FY2010 Annual Consolidated Financial Results

14 May 2010

(English translation of the Japanese original)

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

Representative:	Representative Executive Director President and CEO	Name:	Katsuji Fujimoto
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Date of annual general shareholders meeting: 29 June 2010

Submission of annual financial statements to MOF: 30 June 2010

Payment of dividends starts from: 8 June 2010

Note: Fractional amounts rounded to nearest million yen

1. Consolidated business results for FY2010 (From 1 April 2009 to 31 March 2010)

(1) Consolidated business results

Percentages indicate year-on-year change

	Sales		Operating income		Ordinary Income		Net Income	
	million JPY	%	million JPY	%	million JPY	%	million JPY	%
FY2010	588,394	(20.4)	(17,183)	-	(28,552)	-	(41,313)	-
FY2009	739,365	(14.6)	1,908	(95.9)	(12,259)	-	(28,392)	-

	Net income per share - basic	Net income per share - diluted	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
FY2010	JPY (65.61)	JPY -	(17.3)%	(2.9)%	(2.9)%
FY2009	JPY (42.49)	JPY -	(9.4)%	(1.0)%	0.3%

Note: Income attributable to investments in affiliates

FY2010 JPY 2,396million FY2009 JPY 1,585 million

(2) Changes in financial position

	Gross assets	Net assets	Equity ratio	Net assets per share
	million JPY	million JPY	%	JPY
FY2010	933,721	239,931	24.7	297.73
FY2009	1,025,221	257,223	24.1	369.15

Note: Total Equity

FY2010 JPY 230,306million FY2009 JPY 246,648 million

(3) Consolidated statement of cash flow

	Net cash generated from operating activities	Net cash generated from (used in) investing activities	Net cash generated from (used in) financial activities	Cash and cash equivalents as of term-end
	million JPY	million JPY	million JPY	million JPY
FY2010	(2,768)	(5,887)	(11,130)	55,995
FY2009	(32,597)	2,589	15,840	75,598

2. Dividends

	Dividends per share					Dividends paid (annual)	Payout ratio	Dividends over net assets
	Q1	Q2	Q3	Q4	Total			
FY2009 (actual)	-	JPY 3.0	-	JPY 3.0	JPY 6.0	JPY 4,009m	-%	1.3%
FY2010 (actual)	-	JPY 3.0	-	JPY 3.0	JPY 6.0	JPY 4,009m	-%	1.8%
FY2011 (forecast)	-	JPY 3.0	-	JPY 3.0	JPY 6.0	-	-%	-

Note: The above table includes dividends per share for common stock only. The dividends anticipated to be paid on preferred shares are set out on page 4.

3. Forecast for FY2011 (From 1 April 2010 to 31 March 2011)

	Sales		Operating income		Ordinary Income		Net Income		Net income per share
	million JPY	%	million JPY	%	million JPY	%	million JPY	%	JPY
Half year	300,000	2.4	4,000	-	1,000	-	(3,000)	-	(6.56)
Full year	600,000	2.0	10,000	-	4,000	-	(4,000)	-	(10.13)

4. Others

(1) Changes in status of principal subsidiaries, "Tokutei-Kogaisya", included in the consolidated accounts: No
Newly established: 0; excluded: 0

(2) Changes in accounting policies, procedures, and presentation
1) Changes implemented due to newly adopted or amended regulations: Yes
2) Other changes: Yes
(for further details, please refer to page 20)

(3) Number of issued ordinary shares
1) Number of ordinary shares, inclusive of treasury shares 669,550,999 (31 March 2009: 669,550,999)
2) Number of treasury shares 1,427,080 (31 March 2009: 1,398,921)
(for further details, please refer to page 29)

Unconsolidated financial results of the parent company

1. Financial results of FY2010 (From 1 April 2009 to 31 March 2010)

(1) Stand-alone business results

	Sales		Operating income		Ordinary Income		Net income	
	million JPY	%	Million JPY	%	million JPY	%	million JPY	%
FY2010	109,921	(26.4)	(9,395)	-	(1,932)	-	(4,832)	--
FY2009	149,419	(11.9)	(1,949)	-	(5,923)	-	21,597	--

	Net income per share		Diluted earnings per share	
FY2010	JPY	(11.01)	JPY	-
FY2009	JPY	32.32	JPY	30.37

(2) Stand-alone financial positions

	Gross assets	Net assets	Equity ratio	Net assets per share
	million JPY	million JPY	%	JPY
FY2010	598,062	298,261	49.8	398.42
FY2009	554,839	280,829	50.5	419.57

Note: shareholders equity

	million JPY
FY2010	297,577
FY2009	280,336

<u>Explanation for the appropriate usage of performance projections and other special items</u>

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 Europe, Japan, North and South America, and Asia), product supply/demand shifts, fluctuations in currency exchange and interest rates as well as price changes in primary fuels and raw materials. Please refer to the section entitled “Prospects” on page 8 for qualitative information such as the assumptions used for the projections.

2. Per share numbers set out in the above business results sections are attributable only to the common stock of the company.

Dividends for preferred stock

As proposed and detailed in a press release dated 20 May 2009, the Company issued 3,000,000 preferred shares with an issue price of ¥ 10,000 per share. The table below shows the dividend payable on these shares during FY2010. The preferred stock is unlisted and carries an annual dividend rate of 9.25 percent with an additional 1.5 percent for the first year following issuance.

	Dividends per share				
	Q1	Q2	Q3	Q4	Annual
Type A Preferred Stock					
FY2010 (Actual)	-	¥ 381.00	-	¥461.00	¥842.00
FY2011 (Forecast)	-	¥461.00	-	¥461.00	¥922.00

Based on a dividend per share of ¥ 922, the total dividend payable on preferred stock expected for FY2011 is ¥ 2,766million.

1. Business Performance and Financial Standing

(1) Business performance

1) Background to Results

The Group experienced challenging conditions in its major markets during the year. The first two quarters of the year were particularly severe with recessionary conditions prevalent in most of the major countries in which the Group operates. From the third quarter of the year market conditions gradually stabilized. In the fourth quarter, most of the Group's major markets stabilized at levels significantly better than earlier in the year, although still well below historically normal levels. The Group's building products markets suffered from low levels of commercial and residential construction activity. The underlying demand for building products glass is closely linked to general economic activity, but changes in economic growth take time to feed into demand for glass due to the time lag inherent in residential and commercial projects from approval to construction. Consequently, the increase in demand for building products glass, following the improving conditions in the final two quarters of the year, was marginal. The Group's automotive markets demonstrated improvements through the year, although concerns remain that demand may soften as government support programs come to an end. Specialty glass markets demonstrated steady improvement during the year.

In Europe, building products market conditions remained difficult, with flat glass volumes being approximately 20 percent below the previous year. In the fourth quarter volumes were negatively impacted by harsh weather conditions across much of central and northern Europe, although volumes did improve towards the year end date. Market prices softened due to the excess capacity created by the low volumes, although average prices in the quarter were higher than the same quarter of the previous year. In automotive markets, cumulative light vehicle sales were below the previous year. Fourth quarter volumes held at similar levels to previous quarters in the year whilst still being significantly below those experienced before the onset of the global economic downturn. Government scrappage schemes continued to provide support to the stable level of demand although the fourth quarter saw the conclusion of incentive schemes in some European countries. The European Automotive Glass Replacement (AGR) market continued to prove relatively resilient to the low level of general economic activity. Demand for glass cord improved steadily through the year.

In Japan, market conditions were challenging although the fourth quarter experienced some tentative improvements. New housing starts were significantly below the levels of the previous year although the rate of decline slowed markedly during the fourth quarter providing optimism that the current levels of activity may represent the bottom of the cycle. In Automotive markets, light vehicle sales were approximately 10 per cent below the previous year, however, fourth quarter light vehicles sales were approximately 20 per cent above the previous years' levels. Demand for Specialty Glass products continued to improve from the previous low levels.

