

Consolidated Financial Results for the Half-Year Ended September 30, 2005

November 10, 2005

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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 Date of board of directors' meeting to approve the consolidated financial statements: November 10, 2005
 US GAAP: Not adopted

1. Financial results for the half-year ended September 30, 2005

(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 (%)
Half-year ended Sep. 30, 2005	121,819	3.1	13,465	28.2	12,829	17.5
Half-year ended Sep. 30, 2004	118,214	11.2	10,505	70.9	10,922	68.7
Year ended Mar. 31, 2005	266,127	5.9	24,277	27.9	24,088	33.0

	Net income		Net income per share (in ¥)	Diluted net income per share (in ¥)
	Millions of Yen	Growth ratio (%)		
Half-year ended Sep. 30, 2005	6,996	40.9	20.75	20.74
Half-year ended Sep. 30, 2004	4,967	380.7	14.37	-
Year ended Mar. 31, 2005	12,012	42.3	34.75	-

Notes: ① Equity in earnings (Δ losses) of an unconsolidated subsidiary and associated companies:

Half-year ended Sep. 30, 2005: Δ 188 million

Half-year ended Sep. 30, 2004: Δ 279 million

Year ended Mar. 31, 2005: Δ 496 million

② Weighted average number of shares (consolidated):

Half-year ended Sep. 30, 2005: 337,240,351 shares

Half-year ended Sep. 30, 2004: 345,770,871 shares

Year ended Mar. 31, 2005: 343,173,808 shares

③ Changes in accounting policies: None

④ 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 (Millions of Yen)

	Total Assets	Shareholders' equity	Ratio of shareholders' equity to total assets (%)	Shareholders' equity per share (in ¥)
Half-year ended Sep. 30, 2005	420,989	242,724	57.6	719.81
Half-year ended Sep. 30, 2004	406,220	239,900	59.1	693.86
Year ended Mar. 31, 2005	423,414	236,899	55.9	702.11

Notes: Number of shares issued and outstanding at half-year-end (consolidated):

Half-year ended Sep. 30, 2005: 337,207,214 shares

Half-year ended Sep. 30, 2004: 345,745,486 shares

Year ended Mar. 31, 2005: 337,284,930 shares

(3) Consolidated cash flow results

(Millions of Yen)

	Net cash provided by operating activities	Net cash provided by investing activities	Net cash provided by financing activities	Half-year end balance of cash & cash equivalents
Half-year ended Sep. 30, 2005	17,505	△ 15,177	428	47,110
Half-year ended Sep. 30, 2004	18,586	△ 14,208	△ 2,165	49,331
Year ended Mar. 31, 2005	28,646	△ 19,353	△ 12,487	45,202

(4) Scope of consolidation and application of the equity method:

Consolidated subsidiaries:	51
Unconsolidated subsidiary accounted for by the equity method:	1
Associated companies accounted for by the equity method:	2

(5) Changes in the scope of consolidation and application of the equity method:

Consolidation:	Newly consolidated subsidiary:	None
	Excluded subsidiary:	None
equity method:	Newly applied company:	None
	Excluded company:	None

2. Projected consolidated financial results for the year ending March 31, 2006

(Millions of Yen)

	Net sales	Ordinary income	Net income
Year ending March 31, 2006	281,000	29,000	16,000

Projected annual net income per share: ¥ 47.45

※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 September 30, 2004		As of September 30, 2005		As of March 31, 2005	
	Millions of Yen	Composition Ratio (%)	Millions of Yen	Composition Ratio (%)	Millions of Yen	Composition Ratio (%)		
Assets:		%		%		%		%
I. Current Assets:								
1. Cash and bank deposits	19,112		18,695		20,438			
2. Notes and accounts receivable trade	56,821		55,915		75,286			
3. Marketable securities	39,666		33,618		29,695			
4. Inventories	59,147		67,307		59,761			
5. Deferred tax assets	5,056		6,692		6,274			
6. Other currents assets	5,954		8,597		10,830			
Allowance for doubtful accounts	△ 403		△ 379		△ 431			
Total current assets	185,356	45.6	190,446	45.2	201,856	47.7		
II. Fixed Assets:								
1. Property, plant and equipment								
(1) Buildings and structures	42,077		43,032		43,459			
(2) Machinery and structures	46,287		53,493		50,774			
(3) Tools, equipment and furniture	5,061		5,912		5,435			
(4) Land	19,722		19,810		19,886			
(5) Construction in progress	10,926		18,323		11,592			
Total property, plant and equipment	124,075	30.6	140,572	33.4	131,148	31.0		
2. Intangible assets								
(1) Software	6,243		4,788		5,628			
(2) Goodwill	121		99		122			
(3) Other intangible assets	2,253		1,123		1,227			
Total intangible assets	8,618	2.1	6,011	1.4	6,978	1.6		
3. Investments and other assets								
(1) Investment securities	62,264		58,117		56,324			
(2) Long-term loans receivable	2,173		131		2,126			
(3) Deferred tax assets	2,153		1,804		2,048			
(4) Other assets	22,596		24,824		23,951			
Allowance for doubtful accounts	△ 1,017		△ 920		△ 1,020			
Total investments and other assets	88,170	21.7	83,957	20.0	83,431	19.7		
Total fixed assets	220,864	54.4	230,542	54.8	221,558	52.3		
Total assets	406,220	100.0	420,989	100.0	423,414	100.0		

