

## Translation

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Member of the Financial Accounting Standards Foundation



MEMBERSHIP  
April 27, 2009

## CONSOLIDATED FINANCIAL RESULTS for the Year Ended March 31, 2009 (Unaudited)

Company name: **Nippon Electric Glass Co., Ltd.**  
Listing: First Section of the Tokyo Stock Exchange  
First Section of the Osaka Securities Exchange  
Securities identification code: 5214  
URL: <http://www.neg.co.jp/>  
Representative: Yuzo Izutsu, President and Representative Director  
Inquiries: Masami Atsuji, Director and Executive Vice President  
TEL: +81-77-537-1700 (from overseas)

Scheduled date of ordinary general meeting of shareholders: June 26, 2009  
Scheduled date to commence dividend payments: June 29, 2009  
Scheduled date to file securities report: June 29, 2009

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

### 1. Consolidated performance for the year ended March 31, 2009 (From April 1, 2008 to March 31, 2009)

#### (1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income	
		%		%		%		%
For the year ended								
March 31, 2009	335,662	(8.9)	76,416	(24.3)	64,319	(33.7)	21,831	(56.9)
March 31, 2008	368,267	9.5	100,882	19.3	96,942	19.1	50,668	25.5

	Net income per share	Diluted net income per share	Net income/equity	Ordinary income/total assets	Operating income/net sales
For the year ended	yen	yen	%	%	%
March 31, 2009	43.89	-	6.3	10.9	22.8
March 31, 2008	105.29	-	16.5	17.5	27.4

Reference: Equity in earnings of affiliates

For the year ended March 31, 2009: None

For the year ended March 31, 2008: None

## (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of			%	yen
March 31, 2009	588,413	352,744	59.3	701.62
March 31, 2008	588,030	347,785	58.5	691.27

Reference: Equity

As of March 31, 2009: 349,043 million yen

As of March 31, 2008: 343,953 million yen

## (3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Period-end cash and cash equivalents
For the year ended				
March 31, 2009	89,873	(121,975)	27,438	94,623
March 31, 2008	102,429	(91,930)	5,524	101,046

## 2. Cash dividends

Record date	Cash dividends per share					Total cash dividends (Full year)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Annual			
For the year ended	yen	yen	yen	yen	yen		%	%
March 31, 2008	-	4.00	-	5.00	9.00	4,400	8.5	1.4
March 31, 2009	-	5.00	-	5.00	10.00	4,974	22.8	1.4
For the year ending March 31, 2010 (Forecast)	-	5.00	-	5.00 - 6.00	10.00 - 11.00		-	

## 3. Consolidated earnings forecasts for the fiscal year ending March 31, 2010 (From April 1, 2009 to March 31, 2010)

The Company discloses earnings forecasts for the first quarter instead of for the first six months and for the full year. Please refer to page 4 for the earnings forecasts for the first quarter of the fiscal year ending March 31, 2010.

## 4. Others

(1) **Changes in significant subsidiaries during the period** (changes in specified subsidiaries resulting in the change in scope of consolidation): None

(2) **Changes in accounting policies, procedures, and methods of presentation for preparing the consolidated financial statements** (changes to be described in the section of "Changes in basis of preparation for consolidated financial statements")

A. Changes due to revisions to accounting standards: Yes

B. Changes due to other reasons: None

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

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

As of March 31, 2009 497,616,234 shares

As of March 31, 2008 497,616,234 shares

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

As of March 31, 2009 131,778 shares

As of March 31, 2008 46,344 shares

## SUMMARY OF NON-CONSOLIDATED FINANCIAL RESULTS (Reference)

### 1. Non-consolidated performance for the year ended March 31, 2009 (From April 1, 2008 to March 31, 2009)

#### (1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income	
		%		%		%		%
For the year ended								
March 31, 2009	271,571	(10.6)	66,548	(28.1)	63,059	(32.7)	24,328	(54.2)
March 31, 2008	303,616	13.5	92,592	23.5	93,740	22.9	53,081	26.5

	Net income per share	Diluted net income per share
For the year ended	yen	yen
March 31, 2009	48.91	-
March 31, 2008	110.30	-

#### (2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of			%	yen
March 31, 2009	533,398	311,558	58.4	626.27
March 31, 2008	516,086	294,776	57.1	592.43

Reference: Equity

As of March 31, 2009: 311,558 million yen

As of March 31, 2008: 294,776 million yen

#### \* 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 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 “(Concerning Disclosure of Earnings Forecasts)” on page 5.

