

Consolidated financial reports in accordance with Japanese GAAP for the fiscal year ended March 31, 2013

URL : <http://www.ngkntk.co.jp>
 Stock listing : Tokyo 1st section, Nagoya 1st section
 Code number : 5334
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Financial results highlights

	Millions of yen		
	Fiscal year ended March 31, 2012	Fiscal year ended March 31, 2013	Fiscal year ending March 31, 2014 (Forecast)
Net sales:			
Automotive components group	222,635	248,795	248,250
Spark & glow plugs	125,117	145,882	144,680
Automotive sensors	97,518	102,912	103,570
Technical ceramics group			52,800
Communication media components	33,891	28,238	31,720
Technical ceramics	23,737	22,054	21,080
Others	4,480	3,711	3,950
Elimination	-	-	-
Total net sales	284,746	302,798	305,000
Operating income (loss):			
Automotive components group	30,703	33,159	43,130
Technical ceramics group			(5,130)
Communication media components	(7,583)	(9,677)	(6,370)
Technical ceramics	1,307	168	1,240
Others	50	103	0
Total operating income (loss)	24,478	23,754	38,000
Ordinary income	23,740	27,674	39,000
Net income	25,524	20,909	23,500
Capital expenditure:			
Automotive components group	11,854	17,960	45,803
Technical ceramics group			7,962
Communication media components	1,294	4,204	
Technical ceramics	856	1,837	
Others	0	10	35
Total capital expenditure	14,004	24,012	53,800
Depreciation:			
Automotive components group	12,259	10,157	9,956
Technical ceramics group			2,731
Communication media components	1,835	1,546	
Technical ceramics	1,328	1,086	
Others	14	7	13
Total depreciation	15,438	12,798	12,700

	Yen		
	Fiscal year ended March 31, 2012	Fiscal year ended March 31, 2013	Fiscal year ending March 31, 2014 (Forecast)
Per share			
Net income - Basic	117.25	96.06	107.96
Cash dividends	22.00	22.00	22.00
Actual exchange rate			
Yen - U.S. dollar	79	83	90
Yen - Euro	109	107	115
		Percent	
Operating income ratio	8.6	7.8	12.5
Return on equity	11.3	8.4	8.5
Dividend payout ratio	18.8	22.9	20.4

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 Balance Sheets March 31, 2012 and 2013

	Millions of yen	
	2012	2013
Assets		
Current assets		
Cash and deposits	20,463	24,557
Notes and accounts receivable-trade	50,727	53,103
Short-term investment securities	57,069	46,079
Inventories	62,061	67,845
Deferred tax assets	8,626	8,805
Other	8,119	10,148
Allowance for doubtful accounts	(171)	(299)
Total current assets	206,897	210,240
Non-current assets		
Property, plant and equipment		
Building and structures, net	41,135	40,334
Machinery, equipment and vehicles, net	22,516	30,157
Land	15,017	15,131
Construction in progress	2,721	8,966
Other, net	2,091	2,484
Total property, plant and equipment	83,483	97,073
Intangible assets		
Software	4,184	3,590
Other	194	235
Total intangible assets	4,379	3,826
Investments and other assets		
Investment securities	42,872	52,770
Deferred tax assets	843	925
Other	1,921	1,755
Allowance for doubtful accounts	(101)	(103)
Total investments and other assets	45,536	55,347
Total non-current assets	133,398	156,248
Total assets	340,295	366,489

	Millions of yen	
	2012	2013
Liabilities		
Current liabilities		
Accounts payable-trade	23,557	18,814
Short-term loans payable	1,250	1,432
Current portion of bonds	10,000	-
Lease obligations	310	302
Income taxes payable	1,238	4,854
Deferred tax liabilities	76	94
Other	21,784	25,799
Total current liabilities	58,217	51,298
Non-current liabilities		
Bonds payable	25,000	25,000
Lease obligations	838	683
Provision for retirement benefits	17,728	17,401
Negative goodwill	32	16
Deferred tax liabilities	1,142	2,334
Other	1,722	1,446
Total non-current liabilities	46,464	46,881
Total liabilities	104,682	98,180
Net assets		
Shareholders' equity		
Capital stock	47,869	47,869
Capital surplus	54,824	54,824
Retained earnings	151,440	167,561
Treasury stock	(7,525)	(7,539)
Total shareholders' equity	246,609	262,716
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	11,815	16,175
Foreign currency translation adjustment	(24,366)	(12,596)
Total valuation and translation adjustments	(12,550)	3,579
Minority interests	1,555	2,013
Total net assets	235,613	268,309
Total liabilities and net assets	340,295	366,489