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

Accounts	Fiscal year		As of September 30, 2004		As of September 30, 2005		As of March 31, 2005	
	Millions of Yen	Composition Ratio (%)	Millions of Yen	Composition Ratio (%)	Millions of Yen	Composition Ratio (%)		
Liabilities:		%		%		%		
I. Current liabilities:								
1. Notes and accounts payable trade	27,099		29,127		42,111			
2. Short-term borrowings	3,595		6,333		3,241			
3. Current portion of long-term bonds payable	-		10,000		10,000			
4. Accounts payable others	6,847		9,400		10,774			
5. Income taxes payable	2,674		4,546		5,694			
6. Accrued expenses	10,074		10,388		10,486			
7. Other current liabilities	7,514		9,016		6,376			
Total current liabilities	57,805	14.2	78,812	18.7	88,685	21.0		
II. Long-term liabilities:								
1. Long-term bonds payable	20,000		10,000		10,000			
2. Long-term borrowings	35,883		35,295		35,442			
3. Deferred tax liabilities	12,253		13,811		12,131			
4. Liability for employees' retirements benefits	18,322		17,506		17,870			
5. Liability for retirement for directors and corporate auditors	1,019		191		1,120			
6. Other long-term liabilities	4,326		5,482		4,426			
Total long-term liabilities	91,805	22.6	82,288	19.6	80,989	19.1		
Total liabilities	149,610	36.8	161,101	38.3	169,675	40.1		
Minority interest:								
Minority interest	16,710	4.1	17,164	4.1	16,839	4.0		
Shareholders' equity:								
I. Common Stock	69,849	17.2	69,849	16.6	69,849	16.5		
II. Capital Surplus	85,138	21.0	85,142	20.2	85,142	20.1		
III. Retained earnings	84,461	20.8	94,647	22.5	89,762	21.2		
IV. Unrealized gain on available-for-sale securities	17,807	4.4	17,425	4.1	16,139	3.8		
V. Foreign currency translation adjustments	△ 10,537	△ 2.6	△ 9,574	△ 2.3	△ 9,315	△ 2.2		
VI. Treasury stock	△ 6,819	△ 1.7	△ 14,767	△ 3.5	△ 14,678	△ 3.5		
Total shareholders' equity	239,900	59.1	242,724	57.6	236,899	55.9		
Total liabilities, minority interest and shareholders' equity	406,220	100.0	420,989	100.0	423,414	100.0		

(2) Consolidated Statements of Income

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

Accounts	Half-year ended September 30, 2004		Half-year ended September 30, 2005		Year ended March 31, 2005	
	Millions of Yen	Composition Ratio (%)	Millions of Yen	Composition Ratio (%)	Millions of Yen	Composition Ratio (%)
Net sales	118,214	100.0	121,819	100.0	266,127	100.0
Cost of sales	82,196	69.5	83,939	68.9	192,012	72.2
Gross profit	36,017	30.5	37,880	31.1	74,114	27.8
Selling, general and administrative expenses	25,512	21.6	24,415	20.0	49,837	18.7
Operating income	10,505	8.9	13,465	11.1	24,277	9.1
Non-operating income	1,744	1.5	1,419	1.1	2,906	1.1
Interest income	532		393		970	
Dividend income	379		361		639	
Foreign exchange gain	333		329		484	
Other	499		335		812	
Non-operating expenses	1,327	1.2	2,055	1.7	3,095	1.1
Interest expense	592		513		1,051	
Equity in losses of an unconsolidated subsidiaries and associated companies	279		188		496	
Loss on revaluation of inventories	-		519		-	
Loss on derivative contracts	-		622		315	
Other	455		210		1,231	
Ordinary income	10,922	9.2	12,829	10.5	24,088	9.1
Extraordinary income	373	0.3	567	0.5	3,728	1.4
Gain on sales of fixed assets	373		22		399	
Gain on sales of investment securities	-		16		3,329	
Other	-		528		-	
Extraordinary loss	2,351	1.9	567	0.5	4,891	1.9
Loss on sales of fixed assets	279		234		1,776	
Impairments of long-lived assets	2,072		105		2,185	
Other	-		227		929	
Income before income taxes and minority interests	8,944	7.6	12,828	10.5	22,925	8.6
Income taxes -current	2,942	2.5	5,064	4.2	9,847	3.7
Income taxes -deferred	678	0.6	646	0.5	551	0.2
Minority interests	356	0.3	121	0.1	513	0.2
Net income	4,967	4.2	6,996	5.7	12,012	4.5

