

May 11, 2012

Summary of Consolidated Financial Results for the Year Ended March 31, 2012

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: Susumu Sakabe (Mr.)
 Director & Senior Vice President
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 Date of the Annual Shareholders' Meeting (Scheduled) : June 28, 2012
 Date of the Filing of Securities Report "Yuka Shoken Hokokusho" (Scheduled) : June 28, 2012
 Date of Year-End Dividend Payment (Scheduled) : June 29, 2012

Notice 1: At the time of disclosure of this report, the audit procedure 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 year ended March 31, 2012

(From April 1, 2011 to March 31, 2012)

Year ended March 31,	(Millions of yen, except per share data and percentage)			
	2012		2011	
	Amount	Change (%)	Amount	Change (%)
Net Sales	247,818	3.5	239,363	1.6
Operating Income	26,054	(18.8)	32,102	-
Ordinary Income	28,670	(12.2)	32,671	-
Net Income	(35,608)	-	24,428	-
Comprehensive Income	(45,790)	-	10,565	-
Net Income per share (Yen)	(109.06)		74.80	
Diluted net income per share (Yen)	-		74.69	
Ratio of net income to net worth (%)	(12.7)		8.0	
Ratio of ordinary income to total assets (%)	5.7		6.8	
Ratio of operating income to net sales (%)	10.5		13.4	

Notes: 1: Percentage figures in "Change" represent increase (decrease) from 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 the year ended March 31, 2012 is not presented because, despite the existence of dilutive securities, a net loss was recorded for the period.

3: "Equity in earnings of unconsolidated subsidiaries and associated companies" were ¥1,877 million and ¥2,047 million for the year ended March 31, 2012 and March 31, 2011, respectively.

(2) Consolidated financial position	(Millions of yen, except percentage)	
	March 31, 2012	March 31, 2011
Total assets	523,213	479,793
Total net assets	264,443	323,945
Ratio of net worth to total assets (%)	48.5	64.0
Net worth per share (Yen)	777.93	940.46

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 ¥254,008 million and ¥307,077 million as of March 31, 2012 and March 31, 2011, respectively.

(3) Consolidated Cash flows	(Millions of yen)	
	Year ended March 31,	
	2012	2011
Net cash provided by operating activities	13,850	36,650
Net cash used in investing activities	(45,438)	(17,886)
Net cash provided by (used in) financing activities	56,608	(5,146)
Cash & cash equivalents, end of year	85,148	63,003

2. Dividend payment

Year ended March 31,	2012	2011
Cash dividends per share (Yen)		
Interim	10.0	10.0
Year-end	10.0	10.0
Total (Full-year)	20.0	20.0
Total amounts of dividends (Millions of yen)	6,530	6,531
Dividend payout ratio (%)	-	26.7
Ratio of dividends to net worth (%)	2.3	2.1

Notes: Net worth used for the calculation is Total net assets excluding both Stock acquisition rights and Minority interests

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

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

	Six months ending		Year ending	
	September 30, 2012		March 31, 2013	
	Amount	Change (%)	Amount	Change (%)
Net Sales	124,000	1.4	270,000	9.0
Operating Income	11,000	(28.6)	28,000	7.5
Ordinary Income	10,000	(30.3)	30,000	4.6
Net Income	9,000	(15.5)	24,000	-
Net Income per share (Yen)	27.56		73.50	
Cash dividends per share (Yen)	10.00		20.00	

Notes: Revision of forecasts of consolidated financial results during this period - 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) 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 implemented, which are 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 the Weighted Average cost method from the beginning of current period. This change in accounting policy has been accounted for retrospectively, and the results of previous year have been restated.

