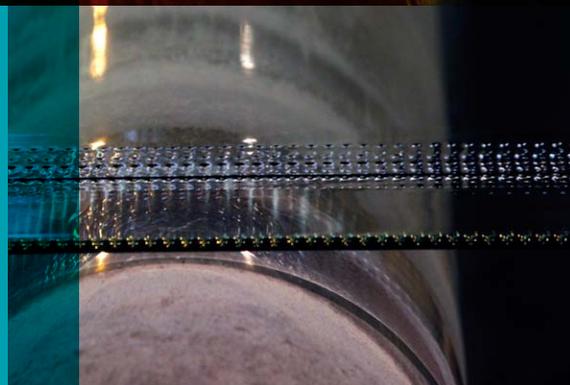




## TO OUR SHAREHOLDERS

NIPPON SHEET GLASS CO., LTD.  
147TH FISCAL PERIOD INTERIM REPORT  
1 APRIL 2012 - 30 SEPTEMBER 2012

'MAKING A DIFFERENCE TO OUR WORLD  
THROUGH GLASS TECHNOLOGY'



## CONTENTS

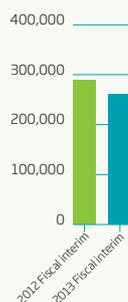
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## CONSOLIDATED FINANCIAL HIGHLIGHTS

Millions of yen	Fiscal 2012	Fiscal 2012 interim period	Fiscal 2013 interim period
Revenue	552,223	288,543	<b>260,678</b>
Operating profit/(loss) before exceptional items	7,716	9,192	<b>(1,032)</b>
Profit/(loss) before taxation	(4,822)	6,381	<b>(17,666)</b>
Profit/(loss) for the period	(1,749)	6,306	<b>(16,558)</b>
Profit/(loss) attributable to the owners of the parent	(2,815)	5,727	<b>(16,937)</b>
Earnings per share (yen)	(3.12)	6.35	<b>(18.77)</b>

### Revenue

Millions of yen



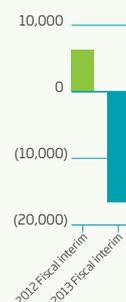
### Operating profit/(loss) before exceptional items

Millions of yen



### Profit/(loss) for the period

Millions of yen



Note: All current and prior year results are presented under International Financial Reporting Standards (IFRS).

### Front cover

Main The 'batch' of raw materials about to enter the furnace in the Float Glass process.  
Inset The edge of the glass 'ribbon' emerging on rollers from the process.

## MESSAGE FROM THE PRESIDENT AND CEO

On behalf of the NSG Group, I thank you for your continued support. I am pleased to present the interim report for the period ended 30 September 2012.

During the period, most of the Group's main Architectural and Automotive markets continued to be challenging, particularly in Europe. Solar Energy volumes were stable but significantly below the same period of the previous year. Technical glass markets were relatively robust.

Action to restructure the Company is underway. Management's clear and immediate priority is the speedy restoration of profitability.



**Keiji Yoshikawa**  
Representative Executive Officer, President and CEO

The Architectural business experienced reduced volumes from the previous year's levels, but results improved during the second quarter, as volumes stabilized and cost savings from the Group's restructuring program began to be realized. Solar Energy dispatches, as anticipated, were significantly below the previous year.

Automotive revenues fell from the previous year, due largely to a significant decline in volumes in Europe. This was partly offset by strong demand in Japan, where the first two quarters of the previous year had been affected by the March 2011 earthquake.

Technical Glass revenues were similar to the previous year, although profits showed a moderate decline. Demand for thin glass for displays remains stable, with end-customer demand in sectors such as smart phones and tablet devices generally positive.

Although the immediate focus is on a short-term improvement in our profitability, we will continue to make selective investments where there is a significant growth potential. Value-added products remain an important part of our strategic mix. We aim to be a sustainable company in all respects. In everything we do, Safety and Quality remain our top priorities.

