

October 31, 2012

## Summary of Consolidated Financial Results for the Six Months ended September 30, 2012

Company Name: NGK INSULATORS, LTD. URL: <http://www.ngk.co.jp/english/>  
 Listing Code: 5333  
 Stock Exchange Listings: Tokyo and Nagoya  
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Date of the Filing of Quarterly Report, "Shihanki Hokokusho" (Scheduled) : November 9, 2012  
 Date of Interim Dividend Payment (Scheduled) : December 7, 2012

**Notice 1:** At the time of disclosure of this report, the review of quarterly consolidation financial statements in accordance with the Financial Instruments and Exchange Law of Japan is in progress.

**Notice 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 six months ended September 30, 2012

(From April 1, 2012 to September 30, 2012)

(1) Consolidated operating results	(Millions of yen, except per share data and percentage)			
Six months ended September 30,	2012		2011	
	Amount	Change (%)	Amount	Change (%)
Net Sales	121,665	(0.9)	122,792	-
Operating Income	11,330	(28.2)	15,772	-
Ordinary Income	7,977	(45.8)	14,718	-
Net Income	1,153	(89.4)	10,869	-
Comprehensive Income	(245)	-	9,972	-
Net Income per share (Yen)	3.53		33.29	
Diluted net income per share (Yen)	3.53		33.24	

Notes: *Percentage figures in "Change" represent increase (decrease) from previous period. However, the changes in the previous year are not presented because the financial results for the year were adjusted due to retrospective application of a change in accounting policy.*

(2) Consolidated financial position	(Millions of yen, except percentage)	
	September 30, 2012	March 31, 2012
Total assets	514,544	523,322
Total net assets	263,805	264,381
Ratio of net worth to total assets (%)	49.4	48.5

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 ¥253,929million and ¥253,958million as of September 30, 2012 and March 31, 2012, respectively.

### 2. Dividend payment

Year ended March 31,	2012	2011
Cash dividends per share (Yen)		
Interim	10.0	10.0
Year-end	10.0 (forecast)	10.0
Total (Full-year)	20.0 (forecast)	20.0

Notes: *Revision of cash dividend forecast during this period - None.*

### 3. Forecasts of consolidated financial results for the fiscal year ending March 31, 2013

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

	Year ending March 31, 2013	
	Amount	Change (%)
Net Sales	255,000	2.4
Operating Income	23,000	(13.2)
Ordinary Income	24,000	(17.6)
Net Income	16,000	-
<b>Net Income per share (Yen)</b>	<b>49.00</b>	

*Notes* Revision of forecasts from the previous forecast announced on September 28, 2012 - 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) Application of special accounting methods for preparing quarterly consolidated financial statements : None
- (3) 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 Depreciation Method for Tangible Fixed Assets

From this first quarter of 2012, in accordance with the revision of Corporation Tax Law effective on April 1, 2012, the Company and its domestic subsidiaries changed their depreciation method for tangible fixed assets acquired on or after April 1, 2012, to the method based on the revised Corporation Tax Law. The impact of the change is immaterial.

#### Change in Revenue Recognition Policy

In this first quarter of 2012, the Company and its domestic subsidiaries changed the way they recognize revenue for products sold to customers. Prior to the change, they recognized revenue mainly upon shipments. Effective as of April 1, 2012, they recognize revenue when economic benefits and risks pass to the customers in accordance with the conditions in Sales Contracts.

NGK, as a group, applied different revenue recognition policies to its subsidiaries; the foreign subsidiaries recognize revenue in accordance with either of IFRS or USGAAP while the Company and its domestic subsidiaries recognized mainly upon shipments.

The Company reviewed the difference in policies after "Accounting Practice Committee Research Report No. 13 - Research Report on Revenue Recognition in Japan (interim report) -" was released by JICPA in July, 2009. The Company, seeing the unification of Revenue Recognition Policy as important to monitor their performance, reached the conclusion that it would be better to change the policy of the Company and its domestic subsidiaries to that of the foreign subsidiaries in consideration of the certainty of transfer of economic benefits and risk to the customers.

The Company finished the system modification before the end of previous year, and therefore the change was applied at that time.

This change in accounting policy has been accounted for retrospectively, and the results of the previous year have been restated. As compared to the results before the change, Sales was increased by ¥525 million. Operating Income, Ordinary Income and Income Before Tax Before Minority Interests for the previous second quarter were increased by ¥363 million, respectively. Retained earnings as of beginning of the previous year was decreased by 306 million due to cumulative effects of the change.

