
Summary of Financial Results

Fiscal Year Ended 31 March 2006

31 May 2006

Nippon Sheet Glass Co., Ltd.

Consolidated Statements of Operations



(in billions of yen)	FY 2005	FY 2006	Change
Net sales	265.0	265.9	100.3%
Gross profit	70.1	68.9	98.3%
(%)	26.5%	25.9%	-
Expenses	58.1	60.5	104.1%
Operating income	12.0	8.4	70.1% *1
(%)	4.5%	3.2%	-
Non-operating income & losses	1.2	2.0	160.3% *2
Income before extraordinary items	13.3	10.4	78.6%
(%)	5.0%	3.9%	-
Extraordinary income & losses	(1.8)	1.1	-60.1% *3
Income before tax	11.4	11.5	101.0%
Net income	7.6	7.8	102.3%
(%)	2.9%	2.9%	-
Net income per share (yen)	17.1	17.5	102.3%

Footnote:

1. Price increase in raw materials and several market factors affected our decreased operating income.
2. Financial account balance turned into the black, with a slight decrease in gain through equity method investment.
3. We booked JPY 5,534 million of extra-ordinary losses on disposal of obsolete inventories and fixed assets, which was offset by a JPY 6,644 million of extraordinary incomes mainly due to sales of marketable securities.

Consolidated Balance Sheets



(in billions of yen)	Mar-05	Mar-06	Change
Current assets	167.7	288.7	121.0 *1
Cash and deposits	(64.2)	(180.7)	(116.5)
Fixed assets	259.2	307.2	48.0 *2
Total assets	426.9	596.0	169.1
Liabilities	218.9	354.4	135.5
Interest-bearing debt	(121.3)	(236.9)	(115.6) *3
Minority interest	2.7	3.3	0.6
Shareholders' equity	205.3	238.3	33.0 *4
Common stock	41.1	41.1	0.0
Others	164.2	197.2	33.0
Liabilities and shareholders' equity	426.9	596.0	169.1
Shareholders' equity to total assets	48.1%	40.0%	- *5
Debt-equity ratio	0.59	0.99	-
BPS (yen)	463.3	537.9	-
ROE	3.7%	3.3%	-
ROA	3.6%	2.0%	-

ROA=(Income before extra-ordinary items+Interest paid)/Total assets

Footnote:

1. Issuance of convertible bonds (JPY 110 billion) contributed to an increase of cash and deposits.
2. Increase of tangible fixed assets: JPY 5.3 billion, Increase of intangible fixed assets: JPY 3.1 billion, Increase of current prices of equity shares: JPY 40 billion.
3. Issuance of the above mentioned CBs: JPY 110 billion.
4. Increase of current prices of equity shares.
5. Issuance of CBs for acquisition of Pilkington temporarily affected shareholders' equity to total assets, debt-equity ratio and ROA.

Consolidated Statements of Cash Flows

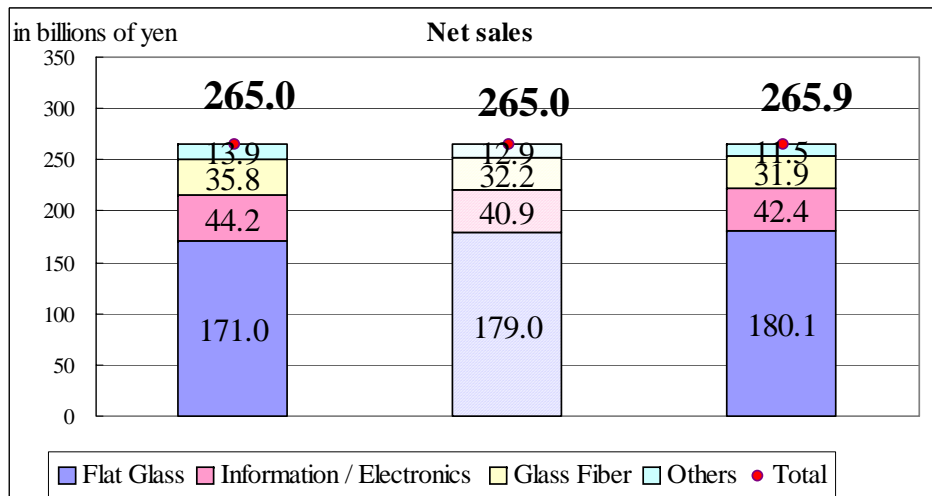


(in billions of yen)	Mar-05	Mar-06	Change
Cash flows from operating activities	16.8	15.5	(1.3) *1
Cash flows from investing activities	(0.3)	(12.1)	(11.9) *2
Free cash flows	16.5	3.3	(13.2)
Cash flows from financing activities	(7.8)	111.2	119.0 *3
Cash and cash equivalents at the beginning of the year	55.4	63.5	8.2
Cash and cash equivalents at the end of the year	63.5	179.2	115.6
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(yen)			
Dividend per share	6.0	6.0	0.0