The Group's dividend policy is to secure dividend payments based on sustainable business results. As announced, the Group does not expect to pay a dividend with respect to FY2013, due to the loss forecast for the fiscal year. We recognize the importance of dividends to our shareholders and anticipate resuming dividend payments when the financial performance of the Group allows. We look forward to your continuing understanding and support of our activities.

**Keiji Yoshikawa**  
President and CEO  
Representative Executive Officer  
Nippon Sheet Glass Co., Ltd.

6 December 2012

## INTERVIEW WITH THE PRESIDENT

### Q1.

#### Please can you comment on performance in the first half-year of Financial Year 2013 and future prospects, against the background of current global economic conditions?

Cumulative Group revenues were ¥ 260,678 million, down 10 percent on the previous year, with operating losses after amortization and exceptional items of ¥ 11,107 million, down from a previous year profit of ¥ 9,192 million, reflecting continuing difficult trading conditions and the costs of our restructuring program. These results were consistent with our previous forecast.

Market conditions faced by the Group during the second quarter, were challenging, but in line with our expectations. In Europe, which accounts for around 40 percent of the Group's revenues, economic uncertainties have led to a decline in volumes of many of our core products. Faced with a deteriorating economic outlook, many consumers are postponing significant spending decisions, leading to decreased demand. Excess glass manufacturing capacity in China has resulted in exports from China into South East Asia and beyond, causing an erosion of price levels in those markets.

Volumes of Solar Energy glass, whilst still growing over the medium-term, declined during the third and fourth quarters of FY2012 and have since been stable at significantly reduced levels. The strong Japanese yen continues to have a negative translational impact on the Group's published results, as well as causing a reduction in demand for exports from Japan containing our products.

In February 2012, we announced a program of capacity rationalization and headcount reduction and in May 2012, announced an acceleration of this program, aimed at completing it within two years rather than three as originally anticipated.

We do not expect to see a significant improvement in market conditions during the remainder of the financial year, although operating results are expected to improve, as cost savings arising from our restructuring program are increasingly realized.

#### Consolidated net revenue

##### By business



¥260.7 billion

##### By region



¥260.7 billion

Cumulative Quarter 2 results to 30 September 2012

## Q2.

### As President and CEO of the Company, what are your current objectives and areas of focus?

My immediate priorities are to improve the profitability of the Company and earn the trust of our stakeholders through our accomplishments. Our profit improvement programs are well advanced and since our initial announcement in February 2012 we have introduced additional measures and accelerated restructuring activities.

We are looking carefully at all aspects of our current asset base. Our objective is to right-size our business urgently and this must be accomplished within the current fiscal year and FY2014. We aim to improve manufacturing performance through efficiency improvements and rationalization. We have been quick to take action to adjust our capacity to demand, through temporary and permanent closures of plants.

We operate in a good industry with positive prospects, but we must ensure we are cost competitive. We are aiming to lower the breakeven point of our business by reducing overheads, improving manufacturing efficiency and controlling our input cost through best in class procurement and shared services. We aim to ensure that we spend our limited resources wisely and generate capacity at much lower capital costs.

I believe that "people are our most important asset" and that effective use of our people is the main driver to surmount the current challenges we face. I am determined that we will not lose sight of our core Values and Principles, with Safety and Quality remaining top priorities. We aim to be a sustainable company. Good management of our people, our resources, our communities and our environment also makes good business sense.

We are executing our strategy through a market-facing regionally organized business, based on three business areas: Architectural, Automotive and Technical Glass. A good balance between regional and global organizational structures will drive efficiency and allow us to react quickly to market developments. In parallel, we are strengthening our market-driven culture, creating a passion for revenue growth, to fully utilize our assets.



#### European Shared Service Center opened in Poland

The new Center, in Sandomierz, Poland, was opened by COO Clemens Miller, in September. It began delivering procurement and finance back office transactions for the UK and Poland in early November, with Italy and Germany due to come on stream by January 2013.

