

May 14, 2013

**Summary of Consolidated Financial Results for the year ended March 31, 2013**

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: Hideaki Shindo (Mr.)  
 General Manager Finance & Accounting Department  
 (TEL: +81-52-872-7230)  
 Date of the Annual Shareholders' Meeting (Scheduled) : June 27, 2013  
 Date of the Filing of Securities Report "Yuka Shoken Hokokusho" (Scheduled) : June 27, 2013  
 Date of Year-End Dividend Payment (Scheduled) : June 28, 2013

**Notice** 1: At the time of disclosure of this report, the audit of 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 year ended March 31, 2013**

(From April 1, 2012 to March 31, 2013)

(1) Consolidated operating results (Millions of yen, except per share data and percentage)

Year ended March 31,	2013		2012	
	Amount	Change (%)	Amount	Change (%)
Net Sales	252,789	1.5	248,948	-
Operating Income	20,695	(21.9)	26,504	-
Ordinary Income	22,029	(24.4)	29,120	-
Net Income	11,422	-	(35,351)	-
Comprehensive Income	42,339	-	(45,506)	-
Net Income per share (Yen)	34.98		(108.27)	
Diluted net income per share (Yen)	34.92		-	
Ratio of net income to net worth (%)	4.2		(12.6)	
Ratio of ordinary income to total assets (%)	4.1		5.8	
Ratio of operating income to net sales (%)	8.2		10.6	

Notes: 1: Percentage figures in "Change" represent increase (decrease) from previous period. However, 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: Net worth used for the calculation is Total net assets excluding both Stock acquisition rights and Minority interests.

4: "Equity in earnings of unconsolidated subsidiaries and associated companies" were ¥2,374 million and ¥1,877 million for the period ended March 31, 2013 and March 31, 2012, respectively.

(2) Consolidated financial position (Millions of yen, except percentage)

	March 31, 2013	March 31, 2012
Total assets	563,030	523,322
Total net assets	303,073	264,381
Ratio of net worth to total assets (%)	52.0	48.5
Net worth per share (Yen)	896.26	777.78

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 ¥ 292,672 million and ¥253,958 million as of March 31, 2013 and March 31, 2012, respectively.

(3) Consolidated Cash flows (Millions of yen)

Year ended March 31,	2013	2012
Net cash provided by operating activities	3,681	13,850
Net cash used in investing activities	(582)	(45,438)
Net cash provided by financing activities	12,448	56,608
Cash & cash equivalents, end of year	102,845	85,148

## 2. Dividend payment

Year ended March 31,	2013	2012
Cash dividends per share (Yen)		
Interim	10.0	10.0
Year-end	10.0	10.0
<b>Total (Full-year)</b>	<b>20.0</b>	<b>20.0</b>
Total amounts of dividends (Millions of yen)	6,530	6,530
Dividend payout ratio (%)	57.2	-
Ratio of dividends to net worth (%)	2.4	2.3

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, 2014

	(Millions of yen, except per share data and percentage)			
	Six months ending		Year ending	
	September 30, 2013		March 31, 2014	
	Amount	Change (%)	Amount	Change (%)
Net Sales	135,000	11.0	280,000	10.8
Operating Income	12,000	5.9	28,000	35.3
Ordinary Income	10,000	25.3	29,000	31.6
Net Income	8,000	593.7	22,000	92.6
Net Income per share (Yen)	24.50		67.37	
Cash dividends per share (Yen)	10.00		10.00	

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 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 fiscal year 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 fiscal year 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 ¥1,129 million. Operating Income, Ordinary Income and Income Before Tax Before Minority Interests for the previous year were increased by ¥450 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

Previously, the financial statements of 28 of the foreign subsidiaries were consolidated with the three month time difference. From this fiscal year 2012, these foreign subsidiaries except for a part of them changed their closing date from December 31 to March 31. The subsidiaries, which kept their closing date of December 31, made a provisional settlement of accounts on March 31.

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 the Balance Sheet.