The North American economy continued to experience low levels of economic activity. In the building products market, housing starts remain below the level of previous years, but, as in Japan, the rate of decline now appears to be slowing. The commercial market remains depressed. Earlier in the year sales of new cars were aided by the US government's scrappage program. Sales initially declined following the conclusion of this scheme, but have since improved through the fourth quarter as consumer confidence slowly began to return. The AGR market proved challenging, with increasing pressure on both prices and volumes.

In the rest of the world, the emerging markets in which the Group operates continued to perform relatively well compared to more developed markets.

2) Review by Business Segment

The Group's business lines cover three core product sectors; Building Products, Automotive, and Specialty Glass.

Building Products, representing 42 percent of Group sales, includes the manufacture and sale of flat glass and various interior and exterior glazing products within the commercial and residential markets. It also includes glass for the growing solar energy sector.

Automotive, with 46 percent of Group sales, supplies a wide range of automotive glazing for new vehicles and for replacement markets.

Specialty Glass, representing 12 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, as well as glass fiber products, such as air filters, battery separators, and glass components for engine timing belts.

The table below shows a summary of cumulative results by business line.

JPY millions	**Sales**		**Operating income**	
	FY2009	**FY2010**	**FY2009**	**FY2010**
Building Products	347,833	244,236	10,622	(9,614)
Automotive	299,096	265,017	1,292	221
Specialty Glass	75,397	66,112	3,758	3,643
Other Operations and Eliminations	17,039	13,029	(13,764)	(11,434)
Total	739,365	588,394	1,908	(17,183)

Building Products (BP) Business

In the Building Products (BP) business, the cumulative result for the year was significantly down on the previous year due to lower volumes and reduced prices in difficult market conditions across all territories. Conditions improved during the third and fourth quarters as markets demonstrated tentative signs of growth.

In Europe, representing 48 percent of the Group's BP sales, cumulative revenue was lower than in the previous year, due to lower prices and volumes in difficult markets. Consequently, the profit performance was also lower. Price increases, implemented earlier in the year, have held relatively well since, but experienced some softening during the fourth quarter winter months. During the second quarter of the year, the Group disposed of its downstream business in Switzerland and the majority of its downstream business in France.

Cumulative revenues in Japan, representing 31 percent of BP sales, fell as the continued weakness of commercial and residential construction markets led to significantly reduced volumes. As in Europe, losses narrowed as the year progressed with cost savings increasingly offsetting the impact of the difficult market conditions.

In North America, representing 9 percent of BP sales, revenues decreased compared to the prior year, due mainly to reduced prices. Headline prices declined steadily during the first three quarters of the year before stabilizing in the final quarter. Profits fell, as reduced input costs, the achievement of efficiency gains and an improving product mix were offset by lower market prices, reduced volumes and the bankruptcy of a major customer.

In the rest of the world, revenues and profits were relatively robust compared to the more developed markets. During the third and fourth quarters, the Group's businesses in South America and South East Asia benefited from increasing volumes and strengthening prices. In February, an earthquake in Chile resulted in the temporary cessation of production at the Group's float glass production facility in that country. The Group expects to recommence production in Chile during the coming financial year and is currently in discussions with its insurers regarding a potential claim.

The Building Products business achieved sales of ¥244,236 million and an operating loss of ¥9,614 million.

Automotive Business

In the Automotive business, cumulative revenues were significantly below the level of the previous year. The declined in profitability was less marked as the impact of lower volumes was partially offset by cost reductions.

Europe represents 50 percent of the Group's Automotive sales. In the European Original Equipment (OE) sector, cumulative revenues fell, due to reduced levels of demand, although several government scrappage schemes provided a temporary demand stimulus. The profit impact of the lower volumes was partially mitigated by savings generated by restructuring, and tight control over costs. Results in the AGR business were relatively robust, with revenues holding up well through the year.

In Japan, representing 17 percent of the Group's Automotive sales, revenues were significantly below last year, due to reduced levels of demand, although markets improved following the introduction of government incentive schemes. Profitability improved through the year as market conditions gradually improved and cost savings were realized.

In North America, representing 21 percent of the Group's Automotive sales, cumulative sales were significantly below the previous year, again due to reduced volumes. Volumes improved in the fourth quarter with strengthening vehicle sales as market conditions gradually improved. 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 were flat year on year while profits were above the prior year level as emerging market regions held up relatively well compared to more developed markets.

The Automotive business recorded sales of ¥265,017 million and operating income of ¥221 million.

Specialty Glass Business

Revenues in Specialty Glass were below the prior year although profits were maintained at close to previous year levels. The Specialty Glass business had a slow start to the year with weak export markets for printers and scanners. Profitability increased through the year however, in line with a steady improvement in market conditions. Earlier in the year the Group disposed of its Air Filters business, partly accounting for the decline in revenues from the previous year.

The Specialty Glass business recorded overall sales of ¥66,112 million and operating income of ¥3,643 million.

Other Operations

This segment covers corporate costs and engineering income, but also includes small businesses not included in the segments covered above. Operating losses incurred in Other Operations were below the previous year due mainly to engineering income recognized in the third quarter.

Consequently, this segment recorded sales of ¥13,029 million and an operating loss of ¥11,434 million.

Joint Ventures and Associates

The Group’s share of the results of its joint ventures and associates is included within non-operating income in the income statement. The Group’s share of joint ventures and associates net income increased as improvements in profitability of the Group’s Chinese joint ventures and associates more than offset the decline in profits from Cebrace, the Group’s joint venture in Brazil.

3) Prospects

The forecast of operating income, ordinary income and net income is set out on page 2. The Group anticipates gradual improvements in profitability in FY2011. Residential and commercial construction markets are expected to be stable with tentative growth anticipated in some territories. Further growth is expected in the Solar Energy sector. In some of the key European building products regions, price increases were implemented in April 2010 following the softening of prices during the fourth quarter. Business and consumer confidence will significantly influence demand for automotive vehicles following the cessation of government incentive schemes. The Group forecasts a further moderate increase in global light vehicle build rates during the year. The Group expects further improvement in markets for Specialty Glass products.

The operating result for the year to 31 March 2011 will benefit from a full year of cost savings resulting from the Group’s restructuring actions. During FY2010, the Group realized cost savings of ¥ 16,400 million and additional savings are anticipated in FY 2011.

Sustained cash generation remains key to the Group’s strategy. In FY2011 the Group again expects that capital expenditure will be less than asset depreciation, and that working capital will be tightly controlled across all businesses and regions.

On 15 April 2010 the group announced the appointment of Craig Naylor as President, Representative Director and CEO. Craig Naylor joined the Company on 1 May as CEO Designate and will formally assume his appointment after the shareholder meeting on 29 June 2010. He will succeed Katsuji Fujimoto, who becomes Chairman of NSG Group. The further development of the Group’s long-term growth strategy will be a key area of the new CEO’s focus over the coming year.

The long-term prospects for the Group’s businesses remain positive allowing the directors to recommend the maintenance of the full year dividend despite the net loss recorded during the period. The Group has identified a variety of areas that will drive long-term growth into the future as set out below:

Within Building Products, the drive to produce clean renewable energy will continue to fuel growth for the Group’s Solar Energy products business. Value added products, such as low-e glass designed to save energy in buildings, will become an increasingly important part of the Group’s building products portfolio in emerging markets, particularly in China and South America.

The Group expects to grow its Automotive business in emerging markets such as South America. Technological advances in areas such as solar energy control and weight reduction will play an important part in the future of Automotive glazing, and the Group expects to be a key player in these areas. The Group also expects to grow its AGR business both through organic growth and, where appropriate, strategic acquisitions.

A variety of exciting opportunities are expected to continue to generate growth within the Group’s Specialty Glass business, particularly in areas such as glass cord for engine timing belts, office equipment lens arrays, LCD touch-screen panels, and battery separators.

After making enquiries, the directors have a reasonable expectation that the Group will have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Group continues to apply the going concern basis in preparing these financial statements.

