



Business Report
for the 111th Term

From April 1, 2016 to March 31, 2017

NOK CORPORATION

(Securities Code No. 7240)

Reference Materials attached to Notice of the
111th Annual Shareholders' Meeting



To Our Shareholders



Chairman of the Board
and President

Masato Tsuru

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The following is available on our website at <http://www.nok.co.jp> posted under the provisions of laws and regulations and Article 14 of the Articles of Incorporation of NOK CORPORATION (the "Company").

- (i) "System for Ensuring Propriety of Operations" in Business Report
- (ii) "Consolidated Statement of Changes in Net Assets" and "Notes to Consolidated Financial Statements" in the Consolidated Financial Statements
- (iii) "Statement of Changes in Net Assets" and "Notes to Financial Statements" in the Financial Statements

We would like to express our sincere thanks for your loyal patronage.

We would appreciate it if you could confirm the business report on the operations and results for the 111th term of the NOK Group (April 1, 2016 to March 31, 2017).

Recognizing the importance of achieving the basic management policy of establishing a highly profitable and strong corporate group by "producing low-cost original products—backed by technology—which are useful to society, and selling them at reasonable prices all over the world," the NOK Group develops business management based on this policy.

In the consolidated business results for the fiscal year ended March 31, 2017, net sales were 713,138 million yen (down 4.4% from the previous fiscal year).

In profit and loss, operating income was 39,776 million yen (down 17.6% from the previous fiscal year) and ordinary income was 45,709 million yen (down 14.9% from the previous fiscal year). Profit attributable to owners of parent was 27,328 million yen (down 9.1% from the previous fiscal year).

During the current fiscal year, Japan's economy remained on a recovery path due to the effects of economic stimulus measures, including public investments, and an upward trend in capital expenditure. In overseas markets, there was a pause in the slowdown of China's economy, while the U.S. economy remained similarly robust.

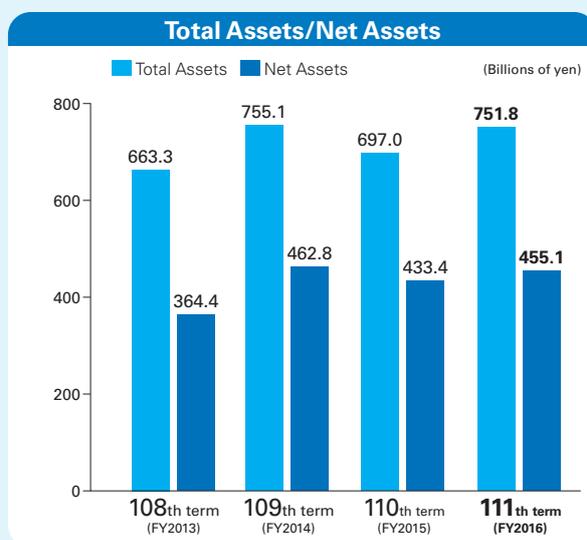
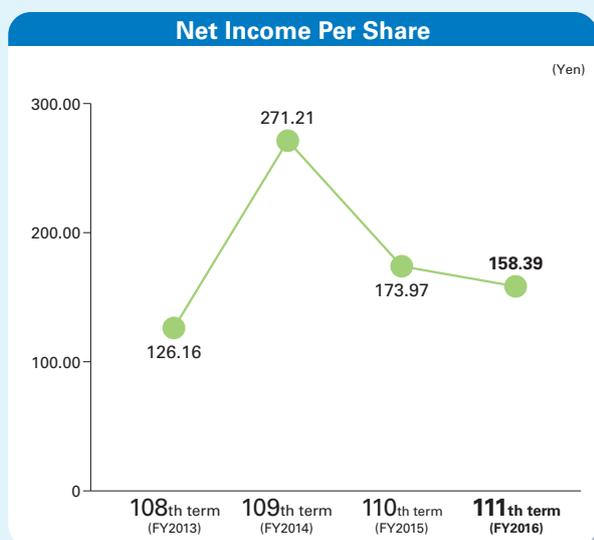
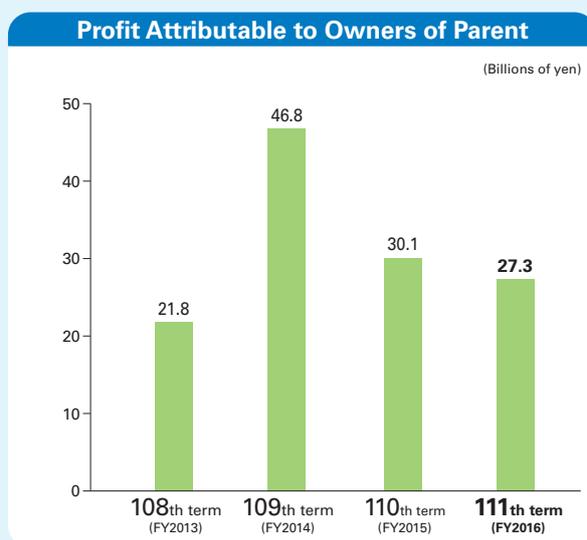
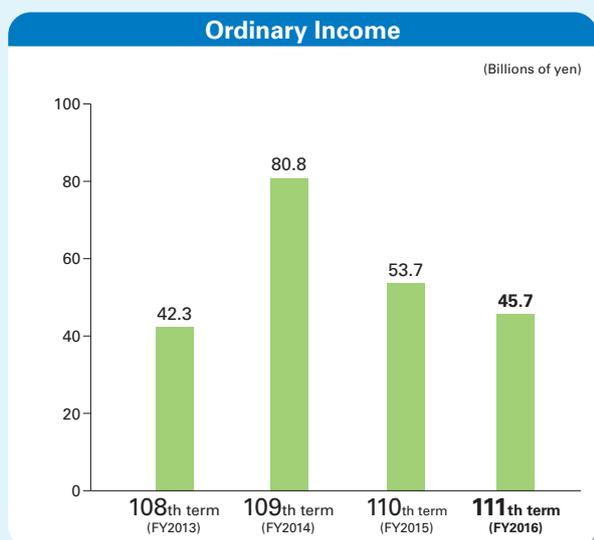
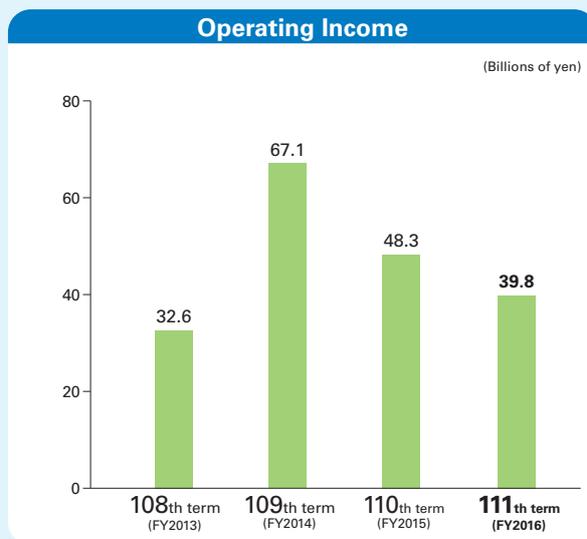
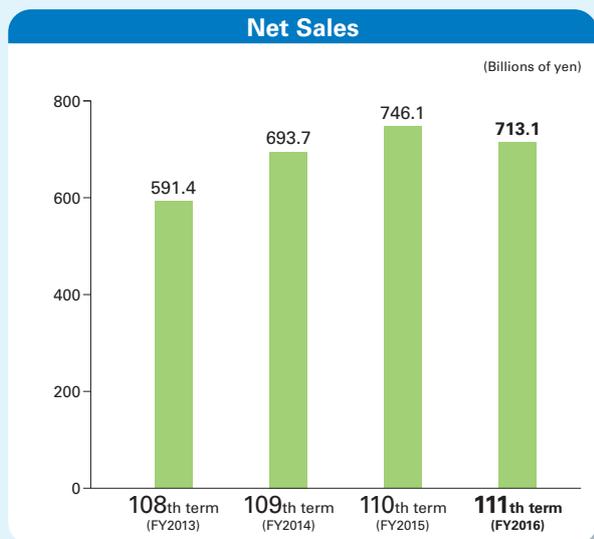
Under such circumstances, the NOK Group's net sales decreased due to a decline in sales of the Electronic Device Product business, despite a sales increase in the Seal business. Having recognized that stabilizing sales is the biggest challenge of the NOK Group, we diligently promote a set of countermeasures incorporated into the three-year plan launched in the current fiscal year.