## INTERVIEW WITH THE PRESIDENT CONTINUED

### Q3.

#### **What progress is the Company making in increasing the proportion of value-added products within its overall product offering?**

Although our immediate emphasis is on restructuring and cost-cutting, we have not lost sight of the importance of further enriching our product mix. Demand growth for glass is driven to a great extent by legislation and regulations concerning safety, noise attenuation and the response to the growing need for energy conservation. Architects and car designers are increasing their use of glass in buildings and vehicles, particularly value-added glass.

Our Architectural products play a vital role in improving energy efficiency and reducing CO<sub>2</sub> emissions. They also offer other advanced functionality, protecting against fire, insulating against noise, offering safety and security, privacy, decoration and even self-cleaning properties. Glass also has an important role to play in the development of the Solar Energy sector. We supply products for all three of the leading technologies, converting power from the sun into clean renewable energy.

In Automotive, our added-value products include advanced solar control glass for passenger comfort, glass heating systems to control condensation and icing, security glazing and glazing systems, including encapsulations, extrusions and components added after basic manufacture. We are increasingly involved in supporting advanced technologies such as Head-Up Display. From being included in just one per cent of vehicles in 2010, this technology is expected to be specified in five per cent in 2016.

Technical Glass supplies a range of value-added products in a number of discrete sectors, including very thin glass for small displays in phones and tablet devices, lenses and light guides for printers, as well as glass fiber products, such as battery separators and glass cord for engine timing belts.

The potential for the development of common technologies and cross-fertilization of ideas between our business sectors are two of the drivers behind the recent restructuring of our worldwide R&D function.



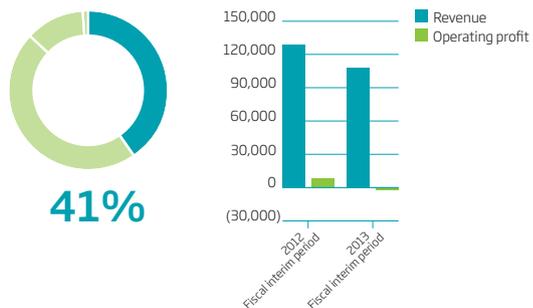
#### **New off-line coater extends value-added product range in Europe**

Commissioned in November 2012, the new coater, at St Helens, UK is one of the most advanced facilities of its type in the world. It enables ultra-thin special coatings to be applied to glass, creating a range of high performance energy-saving Architectural glazing products.

# BUSINESS SUMMARY BY SEGMENT

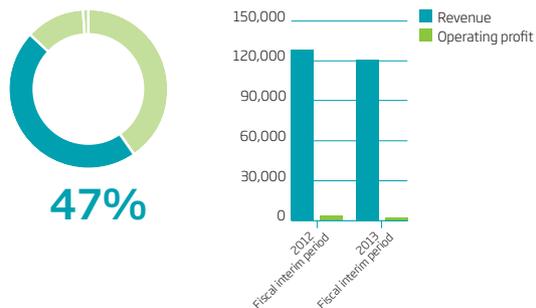
## Architectural

Group revenue and operating profit  
Millions of yen



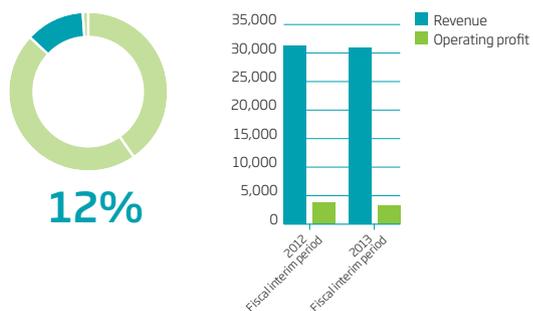
## Automotive

Group revenue and operating profit  
Millions of yen



## Technical Glass

Group revenue and operating profit  
Millions of yen



## Other

Group revenue and operating costs  
Millions of yen



## REVIEW OF OPERATIONS

### Architectural



The Architectural business was loss-making during the first two quarters, following a reduction in volumes from the previous year's levels. Results improved during the second quarter, as volumes stabilized and cost savings from the Group's restructuring program began to be realized. Solar Energy dispatches were significantly below the previous year. The Group announced temporary reductions in its float capacity in Europe and the USA.