(2) Financial condition

Total assets at the end of March 2010 were ¥933,721 million, representing a decrease of ¥91,500 million from the end of March 2009. The Group has adopted “Net Debt” (interest-bearing debt minus cash and cash equivalents) as a Key Performance Indicator for its financial performance. The table below shows the movement of “Net Debt” following the acquisition of Pilkington in June 2006.

		Net Debt
		JPY million
FY2007 Quarter 1	30 June 2006	514,097
FY2007 Full year	31 March 2007	400,203
FY2008 Full year	31 March 2008	328,479
FY2009 Full year	31 March 2009	331,343
FY2010 Full year	31 March 2010	314,646

Net financial indebtedness decreased by ¥16,697 million from 31 March 2009 to ¥314,646 million at the period end, mainly due to the proceeds from the issuance of preference shares of ¥30,000 million, offset by restructuring expenditure in line with the Group’s previously announced programs. Currency movements generated an increase in net debt of approximately ¥1,700 million over the period. Gross debt was ¥394,442 million at the period end.

During the year, the Group refinanced external debt of approximately ¥164,000 million. This includes new facilities signed on 24 March 2010 totaling approximately ¥52,000 million and maturing in September 2013. The total proceeds were used, following the year end date, to prepay all remaining borrowings maturing in financial year 2011 and to provide sufficient levels of surplus headroom. In addition to the new debt facilities, the Group issued preference shares of ¥30,000 million during the year as announced on 10 August 2009. As at 31 March 2010, the Group had unused committed financial facilities of ¥52,000 million maturing in September 2013, and ¥40,000 million maturing in November 2013.

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Cash outflows from operating activities were ¥2,768 million. Cash outflows from investing activities were ¥5,887 million, including proceeds from the sale of securities of ¥14,454 million and the purchase of tangible fixed assets of ¥15,746 million. As a result, total cash outflows before financing were ¥8,655 million.

Cash flow indices

	FY2007	FY2008	FY2009	FY2010
Equity ratio	23.9%	27.2%	24.1%	24.7%
Equity ratio based on market value	29.3%	22.3%	15.8%	19.7%
Interest-bearing debts over net cash provided by operating activities	7.4	9.2	(13.1)	(142.5)
Interest coverage ratio	3.9	1.8	(1.7)	(0.1)

Notes:
Formulas for the computation of indices
Equity ratio: (Net assets – Minority interest – Stock options) / Total assets
Equity ratio based on market value: Total market capitalization / Total assets
Interest-bearing debts over net cash provided by operating activities: Gross financial indebtedness / Net cash provided by operating activities
Interest coverage ratio: Operating cash flows / Interest payment

1. All of the indices presented above are calculated based on consolidated financial figures.
2. Total market capitalization is calculated based on the number of outstanding shares after the deduction of treasury stocks.
3. Operating cash flows represent net cash provided by operating activities in the cash flow statement.
4. Interest bearing debts represent all debts on the consolidated balance sheet for which interest is paid.

(3) General Dividend Policy (and dividends for FY2009 and FY2010)

The Group's policy is to secure stable dividend payments based on stable business results. The Group intends to distribute a year end dividend of ¥3 per share. The full-year dividend payment will be ¥6 per share including the interim dividend of ¥3 per share. Please see page 2 for dividends projected for FY2010 and FY2011.

2. Status of group

This status of group disclosure has been omitted, as there were no major changes in the Group's business transactions chart or in the status of the Group's subsidiaries and affiliate companies information, from the FY2009 MOF "Yu-ho" report filing.

3. Management Policy and Long-Term Mission and Strategy

The fundamental principles of the Company's basic management policy are ensuring open and fair business dealings, adhering to corporate ethical standards, and contributing to the resolution of global environmental issues; all aimed at establishing a company with a spirit of innovation and a global presence, and maximizing Group company value for all stakeholders.

The mission of the NSG Group is to be the global leader in the manufacture and supply of glass products through the best use of our people and technology, and by the pursuit of innovation. The Company is organized around three business lines: Building Products, Automotive, and Specialty Glass.

The Company is following a 10-year, 3-Phase strategy, published in July 2006. This remains central to the Group's long term vision and the basic objectives remain in place. However, the Medium-term Plan targets set previously are under review as a result of the global market downturn, and we expect to revisit these later in the year.

The immediate operational focus is firmly on deriving the benefits of the restructuring program and on achieving the objectives of Phase 1; integrating the business and strengthening competitiveness, improving financial strength and preparing for future growth. Good progress has been made in meeting Phase 1 objectives, with the new integrated global organization now established, and operational synergies realized. The Group organization has been simplified and changes to the composition of the Board and in corporate governance announced. Net debt has been reduced by ¥199,000 million (39 per cent) since the acquisition of Pilkington in June 2006, with the target level of ¥350,000 million having been achieved one year earlier than planned. The ground is being prepared in emerging markets for future growth, with the creation of joint ventures and on-the-ground investment to ready the businesses for expansion in regions such as Eastern Europe, South America, India and China.

Phase 1 was originally planned for four years. At first the Group anticipated delivery of the target results ahead of schedule. It is now clear that, with the impact of the economic downturn, a longer period will be required. As announced in January 2009, the Group has carefully reviewed its investment plans to sharpen focus consistent with the growth strategy. Overall investment is being reduced in the short term, but with an increasing share of the remaining total being earmarked for investment in the sectors identified as having significant growth potential.

In Phase 2, the intention is to achieve aggressive growth in the flat glass business, expanding geographically, particularly into emerging markets. The aim is to improve competitiveness, launch major new products, improve R&D productivity and foster our key technologies.

In Phase 3, the Group will be exploring new areas for further growth, as well as exploring new businesses by leveraging both its customer base and its technical and operational competencies, pursuing acquisitions, mergers, and alliances in adjacent areas.

Following the appointment of Craig Naylor as President, Representative Director and CEO, the directors will review the Group's strategy during the current financial year and expect to issue a revised Medium-term Plan in November 2010.

4. Consolidated financial statements

(1) Consolidated balance sheet

	FY2009	FY2010
	JPY million	JPY million
ASSETS		
Current assets		
Cash and deposits	94,979	79,796
Notes and account receivables – trade	94,291	97,680
Merchandise and finished goods	69,335	56,107
Work in Process	10,352	10,375
Raw materials and supplies	34,139	32,309
Deferred tax assets (current)	974	560
Other current assets	24,977	24,765
Allowance for doubtful accounts	(3,815)	(4,146)
Total: Current assets	325,231	297,446
Fixed assets		
Tangible assets		
Buildings and structures	147,014	141,122
Accumulated depreciation	(79,334)	(78,184)
Buildings and structures – net	67,679	62,938
Machinery and vehicles	366,197	357,689
Accumulated depreciation	(188,927)	(199,666)
Machinery and vehicles – net	177,270	158,023
Tools and dies	41,603	45,330
Accumulated depreciation	(25,200)	(28,768)
Tools and dies – net	16,403	16,562
Land	46,483	39,774
Leased assets	8,089	8,179
Accumulated depreciation	(3,136)	(3,820)
Leased assets - net	4,953	4,359
Construction in progress	4,690	1,486
Total: Tangible fixed assets	317,478	283,140
Intangible assets		
Goodwill	132,882	122,653
Other intangible assets	127,283	113,381
Total: Intangible fixed assets	260,165	236,034
Investments and other assets		
Investments	55,935	59,224
Deferred tax assets (non-current)	48,363	47,836
Other non-current assets	19,382	12,009
Allowance for doubtful accounts	(1,334)	(1,969)
Total: Investments and other assets	122,347	117,100
Total: Fixed assets	699,989	636,275
Total : Assets	**1,025,221**	**933,721**

Consolidated balance sheet (continued)