(3) Consolidated Statements of Capital Surplus and Retained Earnings

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

Accounts	Fiscal year	Half-year ended September 30, 2004	Half-year ended September 30, 2005	Year ended March 31, 2005
Capital surplus				
Beginning balance of capital surplus		85,136	85,142	85,136
Increase in capital surplus		1	0	5
Gain on sales of treasury stock		1	0	5
Ending balance of retained surplus		85,138	85,142	85,142
Retained earnings				
Beginning balance of retained earnings		81,658	89,762	81,658
Increase in retained earnings		4,967	6,996	12,012
Net income		4,967	6,996	12,012
Decreases in retained earnings		2,164	2,111	3,909
Cash dividends paid		2,076	2,025	3,806
Bonuses paid to directors		87	85	87
Net decrease due to minimum pension liability adjustments of foreign consolidated subsidiaries		-	-	15
Ending balance of retained earnings		84,461	94,647	89,762

(4) Consolidated Statements of Cash Flows

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

Accounts	Half-year ended September 30, 2004	Half-year ended September 30, 2005	Year ended March 31, 2005
I. Cash flows from operating activities			
Income before income taxes and minority interests	8,944	12,828	22,925
Depreciation and amortization	8,161	8,943	17,161
Impairments of long-lived assets	2,072	-	2,185
Increase (decrease) in liability for employees' retirement benefits	△ 440	△ 365	△ 891
Increase (decrease) in prepaid pension cost	△ 2,082	△ 694	△ 3,933
Interest and dividend income	△ 911	△ 754	△ 1,609
Interest expenses	592	513	1,051
Gain (loss) on sales and disposals of fixed assets	△ 94	211	1,377
Gain (loss) on sales and redemption of investment securities	△ 105	△ 16	△ 3,329
Loss on revaluation and disposals of inventories	-	-	1,209
Increase (decrease) in trade receivables	20,446	19,543	2,253
Increase (decrease) in inventories	△ 3,465	△ 7,817	△ 5,895
Increase (decrease) in other current assets	-	2,188	△ 4,707
Increase (decrease) in trade payables	△ 12,366	△ 12,733	6,005
Increase (decrease) in other current liabilities	3,776	-	2,575
Other	△ 455	1,572	1,224
Sub-total	24,070	23,419	37,602
Interest and dividends received	923	784	1,567
Interest paid	△ 595	△ 512	△ 1,045
Income taxes paid	△ 5,812	△ 6,185	△ 9,477
Net cash provided by operating activities	18,586	17,505	28,646
II. Cash flows from investing activities			
Purchase of marketable securities	△ 16,464	△ 2,520	△ 17,847
Proceeds from sales and redemption of marketable securities	16,131	2,602	20,638
Purchases of property, plant and equipment	△ 13,579	△ 17,144	△ 29,720
Proceeds from sales of property, plant and equipment	556	109	664
Purchases of intangible assets	△ 479	△ 214	△ 873
Purchases of investment securities	△ 802	△ 989	△ 2,062
Proceeds from sales and redemption of investment securities	1,123	1,320	8,406
Collections of loans receivable	-	2,007	-
Net increase (decrease) in time deposits	-	-	1,889
Other	△ 694	△ 348	△ 448
Net cash provided by investing activities	△ 14,208	△ 15,177	△ 19,353
III. Cash flows from financing activities			
Net increase (decrease) in short-term borrowings	49	2,865	21
Proceeds from long-term borrowings	206	135	-
Repayment of long-term borrowings	△ 96	△ 456	△ 626
Acquisition of treasury stock	-	△ 88	△ 7,931
Cash dividends	△ 2,076	△ 2,025	△ 3,806
Other	△ 248	△ 1	△ 144
Net cash provided by financing activities	△ 2,165	428	△ 12,487
IV. Effects of exchange rate changes on cash and cash equivalents	△ 127	△ 849	1,151
V. Net increase (decrease) in cash and cash equivalents	2,086	1,907	△ 2,042
VI. Cash and cash equivalents, beginning of year	47,245	45,202	47,245
VII. Cash and cash equivalents, end of year	49,331	47,110	45,202