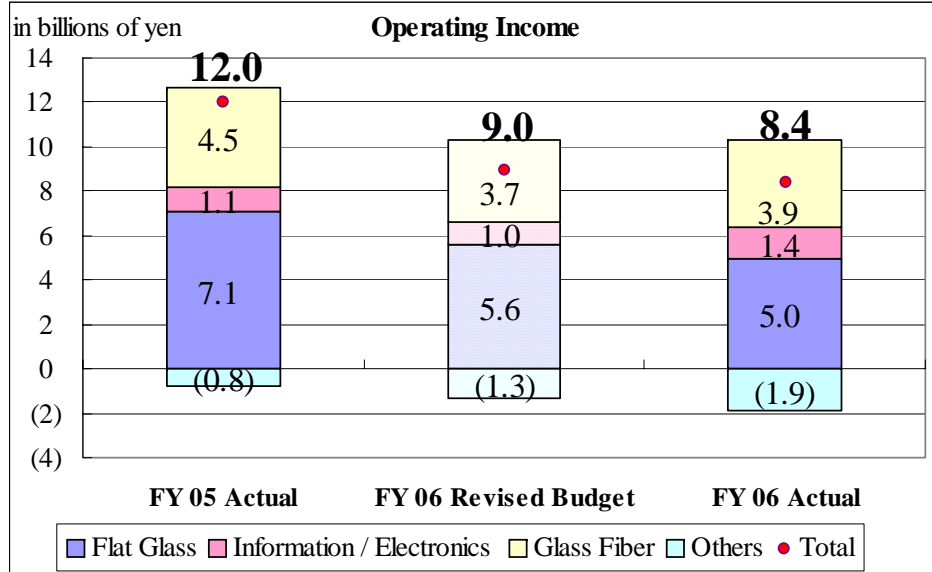
Footnote:

1. Income before income taxes and minority interests : Increase by JPY 11.9 billion
 Depreciation and amortization : Increase by JPY 13 billion
2. Purchase of fixed assets: Decrease by JPY 18.6 billion
 Proceeds from sales of investment in securities : Increase by 7.6 billion
3. Issuance of convertible bonds : JPY 110 billion
 Net increase in borrowings : JPY 13.6 billion
 Redemption of bonds: Decrease by JPY 9.6 billion