For details, please refer to the "Business Report" mentioned below.

We would like to ask a favor of each shareholder to have a deep understanding of the business environment surrounding the NOK Group, management direction and our determination. We also ask you for your further support and cooperation.

June 2017

Financial Highlights (Consolidated)



(Note) Amounts described in Financial Highlights (Consolidated) are rounded off to the nearest described point.

1. Current Status of the NOK Group

(1) Business Overview

(i) Business conditions and results

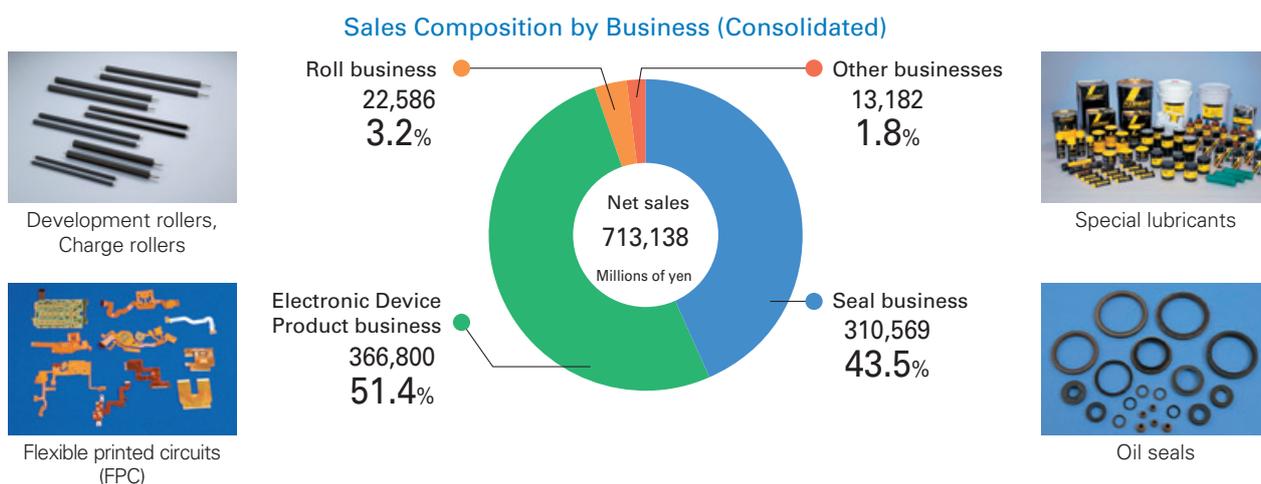
With regard to the operating environment surrounding the NOK Group during the current consolidated fiscal year, the Japanese economy remained on a gradual recovery trend as capital expenditures and economic measures, including public investments, increased. In the overseas market, the slowdown of the Chinese economy paused, while the U.S. economy similarly remained robust.

In the automobile industry, domestic demand recovered due to the launch of new models, despite the temporary suspension of automobile production in the aftermath of the Kumamoto earthquakes. In the overseas market, demand remained robust in North America, while China also saw growth in demand, reflecting the favorable impact of tax breaks on light vehicles.

In the electronic equipment industry, demand for hard disc drives, digital cameras, and tablet terminals decreased. Smartphones faced deceleration in growth despite increased demand.

In the office machine industry, demand for printers decreased and demand for multifunction copiers/printers remained flat.

Under these circumstances, the operating results of the NOK Group by business segment were as follows:



■ Results of the Business Activities by Business Segment

Seal business

Sales to automobile applications grew due to a recovery in demand in Japan as well as an uptick in overseas demand, including in North America and China. Sales to manufacturers of general industrial machinery increased on the back of a recovery in demand from construction machinery manufacturers.

As a result, net sales were 310,569 million yen (up 4.9% year on year). Operating income totaled 37,132 million yen (up 14.1% year on year) due to increased sales.

Electronic Device Product business

Sales declined due to a drop in sales to smartphone applications and unfavorable exchange rate movements, although sales to automobile applications were strong.

As a result, net sales were 366,800 million yen (down 10.5% year on year). Operating income was 631 million yen (down 95.4% year on year) due to reduced sales, changes to our product lineup, increased depreciation costs and unfavorable exchange rate movements.

Roll business

Sales declined due to a drop in demand for printers.

As a result, net sales stood at 22,586 million yen (down 18.1% year on year). Operating income declined to 818 million yen (down 32.4% year on year) due to lower sales.

Other businesses

In other businesses including special lubricants, net sales improved to 13,182 million yen (up 4.2% year on year), while operating income was 1,103 million yen (up 46.1% year on year).

In summary, the NOK Group's operating results for the current consolidated fiscal year were as follows: Net sales totaled 713,138 million yen (down 4.4% year on year); operating income dropped to 39,776 million yen (down 17.6% year on year); ordinary income amounted to 45,709 million yen (down 14.9% year on year); and profit attributable to owners of parent decreased to 27,328 million yen (down 9.1% year on year).

