

Translation

Notice: This English version is a translation of the original disclosure in Japanese released on July 30, 2015 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
July 30, 2015

CONSOLIDATED FINANCIAL RESULTS for the Second Quarter of the Year Ending December 31, 2015 (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
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Scheduled date to file quarterly report: August 12, 2015
Scheduled date to commence dividend payments: August 31, 2015
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, 2015 (From January 1, 2015 to June 30, 2015)

(1) Consolidated operating results (cumulative) (Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income	
		%		%		%		%
For the six months ended								
June 30, 2015	123,926	-	9,256	-	6,492	-	1,311	-
September 30, 2014	129,775	-	4,076	-	4,658	-	4,802	-

Note: Comprehensive income:

For the six months ended June 30, 2015: 6,558 million yen [-%]

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

	Net income per share	Diluted net income per share
	Yen	yen
For the six months ended		
June 30, 2015	2.64	-
September 30, 2014	9.66	-

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. As the period corresponding to the consolidated second quarter (January 1 to June 30, 2015) differs from the previous second quarter (the Company and its consolidated subsidiaries in Japan: April 1 to September 30, 2014, the Company's consolidated subsidiaries overseas: January 1 to September 30, 2014), year-on-year changes have not been noted. Profit/loss from January 1 to March 31, 2014 for overseas consolidated subsidiaries are directly added to or subtracted from retained earnings recorded under shareholders' equity on the consolidated balance sheet.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of			%
June 30, 2015	727,042	524,049	71.2
December 31, 2014	731,184	522,577	70.2

Reference: Equity:

As of June 30, 2015: 517,913 million yen

As of December 31, 2014: 513,633 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, 2014	-	8.00	-	4.00	12.00
For the year ending December 31, 2015	-	8.00	—	—	—
For the year ending December 31, 2015 (Forecasts)	—	—	-	8.00	16.00

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

2. As the previous fiscal year was a nine-month period, annual dividends were 12 yen per share (interim dividend of 8 yen and year-end dividend of 4 yen), adjusted from a 16 yen per share dividend paid in a twelve-month period.

3. Consolidated earnings forecasts for the year ending December 31, 2015 (From January 1, 2015 to December 31, 2015)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
		%		%		%		%	yen
For the nine months ending September 30, 2015	186,000 - 192,000	-	13,000 - 15,000	-	9,000 - 11,000	-	3,000 - 5,000	-	6.03 - 10.05
For the year ending December 31, 2015	252,000 - 258,000	-	18,000 - 20,000	-	14,000 - 16,000	-	8,000 - 10,000	-	16.08 - 20.11

Note: 1. Revision of the forecasts most recently announced: Yes

2. As the corresponding period for comparison differs for this fiscal period and the previous fiscal period, the year-on-year change and quarter-on-quarter change are not noted.

*** 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 June 30, 2015	497,616,234 shares
As of December 31, 2014	497,616,234 shares

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

As of June 30, 2015	234,014 shares
As of December 31, 2014	228,870 shares

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

For the six months ended June 30, 2015	497,384,802 shares
For the six months ended September 30, 2014	497,392,924 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 June 30, 2015)

A. Overview

The global economy continued to recover, despite anxiety over the Greek debt crisis and geopolitical risks in some regions in Europe. In the US, the economy recovered on the back of solid employment conditions and personal consumption. At the same time, signs increased that Chinese economic growth is slowing. The Japanese economy continued to sustain a modest recovery, as indicated by improvements in corporate earnings and employment conditions amidst solid personal consumption.

In this environment, in the six months ended June 30, 2015 (January 1 to June 30, 2015), prices continued to decline for the mainstay substrate glass for liquid crystal displays (LCDs), but the extent of the decline narrowed, and shipments began to recover from the second quarter of the fiscal year (from April 1 to June 30, 2015). Sales of glass fiber and glass for optical devices were generally solid. As a result, sales increased from the first quarter (from January 1 to March 31, 2015) through the second quarter. On the profit/loss side, improved productivity and cost-cutting boosted profit, but foreign exchange losses, the reversal of deferred tax assets following tax system revisions and extraordinary losses related to the closure of the Fujisawa Plant, among others, affected ordinary income and net income for the first half.

B. Operating results

(Billions of yen)

	Six months ended September 30, 2014	Six months ended June 30, 2015
Net sales	129.7	123.9
Operating income	4.0	9.2
Ordinary income	4.6	6.4
Net income	4.8	1.3

Note: Amounts less than 100 million yen are omitted.

