

**Translation**

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MEMBERSHIP

October 24, 2008

## CONSOLIDATED FINANCIAL RESULTS for the Second Quarter of the Year Ending 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 to file quarterly report: November 13, 2008  
 Scheduled date to commence dividend payments: November 28, 2008

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

### 1. Consolidated performance for the second quarter of the year ending March 31, 2009 (From April 1, 2008 to September 30, 2008)

#### (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, 2008	202,437	-	64,855	-	62,212	-	34,449	-
September 30, 2007	171,470	3.3	43,685	1.7	42,488	4.0	21,181	(0.7)

	Net income per share	Diluted net income per share
For the six months ended	yen	yen
September 30, 2008	69.25	-
September 30, 2007	44.29	-

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of			%	yen
September 30, 2008	639,603	376,988	58.3	749.52
March 31, 2008	588,030	347,785	58.5	691.27

Reference: Equity

As of September 30, 2008: 372,792 million yen

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

## 2. Cash dividends

Record date	Cash dividends per share				
	First quarter	Second quarter	Third quarter	Year-end	Annual
	yen	yen	yen	yen	yen
For the year ended March 31, 2008	-	4.00	-	5.00	9.00
For the year ending March 31, 2009	-	5.00	—	—	—
For the year ending March 31, 2009 (Forecasts)	—	—	-	5.00 - 6.00	10.00 - 11.00

Note: Revision of the forecasts in the second quarter of the year ending March 31, 2009: None

## 3. Consolidated earnings forecasts for the fiscal year ending March 31, 2009 (From April 1, 2008 to March 31, 2009)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
		%		%		%		%	yen
For the year ending March 31, 2009	390,000 - 430,000	5.9 - 16.8	100,000 - 130,000	(0.9) - 28.9	100,000 - 130,000	3.2 - 34.1	60,000 - 75,000	18.4 - 48.0	120.63-150.79

Note: Revision of the forecasts in the second quarter of the year ending March 31, 2009: None

As detailed on pages 5 and 6, in the section of “3. Qualitative information regarding consolidated earnings forecasts (Concerning Disclosure of Earnings Forecasts) of [Qualitative Information and Financial Statements],” earnings forecasts are disclosed in the form of a range.

## 4. Others

- (1) **Changes in significant subsidiaries during the period** (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) **Application of simplified accounting and special accounting for preparing the quarterly consolidated financial statements:** Yes
- (3) **Changes in accounting policies, procedures, and methods of presentation for preparing the quarterly consolidated financial statements** (changes to be described in the section of “Changes in basis of preparation for quarterly consolidated financial statements”)
  - A. Changes due to revisions to accounting standards: Yes
  - B. Changes due to other reasons: 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, 2008:	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 September 30, 2008:	239,498 shares
As of March 31, 2008:	46,344 shares
  - C. Average number of shares during the period (cumulative from the beginning of the fiscal year)
 

For six months ended September 30, 2008:	497,443,867 shares
For six months ended September 30, 2007:	478,268,479 shares

\* Proper use of earnings forecasts, and other special directions

1. 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 “3. Qualitative information regarding consolidated earnings forecasts (Concerning Disclosure of Earnings Forecasts) of [Qualitative Information and Financial Statements]” on pages 5 and 6.
2. Commencing with the first quarter ended June 30, 2008, the “Accounting Standard for Quarterly Financial Reporting” (ASBJ [Accounting Standard Board of Japan] Statement No. 12) and the “Guidance on Accounting Standard for Quarterly Financial Reporting” (ASBJ Guidance No. 14) are applied. Also, quarterly consolidated financial statements are prepared in accordance with the “Regulation for Quarterly Consolidated Financial Statements.”

## [Qualitative Information and Financial Statements]

### 1. Qualitative information regarding consolidated operating results (Six months ended September 30, 2008)

#### (1) Overview

As for the global economy, the growing seriousness of the financial crisis in the U.S. that was originally sparked by the subprime mortgage crisis has spread throughout the world, destabilizing trust and causing stock prices to fall. The extent of turmoil, moreover, is deepening and there are growing concerns of deterioration in the real economy.

This business climate is also reflected in the Japanese economy. In addition to a deterioration of consumer sentiment, compounded by rising commodity prices, falling stock prices and nervousness towards the current business climate, there is also worsening business sentiment impacted by the trend over the latter half of the second quarter under review of an appreciating yen, which has blunted exports that up to now have led growth, and constricted capital investment.