In Europe, revenues and profits fell from the previous year, reflecting overcapacity and a weak pricing environment. Prices recovered slightly towards the end of the second quarter, with price increases in several markets.

Revenues in Japan were below the previous year, with flat domestic markets and reduced dispatches of Solar Energy glass. Architectural volumes showed signs of recovery during the second quarter.

In North America, revenues and profits were below the previous year, with dispatches of Solar Energy glass down. Domestic residential and commercial volumes were largely flat but with some recovery during the second quarter. In the rest of the world revenues improved from the previous year, with a full period of Solar Energy sales from Vietnam. Volumes in South America were similar to the previous year. Market conditions in South East Asia remained challenging.

The Architectural business achieved revenues of ¥ 108,139 million and an operating loss of ¥ 2,617 million.

### Automotive



In the Automotive business, revenues fell from the previous year, due largely to a significant decline in volumes in Europe. This was partly offset by strong demand in Japan, where the first two quarters of the previous year had been affected by the March 2011 earthquake.

In Europe, the Original Equipment (OE) sector saw revenues and profits fall from the previous year, due to reduced demand. Results in the Automotive Glass Replacement (AGR) business also fell, with reduced demand partly offset by an increasing proportion of sales of higher value-added products.

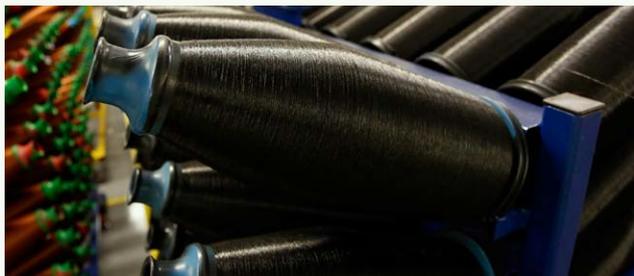
In Japan, revenues and profits were higher than the previous year. Following the March 2011 earthquake, which significantly impacted the start of the previous year, market volumes improved steadily during FY2012, and demand remained strong during the first two quarters of FY2013.

In North America, OE revenues improved from the previous year, due to increased volumes. AGR revenues fell however, with reduced market demand.

In the rest of the world, revenues and profits both fell, due mainly to challenging market conditions in South America, although consumer demand improved during the second quarter.

The Automotive business recorded sales of ¥ 121,057 million and an operating profit of ¥ 2,677 million.

## Technical Glass

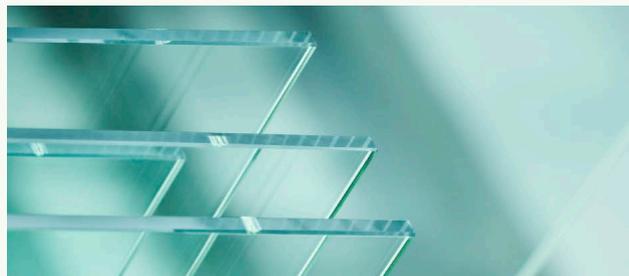


Revenues in the Technical Glass Business were similar to the previous year, with profits showing a moderate decline.

Demand for thin glass for displays remains stable. End-customer demand in sectors such as smart phones and tablet devices was generally positive, and demand for components used in multi-function printers improved. Demand for glass cord used in engine timing belts increased in Japan but fell in Europe, consistent with market conditions experienced in the Automotive business.

The Technical Glass business recorded revenues of ¥ 30,812 million and an operating profit of ¥ 3,238 million.

## Other



This segment covers corporate costs, consolidation adjustments, certain small businesses not included in the segments covered above and the amortization of other intangible assets related to the acquisition of Pilkington plc. Operating costs incurred in Other Operations and Eliminations fell from the previous year, due to cost savings and some non-recurring gains.

