

**Translation**

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Member of the Financial Accounting Standards Foundation



October 25, 2013

**CONSOLIDATED FINANCIAL RESULTS**  
**for the Second Quarter of the Year Ending March 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 14, 2013  
 Scheduled date to commence dividend payments: November 29, 2013  
 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 March 31, 2014**  
**(From April 1, 2013 to September 30, 2013)**

**(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, 2013	126,271	(16.6)	10,427	(37.9)	9,799	(34.3)	6,022	30.9
September 30, 2012	151,349	(17.9)	16,797	(64.7)	14,916	(67.4)	4,601	(81.5)

Note: Comprehensive income:  
 For the six months ended September 30, 2013: 14,986 million yen [126.0%]  
 For the six months ended September 30, 2012: 6,632 million yen [(72.7%)]

	Net income per share	Diluted net income per share
For the six months ended	Yen	yen
September 30, 2013	12.11	-
September 30, 2012	9.25	-

## (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of			%
September 30, 2013	704,031	506,299	70.9
March 31, 2013	697,385	495,294	70.1

Reference: Equity:

As of September 30, 2013: 499,083 million yen

As of March 31, 2013: 488,936 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, 2013	-	8.00	-	8.00	16.00
For the year ending March 31, 2014	-	8.00	—	—	—
For the year ending March 31, 2014 (Forecasts)	—	—	-	8.00	16.00

Note: Revision of the forecasts most recently announced: None

## 3. Consolidated earnings forecasts for the fiscal year ending March 31, 2014 (From April 1, 2013 to March 31, 2014)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
		%		%		%		%	yen
For the nine months ending December 31, 2013	188,000 - 193,000	(16.0) - (13.8)	16,000 - 18,000	(27.1) - (18.0)	14,000 - 16,000	(26.9) - (16.5)	9,000 - 10,000	24.2 - 38.0	18.09 - 20.10
For the year ending March 31, 2014	255,000 - 265,000	(11.2) - (7.8)	19,000 - 22,000	(23.9) - (11.9)	16,000 - 19,000	(29.7) - (16.5)	10,000 - 13,000	(5.7) - 22.6	20.10 - 26.14

Note: Revision of the forecasts most recently announced: Yes

**\* 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: 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 September 30, 2013	497,616,234 shares
As of March 31, 2013	497,616,234 shares

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

As of September 30, 2013	212,802 shares
As of March 31, 2013	208,204 shares

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

For the six months ended September 30, 2013	497,405,972 shares
For the six months ended September 30, 2012	497,410,188 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

(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 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, 2013)

#### A. Overview

In the global economy, there were signs that the economy had bottomed out in Europe, and the U.S. economy continued to recover mainly on the back of improvements in the housing market and personal consumption. Furthermore, although there was a sense of economic slowdown in China, the country maintained a trajectory of moderate growth. Despite a slowdown in exports, the Japanese economy continued on a moderate recovery track, mainly reflecting improvements in the housing market, personal consumption and employment.

Amid this environment, during the first six months, sales of businesses such as glass fiber were firm and cost improvements progressed through improved productivity and reduced expenses, although sales of substrate glass for liquid crystal displays (LCDs), our core business, stagnated upon entering the second quarter (from July 1, 2013 to September 30, 2013). As a result, our performance was on a moderate recovery track in the first quarter (from April 1, 2013 to June 30, 2013) that carried on into the second quarter, although our business performance was weak in comparison with the same period of the previous fiscal year (from April 1, 2012 to September 30, 2012) as shown in the table below.

#### B. Operating results

(Billions of yen)

	Six months ended September 30, 2012	Six months ended September 30, 2013	Change (%)
Net sales	151.3	126.2	(17)
Operating income	16.7	10.4	(38)
Ordinary income	14.9	9.7	(34)
Net income	4.6	6.0	31

Note: Amounts less than 100 million yen are omitted.