On the balance sheet as of March 31, 2011, as compared to the results before the change, Inventories increased by ¥686 million, Deferred Tax Assets decreased by ¥277 million, Retained Earnings increased by ¥471 million and Foreign Currency Translation Adjustments decreased by ¥62 million

In consolidated statements of income for the year ended March 31, 2011, Operating Income, Ordinary Income, and Income Before Tax and Minority Interests decreased by ¥54 million, respectively. Also Income Before Minority Interests and Net Income decreased by ¥34 million, respectively.

In Consolidate Statements of Cash Flows for the year ended on March 31, 2011, Income Before Income Taxes and Minority Interests decreased by ¥54 million, Increase in Inventories increased by ¥146 million, and Other, net in Cash Flows from Operating Activities decreased by ¥92 million, respectively,

Furthermore, Retained Earnings as of beginning of the previous year increased by ¥506 million to reflect the cumulative effects of the change.

- iii. Changes in accounting estimates : None
- iv. Retrospective restatement : None

(4) Number of shares outstanding (Common Shares)

	March 31, 2012	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	11,043,028	11,043,485
Average number of shares outstanding over period	326,517,262	326,568,911

5. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2012	As of March 31, 2011
Assets		
Current assets		
Cash and bank deposits	47,595	49,177
Notes and accounts receivable trade	55,383	50,080
Securities	68,530	42,037
Inventories	79,257	81,925
Deferred tax assets	21,437	9,523
Other	10,909	9,064
Allowance for doubtful accounts	(111)	(127)
Total current assets	283,003	241,682
Non-current assets		
Tangible assets		
Buildings and structures	49,821	48,179
Machinery and vehicles	46,322	46,812
Tools and equipment	3,626	3,630
Land	21,096	21,281
Construction in progress	14,577	17,326
Total tangible assets	135,444	137,229
Intangible assets		
Software	2,521	2,052
Other	991	604
Total intangible assets	3,513	2,657
Investments and other assets		
Investment securities	77,862	72,293
Deferred tax assets	3,990	5,316
Prepaid Pension Expenses	16,945	18,085
Other	2,669	2,745
Allowance for doubtful accounts	(216)	(218)
Total investments and other assets	101,252	98,223
Total non-current assets	240,210	238,110
Total assets	523,213	479,793

(Millions of yen)

	As of March 31, 2012	As of March 31, 2011
Liabilities		
Current liabilities		
Notes and accounts payable trade	24,402	23,330
Short-term borrowings	4,735	5,121
Current portion of long-term borrowings	8,000	10,107
Accounts payable others	9,885	10,591
Income taxes payable	3,835	3,247
Accrued expenses	8,324	8,423
Provision for NAS Battery safety measures	42,334	-
Other	10,961	11,779
Total current liabilities	112,479	72,601
Long-term liabilities		
Long-term bonds payable	20,000	20,000
Long-term borrowings	98,701	34,000
Deferred tax liabilities	6,851	7,135
Liability for employees' retirement benefits	16,465	16,162
Provision for product warranties	658	2,029
Other	3,614	3,918
Total long-term liabilities	146,290	83,246
Total liabilities	258,769	155,848
Net assets		
Shareholders' equity		
Common stock	69,849	69,849
Capital surplus	85,138	85,136
Retained earnings	158,683	200,829
Treasury stock	(14,412)	(14,415)
Total shareholders' equity	299,258	341,399
Accumulated other comprehensive income		
Unrealized gain on available-for-sale securities	4,479	4,826
Deferred gain on derivatives under hedge accounting	34	32
Foreign currency translation adjustments	(47,727)	(37,525)
Post retirement benefit liability adjustments of foreign subsidiar	(2,036)	(1,655)
Total accumulated other comprehensive income	(45,250)	(34,322)
Stock acquisition rights	741	698
Minority interests	9,694	16,169
Total net assets	264,443	323,945
Total liabilities and net assets	523,213	479,793