#### [Additional Information]

#### Change in Accounting Period of Foreign Subsidiaries

In this first quarter of 2012, 21 foreign subsidiaries, such as NGK North America, Inc., changed their closing date from December 31 to March 31 to align the closing date to their parent company. Seven subsidiaries in China and Mexico, which keep their closing date of December 31, are going to make provisional settlement of accounts on March 31. Prior to the change, the financial statement of foreign subsidiaries were consolidated with the three month time difference. The net profit of the foreign subsidiaries for the period between January 1, 2012 through March 31, 2012 were reflected as a change in Retained Earnings on Balance Sheet.

- (4) Number of shares outstanding (Common Shares)

	September 30, 2012	March 31, 2012
Number of shares outstanding at period end including treasury stocks	337,560,196	337,560,196
Number of treasury stocks at period end	11,051,211	11,043,028
<u>Six months ended September 30,</u> Average number of shares	<u>2012</u>	<u>2011</u>
outstanding over period	326,512,701	326,515,352

## 5. Consolidated Financial Statements

### (1) Consolidated Balance Sheets

(Millions of yen)

	As of September 30, 2012	As of March 31, 2012
<b>Assets</b>		
Current assets		
Cash and bank deposits	42,214	47,595
Notes and accounts receivable trade	47,347	54,848
Securities	73,432	68,530
Inventories	89,452	79,869
Other	28,818	32,379
Allowance for doubtful accounts	(73)	(111)
<b>Total current assets</b>	<b>281,191</b>	<b>283,112</b>
Non-current assets		
Tangible assets		
Buildings and structures	50,771	49,821
Machinery and vehicles	54,630	46,322
Other	39,928	39,300
<b>Total tangible assets</b>	<b>145,330</b>	<b>135,444</b>
<b>Total intangible assets</b>	<b>5,195</b>	<b>3,513</b>
Investments and other assets		
Investment securities	59,166	77,862
Other	23,871	23,606
Allowance for doubtful accounts	(212)	(216)
<b>Total investments and other assets</b>	<b>82,825</b>	<b>101,252</b>
<b>Total non-current assets</b>	<b>233,352</b>	<b>240,210</b>
<b>Total assets</b>	<b>514,544</b>	<b>523,322</b>

(Millions of yen)

	As of September 30, 2012	As of March 31, 2012
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable trade	22,516	24,589
Short-term borrowings	3,983	4,735
Current portion of long-term borrowings	8,000	8,000
Income taxes payable	1,174	3,835
Provision for NAS Battery safety measures	37,877	42,334
Other Provisions	1,714	1,817
Other	27,534	27,337
<b>Total current liabilities</b>	<b>102,802</b>	<b>112,650</b>
Long-term liabilities		
Long-term bonds payable	20,000	20,000
Long-term borrowings	103,344	98,701
Liability for employees' retirement benefits	16,032	16,465
Provision for product warranties	575	658
Other	7,984	10,465
<b>Total long-term liabilities</b>	<b>147,936</b>	<b>146,290</b>
<b>Total liabilities</b>	<b>250,738</b>	<b>258,940</b>
<b>Net assets</b>		
Shareholders' equity		
Common stock	69,849	69,849
Capital surplus	85,135	85,138
Retained earnings	160,219	158,634
Treasury stock	(14,418)	(14,412)
<b>Total shareholders' equity</b>	<b>300,785</b>	<b>299,209</b>
Accumulated other comprehensive income		
Unrealized gain on available-for-sale securities	2,413	4,479
Deferred gain on derivatives under hedge accounting	29	34
Foreign currency translation adjustments	(47,334)	(47,727)
Post retirement benefit liability adjustments of foreign subsidiar	(1,963)	(2,036)
<b>Total accumulated other comprehensive income</b>	<b>(46,855)</b>	<b>(45,250)</b>
Stock acquisition rights	802	741
Minority interests	9,073	9,681
<b>Total net assets</b>	<b>263,805</b>	<b>264,381</b>
<b>Total liabilities and net assets</b>	<b>514,544</b>	<b>523,322</b>

**(2) Consolidated Statements of Income**

(Millions of yen)