	FY2009	FY2010
	JPY million	JPY million
LIABILITIES		
Current liabilities		
Notes and accounts payable - trade	61,902	68,898
Short-term bank borrowings	84,784	25,619
Current portion of long-term bank borrowings	-	41,533
Bonds maturing within one year	-	10,000
Lease obligations	3,038	1,984
Accrued income tax	19,369	6,023
Provision for employees' bonuses	2,458	5,405
Provision for directors' bonuses	8	14
Provision for losses incurring from enhanced early retirement program	245	-
Provision for Netherlands fine	2,590	625
Provision for warranties and claims	4,968	7,225
Provision for restructuring expenditure	10,941	3,485
Provision for German minority interest	3,192	353
Deferred tax liabilities (current)	3	5,562
Other current liabilities	75,817	58,409
Total: Current liabilities	269,315	235,134
Non-current liabilities		
Bonds	60,000	50,000
Long-term bank borrowings	273,557	262,326
Lease obligations	4,943	2,980
Accrued retirement benefits for employees	62,808	59,319
Accrued retirement benefits for directors	183	-
Provision for rebuilding furnaces	10,159	10,560
Environmental provision	6,531	7,401
Deferred tax liabilities (non-current)	62,271	45,919
Other non-current liabilities	18,232	20,152
Total: Non-current liabilities	498,683	458,656
Total : Liabilities	**767,998**	**693,790**
NET ASSETS		
Shareholders' Equity		
Common stock	96,147	96,147
Capital surplus	105,287	135,290
Retained earnings	118,159	71,696
Treasury stocks - at cost	(585)	(589)
Total: Shareholders' equity	319,009	302,544
Valuation and translation adjustments		
Unrealized holding gain on securities	2,339	836
Net unrealized loss on derivative instruments	(10,756)	(5,026)
Foreign currency translation adjustments	(63,944)	(68,048)
Total: Valuation and translation adjustments	(72,361)	(72,238)
Stock Options	493	684
Minority interests in consolidated subsidiaries	10,082	8,942
Total: Net assets	**257,223**	**239,931**
Total: Liabilities and Net Assets	**1,025,221**	**933,721**

(2) Consolidated income statement

	FY2009		FY2010	
	JPY million		JPY million	
Net sales		739,365		588,394
Cost of sales		537,269		440,055
Gross Income		202,095		148,339
Selling, general and administrative expenses		200,187		165,522
Operating income/(loss)		1,908		(17,183)
Non-operating income				
Interest income	6,787		1,929	
Dividend income	1,471		780	
Equity in earnings of affiliates	1,585		2,396	
Other non-operating income	1,526	11,369	1,336	6,441
Non-operating expense				
Interest expense	19,956		14,252	
Foreign exchange loss	2,807		-	
Other non-operating expense	2,773	25,537	3,558	17,809
Ordinary loss		(12,259)		(28,552)
Extraordinary income				
Gain from sale of fixed assets	1,337		1,809	
Gain from sale of investments in securities	7,720		4,137	
Gain from sale of investments in subsidiaries and affiliates	30,023		-	
Other	813	39,893	3,367	9,313
Extraordinary loss				
Loss on retirement of non current assets	1,106		-	
Loss on sale of non current assets	714		164	
Impairment of fixed assets	9,899		10,669	
Revaluation of investments in securities	1,388		-	
Loss arising on notification of EC fine	7,773			
Restructuring expenditure	15,375		4,629	
Other	4,895	41,149	7,714	23,176
Net loss before taxation and minority interest		(13,515)		(42,414)
Income tax - current	17,999		5,538	
Income tax - deferred	(5,167)	12,833	(8,015)	(2,477)
Minority interest in net income of subsidiaries		2,044		1,375
Net loss		(28,392)		(41,313)

(3) Consolidated statements of movement in net assets

	FY2009 JPY million	FY2010 JPY million
Shareholders' equity		
Capital stock		
Balance at the end of previous period	96,147	96,147
Changes of items during the period		
Issuance of new shares	-	15,000
Transfer of capital stock to capital surplus	-	(15,000)
Total changes of items during the period	-	-
Balance at the end of current period	**96,147**	**96,147**
Capital surplus		
Balance at the end of previous period	105,292	105,287
Changes of items during the period		
Movement in treasury stock	(5)	3
Issuance of new shares	-	15,000
Transfer of capital stock to capital surplus	-	15,000
Total changes of items during the period	(5)	30,003
Balance at the end of current period	**105,287**	**135,290**
Retained earnings		
Balance at the end of previous period	152,097	118,159
Changes of items during the period		
Dividends from surplus	(4,009)	(5,152)
Net loss	(28,392)	(41,313)
New inclusion of a subsidiary	(1,537)	-
Total changes of items during the period	(33,939)	(46,465)
Balance at the end of current period	**118,159**	**71,696**
Treasury stock		
Balance at the end of previous period	(541)	(585)
Changes of items during the period		
Purchase of treasury stock	(67)	(15)
Disposal of treasury stock	24	11
Total changes of items during the period	(43)	(4)
Balance at the end of current period	**(585)**	**(589)**
Total shareholders' equity		
Balance at the end of previous period	352,995	319,009
Changes of items during the period		
Issuance of new shares	-	30,000
Transfer of capital stock to capital surplus	-	-
Dividends from surplus	(4,009)	(5,152)
Net loss	(28,392)	(41,313)
Purchase of treasury stock	(67)	(15)
Disposal of treasury stock	19	14
New inclusion of a subsidiary	(1,537)	-
Total changes of items during the period	(33,986)	(16,466)
Balance at the end of current period	**319,009**	**302,544**

Consolidated statements of movement in net assets (continued)

	FY2009 JPY million	FY2010 JPY million
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	9,194	2,339
Changes of items during the period		
Net changes of items other than shareholders' equity	(6,855)	(1,503)
Total changes of items during the period	(6,855)	(1,503)
Balance at the end of current period	**2,339**	**836**
Deferred gains or losses on hedges		
Balance at the end of previous period	(127)	(10,756)
Changes of items during the period		
Net changes of items other than shareholders' equity	(10,628)	5,730
Total changes of items during the period	(10,628)	5,730
Balance at the end of current period	**(10,756)**	**(5,026)**
Foreign currency translation adjustment		
Balance at the end of previous period	(3,626)	(63,944)
Changes of items during the period		
Net changes of items other than shareholders' equity	(60,318)	(4,104)
Total changes of items during the period	(60,318)	(4,104)
Balance at the end of current period	**(63,944)**	**(68,048)**
Total valuation and translation adjustments		
Balance at the end of previous period	5,439	(72,361)
Changes of items during the period		
Net changes of items other than shareholders' equity	(77,801)	123
Total changes of items during the period	(77,801)	123
Balance at the end of current period	**(72,361)**	**(72,238)**
Subscription rights to shares		
Balance at the end of previous period	253	493
Changes of items during the period		
Net changes of items other than shareholders' equity	239	191
Total changes of items during the period	239	191
Balance at the end of current period	**493**	**684**
Minority interests		
Balance at the end of previous period	13,310	10,082
Changes of items during the period		
Net changes of items other than shareholders' equity	(3,228)	(1,140)
Total changes of items during the period	(3,228)	(1,140)
Balance at the end of current period	**10,082**	**8,942**

Consolidated statements of movement in net assets (continued)

	FY2009 JPY million	FY2010 JPY million
Total net assets		
Balance at the end of previous period	371,998	257,223
Changes of items during the period		
Issuance of new shares	-	30,000
Transfer of capital stock to capital surplus	-	-
Dividends from surplus	(4,009)	(5,152)
Net loss	(28,392)	(41,313)
Purchase of treasury stock	(67)	(15)
Disposal of treasury stock	19	14
New inclusion of a subsidiary	(1,537)	-
Net changes of items other than shareholders' equity	(80,789)	(826)
Total changes of items during the period	(114,776)	(17,292)
Balance at the end of current period	**257,223**	**239,931**

