

Consolidated Quarterly Financial Statements in accordance with Japanese GAAP for the six months ended September 30, 2009

URL : <http://www.ngkntk.co.jp>
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Quarterly financial results highlights

| | Billions of yen | | | | | |
|---|--------------------|--------|--------|--------|--------|---------------|
| | Three months ended | | | | | |
| | 2008 | | | 2009 | | |
| | Jun.30 | Sep.30 | Dec.31 | Mar.31 | Jun.30 | Sep. 30 |
| For the three months: | | | | | | |
| Net sales | 85.7 | 86.9 | 69.8 | 49.7 | 52.5 | 59.5 |
| Operating income (loss) | 4.7 | 1.9 | (1.4) | (10.4) | (2.1) | 1.1 |
| Ordinary income (loss) | 6.3 | 1.0 | (3.9) | (10.9) | (1.8) | 0.6 |
| Net (loss) income | 3.5 | 0.4 | (6.7) | (68.9) | (2.4) | (0.4) |
| Sales by industry segments: | | | | | | |
| Spark & glow plugs | 32.9 | 33.7 | 30.6 | 22.1 | 22.5 | 25.4 |
| Automotive sensors | 19.2 | 20.1 | 16.9 | 11.2 | 12.4 | 14.8 |
| Automotive components | 52.1 | 53.8 | 47.5 | 33.3 | 34.9 | 40.2 |
| Communication media components | 26.2 | 25.8 | 16.2 | 12.4 | 13.1 | 14.8 |
| Technical ceramics | 5.9 | 5.9 | 5.2 | 3.3 | 3.3 | 3.8 |
| Communication media components and technical ceramics | 32.1 | 31.7 | 21.4 | 15.7 | 16.4 | 18.6 |
| | Percent | | | | | |
| Operating income (loss) ratio: | | | | | | |
| Consolidated | 5.5 | 2.2 | (2.0) | (21.0) | (4.1) | 1.9 |
| By industry segments: | | | | | | |
| Automotive components | 18.2 | 12.7 | 12.2 | (1.6) | 1.1 | 8.7 |
| Communication media components and technical ceramics | (14.8) | (15.4) | (32.8) | (63.1) | (16.0) | (12.8) |
| | Yen | | | | | |
| Actual exchange rate: | | | | | | |
| Yen - U.S. dollar | 105 | 107 | 97 | 94 | 97 | 93 |
| Yen - Euro | 164 | 161 | 127 | 122 | 133 | 134 |

Forecasts for the fiscal year ending March 31, 2010

| | Forecast of fiscal year ending March 31, 2010 | | | | | (Reference) Fiscal year ended March 31, 2009 | |
|------------------------------|---|---------------------------|-------|------|-------------|--|--------------|
| | Communication media components | | | | Elimination | | Consolidated |
| | Automotive components | and technical ceramics | Other | | | | |
| | Millions of yen | | | | | | |
| Net Sales | 159,600 | 69,700 | 3,782 | (82) | 233,000 | 292,121 | |
| Operating income (loss) | 14,060 | (8,665) | 105 | - | 5,500 | (5,222) | |
| Ordinary income (loss) | | | | | 4,000 | (7,528) | |
| Net income (loss) | | | | | 1,000 | (71,669) | |
| Depreciation | 13,929 | 5,062 | 9 | - | 19,000 | 31,767 | |
| Capital expenditure | 12,355 | 2,545 | 0 | - | 14,900 | 24,173 | |
| | | | | | | Yen | |
| Net income per share (Basic) | | | | | 4.59 | (328.90) | |
| Dividend per share | | | | | 11.00 | 13.50 | |

Note 1: Above forecasts are revised from those disclosed on May 8, 2009.

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

1 U.S. dollar = 90 Yen 1 Euro = 125 Yen

Reason for the revision:

For the six months ended September 30, 2009, our performance is still severe since the second-half of the previous fiscal year. However, it shows some favorable tendency for recovery, and surpasses the forecast announced on May 8.

There are various concerns or uncertainty in revising our forecast such as the recent rapid depreciation of USD, the end of transient government incentive for automobile, the termination of sales contracts to one of the main clients of IC-Package for MPU.

We revise our forecast for this fiscal year as above, although we are under such uncertain circumstance.