In the field of glass for display devices, the core business of the Group, the market for glass for flat panel displays (FPDs), showed strength during the first quarter but in the second quarter experienced a deceleration as a result of production adjustments made by our principal customers for substrate glass for LCDs.

#### (2) Operating results

(Billions of yen)

	Six months ended September 30, 2008	Six months ended September 30, 2007
Net sales	202.4	171.4
Operating income	64.8	43.6
Ordinary income	62.2	42.4
Net income	34.4	21.1

Note: Amounts less than 100 million yen are omitted.

(Net sales)

Sales in the Information and Communications business sector increased compared to the same period in the previous fiscal year.

Concerning glass for FPDs, sales continued to show strength in the first quarter. Despite a sales slowdown caused by the impact of sudden changes in the operating environment in the market for substrate glass for LCDs, sales of glass for display devices, including glass for FPDs, were higher compared to the same period in the previous fiscal year. In sales of glass for electronic devices, sales of products for optical devices were steady but sales of glass for image sensors were stagnant due to a weakening of demand and this led to decreased sales compared to the same period in the previous fiscal year.

Sales in the Other Products business sector increased compared with the same in the previous year. Sales of glass fiber increased, mostly for use in high-function plastics for auto parts. Sales of building materials, heat-resistant glass, glass tubing and other products were down as a result of the slowdown in the housing and construction market both in Japan and overseas.

(Profits)

The factors restricting profit were: easing in demand, falls in product prices, soaring raw materials and fuel prices, and increased depreciation expenses resulting from the shortening of the depreciation periods (useful lives) due to a revision of the tax system. However, in addition to the concerted efforts in the areas of productivity improvement for existing facilities and cost reductions, plant facilities for FPD glass, whose regular maintenance was completed in the first quarter, were put back into production earlier than anticipated. This successfully translated into an expansion of sales and had the effect of increasing profit compared to the same period in the previous fiscal year.

## 2. Qualitative information regarding consolidated financial position

(Billions of yen)

	As of September 30, 2008	As of March 31, 2008
Total assets	639.6	588.0
Liabilities	262.6	240.2
Net assets	376.9	347.7

Note: Amounts less than 100 million yen are omitted.

### (Total assets)

In current assets, cash and cash equivalents decreased as a result of payments of income taxes and facility costs. In fixed assets, however, tangible fixed assets increased with the expansion of production facilities mostly for FPD glass.

### (Liabilities)

Current liabilities decreased slightly overall, which included an increase in facilities-related accrued liabilities and decreases in short-term loans payable and accrued income taxes. Non-current liabilities increased mainly as a result of taking out long-term loans.

### (Net assets)

Mainly retained earnings increased.

## 3. Qualitative information regarding consolidated earnings forecasts

With respect to substrate glass for LCDs, after implementing the production adjustments made by the principal customers, the Company believes that the demand will gradually recover, however, the current economic sentiment is continuing to deteriorate throughout the world and it is impossible to be fully optimistic about the future under such conditions.

Under these circumstances, although factors restricting profit are anticipated, such as lowering product prices and the cost burden of putting new facilities into operation, the Company is working hard to secure earnings through productivity improvements and cost reductions.

Based on the above, and compared with the same period of the previous year, the Company forecasts for the third quarter (October 1, 2008 to December 31, 2008), a change in net sales of between 0% and +10% and a change in operating income of between -5% and +15%.

Due to severe changes in the business environment and increasing uncertainty with respect to future demand and price trends, it is difficult for the Company to foresee the trends of the latter half of the fiscal year. However, the Company will not make any changes at this time to its consolidated earnings forecasts for the year ending March 31, 2009, released on April 30, 2008, at the time of the financial results announcement for the year ended March 31, 2008.

Note: Due to the application of the “Accounting Standard for Quarterly Financial Reporting” from the first quarter ended June 30, 2008, there may be some differences with the accounting standards applied to the previous fiscal year, however, as a reference for investors, the abovementioned qualitative information is a comparison with the same period in the previous fiscal year (for “2. Qualitative information regarding consolidated financial position,” the end of the previous fiscal year).

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(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 will disclose earnings forecasts 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, in addition to disclosing earnings forecasts in the “Consolidated Financial Results” report as stipulated by the stock exchanges, the Company will notify shareholders and 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 business results 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 have impact on 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, extensive changes in exchange rates between the yen and other major currencies such as the U.S. dollar and the Euro, extensive changes to interest rates, other changes to the financial situation, and rapid technological advancement. Factors not mentioned here also could have a significant impact on business results.

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