(Sales by products)

Reporting segment	Category	Six months ended September 30, 2014		Six months ended June 30, 2015	
		billions of yen	(%)	billions of yen	(%)
Glass Business	Glass for electronic and information devices	90.8	70	82.9	67
	Glass for others	38.9	30	40.9	33
Total		129.7	100	123.9	100

Note: Amounts less than 100 million yen are omitted.

(Net sales)

Glass for electronic and information devices:

Although prices for substrate glass for LCDs continued to fall, the extent of the decline narrowed. Moreover, shipments recovered from the second quarter and sales took a turn for the better. Shipments recovered for cover glass for mobile devices (specialty glass for chemical strengthening), and sales were steady. In glass for electronic devices, sales of cover glass for image sensors were solid, particularly for digital single-lens cameras. Sales of glass for optical devices remained strong on the back of growing demand for communications infrastructure. Substrate glass for solar cells was generally firm.

Glass for others:

Sales of glass fiber were solid, primarily for applications in high-function plastics for auto parts and reinforced cement for the construction sector. In the area of building materials, heat resistant glass and others, sales of glass for building materials slowed in the second quarter, but sales of heat resistant glass and glass tubing for pharmaceutical and medical use were generally firm, primarily overseas.

(Profit/loss)

Improved productivity and cost-cutting compensated for lower prices for substrate glass for LCDs and increased depreciation costs, enabling the Company to secure stable operating income. However, ordinary income was pulled down by foreign exchange losses related to foreign currency-denominated loans taken out by a Malaysian subsidiary, while net income was pushed down by a reversal of deferred tax assets (first quarter) following fiscal 2015 revisions to the tax system (lowering of income and other tax rates) and the cost of removing facilities and buildings following the closure of the Fujisawa Plant (second quarter).

(2) Information regarding consolidated earnings forecasts and other forward-looking statements (Consolidated earnings forecasts for the nine months ending September 31, 2015)

(Billions of yen)

	Nine months ending September 31, 2015
Net sales	186.0 - 192.0
Operating income	13.0 - 15.0
Ordinary income	9.0 - 11.0
Net income	3.0 - 5.0

Note: Amounts less than 100 million yen are omitted.

(Consolidated earnings forecasts for the year ending December 31, 2015)

(Billions of yen)

	Year ending December 31, 2015		Change (B) - (A)	Change (%)
	Previous forecast (A)	Revised forecast (B)		
Net sales	257.0 - 263.0	252.0 - 258.0	-	-
Operating income	13.0 - 15.0	18.0 - 20.0	-	-
Ordinary income	9.0 - 11.0	14.0 - 16.0	-	-
Net income	8.0 - 10.0	8.0 - 10.0	-	-
Net income per share (yen)	16.08 - 20.11	16.08 - 20.11	-	-

Note: Amounts less than 100 million yen are omitted.

The outlook for the global economy is uncertain, given economic trends in China and the impact of the Greek debt crisis, but we expect the modest recovery to continue overall. The Japanese economy is expected to remain on a recovery track as various policies take effect and the employment and income environment continues to improve.

In this environment, in glass for electronic and information devices, we expect shipments of substrate glass for LCDs to see modest gains in line with the growth of related markets. Shipments of glass for optical devices and glass for electronic devices should be stable, in line with demand in related markets, such as the telecommunications and home appliances sectors. We forecast shipments of substrate glass for solar cells largely in line with the second quarter. In glass for others, we expect shipments of glass fiber to expand, primarily glass fiber for auto parts. Sales of glass tubing for pharmaceutical and medical use are increasing in emerging markets, where medical demand is on the rise. In addition, we expect shipments of heat resistant glass to remain stable, and forecast a gradual recovery for glass for building materials.

At the same time, we expect trends in product prices, an increase in depreciation costs and facility repairs to affect profit/loss, but we will continue efforts to improve productivity and cut costs to further raise profitability.

Given the above outlook, the NEG Group's consolidated earnings forecasts for the third quarter of the year ending December 31, 2015 are shown in the table above. In light of changes in the market environment and progress with earnings, we have revised our previous consolidated earnings forecasts for the year ending December 31, 2015 released on April 30, 2015, as shown in the table above.

