

Summary of Financial Results (Fiscal Year to Mach 2004)

June 1, 2004

Nippon Sheet Glass Co., Ltd.

Consolidated Balance Sheets



(¥ billion)	FY2003	FY2004	Change	
Current assets	160.0	165.8	103.6%	
Cash & deposits	46.7	56.0	119.9%	*1
Fixed assets	292.5	276.4	94.5%	*2
Total assets	452.5	442.2	97.7%	
Liabilities	251.9	235.7	93.6%	
Interest-bearing debt	160.0	134.1	83.8%	*3
Minority interests	9.7	5.9	60.8%	
Shareholders' equity	190.9	200.6	105.1%	
Common stock	41.1	41.1	100.0%	
Retained earnings	138.4	141.0	101.8%	
Others	11.4	18.5	162.8%	*4
Liabilities & shareholders' equity	452.5	442.2	97.7%	

[Major issues]

- *1: Sales of investment securities, issuance of bonds
- *2: Sales of glass disk business, shares in Tianjin NSG Float Glass Co., Ltd.
- *3: CMS, sales of businesses. Debt equity ratio down from 0.84 to 0.67
- *4: Unrealized holding gain on securities

Consolidated Statements of Operations



(¥ billion)	FY2003	FY2004	Change	
Net sales	280.1	269.1	96.1%	
Gross income	64.4	68.2	105.9%	
(%)	23.0%	25.3%	110.2%	
Selling, general and administrative expenses	60.1	58.2	96.8%	
Operating income	4.3	10.0	232.6%	
(%)	1.5%	3.7%	242.1%	
Non-operating income/loss	-5.9	-2.3	-	*1
Income before extra-ordinary items	-1.6	7.7	-	*2
(%)	-0.6%	2.9%	-	
Extra-ordinary income	3.1	1.9	61.3%	*3
Income before income taxes and minority interests	1.5	9.6	640.0%	
Net income	-3.2	3.2	-	*4
(%)	-1.1%	1.2%	-	

[Major issues]

*1: Increase in equity in earnings of affiliates (¥1.2 billion),
reduction of non-operating expenses (¥1.3 billion),
decrease in interest expenses (¥0.7billion)

*2: Turned positive

*3: Gain on sales of investments in securities to cover restructuring costs

*4: Turned positive after three years' net losses

Consolidated Statements of Cash Flows



(¥ billion)	FY2003	FY2004	Change	
Operating cash flow	17.7	17.6	99.3%	*1
Investing cash flow	11.7	9.6	82.4%	*2
Free cash flows	29.4	27.2	92.6%	
Financing cash flow	-16.5	-16.6	100.6%	*3
Cash and cash equivalents at beginning of the year	33.8	45.8	135.4%	
Cash and cash equivalents at end of the year	45.8	55.4	120.9%	

(¥)	FY2003	FY2004	Change	
Dividend per share	3.0	6.0	200.0%	*4

[Major issues]

*1: Income before income taxes and minority interests (¥10.5 billion)

Depreciation and amortization (¥1.49 billion)

*2: Purchase of property, plant and equipment (¥13.1 billion)

Proceeds from sales of investment securities and affiliates

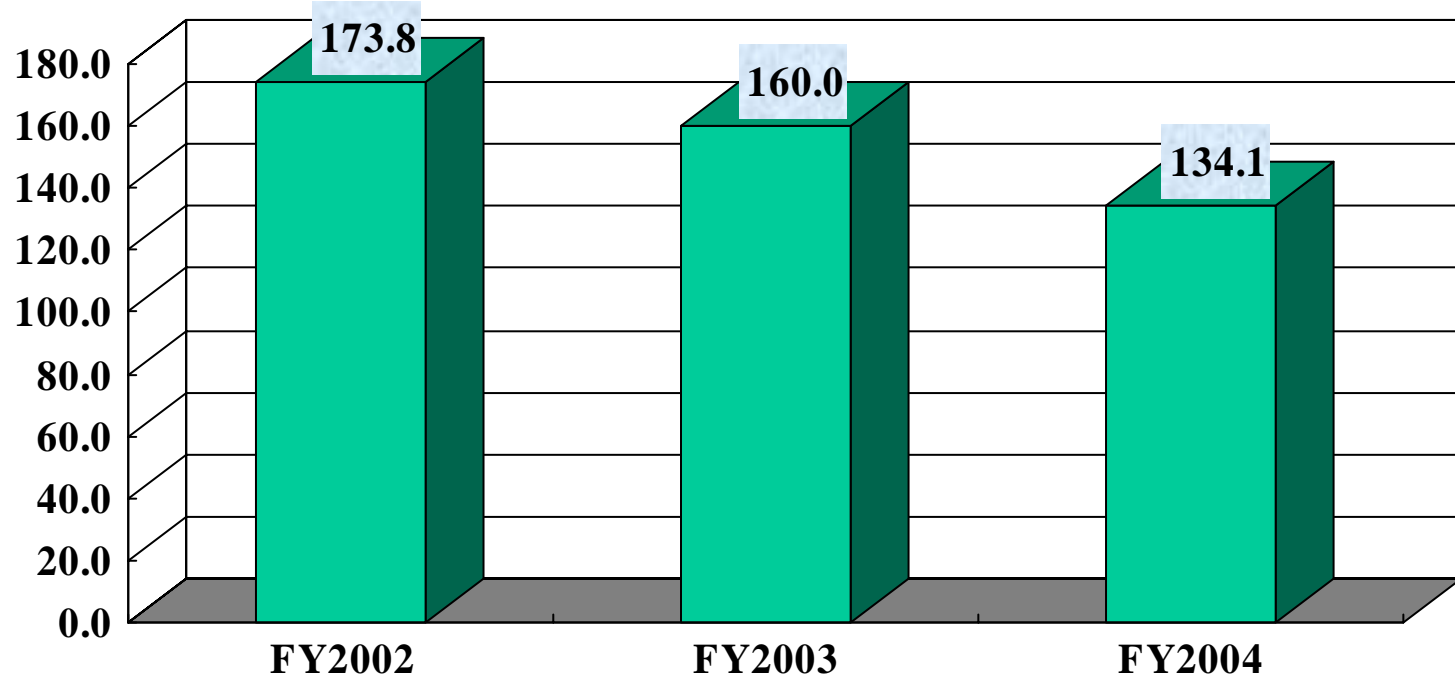
*3: Redemption of bonds (¥20.6 billion), issuance of bonds (¥20.0 billion)

Decrease in bank borrowings (¥15.3 billion)

*4: Recovered to the level of FY2002

Consolidated Interest-Bearing Debt

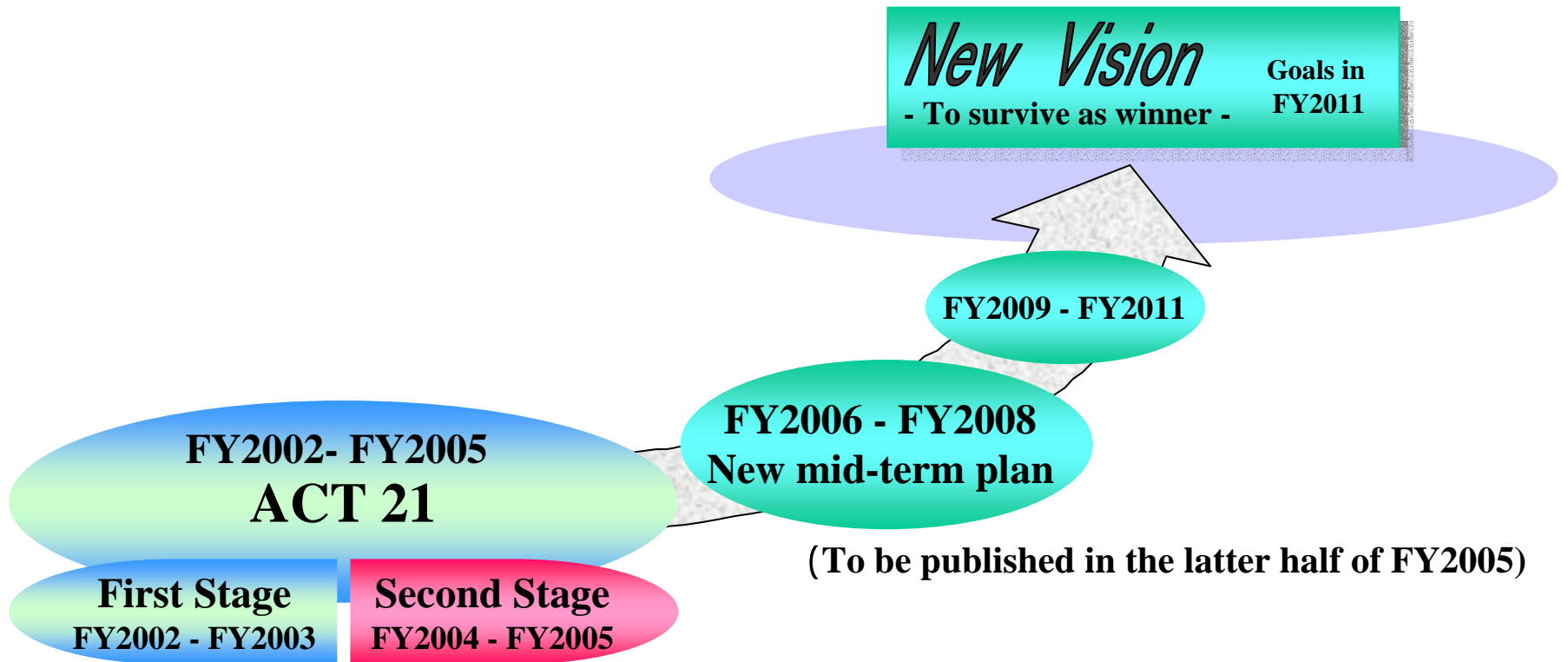
(¥ billion)



Summary of Forecast (Fiscal Year to Mach 2005)

Nippon Sheet Glass Co., Ltd.

Milestones toward “New Vision”



Passage to “New Vision”

**Generate Stable Income through
Cost Reduction and Efficiency
Improvement**

**Flat Glass Business
(Building and Automotive Glass)**

**Swiftly Respond to Changes
in Income-Earning
Opportunities**

New Business

Information/Electronics Business

Glass Fiber Business

<Directions Aimed>

1. **Implement drastic cost reductions to achieve global-standard profitability**
 - ➡ **Improve the business structure and restructure unprofitable businesses**
2. **Focus on group synergy and expand and strengthen core businesses**
 - ➡ **Turn non-core business resources into resources for strengthening core businesses (through selection and concentration)**
3. **Concentrate R&D efforts in core technologies based on glass material to create and grow new products**

Structural Reforms Conducted at the Second Stage of “ACT 21”



