Translation

Notice: This English version is a translation of the original disclosure in Japanese released on July 30, 2018 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.

Member of the Financial Accounting Standards Foundation

July 30, 2018

CONSOLIDATED FINANCIAL RESULTS for the Second Quarter of the Year Ending December 31, 2018 (Unaudited) <under Japanese GAAP>

Company name: **Nippon Electric Glass Co., Ltd.**
Listing: First Section of the Tokyo Stock Exchange
Securities identification code: 5214
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Representative: Motoharu Matsumoto, President and Representative Director
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Scheduled date to file quarterly report: August 14, 2018
Scheduled date to commence dividend payments: August 31, 2018
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, 2018 (From January 1, 2018 to June 30, 2018)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
For the six months ended		%		%		%		%
June 30, 2018	154,529	16.0	14,039	(13.7)	11,580	(27.5)	8,083	(32.9)
June 30, 2017	133,206	12.7	16,266	86.7	15,978	-	12,038	-

Note: Comprehensive income:
For the six months ended June 30, 2018: (3,421) million yen [-%]
For the six months ended June 30, 2017: 17,291 million yen [-%]

	Earnings per share	Diluted Earnings per share
For the six months ended	yen	yen
June 30, 2018	81.26	-
June 30, 2017	121.02	-

Note: The Company carried out the share consolidation at a ratio of one for every five common shares on July 1, 2017. Earnings per share are calculated based on the assumption that the share consolidation had been implemented at the beginning of the year ended December 31, 2017.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of			%
June 30, 2018	748,588	535,065	70.8
December 31, 2017	764,420	543,789	70.5

Reference: Equity:
As of June 30, 2018: 530,230 million yen
As of December 31, 2017: 538,819 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, 2017	-	8.00	-	50.00	-
For the year ending December 31, 2018	-	50.00	——	——	——
For the year ending December 31, 2018 (Forecasts)	——	——	-	50.00	100.00

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

2. The Company carried out the share consolidation at a ratio of one for every five common shares on July 1, 2017. Accordingly, for the year ended December 31, 2017, the Company describes the actual amount before the share consolidation as the amount of the second quarter-end dividend per share, while the Company describes "-" as the total annual dividends per share. On the assumption that the share consolidation is taken into account, dividends for the year ended December 31, 2017 are 40 yen for Second quarter-end and 90 yen for Total.

3. Consolidated earnings forecasts for the year ending December 31, 2018 (From January 1, 2018 to December 31, 2018)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
		%		%		%		%	yen
For the year ending December 31, 2018	300,000	6.2	31,000	(3.7)	29,000	(15.0)	20,000	(26.4)	201.07

Note: Revision of the forecasts most recently announced: None

*** 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: Yes
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, 2018	99,523,246 shares
As of December 31, 2017	99,523,246 shares

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

As of June 30, 2018	54,077 shares
As of December 31, 2017	53,734 shares

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

For the six months ended June 30, 2018	99,469,389 shares
For the six months ended June 30, 2017	99,472,488 shares

Note: The Company carried out the share consolidation at a ratio of one for every five common shares on July 1, 2017. The average number of shares during the period for the six months ended June 30, 2017 are calculated based on the assumption that the share consolidation had been implemented at the beginning of the year ended December 31, 2017.

* 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 Six Months" on page 5.

Qualitative Information Regarding Consolidated Results for the Six Months

(1) Information regarding operating results (Six months ended June 30, 2018)

A. Overview

In the global economy, the economy gradually recovered in the US on the back of improved employment conditions and personal consumption. On the other hand, a recovery in Europe slowed such as slowdown of production and exports. A recovery trend continued in China, partly due to expanded exports. The Japanese economy made modest recovery, due to improved employment conditions and personal consumption, expanded exports and others.

In this environment, in the first half of the fiscal year (from January 1 to June 30, 2018), shipments of substrate glass for liquid crystal display (LCDs) and glass fiber for high-performance resin used in auto parts were solid. The US glass fiber business subsidiary (Electric Glass Fiber America: EGFA) that the Company acquired in September, 2017 also made a contribution to sales. Mainly due to the above, sales highly exceeded level in the first half of the previous fiscal year (from January 1 to June 30, 2017).

Profit was down over the same period in the previous fiscal year due to construction related to productivity improvement and production capacity increase at EGFA, goodwill amortization at EGFA, the launch of new facilities at Electric Glass (Xiamen), foreign exchange losses, etc.

B. Operating results

(Billions of yen)

	Six months ended June 30, 2017	Six months ended June 30, 2018	Change (%)
Net sales	133.2	154.5	16
Operating profit	16.2	14.0	(14)
Ordinary profit	15.9	11.5	(28)
Profit attributable to owners of parent	12.0	8.0	(33)

Note: Amounts less than 100 million yen are omitted.

