NGK SPARK PLUG Co., Ltd.

Consolidated financial reports under Japanese GAAP for the nine months ended December 31, 2006

URL	http://www.ngkntk.co.jp
Stock listing	Tokyo 1st section, Nagoya 1st section
Code number	5334
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Representative	Norio Kato, President

Consolidated Financial Highlights

	(Nine months ended) December 31		(Fiscal year ended)
	2006	2005	March 31, 2006
(Millions of yen)			
Net sales	257,743	209,514	284,884
Operating income	40,200	32,397	41,513
Ordinary income	41,865	34,030	43,130
Net income	25,939	20,767	25,104
Total assets	404,802	364,053	386,235
Net assets	280,794	251,442	260,766
Cash flow from			
- Operating activities	16,236	16,938	34,749
- Investing activities	(12,696)	(12,569)	(30,691)
- Financing activities	(5,553)	(3,430)	(2,457)
Cash and cash equivalents	41,757	42,143	43,304
Per share (Yen)			
Net income			
- Basis	117.34	93.78	112.82
- Diluted	111.41	88.83	106.91
Equity	1,267.10	1,128.88	1,166.97
Equity ratio (%)	69.0%	68.7%	67.1%

Consolidated Financial Forecast

(Millions of yen)

	Fiscal year ending March 31, 2007	(Reference) Fiscal year ended March 31, 2006	Changes
Net sales	**342,000**	284,884	*20.0%*
Operating income	**52,400**	41,513	*26.2%*
Ordinary income	**54,000**	43,130	*25.2%*
Net income	**33,600**	25,104	*33.8%*
Net income per share (Basis)	**152.09*yen***	112.82 *yen*	

Disclaimer regarding forward-looking statements.

This document contains forward-looking statements. These statements are based on internal projections and estimates and should not be interpreted as representation that quantitative or qualitative objectives therein will be fulfilled.

Consolidated Financial Statements

Consolidated Balance Sheet

(Millions of yen)

	December 31				March 31	
	2006		2005		2006	
Assets						
Current assets:						
Cash and time deposit	53,760		55,773		64,327	
Notes and accounts receivable, trade	65,921		55,256		54,243	
Securities	20,198		24,633		24,070	
Inventories	61,189		45,207		51,127	
Deferred tax assets	7,384		7,349		8,505	
Other current assets	9,340		8,235		8,853	
Allowance for doubtful accounts	(243)		(270)		(224)	
Total current assets	**217,551**	53.7%	**196,185**	53.9%	**210,902**	54.6%
Fixed assets:						
Tangible assets:						
Building and structures	40,637		40,910		41,087	
Machinery and vehicles	41,836		34,146		36,557	
Land	16,708		16,242		16,385	
Construction in progress	10,303		6,018		4,744	
Other tangible assets	2,181		2,013		1,917	
Total tangible assets	**111,667**	27.6%	**99,331**	27.3%	**100,691**	26.1%
Intangible assets:						
Software	487		165		199	
Consolidated goodwill	809		616		581	
Total intangible assets	**1,296**	0.3%	**781**	0.2%	**780**	0.2%
Investment and other assets:						
Investment securities	71,117		64,757		70,884	
Deferred tax assets	1,120		1,147		1,173	
Other assets	2,134		1,948		1,894	
Allowance for doubtful accounts	(86)		(99)		(91)	
Total investment and other assets	**74,286**	18.4%	**67,753**	18.6%	**73,860**	19.1%
Total fixed assets	**187,251**	46.3%	**167,867**	46.1%	**175,332**	45.4%
Total assets	**404,802**	100.0%	**364,053**	100.0%	**386,235**	100.0%

(Millions of yen)