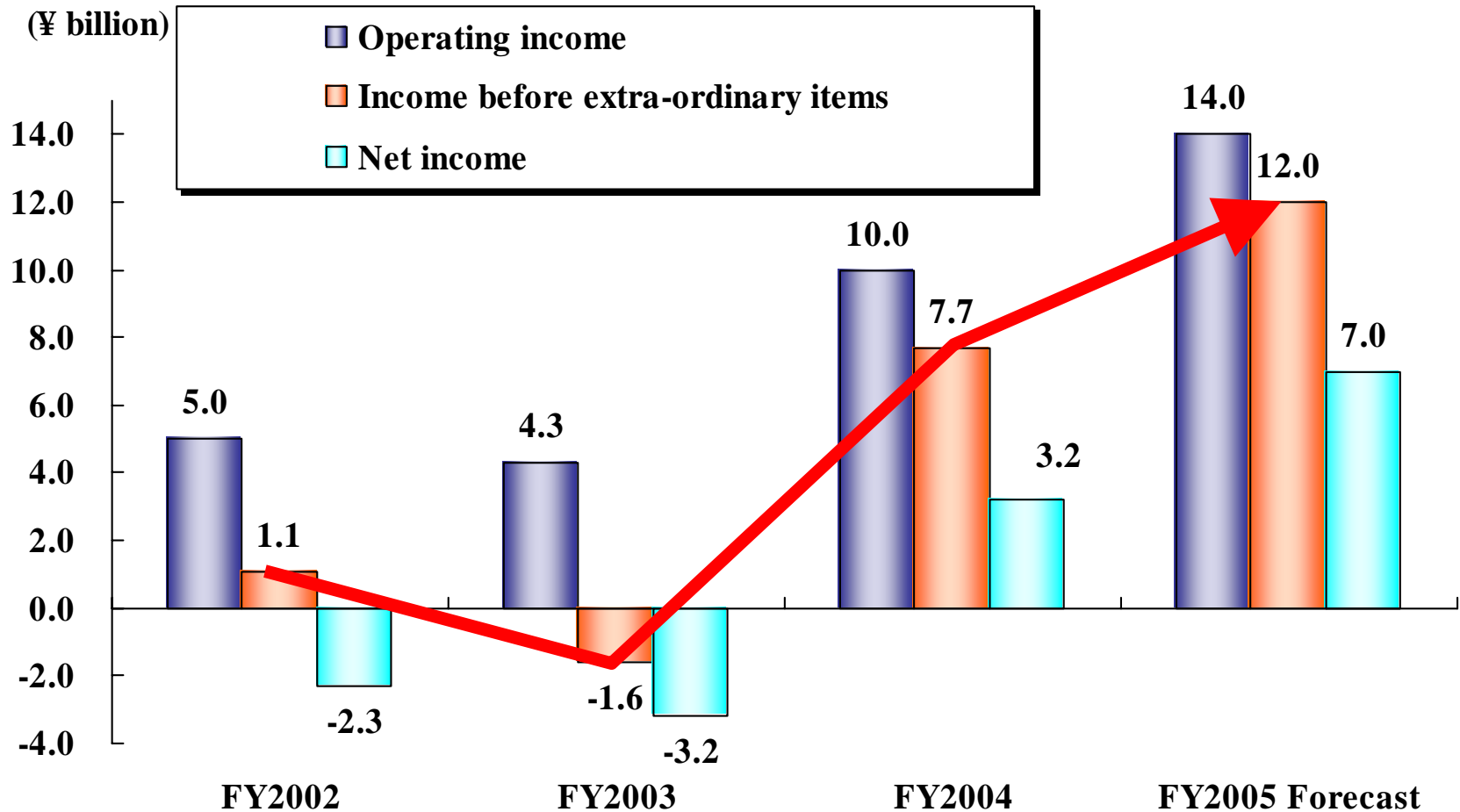
- 1. Secure stable income from matured businesses**
- 2. Expand growing businesses**
- 3. Withdraw from non-profitable businesses**
- 4. Concentrate on core businesses**
- 5. Enhance R&D activities and create new businesses**

Structural Reforms Conducted at the Second Stage of “ACT 21”



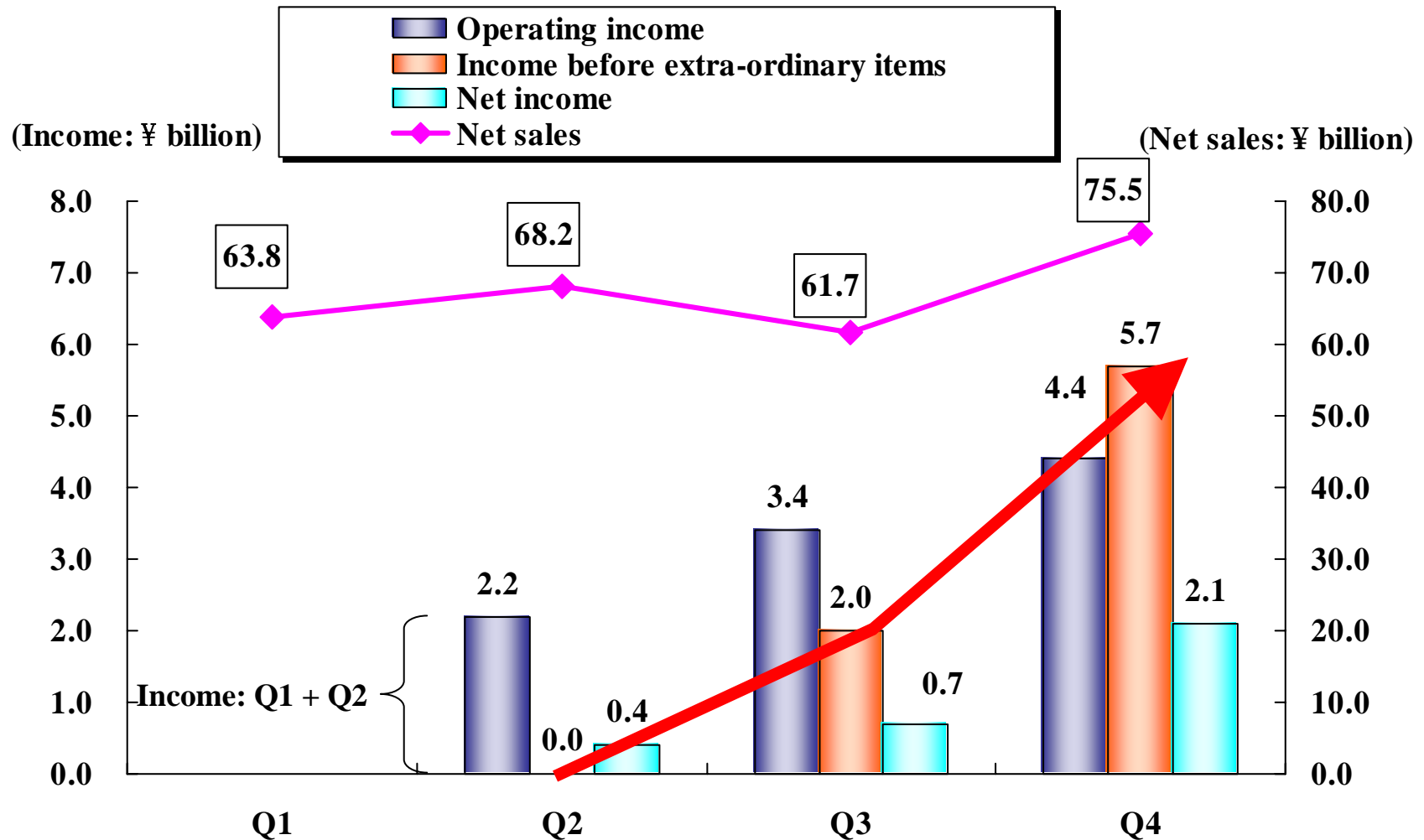
- 1. Review overseas businesses**
- 2. Reinforce the fundamentals of management**
- 3. Utilize assets efficiently**
- 4. Promote corporate governance**
- 5. Reform corporate culture**

