

Consolidated Quarterly Financial Statements in accordance with Japanese GAAP for the nine months ended December 31, 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	Dec. 31
For the three months:							
Net sales	85.7	86.9	69.8	49.7	52.5	59.5	65.5
Operating income (loss)	4.7	1.9	(1.4)	(10.4)	(2.1)	1.1	5.9
Ordinary income (loss)	6.3	1.0	(3.9)	(10.9)	(1.8)	0.6	6.0
Net income (loss)	3.5	0.4	(6.7)	(68.9)	(2.4)	(0.4)	4.7
Sales by industry segments:							
Spark & glow plugs	32.9	33.7	30.6	22.1	22.5	25.4	27.5
Automotive sensors	19.2	20.1	16.9	11.2	12.4	14.8	16.9
Automotive components	52.1	53.8	47.5	33.3	34.9	40.2	44.5
Communication media components	26.2	25.8	16.2	12.4	13.1	14.8	15.6
Technical ceramics	5.9	5.9	5.2	3.3	3.3	3.8	4.6
Communication media components and technical ceramics	32.1	31.7	21.4	15.7	16.4	18.6	20.2
	Percent						
Operating income (loss) ratio:							
Consolidated	5.5	2.2	(2.0)	(21.0)	(4.1)	1.9	9.0
By industry segments:							
Automotive components	18.2	12.7	12.2	(1.6)	1.1	8.7	12.9
Communication media components and technical ceramics	(14.8)	(15.4)	(32.8)	(63.1)	(16.0)	(12.8)	0.6
	Yen						
Actual exchange rate:							
Yen - U.S. dollar	105	107	97	94	97	93	90
Yen - Euro	164	161	127	122	133	134	133

Forecasts for the fiscal year ending March 31, 2010

	Forecast for the fiscal year ending March 31, 2010					(Reference) Fiscal year ended March 31, 2009
	Automotive components	Communication media components and technical ceramics	Other	Elimination	Consolidated	
	Millions of yen					
Net Sales	166,200	73,100	3,788	(88)	243,000	292,121
Operating income	15,524	(5,661)	137	-	10,000	(5,222)
Ordinary income					9,500	(7,528)
Net income					6,500	(71,669)
						Yen
Net income per share (Basic)					29.83	(328.90)
Dividend per share					11.00	13.50

Note 1: Above forecasts are revised from those disclosed on October 29, 2009.

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

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

Reason for the revision:

For the nine months ended December 31, 2009, our performance is progressing favorably compared with a forecast revised on October 29, 2009, because of the faster global-market recovery and the rapid improvement resulting from restructuring IC-Package business than we had expected.

For the rest three months of the fiscal year ending March 31, 2010, we will be surrounded by severe circumstances, such as a stronger yen and a termination of the sales contract with the main customer for MPU IC-packages. We, however, revise our annual forecast as above, as a result of the third quarter.

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, 2009 and March 31, 2009

	Millions of yen	
	December 31, 2009	March 31, 2009
Assets		
Current assets		
Cash and deposits	25,729	18,387
Notes and accounts receivable-trade	46,909	35,493
Short-term investment securities	21,247	15,593
Inventories	56,108	52,689
Deferred tax assets	1,326	1,203
Other	7,367	5,496
Allowance for doubtful accounts	(206)	(139)
Total current assets	158,482	128,724
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	51,320	55,407
Machinery, equipment and vehicles, net	29,460	34,991
Land	15,863	15,819
Construction in progress	1,747	1,668
Other, net	2,027	2,052
Total property, plant and equipment	100,419	109,939
Intangible assets		
Goodwill	193	337
Software	5,908	4,187
Other	61	68
Total intangible assets	6,162	4,592
Investments and other assets		
Investment securities	37,966	30,307
Deferred tax assets	1,025	942
Other	1,732	1,591
Allowance for doubtful accounts	(102)	(102)
Total investments and other assets	40,620	32,739
Total noncurrent assets	147,203	147,271
Total assets	305,685	275,995

	Millions of yen	
	December 31, 2009	March 31, 2009
Liabilities		
Current liabilities		
Accounts payable-trade	25,565	9,186
Short-term loans payable	1,255	13,611
Lease obligations	173	131
Income taxes payable	1,353	747
Deferred tax liabilities	109	216
Other	15,401	18,089
Total current liabilities	<u>43,857</u>	<u>41,982</u>
Noncurrent liabilities		
Bonds payable	37,666	22,666
Lease obligations	928	859
Provision for retirement benefits	16,831	16,243
Negative goodwill	69	10
Deferred tax liabilities	11,385	8,526
Other	1,386	1,322
Total noncurrent liabilities	<u>68,267</u>	<u>49,628</u>
Total liabilities	<u>112,125</u>	<u>91,610</u>
Net assets		
Shareholders' equity		
Capital stock	47,869	47,869
Capital surplus	55,163	55,164
Retained earnings	106,381	105,673
Treasury stock	(14,994)	(14,979)
Total shareholders' equity	<u>194,419</u>	<u>193,727</u>
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	11,855	8,056
Foreign currency translation adjustment	(14,529)	(19,165)
Total valuation and translation adjustments	<u>(2,674)</u>	<u>(11,109)</u>
Minority interests	1,814	1,766
Total net assets	<u>193,560</u>	<u>184,384</u>
Total liabilities and net assets	<u>305,685</u>	<u>275,995</u>