(ii) Capital investment and fund procurement

The NOK Group made capital investments of 65,135 million yen in total (up 6.1% from the previous fiscal year) mainly for increasing production capacities in Japan, China and Southeast Asian countries.

These investments were financed by our own funds.

(2) Issues to be Addressed by the NOK Group

The future operating environment surrounding the NOK Group is likely to see a slow recovery in Japan as consumer spending enters a gradual recovery trend and economic measures and capital expenditures, including public investment, remain strong. The overseas environment is likely to be increasingly uncertain due to concerns over the outlook of the Chinese economy, despite a pause in its slowdown, as well as the U.K.'s exit from the E.U. and protectionist diplomatic policies of the U.S., despite continued robustness of the U.S. economy.

In the seal business, we expect vehicle demand to see a minor decrease in Japan and the U.S., while there is concern of slowed growth in China due to a reaction to the last-minute demand prior to the reduction of small car tax cuts. Since competition from Japanese and overseas competitors is projected to intensify, we will make efforts across sales, production and technology divisions to increase sales and improve the efficiency of our production system based on the concepts of optimum production location, and will continue to make efforts to improve quality.

In the electronic device product business, issues such as stagnant demand due to a slowdown in the growth of smartphone market and a drop in the number of units of hard disc drives, a drop in product selling prices on the back of intensified competition and increased seasonal fluctuation of demand have become more serious. In order to address such concerns, we will expand sales of products for automobiles and for new usages, as well as make efforts to improve the efficiency of our production system through automation of production processes.

In the roll business, sales are expected to decline due to a slowdown in growth in the office machinery market and a drop in product prices on the back of intensified competition. We therefore intend to seek increased profitability by making efforts across sales and technology divisions to improve competitiveness and expand sales, and by further promoting management efficiency.

While addressing such challenges, the NOK Group formulated a new three-year plan (from fiscal 2017 to fiscal 2019), which we are implementing in an effort to achieve sustainable growth and development towards the future, by focusing on establishing business continuity management (BCM) in response to the damage inflicted by last year's Kumamoto earthquakes, appropriate management of the ever-expanding overseas business, further improvement in quality, development of new products and the fostering of personnel involved in these endeavors.

The NOK Group intends to make efforts across the group based on the following initiatives:

[Slogan]

"Reinforcing Business Structure for Sustainable Growth"

[Initiatives]

1. Building well-balanced customer mix
—Targeting sales expansion and new business creation
2. Achieving sustainable unrivalled quality
3. Establishing practical and effective BCM
4. Implementing management spirit that respects human dignity
—Fostering vibrant people and workplace

(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	108th term (FY2013)	109th term (FY2014)	110th term (FY2015)	111th term (FY2016)
Net Sales	591,388	693,689	746,147	713,138
Operating Income	32,586	67,085	48,258	39,776
Ordinary Income	42,313	80,776	53,727	45,709
Profit Attributable to Owners of Parent	21,757	46,813	30,053	27,328
Net Income Per Share (Yen)	126.16	271.21	173.97	158.39
Total Assets	663,265	755,084	696,989	751,797
Net Assets	364,411	462,754	433,404	455,111

- In the 108th term (FY2013), net sales increased, due mainly to strong overseas production of automobiles and robust demand for smartphones. Regarding profit and loss, operating income and ordinary income increased due to the positive effects of increased sales. However, profit attributable to owners of parent decreased due to the recording of an extraordinary loss for the Company's expected contribution following a recall by a client.
- In the 109th term (FY2014), net sales increased, due mainly to strong demand for smartphones and increased demand for automobiles in North America and China. Profits increased due to the increase in net sales and cost reduction.
- In the 110th term (FY2015), net sales increased, due mainly to demand growth for smartphones and favorable fluctuations of exchange rates. On the other hand, profits decreased due primarily to changes in product mix and increases in personnel and other expenses.
- As for the business performance in the 111th term (FY2016), 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	108th term (FY2013)	109th term (FY2014)	110th term (FY2015)	111th term (FY2016)
Net Sales	243,646	245,546	239,329	256,404
Operating Income	14,687	17,345	15,243	16,857
Ordinary Income	17,438	22,108	25,043	26,386
Net Income	8,461	15,294	21,239	19,813
Net Income Per Share (Yen)	49.02	88.48	122.88	114.77
Total Assets	297,649	332,429	323,284	348,588
Net Assets	144,566	170,534	169,600	192,174

- In the 108th term (FY2013), owing to increased demand based on gradual economic recovery, sales for the automobile industry and sales to manufacturers of general industrial machinery were firm, leading to increased revenue. In terms of profits, the effect of increased revenues together with efforts to constrain fixed costs enabled profit growth. An extraordinary loss was recorded for the Company's expected contribution following a recall by a client.
- In the 109th term (FY2014), net sales increased slightly due to strong sales to customers in the automobile industry as consumption fell only to a limited degree as a result of the consumption tax hike. Regarding profit and loss, we achieved profit increases due to our efforts to cut fixed costs and a decline in depreciation resulting from a change in the depreciation method implemented from the 109th term (FY2014). The Company's operating income and ordinary income marked record highs.
- In the 110th term (FY2015), net sales decreased, due to the impact of a slow recovery from the drop in demand in Japan following the light vehicle tax hike, as well as the effects of a decrease in demand for construction machinery in Japan and slowdown of the Chinese economy. Profits increased as a result of a substantial increase in dividends income from subsidiaries. In addition, both ordinary income and net income marked record highs.
- In the 111th term (FY2016), owing to increased demand based on gradual economic recovery, sales for the automobile industry and sales to manufacturers of general industrial machinery were firm, leading to increased revenue, despite damage to some of our facilities by the Kumamoto Earthquake at the beginning of the term. Similarly, profits grew mainly due to a revenue increase. Ordinary income reached a record high.

(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)	RMB238,071,000	- % (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% (1.3)	Manufacture and sale of mechanical seals, etc.
Electronic Device Product business	Nippon Mektron, Ltd.	¥5,000 million	100.0%	Manufacture and sale of electronic parts
	Mektec Corporation (Taiwan)	NT\$367,312,000	- % (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)	RMB431,678,000	- % (97.0)	Manufacture and sale of electronic parts
	Mektec Manufacturing Corporation (Suzhou) Ltd. (China)	RMB420,334,000	- % (93.0)	Manufacture and sale of electronic parts
Roll business	SYNZTEC Co., Ltd.	¥350 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

Notes:

1. The numbers in parentheses in the column "Investment ratio" show the capital ratio which the Company's subsidiaries hold.
2. There are 92 consolidated subsidiaries and 23 equity method affiliates (including the aforementioned 12 major subsidiaries and affiliates).

