

January 30, 2015

Summary of Consolidated Financial Results for the Nine Months ended December 31, 2014

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 Stock Exchange Listings: Tokyo and Nagoya
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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, 2014

(From April 1, 2014 to December 31, 2014)

Nine months ended December 31,	(Millions of yen, except per share data and percentage)			
	2014		2013	
	Amount	Change (%)	Amount	Change (%)
Net Sales	270,566	24.2	217,912	19.5
Operating Income	43,285	35.0	32,065	96.2
Ordinary Income	42,470	29.4	32,820	123.2
Net Income	35,799	92.0	18,642	390.7
Comprehensive Income	68,014	25.4	54,232	150.6
Net Income per share (Yen)	109.63		57.09	
Diluted net income per share (Yen)	109.43		56.99	

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

(2) Consolidated financial position	(Millions of yen, except percentage)	
	December 31, 2014	March 31, 2014
Total assets	678,150	614,219
Total net assets	407,228	344,453
Ratio of net worth to total assets (%)	58.3	54.3

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 ¥395,340 million and ¥333,502 million as of December 31, 2014 and March 31, 2014, respectively.

2. Dividend payment

Year ended March 31,	2015	2014
Cash dividends per share (Yen)		
Interim	13.0	10.0
Year-end	13.0 (forecast)	12.0
Total (Full-year)	26.0 (forecast)	22.0

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

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

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

	Year ending March 31, 2015	
	Amount	Change (%)
Net Sales	350,000	13.4
Operating Income	56,000	26.5
Ordinary Income	58,000	26.6
Net Income	39,000	44.2
Net Income per share (Yen)	119.43	

Notes: Revision of forecasts from the previous forecast announced on October 30, 2014 - 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) : None
 - iii. Changes in accounting estimates : None
 - iv. Retrospective restatement : None

(Change in accounting policy)

Effective from the first quarter of the fiscal 2014, the Company adopted the provisions set forth in Article 35 of the Accounting Standard for Retirement Benefits (Accounting Standards Board of Japan ("ASBJ") Statement No. 26, May 17, 2012, hereinafter, "Accounting Standard") and the provisions set forth in Article 67 of the Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25, May 17, 2012, hereinafter, "Guidance on Retirement Benefits"). Accordingly, the Company revised the method of calculating retirement benefit obligations and prior service costs and changed its method of attributing estimated retirement benefits from the straight-line basis to the benefit formula basis. At the same time, the Company changed its method of determining the discount rate from the method in which the discount rate is determined by reference to the yield of bonds whose remaining maturities approximate the average remaining years of service of the employees to the method in which a single weighted average discount rate is used that reflects the estimated period for retirement benefit payments and the amount of retirement benefit payments for each estimated payment period. The application of the Accounting Standard, etc. is subject to the tentative treatment provided for in Article 37 of the Accounting Standard.

Consequently, the impact of the change in the method of calculating retirement benefit obligations and prior service costs has been recognized as increases or decreases to retained earnings as of the beginning of the first quarter of the fiscal 2014.

As a result, as of the beginning of the first quarter of the fiscal 2014, net defined benefit asset has increased by ¥ 4,598 million, net defined benefit liability has decreased by ¥ 717 million and retained earnings have increased by ¥ 2,964 million. The impact of this change on the profit or loss of the nine months ended December 31, 2014 is minimal.

(4) Number of shares outstanding (Common Shares)

	December 31, 2014	March 31, 2014
Number of shares outstanding at period end including treasury stocks :	327,560,196	327,560,196
Number of treasury stocks at period end :	1,028,836	1,019,920
<u>Nine months ended December 31,</u>	<u>2014</u>	<u>2013</u>
Average number of shares outstanding over period :	326,542,503	326,559,133

5. Qualitative Information on Quarterly Financial Statements

(1) Explanation of Results of Operations

During the nine months ended December 31, 2014, the Japanese economy remained strong as a result of continued improvements in corporate earnings due to the effects of monetary easing and fiscal policies. Overseas economies continued moderate recovery mainly in developed countries including the U.S. despite the slowdown in economic growth in China and some emerging countries.

The NGK Group, due mainly to the strong sales for diesel engine-automobiles in the European market and trucks in Japanese and the U.S. market, saw an increase in demand for automotive ceramics in its Ceramics Business Segment. In the Power Business Segment, a large order for NAS® batteries for overseas was shipped. In the Electronics Business Segment, demand for ceramic components for semiconductor manufacturing equipment grew against the backdrop of growing demand for mobile devices.

As a result of the above as well as contribution of yen depreciation in the foreign exchange market, consolidated net sales for the nine months ended December 31, 2014 increased by 24.2% year on year to ¥270,566 million, reflecting increased sales in the Ceramics Business Segment, Power Business Segment and Electronics Business Segment. In terms of earnings, due primarily to increased net sales of automotive ceramics, which are mainstays in the Ceramics Business Segment, operating income increased by 35.0% year on year to ¥43,285 million, ordinary income increased by 29.4% to 42,470 million. Besides, primarily due to the posting of gain on change in equity under extraordinary income in association with the listing of METAWATER Co., Ltd., an associate of the Company, net income increased by 92.0% year on year to ¥35,799 million.