#### (Sales by products)

Reporting segment	Category	Six months ended September 30, 2012		Six months ended September 30, 2013		Change	
		billions of yen	(%)	billions of yen	(%)	billions of yen	(%)
Glass Business	Glass for electronic and information devices	120.1	79	92.3	73	(27.8)	(23)
	Glass for others	31.1	21	33.9	27	2.7	9
Total		151.3	100	126.2	100	(25.0)	(17)

Note: Amounts less than 100 million yen are omitted.

(Net sales)

Glass for electronic and information devices:

Sales of substrate glass for LCDs were weak reflecting a slowdown in demand in the latter half of the second quarter. Sales of glass for electronic devices such as cover glass for image sensors were firm, although sales of glass for optical devices weakened. Sales of substrate glass for solar cells increased on the back of strong demand caused by the feed-in tariff scheme for electricity in Japan.

Glass for others:

Sales of glass fiber rose on the back of increased demand for its application in high-function plastics for auto parts and in reinforced concrete. In addition, there were signs of recovery in sales of building materials, heat resistant glass and others.

(Profits)

Cost improvements progressed through improved productivity and reduced expenses amid rising fuel prices caused by the yen's depreciation and other factors. As a result, while operating income and ordinary income were down on the same period of the previous fiscal year, both showed moderate recoveries in the first quarter that carried on into the second quarter.

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

### A. Consolidated earnings forecasts for the nine months ending December 31, 2013 (Billions of yen)

	Nine months ended December 31, 2012	Nine months ending December 31, 2013	Change (%)
Net sales	223.9	188.0 - 193.0	(16) - (14)
Operating income	21.9	16.0 - 18.0	(27) - (18)
Ordinary income	19.1	14.0 - 16.0	(27) - (17)
Net income	7.2	9.0 - 10.0	24 - 38

Note: Amounts less than 100 million yen are omitted.

### B. Consolidated earnings forecasts for the year ending March 31, 2014 (Billions of yen)

	For the year ended March 31, 2013	For the year ending March 31, 2014	Change (%)
Net sales	287.3	255.0 - 265.0	(11) - (8)
Operating income	24.9	19.0 - 22.0	(24) - (12)
Ordinary income	22.7	16.0 - 19.0	(30) - (17)
Net income	10.6	10.0 - 13.0	(6) - 23

Note: Amounts less than 100 million yen are omitted.

In the global economy, the economies of the U.S. and China are expected to continue recovering moderately, and Europe is also expected to move toward recovery. Japan is expected to benefit from a rush of demand in advance of the planned consumption tax hike in addition to the current moderate recovery.

Looking at our prospects amid this environment, in glass for electronic and information devices, shipments of substrate glass for LCDs are forecast to be flat or show modest growth. Substrate glass for solar cells is projected to be firm, although an impact from seasonal changes is forecast for glass for optical devices and glass for electronic devices. In addition, full-blown sales of cover glass for smartphones and tablet devices (specialty glass for chemical strengthening) are projected.

In glass for others, shipments of glass fiber are projected to remain firm on the back of such factors as an expansion in demand for automobiles, while building materials, heat resistant glass and others are projected to stage a moderate recovery.

Our new company in Korea, Electric Glass (Korea) Co., Ltd., started production in July 2013, and its startup is proceeding smoothly as planned. Nevertheless, depreciation and amortization costs, launch costs and other expenses are projected to occur in connection with the company's establishment. The NEG Group intends to make a concerted effort to get the new company up and running fully at an early juncture in order to absorb these relevant costs, and also to secure profits through further efforts in such areas as improving productivity, reducing expenses and streamlining operations.

In light of these considerations, our consolidated earnings forecasts for the nine months ending December 31, 2013 are as presented in table A. above.

We have decided to revise the consolidated earnings forecasts for the year ending March 31, 2014, which were announced on April 26, 2013, as presented in table B. above. The revision has been made in consideration of such factors as market changes since our initial forecasts, developments in our earnings, 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.