

FY2008 1st Quarter Consolidated Financial Results

23 August 2007



(An English translation of Japanese original)

Listed Company Name: **Nippon Sheet Glass Co., Ltd.**
Code Number **5202**

Stock Exchange Listing: Tokyo, Osaka
(URL <http://www.nsggroup.net>)

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1. Consolidated business results for FY 2008 1st Quarter (From 1 April 2007 to 30 June 2007)

(1) Consolidated business results

	Sales		Operating income		Income before extra-ordinary items		Net Income	
	million JPY	%	million JPY	%	million JPY	%	million JPY	%
FY 2008 Q1	217,804	244.9	12,149	851.3	8,006	-	46,915	94.5
FY 2007 Q1	63,154	1.2	1,277	(44.6)	421	(87.9)	24,115	874.2
FY 2007 Full year	681,547	-	23,822	-	8,001	-	12,095	-

	Net income per share		Diluted earnings per share	
	JPY		JPY	
FY 2008 Q1	JPY	70.19	JPY	65.98
FY 2007 Q1	JPY	54.26	JPY	36.11
FY 2007 Full year	JPY	21.85	JPY	20.28

(2) Changes in financial position

	Gross assets	Net assets	Equity ratio	Net assets per share
	million JPY	million JPY	%	JPY
FY 2008 Q1	1,475,305	410,379	26.8	590.50
FY 2007 Q1	1,301,933	279,371	20.2	586.74
FY 2007 Full year	1,408,983	350,625	23.9	504.55

(3) Consolidated statement of cash flow

	Net cash generated from (used in) operating activities	Net cash generated from (used in) investing activities	Net cash generated from (used in) financial activities	Cash & cash equivalents as of term-end
	million JPY	million JPY	million JPY	million JPY
FY 2008 Q1	(15,971)	75,779	(6,951)	222,781
FY 2007 Q1	2,957	(314,076)	200,329	153,032
FY 2007 Full year	75,379	(297,644)	190,068	159,762

(4) Consolidated performance outlook for FY 2008

	Sales		Operating income		Income before extra-ordinary items		Net income		Net income per share
	million JPY	%	million JPY	%	million JPY	%	million JPY	%	JPY
Interim results	430,000	57.4	25,000	191.0	14,000	93.1	47,000	132.0	70.32
Full year results	850,000	24.7	45,000	88.9	27,000	237.4	53,000	338.2	79.30

(5) Others

- (i) Changes in status of principal subsidiaries : None
- (ii) Adoption of simplified accounting methods: None
- (iii) Changes in accounting policies : Yes Note: Please refer to page 6 for more detailed information.

Explanation for the appropriate usage of performance projections and other special items

- The outlook for this year is revised, as in the announcement on 23rd August 2007.
- The projections contained in this document are based on information currently available to us and certain assumptions that we consider to be reasonable. Hence the actual results may differ.
The major factors that may affect the results are the economic environment in major markets (such as Japan, Europe, North and South America, Asia, etc.), product supply/demand shifts, fluctuations in currency exchange and interest rate as well as price changes in primary fuels and raw materials.

I. Business Performance and Financial Standing

1. Review of overall performance for the three months to 30th June 2007

The Japanese economy enjoyed a modest expansion, supported by steady capital expenditure and improvements in employment and consumer confidence, despite concerns about significant price increases of raw materials and fuels (especially crude oil), rising interest rates and cost push introduced by the weakening Japanese Yen.

In Europe, in addition to robust growth in Russia and Eastern Europe, there was a steady undercurrent of recovery in Central European countries, notably Germany.

The North American economy shows signs of slowing down, due to the decline in the housing market.

In other areas, such as South America and China, business continues to expand with the growth in the regional economies.

In the information technology and electronics sector, worldwide shipments of PCs, cellular phones and other IT equipment sustained high growth overall. The glass fiber sector is also experiencing robust demand in relevant markets, including Europe.

The Company included the performance of Pilkington, which became a consolidated subsidiary in June 2006, in the Company's consolidated income statement from the second quarter of the previous fiscal year.

Consequently, sales, operating profits, and ordinary profits all saw substantial year-on-year increases in the first quarter.

