

Consolidated Quarterly Financial Statements in accordance with Japanese GAAP for the six months ended September 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	Sep.30
For the three months:						
Net sales	70.6	70.3	64.8	63.6	69.5	69.5
Operating income (loss)	10.4	7.9	6.7	3.7	9.4	6.0
Ordinary income (loss)	9.2	8.0	6.2	4.0	9.5	4.0
Net (loss) income	7.7	6.7	5.0	4.3	7.8	2.7
Sales by industry segments:						
Spark & glow plugs	29.6	30.1	28.5	28.3	30.9	30.1
Automotive sensors	20.2	21.4	19.3	19.9	22.8	24.4
Automotive components	49.8	51.5	47.7	48.2	53.7	54.5
Communication media components	13.9	12.3	9.9	8.3	8.6	7.9
Technical ceramics	5.8	5.6	5.8	5.9	6.0	5.9
	Percent					
Operating income (loss) ratio:						
Consolidated	14.7	11.3	10.4	5.8	13.5	8.7
By industry segments:						
Automotive components	20.3	17.6	15.9	10.8	18.3	14.0
Communication media components	(0.6)	(11.3)	(12.5)	(20.3)	(12.0)	(24.2)
Technical ceramics	5.5	4.8	5.6	2.9	9.5	5.6
	Yen					
Actual exchange rate:						
Yen - U.S. dollar	92	86	83	82	82	78
Yen - Euro	117	111	112	113	117	110

Forecasts for the fiscal year ending March 31, 2012

	Forecast of fiscal year ending March 31, 2012				Consolidated	(Reference) Fiscal year ended March 31, 2011
	Automotive components	Communication media components	Technical ceramics	Other		
	Millions of yen					
Net Sales	207,670	30,240	22,660	4,430	265,000	269,232
Operating income	30,870	(7,318)	1,370	78	25,000	28,770
Ordinary income					24,000	27,379
Net income					20,000	23,680
Depreciation	12,657	1,813	1,419	11	15,900	16,646
Capital expenditure	13,390	2,657	853	-	16,900	8,767
					Yen	
Net income per share (Basic)					91.87	108.71
Dividend per share					22.00	22.00

Note 1: Above forecasts are revised from those disclosed on May 6, 2011.

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

1 U.S. dollar = 75 Yen 1 Euro = 105 Yen

Reason for the revision:

For the six months ended September 30, 2011, the global economies tended to slow down. Although our consolidated net sales and operating income exceeded the forecast, our ordinary income and net income went below that because of the strong yen in the exchange market.

Looking into the second half-year, there are concerns such as the financial instability in Europe, the economic slowdown in the U.S. and emerging nations or the strong yen in the exchange market.

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, 2011 and March 31, 2011

	Millions of yen	
	March 31, 2011	September 30, 2011
Assets		
Current assets		
Cash and deposits	27,274	27,013
Notes and accounts receivable-trade	44,393	48,849
Short-term investment securities	40,915	51,297
Inventories	62,086	60,224
Deferred tax assets	8,100	8,124
Other	8,408	8,893
Allowance for doubtful accounts	(116)	(141)
Total current assets	191,062	204,262
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	44,153	42,640
Machinery, equipment and vehicles, net	23,213	21,920
Land	15,132	15,139
Construction in progress	1,542	3,799
Other, net	2,127	2,226
Total property, plant and equipment	86,170	85,726
Intangible assets		
Goodwill	27	-
Software	5,494	4,898
Other	44	44
Total intangible assets	5,565	4,943
Investments and other assets		
Investment securities	50,295	39,064
Deferred tax assets	2,600	2,564
Other	1,728	1,797
Allowance for doubtful accounts	(104)	(100)
Total investments and other assets	54,520	43,325
Total noncurrent assets	146,255	133,994
Total assets	337,318	338,257

	Millions of yen	
	March 31, 2011	September 30, 2011
Liabilities		
Current liabilities		
Accounts payable-trade	30,182	25,553
Short-term loans payable	703	1,193
Current portion of bonds	-	10,000
Lease obligations	225	264
Income taxes payable	1,336	1,587
Deferred tax liabilities	72	84
Other	20,653	19,941
Total current liabilities	<u>53,173</u>	<u>58,624</u>
Noncurrent liabilities		
Bonds payable	35,000	25,000
Lease obligations	769	788
Provision for retirement benefits	17,615	17,803
Negative goodwill	49	40
Deferred tax liabilities	11,158	9,353
Other	1,392	1,401
Total noncurrent liabilities	<u>65,985</u>	<u>54,387</u>
Total liabilities	<u>119,158</u>	<u>113,011</u>
Net assets		
Shareholders' equity		
Capital stock	47,869	47,869
Capital surplus	55,162	54,824
Retained earnings	138,071	138,787
Treasury stock	(15,202)	(7,520)
Total shareholders' equity	<u>225,901</u>	<u>233,961</u>
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	10,433	7,429
Foreign currency translation adjustment	(19,856)	(17,787)
Total valuation and translation adjustments	<u>(9,422)</u>	<u>(10,357)</u>
Minority interests	<u>1,681</u>	<u>1,642</u>
Total net assets	<u>218,159</u>	<u>225,245</u>
Total liabilities and net assets	<u>337,318</u>	<u>338,257</u>

