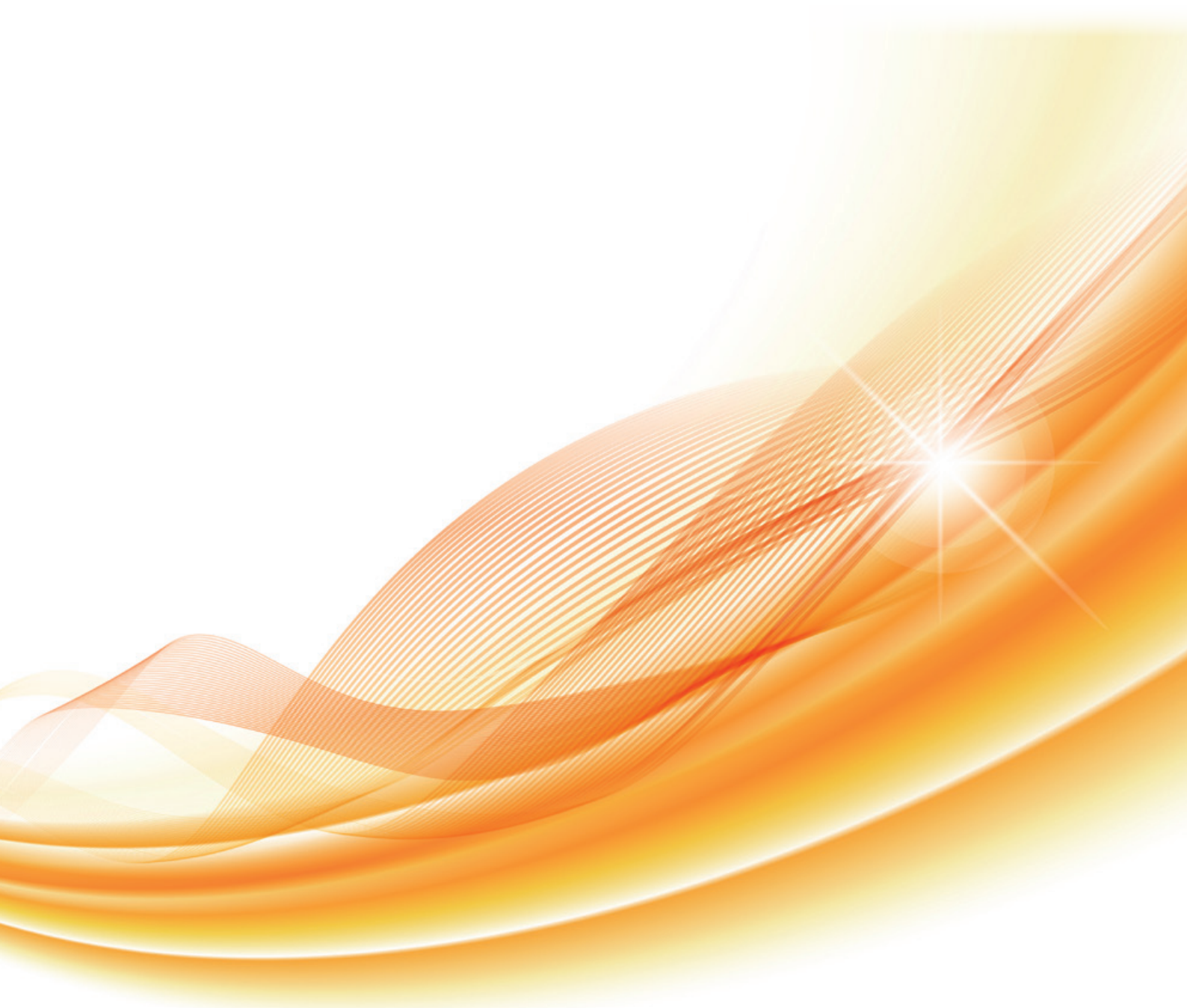




Reference Materials attached to Notice of the
113th Annual Shareholders' Meeting

NOK CORPORATION (Securities Code No. 7240)



Business Report for the 113th Term

From April 1, 2018 to March 31, 2019

To Our Shareholders



Chairman of the Board
Masato Tsuru

President
Kiyoshi Doi

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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 Properness 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 113th term of the NOK Group (April 1, 2018 to March 31, 2019).

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, 2019, net sales were 669,482 million yen (down 8.2% from the previous fiscal year). In profit and loss, operating income was 23,140 million yen (down 48.5% from the previous fiscal year) and ordinary income was 31,135 million yen (down 44.7% from the previous fiscal year). Profit attributable to owners of parent was 3,419 million yen (down 90.3% from the previous fiscal year).

During the current consolidated fiscal year, the Japanese economy remained on a gradual recovery trend due to stable capital expenditures despite the effects of natural disasters such as the floods in western Japan. Looking overseas, while the U.S. economy remained resilient, China experienced slower economic growth mainly due to the impact of the trade dispute with the U.S.

Under such circumstances, the NOK Group saw both net sales and operating income decline due to a considerable decrease in the Electronic Product business although sales of the Seal business increased. With recognition that it is key to recovering the earnings capability of the Electronic Product business, we are determined to push forward with various measures.