Net Sales and Operating Income by Business

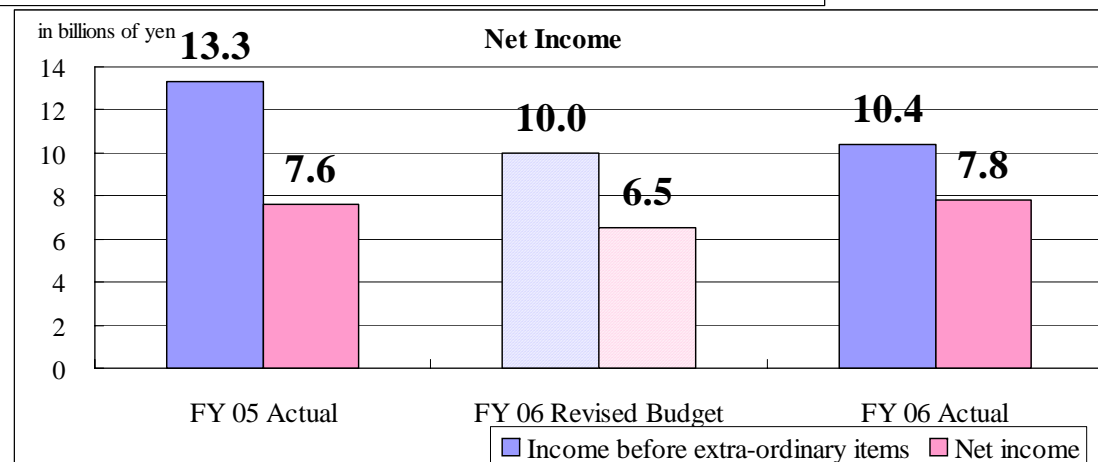
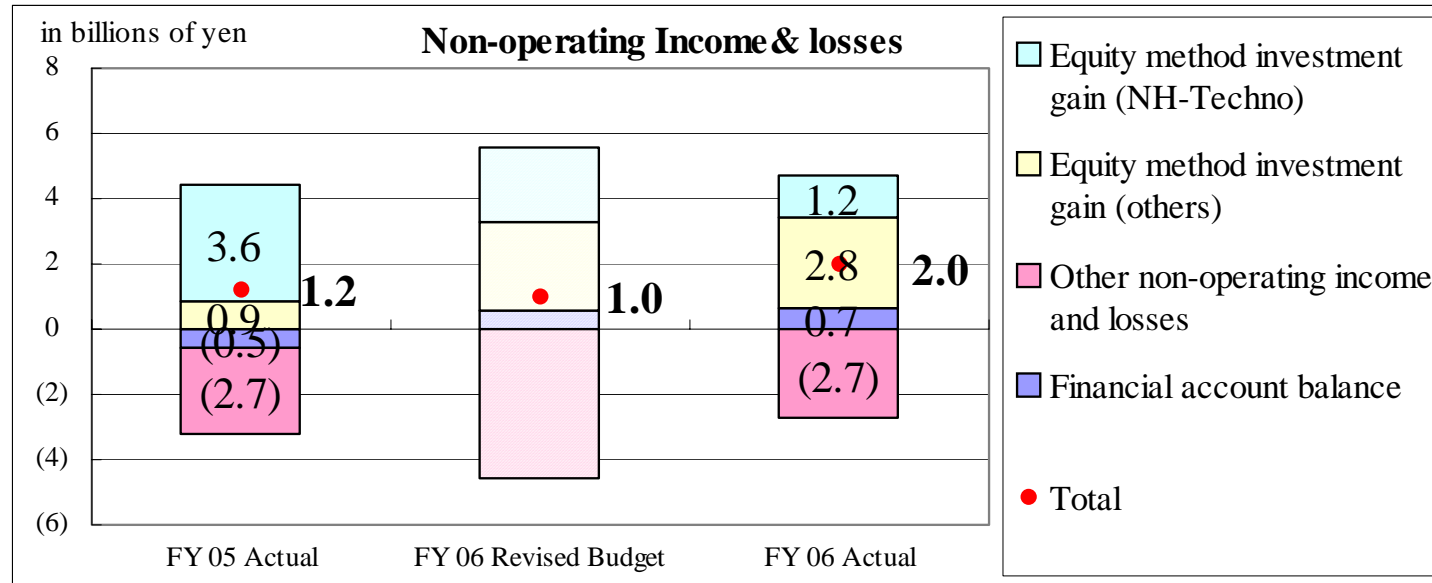


Net Sales (in billions of yen)	FY 2005	FY 2006	
	Actual	Revised Budget	Actual
Flat Glass	171.0	179.0	180.1
Information / Electronics	44.2	40.9	42.4
Glass Fiber	35.8	32.2	31.9
Others	13.9	12.9	11.5
Total	265.0	265.0	265.9



Operating Income (in billions of yen)	FY 2005	FY 2006	
	Actual	Revised Budget	Actual
Flat Glass	7.1	5.6	5.0
Information / Electronics	1.1	1.0	1.4
Glass Fiber	4.5	3.7	3.9
Others	(0.8)	(1.3)	(1.9)
Total	12.0	9.0	8.4

