

Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2016 [Japanese GAAP]

January 31, 2017

Company Name : NGK INSULATORS, LTD. Stock Exchange Listings : Tokyo and Nagoya

Listing Code : 5333

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Date of the Filing of Securities Report "Shihanki Hokokusho" (Scheduled) : February 3, 2017

Date of Dividend Payment (Scheduled)

Availability of supplementary explanatory materials prepared for financial results : None Briefing session on financial results to be held : None

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

1. Consolidated financial results for the nine months ended December 31, 2016 (from April 1, 2016 to December 31,2016)

(1) Consolidated operating results

(Percentage figures represent increase (decrease) from previous period.)

	Net Sales		Operating Inco	me	Ordinary Incor	me	Profit attributab owners of pare	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended December 31, 2016	293,345	(5.5)	49,834	(18.1)	49,544	(18.7)	34,754	(10.7)
Nine months ended December 31, 2015	310,306	14.7	60,864	40.6	60,907	43.4	38,898	8.7

(Note) Comprehensive Income : Nine months ended December 31, 2016 40,006million yen 11.0 % : Nine months ended December 31, 2015 36,054million yen (47.0)%

	Profit per share	Diluted profit per share
	Yen	Yen
Nine months ended December 31, 2016	107.56	107.38
Nine months ended December 31, 2015	119.13	118.90

(2) Consolidated financial position

	Total assets	Total net assets	Ratio of net worth to total assets
	Millions of yen	Millions of yen	%
December 31, 2016	735,118	433,742	57.5
March 31, 2016	711,897	417,972	57.1

(Reference) Net worth : As of December 31, 2016, 422,619million yen : As of March 31, 2016, 406,743 million yen

2. Dividend payment

		Cash dividends per share					
		Total					
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	(Full-year)		
	Yen	Yen	Yen	Yen	Yen		
Year ended March 31, 2016	-	18.00	-	20.00	38.00		
Year ending March 31, 2017	-	20.00	-				
Year ending March 31, 2017 (forecast)				20.00	40.00		

(Note) Revision of cash dividend forecast during this period : None

3. Forecasts of consolidated financial results for the fiscal year ending March 31, 2017

(Percentage figures represent increase (decrease) from previous period.)

	Net Sale	S	Operating Ir	ncome	Ordinary In	come	Profit attrib owners of		Profit per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Year ending March 31, 2017	400,000	(8.2)	63,000	(22.1)	64,000	(21.5)	35,000	(34.4)	108.44

(Note) Revision of forecasts of consolidated financial results during this period :Yes

(1) Significant changes in subsidia	aries during this period (chang	es in specified subsidiaries,	"tokutei kogaisha"	defined in the '	Cabinet Office
Ordinance on Disclosure of Co	orporate Information, etc.", inv	olving a change of the scop	e of consolidation	during this perio	od) : None
New — company () , Exclusion	— company ()		

- (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
 ii. Changes in accounting policies other than the above (i)
 iii. Changes in accounting estimates
 iv. Retrospective restatement
 iv. None

(4) Number of shares outstanding (Common Shares)

i.	Number of shares outstanding at period end including treasury stocks	December 31, 2016	327,560,196 shares	March 31, 2016	327,560,196 shares
ii.	Number of treasury stocks at period end	December 31, 2016	5,945,107 shares	March 31, 2016	981,389 shares
iii.	Average number of shares outstanding over period	December 31, 2016	323,100,875 shares	December 31, 2015	326,535,436 shares

* Presentation regarding the implementation status of review procedures

These financial statements are outside the scope of review procedures in accordance with the Financial Instruments and Exchange Law of Japan. At the time of disclosure of this report, the review procedures of the consolidated financial statements in accordance with the Financial Instruments and Exchange Law of Japan are in progress.

* Explanation of appropriate use of results forecasts and other notes

This document contains forward-looking statements that are based on information and certain assumption NGK INSULATORS, LTD. ("NGK") has acquired and deemed reasonable as of the time of the release and NGK does not guarantee the achievement of them. Actual future results and trends may differ materially from those in the forecasts due to a variety of factors.



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1. Qualitative Information on Quarterly Financial Statements

(1) Explanation of Business Results

During the nine months ended December 31, 2016, the Japanese economy remained on a moderate recovery course underpinned by improvements in the employment and income environment, despite some signs of weakness. Among overseas economies, developed economies, such as the U.S. and Europe, were robust, while China and other emerging countries experienced a slowdown in economic growth.

The NGK Group saw sluggish performance in the Power Business Segment due to a decrease in overseas shipments of insulators and a lack of large shipments of NAS® (sodium-sulfur) batteries. In the Ceramics Business Segment, demand for automotive ceramics increased due to factors including favorable sales of passenger cars in the U.S. and European markets, in addition to an increase in small passenger car sales in response to tax reduction measures and an increase in truck sales in response to strict controls on overloaded vehicles in China. In the Electronics Business Segment, demand for ceramic components for semiconductor manufacturing equipment grew against the backdrop of increased capital investment by semiconductor manufacturers on 3D-NAND flash memories and semiconductor foundries, while demand for ceramic packages was sluggish with its recovery delayed.