(3) Number of shares outstanding (Common Shares)

	March 31, 2013	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	11,010,888	11,043,028
Average number of shares outstanding over period	326,531,534	326,517,262

## 5. Consolidated Financial Statements

### (1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2013	As of March 31, 2012
<b>Assets</b>		
Current assets		
Cash and bank deposits	39,542	47,595
Notes and accounts receivable trade	59,062	54,848
Securities	81,735	68,530
Inventories	95,944	79,869
Deferred tax assets	14,662	21,469
Other	12,730	10,909
Allowance for doubtful accounts	(109)	(111)
<b>Total current assets</b>	<b>303,568</b>	<b>283,112</b>
Non-current assets		
Tangible assets		
Buildings and structures	52,464	49,821
Machinery and vehicles	64,189	46,322
Tools and equipment	5,442	3,626
Land	21,233	21,096
Construction in progress	20,555	14,577
<b>Total tangible assets</b>	<b>163,884</b>	<b>135,444</b>
Intangible assets		
Software	2,558	2,521
Other	2,831	991
<b>Total intangible assets</b>	<b>5,390</b>	<b>3,513</b>
Investments and other assets		
Investment securities	66,124	77,862
Deferred tax assets	3,856	3,990
Prepaid Pension Expenses	17,468	16,945
Other	2,959	2,669
Allowance for doubtful accounts	(223)	(216)
<b>Total investments and other assets</b>	<b>90,186</b>	<b>101,252</b>
<b>Total non-current assets</b>	<b>259,462</b>	<b>240,210</b>
<b>Total assets</b>	<b>563,030</b>	<b>523,322</b>

(Millions of yen)

	As of March 31, 2013	As of March 31, 2012
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable trade	25,268	24,589
Short-term borrowings	5,107	4,735
Current portion of long-term borrowings	-	8,000
Accounts payable others	14,314	9,885
Income taxes payable	1,461	3,835
Accrued expenses	9,409	8,324
Provision for NAS Battery safety measures	21,018	42,334
Other	9,765	10,945
<b>Total current liabilities</b>	<b>86,346</b>	<b>112,650</b>
Long-term liabilities		
Long-term bonds payable	20,000	20,000
Long-term borrowings	130,709	98,701
Deferred tax liabilities	2,758	6,851
Liability for employees' retirement benefits	16,166	16,465
Provision for product warranties	358	658
Other	3,617	3,614
<b>Total long-term liabilities</b>	<b>173,610</b>	<b>146,290</b>
<b>Total liabilities</b>	<b>259,957</b>	<b>258,940</b>
<b>Net assets</b>		
Shareholders' equity		
Common stock	69,849	69,849
Capital surplus	85,135	85,138
Retained earnings	167,219	158,634
Treasury stock	(14,362)	(14,412)
<b>Total shareholders' equity</b>	<b>307,842</b>	<b>299,209</b>
Accumulated other comprehensive income		
Unrealized gain on available-for-sale securities	7,964	4,479
Deferred gain on derivatives under hedge accounting	22	34
Foreign currency translation adjustments	(21,030)	(47,727)
Post retirement benefit liability adjustments of foreign subsidiaries	(2,127)	(2,036)
<b>Total accumulated other comprehensive income</b>	<b>(15,170)</b>	<b>(45,250)</b>
Stock acquisition rights	739	741
Minority interests	9,661	9,681
<b>Total net assets</b>	<b>303,073</b>	<b>264,381</b>
<b>Total liabilities and net assets</b>	<b>563,030</b>	<b>523,322</b>

**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, 2013	Year ended March 31, 2012
<b>Net sales</b>	<b>252,789</b>	<b>248,948</b>
Cost of sales	178,052	172,456
<b>Gross profit</b>	<b>74,736</b>	<b>76,491</b>
Selling, general and administrative expenses	54,041	49,986
<b>Operating income</b>	<b>20,695</b>	<b>26,504</b>
<b>Non-operating income</b>	<b>6,630</b>	<b>5,358</b>
Interest income	791	1,265
Dividend income	676	695
Equity in earnings of unconsolidated subsidiaries and associated companies	2,374	1,877
Foreign Exchange gain	1,610	525
Other	1,177	995
<b>Non-operating expenses</b>	<b>5,296</b>	<b>2,742</b>
Interest expense	1,705	1,248
Loss on evaluation of derivative	54	409
Depreciation expense on idle facilities	300	403
Provision of reserve for loss on NAS Battery safety measures	2,800	-
Other	435	681
<b>Ordinary income</b>	<b>22,029</b>	<b>29,120</b>
<b>Extraordinary income</b>	<b>2,353</b>	<b>4,250</b>
Gain on sales of fixed assets	420	848
Gain on sales of investment securities	1,195	-
Gain on subsidy	738	1,476
Gain on negative goodwill	-	1,926
<b>Extraordinary loss</b>	<b>6,680</b>	<b>65,389</b>
Loss on sales and disposals of fixed assets	514	635
Loss from write-down of investment securities	3,045	656
Loss on sales of investment securities	872	-
Impairment loss	2,248	-
Impairment loss on fixed assets associated with reorganization of business structure	-	2,740
Provision for product warranties	-	260
Loss on NAS Battery safety measures	-	61,097
<b>Income (loss) before income taxes and minority interests</b>	<b>17,702</b>	<b>(32,017)</b>
<b>Income taxes - total</b>	<b>5,956</b>	<b>2,517</b>
Income taxes -current	4,147	4,317
Income taxes for previous periods	-	7,754
Income taxes -deferred	1,809	(9,554)
<b>Income (loss) before minority interests</b>	<b>11,745</b>	<b>(34,534)</b>
<b>Minority interests in earnings of consolidated subsidiaries</b>	<b>323</b>	<b>816</b>
<b>Net income (loss)</b>	<b>11,422</b>	<b>(35,351)</b>