In this quarter, the Company recorded JPY 49.714 billion in extraordinary profits, mainly from the disposal of an Australasian subsidiary in the Flat Glass business, as well as the sale of investment securities.

2. Review by business segment

(1) Building Products business

In Europe, demand remained strong with prices generally above the previous year's level. Sales increased strongly across most regions and products. Performance of downstream operations in Europe continues to improve across most markets.

Sales in Japan were at a similar level to the prior year. Market conditions remain difficult, but performance improved, mainly because of the absence of the previous year's negative elements, including the production adjustment of figured glass.

In North America, the Group's business operated in sluggish market conditions, resulting in lower sales and profits, with price levels below that of the previous year.

In South America, results continue at satisfactory levels, with market conditions remaining robust.

Results in South East Asia demonstrated a marked year-on-year improvement.

As a result, the Building Products business achieved sales of JPY 100.861 billion and operating income of JPY 6.756 billion.

(2) Automotive glass business

In the European Original Equipment (OE) sector, both revenues and performance remained strong, and in the Automotive Glass Replacement (AGR) market, revenues were ahead of the previous year.

In Japan and South East Asia, revenues fell in line with reduced vehicle build and consequent depressed demand.

In North America, OE sales were in line with the previous year, and AGR sales demonstrated a year-on-year improvement. In other regions, sales and performance in both South America and China were ahead of last year.

As a result, the Automotive glass business recorded sales of JPY 95.130 billion and operating income of JPY 6.857 billion.

(3) Specialty Glass and Others

This segment includes the "Specialty Glass Business", encompassing the information technology and electronics business and the fiber glass business. It also includes results in the "Others" segment.

In the information technology and electronics sector, the steady shipment of optical lenses for multifunction printers and LCD glass substrate was offset by lower sales of STN LCD panels. Total sales were at the same level as in the previous year.

In the glass fiber sector, total sales were higher year-on-year, reflecting continuing robust demand for glass cord in Europe.

In the "Others" segment, Pilkington's engineering-related sales and costs have been included. Central costs, including those in both Japan and the UK, also increased.

As a result, this segment as a whole recorded sales of JPY 21.812 billion and an operating loss of JPY 1.459 billion.

II. Financial condition

Total assets at the end of June 2007 were JPY 1,475.305 billion, representing an increase of JPY 66.321 billion from the end of March 2007.

Interest-bearing liabilities at the end of this quarter are JPY 586.429 billion; a JPY 25.311 billion increase from the end of March 2007. This is mainly due to depreciation of the Japanese Yen (JPY) against sterling (GBP). The net balance of the interest bearing liabilities and cash and deposits decreased by JPY 36.871 billion to JPY 363.332 billion, due to the proceeds from the sale of Australasia business.

In terms of cash movement in this quarter, cash from operations recorded an outflow of JPY 15.971 billion, which was mainly due to the capital gain tax payment on the sale of marketable securities for the acquisition funding in FY07. Cash from investment activities showed an inflow of JPY 75.779 billion, due mainly to the proceeds from the sale of the Australasia business. Free cash flow, representing the aggregate of cash flow from operations and investment, resulted in a net inflow of JPY 59.808 billion.

III. Prospects

The global economy in general is expected to continue strong, although crude oil price trends and the economic slow-down in North America do give cause for concern. Future exchange rate and interest rate fluctuations could also impact the Company's performance.

Prospects by segment

1. Building products business

In Europe, the key region for this business, supply and demand are expected to remain tight, with sales moving along satisfactorily. Though steady business is also anticipated in South America and other emerging areas, we should take appropriate actions in Japan and North America under the challenging circumstances in those regions.

2. Automotive glass business

The OE and AGR shipment in Europe are expected to remain steady. Accordingly, the Company will aim to continue expanding sales of new and high value-added products, cutting costs, and increasing its presence in the globalizing automobile market.

3. Other businesses

With a favorable market environment expected, the Company will work in the information and electronics sector to augment sales of greater value-added glass substrate for small- and medium-sized liquid crystal displays and to actively develop its business in the growing multifunction printer market, at the same time pursuing its "number one, only one" strategy for special products in the glass fiber sector, accelerating new product development, and expanding its operations globally.