Notes - Provision for NAS Battery safety measures

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

	Year ended March 31, 2012	Year ended March 31, 2011
Net sales	247,818	239,363
Cost of sales	171,777	160,804
Gross profit	76,041	78,559
Selling, general and administrative expenses	49,986	46,456
Operating income	26,054	32,102
Non-operating income	5,358	5,020
Interest income	1,265	1,065
Dividend income	695	780
Equity in earnings of unconsolidated subsidiaries and associated companies	1,877	2,047
Foreign exchange gain	525	-
Other	995	1,127
Non-operating expenses	2,742	4,451
Interest expense	1,248	1,118
Foreign exchange loss	-	2,165
Loss on evaluation of derivative	409	123
Depreciation expense on idle facilities	403	352
Other	681	692
Ordinary income	28,670	32,671
Extraordinary income	4,250	42
Gain on sales of fixed assets	848	42
Gain on subsidy	1,476	-
Gain on negative goodwill	1,926	-
Extraordinary loss	65,389	2,286
Loss on sales and disposals of fixed assets	635	331
Loss from write-down of securities	656	-
Impairment loss on fixed assets associated with reorganization of business structure	2,740	-
Provision for product warranties	260	1,682
Loss from a natural disaster	-	146
Provision for loss on liquidation of subsidiaries	-	126
Loss on NAS Battery safety measures	61,097	-
Income (loss) before income taxes and minority interests	(32,468)	30,427
Income taxes - total	2,351	5,260
Income taxes -current	4,317	7,846
Income taxes for previous periods	7,754	-
Income taxes -deferred	(9,720)	(2,586)
Income (loss) before minority interests	(34,819)	25,166
Minority interests in earnings of consolidated subsidiaries	789	738
Net income (loss)	(35,608)	24,428

Notes -
1: Impairment loss on fixed assets associated with reorganization of business structure

With the continuing stagnation of the Insulator Business market, NGK Group has now started to consider the proper production capacity of the existing four plants in Japan and China, and appropriated the loss for "Impairment loss on fixed assets with reorganization of business structure"

2: Loss on NAS Battery safety measures

In September 2011, NGK-manufactured NAS (sodium-sulfur) Batteries used for storing electricity caught fire.

The company, in connection with the fire incident, accounted for "Loss on NAS Battery safety measures" for the cost incurred and for future expenses for safety measures necessary to expand NAS Battery business, to the extent that such amount can be reasonably estimated.

3: Income taxes for previous periods

In March 2012, NGK received a correction notice from Nagoya Regional Taxation Bureau, based on transfer pricing taxation regarding transactions between NGK and two U.S. / Poland subsidiaries. Accordingly, NGK accounted for the amount of additional tax to be paid as "Income taxes for previous periods"

(3) Consolidated Statement of Comprehensive Income (Millions of yen)

	Year ended March 31, 2012	Year ended March 31, 2011
Income (loss) before minority interests	(34,819)	25,166
Other comprehensive income		
Unrealized (losses) on available-for-sale securities	(402)	(1,467)
Deferred gains (losses) on hedges	6	(37)
Foreign currency translation adjustments	(10,192)	(13,139)
Share of other comprehensive income of associates accounted for by using the equity method	(1)	2
Post retirement benefit liability adjustments of foreign subsidiaries	(380)	41
Total other comprehensive income	(10,971)	(14,601)
Comprehensive Income	(45,790)	10,565
Comprehensive Income attributable to:		
Owners of the parent company	(46,536)	10,234
Minority interests	745	330

(4) Consolidated Statements of Changes in Equity

(Millions of yen)