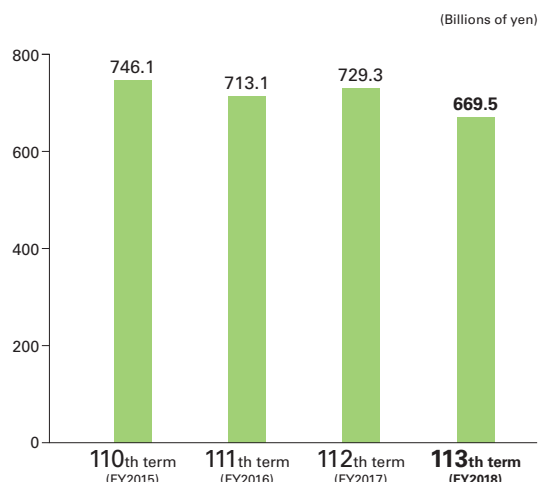
For details, please refer to the "Business Report" mentioned below.

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.

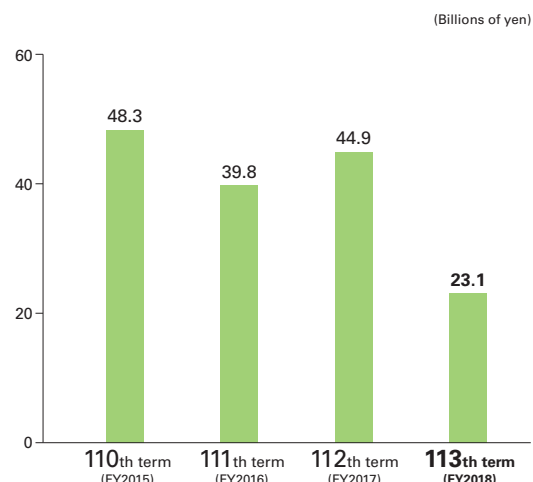
June 2019

Financial Highlights (Consolidated)

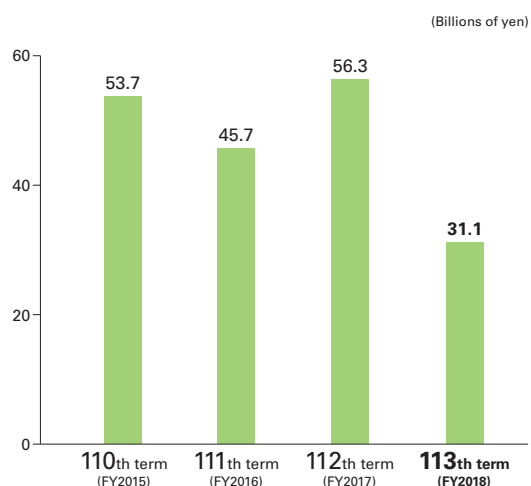
Net Sales



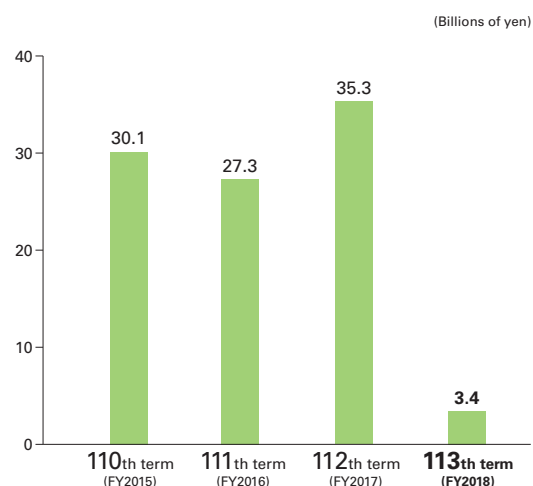
Operating Income



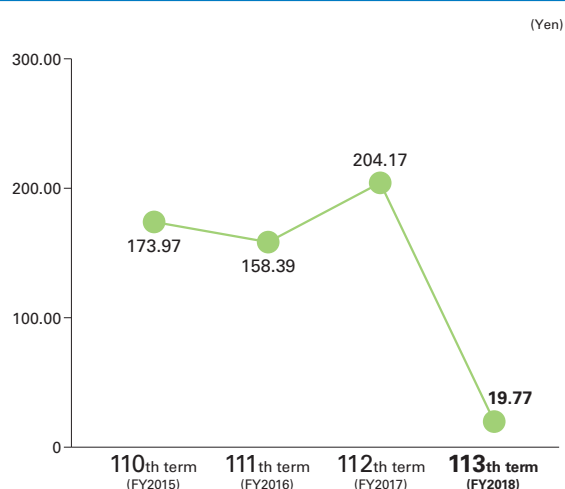
Ordinary Income



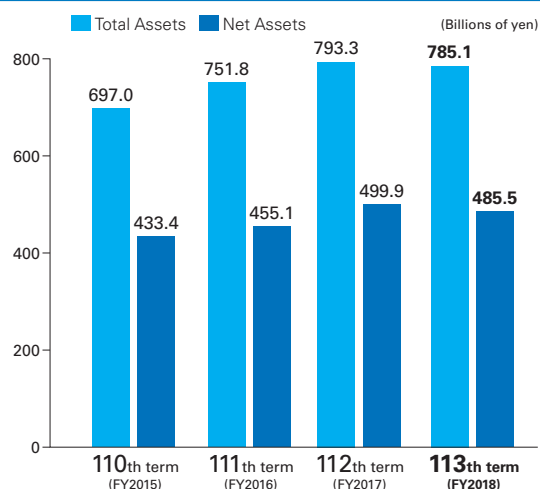
Profit Attributable to Owners of Parent



Net Income Per Share



Total Assets/Net Assets



Note 1: Amounts described in Financial Highlights (Consolidated) are rounded off to the nearest described point.

