

**Consolidated Quarterly Financial Statements in accordance with Japanese GAAP for the three months ended June 30, 2015**

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 |        |         |        |              |
|   | 2014               |        |         | 2015   |              |
|   | Jun.30             | Sep.30 | Dec. 31 | Mar.31 | Jun.30       |
| <b>For the three months:</b>            |                    |        |         |        |              |
| Net sales                               | 84.6               | 84.4   | 88.9    | 89.8   | <b>94.0</b>  |
| Operating income                        | 15.1               | 14.2   | 17.3    | 15.6   | <b>17.6</b>  |
| Ordinary income                         | 15.6               | 17.2   | 20.3    | 14.9   | <b>19.2</b>  |
| Profit attributable to owners of parent | 10.1               | 6.2    | 13.4    | 7.0    | <b>12.5</b>  |
| <b>Sales by industry segments:</b>      |                    |        |         |        |              |
| Spark & glow plugs                      | 41.5               | 42.3   | 44.6    | 44.1   | <b>44.1</b>  |
| Automotive sensors                      | 29.7               | 28.7   | 30.5    | 31.4   | <b>33.2</b>  |
| Automotive components                   | 71.2               | 71.0   | 75.2    | 75.5   | <b>77.4</b>  |
| Semiconductor                           | 6.6                | 7.2    | 7.6     | 8.0    | <b>9.9</b>   |
| Ceramics                                | 5.3                | 5.3    | 5.1     | 5.1    | <b>5.6</b>   |
| Technical ceramics                      | 12.0               | 12.5   | 12.7    | 13.1   | <b>15.5</b>  |
|   |                    |        |         |        |              |
|   | Percent            |        |         |        |              |
| <b>Operating income ratio:</b>          |                    |        |         |        |              |
| Consolidated                            | 17.8               | 16.8   | 19.5    | 17.4   | <b>18.7</b>  |
| By industry segments:                   |                    |        |         |        |              |
| Automotive components                   | 24.5               | 22.5   | 23.9    | 22.6   | <b>23.3</b>  |
| Semiconductor                           | (38.3)             | (26.2) | (12.2)  | (19.4) | <b>(7.4)</b> |
| Ceramics                                | 3.0                | 2.9    | 5.7     | 2.6    | <b>4.9</b>   |
| Technical ceramics                      | (19.9)             | (14.0) | (5.0)   | (10.8) | <b>(2.9)</b> |
|   |                    |        |         |        |              |
|   | Yen                |        |         |        |              |
| <b>Actual exchange rate:</b>            |                    |        |         |        |              |
| Yen - U.S. dollar                       | 102                | 104    | 115     | 119    | <b>121</b>   |
| Yen - Euro                              | 140                | 138    | 143     | 134    | <b>134</b>   |

**Consolidated Quarterly Balance Sheets**  
**June 30, 2015 and March 31, 2015**

|  | Millions of yen |                |
|--|-----------------|----------------|
|  | March 31, 2015  | June 30, 2015  |
| Assets                                 |                 |                |
| Current assets                         |                 |                |
| Cash and deposits                      | 38,708          | <b>62,464</b>  |
| Notes and accounts receivable-trade    | 68,514          | <b>74,041</b>  |
| Short-term investment securities       | 62,839          | <b>38,522</b>  |
| Inventories                            | 78,379          | <b>82,499</b>  |
| Deferred tax assets                    | 12,679          | <b>11,517</b>  |
| Other                                  | 12,549          | <b>13,384</b>  |
| Allowance for doubtful accounts        | (387)           | <b>(410)</b>   |
| Total current assets                   | 273,284         | <b>282,020</b> |
| Non-current assets                     |                 |                |
| Property, plant and equipment          |                 |                |
| Buildings and structures, net          | 50,775          | <b>53,039</b>  |
| Machinery, equipment and vehicles, net | 54,718          | <b>58,962</b>  |
| Land                                   | 18,082          | <b>20,328</b>  |
| Construction in progress               | 13,448          | <b>13,217</b>  |
| Other, net                             | 3,043           | <b>2,824</b>   |
| Total property, plant and equipment    | 140,068         | <b>148,372</b> |
| Intangible assets                      |                 |                |
| Software                               | 3,131           | <b>3,541</b>   |
| Other                                  | 288             | <b>866</b>     |
| Total intangible assets                | 3,420           | <b>4,408</b>   |
| Investments and other assets           |                 |                |
| Investment securities                  | 65,714          | <b>70,770</b>  |
| Deferred tax assets                    | 867             | <b>822</b>     |
| Other                                  | 2,270           | <b>2,273</b>   |
| Allowance for doubtful accounts        | (127)           | <b>(127)</b>   |
| Total investments and other assets     | 68,724          | <b>73,738</b>  |
| Total non-current assets               | 212,213         | <b>226,519</b> |
| Total assets                           | 485,497         | <b>508,539</b> |