Consolidated Income Development

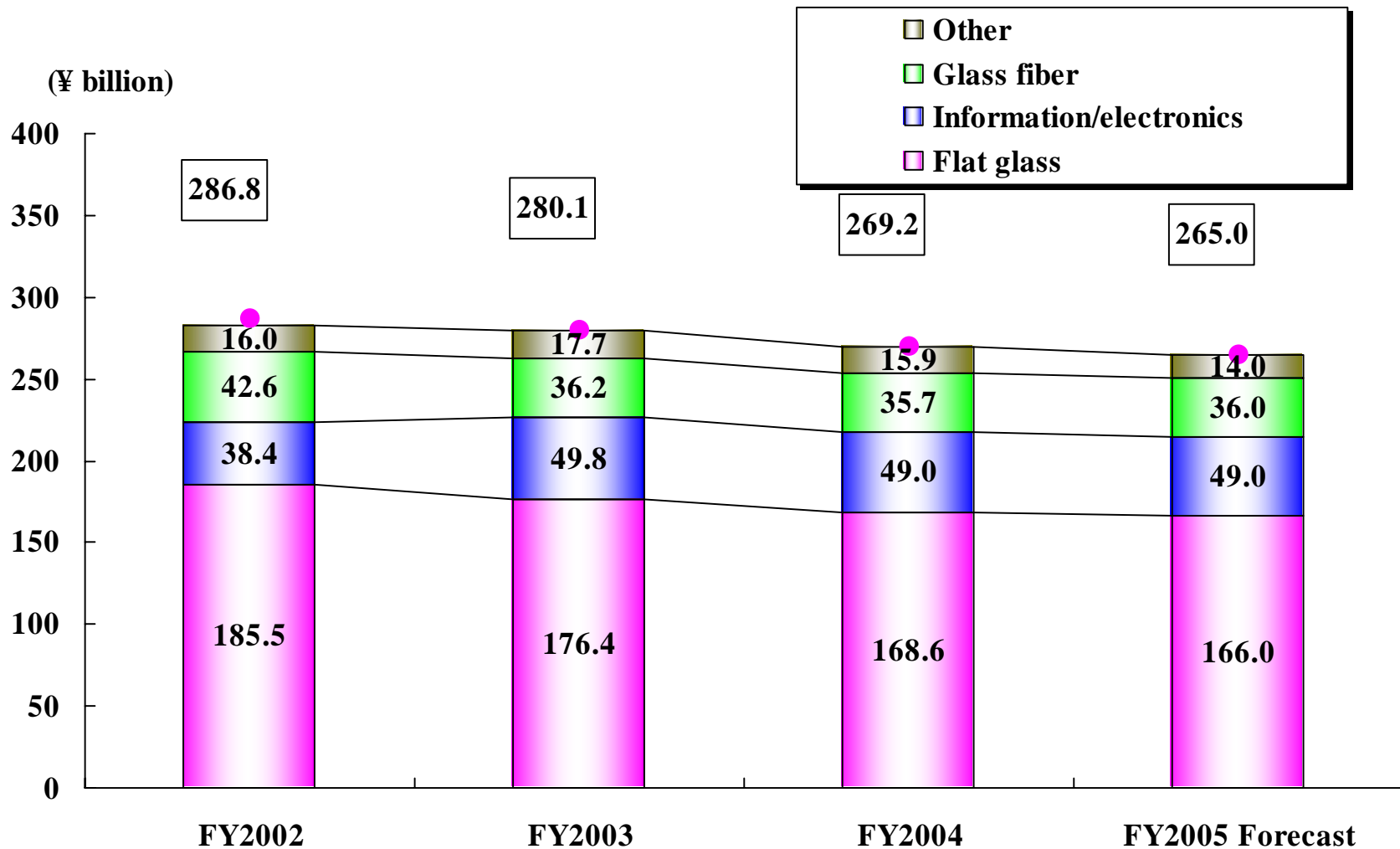


Consolidated Income

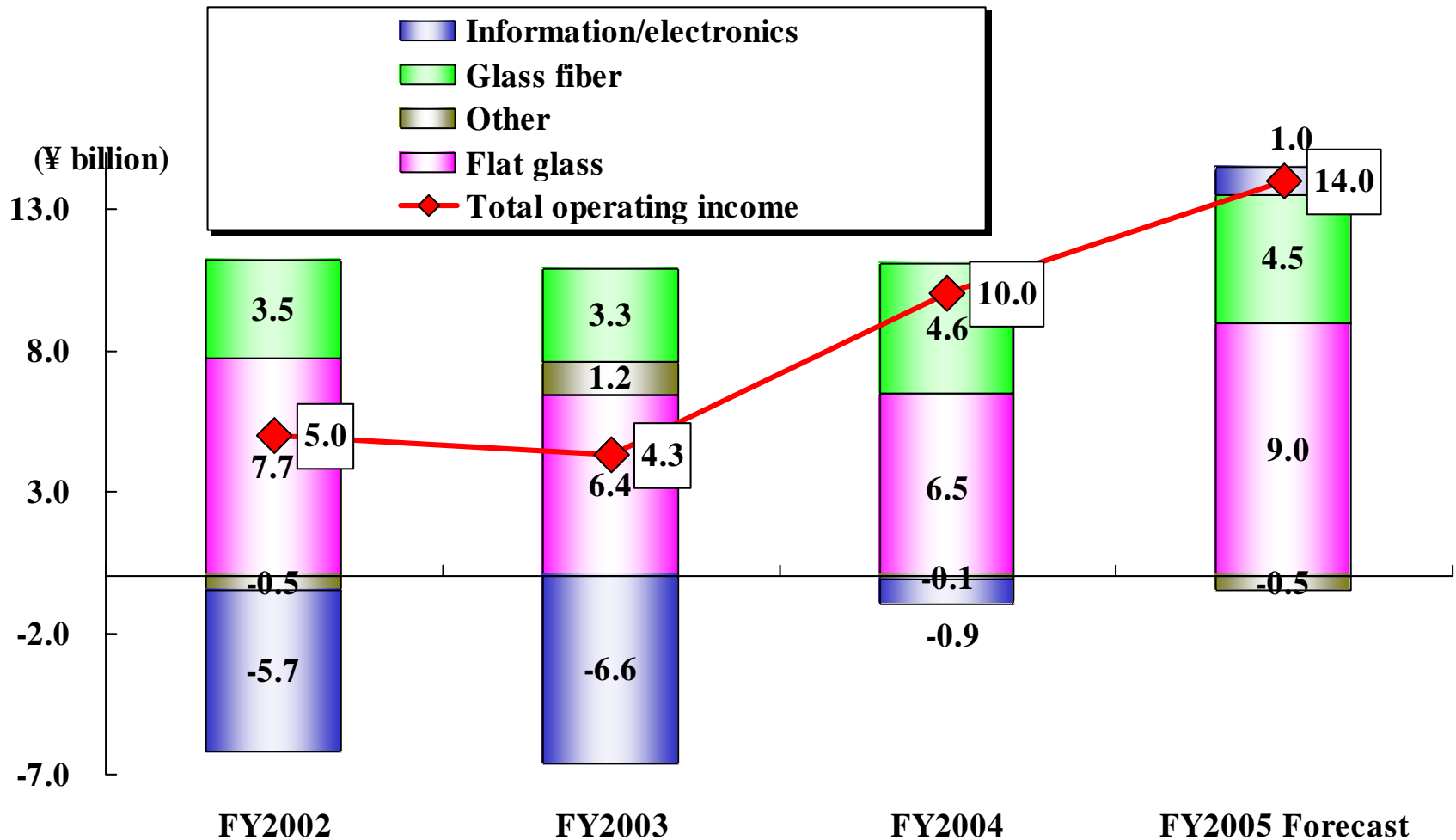
Quarterly Development in FY2004



Net Sales by Business



Operating Income by Business



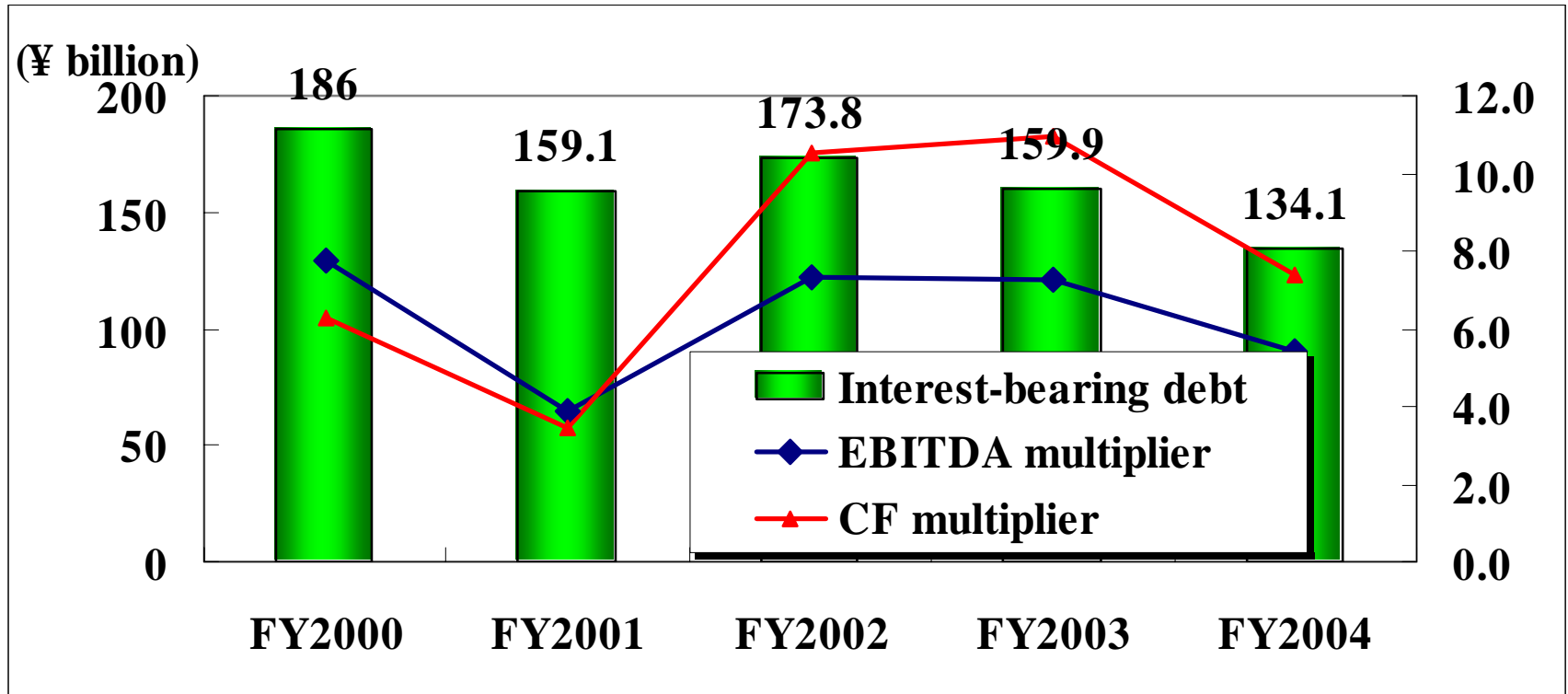
Operating Income Improvement at the Second Stage of “ACT 21”



(¥ billion)	FY2003 Actual	FY2004 Actual		FY2005 Forecast
Flat glass	6.4	6.5	Global-standard profitability	9.0
Information/electronics	-6.6	-0.9	Re-start from zero	1.0
Glass fiber	3.3	4.6	Profitability & competitiveness	4.5
Other	1.2	-0.1		-0.5
Operating income	4.3	10.0		14.0
Income before extra-ordinary items	-1.6	7.7		12

Reduction of Consolidated

Interest-Bearing Debt during “ACT 21”



EBITDA = Operating income + Depreciation and amortization

CF = Net income + Depreciation and amortization

Summary of Business Environments

Nippon Sheet Glass Co., Ltd.

Flat Glass Business



**Architectural glass
(glass and materials
for architectural use)**

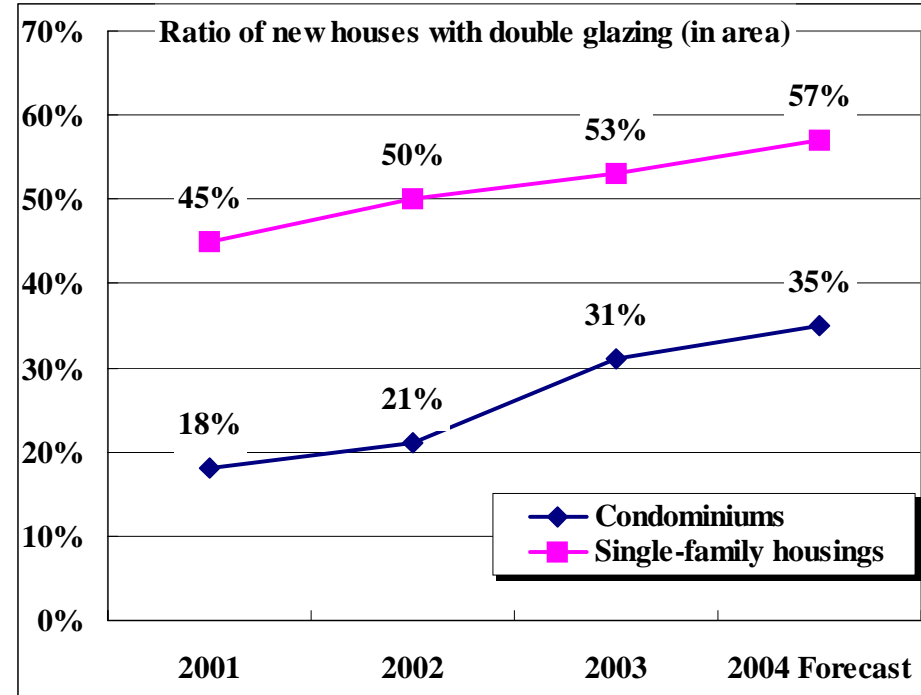
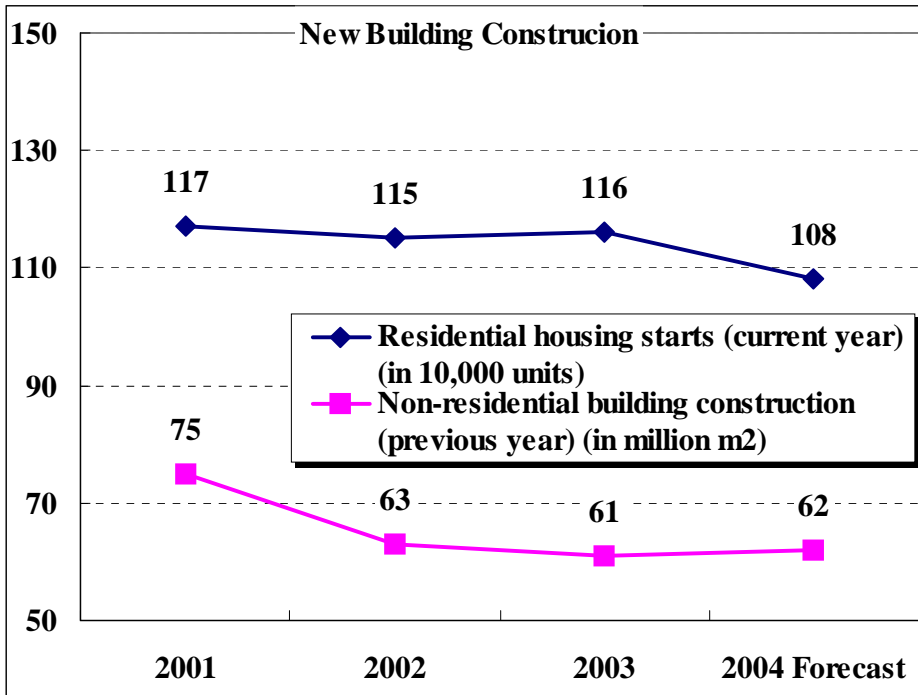


**Automotive glass
(transportation vehicle
glass)**



Flat Glass -

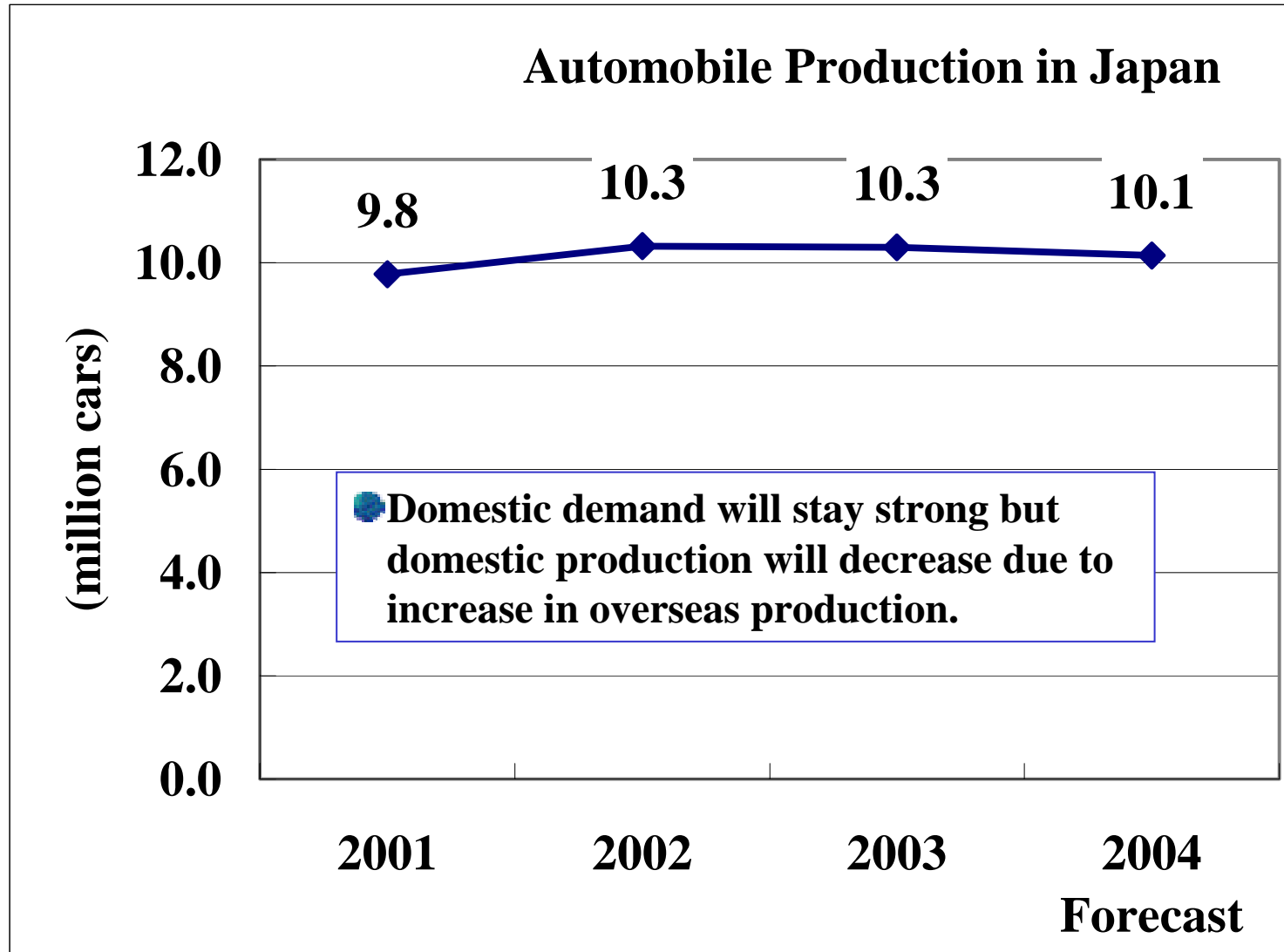
Architectural Glass Business Environment



