

Translation

Notice: This English version is a translation of the original disclosure in Japanese released on October 31, 2014 at 15:00 (GMT+9) and is only for reference purposes. In the case where any differences occur between the English version and the original Japanese version, the Japanese version will prevail.

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MEMBERSHIP

October 31, 2014

CONSOLIDATED FINANCIAL RESULTS for the Second Quarter of the Year Ending December 31, 2014 (Unaudited) <under Japanese GAAP>

Company name: **Nippon Electric Glass Co., Ltd.**
 Listing: First Section of the Tokyo Stock Exchange
 Securities identification code: 5214
 URL: <http://www.neg.co.jp/>
 Representative: Masayuki Arioka, President and Representative Director
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Scheduled date to file quarterly report: November 13, 2014
 Scheduled date to commence dividend payments: November 28, 2014
 Supplementary material on quarterly financial results: Yes
 Quarterly financial results presentation meeting: Yes (for institutional investors and analysts)

(in millions of yen with fractional amounts discarded, unless otherwise noted)

1. Consolidated performance for the second quarter of the year ending December 31, 2014 (From April 1, 2014 to September 30, 2014)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income	
For the six months ended		%		%		%		%
September 30, 2014	129,775	-	4,076	-	4,658	-	4,802	-
September 30, 2013	126,271	(16.6)	10,427	(37.9)	9,799	(34.3)	6,022	30.9

Note: Comprehensive income:

For the six months ended September 30, 2014: 10,165 million yen [-%]

For the six months ended September 30, 2013: 14,986 million yen [126.0%]

	Net income per share	Diluted net income per share
For the six months ended	Yen	yen
September 30, 2014	9.66	-
September 30, 2013	12.11	-

Note: The Company has changed its fiscal year end (last date of its business year) from March 31 to December 31 effective from the year ending December 31, 2014 (this fiscal year). As the period under consolidation for the period ended September 30, 2014, which is a transitional period in the change to the fiscal year end (the Company and its domestic consolidated subsidiaries: April 1, 2014, to September 30, 2014; the Company's overseas consolidated subsidiaries: January 1, 2014, to September 30, 2014) is different to that of the second quarter of the previous fiscal year, year-on-year changes are not presented. As a measure for this transitional period, profit and loss for the overseas consolidated subsidiaries in the three months from January 1, 2014, to March 31, 2014, are directly added or deducted in retained earnings under shareholders' equity on the consolidated balance sheet.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of			%
September 30, 2014	708,248	519,341	72.1
March 31, 2014	707,021	510,807	71.2

Reference: Equity:

As of September 30, 2014: 510,962 million yen

As of March 31, 2014: 503,093 million yen

2. Cash dividends

	Annual dividends				
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Total
	yen	yen	yen	yen	yen
For the year ended March 31, 2014	-	8.00	-	8.00	16.00
For the year ending December 31, 2014	-	8.00	—	—	—
For the year ending December 31, 2014 (Forecasts)	—	—	-	4.00	12.00

Note: 1. Revision of the forecasts most recently announced: None

2. Dividends for the year ending December 31, 2014, will be determined on the assumption of maintaining a dividend of 16 yen per share per twelve-month period, which was paid in the year ended March 31, 2014. As this will be adjusted in consideration that the year ending December 31, 2014, is actually a nine-month period, the interim dividend is 8 yen per share and the planned annual dividend is 12 yen per share (year-end dividend 4 yen).

3. Consolidated earnings forecasts for the year ending December 31, 2014 (From April 1, 2014 to December 31, 2014 (Nine Months))

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
		%		%		%		%	yen
For the year ending December 31, 2014	190,000 - 195,000	-	6,000 - 8,000	-	6,000 - 8,000	-	5,000 - 7,000	-	10.05 - 14.07

Note: Revision of the forecasts most recently announced: Yes

Reference: Consolidated earnings for the year ended March 31, 2014 (Twelve Months)

The period under consolidation:

The Company and its domestic consolidated subsidiaries: April 1, 2013, to March 31, 2014

The Company's overseas consolidated subsidiaries: January 1, 2013, to December 31, 2013