As a result of the above, combined with the impact of the stronger yen compared to the previous year, consolidated net sales for the nine months ended December 31, 2016 decreased by 5.5% year on year to ¥293,345 million. In terms of earnings, as a result of decreased net sales among other factors, operating income decreased by 18.1% year on year to ¥49,834 million and ordinary income decreased by 18.7% to ¥49,544 million. Profit attributable to owners of parent decreased by 10.7% to ¥34,754 million.

By segment, the Power Business Segment posted ¥39,643 million in net sales, a decrease of 19.6% year on year, and an operating loss of ¥3,595 million, compared to an operating income of ¥694 million in the same period of the previous year. In the Ceramics Business Segment, net sales decreased by 2.6% year on year to ¥179,391 million and operating income decreased by 6.0% year on year to ¥49,916 million. In the Electronics Business Segment, net sales decreased by 3.2% year on year to ¥74,523 million and operating income decreased by 49.9% year on year to ¥3,541 million.

(2) Explanation of Financial Position

As of December 31, 2016, total assets were ¥735,118 million, a increase of ¥23,221 million from the previous fiscal year-end. This was mainly due to increases in cash and bank deposits, inventories and tangible assets despite decreases in notes and accounts receivable trade and securities.

Total liabilities increased by ¥7,451 million from the previous fiscal year-end to ¥301,376 million.

Total net assets stood at ¥433,742 million, or ¥15,769 million higher than the previous fiscal year-end, due to increases in retained earnings and unrealized gain on available-for-sale securities.



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

Regarding forecasts related to consolidated financial statements, net sales, operating income, ordinary income, and profit attributable to owners of parent are all expected to exceed previous forecasts due to factors including a weak yen, as well as increased demand for automotive ceramics in the Ceramics Business Segment and ceramic components for semiconductor manufacturing equipment in the Electronics Business Segment. Accordingly, the financial results forecasts for the full year ending March 31, 2017 have been revised.

For details, please refer to "Notice Regarding Revisions to the financial results forecasts for the full year ending March 31, 2017" that has been released today, January 31, 2017.



2. Consolidated Financial Statements

(1) Consolidated Balance Sheet

	As of December 31, 2016	As of March 31, 2016
Assets		
Current assets		
Cash and bank deposits	134,141	97,481
Notes and accounts receivable trade	82,062	102,575
Securities	51,642	72,503
Inventories	123,634	108,945
Other	28,169	31,654
Allowance for doubtful accounts	(645)	(826)
Total current assets	419,004	412,333
Non-current assets		
Tangible assets		
Buildings and structures	68,143	62,252
Machinery and vehicles	94,837	86,606
Other	60,017	56,135
Total tangible assets	222,999	204,993
Intangible assets	2,876	3,019
Investments and other assets		
Investment securities	75,769	78,675
Other	14,624	13,049
Allowance for doubtful accounts	(154)	(174)
Total investments and other assets	90,238	91,550
Total non-current assets	316,114	299,563
Total assets	735,118	711,897