4. Revision of operating result forecast

While the performance of the Company remains steady, Japanese Yen has become weaker against Sterling Pound than previously expected. Therefore, the outlook for this year is revised, as in the announcement of 23rd August 2007, and the presentation shown below.

Interim results (1 April 2007 to 30 September 2007)

(Unit: JPY billion, %)

	Net Sales	Operating income	Income before extra-ordinary items	Net income
Previous forecast (A) published on 9 August 2007	420.0	23.0	12.0	39.0
Revised forecast(B)	430.0	25.0	14.0	47.0
Change(B-A)	10.0	2.0	2.0	8.0
Change (%)	2.4%	8.7%	16.7%	20.5%
Previous year result (FY2007)	273.2	8.5	7.2	20.2

Full year results (1 April 2007 to 30 September 2007)

(Unit: JPY billion, %)

	Net Sales	Operating income	Income before extra-ordinary items	Net income
Previous forecast (A) published on 9 August 2007	830.0	42.0	24.0	45.0
Revised forecast(B)	850.0	45.0	27.0	53.0
Change(B-A)	20.0	3.0	3.0	8.0
Change (%)	2.4%	7.1%	12.5%	17.8%
Previous year result (FY2007)	651.5	23.8	8.0	12.0

Note: The weighted average currency exchange rate, used for the presentation above, is as follows.

Previous forecast	JPY 215 per GBP
Q1 Actual	JPY 239 per GBP
Remaining nine months (FY 08)	JPY 225 per GBP
Full year (FY08)	JPY 230 per GBP

IV. Others (Changes in accounting policies)

Due to the recent amendment of Japanese taxation regulations, depreciation method of assets acquired on or after 1 April 2007 has been changed accordingly. The impact to the income statement is minimal.

V. Consolidated financial statements

1. Balance sheet

(in million JPY)

	FY 2007 Q1 as of 06/6/30	FY 2008 Q1 as of 07/6/30	Change	FY 2007 Year-End as of 07/3/31
Current assets	453,420	519,004	65,584	465,836
Cash and deposits	154,541	223,096	68,555	160,914
Notes and account receivables - trade	155,000	153,185	(1,814)	148,584
Inventories	120,568	120,645	76	113,259
Other current assets	23,309	22,077	(1,232)	43,078
Fixed assets	848,513	956,300	107,787	943,146
Tangible assets	394,185	409,826	15,640	396,586
Intangible assets	297,591	405,833	108,241	399,498
Investments and other assets	156,736	140,641	(16,095)	147,062
Total : Assets	1,301,933	1,475,305	173,371	1,408,983
Current liabilities	348,745	421,093	72,347	437,589
Notes and accounts payable - trade	120,550	86,819	(33,731)	98,291
Short-term bank borrowings	131,136	107,509	(23,626)	107,316
Other current liabilities	97,058	226,764	129,705	231,981
Fixed liabilities	673,817	643,832	(29,984)	620,768
Bonds	149,500	43,000	(106,500)	43,000
Long-term bank borrowings	384,002	435,919	51,916	410,800
Other fixed liabilities	140,314	164,913	24,598	166,967
Total : Liabilities	1,022,562	1,064,925	42,362	1,058,358
Net Assets	279,371	410,379	131,008	350,625
I. Shareholders' Equity	213,156	351,179	138,023	306,900
Common stock	42,811	96,147	53,335	96,147
Capital surplus	52,123	105,289	53,166	105,289
Retained earnings	118,570	150,216	31,645	105,914
Treasury stocks - at cost	(349)	(473)	(123)	(450)
II. Valuation & translation adjustments	50,236	43,491	(6,744)	30,340
Unrealized holding gain on securities	26,790	16,765	(10,024)	25,881
Net unrealized holding loss on derivative instruments	-	(2,369)	(2,369)	(3,048)
Foreign currency translation adjustments	23,446	29,095	5,649	7,507
III. Stock Options	-	36	36	26
IV. Minority interests in consolidated subsidiaries	15,978	15,672	(306)	13,357
Total: Liabilities and net assets	1,301,933	1,475,305	173,371	1,408,983

