

## Consolidated Quarterly Financial Statements in accordance with Japanese GAAP for the nine months ended December 31, 2013

URL : <http://www.ngkntk.co.jp>  
 Stock listing : Tokyo 1<sup>st</sup> section, Nagoya 1<sup>st</sup> section  
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### Quarterly financial results highlights

	Billions of yen						
	Three months ended						
	2012			2013			
	Jun.30	Sep.30	Dec. 31	Mar.31	Jun.30	Sep.30	
<b>For the three months:</b>							
Net sales	68.2	64.5	63.3	106.7	82.2	79.9	<b>83.3</b>
Operating income	5.3	4.6	4.3	9.6	10.8	12.5	<b>13.8</b>
Ordinary income	4.6	4.7	6.8	11.6	12.0	12.6	<b>16.3</b>
Net income	2.0	5.6	4.0	9.3	7.2	8.5	<b>9.8</b>
<b>Sales by industry segments:</b>							
Spark & glow plugs	30.7	29.8	30.4	55.0	40.0	38.0	<b>39.3</b>
Automotive sensors	23.4	21.5	21.0	37.0	28.0	26.8	<b>28.5</b>
Automotive components	54.1	51.4	51.4	92.0	68.1	64.8	<b>67.8</b>
Semiconductor	7.5	7.2	6.2	7.4	7.2	8.2	<b>8.1</b>
Ceramics	5.7	5.1	4.8	6.5	5.9	6.0	<b>6.4</b>
Technical ceramics	13.1	12.3	11.0	13.9	13.2	14.2	<b>14.4</b>
<b>Operating income (loss) ratio:</b>							
Consolidated	7.8	7.1	6.8	9.0	13.2	15.6	<b>16.5</b>
By industry segments:							
Automotive components	13.4	13.8	13.6	12.9	18.1	21.6	<b>23.1</b>
Semiconductor	(29.6)	(36.5)	(43.3)	(29.3)	(24.1)	(23.0)	<b>(28.5)</b>
Ceramics	5.2	1.9	(1.4)	(2.4)	4.3	6.8	<b>6.8</b>
Technical ceramics	(14.6)	(20.6)	(24.9)	(16.7)	(11.3)	(10.3)	<b>(12.9)</b>
<b>Actual exchange rate:</b>							
Yen - U.S. dollar	80	79	81	92	99	99	<b>100</b>
Yen - Euro	103	99	105	122	129	131	<b>137</b>

**Consolidated Quarterly Balance Sheets**  
**March 31, 2013 and December 31, 2013**

	Millions of yen	
	March 31, 2013	December 31, 2013
Assets		
Current assets		
Cash and deposits	24,557	<b>35,369</b>
Notes and accounts receivable-trade	53,103	<b>62,646</b>
Short-term investment securities	46,079	<b>69,592</b>
Inventories	67,845	<b>70,949</b>
Deferred tax assets	8,805	<b>11,137</b>
Other	10,148	<b>10,457</b>
Allowance for doubtful accounts	(299)	<b>(417)</b>
Total current assets	210,240	<b>259,736</b>
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	40,334	<b>42,250</b>
Machinery, equipment and vehicles, net	30,157	<b>37,859</b>
Land	15,131	<b>15,166</b>
Construction in progress	8,966	<b>20,586</b>
Other, net	2,484	<b>2,571</b>
Total property, plant and equipment	97,073	<b>118,435</b>
Intangible assets		
Software	3,590	<b>3,166</b>
Other	235	<b>265</b>
Total intangible assets	3,826	<b>3,432</b>
Investments and other assets		
Investment securities	52,770	<b>69,776</b>
Deferred tax assets	925	<b>825</b>
Other	1,755	<b>2,142</b>
Allowance for doubtful accounts	(103)	<b>(103)</b>
Total investments and other assets	55,347	<b>72,640</b>
Total noncurrent assets	156,248	<b>194,508</b>
Total assets	366,489	<b>454,244</b>

