

October 30, 2014

Summary of Consolidated Financial Results for the Six Months ended September 30, 2014

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 Stock Exchange Listings: Tokyo and Nagoya
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Date of the Filing of Quarterly Report, "Shihanki Hokokusho" (Scheduled) : November 7, 2014
 Date of Interim Dividend Payment (Scheduled) : December 5, 2014

Notice 1: At the time of disclosure of this report, the review of quarterly 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 six months ended September 30, 2014

(From April 1, 2014 to September 30, 2014)

Six months ended September 30,	(Millions of yen, except per share data and percentage)			
	2014		2013	
	Amount	Change (%)	Amount	Change (%)
Net Sales	168,013	18.5	141,763	16.5
Operating Income	28,764	46.3	19,660	73.5
Ordinary Income	26,874	37.2	19,592	145.6
Net Income	20,097	59.1	12,629	995.2
Comprehensive Income	31,314	13.5	27,581	-
Net Income per share (Yen)	61.55		38.67	
Diluted net income per share (Yen)	61.44		38.61	

Notes: Percentage figures in "Change" represent increase (decrease) from previous period.

(2) Consolidated financial position	(Millions of yen, except percentage)	
	September 30, 2014	March 31, 2014
Total assets	655,269	614,219
Total net assets	374,833	344,453
Ratio of net worth to total assets (%)	55.5	54.3

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 ¥363,388 million and ¥333,502 million as of September 30, 2014 and March 31, 2014, respectively.

2. Dividend payment

Year ended March 31,	2015	2014
Cash dividends per share (Yen)		
Interim	13.0	10.0
Year-end	13.0 (forecast)	12.0
Total (Full-year)	26.0 (forecast)	22.0

Notes: Revision of cash dividend forecast during this period - None.

3. Forecasts of consolidated financial results for the fiscal year ending March 31, 2015

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

	Year ending March 31, 2015	
	Amount	Change (%)
Net Sales	350,000	13.4
Operating Income	56,000	26.5
Ordinary Income	58,000	26.6
Net Income	39,000	44.2
Net Income per share (Yen)	119.43	

Notes: Revision of forecasts from the previous forecasts announced on June 31, 2014 - 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 restatements
- i. Changes due to revisions of accounting standards : Yes
 - ii. Changes in accounting policies other than the above (i) : None
 - iii. Changes in accounting estimates : None
 - iv. Retrospective restatement : None

(Change in accounting policy)

Effective from the first quarter of the fiscal 2014, the Company adopted the provisions set forth in Article 35 of the Accounting Standard for Retirement Benefits (Accounting Standards Board of Japan (" ASBJ ") Statement No. 26, May 17, 2012, hereinafter, " Accounting Standard ") and the provisions set forth in Article 67 of the Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25, May 17, 2012, hereinafter, " Guidance on Retirement Benefits "). Accordingly, the Company revised the method of calculating retirement benefit obligations and prior service costs and changed its method of attributing estimated retirement benefits from the straight-line basis to the benefit formula basis. At the same time, the Company changed its method of determining the discount rate from the method in which the discount rate is determined by reference to the yield of bonds whose remaining maturities approximate the average remaining years of service of the employees to the method in which a single weighted average discount rate is used that reflects the estimated period for retirement benefit payments and the amount of retirement benefit payments for each estimated payment period. The application of the Accounting Standard, etc. is subject to the tentative treatment provided for in Article 37 of the Accounting Standard.

Consequently, the impact of the change in the method of calculating retirement benefit obligations and prior service costs has been recognized as increases or decreases to retained earnings as of the beginning of the first quarter of the fiscal 2014.

As a result, as of the beginning of the first quarter of the fiscal 2014, net defined benefit asset has increased by ¥ 4,598 million, net defined benefit liability has decreased by ¥ 717 million and retained earnings have increased by ¥ 2,964 million. The impact of this change on the profit or loss of the six months ended September 30, 2014 is minimal.

