

Consolidated Quarterly Financial Statements in accordance with Japanese GAAP for the three months ended June 30, 2011

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

	Billions of yen				
	Three months ended				
	2010			2011	
	Jun. 30	Sep. 30	Dec. 31	Mar.31	Jun.30
For the three months:					
Net sales	70.6	70.3	64.8	63.6	69.5
Operating income	10.4	7.9	6.7	3.7	9.4
Ordinary income	9.2	8.0	6.2	4.0	9.5
Net income	7.7	6.7	5.0	4.3	7.8
Sales by industry segments:					
Spark & glow plugs	29.6	30.1	28.5	28.3	30.9
Automotive sensors	20.2	21.4	19.3	19.9	22.8
Automotive components	49.8	51.5	47.7	48.2	53.7
Communication media components	13.9	12.3	9.9	8.3	8.6
Technical ceramics	5.8	5.6	5.8	5.9	6.0
	Percent				
Operating income ratio:					
Consolidated	14.7	11.3	10.4	5.8	13.5
By industry segments:					
Automotive components	20.3	17.6	15.9	10.8	18.3
Communication media components	(0.6)	(11.3)	(12.5)	(20.3)	(12.0)
Technical ceramics	5.5	4.8	5.6	2.9	9.5
	Yen				
Actual exchange rate:					
Yen - U.S. dollar	92	86	83	82	82
Yen - Euro	117	111	112	113	117

Forecasts of fiscal year ending March 31, 2012

	Six months ending	Fiscal year ending
	September 30, 2011	March 31, 2012
	Billions of yen	
Net sales	135.8	276.0
Operating income	13.6	28.5
Ordinary income	14.3	29.5
Net income	11.9	25.4
	Yen	
Net income per share	54.66	116.67

Note: Above forecasts have not changed from those disclosed on May 6, 2011.

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
June 30, 2011 and March 31, 2011

	Millions of yen	
	March 31, 2011	June 30, 2011
Assets		
Current assets		
Cash and deposits	27,274	22,238
Notes and accounts receivable-trade	44,393	50,574
Short-term investment securities	40,915	45,141
Inventories	62,086	59,865
Deferred tax assets	8,100	7,868
Other	8,408	8,839
Allowance for doubtful accounts	(116)	(131)
Total current assets	191,062	194,396
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	44,153	43,479
Machinery, equipment and vehicles, net	23,213	22,895
Land	15,132	15,176
Construction in progress	1,542	2,563
Other, net	2,127	2,173
Total property, plant and equipment	86,170	86,288
Intangible assets		
Goodwill	27	13
Software	5,494	5,209
Other	44	44
Total intangible assets	5,565	5,268
Investments and other assets		
Investment securities	50,295	46,376
Deferred tax assets	2,600	2,656
Other	1,728	1,839
Allowance for doubtful accounts	(104)	(104)
Total investments and other assets	54,520	50,767
Total noncurrent assets	146,255	142,324
Total assets	337,318	336,721

	Millions of yen	
	March 31, 2011	June 30, 2011
Liabilities		
Current liabilities		
Accounts payable-trade	30,182	23,237
Short-term loans payable	703	867
Lease obligations	225	254
Income taxes payable	1,336	1,305
Deferred tax liabilities	72	31
Other	20,653	18,644
Total current liabilities	53,173	44,339
Noncurrent liabilities		
Bonds payable	35,000	35,000
Lease obligations	769	812
Provision for retirement benefits	17,615	17,867
Negative goodwill	49	45
Deferred tax liabilities	11,158	11,314
Other	1,392	1,374
Total noncurrent liabilities	65,985	66,414
Total liabilities	119,158	110,753
Net assets		
Shareholders' equity		
Capital stock	47,869	47,869
Capital surplus	55,162	55,162
Retained earnings	138,071	143,428
Treasury stock	(15,202)	(15,218)
Total shareholders' equity	225,901	231,241
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	10,433	10,292
Foreign currency translation adjustment	(19,856)	(17,241)
Total valuation and translation adjustments	(9,422)	(6,949)
Minority interests	1,681	1,675
Total net assets	218,159	225,967
Total liabilities and net assets	337,318	336,721

Consolidated Quarterly Statement of Operations for the Three Months Ended June 30, 2010 and 2011