Note 2: The Company has adopted the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (Accounting Standards Board of Japan (ASBJ) Statement No. 28, February 16, 2018) from the beginning of the current fiscal year, and retrospectively applied the said accounting standard to the figures for the previous year.

1. Current Status of the NOK Group

(1) Business Overview

(i) Business conditions and results

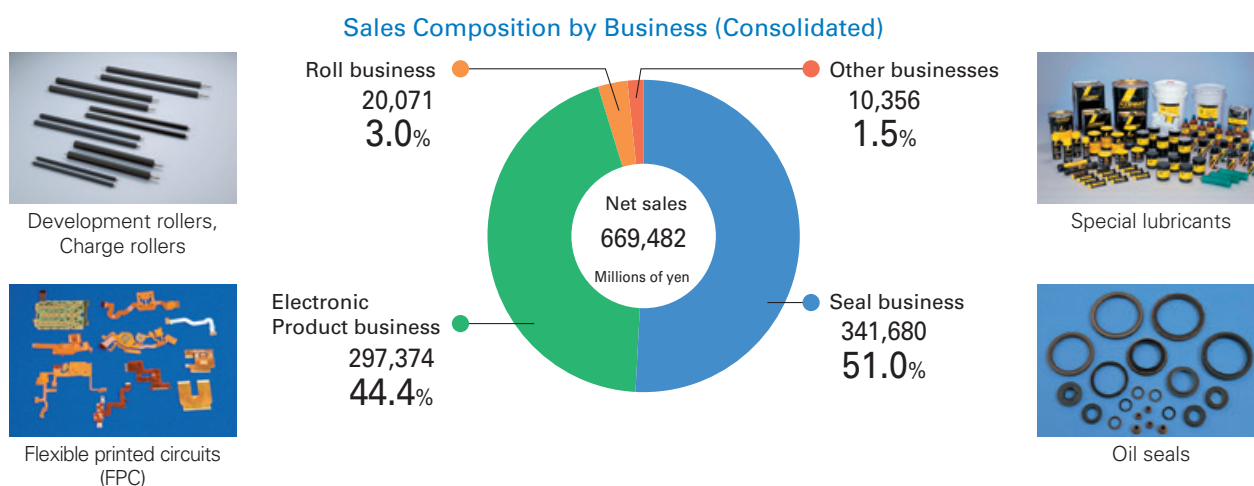
With regard to the operating environment surrounding the NOK Group during the current consolidated fiscal year, the Japanese economy remained on a gradual recovery trend due to stable capital expenditures despite the effects of natural disasters such as the floods in western Japan. Looking overseas, while the U.S. economy remained resilient, China experienced slower economic growth mainly due to the impact of the trade dispute with the U.S.

In the automobile industry, domestic demand for light vehicles remained strong. In overseas markets, demand in North America was robust, whereas in China demand was decelerating.

In the electronic equipment industry, the production volume of smartphones, HDDs, and digital cameras decreased in the second half of the current fiscal year.

In the office machinery industry, demand remained flat as a result of mature market.

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 for automotive applications grew mainly due to strong domestic demand driven by light vehicles and robust demand in Southeast Asia. Sales for use in general industrial machinery increased on the back of stable demand from manufacturers of construction machinery, machine tools and robots.

As a result, net sales increased to 341,680 million yen (up 1.4% year on year). Operating income totaled 36,209 million yen (down 11.3% year on year), mainly due to an increase in personnel and other costs and depreciation and amortization costs.

Electronic Product business

Sales for automotive applications remained strong. However, sales for high-performance smartphone applications dropped due to a decrease in production volume.

As a result, net sales stood at 297,374 million yen (down 17.6% year on year). Operating loss totaled 14,151 million yen (compared to an operating income of 2,963 million yen in the previous fiscal year), due to a decrease in sales.

Roll business

Overall sales decreased as demand from manufacturers of office machinery declined driven by production adjustment although demand from manufacturers of ATMs and other terminals operated by financial institutions and textile machinery increased.

As a result, net sales ended at 20,071 million yen (down 3.6% year on year). Operating loss came to 129 million yen (compared to an operating loss of 49 million yen in the previous fiscal year) as the effect of a decline in sales outweighed efforts to reduce costs.

Other businesses

In other businesses including specialty lubricants, net sales decreased to 10,356 million yen (down 1.8% year on year). Operating income ended at 1,203 million yen (up 9.4% year on year) due to change in the sales mix.