	December 31				March 31	
	2006		2005		2006	
Liabilities						
Current liabilities:						
Accounts payable, trade	34,345		22,135		29,513	
Short-term borrowing	14,141		9,234		10,462	
Bonds due within one year	10,000		-		10,000	
Income taxes payable	5,565		7,719		11,044	
Deferred tax liabilities	215		217		215	
Other current liabilities	17,995		22,058		23,055	
Total current liabilities	**82,262**	20.3%	**61,365**	16.8%	**84,290**	21.8%
Fixed liabilities:						
Bonds	16,099		26,900		16,099	
Employee retirement benefit liability	14,367		14,192		14,186	
Accrued severance indemnities for officers	688		922		985	
Negative consolidated goodwill	58		-		-	
Deferred tax liabilities	9,559		8,346		9,042	
Other fixed liabilities	971		883		864	
Total fixed liabilities	**41,744**	10.3%	**51,245**	14.1%	**41,178**	10.7%
Total liabilities	**124,007**	30.6%	**112,610**	30.9%	**125,468**	32.5%
Net assets						
Shareholders' equity:						
Common stock	47,869	11.8%	47,869	13.1%	47,869	12.4%
Capital surplus	55,169	13.6%	54,864	15.1%	55,167	14.3%
Retained earnings	158,509	39.2%	133,867	36.8%	138,202	35.8%
Less, treasury stock at cost	(10,015)	(2.5%)	(6,879)	(1.9%)	(6,454)	(1.7%)
Total shareholder's equity	**251,533**	62.1%	**229,721**	63.1%	**234,784**	60.8%
Valuation and adjustment:						
Net unrealized gains on available-for-sale securities	28,820	7.1%	24,968	6.9%	27,831	7.2%
Foreign currency translation adjustment	(973)	(0.2%)	(4,667)	(1.3%)	(3,403)	(0.9%)
Total valuation and adjustment	**27,847**	6.9%	**20,300**	5.6%	**24,428**	6.3%
Minority interests in consolidated subsidiaries	**1,414**	0.4%	**1,420**	0.4%	**1,552**	0.4%
Total net assets	**280,794**	69.4%	**251,442**	69.1%	**260,766**	67.5%
Total liabilities and net assets	**404,802**	100.0%	**364,053**	100.0%	**386,235**	100.0%

Consolidated Statement of Operations

(Millions of yen)

	Nine months ended December 31				Fiscal year ended March 31	
	2006		2005		2006	
Net sales	**257,743**	100.0%	**209,514**	100.0%	**284,884**	100.0%
Costs of goods sold	**185,477**	72.0%	**147,856**	70.6%	**203,337**	71.4%
Gross profit on sales	**72,265**	28.0%	**61,657**	29.4%	**81,547**	28.6%
Selling, general and administrative expenses	**32,065**	12.4%	**29,260**	13.9%	**40,033**	14.0%
Operating income	**40,200**	15.6%	**32,397**	15.5%	**41,513**	14.6%
Other income:						
Interest income	946		554		834	
Dividend income	707		458		460	
Amortization of consolidated goodwill	15		-		-	
Income of rentals on fixed assets	585		589		804	
Equity in net earnings of affiliates	579		574		673	
Foreign exchange gain	121		484		485	
Miscellaneous income	765		811		1,020	
Total other income	**3,722**	1.4%	**3,473**	1.6%	**4,279**	1.5%
Other expenses:						
Interest expenses	655		460		674	
Depreciation of rentals on fixed assets	454		517		701	
Loss on disposal of inventory	52		136		299	
Donation	274		-		-	
Warranty	299		377		500	
Miscellaneous expenses	319		348		486	
Total other expenses	**2,056**	0.8%	**1,840**	0.9%	**2,662**	1.0%
Ordinary income	**41,865**	16.2%	**34,030**	16.2%	**43,130**	15.1%
Extraordinary profit:						
Gain on sales of fixed assets	48		13		16	
Gain on sales of investment securities	17		0		10	
Total extraordinary profit	**66**	0.0%	**13**	0.0%	**26**	0.0%
Extraordinary losses:						
Loss on sales or disposal of fixed assets	421		433		633	
Impairment loss on fixed assets	-		737		737	
Depreciation expenses resulting from revision of residual value	-		-		2,749	
Loss on sales of investment securities	-		-		5	
Total extraordinary losses	**421**	0.1%	**1,170**	0.5%	**4,125**	1.4%
Income before income taxes and minority interests	**41,510**	16.1%	**32,873**	15.7%	**39,032**	13.7%
Income taxes:						
Current	14,377		12,706		16,926	
Deferred	1,015		(715)		(3,161)	
Total income taxes	**15,393**	6.0%	**11,991**	5.7%	**13,765**	4.8%
Less, minority interests in net income of consolidated subsidiaries	**177**	0.0%	**113**	0.1%	**162**	0.1%
Net income	**25,939**	10.1%	**20,767**	9.9%	**25,104**	8.8%

