

Nippon Sheet Glass Co., Ltd.

Head Office: Sumitomo Fudosan Mita Twin Building West Wing,
5-27, Mita 3-chome, Minato-ku, Tokyo 108-6321 Japan
Telephone: +81 (3) 3-5443-9522 Facsimile: +81 (3) 3-5443-9558
Contact: www.nsggroup.net/contact

www.nsg.com



'First in Glass'

To our shareholders

Nippon Sheet Glass Co., Ltd.
144th Fiscal Period Interim Report
1 April 2009 – 30 September 2009

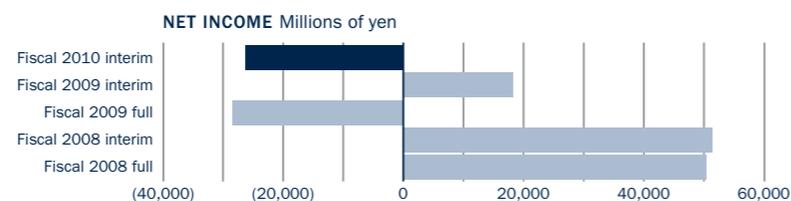
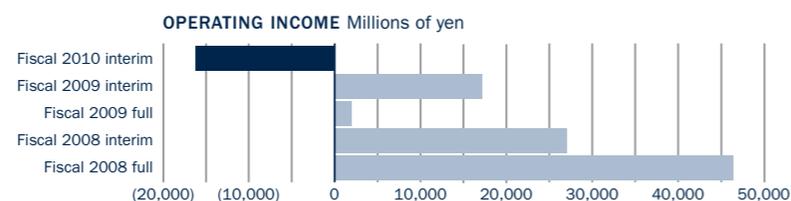
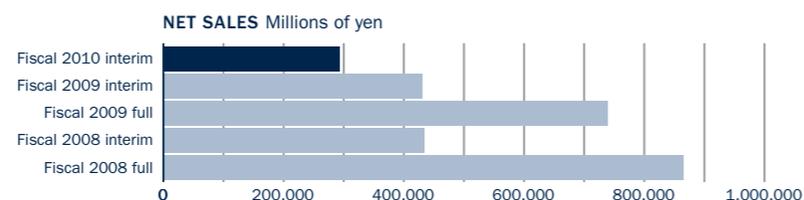


Contents

- 1 Consolidated financial highlights
- 2 Message from the President and CEO
- 3 Interview with the President
- 6 Business summary by segment
- 7 Review of operations
- 9 Consolidated financial statements
- 11 Management
- 12 Stock information
- 13 Shareholder information
- 14 Corporate data

Consolidated financial highlights

Millions of yen	Fiscal 2008	Fiscal 2009	Fiscal 2009 interim period	Fiscal 2010 interim period
Net sales	865,588	739,365	431,082	292,989
Operating income	46,462	1,908	17,198	(16,222)
Ordinary income	30,437	(12,259)	12,541	(24,743)
Net income	50,417	(28,392)	18,311	(26,248)
Net income per share (yen)	75.44	(42.49)	27.40	(41.00)



Message from the President and CEO

On behalf of the NSG Group, I would like to thank you for your continued support.

I am pleased to present the interim report for the period ended 30 September 2009.

The results for the first half of the financial year FY2010 reflect continuing volatility in all our markets. However, in the second quarter in particular, there were indications of some stabilization in our major markets, following the steady declines of previous quarters.

There are some positive signs in Automotive, with the markets in which we operate showing further improvements. These are largely due to continuing government support programs, offering cash incentives to trade in older vehicles. Aftermarket sales have also held up well in most of our markets. Nevertheless, our Building Products markets continued to suffer from low levels of commercial and residential demand, particularly in Europe, where we have our largest business. Specialty Glass markets remained challenging, but with tentative signs of strengthening in some of the economies in which we operate.

Our current operational focus is on implementing the restructuring program we launched in January 2009, to address the economic downturn and to improve profitability going forward. Good progress has been made in implementing these initiatives, aimed at reducing capacity and output around the Group to match the requirements of our customers.

Our clear aim is to protect the business in the short term and help re-establish profit growth from FY2011 onwards. We look forward to your continuing understanding and support of our activities.

