

Translation

Notice: This English version is a translation of the original disclosure in Japanese released on April 28, 2017 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
April 28, 2017

CONSOLIDATED FINANCIAL RESULTS for the First Quarter of the Year Ending December 31, 2017 (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: Motoharu Matsumoto, President and Representative Director
Inquiries: Koichi Tsuda, Director and Senior Vice President
TEL: +81-77-537-1700 (from overseas)

Scheduled date to file quarterly report: May 15, 2017
Scheduled date to commence dividend payments: -
Supplementary material on quarterly financial results: None
Quarterly financial results presentation meeting: None

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

1. Consolidated performance for the first quarter of the year ending December 31, 2017 (From January 1, 2017 to March 31, 2017)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

For the three months ended	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
		%		%		%		%
March 31, 2017	66,245	14.2	7,915	52.8	5,904	140.5	4,140	538.7
March 31, 2016	57,998	(5.1)	5,179	12.7	2,454	6.8	648	-

Note: Comprehensive income:

For the three months ended March 31, 2017: 6,645 million yen [-%]

For the three months ended March 31, 2016: (6,252) million yen [-%]

For the three months ended	Earnings per share	Diluted Earnings per share
	yen	yen
March 31, 2017	8.33	-
March 31, 2016	1.30	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of			%
March 31, 2017	694,146	511,418	73.0
December 31, 2016	693,917	509,564	72.7

Reference: Equity:

As of March 31, 2017: 506,876 million yen

As of December 31, 2016: 504,287 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 December 31, 2016	-	8.00	-	8.00	16.00
For the year ending December 31, 2017	-	—	—	—	—
For the year ending December 31, 2017 (Forecasts)	—	8.00	-	40.00	-

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

2. The Company plans to carry out the share consolidation at a ratio of one for every five common shares, effective on July 1, 2017. Accordingly, the amount of the year-end dividend per share for the year ending December 31, 2017 (forecast) takes this share consolidation into account and disclosure of the total annual dividends per share are described as “-.” For details, please refer to “Proper use of earnings forecasts, and other special directions.”

3. Consolidated earnings forecasts for the year ending December 31, 2017 (From January 1, 2017 to December 31, 2017)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
		%		%		%		%	yen
For the six months ending June 30, 2017	125,000	5.7	11,000	26.3	8,000	-	7,000	-	70.37
For the year ending December 31, 2017	260,000	8.6	24,000	22.6	20,000	43.2	17,000	242.1	170.90

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

2. Net income per share for consolidated earnings forecasts (for the six months ending June 30 and for the year ending December 31) for the year ending December 31, 2017 takes the share consolidation into account. For details, please refer to “Proper use of earnings forecasts, and other special directions.”

*** Notes**

- (1) **Changes in significant subsidiaries during the three 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: None
 - 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 March 31, 2017	497,616,234 shares
As of December 31, 2016	497,616,234 shares

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

As of March 31, 2017	253,840 shares
As of December 31, 2016	251,848 shares

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

For the three months ended March 31, 2017	497,363,176 shares
For the three months ended March 31, 2016	497,371,791 shares

* This quarterly financial results report is exempt from quarterly review.

* Proper use of earnings forecasts, and other special directions

(Proper use of earnings forecasts)

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 Company 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 Three Months” on page 5.

(Dividends and consolidated earnings forecasts after the share consolidation)

The Company’s proposal for the share consolidation at a ratio of one for every five common shares, effective on July 1, 2017 was approved at the 98th Ordinary General Meeting of Shareholders, held on March 30, 2017. The Company plans to change the number of shares constituting one tradable unit (change from 1,000 shares to 100 shares) along with the share consolidation. On the assumption that share consolidation is not carried out, dividends and consolidated earnings forecasts for the year ending December 31, 2017 are as follows.

- (1) Dividends forecasts for the year ending December 31, 2017

Dividends per share

Second quarter-end: 8 yen

Year-end: 8 yen

- (2) Consolidated earnings forecasts for the year ending December 31, 2017

Net income per share

Second quarter-end (cumulative total): 14.07 yen

Year-end: 34.18 yen

Qualitative Information Regarding Consolidated Results for the Three Months

(1) Information regarding operating results (Three months ended March 31, 2017)

A. Overview

In the global economy, the economy gradually recovered in Europe on the back of growing personal consumption, and the US remained on a recovery track thanks to solid employment conditions and personal consumption. There were signs of a recovery in China, partly due to the effects of government policies. The Japanese economy continued to make modest recovery, due to improved employment conditions and personal consumption.