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, 2009 and March 31, 2009**

| | Millions of yen | |
|--|--------------------|----------------|
| | September 30, 2009 | March 31, 2009 |
| Assets | | |
| Current assets | | |
| Cash and deposits | 20,760 | 18,387 |
| Notes and accounts receivable-trade | 41,532 | 35,493 |
| Short-term investment securities | 22,618 | 15,593 |
| Inventories | 58,026 | 52,689 |
| Deferred tax assets | 1,190 | 1,203 |
| Other | 7,372 | 5,496 |
| Allowance for doubtful accounts | (192) | (139) |
| Total current assets | 151,308 | 128,724 |
| Noncurrent assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 52,946 | 55,407 |
| Machinery, equipment and vehicles, net | 32,149 | 34,991 |
| Land | 15,941 | 15,819 |
| Construction in progress | 1,308 | 1,668 |
| Other, net | 2,130 | 2,052 |
| Total property, plant and equipment | 104,476 | 109,939 |
| Intangible assets | | |
| Goodwill | 241 | 337 |
| Software | 5,662 | 4,187 |
| Other | 66 | 68 |
| Total intangible assets | 5,970 | 4,592 |
| Investments and other assets | | |
| Investment securities | 34,513 | 30,307 |
| Deferred tax assets | 1,008 | 942 |
| Other | 1,709 | 1,591 |
| Allowance for doubtful accounts | (102) | (102) |
| Total investments and other assets | 37,130 | 32,739 |
| Total noncurrent assets | 147,576 | 147,271 |
| Total assets | 298,885 | 275,995 |

| | Millions of yen | |
|---|--------------------|-----------------|
| | September 30, 2009 | March 31, 2009 |
| Liabilities | | |
| Current liabilities | | |
| Accounts payable-trade | 21,337 | 9,186 |
| Short-term loans payable | 2,382 | 13,611 |
| Lease obligations | 146 | 131 |
| Income taxes payable | 1,037 | 747 |
| Deferred tax liabilities | 128 | 216 |
| Other | 16,670 | 18,089 |
| Total current liabilities | <u>41,702</u> | <u>41,982</u> |
| Noncurrent liabilities | | |
| Bonds payable | 37,666 | 22,666 |
| Lease obligations | 866 | 859 |
| Provision for retirement benefits | 16,581 | 16,243 |
| Negative goodwill | 73 | 10 |
| Deferred tax liabilities | 10,610 | 8,526 |
| Other | 1,058 | 1,322 |
| Total noncurrent liabilities | <u>66,857</u> | <u>49,628</u> |
| Total liabilities | <u>108,560</u> | <u>91,610</u> |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 47,869 | 47,869 |
| Capital surplus | 55,163 | 55,164 |
| Retained earnings | 102,836 | 105,673 |
| Treasury stock | (14,989) | (14,979) |
| Total shareholders' equity | <u>190,879</u> | <u>193,727</u> |
| Valuation and translation adjustments | | |
| Valuation difference on available-for-sale securities | 10,505 | 8,056 |
| Foreign currency translation adjustment | (12,858) | (19,165) |
| Total valuation and translation adjustments | <u>(2,352)</u> | <u>(11,109)</u> |
| Minority interests | 1,797 | 1,766 |
| Total net assets | <u>190,324</u> | <u>184,384</u> |
| Total liabilities and net assets | <u>298,885</u> | <u>275,995</u> |

Consolidated Quarterly Statements of Operations For the Six Months Ended September 30, 2009 and 2008

| | Millions of yen | |
|--|-----------------|----------------|
| | 2008 | 2009 |
| Net sales | 172,604 | 111,973 |
| Cost of sales | 142,460 | 94,391 |
| Gross profit | 30,143 | 17,582 |
| Selling, general and administrative expenses | 23,539 | 18,605 |
| Operating (loss) income | 6,603 | (1,023) |
| Non-operating income | | |
| Interest income | 733 | 309 |
| Dividends income | 483 | 244 |
| Amortization of negative goodwill | 10 | 18 |
| Other | 486 | 472 |
| Total non-operating income | 1,713 | 1,044 |
| Non-operating expenses | | |
| Interest expenses | 311 | 303 |
| Equity in losses of affiliates | 39 | 2 |
| Foreign exchange losses | 495 | 65 |
| Depreciation from idle assets | - | 587 |
| Other | 164 | 289 |
| Total non-operating expenses | 1,010 | 1,247 |
| Ordinary (loss) income | 7,306 | (1,226) |
| Extraordinary income | | |
| Gain on sales of property, plant and equipment | 10 | 16 |
| Total extraordinary income | 10 | 16 |
| Extraordinary loss | | |
| Loss on sales or disposal of property, plant and equipment | 181 | 54 |
| Total extraordinary losses | 181 | 54 |
| (Loss) income before income taxes and minority interests | 7,135 | (1,264) |
| Income taxes-current | 3,172 | 1,142 |
| Income taxes-deferred | (270) | 335 |
| Total income taxes | 2,901 | 1,478 |
| Minority interests in income | 250 | 94 |
| Net (loss) income | 3,983 | (2,837) |
| | Yen | |
| Net (loss) income per share | | |
| - Basic | 18.28 | (13.02) |
| - Diluted | 17.34 | - |

Note: For the six months ended September 30, 2009, diluted net income per share is not disclosed due to the recording of a net loss.

