

January 31, 2014

## Summary of Consolidated Financial Results for the Nine Months ended December 31, 2013

Company Name: NGK INSULATORS, LTD. URL: <http://www.ngk.co.jp/english/>  
 Listing Code: 5333  
 Stock Exchange Listings: Tokyo and Nagoya  
 Representative: Taro Kato (Mr.)  
 President  
 Contact: Hideaki Shindo (Mr.)  
 General Manager Finance & Accounting Department  
 (TEL: +81-52-872-7230)

Date of the Filing of Quarterly Report, "Shihanki Hokokusho" (Scheduled) : February 7, 2014

**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.

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 nine months ended December 31, 2013

(From April 1, 2013 to December 31, 2013)

Nine months ended December 31,	(Millions of yen, except per share data and percentage)			
	2013		2012	
	Amount	Change (%)	Amount	Change (%)
Net Sales	217,912	19.5	182,296	(2.0)
Operating Income	32,065	96.2	16,340	(32.7)
Ordinary Income	32,820	123.2	14,704	(39.9)
Net Income	18,642	390.7	3,799	-
Comprehensive Income	54,232	-	21,640	-
Net Income per share (Yen)	57.09		11.64	
Diluted net income per share (Yen)	56.99		11.62	

Notes: : Percentage figures in "Change" represent increase (decrease) from previous period.

(2) Consolidated financial position	(Millions of yen, except percentage)	
	December 31, 2013	March 31, 2013
Total assets	621,965	563,030
Total net assets	350,645	303,073
Ratio of net worth to total assets (%)	54.6	52.0

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 ¥339,466 million and ¥292,672 million as of December 31, 2013 and March 31, 2013, respectively.

### 2. Dividend payment

Year ended March 31,	2014	2013
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, 2014

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

	Year ending March 31, 2014	
	Amount	Change (%)
Net Sales	305,000	20.7
Operating Income	42,000	102.9
Ordinary Income	45,000	104.3
Net Income	27,000	136.4
Net Income per share (Yen)	82.68	

Notes: Revision of forecasts from the previous forecast announced on October 30, 2013 - Yes

Forecasts of consolidated financial results for the year ending March 31, 2014

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

April 1, 2013 - March 31, 2014	Net Sales	Operating Income	Ordinary Income	Net Income	Net Income per share (Yen)
Previous Forecast (A)	290,000	34,000	36,000	25,000	76.56
<b>Revised Forecast (B)</b>	<b>305,000</b>	<b>42,000</b>	<b>45,000</b>	<b>27,000</b>	<b>82.68</b>
Increase or Decrease (B - A)	15,000	8,000	9,000	2,000	-
Percentage Change	5.2%	23.5%	25.0%	8.0%	-
[Reference] Results from previous year (year ended March 31, 2013)	252,789	20,695	22,029	11,422	34.98

### 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 : None
  - 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 fixed assets

Previously, the foreign subsidiaries use the straight-line method as the depreciation method for tangible fixed assets, while the Company and its domestic subsidiaries principally used the declining-balance method.

However, effective from the first quarter of 2013, the Company and its domestic subsidiaries have also adopted the straight-line method.

The company investigated the usage of domestic tangible fixed 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 fixed 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 third quarter of 2013 was a decrease of ¥2,319 million in depreciation expenses and an increase of ¥1,900 million in operating income, ordinary income and income before income taxes, respectively.

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

	December 31, 2013	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	1,013,199	11,010,888
Nine months ended December 31,	2013	2012
Average number of shares outstanding over period	326,559,133	326,525,540

## 5. Consolidated Financial Statements

### (1) Consolidated Balance Sheets

(Millions of yen)