|   | Millions of yen |                |
|---|-----------------|----------------|
|   | March 31, 2015  | June 30, 2015  |
| <b>Liabilities</b>                                    |                 |                |
| <b>Current liabilities</b>                            |                 |                |
| Accounts payable-trade                                | 25,239          | <b>24,876</b>  |
| Short-term loans payable                              | 668             | <b>10,110</b>  |
| Current portion of bonds                              | 15,000          | <b>15,000</b>  |
| Lease obligations                                     | 187             | <b>207</b>     |
| Income taxes payable                                  | 7,782           | <b>5,674</b>   |
| Other   | 30,456          | <b>28,658</b>  |
| <b>Total current liabilities</b>                      | <b>79,334</b>   | <b>84,528</b>  |
| <b>Non-current liabilities</b>                        |                 |                |
| Bonds payable   | 25,000          | <b>25,000</b>  |
| Long-term loans payable                               | 5,000           | <b>5,000</b>   |
| Lease obligations                                     | 298             | <b>318</b>     |
| Net defined benefit liability                         | 24,012          | <b>24,505</b>  |
| Deferred tax liabilities                              | 7,129           | <b>9,349</b>   |
| Other   | 1,343           | <b>1,514</b>   |
| <b>Total non-current liabilities</b>                  | <b>62,783</b>   | <b>65,687</b>  |
| <b>Total liabilities</b>                              | <b>142,117</b>  | <b>150,216</b> |
| <b>Net assets</b>                                     |                 |                |
| <b>Shareholders' equity</b>                           |                 |                |
| Capital stock   | 47,869          | <b>47,869</b>  |
| Capital surplus                                       | 54,824          | <b>54,824</b>  |
| Retained earnings                                     | 223,135         | <b>231,729</b> |
| Treasury stock  | (7,640)         | <b>(7,643)</b> |
| <b>Total shareholders' equity</b>                     | <b>318,189</b>  | <b>326,780</b> |
| <b>Valuation and translation adjustments</b>          |                 |                |
| Valuation difference on available-for-sale securities | 30,297          | <b>33,487</b>  |
| Foreign currency translation adjustment               | (4,017)         | <b>(979)</b>   |
| Remeasurements of defined benefit plans               | (3,496)         | <b>(3,375)</b> |
| <b>Total valuation and translation adjustments</b>    | <b>22,782</b>   | <b>29,132</b>  |
| <b>Non-controlling interests</b>                      | <b>2,407</b>    | <b>2,410</b>   |
| <b>Total net assets</b>                               | <b>343,380</b>  | <b>358,323</b> |
| <b>Total liabilities and net assets</b>               | <b>485,497</b>  | <b>508,539</b> |



### Consolidated Statements of Comprehensive Income for the Three Months Ended June 30, 2014 and 2015

|   | Millions of yen |               |
|---|-----------------|---------------|
|   | 2014            | 2015          |
| Profit  | 10,187          | <b>12,581</b> |
| Other comprehensive income  |                 |               |
| Valuation difference on available-for-sale securities                               | 682             | <b>3,186</b>  |
| Foreign currency translation adjustment   | (513)           | <b>2,993</b>  |
| Remeasurements of defined benefit plans   | 130             | <b>121</b>    |
| Share of other comprehensive income of associates accounted for using equity method | 134             | <b>33</b>     |
| Total other comprehensive income  | 434             | <b>6,334</b>  |
| Comprehensive income  | 10,621          | <b>18,916</b> |
| Comprehensive income attributable to  |                 |               |
| Comprehensive income attributable to owners of the parent                           | 10,583          | <b>18,860</b> |
| Comprehensive income attributable to non-controlling interests                      | 38              | <b>56</b>     |

