

January 31, 2012

## Summary of Consolidated Financial Results for the Nine Months ended December 31, 2011

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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**Notice 1:** At the time of disclosure of this report, the review of quarterly consolidated 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, projection 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, 2011

(From April 1, 2011 to December 31, 2011)

Consolidated operating results	(Millions of yen, except per share data and percentage)				
	Nine months ended December 31,	2011		2010	
	Amount	Change (%)	Amount	Change (%)	
Net Sales	184,790	6.5	173,502	8.2	
Operating Income	23,832	(15.3)	28,132	-	
Ordinary Income	24,004	(5.8)	25,484	-	
Net Income	-40,653	-	18,587	-	
Net Income per share (Yen)	-124.51		56.92		
Diluted net income per share (Yen)	-		56.83		

*Notes: 1: Percentage figures in "Change" represent increase (decrease) over previous period. However, some of 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: Diluted net income per share for nine months ended December 31, 2011 is not presented because, despite the existence of dilutive securities, net loss was recorded for the period.*

(2) Consolidated financial position	(Millions of yen, except percentage)	
	December 31, 2011	March 31, 2011
Total assets	505,919	479,793
Total net assets	261,638	323,945
Ratio of net worth to total assets (%)	48.6	64.0

*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 ¥245,676 million and ¥307,077 million as of December 31, 2011 and March 31, 2011, 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, 2012

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

	Year ending March 31, 2012	
	Amount	Change (%)
Net Sales	245,000	2.4
Operating Income	24,000	(25.2)
Ordinary Income	26,000	(20.4)
Net Income	-40,000	-
Net Income per share (Yen)	-122.50	

Notes Revision of forecasts from the previous forecast announced on December 19, 2011 - 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 restatement
  - i. Changes due to revisions of accounting standards : None
  - ii. Changes in accounting policies other than the above ( i ) : Yes

#### *Change in inventory valuation*

In connection with the elimination of Last-in, First-out method under Japanese accounting standards recently, which aimed at convergence with IFRS, the company reviewed its inventory valuation methodology with a view to unify accounting policies applied to its subsidiaries. As a result of the review, some of its subsidiaries applying US GAAP elected to change their inventory valuation method, from the first in, first out (FIFO) method or the last in, first out (LIFO) method to weighted average cost method from this first quarter of 2011.

The change in accounting policy was applied retrospectively, and the comparatives have been restated.

As compared to the results before the change, operating income, ordinary income and income before tax for the previous third quarter were decreased by ¥31 million, respectively. Retained earnings as of beginning of the previous year was increased by 506 million due to cumulative effects of the change.

- iii. Changes in accounting estimates : None
  - iv. Retrospective restatement : None
- (4) Number of shares outstanding (Common Shares)

	December 31, 2011	March 31, 2011
Number of shares outstanding at period end including treasury stocks	337,560,196	337,560,196
Number of treasury stocks at period end	11,041,072	11,043,485
<u>Nine months ended December 31,</u>	<u>2011</u>	<u>2010</u>
Average number of shares outstanding over period	326,516,936	326,584,354

## 5. Consolidated Financial Statements

### (1) Consolidated Balance Sheets

(Millions of yen)

	As of December 31, 2011	As of March 31, 2011
<b>Assets</b>		
Current assets		
Cash and bank deposits	56,276	49,177
Notes and accounts receivable trade	49,133	50,080
Securities	39,879	42,037
Inventories	92,865	81,925
Other	28,275	18,587
Allowance for doubtful accounts	(111)	(127)
<b>Total current assets</b>	<b>266,318</b>	<b>241,682</b>
Non-current assets		
Tangible assets		
Buildings and structures	50,238	48,179
Machinery and vehicles	47,633	46,812
Other	40,691	42,238
<b>Total tangible assets</b>	<b>138,563</b>	<b>137,229</b>
<b>Total intangible assets</b>	<b>3,230</b>	<b>2,657</b>
Investments and other assets		
Investment securities	75,022	72,293
Other	22,995	26,148
Allowance for doubtful accounts	(210)	(218)
<b>Total investments and other assets</b>	<b>97,807</b>	<b>98,223</b>
<b>Total non-current assets</b>	<b>239,601</b>	<b>238,110</b>
<b>Total assets</b>	<b>505,919</b>	<b>479,793</b>

(Millions of yen)

	As of December 31, 2011	As of March 31, 2011
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable trade	23,686	23,330
Short-term borrowings	4,654	5,121
Current portion of long-term borrowings	18,104	10,107
Income taxes payable	8,782	3,247
Provision for NAS Battery safety measures	57,278	-
Provisions	3,345	2,647
Other	25,398	28,146
<b>Total current liabilities</b>	<b>141,249</b>	<b>72,601</b>
Long-term liabilities		
Long-term bonds payable	20,000	20,000
Long-term borrowings	57,300	34,000
Liability for employees' retirement benefits	15,794	16,162
Provision for product warranties	1,717	2,029
Other	8,219	11,054
<b>Total long-term liabilities</b>	<b>103,031</b>	<b>83,246</b>
<b>Total liabilities</b>	<b>244,281</b>	<b>155,848</b>
<b>Net assets</b>		
Shareholders' equity		
Common stock	69,849	69,849
Capital surplus	85,135	85,136
Retained earnings	153,636	200,829
Treasury stock	(14,411)	(14,415)
<b>Total shareholders' equity</b>	<b>294,210</b>	<b>341,399</b>
Accumulated other comprehensive income		
Unrealized gain on available-for-sale securities	2,196	4,826
Deferred gain on derivatives under hedge accounting	55	32
Foreign currency translation adjustments	(49,229)	(37,525)
Post retirement benefit liability adjustments of foreign subsidiaries	(1,556)	(1,655)
<b>Total accumulated other comprehensive income</b>	<b>(48,533)</b>	<b>(34,322)</b>
Stock acquisition rights	748	698
Minority interests	15,212	16,169
<b>Total net assets</b>	<b>261,638</b>	<b>323,945</b>
<b>Total liabilities and net assets</b>	<b>505,919</b>	<b>479,793</b>