Consolidated Statement of Net Assets

(Millions of yen)

	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gains on available-for-sale securities	Foreign currency translation adjustment	Total valuation and adjustment	Minority interests in consolidated subsidiaries	Total net assets
Balance at March 31, 2006	**47,869**	**55,167**	**138,202**	**(6,454)**	**234,784**	**27,831**	**(3,403)**	**24,428**	**1,552**	**260,766**
Net income	-	-	25,939	-	25,939	-	-	-	-	25,939
Dividends	-	-	(5,529)	-	(5,529)	-	-	-	-	(5,529)
Bonus to directors and corporate auditors	-	-	(103)	-	(103)	-	-	-	-	(103)
Sales of treasury stock	-	2	-	2	4	-	-	-	-	4
Purchase of treasury stock	-	-	-	(3,563)	(3,563)	-	-	-	-	(3,563)
Other, net	-	-	-	-	-	988	2,430	3,418	(138)	3,280
Total change	**-**	**2**	**20,306**	**(3,561)**	**16,748**	**988**	**2,430**	**3,418**	**(138)**	**20,028**
Balance at December 31, 2006	**47,869**	**55,169**	**158,509**	**(10,015)**	**251,533**	**28,820**	**(973)**	**27,847**	**1,414**	**280,794**

Consolidated Statement of Capital Surplus and Retained Earnings

(Millions of yen)

	Nine months ended December 31,2005	Fiscal year ended March 31, 2006
Capital surplus:		
Balance at the beginning of the period	**54,826**	**54,826**
Increases due to:		
Profit from treasury stock disposition	38	340
Balance at the end of the period	**54,864**	**55,167**
Retained earnings:		
Balance at the beginning of the period	**117,394**	**117,394**
Increases due to:		
Net income	20,767	25,104
Decreases due to:		
Dividends	(4,207)	(4,207)
Bonuses to directors and corporate auditors	(88)	(88)
Balance at the end of the period	**133,867**	**138,202**

Consolidated Statement of Cash Flows

(Millions of yen)

	Nine months ended December 31		Fiscal year ended March 31
	2006	2005	2006
Cash flow from operating activities:			
Income before income taxes and minority interests	41,510	32,873	39,032
Depreciation	13,636	10,792	18,017
Impairment loss on fixed assets	-	737	737
Amortization of consolidated goodwill	128	29	64
Increase in allowance for retirement benefit for employees	167	447	433
Interest and dividend income	(1,654)	(1,012)	(1,295)
Equity in net earnings of affiliates	(579)	(574)	(673)
Interest expenses	655	460	674
Gain on sales of investment securities	(17)	(0)	(10)
Loss on sales of investment securities	-	-	5
Gain on sales of fixed assets	(48)	(13)	(16)
Loss on sales or disposal of fixed assets	421	433	633
Net increase in accounts receivable, trade	(10,698)	(12,146)	(10,005)
Net (increase) / decrease in inventory	(8,887)	1,827	(3,003)
Net increase / (decrease) in accounts payable, trade	3,268	(2,126)	1,558
Other, net	(3,053)	(3,866)	315
Subtotal	**34,848**	**27,860**	**46,467**
Interest and dividend received	1,679	1,197	1,481
Interest paid	(595)	(403)	(670)
Income taxes paid	(19,696)	(11,717)	(12,528)
Net cash provided by operating activities	**16,236**	**16,938**	**34,749**
Cash flow from investing activities:			
Net decrease / (increase) in fixed-term deposit	9,624	5,783	(2,565)
Purchase of securities	(9,694)	(10,099)	(15,560)
Sales of securities	16,040	10,974	19,927
Purchase of investment securities	(601)	(5,360)	(8,318)
Sales of investment securities	24	1,007	1,027
Purchase of shares of subsidiaries	(562)	(67)	(67)
Net decrease by acquisition of share of a new subsidiary	-	(468)	(468)
Purchase of tangible fixed assets	(27,422)	(14,267)	(24,560)
Sales of tangible fixed assets	321	48	84
Net (increase) / decrease in loans	(3)	3	9
Other, net	(422)	(123)	(198)
Net cash used in investing activities	**(12,696)**	**(12,569)**	**(30,691)**
Cash flow from financing activities:			
Net increase in short-term borrowing	3,646	908	2,076
Proceeds from issuance of common stock of a subsidiary	-	-	16
Purchase of treasury stock and fractional shares	(3,563)	(134)	(210)
Sales of treasury stock and fractional shares	4	1	4
Dividends paid	(5,529)	(4,066)	(4,205)
Other, net	(111)	(138)	(139)
Net cash used in financing activities	**(5,553)**	**(3,430)**	**(2,457)**
Effect of exchange rate changes on cash and cash equivalents	**466**	**680**	**1,179**
Net increase in cash and cash equivalents	**(1,546)**	**1,618**	**2,779**
Cash and cash equivalents at beginning of the period	**43,304**	**40,524**	**40,524**
Cash and cash equivalents at end of the period	**41,757**	**42,143**	**43,304**

