

May 15, 2014

Summary of Consolidated Financial Results for the year ended March 31, 2014

Company Name: NGK INSULATORS, LTD. [URL: http://www.ngk.co.jp/english/](http://www.ngk.co.jp/english/)
 Listing Code: 5333
 Stock Exchange Listings: Tokyo and Nagoya
 Representative: Taro Kato (Mr.)
 President
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 (TEL: +81-52-872-7230)
 Date of the Annual Shareholders' Meeting (Scheduled) : June 27, 2014
 Date of the Filing of Securities Report "Yuka Shoken Hokokusho" (Scheduled) : June 27, 2014
 Date of Year-End Dividend Payment (Scheduled) : June 30, 2014

Notice 1: At the time of disclosure of this report, the audit of consolidation financial statements in accordance with the Financial Instruments and Exchange Law of Japan is in progress.
 2: This document contains forward-looking statements that are based on management's expectations, estimates, projections and assumptions that were available and reasonable at the time of release. Actual future results and trends may differ materially from those in the forecasts due to a variety of factors.

(All yen amounts are rounded down to the nearest million.)

1. Consolidated financial results for the year ended March 31, 2014

(From April 1, 2013 to March 31, 2014)

(1) Consolidated operating results (Millions of yen, except per share data and percentage)

Year ended March 31,	2014		2013	
	Amount	Change (%)	Amount	Change (%)
Net Sales	308,671	22.1	252,789	1.5
Operating Income	44,252	113.8	20,695	(21.9)
Ordinary Income	45,819	108.0	22,029	(24.4)
Net Income	27,045	136.8	11,422	-
Comprehensive Income	57,807	36.5	42,339	-
Net Income per share (Yen)	82.82		34.98	
Diluted net income per share (Yen)	82.67		34.92	
Ratio of net income to net worth (%)	8.6		4.2	
Ratio of ordinary income to total assets (%)	7.8		4.1	
Ratio of operating income to net sales (%)	14.3		8.2	

Notes: 1: Percentage figures in "Change" represent increase (decrease) from previous period.
 2: Net worth used for the calculation is Total net assets excluding both Stock acquisition rights and Minority interests.
 3: "Equity in earnings of unconsolidated subsidiaries and associated companies" were ¥2,157 million and ¥2,374 million for the period ended March 31, 2014 and March 31, 2013, respectively.

(2) Consolidated financial position (Millions of yen, except percentage)

	March 31, 2014	March 31, 2013
Total assets	614,219	563,030
Total net assets	344,453	303,073
Ratio of net worth to total assets (%)	54.3	52.0
Net worth per share (Yen)	1,021.32	896.26

Notes: 1: Net worth used for the calculation is Total net assets excluding both Stock acquisition rights and Minority interests.
 2: The net worth were ¥ 333,502 million and ¥292,672 million as of March 31, 2014 and March 31, 2013, respectively.

(3) Consolidated Cash flows (Millions of yen)

Year ended March 31,	2014	2013
Net cash provided by operating activities	32,647	3,681
Net cash used in investing activities	(21,185)	(582)
Net cash provided by financing activities	2,026	12,448
Cash & cash equivalents, end of year	119,781	102,845

2. Dividend payment

Year ended March 31,	2014	2013
Cash dividends per share (Yen)		
Interim	10.0	10.0
Year-end	12.0	10.0
Total (Full-year)	22.0	20.0
Total amounts of dividends (Millions of yen)	7,184	6,530
Dividend payout ratio (%)	26.6	57.2
Ratio of dividends to net worth (%)	2.3	2.4

Notes: Net worth used for the calculation is Total net assets excluding both Stock acquisition rights and Minority interests

3. Forecasts of consolidated financial results for the year ending March 31, 2015

(Millions of yen, except per share data and percentage)

	Six months ending September 30, 2014		Year ending March 31, 2015	
	Amount	Change (%)	Amount	Change (%)
Net Sales	160,000	12.9	340,000	10.1
Operating Income	22,000	11.9	48,000	8.5
Ordinary Income	21,000	7.2	50,000	9.1
Net Income	14,500	14.8	34,000	25.7
Net Income per share (Yen)	44.40		104.12	
Cash dividends per share (Yen)	12.00		12.00	

Notes: Revision of forecasts of consolidated financial results during this period - None.