Net sales	Operating income	Ordinary income	Net income	(Millions of yen)
252,548	16,170	14,372	12,431	

*** Notes**

- (1) **Changes in significant subsidiaries during the six months under review** (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) **Application of special accounting for preparing the quarterly consolidated financial statements:** Yes
- (3) **Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements after error corrections**
- A. Changes in accounting policies due to revisions to accounting standards: Yes
 - B. Changes in accounting policies due to other reasons: None
 - C. Changes in accounting estimates: None
 - D. Restatement of prior period financial statements after error corrections: None

(4) **Number of issued shares (common stock)**

- A. Total number of issued shares at the end of the period (including treasury stock)

As of September 30, 2014	497,616,234 shares
As of March 31, 2014	497,616,234 shares

- B. Number of treasury shares at the end of the period

As of September 30, 2014	226,792 shares
As of March 31, 2014	220,670 shares

- C. Average number of shares during the period (cumulative from the beginning of the fiscal year)

For the six months ended September 30, 2014	497,392,924 shares
For the six months ended September 30, 2013	497,405,972 shares

* Indication regarding execution of quarterly review procedures

At the time of disclosure of this quarterly financial results report, the quarterly review procedures for the quarterly consolidated financial statements in accordance with the Financial Instruments and Exchange Act were incomplete.

* Proper use of earnings forecasts, and other special directions

The forward-looking statements, including earnings forecasts, contained in these materials are based on certain assumptions deemed to be reasonable by the Company and its subsidiaries (“the NEG Group”) and include risks and contingencies. Actual business results may differ substantially due to a number of factors. For more details, please refer to the section of “(2) Information regarding consolidated earnings forecasts and other forward-looking statements in Qualitative Information Regarding Consolidated Results for the Six Months” on page 5.

Qualitative Information Regarding Consolidated Results for the Six Months

(1) Information regarding operating results (Six months ended September 30, 2014)

A. Overview

In the global economy, Europe showed a modest recovery, with signs of a slowdown in some regions. The U.S. economy recovered on an expansion in personal consumption, but the pace of growth slowed in China. The Japanese economy gradually recovered, despite the impact of the reactionary decline following the rush in demand before the consumption tax hike.

Amid this environment, during the six months ended September 30, 2014, in the glass for electronic and information devices, sales of substrate glass for liquid crystal displays (LCDs), a mainstay product, began to decline in the second quarter (from July 1, 2014 to September 30, 2014), while sales of cover glass for mobile devices (specialty glass for chemical strengthening) also fell sharply from the second half of the first quarter (from April 1, 2014 to June 30, 2014). At the same time, sales in glass for others, particularly glass fiber, were generally firm. As a result, net sales fell from the first quarter through the second quarter, but profitability recovered mainly due to progress made in improving the productivity of substrate glass for LCDs.

B. Operating results

(Billions of yen)

	Six months ended September 30, 2013	Six months ended September 30, 2014
Net sales	126.2	129.7
Operating income	10.4	4.0
Ordinary income	9.7	4.6
Net income	6.0	4.8

Note: Amounts less than 100 million yen are omitted.

(Sales by products)

Reporting segment	Category	Six months ended September 30, 2013		Six months ended September 30, 2014	
		billions of yen	(%)	billions of yen	(%)
Glass Business	Glass for electronic and information devices	92.3	73	90.8	70
	Glass for others	33.9	27	38.9	30
Total		126.2	100	129.7	100

Note: Amounts less than 100 million yen are omitted.

(Net sales)

Glass for electronic and information devices:

Sales of substrate glass for LCDs remained stable in the first quarter, but with shipments sluggish in the second quarter, prices fell and sales declined. Sales of cover glass for mobile devices fell sharply, reflecting poor demand for high-end models from the second half of the first quarter. With regard to glass for electronic devices, sales of cover glass for image sensors slumped on the slow recovery in demand for digital cameras, but sales of glass for optical devices remained strong, thanks to demand for communications infrastructure. Sales of substrate glass for solar cells were generally firm.

Glass for others:

Sales remained high for glass fiber on the back of demand for its applications in high-function plastics for auto parts and for reinforced cement for building materials. Sales increased gradually in

the area of building materials, heat resistant glass and others.

