

# Consolidated Results for the Third Quarter Ended December 31, 2006

January 31, 2007

Listing Name: NGK Insulators, Ltd.  
 (URL: <http://www.ngk.co.jp/english/>)  
 Code Number: 5333  
 Stock Exchange Listings: Tokyo, Nagoya, Osaka and Sapporo  
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## **1. Financial results for the nine months ended December 31, 2006**

(1) Consolidated operating results (Millions of Yen: Amounts less than ¥1 million have been omitted)

	Net sales		Operating income		Ordinary income	
	Millions of Yen	Growth ratio (%)	Millions of Yen	Growth ratio (%)	Millions of Yen	Growth ratio (%)
Nine months ended December 31, 2006	218,505	17.0	39,099	75.0	38,765	75.9
Nine months ended December 31, 2005	186,803	5.5	22,337	22.6	22,042	18.4
Year ended March 31, 2006	283,753	6.6	31,275	28.8	30,926	28.4

	Net income		Net income per share (in ¥)	Diluted net income per share (in ¥)
	Millions of Yen	Growth ratio (%)		
Nine months ended December 31, 2006	23,754	87.4	70.45	70.38
Nine months ended December 31, 2005	12,679	41.0	37.60	37.59
Year ended March 31, 2006	16,522	37.5	48.99	48.98

※Growth ratio in net sales, operating income, ordinary income and net income in the tables represent increases or decreases compared to prior year.

(2) Consolidated financial position

	Total assets	Net assets	Ratio of net worth to total assets (%)	Net assets per share (in ¥)
Nine months ended December 31, 2006	491,390	299,036	57.0	830.15
Nine months ended December 31, 2005	443,279	248,912	56.2	738.29
Year ended March 31, 2006	489,440	258,291	52.8	766.16

Notes:

- Net assets for the nine months ended December 31, 2005 and the year ended March 31, 2006 do not include minority interests and loss on deferred hedges.
- Net worth is the same as shareholders' equity for the nine months ended December 31, 2006 and the year ended March 31, 2006, while net worth for the nine months ended December 31, 2006 includes shareholders' equity and adjustments for valuation and translation.
- Change in scope of consolidation and application of the equity method:
  - consolidation: Newly consolidated subsidiary: 2  
Excluded subsidiary: None
  - equity method: Newly applied company: None  
Excluded company: 1

## **2. Projected consolidated financial results for the year ending March 31, 2007**

(Millions of Yen)

	Net sales	Ordinary income	Net income
Year ending March 31, 2007	317,000	50,000	28,000

Projected annual net income per share: ¥ 83.05

※All predictions have been made considering data currently available to the company.

Therefore, discrepancies may occur between the actual and predicted outcomes according to circumstances.

### 3. Consolidated Financial Statements

#### (1) Consolidated Balance Sheets

(Millions of Yen: Amounts less than ¥1 million have been omitted)

Accounts	Fiscal year	As of December 31, 2005		As of December 31, 2006		As of March 31, 2006	
		Millions of Yen	Composition Ratio (%)	Millions of Yen	Composition Ratio (%)	Millions of Yen	Composition Ratio (%)
Assets:			%		%		%
I. Current assets:							
1. Cash and bank deposits		27,936		50,292		42,737	
2. Notes and accounts receivable trade		55,584		70,112		80,346	
3. Marketable securities		30,087		21,201		26,359	
4. Inventories		69,587		78,726		65,574	
5. Other currents assets		18,450		18,066		25,294	
Total current assets		201,645	45.5	238,400	48.5	240,313	49.1
II. Fixed assets:							
1. Tangible assets		148,258		161,583		155,842	
2. Intangible assets		5,785		4,296		5,415	
3. Investments and other assets		87,591		87,110		87,869	
Total fixed assets		241,634	54.5	252,990	51.5	249,127	50.9
Total assets		443,279	100.0	491,390	100.0	489,440	100.0
Liabilities:							
I. Current liabilities:							
1. Notes and accounts payable trade		28,092		28,373		42,271	
2. Short-term borrowings		6,638		6,293		6,257	
3. Other current liabilities		33,127		39,715		49,886	
Total current liabilities		67,858	15.3	74,381	15.1	98,414	20.1
II. Long-term liabilities:							
1. Long-term bonds payable		10,000		10,000		10,000	
2. Long-term borrowings		59,736		71,646		64,006	
3. Other long-term liabilities		39,304		36,325		40,819	
Total long-term liabilities		109,041	24.6	117,971	24.0	114,826	23.5
Total liabilities		176,899	39.9	192,353	39.1	213,240	43.6
Minority interests		17,467	3.9	-	-	17,908	3.6
Shareholders' equity:							
I. Common stock		69,849	15.8	-	-	69,849	14.3
II. Capital surplus		85,143	19.2	-	-	85,144	17.4
III. Retained earnings		98,305	22.2	-	-	101,551	20.7
IV. Unrealized gain on available-for-sale securities		21,890	4.9	-	-	22,337	4.6
V. Foreign currency translation adjustments		△ 11,411	△ 2.6	-	-	△ 5,703	△ 1.2
VI. Treasury stock		△ 14,864	△ 3.3	-	-	△ 14,888	△ 3.0
Total shareholders' equity		248,912	56.2	-	-	258,291	52.8
Total liabilities, minority interest and shareholders' equity		443,279	100.0	-	-	489,440	100.0
Net assets:							
I. Shareholders' equity							
1. Common stock		-	-	69,849	14.2	-	-
2. Capital surplus		-	-	85,151	17.3	-	-
3. Retained earnings		-	-	126,669	25.8	-	-
4. Treasury stock		-	-	△ 15,803	△ 3.0	-	-
Total shareholders' equity		-	-	266,585	54.3	-	-
II. Valuation and translation adjustments							
1. Unrealized gain on available-for-sale securities		-	-	18,287	3.7	-	-
2. Loss on deferred hedges		-	-	△ 525	△ 0.1	-	-
3. Foreign currency translation adjustments		-	-	△ 4,459	△ 0.9	-	-
Total valuation and translation adjustments		-	-	13,303	2.7	-	-
III. Stock acquisition rights		-	-	231	0.0	-	-
IV. Minority interests		-	-	18,915	3.9	-	-
Total net assets		-	-	299,036	60.9	-	-
Total liabilities and net assets		-	-	491,390	100.0	-	-