In summary, the NOK Group posted the following results for the current consolidated fiscal year: Net sales totaled 669,482 million yen (down 8.2% year on year); operating income was 23,140 million yen (down 48.5% year on year); and ordinary income amounted to 31,135 million yen (down 44.7% year on year), resulting in 3,419 million yen in profit attributable to owners of parent (down 90.3% year on year) reflecting an impairment loss on fixed assets (about 14.6 billion yen) recorded in the current fourth quarter by Nippon Mektron, Ltd., the NOK Group's consolidated subsidiary running the electronic product business.

(ii) Capital investment and fund procurement

The NOK Group made capital investments of 70,118 million yen in total (up 20.1% 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 and loans payable.

(2) Issues to be Addressed by the NOK Group

In the future operating environment surrounding the NOK Group, in Japan, although the consumption tax is scheduled to increase, it is expected that both a last-minute surge in demand and a decline in demand in reaction to the tax hike will remain small compared to the previous tax hike, therefore the impact will be minimal, as there will be only a modest increase in the tax rate. However, in overseas, the outlook is increasingly uncertain, as evidenced by increasing signs of an economic slowdown in China and Europe, concerns that an escalating trade dispute between the U.S. and China may have repercussions for the global economy, and the issues surrounding the U.K.'s exit from the EU.

In the seal business, we expect a consumption tax hike will have a minor impact on domestic demand for use in automobiles. Overseas, it is expected that demand in North America will remain strong and demand in China will pick up, supported by effective economic policy, despite the effects of the trade dispute with the U.S. For manufacturers of general industrial machinery, domestic demand for construction machinery is expected to remain almost unchanged. Overseas, demand for construction machinery is projected to slow down in China. 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 product business, issues such as stagnant demand due to a drop in the number of units of high-performance smartphones and HDDs 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 uses, as well as continue to exert efforts company-wide to make the company resilient to change and further improve quality.

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

While addressing such challenges, the NOK Group are implementing a three-year plan (from fiscal 2017 to fiscal 2019) based on the following initiatives in an effort to achieve sustainable growth and development towards the future, by focusing on establishing business continuity management (BCM) in preparation for natural disasters, 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.

Slogan [Key Corporate Objective]

"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	110th term (FY2015)	111th term (FY2016)	112th term (FY2017)	113th term (FY2018)
Net Sales	746,147	713,138	729,341	669,482
Operating Income	48,258	39,776	44,934	23,140
Ordinary Income	53,727	45,709	56,291	31,135
Profit Attributable to Owners of Parent	30,053	27,328	35,281	3,419
Net Income Per Share (Yen)	173.97	158.39	204.17	19.77
Total Assets	696,989	751,797	793,314	785,133
Net Assets	433,404	455,111	499,894	485,498

Note: The Company has adopted the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (Accounting Standards Board of Japan (ASBJ) Statement No. 28, February 16, 2018) from the beginning of the current fiscal year, and retrospectively applied the said accounting standard to the figures for the previous year.

- 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.
- In the 111th term (FY2016), net sales decreased, due mainly to a drop in sales to smartphone applications and unfavorable exchange rate movements. Profits decreased due to the decrease in the sales.
- In the 112th term (FY2017), net sales increased, due mainly to robust demand for use in automobiles in Japan as well as strong demand from Japanese car manufacturers in China. Profits increased due to the increase in sales.
- As for the business performance in the 113th term (FY2018), 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	110th term (FY2015)	111th term (FY2016)	112th term (FY2017)	113th term (FY2018)
Net Sales	239,329	256,404	254,010	256,203
Operating Income	15,243	16,857	19,805	18,257
Ordinary Income	25,043	26,386	33,216	28,466
Net Income	21,239	19,813	26,144	21,251
Net Income Per Share (Yen)	122.88	114.77	151.21	122.80
Total Assets	323,284	348,588	369,125	371,116
Net Assets	169,600	192,174	220,385	223,340

Note: The Company has adopted the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) from the beginning of the current fiscal year, and retrospectively applied the said accounting standard to the figures for the previous year.

- 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.
- In the 112th term (FY2017), 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. Profits increased as a result of a substantial increase in dividends income from subsidiaries as well as a revenue increase. In addition, the Company's operating income, ordinary income and net income all marked record highs.
- In the 113th term (FY2018), 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. Profits decreased as a result of an increase in personnel and other costs and a decrease in dividends income from subsidiaries.

(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 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)	RMB791,236,000	- % (96.3)	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 93 consolidated subsidiaries and 24 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, 2019)

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

(6) Major Business Offices and Factories (as of March 31, 2019)