By segment, the Power Business Segment posted ¥56,213 million in net sales, an increase of 41.7% year on year, and an operating loss of ¥989 million, compared to an operating loss of ¥1,223 million in the same period of the previous year. In the Ceramics Business Segment, net sales increased by 21.0% year on year to ¥163,176 million and operating income increased by 31.2% to ¥40,575 million. In the Electronics Business Segment, net sales increased by 17.7% year on year to ¥51,266 million and operating income increased by 58.4% to ¥3,679 million.

(2) Explanation of Financial Position

As of December 31, 2014, total assets were ¥678,150 million, an increase of ¥63,930 million from the previous fiscal year-end. This was mainly due to increases in cash and bank deposits, inventories and tangible assets.

Total liabilities were ¥270,921 million, a increase of ¥1,155 million from the previous fiscal year-end. This was mainly due to an increase in other in long-term liabilities, despite a decrease in current portion of long term bonds payable .

Total net assets stood at ¥407,228 million, or ¥62,775 million higher than the previous fiscal-year end, primarily due to increases in retained earnings and foreign currency translation adjustments.

(3) Explanation of Forward-looking Statements including Forecasts for Consolidated Financial Statement

With regard to the financial results forecasts for the full year ending March 31, 2015, no revisions have been made to those announced on October 30, 2014 and the previous forecasts remain unchanged. If there is any necessity to revise the full year forecasts, updated information will be disclosed immediately. Financial results forecasts are based on information that are currently available and actual results may differ materially from those in the forecasts due to various factors.

6. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of December 31, 2014	As of March 31, 2014
Assets		
Current assets		
Cash and bank deposits	72,607	49,214
Notes and accounts receivable trade	74,701	72,167
Securities	100,608	100,653
Inventories	111,582	101,352
Other	29,546	29,318
Allowance for doubtful accounts	(132)	(117)
Total current assets	388,915	352,589
Non-current assets		
Tangible assets		
Buildings and structures	60,130	58,055
Machinery and vehicles	87,927	82,497
Other	42,123	35,770
Total tangible assets	190,181	176,323
Intangible assets		
	4,371	4,848
Investments and other assets		
Investment securities	76,899	64,903
Other	17,951	15,729
Allowance for doubtful accounts	(169)	(174)
Total investments and other assets	94,681	80,457
Total non-current assets	289,235	261,629
Total assets	678,150	614,219

(Millions of yen)

	As of December 31, 2014	As of March 31, 2014
Liabilities		
Current liabilities		
Notes and accounts payable trade	29,228	25,728
Short-term borrowings	4,412	4,995
Current portion of long-term bonds payable	-	20,000
Income taxes payable	2,016	2,854
Provision for NAS Battery safety measures	8,165	10,891
Other	39,849	36,950
Total current liabilities	83,672	101,419
Long-term liabilities		
Long-term borrowings	146,644	142,158
Net defined benefit liability	17,111	16,678
Other	23,492	9,510
Total long-term liabilities	187,249	168,346
Total liabilities	270,921	269,766
Net assets		
Shareholders' equity		
Common stock	69,849	69,849
Capital surplus	72,094	72,092
Retained earnings	218,335	187,733
Treasury stock	(1,388)	(1,347)
Total shareholders' equity	358,890	328,328
Accumulated other comprehensive income		
Unrealized gain on available-for-sale securities	25,031	17,491
Deferred gain on derivatives under hedge accounting	6	18
Foreign currency translation adjustments	19,321	(1,189)
Remeasurements of defined benefit plans	(7,909)	(11,147)
Total accumulated other comprehensive income	36,449	5,174
Stock acquisition rights	896	778
Minority interests	10,991	10,172
Total net assets	407,228	344,453
Total liabilities and net assets	678,150	614,219

(2) Consolidated Statements of Income

(Millions of yen)

	Nine months ended December 31, 2014	Nine months ended December 31, 2013
Net sales	270,566	217,912
Cost of sales	181,017	144,128
Gross profit	89,548	73,784
Selling, general and administrative expenses	46,263	41,718
Operating income	43,285	32,065
Non-operating income	4,077	4,430
Interest income	574	509
Dividend income	1,041	814
Foreign Exchange gain	1,705	1,753
Other	756	1,352
Non-operating expenses	4,892	3,675
Interest expense	1,559	1,565
Equity in loss of unconsolidated subsidiaries and associated companies	1,048	1,066
Loss on compensation	1,100	-
Other	1,184	1,044
Ordinary income	42,470	32,820
Extraordinary income	4,287	783
Gain on sales of fixed assets	586	448
Gain on sales of investment securities	357	335
Gain on Change in Equity	3,343	-
Extraordinary loss	289	5,327
Loss on sales and disposals of fixed assets	289	313
Impairment loss	-	5,014
Income before income taxes and minority interests	46,468	28,276
Income taxes - total	10,033	9,282
Income taxes -current	6,726	5,876
Income taxes for previous periods	-	(1,398)
Income taxes -deferred	3,306	4,804
Income before minority interests	36,434	18,993
Minority interests in earnings of consolidated subsidiaries	634	351
Net income	35,799	18,642

