FY2008 1st Half Consolidated Financial Results   21 November 2007

(An English abbreviation of Japanese original)

Listed Company Name:	**Nippon Sheet Glass Co., Ltd.**	Stock Exchange Listing:	Tokyo, Osaka
Code Number	**5202**	(URL http://www.nsggroup.net)	

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Submission of half year financial statements to MOF 20 December 2007   *Payment of dividends starts from:* 7 December 2007

1. Consolidated business results for FY 2008 First half (From 1 April 2007 to 30 September 2007)

(1) Consolidated business results

(Note) Fractional amounts rounded down to nearest million yen
"%" indicate year-to-year increase (decrease)

	Sales		Operating income		Income before extra-ordinary items		Net Income	
	JPY million	%	JPY million	%	JPY million	%	JPY million	%
FY 2008 1st Half	433,944	58.8	27,047	214.9	17,301	138.6	51,469	154.0
FY 2007 1st Half	273,259	114.8	8,589	121.9	7,250	21.2	20,259	421.5
FY 2007 1st Half	681,547	-	23,822	-	8,001	-	12,095	-

	Net income per share		Diluted earnings per share	
FY 2008 1st Half	JPY	77.01	JPY	72.35
FY 2007 1st Half	JPY	42.41	JPY	29.27
FY 2007 Full year	JPY	21.85	JPY	20.28

Equity (loss) in earnings of affiliates	JPY million
FY 2008 1st Half	4,811
FY 2007 1st Half	(974)
FY 2007 Full year	2,416

(2) Changes in financial position

	Gross assets	Net assets	Equity ratio	Net assets per share
	JPY million	JPY million	%	JPY
FY 2008 1st Half	1,418,347	397,376	27.1	575.38
FY 2007 1st Half	1,364,947	327,394	23.0	556.42
FY 2007 Full year	1,408,983	350,625	23.9	504.55

Shareholders' equity	JPY million
FY2008 1st Half	384,526
FY 2007 1st Half	314,052
FY 2007 Full year	337,241

(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
	JPY million	JPY million	JPY million	JPY million
FY 2008 1st Half	13,827	59,755	(64,147)	129,729
FY 2007 1st Half	15,618	(230,355)	182,858	157,953
FY 2007 Full year	75,379	(297,644)	190,068	159,762

2. Dividends

	Dividends per share		
	Half-year	Annual	Total
FY 2007 (Actual)	JPY 3.0	JPY 3.0	JPY 6.0
FY 2008 (Actual)	JPY 3.0		JPY6.0
FY 2008 (forecast)		JPY 3.0	

3. Consolidated performance outlook for FY 2008

	Sales		Operating income		Income before extra-ordinary items		Net income		Net income per share
	JPY million	%	JPY million	%	JPY million	%	JPY million	%	JPY
FY 2008 Full year (forecast)	850,000	24.7	45,000	88.9	27,000	237.4	53,000	338.2	79.30

4. Other

(1) Changes in status of *Tokutei Kogaisha* (principal subsidiaries) : None

(2) Changes in accounting policies, procedures & presentation
(i) Changes implemented due to newly adopted (or amended) rulings: None
(ii) Other changes: Yes

(3) No. of issued shares (ordinary shares)
(i) No. of ordinary shares (inclusive of treasury shares)
as of 30 September 2007 : 669,550,999 shares
as of 30 September 2006 : 565,450,630 shares
as of 31 March 2007 : 669,550,999 shares

(ii) No. of treasury shares
as of 30 September 2007 : 1,246,131 shares
as of 30 September 2006 : 1,029,949 shares
as of 31 March 2007 : 1,147,732 shares

[FOR REFERENCE]
Stand-alone financial results of the parent company (From 1 April 2007 to 30 September 2007)

(1) Stand-alone business results

(Note) Fractional amounts rounded down to nearest million yen
"%" indicate year-to-year increase (decrease)

	Sales		Operating income		Income before extra-ordinary items		Net Income	
	JPY million	%	JPY million	%	JPY million	%	JPY million	%
FY 2008 1st Half	82,743	(6.7)	22	-	(744)	-	3,316	(84.8)
FY 2007 1st Half	88,732	5.4	(1,153)	-	(965)	-	21,747	-
FY 2007 Full year	177,672	-	(1,521)	-	(2,513)	-	17,516	-

	Net income per share	
FY 2008 1st Half	JPY	4.96
FY 2007 1st Half	JPY	45.52
FY 2007 Full year	JPY	31.64

(2) Changes in financial position

	Gross assets	Net assets	Equity ratio	Net assets per share
	JPY million	JPY million	%	JPY
FY 2008 1st Half	528,738	298,325	56.4	446.04
FY 2007 1st Half	560,119	260,341	46.5	461.24
FY 2007 1st Half	553,583	305,899	55.3	457.62

Shareholders' equity (in JPY million)	
FY 2008 1st Half	298,091
FY 2007 1st Half	260,334
FY 2007 Full year	305,872

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

1. 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.

2. The Group has adapted “Net Debt” (interest bearing debt minus cash and cash equivalents) as a Key Performance Indicator for its financial performance. Chart below shows the movement of “Net Debt” after the acquisition of Pilkington in June 2006.

	Net Debt
	JPY million
FY 2008 1st Half (30 September, 2007)	347,052
FY 2007 1st Half (30 September, 2006)	476,035
FY 2007 Full year (31 March, 2007)	400,203

BUSINESS OVERVIEW

1. RESULTS OF OPERATIONS AND BUSINESS OUTLOOK

1.1 Background to Results

The first half-year period under review (1st April through 30th September 2007) saw a steady recovery in Central European economies, but a leveling off of upward momentum in Germany. Growth in Russia and Eastern Europe continued.

In Japan, despite concerns about the high level of prices of raw materials and fuels (especially crude oil), the economy enjoyed modest expansion, supported by steady capital expenditure and improvements in employment and consumer confidence. However, housing starts in July through September showed a consecutive decrease, due mainly to delays in building permits caused by changes in the new Japanese Construction Code.

The North American economy continued to show a subdued performance, due to the decline in the housing market. In other areas, notably South America and China, expansion continued with growth in the regional economies.

