

Consolidated Results for the First Quarter Ended June 30, 2006

July 27, 2006

Listing Name: NGK Insulators, Ltd.
 (URL: <http://www.ngk.co.jp/english/>)
 Code Number: 5333
 Stock Exchange Listings: Tokyo, Nagoya, Osaka and Sapporo
 Head Office: Aichi Prefecture
 Representative: Shun Matsushita
 President and Chief Executive Officer
 Contact: Hiroshi Wada
 Director and Senior Vice President
 Telephone Number: +81-52-872-7230

1. Financial results for the three months ended June 30, 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 (%)
Three months ended June 30, 2006	68,820	20.6	12,004	65.0	12,291	71.5
Three months ended June 30, 2005	57,067	7.3	7,277	49.2	7,166	43.8
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 (%)		
Three months ended June 30, 2006	7,308	88.9	21.67	21.66
Three months ended June 30, 2005	3,869	30.3	11.47	—
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 ¥)
Three months ended June 30, 2006	470,625	278,227	55.2	770.86
Three months ended June 30, 2005	407,587	237,880	58.4	705.35
Year ended March 31, 2006	489,440	258,291	52.8	766.16

Notes:

1. Net assets for the three months ended June 30, 2005 and the year ended March 31, 2006 do not include minority interests.
2. Net worth is the same as shareholders' equity for the three months ended June 30, 2005 and the year ended March 31, 2006, while net worth for the three months ended June 30, 2006 includes shareholders' equity and adjustments for valuation and translation.
3. Change in scope of consolidation and application of the equity method: none

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

(Millions of Yen)

	Net sales	Ordinary income	Net income
Six months ending september 30, 2006	132,000	13,500	8,000
Year ending March 31, 2007	300,000	34,500	20,000

Projected annual net income per share: ¥ 59.33

※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 June 30, 2006		As of June 30, 2005		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		53,051		15,701		42,737	
2. Notes and accounts receivable trade		58,828		50,149		80,346	
3. Marketable securities		25,187		42,744		26,359	
4. Inventories		68,321		64,274		65,574	
5. Other current assets		20,021		17,078		25,294	
Total current assets		225,411	47.9	189,948	46.6	240,313	49.1
II. Fixed assets:							
1. Tangible assets		155,629		131,766		155,842	
2. Intangible assets		5,038		6,119		5,415	
3. Investments and other assets		84,546		79,752		87,869	
Total fixed assets		245,214	52.1	217,638	53.4	249,127	50.9
Total assets		470,625	100.0	407,587	100.0	489,440	100.0
Liabilities:			%		%		%
I. Current liabilities:							
1. Notes and accounts payable trade		30,806		24,435		42,271	
2. Short-term borrowings		6,900		6,181		6,257	
3. Current portion of long-term bonds payable		-		10,000		-	
4. Other current liabilities		43,603		33,896		49,886	
Total current liabilities		81,310	17.3	74,514	18.3	98,414	20.1
II. Long-term liabilities:							
1. Long-term bonds payable		10,000		10,000		10,000	
2. Long-term borrowings		64,332		35,179		64,006	
3. Other long-term liabilities		36,754		32,976		40,819	
Total long-term liabilities		111,086	23.6	78,156	19.2	114,826	23.5
Total liabilities		192,397	40.9	152,671	37.5	213,240	43.6
Net assets:							
I. Shareholders' equity							
1. Common stock		69,849	14.8	-	-	-	-
2. Capital surplus		85,131	18.1	-	-	-	-
3. Retained earnings		106,494	22.6	-	-	-	-
4. Treasury stock		△ 14,970	△ 3.2	-	-	-	-
Total shareholders' equity		246,504	52.3	-	-	-	-
II. Valuation and translation adjustments							
1. Unrealized gain on available-for-sale securities		19,220	4.1	-	-	-	-
2. Loss on deferred hedges		△ 846	△ 0.2	-	-	-	-
3. Foreign currency translation adjustments		△ 4,913	△ 1.0	-	-	-	-
Total valuation and translation adjustments		13,460	2.9	-	-	-	-
III. Minority interests		18,262	3.9	-	-	-	-
Total net assets		278,227	59.1	-	-	-	-
Total liabilities and net assets		470,625	100.0	-	-	-	-
Minority interests		-	-	17,035	4.1	17,908	3.6
Shareholders' equity:							
I. Common stock		-	-	69,849	17.1	69,849	14.3
II. Capital surplus		-	-	85,127	20.9	85,144	17.4
III. Retained earnings		-	-	91,521	22.5	101,551	20.7
IV. Unrealized gain on available-for-sale securities		-	-	15,386	3.8	22,337	4.6
V. Foreign currency translation adjustments		-	-	△ 9,293	△ 2.3	△ 5,703	△ 1.2
VI. Treasury stock		-	-	△ 14,709	△ 3.6	△ 14,888	△ 3.0
Total shareholders' equity		-	-	237,880	58.4	258,291	52.8
Total liabilities, minority interest and shareholders' equity		-	-	407,587	100.0	489,440	100.0