3 December 2009

Katsuji Fujimoto
President and CEO
Representative Executive Director
Nippon Sheet Glass Co., Ltd



Katsuji Fujimoto President and Chief Executive Officer

Interview with the President

Q1 With your appointment as CEO, what is your personal vision for the Company? And what are you doing to engage employees and to maintain a motivated workforce during these difficult economic times?

We are an integrated international group, with a multinational management. A third of our shareholders and 80 percent of our employees are outside Japan. This distinguishes us from most Japanese corporations. Our management style is to put the best person in each job, regardless of nationality or region. There has been no change in our policies on this.

Our objective to be the world's Number 1 glass company is also my personal vision. Being Number 1 means satisfying our three main stakeholders. We need to be the preferred supplier for our customers, the place where our people want to work, and of course a good long-term investment for our shareholders.

We believe 'people are our most important asset'. That's why the recent decisions we had to take on restructuring were particularly hard. Going forward, we cannot be Number 1 unless we have very good, well-trained and well-motivated people. We have around 30,000 people in our organization. Every one has a role to play and a contribution to make. In October, I visited many of our key installations, in Japan, the UK, Germany, Italy, Brazil and the US to reinforce these messages.

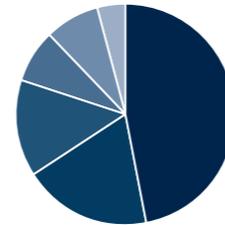
I believe people at all levels in any company will perform best when they are self-motivated and understand the bigger picture. Our communications programs are designed to encourage an atmosphere of open communication, with everyone having opportunities to generate ideas that will be listened to. Safety in the workplace is crucial; without it, everything else is pointless.

Consolidated net sales (interim period)
(Billions of yen)

	273.3	433.9	431.1	293.0
	141st period	142nd period	143rd period	144th period

EMPLOYEE DISTRIBUTION

- Europe 47%
- Japan 19%
- NAFTA 14%
- China 8%
- South America 8%
- Rest of Asia 4%



Q2 How you see the Group's immediate priorities, and what preparations are being made for future growth as a sustainable company?

We have a clear long-term vision and our 3-phase strategy is unchanged. We are currently in Phase 1, in which our priorities are creating an integrated global business, financial soundness, debt management and operational excellence. And we also need to prepare for Phase 2 growth.

We are focusing on immediate priorities, with particular emphasis on the restructuring, but not forgetting our longer-term strategic objectives. We are looking at capital expenditure, Research and Development (R&D) and strategic investments, in order to develop a sustainable company in all meanings of the word; conserving and using our resources wisely. Our aim is to create value for our shareholders and provide quality for our customers, whilst investing in our people. We need to prepare to grow in a low-carbon world.

We have a great mix of professionals, world-beating expertise and excellent technology and I see good opportunities for Phase 2 growth. In Building Products, Solar Energy, low-e in China, coated and fire products are key areas. In Automotive, the shift to electric vehicles and plug-in hybrids marks a new era, with CO₂ reduction a major focus. This will drive glazing advances in solar energy control, weight reduction and energy-saving. In Specialty Glass, I expect growth in battery separators, our technology for office machinery, glass cord and ultra-thin float glass.

10-year, 3-phase strategy

Execute growth strategies through 3 phases

2007

Phase 1

4 years

Create a new entity focused on differentiating ourselves from competitors, and maximizing productivity and operational quality while re-establishing our financial foundations.

2011

Phase 2

3 years

Achieve aggressive growth in the flat glass business.
Geographically expanding into emerging countries.
Improve competitiveness, launch major new products, improve R&D and foster technologies.

2014

Phase 3

3 years

Explore new areas for future growth.
Exploring new businesses by both leveraging our customers and our technical and operational competencies.
Pursuing acquisitions, mergers, and alliances in adjacent areas.

2017

Interview with the President continued

Q3 You mention sustainability. How important is this to the NSG Group and what actions are you taking to communicate and implement it?

Our Group has long enjoyed a good reputation on environmental issues, but it became clear that our existing policies were no longer sufficient to address the wider issues of sustainability. We have therefore strengthened our commitment, with the recent publication of a new Group sustainability policy.