Liabilities As of December 31, 2016 As of March 31, 2016 Current liabilities 35,619 36,052 Notes and accounts payable trade 35,619 36,052 Short-term borrowings 5,453 4,549 Current portion of long-term borrowings 6,923 20,242 Income taxes payable 4,143 7,137 Provision for NAS battery safety measures Provision for NAS battery safety measures Provision for loss related to competition law 3,916 4,305 Other 36,383 34,767 Total current liabilities 96,548 112,463 Long-term borrowings 158,676 139,180 Net defined benefit liability 22,131 21,418 Other 24,020 20,861 Total long-term liabilities 301,376 293,924 Net assets Shareholders' equity 204,828 181,461 Total liabilities 301,376 293,924 Net assets 5 5 69,849 69,849 Capital surplus 72,082 72,092 72,092 72,082 72,092			, , ,
Current liabilities 35,619 36,052 Short-term borrowings 5,453 4,549 Current portion of long-term borrowings 6,923 20,242 Income taxes payable 4,143 7,137 Provision for NAS battery safety measures 4,107 5,405 Provision for loss related to competition law 3,916 4,307 Other 36,383 34,767 Total current liabilities 96,548 112,463 Long-term borrowings 158,676 139,180 Net defined benefit liability 22,131 21,418 Other 24,020 20,861 Total long-term liabilities 301,376 293,924 Net assets 301,376 293,924 Net assets Shareholders' equity 69,849 69,849 Capital surplus 72,082 72,092 Retained earnings 288,371 266,580 Treasury stock (12,469) (1,363) Total shareholders' equity 417,832 407,158 Accumulated other comprehensive income 27,537			
Notes and accounts payable trade 35,619 36,052 Short-term borrowings 5,453 4,549 Current portion of long-term borrowings 6,923 20,242 Income taxes payable 4,143 7,137 Provision for NAS battery safety measures 4,107 5,405 Provision for loss related to competition law 3,916 4,307 Other 36,383 34,767 Total current liabilities 96,548 112,463 Long-term liabilities 96,548 112,463 Long-term borrowings 158,676 139,180 Net defined benefit liability 22,131 21,418 Other 24,020 20,861 Total long-term liabilities 301,376 293,924 Net assets Starcholders' equity 72,082 72,082 Net assets Stocylate surplus 72,082 72,092 Retained earnings 288,371 266,580 Teasury stock (12,469) (1,363) Total shareholders' equity 417,832 407,158 Accumulate	Liabilities		
Short-term borrowings 5,453 4,549 Current portion of long-term borrowings 6,923 20,242 Income taxes payable 4,143 7,137 Provision for NAS battery safety measures 4,107 5,405 Provision for loss related to competition law 3,916 4,307 Other 36,383 34,767 Total current liabilities 96,548 112,463 Long-term liabilities 96,548 112,463 Net defined benefit liability 22,131 21,418 Other 24,020 20,861 Total long-term liabilities 301,376 293,924 Net assets 301,376 293,924 Net assets Shareholders' equity 69,849 69,849 Common stock 69,849 69,849 69,849 Capital surplus 72,082 72,092 Retained earnings 288,371 266,580 Treasury stock (12,469) (1,363) 10,186 407,158 Accumulated other comprehensive income Unrealized gain on available -for-sale securities 27,53	Current liabilities		
Current portion of long-term borrowings 6,923 20,242 Income taxes payable 4,143 7,137 Provision for NAS battery safety measures 4,107 5,405 Provision for loss related to competition law 3,916 4,307 Other 36,383 34,767 Total current liabilities 96,548 112,463 Long-term borrowings 158,676 139,180 Net defined benefit liability 22,131 21,418 Other 24,020 20,861 Total long-term liabilities 204,828 181,461 Total liabilities 301,376 293,924 Net assets Shareholders' equity 69,849 69,849 Common stock 69,849 69,849 69,849 Capital surplus 72,082 72,092 Retained earnings 288,371 266,580 Treasury stock (12,469) (1,363) Total shareholders' equity 417,832 407,158 Accumulated other comprehensive income Unrealized gain on available -for-sale securities 27,537	Notes and accounts payable trade	35,619	36,052
Income taxes payable 4,143 7,137 Provision for NAS battery safety measures 4,107 5,405 Provision for loss related to competition law 3,916 4,307 Other 36,383 34,767 Total current liabilities 96,548 112,463 Long-term liabilities 96,548 112,463 Long-term borrowings 158,676 139,180 Net defined benefit liability 22,131 21,418 Other 24,020 20,861 Total long-term liabilities 204,828 181,461 Total liabilities 301,376 293,924 Net assets Shareholders' equity 59,849 69,849 Capital surplus 72,082 72,092 Retained earnings 288,371 266,580 Treasury stock (12,469) (1,363) Total shareholders' equity 417,832 407,158 Accumulated other comprehensive income 27,537 20,832 Deferred loss on derivatives under hedge accounting (70) - Foreign currency translatio	Short-term borrowings	5,453	4,549