2. Income statement

	(in million JPY)			
	FY2007 Q1	FY 2008 Q1	Change	FY 2007 Full year
Net sales	63,154	217,804	154,649	681,547
Cost of sales	46,560	149,675	103,114	478,700
Gross Income	16,593	68,129	51,535	202,846
Selling, general and administrative expenses	15,316	55,980	40,663	179,024
Operating income	1,277	12,149	10,871	23,822
Non-operating income	2,740	5,108	2,367	15,476
Non-operating expense	3,596	9,250	5,654	31,297
Income before extra-ordinary items	421	8,006	7,584	8,001
Extra-ordinary income	42,190	49,714	7,523	51,555
Extra-ordinary loss	1,166	79	(1,086)	21,498
Income before income taxes and minority interests	41,446	57,641	16,195	38,057
Income tax (Current)	17,713	7,904	(9,808)	28,068
Income tax (Deferred)	(394)	1,890	2,284	(5,063)
Minority interests in net income of consolidated subsidiaries	11	931	919	2,957
Net income	24,115	46,915	22,799	12,095

3. Statement of cash-flow

(in JPY million)

	FY2007	FY 2008	FY 2007
	Q1	Q1	Full year
Cash flows from operating activities:			
Income before income taxes and minority interests	41,446	57,641	38,057
Depreciation and amortization	3,478	15,761	51,350
Loss on impairment of fixed assets	-	-	683
Decrease (increase) in notes and accounts receivable	(511)	(2,017)	6,206
Decrease (increase) in inventories	(1,516)	(3,418)	2,822
(Decrease) increase in notes and accounts payable	(6,445)	(10,170)	4,822
Other, net	(31,498)	(41,718)	(11,281)
Sub Total	4,953	16,077	92,661
Interest and dividend income received	1,265	4,074	9,925
Interest paid	(1,515)	(12,786)	(19,277)
Income taxes paid	(1,746)	(23,337)	(7,930)
Net cash provided by operating activities	2,957	(15,971)	75,379
Cash flows from investing activities:			
Purchase of property, plant and equipment	(4,560)	(12,195)	(49,355)
Proceeds from sales of property, plant and equipment	538	1,633	12,822
Purchase of investments in securities	(380,317)	(3,579)	(321,723)
Proceeds from sales of investments in securities	90,489	87,950	62,578
Other, net	(20,226)	1,970	(1,966)
Net cash provided by (used in) investing activities	(314,076)	75,779	(297,644)
Cash flows from financing activities:			
Increase (decrease) in short-term borrowings	28,788	(5,068)	(2,474)
Issuance of long-term indebtedness	170,045	9,464	293,672
Repayment of long-term indebtedness	(1,157)	(8,054)	(97,052)
Cash dividends paid	(1,328)	(2,005)	(3,029)
Other, net	3,981	(1,287)	(1,046)
Net cash provided by (used in) financing activities	200,329	(6,951)	190,068
Effect of foreign exchange rate on cash and cash equivalents	(31,327)	10,162	12,797
Net decrease (increase) in cash and cash equivalents	(142,117)	63,019	(19,398)
Cash and cash equivalents at beginning of the year	179,158	159,762	179,158
Change in scope of consolidation	115,991	-	1
Cash and cash equivalents at the end of the year	153,032	222,781	159,762

4. Segmental information

[Per Business Line]

Subsequent to the acquisition of Pilkington plc in June 2006, the Company revised its business segments into the following three categories: "Building products," "Automotive," and "Other." Prior to this acquisition, the business segments of the Company consisted of "Flat and safety glass and building materials," "Information/electronic materials and devices," "Glass fiber products," and "Other."

The "Building products" segment includes principally the manufacture and sale of flat glass and various interior and exterior materials with additional properties for the building market.

The "Automotive" segment provides a wide range of automotive glazing for new vehicles and for replacement markets.

The "Other" segment consists of three sub-segments: "Information technology," "Glass fibers," and other business areas which are not included in any of the above segments or sub-segments. The "Information technology" sub-segment consists primarily of the manufacture and sale of micro-optics and fine glass, and the "Glass fibers" sub-segment deals with the manufacture and sale of glass fiber products.