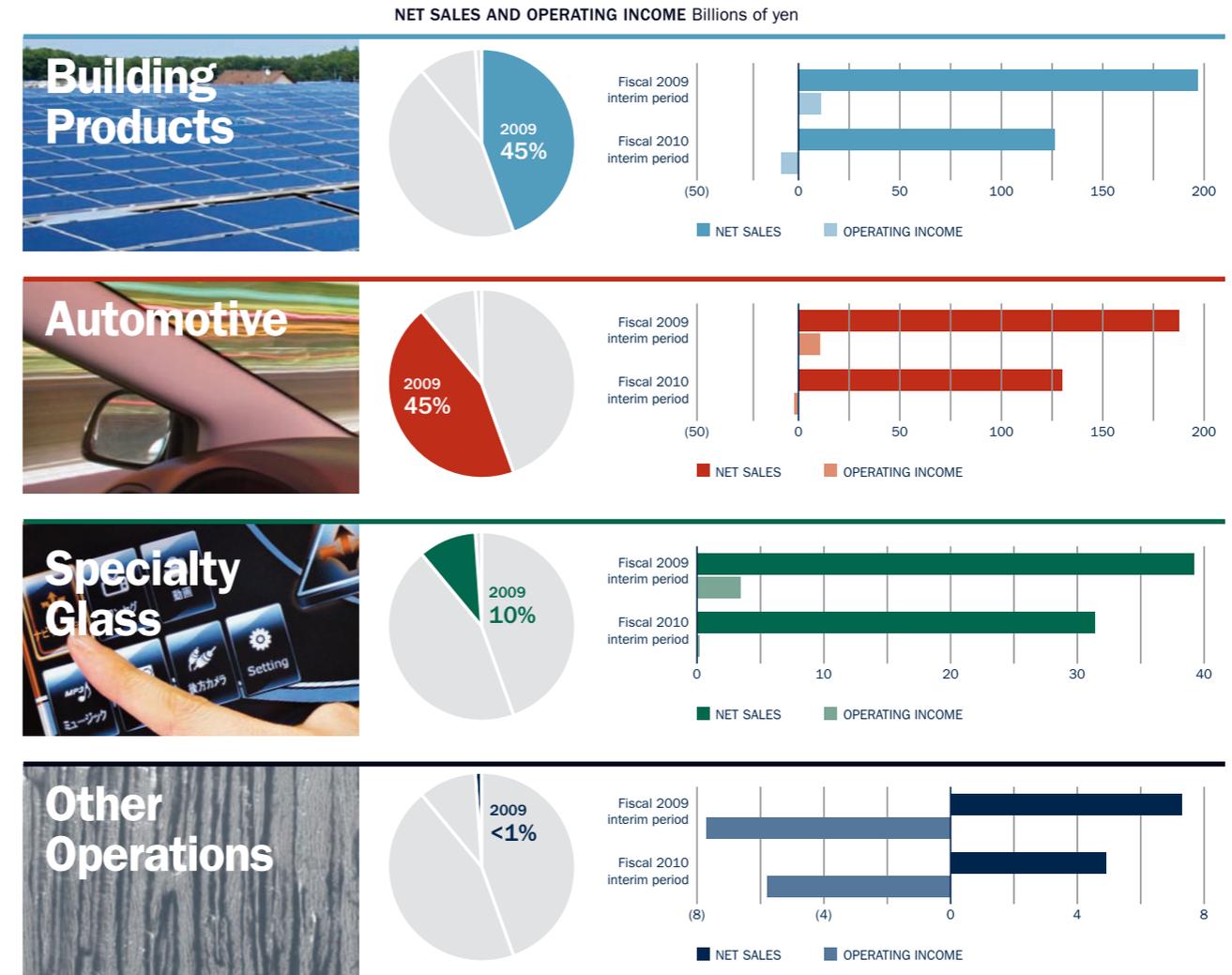
We define sustainability as 'meeting the needs of the present generation without compromising the ability of future generations to meet their own needs'. We will shortly be publishing our 2009 Sustainability Report, which retains much of the content of our former Corporate Social Responsibility Report, but signals the change in our approach. Our policy sets out our aim to balance the needs of our shareholders, customers, employees, the community and the environment, and states our intention to seek out suppliers who share that commitment.

