

FINANCIAL REPORTS OF NGK SPARK PLUG Co., Ltd.

For the three months ended June 30, 2006

URL	http://www.ngkntk.co.jp
Stock listing	Tokyo 1 st section, Nagoya 1 st section
Code number	5334
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Representative	Norio Kato, President

Consolidated Financial Highlights

	(Three months ended) June 30		(Fiscal year ended)
	2006	2005	March 31, 2006
(Millions of yen)			
Net Sales	81,575	65,780	284,884
Operating Income	13,195	8,952	41,513
Ordinary Income	13,642	9,406	43,130
Net Income	8,351	5,211	25,104
Total assets	379,336	320,655	386,235
Net assets	265,024	225,630	260,766
Cash flow from			
- Operating activities	2,417	(1,712)	34,749
- Investing activities	3,720	7,679	(30,691)
- Financing activities	(2,617)	(1,042)	(2,457)
Cash and cash equivalents	46,902	45,644	43,304
Per share (Yen)			
Net income			
- Basis	37.62	23.53	112.82
- Diluted	35.72	22.28	106.91
Equity	1,193.65	1,014.03	1,166.97
Equity ratio (%)	69.4%	70.0%	67.1%

Consolidated Financial Forecast

(Millions of yen)

	Revised on August 1, 2006	Accounted on May 10, 2006	Increase
April 1, 2006 through September 30, 2006			
Net Sales	166,000	154,000	12,000
Ordinary Income	25,600	22,700	2,900
Net Income	15,900	14,000	1,900
April 1, 2006 through March 31, 2007			
Net Sales	328,000	307,000	21,000
Ordinary Income	48,500	44,300	4,200
Net Income	30,300	28,000	2,300
Net Income per share	137.14 yen	126.11 yen	

(References) **Non-consolidated Financial Forecast**

(Millions of yen)

	Revised on August 1, 2006	Accounted on May 10, 2006	Increase
April 1, 2006 through September 30, 2006			
Net Sales	145,000	132,400	12,600
Ordinary Income	20,100	17,900	2,200
Net Income	12,700	11,300	1,400
April 1, 2006 through March 31, 2007			
Net Sales	290,000	270,000	20,000
Ordinary Income	39,600	36,700	2,900
Net Income	25,100	23,400	1,700
Net Income per share (yen)	113.61 yen	105.39 yen	

Disclaimer regarding forward-looking statements.

This document contains forward-looking statements. These statements are based on internal projections and estimates and should not be interpreted as representation that quantitative or qualitative objectives therein will be fulfilled.

Consolidated Financial Statements

Consolidated Balance Sheet

(Millions of yen)

	June 30		March 31		
	2006	2005	2006		
Assets					
Current assets:					
Cash and time deposit	63,535	53,009	64,327		
Notes and accounts receivable, trade	56,319	45,942	54,243		
Securities	17,437	19,782	24,070		
Inventories	52,385	44,721	51,127		
Deferred tax assets	7,782	7,485	8,505		
Other current assets	8,539	8,044	8,853		
Allowance for doubtful accounts	(232)	(197)	(224)		
Total current assets	205,767	178,789	210,902	54.2%	54.6%
Fixed assets:					
Tangible assets:					
Building and structures	40,838	35,662	41,087		
Machinery and vehicles	39,273	32,264	36,557		
Land	16,406	15,217	16,385		
Construction in progress	5,084	3,199	4,744		
Other tangible assets	1,959	1,876	1,917		
Total tangible assets	103,561	88,220	100,691	27.3%	26.1%
Intangible assets:					
Software	192	193	199		
Consolidated goodwill	614	-	581		
Total intangible assets	807	193	780	0.2%	0.2%
Investment and other assets:					
Investments securities	66,188	50,794	70,884		
Deferred tax assets	1,111	1,002	1,173		
Other assets	1,989	1,756	1,894		
Allowance for doubtful accounts	(89)	(100)	(91)		
Total investment and other assets	69,200	53,452	73,860	18.3%	19.1%
Total fixed assets	173,569	141,865	175,332	45.8%	45.4%
Total assets	379,336	320,655	386,235	100.0%	100.0%