Segment Information

1. Industry segments

Half-year ended September 30, 2004

(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	29,183	42,579	12,114	34,337	118,214	-	118,214
(2) Intersegment sales	12	48	-	-	61	(61)	-
Total	29,195	42,627	12,114	34,337	118,275	(61)	118,214
Operating expenses	29,404	34,575	13,999	29,813	107,792	(83)	107,709
Operating income (△loss)	△ 209	8,052	△ 1,884	4,524	10,482	22	10,505

Half-year ended September 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	32,524	45,168	10,060	34,066	121,819	-	121,819
(2) Intersegment sales	-	50	-	317	367	(367)	-
Total	32,524	45,218	10,060	34,383	122,187	(367)	121,819
Operating expenses	30,717	36,320	13,214	28,493	108,745	(390)	108,354
Operating income (△loss)	1,807	8,898	△ 3,153	5,890	13,442	22	13,465

Year ended March 31, 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	61,504	83,706	55,631	65,283	266,127	-	266,127
(2) Intersegment sales	24	71	-	-	95	(95)	-
Total	61,529	83,778	55,631	65,283	266,222	(95)	266,127
Operating expenses	63,880	66,829	52,754	58,525	241,990	(140)	241,850
Operating income (△loss)	△ 2,351	16,948	2,877	6,758	24,232	45	24,277

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

2. Geographical segments

Half-year ended September 30, 2004

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

	Japan	North America	Europe	Other areas	Total	Elimination or Corporate	Consolidated
Sales							
(1) Sales to customers	81,505	20,232	11,486	4,989	118,214	-	118,214
(2) Intersegment sales	16,986	1,754	654	2,168	21,563	(21,563)	-
Total	98,492	21,987	12,140	7,157	139,778	(21,563)	118,214
Operating expenses	91,976	20,709	10,547	6,533	129,768	(22,059)	107,709
Operating income	6,515	1,277	1,592	623	10,009	495	10,505

Half-year ended September 30, 2005

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

	Japan	North America	Europe	Other areas	Total	Elimination or Corporate	Consolidated
Sales							
(1) Sales to customers	83,596	18,997	13,532	5,694	121,819	-	121,819
(2) Intersegment sales	15,992	2,660	557	2,182	21,393	(21,393)	-
Total	99,588	21,657	14,090	7,876	143,212	(21,393)	121,819
Operating expenses	89,691	20,297	13,113	7,807	130,909	(22,555)	108,354
Operating income	9,896	1,360	977	68	12,302	1,162	13,465

Year ended March 31, 2005

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

	Japan	North America	Europe	Other areas	Total	Elimination or Corporate	Consolidated
Sales							
(1) Sales to customers	193,052	39,064	23,071	10,939	266,127	-	26,127
(2) Intersegment sales	33,643	4,563	1,124	4,536	43,867	(43,867)	-
Total	226,696	43,627	24,195	15,475	309,995	(43,867)	266,127
Operating expenses	210,192	41,428	21,657	14,260	287,539	(45,689)	241,850
Operating income	16,503	2,198	2,537	1,215	22,455	1,821	24,277

Notes:

1. Policies with respect to global geographical area and countries:

(1) The geographical areas in the above tables and countries were determined in consideration of their geographical closeness.

(2) Each global geographical division consists of the following countries:

North America	The United States of America and Canada
Europe	Germany, Belgium, France, Poland, etc.
Other areas	Indonesia, China, Australia, Thailand, Saudi Arabia, South Africa, etc.

3. Sales to foreign customers

Half-year ended September 30, 2004

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

	North America	Europe	Asia	Other areas	Total
I. Sales to foreign customers	20,098	11,410	9,350	6,515	47,374
II. Consolidated sales					118,214
III. Ratio of sales to foreign customers to consolidated sales (%)	17.0	9.7	7.9	5.5	40.1

Half-year ended September 30, 2005

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

	North America	Europe	Asia	Other areas	Total
I. Sales to foreign customers	18,471	12,991	11,166	9,167	51,797
II. Consolidated sales					121,819
III. Ratio of sales to foreign customers to consolidated sales (%)	15.2	10.7	9.2	7.4	42.5

Year ended March 31, 2005

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

	North America	Europe	Asia	Other areas	Total
I. Sales to foreign customers	37,844	22,872	18,088	15,490	94,297
II. Consolidated sales					266,127
III. Ratio of sales to foreign customers to consolidated sales (%)	14.2	8.6	6.8	5.8	35.4

Notes:

1. Policies with respect to global geographical area and countries:

(1) The geographical areas in the above tables and countries were determined in consideration of their geographical closeness.

(2) Each global geographical division consists of the following countries:

North America	The United States of America and Canada
Europe	Germany, Belgium, France, Poland, etc.
Asia	Korea, China, Thailand, etc.
Other areas	South Africa, Saudi Arabia, etc.

2. Sales to foreign customers represent the Company's and consolidated subsidiaries' sales in the countries or area other than Japan.