- Residential housing starts stayed high in 2003 but will decline in 2004.
- Non-residential building construction will bottom out in 2004.
- The adoption of double glazing for new buildings will continue to increase steadily.
- The number of existing buildings with double glazing is still low in Japan.

Flat Glass -

Automotive Glass Business Environment



Flat Glass - Major Actions

at the Second Stage of “ACT 21”

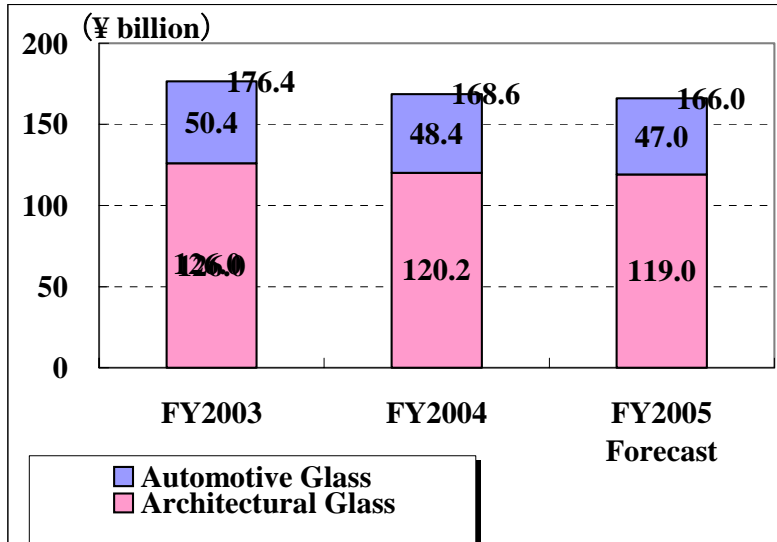


(Selection and Concentration, Restructuring)

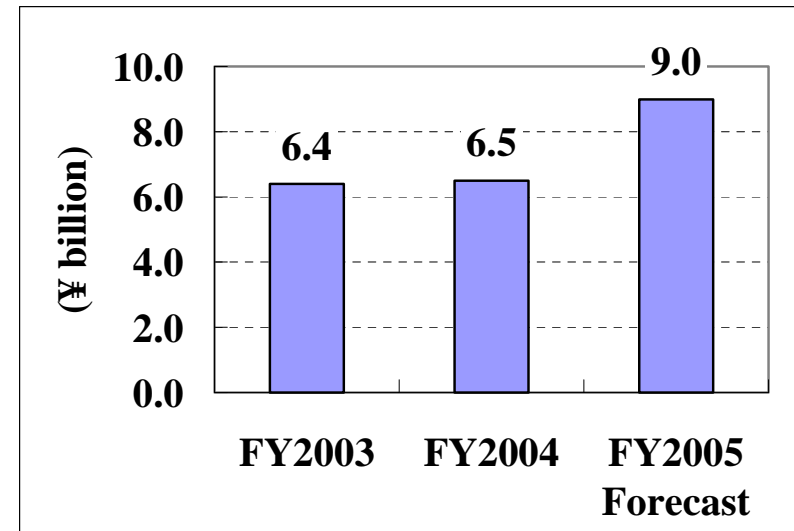
	Financial Effect	
	FY2004	FY2005
Architectural Glass		
Consolidation of functional glass production sites	☺✓	☺✓
Shutdown of unprofitable production lines	☺✓	☺✓
Consolidation of sales branches	☺✓	☺✓
Purchase of additional shares in Malaysian Sheet Glass		☺✓
Sale of shares in Tianjin NSG Float Glass		☺✓
Construction of a new float glass furnace in Vietnam		(- FY2007)
Automotive Glass		
Close down of Aichi Plant		☺✓
Drastic structural reform in automotive glass business		☺✓
Business development in China		(- FY2005)

Flat Glass - Financial Results

Net sales



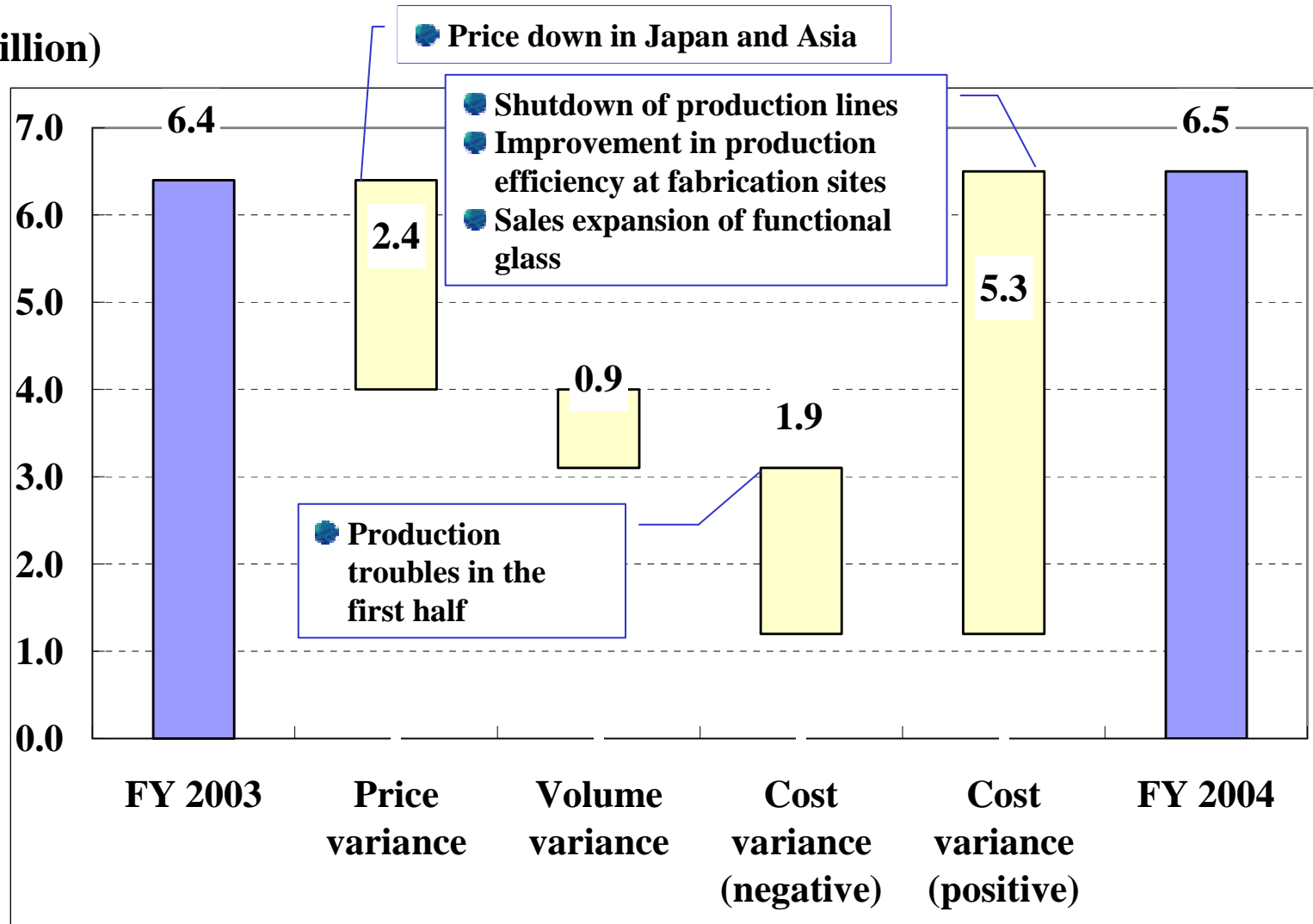
Operating income



Flat Glass - Operating Income Analysis for FY2003 to FY2004



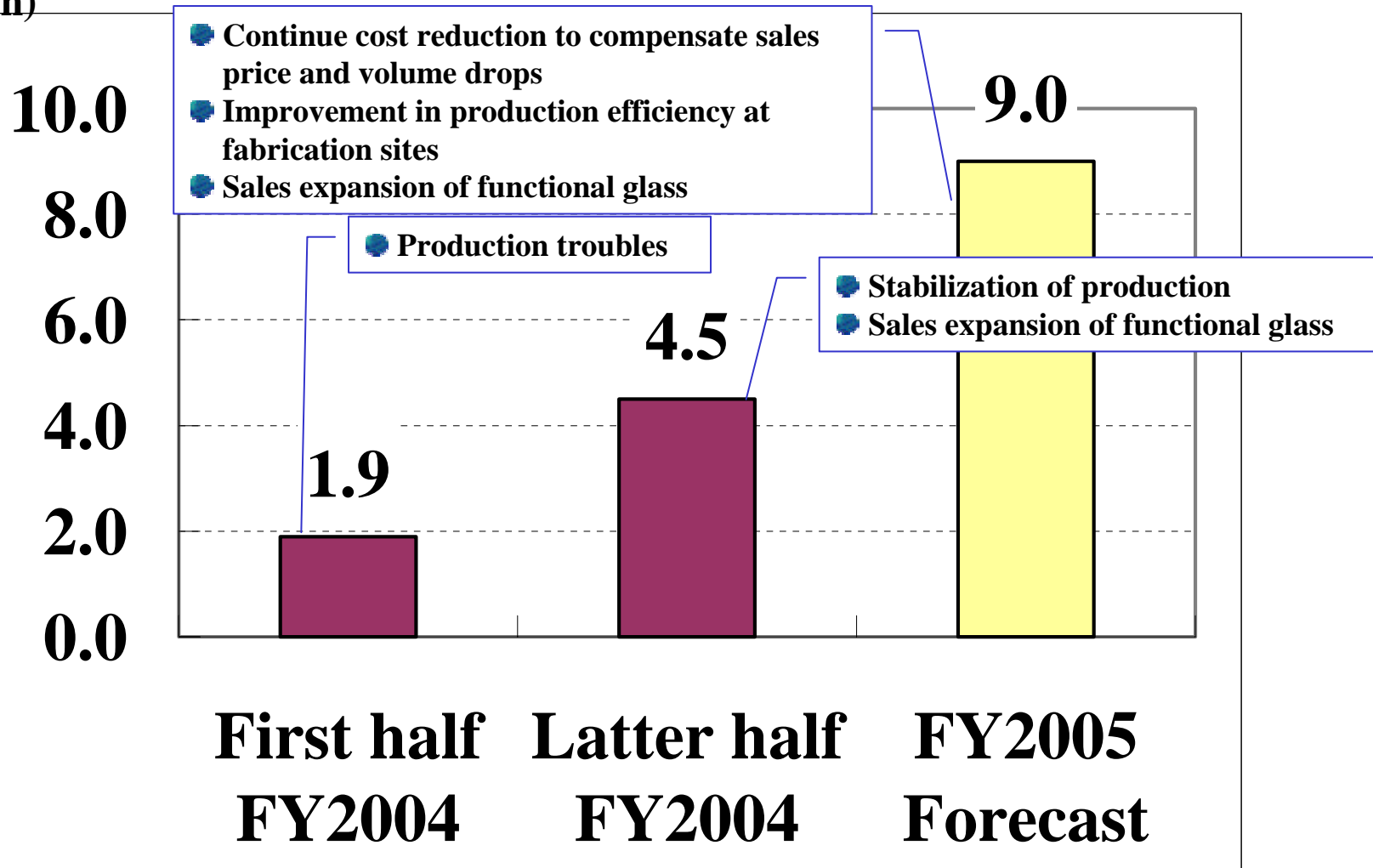
(¥ billion)