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

	September 30, 2014	March 31, 2014
Number of shares outstanding at period end including treasury stocks	327,560,196	327,560,196
Number of treasury stocks at period end	1,020,033	1,019,920
Six months ended September 30,	2014	2013
Average number of shares outstanding over period	326,545,462	326,560,661

5. Qualitative Information on Quarterly Financial Statements

(1) Explanation of Results of Operations

During the six months ended September 30, 2014, the Japanese economy remained strong despite the impact of a reactionary decline to the last minute demand prior to the consumption tax hike. Overseas economy continued moderate recovery mainly in developed countries including the U.S.

The NGK Group, due mainly to the strong sales for diesel engine-automobiles in the European market and trucks in Japanese and the U.S. market, saw an increase in demand for automotive ceramics in its Ceramics Business Segment. In the Electronics Business Segment as well, demand for ceramic components for semiconductor manufacturing equipment grew against the backdrop of growing demand for mobile devices. In the Power Business Segment, although demand for insulators remained at the same level, the first domestic order after the NAS battery fire incident was shipped.

As a result, consolidated net sales for the six months ended September 30, 2014, increased by 18.5% year on year to ¥168,013 million, reflecting the increased sales in the Ceramics Business Segment and Electronics Business Segment. In terms of earnings, due primarily to increased net sales of automotive ceramics, which are mainstays in the Ceramics Business Segment, operating income increased by 46.3% year on year to ¥28,764 million, ordinary income increased by 37.2% to ¥26,874 million and net income increased by 59.1% to ¥20,097 million.

By segment, the Power Business Segment posted ¥28,193 million in net sales, an increase of 5.2% year on year, and an operating loss of ¥1,593 million, compared to an operating loss of ¥845 million in the same period of the previous year. In the Ceramics Business Segment, net sales increased by 22.0% year on year to ¥106,605 million and operating income increased by 42.7% to ¥27,657 million. In the Electronics Business Segment, net sales increased by 20.0% year on year to ¥33,277 million and operating income increased by 143.2% to ¥2,679 million.

(2) Explanation of Financial Position

As of September 30, 2014, total assets were ¥655,269 million, an increase of ¥41,049 million from the previous fiscal year-end. This was mainly due to increases in cash and bank deposits, inventories and securities.

Total liabilities were ¥280,435 million, an increase of ¥10,669 million from the previous fiscal year-end. This was mainly due to an increase in other in long-term liabilities.

Total net assets stood at ¥374,833 million, or ¥30,380 million higher than the previous fiscal year-end, primarily due to an increase in retained earnings.

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

With regard to the financial results forecasts for the full year ending March 31, 2015, no revisions have been made to those announced on July 31, 2014 and the previous forecasts remain unchanged. If there is any necessity to revise the full year forecasts, updated information will be disclosed immediately.

Financial results forecasts are based on information that are currently available and actual results may differ materially from those in the forecasts due to various factors.

6. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of September 30, 2014	As of March 31, 2014
Assets		
Current assets		
Cash and bank deposits	63,847	49,214
Notes and accounts receivable trade	69,944	72,167
Securities	108,177	100,653
Inventories	110,994	101,352
Other	26,497	29,318
Allowance for doubtful accounts	(123)	(117)
Total current assets	379,338	352,589
Non-current assets		
Tangible assets		
Buildings and structures	58,257	58,055
Machinery and vehicles	83,179	82,497
Other	37,634	35,770
Total tangible assets	179,070	176,323
Intangible assets		
	4,442	4,848
Investments and other assets		
Investment securities	69,980	64,903
Other	22,590	15,729
Allowance for doubtful accounts	(152)	(174)
Total investments and other assets	92,417	80,457
Total non-current assets	275,930	261,629
Total assets	655,269	614,219

(Millions of yen)