	Millions of yen	
	2010	2011
Net sales	70,589	69,536
Cost of sales	48,437	49,002
Gross profit	22,151	20,533
Selling, general and administrative expenses	11,768	11,128
Operating income	10,382	9,405
Non-operating income		
Interest income	278	283
Dividends income	224	254
Amortization of negative goodwill	4	4
Equity in earnings of affiliates	126	173
Other	237	187
Total non-operating income	871	903
Non-operating expenses		
Interest expenses	149	150
Foreign exchange losses	1,461	325
Depreciation of inactive noncurrent assets	272	225
Other	202	66
Total non-operating expenses	2,086	768
Ordinary income	9,167	9,541
Extraordinary income		
Gain on sales of property, plant and equipment	3	41
Total extraordinary income	3	41
Extraordinary loss		
Loss on sales or disposal of property, plant and equipment	33	30
Loss on adjustment for changes of accounting standard for asset retirement obligations	136	-
Total extraordinary losses	170	30
Income before income taxes and minority interests	9,001	9,552
Income taxes-current	1,198	1,316
Income taxes-deferred	27	404
Total income taxes	1,226	1,721
Income before minority interests	7,775	7,830
Minority interests in income	57	78
Net income	7,717	7,751
	Yen	
Net income per share		
- Basic	35.42	35.61
- Diluted	35.11	-

Consolidated Statements of Comprehensive Income for the Three Months Ended June 30, 2010 and 2011

	Millions of yen	
	2010	2011
Income before minority interests	7,775	7,830
Other comprehensive income		
Valuation difference on available-for-sale securities	(3,403)	(140)
Foreign currency translation adjustment	(624)	2,507
Share of other comprehensive income of associates accounted for using equity method	101	142
Total other comprehensive income	(3,926)	2,509
Comprehensive income	3,849	10,339
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	3,720	10,225
Comprehensive income attributable to minority interests	129	114

Consolidated Quarterly Statements of Cash Flows for the Three Months Ended June 30, 2010 and 2011

	Millions of yen	
	2010	2011
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	9,001	9,552
Depreciation and amortization	4,020	3,579
Amortization of goodwill	41	9
Increase (decrease) in provision for retirement benefits	314	236
Interest and dividends income	(503)	(537)
Interest expenses	149	150
Equity in (earnings) losses of affiliates	(126)	(173)
Loss (gain) on disposal of noncurrent assets	29	(11)
Decrease (increase) in notes and accounts receivable-trade	(2,361)	(4,129)
Decrease (increase) in inventories	5,631	3,753
Increase (decrease) in notes and accounts payable-trade	(7,243)	(8,983)
Other, net	(3,238)	(3,333)
Subtotal	5,714	111
Interest and dividends income received	344	495
Interest expenses paid	(15)	(15)
Income taxes paid	(1,191)	(1,073)
Net cash provided by (used in) operating activities	4,852	(482)
Net cash provided by (used in) investment activities		
Net decrease (increase) in time deposits	(238)	(756)
Net decrease (increase) in short-term investment securities	18	0
Purchase of property, plant and equipment	(1,888)	(3,010)
Proceeds from sales of property, plant and equipment	7	98
Purchase of intangible assets	(62)	(80)
Purchase of investment securities	(5,048)	(25)
Proceeds from sales and redemption of investment securities	400	1,500
Other, net	5	1
Net cash provided by (used in) investment activities	(6,806)	(2,273)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(20)	149
Purchase of treasury stock	(9)	(17)
Proceeds from sales of treasury stock	-	1
Cash dividends paid	(1,201)	(2,398)
Other, net	(183)	(186)
Net cash provided by (used in) financing activities	(1,415)	(2,451)
Effect of exchange rate change on cash and cash equivalents	(126)	898
Net increase (decrease) in cash and cash equivalents	(3,496)	(4,310)
Cash and cash equivalents at beginning of period	46,364	51,888
Cash and cash equivalents at end of period	42,868	47,578

Segment information

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							
Three months ended June 30, 2010								
Net sales	49,755	13,928	5,798	69,481	1,107	70,589	-	70,589
Segment income (loss)	10,084	(81)	317	10,320	62	10,382	-	10,382
Three months ended June 30, 2011								
Net sales	53,725	8,637	6,013	68,375	1,160	69,536	-	69,536
Segment income (loss)	9,838	(1,037)	568	9,370	35	9,405	-	9,405

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".