(Profits)

Progress in improving the productivity of substrate glass for LCDs made up for deteriorating profitability, resulting from falling sales as well as rising raw material and fuel prices attributable to yen depreciation and higher electricity prices. As a result, operating income made a modest recovery from the first quarter through the second quarter. Foreign exchange gains (second quarter) from yen depreciation boosted ordinary income, while the reversal of provision for special repairs accompanying a suspension of production facilities (first quarter) boosted net income.

(2) Information regarding consolidated earnings forecasts and other forward-looking statements

Consolidated earnings forecasts for the year ending December 31, 2014

(Billions of yen)

	Year ending December 31, 2014		Change (B) – (A)	Change (%)
	Previous forecast (A)	Revised forecast (B)		
Net sales	195.0 - 205.0	190.0 - 195.0	-	-
Operating income	7.0 - 13.0	6.0 - 8.0	-	-
Ordinary income	6.0 - 12.0	6.0 - 8.0	-	-
Net income	6.0 - 10.0	5.0 - 7.0	-	-
Net income per share (yen)	12.06 - 20.10	10.05 - 14.07	-	-

Note: Amounts less than 100 million yen are omitted.

The global and domestic economies are expected to continue to make modest recoveries, despite growing uncertainty over the outlook.

In this environment, in the third quarter (from October 1, 2014 to December 31, 2014), in glass for electronic and information devices, we forecast shipments of substrate glass for LCDs, our core business, to be generally in line with those of the second quarter. We expect only a modest recovery in cover glass for mobile devices. In glass for others, shipments of glass fiber are expected to remain firm and shipments of glass for building materials, heat resistant glass and others to remain stable. In terms of profitability, we anticipate depreciation costs on investments and launch costs for the second phase of investment for Electric Glass (Korea) Co., Ltd., but we are working to begin stable operations soon to absorb these costs. Trends in exchange rates and product prices are expected to impact profitability, but the NEG Group will make all efforts to secure profits through means such as improving productivity and reducing expenses.

In light of these considerations, we have revised our consolidated earnings forecasts for the year ending December 31, 2014, as shown in the table above, taking into account changes in the market environment and progress in earnings since the previous forecast (released on August 7, 2014) and our earnings outlook.

The forward-looking statements, including earnings forecasts, contained in these materials are based on certain assumptions deemed to be reasonable by the NEG Group and include risks and contingencies. Actual business results may differ substantially due to a number of factors. Factors that may impact actual business results include the economic conditions of global markets, various rules and regulations such as those concerning trade, significant fluctuation of supply and demand of products in principal markets as well as the financial situation showing extensive changes in prices on capital markets, exchange rates between the yen and other major currencies such as the U.S. dollar and the Euro, and interest rates, in addition to rapid technological advancement. Factors not mentioned here also could have a significant impact on business results.

Quarterly consolidated financial statements

(1) Quarterly consolidated balance sheet

(Millions of yen)

	As of March 31, 2014	As of September 30, 2014
Assets		
Current assets		
Cash and deposits	134,149	134,105
Notes and accounts receivable - trade	44,317	48,288
Merchandise and finished goods	35,807	31,193
Work in process	2,373	1,684
Raw materials and supplies	19,139	19,415
Other	11,784	9,622
Allowance for doubtful accounts	(68)	(74)
Total current assets	247,502	244,236
Non-current assets		
Property, plant and equipment		
Machinery, equipment and vehicles, net	286,487	290,029
Other, net	107,262	105,735
Total property, plant and equipment	393,750	395,764
Intangible assets	2,659	2,886
Investments and other assets		
Other	63,157	65,422
Allowance for doubtful accounts	(48)	(61)
Total investments and other assets	63,109	65,360
Total non-current assets	459,519	464,011
Total assets	707,021	708,248
Liabilities		
Current liabilities		
Notes and accounts payable - trade	28,143	27,335
Short-term loans payable	15,185	15,786
Current portion of bonds	10,000	10,000
Income taxes payable	1,898	2,489
Other provision	65	50
Other	31,676	26,536
Total current liabilities	86,969	82,198
Non-current liabilities		
Bonds payable	30,000	30,000
Long-term loans payable	41,306	40,800
Provision for special repairs	35,937	33,807
Other provision	72	60
Net defined benefit liability	1,012	1,100
Other	915	939
Total non-current liabilities	109,243	106,707
Total liabilities	196,213	188,906