Provision for NAS battery safety measures 4,107 5,405 Provision for loss related to competition law 3,916 4,307 Other 36,383 34,767 Total current liabilities 96,548 112,463 Long-term liabilities 158,676 139,180 Net defined benefit liability 22,131 21,418 Other 24,020 20,861 Total long-term liabilities 301,376 293,924 Net assets 301,376 293,924 Net assets Shareholders' equity 8 69,849 69,849 Common stock 69,849 6	Current portion of long-term borrowings	6,923	20,242
Provision for loss related to competition law 3,916 4,307 Other 36,383 34,767 Total current liabilities 96,548 112,463 Long-term liabilities 56,548 112,463 Long-term borrowings 158,676 139,180 Net defined benefit liability 22,131 21,418 Other 24,020 20,861 Total long-term liabilities 301,376 293,924 Net assets 301,376 293,924 Net assets Shareholders' equity 89,849 69,849 Common stock 69,849 69,849 69,849 Capital surplus 72,082 72,092 <td>Income taxes payable</td> <td>4,143</td> <td>7,137</td>	Income taxes payable	4,143	7,137
law 3,916 4,307 Other 36,383 34,767 Total current liabilities 96,548 112,463 Long-term liabilities 158,676 139,180 Net defined benefit liability 22,131 21,418 Other 24,020 20,861 Total long-term liabilities 204,828 181,461 Total liabilities 301,376 293,924 Net assets Shareholders' equity 204,828 181,461 Common stock 69,849 69,849 Capital surplus 72,082 72,092 Retained earnings 288,371 266,580 Treasury stock (12,469) (1,363) Total shareholders' equity 417,832 407,158 Accumulated other comprehensive income Unrealized gain on available -for-sale securities 27,537 20,832 Deferred loss on derivatives under hedge accunting (70) - Foreign currency translation adjustments (8,918) (5,888) Defined retirement benefits plans (13,762) (15,358)	Provision for NAS battery safety measures	4,107	5,405
Total current liabilities 96,548 112,463 Long-term liabilities 158,676 139,180 Net defined benefit liability 22,131 21,418 Other 24,020 20,861 Total long-term liabilities 301,376 293,924 Net assets 301,376 293,924 Net assets 8 8 Shareholders' equity 69,849 69,849 Capital surplus 72,082 72,092 Retained earnings 288,371 266,580 Treasury stock (12,469) (1,363) Total shareholders' equity 417,832 407,158 Accumulated other comprehensive income 27,537 20,832 Securities 27,537 20,832 Deferred loss on derivatives under hedge accounting (70) - Foreign currency translation adjustments (8,918) (5,888) Defined retirement benefits plans (13,762) (15,358) Total accumulated other comprehensive income 4,786 (414) Stock acquisition rights 934		3,916	4,307
Long-term liabilities 158,676 139,180 Net defined benefit liability 22,131 21,418 Other 24,020 20,861 Total long-term liabilities 204,828 181,461 Total liabilities 301,376 293,924 Net assets 8 8 Shareholders' equity 8 69,849 69,849 Common stock 69,849 69,849 69,849 Capital surplus 72,082 72,092 72,092 Retained earnings 288,371 266,580 Treasury stock (12,469) (1,363) Total shareholders' equity 417,832 407,158 Accumulated other comprehensive income 27,537 20,832 Securities 27,537 20,832 Deferred loss on derivatives under hedge accounting (8,918) (5,888) Foreign currency translation adjustments (8,918) (5,888) Defined retirement benefits plans (13,762) (15,358) Total accumulated other comprehensive income (3,762) (15,358)	Other	36,383	34,767
Long-term borrowings 158,676 139,180 Net defined benefit liability 22,131 21,418 Other 24,020 20,861 Total long-term liabilities 204,828 181,461 Total liabilities 301,376 293,924 Net assets 8 8 Shareholders' equity 8 69,849 69,849 Common stock 69,849 69,849 69,849 Capital surplus 72,082 72,092 72,	Total current liabilities	96,548	112,463
Net defined benefit liability 22,131 21,418 Other 24,020 20,861 Total long-term liabilities 204,828 181,461 Total liabilities 301,376 293,924 Net assets Shareholders' equity Common stock 69,849 69,849 Capital surplus 72,082 72,092 Retained earnings 288,371 266,580 Treasury stock (12,469) (1,363) Total shareholders' equity 417,832 407,158 Accumulated other comprehensive income 27,537 20,832 Unrealized gain on available -for-sale securities 27,537 20,832 Deferred loss on derivatives under hedge accounting (70) - Foreign currency translation adjustments (8,918) (5,888) Defined retirement benefits plans (13,762) (15,358) Total accumulated other comprehensive income 4,786 (414) Stock acquisition rights 934 875 Non-controlling interests 10,188 10,352 Total net assets 433,742 <td>Long-term liabilities</td> <td></td> <td></td>	Long-term liabilities		