Non-operating Income & Losses / Ordinary Profit / Net Income



Flat Glass Business

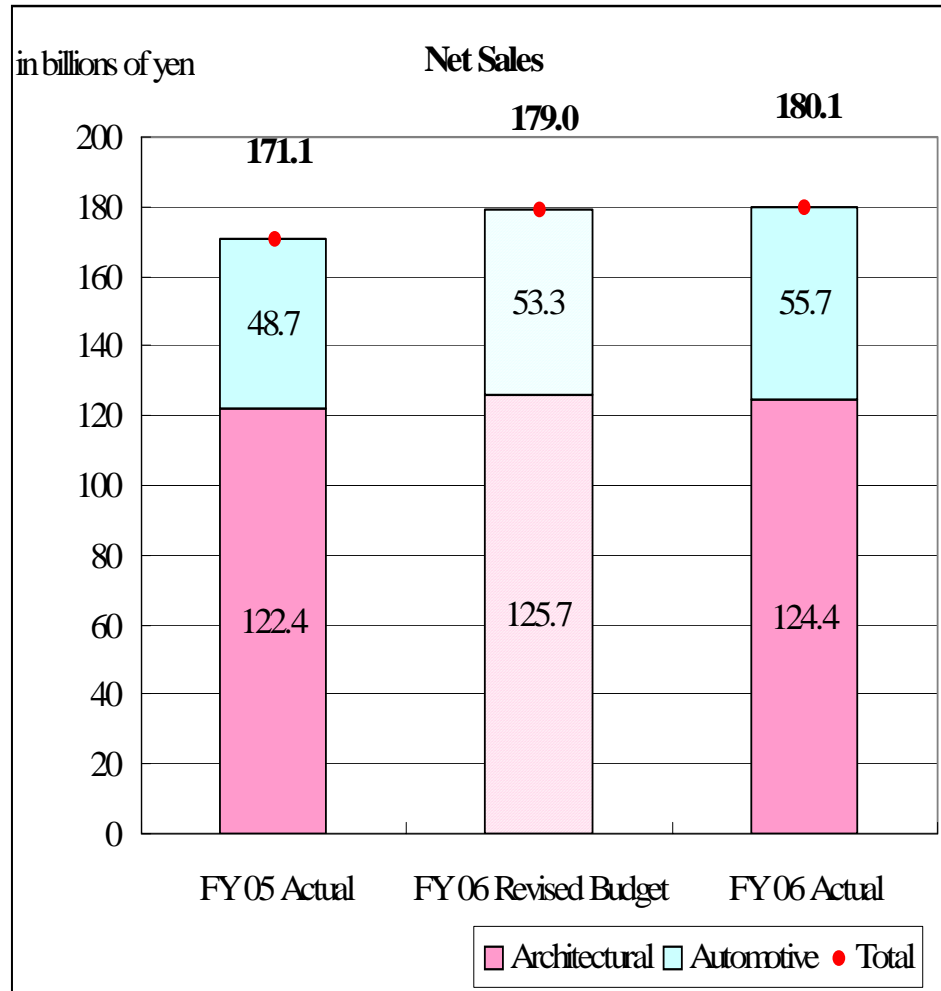
Architectural glass



Automotive glass



Flat Glass: Net Sales



Sales

Architectural glass (Domestic)

- Sales slightly increased compared to FY 05. Sales of crime prevention glass showed a strong growth partly due to increased production capacity.
- Every effort was made into negotiations of revising selling prices (released on April 10th).

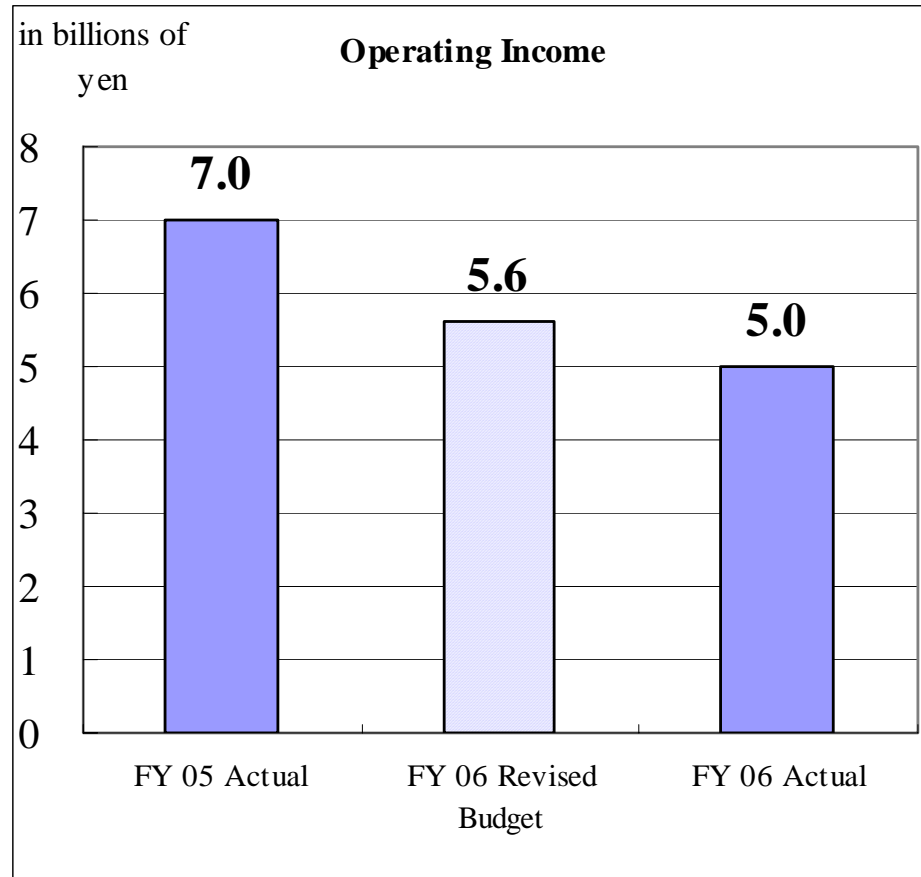
Architectural glass (Overseas)

- The restart of a furnace in Malaysia contributed to sales increase.
- Price soaring in raw materials and intensified competition are two major hurdles.

