

Consolidated Quarterly Financial Statements in accordance with Japanese GAAP for the three months ended June 30, 2008

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Stock listing : Tokyo 1st section, Nagoya 1st section

Code number : 5334

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Quarterly income statement highlights

	Billions of yen				
	Three months ended				
	2007			2008	
	Jun.30	Sep.30	Dec.31	Mar.31	Jun.30
For the three months:					
Net sales	86.3	81.2	93.0	85.0	85.7
Operating income	14.0	8.8	11.8	0.5	4.7
Ordinary income	15.5	8.4	12.6	(1.5)	6.3
Net income	9.4	5.5	7.8	(0.6)	3.5
Sales by industry segments:					
Spark & glow plugs	30.6	32.7	32.9	32.7	32.9
Automotive sensors	19.5	20.4	20.2	20.4	19.2
Automotive components	50.1	53.1	53.1	53.1	52.1
Communication media components	29.3	21.4	32.8	24.7	26.2
Technical ceramics	5.8	5.5	5.7	5.6	5.9
Communication media components and technical ceramics	35.0	27.0	38.6	30.3	32.1
	Percent				
Operating income ratio:					
Consolidated	16.2	10.8	12.6	0.6	5.5
By industry segments:					
Automotive components	20.6	16.6	21.2	10.7	18.2
Communication media components and technical ceramics	10.4	(0.2)	1.1	(17.2)	(14.8)
	Yen				
Actual exchange rate:					
Yen - U.S. dollar	120	118	113	105	105
Yen - Euro	163	162	164	158	164

Forecast of fiscal year ending March 31, 2009

	Six months ending	Fiscal year ending
	September 30, 2008	March 31, 2009
Billions of yen		
Net sales	167.0	341.0
Operating income	9.6	26.4
Ordinary income	10.0	27.6
Net income	5.5	16.7
	Yen	
Net income per share (yen)	25.24	76.63

Note: Above forecasts have not changed from those disclosed on May 9, 2008.

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
June 30, 2008 and March 31, 2008

	Millions of yen	
	June 30, 2008	March 31, 2008
Assets		
Current assets		
Cash and deposits	23,306	23,363
Notes and accounts receivable-trade	59,546	56,131
Short-term investment securities	12,754	23,558
Inventories	73,969	76,453
Deferred tax assets	10,459	11,347
Other	7,530	9,136
Allowance for doubtful accounts	(376)	(488)
Total current assets	187,190	199,503
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	65,268	65,461
Machinery, equipment and vehicles, net	57,780	58,074
Land	18,910	18,717
Construction in progress	4,884	5,362
Other, net	2,856	2,581
Total property, plant and equipment	149,699	150,197
Intangible assets		
Goodwill	8,959	9,236
Software	3,194	2,516
Other	56	-
Total intangible assets	12,210	11,752
Investments and other assets		
Investment securities	48,618	46,395
Deferred tax assets	1,346	1,462
Other	2,237	2,936
Allowance for doubtful accounts	(97)	(97)
Total investments and other assets	52,104	50,697
Total noncurrent assets	214,014	212,647
Total assets	401,205	412,150

	Millions of yen	
	June 30, 2008	March 31, 2008
Liabilities		
Current liabilities		
Accounts payable-trade	29,951	31,482
Short-term loans payable	4,631	4,399
Lease obligations	141	-
Income taxes payable	1,683	3,865
Deferred tax liabilities	301	191
Other	22,068	30,924
Total current liabilities	58,777	70,864
Noncurrent liabilities		
Bonds payable	36,099	36,099
Long-term loans payable	200	200
Lease obligations	1,059	-
Provision for retirement benefits	14,664	14,307
Negative goodwill	26	31
Deferred tax liabilities	1,923	439
Other	1,224	1,910
Total noncurrent liabilities	55,196	52,987
Total liabilities	113,974	123,851
Net assets		
Shareholders' equity		
Capital stock	47,869	47,869
Capital surplus	55,174	55,174
Retained earnings	183,831	182,946
Treasury stock	(14,971)	(14,960)
Total shareholders' equity	271,902	271,029
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	18,008	15,896
Foreign currency translation adjustment	(4,665)	(857)
Total valuation and translation adjustments	13,343	15,039
Minority interests	1,985	2,230
Total net assets	287,231	288,299
Total liabilities and net assets	401,205	412,150