**Consolidated Quarterly Statements of Cash Flows  
 for the Three Months Ended June 30, 2014 and 2015**

|  | Millions of yen |                |
|--|-----------------|----------------|
|  | 2014            | 2015           |
| Net cash provided by (used in) operating activities                              |                 |                |
| Income before income taxes and non-controlling interests                         | 15,508          | <b>19,077</b>  |
| Depreciation and amortization  | 3,117           | <b>3,688</b>   |
| Increase in net defined benefit liability  | 70              | <b>53</b>      |
| Interest and dividends income  | (785)           | <b>(863)</b>   |
| Interest expenses  | 127             | <b>76</b>      |
| Equity in earnings of affiliates   | (327)           | <b>(151)</b>   |
| Loss on disposal of noncurrent assets  | 45              | <b>130</b>     |
| Increase in notes and accounts receivable-trade                                  | (1,547)         | <b>(1,000)</b> |
| Increase in inventories  | (706)           | <b>(548)</b>   |
| (Decrease) increase in notes and accounts payable-trade                          | 667             | <b>(2,333)</b> |
| Other, net   | (3,595)         | <b>(3,327)</b> |
| Subtotal   | 12,573          | <b>14,802</b>  |
| Interest and dividends income received   | 749             | <b>1,143</b>   |
| Interest expenses paid   | (14)            | <b>(22)</b>    |
| Income taxes paid  | (15,077)        | <b>(6,733)</b> |
| Net cash provided by (used in) operating activities                              | (1,769)         | <b>9,190</b>   |
| Net cash used in investment activities   |                 |                |
| Net decrease in time deposits  | 1,379           | <b>1,248</b>   |
| Net decrease in short-term investment securities                                 | 1,388           | <b>4,833</b>   |
| Purchase of property, plant and equipment  | (11,311)        | <b>(8,546)</b> |
| Purchase of intangible assets  | (264)           | <b>(244)</b>   |
| Purchase of investment securities  | (1,400)         | <b>(41)</b>    |
| Proceeds from sales and redemption of investment securities                      | 1,400           | <b>2,100</b>   |
| Purchase of shares of subsidiaries resulting in change in scope of consolidation | -               | <b>(7,168)</b> |
| Other, net   | (36)            | <b>62</b>      |
| Net cash used in investment activities   | (8,845)         | <b>(7,757)</b> |
| Net cash provided by (used in) financing activities                              |                 |                |
| Net increase in short-term loans payable   | 0               | <b>9,436</b>   |
| Purchase of treasury stock   | (10)            | <b>(3)</b>     |
| Cash dividends paid  | (3,233)         | <b>(3,891)</b> |
| Other, net   | (134)           | <b>(118)</b>   |
| Net cash provided by (used in) financing activities                              | (3,378)         | <b>5,423</b>   |
| Effect of exchange rate change on cash and cash equivalents                      | 137             | <b>305</b>     |
| Net increase (decrease) in cash and cash equivalents                             | (13,856)        | <b>7,162</b>   |
| Cash and cash equivalents at beginning of period                                 | 68,966          | <b>75,540</b>  |
| Cash and cash equivalents at end of period                                       | 55,110          | <b>82,702</b>  |

**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                  |                       |               |              |               |               |              |               |            |               |
| 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        |
| Three months ended June 30, 2015 |                       |               |              |               |               |              |               |            |               |
| <b>Net sales</b>                 | <b>77,358</b>         | <b>9,893</b>  | <b>5,632</b> | <b>15,526</b> | <b>92,885</b> | <b>1,163</b> | <b>94,048</b> | <b>-</b>   | <b>94,048</b> |
| <b>Segment income (loss)</b>     | <b>18,054</b>         | <b>(735)</b>  | <b>278</b>   | <b>(457)</b>  | <b>17,597</b> | <b>7</b>     | <b>17,605</b> | <b>-</b>   | <b>17,605</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: We acquired NIHON CERATEC Co., Ltd. and made it into our subsidiary on April 1 2015. Its sales and income are included in Semiconductor and Ceramics in the above segment information.