Consequently, this segment recorded revenues of ¥ 670 million and operating costs of ¥ 4,330 million.

# CONSOLIDATED FINANCIAL STATEMENTS

## Consolidated balance sheets

30 September 2012 and 31 March 2012

	Millions of yen	
	30 September 2012	31 March 2012
<b>ASSETS</b>		
<b>Non-current assets</b>		
Goodwill	94,421	105,018
Intangible assets	76,688	87,475
Property, plant and equipment	247,041	260,597
Investment property	626	675
Investments accounted for using the equity method	44,281	50,359
Trade and other receivables	12,262	7,806
Financial assets:		
Available-for-sale investments	8,069	9,156
Derivative financial instruments	657	1,356
Deferred tax assets	58,317	61,248
	542,362	583,690
<b>Current assets</b>		
Inventories	97,724	106,112
Construction work-in-progress	862	576
Trade and other receivables	101,852	111,583
Financial assets:		
Available-for-sale investments	519	3
Derivative financial instruments	2,027	2,354
Cash and cash equivalents	50,867	43,346
	253,851	263,974
Assets held for sale	978	1,088
	254,829	265,062
<b>Total assets</b>	<b>797,191</b>	<b>848,752</b>

	Millions of yen	
	30 September 2012	31 March 2012
<b>LIABILITIES AND EQUITY</b>		
<b>Current liabilities</b>		
Financial liabilities:		
Borrowings	174,444	110,375
Derivative financial instruments	1,934	2,363
Trade and other payables	101,830	112,746
Provisions	12,810	14,896
Deferred income	2,146	2,493
	293,164	242,873
<b>Non-current liabilities</b>		
Financial liabilities:		
Borrowings	236,270	283,565
Derivative financial instruments	1,894	1,909
Trade and other payables	1,060	2,751
Deferred tax liabilities	34,085	37,849
Retirement benefit obligations	78,609	87,306
Provisions	16,511	15,733
Deferred income	6,627	6,231
	375,056	435,344
Total liabilities	668,220	678,217
<b>Equity</b>		
<b>Capital and reserves attributable to the Company's equity shareholders</b>		
Called up share capital	116,449	116,449
Capital surplus	127,516	127,511
Retained earnings	12,502	30,793
Retained earnings (translation adjustment at the IFRS transition date)	(68,048)	(68,048)
Other reserves	(68,139)	(45,392)
<b>Total shareholders' equity</b>	<b>120,280</b>	<b>161,313</b>
<b>Non-controlling interests</b>	<b>8,691</b>	<b>9,222</b>
<b>Total equity</b>	<b>128,971</b>	<b>170,535</b>
<b>Total liabilities and equity</b>	<b>797,191</b>	<b>848,752</b>

## Consolidated statements of income

For the six-month periods ending 30 September

	Millions of yen	
	2012	2011
Revenue	260,678	288,543
Cost of sales	(203,847)	(212,814)
Gross profit	56,831	75,729
Other income	2,928	2,686
Distribution costs	(24,485)	(26,198)
Administrative expenses	(29,350)	(34,990)
Other expenses	(6,956)	(8,035)
Operating profit/(loss) before exceptional items	(1,032)	9,192
Exceptional items	(10,075)	-
Operating profit/(loss)	(11,107)	9,192
Finance income	904	1,141
Finance expense	(7,663)	(8,207)
Share of post-tax profits of joint ventures and associates accounted for using the equity method	200	4,255
Profit/(loss) before taxation	(17,666)	6,381
Taxation	1,108	(75)
Profit/(loss) for the period	(16,558)	6,306
Profit attributable to non-controlling interests	379	579
Profit/(loss) attributable to the owners of the parent	(16,937)	5,727
	(16,558)	6,306
Earnings per share attributable to the owners of the parent		
Basic	(18.77)	(6.35)
Diluted	(18.77)	(6.32)