Automotive glass

- Sales improved mainly due to incremental business volume in new car models and effect of newly consolidated company (After-market sales company : an annual increase of about JPY4 billion) .
- Business expansion is expected through start-up of facilities for laminated glass in Maizuru and increased demand in high value-added glasses such as IR-cut glass.

Flat Glass : Operating Income

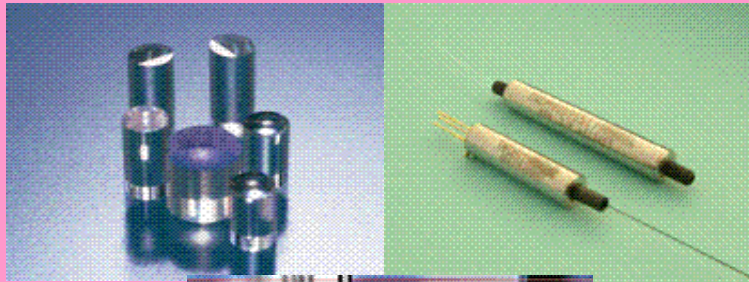


Operating Income

- Price soaring of oil and other raw materials affected decreased operating income.
- This situation is expected to continue in FY 07. (Approximately JPY 1 billion decrease of operating income).
- The key to our future favorable operating results is whether we will be able to pass the rising prices on to product prices.

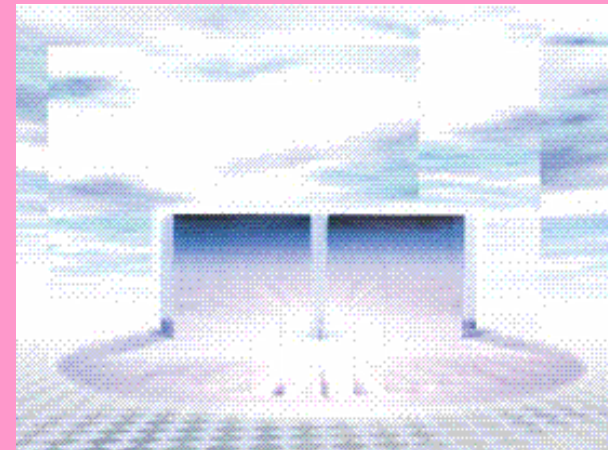
Information & Telecommunication Devices

SLA, SLED, chemically enhanced glass, components for office equipment such as printers, scanners and copiers, SELFOC micro lenses, telecommunication devices