The sustainability agenda is being redefined and moving quickly out of the hands of regulators and pressure groups and into the heart of businesses such as ours. New building codes and other legislative drivers from governments and standards bodies around the world, as well as project-specific procurement requirements, such as those for the 2012 Olympics, all require an explicit commitment to sustainability.

Our sustainability policy underlines the unique role played by glass in conserving energy, whilst recognizing that glass production is energy-intensive. It also accepts responsibility for minimizing energy use and preserving natural habitats from which our raw materials are taken.

We are communicating our policy to ensure that we, and those with whom we do business, fully understand the concept and share our commitment. In parallel, we are developing a comprehensive set of targets, so that we can accurately measure our progress in all related areas such as recycling and energy and waste management, in everything we do.

Business summary by segment



Note: figures include sales to outside customers in each segment.

Review of operations



Building Products

Building Products (BP) cumulative results for the first half-year were significantly down on the same period of the previous year due to lower volumes and reduced prices in difficult market conditions across all territories.

In Europe, cumulative revenue was lower than in the first half of last year, due to lower prices and volumes in difficult markets and profit performance was also lower. Price increases, implemented towards the end of the first quarter, have held relatively well. During the quarter, the Group disposed of its downstream business in Switzerland and the majority of its downstream business in France.

Cumulative revenues in Japan fell, as the continued weakness of commercial and residential construction markets led to significantly reduced volumes. As in Europe, the BP business in Japan moved from cumulative profits to cumulative losses.

In North America, cumulative revenues decreased compared to the prior year, due mainly to reduced prices. Profits increased, as an improving product mix and cost savings offset the lower prices.

In the Rest of the World, revenues were also below the level of the previous year, with volumes falling, in line with difficult market conditions. Year-on-year profits also declined, with reduced volumes and prices, but were similar to the preceding quarter as markets began to stabilize.

As a result, the Building Products business achieved cumulative six-month sales of ¥126,362 million and an operating loss of ¥8,497 million.



Automotive

In the Automotive business, cumulative revenues were significantly below the level of the previous year. Profitability also declined, although the impact of lower volumes was partially offset by cost reductions.

In the European Original Equipment (OE) sector, revenues fell, due to reduced levels of demand. Markets improved during the quarter, however, as government incentives provided a temporary demand stimulus. Cost savings continued to be realized, reducing the impact of lower volumes on profitability. Results in the Automotive Glass Replacement (AGR) business were robust, with cumulative revenues and profits at similar levels to the previous year.

In Japan, revenues were significantly below last year, due to reduced levels of demand. As in Europe, however, sales volumes improved during the quarter, due largely to government subsidies. A cumulative loss was recorded as a result of the reduced volumes.

In North America, cumulative sales were significantly below the first half of the previous year, again due to reduced volumes. OE revenues and profits declined significantly in the difficult market conditions. AGR profitability continued to be below prior year levels, due to both reduced demand and market prices.

In the Rest of the World, cumulative revenues and profits were below the prior year level, although emerging market regions held up relatively well compared to more developed markets.

The Automotive business recorded sales of ¥130,256 million and an operating loss of ¥2,165 million.



Specialty Glass

Revenues and profits in Specialty Glass were significantly below the prior year. The quarterly result though, represented an improvement on the preceding quarter, as some markets demonstrated tentative signs of recovery. The strength of the Japanese yen continued to hit exports of components for printers and scanners.

Specialty Glass, representing approximately 10 percent of Group sales, comprises a number of discrete businesses, including the manufacture and sale of very thin glass for small displays, lenses and light guides for printers, and glass fiber products, such as battery separators and glass components for engine timing belts. The Group announced the sale of its air filters business in August 2009.

The largest segment of the Specialty Glass business is in displays, where the Group is globally recognized as a leading supplier of ultra-thin float glass, used in small to medium flat panel displays. In this sector, touch panel is a rapidly growing application. Reduced global demand for electronic equipment, including mobile phones, has affected this sector.