(ii) 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, 2017)

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
Electronic Device Product business	Flexible circuits and precision components
Roll business	Roll products for office equipment
Other businesses	Special lubricants and others

Note: The "Electronic Device Product business" will be renamed the "Electronic Components business" in the 112th Term.

(6) Major Business Offices and Factories (as of March 31, 2017)

(i) The Company

Name	Location	Name	Location
Head Office	Minato Ward, Tokyo	Nagoya Branch	Nagoya City, Aichi Pref.
Sendai Branch	Sendai City, Miyagi Pref.	Osaka Branch 1	Osaka City, Osaka
Mito Branch	Mito City, Ibaraki Pref.	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.
Matsumoto Branch	Matsumoto City, Nagano Pref.	Nihonmatsu Plant	Nihonmatsu City, Fukushima Pref.
Tama Branch	Kawasaki City, Kanagawa Pref.	Kita Ibaraki Plant	Kita Ibaraki City, Ibaraki Pref.
Kanagawa Branch	Atsugi City, Kanagawa Pref.	Shizuoka Plant	Makinohara City, Shizuoka Pref.
Fuji Branch	Fuji City, Shizuoka Pref.	Tottori Plant	Saihaku-gun, Tottori Pref.
Hamamatsu Branch	Hamamatsu City, Shizuoka Pref.	Kumamoto Plant	Aso City, Kumamoto Pref.
Anjo Branch 1	Anjo City, Aichi Pref.	Shonan Development Center (Fujisawa Plant)	Fujisawa City, Kanagawa Pref.
Anjo Branch 2	Anjo City, Aichi Pref.	Tokai R&D Center for Membrane Technology (Tokai Plant)	Kikugawa City, Shizuoka Pref.

(ii) Subsidiaries

	Company	Business place	Location
Seal business	Unimatec Co., Ltd.	Kita Ibaraki Plant	Kita Ibaraki City, Ibaraki Pref.
	NOK Elastomers Processing Co., Ltd.	Head office and factory	Kama City, Fukuoka Pref.
	Fugaku Koki Co., Ltd.	Head office and factory	Kikugawa City, Shizuoka Pref.
	Saga Seal Industry Co., Ltd.	Head office and factory	Ureshino City, Saga Pref.
	Thai NOK Co., Ltd.	Head office and factory	Chonburi, Thailand
	Wuxi NOK-Freudenberg Oilseal Co., Ltd.	Head office and factory	Wuxi City, Jiangsu, China
	NOK Asia Co., Pte. Ltd.	Head office	Singapore
	Kansai NOK Hanbai Co., Ltd.	Head office and sales office	Osaka City, Osaka
	NOK-Freudenberg Group Sales (China) Co., Ltd.	Head office and sales office	Shanghai City, China
Electronic Device Product business	Nippon Mektron, Ltd.	Head office Tokyo Branch Osaka Branch Minami Ibaraki Plant Ushiku 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	Kaohsiung City, Taiwan
	Mektec Manufacturing Corporation (Thailand) Ltd.	Head office and factory	Ayutthaya, 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 Precision Component (Thailand) Ltd.	Head office and factory	Ayutthaya, Thailand
	Mektec Corporation (Hong Kong) Ltd.	Head office and sales office	Hong Kong, China
Roll business	SYNZTEC Co., Ltd.	Yokosuka office	Yokosuka City, Kanagawa Pref.
	Kuki Roll Industry Co., Ltd.	Head office and factory	Kuki City, Saitama Pref.
	SYNZTEC (Vietnam) Co., Ltd.	Head office and factory	Haiphong City, Vietnam
	SYNZTEC (Hong Kong) Co., Ltd.	Head office and sales office	Hong Kong, China
Other businesses	NOK Klüber Co., Ltd.	Kita Ibaraki Plant	Kita Ibaraki City, Ibaraki Pref.

(7) Employee Status (as of March 31, 2017)

(i) Employment of the NOK Group

Number of employees	Change from the end of previous term
48,181 (4,057)	+1,312 (-1,474)

Note: The number of employees refers to the number of people employed 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
3,143 (431)	+58 (+7)	39.7 years old	17.5 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, 2017)

Lenders	Borrowings (Millions of yen)
Sumitomo Mitsui Banking Corp.	28,896
Mizuho Bank, Ltd.	17,827
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	17,184
Mitsubishi UFJ Trust and Banking Corporation	1,760
The Dai-ichi Life Insurance Company, Ltd.	1,315
Sumitomo Mitsui Trust Bank, Ltd.	1,300

2. Outline of the Company

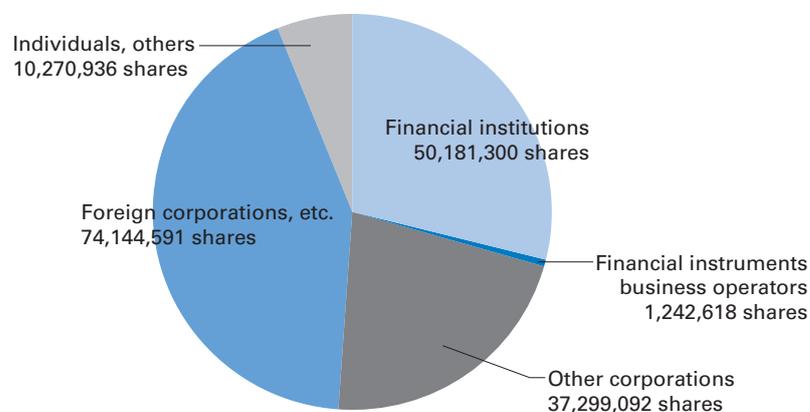
(1) Status of Stock (as of March 31, 2017)

- (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: **8,218 (a decrease of 1,672 year on year)**
- (iv) Major shareholders

Shareholder	Number of shares held (thousands)	Ratio of shares held (%)
Freudenberg SE	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)	7,550	4.4
Toyota Motor Corp.	6,809	3.9
National Mutual Insurance Federation of Agricultural Cooperatives	4,910	2.8
Sumitomo Mitsui Banking Corp.	4,270	2.5
The Master Trust Bank of Japan, Ltd. (Trust account)	4,036	2.3
NORTHERN TRUST CO. (AVFC) RE THE KILTEARN GLOBAL EQUITY FUND	3,795	2.2
Sompo Japan Nipponkoa Insurance Inc.	3,571	2.1

Note: For the basis of the calculation of "ratio of shares held" above, the Company's treasury stock (78,505 shares) is excluded from the total number of shares issued.