In the information technology and electronics sector, worldwide shipments of PCs, cellular phones and other IT equipment sustained higher levels than in the previous year. The glass fiber sector continued to experience robust demand, particularly, in Europe.

The performance of Pilkington, which became a consolidated subsidiary in June 2006, was included 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 half.

In this period, the Company recorded JPY 50.5 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.

1.2 Segmental Overview of Operating Results

Flat Glass Business

The Flat Glass business encompasses the Group's Building Products (BP) business (glass and glazing systems for exterior and interior architectural use) and Automotive business (glass and glazing systems for vehicles in the Original Equipment and Aftermarket sectors**)**. Overall, these businesses accounted for around 90 per cent per cent of total Group sales in the period under review.

Building Products (BP) business

In Building Products Europe, (representing 58 per cent of the Group's BP sales), demand continued at satisfactory levels. Profit performance was strong across most regions and products, with prices above levels of the previous year and efficiency gains offsetting cost increases. Market conditions in Japan (24 per cent of BP sales) continued to be challenging, with sales and profits at similar levels to last year. Residential construction remained depressed, resulting in increasingly tough competition amongst downstream manufacturers with reduced volumes and increasing levels of over-capacity.

In North America (8 per cent of BP sales), residential glass demand continued to be weak which, combined with rising input costs, resulted in declining year-on-year profits. In the Rest of the World (10 per cent of BP sales), the Group's businesses in South America continued to perform well and Cebrace, the Group's 50 per cent joint venture in Brazil, also showed improved year-on-year results. In South East Asia, the Group's businesses continued to show an improvement over the previous year.

Overall, the Building Products business achieved sales of JPY 205 billion and operating income of JPY 17.5 billion.

Automotive business

In Automotive, approximately 52 per cent of sales are in Europe, 15 per cent in Japan, 24 per cent in North America and 9 per cent in other regions.

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

In Japan, revenues were reduced, due to poor model performance of some models and problems with some new model introductions. In North America, OE sales were ahead of the previous year and AGR profits also demonstrated a year-on-year improvement. In the Rest of the World, sales and profits in both South America and China were ahead of last year, with those in South East Asia lower than last year.

Overall, Automotive sales were JPY 183 billion, with operating income of JPY 12.6 billion.

<u>Specialty Glass Business</u>

The Specialty Glass Business encompasses the Group's Information Technology business (information and telecommunication devices and glass for LCDs) and Glass Fiber businesses.

Information Technology

In the Information Technology business, demand for the main products, including optical lenses for multifunction printers and glass substrate for small and medium-sized LCD panels, remained steady. Consequently, total sales for the IT business, of JPY 21.0 billion, were slightly higher than the level in the previous year. Due to an increase in sales and cost reduction, operating income in this business was higher than the previous year.

Glass Fiber

In the Glass Fiber sector, total sales of JPY 19.2 billion were higher year-on-year, reflecting continuing robust demand for glass cord in Europe. Sales of Metashine®, which is used by cosmetics manufacturers worldwide, remain strong.

<u>Other Operations</u>

This segment mainly covers Corporate costs and engineering income, but also includes small businesses not included in Building Products, Automotive and Specialty Glass. The result is a reduction in earnings, reflecting an increase in general corporate expenses due to the consolidation of Pilkington central costs for the period. Consequently, this segment recorded sales of JPY 5.7 billion and an operating loss of JPY 7.8 billion.

1.3 Operating outlook for FY2008

Economic activity is expected to remain steady in Western Europe, with rapid growth continuing in Eastern Europe and Russia. In Japan, it is anticipated that in the third quarter of fiscal 2008 onward, the recovery trend of the Japanese economy will weaken, reflecting a slowdown in capital investment and consumer spending and trends in overseas economies. The US economy is seen to steady in general, but the housing market is expected to continue to be affected by problems in the mortgage market.

In the Rest of the World, South American markets are expected to continue to expand, particularly in Brazil. ASEAN economies are projected to grow steadily, due to expansion of exports and infrastructure-related investment. It is anticipated that capital spending, exports and personal investment will continue to drive economic growth in China, although the economy is not expected to grow as fast as in 2006.

Building Products

In Europe, we expect most Building Products markets to begin to soften as the financial year progresses, although market conditions will continue to be relatively buoyant compared to the previous year. The full-year result is expected to show a marked increase in year-on-year financial performance. In Japan, economic conditions continue to be unfavorable, resulting in a further year of low operating margins. Similarly, in North America the residential housing market continues to be weak and profit performance is expected to be slightly below the previous year's level. In South America the Group's businesses continue to generate satisfactory returns and the full-year result is anticipated to be slightly ahead of last year. The performance of the Building Products businesses in South East Asia is also expected to be ahead of the previous year.

Across the Building Products business in total, the relative size and strength of the profit performance in Europe will more than offset weaknesses in Japan and North America. This is expected to result in a significant improvement in overall profitability.

Automotive

In Automotive, in Europe, sales to OE customers should continue to be higher than last year despite relatively flat markets. In North America, trading conditions remain difficult and our sales to the major OE customers are likely to be below last year, although this trend should reverse next year due to an increase in the number of new models. The Japanese market demand is weaker and sales will be below last year. Market demand in South America continues to be buoyant and sales will be well ahead of last year. In the replacement glass businesses, sales continue to exceed last year in all markets except North America, where competition remains intense.

Overall, the continuing strong performance of Europe and South America should ensure a further year of increased profits in Automotive.

Specialty Glass

In the Information Technology Business, demand for mobile phones and portable music players is expected to show firm growth, with the glass substrate market for small and medium-sized LCD and touch panels remaining steady. Due to seasonal demand variations, the demand for optical lenses for multi-function printers is expected to be slightly lower than the first half-year.

In the Glass Fiber Business, in Europe, demand for glass cord is expected to continue to increase, with a further shift towards high quality glass cord. Indications are that the market for Metashine® will remain buoyant. The Group intends further to develop non-cosmetics applications in industrial markets for Metashine®.