(4) Consolidated cash flow statement

	FY2009	FY2010
	JPY million	JPY million
Cash flows from operating activities:		
Loss before income taxes and minority interests	(13,515)	(42,414)
Adjustments for:		
Depreciation and amortization (excluding goodwill)	57,772	49,560
Amortization of goodwill	8,486	7,501
Loss on impairment of fixed assets	9,899	10,669
Allowance for doubtful debts	(198)	876
Accrued retirement benefits	(16,682)	(1,340)
Provision for repairs	395	401
EC automotive glass provision	(43,448)	-
German minority interest provision	3,967	(2,839)
Netherlands fine provision	3,219	(1,965)
Restructuring expenditure provision	13,296	(7,456)
Loss/(Gain) on disposal of non current assets	483	(873)
Gain on sale of investments in securities	(7,662)	(4,137)
Loss on valuation of investment securities	1,388	-
(Gain)/loss on sale of stocks of subsidiaries and affiliates	(30,023)	1,086
Equity in earnings in affiliates	(1,585)	(2,396)
Interest and dividend income	(8,258)	(2,709)
Interest expense	19,956	15,261
(Increase)/decrease of note and account receivable	37,271	(12,696)
(Increase)/decrease of inventories	(9,971)	12,845
Increase/(decrease) of note and account payable	(30,290)	736
Other, net	(6,820)	9,440
Sub total	(12,321)	29,553
Interest and dividend income received	10,861	5,797
Interest paid	(19,518)	(19,523)
Income taxes paid	(11,619)	(18,594)
Net cash used in operating activities	(32,597)	(2,768)
Cash flows from investing activities:		
Payments into time deposits	(196)	(361)
Withdrawals from time deposits	994	454
Purchase of investment securities	(671)	(17)
Sales of investment securities	9,705	7,668
Acquisition of investments in subsidiaries and affiliates	(2,559)	(7,016)
Sale of investments in subsidiaries and affiliates	42,639	14,454
Purchase of property, plant and equipment	(42,635)	(15,746)
Sales of property, plant and equipment	3,722	2,920
Purchase of intangible assets	(473)	(1,012)
Movement in short term loans receivable	(6,727)	(2,055)
Payments of long term loans receivable	(115)	(10,720)
Proceeds from repayment of long term loans receivable	-	5,543
Other, net	(1,095)	-
Net cash provided by/(used in) investing activities	2,589	(5,887)

Consolidated cash flow statement (continued)

	FY2009	FY2010
	JPY million	JPY million
Cash flows from financing activities:		
(Decrease)/Increase in short-term borrowings	(22,902)	441
Proceeds from long-term loan payable	98,160	144,846
Repayment of long-term loan payable	(65,858)	(176,030)
Repayment of finance lease obligations	(3,847)	(3,087)
Proceeds from issuance of bonds	26,828	-
Redemption of bonds	(10,000)	-
Proceeds from Issuance of new stock	-	30,000
Cash dividends paid	(4,009)	(5,152)
Cash dividends paid to minority shareholders	(2,465)	(862)
Other, net	(68)	(1,285)
Net cash provided by/(used in) financing activities	15,840	(11,130)
Effect of foreign exchange rate on cash and cash equivalents	(15,709)	181
Net decrease in cash and cash equivalents	(29,878)	(19,603)
Opening cash and cash equivalents at 1 April	103,293	75,598
Increase due to change in scope of consolidation	2,182	-
Closing cash and cash equivalents at 31 March	75,598	55,995

Notes regarding going concern

There were no issues or events arising during the quarter, which negatively affect the ability of the Group to continue as a going concern.

Summary of significant accounting policies

1. Scope of consolidation

	Count	Notes
(1) Consolidated subsidiaries as of 31 March 2010	223	
(2) Subsidiaries not included in the consolidation	15	None are accounted for by the equity-method
(3) Joint ventures and affiliates	32	20 are accounted for by the equity-method
(4) Changes in scope of consolidation		
Newly added to the group in the period	5	Siam MSG Thailand Co. Ltd. and other 4 companies
Removed from the group in the period	13	NSG Higashi Kanto S&M Co., Ltd. and other 12 companies
Affiliates newly accounted by equity-method	0	N/A
Affiliates ceased to be accounted by equity method	3	Taiwan Auto Glass Corporation and other 2 companies

2. Balance sheet dates of consolidated subsidiaries

All consolidated subsidiaries are consolidated using a balance sheet date of 31 March.

3. Accounting policies and practices

(1) Valuation method of assets

1) Securities

Other securities:

- Securities with fair value

  Stated at fair value by reference to market price, etc., as of the closing date, with changes in unrealized holding gain or loss charged directly to net assets and any disposal value determined by the moving average method
- Securities with no fair value

  Stated at cost determined by the moving-average method

2) Derivatives

Stated at their fair market value

3) Inventories

- Parent company and subsidiaries in Japan:

  Principally stated at cost determined by the moving average method (with provision for reducing the balance in case net realizable value decreases), except for a proportion of work in process determined by the last-in, last-out (LIFO) 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 method of depreciable assets

1) Tangible fixed assets

Depreciation is calculated by the straight-line method.

The estimated useful lives applied are principally as follows:

- Parent company and subsidiaries in Japan:

Buildings and structures	3-50 years
Machinery, equipment and vehicles	3-9 years

- Subsidiaries located outside Japan:

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

2) Intangible fixed assets

Amortization is calculated by the straight-line method. For computer software used in the parent company and subsidiaries within Japan, the estimated useful lives are determined within a period of five years. Intangible assets recognized upon acquisition of Pilkington, such as relationships with customers, brand, and developed technology, have depreciation periods not exceeding 20 years.

3) Leased assets

Leased assets procured by finance lease transactions, in which ownership is not transferred to the lessees are depreciated by the straight-line method to a nil residual value with the estimated useful lives assumed to be the same as the lease term periods.

(3) Provisions

1) Allowance for doubtful accounts

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

2) Provision for employees' bonuses

Provision for employees' bonuses is calculated on an accruals basis for the financial year on the expected amount to be paid to the employees.

3) Provision for directors' bonuses

Provision for directors' bonuses is calculated on an accruals basis for the financial year on the expected amount to be paid to the directors.

4) Provision for restructuring expenditure

Provision for restructuring expenditure is calculated based on costs associated with the restructuring initiatives performed by the Company and its subsidiaries, less amounts already spent.

5) Provision for German minority interests

Provision for German minority interests is calculated based on additional payments of principal and interest expected to be paid to former minority interest shareholders of Dahlbusch AG, a German subsidiary of the Group.

6) Provision for Netherlands fine

Provision for Netherlands fine is created for potential future payments following an investigation undertaken by the Netherlands Competition Commission. The amount is calculated based on guidelines within Netherlands law.

7) Provision for warranties and claims

Provision for warranties and claims is calculated based on future financial risk incurring from warranties and claims of products sold.

(Additional information)

Except for NSG UK Enterprises Ltd and its subsidiaries, warranty and claim costs were previously expensed as received. From the start of FY2010 the method has changed to providing an estimated amount based upon potential future payments that are reliably measurable. Due to this change, ¥1,820 million, an amount estimated as of 1 April, 2009, was provided and posted to other extraordinary loss.

Due to this change, operating loss and ordinary loss decreased by ¥ 510 million and net loss before taxation and minority interest increased by ¥1,820 million, compared to the previous application. Please refer to segmental information section for the impact these changes have had on the segmental analysis.

8) Accrued retirement benefit for employees

Accrued retirement benefit for employees is provided at an amount calculated based on the retirement benefit obligation and the fair value of the pension plan assets.

Past years' service costs related to pension schemes are generally expensed as incurred, and 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.

(Change in accounting policies)

From this financial year, "Partial Amendment of Accounting Standard for Retirement Benefits (Part 3)" (Accounting Standards Board of Japan Statement No.19, issued on 31 July 2008) has been applied. The application of this accounting standard did not generate any impact on the Group's retirement benefit obligations and also did not have any impact on the Group's profit and loss.

9) Provision for rebuilding furnaces

Provision 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, in order to prepare for periodic large-scale repairs to furnaces.

10) Environmental provision

The environmental provision is calculated based on future financial risk relating to environmental preservation.