(Reference) Number of Shares by Shareholder



(2) Board Members of the Company

(i) Directors and Corporate Auditors (as of March 31, 2017)

Position	Name	Positions, responsibilities or significant concurrent positions
Chairman of the Board and President	Masato Tsuru	
Senior Managing Director	Kiyoshi Doi	Assistant to the President, Overall responsibility for Seal business, General Manager, Corporate Production Control Office
Senior Managing Director	Jiro Iida	General Manager, Corporate Planning Office
Senior Managing Director	Yasuhiko Kuroki	General Manager, Corporate Sales & Marketing Division
Senior Managing Director	Akira Watanabe	General Manager, Corporate Finance & Accounting Office
Senior Managing Director	*Shinji Nagasawa	General Manager, Corporate Technology Office
Director	Tetsuji Tsuru	Representative Director & President, Eagle Industry Co., Ltd.
Director	Toshifumi Kobayashi	Representative Director & President, Nippon Mektron, Ltd.
Director	Kensaku Hogen	
Director	*Makoto Fujioka	
Standing Corporate Auditor	*Masanobu Fujii	
Standing Corporate Auditor	*Yoshitsugu Mori	
Corporate Auditor	Osamu Kobayashi	Certified public accountant, certified tax accountant
Corporate Auditor	*Hideki Ogawa	
Corporate Auditor	*Atsushi Kajitani	Lawyer

Notes:

1. Mr. Masato Tsuru and Mr. Kiyoshi Doi are Representative Directors.
2. Each of the members marked with an asterisk was newly appointed and assumed the position of Director or Corporate Auditor at the 110th Annual Shareholders' Meeting held on June 24, 2016.
3. Mr. Kazuaki Motozato, Mr. Kiyoshi Shiga, Mr. Gen Kajitani, and Mr. Eizou Kawarada retired from their positions as Corporate Auditors due to the expiration of their terms of office at the conclusion of the 110th Annual Shareholders' Meeting held on June 24, 2016.
4. Mr. Kensaku Hogen and Mr. Makoto Fujioka serve as Outside Directors.
5. Mr. Osamu Kobayashi, Mr. Hideki Ogawa and Mr. Atsushi Kajitani serve as Outside Corporate Auditors.
6. The Company designates Outside Directors and Outside Corporate Auditors as independent directors/auditors as stipulated in the regulations of the Tokyo Stock Exchange, and submits as such accordingly.
7. Corporate Auditors Mr. Masanobu Fujii and Mr. Yoshitsugu Mori have work experience in finance & accounting division. Corporate Auditor Mr. Osamu Kobayashi is a certified public accountant and certified tax accountant, and has considerable expertise in finance and accounting.

8. In addition to the above, significant concurrent positions held by Directors and Corporate Auditors are as follows.

Name	Significant concurrent positions
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.
Kiyoshi Doi	Chairman of the Board & Director, Thai NOK Co., Ltd. Chairman of the Board & Director, Wuxi NOK-Freudenberg Oilseal Co., Ltd. Chairman of the Board & Director, Changchun NOK-Freudenberg Oilseal Co., Ltd.
Yasuhiko Kuroki	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.
Kensaku Hogen	Outside Director, Eagle Industry Co., Ltd.
Makoto Fujioka	Outside Director, Eagle Industry Co., Ltd. Outside Director, Nippon Paper Industries Co., Ltd.
Masanobu Fujii	Outside Corporate Auditor, Eagle Industry Co., Ltd.
Yoshitsugu Mori	Outside Corporate Auditor, Eagle Industry Co., Ltd.
Osamu Kobayashi	Outside Director, NICHIREKI CO., LTD.
Atsushi Kajitani	Outside Director, DMS Inc.

9. The following changes in Director responsibilities took effect on April 1, 2017.

Name	New Titles	Past Titles
Akira Watanabe	Senior Managing Director General Manager, Corporate Finance & Accounting Office, and General Manager, Corporate IT Office	Senior Managing Director General Manager, Corporate Finance & Accounting Office

(ii) Matters concerning remuneration to Directors and Corporate Auditors

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

Classification	Number of officers	Total amount paid (Millions of yen)
Directors	10	308
(Outside Directors among the above)	(2)	(12)
Corporate Auditors	9	63
(Outside Corporate Auditors among the above)	(5)	(18)
Total	19	371

Notes:

- Number of Corporate Auditors who were paid remuneration and such like and the total amount paid include four (4) Corporate Auditors who retired at the conclusion of the 110th Annual Shareholders' Meeting held on June 24, 2016, and remuneration and such like paid to these officers during their terms of office, respectively.
- The maximum amount of remuneration to Directors was set at 450 million yen per year (excluding employee salaries) at the 103rd Annual Shareholders' Meeting held on June 25, 2009.
- The maximum amount of remuneration to Corporate Auditors was set at 96 million yen per year at the 103rd Annual Shareholders' Meeting held on June 25, 2009.

(b) Policies to determine details of remuneration

The Company established a policy to determine remuneration to Directors and Corporate Auditors as follows:

- **Basic policies**

Remuneration to Directors and Corporate Auditors is designed to be determined in consideration of the level necessary to secure and keep talented human resources while raising their motivation to improve business results and increase the corporate value of the NOK Group.

- **Policies on Directors' remuneration**

Directors' remuneration is classified into (1) basic remuneration, which consists of fixed compensation and compensation for long-term expected individual achievements, and (2) business result-linked remuneration, with consideration given to Directors' responsibilities to improve business results each fiscal year and to increase the corporate value from medium- and long-term perspectives.

Compensation for long-term expected individual achievements is offered in the form of a certain amount of the Company's shares to be purchased by Directors every month through the Director Stock Ownership Association and to be held throughout their term.

The level of remuneration is determined totally in view of business results, dividends to shareholders, working conditions of employees and concurrent positions at consolidated subsidiaries and by referring to the average level of such remuneration at listed companies by position and job title.

- **Policies on Corporate Auditors' remuneration**

Remuneration to Corporate Auditors is grouped into (1) basic remuneration for job title as they assume responsibilities of auditing the NOK Group-wide performance of duties, and (2) business result-linked remuneration to Standing Corporate Auditors as they are responsible for contributing to improved business results from viewpoints different from Directors.

(iii) Summary of limited liability contract

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

(iv) Matters concerning Outside Directors and Corporate Auditors

(a) Relationships between the Company and firms at which directors hold significant concurrent positions

Eagle Industry Co., Ltd., where Directors Mr. Kensaku Hogen and Mr. Makoto Fujioka hold concurrent positions, is a trade partner of the Company.