Flat Glass - Operating Income Analysis for FY2004 to FY2005



(¥ billion)



Flat Glass - Major Actions

at the Second Stage of “ACT 21”



(Sales Expansion of Proprietary Products and Development of New Products)

Flat Glass

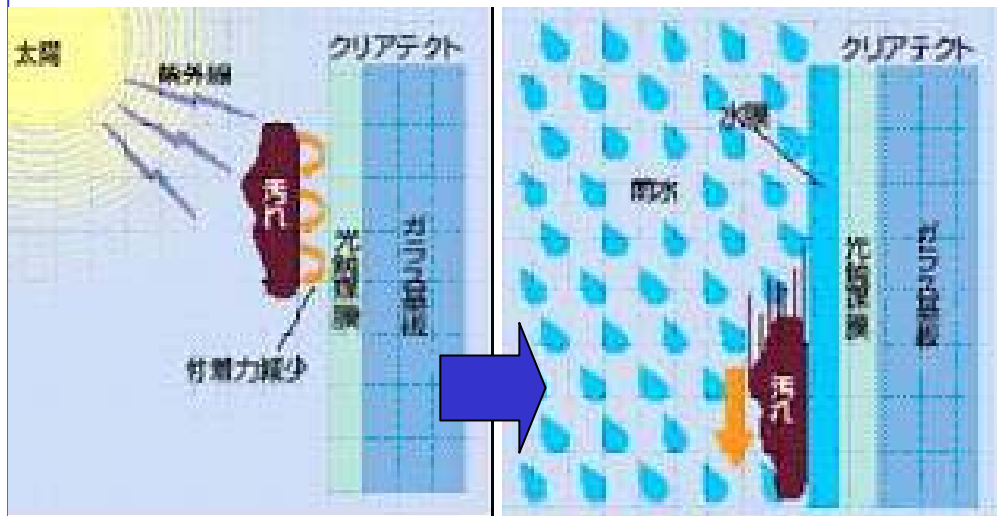
Sales expansion of proprietary products such as Secuo, Spacia and Cleartect

Sales expansion measures for functional glass (house renovation loans and so on)

Flat Glass - Topics

<Architectural glass>

- Market development of self-cleaning glass “Cleartect” to residential houses



**Terminal building of
Central Japan International
Airport**

<Automotive glass>

- Development of new infrared prevention glass

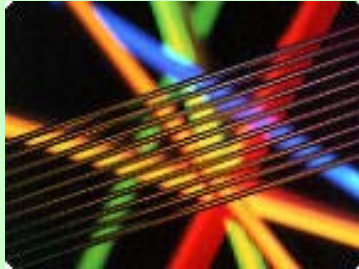


Information/Electronics Business

NSG
NIPPON SHEET GLASS Co., Ltd

Information Devices

SLA, SLED, chemically enhanced glass, components for office equipment such as printers, scanners and copiers



Display

LCD substrates, PDP substrates



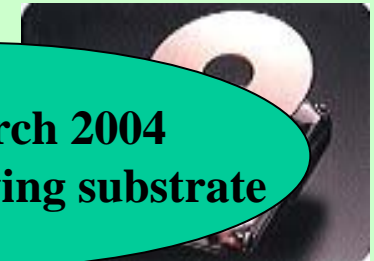
Optical Telecommunications

Selfoc micro lenses, telecommunication devices



Glass Disk

Glass magnetic disks



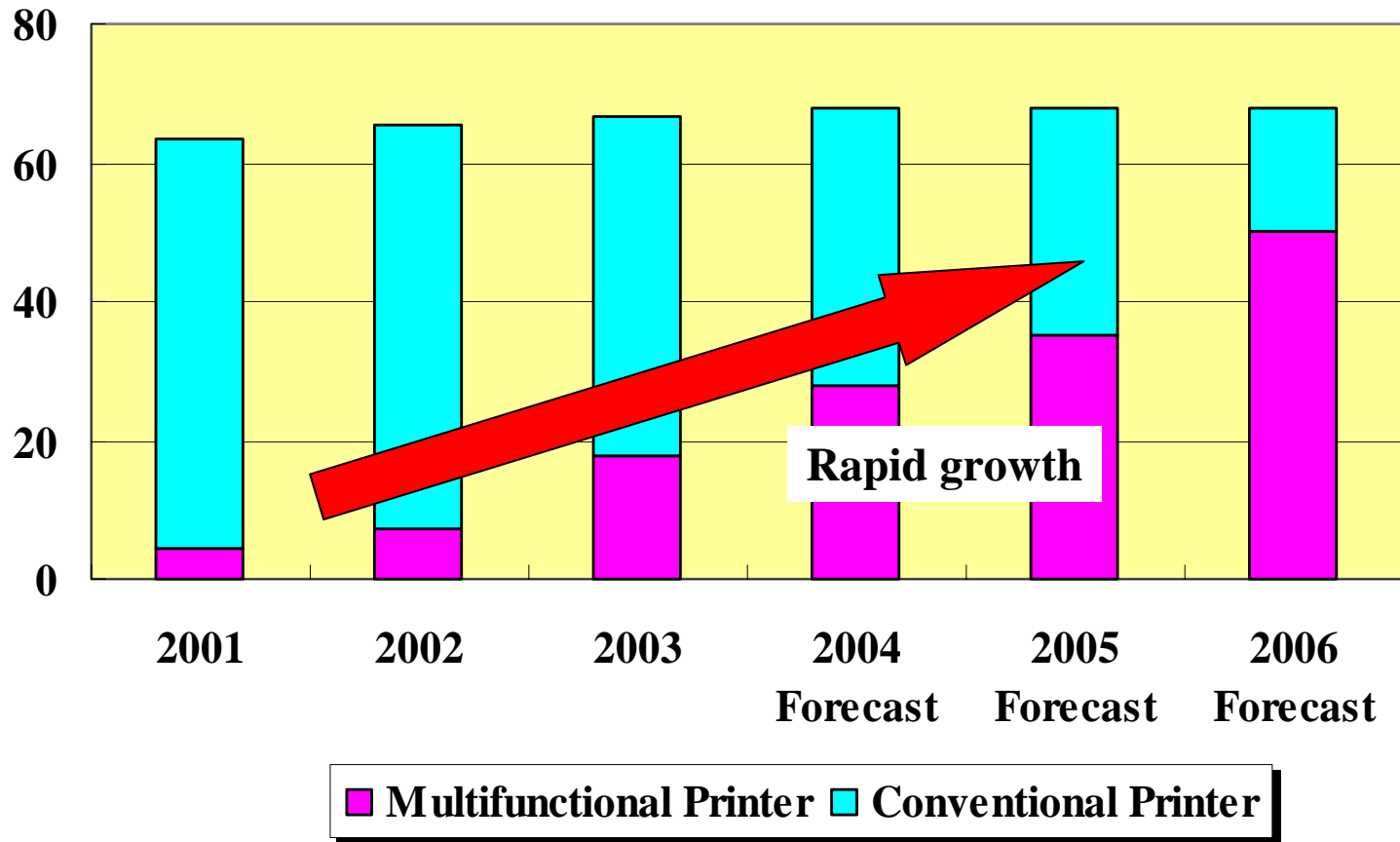
Sold in March 2004
Continue supplying substrate

Information/Electronics -

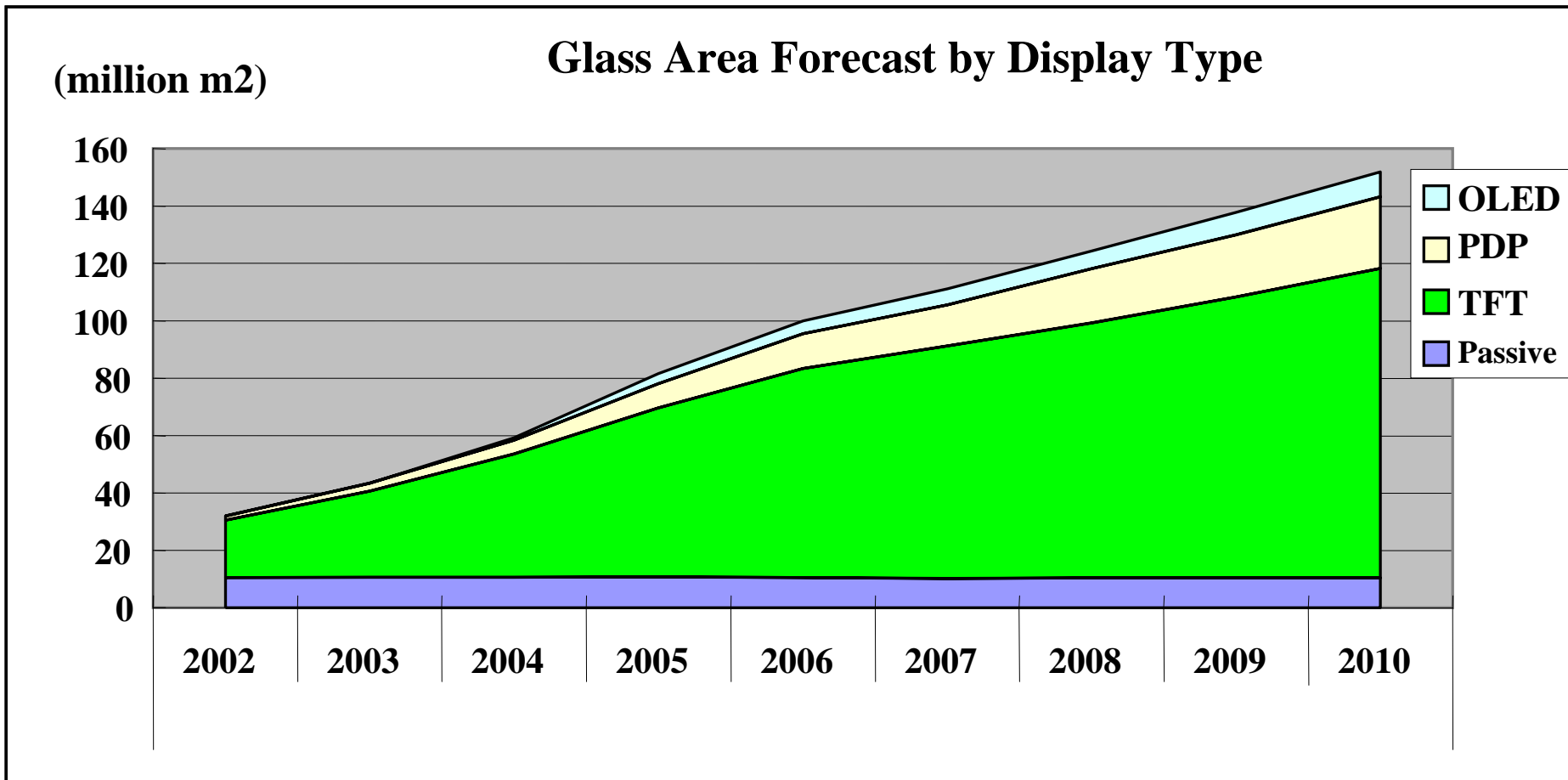
Information Devices Business Environment

(million units)