(Millions of yen)

	June 30		March 31	
	2006	2005	2006	
Liabilities				
Current liabilities:				
Accounts payable, trade	30,869	21,303	29,513	
Short-term borrowing	10,148	9,474	10,462	
Bonds due within one year	10,000	-	10,000	
Income taxes payable	4,202	3,752	11,044	
Deferred tax liabilities	200	211	215	
Other current liabilities	19,582	15,570	23,055	
Total current liabilities	75,003	50,312	84,290	
	19.8%	15.7%	21.8%	
Fixed liabilities:				
Bonds	16,099	27,000	16,099	
Employee retirement benefit liability	14,342	13,929	14,186	
Accrued severance indemnities for officers	568	782	985	
Negative consolidated goodwill	68	37	-	
Deferred tax liabilities	7,322	2,266	9,042	
Other fixed liabilities	905	697	864	
Total fixed liabilities	39,308	44,713	41,178	
	10.4%	14.0%	10.7%	
Total liabilities	114,311	95,025	125,468	
	30.2%	29.7%	32.5%	
Net assets				
Shareholders' equity:				
Common stock	47,869	47,869	47,869	
Capital surplus	55,167	54,826	55,167	
Retained earnings	144,009	120,304	138,202	
Less, treasury stock at cost	(6,473)	(6,818)	(6,454)	
Total shareholders' equity	240,573	216,181	234,784	
	63.4%	67.4%	60.8%	
Valuation and adjustment:				
Net unrealized gains on available-for-sale securities	25,147	15,426	27,831	
Foreign currency translation adjustment	(2,317)	(7,027)	(3,403)	
Total valuation and adjustment	22,829	8,399	24,428	
	6.0%	2.6%	6.3%	
Minority interests in consolidated subsidiaries	1,622	1,050	1,552	
	0.4%	0.3%	0.4%	
Total net assets	265,024	225,630	260,766	
	69.8%	70.3%	67.5%	
Total liabilities and net assets	379,336	320,655	386,235	
	100.0%	100.0%	100.0%	

Consolidated Statement of Operations

(Millions of yen)

	Three months ended June 30				Fiscal year ended March 31	
	2006		2005		2006	
Net Sales	81,575	100.0%	65,780	100.0%	284,884	100.0%
Costs of goods sold	57,835	70.9%	47,225	71.8%	203,337	71.4%
Gross profit on sales	23,739	29.1%	18,554	28.2%	81,547	28.6%
Selling, general and administrative expenses	10,544	12.9%	9,601	14.6%	40,033	14.0%
Operating income	13,195	16.2%	8,952	13.6%	41,513	14.6%
Other income:						
Interest income	271		144		834	
Dividend income	342		244		460	
Amortization of consolidated goodwill	5		2		-	
Income of rentals on fixed assets	190		187		804	
Equity in net earnings of affiliates	320		222		673	
Foreign exchange gain	-		-		485	
Miscellaneous income	169		226		1,020	
Total other income	1,300	1.6%	1,027	1.6%	4,279	1.5%
Other expenses:						
Interest expenses	179		156		674	
Depreciation of rentals on fixed assets	148		150		701	
Foreign exchange loss	277		6		-	
Miscellaneous loss	248		260		1,286	
Total other expenses	853	1.1%	573	0.9%	2,662	1.0%
Ordinary income	13,642	16.7%	9,406	14.3%	43,130	15.1%
Extraordinary profit:						
Gain on sales of fixed assets	0		7		16	
Gain on sales of investment securities	-		-		10	
Total extraordinary profit	0	0.0%	7	0.0%	26	0.0%
Extraordinary losses:						
Loss on sale or disposal of fixed assets	97		226		633	
Impairment loss on fixed assets	-		737		737	
Depreciation resulting from revision of residual value	-		-		2,749	
Loss on sales of investment securities	-		-		5	
Total extraordinary losses	97	0.1%	963	1.5%	4,125	1.4%
Income before income taxes and minority interests	13,544	16.6%	8,450	12.8%	39,032	13.7%
Income taxes:						
Current	4,245		3,524		16,926	
Deferred	896		(314)		(3,161)	
Total income taxes	5,142	6.3%	3,210	4.9%	13,765	4.8%
Less, minority interests in net income of consolidated subsidiaries	50	0.1%	28	0.0%	162	0.1%
Net income	8,351	10.2%	5,211	7.9%	25,104	8.8%