	As of December 31, 2013	As of March 31, 2013
<b>Assets</b>		
Current assets		
Cash and bank deposits	47,509	39,542
Notes and accounts receivable trade	60,186	59,062
Securities	95,380	81,735
Inventories	108,790	95,944
Other	25,537	27,393
Allowance for doubtful accounts	(81)	(109)
<b>Total current assets</b>	<b>337,323</b>	<b>303,568</b>
Non-current assets		
Tangible assets		
Buildings and structures	55,040	52,464
Machinery and vehicles	73,409	64,189
Other	51,086	47,231
<b>Total tangible assets</b>	<b>179,536</b>	<b>163,884</b>
<b>Total intangible assets</b>	<b>5,133</b>	<b>5,390</b>
Investments and other assets		
Investment securities	73,210	66,124
Other	26,958	24,284
Allowance for doubtful accounts	(196)	(223)
<b>Total investments and other assets</b>	<b>99,972</b>	<b>90,186</b>
<b>Total non-current assets</b>	<b>284,642</b>	<b>259,462</b>
<b>Total assets</b>	<b>621,965</b>	<b>563,030</b>

(Millions of yen)

	As of December 31, 2013	As of March 31, 2013
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable trade	24,776	25,268
Current portion of long-term bonds payable	20,000	-
Short-term borrowings	8,379	5,107
Income taxes payable	2,013	1,461
Provision for NAS Battery safety measures	11,427	21,018
Other Provisions	2,855	1,698
Other	29,947	31,791
<b>Total current liabilities</b>	<b>99,401</b>	<b>86,346</b>
Long-term liabilities		
Long-term bonds payable	-	20,000
Long-term borrowings	142,786	130,709
Liability for employees' retirement benefits	16,972	16,166
Provision for product warranties	332	358
Other	11,827	6,375
<b>Total long-term liabilities</b>	<b>171,919</b>	<b>173,610</b>
<b>Total liabilities</b>	<b>271,320</b>	<b>259,957</b>
<b>Net assets</b>		
Shareholders' equity		
Common stock	69,849	69,849
Capital surplus	72,070	85,135
Retained earnings	179,331	167,219
Treasury stock	(1,331)	(14,362)
<b>Total shareholders' equity</b>	<b>319,919</b>	<b>307,842</b>
Accumulated other comprehensive income		
Unrealized gain on available-for-sale securities	18,053	7,964
Deferred gain on derivatives under hedge accounting	17	22
Foreign currency translation adjustments	3,855	(21,030)
Post retirement benefit liability adjustments of foreign subsidiaries	(2,380)	(2,127)
<b>Total accumulated other comprehensive income</b>	<b>19,546</b>	<b>(15,170)</b>
Stock acquisition rights	785	739
Minority interests	10,393	9,661
<b>Total net assets</b>	<b>350,645</b>	<b>303,073</b>
<b>Total liabilities and net assets</b>	<b>621,965</b>	<b>563,030</b>

**(2) Consolidated Statements of Income**

(Millions of yen)

	Nine months ended December 31, 2013	Nine months ended December 31, 2012
<b>Net sales</b>	<b>217,912</b>	<b>182,296</b>
Cost of sales	144,128	125,898
<b>Gross profit</b>	<b>73,784</b>	<b>56,397</b>
Selling, general and administrative expenses	41,718	40,056
<b>Operating income</b>	<b>32,065</b>	<b>16,340</b>
<b>Non-operating income</b>	<b>4,430</b>	<b>3,317</b>
Interest income	509	631
Dividend income	814	644
Foreign Exchange gain	1,753	1,126
Other	1,352	915
<b>Non-operating expenses</b>	<b>3,675</b>	<b>4,953</b>
Interest expense	1,565	1,281
Equity in loss of unconsolidated subsidiaries and associated companies	1,066	1,121
Provision of reserve for loss on NAS Battery safety measures	-	700
Other	1,044	1,850
<b>Ordinary income</b>	<b>32,820</b>	<b>14,704</b>
<b>Extraordinary income</b>	<b>783</b>	<b>39</b>
Gain on sales of fixed assets	448	39
Gain on sales of investment securities	335	-
<b>Extraordinary loss</b>	<b>5,327</b>	<b>5,430</b>
Loss on sales and disposals of fixed assets	313	306
Loss from write-down of investment securities	-	3,045
Impairment loss	5,014	2,079
<b>Income before income taxes and minority interests</b>	<b>28,276</b>	<b>9,312</b>
<b>Income taxes - total</b>	<b>9,282</b>	<b>5,332</b>
Income taxes -current	5,876	3,333
Income taxes for previous periods	(1,398)	-
Income taxes -deferred	4,804	1,999
<b>Income before minority interests</b>	<b>18,993</b>	<b>3,980</b>
<b>Minority interests in earnings of consolidated subsidiaries</b>	<b>351</b>	<b>181</b>
<b>Net income</b>	<b>18,642</b>	<b>3,799</b>