	Millions of yen	
	2012	2013
(a) Inventories consist of		
- Finished goods	38,648	41,703
- Work-in-process	15,896	17,364
- Raw materials	7,516	8,776
(b) Accumulated depreciation of tangible assets	287,019	294,750
(c) Investments in unconsolidated subsidiaries & affiliates	2,339	5,872
(d) Notes receivable matures on balance sheet date	57	67
(e) Guarantees of indebtedness principles of employees	64	51

	Shares	
	March 31, 2012	March 31, 2013
(f) Number of shares		
- Issued common stock	223,544,820	223,544,820
- Treasury stock	5,864,626	5,877,441

Consolidated Statements of Income
For the fiscal years ended March 31, 2012 and 2013

	Millions of yen	
	Fiscal year ended March 31	
	2012	2013
Net sales	284,746	302,798
Costs of sales	213,408	229,529
Gross profit	71,337	73,269
Selling, general and administrative expenses		
Selling expenses	24,121	23,960
General and administrative expenses	22,738	25,554
Total selling, general and administrative expenses	46,859	49,514
Operating income	24,478	23,754
Non-operating income		
Interest income	1,378	1,118
Dividends income	594	683
Amortization of negative goodwill	16	16
Equity in earnings of affiliates	-	575
Foreign exchange earnings	-	1,625
Other	817	1,516
Total non-operating income	2,807	5,535
Non-operating expenses		
Interest expenses	630	556
Equity in losses of affiliates	25	-
Foreign exchange losses	1,340	-
Depreciation of inactive non-current assets	898	392
Other	650	666
Total non-operating expenses	3,545	1,615
Ordinary income	23,740	27,674
Extraordinary income		
Gain on sales of property, plant and equipment	82	631
Total extraordinary income	82	631
Extraordinary loss		
Loss on sales or disposal of property, plant and equipment	230	513
Impairment loss	1,141	-
Loss on valuation of investment securities	552	63
Total extraordinary losses	1,923	576
Income before income taxes and minority interests	21,899	27,729
Income taxes-current	4,076	8,059
Income taxes-deferred	(7,951)	(1,554)
Total income taxes	(3,874)	6,504
Income before minority interests	25,774	21,225
Minority interests in income	249	315
Net income	25,524	20,909

**Consolidated Statements of Comprehensive Income
For the fiscal years ended March 31, 2012 and 2013**

	Millions of yen	
	Fiscal year ended March 31	
	2012	2013
Income before minority interests	25,774	21,225
Other comprehensive income		
Valuation difference on available-for-sale securities	1,396	4,342
Foreign currency translation adjustment	(4,555)	11,522
Share of other comprehensive income of associates accounted for using equity method	(149)	630
Total other comprehensive income	(3,308)	16,496
Comprehensive income	22,465	37,721
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	22,396	37,040
Comprehensive income attributable to minority interests	69	680

	Fiscal year ended March 31	
	2012	2013
	Yen	
(a) Net income per share		
- Basic	117.25	96.06

	Fiscal year ended March 31	
	2012	2013
	Millions of yen	
(b) Net (reversal of) write-down of inventories	520	1,079
(c) The major components of selling, general and administrative expenses		
Depreciation	2,165	2,239
Provision for allowance for doubtful accounts	103	163
Net periodic retirement benefit expense	782	828
Salaries and bonuses	16,368	18,094
Packing and transport	6,335	5,882
Advertising	3,822	4,030
Research and development	3,542	3,733

Consolidated Statements of Changes in Net Assets for the fiscal years ended March 31, 2012 and 2013

	Million of yen									
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Valuation difference on available-for- sale securities	Foreign currency translation adjustment	Total valuation and adjustments	Minority interests	Total net assets
Balance at March 31, 2011	47,869	55,162	138,071	(15,202)	225,901	10,433	(19,856)	(9,422)	1,681	218,159
Net income			25,524		25,524					25,524
Dividends			(4,789)		(4,789)					(4,789)
Purchase of treasury stock				(30)	(30)					(30)
Sales of treasury stock		(0)		4	3					3
Retirement of treasury stock		(336)	(7,365)	7,702	-					-
Net changes of items other than shareholders' equity						1,382	(4,510)	(3,128)	(126)	(3,254)
Total change	-	(337)	13,369	7,676	20,708	1,382	(4,510)	(3,128)	(126)	17,453
Balance at March 31, 2012	47,869	54,824	151,440	(7,525)	246,609	11,815	(24,366)	(12,550)	1,555	235,613
Net income			20,909		20,909					20,909
Dividends			(4,788)		(4,788)					(4,788)
Purchase of treasury stock				(14)	(14)					(14)
Sales of treasury stock			(0)	0	0					0
Net changes of items other than shareholders' equity						4,360	11,770	16,130	458	16,588
Total change	-	-	16,120	(13)	16,106	4,360	11,770	16,130	458	32,695
Balance at March 31, 2013	47,869	54,824	167,561	(7,539)	262,716	16,175	(12,596)	3,579	2,013	268,309