The Specialty Glass business recorded sales of ¥31,363 million and an operating profit of ¥229 million.



Other Operations

This segment covers corporate costs and engineering income, but also includes small businesses not included in the segments covered above. Costs incurred in Other Operations were similar to the previous year.

Consequently, this segment recorded sales of ¥5,008 million and an operating loss of ¥5,789 million.

Consolidated financial statements

Consolidated balance sheets

	Millions of yen		Millions of yen	
	30 September 2009	31 March 2009	30 September 2009	31 March 2009
Assets			Liabilities	
Current assets	341,251	325,231	Current liabilities	240,472
Cash and deposits	118,483	94,979	Notes and accounts payable – trade	60,847
Notes and accounts receivable – trade	95,788	94,291	Short-term loans payable	65,343
Merchandise and finished goods	57,260	69,335	Current portion of bonds	10,000
Work in process	9,961	10,352	Lease obligations	2,505
Raw materials and supplies	36,649	34,139	Income taxes payable	8,793
Other current assets	27,768	25,950	Provisions	22,572
Allowance for doubtful accounts	(4,658)	(3,815)	Other current liabilities	70,413
Non-current assets	661,144	699,989	Non-current liabilities	505,028
Property, plant and equipment			Bonds payable	50,000
Buildings and structures	144,446	147,014	Long-term loans payable	293,221
Accumulated depreciation	(78,820)	(79,334)	Lease obligations	3,925
Buildings and structures, net	65,626	67,679	Provision for rebuilding furnaces	10,359
Machinery, equipment and vehicles	358,836	366,197	Provision for retirement benefits	62,804
Accumulated depreciation	(190,260)	(188,927)	Other provisions	6,322
Machinery, equipment and vehicles, net	168,575	177,270	Other non-current liabilities	78,397
Tools, furniture and fixtures	43,152	41,603	Total liabilities	745,501
Accumulated depreciation	(27,767)	(25,200)	Net assets	
Tools, furniture and fixtures, net	15,385	16,403	Shareholders' equity	320,745
Land	45,010	46,483	Capital stock	96,147
Leased assets	8,262	8,089	Capital surplus	135,287
Accumulated depreciation	(3,482)	(3,136)	Retained earnings	89,905
Leased assets, net	4,780	4,953	Treasury stock	(595)
Construction in progress	1,959	4,690	Valuation and translation adjustments	(73,762)
Total: Property, plant and equipment	301,335	317,478	Valuation difference on available-for-sale securities	834
Intangible assets			Deferred gains or losses on hedges	(6,264)
Goodwill	128,082	132,882	Foreign currency translation adjustment	(68,332)
Other intangible assets	122,732	127,283	Subscription rights to shares	696
Total: intangible assets	250,813	260,165	Minority interests	9,215
Investments and other assets			Total net assets	256,894
Joint ventures, associates and other investments	50,368	55,935	Total liabilities and net assets	1,002,395
Others	60,435	67,745		1,025,221
Allowance for doubtful accounts	(1,807)	(1,334)		
Total: Investments and other assets	108,995	122,347		
Total assets	1,002,395	1,025,221		

Notes on per share information (interim period FY10)

- (Net) assets per share ¥323.06
- Net interim loss per share – basic ¥(41.00)

Consolidated statements of income

For the six-month periods ending 30 September 2008 and 2009

	Millions of yen	
	2009	2008
Net sales	292,989	431,082
Cost of sales	223,055	299,056
Gross profit	69,934	132,026
Selling, general and administrative expenses	86,155	114,828
Operating income	(16,222)	17,198
Non-operating income	2,296	8,658
Non-operating expenses	10,818	13,315
Ordinary income	(24,743)	12,541
Extraordinary income	6,551	39,078
Extraordinary losses	8,521	12,439
Income before income taxes and minority interests	(26,713)	39,180
Income taxes	(827)	19,182
Minority interests	363	1,686
Net income	(26,248)	18,311