**Notes**
**1: Impairment loss**

Due to the change of the market and business environment in Insulator Business, NGK Group reviewed its business planning. Accordingly, it recognized Impairment Loss (¥5,014 million) on the Plant and the Property of Insulator Business under extraordinary losses.

**2: Income taxes for previous periods**

NGK will receive a tax refund in Japan and in the U.S. in 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.

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

(Millions of yen)

	Nine months ended December 31, 2013	Nine months ended December 31, 2012
Income before minority interests	18,993	3,980
Other comprehensive income		
Unrealized (losses) on available-for-sale securities	10,110	477
Deferred gains (losses) on hedges	(4)	(6)
Foreign currency translation adjustments	25,386	17,343
Share of other comprehensive income of associates accounted for by using the equity method	2	0
Post retirement benefit liability adjustments of foreign subsidiaries	(256)	(154)
Total other comprehensive income	35,238	17,659
Comprehensive Income	54,232	21,640
Comprehensive Income attributable to:		
Owners of the parent company	53,359	21,090
Minority interests	872	549

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

Not applicable

## 7. Segment Information

Nine months ended December 31, 2013						(Millions of yen)	
	Power	Ceramics	Electronics	Total	Elimination or Adjustment	Consolidated	
<b>Sales</b>							
Sales to customers	39,667	134,704	43,540	217,912	-	217,912	
Intersegment sales	16	165	2	183	(183)	-	
<b>Total sales</b>	<b>39,684</b>	<b>134,870</b>	<b>43,542</b>	<b>218,096</b>	<b>(183)</b>	<b>217,912</b>	
<b>Operating income (loss)</b>	<b>(1,223)</b>	<b>30,925</b>	<b>2,323</b>	<b>32,025</b>	<b>40</b>	<b>32,065</b>	

### Notes:

- As stated in "4. Others (3) Changes in accounting policies, accounting estimates or retrospective restatement", the Company and its domestic subsidiaries changed their Depreciation method of tangible fixed assets from the declining-balance method to the straight-line method from the first quarter of 2013. Consequently, operating loss of Power Business Segment decreased by ¥359 million, operating income of Ceramics Business Segment increased by ¥1,011 million, and operating income of Electronics Business Segment increased by ¥529 million for the third quarter of 2013, respectively.

### 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

Nine months ended December 31, 2012						(Millions of yen)	
	Power	Ceramics	Electronics	Total	Elimination or Adjustment	Consolidated	
<b>Sales</b>							
Sales to customers	42,273	101,836	38,186	182,296	-	182,296	
Intersegment sales	27	76	-	104	(104)	-	
<b>Total sales</b>	<b>42,300</b>	<b>101,913</b>	<b>38,186</b>	<b>182,400</b>	<b>(104)</b>	<b>182,296</b>	
<b>Operating income (loss)</b>	<b>(4,159)</b>	<b>19,809</b>	<b>690</b>	<b>16,340</b>	<b>-</b>	<b>16,340</b>	

## 8. Significant changes in stockholder's equity

NGK retired 10,000,000 shares of treasury stock on September 10, 2013 based on the resolve of a Board of Directors meeting on August 26, 2013. Accordingly, capital surplus and treasury stock decreased by ¥13,042 million respectively in the nine-month period of the fiscal 2013, and capital surplus is ¥72,070 million and treasury stock is ¥1,331 million in the third quarter of the fiscal 2013.