4. Others

(1) Significant changes in subsidiaries during this period (changes in specified subsidiaries, "tokutei kogaisha" defined in the "Cabinet Office Ordinance on Disclosure of Corporate Information, etc.", involving a change of the scope of consolidation during this period) : None

(2) Changes in accounting policies, accounting estimates or retrospective restatements

- i. Changes due to revisions of accounting standards : Yes
- ii. Changes in accounting policies other than the above (i) : Yes
- iii. Changes in accounting estimates : Yes
- iv. Retrospective restatement : None

Change in the method of depreciation of tangible assets

Previously, the foreign subsidiaries use the straight-line method as the depreciation method for tangible assets, while the Company and its domestic subsidiaries principally used the straight-line method for buildings (excluding auxiliary facilities) and the declining-balance method for other tangible assets. However, effective from the fiscal year ended March 31, 2014, the Company and its domestic subsidiaries have also adopted the straight-line method for other tangible assets. The Company investigated the usage of domestic tangible assets in response to the active capital investment in foreign subsidiaries under the medium and long-term management strategy to establish a globalized optimum production system.

The Company concluded that tangible assets were expected to be used a similar utilization level each year of its life, so the Company and its domestic subsidiaries changed the depreciation method to the straight-line method, aiming at the more appropriate disclosure of business conditions under the unified accounting policies.

The impact of this change in the fiscal year ended March 31, 2014 was a decrease of ¥3,434 million in depreciation expenses and an increase of ¥2,963 million in operating income, ordinary income and income before income taxes, respectively.

Accounting Standard for Retirement Benefits

Effective from the end of the fiscal year ended March 31, 2014, the Company adopted the Accounting Standard for Retirement Benefits (Accounting Standards Board of Japan ("ASBJ") Statement No. 26, May 17, 2012, hereinafter, "Accounting Standard") and Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25, May 17, 2012, hereinafter, "Guidance on Retirement Benefits"), except for the amendment set forth in Article 35 of the Accounting Standard and Article 67 of the Guidance on Retirement Benefits. Under the new standard, pension assets are deducted from retirement benefit obligations and the net amount is recognized as net defined benefit liability, and unrecognized actuarial gains/losses and unrecognized prior services costs are recorded as net defined benefit liability. And when pension assets exceed retirement benefit obligations, the net amount is recognized as net defined benefit asset.

In accordance with transitional accounting as stipulated in Article 37 of the Accounting Standard, the effect of the changes in accounting policies arising from initial application is recognized in remeasurements of defined benefit plans within the equity section. As a result, net defined benefit asset of ¥7,491 million and net defined benefit liability of ¥16,678 million were booked as of March 31, 2014. And also, accumulated other comprehensive income decreased by ¥9,578 million.

Along with the adoption of new standards, the presentation of "Post retirement benefit liability adjustments of foreign subsidiaries", which was presented in Consolidated Balance Sheet, Consolidated Statement of Comprehensive Income, and Consolidated Statement of Change in Equity for previous fiscal year, has been changed. It is presented as "Remeasurements of defined benefit plans" in Consolidated Balance Sheet, Consolidated Statement of Comprehensive Income, and Consolidated Statement of Change in Equity, respectively, for the fiscal year ended March 31, 2014.

(3) Number of shares outstanding (Common Shares)

	March 31, 2014	March 31, 2013
Number of shares outstanding at period end including treasury stocks	327,560,196	337,560,196
Number of treasury stocks at period end	1,019,920	11,010,888
Average number of shares outstanding over period	326,555,331	326,531,534

5. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2014	As of March 31, 2013
Assets		
Current assets		
Cash and bank deposits	49,214	39,542
Notes and accounts receivable trade	72,167	59,062
Securities	100,653	81,735
Inventories	101,352	95,944
Deferred tax assets	15,157	14,662
Other	14,161	12,730
Allowance for doubtful accounts	(117)	(109)
Total current assets	352,589	303,568
Non-current assets		
Tangible assets		
Buildings and structures	58,055	52,464
Machinery and vehicles	82,497	64,189
Tools and equipment	6,393	5,442
Land	21,477	21,233
Construction in progress	7,899	20,555
Total tangible assets	176,323	163,884
Intangible assets		
Software	2,540	2,558
Other	2,307	2,831
Total intangible assets	4,848	5,390
Investments and other assets		
Investment securities	64,903	66,124
Deferred tax assets	3,517	3,856
Prepaid Pension Expenses	-	17,468
Net defined benefit asset	7,491	-
Other	4,720	2,959
Allowance for doubtful accounts	(174)	(223)
Total investments and other assets	80,457	90,186
Total non-current assets	261,629	259,462
Total assets	614,219	563,030

(Millions of yen)