(2) Consolidated Statements of Income

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

Accounts	Fiscal year	Three months ended June 30, 2006		Three months ended June 30, 2005		Year ended March 31, 2006	
		Millions of Yen	Composition Ratio (%)	Millions of Yen	Composition Ratio (%)	Millions of Yen	Composition Ratio (%)
I. Sales		68,820	100.0	57,067	100.0	283,753	100.0
II. Cost of sales		44,721	65.0	37,108	65.0	202,767	71.5
Gross profit		24,099	35.0	19,959	35.0	80,985	28.5
III. Selling, general and administrative expenses		12,094	17.6	12,682	22.2	49,709	17.5
Operating income		12,004	17.4	7,277	12.8	31,275	11.0
IV. Non-operating income		998	1.5	1,086	1.9	2,590	0.9
V. Non-operating expenses		711	1.0	1,197	2.1	2,939	1.0
Ordinary income		12,291	17.9	7,166	12.6	30,926	10.9
VI. Extraordinary income		15	0.0	5	0.0	7,208	2.5
VII. Extraordinary loss		93	0.1	55	0.1	5,398	1.9
Income before income taxes and minority interests		12,214	17.8	7,117	12.5	32,736	11.5
Income taxes		4,593	6.7	3,148	5.5	15,548	5.5
Minority interests		312	0.5	99	0.2	665	0.2
Net income		7,308	10.6	3,869	6.8	16,522	5.8

(3) Segment Information

Industry segments

Three months ended June 30, 2006

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

	Power	Ceramics	Engineering	Electronics	Total	Elimination or Corporate	Consolidated
Sales							
(1) Sales to customers	17,610	29,730	3,396	18,083	68,820	-	68,820
(2) Intersegment sales	-	26	-	194	221	(221)	-
Total	17,610	29,757	3,396	18,278	69,041	(221)	68,820
Operating expenses	15,709	22,125	4,745	14,463	57,043	(227)	56,816
Operating income (△loss)	1,900	7,631	△ 1,348	3,815	11,998	6	12,004

Three months ended June 30, 2005

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

	Power	Ceramics	Engineering	Electronics	Total	Elimination or Corporate	Consolidated
Sales							
(1) Sales to customers	16,432	20,725	2,872	17,036	57,067	-	57,067
(2) Intersegment sales	-	17	-	110	128	(128)	-
Total	16,432	20,743	2,872	17,147	57,195	(128)	57,067
Operating expenses	14,570	16,600	4,545	14,207	49,924	(134)	49,790
Operating income (△loss)	1,861	4,142	△ 1,672	2,939	7,271	6	7,277

Year ended March 31, 2006

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

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

Notes:

1. The industry segments in the above table were categorized in consideration of internal corporate policies.
2. 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
Engineering	Clear water / sewage treatment systems, water purification systems, melting furnace, noise-control systems and solid waste / radioactive waste treatment systems
Electronics	Beryllium copper wrought products, molds and ceramic components for electronics and semiconductor manufacturing equipment