

Consolidated Quarterly Financial Statements in accordance with Japanese GAAP for the nine months ended December 31, 2008

URL : <http://www.ngkntk.co.jp>
 Stock listing : Tokyo 1st section, Nagoya 1st section
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Quarterly financial results highlights

	Billions of yen						
	Three months ended						
	2007			2008			
	Jun. 30	Sep. 30	Dec. 31	Mar. 31	Jun. 30	Sep. 30	Dec. 31
For the three months:							
Net sales	86.3	81.2	93.0	85.0	85.7	86.9	69.8
Operating income	14.0	8.8	11.8	0.5	4.7	1.9	(1.4)
Ordinary income	15.5	8.4	12.6	(1.5)	6.3	1.0	(3.9)
Net income	9.4	5.5	7.8	(0.6)	3.5	0.4	(6.7)
Sales by industry segments:							
Spark & glow plugs	30.6	32.7	32.9	32.7	32.9	33.7	30.6
Automotive sensors	19.5	20.4	20.2	20.4	19.2	20.1	16.9
Automotive components	50.1	53.1	53.1	53.1	52.1	53.8	47.5
Communication media components	29.3	21.4	32.8	24.7	26.2	25.8	16.2
Technical ceramics	5.8	5.5	5.7	5.6	5.9	5.9	5.2
Communication media components and technical ceramics	35.0	27.0	38.6	30.3	32.1	31.7	21.4
				Percent			
Operating income ratio:							
Consolidated	16.2	10.8	12.6	0.6	5.5	2.2	(2.0)
By industry segments:							
Automotive components	20.6	16.6	21.2	10.7	18.2	12.7	12.2
Communication media components and technical ceramics	10.4	(0.2)	1.1	(17.2)	(14.8)	(15.4)	(32.8)
				Yen			
Actual exchange rate:							
Yen - U.S. dollar	120	118	113	105	105	107	97
Yen - Euro	163	162	164	158	164	161	127

Forecasts for the fiscal year ending March 31, 2009

	Forecast of fiscal year ending March 31, 2009					(Reference) Fiscal year ended March 31, 2008
	Automotive components	Communication media components and technical ceramics	Other	Elimination	Consolidated	
Net Sales	189,500	98,600	5,007	(107)	293,000	345,584
Operating income	21,000	(27,200)	(300)	-	(6,500)	35,039
Ordinary income					(10,300)	34,938
Net income					(12,600)	22,144
						Yen
Net income per share (Basic)					(57.82)	100.93
Dividend per share					-	27.00

Note 1: Above forecasts are revised from those disclosed on October 30, 2008.

2: Forecast of exchange rate in the last quarter of this fiscal year;

1 U.S. dollar = 90yen 1 Euro = 115 yen

Consolidated forecast:

The Company revised its initial forecasts of consolidated financial results on October 30, 2008. However, due to appreciation of Japanese yen and larger-than-expected decline of demand, the Company has been in severe operating climate. Therefore, the Company revise downward its consolidated financial forecasts on above again.

At the moment, the Company is conducting a thorough review on its current business plans. Not only the foreign exchange, or the market trend, but also this strategic review may affect the Company's final fiscal year results materially.

Year-end dividend forecast:

The Company considers the redistribution of profits to its shareholders to be one of the most important management issues, and holds a basic policy of continuing dividend payments of stable amount. However, for the reasons above, the Company revised its initial year-end dividend forecast of 13.5 yen per share and withdraw to a sum not yet determined. As soon as reviewing its strategic plans, the Company will make further announcements of dividend proposal taking into account prospects and other factors comprehensively.

