



March 2007 Term First Quarter Financial Report (Consolidated)

July 28, 2006

Listed Company Name: Nippon Sheet Glass Co., Ltd.

Code Number 5202

(URL <http://www.nsg.co.jp>)

Stock Exchange Listing: Tokyo, Osaka

Representative, position: President, Representative Director

Name Katsuji Fujimoto

Address inquiries to: Corporate Communications Dept.,
General Manager

Name Kazumitsu Fujii

TEL 03-5443-9505

1. Items regarding the preparation of the quarterly financial information

- ① Adoption of compendium method of accounting: no
- ② Changes in accounting methods since the latest consolidated fiscal year: none
- ③ Changes in scope of consolidation and application of equity accounting: yes
 - Consolidation (new): 171 (elimination): none
 - Equity accounting (new): none (elimination): 42
 - Consolidated subsidiaries: 224
 - Non-consolidated subsidiaries accounted for under equity accounting: none
 - Affiliates accounted for under equity accounting: 5

2. Results for 1st Quarter of FY 2007 ending March 31, 2007 (From April 1, 2006 to June 30, 2006)

(Note) Fractional amounts rounded down to the nearest million yen

(1) Business results (consolidated)

	Sales		Operating income		Ordinary income	
	Million yen	%	Million yen	%	Million yen	%
1Q FY 2007 ending March 31, 2007	63,154	1.2	1,277	(44.6)	421	(87.9)
1Q FY2006 ended March 31, 2006	62,432	(3.2)	2,304	(10.6)	3,488	(1.0)
(Reference) FY 2006 full year	265,888	0.3	8,429	(29.9)	10,425	(21.4)

	Quarterly (current) net income		Quarterly (current) net income per share	Quarterly (current) net income per share adjusted for full dilution
	Million yen	%	yen	yen
1Q FY2007 ending March 31, 2007	24,115	874.2	54.26	36.11
1Q FY2006 ended March 31, 2006	2,475	(12.3)	5.59	5.10
(Reference) FY 2006 full year	7,764	2.3	17.52	15.71

Note
s

① P/L through equity accounting

1Q FY 2007: -990mil yen 1Q FY 2006: 1,555mil yen FY2006 full year: 4,018mil yen

1Q FY 2006 P/L through equity accounting does not contain Pilkington's equity P/L for April-June.

② Volume of issued shares (average)

1Q FY 2007: 444,468,648 1Q FY 2006: 443,154,094 FY 2006 full year: 443,075,856

③ The percentage indications under Sales, Operating income, Ordinary income, etc. represent year-on-year changes.

(2) Changes in financial position (consolidated)

	Total assets	Shareholders' Equity	Equity ratio	Shareholders' Equity per share
1Q FY 2007 ending March 31, 2007	Million yen 1,301,933	Million yen 279,371	% 21.5	Yen 622.33
1Q FY 2006 ended March 31, 2006	417,750	206,775	49.5	466.60
(Reference) FY 2006 full year	595,963	238,284	40.0	537.89

Notes

① Stockholders' Equity

Figures of 1Q FY 2006 and FY 2006 full year does not include minority interests.

② Volume of issued shares (as of)

June 30, 2006: 448,909,963 June 30, 2005: 443,154,094 March 31, 2006: 442,995,620

(3) Consolidated statement of cash flow

	Net cash provided By operating Activities	Net cash provided By operating activities	Net cash provided By financing activities	Cash and cash equivalents at end of term
1Q FY2007 ending March 31, 2007	Million yen 2,957	Million yen (314,076)	Million yen 200,329	Million yen 153,032
1Q FY2006 ended March 31, 2006	5,053	(4,565)	(9,010)	55,009
(Reference) FY 2006 full year	15,455	(12,149)	111,225	179,158

[Qualitative information regarding the progress of the (consolidated) business results]

During April and June 2006, Japanese Economy continued to stay on an upward trend, while rising material prices including crude oil raised concerns as potential negative factor for the future.

Looking at business environment, Japanese construction and auto manufacturing industry showed relatively favorable progress. Information equipments such as PC and mobile phones sustained high level of growth globally but part of our products suffered the impact of declining unit cost and inventory adjustment.

Price level of heavy oil, main fuel of sheet glass manufacturing, still remained high and gave significant impact on our manufacturing cost.

As announced, official process to acquire and fully-own Pilkington was completed in June, but performance data of Pilkington was reflected in our B/S at the end of this quarter (June) and will be reflected in our P/L from next quarter.