In this environment, in the first quarter (from January 1 to March 31, 2017), the negative impact of seasonal factors on substrate glass for liquid crystal displays (LCDs) was offset by solid sales of glass fiber. As a result, sales increased over the first quarter of the previous fiscal year (January 1 to March 31, 2016). On the profit/loss side, higher sales and improved productivity contributed to profits that far exceeded levels in the same period of the previous year.

B. Operating results

(Billions of yen)

	Three months ended March 31, 2016	Three months ended March 31, 2017	Change (%)
Net sales	57.9	66.2	14
Operating income	5.1	7.9	53
Ordinary income	2.4	5.9	141
Profit attributable to owners of parent	0.6	4.1	539

Note: Amounts less than 100 million yen are omitted.

(Sales by products)

Reporting segment	Category	Three months ended March 31, 2016		Three months ended March 31, 2017		Change	
		billions of yen	(%)	billions of yen	(%)	billions of yen	(%)
Glass Business	Electronics and Information Technology	35.3	61	34.5	52	(0.8)	(2)
	Performance Materials and Others	22.6	39	31.7	48	9.0	40
Total		57.9	100	66.2	100	8.2	14

Note: Amounts less than 100 million yen are omitted.

(Net sales)

Electronics and Information Technology:

Due primarily to the impact of seasonal factors, shipments of substrate glass for LCDs declined and prices fell slightly compared to the previous quarter (October 1 to December 31, 2016). Sales of cover glass for mobile devices (specialty glass for chemical strengthening) were generally solid. In glass for electronic devices, sales of cover glass for image sensors were firm. Sales of glass for optical devices were low due to slower demand for some communications infrastructure. Sales of substrate glass for solar cells fell as demand slowed.

Performance Materials and Others:

Sales of glass fiber increased due to continuing robust demand, particularly for applications in high-function plastics for auto parts. Although sales of heat-resistant glass and glass tubing for

pharmaceutical and medical use exceeded forecasts, sales of glass for building materials were low.

(Profit/loss)

Although some overseas subsidiaries incurred foreign exchange losses on revaluations of foreign currency-denominated loans, higher sales and improved productivity boosted profits, and operating income, ordinary income, and profit attributable to owners of parent all surpassed levels in the same period of the previous fiscal year.

**(2) Information regarding consolidated earnings forecasts and other forward-looking statements
(Consolidated earnings forecasts for the six months and for the year ending December 31, 2017)**

(Billions of yen)

	Six months ending June 30, 2017	Year ending December 31, 2017
Net sales	125.0	260.0
Operating income	11.0	24.0
Ordinary income	8.0	20.0
Profit attributable to owners of parent	7.0	17.0

Note: Amounts less than 100 million yen are omitted.

We expect Europe and the US economies to continue recovering gradually and China to continue modest recovery as various policies take effect although consideration must be given to international situation and global economy. The Japanese economy is expected to continue recovering gradually, due in part to improved employment and income conditions.

Given this environment, in the Electronics and Information Technology category, we expect the shipment of substrate glass for LCDs to grow steadily in line with market growth. Moreover, the joint venture on processing of glass substrates in China (Fuqing City, Fujian Province; operations to begin from the second quarter (April 1 to June 30, 2017)) will expand sales to new customers in that country. In glass for optical devices, we will meet increasing demand for communications infrastructure in emerging markets. In glass for electronic devices, we anticipate expanded sales of new products, as well as growth in a wide range of markets such as home appliances and autos. In Performance Materials and Others category, we expect shipments of glass fiber to remain at high levels on the back of the solid market for applications in high-function plastics for automotive parts and wind turbine blades for wind power generation. We will meet growing demand through a three-pronged global production and supply system based in Japan, Malaysia, and Europe. We are working to expand sales of glass for building materials, heat-resistant glass, and glass for medical use, particularly in overseas markets.

We expect profit/loss to be affected by the future market environment, product price trends, and fluctuations in exchange rates, among other factors, but we will endeavor to ensure profits with more extensive measures to improve productivity and cut costs.

In light of present unclear outlook for global economy over international situation, we have left the Company Group's consolidated earnings forecasts for the second quarter ending June 30, 2017 and the full year ending December 31, 2017 unchanged.

