

Consolidated Quarterly Financial Statements in accordance with Japanese GAAP for the six months ended September 30, 2010

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

	Billions of yen					
	Three months ended					
	2009			2010		
	Jun.30	Sep.30	Dec.31	Mar.31	Jun.30	Sep.30
For the three months:						
Net sales	52.5	59.5	65.5	66.5	70.6	70.3
Operating income (loss)	(2.1)	1.1	5.9	5.8	10.4	7.9
Ordinary income (loss)	(1.8)	0.6	6.0	5.9	9.2	8.0
Net (loss) income	(2.4)	(0.4)	4.7	11.6	7.7	6.7
Sales by industry segments:						
Spark & glow plugs	22.5	25.4	27.5	28.3	29.6	30.1
Automotive sensors	12.4	14.8	16.9	18.2	20.2	21.4
Automotive components	34.9	40.2	44.5	46.5	49.8	51.5
Communication media components	13.1	14.8	15.6	14.2	13.9	12.3
Technical ceramics	3.3	3.8	4.6	4.8	5.8	5.6
Communication media components and technical ceramics	16.4	18.6	20.2	19.0	19.7	17.8
	Percent					
Operating income (loss) ratio:						
Consolidated	(4.1)	1.9	9.0	8.8	14.7	11.3
By industry segments:						
Automotive components	1.1	8.7	12.9	13.0	20.3	17.6
Communication media components and technical ceramics	(16.0)	(12.8)	0.6	(1.3)	1.2	(6.3)
	Yen					
Actual exchange rate:						
Yen - U.S. dollar	97	93	90	91	92	86
Yen - Euro	133	134	133	124	117	111

Forecasts for the fiscal year ending March 31, 2011

	Forecast of fiscal year ending March 31, 2011				Consolidated	(Reference) Fiscal year ended March 31, 2010
	Automotive components	Communication media components	Technical ceramics	Other		
	Millions of yen					
Net Sales	199,400	44,931	21,969	4,100	270,400	243,914
Operating income	34,420	(4,349)	984	(55)	31,000	10,683
Ordinary income					29,600	10,758
Net income					25,000	13,509
Depreciation	12,409	2,919	1,660	12	17,000	18,825
Capital expenditure	8,126	2,703	571	-	11,400	10,977
					Yen	
Net income per share (Basic)					114.76	62.01
Dividend per share					22.00	11.00

Note 1: Above forecasts are revised from those disclosed on May 7, 2010.

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

1 U.S. dollar = 80 Yen 1 Euro = 110 Yen

Reason for the revision:

For the six months ended September 30, 2010, the global economies in markets of the both automobiles and semiconductors were on a recovery track. And our consolidated performance exceeded the forecast that we disclosed on May 7, 2010.

Looking into the second half-year, there are concerns such as the excessive yen strength, or possibility of decrease in demand for automobiles, as an instance, the ending of government's incentive programs in Japan.

Considering such results and situations, we revise our forecast for this fiscal year as above.

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, 2010 and March 31, 2010

	Millions of yen	
	September 30, 2010	March 31, 2010
Assets		
Current assets		
Cash and deposits	26,016	28,838
Notes and accounts receivable-trade	48,886	46,237
Short-term investment securities	34,319	36,120
Inventories	52,072	59,720
Deferred tax assets	7,046	7,108
Other	9,180	8,497
Allowance for doubtful accounts	(178)	(177)
Total current assets	177,343	186,345
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	46,472	49,136
Machinery, equipment and vehicles, net	24,711	28,413
Land	15,200	15,291
Construction in progress	1,455	571
Other, net	1,885	2,060
Total property, plant and equipment	89,725	95,473
Intangible assets		
Goodwill	54	145
Software	5,993	6,257
Other	52	59
Total intangible assets	6,100	6,462
Investments and other assets		
Investment securities	47,663	38,894
Deferred tax assets	2,682	2,749
Other	1,501	1,653
Allowance for doubtful accounts	(101)	(102)
Total investments and other assets	51,745	43,195
Total noncurrent assets	147,571	145,130
Total assets	324,915	331,476