1.4 Group Outlook

The Group outlook for the full year, as announced on 23rd August 2007 remains unchanged, with the current figures shown below

(in JPY billion)

	Net sales	Operating income	Income before extra-ordinary items	Net income
Full year result (1 April 2007 – 31 March 2008)	**850**	**45**	**27**	**53**

2. GROUP CASH PERFORMANCE AND BALANCE SHEET

Free cash flow, representing the aggregate of cash flow from operations, investment and disposals, resulted in a net inflow of JPY 73.6 billion. This facilitated a further JPY 53.2 billion reduction in net debt (defined as interest-bearing liabilities minus cash equivalents), which decreased from JPY 400.2 billion to JPY 347.0 billion, helped by the proceeds from the sale of the Australasia business. Overall, net debt is currently reducing ahead of schedule.

In terms of cash movement in this half, cash from operations recorded an inflow of JPY 13.8 billion, which was mainly due to the strong underlying profit performance. Cash from investment activities showed an inflow of JPY 59.7 billion, due mainly to the proceeds from the sale of the Australasia business.

Total assets at the end of September 2007 were JPY 1,418.3 billion, representing an increase of JPY 9.3 billion from the end of March 2007.

	Sep 2005	March 2006	Sep 2006	March 2007	Sep 2007
Shareholders' equity to total assets (%)	48.7	40.0	23.0	23.9	27.1
Shareholders' equity to total assets based on fair market values (%)	50.4	48.8	22.9	29.3	33.1
Debt redemption years (years)	-	15.3	-	7.5	36.7
Interest coverage ratio (times)	8.3	9.0	4.1	3.9	0.9

3. DIVIDEND POLICY

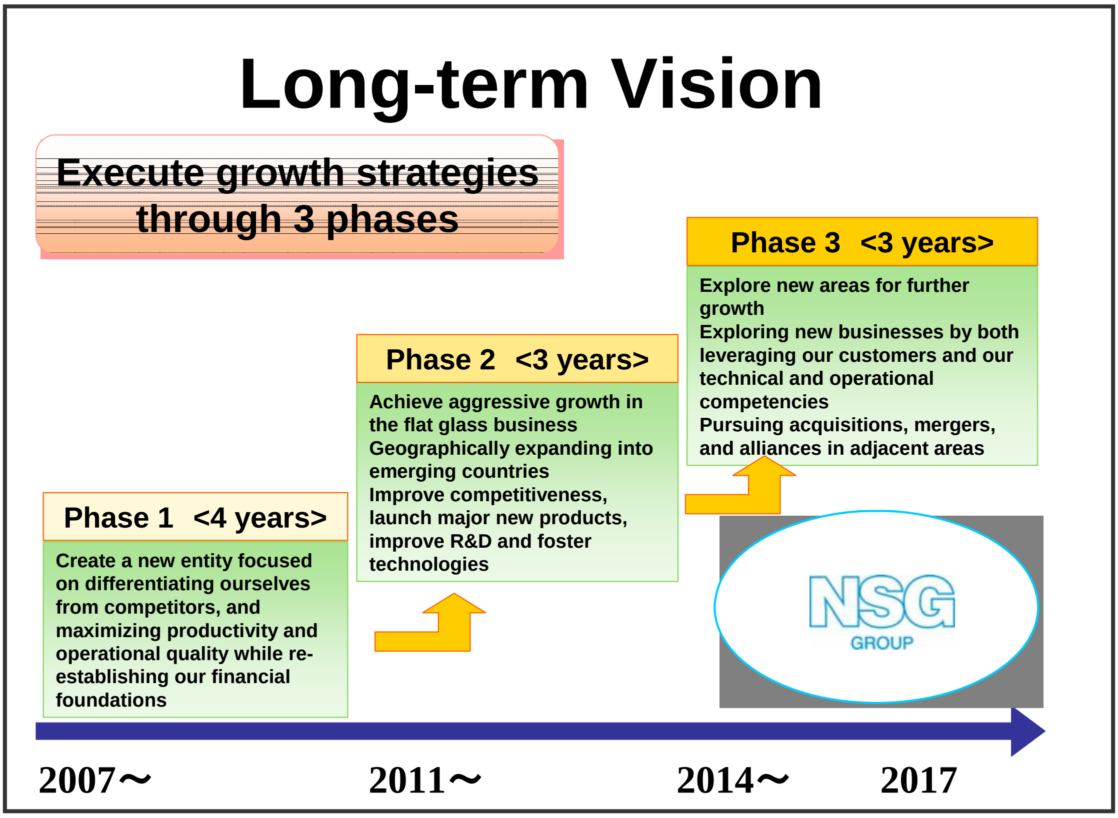
It is NSG Group policy to secure stable dividend payments based on stable business results.
The Board has decided to distribute an interim dividend at JPY 3 per share.

4. MANAGEMENT POLICY

There have been no major changes in the fundamental management policy, targeted index, medium-and long-term strategies and issues facing the Group since the announcement of the Company's FY2007 First Half Consolidated Financial Results, which were disclosed on 21st November 2006.

The Company completed the acquisition of Pilkington plc in June 2006, and assimilation of Pilkington as a wholly-owned subsidiary has brought about major changes not only in the Company's business structure but also in the Company's operating environment. In April 2007, the Flat Glass businesses of both companies were brought together under a global management. This process was completed in September 2007, with the announcement of changes in the senior management of the company, the creation of the posts of President and CEO and Group Chief Operating Officer and integration of the Specialty Glass businesses. The branding structure of the Group has also been revised to further strengthen Group integration and assist in global marketing

The Company is implementing a ten-year strategy from FY2008 to FY2017 in three stages.



The Company has set out a four-year Medium-term plan starting from April 2007 as the first stage. The key priorities in this phase are to create one integrated global business designed for maximum effectiveness, to reduce net debt down to target levels, and to prepare for Phase 2.