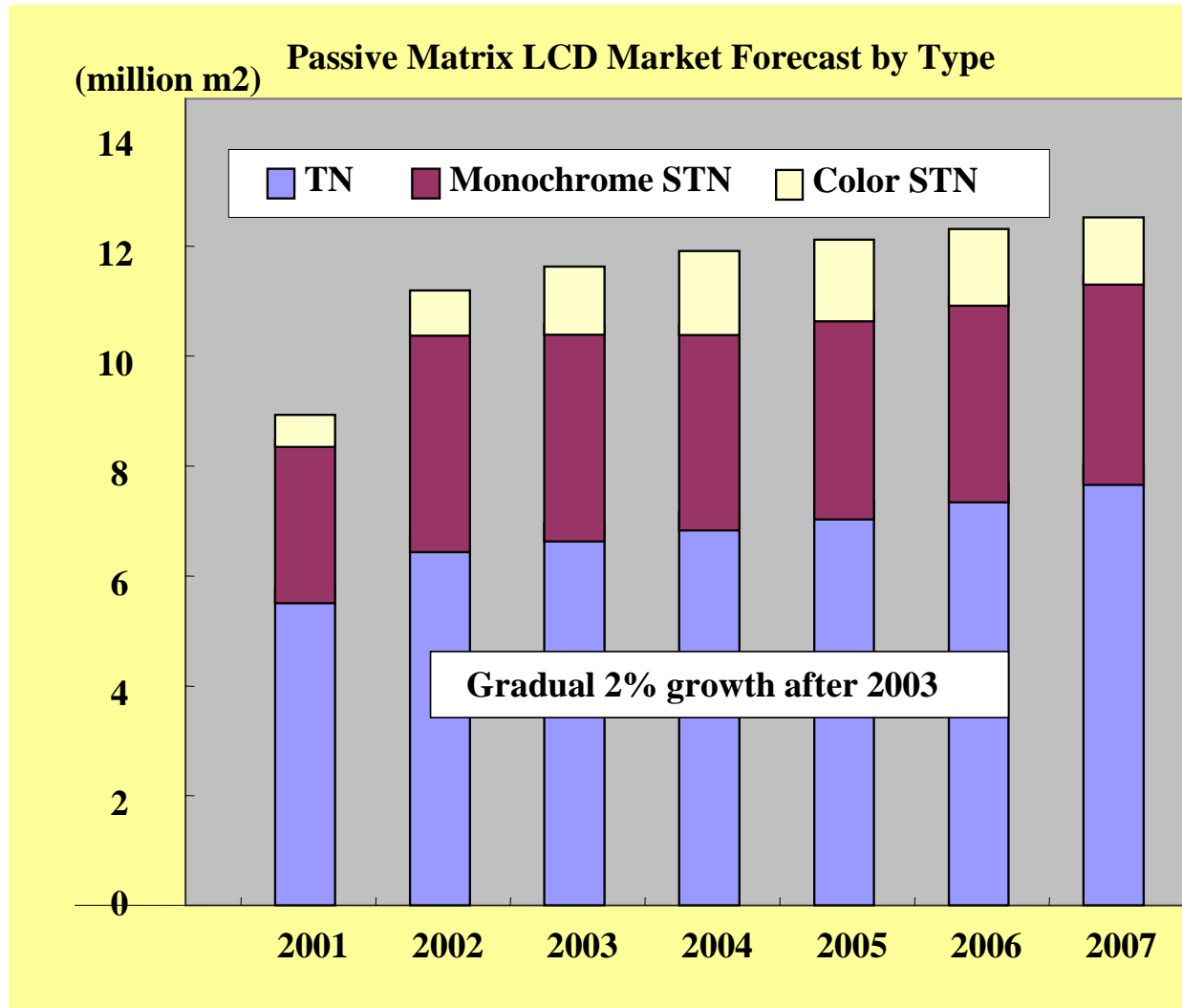
Ink Jet Printer Market Forecast



Information/Electronics - Display Business Environment



Information/Electronics - Display Business Environment



Information/Electronics - Major Actions at the Second Stage of “ACT 21”

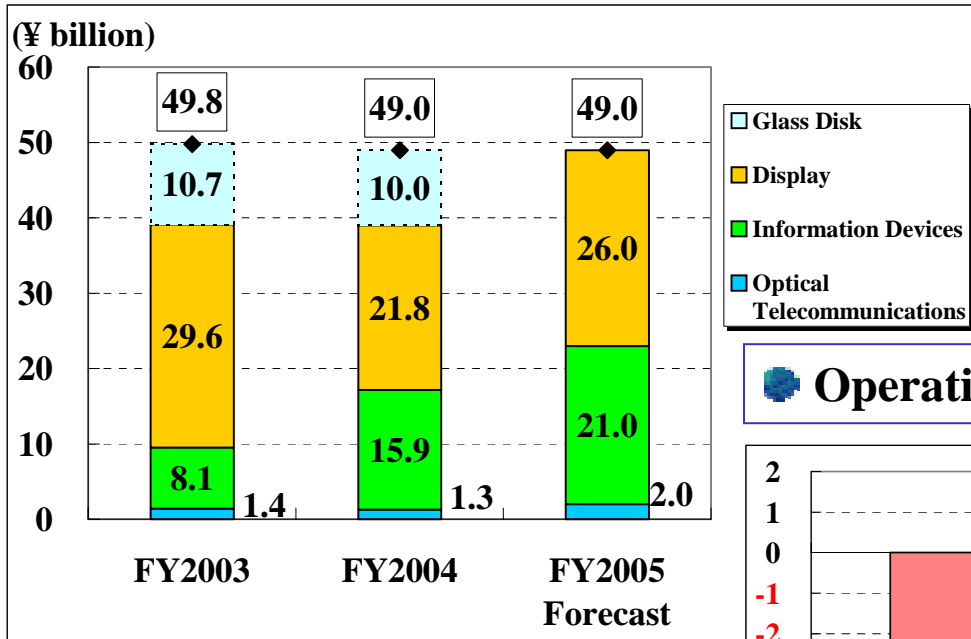


(Selection and Concentration, Restructuring)

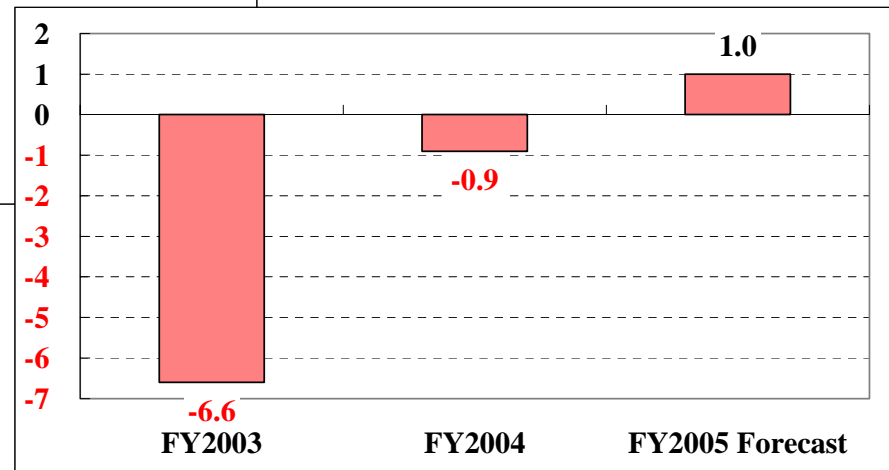
	Financial Effect	
	FY2004	FY2005
Optical Telecommunications		
Downsizing of business structure (FY2003, FY2004)	☺✓	☺✓
Glass Disk		
Sale of business		☺✓
Display		
Production capacity increase at NH Techno Glass (TFT substrate)	☺✓	☺✓☺✓
Acquisition of sales right of LCD glass in China	☺✓	☺✓
Others		
Sale of shares in Nippon Pelnox	☺✓	

Information/Electronics - Financial Results

Net sales



Operating income

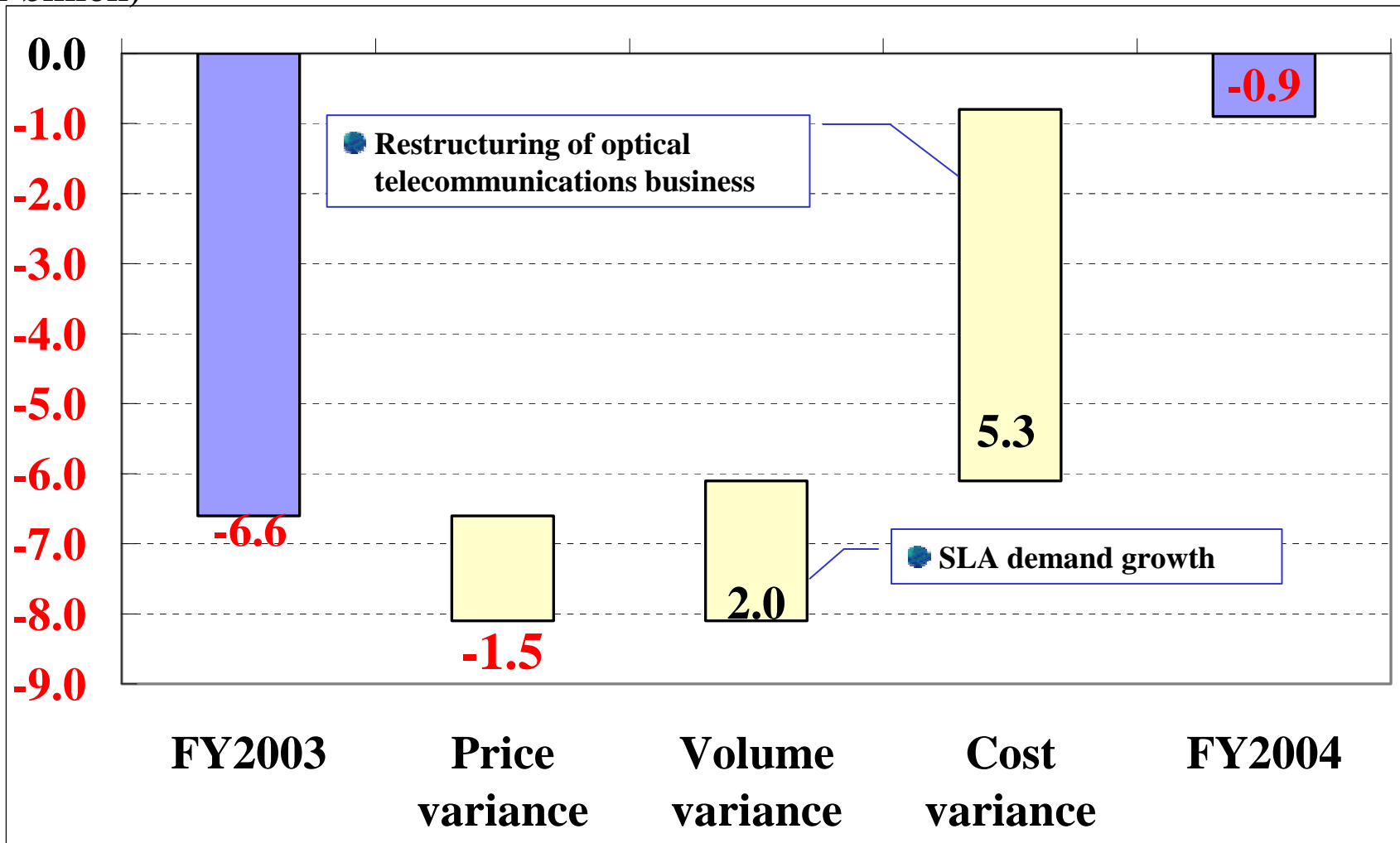


Information/Electronics -

Operating Income Analysis for FY2003 to FY2004



(¥ billion)