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
December 31, 2008 and March 31, 2008**

	Millions of yen	
	December 31, 2008	March 31, 2008
Assets		
Current assets		
Cash and deposits	24,616	23,363
Notes and accounts receivable-trade	49,564	56,131
Short-term investment securities	11,299	23,558
Inventories	69,082	76,453
Deferred tax assets	5,883	11,347
Other	6,474	9,136
Allowance for doubtful accounts	(358)	(488)
Total current assets	166,561	199,503
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	63,761	65,461
Machinery, equipment and vehicles, net	53,132	58,074
Land	19,020	18,717
Construction in progress	2,856	5,362
Other, net	2,598	2,581
Total property, plant and equipment	141,369	150,197
Intangible assets		
Goodwill	8,405	9,236
Software	4,820	2,516
Other	60	-
Total intangible assets	13,286	11,752
Investments and other assets		
Investment securities	29,791	46,395
Deferred tax assets	12,005	1,462
Other	1,846	2,936
Allowance for doubtful accounts	(105)	(97)
Total investments and other assets	43,538	50,697
Total noncurrent assets	198,193	212,647
Total assets	364,755	412,150

	Millions of yen	
	December 31, 2008	March 31, 2008
Liabilities		
Current liabilities		
Accounts payable-trade	22,037	31,482
Short-term loans payable	2,673	4,399
Lease obligations	142	-
Income taxes payable	1,650	3,865
Deferred tax liabilities	271	191
Other	18,545	30,924
Total current liabilities	45,320	70,864
Noncurrent liabilities		
Bonds payable	36,099	36,099
Long-term loans payable	200	200
Lease obligations	989	-
Provision for retirement benefits	15,193	14,307
Negative goodwill	15	31
Deferred tax liabilities	499	439
Other	1,169	1,910
Total noncurrent liabilities	54,167	52,987
Total liabilities	99,487	123,851
Net assets		
Shareholders' equity		
Capital stock	47,869	47,869
Capital surplus	55,167	55,174
Retained earnings	174,598	182,946
Treasury stock	(14,981)	(14,960)
Total shareholders' equity	262,653	271,029
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	7,301	15,896
Foreign currency translation adjustment	(6,766)	(857)
Total valuation and translation adjustments	534	15,039
Minority interests	2,078	2,230
Total net assets	265,267	288,299
Total liabilities and net assets	364,755	412,150

Consolidated Quarterly Statements of Income For the nine months ended December 31, 2008 and 2007

	Millions of yen	
	2008	2007
Net sales	242,424	260,580
Cost of sales	202,582	191,382
Gross profit	39,842	69,198
Selling, general and administrative expenses	34,617	34,701
Operating income	5,224	34,496
Non-operating income		
Interest income	1,191	1,399
Dividends income	832	786
Equity in earnings of affiliates	-	557
Amortization of negative goodwill	15	15
Other	748	1,657
Total non-operating income	2,788	4,417
Non-operating expenses		
Interest expenses	466	456
Equity in losses of affiliates	152	-
Foreign exchange losses	3,467	439
Other	521	1,623
Total non-operating expenses	4,608	2,519
Ordinary income	3,404	36,393
Extraordinary income		
Gain on sales of property, plant and equipment	10	18
Gain on sales of investment securities	-	13
Total extraordinary income	10	31
Extraordinary loss		
Loss on sales or disposal of property, plant and equipment	224	316
Loss on valuation of investment securities	720	-
Total extraordinary losses	945	316
Income before income taxes and minority interests	2,469	36,108
Income taxes-current	4,127	11,504
Income taxes-deferred	684	1,498
Total income taxes	4,812	13,003
Minority interests in income	401	331
Net income	(2,744)	22,773
	Yen	
Net income per share		
- Basic	(12.60)	103.57
- Diluted	-	98.31

Consolidated Quarterly Statements of Cash Flows For the nine months ended December 31, 2008 and 2007

