., Ltd. (Hong Kong, China)	Other businesses Main products: Specialty lubricants etc.	NOK Klueber Co., Ltd. (Kitaibaraki City, Ibaraki Pref.)
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STOCK INFORMATION

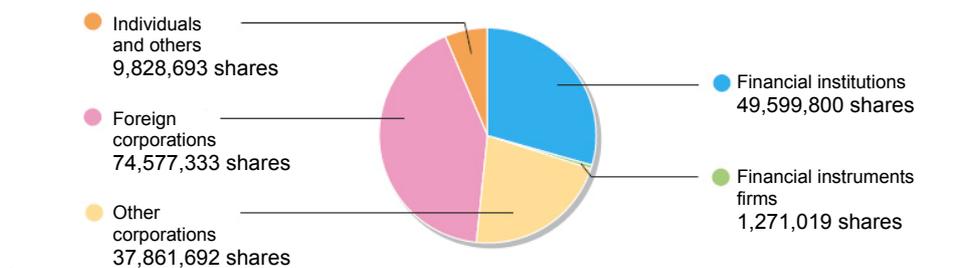
Stock

(As of September 30, 2015)

- Total number of shares authorized to be issued600,000,000 shares
- Total number of shares in issue173,138,537 shares
- Number of shareholders8,415
- 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, Ltd.	8,000	4.6
Japan Trustee Services Bank, Ltd. (Trust account)	7,178	4.1
Toyota Motor Corp.	6,809	3.9
National Mutual Insurance Federation of Agricultural Cooperatives	5,190	3.0
Sumitomo Mitsui Banking Corp.	4,270	2.5
The Master Trust Bank of Japan, Ltd. (Trust account)	3,914	2.3
Sompo Japan Nipponkoa Insurance Inc.	3,571	2.1
Japan Trustee Services Bank, Ltd. (Sumitomo Mitsui Trust Bank, Ltd. Reentrustment Portion and Sumitomo Mitsui Banking Corp. Retirement Allowance Trust Account)	3,000	1.7

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. For the details about the processing of matters concerning such shares, please contact Mitsubishi UFJ Trust and Banking Corporation. 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.

NOK website

Our website includes financial results and various other information to facilitate the further understanding of NOK.

<http://www.nok.co.jp/ir/>



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.

NOK CORPORATION



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