Year ended March 31, 2012	Shareholders' Equity					Accumulated Other Comprehensive Income					Stock acquisition rights	Minority interests	Total Net Assets
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Unrealized gain on available- for-sale securities	Deferred gain (loss) on derivatives under hedge accounting	Foreign currency translation adjustments	Post retirement benefit liability adjustments of foreign subsidiaries	Total Accumulated Other Comprehensive Income			
Balance as of March 31, 2011	69,849	85,136	200,829	(14,415)	341,399	4,826	32	(37,525)	(1,655)	(34,322)	698	16,169	323,945
Changes during the period													
Cash dividends	-	-	(6,530)	-	(6,530)	-	-	-	-	-	-	-	(6,530)
Net income (loss)	-	-	(35,608)	-	(35,608)	-	-	-	-	-	-	-	(35,608)
Repurchase of treasury stock	-	-	-	(25)	(25)	-	-	-	-	-	-	-	(25)
Disposal of treasury stock	-	1	-	28	29	-	-	-	-	-	-	-	29
Changes in the scope of consolidation	-	-	(6)	-	(6)	-	-	-	-	-	-	-	(6)
Net changes other than shareholders' equity	-	-	-	-	-	(346)	2	(10,202)	(380)	(10,927)	43	(6,475)	(17,359)
Total changes during the period	-	1	(42,145)	3	(42,141)	(346)	2	(10,202)	(380)	(10,927)	43	(6,475)	(59,501)
Balance as of March 31, 2012	69,849	85,138	158,683	(14,412)	299,258	4,479	34	(47,727)	(2,036)	(45,250)	741	9,694	264,443

(Millions of yen)

Year ended March 31, 2011	Shareholders' Equity					Accumulated Other Comprehensive Income					Stock acquisition rights	Minority interests	Total Net Assets
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Unrealized gain (loss) on available- for-sale securities	Deferred gain (loss) on derivatives under hedge accounting	Foreign currency translation adjustments	Post retirement benefit liability adjustments of foreign subsidiaries	Total Accumulated Other Comprehensive Income			
Balance as of March 31, 2010	69,849	85,139	180,076	(14,314)	320,750	6,226	81	(24,732)	-	(18,424)	643	16,502	319,472
Cumulative effect of the change in accounting policy	-	-	506	-	506	-	-	(7)	-	(7)	-	-	498
Beginning balance after retroactive adjustment	69,849	85,139	180,582	(14,314)	321,257	6,226	81	(24,739)	-	(18,432)	643	16,502	319,971
Transfer to post retirement benefit liability adjustments of foreign subsidiaries from retained earnings	-	-	1,696	-	1,696	-	-	-	(1,696)	(1,696)	-	-	-
Changes during the period													
Cash dividends	-	-	(5,878)	-	(5,878)	-	-	-	-	-	-	-	(5,878)
Net income	-	-	24,428	-	24,428	-	-	-	-	-	-	-	24,428
Repurchase of treasury stock	-	-	-	(148)	(148)	-	-	-	-	-	-	-	(148)
Disposal of treasury stock	-	(2)	-	47	44	-	-	-	-	-	-	-	44
Net changes other than shareholders' equity	-	-	-	-	-	(1,400)	(49)	(12,785)	41	(14,193)	54	(332)	(14,471)
Total changes during the period	-	(2)	18,549	(101)	18,445	(1,400)	(49)	(12,785)	41	(14,193)	54	(332)	3,974
Balance as of March 31, 2011	69,849	85,136	200,829	(14,415)	341,399	4,826	32	(37,525)	(1,655)	(34,322)	698	16,169	323,945


(5) Consolidated Statements of Cash Flows

(Millions of yen)

