

## Consolidated Quarterly Financial Statements in accordance with Japanese GAAP for the six months ended September 30, 2012

URL : <http://www.ngkntk.co.jp>  
 Stock listing : Tokyo 1<sup>st</sup> section, Nagoya 1<sup>st</sup> section  
 Code number : 5334  
 Head office : 14-18 Takatsuji-cho, Mizuho-ku, Nagoya, 467-8525, Aichi, Japan  
 Representative : Shinichi Odo, President

### Quarterly financial results highlights

	Billions of yen					
	Three months ended					
	2011			2012		
	Jun. 30	Sep. 30	Dec. 31	Mar.31	Jun.30	Sep.30
<b>For the three months:</b>						
Net sales	69.5	69.5	65.4	80.3	68.2	<b>64.5</b>
Operating income	9.4	6.0	5.4	3.7	5.3	<b>4.6</b>
Ordinary income	9.5	4.0	5.6	4.6	4.6	<b>4.7</b>
Net income	7.8	2.7	3.8	11.2	2.0	<b>5.6</b>
<b>Sales by industry segments:</b>						
Spark & glow plugs	30.9	30.1	29.5	34.6	30.7	<b>29.8</b>
Automotive sensors	22.8	24.4	21.9	28.4	23.4	<b>21.5</b>
Automotive components	53.7	54.5	51.4	63.0	54.1	<b>51.4</b>
Communication media components	8.6	7.9	7.4	9.9	7.5	<b>7.2</b>
Technical ceramics	6.0	5.9	5.5	6.3	5.7	<b>5.1</b>
<b>Operating income (loss) ratio:</b>						
Consolidated	13.5	8.7	8.2	4.5	7.8	<b>7.1</b>
By industry segments:						
Automotive components	18.3	14.0	14.1	9.5	13.4	<b>13.8</b>
Communication media components	(12.0)	(24.2)	(28.7)	(25.2)	(29.6)	<b>(36.5)</b>
Technical ceramics	9.5	5.6	5.6	1.5	5.2	<b>1.9</b>
<b>Actual exchange rate:</b>						
Yen - U.S. dollar	82	78	77	79	80	<b>79</b>
Yen - Euro	117	110	104	104	103	<b>99</b>

**Forecasts for the fiscal year ending March 31, 2013**

	Forecast of fiscal year ending March 31, 2013				Consolidated	(Reference) Fiscal year ended March 31, 2012
	Automotive components	Communication media components	Technical ceramics	Other		
	Millions of yen					
Net Sales	211,830	29,646	20,654	4,070	266,200	284,746
Operating income	29,120	(8,797)	55	22	20,400	24,478
Ordinary income					20,000	23,740
Net income					15,100	25,524
Depreciation	10,051	1,727	1,114	8	12,900	15,438
Capital expenditure	13,524	5,203	1,973	-	20,700	14,004
					Yen	
Net income per share (Basic)					69.37	117.25
Dividend per share					22.00	22.00

Note 1: Above forecasts are revised from those disclosed on May 8, 2012

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

1 U.S. dollar = 78 Yen      1 Euro = 100 Yen

**Reason for the revision:**

For the six months ended September 30, 2012, affected by downturn of the Europe economies and appreciation of the yen in the exchange market, our consolidated net sales and operating income went below the forecast.

Looking into the second half-year, there are concerns such as the economic slowdown in the U.S. and emerging nations or the continuous appreciation of the 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, 2012 and March 31, 2012