Consolidated Statements of Cash Flows for the fiscal years ended March 31, 2012 and 2013

	Millions of yen	
	Fiscal year ended March 31	
	2012	2013
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	21,899	27,729
Depreciation and amortization	15,438	12,798
Impairment loss	1,141	-
Amortization of goodwill	10	(16)
Increase (decrease) in provision for retirement benefits	134	(395)
Interest and dividends income	(1,973)	(1,801)
Interest expenses	630	556
Equity in (earnings) losses of affiliates	25	(575)
Loss (gain) on disposal of non-current assets	147	(118)
Loss (gain) on valuation of investment securities	552	63
Decrease (increase) in notes and accounts receivable-trade	(8,096)	4,674
Decrease (increase) in inventories	(2,342)	1,559
Increase (decrease) in notes and accounts payable-trade	(4,508)	(12,720)
Other, net	1,075	(2,640)
Subtotal	24,133	29,112
Interest and dividends income received	1,810	2,126
Interest expenses paid	(629)	(580)
Income taxes paid	(4,234)	(4,463)
Net cash provided by (used in) operating activities	21,079	26,194
Net cash provided by (used in) investing activities		
Decrease (increase) in time deposits	68	354
Net decrease (increase) in short-term investment securities	(5,286)	(1,186)
Purchase of property, plant and equipment	(12,471)	(19,467)
Proceeds from sales of property, plant and equipment	297	921
Purchase of intangible assets	(427)	(992)
Purchase of investment securities	(4,630)	(8,986)
Proceeds from sales of investment securities	6,570	13,801
Other, net	29	112
Net cash provided by (used in) investing activities	(15,850)	(15,442)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	598	(90)
Redemption of bonds	-	(10,000)
Purchase of treasury stock	(30)	(14)
Proceeds from sales of treasury stock	3	0
Cash dividends paid	(4,785)	(4,794)
Other, net	(474)	(595)
Net cash provided by (used in) financing activities	(4,688)	(15,495)
Effect of exchange rate change on cash and cash equivalents	(604)	2,793
Net increase (decrease) in cash and cash equivalents	(63)	(1,949)
Cash and cash equivalents at beginning of period	51,888	51,824
Cash and cash equivalents at end of the period	51,824	49,874

a) Reconciliation of cash and time deposits in the consolidated balance sheet to cash and cash equivalents in the consolidated statement of cash flows is the following.

	Millions of yen	
	March 31	
	2012	2013
Cash and time deposits	20,463	24,557
Securities	57,069	46,079
Subtotal	77,533	70,637
Time deposits with original maturities of three months or longer	(5,293)	(5,668)
Security other than short-term investments with an original maturity of three months or less	(20,415)	(15,094)
Cash and cash equivalents	51,824	49,874

Scope of consolidation and application of equity method

1. Number of consolidated subsidiaries, unconsolidated subsidiaries and affiliates

	March 31, 2012	March 31, 2013
Consolidated subsidiaries:		
Overseas	23	24
Domestic	9	9
Unconsolidated subsidiaries, stated at cost	1	1
Affiliates, accounted for by equity method	2	3
Affiliates, stated at cost	5	5

2. Name of major consolidated subsidiaries and affiliates, accounted for by equity method

1. Consolidated subsidiaries:

Overseas subsidiaries	NGK Spark Plugs (U.S.A.), Inc.	(U.S.A.)
	NTK Technologies, Inc.	(U.S.A.)
	NGK Spark Plugs (U.K.) Ltd.	(U.K.)
	NGK Spark Plug Europe GmbH	(Germany)
	NGK Spark Plugs (France) S.A.S.	(France)
	Cerâmica e Velas de Ignição NGK do Brasil Ltda.	(Brazil)
	NGK Spark Plug (Shanghai) Co., Ltd.	(China)
	NGK Spark Plug (Australia) Pty., Ltd.	(Australia)
Domestic subsidiaries	Ceramic Sensor Co., Ltd.	
	Nittoku Seisakusho Co., Ltd.	
	Kamioka Ceramic Co., Ltd.	
	NTK Ceramic Co., Ltd.	

2. Affiliates, account for by equity method

Overseas affiliate	Woo Jin Industry Co., Ltd.	(Korea)
Domestic affiliates	Tokai Taima Kogu Co., Ltd.	
Domestic affiliates	Eastern Co., Ltd.	