Consolidated Quarterly Statements of Cash Flows For the Six Months Ended September 30, 2009 and 2008

| | Millions of yen | |
|---|-----------------|-----------------|
| | 2008 | 2009 |
| Net cash provided by operating activities | | |
| Income before income taxes and minority interests | 7,135 | (1,264) |
| Depreciation and amortization | 15,273 | 9,142 |
| Amortization of goodwill | 543 | 77 |
| Increase in provision for retirement benefits | 579 | 321 |
| Interest and dividends income | (1,216) | (553) |
| Interest expenses | 311 | 303 |
| Equity in losses of affiliates | 39 | 2 |
| Loss on disposal of noncurrent assets | 170 | 37 |
| Increase in notes and accounts receivable-trade | (4,327) | (3,952) |
| (Increase) decrease in inventories | 4,528 | (2,150) |
| Increase (decrease) in notes and accounts payable-trade | (3,107) | 7,908 |
| Other, net | (671) | (963) |
| Subtotal | 19,259 | 8,910 |
| Interest and dividends income received | 1,022 | 549 |
| Interest expenses paid | (314) | (298) |
| Income taxes paid | (4,947) | (891) |
| Net cash provided by operating activities | 15,018 | 8,269 |
| Net cash used in investment activities | | |
| Decrease (increase) in time deposits | (1,440) | 2,463 |
| (Increase) decrease in securities | 6,184 | (1,657) |
| Purchase of property, plant and equipment | (19,959) | (2,949) |
| Proceeds from sales of property, plant and equipment | 68 | 55 |
| Purchase of intangible assets | (1,062) | (1,601) |
| Purchase of investment securities | (420) | (2) |
| Proceeds from sales of investment securities | 1,010 | - |
| Other, net | (90) | (130) |
| Net cash used in investment activities | (15,708) | (3,823) |
| Net cash provided by (used in) financing activities | | |
| Net decrease in short-term loans payable | (553) | (11,325) |
| Proceeds from issuance of bonds | - | 14,918 |
| Purchase of treasury stock | (39) | (12) |
| Proceeds from sales of treasury stock | 17 | 1 |
| Cash dividends paid | (2,933) | (8) |
| Other, net | (273) | (102) |
| Net cash provided by (used in) financing activities | (3,782) | 3,471 |
| Effect of exchange rate change on cash and cash equivalents | 197 | 1,175 |
| Net increase (decrease) in cash and cash equivalents | (4,276) | 9,092 |
| Cash and cash equivalents at beginning of period | 31,702 | 27,593 |
| Cash and cash equivalents at end of period | 27,426 | 36,686 |

2. Segment information

(a) Information by industry segment for the six months ended September 30, 2009 and 2008 were as follows:

| | Automotive components | Communication media components and technical ceramics | Other | Total | Elimination | Consolidated |
|--|--------------------------|---|--------------|----------------|-------------|----------------|
| Millions of yen | | | | | | |
| Six months ended September 30, 2008 | | | | | | |
| Net sales | 105,916 | 63,787 | 2,953 | 172,657 | (53) | 172,604 |
| Operating income (loss) | 16,295 | (9,606) | (85) | 6,603 | - | 6,603 |
| Six months ended September 30, 2009 | | | | | | |
| Net sales | 75,146 | 34,994 | 1,874 | 112,015 | (42) | 111,973 |
| Operating (loss) income | 3,878 | (4,993) | 91 | (1,023) | - | (1,023) |

(b) Information summarized by geographic segment for the six months ended September 30, 2009 and 2008 were as follows:

| | Japan | North America | Europe | Other | Total | Elimination | Consolidated |
|--|---------------|------------------|---------------|---------------|----------------|-----------------|----------------|
| Millions of yen | | | | | | | |
| Six months ended September 30, 2008 | | | | | | | |
| Net sales | 143,512 | 35,585 | 36,457 | 24,796 | 240,352 | (67,748) | 172,604 |
| Operating income (loss) | (1,632) | 1,153 | 2,353 | 3,331 | 5,206 | 1,397 | 6,603 |
| Six months ended September 30, 2009 | | | | | | | |
| Net sales | 94,120 | 23,475 | 24,692 | 19,112 | 161,402 | (49,428) | 111,973 |
| Operating (loss) income | (397) | 93 | 1,186 | 1,172 | 2,054 | (3,077) | (1,023) |

(c) For the six months ended September 30, 2009 and 2008, 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 | | 2009 | |
| North America | 65,617 | 38.0% | 37,021 | 33.1% |
| Europe | 36,350 | 21.1% | 24,456 | 21.8% |
| Asia | 19,798 | 11.5% | 13,992 | 12.5% |
| Other area | 17,158 | 9.9% | 12,622 | 11.3% |
| Total overseas sales | 138,924 | 80.5% | 88,092 | 78.7% |
| Consolidated net sales | 172,604 | 100.0% | 111,973 | 100.0% |

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