	Millions of yen	
	March 31, 2012	September 30, 2012
Assets		
Current assets		
Cash and deposits	20,463	<b>18,336</b>
Notes and accounts receivable-trade	50,727	<b>48,803</b>
Short-term investment securities	57,069	<b>50,445</b>
Inventories	62,061	<b>61,708</b>
Deferred tax assets	8,626	<b>7,598</b>
Other	8,119	<b>7,475</b>
Allowance for doubtful accounts	(171)	<b>(156)</b>
Total current assets	206,897	<b>194,211</b>
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	41,135	<b>39,457</b>
Machinery, equipment and vehicles, net	22,516	<b>23,953</b>
Land	15,017	<b>15,005</b>
Construction in progress	2,721	<b>3,949</b>
Other, net	2,091	<b>2,124</b>
Total property, plant and equipment	83,483	<b>84,490</b>
Intangible assets		
Software	4,184	<b>3,757</b>
Other	194	<b>198</b>
Total intangible assets	4,379	<b>3,955</b>
Investments and other assets		
Investment securities	42,872	<b>37,252</b>
Deferred tax assets	843	<b>3,775</b>
Other	1,921	<b>1,725</b>
Allowance for doubtful accounts	(101)	<b>(101)</b>
Total investments and other assets	45,536	<b>42,652</b>
Total noncurrent assets	133,398	<b>131,099</b>
Total assets	340,295	<b>325,311</b>

	Millions of yen	
	March 31, 2012	September 30, 2012
<b>Liabilities</b>		
Current liabilities		
Accounts payable-trade	23,557	<b>20,110</b>
Short-term loans payable	1,250	<b>1,255</b>
Current portion of bonds	10,000	-
Lease obligations	310	<b>313</b>
Income taxes payable	1,238	<b>1,419</b>
Deferred tax liabilities	76	<b>95</b>
Other	21,784	<b>21,526</b>
Total current liabilities	<u>58,217</u>	<u><b>44,721</b></u>
Noncurrent liabilities		
Bonds payable	25,000	<b>25,000</b>
Lease obligations	838	<b>750</b>
Provision for retirement benefits	17,728	<b>17,572</b>
Negative goodwill	32	<b>24</b>
Deferred tax liabilities	1,142	<b>363</b>
Other	1,722	<b>1,596</b>
Total noncurrent liabilities	<u>46,464</u>	<u><b>45,308</b></u>
Total liabilities	<u>104,682</u>	<u><b>90,029</b></u>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	47,869	<b>47,869</b>
Capital surplus	54,824	<b>54,824</b>
Retained earnings	151,440	<b>156,639</b>
Treasury stock	(7,525)	<b>(7,530)</b>
Total shareholders' equity	<u>246,609</u>	<u><b>251,802</b></u>
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	11,815	<b>8,275</b>
Foreign currency translation adjustment	(24,366)	<b>(26,328)</b>
Total valuation and translation adjustments	<u>(12,550)</u>	<u><b>(18,053)</b></u>
Minority interests	<u>1,555</u>	<u><b>1,532</b></u>
Total net assets	<u>235,613</u>	<u><b>235,281</b></u>
Total liabilities and net assets	<u>340,295</u>	<u><b>325,311</b></u>

### Consolidated Quarterly Statement of Operations for the Six Months Ended September 30, 2011 and 2012

	Millions of yen	
	2011	2012
Net sales	139,047	<b>132,749</b>
Cost of sales	101,136	<b>100,918</b>
Gross profit	37,910	<b>31,831</b>
Selling, general and administrative expenses	22,459	<b>21,962</b>
Operating income	15,450	<b>9,868</b>
Non-operating income		
Interest income	574	<b>574</b>
Dividends income	302	<b>329</b>
Amortization of negative goodwill	8	<b>8</b>
Equity in earnings of affiliates	187	<b>247</b>
Other	348	<b>474</b>
Total non-operating income	1,421	<b>1,634</b>
Non-operating expenses		
Interest expenses	306	<b>291</b>
Foreign exchange losses	2,438	<b>1,329</b>
Depreciation of inactive noncurrent assets	450	<b>221</b>
Other	140	<b>323</b>
Total non-operating expenses	3,336	<b>2,166</b>
Ordinary income	13,536	<b>9,336</b>
Extraordinary income		
Gain on sales of property, plant and equipment	42	<b>71</b>
Total extraordinary income	42	<b>71</b>
Extraordinary loss		
Loss on sales or disposal of property, plant and equipment	100	<b>187</b>
Loss on valuation of investment securities	-	<b>44</b>
Total extraordinary losses	100	<b>231</b>
Income before income taxes and minority interests	13,478	<b>9,177</b>
Income taxes-current	2,524	<b>2,458</b>
Income taxes-deferred	317	<b>(990)</b>
Total income taxes	2,842	<b>1,467</b>
Income before minority interests	10,636	<b>7,709</b>
Minority interests in income	160	<b>116</b>
Net income	10,476	<b>7,592</b>
	Yen	
Net income per share		
- Basic	48.12	<b>34.88</b>
- Diluted	-	-

