

Consolidated Quarterly Financial Statements in accordance with Japanese GAAP for the three months ended June 30, 2014

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

	Billions of yen				
	Three months ended				
	2013			2014	
	Jun.30	Sep.30	Dec. 31	Mar.31	Jun.30
For the three months:					
Net sales	82.2	79.9	83.3	84.3	84.6
Operating income	10.8	12.5	13.8	14.6	15.1
Ordinary income	12.0	12.6	16.3	14.0	15.6
Net income	7.2	8.5	9.8	7.2	10.1
Sales by industry segments:					
Spark & glow plugs	40.0	38.0	39.3	41.7	41.5
Automotive sensors	28.0	26.8	28.5	29.5	29.7
Automotive components	68.1	64.8	67.8	71.2	71.2
Semiconductor	8.1	9.1	8.9	7.1	6.6
Ceramics	5.1	5.1	5.6	5.3	5.3
Technical ceramics	13.2	14.2	14.4	12.4	12.0
	Percent				
Operating income ratio:					
Consolidated	13.2	15.6	16.5	17.3	17.8
By industry segments:					
Automotive components	18.1	21.6	23.1	23.8	24.5
Semiconductor	(19.4)	(18.1)	(23.8)	(37.0)	(38.3)
Ceramics	1.5	3.4	4.3	3.9	3.0
Technical ceramics	(11.3)	(10.3)	(12.9)	(19.5)	(19.9)
	Yen				
Actual exchange rate:					
Yen - U.S. dollar	99	99	100	103	102
Yen - Euro	129	131	137	141	140

Consolidated Quarterly Balance Sheets
June 30, 2014 and March 31, 2014

	Millions of yen	
	March 31, 2014	June 30, 2014
Assets		
Current assets		
Cash and deposits	31,508	32,147
Notes and accounts receivable-trade	61,991	62,686
Short-term investment securities	80,943	64,447
Inventories	71,069	71,037
Deferred tax assets	12,785	10,388
Other	11,361	11,800
Allowance for doubtful accounts	(449)	(435)
Total current assets	269,209	252,072
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	48,946	49,151
Machinery, equipment and vehicles, net	38,375	41,321
Land	15,147	15,905
Construction in progress	15,671	17,635
Other, net	2,955	2,894
Total property, plant and equipment	121,095	126,908
Intangible assets		
Software	3,367	3,231
Other	252	247
Total intangible assets	3,620	3,478
Investments and other assets		
Investment securities	60,837	61,621
Deferred tax assets	999	987
Other	2,488	2,501
Allowance for doubtful accounts	(103)	(103)
Total investments and other assets	64,222	65,007
Total noncurrent assets	188,938	195,394
Total assets	458,148	447,466

	Millions of yen	
	March 31, 2014	June 30, 2014
Liabilities		
Current liabilities		
Accounts payable-trade	23,625	23,250
Short-term loans payable	1,594	1,570
Current portion of bonds	10,000	10,000
Lease obligations	252	248
Income taxes payable	16,410	3,134
Deferred tax liabilities	1	1
Other	29,776	25,117
Total current liabilities	81,660	63,322
Noncurrent liabilities		
Bonds payable	40,000	40,000
Long-term loans payable	5,000	5,000
Lease obligations	492	425
Net defined benefit liability	23,522	25,553
Deferred tax liabilities	3,459	3,364
Other	1,220	1,195
Total noncurrent liabilities	73,694	75,538
Total liabilities	155,354	138,860
Net assets		
Shareholders' equity		
Capital stock	47,869	47,869
Capital surplus	54,824	54,824
Retained earnings	195,042	200,418
Treasury stock	(7,611)	(7,621)
Total shareholders' equity	290,124	295,490
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	21,137	21,798
Foreign currency translation adjustment	(6,543)	(6,870)
Remeasurements of defined benefit plans	(4,083)	(3,953)
Total valuation and translation adjustments	10,509	10,974
Minority interests	2,159	2,139
Total net assets	302,793	308,605
Total liabilities and net assets	458,148	447,466

Consolidated Statements of Comprehensive Income for the Three Months Ended June 30, 2013 and 2014

	Millions of yen	
	2013	2014
Income before minority interests	7,315	10,187
Other comprehensive income		
Valuation difference on available-for-sale securities	3,129	682
Foreign currency translation adjustment	1,412	(513)
Remeasurements of defined benefit plans	-	130
Share of other comprehensive income of associates accounted for using equity method	60	134
Total other comprehensive income	4,602	434
Comprehensive income	11,918	10,621
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	11,830	10,583
Comprehensive income attributable to minority interests	87	38

**Consolidated Quarterly Statements of Cash Flows
 for the Three Months Ended June 30, 2013 and 2014**

	Millions of yen	
	2013	2014
Net cash (used in) provided by operating activities		
Income before income taxes and minority interests	12,007	15,508
Depreciation and amortization	2,631	3,117
Amortization of goodwill	(4)	-
Decrease in provision for retirement benefits	(34)	-
Increase in net defined benefit liability	-	70
Interest and dividends income	(698)	(785)
Interest expenses	95	127
Equity in earnings of affiliates	(81)	(327)
Loss on disposal of noncurrent assets	25	45
Increase in notes and accounts receivable-trade	(4,410)	(1,547)
(Increase) decrease in inventories	2,941	(706)
Increase in notes and accounts payable-trade	2,161	667
Other, net	(2,688)	(3,595)
Subtotal	11,945	12,573
Interest and dividends income received	843	749
Interest expenses paid	(9)	(14)
Income taxes paid	(4,525)	(15,077)
Net cash (used in) provided by operating activities	8,253	(1,769)
Net cash used in investment activities		
Net decrease in time deposits	786	1,379
Net decrease (increase) in short-term investment securities	(1,298)	1,388
Purchase of property, plant and equipment	(9,818)	(11,311)
Purchase of intangible assets	(219)	(264)
Purchase of investment securities	(400)	(1,400)
Proceeds from sales and redemption of investment securities	2,607	1,400
Other, net	86	(36)
Net cash used in investment activities	(8,256)	(8,845)
Net cash used in financing activities		
Net increase (decrease) in short-term loans payable	(60)	0
Purchase of treasury stock	(13)	(10)
Cash dividends paid	(2,357)	(3,233)
Other, net	(164)	(134)
Net cash used in financing activities	(2,595)	(3,378)
Effect of exchange rate change on cash and cash equivalents	328	137
Net decrease in cash and cash equivalents	(2,270)	(13,856)
Cash and cash equivalents at beginning of period	49,874	68,966
Cash and cash equivalents at end of period	47,604	55,110

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									
Three months ended June 30, 2013									
Net sales	68,068	8,084	5,072	13,157	81,226	986	82,212	-	82,212
Segment income (loss)	12,314	(1,569)	77	(1,491)	10,822	(6)	10,816	-	10,816
Three months ended June 30, 2014									
Net sales	71,185	6,630	5,325	11,956	83,141	1,430	84,571	-	84,571
Segment income (loss)	17,412	(2,542)	159	(2,383)	15,029	35	15,064	-	15,064

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 2014, product for semiconductor manufacturing equipment was moved from "Ceramics" to "Semiconductor".

Segment information for the three months ended June 30, 2013 above is based on the reportable segments of the three months ended June 30, 2014.