**5. Consolidated earnings forecasts for the fiscal year ending March 31, 2010  
(From April 1, 2009 to June 30, 2009)**

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
		%		%		%		%	yen
For the first quarter ending June 30, 2009	50,000 - 60,000	(52.0) - (42.4)	0 - 5,000	(100.0) - (85.4)	(2,500) - 2,500	-	(1,500) - 1,500	-	(3.02) - 3.02

Note: As detailed on page 5, in “(Concerning Disclosure of Earnings Forecasts),” earnings forecasts will be disclosed in the form of a range.

(Concerning Disclosure of Earnings Forecasts)

In recent years the Company has been operating in a dramatically changing business environment and it is difficult to accurately forecast earnings for six months to one year in the future. For this reason, the Company discloses earnings forecasts for the first quarter instead of for the first six months and for the full year, in the form of a range. Furthermore, to deliver earlier and more appropriate earnings information, the Company will notify investors of earnings forecasts according to the following schedule.

Disclosure schedule	Content of forecast	
	Earnings forecast for current reporting period (cumulative basis) (disclosure of numerical figures)	Outlook for next reporting period (three-month basis) (disclosure of range for net sales and operating income)
Late June	First quarter	Second quarter
Late September	Six months	Third quarter
Late December	Nine months	Fourth quarter
Late March	Full year	First quarter

In addition to the above, the Company will also provide notification of revisions to earnings forecasts, whenever it is deemed necessary to do so, based on the standards for timely disclosure stipulated by the stock exchanges.

The forward-looking statements, including earnings forecasts, contained in these materials are based on certain assumptions deemed to be reasonable by the Company 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 and extensive changes in exchange rates between the yen and other major currencies such as the U.S. dollar and the Euro, interest rates and rapid technological advancement. Factors not mentioned here also could have a significant impact on business results.

## 1. Operating results

### (1) Analysis regarding operating results

#### (i) Overview of the fiscal year under review (from April 1, 2008 to March 31, 2009)

In the fiscal year under review, resource and energy prices continued to soar up until around the second quarter. Then in September last year, the Lehman Shock occurred, causing the U.S. subprime mortgage crisis to develop into a global financial crisis, which, along with falling stock prices, made a sudden and damaging blow to the real economy. As a result, the global economy rapidly deteriorated from the third quarter onwards, pushing economies around the world simultaneously into a “once-in-one-hundred-year” economic meltdown.

The business climate also took a serious turn for the worse in the Japanese economy. On one hand, consumer sentiment was cool: this was due to the various soaring prices in the first half of the fiscal year, and to the stock market’s sudden drop and the deteriorating economy in the second half. On the other hand, falls in exports and capital investment led to drastic reductions in production by the manufacturing industry, particularly automobile and electric and electronic manufacturers. These factors caused a rapidly deepening economic downturn.

Under these very difficult economic circumstances, the Company and its consolidated subsidiaries (“the NEG Group”) experienced a turnaround from buoyant to slowdown in the sales of substrate glass for LCDs in its mainstay field of glass for flat panel displays (FPDs), mostly due to the impact of weakening demand and falling product prices as a result of production adjustments made by our customers from the middle of the second quarter. From the third quarter onwards the business environment had worsened at a pace well beyond expectations and the Company was forced to make significant production cuts due to sharp drops in demand for substrate glass for LCDs, glass fiber, and other products in a broad range of fields that resulted from the global cooling of the economy.

#### (ii) Operating results for the fiscal year under review

(Billions of yen)

	Fiscal year ended March 31, 2008	Fiscal year ended March 31, 2009	Change (%)
Net sales	368.2	335.6	(8.9)
Operating income	100.8	76.4	(24.3)
Ordinary income	96.9	64.3	(33.7)
Net income	50.6	21.8	(56.9)

Note: Amounts less than 100 million yen are omitted.

(Net sales)

During the first six months of the fiscal year, sales continued to be steady, particularly in the first quarter. In the third quarter onwards, however, sales sharply decreased. As a result, sales for the fiscal year under review were significantly lower than the previous fiscal year.