	Millions of yen	
	March 31, 2013	December 31, 2013
Liabilities		
Current liabilities		
Accounts payable-trade	18,814	<b>23,375</b>
Short-term loans payable	1,432	<b>1,630</b>
Current portion of bonds	-	<b>10,000</b>
Lease obligations	302	<b>274</b>
Income taxes payable	4,854	<b>12,753</b>
Deferred tax liabilities	94	<b>50</b>
Other	25,799	<b>28,417</b>
Total current liabilities	51,298	<b>76,502</b>
Noncurrent liabilities		
Bonds payable	25,000	<b>40,000</b>
Long-term loans payable	-	<b>5,000</b>
Lease obligations	683	<b>547</b>
Provision for retirement benefits	17,401	<b>17,512</b>
Negative goodwill	16	<b>4</b>
Deferred tax liabilities	2,334	<b>8,673</b>
Other	1,446	<b>1,191</b>
Total noncurrent liabilities	46,881	<b>72,929</b>
Total liabilities	98,180	<b>149,431</b>
Net assets		
Shareholders' equity		
Capital stock	47,869	<b>47,869</b>
Capital surplus	54,824	<b>54,824</b>
Retained earnings	167,561	<b>187,807</b>
Treasury stock	(7,539)	<b>(7,599)</b>
Total shareholders' equity	262,716	<b>282,902</b>
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	16,175	<b>24,950</b>
Foreign currency translation adjustment	(12,596)	<b>(5,148)</b>
Total valuation and translation adjustments	3,579	<b>19,802</b>
Minority interests	2,013	<b>2,107</b>
Total net assets	268,309	<b>304,812</b>
Total liabilities and net assets	366,489	<b>454,244</b>

**Consolidated Quarterly Statements of Operations**  
**For the nine months ended December 31, 2012 and 2013**

	Millions of yen	
	2012	2013
Net sales	196,065	<b>245,414</b>
Cost of sales	148,478	<b>167,717</b>
Gross profit	47,586	<b>77,697</b>
Selling, general and administrative expenses	33,419	<b>40,594</b>
Operating income	14,167	<b>37,102</b>
Non-operating income		
Interest income	782	<b>872</b>
Dividends income	593	<b>816</b>
Amortization of negative goodwill	12	<b>12</b>
Equity in earnings of affiliates	332	<b>367</b>
Foreign exchange gains	581	<b>2,028</b>
Other	802	<b>793</b>
Total non-operating income	3,104	<b>4,890</b>
Non-operating expenses		
Interest expenses	424	<b>375</b>
Depreciation from idle assets	309	<b>190</b>
Other	420	<b>488</b>
Total non-operating expenses	1,154	<b>1,053</b>
Ordinary income	16,117	<b>40,939</b>
Extraordinary income		
Gain on sales of property, plant and equipment	595	<b>74</b>
Gain on sales of investment securities	-	<b>11</b>
Total extraordinary income	595	<b>86</b>
Extraordinary loss		
Loss on sales or disposal of property, plant and equipment	241	<b>326</b>
Loss on valuation of investment securities	69	-
Total extraordinary losses	311	<b>326</b>
Income before income taxes and minority interests	16,401	<b>40,698</b>
Income taxes-current	3,527	<b>15,726</b>
Income taxes-deferred	1,131	<b>(726)</b>
Total income taxes	4,658	<b>14,999</b>
Income before minority interests	11,742	<b>25,698</b>
Minority interests in income	181	<b>228</b>
Net income	11,561	<b>25,470</b>
Net income per share	Yen	
- Basic	53.11	<b>117.02</b>
- Diluted	-	-

**Consolidated Statements of Comprehensive Income  
for the nine months ended December 31, 2012 and 2013**

	Millions of yen	
	2012	2013
Income before minority interests	11,742	<b>25,698</b>
Other comprehensive income		
Valuation difference on available-for-sale securities	691	<b>8,758</b>
Foreign currency translation adjustment	52	<b>6,819</b>
Share of other comprehensive income of associates accounted for using equity method	78	<b>671</b>
Total other comprehensive income	823	<b>16,248</b>
Comprehensive income	12,565	<b>41,947</b>
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	12,349	<b>41,692</b>
Comprehensive income attributable to minority interests	215	<b>254</b>