	Millions of yen	
	2008	2007
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	2,469	36,108
Depreciation and amortization	23,435	17,349
Amortization of goodwill	815	381
Increase (decrease) in provision for retirement benefits	877	166
Interest and dividends income	(2,023)	(2,186)
Interest expenses	466	456
Equity in (earnings) losses of affiliates	152	(557)
Loss (gain) on sales and valuation of investment securities	720	(13)
Loss (gain) on disposal of noncurrent assets	214	298
Decrease (increase) in notes and accounts receivable-trade	5,190	(2,849)
Decrease (increase) in inventories	5,438	(6,323)
Increase (decrease) in notes and accounts payable-trade	(5,737)	3,864
Other, net	(3,105)	(3,608)
Subtotal	28,914	43,088
Interest and dividends income received	1,635	2,312
Interest expenses paid	(382)	(305)
Income taxes paid	(6,118)	(19,030)
Net cash provided by (used in) operating activities	24,049	26,064
Net cash provided by (used in) investment activities		
Decrease (increase) in time deposits	(1,647)	623
Decrease (increase) in securities	7,184	21,100
Purchase of property, plant and equipment	(23,038)	(40,357)
Proceeds from sales of property, plant and equipment	137	134
Purchase of intangible assets	(2,430)	(1,022)
Purchase of investment securities	(713)	(3,635)
Proceeds from sales of investment securities	1,010	42
Purchase of investments in subsidiaries resulting in change in scope of consolidation	-	(10,878)
Other, net	(86)	(83)
Net cash provided by (used in) investment activities	(19,585)	(34,075)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(1,693)	(11,378)
Proceeds from issuance of bonds	-	19,893
Purchase of treasury stock	(55)	(4,901)
Proceeds from sales of treasury stock	28	6
Cash dividends paid	(5,881)	(5,835)
Other, net	(316)	(68)
Net cash provided by (used in) financing activities	(7,918)	(2,284)
Effect of exchange rate change on cash and cash equivalents	(1,002)	304
Net increase (decrease) in cash and cash equivalents	(4,456)	(9,991)
Cash and cash equivalents at beginning of period	31,702	41,257
Cash and cash equivalents at end of period	27,245	31,266

Notes to Consolidated Quarterly Financial Statement

1. Change in accounting

(a) From the nine months ended December 31, 2008, 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 nine months ended December 31, 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 have 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 nine months ended December 31, 2008.

(c) For the nine months ended December 31, 2007, inventories were principally stated at moving average cost. Meanwhile, for the nine months ended December 31, 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 was 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 for current term decreased by 2,795 million yen, and income before income taxes and minority interests for current term decreased by 2,713 million yen, as compared with the previous accounting method.

2. Segment information

(a) Information by industry segment for the nine months ended December 31, 2008 and 2007 was as follows:

	Automotive components	Communication media components and technical ceramics	Other	Total	Elimination	Consolidated
Millions of yen						
Nine months ended December 31, 2008						
Net sales	153,394	85,202	3,907	242,504	(79)	242,424
Operating income (loss)	22,079	(16,639)	(215)	5,224	-	5,224
Nine months ended December 31, 2007						
Net sales	156,322	100,606	3,733	260,662	(81)	260,580
Operating income	30,412	4,050	34	34,496	-	34,496

(b) Information summarized by geographic segment for the nine months ended December 31, 2008 and 2007 was as follows:

	Japan	North America	Europe	Other	Total	Elimination	Consolidated
Millions of yen							
Nine months ended December 31, 2008							
Net sales	197,624	50,577	52,105	37,734	338,041	(95,616)	242,424
Operating income (loss)	(8,097)	1,069	3,254	5,112	1,338	3,886	5,224
Nine months ended December 31, 2007							
Net sales	224,354	67,854	51,627	33,049	376,885	(116,305)	260,580
Operating income	24,645	2,191	3,409	4,754	35,001	(504)	34,496

(c) For the nine months ended December 31, 2008 and 2007, overseas sales which included export sales from Japan and net sales of overseas consolidated subsidiaries other than Japan were as follows:

	Millions of yen			
	2008		2007	
North America	88,382	36.5%	106,834	41.0%
Europe	51,945	21.4%	51,411	19.7%
Asia	27,641	11.4%	29,061	11.2%
Other area	26,021	10.7%	26,036	10.0%
Total overseas sales	193,991	80.0%	213,344	81.9%
Consolidated net sales	242,424	100.0%	260,580	100.0%

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