

Consolidated Quarterly Financial Statements in accordance with Japanese GAAP for the six months ended September 30, 2013

URL : <http://www.ngkntk.co.jp>
 Stock listing : Tokyo 1st section, Nagoya 1st section
 Code number : 5334
 Head office : 14-18 Takatsuji-cho, Mizuho-ku, Nagoya, 467-8525, Aichi, Japan
 Representative : Shinichi Odo, President

Quarterly financial results highlights

	Billions of yen					
	Three months ended					
	2012			2013		
	Jun. 30	Sep. 30	Dec. 31	Mar. 31	Jun.30	Sep.30
For the three months:						
Net sales	68.2	64.5	63.3	106.7	82.2	79.9
Operating income	5.3	4.6	4.3	9.6	10.8	12.5
Ordinary income	4.6	4.7	6.8	11.6	12.0	12.6
Net income	2.0	5.6	4.0	9.3	7.2	8.5
Sales by industry segments:						
Spark & glow plugs	30.7	29.8	30.4	55.0	40.0	38.0
Automotive sensors	23.4	21.5	21.0	37.0	28.0	26.8
Automotive components	54.1	51.4	51.4	92.0	68.1	64.8
Semiconductor	7.5	7.2	6.2	7.4	7.2	8.2
Ceramics	5.7	5.1	4.8	6.5	5.9	6.0
Technical ceramics	13.1	12.3	11.0	13.9	13.2	14.2
	Percent					
Operating income ratio:						
Consolidated	7.8	7.1	6.8	9.0	13.2	15.6
By industry segments:						
Automotive components	13.4	13.8	13.6	12.9	18.1	21.6
Semiconductor	(29.6)	(36.5)	(43.3)	(29.3)	(24.1)	(23.0)
Ceramics	5.2	1.9	(1.4)	(2.4)	4.3	6.8
Technical ceramics	(14.6)	(20.6)	(24.9)	(16.7)	(11.3)	(10.3)
	Yen					
Actual exchange rate:						
Yen - U.S. dollar	80	79	81	92	99	99
Yen - Euro	103	99	105	122	129	131

Forecast for the fiscal year ending March 31, 2014

	Forecast of fiscal year ending March 31, 2014					(Reference) Fiscal year ended March 31, 2013
	Automotive components	Technical ceramics			Consolidated	
		Semiconductor	Ceramics	Others		
	Millions of yen					
Net Sales	266,760	29,780	23,520	3,940	324,000	302,798
Operating income	53,650	(7,940)	1,290	0	47,000	23,754
Ordinary income					48,500	27,674
Net income					30,000	20,909
Depreciation	10,074	1,661	954	11	12,700	12,798
Capital expenditure	45,383	6,381	2,535	1	54,300	24,012
					Yen	
Net income per share (Basic)					137.83	96.06
Dividend per share					26.00	22.00

Note 1: The above forecast is revised from the one disclosed on May 8, 2013

2: Assumed exchange rates in the latter half of this fiscal year are;

1 U.S. dollar = 95 Yen 1 Euro = 125 Yen

Reason for the revision:

Due to the circumstances such as the yen weaker than our assumption, we revise our forecast for this fiscal year as above.

Disclaimer regarding forward-looking statements.

This document contains forward-looking statements that are based on management's estimates, assumptions and projections at the time of release. Some factors, which include, but are not limited to, the risks and uncertainty associated with the worldwide economy, currency fluctuation and competitive activity could cause actual results to differ materially from expectations. We therefore caution readers that these statements should not be interpreted as representation that quantitative or qualitative objective therein will be fulfilled.