Other 24,020 20,861 Total long-term liabilities 204,828 181,461 Total liabilities 301,376 293,924 Net assets Shareholders' equity Common stock 69,849 69,849 Capital surplus 72,082 72,092 Retained earnings 288,371 266,580 Treasury stock (12,469) (1,363) Total shareholders' equity 417,832 407,158 Accumulated other comprehensive income 27,537 20,832 Unrealized gain on available -for-sale securities 27,537 20,832 Deferred loss on derivatives under hedge accounting (70) - Foreign currency translation adjustments (8,918) (5,888) Defined retirement benefits plans (13,762) (15,358) Total accumulated other comprehensive income 4,786 (414) Stock acquisition rights 934 875 Non-controlling interests 10,188 10,352 Total net assets 433,742 417,972	Long-term borrowings	158,676	139,180
Total liabilities 204,828 181,461 Total liabilities 301,376 293,924 Net assets Shareholders' equity Common stock 69,849 69,849 Capital surplus 72,082 72,092 Retained earnings 288,371 266,580 Treasury stock (12,469) (1,363) Total shareholders' equity 417,832 407,158 Accumulated other comprehensive income 27,537 20,832 Unrealized gain on available -for-sale securities 27,537 20,832 Deferred loss on derivatives under hedge accounting (70) - Foreign currency translation adjustments (8,918) (5,888) Defined retirement benefits plans (13,762) (15,358) Total accumulated other comprehensive income 4,786 (414) Stock acquisition rights 934 875 Non-controlling interests 10,188 10,352 Total net assets 433,742 417,972	Net defined benefit liability	22,131	21,418
Total liabilities 301,376 293,924 Net assets Shareholders' equity Common stock 69,849 69,849 Capital surplus 72,082 72,092 Retained earnings 288,371 266,580 Treasury stock (12,469) (1,363) Total shareholders' equity 417,832 407,158 Accumulated other comprehensive income 27,537 20,832 Unrealized gain on available -for-sale securities 27,537 20,832 Deferred loss on derivatives under hedge accounting (70) - Foreign currency translation adjustments (8,918) (5,888) Defined retirement benefits plans (13,762) (15,358) Total accumulated other comprehensive income 4,786 (414) Stock acquisition rights 934 875 Non-controlling interests 10,188 10,352 Total net assets 433,742 417,972	Other	24,020	20,861
Net assets Shareholders' equity 69,849 69,849 Common stock 69,849 69,849 Capital surplus 72,082 72,092 Retained earnings 288,371 266,580 Treasury stock (12,469) (1,363) Total shareholders' equity 417,832 407,158 Accumulated other comprehensive income Unrealized gain on available -for-sale securities 27,537 20,832 Deferred loss on derivatives under hedge accounting (70) - Foreign currency translation adjustments (8,918) (5,888) Defined retirement benefits plans (13,762) (15,358) Total accumulated other comprehensive income 4,786 (414) Stock acquisition rights 934 875 Non-controlling interests 10,188 10,352 Total net assets 433,742 417,972	Total long-term liabilities	204,828	181,461
Shareholders' equity 69,849 69,849 Capital surplus 72,082 72,092 Retained earnings 288,371 266,580 Treasury stock (12,469) (1,363) Total shareholders' equity 417,832 407,158 Accumulated other comprehensive income Unrealized gain on available -for-sale securities 27,537 20,832 Deferred loss on derivatives under hedge accounting (70) - Foreign currency translation adjustments (8,918) (5,888) Defined retirement benefits plans (13,762) (15,358) Total accumulated other comprehensive income 4,786 (414) Stock acquisition rights 934 875 Non-controlling interests 10,188 10,352 Total net assets 433,742 417,972	Total liabilities	301,376	293,924
Common stock 69,849 69,849 Capital surplus 72,082 72,092 Retained earnings 288,371 266,580 Treasury stock (12,469) (1,363) Total shareholders' equity 417,832 407,158 Accumulated other comprehensive income Unrealized gain on available -for-sale securities 27,537 20,832 Deferred loss on derivatives under hedge accounting (70) - Foreign currency translation adjustments (8,918) (5,888) Defined retirement benefits plans (13,762) (15,358) Total accumulated other comprehensive income 4,786 (414) Stock acquisition rights 934 875 Non-controlling interests 10,188 10,352 Total net assets 433,742 417,972	Net assets		