CONSOLIDATED FINANCIAL STATEMENT

I. BALANCE SHEET

(in JPY million)

	FY 2007 1st Half as of 30 Sep 2006	FY 2008 1st Half as of 30 Sep 2007	FY 2007 Year-End as of 31 Mar 2007
Current assets			
Cash and deposits	159,975	159,762	160,914
Notes and account receivables – trade	157,752	148,547	148,584
Securities	-	2,000	-
Inventories	120,294	121,418	113,259
Deferred tax assets (current)	3,355	7,345	3,095
Other current assets	14,201	30,566	44,371
Allowance for doubtful accounts	(1,370)	(4,329)	(4,388)
Total: Current assets	454,208	465,310	465,836
Fixed assets			
Tangible assets			
Buildings & structures	87,971	84,243	83,844
Machinery & vehicles	214,624	224,955	222,165
Tools & dies	16,185	22,441	25,985
Land	60,074	58,112	57,213
Construction in progress	30,827	7,643	7,376
Total: Tangible assets	409,683	397,397	396,586
Intangible assets			
Goodwill	109,278	200,887	204,883
Other intangible assets	227,175	183,172	194,614
Total: Intangible assets	336,453	384,059	399,498
Investments & other assets			
Investments	143,017	116,640	126,855
Deferred tax assets (non-current)	751	44,982	1,150
Other non-current assets	21,671	11,336	19,983
Allowance for doubtful accounts	(838)	(1,380)	(927)
Total: Investments & other assets	164,601	171,579	147,062
Total: Fixed assets	910,738	953,036	943,146
Total : Assets	**1,364,947**	**1,418,347**	**1,408,983**

(in JPY million)

	FY 2007 1st Half as of 30 Sep 2006	FY 2008 1st Half as of 30 Sep 2007	FY 2007 Year-End as of 31 Mar 2007
Current liabilities			
Notes and accounts payable - trade	85,293	86,586	98,291
Bonds maturing within one year	-	10,000	-
Short-term bank borrowings	117,942	97,734	107,316
Commercial paper	4,000	-	-
Deferred tax liabilities (current)	1,928	6,447	3,062
Provision for employees’ bonuses	3,881	2,667	2,481
Provision for directors’ bonuses	45	62	64
Provision for future financial risk arising from alleged violation of Competition Law of the European Union	-	81,067	78,118
Other current liabilities	112,438	125,451	148,254
Total: Current liabilities	325,529	410,018	437,589
Non-current liabilities			
Bonds	92,000	33,000	43,000
Long-term bank borrowings	422,068	366,080	410,800
Deferred tax liabilities (non-current)	59,077	90,884	49,869
Accrued retirement benefits for employees	90,200	82,728	86,034
Accrued retirement benefits for directors’	1,144	487	1,563
Provision for rebuilding furnaces	8,930	9,453	9,237
Other non-current liabilities	38,601	28,317	20,261
Total: Non-current liabilities	712,022	610,952	620,768
Total : Liabilities	**1,037,552**	**1,020,970**	**1,058,358**
Net Assets			
I. Shareholders' Equity			
Common stock	71,602	96,147	96,147
Capital surplus	80,834	105,290	105,289
Retained earnings	106,286	155,378	105,914
Treasury stocks - at cost	(383)	(513)	(450)
Total: Shareholders’ equity	258,339	356,303	306,900
II. Valuation & translation adjustments			
Unrealized holding gain on securities	23,450	16,408	25,881
Net unrealized holding loss on derivative instruments	(4,825)	(3,249)	(3,048)
Foreign currency translation adjustments	37,087	15,064	7,507
Total: Valuation & translation adjustments	55,713	28,223	30,340
III. Stock Options	6	233	26
IV. Minority interests in consolidated subsidiaries	13,335	12,616	13,357
Total: Net assets	**327,394**	**397,376**	**350,625**
Total: Liabilities and net assets	**1,364,947**	**1,418,347**	**1,408,983**

II. INCOME STATEMENT

(in million JPY)

	FY2007 1st Half	FY 2008 1st Half	FY 2007 Full year
Net sales	**273,259**	**433,944**	**681,547**
Cost of sales	191,813	294,738	478,700
Gross Income	81,446	139,205	202,846
Selling, general and administrative expenses	72,856	112,157	179,024
Operating income	**8,589**	**27,047**	**23,822**
Non-operating income			
Interest income	695	3,632	4,928
Dividend income	1,050	974	1,517
Gain on foreign currency exchange	2,328	-	4,579
Equity in earnings of affiliates	-	4,811	2,416
Other income	3,141	1,150	2,033
Total: Non-operating income	**7,215**	**10,569**	**15,476**
Non-operating expense			
Interest expense	3,772	14,934	23,060
Equity in loss of affiliates	974	-	-
Provision for bad debts	962	590	1,721
Loss on foreign currency exchange	-	878	-
Labor differences	649	178	1,042
Other expense	2,195	3,733	5,473
Total: Non-operating expense	**8,554**	**20,315**	**31,297**
Income before extra-ordinary items	**7,250**	**17,301**	**8,001**
Extra-ordinary income *	45,510	50,563	51,555
Extra-ordinary loss **	13,049	1,749	21,498
Income before income taxes and minority interests	**39,711**	**66,115**	**38,057**
Income tax (Current)	22,467	6,540	28,068
Income tax (Deferred)	(2,565)	6,780	(5,063)
Minority interests in net income of consolidated subsidiaries	(451)	1,324	2,957
Net income	**20,259**	**51,469**	**12,095**

NOTES:

* Major components of extra-ordinary income (in JPY million)

FY 2007 1st Half	Gain on sale of investments in securities	43,078
FY 2008 1st Half	Gain on sale of discontinued operations	31,745
	Net income from discontinued operations	509
	Gain on sale of investments in securities	13,159
	Prior year adjustments	1,055
FY 2007 Full year	Gain on sale of investments in securities	44,828

** Major components of extra-ordinary loss (in JPY million)

FY 2007 1st Half	Acquisition costs	11,672
FY 2008 1st Half	Loss due to revaluation of investments in subsidiaries and affiliates	979
FY 2007 Full year	Acquisition costs	10,479