## Consolidated statements of comprehensive income

For the six-month periods ending 30 September

	Millions of yen	
	2012	2011
Profit/(loss) for the period	(16,558)	6,306
Other comprehensive income		
Foreign currency translation adjustments	(22,691)	(41,976)
Retirement benefit obligations, net of taxation	-	(16,924)
Revaluation of available-for-sale investments	(3)	43
Cash flow hedges, net of taxation	(577)	(2,317)
Other comprehensive income for the period, net of taxation	(23,271)	(61,174)
Total comprehensive income for the period	(39,829)	(54,868)
Attributable to non-controlling interests	(117)	(638)
Attributable to owners of the parent	(39,712)	(54,230)
	(39,829)	(54,868)

## Consolidated statements of cash flows

For the six-month periods ending 30 September

	Millions of yen	
	2012	2011
Cash flows from operating activities	(2,617)	(11,935)
Cash flows from investing activities	(14,914)	(19,381)
Cash flows from financing activities	34,742	18,636
Net (decrease)/increase in cash and cash equivalents (net of bank overdrafts)	17,211	(12,680)
Cash and cash equivalents (net of bank overdrafts) at beginning of the period	24,797	46,491
Effect of foreign exchange changes	(1,361)	(3,069)
Cash and cash equivalents (net of bank overdrafts) at end of the period	40,647	30,742

# MANAGEMENT

as at 30 September 2012

NSG Group adopted a Company with Committees structure with effect from 27 June 2008.

## Directors

**Director, Chairman of NSG Group**

**Director, Vice Chairman**

**Director**

**Director**

**Director**

**External Director**

**External Director**

**External Director**

**External Director**

Katsuji Fujimoto

Tomoaki Abe

Keiji Yoshikawa

Clemens Miller

Mark Lyons

George Olcott

Sumitaka Fujita

Seiichi Asaka

Hiroshi Komiya

## Nomination Committee

Seiichi Asaka\*

Katsuji Fujimoto

Tomoaki Abe

George Olcott

Sumitaka Fujita

Hiroshi Komiya

Keiji Yoshikawa

## Executive Officers

**Representative Executive Officer,  
President and CEO**

**Representative Executive Officer,  
Executive Vice President and COO**

**Representative Executive Officer, CFO**

Keiji Yoshikawa

Clemens Miller

Mark Lyons

## Audit Committee

Sumitaka Fujita\*

Katsuji Fujimoto

Tomoaki Abe

George Olcott

Seiichi Asaka

Hiroshi Komiya

## Corporate Officers

**Senior Corporate Officer**

**Corporate Officer**

Tony Fradgley

Ichiro Fujiki

Koichi Hiyoshi

Minoru Imanishi

Phil Millichap

Shigeki Mori

Kenichi Morooka

Tom Rae

Phil Ramsey

Jochen Settelmayer

Luis Henrique Souza

Milena Stanisci

Phil Wilkinson

Kazumitsu Fujii

Kazuhiko Fujimaki

Keita Kakehashi

Masaya Kato

Hiroshi Kishimoto

Koichi Maeda

Koji Maehara

Paul Ravenscroft

Iain Smith

Shinji Tsuchie

## Compensation Committee

George Olcott\*

Tomoaki Abe

Sumitaka Fujita

Seiichi Asaka

Keiji Yoshikawa

\* Chairman

# STOCK INFORMATION

## Number of shares/shareholders

as at 30 September 2012

<b>Authorized shares</b>	1,775,000,000
<b>Issued shares</b>	903,550,999
<b>Number of shareholders</b>	93,770