(i) The Company

Name	Location	Name	Location
Head Office	Minato Ward, Tokyo	Osaka Branch 1	Osaka City, Osaka
Sendai Branch	Sendai City, Miyagi Pref.	Osaka Branch 2	Osaka City, Osaka
Mito Branch	Mito City, Ibaraki Pref.	Hiroshima Branch	Hiroshima City, Hiroshima Pref.
Utsunomiya Branch	Utsunomiya City, Tochigi Pref.	Fukuoka Branch	Fukuoka City, Fukuoka Pref.
Kumagaya Branch	Kumagaya City, Saitama Pref.	Fukushima Plant	Fukushima City, Fukushima Pref.
Tokyo Branch	Minato Ward, Tokyo	Nihonmatsu Plant	Nihonmatsu City, Fukushima Pref.
Matsumoto Branch	Matsumoto City, Nagano Pref.	Kita Ibaraki Plant	Kita Ibaraki City, Ibaraki Pref.
Tama Branch	Kawasaki City, Kanagawa Pref.	Tsukuba Plant	Tsukuba City, Ibaraki Pref.
Kanagawa Branch	Atsugi City, Kanagawa Pref.	Shizuoka Plant	Makinohara City, Shizuoka Pref.
Fuji Branch	Fuji City, Shizuoka Pref.	Tokai Plant	Kikugawa City, Shizuoka Pref.
Hamamatsu Branch	Hamamatsu City, Shizuoka Pref.	Tottori Plant	Saihaku-gun, Tottori Pref.
Anjo Branch 1	Anjo City, Aichi Pref.	Kumamoto Plant	Aso City, Kumamoto Pref.
Anjo Branch 2	Anjo City, Aichi Pref.	Shonan Development Center (Fujisawa Plant)	Fujisawa City, Kanagawa Pref.
Nagoya Branch	Nagoya City, Aichi 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 Product business	Nippon Mektron, Ltd.	Head office Tokyo Branch Osaka Branch Ushiku Plant Kashima Plant	Minato Ward, Tokyo Minato Ward, Tokyo Osaka City, Osaka 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 Manufacturing Corporation (Vietnam) Ltd.	Head office and factory	Hung Yen Province, Vietnam
	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.

Note: Fugaku Koki Co., Ltd. changed its trade name to NOK FUGAKU ENGINEERING Co., Ltd. as of April 1, 2019.

(7) Employee Status (as of March 31, 2019)

(i) Employment of the NOK Group

Number of employees	Change from the end of previous term
42,251 (3,015)	-1,278 (-496)

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
3,419 (410)	+171 (-17)	39.9 years old	17.4 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, 2019)

Lenders	Borrowings (Millions of yen)
Sumitomo Mitsui Banking Corp.	41,867
Mizuho Bank, Ltd.	17,507
MUFG, Bank, Ltd.	14,856
The Dai-ichi Life Insurance Company, Ltd.	2,017
Sumitomo Mitsui Trust Bank, Ltd.	1,910
Sompo Japan Nipponkoa Insurance Inc.	868

2. Outline of the Company

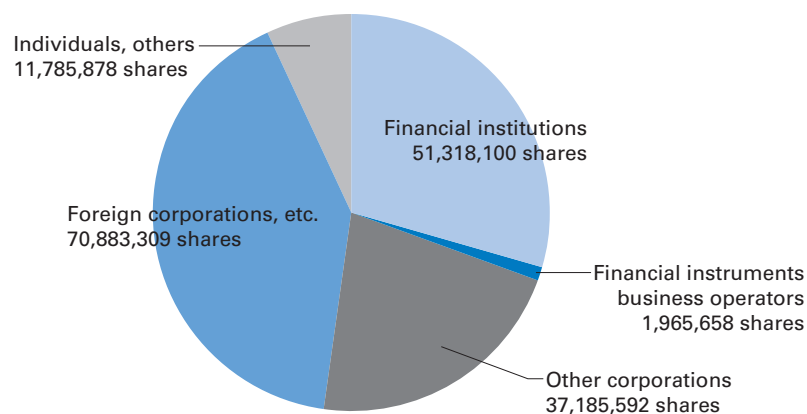
(1) Status of Stock (as of March 31, 2019)

- (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: **9,507 (a decrease of 123 year on year)**
- (iv) Major shareholders

Shareholder	Number of shares held (thousands)	Ratio of shares held (%)
Freudenberg SE	43,457	25.1
Japan Trustee Services Bank, Ltd. (Trust account)	9,384	5.4
Seiwa Jisho Co., Ltd.	8,773	5.1
The Dai-ichi Life Insurance Company, Ltd.	8,000	4.6
Toyota Motor Corp.	6,809	3.9
The Master Trust Bank of Japan, Ltd. (Trust account)	6,590	3.8
Sumitomo Mitsui Banking Corp.	4,270	2.5
Sompo Japan Nipponkoa Insurance Inc.	3,036	1.8
SMBC Trust Bank Ltd. (Sumitomo Mitsui Banking Corporation retirement benefit trust account)	3,000	1.7
ORBIS SICAV	2,882	1.7

Note: For the basis of the calculation of "ratio of shares held" above, the Company's treasury stock (79,050 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, 2019)

Position	Name	Positions, responsibilities or significant concurrent positions
Chairman of the Board	Masato Tsuru	
President and Representative Director	Kiyoshi Doi	
Senior Managing Director	Jiro Iida	General Manager, Corporate Business Strategy 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	Toshifumi Kobayashi	President and Representative Director, 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, Mr. Kiyoshi Doi, Jiro Iida and Yasuhiko Kuroki are Representative Directors.
2. Mr. Tetsuji Tsuru retired from his position as Director due to the expiration of his term of office at the conclusion of the 112th Annual Shareholders' Meeting held on June 27, 2018.
3. The changes in Director position and responsibilities during the term are as follows.