**Consolidated Quarterly Statement of Income
 For the Three Months Ended June 30, 2008 and 2007**

	Millions of yen	
	2008	2007
Net sales	85,739	86,343
Cost of sales	69,410	61,197
Gross profit	16,328	25,146
Selling, general and administrative expenses	11,602	11,159
Operating income	4,725	13,986
Non-operating income		
Interest income	372	449
Dividends income	407	361
Amortization of negative goodwill	5	5
Equity in earnings of affiliates	83	272
Foreign exchange gains	705	444
Other	289	593
Total non-operating income	1,864	2,125
Non-operating expenses		
Interest expenses	152	173
Other	111	487
Total non-operating expenses	264	660
Ordinary income	6,325	15,452
Extraordinary income		
Gain on sales of property, plant and equipment	1	0
Gain on sales of investment securities	-	13
Total extraordinary income	1	13
Extraordinary loss		
Loss on sales or disposal of property, plant and equipment	109	81
Total extraordinary losses	109	81
Income before income taxes and minority interests	6,217	15,384
Income taxes-current	1,680	3,831
Income taxes-deferred	876	2,060
Total income taxes	2,556	5,891
Minority interests in income	114	63
Net income	3,546	9,428
	Yen	
Net income per share		
- Basic	16.27	42.77
- Diluted	15.44	40.60

**Consolidated Quarterly Statements of Cash Flows
 For the Three Months Ended June 30, 2008 and 2007**

	Millions of yen	
	2008	2007
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	6,217	15,384
Depreciation and amortization	7,422	4,784
Amortization of goodwill	271	50
Increase (decrease) in provision for retirement benefits	332	83
Interest and dividends income	(779)	(811)
Interest expenses	152	173
Equity in (earnings) losses of affiliates	(83)	(272)
Loss (gain) on sales and valuation of investment securities	-	(13)
Loss (gain) on disposal of noncurrent assets	107	80
Decrease (increase) in notes and accounts receivable-trade	(4,450)	351
Decrease (increase) in inventories	1,385	3,540
Increase (decrease) in notes and accounts payable-trade	(804)	(2,637)
Other, net	(1,377)	(2,089)
Subtotal	8,394	18,626
Interest and dividends income received	684	795
Interest expenses paid	(64)	(171)
Income taxes paid	(3,824)	(11,276)
Net cash provided by (used in) operating activities	5,189	7,975
Net cash provided by (used in) investment activities		
Purchase of property, plant and equipment	(12,940)	(14,395)
Proceeds from sales of property, plant and equipment	18	107
Decrease (increase) in time deposits	285	1,048
Decrease (increase) in securities	3,191	9,503
Purchase of investment securities	(216)	(53)
Proceeds from sales of investment securities	1,011	42
Other, net	(752)	(104)
Net cash provided by (used in) investment activities	(9,402)	(3,850)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	340	(4,088)
Purchase of treasury stock	(16)	(41)
Proceeds from sales of treasury stock	4	3
Cash dividends paid	(2,946)	(2,867)
Other, net	(107)	(50)
Net cash provided by (used in) financing activities	(2,725)	(7,044)
Effect of exchange rate change on cash and cash equivalents	284	9
Net increase (decrease) in cash and cash equivalents	(6,654)	(2,909)
Cash and cash equivalents at beginning of period	31,702	41,257
Cash and cash equivalents at end of period	25,047	38,347

Note to Consolidated Quarterly Financial Statement

1. Change in accounting

(a) From the three months ended June 30, 2008, we, as NGK SPARK PLUG CO., LTD. and its consolidated subsidiaries, have adopted "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (ASBJ PITF No. 18), issued by Accounting Standards Board of Japan on May 17, 2006. It requires that financial statements shall prepare by foreign subsidiaries in accordance with Japanese GAAP or IFRSs or US GAAP. The impact of income from PITF No. 18 was immaterial for the three months ended June 30, 2008.