## Major shareholders

as at 30 September 2012

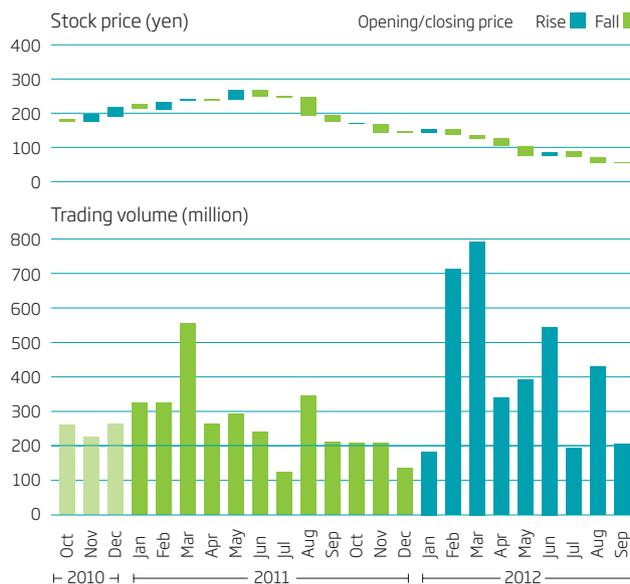
	Number of shares	Percentage of shares
The Master Trust Bank of Japan, Ltd. (Trust Account)	24,488,000	2.71
Japan Trustee Services Bank, Ltd. (Trust Account)	23,636,000	2.62
The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	14,863,000	1.64
Chase Manhattan Bank GTS Clients Account Escrow	14,627,439	1.62
BNY GCM Client Account JPRD AC ISG (FE-AC)	13,061,193	1.45
BNYM SA/NV For BNY GCM Client Account ELSCB	11,839,000	1.31
Credit Suisse Securities (Europe) Limited Main Account	10,300,923	1.14
Toyota Motor Corporation	9,610,650	1.06
Yoshihiko Nakayama	9,596,000	1.06
Sumitomo Life Insurance Company	9,148,000	1.01

## Distribution of NSG Group shareholders

as at 30 September 2012



## 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

**Record dates** Ordinary General Meeting of Shareholders: 31 March  
Dividend: 30 September and 31 March

**Transfer Agent** Sumitomo Mitsui Trust Bank, Limited  
4-1, Murunouchi 1-chome, Chiyoda-ku,  
Tokyo 100-8233, Japan

**Operating Office** Stock Transfer Agency Department,  
Sumitomo Mitsui Trust Bank, Limited  
4-1, Marunouchi 1-chome, Chiyoda-ku,  
Tokyo 100-8233, Japan

**Public Notice** [www.nsg.com](http://www.nsg.com)

**Independent Auditors** Ernst & Young ShinNihon LLC

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 as shown below.

**Mail address** Stock Transfer Agency Department,  
Sumitomo Mitsui Trust Bank, Limited  
1-10, Nikko-cho, Fuchu-shi,  
Tokyo 183-8701, Japan

**Telephone number** 0120-176-417 (toll free in Japan)

**Please be advised that the mail address and telephone number of the transfer agent will change to the following from January 2013:**

**Mail address** Stock Transfer Agency Department,  
Sumitomo Mitsui Trust Bank, Limited  
8-4, Izumi 2-chome, Suginami-ku,  
Tokyo 168-0063, Japan

**Telephone number** 0120-782-031 (toll free in Japan)

## CORPORATE DATA

as at 30 September 2012

<b>Company name</b>	Nippon Sheet Glass Co., Ltd.
<b>Head Office</b>	Sumitomo Fudosan Mita Twin Building West Wing, 5-27, Mita 3-chome, Minato-ku, Tokyo 108-6321 Japan Tel: +81-3-5443-9500
<b>Established</b>	22 November 1918
<b>Number of employees</b>	28,846 (consolidated)
<b>Paid-in capital</b>	¥116,449 million
<b>Stock listing</b>	Tokyo and Osaka (Code: 5202)
<b>Contact</b>	<a href="http://www.nsg.com/en/contact-us">www.nsg.com/en/contact-us</a>



## **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: +81-3-5443-9500

Contact: [www.nsg.com/en/contact-us](http://www.nsg.com/en/contact-us)

[WWW.NSG.COM](http://WWW.NSG.COM)