Name	New Titles	Past Titles	Date of Change
Masato Tsuru	Chairman of the Board	Chairman of the Board and President	April 1, 2018
Kiyoshi Doi	President	Senior Managing Director Assistant to the President, Overall responsibility for Seal business, General Manager, Corporate Production Control Office	April 1, 2018
Jiro Iida	Senior Managing Director General Manager, Corporate Business Strategy Office	Senior Managing Director General Manager, Corporate Planning Office	April 1, 2018
Akira Watanabe	Senior Managing Director General Manager, Corporate Finance & Accounting Office	Senior Managing Director General Manager, Corporate Finance & Accounting Office, and General Manager, Corporate IT Office	October 1, 2018

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 has submitted notification to the Tokyo Stock Exchange that each Outside Director and Outside Corporate Auditor has been designated as an independent director/auditor as stipulated in the regulations of the aforementioned exchange.
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, President and Representative Director, NOK Technical Research and Development Co., Ltd. Chairman of the Board, Director & President, NOK Inc.
Kiyoshi Doi	Chairman of the Board & Director, Wuxi NOK-Freudenberg Oilseal Co., Ltd. Chairman of the Board & Director, Changchun NOK-Freudenberg Oilseal Co., Ltd.
Jiro Iida	Chairman of the Board & Director, Thai NOK 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 Corporate Auditor, Eagle Industry Co., Ltd. Outside Director, DMS Inc.

(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 (Outside Directors among the above)	10 (2)	296 (12)
Corporate Auditors (Outside Corporate Auditors among the above)	5 (3)	60 (18)
Total	15	356

Notes:

1. Number of Directors who were paid remuneration and such like and the total amount paid include one (1) Director who retired at the conclusion of the 112th Annual Shareholders' Meeting held on June 27, 2018, and remuneration and such like paid to the Director during his term of office, respectively.
2. 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.
3. 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, Mr. Makoto Fujioka and Corporate Auditor Mr. Atsushi Kajitani 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 14 out of 14 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 11 Board of Corporate Auditors meetings held during the term, where he made necessary remarks on Items for Resolution.
Corporate Auditor	Hideki Ogawa	Has attended 13 out of 14 Board of Directors meetings and 8 out of 11 Board of Corporate Auditors meetings held during the term, where he made necessary remarks on Items for Resolution.
Corporate Auditor	Atsushi Kajitani	Has attended 14 out of 14 Board of Directors meetings and 11 out of 11 Board of Corporate Auditors meetings held during the term, where he made necessary remarks on Items for Resolution.

(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	38
Amount to be paid by the Company and its subsidiaries to the Independent Auditor as financial benefit, such as monetary reward, etc.	72

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 Properness 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, 2019)

(Millions of yen)

Item	FY2018	FY2017 (Reference)	Item	FY2018	FY2017 (Reference)
ASSETS	785,133	793,314	LIABILITIES	299,634	293,419
CURRENT ASSETS	327,828	342,382	CURRENT LIABILITIES	181,061	185,636
Cash and deposits	80,798	89,457	Accounts payable - trade	44,557	57,571
Notes and accounts receivable - trade	145,168	149,422	Short-term loans payable	66,972	58,398
Merchandise and finished goods	35,936	38,611	Income taxes payable	3,549	5,084
Work in process	29,430	29,812	Provision for bonuses	10,125	9,712
Raw materials and supplies	21,348	20,347	Provision for loss on guarantees	—	668
Other	15,303	14,968	Deposits received from employees	16,226	16,210
Allowance for doubtful accounts	(157)	(236)	Other	39,629	37,990
NONCURRENT ASSETS	457,304	450,931	NONCURRENT LIABILITIES	118,572	107,783
Property, plant and equipment	262,496	257,348	Long-term loans payable	19,563	9,931
Buildings and structures	89,695	86,318	Deferred tax liabilities	7,133	11,707
Machinery, equipment and vehicles	110,968	109,905	Net defined benefit liability	87,842	82,302
Tools, furniture and fixtures	19,510	20,241	Other	4,033	3,841
Land	18,701	21,874	NET ASSETS	485,498	499,894
Lease assets	203	273	SHAREHOLDERS' EQUITY	408,959	413,672
Construction in progress	23,416	18,734	CAPITAL STOCK	23,335	23,335
Intangible assets	4,760	4,061	CAPITAL SURPLUS	23,244	22,837
Investments and other assets	190,047	189,522	RETAINED EARNINGS	362,604	367,822
Investment securities	150,066	154,774	TREASURY STOCK	(226)	(323)
Long-term loans receivable from employees	3,078	3,444	ACCUMULATED OTHER COMPREHENSIVE INCOME	35,218	45,983
Deferred tax assets	13,773	8,646	VALUATION DIFFERENCE ON AVAILABLE-FOR-SALE SECURITIES	47,694	57,490
Net defined benefit asset	718	210	FOREIGN CURRENCY TRANSLATION ADJUSTMENT	12,157	11,909
Other	22,583	22,615	REMEASUREMENTS OF DEFINED BENEFIT PLANS	(24,633)	(23,416)
Allowance for doubtful accounts	(174)	(169)	NON-CONTROLLING INTERESTS	41,321	40,238
TOTAL	785,133	793,314	TOTAL	785,133	793,314

Notes:

- Figures are rounded down to the nearest million yen.
- The Company has adopted the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) from the beginning of the current fiscal year, and retrospectively applied the said accounting standard to the figures for the previous fiscal year.