The forward-looking statements, including earnings forecasts, contained in these materials are based on certain assumptions deemed to be reasonable by the Company 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, 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 December 31, 2016	As of March 31, 2017
Assets		
Current assets		
Cash and deposits	132,001	130,044
Notes and accounts receivable - trade	49,133	50,202
Merchandise and finished goods	38,977	38,498
Work in process	1,456	1,380
Raw materials and supplies	19,979	20,312
Other	13,418	13,406
Allowance for doubtful accounts	(96)	(94)
Total current assets	254,870	253,750
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	78,656	77,030
Machinery, equipment and vehicles, net	267,860	264,296
Other, net	20,882	20,926
Total property, plant and equipment	367,399	362,253
Intangible assets	7,179	7,005
Investments and other assets		
Other	64,498	71,165
Allowance for doubtful accounts	(29)	(28)
Total investments and other assets	64,468	71,136
Total non-current assets	439,047	440,395
Total assets	693,917	694,146

(Millions of yen)

	As of December 31, 2016	As of March 31, 2017
Liabilities		
Current liabilities		
Notes and accounts payable - trade	31,611	30,969
Short-term loans payable	19,197	24,840
Current portion of bonds	10,000	10,000
Income taxes payable	1,338	1,807
Other provision	526	470
Other	23,350	23,450
Total current liabilities	86,024	91,538
Non-current liabilities		
Bonds payable	30,000	30,000
Long-term loans payable	40,800	33,300
Provision for special repairs	23,127	23,194
Other provision	31	33
Net defined benefit liability	1,561	1,642
Other	2,808	3,018
Total non-current liabilities	98,328	91,188
Total liabilities	184,353	182,727
Net assets		
Shareholders' equity		
Capital stock	32,155	32,155
Capital surplus	34,320	34,320
Retained earnings	424,441	424,603
Treasury shares	(293)	(294)
Total shareholders' equity	490,624	490,784
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	22,558	27,383
Deferred gains or losses on hedges	(418)	(130)
Foreign currency translation adjustment	(8,744)	(11,415)
Remeasurements of defined benefit plans	266	255
Total accumulated other comprehensive income	13,663	16,092
Non-controlling interests	5,276	4,541
Total net assets	509,564	511,418
Total liabilities and net assets	693,917	694,146

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

Quarterly consolidated statement of income (cumulative)

(Millions of yen)

	Three months ended March 31, 2016	Three months ended March 31, 2017
Net sales	57,998	66,245
Cost of sales	45,156	50,311
Gross profit	12,842	15,933
Selling, general and administrative expenses	7,663	8,017
Operating income	5,179	7,915
Non-operating income		
Interest income	56	46
Dividend income	150	273
Other	144	163
Total non-operating income	351	483
Non-operating expenses		
Interest expenses	308	210
Foreign exchange losses	2,202	1,578
Other	565	705
Total non-operating expenses	3,076	2,494
Ordinary income	2,454	5,904
Extraordinary income		
Gain on sales of non-current assets	32	143
Total extraordinary income	32	143
Extraordinary losses		
Loss on sales and retirement of non-current assets	6	36
Total extraordinary losses	6	36
Profit before income taxes	2,481	6,012
Income taxes	1,652	1,795
Profit	829	4,216
Profit attributable to non-controlling interests	181	76
Profit attributable to owners of parent	648	4,140

Quarterly consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	Three months ended March 31, 2016	Three months ended March 31, 2017
Profit	829	4,216
Other comprehensive income		
Valuation difference on available-for-sale securities	(5,969)	4,824
Deferred gains or losses on hedges	(116)	287
Foreign currency translation adjustment	(995)	(2,650)
Remeasurements of defined benefit plans, net of tax	—	(11)
Share of other comprehensive income of entities accounted for using equity method	—	(20)
Total other comprehensive income	(7,081)	2,428
Comprehensive income	(6,252)	6,645
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(6,433)	6,569
Comprehensive income attributable to non-controlling interests	181	76

(3) Reference: Summarized quarterly consolidated statement of cash flows (cumulative)

(Millions of yen)

	Three months ended March 31, 2016	Three months ended March 31, 2017
Cash flows from operating activities		
Profit before income taxes	2,481	6,012
Depreciation	7,462	6,698
Increase (decrease) in provision for special repairs	595	67
Decrease (increase) in notes and accounts receivable - trade	3,433	(1,866)
Decrease (increase) in inventories	(1,121)	(345)
Increase (decrease) in notes and accounts payable - trade	(3,826)	(78)
Income taxes paid	(3,073)	(1,807)
Other, net	1,333	3,655
Net cash provided by (used in) operating activities	7,285	12,336
Cash flows from investing activities		
Purchase of non-current assets	(11,148)	(6,468)
Other, net	3,296	1,394
Net cash provided by (used in) investing activities	(7,851)	(5,074)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable, long-term loans payable	2,419	(1,709)
Cash dividends paid	(3,745)	(3,766)
Dividends paid to non-controlling interests	(807)	(811)
Other, net	(1,015)	(9)
Net cash provided by (used in) financing activities	(3,149)	(6,296)
Effect of exchange rate change on cash and cash equivalents	(1,156)	(417)
Net increase (decrease) in cash and cash equivalents	(4,872)	547
Cash and cash equivalents at beginning of period	133,856	126,167
Cash and cash equivalents at end of period	128,984	126,714