



**112th Fiscal Term**  
**Interim Business Report**  
April 1, 2017 to September 30, 2017



(Securities Code  
7240)

**NOK CORPORATION**





**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 112th term (April 1, 2017 to September 30, 2017). 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.

During the first six months of the current consolidated fiscal year, the Japanese business environment surrounding the Group remained on a gradual recovery trend, positively affected by public investments, governmental economic measures and expanding corporate capital expenditures. In overseas markets, the U.S. economy remained solid and the slowdown of the economic growth in China has bottomed out for the time being, yet uncertainty about the future is emerging.

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

In the first half of the fiscal year, the Group's net sales amounted to 357,402 million yen, up 6.7% year on year. The Group recorded an operating income of 20,098 million yen, up 77.4% year on year; an ordinary income of 26,598 million yen, up 175.7% year on year; and a profit attributable to owners of the parent of 16,248 million yen, up 246.1% year on year.

The domestic business environment for the Group is expected to continue its modest recovery during and after the third quarter. However, the future of the global economy is still unpredictable, with the slowdown of growth in the Chinese economy and other uncertainties.

In the seal business, as demands for Japanese cars in Japan and China are expected to be strong, the production volume of Japanese cars will see solid growth. Under such circumstances, as competition with foreign competitors is expected to intensify, we will conduct unified sales promotions involving the sales, production, and engineering departments, and we will use optimized production sites to achieve an efficient production system. We will also continue our efforts for quality improvement.

In the electronic product business, the demand for automobile components is increasing as the computerization of automobiles has progressed. It is also expected that sales of products for hard disk drives and advanced smart phones will grow strongly. On the other hand, there are problems such as intensifying competition pushing down product prices and growing seasonal fluctuations of demand. To cope with these problems, we will work to improve production system efficiency by promoting production process automation and further expanding products for automobile application.

In the roll business, sales are expected to decrease due to the slowdown of growth of the office appliance market and the falling of product prices as a result of intensifying competition. To cope with this situation, the sales and engineering departments will work together to improve the business's competitiveness and expand sales. We will also further enhance management efficiency to improve our earning power.

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

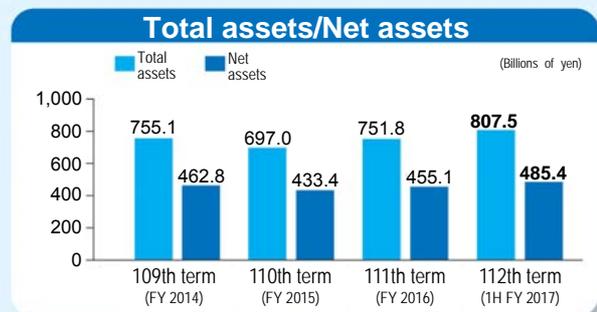
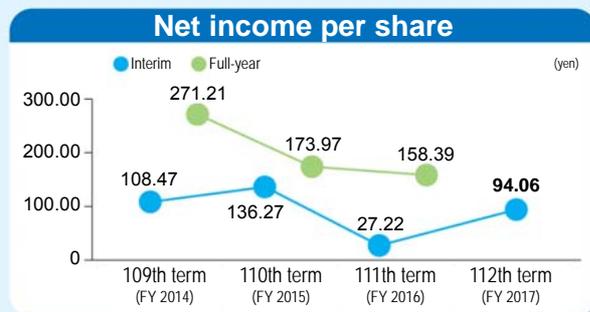
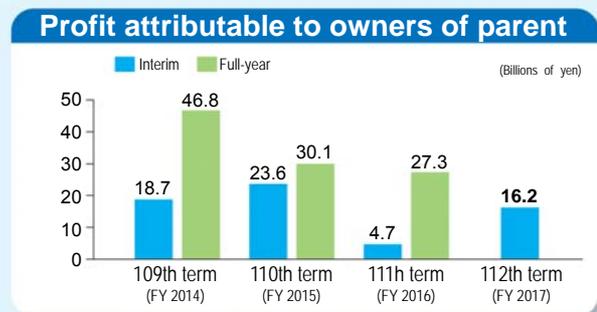
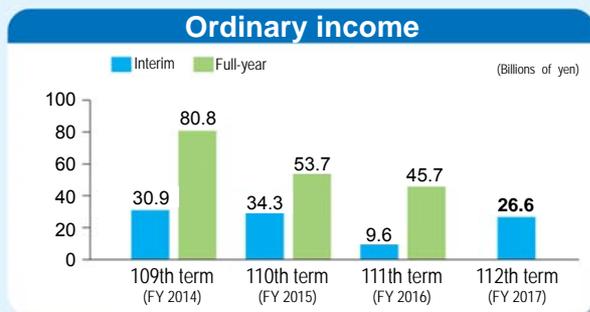
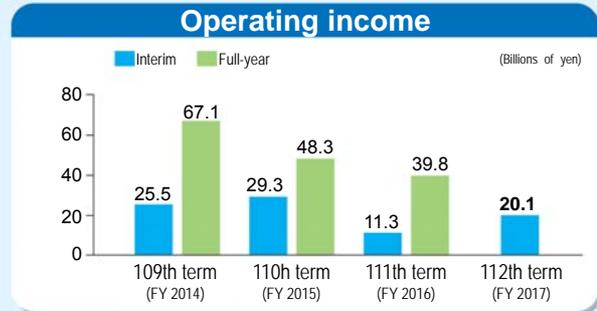
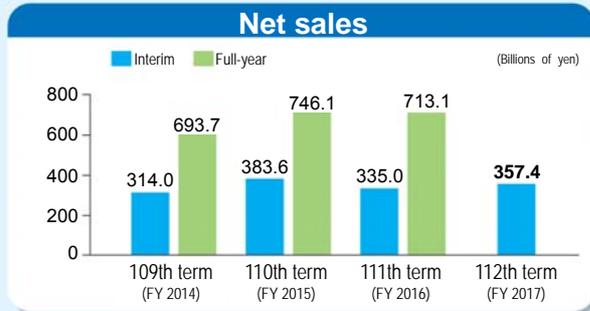
With regard to the interim dividend for this six-month period, we have decided to set it at 25 yen per share.