III. STATEMENT OF CHANGES IN NET ASSETS
For the period of 1 April 2006 to 30 September 2007

Millions of yen

	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity	Net unrealized holding gain on securities	Net unrealized deferred loss on hedges	Translation adjustments	Total valuation and translation adjustments	Stock options	Minority interests	Total net assets
Balance at March 31, 2006	41,060	50,374	95,791	(335)	186,891	50,338	–	1,054	51,393		–	238,284
Reclassified balance at 31 March, 2006	–	–	–	–	–	–	–	–	–	–	3,315	3,315
Conversion of convertible bonds	55,086	54,913	–	–	110,000	–	–	–	–	–	–	110,000
Net income for the year	–	–	12,095	–	12,095	–	–	–	–	–	–	12,095
Cash dividends	–	–	(3,021)	–	(3,021)	–	–	–	–	–	–	(3,021)
Increase in retained earnings resulting from initial consolidation of subsidiaries	–	–	29	–	29	–	–	–	–	–	–	29
Increase in retained earnings resulting from merger of consolidated subsidiaries	–	–	36	–	36	–	–	–	–	–	–	36
Increase in retained earnings resulting from adoption of a new accounting standard on unification of accounting policies applied to foreign subsidiaries for consolidated financial statements	–	–	983	–	983	–	–	–	–	–	–	983
Gain on sales of treasury stock	–	1	–	4	4	–	–	–	–	–	–	4
Increase in treasury stock	–	–	–	(119)	(119)	–	–	–	–	–	–	(119)
Net changes during the year	–	–	–	–	–	(24,457)	(3,048)	6,453	(21,052)	26	10,041	(10,983)
Balance at 31 March, 2007	96,147	105,289	105,914	(450)	306,900	25,881	(3,048)	7,507	30,340	26	13,357	350,625
Net income for the 1st Half of FY 2008	–	–	51,469	–	51,469	–	–	–	–	–	–	51,469
Cash dividends	–	–	(2,005)	–	(2,005)	–	–	–	–	–	–	(2,005)
Gain on sales of treasury stock	–	1	–	2	3	–	–	–	–	–	–	3
Increase in treasury stock	–	–	–	(65)	(65)	–	–	–	–	–	–	(65)
Net changes in the 1st Half of FY 2008	–	–	–	–	–	(9,472)	(201)	7,556	(2,117)	207	(740)	(2,651)
Balance at 30 September 2007	96,147	105,290	155,378	(513)	356,303	16,408	(3,249)	15,064	28,223	233	12,616	397,376

IV. STATEMENT OF CASH FLOW

(in JPY million)

	FY2007 1st Half	FY 2008 1st Half	FY 2007 Full year
Cash flows from operating activities:			
Income before income taxes and minority interests	39,711	66,115	38,057
Adjustments for:			
Depreciation of tangible assets	13,734	22,461	37,146
Amortization of intangible assets (excluding goodwill)	6,066	9,212	14,203
Amortization of goodwill	-	5,158	8,316
Loss on impairment of fixed assets	659	136	683
Increase in allowance for doubtful debts	3,137	539	983
Decrease in accrued retirement benefits	(1,399)	(4,486)	(5,925)
(Gain) / loss on sale of plant, property and equipment	(440)	(2,093)	3,638
Gain on sales of investments in securities	(43,078)	(13,159)	(44,828)
Gain from disposal of discontinuing operations	-	(31,745)	-
Loss from revaluation of investments in securities	198	1,126	428
Equity in earnings of affiliates	974	(4,811)	(2,416)
Interest and dividend income	(1,746)	(4,607)	(6,446)
Interest expense	3,772	14,934	23,060
Decrease (increase) in notes and accounts receivable	3,863	1,655	6,206
Decrease (increase) in inventories	(1,740)	(6,273)	2,822
(Decrease) increase in notes and accounts payable	(9,217)	(12,119)	4,822
Decrease (increase) in provision for rebuilding furnaces	(753)	216	(446)
Other, net	4,992	9,883	12,356
Sub Total	18,734	52,144	92,661
Interest and dividend income received	3,077	5,075	9,925
Interest paid	(3,771)	(15,486)	(19,277)
Income taxes paid	(2,421)	(27,906)	(7,930)
Net cash provided by operating activities	15,618	13,827	75,379
Cash flows from investing activities:			
Payments for time deposits	(793)	(1,150)	(5,185)
Proceeds from time deposits	263	1,320	5,239
Acquisition of investments in securities	(171)	(539)	(4,710)
Proceeds from sale of investments in securities	51,354	15,095	54,620
Acquisition of investments in subsidiaries and affiliates	(1,255)	(6,484)	(2,448)
Proceeds from sale of investments in subsidiaries and affiliates	10	31	7,958
Proceeds from sale of discontinuing operations		68,478	
Acquisition of property, plant and equipment	(13,719)	(19,301)	(43,742)
Proceeds from sale of property, plant and equipment	5,218	2,102	12,785
Acquisition of intangible assets	(3,448)	(631)	(5,613)
Acquisition of subsidiaries relating to changes in scope of consolidation	(264,447)	-	(314,563)
Decrease (increase) in short-term loans receivable	(1,719)	1,029	2,043
Payments for long-term loans receivable	(306)	(79)	(1,566)
Other, net	(1,339)	(114)	(2,461)
Net cash provided by (used in) investing activities	(230,355)	59,755	(297,644)
Cash flows from financing activities:			
Decrease in short-term borrowings	(3,270)	(2,606)	(2,474)
Increase of commercial paper	4,000	-	-
Proceeds from long-term loan payable	188,077	108,193	293,672
Repayment of long-term loan payable	(3,904)	(165,570)	(97,052)
Cash dividends paid	(1,328)	(2,005)	(3,029)
Cash dividends paid to minority shareholders	(680)	(1,864)	(933)
Other, net	(35)	(294)	(113)
Net cash provided by (used in) financing activities	182,858	(64,147)	190,068
Effect of foreign exchange rate on cash and cash equivalents	10,673	△755	12,740
Net (decrease) increase in cash and cash equivalents	(21,205)	8,679	(19,455)
Cash and cash equivalents as of April 1, 2007	179,158	159,762	179,158
Decrease due to change in scope of cash and cash equivalents	-	(38,711)	-
Increase due to change in scope of consolidation	-	-	59
Cash and cash equivalents as of September 30, 2007	157,953	129,729	159,762

V. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Scope of consolidation

	Count	Notes
(1) Consolidated subsidiaries as of Sep. 30, 2007	232	35 located in Japan, 197 located outside of Japan
(2) Subsidiaries not considered in the scope	33	None are accounted by equity-method
(3) Joint ventures and affiliates	50	33 are accounted by equity-method
(4) Changes in scope of consolidation		
Newly added to the group after April 1, 2007	4	Gima Befektetesi Tanacsado es Kereskedelmi Kft., and others
Removed from the group after April 1, 2007	9	Pilkington Australia Finance Pty Ltd. and others
Affiliates newly accounted by equity-method	3	China Glass Holdings Ltd. and others

2. Balance sheet dates of consolidated subsidiaries

Half year balance sheet date for K.K Thanx Corporation and 26 other consolidated subsidiaries is June 30.