	Millions of yen	
	September 30, 2010	March 31, 2010
Liabilities		
Current liabilities		
Accounts payable-trade	24,866	32,957
Short-term loans payable	811	1,116
Current portion of bonds	2,666	2,666
Lease obligations	190	181
Income taxes payable	1,719	1,369
Deferred tax liabilities	96	109
Other	18,200	19,290
Total current liabilities	48,551	57,691
Noncurrent liabilities		
Bonds payable	35,000	35,000
Lease obligations	753	849
Provision for retirement benefits	17,229	16,796
Negative goodwill	57	65
Deferred tax liabilities	10,297	12,701
Other	1,446	1,365
Total noncurrent liabilities	64,784	66,778
Total liabilities	113,336	124,469
Net assets		
Shareholders' equity		
Capital stock	47,869	47,869
Capital surplus	55,162	55,162
Retained earnings	131,212	117,985
Treasury stock	(15,021)	(15,004)
Total shareholders' equity	219,223	206,013
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	9,185	12,082
Foreign currency translation adjustment	(18,400)	(12,774)
Total valuation and translation adjustments	(9,215)	(691)
Minority interests	1,571	1,684
Total net assets	211,579	207,006
Total liabilities and net assets	324,915	331,476

Consolidated Quarterly Statement of Operations for the Six Months Ended September 30, 2009 and 2010

	Millions of yen	
	2009	2010
Net sales	111,973	140,872
Cost of sales	94,391	100,625
Gross profit	17,582	40,247
Selling, general and administrative expenses	18,605	21,930
Operating income (loss)	(1,023)	18,316
Non-operating income		
Interest income	309	600
Dividends income	244	264
Amortization of negative goodwill	18	8
Equity in earnings of affiliates	-	248
Other	472	561
Total non-operating income	1,044	871
Non-operating expenses		
Interest expenses	303	294
Equity in losses of affiliates	2	-
Foreign exchange losses	65	1,679
Depreciation of inactive noncurrent assets	587	544
Other	289	351
Total non-operating expenses	1,247	2,870
Ordinary income (loss)	(1,226)	17,129
Extraordinary income		
Gain on sales of property, plant and equipment	16	35
Total extraordinary income	16	35
Extraordinary loss		
Loss on sales or disposal of property, plant and equipment	54	80
Loss on valuation of investment securities	-	165
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	136
Total extraordinary losses	54	382
Income (Loss) before income taxes and minority interests	(1,264)	16,783
Income taxes-current	1,142	2,509
Income taxes-deferred	335	(298)
Total income taxes	1,478	2,211
Income (loss) before minority interests	(2,742)	14,571
Minority interests in income	94	145
Net income (loss)	(2,837)	14,425
	Yen	
Net income (loss) per share		
- Basic	(13.02)	66.22
- Diluted	-	65.63

Note: For the six months ended September 30, 2009, diluted earnings per shares are not disclosed due to recording of a net loss.

**Consolidated Quarterly Statements of Cash Flows
 for the six Months Ended September 30, 2009 and 2010**

	Millions of yen	
	2009	2010
Net cash provided by (used in) operating activities		
Income (loss) before income taxes and minority interests	(1,264)	16,783
Depreciation and amortization	9,142	8,086
Amortization of goodwill	77	89
Increase (decrease) in provision for retirement benefits	321	453
Interest and dividends income	(553)	(865)
Interest expenses	303	294
Equity in (earnings) losses of affiliates	2	(248)
Loss (gain) on disposal of noncurrent assets	37	44
Loss (gain) on redemption of investment securities	-	165
Decrease (increase) in notes and accounts receivable-trade	(3,952)	(5,908)
Decrease (increase) in inventories	(2,150)	4,690
Increase (decrease) in notes and accounts payable-trade	7,908	(4,628)
Other, net	(963)	(1,038)
Subtotal	8,910	17,918
Interest and dividends income received	549	951
Interest expenses paid	(298)	(293)
Income taxes paid	(891)	(2,014)
Net cash provided by (used in) operating activities	8,269	16,561
Net cash provided by (used in) investment activities		
Net decrease (increase) in time deposits	2,463	1,347
Net decrease (increase) in short-term investment securities	(1,657)	1,124
Purchase of property, plant and equipment	(2,949)	(2,846)
Proceeds from sales of property, plant and equipment	55	38
Purchase of intangible assets	(1,601)	(379)
Purchase of investment securities	(2)	(16,454)
Proceeds from sales and redemption of investment securities	-	400
Other, net	(130)	(92)
Net cash provided by (used in) investment activities	(3,823)	(16,863)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(11,325)	(291)
Proceeds from issuance of bonds	14,918	-
Purchase of treasury stock	(12)	(17)
Proceeds from sales of treasury stock	1	-
Cash dividends paid	(8)	(1,195)
Other, net	(102)	(231)
Net cash provided by (used in) financing activities	3,471	(1,736)
Effect of exchange rate change on cash and cash equivalents	1,175	(1,882)
Net increase (decrease) in cash and cash equivalents	9,092	(3,920)
Cash and cash equivalents at beginning of period	27,593	46,364
Cash and cash equivalents at end of period	36,686	42,443