Consolidated statements of cash flows

For the six-month periods ending 30 September 2008 and 2009

	Millions of yen	
	2009	2008
Net cash provided by operating activities	(5,571)	14,611
Net cash provided by investment activities	3,483	23,560
Net cash used in financing activities	24,040	(36,174)
Effect of exchange rate change on cash and cash equivalents	(1,396)	(3,636)
Net increase in cash and cash equivalents	20,557	(1,638)
Cash and cash equivalents at beginning of period	75,598	103,293
Increase in cash and cash equivalents resulting from change of scope of consolidation	-	2,181
Cash and cash equivalents at end of period	96,154	103,837

Management

(1 October 2009)

Directors

Director, Chairman of NSG Group Yozo Izuwara
Director, Vice Chairman Tomoaki Abe
Director Katsuji Fujimoto
Director Mike Powell
Director Mark Lyons
Director Mike Fallon
Director Keiji Yoshikawa
External Director Kozo Okumura
External Director Isao Uchigasaki
External Director George Olcott
External Director Sumitaka Fujita

Executive Directors

**Representative Executive Director,
 President and CEO** Katsuji Fujimoto
Executive Director, Group Finance Director Mike Powell
Executive Director Mark Lyons
Executive Director Mike Fallon
Executive Director Keiji Yoshikawa

Executive Officers

Senior Executive Officer Takeshi Horiguchi
Senior Executive Officer Tim Izzett
Senior Executive Officer Toshikazu Kondo
Senior Executive Officer Paul McKeon
Senior Executive Officer Clemens Miller
Senior Executive Officer Stephen Pownall
Senior Executive Officer Tom Rae
Senior Executive Officer Naotaka Todoroki
Executive Officer Kazumitsu Fujii
Executive Officer Koichi Hiyoshi
Executive Officer Minoru Imanishi
Executive Officer Akira Matsumoto
Executive Officer Kenichi Morooka
Executive Officer Tsunefumi Nakagawa
Executive Officer Toshiyuki Nakazawa
Executive Officer Paul Ravenscroft
Executive Officer Paul Ruddlesdin
Executive Officer Tony Shaw
Executive Officer Iain Smith
Executive Officer Milena Stanisci

Nomination Committee

Yozo Izuwara (Chairman of the Nomination Committee)
 Tomoaki Abe
 Kozo Okumura
 Isao Uchigasaki
 George Olcott
 Sumitaka Fujita
 Katsuji Fujimoto

Audit Committee

Tomoaki Abe (Chairman of the Audit Committee)
 Yozo Izuwara
 Kozo Okumura
 Isao Uchigasaki
 George Olcott
 Sumitaka Fujita

Compensation Committee

George Olcott (Chairman of the Compensation Committee)
 Tomoaki Abe
 Kozo Okumura
 Isao Uchigasaki
 Sumitaka Fujita
 Katsuji Fujimoto

Stock information

(as at 30 September 2009)

Authorised shares

To be issued	Common shares	1,775,000,000 shares
	Type A preferred shares	3,000,000 shares
Issued shares	Common shares	669,550,999 shares
	Type A preferred shares	3,000,000 shares
Number of shareholders	Common shares	56,864
	Type A preferred shares	2