	As of March 31, 2014	As of March 31, 2013
Liabilities		
Current liabilities		
Notes and accounts payable trade	25,728	25,268
Short-term borrowings	4,995	5,107
Current portion of long-term bonds payable	20,000	-
Accounts payable others	11,792	14,314
Accrued expenses	12,317	9,409
Income taxes payable	2,854	1,461
Provision for NAS Battery safety measures	10,891	21,018
Other	12,841	9,765
Total current liabilities	101,419	86,346
Long-term liabilities		
Long-term bonds payable	-	20,000
Long-term borrowings	142,158	130,709
Deferred tax liabilities	5,473	2,758
Liability for employees' retirement benefits	-	16,166
Provision for product warranties	544	358
Net defined benefit liability	16,678	-
Other	3,492	3,617
Total long-term liabilities	168,346	173,610
Total liabilities	269,766	259,957
Net assets		
Shareholders' equity		
Common stock	69,849	69,849
Capital surplus	72,092	85,135
Retained earnings	187,733	167,219
Treasury stock	(1,347)	(14,362)
Total shareholders' equity	328,328	307,842
Accumulated other comprehensive income		
Unrealized gain on available-for-sale securities	17,491	7,964
Deferred gain on derivatives under hedge accounting	18	22
Foreign currency translation adjustments	(1,189)	(21,030)
Remeasurements of defined benefit plans	(11,147)	(2,127)
Total accumulated other comprehensive income	5,174	(15,170)
Stock acquisition rights	778	739
Minority interests	10,172	9,661
Total net assets	344,453	303,073
Total liabilities and net assets	614,219	563,030

Notes - Provision for NAS Battery safety measures

In September 2011, NGK-manufactured NAS (sodium-sulfur) Batteries used for storing electricity caught fire. The Company, in connection with the fire incident, reserved an allowance as "Provision for NAS Battery safety measures" for anticipated future expenses on safety measures necessary to expand NAS battery business, to the extent that such amount can be reasonably estimated.

(2) Consolidated Statements of Income

(Millions of yen)

	Year ended March 31, 2014	Year ended March 31, 2013
Net sales	308,671	252,789
Cost of sales	208,052	178,052
Gross profit	100,619	74,736
Selling, general and administrative expenses	56,366	54,041
Operating income	44,252	20,695
Non-operating income	6,249	6,630
Interest income	656	791
Dividend income	844	676
Equity in earnings of unconsolidated subsidiaries and associated companies	2,157	2,374
Foreign Exchange gain	778	1,610
Other	1,812	1,177
Non-operating expenses	4,682	5,296
Interest expense	2,089	1,705
Provision of reserve for loss on NAS Battery safety measures	1,940	2,800
Other	653	791
Ordinary income	45,819	22,029
Extraordinary income	1,050	2,353
Gain on sales of fixed assets	546	420
Gain on sales of investment securities	504	1,195
Gain on subsidy	-	738
Extraordinary loss	8,964	6,680
Loss on sales and disposals of fixed assets	676	514
Loss from write-down of investment securities	-	3,045
Loss on sales of investment securities	-	872
Impairment loss	5,405	2,248
Loss on liquidation of subsidiaries and affiliates	2,882	-
Income before income taxes and minority interests	37,905	17,702
Income taxes - total	10,439	5,956
Income taxes -current	8,906	4,147
Income taxes for previous periods	(1,404)	-
Income taxes -deferred	2,937	1,809
Income before minority interests	27,465	11,745
Minority interests in earnings of consolidated subsidiaries	420	323
Net income	27,045	11,422

Notes
1: Impairment loss

Due to the change in the market and business environment in Insulator Business in China and Japan, NGK Group reviewed its business planning in the countries. Accordingly, it recognized impairment loss on plant and the property of originally expected. The Group reduced the carrying amount of the assets to their recoverable value, then recognized the reduction of ¥5,405 million as impairment loss under extraordinary losses.

2: Loss on liquidation of subsidiaries and affiliates

NGK Group decided on the dissolution of NGK INSULATORS SUZHOU CO., LTD. on March 2014. Accordingly, NGK accounted for ¥2,882 million as loss on liquidation of subsidiaries and affiliates.

3: Income taxes for previous periods

NGK will receive a tax refund in Japan and in the U.S. as the consequence of a mutual agreement between the Japanese tax authority and the U.S. tax authority concerning the income taxes that NGK had paid in 2012 according to the correction based on transfer pricing taxation. NGK recorded estimated amount of tax refund of ¥687 million in Japan and ¥717 million in the U.S.