(b) Major activities during the term

Position	Name	Major activities
Director	Kensaku Hogen	Has attended 14 out of 14 Board of Directors meetings during the term, where he made necessary remarks for Items for Resolution.
Director	Makoto Fujioka	Has attended 10 out of 10 Board of Directors meetings during the term, where he made necessary remarks for Items for Resolution.
Corporate Auditor	Osamu Kobayashi	Has attended 14 out of 14 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	Hideki Ogawa	Has attended 8 out of 10 Board of Directors meetings and 8 out of 9 Board of Corporate Auditors meetings held during the term, where he made necessary remarks on Items for Resolution.
Corporate Auditor	Atsushi Kajitani	Has attended 10 out of 10 Board of Directors meetings and 9 out of 9 Board of Corporate Auditors meetings held during the term, where he made necessary remarks on Items for Resolution.

Note: Director Mr. Makoto Fujioka, Corporate Auditors Mr. Hideki Ogawa and Mr. Atsushi Kajitani were elected in the 110th Annual Shareholders' Meeting held on June 24, 2016. Accordingly, the number of the Board of Directors meetings and the Board of Corporate Auditors meetings they were required to attend during the 111th term is different from that for other Outside Directors/Corporate Auditors.

(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 Act	37
Amount to be paid by the Company and its subsidiaries to the Independent Auditor as financial benefit, such as monetary reward, etc.	70

Notes:

1. In the audit contracts between the Company and its Independent Auditor, the fees for audits conducted under the Companies Act and under the Financial Instruments and Exchange Act are not clearly differentiated. As they cannot be effectively separated, the accounting audit fees for duties stipulated in Article 2, Paragraph 1 of the Certified Public Accountants Act for the year under review show the total.
2. Among the Company's major subsidiaries, those located outside Japan are audited by either certified public accountants not employed by Nihombashi Corporation Certified Public Accountants or audit firms other than said corporation.
3. In accordance with the Practical Guidelines for Cooperation with Independent Auditors published by the Japan Audit & Supervisory Board Members Association, the Board of Corporate Auditors checked on and examined the audit plans of the Independent Auditor, the status of implementation of audits and the basis for calculation of the remuneration estimate, etc. and consented to the remuneration, etc. of the Independent Auditor.

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

Where there is anything that obstructs the fulfillment of Independent Auditor's duties, or where the Board of Corporate Auditors considers it necessary, the Board of Corporate Auditors will decide details of a proposal on the dismissal or non-reappointment of the Independent Auditor to be presented to a shareholders' meeting.

The Board of Corporate Auditors will dismiss the Independent Auditor with the unanimous consent of all Corporate Auditors in cases where the Independent Auditor is deemed as having fallen under the provisions of each item of Article 340, Paragraph 1 of the Companies Act. 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.

"System for Ensuring Propriety of Operations" is posted on our website (<http://www.nok.co.jp>) under the provisions of laws and regulations and Article 14 of the Articles of Incorporation of the Company.

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 BALANCE SHEET (As of March 31, 2017)

(Millions of yen)

Item	FY2016	FY2015 (Reference)	Item	FY2016	FY2015 (Reference)
ASSETS	751,797	696,989	LIABILITIES	296,686	263,585
CURRENT ASSETS	339,655	323,068	CURRENT LIABILITIES	184,060	156,761
Cash and deposits	91,726	95,881	Accounts payable - trade	60,169	46,958
Notes and accounts receivable - trade	153,667	132,012	Short-term loans payable	55,172	47,132
Merchandise and finished goods	30,175	30,500	Income taxes payable	6,085	2,676
Work in process	29,096	28,485	Provision for bonuses	9,280	8,963
Raw materials and supplies	16,824	16,012	Provision for environmental measures	500	-
Deferred tax assets	5,803	6,882	Deposits received from employees	16,119	15,943
Other	12,614	13,554	Other	36,732	35,086
Allowance for doubtful accounts	(253)	(261)	NONCURRENT LIABILITIES	112,626	106,823
NONCURRENT ASSETS	412,142	373,921	Long-term loans payable	17,790	21,307
Property, plant and equipment	243,943	222,432	Deferred tax liabilities	8,887	8,544
Buildings and structures	84,081	80,236	Provision for loss on guarantees	400	-
Machinery, equipment and vehicles	102,647	91,149	Provision for environmental measures	-	1,183
Tools, furniture and fixtures	19,004	18,037	Net defined benefit liability	81,570	71,459
Land	21,142	20,695	Other	3,978	4,328
Lease assets	695	831	NET ASSETS	455,111	433,404
Construction in progress	16,372	11,482	SHAREHOLDERS' EQUITY	386,126	366,204
Intangible assets	4,337	2,895	CAPITAL STOCK	23,335	23,335
Investments and other assets	163,861	148,593	CAPITAL SURPLUS	22,759	22,735
Investment securities	134,024	120,004	RETAINED EARNINGS	341,188	322,251
Long-term loans receivable from employees	3,791	4,257	TREASURY STOCK	(1,157)	(2,119)
Deferred tax assets	6,121	3,919	ACCUMULATED OTHER COMPREHENSIVE INCOME	32,539	29,239
Net defined benefit asset	365	35	VALUATION DIFFERENCE ON AVAILABLE-FOR-SALE SECURITIES	47,573	37,023
Other	19,773	20,589	FOREIGN CURRENCY TRANSLATION ADJUSTMENT	9,961	11,724
Allowance for doubtful accounts	(215)	(213)	REMEASUREMENTS OF DEFINED BENEFIT PLANS	(24,995)	(19,507)
TOTAL	751,797	696,989	NON-CONTROLLING INTERESTS	36,445	37,959
			TOTAL	751,797	696,989

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

CONSOLIDATED STATEMENT OF INCOME (From April 1, 2016 to March 31, 2017)

(Millions of yen)

Item	FY2016		FY2015 (Reference)	
Net Sales		713,138		746,147
Cost of Sales		592,799		616,730
Gross Profit		120,339		129,416
Selling, General and Administrative Expenses		80,562		81,158
Operating Income		39,776		48,258
Non-operating Income				
Interest income	466		558	
Dividends income	2,020		2,002	
Share of profit of entities accounted for using equity method	5,068		5,343	
Rent income	995		1,060	
Other	2,478	11,030	2,213	11,178
Non-operating Expenses				
Interest expenses	2,130		2,289	
Foreign exchange losses	2,246		2,551	
Other	719	5,097	868	5,709
Ordinary Income		45,709		53,727
Extraordinary Income				
Gain on sales of noncurrent assets	193		199	
Reversal of provision for environmental measures	225		–	
Gain on step acquisitions	–		346	
Settlement received	–		149	
Other	24	443	229	924
Extraordinary Loss				
Loss on sales and retirement of noncurrent assets	2,662		2,508	
Business structure improvement expenses	673		–	
Provision for loss on guarantees	400		–	
Loss on valuation of investment securities	–		675	
Loss on sale of investments in capital	–		824	
Provision for environmental measures	–		800	
Other	592	4,328	2,004	6,812
Income before Income Taxes		41,824		47,839
Income taxes - current	12,898		11,039	
Income taxes - deferred	(1,263)	11,635	2,977	14,017
Net Income		30,188		33,822
Profit attributable to non-controlling interests		2,860		3,768
Profit Attributable to Owners of Parent		27,328		30,053

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

"Consolidated Statement of Changes in Net Assets" and "Notes to Consolidated Financial Statements" are posted on the Company's Internet website at <http://www.nok.co.jp>, pursuant to the laws and regulations and provisions set forth in Article 14 of the Company's Articles of Incorporation.