**Notes - Provision for NAS Battery safety measures**

In September 2011, NGK-manufactured NAS (sodium-sulfur) batteries used for storing electricity caught on 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)

	Nine months ended December 31, 2011	Nine months ended December 31, 2010
<b>Net sales</b>	<b>184,790</b>	<b>173,502</b>
Cost of sales	124,543	110,875
<b>Gross profit</b>	<b>60,246</b>	<b>62,626</b>
Selling, general and administrative expenses	36,413	34,494
<b>Operating income</b>	<b>23,832</b>	<b>28,132</b>
<b>Non-operating income</b>	<b>3,019</b>	<b>3,915</b>
Interest income	976	839
Dividend income	659	745
Gain on evaluation of derivative	648	1,411
Other	734	918
<b>Non-operating expenses</b>	<b>2,846</b>	<b>6,562</b>
Interest expense	908	873
Foreign exchange loss	662	3,872
Equity in loss of unconsolidated subsidiaries and associated companies	741	1,159
Other	533	657
<b>Ordinary income</b>	<b>24,004</b>	<b>25,484</b>
<b>Extraordinary income</b>	<b>33</b>	<b>32</b>
Gain on sales of fixed assets	33	32
<b>Extraordinary loss</b>	<b>60,848</b>	<b>244</b>
Loss on sales and disposals of fixed assets	193	244
Loss from write-down of securities	654	-
Loss on NAS Battery safety measures	60,000	-
<b>Income (loss) before income taxes and minority interests</b>	<b>(36,809)</b>	<b>25,272</b>
<b>Income taxes - total</b>	<b>3,139</b>	<b>5,947</b>
Income taxes -current	3,729	4,839
Income taxes for previous periods	7,896	-
Income taxes -deferred	(8,486)	1,108
<b>Income (loss) before minority interests</b>	<b>(39,948)</b>	<b>19,324</b>
<b>Minority interests in earnings of consolidated subsidiaries</b>	<b>704</b>	<b>736</b>
<b>Net income (loss)</b>	<b>(40,653)</b>	<b>18,587</b>

**Notes -**
**1: Loss on NAS Battery safety measures**

In September 2011, NGK-manufactured NAS (sodium-sulfur) batteries used for storing electricity caught on fire. The company, in connection with the fire incident, recorded "Loss on NAS Battery safety measures" for cost incurred and for future expense on safety measures necessary to expand NAS battery business, to the extent that such amount can be reasonably estimated.

**2: Income taxes for previous periods**

It is more likely than not that NGK will receive a correction notice from Nagoya Regional Taxation Bureau, based on transfer pricing taxation regarding transactions between NGK and a U.S. or Poland subsidiary. Accordingly, NGK recorded estimated amount of income tax to be paid as "Income taxes for previous periods"

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

(Millions of yen)

	Nine months ended December 31, 2011	Nine months ended December 31, 2010
Income (loss) before minority interests	(39,948)	19,324
Other comprehensive income		
Unrealized (losses) on available-for-sale securities	(2,695)	(1,403)
Deferred gains (losses) on hedges	27	(39)
Foreign currency translation adjustments	(11,982)	(10,999)
Share of other comprehensive income of associates accounted for by using the equity method	(3)	(2)
Post retirement benefit liability adjustments of foreign subsidiaries	98	-
<b>Total other comprehensive income</b>	<b>(14,556)</b>	<b>(12,445)</b>
<b>Comprehensive Income</b>	<b>(54,505)</b>	<b>6,879</b>
Comprehensive Income attributable to:		
Owners of the parent company	(54,864)	6,464
Minority interests	359	415

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

Not applicable

## 7. Segment Information

### Nine months ended December 31, 2011

(Millions of yen)

	Power	Ceramics	Electronics	Total	Elimination or Adjustment	Consolidated
Sales						
Sales to customers	41,341	97,874	45,574	184,790	-	184,790
Intersegment sales	32	151	-	183	(183)	-
Total sales	41,374	98,025	45,574	184,974	(183)	184,790
Operating income (loss)	(5,968)	24,986	4,781	23,799	32	23,832

#### Notes:

1. As stated in "4. Others (3) Changes in accounting policies, accounting estimates or retrospective restatement", some of the foreign subsidiaries changed their inventory valuation method, and the change in accounting policy was applied retrospectively to the comparative third quarter ended December 31, 2010. Consequently, operating loss of Power Business segment decreased by ¥62 million, and operating income of Electronics Business segment decreased by ¥93 million for the third quarter of 2010, 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

### Nine months ended December 31, 2010

(Millions of yen)

	Power	Ceramics	Electronics	Total	Elimination or Adjustment	Consolidated
Sales						
Sales to customers	36,681	89,725	47,095	173,502	-	173,502
Intersegment sales	32	338	-	370	(370)	-
Total sales	36,713	90,064	47,095	173,873	(370)	173,502
Operating income (loss)	(3,496)	23,787	7,810	28,100	31	28,132

## 8. Significant changes in stockholder's equity

Not applicable