Note: Reconciliation of cash and time deposits in the consolidated balance sheet to cash and cash equivalents in the consolidated statement of cash flows.

(Millions of yen)

	December 31		March 31
	2006	2005	2006
Cash and time deposits	53,760	55,773	64,327
Securities	20,198	24,633	24,070
Subtotal	**73,958**	**80,407**	**88,397**
Time deposits with original maturities of three months or longer	(15,006)	(15,631)	(24,023)
Security other than short-term investments with an original maturity of three months or less	(17,194)	(22,633)	(21,069)
Cash and cash equivalents	**41,757**	**42,143**	**43,304**

Sales Information by Segment

1. Sales Information by Industry Segment

(Millions of yen)

	Nine months ended December 31						Fiscal year ended March 31		
	2006			2005			2006		
	Outside customers	Intersegment sales	Total net sales	Outside customers	Intersegment sales	Total net sales	Outside customers	Intersegment sales	Total net sales
Automotive components	138,858	-	138,858	122,593	-	122,593	165,279	-	165,279
Communication media and technical ceramics	115,282	-	115,282	84,553	-	84,553	116,032	-	116,032
Other	3,602	73	3,675	2,367	52	2,420	3,573	71	3,644
Total	**257,743**	**73**	**257,816**	**209,514**	**52**	**209,567**	**284,884**	**71**	**284,955**
Elimination	-	(73)	(73)	-	(52)	(52)	-	(71)	(71)
Consolidated	**257,743**	**-**	**257,743**	**209,514**	**-**	**209,514**	**284,884**	**-**	**284,884**

2. Sales Information by Geographic Segment

(Millions of yen)

	Nine months ended December 31						Fiscal year ended March 31		
	2006			2005			2006		
	Outside customers	Intersegment sales	Total net sales	Outside customers	Intersegment sales	Total net sales	Outside customers	Intersegment sales	Total net sales
Japan	113,919	116,363	230,283	92,927	92,242	185,170	127,126	123,424	250,551
North America	77,559	655	78,215	61,542	558	62,100	83,583	778	84,361
Europe	42,963	991	43,955	35,618	657	36,275	47,489	1,051	48,541
Other	23,300	721	24,021	19,425	658	20,083	26,684	878	27,563
Total	**257,743**	**118,732**	**376,475**	**209,514**	**94,116**	**303,630**	**284,884**	**126,132**	**411,017**
Elimination	-	(118,732)	(118,732)	-	(94,116)	(94,116)	-	(126,132)	(126,132)
Consolidated	**257,743**	**-**	**257,743**	**209,514**	**-**	**209,514**	**284,884**	**-**	**284,884**

3. Overseas Sales

(Millions of yen)

	Nine months ended December 31				Fiscal year ended March 31	
	2006		2005		2006	
North America	116,081	45.1%	87,441	41.7%	118,330	41.5%
Europe	44,127	17.1%	36,871	17.6%	49,140	17.3%
Asia	26,373	10.2%	22,692	10.8%	31,213	11.0%
Other	21,162	8.2%	18,135	8.7%	24,874	8.7%
Total overseas sales	**207,744**	80.6%	**165,142**	78.8%	**223,560**	78.5%
Consolidated net sales	**257,743**	100.0%	**209,514**	100.0%	**284,884**	100.0%