Glass for display devices:

Concerning substrate glass for LCDs, although sales were steady in the first quarter, in the second quarter, the market environment made a sudden change driving sales down, most notably in the third quarter onwards.

Glass for electronic devices:

Sales rapidly declined in the third quarter onwards due to worsening market conditions for electronic devices.

Glass fiber:

Although sales continued to be steady up until the second quarter, particularly with respect to glass fiber used in high-function plastic auto parts, demand plunged in the wake of drastic cuts in production in the automotive industry that occurred from the third quarter, and sales dropped

sharply in the fourth quarter.

Building materials, heat-resistant glass, glass tubing and other products:

Sales were down as a result of the slowdown in the housing construction market both in Japan and overseas.

(Profits)

The first quarter saw steady profits provided by glass for FPDs despite profit restricting factors such as soaring raw materials and fuel prices and increased depreciation expenses. This is in contrast to the easing in demand and falls in product prices for substrate glass for LCDs in the second quarter, which caused a slowdown in earnings. In the third quarter onwards, there was a large drop in profits as a result of a significant deterioration of earnings, which were impacted by sudden drops in product demand, falls in product prices and significant drops in utilization ratios at facilities.

The following losses were recorded as extraordinary loss: losses from fixed assets as a result of reorganization and reduction of assets to adjust to market trends, impairment losses related to production facilities of glass for CRTs, and losses related to the slump in the stock market.

(Sales by segment)

Segment by business type	Sector	Product	Fiscal year ended March 31, 2008		Fiscal year ended March 31, 2009		Change	
			billions of yen	(%)	billions of yen	(%)	billions of yen	(%)
Glass Business	Information and Communications	Glass for display devices	284.8	77.3	262.5	78.2	(22.3)	(7.9)
		Glass for electronic devices	16.1	4.4	11.6	3.5	(4.5)	(27.8)
		Total	301.0	81.7	274.1	81.7	(26.9)	(8.9)
	Other Products	Glass fiber	31.4	8.5	29.6	8.8	(1.8)	(5.7)
		Building materials, heat-resistant glass, glass tubing and other products	34.3	9.4	30.4	9.1	(3.9)	(11.4)
		Total	65.7	17.9	60.0	17.9	(5.7)	(8.7)
Total glass business		366.8	99.6	334.2	99.6	(32.6)	(8.9)	
Other	-	1.4	0.4	1.4	0.4	(0.0)	(2.1)	
Total		368.2	100	335.6	100	(32.6)	(8.9)	

Notes: 1. Amounts less than 100 million yen are omitted.

2. The above figures do not include intersegment transactions.

**(iii) Outlook for the fiscal year ending March 31, 2010**

(Billions of yen)

	First quarter ended June 30, 2008	First quarter ending June 30, 2009	Change (%)
Net sales	104.2	50.0 – 60.0	(52.0) – (42.4)
Operating income	34.2	0.0 – 5.0	(100.0) – (85.4)
Ordinary income	33.1	(2.5) – 2.5	-
Net income	18.8	(1.5) – 1.5	-

Note: Amounts less than 100 million yen are omitted.

In this current very-severe economic climate both in Japan and overseas, it is simply impossible to know what the future holds.

The Company forecasts that the factors currently impacting profits in this extremely difficult business environment, such as the waning demand, falling product prices and ongoing production cuts, will continue to constrict earnings. The Company will ensure production output corresponds to the demand trends and focus on optimizing inventories and cutting expenses while conducting a cash-flow centric business management model.

Because of the immense change occurring in the business environments surrounding the Company, there will be significant impact on earnings by the trends of product demand and prices, utilization ratios at facilities and the advances made in improving productivity. It is therefore difficult to provide earnings forecasts for the six months to one year in the future. For this reason, the Company discloses earnings forecasts for the first quarter instead of for the first six months and for the full year, in the form of a range. If the various factors turn out more favorable than the Company expected (plan at the beginning of the fiscal year), earning results are expected to be close to the higher limit of the range; conversely, if the various factors deteriorate, then the earning results are expected to be close to the lower limit of the range.