Note to Consolidated Quarterly Financial Statement

Changes in accounting

- (a) From the first quarter of this fiscal year ending March 31, 2011, NGK SPARK PLUG CO., LTD. and its consolidated subsidiaries apply the "Accounting Standard for Equity Method of Accounting for Investments" (ASBJ Statement No. 16 of March 10, 2008) and the "Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method" (ASBJ PITF No. 24 of March 10, 2008). The impact of this change on income is immaterial.

- (b) From the first quarter of this fiscal year ending March 31, 2011, NGK SPARK PLUG CO., LTD. and its consolidated subsidiaries apply the "Accounting Standard for Asset Retirement Obligations" (ASBJ Statement No. 18 of March 31, 2008) and the "Guidance on Accounting Standard for Asset Retirement Obligations" (ASBJ Guidance No. 21 of March 31, 2008). The impact of this change on income is immaterial.

Segment information

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

	Automotive	Communication media components and technical ceramics	Other	Total	Elimination	Consolidated
	components					
Millions of yen						
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 was as follows:

	Japan	North America	Europe	Other	Total	Elimination	Consolidated
Millions of yen							
Six months ended September 30, 2009							
Net sales	94,120	23,475	24,692	19,112	161,402	(49,428)	111,973
Operating income (loss)	(397)	93	1,186	1,172	2,054	(3,077)	(1,023)

(c) For the Six months ended September 30, 2009, overseas sales which included export sales from Japan and net sales of overseas consolidated subsidiaries other than Japan was as follows:

	Millions of yen	
	2009	
North America	37,021	33.1%
Europe	24,456	21.8%
Asia	13,992	12.5%
Other area	12,622	11.3%
Total overseas sales	88,092	78.7%
Consolidated net sales	111,973	100.0%

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

Segment information

(a) Outline of reportable segments

The reportable segments of the Company are the business units for which the Company is able to obtain respective financial information separately in order for the Board of Directors to conduct periodic investigation to determine distribution of management resources and evaluate their business results.

The Company has its business units identified by products. Each business unit plans its comprehensive domestic and overseas strategy for its products, and operates its business activities.

Therefore, the Company consists of its business units, identified by products, which are three reportable segments of "Automotive components", "Communication media components" and "Technical ceramics".

"Automotive components" is a segment that manufactures and sells spark plugs, glow plugs, various automotive sensors, ceramic engine parts and other automotive components.

"Communication media components" is a segment that manufactures and sells IC packages and other semiconductor components.

"Technical ceramics" is a segment that manufactures and sells cutting tools, ceramics products for industrial and medical applications.

(b) Information about sales and segment income (loss) by reportable segments

	Reportable segments				Others	Total	Adjustment	Consolidated
	Communication			Total				
	Automotive components	media components	Technical ceramics					
Millions of yen								
Six months ended								
September 30, 2010								
Net sales	101,290	26,190	11,381	138,862	2,010	140,872	-	10,482
Segment income (loss)	19,157	(1,470)	584	18,270	45	18,316	-	18,316

Note 1: "Others" represents businesses such as Material Sales, Welfare Program Service and Transportation, which are not included in reportable segments.

Note 2: Segment income (loss) is adjusted to Operating income (loss) of "Consolidated Quarterly Statement of Operations".

Note 3: Net sales and Segment income (loss) of "Automotive components" for the six months ended September 30, 2010 correspond to Net Sales and Operating income (loss) of "Automotive components" for the six months ended September 30, 2009. Each sum of Net sales and Segment income (loss) of "Communication media components" and "Technical ceramics" for the six months ended September 30, 2010 correspond to Net Sales and Operating income (loss) of "Communication media components and technical ceramics" for the six months ended September 30, 2009.

From the first quarter of fiscal year ending March 31, 2011, the Group applies the "Revised Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Statement No. 17 of March 27, 2009) and "Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Guidance No. 20 of March 21, 2008).