Consolidated Quarterly Balance Sheets September 30, 2013 and March 31, 2013

	Millions of yen	
	March 31, 2013	September 30, 2013
Assets		
Current assets		
Cash and deposits	24,557	30,231
Notes and accounts receivable-trade	53,103	59,400
Short-term investment securities	46,079	74,035
Inventories	67,845	66,820
Deferred tax assets	8,805	10,950
Other	10,148	10,915
Allowance for doubtful accounts	(299)	(359)
Total current assets	210,240	251,993
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	40,334	41,785
Machinery, equipment and vehicles, net	30,157	34,630
Land	15,131	15,082
Construction in progress	8,966	17,518
Other, net	2,484	2,567
Total property, plant and equipment	97,073	111,583
Intangible assets		
Software	3,590	3,301
Other	235	246
Total intangible assets	3,826	3,547
Investments and other assets		
Investment securities	52,770	60,072
Deferred tax assets	925	760
Other	1,755	2,267
Allowance for doubtful accounts	(103)	(103)
Total investments and other assets	55,347	62,996
Total noncurrent assets	156,248	178,128
Total assets	366,489	430,121

	Millions of yen	
	March 31, 2013	September 30, 2013
Liabilities		
Current liabilities		
Accounts payable-trade	18,814	24,359
Short-term loans payable	1,432	1,553
Current portion of bonds	-	10,000
Lease obligations	302	269
Income taxes payable	4,854	9,898
Deferred tax liabilities	94	59
Other	25,799	25,401
Total current liabilities	51,298	71,542
Noncurrent liabilities		
Bonds payable	25,000	40,000
Long-term loans payable	-	5,000
Lease obligations	683	589
Provision for retirement benefits	17,401	17,180
Negative goodwill	16	8
Deferred tax liabilities	2,334	6,128
Other	1,446	1,297
Total noncurrent liabilities	46,881	70,203
Total liabilities	98,180	141,745
Net assets		
Shareholders' equity		
Capital stock	47,869	47,869
Capital surplus	54,824	54,824
Retained earnings	167,561	180,858
Treasury stock	(7,539)	(7,570)
Total shareholders' equity	262,716	275,981
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	16,175	21,541
Foreign currency translation adjustment	(12,596)	(11,098)
Total valuation and translation adjustments	3,579	10,442
Minority interests	2,013	1,951
Total net assets	268,309	288,376
Total liabilities and net assets	366,489	430,121

**Consolidated Quarterly Statement of Operations
for the Six Months Ended September 30, 2012 and 2013**

	Millions of yen	
	2012	2013
Net sales	132,749	162,155
Cost of sales	100,918	112,563
Gross profit	31,831	49,592
Selling, general and administrative expenses	21,962	26,268
Operating income	9,868	23,324
Non-operating income		
Interest income	574	522
Dividends income	329	439
Amortization of negative goodwill	8	8
Equity in earnings of affiliates	247	152
Foreign exchange gain	-	498
Other	474	442
Total non-operating income	1,634	2,063
Non-operating expenses		
Interest expenses	291	232
Foreign exchange losses	1,329	-
Depreciation of inactive noncurrent assets	221	129
Other	323	360
Total non-operating expenses	2,166	722
Ordinary income	9,336	24,664
Extraordinary income		
Gain on sales of property, plant and equipment	71	71
Gain on sales of investment securities	-	11
Total extraordinary income	71	82
Extraordinary loss		
Loss on sales or disposal of property, plant and equipment	187	258
Loss on valuation of investment securities	44	-
Total extraordinary losses	231	258
Income before income taxes and minority interests	9,177	24,488
Income taxes-current	2,458	9,809
Income taxes-deferred	(990)	(1,171)
Total income taxes	1,467	8,638
Income before minority interests	7,709	15,849
Minority interests in income	116	158
Net income	7,592	15,691
	Yen	
Net income per share		
- Basic	34.88	72.09
- Diluted	-	-

Consolidated Statements of Comprehensive Income for the Six Months Ended September 30, 2012 and 2013