Notes - Gain on change in equity

Gain on change in equity resulted from issuance of new shares and disposal of treasury stock through public offering by METAWATER Co., Ltd., an associate accounted for by the equity method.

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

(Millions of yen)

	Nine months ended December 31, 2014	Nine months ended December 31, 2013
Income before minority interests	36,434	18,993
Other comprehensive income	7,552	10,110
Unrealized gains on available-for-sale securities	(12)	(4)
Deferred gains on hedges	20,816	25,386
Foreign currency translation adjustments	2,671	(256)
Remeasurements of defined benefit plans		
Share of other comprehensive income of associates accounted for by using the equity method	552	2
Total other comprehensive income	31,580	35,238
Comprehensive Income	68,014	54,232
Comprehensive Income attributable to:		
Owners of the parent company	67,075	53,359
Minority interests	938	872

7. Note on the Assumption as a Going Concern

Not applicable

8. Segment Information

Nine months ended December 31, 2014

(Millions of yen)

	Power	Ceramics	Electronics	Total	Elimination or Adjustment	Consolidated
Sales						
Sales to customers	56,181	163,117	51,266	270,566	-	270,566
Intersegment sales	31	58	-	90	(90)	-
Total sales	56,213	163,176	51,266	270,656	(90)	270,566
Operating income (loss)	(989)	40,575	3,679	43,265	20	43,285

Notes:

Main products by business segment

<i>Business Segment</i>	<i>Main products</i>
<i>Power</i>	<i>Insulators, hardware for insulator assemblies, current limiting arching horn, bushing shells, fuse cut-outs, APM, line arrester and NAS® (sodium-sulfur) batteries</i>
<i>Ceramics</i>	<i>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</i>
<i>Electronics</i>	<i>Beryllium copper wrought products, molds and ceramic components for electronics and semiconductor manufacturing equipment</i>

Nine months ended December 31, 2013

(Millions of yen)

	Power	Ceramics	Electronics	Total	Elimination or Adjustment	Consolidated
Sales						
Sales to customers	39,667	134,704	43,540	217,912	-	217,912
Intersegment sales	16	165	2	183	(183)	-
Total sales	39,684	134,870	43,542	218,096	(183)	217,912
Operating income (loss)	(1,223)	30,925	2,323	32,025	40	32,065

9. Significant changes in stockholder's equity

Not applicable

10. Significant Subsequent Events

On September 3, 2014, NGK Insulators, Ltd. (NGK) has concluded an agreement with Nippon Steel & Sumitomo Metal Corporation to acquire all of the shares of NIPPON STEEL & SUMIKIN Electronics Devices Inc. (NSSD), its wholly owned subsidiary, which manufactures and sells ceramics for industrial electronics, such as ceramic packages. Based on this agreement, NGK acquired all of the issued shares and converted NIPPON STEEL & SUMIKIN Electronics Devices Inc. to a consolidated subsidiary on January 5, 2015.

(1) Purpose of the Share Acquisition

By adding the technologies of NGK in materials technologies and high-precision processing to NSSD's manufacturing expertise and technologies developed over many years in multiple-product-type, low-cost mass production, NGK judged that it will be able to achieve synergies between its technologies and those of NSSD, and that these synergies will enable further growth in its electronics business. Based on this judgment, NGK decided to make NSSD a subsidiary.

(2) Name of the Counterparty to the Share Acquisition

Nippon Steel & Sumitomo Metal Corporation

(3) Name, Details and Scale of Acquired Company

Company Name	NIPPON STEEL & SUMIKIN Electronics Devices Inc. (※)
Business	Manufacture and sale of ceramic packages for semiconductors and ceramic electronic components
Capital	3.45 billion yen (as of the end of December 2014)

(※) On January 5, 2015, the corporate name of the company has been changed to NGK Electronics Devices, Inc.

(4) Date of the Share Acquisition

January 5, 2015

(5) Number of the Shares Acquired, Acquisition Cost and Ratio of Shares Held following Acquisition

Number of the shares acquired

9,659 shares

Acquisition cost

Acquisition cost : 11.5 billion yen

Expenses directly related to the acquisition : 92 million yen (estimated)

Ratio of shares held after acquisition

100%

(6) Method of Fund Procurement

Internal Capital