(3) Consolidated Statement of Comprehensive Income

(Millions of yen)

	Year ended March 31, 2014	Year ended March 31, 2013
Income before minority interests	27,465	11,745
Other comprehensive income		
Unrealized gain on available-for-sale securities	9,544	3,492
Deferred losses on hedges	(3)	(12)
Foreign currency translation adjustments	20,239	27,203
Share of other comprehensive income of associates accounted for by using the equity method	1	1
Remeasurements of defined benefit plans	559	(90)
Total other comprehensive income	30,341	30,593
Comprehensive Income	57,807	42,339
Comprehensive Income attributable to:		
Owners of the parent company	56,967	41,501
Minority interests	839	837

(4) Consolidated Statements of Changes in Equity

(Millions of yen)

Year ended March 31, 2014	Shareholders' Equity					Accumulated Other Comprehensive Income					Stock acquisition rights	Minority interests	Total Net Assets
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Unrealized gain on available- for-sale securities	Deferred gain (loss) on derivatives under hedge accounting	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total Accumulated Other Comprehensive Income			
Balance as of March 31, 2013	69,849	85,135	167,219	(14,362)	307,842	7,964	22	(21,030)	(2,127)	(15,170)	739	9,661	303,073
Cash dividends	-	-	(6,531)	-	(6,531)	-	-	-	-	-	-	-	(6,531)
Net income	-	-	27,045	-	27,045	-	-	-	-	-	-	-	27,045
Repurchase of treasury stock	-	-	-	(68)	(68)	-	-	-	-	-	-	-	(68)
Disposal of treasury stock	-	(1)	-	40	39	-	-	-	-	-	-	-	39
Retirement of treasury stock	-	(13,042)	-	13,042	-	-	-	-	-	-	-	-	-
Net changes other than shareholders' equity	-	-	-	-	-	9,526	(3)	19,841	(9,020)	20,344	38	511	20,894
Total changes during the period	-	(13,043)	20,513	13,014	20,485	9,526	(3)	19,841	(9,020)	20,344	38	511	41,379
Balance as of March 31, 2014	69,849	72,092	187,733	(1,347)	328,328	17,491	18	(1,189)	(11,147)	5,174	778	10,172	344,453

(Millions of yen)

Year ended March 31, 2013	Shareholders' Equity					Accumulated Other Comprehensive Income					Stock acquisition rights	Minority interests	Total Net Assets
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Unrealized gain on available- for-sale securities	Deferred gain (loss) on derivatives under hedge accounting	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total Accumulated Other Comprehensive Income			
Balance as of March 31, 2012	69,849	85,138	158,634	(14,412)	299,209	4,479	34	(47,727)	(2,036)	(45,250)	741	9,681	264,381
Changes during the period													
Cash dividends	-	-	(6,530)	-	(6,530)	-	-	-	-	-	-	-	(6,530)
Net income	-	-	11,422	-	11,422	-	-	-	-	-	-	-	11,422
Repurchase of treasury stock	-	-	-	(22)	(22)	-	-	-	-	-	-	-	(22)
Disposal of treasury stock	-	(7)	-	73	65	-	-	-	-	-	-	-	65
Transfer of losses on disposal of treasury stock	-	4	(4)	-	-	-	-	-	-	-	-	-	-
Effect of changes in accounting period of subsidiaries	-	-	3,697	-	3,697	-	-	-	-	-	-	-	3,697
Net changes other than shareholders' equity	-	-	-	-	-	3,485	(12)	26,696	(90)	30,079	(1)	(20)	30,057
Total changes during the period	-	(2)	8,585	50	8,633	3,485	(12)	26,696	(90)	30,079	(1)	(20)	38,691
Balance as of March 31, 2013	69,849	85,135	167,219	(14,362)	307,842	7,964	22	(21,030)	(2,127)	(15,170)	739	9,661	303,073

**(5) Consolidated Statements of Cash Flows**

(Millions of yen)