1. Accounting periods of consolidated subsidiaries

NGK Spark Plug (Shanghai) Co., Ltd., Changshu NGK Spark Plug Co., Ltd., Bujias NGK de Mexico S.A. de C.V. and Woo Jin Industry Co., Ltd. close their books on December 31, which is three months earlier than consolidated balance sheet date (March 31). When preparing consolidated financial statements, the company uses the financial statements of NGK Spark Plug (Shanghai) Co., Ltd., Changshu NGK Spark Plug Co., Ltd., Bujias NGK de Mexico S.A. de C.V. and Woo Jin Industry Co., Ltd. which have been compiled by provisionally settling their accounts as of March 31.

This year, 17 of the consolidated subsidiaries (NGK Spark Plug Europe GmbH etc.) have changed their closing date from December 31 to March 31 in order to prepare for IFRS (International Financial Reporting Standards) and to make disclosures of the consolidated financial statements more adequate.

Accordingly, those companies' operating results for the 15-month period from January 1, 2012 to March 31, 2013 are used to make the consolidated financial statements.

As a result, net sales increased by 39,063 million yen, operating income increased by 3,825 million yen, ordinary income increased by 4,013 million yen, and net income increased by 2,265 million yen, compared with the figures calculated using the former closing dates.

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, segment income (loss), assets and others by reportable segments

	Reportable segments						Adjustment	Consolidated
	Automotive components	Communication media components	Technical ceramics	Total	Others	Total		
Millions of yen								
<u>Fiscal year ended March 31, 2012</u>								
Operating revenues-net sales:								
Outside customers	222,635	33,891	23,737	280,265	4,480	284,746	-	284,746
Inter-segment sales	-	-	-	-	-	-	-	-
Total net sales	222,635	33,891	23,737	280,265	4,480	284,746	-	284,746
Segment income (loss)	30,703	(7,583)	1,307	24,427	50	24,478	-	24,478
Segment assets	276,425	33,654	28,820	338,900	1,395	340,295	-	340,295
Depreciation	12,259	1,835	1,328	15,424	14	15,438	-	15,438
Impairment loss	-	1,141	-	1,141	-	1,141	-	1,141
Acquisition of tangible and intangible fixed assets	11,854	1,294	856	14,004	0	14,004	-	14,004
<u>Fiscal year ended March 31, 2013</u>								
Operating revenues-net sales:								
Outside customers	248,795	28,238	22,054	299,087	3,711	302,798	-	302,798
Inter-segment sales	-	-	-	-	-	-	-	-
Total net sales	248,795	28,238	22,054	299,087	3,711	302,798	-	302,798
Segment income (loss)	33,159	(9,677)	168	23,650	103	23,754	-	23,754
Segment assets	305,116	31,918	28,229	365,263	1,225	366,489	-	366,489
Depreciation	10,157	1,546	1,086	12,790	7	12,798	-	12,798
Acquisition of tangible and intangible fixed assets	17,960	4,204	1,837	24,002	10	24,012	-	24,012

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

Note 2: Each figure is adjusted to corresponding figure of "Consolidated Statements of Income".

Note 3: From the fiscal year ended March 31, 2013, 17 of the consolidated subsidiaries (NGK Spark Plug Europe GmbH etc.) have changed their closing date from December 31 to March 31. NGK Spark Plug (Shanghai) Co., Ltd., Changshu NGK Spark Plug Co., Ltd., Bujias NGK de Mexico S.A. de C.V. and Woo Jin Industry Co., Ltd. close their books on December 31, which is three months earlier than consolidated balance sheet date (March 31). When preparing consolidated financial statements, the company uses the financial statements of NGK Spark Plug (Shanghai) Co., Ltd., Changshu NGK Spark Plug Co., Ltd., Bujias NGK de Mexico S.A. de C.V. and Woo Jin Industry Co., Ltd. which have been compiled by provisionally settling their accounts as of March 31. As a

result, Automotive components' net sales increased by 36,547 million yen and segment income increased by 3,758 million yen, Communication media components' net sales increased by 1,118 million yen and segment loss increased by 43 million yen, Technical ceramics' net sales increased by 1,396 million yen and segment income increased by 110 million yen, compared with the figures calculated using the former closing dates.

Note 4: Depreciation of property, plant and equipment (excluding buildings) of the Company and its domestic consolidated subsidiaries had been calculated by declining-balance method, but from the fiscal year ending March 31, 2013, straight-line method has been applied to all property, plant and equipment.

As a result, Automotive components' segment income increased by 1,929 million yen, Technical ceramics' segment income increased by 113 million yen, Communication media components' segment loss decreased by 79 million yen, compared with the figures calculated using the former accounting method.

Note 5: From the fiscal year ending March 31, 2013, the Company and its domestic consolidated subsidiaries have changed useful lives of machinery and equipment in Automotive components and Communication media components in order to reflect the actual condition of production.

As a result, Automotive components' segment income increased by 1,303 million yen, Technical ceramics' segment income increased by 122 million yen, compared with the figures calculated using the former accounting method.