CONSOLIDATED STATEMENT OF INCOME (From April 1, 2018 to March 31, 2019)

(Millions of yen)

Item	FY2018		FY2017 (Reference)	
Net Sales		669,482		729,341
Cost of Sales		560,045		600,098
Gross Profit		109,437		129,242
Selling, General and Administrative Expenses		86,297		84,308
Operating Income		23,140		44,934
Non-operating Income				
Interest income	525		528	
Dividends income	2,468		2,208	
Foreign exchange gains	408		1,203	
Share of profit of entities accounted for using equity method	4,033		6,510	
Rent income	914		965	
Other	3,096	11,446	3,024	14,441
Non-operating Expenses				
Interest expenses	2,798		2,335	
Other	652	3,450	748	3,084
Ordinary Income		31,135		56,291
Extraordinary Income				
Gain on sales of noncurrent assets	332		450	
Other	37	369	175	625
Extraordinary Loss				
Loss on sales and retirement of noncurrent assets	3,063		3,002	
Loss on impairment of noncurrent assets	14,749		18	
Other	781	18,594	1,030	4,051
Income before Income Taxes		12,909		52,866
Income taxes - current	11,814		13,148	
Income taxes - deferred	(5,049)	6,765	528	13,676
Net Income		6,144		39,189
Profit attributable to non-controlling interests		2,725		3,908
Profit Attributable to Owners of Parent		3,419		35,281

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, 2019)

(Millions of yen)

Item	FY2018	FY2017 (Ref)	Item	FY2018	FY2017 (Ref)
ASSETS	371,116	369,125	LIABILITIES	147,775	148,739
CURRENT ASSETS	137,690	138,860	CURRENT LIABILITIES	98,816	103,177
Cash and deposits	30,248	37,849	Accounts payable - trade	23,723	25,890
Notes receivable - trade	23,035	23,236	Short-term loans payable	14,797	14,022
Accounts receivable - trade	49,535	50,530	Accounts payable - other	8,940	5,355
Finished goods	10,238	8,776	Income taxes payable	1,256	2,058
Work in process	659	664	Accrued expenses	1,787	1,679
Raw materials and supplies	2,382	1,884	CMS deposits received	24,070	28,676
Short-term loans receivable	10,682	4,547	Provision for bonuses	4,189	4,042
Accounts receivables - other	8,719	9,509	Provision for loss on guarantees	—	668
Other	2,188	1,894	Deposits received from employees	12,273	11,857
Allowance for doubtful accounts	—	(32)	Other	7,776	8,926
NONCURRENT ASSETS	233,426	230,265	NONCURRENT LIABILITIES	48,959	45,561
Property, plant and equipment	78,005	60,753	Long-term loans payable	8,423	2,451
Buildings	21,878	18,533	Provision for retirement benefits	31,062	29,164
Structures	2,391	1,843	Deferred tax liabilities	7,754	12,249
Machinery and equipment	27,581	24,274	Other	1,718	1,697
Vehicles	259	241			
Tools, furniture and fixtures	5,981	5,721	NET ASSETS	223,340	220,385
Land	6,193	5,592	SHAREHOLDERS' EQUITY	175,780	163,084
Lease assets	70	68	CAPITAL STOCK	23,335	23,335
Construction in progress	13,648	4,476	CAPITAL SURPLUS	20,397	20,397
Intangible assets	48	54	Legal capital surplus	20,397	20,397
Investments and other assets	155,372	169,457	RETAINED EARNINGS	132,196	119,597
Investment securities	95,747	108,530	Legal retained earnings	2,983	2,983
Stocks of subsidiaries and affiliates	40,690	40,639	Other retained earnings	129,212	116,613
Investment in capital of subsidiaries and affiliates	11,396	11,396	Reserve for special depreciation	62	59
Long-term loans receivable	4,729	5,279	Reserve for advanced depreciation of noncurrent assets	2,042	1,595
Prepaid pension cost	701	1,086	Retained earnings brought forward	127,106	114,958
Guarantee deposits	801	1,508	TREASURY STOCK	(148)	(246)
Other	1,406	1,476	VALUATION AND TRANSLATION ADJUSTMENTS	47,559	57,301
Allowance for investment loss	—	(362)	VALUATION DIFFERENCE ON AVAILABLE-FOR-SALE SECURITIES	47,559	57,301
Allowance for doubtful accounts	(100)	(99)			
TOTAL	371,116	369,125	TOTAL	371,116	369,125

Notes:

- Figures are rounded down to the nearest million yen.
- The Company has adopted the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) from the beginning of the current fiscal year, and retrospectively applied the said accounting standard to the figures for the previous fiscal year.