	Year ended March 31, 2014	Year ended March 31, 2013
Cash flows from operating activities		
Income before income taxes and minority interests	37,905	17,702
Depreciation and amortization	19,893	20,089
Impairment losses	5,405	2,248
Loss (gain) on liquidation of subsidiaries and associates	2,882	-
Decrease (Increase) in prepaid pension cost	-	(522)
Decrease (increase) in net defined benefit asset	(2,071)	-
Increase (Decrease) of provision for NAS Battery safety measures	(10,127)	(21,315)
Interest and dividend income	(1,501)	(1,467)
Interest expenses	2,089	1,705
Loss from write-down of investment securities	-	3,045
Equity in earnings of unconsolidated subsidiaries and associated companies	(2,157)	(2,374)
Decrease (Increase) in notes and accounts receivable	(9,517)	897
Decrease (Increase) in inventories	(1,044)	(5,400)
Increase (Decrease) in trade payables	(2,052)	(5,949)
Other, net	(250)	2,363
Sub-total	39,455	11,020
Interest and dividends received	1,484	1,511
Dividend received from associated company	1,000	950
Interest paid	(2,074)	(1,733)
Income taxes paid	(7,218)	(8,067)
Net cash provided by operating activities	32,647	3,681
Cash flows from investing activities		
Purchases of marketable securities	(20,175)	(5,502)
Proceeds from sales and redemption of marketable securities	15,670	9,510
Purchases of property, plant and equipment	(27,995)	(31,190)
Proceeds from sales and redemption of investment securities	19,533	13,372
Net decrease (Increase) in time deposits	(8,238)	14,156
Other, net	20	(928)
Net cash used in investing activities	(21,185)	(582)
Cash flows from financing activities		
Net increase (Decrease) in short-term borrowings	(431)	(30)
Proceeds from long-term borrowings	9,400	27,077
Repayment of long-term borrowings	-	(8,000)
Cash dividends paid	(6,531)	(6,530)
Other, net	(410)	(68)
Net cash provided by financing activities	2,026	12,448
Foreign currency translation adjustments on cash and cash equivalents	3,446	2,897
Net increase in cash and cash equivalents	16,935	18,444
Cash and cash equivalents, beginning of year	102,845	85,148
Decrease in cash and cash equivalents due to change in accounting periods for consolidated subsidiaries	-	(748)
Cash and cash equivalents, end of year	119,781	102,845

6. Note on the Assumption as a Going Concern

Not applicable

7. Segment Information

Year ended March 31, 2014						(Millions of yen)
	Power	Ceramics	Electronics	Total	Elimination or Adjustment	Consolidated
Sales						
Sales to customers	58,985	190,761	58,924	308,671	-	308,671
Intersegment sales	18	216	2	237	(237)	-
Total sales	59,004	190,977	58,926	308,908	(237)	308,671
Operating income (loss)	(3,900)	44,998	3,104	44,202	50	44,252
Total Assets	90,147	262,637	67,907	420,693	193,526	614,219
Depreciation	3,257	13,815	2,821	19,893	-	19,893
Impairment loss	5,058	-	272	5,330	75	5,405
Capital Expenditures	3,037	20,418	3,903	27,360	1,074	28,434

Notes:

- As stated in "4. Others (2) Changes in accounting policies, accounting estimates or retrospective restatement", the Company and its domestic subsidiaries changed their depreciation method of tangible assets from the declining-balance method to the straight-line method for buildings (excluding auxiliary facilities) from the fiscal year ended March 31, 2014. Consequently, operating loss of Power Business Segment decreased by ¥592 million, operating income of Ceramics Business Segment increased by ¥1,629 million, and operating income of Electronics Business Segment increased by ¥740 million for the fiscal year ended March 31, 2014.

2. Main products by business segment

Business Segment	Main products
Power	Insulators, hardware for insulator assemblies, current limiting arching horn, bushing shells, fuse cut-outs, APM, line arrester and NAS (sodium-sulfur) batteries
Ceramics	Automotive ceramics for exhaust gas purification, corrosion-resistant ceramic apparatuses for chemical industries, gas analyzer, industrial heating systems, refractory products and radioactive waste treatment systems
Electronics	Beryllium copper wrought products, molds and ceramic components for electronics and semiconductor manufacturing equipment

3. Sales by geographic area based on the region the customers are located.

(Millions of yen)								
	Japan	North America		Europe		Asia	Other Areas	Total
		United States	Others	Germany	Others			
Sales to customers	98,929	59,655	7,060	44,480	25,613	50,754	22,177	308,671

Year ended March 31, 2013						(Millions of yen)
	Power	Ceramics	Electronics	Total	Elimination or Adjustment	Consolidated
Sales						
Sales to customers	57,730	143,971	51,087	252,789	-	252,789
Intersegment sales	35	137	-	172	(172)	-
Total sales	57,765	144,108	51,087	252,961	(172)	252,789
Operating income (loss)	(5,729)	25,983	440	20,695	-	20,695
Total Assets	87,680	230,011	68,637	386,329	176,701	563,030
Depreciation	4,759	11,748	3,581	20,089	-	20,089
Impairment loss	2,248	-	-	2,248	-	2,248
Capital Expenditures	2,747	24,109	2,326	29,183	2,033	31,216

8. Significant changes in stockholder's equity

NGK retired 10,000,000 shares of treasury stock on September 10, 2013 based on the resolution of a Board of Directors meeting on August 26, 2013. Accordingly, capital surplus and treasury stock decreased by ¥13,042 million respectively in this fiscal year 2013. Capital surplus is ¥72,092 million and treasury stock is ¥1,347 million in fiscal year 2013.