(Sales by products)

Reporting segment	Category	Six months ended June 30, 2017		Six months ended June 30, 2018		Change	
		billions of yen	(%)	billions of yen	(%)	billions of yen	(%)
Glass Business	Electronics and Information Technology	72.3	54	76.4	49	4.1	6
	Performance Materials and Others	60.9	46	78.0	51	17.1	28
Total		133.2	100	154.5	100	21.3	16

Note: Amounts less than 100 million yen are omitted.

(Net sales)

Electronics and Information Technology:

Shipments of substrate glass for LCDs were solid, although prices fell slightly. Due to a rise in the number of models adopting cover glass for mobile devices (glass for chemical strengthening) shipments turned positive in the second quarter (April 1, 2018 to June 30, 2018). Sales of glass for electronic devices and glass for optical devices recovered as a result of demand trends in such areas as home appliances, automobiles and telecommunications infrastructure. Demand for substrate glass for solar cells declined, and accordingly sales were weak.

Performance Materials and Others:
Firm shipments of glass fiber, primarily for high-performance resin used in auto parts, continued, and EGFA also contributed to higher sales, as previously mentioned. In heat-resistant glass there was a lingering effect from inventory adjustments by some customers. Glass tubing for pharmaceutical and medical use posted higher shipments for growth markets, such as China, but other markets recorded declines in the second quarter. Despite stagnant demand from large construction projects in Japan, overall demand for glass for building materials remained resilient.

(Profit/loss)
During the first half of the fiscal year, in addition to intensive work done to improve productivity and increase capacity at EGFA in response to rising demand for glass fiber, we took steps to improve productivity for enhancement of profitability in the substrate glass for LCD business, while ramping up new facilities at Electric Glass (Xiamen). Combined with the goodwill amortization at EGFA, this series of upfront expenses had the effect of depressing operating profit, but the Company made steady progress in initiatives aimed at strengthening the foundations of the business in preparation for growth. Ordinary profit and profit attributable to owners of parent were affected mainly by foreign exchange losses attributable to revaluation of receivables and payables related to loans to some overseas subsidiaries.

(2) Information regarding consolidated earnings forecasts and other forward-looking statements
(Consolidated earnings forecasts for the year ending December 31, 2018)

(Billions of yen)

	Year ending December 31, 2018
Net sales	300.0
Operating profit	31.0
Ordinary profit	29.0
Profit attributable to owners of parent	20.0

Note: Amounts less than 100 million yen are omitted.

While consideration must be given to the direction of the global economy and to international trade issues, we anticipate a continuation of the recovery trend in the business environment in Europe and the US, and of the pickup in the Chinese economy. With employment and income conditions continuing to improve, the Japanese economy is expected to continue its gradual recovery.
Given this environment, in the Electronics and Information Technology category, the start-up of new facilities for substrate glass for LCDs at Electronic Glass (Xiamen) proceeded satisfactorily. We will make efforts to expand sales in China, a growing market. We expect glass for electronic devices to grow steadily ahead of the year-end shopping season. In glass for optical devices, we will accurately adapt to trends in demand for telecommunications infrastructure.
In the Performance Materials and Others category, a seasonal slowdown in capacity utilization at some customers is forecast for the glass fiber business, but demand is expected to remain resilient, and we will leverage the improvements in productivity and the expansion of capacity at EGFA to grow sales. Towards the end of the year, there should be a gradual recovery in demand for glass for building materials and heat-resistant glass, and we will respond to growing demand in China for glass tubing for pharmaceutical and medical use.
In terms of profit/loss, we will need to take into account increased depreciation expenses, as well as trends in the market environment, product prices, and exchange rates, but, with the aim of enhancing profitability, we will take further steps to promote initiatives to expand sales and improve productivity.
In light of the above outlook, we have left the Company Group's consolidated earnings forecasts for the full year ending December 31, 2018 (released on February 5, 2018) unchanged, 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 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, 2017	As of June 30, 2018
Assets		
Current assets		
Cash and deposits	117,068	118,907
Notes and accounts receivable - trade	61,145	60,362
Merchandise and finished goods	44,156	36,868
Work in process	1,605	1,840
Raw materials and supplies	23,604	24,993
Other	15,515	17,333
Allowance for doubtful accounts	(164)	(178)
Total current assets	262,932	260,128
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	82,605	85,687
Machinery, equipment and vehicles, net	267,048	275,695
Other, net	44,164	32,389
Total property, plant and equipment	393,817	393,771
Intangible assets		
Goodwill	21,848	20,020
Other	13,171	13,187
Total intangible assets	35,019	33,207
Investments and other assets		
Other	72,675	61,519
Allowance for doubtful accounts	(25)	(39)
Total investments and other assets	72,650	61,480
Total non-current assets	501,488	488,459
Total assets	764,420	748,588