Consolidated Quarterly Statement of Operations for the Six Months Ended September 30, 2010 and 2011

	Millions of yen	
	2010	2011
Net sales	140,872	139,047
Cost of sales	100,625	101,136
Gross profit	40,247	37,910
Selling, general and administrative expenses	21,930	22,459
Operating income	18,316	15,450
Non-operating income		
Interest income	600	574
Dividends income	264	302
Amortization of negative goodwill	8	8
Equity in earnings of affiliates	248	187
Other	561	348
Total non-operating income	1,683	1,421
Non-operating expenses		
Interest expenses	294	306
Foreign exchange losses	1,679	2,438
Depreciation of inactive noncurrent assets	544	450
Other	351	140
Total non-operating expenses	2,870	3,336
Ordinary income	17,129	13,536
Extraordinary income		
Gain on sales of property, plant and equipment	35	42
Total extraordinary income	35	42
Extraordinary loss		
Loss on sales or disposal of property, plant and equipment	80	100
Loss on valuation of investment securities	165	-
Loss on adjustment for changes of accounting standard for asset retirement obligations	136	-
Total extraordinary losses	382	100
Income before income taxes and minority interests	16,783	13,478
Income taxes-current	2,509	2,524
Income taxes-deferred	(298)	317
Total income taxes	2,211	2,842
Income before minority interests	14,571	10,636
Minority interests in income	145	160
Net income (loss)	14,425	10,476
	Yen	
Net income (loss) per share		
- Basic	66.22	48.12
- Diluted	65.63	-

Consolidated Statements of Comprehensive Income for the Six Months Ended September 30, 2010 and 2011

	Millions of yen	
	2010	2011
Income before minority interests	14,571	10,636
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,897)	(3,003)
Foreign currency translation adjustment	(5,424)	1,928
Share of other comprehensive income of associates accounted for using equity method	(234)	136
Total other comprehensive income	(8,556)	(938)
Comprehensive income	6,014	9,697
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	5,901	9,541
Comprehensive income attributable to minority interests	113	156

Consolidated Quarterly Statements of Cash Flows for the six Months Ended September 30, 2010 and 2011

	Millions of yen	
	2010	2011
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	16,783	13,478
Depreciation and amortization	8,086	7,299
Amortization of goodwill	89	19
Increase (decrease) in provision for retirement benefits	453	174
Interest and dividends income	(865)	(877)
Interest expenses	294	306
Equity in (earnings) losses of affiliates	(248)	(187)
Loss (gain) on disposal of noncurrent assets	44	58
Loss (gain) on redemption of investment securities	165	-
Decrease (increase) in notes and accounts receivable-trade	(5,908)	(3,418)
Decrease (increase) in inventories	4,690	3,025
Increase (decrease) in notes and accounts payable-trade	(4,628)	(6,286)
Other, net	(1,038)	(1,689)
Subtotal	17,918	11,902
Interest and dividends income received	951	909
Interest expenses paid	(293)	(306)
Income taxes paid	(2,014)	(1,926)
Net cash provided by (used in) operating activities	16,561	10,579
Net cash provided by (used in) investment activities		
Net decrease (increase) in time deposits	1,347	(403)
Net decrease (increase) in short-term investment securities	1,124	(998)
Purchase of property, plant and equipment	(2,846)	(5,600)
Proceeds from sales of property, plant and equipment	38	178
Purchase of intangible assets	(379)	(129)
Purchase of investment securities	(16,454)	(2,630)
Proceeds from sales and redemption of investment securities	400	2,770
Other, net	(92)	9
Net cash provided by (used in) investment activities	(16,863)	(6,804)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(291)	486
Purchase of treasury stock	(17)	(22)
Proceeds from sales of treasury stock	-	1
Cash dividends paid	(1,195)	(2,389)
Other, net	(231)	(327)
Net cash provided by (used in) financing activities	(1,736)	(2,251)
Effect of exchange rate change on cash and cash equivalents	(1,882)	549
Net increase (decrease) in cash and cash equivalents	(3,920)	2,072
Cash and cash equivalents at beginning of period	46,364	51,888
Cash and cash equivalents at end of period	42,443	53,960

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								
Six months ended September 30, 2010								
Net sales	101,290	26,190	11,381	138,862	2,010	140,872	-	140,872
Segment income (loss)	19,157	(1,470)	584	18,270	45	18,316	-	18,316
Six months ended September 30, 2011								
Net sales	108,272	16,582	11,927	136,782	2,265	139,047	-	139,047
Segment income (loss)	17,470	(2,961)	901	15,410	40	15,450	-	15,450

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".