NSG Hokkaido K.K. which had a half year balance sheet date of August 31, has merged with another consolidated subsidiary in the group on July 1, 2007, and now has a new half year balance sheet date of June 30.
NSG Hokkaido K.K.'s result for the period of four months (March 1 to June 30) has been considered in this financial statement.

Any significant differences in inter-company accounts and transactions arising from intervening inter-company transactions during the periods from July 1 through September 30 have been adjusted, if required.

3. Accounting policies and practices

(1) Policies and methods regarding valuation of assets

Securities

Other investments

- Marketable securities
  Stated at fair value. Changes in unrealized holding gain or loss charged directly to net assets.
- Non-marketable securities
  Stated at cost determined by the moving-average method

Derivatives

Stated at fair value

Inventories

- Parent company and subsidiaries in Japan:
  Principally stated at cost determined by the moving-average method
- Subsidiaries located outside Japan:
  Principally stated at the lower of cost and net realizable value, determined by the first-in, first-out (FIFO) method.

(2) Depreciation (amortization) of fixed assets

Tangible fixed assets

- Parent company and subsidiaries in Japan:
  Depreciation is calculated at rates based on the estimated useful lives of the respective assets by the declining-balance method, except for the depreciation of buildings (other than structures attached to the buildings) acquired on or after April 1, 1998, which is calculated by the straight-line method.
  The estimated useful lives adopted are as follows:

Buildings and structures	3-50 years
Machinery, equipment and vehicles	3-15 years

- Subsidiaries located outside Japan:
  Depreciation is calculated at rates based on the estimated useful lives of the respective assets by the straight-line method. The estimated useful lives adopted are as follows:

Buildings and structures	20-50 years
Machinery, equipment and vehicles	5-25 years

Intangible fixed assets

Amortization is calculated by the straight-line method. For the computer software used in parent company and subsidiaries in Japan, the estimated useful lives are determined within the period of five years.

(3) Provisions

- Allowance for doubtful accounts
  The allowance for doubtful accounts is calculated based on the historical experience with bad debts plus a estimate of certain uncollectible amounts determined after an analysis of specific individual receivables.

- Employees' bonus
  Calculated based on expected amount to be paid to the employees

- Directors' bonus
  Calculated based on expected amount to be paid to the directors

- Provision for future financial risk arising from alleged violation of EU Commission competition regulations
  Upon receipt of Statements of Objections from European Commission for alleged violation of competition regulations, Company has decided to set a provision for any future financial risk which may arise, in which the amount is based on guidelines issued by the EU Commission and other generally available information.

- Retirement benefits for employees
  Provision for the employees' retirement benefits are provided at an amount calculated based on the retirement benefit obligation and the fair value of the pension plan assets as adjusted for unrecognized actuarial gain or loss and unrecognized prior service cost.
  The retirement benefit obligation is attributed to each period by the straight-line method over the estimated remaining years of service of the eligible employees.
  Actuarial gain or loss is amortized commencing the year following the year in which the gain or loss is recognized by the straight-line method over a period of five years, which is shorter than the average remaining years of service of the eligible employees.

- Retirement benefits for directors
  Subsidiaries located in Japan have unfunded retirement benefit plans for directors. The funding required under these plans has been fully accrued in accordance with respective internal regulations.

- Provision for rebuilding furnaces (Parent company)
  In order to prepare for periodic large-scale repairs to furnaces, the reserve for rebuilding furnaces is calculated in consideration of the estimated cost of scheduled repairs and the number of hours of operation prior to the next repair date.

(4) Other important items for the preparation of consolidated financial statements

- Leases (Parent company and subsidiaries in Japan)

  The Company lease certain machinery, equipment and vehicles under non-cancelable lease agreements referred to as finance leases. Finance leases, which are defined as leases which do not transfer the ownership of the leased property to the lessee, are principally accounted for as operating leases.

- Hedge accounting

  Parent company and subsidiaries in Japan:

  Gain or loss on derivatives designated as hedging instruments is deferred until the loss or gain on the underlying hedged item is recognized. Interest-rate swaps which meet certain conditions are accounted for as if the interest rates applied to the swaps had originally applied to the underlying debt. Receivables and payables hedged by forward foreign exchange contracts which meet certain conditions are translated at the corresponding contract rates.

  Subsidiaries located outside Japan:

  Relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions are documented at the inception of the transaction.

  <u>Fair value hedge</u>

  Changes in the fair value of derivatives, designated and qualifying as fair value hedges, are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability, attributable to the hedged risk.

  <u>Cash flow hedge</u>

  The effective portion of changes in the fair value of derivatives, designated and qualifying as cash flow hedges, is recognized in equity. The gain or loss relating to the ineffective portion is recognized immediately in the income statement.

  <u>Net investment hedge</u>

  Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognized in equity.

  <u>Derivatives that do not qualify for hedge accounting</u>

  Changes in the fair value of any derivative instruments, not qualifying for hedge accounting, are recognized immediately in the income statement.

- Accounting of consumption tax (Parent company and subsidiaries in Japan)

  All accounts are presented net of consumption tax.

- Difference of accounting policies between the parent company and overseas subsidiaries

  Financial statements of overseas subsidiaries are prepared based on accounting principles which are generally accepted in each respective country or region. The Company applied “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements” (Practical Issues Task Force No.18, Issued: May 17, 2006), and for those items stated in this PITF, necessary adjustments were made upon consolidation.

(5) Valuation of assets and liabilities of the consolidated subsidiaries

Assets and liabilities of the consolidated subsidiaries are measured at fair value upon consolidation.