(Millions of yen)

	As of December 31, 2017	As of June 30, 2018
Liabilities		
Current liabilities		
Notes and accounts payable - trade	37,991	38,000
Short-term loans payable	35,607	42,806
Current portion of bonds	—	10,000
Income taxes payable	1,993	2,230
Other provision	3,038	3,056
Other	25,205	23,472
Total current liabilities	103,835	119,567
Non-current liabilities		
Bonds payable	30,000	20,000
Long-term loans payable	53,053	43,969
Provision for special repairs	23,277	23,447
Other provision	859	473
Net defined benefit liability	1,900	1,965
Other	7,703	4,101
Total non-current liabilities	116,795	93,955
Total liabilities	220,631	213,523
Net assets		
Shareholders' equity		
Capital stock	32,155	32,155
Capital surplus	34,320	34,365
Retained earnings	443,667	446,765
Treasury shares	(306)	(307)
Total shareholders' equity	509,836	512,978
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	30,123	22,122
Deferred gains or losses on hedges	(208)	(95)
Foreign currency translation adjustment	(1,279)	(5,088)
Remeasurements of defined benefit plans	346	313
Total accumulated other comprehensive income	28,982	17,251
Non-controlling interests	4,969	4,835
Total net assets	543,789	535,065
Total liabilities and net assets	764,420	748,588

(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 June 30, 2017	Six months ended June 30, 2018
Net sales	133,206	154,529
Cost of sales	100,564	118,588
Gross profit	32,641	35,941
Selling, general and administrative expenses	16,375	21,901
Operating profit	16,266	14,039
Non-operating income		
Interest income	123	223
Dividend income	992	711
Other	369	876
Total non-operating income	1,485	1,811
Non-operating expenses		
Interest expenses	396	685
Foreign exchange losses	218	2,603
Other	1,157	981
Total non-operating expenses	1,772	4,270
Ordinary profit	15,978	11,580
Extraordinary income		
Gain on sales of non-current assets	162	221
Total extraordinary income	162	221
Extraordinary losses		
Loss on sales of non-current assets	36	―
Loss on retirement of non-current assets	132	56
Business structure improvement expenses	―	133
Total extraordinary losses	168	189
Profit before income taxes	15,972	11,612
Income taxes	3,666	3,303
Profit	12,305	8,309
Profit attributable to non-controlling interests	267	226
Profit attributable to owners of parent	12,038	8,083

Quarterly consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	Six months ended June 30, 2017	Six months ended June 30, 2018
Profit	12,305	8,309
Other comprehensive income		
Valuation difference on available-for-sale securities	4,001	(8,001)
Deferred gains or losses on hedges	781	112
Foreign currency translation adjustment	189	(3,740)
Remeasurements of defined benefit plans, net of tax	(0)	(33)
Share of other comprehensive income of entities accounted for using equity method	12	(68)
Total other comprehensive income	4,985	(11,730)
Comprehensive income	17,291	(3,421)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	17,023	(3,647)
Comprehensive income attributable to non-controlling interests	267	226

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

(Millions of yen)

	Six months ended June 30, 2017	Six months ended June 30, 2018
Cash flows from operating activities		
Profit before income taxes	15,972	11,612
Depreciation	13,464	14,475
Increase (decrease) in provision for special repairs	141	169
Foreign exchange losses (gains)	227	2,505
Decrease (increase) in notes and accounts receivable - trade	(3,652)	(192)
Decrease (increase) in inventories	(2,522)	4,970
Increase (decrease) in notes and accounts payable - trade	(1,113)	350
Income taxes paid	(1,714)	(2,128)
Other, net	3,632	(6,792)
Net cash provided by (used in) operating activities	24,437	24,970
Cash flows from investing activities		
Purchase of non-current assets	(9,839)	(15,752)
Other, net	1,776	3,112
Net cash provided by (used in) investing activities	(8,063)	(12,639)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(3,638)	4,830
Proceeds from long-term loans payable	—	1,707
Repayments of long-term loans payable	—	(8,213)
Redemption of bonds	(10,000)	—
Cash dividends paid	(3,972)	(4,969)
Dividends paid to non-controlling interests	(811)	(416)
Other, net	(18)	91
Net cash provided by (used in) financing activities	(18,441)	(6,968)
Effect of exchange rate change on cash and cash equivalents	(169)	(817)
Net increase (decrease) in cash and cash equivalents	(2,236)	4,544
Cash and cash equivalents at beginning of period	126,167	113,835
Cash and cash equivalents at end of period	123,930	118,380