BALANCE SHEET (As of March 31, 2017)

(Millions of yen)

Item	FY2016	FY2015 (Ref)	Item	FY2016	FY2015 (Ref)
ASSETS	348,588	323,284	LIABILITIES	156,413	153,684
CURRENT ASSETS	136,396	132,326	CURRENT LIABILITIES	110,255	108,849
Cash and deposits	35,804	36,869	Accounts payable - trade	26,976	24,387
Notes receivable - trade	21,234	18,912	Short-term loans payable	15,222	15,222
Accounts receivable - trade	53,829	48,869	Accounts payable - other	7,695	4,346
Finished goods	7,955	8,175	Income taxes payable	2,896	226
Work in process	578	606	Accrued expenses	1,631	1,592
Raw materials and supplies	1,829	1,860	CMS deposits received	31,660	41,091
Deferred tax assets	1,850	1,603	Provision for bonuses	3,871	3,776
Short-term loans receivable	2,591	4,456	Deposits received from employees	11,594	11,413
Accounts receivables - other	9,020	9,544	Other	8,706	6,794
Other	1,743	1,615	NONCURRENT LIABILITIES	46,158	44,834
Allowance for doubtful accounts	(41)	(187)	Long-term loans payable	6,023	9,595
NONCURRENT ASSETS	212,191	190,958	Provision for loss on guarantees	400	-
Property, plant and equipment	56,005	48,714	Provision for retirement benefits	28,197	28,021
Buildings	17,887	16,727	Deferred tax liabilities	9,815	5,494
Structures	1,940	1,882	Other	1,722	1,723
Machinery and equipment	19,359	15,991	NET ASSETS	192,174	169,600
Vehicles	215	210	SHAREHOLDERS' EQUITY	144,749	132,627
Tools, furniture and fixtures	5,097	4,627	CAPITAL STOCK	23,335	23,335
Land	5,798	5,798	CAPITAL SURPLUS	20,397	20,397
Lease assets	76	62	Legal capital surplus	20,397	20,397
Construction in progress	5,630	3,414	RETAINED EARNINGS	102,106	90,945
Intangible assets	54	46	Legal retained earnings	2,983	2,983
Investments and other assets	156,132	142,196	Other retained earnings	99,122	87,962
Investment securities	94,299	79,499	Reserve for special depreciation	35	27
Stocks of subsidiaries and affiliates	40,489	40,489	Reserve for advanced depreciation of noncurrent assets	1,149	1,149
Investment in capital of subsidiaries and affiliates	11,396	11,875	Retained earnings brought forward	97,937	86,785
Long-term loans receivable	6,295	6,739	TREASURY STOCK	(1,089)	(2,051)
Prepaid pension cost	1,535	1,794	VALUATION AND TRANSLATION ADJUSTMENTS	47,424	36,973
Guarantee deposits	1,312	1,105	VALUATION DIFFERENCE ON AVAILABLE-FOR-SALE SECURITIES	47,424	36,973
Other	1,474	1,508	TOTAL	348,588	323,284
Allowance for investment loss	(570)	(715)			
Allowance for doubtful accounts	(100)	(101)			
TOTAL	348,588	323,284			

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

STATEMENT OF INCOME (From April 1, 2016 to March 31, 2017)

(Millions of yen)

Item	FY2016		FY2015 (Reference)	
Net Sales		256,404		239,329
Cost of Sales		205,885		192,629
Gross Profit		50,518		46,700
Selling, General and Administrative Expenses		33,661		31,456
Operating Income		16,857		15,243
Non-operating Income				
Interest and dividends income	9,135		9,574	
Rent income	861		862	
Other	522	10,519	548	10,985
Non-operating Expenses				
Interest expenses	827		924	
Other	162	989	260	1,185
Ordinary Income		26,386		25,043
Extraordinary Income				
Gain on sales of noncurrent assets	19		7	
Other	0	19	2	9
Extraordinary Loss				
Loss on sales and retirement of noncurrent assets	170		286	
Loss on sale of investments in capital of subsidiaries and affiliates	311		-	
Loss on valuation of investment securities	-		663	
Provision for loss on guarantees	400		-	
Provision of allowance for investment loss	141		75	
Other	10	1,033	-	1,025
Income before Income Taxes		25,372		24,027
Income taxes - current	5,817		1,773	
Income taxes - deferred	(258)	5,559	1,015	2,788
Net Income		19,813		21,239

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

"Statement of Changes in Net Assets" and "Notes to Financial Statements" are posted on the Company's Internet website at <http://www.nok.co.jp>, pursuant to the laws and regulations and provisions set forth in Article 14 of the Company's Articles of Incorporation.

AUDIT REPORT

May 17, 2017

To: The Board of Directors
NOK CORPORATION

Nihombashi Corporation	Certified Public Accountants
Shigehiro Chiba	Certified Public Accountant, Designated Partner, Managing Partner (Seal)
Tomohiro Yoshioka	Certified Public Accountant, Designated Partner, Managing Partner (Seal)

Pursuant to Article 444, Paragraph 4 of the Companies Act, we have audited the accompanying Consolidated Financial Statements, which comprise the Consolidated Balance Sheet, the Consolidated Statement of Income, the Consolidated Statement of Changes in Net Assets and the Notes to the Consolidated Financial Statements of NOK CORPORATION (the "Company") applicable to the consolidated fiscal year from April 1, 2016 through March 31, 2017.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected and applied depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Corporate Group, which consisted of the Company and its consolidated subsidiaries, applicable to the consolidated fiscal year ended March 31, 2017 in conformity with accounting principles generally accepted in Japan.

Conflicts of Interest

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Act.

AUDIT REPORT

May 17, 2017

To: The Board of Directors
NOK CORPORATION

Nihombashi Corporation	Certified Public Accountants
Shigehiro Chiba	Certified Public Accountant, Designated Partner, Managing Partner (Seal)
Tomohiro Yoshioka	Certified Public Accountant, Designated Partner, Managing Partner (Seal)

Pursuant to Article 436, Paragraph 2, Item 1 of the Companies Act, we have audited the accompanying Financial Statements, which comprise the Balance Sheet, the Statement of Income, the Statement of Changes in Net Assets, the Notes to the Financial Statements and the supplementary statements of NOK CORPORATION (the "Company") applicable to the 111th fiscal term from April 1, 2016 through March 31, 2017.