Capital surplus 72,082 72,092 Retained earnings 288,371 266,580 Treasury stock (12,469) (1,363) Total shareholders' equity 417,832 407,158 Accumulated other comprehensive income Unrealized gain on available -for-sale securities 27,537 20,832 Deferred loss on derivatives under hedge accounting (70) - Foreign currency translation adjustments (8,918) (5,888) Defined retirement benefits plans (13,762) (15,358) Total accumulated other comprehensive income 4,786 (414) Stock acquisition rights 934 875 Non-controlling interests 10,188 10,352 Total net assets 433,742 417,972	Shareholders' equity		
Retained earnings 288,371 266,580 Treasury stock (12,469) (1,363) Total shareholders' equity 417,832 407,158 Accumulated other comprehensive income Unrealized gain on available -for-sale securities 27,537 20,832 Deferred loss on derivatives under hedge accounting (70) - Foreign currency translation adjustments (8,918) (5,888) Defined retirement benefits plans (13,762) (15,358) Total accumulated other comprehensive income 4,786 (414) Stock acquisition rights 934 875 Non-controlling interests 10,188 10,352 Total net assets 433,742 417,972	Common stock	69,849	69,849
Treasury stock (12,469) (1,363) Total shareholders' equity 417,832 407,158 Accumulated other comprehensive income Unrealized gain on available -for-sale securities 27,537 20,832 Deferred loss on derivatives under hedge accounting (70) - Foreign currency translation adjustments (8,918) (5,888) Defined retirement benefits plans (13,762) (15,358) Total accumulated other comprehensive income 4,786 (414) Stock acquisition rights 934 875 Non-controlling interests 10,188 10,352 Total net assets 433,742 417,972	Capital surplus	72,082	72,092
Total shareholders' equity Accumulated other comprehensive income Unrealized gain on available -for-sale securities Deferred loss on derivatives under hedge accounting Foreign currency translation adjustments Defined retirement benefits plans Total accumulated other comprehensive income Stock acquisition rights Non-controlling interests Total net assets 417,832 407,158 407,158 47,537 20,832 (70)	Retained earnings	288,371	266,580
Accumulated other comprehensive income Unrealized gain on available -for-sale securities Deferred loss on derivatives under hedge accounting Foreign currency translation adjustments Defined retirement benefits plans Total accumulated other comprehensive income Stock acquisition rights Non-controlling interests Total net assets 27,537 20,832 (70) - (8,918) (13,762) (15,358) (13,762) (414) (414) 10,352 4786 10,188 10,352	Treasury stock	(12,469)	(1,363)
Unrealized gain on available -for-sale securities27,53720,832Deferred loss on derivatives under hedge accounting(70)-Foreign currency translation adjustments(8,918)(5,888)Defined retirement benefits plans(13,762)(15,358)Total accumulated other comprehensive income4,786(414)Stock acquisition rights934875Non-controlling interests10,18810,352Total net assets433,742417,972	Total shareholders' equity	417,832	407,158
securities 27,337 20,832 Deferred loss on derivatives under hedge accounting (70) Foreign currency translation adjustments (8,918) (5,888) Defined retirement benefits plans (13,762) (15,358) Total accumulated other comprehensive income 4,786 (414) Stock acquisition rights 934 875 Non-controlling interests 10,188 10,352 Total net assets 433,742 417,972	· · · · · · · · · · · · · · · · · · ·		
accounting Foreign currency translation adjustments (8,918) (5,888) Defined retirement benefits plans (13,762) (15,358) Total accumulated other comprehensive income 4,786 (414) Stock acquisition rights 934 875 Non-controlling interests 10,188 10,352 Total net assets 433,742 417,972	securities	27,537	20,832
Defined retirement benefits plans Total accumulated other comprehensive income Stock acquisition rights Non-controlling interests Total net assets (13,762) (15,358) (414) (414) (414) (415) (414) (416) (417)	accounting		-
Total accumulated other comprehensive income 4,786 (414) Stock acquisition rights 934 875 Non-controlling interests 10,188 10,352 Total net assets 433,742 417,972		(8,918)	(5,888)
income 4,760 (414) Stock acquisition rights 934 875 Non-controlling interests 10,188 10,352 Total net assets 433,742 417,972	·	(13,762)	(15,358)
Non-controlling interests10,18810,352Total net assets433,742417,972		4,786	(414)
Total net assets 433,742 417,972	-	934	875
	-		
Total liabilities and net assets 735,118 711,897			
	Total liabilities and net assets	735,118	711,897



