

**Consolidated Quarterly Financial Statements in accordance with Japanese GAAP for the nine months ended December 31, 2010**

URL : <http://www.ngkntk.co.jp>  
 Stock listing : Tokyo 1<sup>st</sup> section, Nagoya 1<sup>st</sup> section  
 Code number : 5334  
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 Representative : Norio Kato, President

**Quarterly financial results highlights**

	Billions of yen						
	Three months ended						
	2009			2010			
	Jun. 30	Sep. 30	Dec. 31	Mar. 31	Jun. 30	Sep. 30	Dec. 31
<b>For the three months:</b>							
Net sales	52.5	59.5	65.5	66.5	70.6	70.3	<b>64.8</b>
Operating income (loss)	(2.1)	1.1	5.9	5.8	10.4	7.9	<b>6.7</b>
Ordinary income (loss)	(1.8)	0.6	6.0	5.9	9.2	8.0	<b>6.2</b>
Net income (loss)	(2.4)	(0.4)	4.7	11.6	7.7	6.7	<b>5.0</b>
<b>Sales by industry segments:</b>							
Spark & glow plugs	22.5	25.4	27.5	28.3	29.6	30.1	<b>28.5</b>
Automotive sensors	12.4	14.8	16.9	18.2	20.2	21.4	<b>19.3</b>
Automotive components	34.9	40.2	44.5	46.5	49.8	51.5	<b>47.7</b>
Communication media components	13.1	14.8	15.6	14.2	13.9	12.3	<b>9.9</b>
Technical ceramics	3.3	3.8	4.6	4.8	5.8	5.6	<b>5.8</b>
Communication media components and technical ceramics	16.4	18.6	20.2	19.0	19.7	17.8	<b>15.7</b>
	Percent						
<b>Operating income (loss) ratio:</b>							
Consolidated	(4.1)	1.9	9.0	8.8	14.7	11.3	<b>10.4</b>
By industry segments:							
Automotive components	1.1	8.7	12.9	13.0	20.3	17.6	<b>15.9</b>
Communication media components and technical ceramics	(16.0)	(12.8)	0.6	(1.3)	1.2	(6.3)	<b>(5.8)</b>
	Yen						
<b>Actual exchange rate:</b>							
Yen - U.S. dollar	97	93	90	91	92	86	<b>83</b>
Yen - Euro	133	134	133	124	117	111	<b>112</b>

**Consolidated Quarterly Balance Sheets**  
**December 31, 2010 and March 31, 2010**

	Millions of yen	
	December 31, 2010	March 31, 2010
Assets		
Current assets		
Cash and deposits	27,503	28,838
Notes and accounts receivable-trade	47,670	46,237
Short-term investment securities	37,229	36,120
Inventories	57,814	59,720
Deferred tax assets	6,775	7,108
Other	9,082	8,497
Allowance for doubtful accounts	(153)	(177)
Total current assets	<b>185,922</b>	186,345
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	45,441	49,136
Machinery, equipment and vehicles, net	23,535	28,413
Land	15,200	15,291
Construction in progress	1,470	571
Other, net	1,985	2,060
Total property, plant and equipment	<b>87,633</b>	95,473
Intangible assets		
Goodwill	40	145
Software	5,752	6,257
Other	48	59
Total intangible assets	<b>5,841</b>	6,462
Investments and other assets		
Investment securities	46,158	38,894
Deferred tax assets	2,699	2,749
Other	1,564	1,653
Allowance for doubtful accounts	(103)	(102)
Total investments and other assets	<b>50,318</b>	43,195
Total noncurrent assets	<b>143,792</b>	145,130
Total assets	<b>329,715</b>	331,476

	Millions of yen	
	December 31, 2010	March 31, 2010
Liabilities		
Current liabilities		
Accounts payable-trade	26,239	32,957
Short-term loans payable	712	1,116
Current portion of bonds	2,666	2,666
Lease obligations	207	181
Income taxes payable	1,491	1,369
Deferred tax liabilities	79	109
Other	16,669	19,290
Total current liabilities	48,065	57,691
Noncurrent liabilities		
Bonds payable	35,000	35,000
Lease obligations	778	849
Provision for retirement benefits	17,543	16,796
Negative goodwill	53	65
Deferred tax liabilities	11,306	12,701
Other	1,420	1,365
Total noncurrent liabilities	66,102	66,778
Total liabilities	114,167	124,469
Net assets		
Shareholders' equity		
Capital stock	47,869	47,869
Capital surplus	55,162	55,162
Retained earnings	133,811	117,985
Treasury stock	(15,040)	(15,004)
Total shareholders' equity	221,802	206,013
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	10,475	12,082
Foreign currency translation adjustment	(18,400)	(12,774)
Total valuation and translation adjustments	(7,925)	(691)
Minority interests	1,670	1,684
Total net assets	215,547	207,006
Total liabilities and net assets	329,715	331,476