Management's Responsibility for the Financial Statements and the Related Supplementary Schedules

Management is responsible for the preparation and fair presentation of the financial statements and the supplementary statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the financial statements and the supplementary statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements and the supplementary statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the supplementary statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the supplementary statements. The procedures selected and applied depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements and the supplementary statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements and the supplementary statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the supplementary statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements and the supplementary statements referred to above present fairly, in all material respects, the financial position and results of operations of the Company applicable to the 111th fiscal term ended March 31, 2017 in conformity with accounting principles generally accepted in Japan.

Conflicts of Interest

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Act.

Audit Report

This Board of Corporate Auditors deliberated on the execution of duties by Directors during the 111th term from April 1, 2016 to March 31, 2017, 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

- (1) 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.
- (2) 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 and implemented the auditing procedures as follows.
 - (i) The Corporate Auditors have also been attending Board of Directors meetings and other important meetings, obtaining reports, and where necessary, seeking explanations 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. 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 as necessary.
 - (ii) They have periodically received reports and required explanation when necessary from Directors and employees, among others, and made opinions to them, regarding the establishment and management of the systems designed to ensure Directors' compliance in the execution of their duties described in the Business Report 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 Companies Act so as to ensure the appropriateness of corporate business activities and its subsidiaries' activities.
 - (iii) 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, seeking 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" (those listed in each item 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 business report and accompanying statements, financial statements for the term under review (balance sheet, statement of income, statement of changes in net assets, and notes to financial statements), supplementary statements, and consolidated financial statements (consolidated balance sheet, consolidated statement of income, and consolidated statement of changes in net assets, and notes to 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 details described in the Business Report, or the Directors' execution of their duties related thereto needs to be addressed herein.
- (2) Results of audit of the financial statements and the supplementary 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 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.

May 19, 2017

Board of Corporate Auditors, NOK CORPORATION

Masanobu Fujii	Standing Corporate Auditor	(Seal)
Yoshitsugu Mori	Standing Corporate Auditor	(Seal)
Osamu Kobayashi	Outside Corporate Auditor	(Seal)
Hideki Ogawa	Outside Corporate Auditor	(Seal)
Atsushi Kajitani	Outside Corporate Auditor	(Seal)

Introducing New Product

Eco-friendly Proposal "Le-μ's" from NOK

NOK has developed a new brand of oil seals—**Le-μ's**—which help to improve the fuel efficiency of automobiles through low-friction technology. NOK has succeeded in developing this optimized low friction oil seal by employing four technologies: (1) configuration design of an oil seal, (2) development of low-friction coating technology, (3) development of a new low-friction material, and (4) development of low-friction grease.

Le-μ's is intended to help improve fuel efficiency of automobile as the brand name in the NOK Group, thereby contributing to protecting the global environment.

*Le-μ's is abbreviation of low emission μ seal.



Introducing New Group Company

Nippon Mektron Ltd. acquired shares of enmech GmbH in January 2016 through its subsidiary in Europe with the aim of strengthening the automotive FPC module business.

enmech GmbH, founded in 2002, is an automotive functional component manufacturer, and was renamed "enmech" as a global brand in 2014. It supplies its products to automobile companies in the US and Europe and to major automotive component manufacturers.

enmech GmbH is characterized by its ability to provide customers with products that satisfy their needs as much as possible by incorporating those needs into product design from a development stage, which is made possible by enmech's FPC technology and mechatronics technology, as well as using its broad experience and track record under the slogan of bringing customers' ideas into reality.

Combining its FPC technology with enmech's mechatronics technology, the Nippon Mektron Ltd. will meet customers' needs by offering more attractive products.

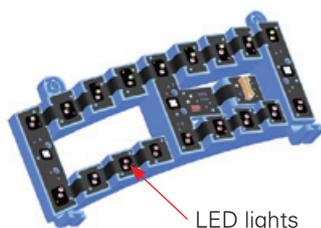


Overview of enmech GmbH
Development and manufacturing bases: Berlin (Germany)
and Pécel (Hungary)
Net sales: approximately 6,700 million yen (in 2015)
Number of employees: 372

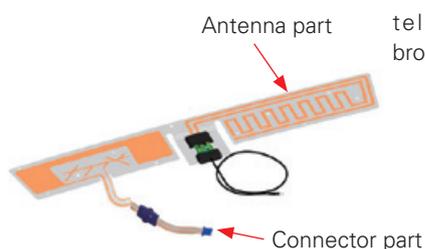
Products



← **Exterior Lighting**
FPCs, mounted with LED lights, are attached to resin and metal components, which are used in automobile headlights, rear combination lights, and other items.



← **Foil Antennas**
Installed in side mirrors, spoilers, or roofs of automobiles to receive various signals including AM/FM radio, television, and LTE broadcasts.



Information for Shareholders

Fiscal year	From April 1 to March 31 of the following year
Annual shareholders' meeting	June
Dividend payment record date	Term-end dividend March 31
	Interim dividend September 30
Transfer agent	Mitsubishi UFJ Trust and Banking Corporation
Contact information (Note)	7-10-11 Higashisuna, Koto Ward, Tokyo, Japan 137-8081 Stock Transfer Agency Department, Mitsubishi UFJ Trust and Banking Corporation Tel: 0120-232-711 (toll-free number available in Japan only)
Method of public notice	An electronic public notice is applied. URL for public notice http://www.nok.co.jp (If it becomes impossible for us to make an electronic public notice due to an accident or any other unavoidable reason, we will post it in the <i>Nikkei</i> .)
Share unit	100 shares
Public listing	Tokyo Stock Exchange Listed Name on the First Section: NOK (Securities Code: 7240)

(Note) The transfer agent will relocate to a new office. Please contact the following on and after August 14, 2017.

1-1 Nikko-cho, Fuchu City, Tokyo, Japan
Stock Transfer Agency Department,
Mitsubishi UFJ Trust and Banking Corporation
Tel: 0120-232-711 (toll-free number available in Japan only)
Mailing address: P.O. Box No. 29, Shin-Tokyo Post Office, Japan, 137-8081
Stock Transfer Agency Department,
Mitsubishi UFJ Trust and Banking Corporation

NOK CORPORATION

12-15, Shiba-Daimon 1-chome, Minato Ward, Tokyo, Japan 105-8585

Telephone: +81-3- 3432-4211 (main)

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