

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

(Millions of yen, except per share data and percentage)					
April 1, 2012 - March 31, 2013	Net Sales	Operating Income	Ordinary Income	Net Income	Net Income per share (Yen)
Previous Forecast (A)	255,000	23,000	24,000	16,000	49.00
Revised Forecast (B)	245,000	18,000	19,000	10,000	30.63
Increase or Decrease (B - A)	-10,000	-5,000	-5,000	-6,000	
Percentage Change	-3.9%	-21.7%	-20.8%	-37.5%	
[Reference] Results of Fiscal year 2011 (year ended March 31, 2012)	248,948	26,504	29,120	(35,351)	(108.27)

Notes: Results from the previous year reflect changes in accounting policies that have been retroactively applied.

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

Change in Depreciation Method for Tangible Fixed Assets

From this first quarter of 2012, in accordance with the revision of Corporation Tax Law effective on April 1, 2012, the Company and its domestic subsidiaries changed their depreciation method for tangible fixed assets acquired on or after April 1, 2012, to the method based on the revised Corporation Tax Law. The impact of the change is immaterial.

Change in Revenue Recognition Policy

In this first quarter of 2012, the Company and its domestic subsidiaries changed the way they recognize revenue for products sold to customers. Prior to the change, they recognized revenue mainly upon shipments. Effective as of April 1, 2012, they recognize revenue when economic benefits and risks pass to the customers in accordance with the conditions in Sales Contracts.

NGK, as a group, applied different revenue recognition policies to its subsidiaries; the foreign subsidiaries recognize revenue in accordance with either of IFRS or USGAAP while the Company and its domestic subsidiaries recognized mainly upon shipments.

The Company reviewed the difference in policies after "Accounting Practice Committee Research Report No. 13 - Research Report on Revenue Recognition in Japan (interim report) -" was released by JICPA in July, 2009. The Company, seeing the unification of Revenue Recognition Policy as important to monitor their performance, reached the conclusion that it would be better to change the policy of the Company and its domestic subsidiaries to that of the foreign subsidiaries in consideration of the certainty of transfer of economic benefits and risk to the customers.

The Company finished the system modification before the end of previous year, and therefore the change was applied at that time.

This change in accounting policy has been accounted for retrospectively, and the results of the previous year have been restated. As compared to the results before the change, Sales was increased by ¥1,195 million. Operating Income, Ordinary Income and Income Before Tax Before Minority Interests for the previous third quarter were increased by ¥460 million, respectively. Retained earnings as of beginning of the previous year was decreased by 306 million due to cumulative effects of the change.

[Additional Information]

Change in Accounting Period of Foreign Subsidiaries

In this first quarter of 2012, 21 foreign subsidiaries, such as NGK North America, Inc., changed their closing date from December 31 to March 31 to align the closing date to their parent company. Seven subsidiaries in China and Mexico, which keep their closing date of December 31, are going to make provisional settlement of accounts on March 31. Prior to the change, the financial statement of foreign subsidiaries were consolidated with the three month time difference. The net profit of the foreign subsidiaries for the period between January 1, 2012 through March 31, 2012 were reflected as a change in Retained Earnings on Balance Sheet.

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

	December 31, 2012	March 31, 2012
Number of shares outstanding at period end including treasury stocks	337,560,196	337,560,196
Number of treasury stocks at period end	11,006,820	11,043,028
<u>Nine months ended December 31,</u>	<u>2012</u>	<u>2011</u>
Average number of shares outstanding over period	326,525,540	326,516,936

5. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of December 31, 2012	As of March 31, 2012
Assets		
Current assets		
Cash and bank deposits	34,649	47,595
Notes and accounts receivable trade	48,882	54,848
Securities	67,070	68,530
Inventories	98,580	79,869
Other	26,309	32,379
Allowance for doubtful accounts	(81)	(111)
Total current assets	275,411	283,112
Non-current assets		
Tangible assets		
Buildings and structures	51,319	49,821
Machinery and vehicles	59,536	46,322
Other	43,586	39,300
Total tangible assets	154,442	135,444
Total intangible assets	5,229	3,513
Investments and other assets		
Investment securities	60,300	77,862
Other	24,099	23,606
Allowance for doubtful accounts	(204)	(216)
Total investments and other assets	84,196	101,252
Total non-current assets	243,867	240,210
Total assets	519,279	523,322

(Millions of yen)