(6) Amortization of goodwill

Goodwill is amortized by straight-line method within the period of 20 years.

(7) Cash and cash equivalents

For purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash on hand, deposits with banks withdrawable on demand, and short-term investments, which are readily convertible to cash subject to an insignificant risk of any change in their value and which were purchased with an original maturity of three months or less.

(Changes in scope of cash and cash equivalents)

From this fiscal year, the company has started to account bank overdrafts as cash and cash equivalents, which had been accounted as short-term borrowings previously.

Due to this change, cash flows from financing activities increased by JPY 8,152 million, net increase in cash flow increased by JPY 7,631 million, and the ending balance of cash and cash equivalents decreased by JPY 31,080 million.

VI. Supplemental notes to the consolidated financial statement

Balance sheet items

	FY 2007 1st Half	FY 2008 1st Half	FY 2007 Full year
	JPY million	JPY million	JPY million
1. Accumulated amortization of tangible fixed assets	224,713	256,992	242,994
2. Collaterals			
(1) Assets considered as collaterals			
Investments in securities	4,675	523,076	517,628
Buildings	2,832	1,832	1,489
Machinery and equipment	24,935	26,882	26,130
Land	3,350	3,670	3,503
Total:	35,793	555,461	548,752
(2) Liabilities with collaterals			
Notes payable	145	-	108
Short-term borrowings	2,092	2,501	2,518
Long-term borrowings	9,656	308,847	363,263
Total:	11,895	311,349	365,890
(3) Contingent guarantees and letter of awareness			
Pilkington Glass LLC	2,212	2,343	2,318
Vietnam Glass Industries Ltd.	-	2,081	-
Matex KK	1,030	970	996
NSG Micro Optics Philippines, Inc.	-	135	-
Other	696	-	164
Total:	3,939	5,529	3,479
Guarantees	3,262	5,425	3,319
Letter of awareness	676	104	159
(4) Discount and endorsement of note receivable			
Discounted	165	12	153
Endorsed	885	1,083	986
(5) Matured note receivables and note payables which are included in the ending balance			
Note receivable	683	2,396	594
Note payable	318	2,207	1,009
(6) Commitment line agreements			
Line of credit	25,402	418,048	421,060
Credit used	369	307,903	361,283
Credit available:	25,033	110,145	59,777

Income statement items

	FY 2007 1st Half	FY 2008 1st Half	FY 2007 Full year
	JPY million	JPY million	JPY million
1. Operating & general administrative expenses			
Labor	21,477	34,114	51,593
Logistics	18,568	30,105	46,204
Amortization of intangible assets	6,097	12,814	19,641
R&D expenses	5,140	5,779	13,223
Employees' bonuses	580	548	825
Provision for bad debt	109	158	457
Executives' retirement benefits	118	63	215
2. Gain from sale of fixed assets			
Machinery and equipment	-	2,262	-
Buildings	-	-	3,696
Land	960	-	-
Total:	960	2,262	3,696
3. Loss from disposal of fixed assets			
Tools and dies	-	165	-
Construction in progress	-	-	7,142
Machinery and equipments	487	-	-
Buildings	31	-	-
Total:	518	165	7,142
4. Loss from sale of fixed assets			
Buildings	-	2	154
Intangible assets (Telephone line)	1	-	-
Total:	1	2	154

Cash-flow items

	FY 2007 1st Half	FY 2008 1st Half	FY 2007 Full year
	JPY million	JPY million	JPY million
Relation between cash & cash equivalents in the statement of cash-flow and balance sheet figures			
Cash & bank deposits	159,975	159,762	160,914
Deposits with maturing date over three months	(2,021)	(951)	(1,151)
Securities with maturing date within three months	-	2,000	-
Bank overdrafts	-	(31,080)	-
Cash & cash equivalents	157,953	129,729	159,762

VII. Segmental information

[Per Business Line]

FY 2007 Half year (For the period of April 1, 2006 to September 30, 2006)

(in million JPY)

	Building Products	Automotive	Other	Total	Eliminations	Consolidated
Sales						
(1) Sales to customers	131,604	96,872	44,782	273,259	−	273,259
(2) Intersegmental sales	4,378	616	1,615	6,609	(6,609)	−
Total sales	135,982	97,488	46,397	279,869	(6,609)	273,259
Operating expenses	129,970	95,470	45,845	271,286	(6,616)	264,669
Operating income	6,011	2,018	552	8,582	7	8,589

FY 2008 Half year (For the period of April 1, 2007 to September 30, 2007)

(in million JPY)

	Building Products	Automotive	Specialty Glass	Other	Total	Eliminations	Consol.
Sales and operating income							
Sales							
(1) Sales to customers	204,768	183,163	40,260	5,751	433,944	−	433,944
(2) Intersegmental sales	1,889	1,902	573	1,163	5,529	(5,529)	−
Total sales	206,657	185,066	40,834	6,915	439,473	(5,529)	433,944
Operating expenses	189,079	172,458	36,055	14,808	412,402	(5,505)	406,896
Operating income	17,578	12,608	4,778	(7,893)	27,071	(23)	27,047

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

REFERENCE: Presentation of last year's figures under new categorization

FY 2007 1st Half (For the period of April 1, 2006 to September 30, 2006)

(in million JPY)

	Building Products	Automotive	Specialty Glass	Other	Total	Eliminations	Consol.
Sales and operating income							
Sales							
(1) Sales to customers	131,604	96,872	37,993	6,789	273,259	−	273,259
(2) Intersegmental sales	4,378	616	288	2,582	7,866	(7,866)	−
Total sales	135,982	97,488	38,281	9,372	281,125	(7,866)	273,259
Operating expenses	129,970	95,470	34,594	12,517	272,554	(7,884)	264,669
Operating income	6,011	2,018	3,686	(3,145)	8,571	18	8,589

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

(in million JPY)

	Building Products	Automotive	Specialty Glass	Other	Total	Eliminations	Consol.
Sales and operating income							
Sales							
(1) Sales to customers	320,357	268,229	78,674	14,286	681,547	−	681,547
(2) Intersegmental sales	1,496	1,678	603	5,061	8,840	(8,840)	−
Total sales	321,854	269,907	79,277	19,348	690,388	(8,840)	681,547
Operating expenses	305,374	256,868	73,205	31,040	666,489	(8,764)	657,725
Operating income	16,479	13,039	6,072	(11,692)	23,898	(76)	23,822