Due to above reason, sales for 2006 Q1 was 63,154 million yen (1.2%y/y) and operating profit for the quarter was 1,277 million yen (-44.6% y/y). Ordinary profit for the period fell significantly to 421 million yen (-87.9% y/y) greatly affected by the investment loss (by equity method) on TFT-LCD glass production failure at affiliates. Around 42.2 billion yen of investment securities sales for financing acquisition of Pilkington was posted as an extraordinary profit and 1.07 billion yen of miscellaneous acquisition cost was posted as an extraordinary loss. As a result, net profit for the quarter sharply rose to 24.1 billion yen (874.2% y/y).

①Architectural Glass & Building Material Division

Sales of building and auto glass rose steadily with increased shipment, while sales of metal sash and building construction business declined. Rising raw fuel price including crude oil and temporary suspension of figured glass production drove up production cost and pushed down overall income significantly, with 41,408 million yen of sales (-1.9% y/y) and 60 million yen of operating loss.

②Information Technology Division

Information & Telecommunication Device Division showed steady growth in general due to moderate recovery of telecommunication industry and solid growth of optical lenses for multiple-purpose printers. Sales of Display Division also showed healthy growth and largely surpassed the level in the same period a year earlier due to market recovery. As a result, overall sales rose to 10,648 million yen (27.2% y/y) and operating profit soared to 752 million yen (652% y/y).

③Glass Fiber Division

Rubber code for timing belts continued to show robust sales and shipments of air filters for semiconductor manufacturing market increased with the recovering demands. As a result, overall sales rose to 8,494 million yen (9.8% y/y) and operating profit shot up to 1,047 million yen (21.4% y/y).

④Others Division

Sales of other Companies (combined) was 2,602 million yen (-37.0% y/y) and incurred 471 million yen of operating loss. It is due to declining external sales of Engineering Division and increased cost including investment in information system.

[Qualitative information regarding the changes in the (consolidated) financial position]

Reflecting Pilkington in our B/S from this quarter, combined assets expanded by 705,970 million yen from 2005 Q4 to 1,301,933 million yen. Interest-bearing liabilities at the end of 2006 Q1 rose to 668,639 million yen, a 431,716 million yen of increase from the previous quarter. Cash and deposits after paying acquisition cost and combining Pilkington data was 154,541 million yen, dropped by 26,128 million yen from the previous quarter.

[Reference]

Consolidated forecasts for FY 2006 ending March 31, 2007 (From April 1, 2005 to March 31, 2006)

	Sales	Ordinary income	Current net income
	Million yen	Million yen	Million yen
Interim period	270,000	6,000	15,000
Full year	680,000	25,000	30,000

Estimated net income per share (full year) 66.82 yen

(Reference) Above estimated net income per share is based on the volume of issued shares on June 30, 2006.

Notice The figure may change due to the conversion of corporate bonds to shares.

[Qualitative information regarding business forecasts]

In terms of future projections, results have been more or less as predicted and we are not making any revisions in our initial forecasts.

(Summary) Quarterly consolidated balance sheet

(in millions of yen)

	June 30 2006	March 31 2006	Change	June 30 2005
(Assets)				
Total current assets	453,420	288,732	164,688	154,837
Cash and deposits	154,541	180,670	(26,128)	55,661
Notes and account receivable:trade	155,000	59,072	95,928	53,706
Inventories	120,568	37,749	82,819	36,036
Other current assets	23,309	11,239	12,069	9,433
Total fixed assets	848,513	307,231	541,281	262,912
Tangible fixed assets	394,185	119,396	274,788	113,674
Intangible fixed assets	297,591	6,989	290,602	7,205
Investments and other assets	156,736	180,845	(24,108)	142,032
Total assets	1,301,933	595,963	705,970	417,750
(Liabilities)				
Current liabilities	348,745	111,002	237,742	96,166
Notes and account payable:trade	120,550	37,357	83,193	34,101
Short-term bank borrowings	131,136	46,703	84,433	39,772
Other current liabilities	97,058	26,942	70,115	22,292
Long-term liabilities	673,817	243,361	430,456	111,956
Corporate bonds	149,500	153,000	(3,500)	43,000
Long-term bank borrowings	384,002	37,220	346,782	31,698
Other long-term liabilities	140,314	53,140	87,173	37,257
Total liabilities	1,022,562	354,363	668,198	208,122
(Net assets)				
Shareholders' equity	213,156	-	-	-
Common stock	42,811	-	-	-
Additional paid-in capital	52,123	-	-	-
Retained earnings	118,570	-	-	-
Treasury stock, at cost	(349)	-	-	-
Valuation, translation adjustment and others	50,236	-	-	-
Unrealized holding gain on securities	26,790	-	-	-
Translation adjustment	23,446	-	-	-
Minority interests	15,978	-	-	-
Total net assets	279,371	-	-	-
Total liabilities and net assets	1,301,933	-	-	-
(Minority interests)				
Minority interests	-	3,315	-	2,852
(Shareholders' equity)				
Common stock	-	41,060	-	41,060
Additional paid-in capital	-	50,374	-	50,373
Retained earnings	-	95,791	-	96,758
Unrealized holding gain on securities	-	50,338	-	26,721
Translation adjustment	-	1,054	-	(7,881)
Treasury stock, at cost	-	(335)	-	(257)
Total shareholders' equity	-	238,284	-	206,775
Total liabilities, minority interests and shareholders' equity	-	595,963	-	417,750