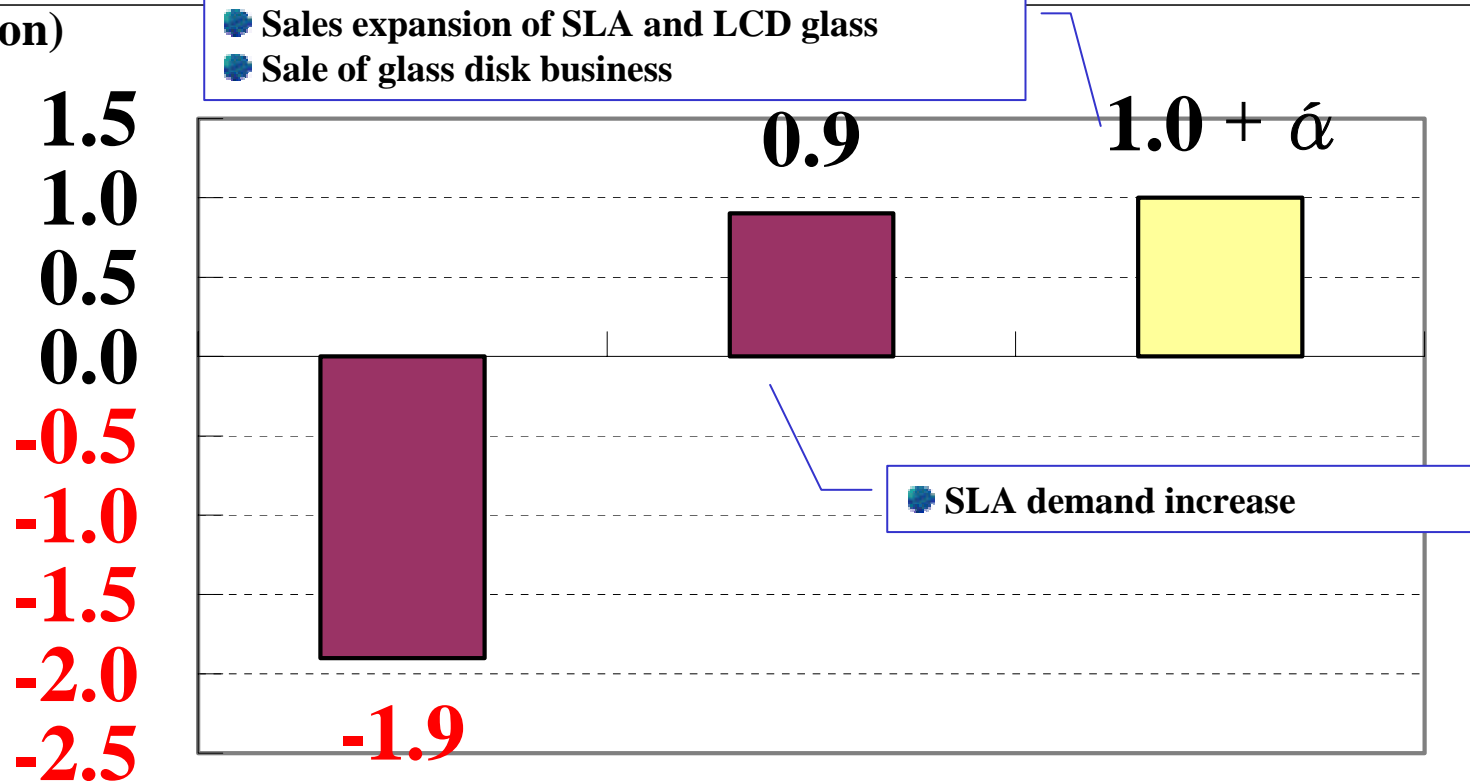


Information/Electronics -

Operating Income Analysis for FY2004 to FY2005



(¥ billion)



**First half
FY2004**

**Latter half
FY2004**

**FY2005
Forecast**

Information/Electronics - Strategies for FY2005

Information Devices & Optical Telecommunications

● SLA

- Establishment of a mass production system to cope with the MFPs' market growth; monthly production of three million units by mid FY2005

● SLED

- Promotion of the joint development with Fuji Xerox of high definition SLED
- Sales expansion in response to the growing color printer market

● Optical components

- Sales expansion of optical components, reflecting a further shift to broadband communications in the USA

Information/Electronics - Strategies for FY2005

Display

● TFT substrate

- Start-up of two additional furnaces by NH Techno Glass in Taiwan by the end of FY2005

● PDP substrate

- Start of commercial production by the end of 2005

● Color STN sputtering process

- Production capacity increase in Yokkaichi, Japan, and Suzhou, China

Information/Electronics -

Major Actions at the Second Stage of “ACT 21”



(Sales Expansion of Proprietary Products and Development of New Products)

Information/Electronics

Promote SLED business and joint development with Fuji Xerox

Application development and sales expansion of SLA for multifunctional printers

Sales start-up of micro chemical chips, small-scale analysis equipment

Glass Fiber Business

NSG
NIPPON SHEET GLASS Co., Ltd

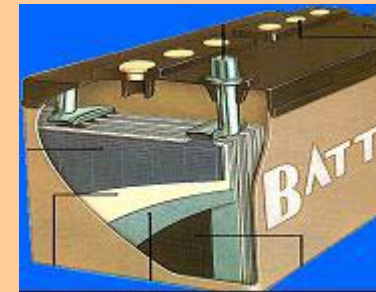
Glass Cord

For automotive timing belts



Battery Separator

For lead-acid batteries for automobiles,
uninterrupted power supply equipment



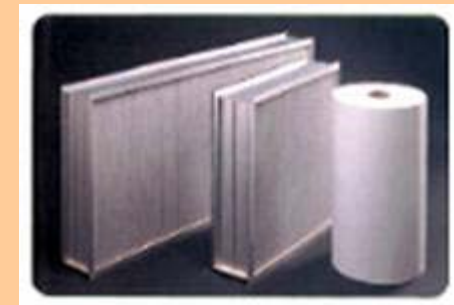
Glass Flake

Plastic reinforcement and anticorrosion filler
Highly glittering metallic pigment



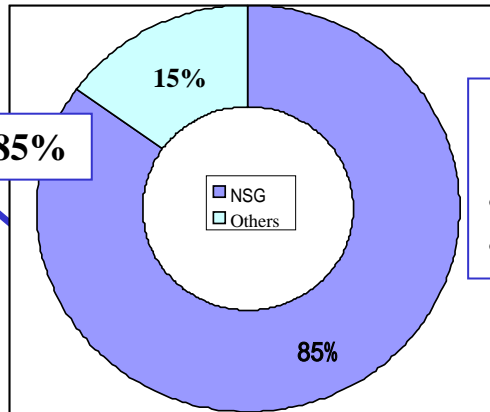
Air Filter

For clean-rooms

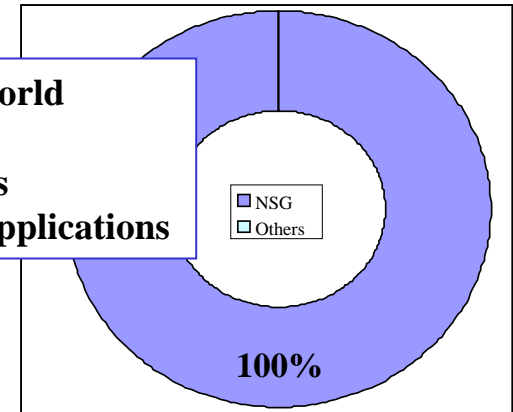


Glass Fiber - Business Environment and Strategy

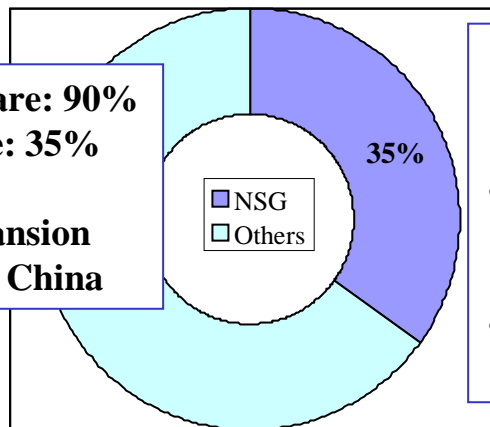
Glass cord



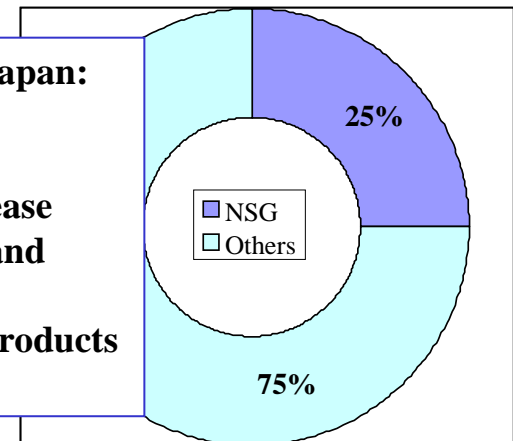
Glass flake, Metashine



Battery separators



Air filter



Glass Fiber - Major Actions

at the Second Stage of “ACT 21”

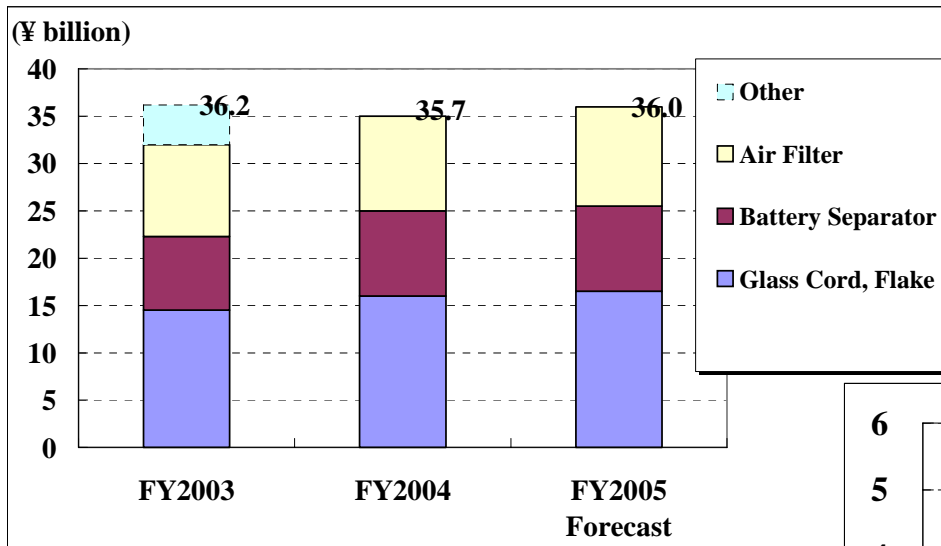


(Selection and Concentration, Restructuring)

	Financial Effect	
	FY2004	FY2005
Glass Fiber		
Sale of continuous glass fiber business	☺✓	☺✓
Production capacity in crease of battery separators in Tianjin, China		☺✓