(Millions of yen)

	As of March 31, 2014	As of September 30, 2014
Net assets		
Shareholders' equity		
Capital stock	32,155	32,155
Capital surplus	34,351	34,351
Retained earnings	422,893	426,607
Treasury shares	(276)	(279)
Total shareholders' equity	489,124	492,834
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	13,670	14,925
Deferred gains or losses on hedges	84	(110)
Foreign currency translation adjustment	214	3,312
Total accumulated other comprehensive income	13,969	18,127
Minority interests	7,714	8,379
Total net assets	510,807	519,341
Total liabilities and net assets	707,021	708,248

(2) Quarterly consolidated statement of income and comprehensive income
Quarterly consolidated statement of income (cumulative)

(Millions of yen)

	Six months ended September 30, 2013	Six months ended September 30, 2014
Net sales	126,271	129,775
Cost of sales	102,213	110,948
Gross profit	24,058	18,827
Selling, general and administrative expenses	13,631	14,750
Operating income	10,427	4,076
Non-operating income		
Interest income	120	109
Dividend income	535	527
Foreign exchange gains	897	1,298
Other	491	540
Total non-operating income	2,044	2,476
Non-operating expenses		
Interest expenses	361	307
Loss on retirement of non-current assets	254	26
Depreciation of inactive non-current assets	1,438	1,188
Other	617	371
Total non-operating expenses	2,671	1,894
Ordinary income	9,799	4,658
Extraordinary income		
Reversal of provision for special repairs	75	3,935
Gain on sales of non-current assets	92	-
Other	-	109
Total extraordinary income	167	4,044
Extraordinary losses		
Loss on retirement of non-current assets	514	465
Impairment loss	107	1,424
Other	34	6
Total extraordinary losses	656	1,896
Income before income taxes and minority interests	9,311	6,807
Income taxes	2,470	1,521
Income before minority interests	6,841	5,285
Minority interests in income	818	482
Net income	6,022	4,802

Quarterly consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2013	Six months ended September 30, 2014
Income before minority interests	6,841	5,285
Other comprehensive income		
Valuation difference on available-for-sale securities	3,021	1,255
Deferred gains or losses on hedges	162	(194)
Foreign currency translation adjustment	4,960	3,819
Total other comprehensive income	8,145	4,880
Comprehensive income	14,986	10,165
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	14,129	9,657
Comprehensive income attributable to minority interests	857	507

(3) Quarterly consolidated statement of cash flows (cumulative)

(Millions of yen)

	Six months ended September 30, 2013	Six months ended September 30, 2014
Cash flows from operating activities		
Income before income taxes and minority interests	9,311	6,807
Depreciation	16,760	17,837
Decrease (increase) in notes and accounts receivable - trade	940	(752)
Decrease (increase) in inventories	(4,431)	2,549
Increase (decrease) in notes and accounts payable - trade	(9,094)	(2,556)
Income taxes paid	(1,204)	(2,702)
Other, net	5,117	1,728
Net cash provided by (used in) operating activities	17,399	22,911
Cash flows from investing activities		
Purchase of non-current assets	(19,864)	(16,068)
Other, net	(356)	(3,882)
Net cash provided by (used in) investing activities	(20,221)	(19,950)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(4,962)	447
Proceeds from long-term loans payable	5,500	-
Repayments of long-term loans payable	(2,198)	(542)
Cash dividends paid	(3,978)	(3,979)
Other, net	(47)	(19)
Net cash provided by (used in) financing activities	(5,685)	(4,093)
Effect of exchange rate change on cash and cash equivalents	309	684
Net increase (decrease) in cash and cash equivalents	(8,197)	(448)
Cash and cash equivalents at beginning of period	121,740	123,887
Decrease in cash and cash equivalents due to changes in accounting period	-	(6,381)
Cash and cash equivalents at end of period	113,543	117,057