

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

URL : <http://www.ngkntk.co.jp>
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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	Sep.30
For the three months:						
Net sales	82.2	79.9	83.3	84.3	84.6	84.4
Operating income	10.8	12.5	13.8	14.6	15.1	14.2
Ordinary income	12.0	12.6	16.3	14.0	15.6	17.2
Net income	7.2	8.5	9.8	7.2	10.1	6.2
Sales by industry segments:						
Spark & glow plugs	40.0	38.0	39.3	41.7	41.5	42.3
Automotive sensors	28.0	26.8	28.5	29.5	29.7	28.7
Automotive components	68.1	64.8	67.8	71.2	71.2	71.0
Semiconductor	8.1	9.1	8.9	7.1	6.6	7.2
Ceramics	5.1	5.1	5.6	5.3	5.3	5.3
Technical ceramics	13.2	14.2	14.4	12.4	12.0	12.5
	Percent					
Operating income ratio:						
Consolidated	13.2	15.6	16.5	17.3	17.8	16.8
By industry segments:						
Automotive components	18.1	21.6	23.1	23.8	24.5	22.5
Semiconductor	(19.4)	(18.1)	(23.8)	(37.0)	(38.3)	(26.2)
Ceramics	1.5	3.4	4.3	3.9	3.0	2.9
Technical ceramics	(11.3)	(10.3)	(12.9)	(19.5)	(19.9)	(14.0)
	Yen					
Actual exchange rate:						
Yen - U.S. dollar	99	99	100	103	102	104
Yen - Euro	129	131	137	141	140	138

Forecast for the fiscal year ending March 31, 2015

	Forecast of fiscal year ending March 31, 2015					(Reference) Fiscal year ended March 31, 2014
	Automotive components	Technical ceramics		Others	Consolidated	
		Semiconductor	Ceramics			
	Millions of yen					
Net Sales	286,930	29,610	20,590	4,370	341,500	329,758
Operating income	70,010	(6,790)	700	80	64,000	51,661
Ordinary income					68,500	54,960
Net income					39,000	32,704
Depreciation	12,076	1,284	934	6	14,300	11,567
Capital expenditure	43,746	7,025	2,629	-	53,400	41,034
						Yen
Net income per share (Basic)					179.20	150.26
Dividend per share					36.00	28.00

Note 1: The above forecast is revised from the one disclosed on May 8, 2014

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

1 U.S. dollar = 105 Yen 1 Euro = 135 Yen

Reason for the revision:

Due to the circumstances such as the yen weaker than our assumption, net sales, operating income and ordinary income are expected to exceed the previous forecast announced on May 8, 2014. However, due to the situations such as recognizing the loss on violation of antitrust law as extraordinary loss in the second quarter, net income is expected to be below the previous forecast. Therefore, we revise our forecast for this fiscal year as above.

Disclaimer statements:

The above forecast is based on information available at the time of this announcement. Therefore, we cannot guarantee accuracy and completeness of the forecast due to various factors.

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

	Millions of yen	
	March 31, 2014	September 30, 2014
Assets		
Current assets		
Cash and deposits	31,508	35,594
Notes and accounts receivable-trade	61,991	62,655
Short-term investment securities	80,943	67,840
Inventories	71,069	75,714
Deferred tax assets	12,785	12,339
Other	11,361	11,781
Allowance for doubtful accounts	(449)	(461)
Total current assets	269,209	265,464
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	48,946	49,927
Machinery, equipment and vehicles, net	38,375	44,505
Land	15,147	15,973
Construction in progress	15,671	20,417
Other, net	2,955	2,981
Total property, plant and equipment	121,095	133,807
Intangible assets		
Software	3,367	2,992
Other	252	267
Total intangible assets	3,620	3,259
Investments and other assets		
Investment securities	60,837	58,696
Deferred tax assets	999	899
Other	2,488	2,480
Allowance for doubtful accounts	(103)	(105)
Total investments and other assets	64,222	61,970
Total noncurrent assets	188,938	199,037
Total assets	458,148	464,501

	Millions of yen	
	March 31, 2014	September 30, 2014
Liabilities		
Current liabilities		
Accounts payable-trade	23,625	23,313
Short-term loans payable	1,594	1,379
Current portion of bonds	10,000	15,000
Lease obligations	252	223
Income taxes payable	16,410	8,726
Deferred tax liabilities	1	-
Other	29,776	34,974
Total current liabilities	81,660	83,617
Noncurrent liabilities		
Bonds payable	40,000	25,000
Long-term loans payable	5,000	5,000
Lease obligations	492	404
Net defined benefit liability	23,522	25,134
Deferred tax liabilities	3,459	4,507
Other	1,220	1,290
Total noncurrent liabilities	73,694	61,336
Total liabilities	155,354	144,954
Net assets		
Shareholders' equity		
Capital stock	47,869	47,869
Capital surplus	54,824	54,824
Retained earnings	195,042	206,635
Treasury stock	(7,611)	(7,638)
Total shareholders' equity	290,124	301,691
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	21,137	22,895
Foreign currency translation adjustment	(6,543)	(3,431)
Remeasurements of defined benefit plans	(4,083)	(3,827)
Total valuation and translation adjustments	10,509	15,636
Minority interests	2,159	2,219
Total net assets	302,793	319,547
Total liabilities and net assets	458,148	464,501