(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income Consolidated Statement of Income

Net sales 293,345 310,300 Cost of sales 195,835 200,755 Gross profit 97,510 109,555 Selling, general and administrative expenses 47,675 48,690 Operating income 49,834 60,866 Non-operating income 344 517 Interest income 344 1,483 Foreign exchange gain 882 Other 913 2,490 Total non-operating income 3,415 4,992 Non-operating expenses 1,532 1,474 Equity in loss of unconsolidated subsidiaries and associated companies 28 1,094 Foreign exchange loss 1,500 Loss on valuation of derivatives 1,567 Other 377 3,72 Total non-operating expense 3,705 4,452 Cordinary income 49,544 60,900 Extraordinary income 19,50 4,55 Gain on sales of fixed assets 18 3,72 Gain on sales of investment securit	 	-	-
Net sales 293,345 310,306 Cost of sales 195,835 200,756 Gross profit 97,510 109,555 Selling, general and administrative expenses 47,675 48,696 Operating income 49,834 60,866 Non-operating income 344 517 Interest income 1,274 1,483 Foreign exchange gain 882 - Other 913 2,496 Total non-operating income 3,415 4,495 Non-operating expenses 1 1,522 1,474 Equity in loss of unconsolidated subsidiaries and associated companies 28 1,094 1,508 Foreign exchange loss - 1,508			
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Equity in loss of unconsolidated subsidiaries and associated companies 1,09 Foreign exchange loss – 1,500 Loss on valuation of derivatives 1,567 – Other 377 37 Total non-operating expense 3,705 4,45 Ordinary income 49,544 60,90 Extraordinary income 185 33 Gain on sales of fixed assets 185 33 Gain on sales of investment securities 1,793 45 Subsidy income – 15 Total extraordinary income 1,979 64 Extraordinary loss 3,228 – Loss on sales and disposals of fixed assets 192 17 Impairment loss 3,228 – Provision of reserve for loss related to competition law 1,062 6,09 Total extraordinary loss 4,483 6,27 Income before income taxes and non-controlling interests 47,041 55,28t Income taxes -deferred 1,407 2,16 Income taxes -deferred 1,407 2,16	- · · · ·	1 522	1 47
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Other 377 37 Total non-operating expense 3,705 4,45 Ordinary income 49,544 60,90° Extraordinary income	Foreign exchange loss	_	1,50
Total non-operating expense 3,705 4,45 Ordinary income 49,544 60,90° Extraordinary income	Loss on valuation of derivatives	1,567	-
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Extraordinary income Gain on sales of fixed assets 185 33 Gain on sales of investment securities 1,793 45 Subsidy income — 15 Total extraordinary income 1,979 64 Extraordinary loss — Loss on sales and disposals of fixed assets 192 17 Impairment loss 3,228 — Provision of reserve for loss related to competition law 1,062 6,09 Total extraordinary loss 4,483 6,27 Income before income taxes and non-controlling interests 47,041 55,280 Income taxes -current 10,791 13,96 Income taxes -deferred 1,407 2,16 Income taxes - total 12,199 16,12 Profit 34,841 39,15 Profit attributable to non-controlling interests 86 25	Total non-operating expense	3,705	4,452
Gain on sales of fixed assets 185 33 Gain on sales of investment securities 1,793 45 Subsidy income — 15 Total extraordinary income 1,979 64 Extraordinary loss — Loss on sales and disposals of fixed assets 192 17 Impairment loss 3,228 — Provision of reserve for loss related to competition law 1,062 6,09 Total extraordinary loss 4,483 6,27 Income before income taxes and non-controlling interests 47,041 55,286 Income taxes -current 10,791 13,96 Income taxes -deferred 1,407 2,16 Income taxes - total 12,199 16,12 Profit 34,841 39,15 Profit attributable to non-controlling interests 86 25	Ordinary income	49,544	60,90
Gain on sales of investment securities1,79345Subsidy income—15Total extraordinary income1,97964Extraordinary loss—Loss on sales and disposals of fixed assets19217Impairment loss3,228—Provision of reserve for loss related to competition law1,0626,09Total extraordinary loss4,4836,27Income before income taxes and non-controlling interests47,04155,280Income taxes -current10,79113,96Income taxes -deferred1,4072,16Income taxes - total12,19916,12Profit34,84139,15Profit attributable to non-controlling interests8625	Extraordinary income		
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Total extraordinary income 1,979 644 Extraordinary loss Loss on sales and disposals of fixed assets 192 174 Impairment loss 3,228 Provision of reserve for loss related to competition law Total extraordinary loss 4,483 6,27 Income before income taxes and non-controlling interests 10,791 13,96 Income taxes -current 10,791 13,96 Income taxes - deferred 1,407 2,166 Income taxes - total 12,199 16,124 Profit Attributable to non-controlling interests 86 255	Gain on sales of investment securities	1,793	45
Extraordinary loss Loss on sales and disposals of fixed assets Impairment loss Provision of reserve for loss related to competition law Total extraordinary loss Income before income taxes and non-controlling interests Income taxes -current Income taxes -deferred Income taxes - total Profit Profit attributable to non-controlling interests 192 192 193 192 194 194 195 196 1,062 6,09 1,062 1,062 1,062 1,061 1,062 1,061 1,061 1,062 1,061 1,061 1,062 1,061 1,062 1,061 1,062 1,061 1,062 1,061 1,062 1,061 1,062 1,061 1,062 1,061 1,062 1,061 1,062 1,061 1,062 1,061 1,062 1,061 1,062 1,061 1,062 1,061 1,062 1,061 1,062 1,061 1,062 1,062 1,061 1,062 1,061 1,062 1,062 1,061 1,062	Subsidy income	_	15
Loss on sales and disposals of fixed assets Impairment loss Provision of reserve for loss related to competition law Total extraordinary loss Income before income taxes and non-controlling interests Income taxes -current Income taxes -deferred Income taxes - total Profit Profit attributable to non-controlling interests 192 174 189 189 189 189 189 189 189 189 189 189	Total extraordinary income	1,979	644
Impairment loss3,228-Provision of reserve for loss related to competition law1,0626,09Total extraordinary loss4,4836,27Income before income taxes and non-controlling interests47,04155,286Income taxes -current10,79113,96Income taxes -deferred1,4072,16Income taxes - total12,19916,126Profit34,84139,15Profit attributable to non-controlling interests8625	Extraordinary loss		
Impairment loss3,228-Provision of reserve for loss related to competition law1,0626,09Total extraordinary loss4,4836,27Income before income taxes and non-controlling interests47,04155,28Income taxes -current10,79113,96Income taxes -deferred1,4072,16Income taxes - total12,19916,12Profit34,84139,15Profit attributable to non-controlling interests8625	Loss on sales and disposals of fixed assets	192	17-
Provision of reserve for loss related to competition law Total extraordinary loss Income before income taxes and non-controlling interests Income taxes -current Income taxes -deferred Income taxes - total Profit Profit attributable to non-controlling interests 1,062 4,483 6,27 47,041 55,286 10,791 13,96 10,791 13,96 1,407 2,16 12,199 16,129 16,129 16,129 16,129 16,129 16,129	•	3,228	-
Income before income taxes and non-controlling interests47,04155,286Income taxes -current10,79113,96Income taxes -deferred1,4072,16Income taxes - total12,19916,129Profit34,84139,15Profit attributable to non-controlling interests8625	Provision of reserve for loss related to		6,09
non-controlling interests 47,041 53,280 Income taxes -current 10,791 13,96 Income taxes -deferred 1,407 2,16 Income taxes - total 12,199 16,129 Profit 34,841 39,15 Profit attributable to non-controlling interests 86 25	Total extraordinary loss	4,483	6,27
Income taxes -deferred1,4072,16Income taxes - total12,19916,12Profit34,84139,15Profit attributable to non-controlling interests8625		47,041	55,280
Income taxes - total12,19916,129Profit34,84139,15Profit attributable to non-controlling interests8625		10,791	13,96
Profit34,84139,15Profit attributable to non-controlling interests8625	Income taxes -deferred	1,407	2,16
Profit attributable to non-controlling interests 86 25	Income taxes - total	12,199	16,129
	Profit	34,841	39,15
Profit attributable to owners of parent 34,754 38,898	Profit attributable to non-controlling interests	86	252
	Profit attributable to owners of parent	34,754	38,898