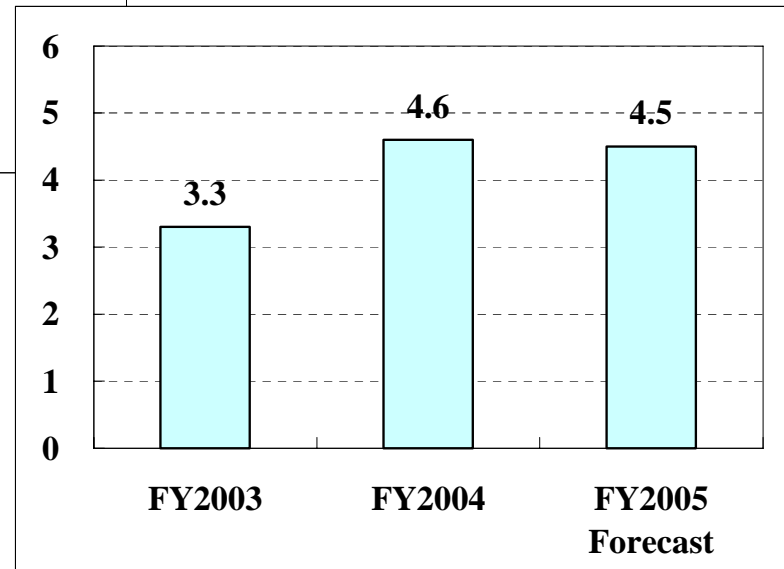
Glass Fiber - Financial Results

Net sales



Operating income

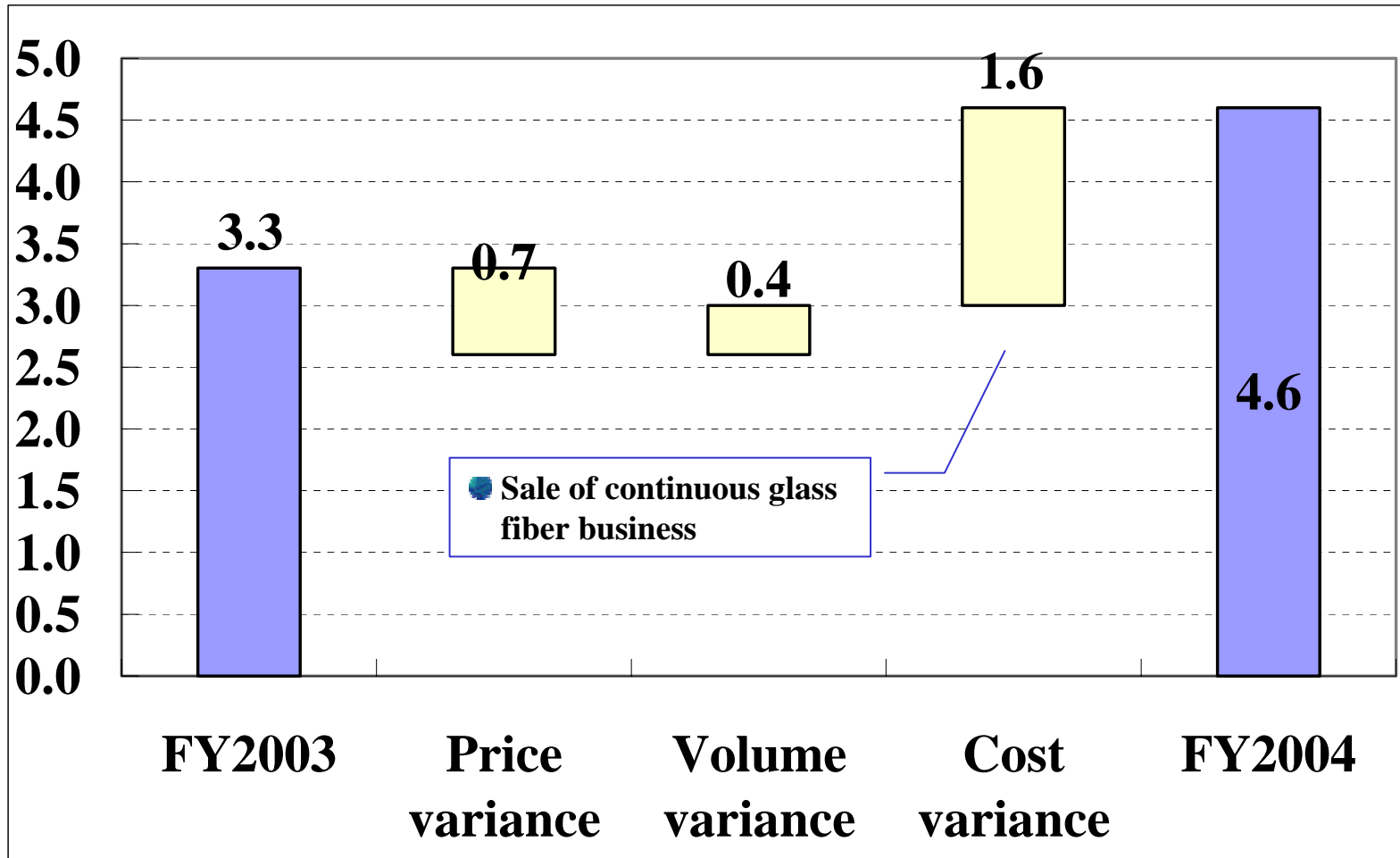
(¥ billion)



Glass Fiber - Operating Income Analysis for FY2003 to FY2004



(¥ billion)

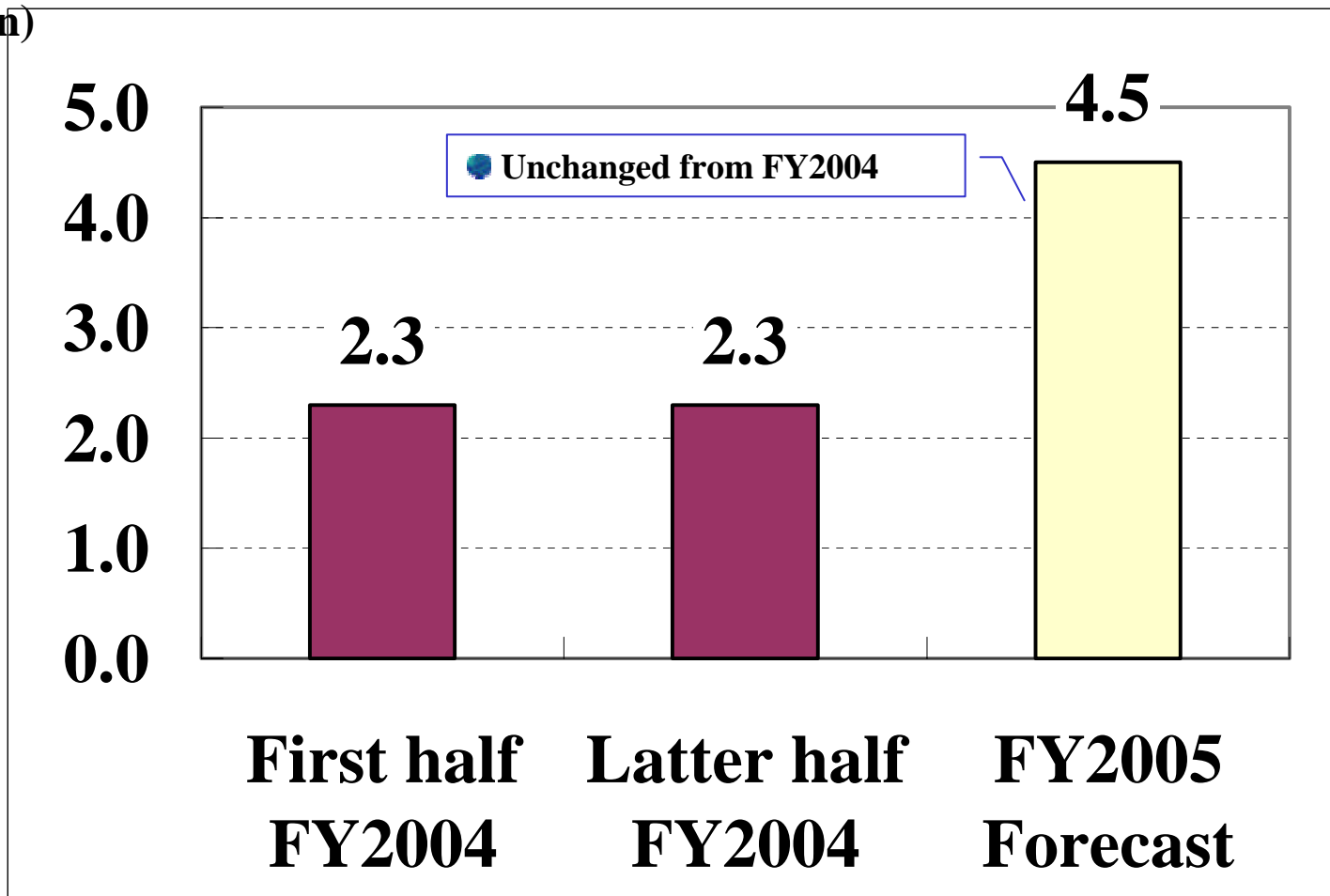


Glass Fiber -

Operating Income Analysis for FY2004 to FY2005



(¥ billion)



Glass Fiber -

Major Actions at the Second Stage of “ACT 21”



(Sales Expansion of Proprietary Products and Development of New Products)

Glass Fiber

Market development of Metashine for cosmetics applications

Development of high heat resistance air filter (500 °C)

Development of separators for electrochemical double-layer capacitors

Glass Fiber - Topics: Air Filter Project for Medical Applications

- With the amendments to be made in 2005 to the Pharmaceutical Affairs Law, outsourcing medicine production will become possible.
- Cleaner production environments will be required for gene therapy which is to fully start up in 2008.

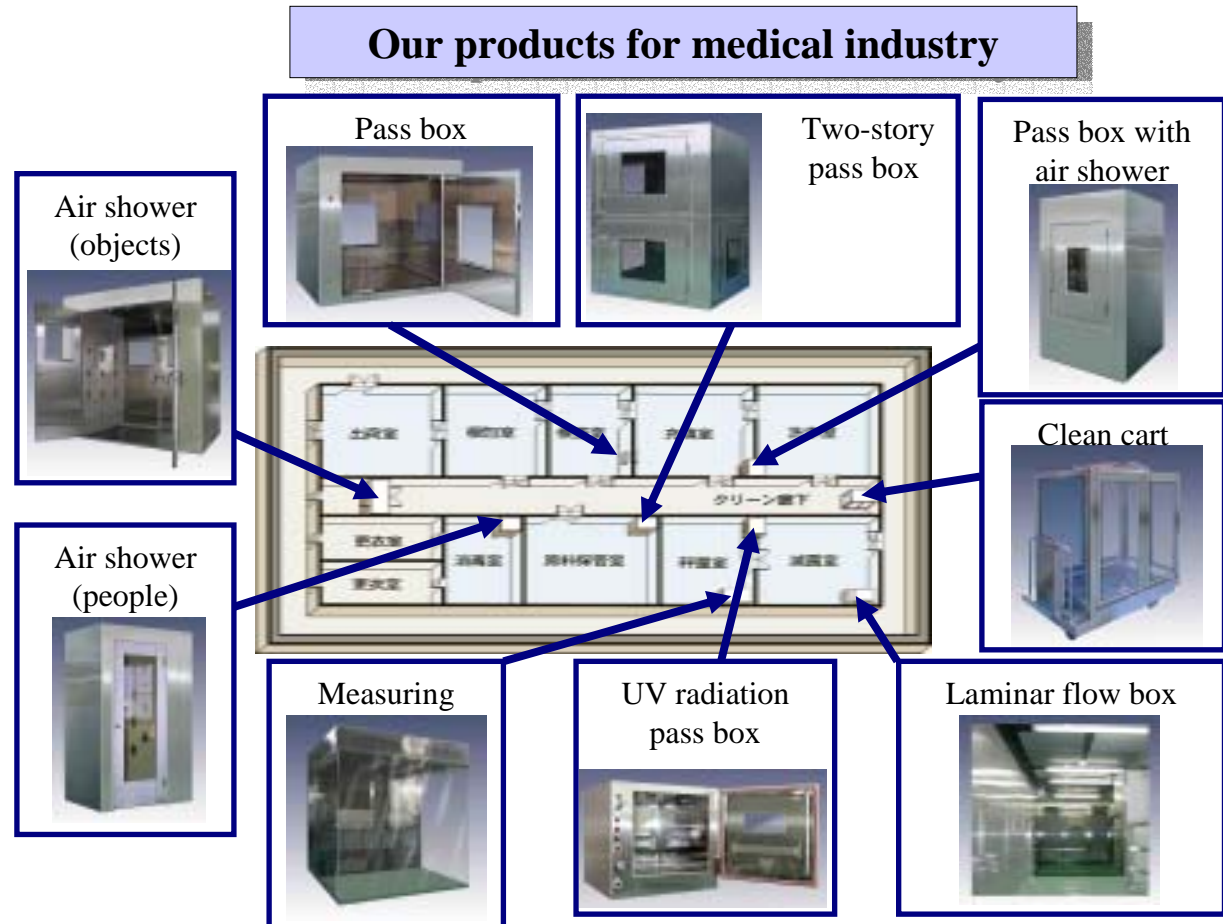


Medical industry investment forecast - Up from ¥260 billion ('01) to ¥750 billion ('10)



Formed an internal project team dedicated for the medical industry

Our products for medical industry



[Reference] Assumptions



		FY2003 Actual	FY2004 Actual	FY2004 Forecast
Rate of exchange	(¥/US\$)	121	114	110
Crude oil price (CIF Dubai)	(US\$/B)	26	29	30
Depreciation & amortization	(¥ billion)	17.8	14.9	15.0
Capital investment	(¥ billion)	14.4	12.8	13.0
R&D expenditure	(¥ billion)	8.9	7.7	
Free cash flow	(¥ billion)	29.4	26.6	
Interest-bearing debt	(¥ billion)	160.0	134.1	
Number of employees		14,830	12,612	

Estimated effect of oil price change:

Increase of US\$1/B would reduce income by ¥100million.

Estimated effect of ROE change:

Appreciation by ¥1/US\$ would reduce income by ¥30million.

Notice



The projections contained in this document are based on information currently available to us and certain assumptions that we consider to be reasonable, so the actual results may differ. Among the major factors that may affect the results are the economic environment in major markets (such as Japan, Europe, the US, and Asia), product supply/demand shifts, and currency exchange fluctuations.

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