[Per Geography]

FY 2007 1st Half (For the period of April 1, 2006 to September 30, 2006)

(in million JPY)

	Japan	Asia	North America	Other	Total	Eliminations	Consolidated
Sales and operating income							
Sales							
(1) Sales to customers	110,180	95,629	30,455	36,993	273,259	−	273,259
(2) Intersegmental sales	11,833	8,753	3,799	8,849	33,235	(33,235)	−
Total sales	122,013	104,383	34,255	45,843	306,495	(33,235)	273,259
Operating expenses	122,001	100,227	33,462	42,114	297,805	(33,135)	264,669
Operating income	12	4,156	792	3,728	8,689	(99)	8,589

FY 2008 1st Half (For the period of April 1, 2007 to September 30, 2007)

(in million JPY)

	Japan	Europe	North America	Other	Total	Eliminations	Consolidated
Sales and operating income							
Sales							
(1) Sales to customers	103,920	223,020	60,767	46,234	433,944	−	433,944
(2) Intersegmental sales	13,222	127,540	10,718	11,320	162,801	(162,801)	−
Total sales	117,143	350,561	71,485	57,555	596,745	(162,801)	433,944
Operating expenses	116,209	330,423	70,916	52,248	569,797	(163,020)	406,777
Operating income	933	20,138	568	5,306	26,947	218	27,166

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

Sales by origin (other than Japan)

FY 2007 1st Half (For the period of April 1, 2006 to September 30, 2006)

	Europe	North America	Asia	Rest of the world	Total
Oversea sales a	95,098	31,148	23,077	18,699	168,024
Total sales (consolidated) b					273,259
Oversea sales ratio a/b	34.8%	11.4%	8.4%	6.8%	61.5%

FY 2008 1st Half (For the period of April 1, 2007 to September 30, 2007)

	Europe	North America	Asia	Rest of the world	Total
Oversea sales a	219,303	59,187	23,659	41,625	343,776
Total sales (consolidated) b					433,944
Oversea sales ratio a/b	50.5%	13.6%	5.5%	9.6%	79.2%

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

	Europe	North America	Asia	Rest of the world	Total
Oversea sales a	289,535	85,027	49,782	38,331	462,675
Total sales (consolidated) b					681,547
Oversea sales ratio a/b	42.5%	12.5%	7.3%	5.6%	67.9%

VIII. Disposal of discontinued operations

The Company entered into a sales agreement of shares of Pilkington Australia Finance Pty Limited, wholly owned by Pilkington Group Limited, on June 29, 2007, subsequent to, and in accordance with, the approval of a resolution at an extraordinary meeting of the Board of Directors held on the same date.

The Company received a number of competing offers to purchase all of the Group's flat glass operations in Australia and New Zealand. Following a process of due diligence and an assessment of the competing bids, the Company determined to accept the offer submitted by CSR Limited.

1. Name of the buyer
   CSR Limited

2. Date of the transaction
   27 June 2007

3. Accounting treatment
   The net of consideration and the book value of the investment JPY 31,745 million has been booked as “Gain arising from the sale of discontinued operations” categorized under extra-ordinary income.

   Computation for the gain arising from the sale:

		JPY million
a	Consideration	73,657
b	Net book value of the discontinuing business sold	(38,203)
c	Technical assistance agreement and others	(3,709)
	a – (b + c)	31,745

   Note: The amount of gain may or may not change according to the provisions set out in the sales agreement.

4. Net income relating to the operations of the business sold, which has been included in the Group’s consolidated income statement
   Amount of JPY 509 million is charged as “Income from discontinuing operations” categorized under extra-ordinary income.

5. Other
   Technical assistance agreement has been signed between CSR Limited and the Group. Income deriving from this agreement is JPY 2,097 million and has been compensated with the consideration. This income will be deferred and amortized over a period of five years, which is the length of the contract.

IX. Amounts per share

(in JPY)

	FY 2007 1st Half	FY 2008 1st Half	FY 2007 Full year
Net assets per share	556.42	575.38	504.55
Net income per share	42.41	77.01	21.85
Diluted earnings per share	29.27	72.35	20.28

Basis for the computation of amounts per share

	FY 2007 1st Half	FY 2008 1st Half	FY 2007 Full year
Net income per share			
Net income for the period (JPY million)	20,259	51,469	12,095
Income not attributable to ordinary shareholders (JPY million)	-	-	-
Average volume of issued shares (No. of shares: in '000s)	477,747	668,355	553,634
Diluted earnings per share			
Ordinary shares			
Bonds with stock options (No. of shares: in '000s)	214,250	41,435	42,435
Stock options (No. of shares: in '000s)	266	581	234

X. Contingencies

1. Minority interests in German subsidiary companies

In 1989 Pilkington Holding GmbH (then known as Pilkington Deutschland GmbH) entered into a profit and loss pooling agreement with Dahlbusch AG and made a mandatory offer to acquire the minority interests in Dahlbusch AG accordingly. Certain minority shareholders have legally challenged the offer made as insufficient and thus legal proceedings have been ongoing since 1989.

The Court of first instance has made its decision in December 2006 and issued its ruling in this claim in February 2007. The Court found that the price should be €629 per preference share (instead of €578 as per the original offer) and €330 per ordinary share (instead of €292 as per the original offer). In addition, Pilkington Holding GmbH was required to pay interest at a rate of 2 % above the respective reference rates since March 1989, the time of the original offer. Pilkington Holding GmbH will be entitled to deduct the paid guarantee dividend from the interest charge. Both the minority shareholders and Pilkington Holding GmbH lodged an appeal against this decision. There is no indication yet as to when the appeal court will issue its decision.

2. Visit by Netherlands Competition authorities

During October 2007, the Netherlands Competition authorities visited two separate Pilkington downstream sites investigating possible infringements of Netherlands competition law. It is too early to draw conclusions as to the eventual outcome of these visits, which may or may not result in a formal statement of objections.