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 December 31, 2014	As of June 30, 2015
Assets		
Current assets		
Cash and deposits	149,742	137,257
Notes and accounts receivable - trade	48,026	49,000
Merchandise and finished goods	33,603	39,753
Work in process	1,620	1,365
Raw materials and supplies	20,837	22,593
Other	10,240	8,096
Allowance for doubtful accounts	(71)	(72)
Total current assets	264,001	257,995
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	75,252	72,914
Machinery, equipment and vehicles, net	286,979	287,470
Other, net	35,041	33,100
Total property, plant and equipment	397,273	393,485
Intangible assets	2,948	3,696
Investments and other assets		
Other	67,025	71,932
Allowance for doubtful accounts	(62)	(67)
Total investments and other assets	66,962	71,864
Total non-current assets	467,183	469,046
Total assets	731,184	727,042
Liabilities		
Current liabilities		
Notes and accounts payable - trade	32,180	30,003
Short-term loans payable	15,340	27,100
Income taxes payable	1,301	2,304
Other provision	49	1,073
Other	33,827	28,521
Total current liabilities	82,700	89,004
Non-current liabilities		
Bonds payable	50,000	50,000
Long-term loans payable	40,800	27,800
Provision for special repairs	32,854	33,930
Other provision	62	250
Net defined benefit liability	1,217	1,266
Other	971	740
Total non-current liabilities	125,906	113,988
Total liabilities	208,607	202,992

(Millions of yen)

	As of December 31, 2014	As of June 30, 2015
Net assets		
Shareholders' equity		
Capital stock	32,155	32,155
Capital surplus	34,350	34,350
Retained earnings	423,763	423,085
Treasury shares	(280)	(283)
Total shareholders' equity	489,989	489,308
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	17,882	23,865
Deferred gains or losses on hedges	(763)	(149)
Foreign currency translation adjustment	6,525	4,889
Total accumulated other comprehensive income	23,644	28,605
Minority interests	8,943	6,135
Total net assets	522,577	524,049
Total liabilities and net assets	731,184	727,042

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

(Millions of yen)

	Six months ended September 30, 2014	Six months ended June 30, 2015
Net sales	129,775	123,926
Cost of sales	110,948	99,485
Gross profit	18,827	24,440
Selling, general and administrative expenses	14,750	15,183
Operating income	4,076	9,256
Non-operating income		
Interest income	109	182
Dividend income	527	628
Foreign exchange gains	1,298	—
Other	540	594
Total non-operating income	2,476	1,405
Non-operating expenses		
Interest expenses	307	494
Depreciation of inactive non-current assets	1,188	1,080
Foreign exchange losses	—	1,708
Other	397	885
Total non-operating expenses	1,894	4,169
Ordinary income	4,658	6,492
Extraordinary income		
Reversal of provision for special repairs	3,935	376
Gain on sales of investment securities	—	720
Other	109	—
Total extraordinary income	4,044	1,097
Extraordinary losses		
Loss on retirement of non-current assets	465	466
Loss on closing of plants	—	1,255
Other	1,430	102
Total extraordinary losses	1,896	1,824
Income before income taxes and minority interests	6,807	5,765
Income taxes	1,521	4,191
Income before minority interests	5,285	1,573
Minority interests in income	482	262
Net income	4,802	1,311

Quarterly consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2014	Six months ended June 30, 2015
Income before minority interests	5,285	1,573
Other comprehensive income		
Valuation difference on available-for-sale securities	1,255	5,983
Deferred gains or losses on hedges	(194)	614
Foreign currency translation adjustment	3,819	(1,612)
Total other comprehensive income	4,880	4,984
Comprehensive income	10,165	6,558
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	9,657	6,272
Comprehensive income attributable to minority interests	507	285

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

(Millions of yen)

	Six months ended September 30, 2014	Six months ended June 30, 2015
Cash flows from operating activities		
Income before income taxes and minority interests	6,807	5,765
Depreciation	17,837	18,241
Decrease (increase) in notes and accounts receivable - trade	(752)	(1,287)
Decrease (increase) in inventories	2,549	(6,626)
Increase (decrease) in notes and accounts payable - trade	(2,556)	(3,517)
Income taxes paid	(2,702)	(1,611)
Other, net	1,728	4,091
Net cash provided by (used in) operating activities	22,911	15,054
Cash flows from investing activities		
Purchase of non-current assets	(16,068)	(22,319)
Other, net	(3,882)	10,178
Net cash provided by (used in) investing activities	(19,950)	(12,141)
Cash flows from financing activities		
Cash dividends paid	(3,979)	(1,985)
Cash dividends paid to minority shareholders	—	(2,162)
Other, net	(114)	(1,267)
Net cash provided by (used in) financing activities	(4,093)	(5,415)
Effect of exchange rate change on cash and cash equivalents	684	327
Net increase (decrease) in cash and cash equivalents	(448)	(2,174)
Cash and cash equivalents at beginning of period	123,887	129,823
Decrease in cash and cash equivalents due to changes in accounting period	(6,381)	—
Cash and cash equivalents at end of period	117,057	127,648