(Additional information)

Except for NSG UK Enterprises Ltd and its subsidiaries, environmental costs were previously posted at other current liabilities. From the start of FY2010 the method of calculation has changed to record a provision based upon reliably measurable future payments. Due to this change, ¥ 922 million, an estimated amount as of 1 April, 2009, was provided and posted to other extraordinary loss.

Consequently, net loss before taxation and minority interest increased by ¥ 922 million, compared to the previous application. There were no impacts from this change on segmental information.

(4) Hedge accounting

Parent company and subsidiaries in Japan:

1) Hedge accounting methods

The recognition of 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 that meet certain conditions are accounted for, by "Special method", as if the interest rates applied to the swaps had originally applied to the underlying debt.

2) Hedging instruments and hedged items

Hedging instruments: Forward foreign exchange contracts
Hedged items : Accounts receivable and accounts payable denominated in foreign currencies and forecast transactions denominated in foreign currencies
Hedging instruments: Interest rate swaps
Hedged items : Interest on loans
Hedging instruments: Commodity swaps
Hedged items : Forecast energy purchases

3) Hedging policy

The Company and its domestic consolidated subsidiaries utilize derivative financial instruments to hedge the risks associated with fluctuations in 1) foreign exchange rates and 2) interest rates 3) commodity prices in accordance with Group Treasury Policies.

4) Assessment method of hedge effectiveness

The Company and its consolidated subsidiaries evaluate the effectiveness of their hedging activities by comparing the latest valuations and projections of hedged items with the hedges currently in place on a semi-annual basis.
As for interest swaps accounted for by "Special method", the above assessment process is omitted, as conditions for "Special methods" are satisfied.

Subsidiaries located outside Japan:

The 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.

1) Fair value hedge

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.

2) Cash flow hedge

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.

3) Net investment hedge

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.

4) Derivatives that do not qualify for hedge accounting

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

(5) Other important policies for the preparation of the financial statements

1) Accounting for consumption tax

All accounts are presented net of consumption tax.

2) Treatment of deferred assets

Expenses incurred upon issuance of corporate bonds and shares are charged to the income statement

3) 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: 17 May 2006), and for those items stated in this PITF, necessary adjustments are made upon consolidation.

4) Amortization of goodwill

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

4. Valuation of assets and liabilities of the consolidated subsidiaries

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

5. Cash and cash equivalents

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash on hand, deposits with banks redeemable 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.

Note: As well as positive cash balances, cash and cash equivalents include overdrawn balances on the balance sheet within short term borrowings.

Change in accounting principles

(Application of accounting standard for construction contracts)

From this financial year, “Accounting Standard for Construction Contracts” (Accounting Standards Board of Japan Statement No.15, issued on 27 December 2007) and the “Guideline to Apply the Accounting Standards on Construction Contracts” (Guideline to Apply the Accounting Standards Board of Japan Statement No.18, issued on 27 December 2008) have been applied. As a result, for the construction contracts launched during this financial year, the percentage of completion basis method with cost proportion method to estimate the progress of construction is applied for the construction works with assured progress as of the end of this financial year, and the completed work basis method is applied for other construction works. The application of this accounting standard did not have a material impact on the Group’s financial results or balance sheet for the period.

Amendments to the basis of preparation

(**Consolidated balance sheet)**

1. “Environmental provision” for the entities other than NSG UK Enterprises Ltd and its subsidiaries, which was previously included in “Other current liabilities”, is presented separately from this financial year. The amount of “Environmental provision” in the prior year accounts was ¥229 million.

2. “Current portion of long-term bank borrowings”, which was previously included in “Short-term bank borrowings”, is presented separately from this financial year due to its increased materiality. The amount of “Current portion of long-term bank borrowings” in the prior year accounts was ¥61,254 million.

(Consolidated income statement)

1. “Foreign exchange loss”, which was previously presented separately, was presented by being included in “Other non-operating expense” from this financial year. The amount of “Foreign exchange loss” for this financial year accounts was ¥285 million.

2. “Gain from sale of investments in subsidiaries and affiliates”, which was previously presented separately, is presented in “Other extraordinary income” from this financial year. Similarly, “Loss on retirement of non current assets” and “Revaluation loss of investments in securities”, which were previously presented separately, are included in “Other extraordinary loss” from this financial year. The amounts of “Gain from sale of investments in subsidiaries and affiliates”, “Loss on retirement of non current assets” and “Revaluation loss of investments in securities” for this financial year were ¥771 million, ¥773 million and ¥6 million, respectively.

(Consolidated cash flow statement)

1. “(Gain)/loss on valuation of investment securities”, which was previously presented separately, is included in “Other-net” in cash flows from operating activities section from this financial year. The amount of “(Gain)/loss on valuation of investment securities” for this financial year was ¥6 million.

2. “Proceeds from repayment of long term loans receivable”, which was previously included in “Other-net” in cash flows from investing activities section, was presented separately from this financial year due to its increased materiality. The amount of “Proceeds from repayment of long term loans receivable” in the prior year accounts was ¥476 million.

Segmental information

By Business Line

FY2009 (1 April 2008 to 31 March 2009) (JPY million)

	Building Products	Automotive	Specialty Glass	Other Operations	Total	Eliminations	Consolidated
Sales and operating income							
Sales							
(1) Sales to customers	347,833	299,096	75,397	17,039	739,365	-	739,365
(2) Inter-segmental sales	2,461	3,895	972	4,782	12,110	(12,110)	-
Total sales	350,294	302,991	76,370	21,821	751,475	(12,110)	739,365
Operating expenses	339,671	301,698	72,612	35,714	749,696	(12,240)	737,456
Operating income	10,622	1,292	3,758	(13,893)	1,779	129	1,908
Total assets	388,339	385,259	93,465	158,158	1,025,221	-	1,025,221
Depreciation and amortization	28,086	30,111	4,118	4,046	66,361	(103)	66,258
Asset impairment charges	1,381	8,518	-	-	9,899	-	9,899
Capital expenditures	20,990	15,574	3,788	1,791	42,143	(20)	42,123

FY2010 (1 April 2009 to 31 March 2010) (JPY million)

	Building Products	Automotive	Specialty Glass	Other Operations	Total	Eliminations	Consolidated
Sales and operating income							
Sales							
(1) Sales to customers	244,236	265,017	66,112	13,029	588,394	-	588,394
(2) Inter-segmental sales	12,015	2,449	1,219	4,323	20,006	(20,006)	-
Total sales	256,251	267,466	67,331	17,352	608,400	(20,006)	588,394
Operating expenses	265,865	267,245	63,688	28,786	625,583	(20,006)	605,577
Operating income	(9,614)	221	3,643	(11,434)	(17,183)	-	(17,183)
Total assets	350,387	371,940	65,217	146,177	933,721	-	933,721
Depreciation and amortization	23,520	26,351	3,584	3,606	57,061	-	57,061
Asset impairment charges	5,075	1,861	144	3,590	10,669	-	10,669
Capital expenditures	5,689	12,723	2,051	352	20,814	-	20,814

Notes:

1. Method of segmentation

Segmentations are defined by the categorization of parent company's external sales.

2. Products included in business segments

Building products: Glass (float, laminated, coated etc) for building materials, and solar energy glass

Automotive: Processed glass related to automotive and transportation applications

Specialty glass: Micro optics, fine glass, industrial glass, LCD, specialized glass fiber products

Other: Engineering and general corporate expenses

3. Depreciation, amortization and capital expenditure amounts include those with respect to non-current prepaid expenses.

4. Effects due to changes in method of accounting.

FY2009 (For the period of 1 April 2008 to 31 March 2009)

Accounting standard for the valuation of inventories

As presented in the "Summary of significant accounting policies", the Company and consolidated subsidiaries have applied the "Accounting Standards for Valuation of Inventories" (Accounting Standard No.9, issued on 5 July 2006) from FY2009. Due to the application of this new standard, operating income for the "Building products" business decreased by ¥38 million, "Automotive" business decreased by ¥104 million and "Specialty glass" business decreased by ¥42 million, respectively during FY2009.