(b) Accounting Standards Board of Japan revised "Accounting Standard for Lease Transactions" (ASBJ Statement No.13) and "Guidance on Accounting Standard for Lease Transactions" (Guidance No.16) on March 30, 2007, which is effective for the fiscal year ending on or after March 31, 2009, with earlier adoption permitted. They require that finance leases that not transfer ownership of the leased shall be recognized as assets and liabilities in their balance sheets.

NGK SPARK PLUG CO., LTD. and its domestic subsidiaries adopted these revisions of standards for the period beginning on April 1, 2008. NGK SPARK PLUG CO., LTD. and its domestic subsidiaries capitalized finance leases assets that were acquired on or after April 1, 2008 at amount of equal to total lease payments, and their depreciation is calculated 100% of recognized amounts, using straight-line method over the lease term. The impact of income from ASBJ statement of No.13 was nothing for the three months ended June 30, 2008.

(c) For the three months ended June 30, 2007, inventories were principally stated at moving average cost. Meanwhile, for the three months June 30, 2008 ("current term"), they were principally stated at acquisition cost modified by recognizing write-downs below cost to net selling value of inventories regarded as the decreased profitability of assets, whose write-downs are included in cost of sales. This change in accounting were reflecting that NGK SPARK PLUG CO., LTD. and its domestic subsidiaries have adopted "Accounting Standard for Measurement of Inventories" (ASBJ Statement No. 9) at March 31, 2008, earlier.

As a result, operating income and income before income taxes and minority interests for current term decreased by 683 million yen, as compared with the previous accounting method.

2. Segment information

(a) Information by industry segment for the three months ended June 30, 2008 and 2007 was as follows:

	Automotive components	Communication media components and technical ceramics	Other	Total	Elimination	Consolidated
Millions of yen						
Three months ended June 30, 2008						
Net sales	52,086	32,102	1,577	85,766	(27)	85,739
Operating income (loss)	9,476	(4,736)	(13)	4,725	-	4,725
Three months ended June 30, 2007						
Net sales	50,094	35,049	1,221	86,366	(22)	86,343
Operating income	10,321	3,650	15	13,986	-	13,986

(b) Information summarized by geographic segment for the three months ended June 30, 2008 and 2007 was as follows:

	Japan	North America	Europe	Other	Total	Elimination	Consolidated
Millions of yen							
Three months ended June 30, 2008							
Net sales	71,285	18,319	18,243	11,754	119,603	(33,864)	85,739
Operating income (loss)	(440)	492	1,364	1,614	3,031	1,694	4,725
Three months ended June 30, 2007							
Net sales	75,276	27,892	17,023	9,542	129,735	(43,391)	86,343
Operating income	10,854	656	1,094	1,321	13,926	60	13,986

(c) For the three months ended June 30, 2008 and 2007, overseas sales which included export sales from Japan and net sales of overseas consolidated subsidiaries other than Japan were follows:

	Millions of yen			
	2008		2007	
North America	33,426	39.0%	37,302	43.2%
Europe	18,192	21.2%	16,977	19.7%
Asia	9,276	10.8%	8,832	10.2%
Other area	8,098	9.5%	7,896	9.1%
Total overseas sales	68,993	80.5%	71,008	82.2%
Consolidated net sales	85,739	100.0%	86,343	100.0%

Note: Percentage figures show rate of each areas sales to total consolidated net sales.