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 2017

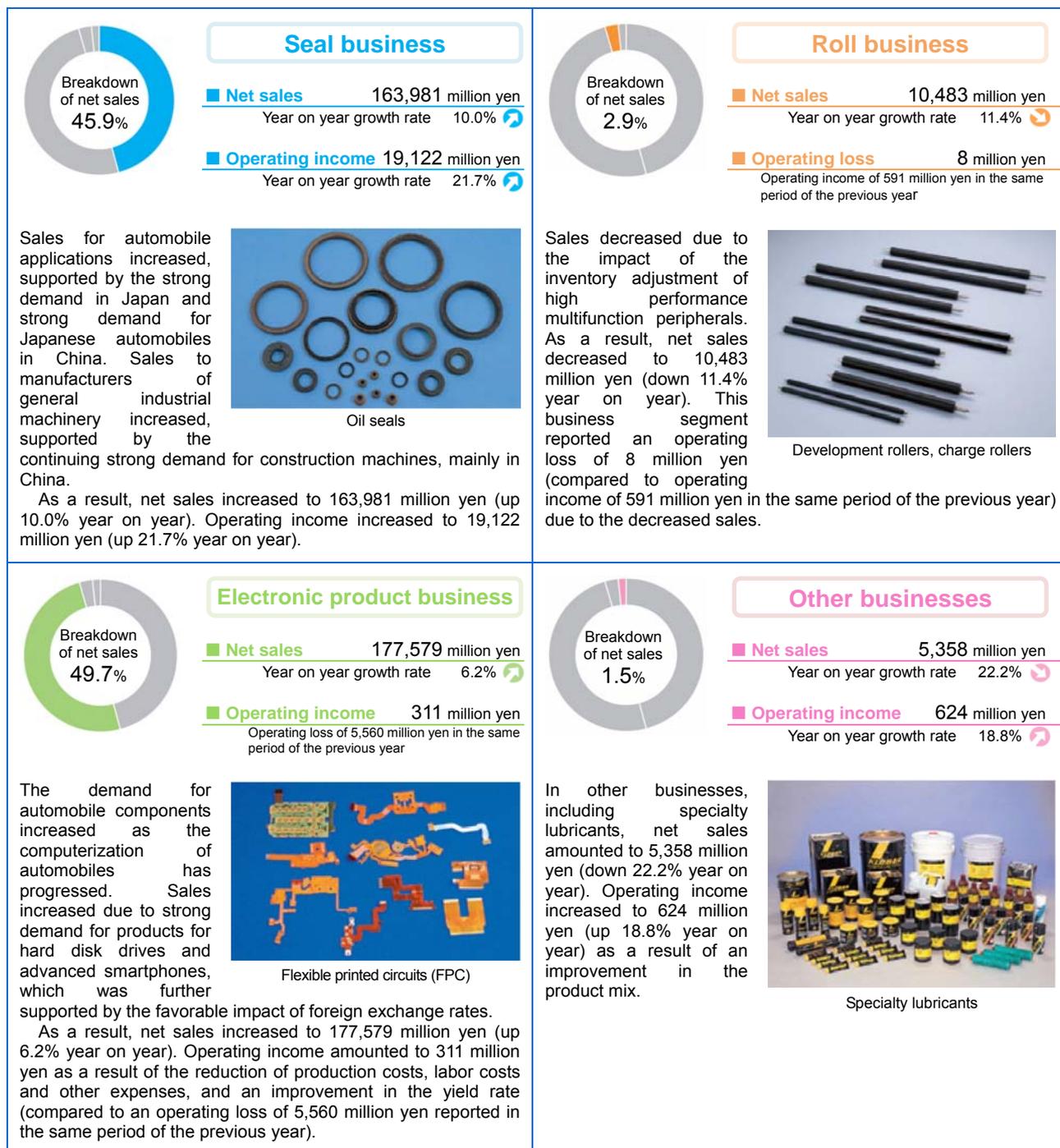


## Financial Highlight (consolidated)



Note: Figures in financial highlights (consolidated) are rounded off.

## Business Overview (consolidated)



## NOK Group Three-year Plan

The NOK Group has established a three-year plan covering from April 2017 to March 2020.

In accordance with the following policies, all companies within the NOK Group will make unified efforts to build a business structure that supports the sustainable growth of the Group. Looking to the future, they will focus on optimizing the customer mix through sales expansion and new product development, further quality improvement and stabilization, building BCM, and developing human resources who will play important roles in these activities.

### Slogan

## “Reinforcing Business Structure for Sustainable Growth”

### Chairman’s 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

### Target Performance Indicators



Note: The target performance indicators for the future shown above reflect risk factors expected as of the date of this document. However, please note that actual figures may differ from those estimations affected by domestic and international economic conditions, market conditions, fluctuation in foreign exchanges and other factors.

### Segment Activities

- Seal business** This segment will work on building a competitive production system by enhancing its capacity and promoting automation of operations. In addition, it will strive to strengthen new product development capabilities and expand sales to customers in China and other overseas markets.
- Electronic product business** This business segment will strive to strengthen its profitability by saving manpower, automation of operations, and productivity improvement. It will also strive to expand sales of products for smartphone applications to customers in China, Korea and other countries, and accelerate business expansion for automobile applications.
- Roll business** This segment will strive to achieve production quality (quality, price, and delivery time) to earn customer trust and exploit the synergies of sales, production and engineering departments within the Group working together to improve profitability and expand sales.

## Company Profile

(As of September 30, 2017)

Corporate Name	NOK CORPORATION						
Head Office	1-12-15 Shiba Daimon, Minato-ku, Tokyo 105-8585, Japan Telephone: 03-3432-4211 Website: <a href="http://www.nok.co.jp">http://www.nok.co.jp</a>						
Established	December 2, 1939						
Capital Stock	23,335 million yen						
Number of Employees	3,267 (Group: 42,327)						
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&amp;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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Plants	Fukushima, Nihonmatsu, Kitaibaraki, Shizuoka, Tottori, Kumamoto						
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, 2017)