	As of September 30, 2014	As of March 31, 2014
Liabilities		
Current liabilities		
Notes and accounts payable trade	27,529	25,728
Short-term borrowings	4,564	4,995
Current portion of long-term bonds payable	20,000	20,000
Income taxes payable	1,785	2,854
Provision for NAS Battery safety measures	8,532	10,891
Other	40,003	36,950
Total current liabilities	102,415	101,419
Long-term liabilities		
Long-term borrowings	143,817	142,158
Net defined benefit liability	16,539	16,678
Other	17,663	9,510
Total long-term liabilities	178,019	168,346
Total liabilities	280,435	269,766
Net assets		
Shareholders' equity		
Common stock	69,849	69,849
Capital surplus	72,094	72,092
Retained earnings	206,878	187,733
Treasury stock	(1,366)	(1,347)
Total shareholders' equity	347,456	328,328
Accumulated other comprehensive income		
Unrealized gain on available-for-sale securities	23,069	17,491
Deferred gain on derivatives under hedge accounting	14	18
Foreign currency translation adjustments	3,659	(1,189)
Remeasurements of defined benefit plans	(10,811)	(11,147)
Total accumulated other comprehensive income	15,932	5,174
Stock acquisition rights	896	778
Minority interests	10,547	10,172
Total net assets	374,833	344,453
Total liabilities and net assets	655,269	614,219

(2) Consolidated Statements of Income

(Millions of yen)

	Six months ended September 30, 2014	Six months ended September 30, 2013
Net sales	168,013	141,763
Cost of sales	109,869	94,901
Gross profit	58,143	46,862
Selling, general and administrative expenses	29,379	27,202
Operating income	28,764	19,660
Non-operating income	2,330	2,245
Interest income	331	317
Dividend income	645	565
Foreign Exchange gain	736	357
Other	617	1,004
Non-operating expenses	4,219	2,313
Interest expense	1,055	1,023
Equity in loss of unconsolidated subsidiaries and associated companies	1,196	1,050
Loss on compensation	1,100	-
Other	867	239
Ordinary income	26,874	19,592
Extraordinary income	906	774
Gain on sales of fixed assets	549	439
Gain on sales of investment securities	357	335
Extraordinary loss	167	1,358
Loss on sales and disposals of fixed assets	167	268
Impairment loss	-	1,090
Income before income taxes and minority interests	27,613	19,007
Income taxes - total	7,105	6,171
Income taxes -current	4,563	3,680
Income taxes -deferred	2,542	2,490
Income before minority interests	20,507	12,836
Minority interests in earnings of consolidated subsidiaries	409	206
Net income	20,097	12,629

(3) Consolidated Statement of Comprehensive Income

(Millions of yen)

	Six months ended September 30, 2014	Six months ended September 30, 2013
Income before minority interests	20,507	12,836
Other comprehensive income	5,592	5,380
Unrealized gains on available-for-sale securities	(4)	(1)
Deferred gains on hedges	4,891	9,449
Foreign currency translation adjustments		
Remeasurements of defined benefit plans	252	(83)
Share of other comprehensive income of associates accounted for by using the equity method	75	0
Total other comprehensive income	10,806	14,745
Comprehensive Income	31,314	27,581
Comprehensive Income attributable to:		
Owners of the parent company	30,856	27,187
Minority interests	457	394

7. Note on the Assumption as a Going Concern

Not applicable

8. Segment Information

Six months ended September 30, 2014

(Millions of yen)

	Power	Ceramics	Electronics	Total	Elimination or Adjustment	Consolidated
Sales						
Sales to customers	28,174	106,561	33,277	168,013	-	168,013
Intersegment sales	18	44	-	62	(62)	-
Total sales	28,193	106,605	33,277	168,076	(62)	168,013
Operating income (loss)	(1,593)	27,657	2,679	28,743	20	28,764

Notes:

Main products by business segment

<i>Business Segment</i>	<i>Main products</i>
<i>Power</i>	<i>Insulators, hardware for insulator assemblies, current limiting arching horn, bushing shells, fuse cut-outs, APM, line arrester and NAS® (sodium-sulfur) batteries</i>
<i>Ceramics</i>	<i>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</i>
<i>Electronics</i>	<i>Beryllium copper wrought products, molds and ceramic components for electronics and semiconductor manufacturing equipment</i>

Six months ended September 30, 2013

(Millions of yen)

	Power	Ceramics	Electronics	Total	Elimination or Adjustment	Consolidated
Sales						
Sales to customers	26,784	87,253	27,725	141,763	-	141,763
Intersegment sales	11	135	2	148	(148)	-
Total sales	26,795	87,389	27,727	141,912	(148)	141,763
Operating income (loss)	(845)	19,377	1,101	19,633	26	19,660

9. Significant changes in stockholder's equity

Not applicable