	Year ended March 31, 2012	Year ended March 31, 2011
Cash flows from operating activities		
Income (loss) before income taxes and minority interests	(32,468)	30,427
Depreciation and amortization	18,924	19,042
Impairment losses of fixed asset associated with reorganization of business structure	2,740	-
Gain on negative goodwill	(1,926)	-
Decrease in prepaid pension cost	1,140	2,875
Increase (Decrease) in provision for product warranties	(1,283)	1,562
Increase of provision for NAS Battery safety measures	42,334	-
Interest and dividend income	(1,960)	(1,845)
Interest expenses	1,248	1,118
Equity in earnings of unconsolidated subsidiaries and associated companies	(1,877)	(2,047)
Loss on NAS Battery safety measures	4,442	-
Decrease (Increase) in notes and accounts receivable	(8,415)	7,591
Decrease in inventories	(388)	(18,184)
Decrease in other current assets	(1,195)	(3,873)
Increase in trade payables	3,782	4,287
Increase (Decrease) in other current liabilities	(699)	3,973
Other, net	182	(463)
Sub-total	24,580	44,462
Interest and dividends received	1,879	1,801
Dividend received from associated company	725	500
Interest paid	(1,192)	(1,157)
Income taxes paid	(12,141)	(8,955)
Net cash provided by operating activities	13,850	36,650
Cash flows from investing activities		
Purchases of marketable securities	(13,113)	(7,094)
Proceeds from sales and redemption of marketable securities	17,019	7,779
Purchases of property, plant and equipment	(27,767)	(23,932)
Purchases of intangible assets	(1,435)	(599)
Purchases of investment securities	(15,586)	(24,402)
Proceeds from sales and redemption of investment securities	3,697	6,444
Purchase of stocks of an associated company	(5,367)	(45)
Payments on acquisition of business	-	(1,274)
Net decrease (Increase) in time deposits	(2,984)	26,348
Other, net	99	(1,110)
Net cash used in investing activities	(45,438)	(17,886)
Cash flows from financing activities		
Net increase in short-term borrowings	726	5,535
Proceeds from long-term borrowings	72,777	-
Repayment of long-term borrowings	(10,000)	(4,000)
Cash dividends paid	(6,530)	(5,878)
Other, net	(365)	(803)
Net cash provided by (used in) financing activities	56,608	(5,146)
Foreign currency translation adjustments on cash and cash equivalents	(2,904)	(3,985)
Net decrease in cash and cash equivalents	22,116	9,631
Increase in cash and cash equivalents resulting from change of scope of consolidation	28	7
Cash and cash equivalents, beginning of year	63,003	53,364
Cash and cash equivalents, end of year	85,148	63,003

6. Note on the Assumption as a Going Concern

Not applicable

7. Segment Information

Year ended March 31, 2012

(Millions of yen)

	Power	Ceramics	Electronics	Total	Elimination or Adjustment	Consolidated
Sales						
Sales to customers	55,826	133,768	58,223	247,818	-	247,818
Intersegment sales	49	170	-	219	(219)	-
Total sales	55,876	133,938	58,223	248,038	(219)	247,818
Operating income (loss)	(12,194)	33,311	4,893	26,010	43	26,054
Total Assets	91,924	175,158	64,173	331,256	191,956	523,213
Depreciation	5,599	9,899	3,424	18,924	-	18,924
Capital Expenditures	2,784	21,026	2,791	26,602	2,236	28,839

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 previous year ended March 31, 2011. Consequently, Operating Loss of Power Business segment decreased by ¥31 million, and Operating Income of Electronics Business segment decreased by ¥86 million for the year, 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

3. Sales by geographic area based on the region the customers are located.

(Millions of yen)

	Japan	North America		Europe		Asia	Other Areas	Total
		United States	Others	Germany	Others			
Sales to customers	108,556	36,778	3,519	27,188	20,433	32,924	18,417	247,818

Year ended March 31, 2011

(Millions of yen)

	Power	Ceramics	Electronics	Total	Elimination or Adjustment	Consolidated
Sales						
Sales to customers	53,810	123,835	61,717	239,363	-	239,363
Intersegment sales	43	460	-	503	(503)	-
Total sales	53,854	124,295	61,717	239,866	(503)	239,363
Operating income (loss)	(8,096)	31,085	9,023	32,013	89	32,102
Total Assets	121,070	163,007	64,550	348,627	131,165	479,793
Depreciation	5,594	9,870	3,577	19,042	-	19,042
Capital Expenditures	11,166	9,484	2,191	22,842	2,442	25,284

8. Significant changes in stockholder's equity

Not applicable