FY 2007 Q1 (For the period of April 1, 2006 to June 30, 2006)

(in million JPY)

	Flat and Safety Glass & Building Materials	IT	Glass Fiber	Other	Total	Eliminations	Consolidated
Sales and operating income							
Sales							
(1) Sales to customers	41,408	10,648	8,494	2,602	63,154	-	63,154
(2) Intersegmental sales	216	92	49	1,061	1,419	(1,419)	-
Total sales	41,624	10,740	8,544	3,664	64,573	(1,419)	63,154
Operating expenses	41,685	9,988	7,496	4,135	63,306	(1,429)	61,877
Operating income	(60)	752	1,047	(471)	1,267	9	1,277

FY 2008 Q1 (For the period of April 1, 2007 to June 30, 2007)

(in million JPY)

	Building Products	Automotive	Other	Total	Eliminations	Consolidated
Sales and operating income						
Sales						
(1) Sales to customers	100,861	95,130	21,812	217,804	-	217,804
(2) Intersegmental sales	799	922	830	2,552	(2,552)	-
Total sales	101,660	96,053	22,642	220,356	(2,552)	217,804
Operating expenses	94,904	89,196	24,101	208,201	(2,546)	205,655
Operating income	6,756	6,857	(1,459)	12,154	(5)	12,149

FY 2007 Full Year (For the period of April 1, 2006 to March 31, 2007)

(in million JPY)

	Building Products	Automotive	Other	Total	Eliminations	Consolidated
Sales and operating income						
Sales						
(1) Sales to customers	320,357	268,229	92,960	681,547	-	681,547
(2) Intersegmental sales	1,496	1,678	3,243	6,418	(6,418)	-
Total sales	321,854	269,907	96,204	687,966	(6,418)	681,547
Operating expenses	305,374	256,868	101,808	664,050	(6,325)	657,725
Operating income	16,479	13,039	(5,603)	23,915	(93)	23,822

[Per Geography]

The Company has revised its geographic segments effective the year ended March 31, 2007. This was due to the increase in size and importance of the Company's European businesses following the acquisition of Pilkington plc in June 2006.

FY 2007 Q1 (For the period of April 1, 2006 to June 30, 2006)

(in million JPY)

	Japan	Asia	North America	Other	Total	Eliminations	Consolidated
Sales and operating income							
Sales							
(1) Sales to customers	51,343	8,297	469	3,043	63,154	-	63,154
(2) Intersegmental sales	5,682	2,952	12	93	8,741	(8,741)	-
Total sales	57,026	11,249	482	3,137	71,896	(8,741)	63,154
Operating expenses	56,678	10,572	457	2,915	70,623	(8,746)	61,877
Operating income	348	677	24	222	1,272	4	1,277

FY 2008 Q1 (For the period of April 1, 2007 to June 30, 2007)

(in million JPY)

	Japan	Europe	North America	Other	Total	Eliminations	Consolidated
Sales and operating income							
Sales							
(1) Sales to customers	51,055	113,065	30,945	22,738	217,804	-	217,804
(2) Intersegmental sales	6,154	67,453	5,488	5,558	84,655	(84,655)	-
Total sales	57,209	180,519	36,433	28,296	302,459	(84,655)	217,804
Operating expenses	56,397	171,991	36,470	25,462	290,322	(84,667)	205,655
Operating income	811	8,527	(37)	2,834	12,136	12	12,149

FY 2007 Full Year (For the period of April 1, 2006 to March 31, 2007)

(in million JPY)

	Japan	Europe	North America	Other	Total	Eliminations	Consolidated
Sales and operating income							
Sales							
(1) Sales to customers	226,061	294,194	87,559	73,732	681,547	-	681,547
(2) Intersegmental sales	23,793	172,592	11,681	19,101	227,168	(227,168)	-
Total sales	249,854	466,786	99,240	92,834	908,715	(227,168)	681,547
Operating expenses	249,445	451,111	98,359	85,984	884,900	(227,175)	657,725
Operating income	409	15,675	881	6,850	23,815	7	23,822