**Consolidated Quarterly Statements of Cash Flows**  
**For the nine months ended December 31, 2012 and 2013**

	Millions of yen	
	2012	2013
Net cash provided by operating activities		
Income before income taxes and minority interests	16,401	<b>40,698</b>
Depreciation and amortization	9,155	<b>8,364</b>
Amortization of goodwill	(12)	<b>(12)</b>
Increase (decrease) in provision for retirement benefits	(104)	<b>96</b>
Interest and dividends income	(1,375)	<b>(1,688)</b>
Interest expenses	424	<b>375</b>
Equity in (earnings) losses of affiliates	(332)	<b>(367)</b>
Loss (gain) on disposal of noncurrent assets	(353)	<b>252</b>
Loss on sales and valuation of investment securities	69	-
(Increase) decrease in notes and accounts receivable-trade	625	<b>(4,386)</b>
Decrease (increase) in inventories	(486)	<b>2,145</b>
(Decrease) increase in notes and accounts payable-trade	(6,573)	<b>(1,786)</b>
Other, net	(2,121)	<b>418</b>
Subtotal	<u>15,316</u>	<u><b>44,110</b></u>
Interest and dividends income received	1,599	<b>1,619</b>
Interest expenses paid	(358)	<b>(260)</b>
Income taxes paid	(2,630)	<b>(8,052)</b>
Net cash provided by operating activities	<u>13,927</u>	<u><b>37,416</b></u>
Net cash used in investment activities		
(Increase) decrease in time deposits	(168)	<b>(304)</b>
(Increase) decrease in securities	(1,688)	<b>(14,484)</b>
Purchase of property, plant and equipment	(11,256)	<b>(27,372)</b>
Purchase of intangible assets	(513)	<b>(618)</b>
Purchase of investment securities	(3,116)	<b>(6,537)</b>
Proceeds from sales of investment securities	12,101	<b>3,607</b>
Other, net	809	<b>(471)</b>
Net cash used in investment activities	<u>(3,833)</u>	<u><b>(46,181)</b></u>
Net cash used in financing activities		
Net decrease in short-term loans payable	174	<b>1</b>
Proceeds from long-term loans payable	-	<b>5,000</b>
Proceeds from issuance of bonds	-	<b>24,877</b>
Redemption of bonds	(10,000)	-
Purchase of treasury stock	(9)	<b>(59)</b>
Proceeds from sales of treasury stock	0	-
Cash dividends paid	(4,785)	<b>(5,220)</b>
Other, net	(425)	<b>(419)</b>
Net cash used in financing activities	<u>(15,044)</u>	<u><b>24,178</b></u>
Effect of exchange rate change on cash and cash equivalents	441	<b>2,110</b>
Net (decrease) increase in cash and cash equivalents	<u>(4,509)</u>	<u><b>17,524</b></u>
Cash and cash equivalents at beginning of period	<u>51,824</u>	<u><b>49,874</b></u>
Cash and cash equivalents at end of period	<u>47,314</u>	<u><b>67,399</b></u>

## Segment information

Information about sales and segment income (loss) by reportable segments

	Reportable segments				Total	Others	Total	Adjustment	Consolidated
	Automotive components	Technical ceramics		Total					
		Semiconductor	Ceramics						
Millions of yen									
Nine months ended December 31, 2012									
Net sales	156,793	20,854	15,578	36,432	193,225	2,839	196,065	-	196,065
Segment income (loss)	21,317	(7,516)	322	(7,194)	14,123	44	14,167	-	14,167
<b>Nine months ended December 31, 2013</b>									
<b>Net sales</b>	<b>200,670</b>	<b>23,475</b>	<b>18,303</b>	<b>41,779</b>	<b>242,450</b>	<b>2,964</b>	<b>245,414</b>	<b>-</b>	<b>245,414</b>
<b>Segment income (loss)</b>	<b>41,938</b>	<b>(5,920)</b>	<b>1,094</b>	<b>(4,826)</b>	<b>37,112</b>	<b>(9)</b>	<b>37,102</b>	<b>-</b>	<b>37,102</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".

Note 3: In April 2013, the "Communication media components" segment and "Technical ceramics" segment were integrated and changed the name to the "Technical ceramics" segment. The "Communication media components" segment and the "Technical ceramics" segment of the nine months ended December 31, 2013 correspond to each of the "Semiconductor" segment and the "Ceramics" segment of the nine months ended December 31, 2014.

Segment information for the nine months ended December 31, 2013 above is based on the reportable segments of the nine months ended December 31, 2014.