**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 ¥2,248 million as Impairment loss under extraordinary losses.

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

(Millions of yen)

	Year ended March 31, 2013	Year ended March 31, 2012
Income (loss) before minority interests	11,745	(34,534)
Other comprehensive income		
Unrealized (losses) on available-for-sale securities	3,492	(402)
Deferred gains (losses) on hedges	(12)	6
Foreign currency translation adjustments	27,203	(10,192)
Share of other comprehensive income of associates accounted for by using the equity method	1	(1)
Post retirement benefit liability adjustments of foreign subsidiaries	(90)	(380)
Total other comprehensive income	30,593	(10,971)
Comprehensive Income	42,339	(45,506)
Comprehensive Income attributable to:		
Owners of the parent company	41,501	(46,278)
Minority interests	837	772

**(4) Consolidated Statements of Changes in Equity**

(Millions of yen)

Year ended March 31, 2013	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, 2012	69,849	85,138	158,634	(14,412)	299,209	4,479	34	(47,727)	(2,036)	(45,250)	741	9,681	264,381
Changes during the period													
Cash dividends	-	-	(6,530)	-	(6,530)	-	-	-	-	-	-	-	(6,530)
Net income	-	-	11,422	-	11,422	-	-	-	-	-	-	-	11,422
Repurchase of treasury stock	-	-	-	(22)	(22)	-	-	-	-	-	-	-	(22)
Disposal of treasury stock	-	(7)	-	73	65	-	-	-	-	-	-	-	65
Transfer of losses on disposal of treasury stock	-	4	(4)	-	-	-	-	-	-	-	-	-	-
Effect of changes in accounting period of subsidiaries	-	-	3,697	-	3,697	-	-	-	-	-	-	-	3,697
Net changes other than shareholders' equity	-	-	-	-	-	3,485	(12)	26,696	(90)	30,079	(1)	(20)	30,057
Total changes during the period	-	(2)	8,585	50	8,633	3,485	(12)	26,696	(90)	30,079	(1)	(20)	38,691
Balance as of March 31, 2013	69,849	85,135	167,219	(14,362)	307,842	7,964	22	(21,030)	(2,127)	(15,170)	739	9,661	303,073

(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
Cumulative effect of the change in accounting policy	-	-	(306)	-	(306)	-	-	-	-	-	-	(39)	(346)
Beginning balance after retroactive adjustment	69,849	85,136	200,522	(14,415)	341,092	4,826	32	(37,525)	(1,655)	(34,322)	698	16,130	323,598
Changes during the period													
Cash dividends	-	-	(6,530)	-	(6,530)	-	-	-	-	-	-	-	(6,530)
Net income (loss)	-	-	(35,351)	-	(35,351)	-	-	-	-	-	-	-	(35,351)
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	(6,448)	(17,333)
Total changes during the period	-	1	(41,888)	3	(41,883)	(346)	2	(10,202)	(380)	(10,927)	43	(6,448)	(59,216)
Balance as of March 31, 2012	69,849	85,138	158,634	(14,412)	299,209	4,479	34	(47,727)	(2,036)	(45,250)	741	9,681	264,381





**(5) Consolidated Statements of Cash Flows**

(Millions of yen)