## (2) Consolidated Statements of Income

(Millions of Yen: Amounts less than ¥1 million have been omitted)

Accounts	Fiscal year		Nine months ended December 31, 2005		Nine months ended December 31, 2006		Year ended March 31, 2006	
	Millions of Yen	Composition Ratio (%)	Millions of Yen	Composition Ratio (%)	Millions of Yen	Composition Ratio (%)		
I. Sales	186,803	100.0	218,505	100.0	283,753	100.0		
II. Cost of sales	128,341	68.7	141,923	65.0	202,767	71.5		
Gross profit	58,462	31.3	76,582	35.0	80,985	28.5		
III. Selling, general and administrative expenses	36,124	19.3	37,483	17.1	49,709	17.5		
Operating income	22,337	12.0	39,099	17.9	31,275	11.0		
IV. Non-operating income	2,091	1.1	2,281	1.0	2,590	0.9		
V. Non-operating expenses	2,385	1.3	2,614	1.2	2,939	1.0		
Ordinary income	22,042	11.8	38,765	17.7	30,926	10.9		
VI. Extraordinary income	568	0.3	708	0.3	7,208	2.5		
VII. Extraordinary loss	702	0.4	313	0.1	5,398	1.9		
Income before income taxes and minority interests	21,909	11.7	39,160	17.9	32,736	11.5		
Income taxes	8,889	4.7	14,439	6.6	15,548	5.5		
Minority interests	340	0.2	966	0.4	665	0.2		
Net income	12,679	6.8	23,754	10.9	16,522	5.8		

### (3) Segment Information

#### Industry segments

##### Nine months ended December 31, 2005

(Millions of Yen: Amounts less than ¥1 million have been omitted)

	Power	Ceramics	Electronics	Engineering	Total	Elimination or Corporate	Consolidated
Sales							
(1) Sales to customers	48,654	68,925	51,894	17,328	186,803	-	186,803
(2) Intersegment sales	-	68	488	-	556	(556)	-
Total	48,654	68,994	52,382	17,328	187,360	(556)	186,803
Operating expenses	45,656	55,191	42,926	21,280	165,054	(588)	164,466
Operating income (△loss)	2,997	13,802	9,456	△ 3,951	22,305	32	22,337

##### Nine months ended December 31, 2006

(Millions of Yen: Amounts less than ¥1 million have been omitted)

	Power	Ceramics	Electronics	Engineering	Total	Elimination or Corporate	Consolidated
Sales							
(1) Sales to customers	51,206	92,635	56,097	18,566	218,505	-	218,505
(2) Intersegment sales	43	98	700	-	842	(842)	-
Total	51,249	92,734	56,798	18,566	219,348	(842)	218,505
Operating expenses	46,127	68,434	45,903	19,814	180,280	(874)	179,406
Operating income (△loss)	5,121	24,299	10,894	△ 1,248	39,067	32	39,099

##### Year ended March 31, 2006

(Millions of Yen: Amounts less than ¥1 million have been omitted)

	Power	Ceramics	Electronics	Engineering	Total	Elimination or Corporate	Consolidated
Sales							
(1) Sales to customers	67,808	95,724	67,707	52,512	283,753	-	283,753
(2) Intersegment sales	116	91	709	-	916	(916)	-
Total	67,924	95,815	68,417	52,512	284,670	(916)	283,753
Operating expenses	65,994	78,100	58,280	51,064	253,439	(962)	252,477
Operating income	1,929	17,715	10,136	1,448	31,230	45	31,275

Notes:

- The industry segments in the above table were categorized in consideration of internal corporate policies.
- Main products by industry segment:

Industry Segment	Main products
Power	Insulators, hardware for insulator assemblies, current limiting arching horn, bushing shells, fuse cut-puts, APM, line arrester and NAS (sodium-sulfur)-batteries
Ceramics	Automotive ceramics for exhaust gas purification, corrosion-resistant ceramic apparatus for chemical industries, gas analyzer, industrial heating systems and refractories
Electronics	Beryllium copper wrought products, molds and ceramic components for electronics and semiconductor manufacturing equipment
Engineering	Clear water / sewage treatment systems, water purification systems, melting furnace, noise-control systems and solid waste / radioactive waste treatment systems