	Six months ended September 30, 2012	Six months ended September 30, 2011
<b>Net sales</b>	<b>121,665</b>	<b>122,792</b>
Cost of sales	83,882	83,827
<b>Gross profit</b>	<b>37,783</b>	<b>38,965</b>
Selling, general and administrative expenses	26,452	23,192
<b>Operating income</b>	<b>11,330</b>	<b>15,772</b>
<b>Non-operating income</b>	<b>1,915</b>	<b>2,696</b>
Interest income	417	578
Dividend income	405	424
Gain on valuation of derivatives	350	1,141
Other	741	551
<b>Non-operating expenses</b>	<b>5,268</b>	<b>3,750</b>
Interest expense	846	551
Foreign exchange loss	2,112	1,847
Equity in loss of unconsolidated subsidiaries and associated companies	1,144	996
Provision of reserve for loss on NAS Battery safety measures	700	-
Other	465	355
<b>Ordinary income</b>	<b>7,977</b>	<b>14,718</b>
<b>Extraordinary income</b>	<b>26</b>	<b>15</b>
Gain on sales of fixed assets	26	15
<b>Extraordinary loss</b>	<b>3,150</b>	<b>159</b>
Loss on sales and disposals of fixed assets	105	159
Loss from write-down of securities	3,045	-
<b>Income before income taxes and minority interests</b>	<b>4,854</b>	<b>14,574</b>
<b>Income taxes - total</b>	<b>3,553</b>	<b>3,252</b>
Income taxes -current	2,361	3,290
Income taxes -deferred	1,192	(38)
<b>Income before minority interests</b>	<b>1,300</b>	<b>11,321</b>
<b>Minority interests in earnings of consolidated subsidiaries</b>	<b>147</b>	<b>452</b>
<b>Net income</b>	<b>1,153</b>	<b>10,869</b>

**(3) Consolidated Statement of Comprehensive Income**

(Millions of yen)

	Six months ended September 30, 2012	Six months ended September 30, 2011
Income before minority interests	1,300	11,321
Other comprehensive income		
Unrealized (losses) on available-for-sale securities	(2,081)	(2,182)
Deferred gains (losses) on hedges	(5)	22
Foreign currency translation adjustments	468	798
Share of other comprehensive income of associates accounted for by using the equity method	(1)	(3)
Post retirement benefit liability adjustments of foreign subsidiaries	72	15
Total other comprehensive income	(1,546)	(1,349)
Comprehensive Income	(245)	9,972
Comprehensive Income attributable to:		
Owners of the parent company	(452)	9,463
Minority interests	206	508

## 6. Note on the Assumption as a Going Concern

Not applicable

## 7. Segment Information

### Six months ended September 30, 2012

(Millions of yen)

	Power	Ceramics	Electronics	Total	Elimination or Adjustment	Consolidated
<b>Sales</b>						
Sales to customers	26,745	68,452	26,467	121,665	-	121,665
Intersegment sales	16	66	-	82	(82)	-
<b>Total sales</b>	<b>26,761</b>	<b>68,519</b>	<b>26,467</b>	<b>121,748</b>	<b>(82)</b>	<b>121,665</b>
<b>Operating income (loss)</b>	<b>(4,275)</b>	<b>14,270</b>	<b>1,335</b>	<b>11,330</b>	<b>-</b>	<b>11,330</b>

#### Notes:

1. As stated in "4. Others (3) Changes in accounting policies, accounting estimates or retrospective restatement", the Company and its domestic subsidiaries changed their Revenue Recognition Policy, and the change in accounting policy was applied retrospectively to the previous year ended September 30, 2011. Consequently, In Power Business Segment, Sales increased by ¥565 million, Operating Loss decreased by ¥363 million. In Ceramics Business Segment, Sales increased by ¥148 million, Operating Income increased by ¥8 million. In Electronics Business Segment, Sales decreased by ¥188 million and Operating Income decreased by ¥8 million for the second quarter period, respectively, when compared to the figures before retrospective adjustments.

#### 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

### Six months ended September 30, 2011

(Millions of yen)

	Power	Ceramics	Electronics	Total	Elimination or Adjustment	Consolidated
<b>Sales</b>						
Sales to customers	27,975	63,449	31,366	122,792	-	122,792
Intersegment sales	19	88	-	108	(108)	-
<b>Total sales</b>	<b>27,995</b>	<b>63,538</b>	<b>31,366</b>	<b>122,900</b>	<b>(108)</b>	<b>122,792</b>
<b>Operating income (loss)</b>	<b>(4,529)</b>	<b>16,339</b>	<b>3,918</b>	<b>15,728</b>	<b>43</b>	<b>15,772</b>

## 8. Significant changes in stockholder's equity

Not applicable