	As of December 31, 2012	As of March 31, 2012
Liabilities		
Current liabilities		
Notes and accounts payable trade	23,140	24,589
Short-term borrowings	4,633	4,735
Current portion of long-term borrowings	-	8,000
Income taxes payable	1,373	3,835
Provision for NAS Battery safety measures	29,998	42,334
Other Provisions	2,663	1,817
Other	26,382	27,337
Total current liabilities	88,191	112,650
Long-term liabilities		
Long-term bonds payable	20,000	20,000
Long-term borrowings	106,131	98,701
Liability for employees' retirement benefits	16,337	16,465
Provision for product warranties	331	658
Other	5,904	10,465
Total long-term liabilities	148,704	146,290
Total liabilities	236,896	258,940
Net assets		
Shareholders' equity		
Common stock	69,849	69,849
Capital surplus	85,135	85,138
Retained earnings	159,596	158,634
Treasury stock	(14,358)	(14,412)
Total shareholders' equity	300,223	299,209
Accumulated other comprehensive income		
Unrealized gain on available-for-sale securities	4,961	4,479
Deferred gain on derivatives under hedge accounting	27	34
Foreign currency translation adjustments	(30,757)	(47,727)
Post retirement benefit liability adjustments of foreign subsidiaries	(2,190)	(2,036)
Total accumulated other comprehensive income	(27,958)	(45,250)
Stock acquisition rights	739	741
Minority interests	9,378	9,681
Total net assets	282,383	264,381
Total liabilities and net assets	519,279	523,322

(2) Consolidated Statements of Income

(Millions of yen)

	Nine months ended December 31, 2012	Nine months ended December 31, 2011
Net sales	182,296	185,985
Cost of sales	125,898	125,278
Gross profit	56,397	60,707
Selling, general and administrative expenses	40,056	36,413
Operating income	16,340	24,293
Non-operating income	3,317	3,019
Interest income	631	976
Dividend income	644	659
Foreign Exchange gain	1,126	-
Gain on valuation of derivatives	-	648
Other	915	734
Non-operating expenses	4,953	2,846
Interest expense	1,281	908
Foreign exchange loss	-	662
Loss on evaluation of derivative	1,234	-
Equity in loss of unconsolidated subsidiaries and associated companies	1,121	741
Provision of reserve for loss on NAS Battery safety measures	700	-
Other	616	533
Ordinary income	14,704	24,465
Extraordinary income	39	33
Gain on sales of fixed assets	39	33
Extraordinary loss	5,430	60,848
Loss on sales and disposals of fixed assets	306	193
Loss from write-down of securities	3,045	654
Impairment loss	2,079	-
Loss on NAS Battery safety measures	-	60,000
Income before income taxes and minority interests	9,312	(36,348)
Income taxes - total	5,332	3,316
Income taxes -current	3,333	3,729
Income taxes for previous periods	-	7,896
Income taxes -deferred	1,999	(8,309)
Income before minority interests	3,980	(39,665)
Minority interests in earnings of consolidated subsidiaries	181	719
Net income	3,799	(40,384)

Notes - Impairment loss

Due to the change in the market and business environment in Insulator Business in China, NGK Group reviewed its business planning of the two production companies in the country. Accordingly, it recognized Impairment Loss on the Plant and the Property of the companies and Goodwill in relation to the Business, based on the projection that future profitability will be lower than originally expected. The Group reduced the carrying amount of the assets to their recoverable value, then recognized the reduction of ¥2,079 million as Impairment loss under extraordinary losses.

(3) Consolidated Statement of Comprehensive Income

(Millions of yen)

	Nine months ended December 31, 2012	Nine months ended December 31, 2011
Income before minority interests	3,980	(39,665)
Other comprehensive income		
Unrealized (losses) on available-for-sale securities	477	(2,695)
Deferred gains (losses) on hedges	(6)	27
Foreign currency translation adjustments	17,343	(11,982)
Share of other comprehensive income of associates accounted for by using the equity method	0	(3)
Post retirement benefit liability adjustments of foreign subsidiaries	(154)	98
Total other comprehensive income	17,659	(14,556)
Comprehensive Income	21,640	(54,221)
Comprehensive Income attributable to:		
Owners of the parent company	21,090	(54,596)
Minority interests	549	374

6. Note on the Assumption as a Going Concern

Not applicable

7. Segment Information

Nine months ended December 31, 2012

(Millions of yen)

	Power	Ceramics	Electronics	Total	Elimination or Adjustment	Consolidated
Sales						
Sales to customers	42,273	101,836	38,186	182,296	-	182,296
Intersegment sales	27	76	-	104	(104)	-
Total sales	42,300	101,913	38,186	182,400	(104)	182,296
Operating income (loss)	(4,159)	19,809	690	16,340	-	16,340

Notes:

1. As stated in "4. Others (3) Changes in accounting policies, accounting estimates or retrospective restatement", the Company and its domestic subsidiaries changed their Revenue Recognition Policy, and the change in accounting policy was applied retrospectively to the previous year ended December 31, 2011. Consequently, In Power Business Segment, Sales increased by ¥975 million, Operating Loss decreased by ¥409 million. In Ceramics Business Segment, Sales increased by ¥164 million, Operating Income increased by ¥27 million. In Electronics Business Segment, Sales increased by ¥55 million and Operating Income increased by ¥23 million for the third quarter period, 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, 2011

(Millions of yen)

	Power	Ceramics	Electronics	Total	Elimination or Adjustment	Consolidated
Sales						
Sales to customers	42,317	98,038	45,630	185,985	-	185,985
Intersegment sales	32	151	-	183	(183)	-
Total sales	42,349	98,189	45,630	186,169	(183)	185,985
Operating income (loss)	(5,558)	25,014	4,804	24,260	32	24,293

8. Significant changes in stockholder's equity

Not applicable