Consolidated Statement of Comprehensive Income

	Nine months ended December 31, 2016	Nine months ended December 31, 2015
Profit	34,841	39,151
Other comprehensive income		
Unrealized gain(loss) on available-for-sale securities	6,730	(66)
Deferred loss on derivatives under hedge accounting	(71)	(7)
Foreign currency translation adjustments	(2,633)	(3,521)
Defined retirement benefit plans	1,524	426
Share of other comprehensive (loss) income of associates accounted for by using the equity method	(383)	73
Total other comprehensive income	5,165	(3,096)
Comprehensive Income	40,006	36,054
Comprehensive Income attributable to:		
Owners of parent	39,955	35,896
Non-controlling interests	51	157



(3) Notes to Consolidated Financial Statements

(Changes in accounting policy)

Not applicable

(Additional information)

(Adoption of "Implementation Guidance on Recoverability of Deferred Tax Assets")

Effective from the first quarter of fiscal 2016, NGK adopted the "Implementation Guidance on Recoverability of Deferred Tax Assets" (ASBJ Guidance No. 26, March 28, 2016).

(Filing of action for the revocation of correction

and risk of receiving correction for the subsequent fiscal years based on transfer pricing taxation)

With respect to transactions between NGK and its two overseas subsidiaries from the fiscal year ended March 31, 2006 through the fiscal year ended March 31, 2010, NGK received a correction based on transfer pricing taxation issued by the Nagoya Regional Taxation Bureau in March 2012, and NGK made a payment of approximately ¥7.9 billion in tax penalties including local taxes, while filing a complaint. With respect to approximately ¥1.7 billion of the aforementioned tax penalties concerning the transactions with a U.S. subsidiary, NGK received approximately ¥1.4 billion refund in total in Japan and the U.S. upon agreement under a Japan-U.S. Mutual Agreement, which has been reflected in the financial results for the year ended March 31, 2014.

On the other hand, with respect to the remaining tax penalties of approximately ¥6.2 billion concerning the transactions with a Polish subsidiary, NGK requested its cancellation and in August 2014 requested the Nagoya National Tax Tribunal to carry out an administrative review. On June 24, 2016, NGK received a written verdict, which partially rescinded the correction. However, it went only so far as to refund approximately ¥0.1 billion of corporation taxes and local taxes, etc., and NGK believes that cancellation should be made in the full amount. To reclaim the remaining tax penalties paid, NGK filed an action for revocation of correction to the Tokyo District Court on December 20, 2016.

NGK, however, believes that it could still take a considerable time for the judgement on the claim to be made. Meanwhile, there is a risk of receiving a correction on transactions arising from subsequent fiscal years after April 1, 2010 (fiscal year ended March 31, 2011) in whole or in part, as a difference of view with the tax authorities remains.

(Note on the assumption as a going concern)

Not applicable

(Significant changes in stockholder's equity)

NGK acquired 5,000,000 shares of treasury stock based on the resolution at the meeting of the board of directors held on April 28, 2016. With this acquisition, treasury stock increased ¥11,106 million in the nine months ended December 31, 2016, and treasury stock as of December 31, 2016 amounted to ¥12,469 million.



(Consolidated Balance Sheet)

Contingent liabilities

The NGK Group is subject to an international investigation on the situation of competition.

Since the receiving of a subpoena by a U.S. subsidiary of NGK from the U.S. Department of Justice (DOJ) in 2011, NGK has cooperated in the investigation concerning ceramic substrates for catalytic converters including establishing the Independent Committee in 2012. In September, 2015, NGK entered into a Plea Agreement with DOJ, agreeing to pay a fine of US\$65.3 million based on charges that it violated U.S. laws including the antitrust law in connection with some transactions for ceramic substrates for catalytic converters, and paid the total amount in November 2015. We have entered into negotiations for compensation for damages with the relevant customers. In addition to some customers requiring monetary compensation, civil lawsuits (class action) have also been filed.

In consideration of such progresses, the NGK Group made an estimate of potential losses, and recognized the estimated amount as of the end of nine months ended December 31, 2016, as "provision for loss related to competition law," however, additional losses may arise with the emergence of new facts. Overall details of the investigation and negotiations are not disclosed because they may put the NGK Group at a disadvantage.

(Segment information)

(1) Nine months ended December 31, 2016 (from April 1, 2016 to December 31, 2016)

(Millions of yen)

	Business Segment			Elimination	Canaalidatad	
	Power	Ceramics	Electronics	Total	or Adjustment	Consolidated
Sales						
Sales to customers	39,629	179,192	74,523	293,345	-	293,345
Intersegment sales	14	198	-	212	(212)	-
Total sales	39,643	179,391	74,523	293,558	(212)	293,345
Operating income (loss)	(3,595)	49,916	3,541	49,862	(27)	49,834

(2) Nine months ended December 31, 2015 (from April 1, 2015 to December 31, 2015)

(Millions of yen)

	Business Segment			Elimination		
	Power	Ceramics	Electronics	Total	or Adjustment	Consolidated
Sales						
Sales to customers	49,297	184,017	76,990	310,306	-	310,306
Intersegment sales	26	196	-	223	(223)	-
Total sales	49,324	184,214	76,990	310,529	(223)	310,306
Operating income	694	53,094	7,075	60,864	-	60,864

(Notes) 1. Elimination or adjustment of operating income (loss) is an adjustment of intersegment transactions.



2. Main products by business segment

Business Segment	Main products
Power	Insulators, hardware for insulator assemblies, current limiting arching horns, 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 analyzers, industrial heating systems, refractory products and radioactive waste treatment systems
Electronics	Ceramic components for semiconductor manufacturing equipment, ceramic components for electronics, beryllium copper wrought products, and molds

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