Depreciation method for tangible fixed assets

As presented in the "Summary of significant accounting policies", the Company and consolidated subsidiaries have changed the depreciation method for tangible fixed assets to the straight-line method from the reducing balance method from FY2009. Due to the change of depreciation method, operating income for the "Building products" business increased by ¥478 million, "Automotive" business increased by ¥844 million, "Specialty glass" business increased by ¥684 million, and "Others" increased by ¥87 million, respectively during FY2009.

Depreciation method for tangible fixed assets

As presented in the "Summary of significant accounting policies", the Company has changed the estimated useful life of machinery and equipment to be within the range of 3 to 9 years, which was previously 3 to 15 years, from FY2009. Due to the change of depreciation method, operating income for the "Building products" business decreased by ¥166 million, "Automotive" business decreased by ¥44 million, and "Specialty glass" business decreased by ¥174 million, respectively during FY2009.

Accounting standard for lease transactions

From the beginning of FY2009 the Company has applied the "Accounting Standard for Lease Transactions" (Accounting Standard No.13, issued on 17 June 1993 by the Business Accounting Council, amended on 30 March 2007) and the "Guidance on Accounting Standards for Lease Transactions" (Guidance No.16, issued on 18 January 1994 by the Accounting Standards Committee of the Japanese Institute of Certified Public Accountants, amended 30 March 2007). The impact on the operating income of the Company's businesses was minimal.

FY2010 (For the period of 1 April 2009 to 31 March 2010)

Changes in standards to record construction revenue and the cost of construction work

As presented in the "Summary of significant accounting policies", from FY2010, "Accounting Standard for Construction Contracts" (Accounting Standards Board of Japan Statement No.15, issued on 27 December 2007) and the "Guideline to Apply the Accounting Standards on Construction Contracts" (Guideline to Apply the Accounting Standards Board of Japan Statement No.18, issued on 27 December 2008) have been applied. The application of this accounting standard did not have a material impact on the Group's financial results or balance sheet for the period.

Provision for warranties and claims

As presented in the "Summary of significant accounting policies", for FY2010, the method of booking provision for warranties and claims has been changed. Due to this change, operating loss for the "Building products" business decreased by ¥470 million and operating income for "Specialty glass" business increased by ¥40 million in FY2010.

By Geography

FY2009 (1 April 2008 to 31 March 2009)

(JPY million)

	Japan	Europe	North America	Rest of World	Total	Eliminations	Consolidated
Sales and operating income							
Sales							
(1) Sales to customers	206,795	348,283	94,122	90,164	739,365	-	739,365
(2) Inter-segmental sales	20,574	197,152	24,797	22,506	265,029	(265,029)	-
Total sales	227,369	545,436	118,919	112,670	1,004,394	(265,029)	739,365
Operating expenses	228,794	543,166	124,095	106,760	1,002,814	(265,358)	737,456
Operating income	(1,424)	2,270	(5,176)	5,910	1,580	329	1,908
Total assets	216,251	559,220	118,640	131,110	1,025,221	-	1,025,221

FY2010 (1 April 2009 to 31 March 2010)

(JPY million)

	Japan	Europe	North America	Rest of World	Total	Eliminations	Consolidated
Sales and operating income							
Sales							
(1) Sales to customers	167,306	258,720	78,417	83,951	588,394	-	588,394
(2) Inter-segmental sales	114,392	158,542	19,203	24,414	316,551	(316,551)	-
Total sales	281,698	417,262	97,620	108,365	904,945	(316,551)	588,394
Operating expenses	285,754	431,016	104,320	101,039	922,129	(316,551)	605,577
Operating income	(4,056)	(13,754)	(6,700)	7,326	(17,183)	-	(17,183)
Total assets	144,049	521,061	129,036	139,576	933,721	-	933,721

Notes:

1. Method of segmentation

Segmentations are defined by the geographical relevance of countries and regions in which the businesses operate.

2. Countries and regions included in the geographical segments

Europe: United Kingdom, Germany, Italy and others

North America: United States of America, Canada and Mexico

Rest of World: Brazil, Argentina, Chile, China, Malaysia and others

3. Effect due to changes in method of accounting

FY2009 (For the period of 1 April 2008 to 31 March 2009)

Accounting standard for the valuation of inventories

As presented in the “Summary of significant accounting policies”, the Company and consolidated subsidiaries have applied the “Accounting Standards for Valuation of Inventories” (Accounting Standard No.9, issued on 5 July 2006) from FY2009. Due to the application of this new standard, operating income for “Japan” decreased by ¥ 185 million during the FY2009 financial year.

Depreciation method for the tangible fixed assets

As presented in the “Summary of significant accounting policies”, the Company and consolidated subsidiaries have changed the depreciation method for tangible fixed assets to the straight-line method from FY2009. Due to the change of depreciation method, operating income for “Japan” increased by ¥ 2,093 million during the FY2009 financial year.

Depreciation method for the tangible fixed assets
As presented in the “Summary of significant accounting policies”, the Company has changed the estimated useful life of machinery and equipment to be within the range of 3 to 9 years, which was previously 3 to 15 years, from FY2009. Due to the change of depreciation method, operating income for “Japan” decreased by ¥ 385 million during the FY2009 financial year.

Accounting standard for lease transactions
From the beginning of FY2009, the Company has applied the “Accounting Standard for Lease Transactions” (Accounting Standard No.13, issued on 17 June 1993 by the Business Accounting Council, amended on 30 March 2007) and the “Guidance on Accounting Standards for Lease Transactions” (Guidance No.16, issued on 18 January 1994 by the Accounting Standards Committee of the Japanese Institute of Certified Public Accountants, amended 30 March 2007).
The impact on the operating income of the Company’s businesses was minimal in FY2009.

FY2010 (For the period of 1 April 2009 to 31 March 2010)
Changes in standards to record construction revenue and the cost of construction work
As presented in the “Summary of significant accounting policies”, from FY2010, “Accounting Standard for Construction Contracts” (Accounting Standards Board of Japan Statement No.15, issued on 27 December 2007) and the “Guideline to Apply the Accounting Standards on Construction Contracts” (Guideline to Apply the Accounting Standards Board of Japan Statement No.18, issued on 27 December 2008) have been applied. The application of this accounting standard did not have a material impact on the Group’s financial results or balance sheet for the period.

Provision for warranties and claims
As presented in the “Summary of significant accounting policies”, from FY2010, the method of booking provision for warranties and claims has been changed. Due to this change, operating loss for “Japan” decreased by ¥ 510 million in FY2010.

Overseas sales

FY2009 (1 April 2008 to 31 March 2009)

(JPY million)

	Europe	North America	Asia	Rest of World	Total
Overseas sales	330,691	91,972	63,733	62,034	548,430
Consolidated sales					739,365
Percentage of overseas sales to consolidated sales	44.7%	12.4%	8.6%	8.4%	74.2%

FY2010 (April 2009 to 31 March 2010)

(JPY million)

	Europe	North America	Asia	Rest of World	Total
Overseas sales	245,974	73,799	69,021	52,906	441,700
Consolidated sales					588,394
Percentage of overseas sales to consolidated sales	41.8%	12.5%	11.7%	9.0%	75.1%

Notes:

1. Overseas sales consist of export sales of the Company and domestic consolidated subsidiaries, and sales (other than exports to Japan) of the overseas consolidated subsidiaries.

2. Method of segmentation
Segmentations are defined by the geographical relevance of countries and regions in which the businesses operate.

3. Countries and regions included in the geographical segments

Europe:	United Kingdom, Germany, Italy and others
North America:	United States of America, Canada and Mexico
Asia:	China, Malaysia, Philippines and others
Rest of World:	Brazil, Argentina, Chile and others

Omission Disclosure

To improve the clarity of the 'Tanshin' report, explanatory notes to the balance sheet, income statement, cash flow statement, and statement of changes in net assets have been omitted. Such notes are included in the Group's annual 'Yuho' filing.