(Summary) Quarterly consolidated statement of income

(in millions of yen)

	Quarter to June 2006	Quarter to June 2005	Year to March 2006
Net sales	63,154	62,432	265,888
Cost of sales	46,560	45,601	196,948
Gross profit	16,593	16,831	68,940
Selling, general and administrative expenses	15,316	14,527	60,510
Operating income	1,277	2,304	8,429
Non-operating income	2,740	2,611	8,212
Non-operating expense	3,596	1,427	6,217
Income before extra-ordinary items	421	3,488	10,425
Extra ordinary income	42,190	59	6,644
Extra ordinary losses	1,166	378	5,534
Income before income taxes and minority interests	41,446	3,169	11,535
Income tax:Current	17,713	977	4,015
Income tax:Deferred	(394)	(370)	(580)
Minority interests (loss) in net income of consolidated subsidiaries	11	87	335
Net income	24,115	2,475	7,764

(Summary) Quarterly consolidated statement of cash flow

(in millions of yen)

	Quarter to June 2006	Quarter to June 2005	Year to March 2006
Cash flows from operating activities:			
Income before income taxes and minority interests	41,446	3,169	11,535
Depreciation and amortization	3,478	3,030	12,961
Loss on impairment of fixed assets	-	-	702
Decrease (increase) in notes and accounts receivable	(511)	7,337	3,529
Decrease (increase) in inventories	(1,516)	(1,060)	(2,081)
(Decrease) increase in notes and accounts payable	(6,445)	(5,917)	(3,680)
Other, net	(31,498)	(1,118)	(8,205)
Sub Total	4,953	5,439	14,760
Interest and dividend income received	1,265	1,066	5,541
Interest paid	(1,515)	(381)	(1,720)
Income taxes paid	(1,746)	(1,071)	(3,126)
Net cash provided by operating activities	2,957	5,053	15,455
Cash flows from investing activities:			
Purchase of property, plant and equipment	(4,560)	(5,188)	(18,590)
Proceeds from sales of property, plant and equipment	538	244	2,295
Purchase of investments in securities	(380,317)	(103)	(3,027)
Proceeds from sales of investments in securities	90,489	130	7,565
Other, net	(20,226)	350	(392)
Net cash provided by (used in) investing activities	(314,076)	(4,565)	(12,149)
Cash flows from financing activities:			
Increase (decrease) in short-term borrowings	28,788	3,324	5,420
Issuance of long-term indebtedness	170,045	251	13,529
Repayment of long-term indebtedness	(1,157)	(1,588)	(5,317)
Issuance of bonds	-	-	110,000
Redemption of bonds	-	(9,600)	(9,600)
Cash dividends paid	(1,328)	(1,329)	(2,658)
Other, net	3,981	(68)	(148)
Net cash provided by (used in) financing activities	200,329	(9,010)	111,225
Effect of change rate on cash and cash equivalents	(31,327)	(66)	1,029
Net decrease (increase) in cash and cash equivalents	(142,117)	(8,588)	115,560
Cash and cash equivalents at beginning of the year	179,158	63,512	63,512
Effect of change in scope of consolidation	115,991	85	85
Cash and cash equivalents at the end of the first quarter	153,032	55,009	179,158

Segment information

(1) Information by business segment

Current 1st Quarter (From April 1, 2006 to June 30, 2006) (Unit: million yen)

	Glass & Building Materials Business	IT Business	Glass Fiber Business	Others Business
I Sales and operating income				
Sales				
(1) Sales to outside customers	41,408	10,648	8,494	2,602
(2) Intersegment sales/transfers	216	92	49	1,061
Total	41,624	10,740	8,544	3,664
Operating expenses	41,685	9,988	7,496	4,135
Operating income (loss)	(60)	752	1,047	(471)

	Total	Elimination & Corporate	Consolidation
I Sales and operating income			
Sales			
(1) Sales to outside customers	63,154	—	63,154
(2) Intersegment sales/transfers	1,419	(1,419)	—
Total	64,573	(1,419)	63,154
Operating expenses	63,306	(1,429)	61,877
Operating income (loss)	1,267	9	1,277

Previous 1st Quarter (From April 1, 2005 to June 30, 2005) (Unit: million yen)