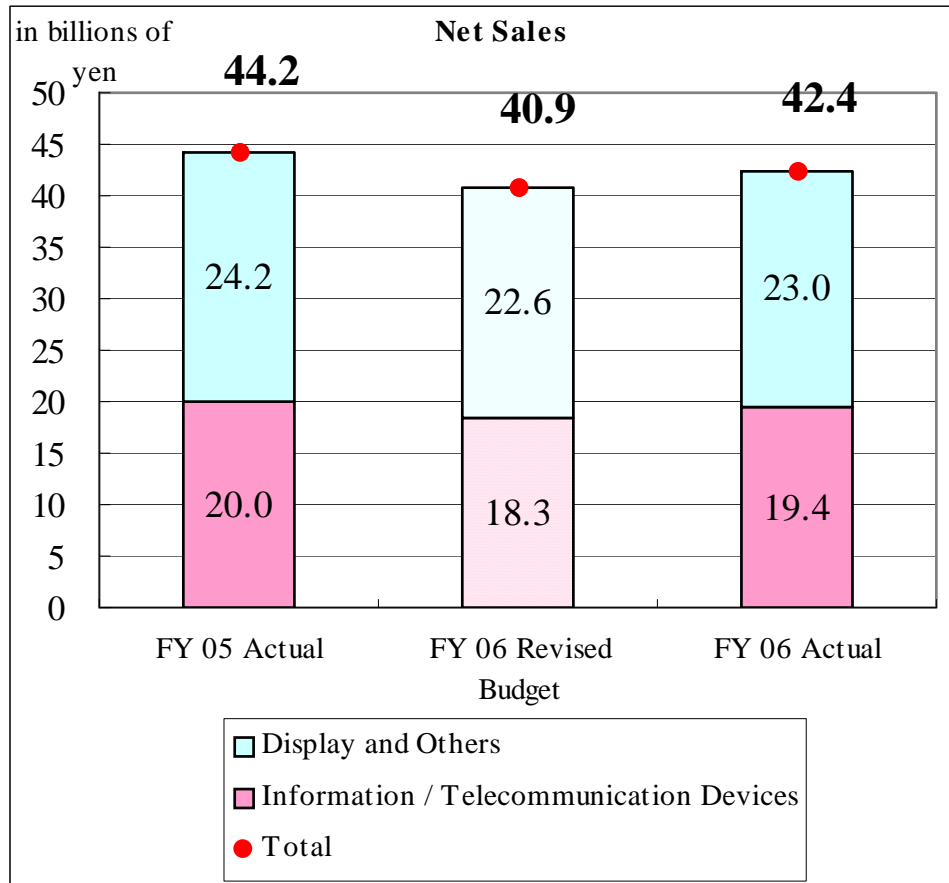


Display

LCD substrates, PDP substrates



Information / Electronics: Net Sales



Sales

Information Devices (JPY 17.5 billion)

- Sales of optical lenses for multifunctional /ink-jet printers has grown steadily.
- Tough competition in light-source products segment (SELGUIDE) led to decreased net sales.

Telecommunication Devices

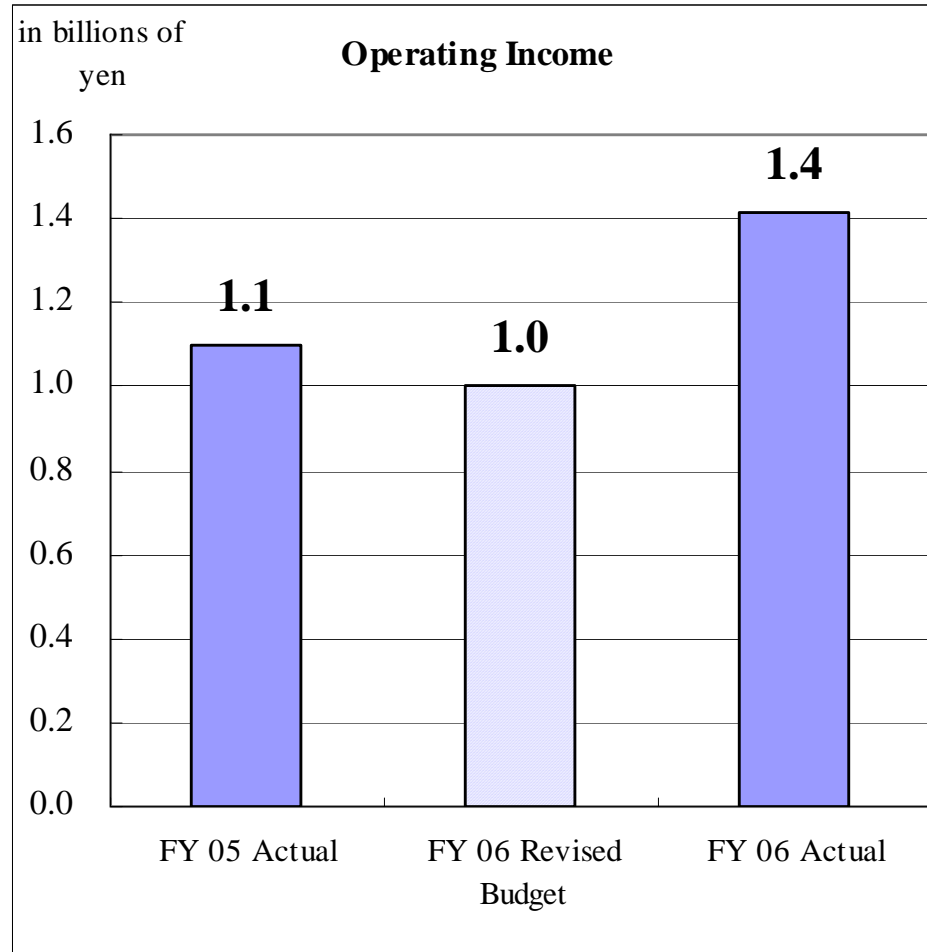
(JPY 1.9 billion)

- Recovery has become visible just recently.
- Increased order entry for modules has led us to focus more on profitability.