	Year ended March 31, 2013	Year ended March 31, 2012
<b>Cash flows from operating activities</b>		
Income (loss) before income taxes and minority interests	17,702	(32,017)
Depreciation and amortization	20,089	18,924
Impairment losses	2,248	-
Impairment losses of fixed asset associated with reorganization of business structure	-	2,740
Gain on negative goodwill	-	(1,926)
Decrease (Increase) in prepaid pension cost	(522)	1,140
Decrease in provision for product warranties	(354)	(1,283)
Increase (Decrease) of provision for NAS Battery safety measures	(21,315)	42,334
Interest and dividend income	(1,467)	(1,960)
Interest expenses	1,705	1,248
Loss from write-down of investment securities	3,045	656
Equity in earnings of unconsolidated subsidiaries and associated companies	(2,374)	(1,877)
Loss on NAS Battery safety measures	-	4,442
Decrease (Increase) in notes and accounts receivable	897	(9,571)
Decrease (Increase) in inventories	(5,400)	103
Decrease (Increase) in other current assets	47	(1,195)
Increase (Decrease) in trade payables	(5,949)	3,969
Increase (Decrease) in other current liabilities	4,511	(672)
Other, net	(1,841)	(474)
Sub-total	11,020	24,580
Interest and dividends received	1,511	1,879
Dividend received from associated company	950	725
Interest paid	(1,733)	(1,192)
Income taxes paid	(8,067)	(12,141)
Net cash provided by operating activities	3,681	13,850
<b>Cash flows from investing activities</b>		
Purchases of marketable securities	(5,502)	(13,113)
Proceeds from sales and redemption of marketable securities	9,510	17,019
Purchases of property, plant and equipment	(31,190)	(27,767)
Purchases of intangible assets	(1,085)	(1,435)
Purchases of investment securities	(5)	(15,586)
Proceeds from sales and redemption of investment securities	13,372	3,697
Purchase of stocks of an associated company	(60)	(5,367)
Net decrease (Increase) in time deposits	14,156	(2,984)
Other, net	222	99
Net cash used in investing activities	(582)	(45,438)
<b>Cash flows from financing activities</b>		
Net increase (Decrease) in short-term borrowings	(30)	726
Proceeds from long-term borrowings	27,077	72,777
Repayment of long-term borrowings	(8,000)	(10,000)
Cash dividends paid	(6,530)	(6,530)
Other, net	(68)	(365)
Net cash provided by financing activities	12,448	56,608
<b>Foreign currency translation adjustments on cash and cash equivalents</b>	<b>2,897</b>	<b>(2,904)</b>
<b>Net increase in cash and cash equivalents</b>	<b>18,444</b>	<b>22,116</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>85,148</b>	<b>63,003</b>
<b>Increase in cash and cash equivalents resulting from change of scope of consolidation</b>	<b>-</b>	<b>28</b>
<b>Decrease in cash and cash equivalents due to change in accounting periods for consolidated subsidiaries</b>	<b>(748)</b>	<b>-</b>
<b>Cash and cash equivalents, end of year</b>	<b>102,845</b>	<b>85,148</b>

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

Not applicable

## 7. Segment Information

Year ended March 31, 2013

(Millions of yen)

	Power	Ceramics	Electronics	Total	Elimination or Adjustment	Consolidated
Sales						
Sales to customers	57,730	143,971	51,087	252,789	-	252,789
Intersegment sales	35	137	-	172	(172)	-
Total sales	57,765	144,108	51,087	252,961	(172)	252,789
Operating income (loss)	(5,729)	25,983	440	20,695	-	20,695
Total Assets	87,680	230,011	68,637	386,329	176,701	563,030
Depreciation	4,759	11,748	3,581	20,089	-	20,089
Impairment loss	2,248	-	-	2,248	-	2,248
Capital Expenditures	2,747	24,109	2,326	29,183	2,033	31,216

Notes:

- As stated in "4. Others (2) 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 March 31, 2012. Consequently, in Power Business Segment, Sales increased by ¥840 million, Operating Loss decreased by ¥430 million. In Ceramics Business Segment, Sales increased by ¥314 million, Operating Income decreased by ¥21 million. In Electronics Business Segment, Sales decreased by ¥25 million and Operating Income increased by ¥41 million for the year, respectively, when compared to the figures before retrospective adjustments.
- 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

- 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	103,654	42,179	4,651	28,355	20,120	36,428	17,398	252,789

Year ended March 31, 2012

(Millions of yen)

	Power	Ceramics	Electronics	Total	Elimination or Adjustment	Consolidated
Sales						
Sales to customers	56,667	134,082	58,198	248,948	-	248,948
Intersegment sales	49	170	-	219	(219)	-
Total sales	56,717	134,253	58,198	249,168	(219)	248,948
Operating income (loss)	(11,764)	33,290	4,935	26,461	43	26,504
Total Assets	92,019	175,190	64,155	331,365	191,956	523,322
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

## 8. Significant changes in stockholder's equity

Not applicable