Consolidated Quarterly Statements of Operations For the nine months ended December 31, 2008 and 2009

	Millions of yen	
	2008	2009
Net sales	242,424	177,449
Cost of sales	202,582	143,849
Gross profit	39,842	33,599
Selling, general and administrative expenses	34,617	28,744
Operating income	5,224	4,855
Non-operating income		
Interest income	1,191	422
Dividends income	832	427
Amortization of negative goodwill	15	22
Equity in earnings of affiliates	-	100
Foreign exchange gains	-	129
Other	748	705
Total non-operating income	2,788	1,808
Non-operating expenses		
Interest expenses	466	458
Equity in losses of affiliates	152	-
Foreign exchange losses	3,467	-
Depreciation from idle assets	-	877
Other	521	514
Total non-operating expenses	4,608	1,849
Ordinary income	3,404	4,814
Extraordinary income		
Gain on sales of property, plant and equipment	10	237
Total extraordinary income	10	237
Extraordinary loss		
Loss on sales or disposal of property, plant and equipment	224	69
Loss on valuation of investment securities	720	562
Total extraordinary losses	945	632
Income before income taxes and minority interests	2,469	4,419
Income taxes-current	4,127	2,200
Income taxes-deferred	684	141
Total income taxes	4,812	2,342
Minority interests in income	401	170
Net income (loss)	(2,744)	1,906
Net income per share	Yen	
- Basic	(12.60)	8.75
- Diluted	-	8.67

Note: For the nine months ended December 31, 2008, diluted net income per share is not disclosed due to the recording of a net loss.

Consolidated Quarterly Statements of Cash Flows

For the nine months ended December 31, 2008 and 2009

	Millions of yen	
	2008	2009
Net cash provided by operating activities		
Income before income taxes and minority interests	2,469	4,419
Depreciation and amortization	23,435	13,805
Amortization of goodwill	815	120
Increase in provision for retirement benefits	877	574
Interest and dividends income	(2,023)	(850)
Interest expenses	466	458
Equity in (earnings) losses of affiliates	152	(100)
(Gain) loss on disposal of noncurrent assets	214	(167)
Loss on sales and valuation of investment securities	720	562
(Increase) Decrease in notes and accounts receivable-trade	5,190	(10,524)
(Increase) decrease in inventories	5,438	(1,402)
Increase (decrease) in notes and accounts payable-trade	(5,737)	12,946
Other, net	(3,105)	(1,068)
Subtotal	28,914	18,774
Interest and dividends income received	1,635	859
Interest expenses paid	(382)	(317)
Income taxes paid	(6,118)	(1,473)
Net cash provided by operating activities	24,049	17,842
Net cash used in investment activities		
Decrease (increase) in time deposits	(1,647)	2,193
(Increase) decrease in securities	7,184	(2,106)
Purchase of property, plant and equipment	(23,038)	(4,620)
Proceeds from sales of property, plant and equipment	137	414
Purchase of intangible assets	(2,430)	(1,883)
Purchase of investment securities	(713)	(1,751)
Proceeds from sales of investment securities	1,010	-
Other, net	(86)	(114)
Net cash used in investment activities	(19,585)	(7,869)
Net cash provided by (used in) financing activities		
Net decrease in short-term loans payable	(1,693)	(12,393)
Proceeds from issuance of bonds	-	14,918
Purchase of treasury stock	(55)	(19)
Proceeds from sales of treasury stock	28	3
Cash dividends paid	(5,881)	(1,207)
Other, net	(316)	(151)
Net cash provided by (used in) financing activities	(7,918)	1,150
Effect of exchange rate change on cash and cash equivalents	(1,002)	628
Net increase (decrease) in cash and cash equivalents	(4,456)	11,752
Cash and cash equivalents at beginning of period	31,702	27,593
Cash and cash equivalents at end of period	27,245	39,345

Notes to Consolidated Quarterly Financial Statement

1. Segment information

(a) Information by industry segment for the nine months ended December 31, 2008 and 2009 were 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, 2009						
Net sales	119,610	55,161	2,742	177,513	(64)	177,449
Operating income (loss)	9,608	(4,872)	119	4,855	-	4,855

(b) Information summarized by geographic segment for the nine months ended December 31, 2008 and 2009 were 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, 2009							
Net sales	152,136	36,789	38,345	31,640	258,912	(81,463)	177,449
Operating income	5,625	164	1,844	2,082	9,716	(4,861)	4,855

(c) For the nine months ended December 31, 2008 and 2009, 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	88,382	36.5%	57,444	32.4%
Europe	51,945	21.4%	37,894	21.3%
Asia	27,641	11.4%	23,085	13.0%
Other area	26,021	10.7%	20,704	11.7%
Total overseas sales	193,991	80.0%	139,129	78.4%
Consolidated net sales	242,424	100.0%	177,449	100.0%

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