STATEMENT OF INCOME (From April 1, 2018 to March 31, 2019)

(Millions of yen)

Item	FY2018		FY2017 (Reference)	
Net Sales		256,203		254,010
Cost of Sales		201,693		199,365
Gross Profit		54,509		54,645
Selling, General and Administrative Expenses		36,252		34,839
Operating Income		18,257		19,805
Non-operating Income				
Interest and dividends income	9,182		12,481	
Rent income	828		857	
Other	1,254	11,264	922	14,261
Non-operating Expenses				
Interest expenses	811		797	
Other	243	1,055	53	850
Ordinary Income		28,466		33,216
Extraordinary Income				
Gain on sales of noncurrent assets	16		205	
Gain on sales of investment securities	32		161	
Reversal of allowance for investment loss	–		208	
Other	–	48	36	611
Extraordinary Loss				
Loss on sales and retirement of noncurrent assets	411		305	
Loss on valuation of investment securities	233		–	
Provision for loss on guarantees	–		268	
Other	38	683	1	574
Income before Income Taxes		27,831		33,252
Income taxes - current	6,962		7,035	
Income taxes - deferred	(382)	6,579	73	7,108
Net Income		21,251		26,144

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 16, 2019

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, 2018 through March 31, 2019.

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, 2019 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 16, 2019

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 113th fiscal term from April 1, 2018 through March 31, 2019.

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 113th fiscal term ended March 31, 2019 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 113th term from April 1, 2018 to March 31, 2019, 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 20, 2019

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)

■ NOK Group Product Lines Contributing to Planet Environment and Eco-Friendly Society

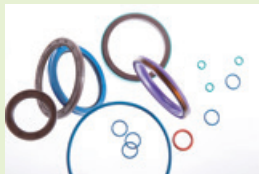
All NOK products support our customers' products, thereby contributing to the environment behind the scenes.

The functions of NOK products, backed by technology, range broadly from sealing, liquid control, and vibration and sound isolation to low friction, membrane separation and others. These NOK products are incorporated in customers' products and, within their various final products, demonstrate their functions for protecting the environment, such as "avoid generating or leaking," "convey efficiently," "reduce loads" and "lengthen product lives."

NOK is determined to offer products that support the realization of a sustainable society and, moreover, push forward with the development of new technologies.



Avoid generating or leaking what adversely affects the environment



Oil seals
O-rings
Packings
Electromagnetic shield rubber (EM guard)
Mechanical seals
Metallic bellows
...and others

Convey energy efficiently



Le-μ's technology
Iron rubbers
Accumulators
Solenoids
Actuators
Heat-conductive rubbers
...and others

Reduce loads on products and the environment



Vibration and sound isolators
Special lubricants
Coating products
Membrane modules for wastewater treatment
Separation membrane modules
...and others

Lengthen product lives



Le-μ's technology
Special lubricant grease
Special coating
...and others

■ Examples of NOK Technologies and Product Lines Specializing in Environmental Functions



Le-μ's technology



Industrial membrane modules

Le-μ's is a product brand that supports automotive fuel efficiency and contributes to the global environment. The products realize low-friction functions under product usage conditions. Equipped with the comprehensive technologies for (1) designing of shapes, (2) coating technology, (3) designing of new materials, and (4) designing of grease, the product lines have enhanced contributions to the environment while retaining the intrinsic functions of products. The technologies are incorporated in products including oil seals, seal rings, o-rings, and rod seals for rotation and oscillation.

NOK industrial membrane modules are employed to remove minute particles in the water in fields that protect the water environment, such as purified water treatment and recycled water treatment. The modules that excel in membrane pore sizes and the balance of flow volumes realize a high filtration performance that prevents clogging and generates stable filtration flows, thereby contributing to the environment.

Social Contribution Activities and Environmental Conservation Activities

Green Factory in Thailand

Thai NOK Co., Ltd. has positioned a factory whose construction was completed in 2012 as a Green factory and is making efforts to reduce environmental loads. The factory employs a biogas generator to ferment raw garbage from its canteens, obtains flammable gas and uses it for cooking as an alternative fuel to LPG. Moreover, the factory is implementing various eco-friendly measures, such as solar power generation, rooftop gardens, air-cooled chiller, utilization of rainwater and LED lighting.



Biogas generator



Efforts in Distribution

With the significance of energy-saving in the distribution process mounting, the Sub Committee for Reduction of Energy Consumption is focused on reducing the consumption volume of fuels for trucks (diesel oil). For FY2017, the NOK Group implemented measures for reducing diesel oil, such as improving truck loading ratios, reviewing transportation routes, adopting new vehicles, and strengthening eco-friendly driving, resulting in a reduction that was equivalent to 49,000 liters of diesel oil a year.



Conceptual illustration of reducing CO2 emissions in the distribution process



Social Contribution Activities

As part of our social contribution activities, the NOK Group actively takes part in volunteer programs across the country. For instance, the Fujisawa Plant cleans the Shonan beach, the Fukushima Plant volunteers to remove water weeds from Inawashiro Lake. Group companies in southeast Asia are involved in rejuvenation of mangrove forests in cooperation with civil groups.



Volunteer to remove water weeds from Inawashiro Lake



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	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
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)

NOK CORPORATION

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