	Glass & Building Materials Business	IT Business	Glass Fiber Business	Others Business
I Sales and operating income				
Sales				
(1) Sales to outside customers	42,189	8,371	7,738	4,133
(2) Intersegment sales/transfers	178	149	17	1,529
Total	42,368	8,521	7,755	5,663
Operating expenses	40,982	8,421	6,892	5,715
Operating income (loss)	1,385	100	862	(52)

	Total	Elimination & Corporate	Consolidation
I Sales and operating income			
Sales			
(1) Sales to outside customers	62,432	—	62,432
(2) Intersegment sales/transfers	1,874	(1,874)	—
Total	64,307	(1,874)	62,432
Operating expenses	62,012	(1,883)	60,128
Operating income (loss)	2,295	8	2,304

Previous year (From April 1, 2005 to March 31, 2006)

(Unit: million yen)

	Glass & Building Materials Business	IT Business	Glass Fiber Business	Others Business
I Sales and operating income				
Sales				
(1) Sales to outside customers	180,069	42,375	31,911	11,533
(2) Intersegment sales/transfers	793	443	43	5,701
Total	180,863	42,818	31,954	17,234
Operating expenses	175,862	41,394	28,053	19,127
Operating income (loss)	5,001	1,423	3,901	(1,893)

	Total	Elimination & Corporate	Consolidation
I Sales and operating income			
Sales			
(1) Sales to outside customers	265,888	—	265,888
(2) Intersegment sales/transfers	6,981	(6,981)	—
Total	272,870	(6,981)	265,888
Operating expenses	264,437	(6,978)	257,459
Operating income (loss)	8,433	(3)	8,429

(Notes) 1. Method of business classification

Business classifications are based on the Company's sales classifications.

2. Major products of each classification

Business classification	Major products
Architectural glass & Building materials	Molded flat glass, float glass, tempered glass, processed glass, building materials, instruments for preservation of the environment
Information and Tele-Communication Device	Optical /fine glass devices, industrial glass products, LCD products
Glass fiber	Specialty glass fiber products, air filters
Others	Plant engineering, testing and analysis

(2) Information by geographical area

Current 1st Quarter (From April 1, 2006 to June 30, 2006) (Unit: million yen)

	Japan	Asia	North America	Other regions
I Sales and operating income				
Sales				
(1) Sales to outside customers	51,343	8,297	469	3,043
(2) Intersegment sales/transfers	5,682	2,952	12	93
Total	57,026	11,249	482	3,137
Operating expenses	56,678	10,572	457	2,915
Operating income (loss)	348	677	24	222

	Total	Elimination & Corporate	Consolidation
I Sales and operating income			
Sales			
(1) Sales to outside customers	63,154	—	63,154
(2) Intersegment sales/transfers	8,741	(8,741)	—
Total	71,896	(8,741)	63,154
Operating expenses	70,623	(8,746)	61,877
Operating income (loss)	1,272	4	1,277

Previous 1st Quarter (From April 1, 2005 to June 30, 2005) (Unit: million yen)

	Japan	Asia	North America	Others regions
I Sales and operating income				
Sales				
(1) Sales to outside customers	52,524	6,349	622	2,936
(2) Intersegment sales/transfers	5,137	1,651	100	112
Total	57,662	8,000	723	3,048
Operating expenses	56,313	7,456	670	2,719
Operating income (loss)	1,348	543	52	328

	Total	Elimination & Corporate	Consolidation
I Sales and operating income			
Sales			
(1) Sales to outside customers	62,432	—	62,432
(2) Intersegment sales/transfers	7,000	(7,000)	—
Total	69,433	(7,000)	62,432
Operating expenses	67,160	(7,031)	60,128
Operating income (loss)	2,273	30	2,304

Previous year (From April 1, 2005 to March 31, 2006)

(Unit: million yen)

	Japan	Asia	North America	Other regions
I Sales and operating income				
Sales				
(1) Sales to outside customers	220,123	32,769	1,766	11,228
(2) Intersegment sales/transfers	21,399	7,793	999	284
Total	241,523	40,563	2,765	11,513
Operating expenses	237,553	37,533	2,544	10,307
Operating income (loss)	3,970	3,029	221	1,205

	Total	Elimination & Corporate	Consolidation
I Sales and operating income			
Sales			
(1) Sales to outside customers	265,888	—	265,888
(2) Intersegment sales/transfers	30,477	(30,477)	—
Total	296,366	(30,477)	265,888
Operating expenses	287,938	(30,479)	257,459
Operating income (loss)	8,427	2	8,429

(Notes) 1. Countries and regions are classified based on geographical proximity

2. Principle countries in the above area excluding Japan are as follows

- (1) North America ·····U.S.A., Canada
- (2) Asia ·····China, Malaysia, Philipines, etc.
- (3) Other regions·····Europe and others