Display (JPY 23 billion)

- Slow market recovery in small or medium sized LCDs led to decreased sales.
- Final approval for PDP users has not yet been given..

Information / Electronics: Operating Income



Operating Income

- A decline in income due to a decrease in quantity has been regained by a deficit reduction.

Glass for TFT substrates (Equity method (non-operating profit and loss), NH Techno Glass Corp.)

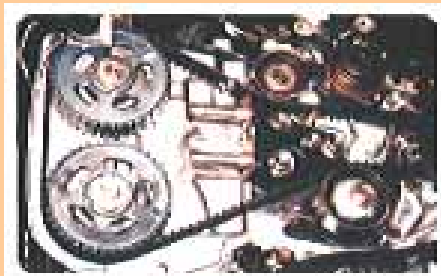
- Income fell short to last year largely due to a delay in restoration of production problem.
- We expect gradual improvement of performance by the end of first half FY 07.

Glass Fiber Business



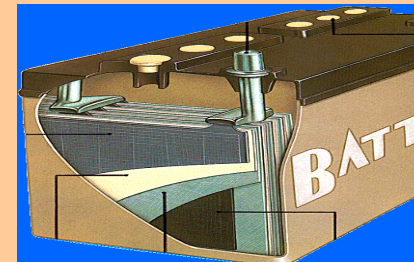
Glass Cord

For automotive timing belts



Battery Separator

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



Glass Flake

Plastic reinforcement and anticorrosion filter
Highly glittering metallic pigment

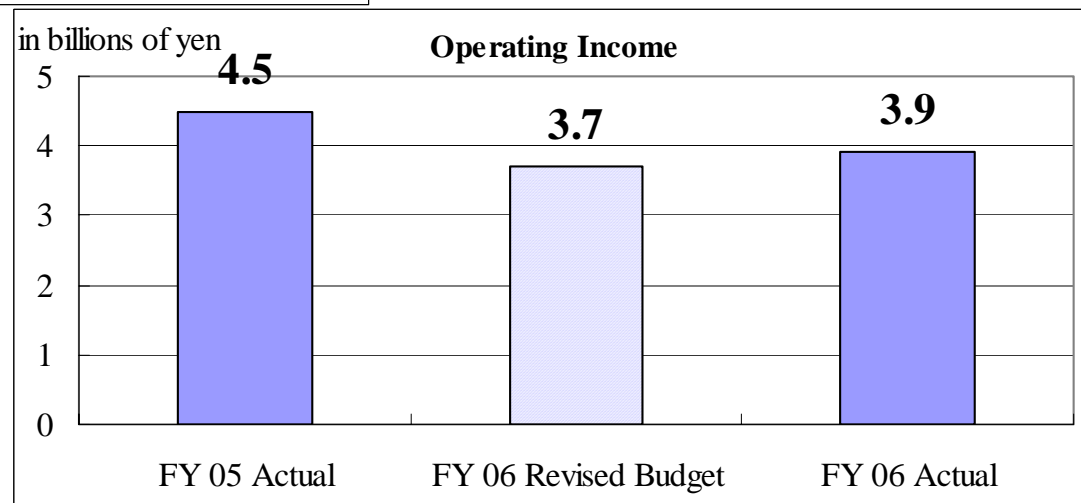
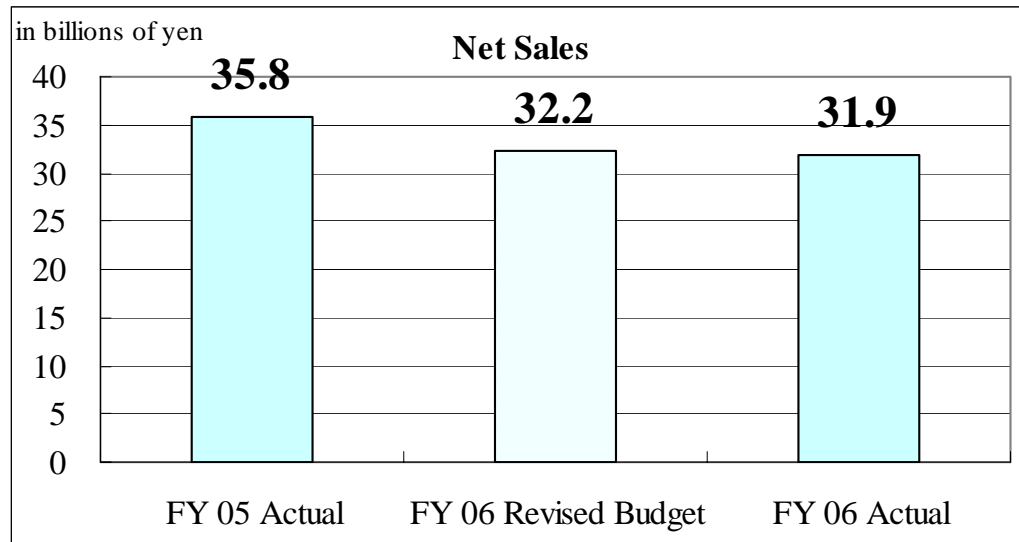