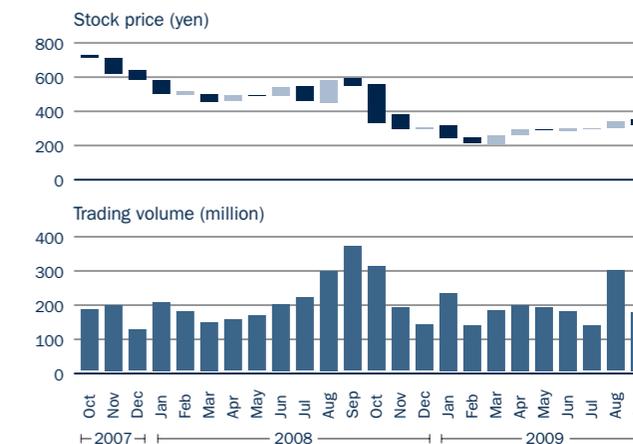
Major shareholders

Common shares	Number of shares	Percentage of shares
Japan Trustee Services Bank, Ltd. (trust account)	68,725,000	10.26
The Master Trust Bank of Japan, Ltd. (trust account)	56,128,000	8.38
Japan Trustee Services Bank, Ltd. (trust account 9)	33,188,000	4.96
Japan Trustee Services Bank, Ltd. (trust account 4)	15,323,000	2.29
The Chase Manhattan Bank, N.A. London Secs Lending Omnibus Account	15,311,281	2.29
Toyota Motor Corporation	9,610,650	1.44
Sumitomo Life Insurance Company	9,148,000	1.37
Japan Trustee Services Bank, Ltd. (Retirement Benefit Account, Sumitomo Trust and Banking)	8,769,000	1.31
State Street Bank and Trust Company 505225	8,551,024	1.28
Trust & Custody Services Bank, Ltd. (Pension specified money trust account)	7,623,000	1.14
Type A preferred shares		
	Number of shares	Percentage of shares
UDS Corporate Mezzanine No.3 Limited Partnership	2,550,000	85.00
UDS Corporate Mezzanine Limited Partnership	450,000	15.00

DISTRIBUTION OF SHAREHOLDERS



STOCK PRICES AND TRADING VOLUME



Shareholder information

Fiscal period	1 April to 31 March of the following year
Ordinary General Meeting of Shareholders	Held annually in June
Shareholders' Confirmation Standard Dates	Ordinary General Meeting of Shareholders: 31 March Dividend: 30 September and 31 March
Transfer agent	The Sumitomo Trust & Banking Co., Ltd. 5-33, Kitahama 4 chome, Chuo-ku Osaka-shi
Operating Office	The Sumitomo Trust & Banking Co., Ltd. Stock Transfer Agency Department 3-1, Yaesu 2 chome, Chuo-ku, Tokyo
Public Notice	www.nsg.com
Independent Auditors	Ernst & Young ShinNihon LLC

Electronic Share Certificate System

The Electronic Share Certificate System was implemented with effect from 5 January 2009. If you need to record any changes in your address, personal details or any other relevant matter, please contact the securities company administrating your shareholder account.

If you do not use a securities company, please notify our Transfer Agent as shown on the right.

Notice to shareholders holding odd-lot shares

If you hold an odd-lot of shares (1 to 999 shares) which is less than a trading unit of shares (1,000 shares), you could

- 1) sell these shares to the Company, or
- 2) purchase odd-lot shares from the Company to supplement your holding to the extent necessary to constitute a trading unit.

Please contact the securities company administrating your shareholder account for its specific procedures.

If you do not use a securities company, please contact our transfer agent, Sumitomo Trust & Banking as shown on the right.

Notice Concerning Dividend Payments of Listed Companies

Under the terms of the 2008 revision of the Act on Special Measures Concerning Taxation, the Company is required to send shareholders a 'Notice Concerning Dividend Payments' with details of the amount of dividend, tax etc. relating to dividends paid after January 2009. The enclosed 'Calculation Sheets for Dividends', which shareholders can use when completing their tax returns, also fulfills these requirements,

Payment of Interim Dividend

If you do not designate a specific bank account for receiving dividends, payment will be made by the enclosed '144th Interim Dividend Receipts'. In this case, your dividend payment can be collected at the head office or any branch of the JP Bank and Post Office within the period of payment (from 4 December 2009 to 29 January 2010).

If you designate a specific bank account for receiving dividend payments, please check the enclosed 'Calculation Sheets for 144th Interim Dividends' and 'Concerning Banking Account to which Dividends are Transferred' documents. (If you chose the 'System of Proportional Distribution to the Number of Shares' as the way of receiving dividends please contact the securities company you use.)

Mail address	The Sumitomo Trust & Banking Co., Ltd. Stock Transfer Agency Department 1-10, Nikko-cho, Fuchu-shi, Tokyo 183-8701, Japan
Telephone number	0120-176-417

Corporate data

(as at 30 September 2009)

Nippon Sheet Glass Co., Ltd

Head Office	Sumitomo Fudosan Mita Twin Building West Wing, 5-27, Mita 3-chome, Minato-ku, Tokyo 108-6321 Japan
Established	22 November 1918
Number of employees	29,135
Paid in capital	¥96,147 million
Stock listing	Tokyo and Osaka (Code: 5202)