### Consolidated Statements of Comprehensive Income for the Six Months Ended September 30, 2011 and 2012

	Millions of yen	
	2011	2012
Income before minority interests	10,636	<b>7,709</b>
Other comprehensive income		
Valuation difference on available-for-sale securities	(3,003)	<b>(3,539)</b>
Foreign currency translation adjustment	1,928	<b>(1,978)</b>
Share of other comprehensive income of associates accounted for using equity method	136	<b>38</b>
Total other comprehensive income	(938)	<b>(5,479)</b>
Comprehensive income	9,697	<b>2,229</b>
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	9,541	<b>2,090</b>
Comprehensive income attributable to minority interests	156	<b>139</b>

**Consolidated Quarterly Statements of Cash Flows  
 for the six Months Ended September 30, 2011 and 2012**

	Millions of yen	
	2011	2012
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	13,478	9,177
Depreciation and amortization	7,299	6,041
Amortization of goodwill	19	(8)
(Decrease) increase in provision for retirement benefits	174	(153)
Interest and dividends income	(877)	(903)
Interest expenses	306	291
Equity in (earnings) losses of affiliates	(187)	(247)
Loss (gain) on disposal of noncurrent assets	58	115
Loss (gain) on valuation of investment securities	-	44
Decrease (increase) in notes and accounts receivable-trade	(3,418)	999
(Increase) decrease in inventories	3,025	(547)
(Increase) decrease in notes and accounts payable-trade	(6,286)	(2,163)
Other, net	(1,689)	(514)
Subtotal	11,902	12,130
Interest and dividends income received	909	1,009
Interest expenses paid	(306)	(321)
Income taxes paid	(1,926)	(1,841)
Net cash provided by (used in) operating activities	10,579	10,977
Net cash (used in) provided by investment activities		
Net decrease (increase) in time deposits	(403)	218
Net (increase) decrease in short-term investment securities	(998)	(2,094)
Purchase of property, plant and equipment	(5,600)	(6,759)
Proceeds from sales of property, plant and equipment	178	107
Purchase of intangible assets	(129)	(274)
Purchase of investment securities	(2,630)	(2,514)
Proceeds from sales and redemption of investment securities	2,770	10,100
Other, net	9	(46)
Net cash (used in) provided by investment activities	(6,804)	(1,262)
Net cash (used in) provided by financing activities		
Net increase (decrease) in short-term loans payable	486	(24)
Redemption of bonds	-	(10,000)
Purchase of treasury stock	(22)	(6)
Proceeds from sales of treasury stock	1	0
Cash dividends paid	(2,389)	(2,398)
Other, net	(327)	(340)
Net cash (used in) provided by financing activities	(2,251)	(12,769)
Effect of exchange rate change on cash and cash equivalents	549	(285)
Net (decrease) increase in cash and cash equivalents	2,072	(3,340)
Cash and cash equivalents at beginning of period	51,888	51,824
Cash and cash equivalents at end of period	53,960	48,483

**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, 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
Six months ended September 30, 2012								
<b>Net sales</b>	<b>105,422</b>	<b>14,664</b>	<b>10,752</b>	<b>130,839</b>	<b>1,910</b>	<b>132,749</b>	-	<b>132,749</b>
<b>Segment income (loss)</b>	<b>14,333</b>	<b>(4,838)</b>	<b>387</b>	<b>9,882</b>	<b>(14)</b>	<b>9,868</b>	-	<b>9,868</b>

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".