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 Shinji Nagasawa, Senior Managing Director Tetsuji Tsuru, Director Toshifumi Kobayashi, Director Kensaku Hogen, Director (outside) Makoto Fujioka, Director (outside)
Corporate Auditors	Masanobu Fujii, Standing Auditor Yoshitsugu Mori, Standing Auditor Osamu Kobayashi, Auditor (outside) Hideki Ogawa, Auditor (outside) Atsushi Kajitani, Auditor (outside)
Operating Officers	Shinichi Sawaki, Senior Operating Officer Takeomi Yano, Senior Operating Officer Tetsuya Nakamura, Senior Operating Officer Yuichi Kuroki, Senior Operating Officer Kazuhiko Fujimoto, Senior Operating Officer Yoshihiro Sugaya, Senior Operating Officer Noriyuki Takahashi, Senior Operating Officer Atsunobu Tsuchiya, Operating Officer Yukio Yamazaki, Operating Officer Kazuhiro Ohashi, Operating Officer Hiroshi Yamashita, Operating Officer Tsuyoshi Yanagimoto, Operating Officer Shoji Hinomoto, Operating Officer Masanobu Kobayashi, Operating Officer Tomio Nakayama, Operating Officer Junichi Orita, Operating Officer Masao Tsuru, Operating Officer Hiroshi Kamata, Operating Officer

## Major Group Companies

<p><b>Seal business</b> Main products: Oil seals O-rings Vibration controls Resin products Gaskets Chemical products Mechanical seals</p>	<p>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)</p>
<p><b>Electronic product business</b> Main products: Flexible printed circuits Precision components</p>	<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) Mektec Precision Component (Thailand) Ltd. (Ayutthaya, Thailand) Mektec Corporation (Hong Kong) Ltd. (Hong Kong, China)</p>
<p><b>Roll business</b> Main products: Rubber rolls for office equipment</p>	<p>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)</p>
<p><b>Other businesses</b> Main products: Specialty lubricants etc.</p>	<p>NOK Klueber Co., Ltd. (Kitaibaraki City, Ibaraki Pref.)</p>



# Stock Information

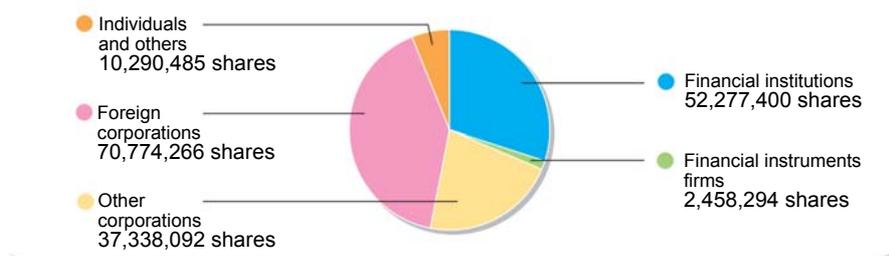
## Stock

(As of September 30, 2017)

- 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 .....8,163
- 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)	7,805	4.5
Toyota Motor Corp.	6,809	3.9
The Master Trust Bank of Japan, Ltd. (Trust account)	4,577	2.6
National Mutual Insurance Federation of Agricultural Cooperatives	4,430	2.6
Sumitomo Mitsui Banking Corp.	4,270	2.5
Sompo Japan Nipponkoa Insurance Inc.	3,571	2.1
Japan Trustee Services Bank, Ltd. (Sumitomo Mitsui Banking Corporation retirement benefit trust account re-entrusted by Sumitomo Mitsui Trust Bank, Ltd.)	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, 1-1 Nikko-cho, Fuchu-shi, Tokyo Telephone: 0120-232-711 (toll free) Mailing address: New Tokyo Post Office PO Box No. 29, 137-8081 Mitsubishi UFJ Trust and Banking Corporation Stock Transfer Agency Department
Public notice	Public notices of the Company shall be given electronically on its website ( <a href="http://www.nok.co.jp">http://www.nok.co.jp</a> ); 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)

Note: Because the business office of the transfer agent and special account administrator was relocated, its contact information was changed as shown above as of August 14, 2017.

### NOK website

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

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



### (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.
- Information on the request for purchase of fractional 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.
- 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 use of My Number for administration of shares  
The Social Security and Tax Numbers ("My Number") of each individual issued by municipal government offices are necessary for processing tax matters related to NOK shareholders. Accordingly, shareholders are requested to submit their My Numbers to the administrators of their accounts. (For inquiries on this matter, please follow the instructions in "1. Change of address, etc." above.)

**NOK CORPORATION**



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