**Consolidated Quarterly Statements of Operations**  
**For the nine months ended December 31, 2009 and 2010**

	Millions of yen	
	2009	2010
Net sales	177,449	<b>205,646</b>
Cost of sales	143,849	<b>147,829</b>
Gross profit	33,599	<b>57,817</b>
Selling, general and administrative expenses	28,744	<b>32,759</b>
Operating income	4,855	<b>25,057</b>
Non-operating income		
Interest income	422	<b>844</b>
Dividends income	427	<b>472</b>
Amortization of negative goodwill	22	<b>12</b>
Equity in earnings of affiliates	100	<b>284</b>
Foreign exchange gains	129	-
Other	705	<b>775</b>
Total non-operating income	1,808	<b>2,389</b>
Non-operating expenses		
Interest expenses	458	<b>439</b>
Foreign exchange losses	-	<b>2,416</b>
Depreciation from idle assets	877	<b>844</b>
Other	514	<b>408</b>
Total non-operating expenses	1,849	<b>4,109</b>
Ordinary income	4,814	<b>23,337</b>
Extraordinary income		
Gain on sales of property, plant and equipment	237	<b>81</b>
Total extraordinary income	237	<b>81</b>
Extraordinary loss		
Loss on sales or disposal of property, plant and equipment	69	<b>144</b>
Loss on valuation of investment securities	562	<b>165</b>
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	<b>136</b>
Total extraordinary losses	632	<b>447</b>
Income before income taxes and minority interests	4,419	<b>22,971</b>
Income taxes-current	2,200	<b>3,277</b>
Income taxes-deferred	141	<b>42</b>
Total income taxes	2,342	<b>3,319</b>
Income before minority interests	2,077	<b>19,652</b>
Minority interests in income	170	<b>231</b>
Net income	1,906	<b>19,420</b>
Net income per share	Yen	
- Basic	8.75	<b>89.14</b>
- Diluted	8.67	<b>88.36</b>

**Consolidated Quarterly Statements of Cash Flows**  
**For the nine months ended December 31, 2009 and 2010**

	Millions of yen	
	2009	2010
Net cash provided by operating activities		
Income before income taxes and minority interests	4,419	<b>22,971</b>
Depreciation and amortization	13,805	<b>12,259</b>
Amortization of goodwill	120	<b>99</b>
Increase in provision for retirement benefits	574	<b>765</b>
Interest and dividends income	(850)	<b>(1,316)</b>
Interest expenses	458	<b>439</b>
Equity in (earnings) losses of affiliates	(100)	<b>(284)</b>
Loss (gain) on disposal of noncurrent assets	(167)	<b>63</b>
Loss on sales and valuation of investment securities	562	<b>165</b>
(Increase) decrease in notes and accounts receivable-trade	(10,524)	<b>(4,428)</b>
(Increase) decrease in inventories	(1,402)	<b>(1,301)</b>
(Decrease) increase in notes and accounts payable-trade	12,946	<b>(3,038)</b>
Other, net	(1,068)	<b>(2,338)</b>
Subtotal	18,774	<b>24,056</b>
Interest and dividends income received	859	<b>1,218</b>
Interest expenses paid	(317)	<b>(302)</b>
Income taxes paid	(1,473)	<b>(3,117)</b>
Net cash provided by operating activities	17,842	<b>21,854</b>
Net cash used in investment activities		
Decrease (increase) in time deposits	2,193	<b>793</b>
Decrease (increase) in securities	(2,106)	<b>4,624</b>
Purchase of property, plant and equipment	(4,620)	<b>(5,095)</b>
Proceeds from sales of property, plant and equipment	414	<b>136</b>
Purchase of intangible assets	(1,883)	<b>(479)</b>
Purchase of investment securities	(1,751)	<b>(16,456)</b>
Proceeds from sales of investment securities	-	<b>900</b>
Other, net	(114)	<b>(88)</b>
Net cash used in investment activities	(7,869)	<b>(15,666)</b>
Net cash (used in) provided by financing activities		
Net decrease in short-term loans payable	(12,393)	<b>(358)</b>
Proceeds from issuance of bonds	14,918	-
Purchase of treasury stock	(19)	<b>(36)</b>
Proceeds from sales of treasury stock	3	<b>0</b>
Cash dividends paid	(1,207)	<b>(3,595)</b>
Other, net	(151)	<b>(285)</b>
Net cash (used in) provided by financing activities	1,150	<b>(4,276)</b>
Effect of exchange rate change on cash and cash equivalents	628	<b>(1,707)</b>
Net increase (decrease) in cash and cash equivalents	11,752	<b>204</b>
Cash and cash equivalents at beginning of period	27,593	<b>46,364</b>
Cash and cash equivalents at end of period	39,345	<b>46,568</b>

## Segment information

(a) Information by industry segment for the nine months ended December 31, 2009 was as follows:

	Automotive components	Communication media components and technical ceramics	Other	Total	Elimination	Consolidated
	Millions of yen					
Nine months ended December 31, 2010						
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, 2009 was as follows:

	Japan	North America	Europe	Other	Total	Elimination	Consolidated
	Millions of yen						
Nine months ended December 31, 2010							
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, 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	57,444	32.4%
Europe	37,894	21.3%
Asia	23,085	13.0%
Other area	20,704	11.7%
Total overseas sales	139,129	78.4%
Consolidated net sales	177,449	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
	Automotive components	Communication media components	Technical ceramics	Total				
	Millions of yen							
Nine months ended								
December 31, 2010								
Net sales	149,029	36,139	17,159	202,328	3,318	205,646	-	205,646
Segment income (loss)	26,743	(2,711)	906	24,938	119	25,057	-	25,057

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 nine months ended December 31, 2010 correspond to Net Sales and Operating income (loss) of "Automotive components" for the nine months ended December 31, 2009. Each sum of Net sales and Segment income (loss) of "Communication media components" and "Technical ceramics" for the nine months ended December 31, 2010 correspond to Net Sales and Operating income (loss) of "Communication media components and technical ceramics" for the nine months ended December 31, 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).