## (2) Analysis regarding financial position

### (i) Overview of consolidated financial position for the fiscal year under review (Billions of yen)

	As of March 31, 2008	As of March 31, 2009	Change
Total assets	588.0	588.4	0.4
Liabilities	240.2	235.6	(4.6)
Net assets	347.7	352.7	5.0

Note: Amounts less than 100 million yen are omitted.

#### (Total assets)

In current assets, a drop in sales brought a decrease of notes and accounts receivable-trade and an increase of merchandise and finished goods. In fixed assets, tangible fixed assets increased mostly with the expansion of facilities related to glass for FPDs.

#### (Liabilities)

In current liabilities, a drop in production brought a decrease of notes and accounts payable-trade, and bonds payable (to be redeemed within one year) increased due to a transfer from non-current liabilities. Also, accrued income taxes decreased. In non-current liabilities, long-term loans payable increased in spite of a decrease in bonds payable.

#### (Net assets)

Mainly retained earnings increased. On the other hand, net unrealized holding gains on other securities fell due to a drop in stock prices and an appreciated yen caused foreign currency translation adjustments to also fall.

**(ii) Overview of consolidated cash flows for the fiscal year under review** (Billions of yen)

	Fiscal year ended March 31, 2008	Fiscal year ended March 31, 2009	Change
Cash flows from operating activities	102.4	89.8	(12.6)
Cash flows from investing activities	(91.9)	(121.9)	(30.0)
Cash flows from financing activities	5.5	27.4	21.9
Period-end cash and cash equivalents	101.0	94.6	(6.4)

Note: Amounts less than 100 million yen are omitted.

**Cash flows from operating activities**

Net cash provided by operating activities decreased from the previous fiscal year. Components included a decrease in income before income taxes, an increase in depreciation and amortization, a decrease in notes and accounts receivable-trade, and an increase in income taxes paid.

**Cash flows from investing activities**

Net cash used in investing activities increased compared with the previous fiscal year mainly due to the acquisition of fixed assets relating to FPD facility expansion.

**Cash flows from financing activities**

Net cash provided by financing activities increased compared with the previous fiscal year mainly due to proceeds from long-term loans payable.

**(iii) Trends of cash-flow related indices**

Fiscal year ended	March 31, 2005	March 31, 2006	March 31, 2007	March 31, 2008	March 31, 2009
Equity ratio (%)	43.9	47.5	52.3	58.5	59.3
Market value-based equity ratio (%)	99.5	192.3	190.1	130.4	58.0
Interest-bearing debt to cash flows ratio (years)	2.2	1.7	1.1	0.9	1.5
Interest coverage ratio (times)	33.5	38.1	82.3	69.4	53.2

Equity ratio: Shareholders' equity / Total assets

Market value-based equity ratio: Market capitalization / Total assets

Interest-bearing debt to cash flows ratio: Interest-bearing debt / Operating cash flow

Interest coverage ratio: Operating cash flow / Interest paid

Notes: 1. All calculations are based on consolidated financial figures.

2. Market capitalization was calculated based on the number of issued shares excluding treasury stock.

3. For cash flows and interest paid, calculations use "cash flows from operating activities" and "interest expenses paid," respectively, in the consolidated statement of cash flows. Moreover, interest-bearing debt corresponds to bonds payable and long- and short-term loans payable included in liabilities presented in the consolidated balance sheet.

**(3) Basic policy on allocation of profits and cash dividends for this fiscal year and next fiscal year**  
(Basic policy)

While ensuring adequate retained earnings to provide for reinforcement of the Company's financial standing and future business development, the Company decides on the amount of dividend payment based on a basic policy of maintaining a long-term and stable return of profits to shareholders that is not significantly affected by fluctuations in earnings, but it also takes the financial situation etc. into consideration.

Regarding the funds from retained earnings, the Company aims to fulfill the expectations of

shareholders through boosting its corporate value by appropriating retained earnings funds for future research and development and future business expansion, focusing on glass for FPDs.

(Year-end dividend)

The Company shall present the year-end dividend payment of 5 yen per share (which combined with the 5 yen per share interim dividend makes an annual dividend of 10 yen per share) for approval at the Ordinary General Meeting of Shareholders scheduled to be held on June 26, 2009.

(Dividend forecast for the next fiscal year)

The company expects to pay an interim dividend of 5 yen per share and a year-end dividend of 5 yen to 6 yen per share, but plans to base its decision on future earnings.