Air Filter

For clean-rooms



Glass Fiber : Sales and Operating Income



Glass Fiber



Glass Cord

- Sales of glass cord has been robust, mostly led by high value-added products for Europe.
- A challenge is to put a new production site in Suzhou, China into operation at an early stage (by next summer).

Glass Flake

- Sales of anticorrosion filler has grown steadily.
- We are exploring into new use of METASHINE which has come to a temporary standstill.

Battery Separator

- Intensified international competition in automotive batteries is expected to continue.
- Cost reduction has been realized through higher utilization of a production plant in Tianjin.

Air Filter

- Demand of air filter for new plants of semiconductors or LCDs decreased.
- Investments planned for FY 2007 are on the increase, and a recovery is aimed for.

FY2007 Forecast

FY2007 Forecast



We expect it is June 16th this year when a series of necessary legal steps will be completed for Pilkington to become a 100% subsidiary of NSG group. This means Pilkington is still a listed company as of today who is subject to compliance with rules and regulations in the London Stock Exchange. Therefore, we have to hold to disclose FY 2007 forecasting information of Pilkington.

When every legal step regarding this acquisition is completed, we make another announcement to follow up our projections FY07.

Pilkington will be a consolidated subsidiary of the NSG group from the 2nd quarter of FY2007.

A new long-term vision and a mid-and long-term business plan of the integrated organization are to be announced by the end of this year.

Convertible Bonds with a share warrant



1. Total Issue Amount : JPY 110 billion
2. Conversion Date : It is when all the legal steps for acquisition are completed. (After June 16th at the moment)
3. Conversion Price : The conversion price shall be adjusted on 1st and 3rd Friday of each month to equal 91% of the average of the daily volume-weighted average price of the ordinary shares of the company for ordinary market transactions on Tokyo Stock Exchange for three consecutive trading days ending on and including the relevant reset date. (Adjusted conversion price on May 19th : JPY 561.8)
4. Cap Conversion Price : JPY 1,010.4
Floor Conversion Price : JPY 336.8
5. Possible number of convertible shares : 108,867 thousand to 326,603 thousand
Possible percentage of dilutive effect : 24.5% to 73.6%
(When all bonds are converted with JPY 561.8 as of today,
The number of shares : 195,799 thousand
Percentage of dilutive effect : 44.1%)

Key Assumptions



		FY 2005	FY 2006	FY 2006
			First Half	
Exchange rate	(yen/US\$)	110	111	113
Crude oil price (CIF Dubai)	(US\$/B)	38	50	54
Depreciation & amortization	(billion yen)	12.6	6.0	13.0
Capital investment	(billion yen)	13.7	9.9	21.2
R&E expenditure	(billion yen)	7.9	3.6	7.6
Free cash flow	(billion yen)	16.5	0.6	3.3
Interest-bearing debt	(billion yen)	121.3	124.9	236.9
Number of employees	(persons)	13,385	13,653	14,181
Domestic housing starts	(ten thousand)	119	-	124
Domestic floor area for new commercial buildings	(million m ²)	62	-	72
Penetration rate of double glazing glass (for single family house)	(%)	57	-	59
Penetration rate of NSG's value added glass	(%)	64	68	68
Domestic car production volume	(ten thousand)	1,051	-	1,080
SML shipment volume	(ten thousand)	200	110	230

- Estimated effect of oil price change : Increase of US\$1/B would reduce income approximately by 100 million yen per year.
- Estimated effect of exchange rate fluctuation : Depreciation of JPY1/US\$ would increase income approximately by 60 million yen per year.

Notice



The forecasts 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, the U.S. and Asia), product supply/demand shifts, and currency exchange fluctuations.

Nippon Sheet Glass Co., Ltd.