**Consolidated Quarterly Statement of Operations
 for the Six Months Ended September 30, 2013 and 2014**

	Millions of yen	
	2013	2014
Net sales	162,155	169,004
Cost of sales	112,563	110,090
Gross profit	49,592	58,914
Selling, general and administrative expenses	26,268	29,636
Operating income	23,324	29,277
Non-operating income		
Interest income	522	701
Dividends income	439	584
Amortization of negative goodwill	8	-
Equity in earnings of affiliates	152	638
Foreign exchange gains	498	1,361
Other	442	986
Total non-operating income	2,063	4,272
Non-operating expenses		
Interest expenses	232	216
Depreciation of inactive noncurrent assets	129	95
Other	360	487
Total non-operating expenses	722	799
Ordinary income	24,664	32,750
Extraordinary income		
Gain on sales of property, plant and equipment	71	50
Gain on sales of investment securities	11	-
Total extraordinary income	82	50
Extraordinary loss		
Loss on sales or disposal of property, plant and equipment	258	184
Loss on valuation of investment securities	-	16
Loss on violation of antitrust law	-	5,687
Total extraordinary losses	258	5,888
Income before income taxes and minority interests	24,488	26,912
Income taxes-current	9,809	9,213
Income taxes-deferred	(1,171)	1,214
Total income taxes	8,638	10,428
Income before minority interests	15,849	16,484
Minority interests in income	158	148
Net income	15,691	16,335
	Yen	
Net income per share		
- Basic	72.09	75.06
- Diluted	-	-

**Consolidated Statements of Comprehensive Income
 for the Six Months Ended September 30, 2013 and 2014**

	Millions of yen	
	2013	2014
Income before minority interests	15,849	16,484
Other comprehensive income		
Valuation difference on available-for-sale securities	5,356	1,776
Foreign currency translation adjustment	1,192	2,874
Remeasurements of defined benefit plans	-	256
Share of other comprehensive income of associates accounted for using equity method	254	310
Total other comprehensive income	6,803	5,218
Comprehensive income	22,653	21,702
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	22,554	21,462
Comprehensive income attributable to minority interests	98	239

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

	Millions of yen	
	2013	2014
Net cash provided by operating activities		
Income before income taxes and minority interests	24,488	26,912
Depreciation and amortization	5,410	6,328
Amortization of goodwill	(8)	-
Decrease in provision for retirement benefits	(211)	-
Decrease in net defined benefit liability	-	(173)
Interest and dividends income	(961)	(1,285)
Interest expenses	232	216
Equity in earnings of affiliates	(152)	(638)
Loss on disposal of noncurrent assets	187	133
Loss on valuation of investment securities	-	16
Decrease (increase) in notes and accounts receivable-trade	(4,752)	716
(Increase) decrease in inventories	2,455	(3,247)
(Decrease) increase in notes and accounts payable - trade	3,610	(2,008)
Other, net	(561)	4,769
Subtotal	29,736	31,740
Interest and dividends income received	988	1,128
Interest expenses paid	(225)	(185)
Income taxes paid	(4,839)	(15,484)
Net cash provided by operating activities	25,659	17,199
Net cash used in investment activities		
Net decrease (increase) in time deposits	(738)	757
Net decrease (increase) in short-term investment securities	(7,992)	7,887
Purchase of property, plant and equipment	(19,933)	(19,049)
Purchase of intangible assets	(418)	(364)
Purchase of investment securities	(3,078)	(1,405)
Proceeds from sales and redemption of investment securities	3,107	4,400
Other, net	(522)	20
Net cash used in investment activities	(29,577)	(7,752)
Net cash (used in) provided by financing activities		
Net (decrease) increase in short-term loans payable	62	(287)
Proceeds from long-term loans payable	5,000	-
Proceeds from issuance of bonds	24,877	-
Redemption of bonds	-	(10,000)
Purchase of treasury stock	(31)	(26)
Cash dividends paid	(2,398)	(3,262)
Other, net	(339)	(328)
Net cash (used in) provided by financing activities	27,171	(13,905)
Effect of exchange rate change on cash and cash equivalents	421	1,338
Net (decrease) increase in cash and cash equivalents	23,675	(3,121)
Cash and cash equivalents at beginning of period	49,874	68,966
Cash and cash equivalents at end of period	73,549	65,845

Segment information

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

	Reportable segments				Total	Others	Total	Adjustment	Consolidated
	Automotive components	Semiconductor	Ceramics	Total					
Millions of yen									
Six months ended September 30, 2013									
Net sales	132,873	17,141	10,190	27,332	160,206	1,949	162,155	-	162,155
Segment income (loss)	26,290	(3,211)	253	(2,957)	23,333	(9)	23,324	-	23,324

Six months ended September 30, 2014

Net sales	142,163	13,872	10,578	24,451	166,614	2,389	169,004	-	169,004
Segment income (loss)	33,366	(4,438)	310	(4,127)	29,238	38	29,277	-	29,277

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 six months ended September 30, 2013 above is based on the reportable segments of the six months ended September 30, 2014.