	Millions of yen	
	2012	2013
Income before minority interests	7,709	15,849
Other comprehensive income		
Valuation difference on available-for-sale securities	(3,539)	5,356
Foreign currency translation adjustment	(1,978)	1,192
Share of other comprehensive income of associates accounted for using equity method	38	254
Total other comprehensive income	(5,479)	6,803
Comprehensive income	2,229	22,653
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	2,090	22,554
Comprehensive income attributable to minority interests	139	98

**Consolidated Quarterly Statements of Cash Flows
 for the six Months Ended September 30, 2012 and 2013**

	Millions of yen	
	2012	2013
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	9,177	24,488
Depreciation and amortization	6,041	5,410
Amortization of goodwill	(8)	(8)
(Decrease) increase in provision for retirement benefits	(153)	(211)
Interest and dividends income	(903)	(961)
Interest expenses	291	232
Equity in (earnings) losses of affiliates	(247)	(152)
Loss (gain) on disposal of noncurrent assets	115	187
Loss (gain) on valuation of investment securities	44	-
(Increase) decrease in notes and accounts receivable-trade	999	(4,752)
Decrease (increase) in inventories	(547)	2,455
Increase (decrease) in notes and accounts payable-trade	(2,163)	3,610
Other, net	(514)	(561)
Subtotal	12,130	29,736
Interest and dividends income received	1,009	988
Interest expenses paid	(321)	(225)
Income taxes paid	(1,841)	(4,839)
Net cash provided by (used in) operating activities	10,977	25,659
Net cash (used in) provided by investment activities		
Net (increase) decrease in time deposits	218	(738)
Net (increase) decrease in short-term investment securities	(2,094)	(7,992)
Purchase of property, plant and equipment	(6,759)	(19,933)
Purchase of intangible assets	(274)	(418)
Purchase of investment securities	(2,514)	(3,078)
Proceeds from sales and redemption of investment securities	10,100	3,107
Other, net	61	(522)
Net cash (used in) provided by investment activities	(1,262)	(29,577)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(24)	62
Proceeds from long-term loans payable	-	5,000
Proceeds from issuance of bonds	-	24,877
Redemption of bonds	(10,000)	-
Purchase of treasury stock	(6)	(31)
Proceeds from sales of treasury stock	0	-
Cash dividends paid	(2,398)	(2,398)
Other, net	(340)	(339)
Net cash provided by (used in) financing activities	(12,769)	27,171
Effect of exchange rate change on cash and cash equivalents	(285)	421
Net increase (decrease) in cash and cash equivalents	(3,340)	23,675
Cash and cash equivalents at beginning of period	51,824	49,874
Cash and cash equivalents at end of period	48,483	73,549

Segment information

Information about sales and segment income (loss) by reportable segments

	Reportable segments				Total	Others	Total	Adjustment	Consolidated
	Automotive components	Technical ceramics		Total					
		Semiconductor	Ceramics						
Millions of yen									
Six months ended September 30, 2012									
Net sales	105,422	14,664	10,752	25,416	130,839	1,910	132,749	-	132,749
Segment income (loss)	14,333	(4,838)	387	(4,450)	9,882	(14)	9,868	-	9,868
Six months ended September 30, 2013									
Net sales	132,873	15,396	11,936	27,332	160,206	1,949	162,155	-	162,155
Segment income (loss)	26,290	(3,619)	661	(2,957)	23,333	(9)	23,324	-	23,324

Note 1: "Others" represents businesses such as Material Sales, Welfare Program Service and Transportation, which are not included in reportable segments.

Note 2: Segment income (loss) is adjusted to Operating income (loss) of "Consolidated Quarterly Statement of Operations".

Note 3: In April 2013, the "Communication media components" segment and "Technical ceramics" segment were integrated and changed the name to the "Technical ceramics" segment. The "Communication media components" segment and the "Technical ceramics" segment of the three months ended June 30, 2013 correspond to each of the "Semiconductor" segment and the "Ceramics" segment of the three months ended June 30, 2014.

Segment information for the three months ended June 30, 2013 above is based on the reportable segments of the three months ended June 30, 2014.