Consolidated Statement of Net Assets

(Millions of yen)

	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gains on available-for-sale securities	Foreign currency translation adjustment	Total valuation and adjustment	Minority interests in consolidated subsidiaries	Total net assets
Balance at March 31, 2006	47,869	55,167	138,202	(6,454)	234,784	27,831	(3,403)	24,428	1,552	260,766
Net income	-	-	8,351	-	8,351	-	-	-	-	8,351
Dividends	-	-	(2,442)	-	(2,442)	-	-	-	-	(2,442)
Bonus to directors and corporate auditors	-	-	(102)	-	(102)	-	-	-	-	(102)
Sales of treasury stock	-	0	-	0	0	-	-	-	-	0
Purchase of treasury stock	-	-	-	(19)	(19)	-	-	-	-	(19)
Other, net	-	-	-	-	-	(2,684)	1,085	(1,599)	69	(1,529)
Total change	-	0	5,807	(19)	5,788	(2,684)	1,085	(1,599)	69	4,258
Balance at June 30, 2006	47,869	55,167	144,009	(6,473)	240,573	25,147	(2,317)	22,829	1,622	265,024

Consolidated Statement of Capital Surplus and Retained Earnings

(Millions of yen)

	Three months ended June 30, 2005	Fiscal year ended March 31, 2006
Capital surplus:		
Balance at the beginning of the period	54,826	54,826
Increases due to:		
Profit from treasury stock disposition	0	340
Balance at the end of the period	54,826	55,167
Retained Earnings:		
Balance at the beginning of the period	117,394	117,394
Increases due to:		
Net Income	5,211	25,104
Decreases due to:		
Dividends	(2,214)	(4,207)
Bonuses to directors and corporate auditors	(87)	(88)
Balance at the end of the period	120,304	138,202

Consolidated Statement of Cash Flows

	(Millions of yen)		
	Three months ended June 30		Fiscal year ended March 31
	2006	2005	2006
Cash flow from operating activities:			
Income before income taxes and minority interests	13,544	8,450	39,032
Depreciation	4,152	3,255	18,017
Impairment loss on fixed assets	-	737	737
Amortization of consolidated goodwill	35	(2)	64
Increase in allowance for retirement benefit for employees	148	184	433
Interest and dividend income	(614)	(388)	(1,295)
Equity in net earnings of affiliates	(320)	(222)	(673)
Interest expenses	179	156	674
Gain on sales of investment securities	-	-	(10)
Loss on sales of investment securities	-	-	5
Gain on sales of fixed assets	(0)	(7)	(16)
Loss on sale or disposal of fixed assets	97	226	633
Net increase in accounts receivables, trade	(1,830)	(3,487)	(10,005)
Net decrease / (increase) in inventory	(976)	924	(3,003)
Net (decrease) / increase in account payable, trade	1,048	(1,681)	1,558
Other, net	(2,944)	(3,732)	315
Subtotal	12,520	4,412	46,467
Interest and dividend received	675	525	1,481
Interest paid	(129)	(104)	(670)
Income taxes paid	(10,649)	(6,546)	(12,528)
Net cash provided by (used in) operating activities	2,417	(1,712)	34,749
Cash flow from investing activities:			
Net decrease / (increase) in fixed-term deposit	4,569	12,592	(2,565)
Purchase of securities	(1,698)	(4,299)	(15,560)
Sales of securities	9,327	4,360	19,927
Purchase of investment securities	(339)	(2,448)	(8,318)
Sales of investment securities	-	1,000	1,027
Purchase of shares of subsidiaries	-	(67)	(67)
Net decrease by acquisition of share of a new subsidiary	-	-	(468)
Purchase of tangible fixed assets	(8,171)	(3,428)	(24,560)
Sales of tangible fixed assets	64	8	84
Net (increase) / decrease in loans	(6)	3	9
Other, net	(24)	(41)	(198)
Net cash provided by (used in) investing activities	3,720	7,679	(30,691)
Cash flow from financing activities:			
Net increase / (decrease) in short-term borrowing	(318)	1,097	2,076
Proceeds from issuance of common stock of a subsidiary	-	-	16
Purchase of treasury stock and fractional shares	(19)	(10)	(210)
Sales of treasury stock and fractional shares	0	0	4
Dividends paid	(2,251)	(2,016)	(4,205)
Other, net	(28)	(113)	(139)
Net cash used in financing activities	(2,617)	(1,042)	(2,457)
Effect of exchange rate changes on cash and cash equivalents	77	195	1,179
Net increase in cash and cash equivalents	3,598	5,119	2,779
Cash and cash equivalents at beginning of the period	43,304	40,524	40,524
Cash and cash equivalents at end of the period	46,902	45,644	43,304

Note: Reconciliation of cash and time deposits in the consolidated balance sheet to cash and cash equivalents in the consolidated statement of cash flows.

	(Millions of yen)		
	June 30		March 31
	2006	2005	2006
Cash and Time deposits	63,535	53,009	64,327
Securities	17,437	19,782	24,070
Subtotal	80,973	72,792	88,397
Time deposits with original maturities of three months or longer	(19,634)	(8,365)	(24,023)
Security other than short-term investments with an original maturity	(14,436)	(18,782)	(21,069)
Cash and cash equivalents	46,902	45,644	43,304

Sales Information by Segment

1. Sales Information by Industry Segment

(Millions of yen)

	Three months ended June 30						Fiscal year ended March 31		
	2006			2005			2006		
	Outside customers	Inner segment sales	Total net sales	Outside customers	Inner segment sales	Total net sales	Outside customers	Inner segment sales	Total net sales
Automotive components	46,595	-	46,595	39,894	-	39,894	165,279	-	165,279
Communication media and technical ceramics	33,697	-	33,697	25,165	-	25,165	116,032	-	116,032
Other	1,282	20	1,302	720	16	737	3,573	71	3,644
Total	81,575	20	81,595	65,780	16	65,797	284,884	71	284,955
Elimination	-	(20)	(20)	-	(16)	(16)	-	(71)	(71)
Consolidated	81,575	-	81,575	65,780	-	65,780	284,884	-	284,884

2. Sales Information by geographic Segment

(Millions of yen)

	Three months ended June 30						Fiscal year ended March 31		
	2006			2005			2006		
	Outside customers	Inner segment sales	Total net sales	Outside customers	Inner segment sales	Total net sales	Outside customers	Inner segment sales	Total net sales
Japan	35,287	36,939	72,227	28,492	29,108	57,600	127,126	123,424	250,551
North America	24,613	200	24,814	19,520	143	19,663	83,583	778	84,361
Europe	14,197	287	14,484	11,661	191	11,852	47,489	1,051	48,541
Other	7,476	223	7,700	6,106	197	6,303	26,684	878	27,563
Total	81,575	37,651	119,226	65,780	29,640	95,420	284,884	126,132	411,017
Elimination	-	(37,651)	(37,651)	-	(29,640)	(29,640)	-	(126,132)	(126,132)
Consolidated	81,575	-	81,575	65,780	-	65,780	284,884	-	284,884

3. Overseas sales

(Millions of yen)

	Three months ended June 30				Fiscal year ended March 31	
	2006		2005		2006	
North America	34,772	42.6%	27,698	42.1%	118,330	41.5%
Europe	14,625	17.9%	12,014	18.3%	49,140	17.3%
Asia	8,699	10.7%	6,773	10.3%	31,213	11.0%
Other area	6,739	8.3%	5,596	8.5%	24,874	8.7%
Total overseas sales	64,837	79.5%	52,082	79.2%	223,560	78.5%
Consolidated net sales	81,575	100.0%	65,780	100.0%	284,884	100.0%