Per Share Information

(JPY)

	FY2009	FY2010
Net assets per share	369.15	297.73
Net loss per share	(42.49)	(65.61)
Diluted earnings per share	(Diluted net income per share is not disclosed as a net loss was recorded during the period)	(Diluted net income per share is not disclosed as a net loss was recorded during the period)

Basis for the computation of amounts per share

	FY2009	FY2010
Net income per share		
Net loss for the period	¥ (28,392 million)	¥ (41,313 million)
Income attributable to preference shareholders	-	2,526 million
Loss attributable to ordinary shareholders	¥ (28,392 million)	¥ (43,839 million)
Average number of issued shares (No. of shares: in ‘000s)	668,204	668,126
Diluted earnings per share		
Common stock		
Bonds with stock options (No. of shares: in ‘000s)	-	-
Stock options (No. of shares: in ‘000s)	-	-
Summary of equity instruments which were not included in the basis for calculating diluted net income per share as they are anti-dilutive	Yen convertible bonds with stock subscription rights due 2011:(face amount ¥23,000 million) First stock subscription rights:(455) Second stock subscription rights: (495) Third stock subscription rights: (345) Subscription rights issued in September 2007:(281) Subscription rights issued in September 2008:(461)	Yen convertible bonds with stock subscription rights due 2011:(face amount ¥23,000 million) First stock subscription rights:(455) Second stock subscription rights: (495) Third stock subscription rights: (345) Subscription rights issued in September 2007:(272) Subscription rights issued in September 2008:(448) Subscription rights issued in September 2009:(796) Type A preferred stock:(number of issued shares 3 million, total amount ¥30,000 million)

Significant subsequent events

Share exchange transaction

To strengthen the Group's Solar Energy Business in April 2010, the Group completed a share exchange transaction with China Glass Holdings Ltd, under which the Group acquired 100 percent control of Taicang Pilkington China Glass Special Glass Limited.

Under the terms of the share exchange agreement signed, the Group acquired the 50 percent stake owned by China Glass Holdings in Taicang Pilkington China Glass Special Glass Limited. In return, the Group sold to China Glass Holdings 14.68 percent of the issued share capital of JV Investments Limited. Accordingly, upon completion of the transaction NSG Group now owns100 percent of Taicang Pilkington China Glass Special Glass Limited and 25.46 percent of JV Investments Limited.

Following this transaction, the Group changed the name of Taicang Pilkington China Glass Special Glass Limited to Pilkington Solar (Taicang), Limited. Pilkington Solar (Taicang), Limited's principal activity is the manufacture and sale of low iron rolled glass. This glass is used in the manufacture of crystalline silicon based Solar Energy modules.

5. Unconsolidated financial statements of the parent company

(1) Balance sheet

	FY2009	FY2010
	JPY million	JPY million
ASSETS		
Current assets		
Cash and deposits	34,784	14,838
Note receivables – trade	2,262	2,454
Account receivable – trade	28,891	23,337
Merchandise Finished goods	18,073	13,374
Work in process	3,155	2,253
Raw materials and supplies	6,595	6,811
Prepaid expenses	466	522
Account receivable – other	4,270	10,075
Loan receivable to subsidiaries and affiliates	19,133	21,684
Other	391	690
Allowance for doubtful accounts	(2,186)	(2,114)
Total: Current assets	115,834	93,923
Fixed assets		
Tangible assets		
Buildings	70,397	69,301
Accumulated Depreciation	(50,403)	(50,253)
Buildings – net	19,993	19,048
Structures	11,054	10,978
Accumulated Depreciation	(9,139)	(9,221)
Structures – net	1,915	1,757
Machinery and equipment	114,886	114,053
Accumulated Depreciation	(97,605)	(98,541)
Machinery and equipment – net	17,280	15,512
Vehicles	325	306
Accumulated Depreciation	(296)	(285)
Vehicles – net	29	21
Tools and dies	14,817	15,703
Accumulated Depreciation	(11,576)	(12,446)
Tools and dies – net	3,241	3,257
Land	10,298	10,232
Leased assets	2,189	2,197
Accumulated Depreciation	(1,237)	(1,449)
Leased assets – net	952	748
Construction in progress	2,949	1,480
Total: Tangible fixed assets	56,657	52,055

Balance sheet (continued)

	FY2009	FY2010
	JPY million	JPY million
Intangible assets		
Goodwill	0	31
Patents	76	36
Leasehold rights	8	37
Right of using facilities	451	443
Software	4,131	4,473
Lease assets	2,513	900
Other intangible assets	54	51
Total: Intangible fixed assets	7,234	5,972
Investments and other assets		
Investments in securities	9,230	3,865
Investments in subsidiaries and affiliates	354,673	346,875
Loan receivable from outside of the group	15	9
Loan receivable from employees	18	10
Loan receivable from subsidiaries and affiliates	8,971	93,609
Accounts receivable from insolvent customers	147	257
Prepaid expenses (non-current)	1,060	850
Other	1,152	1,015
Allowance for doubtful accounts	(153)	(379)
Total: Investments and other assets	375,114	446,112
Total: Fixed assets	439,005	504,139
Total : Assets	**554,839**	**598,062**

Balance sheet (continued)

	FY2009	FY2010
	JPY million	JPY million
LIABILITIES		
Current liabilities		
Notes and accounts payable - trade	16,063	15,989
Long-term bank borrowings for repayment within one year	33,215	7,811
Bonds maturing within one year	-	10,000
Lease obligations	2,038	1,187
Accounts payable (construction and other)	5,727	10,393
Accrued income tax	7,301	119
Accrued expenses	4,571	1,629
Deposits from customers	13,292	5,752
Provision for employees' bonuses	1,177	1,229
Provision for directors' bonuses	-	14
Provision for warranties and claims	-	1,310
Provision for losses incurring from enhanced early retirement program	245	-
Provision for restructuring expenditure	797	-
Deposits from employees	339	183
Deferred tax liabilities	35	94
Other current liabilities	4,527	927
Total: Current liabilities	89,328	56,636
Non-current liabilities		
Bonds	60,000	50,000
Long-term bank borrowings	103,421	173,553
Lease obligations	2,354	1,181
Accrued retirement benefits for employees	3,515	3,557
Environmental provision	-	862
Provision for rebuilding furnaces	10,159	10,560
Deferred tax liabilities	3,929	2,625
Other non-current liabilities	1,303	828
Total: Non-current liabilities	184,682	243,165
Total : Liabilities	**274,010**	**299,801**

Balance sheet (continued)

	FY2009	FY2010
	JPY million	JPY million
NET ASSETS		
Shareholders' Equity		
Common stock	96,147	96,147
Capital surplus		
Additional paid-in capital	104,470	104,470
Other	2	30,005
Total: Capital surplus	104,472	134,474
Retained earnings		
Earned surplus	6,377	6,377
Other retained earnings		
Special reserve for advanced depreciation on fixed assets	137	-
Reserve for deferred gain on fixed assets	3,464	3,134
General reserve	44,977	44,977
Retained earnings carried forward	28,149	13,116
Total: Other retained earnings	83,103	67,604
Treasury stocks - at cost	(585)	(589)
Total: Shareholders' equity	283,137	297,637
Valuation and translation adjustments		
Unrealized holding gain on securities	2,165	592
Net unrealized holding loss on derivative instruments	(4,966)	(651)
Total: Valuation and translation adjustments	(2,801)	(59)
Stock Options	493	684
Total: Net assets	**280,829**	**298,261**
Total: Liabilities and Net Assets	**554,839**	**598,062**

(2) Income statement

	FY2009		FY2010	
	JPY million		JPY million	
Net sales		149,419		109,921
Cost of sales				
Merchandise and finished goods - beginning bl.	13,199		18,073	
Production cost for finished goods	67,006		63,426	
Purchase cost for merchandise	57,990		25,048	
Sub-total	138,196		106,546	
Transfer to other accounts	1,302		2,649	
Merchandise and finished goods – ending bl.	18,073	118,821	13,374	90,523
Gross Income		30,598		19,398
Selling, general and administrative expenses		32,547		28,793
Operating loss		(1,949)		(9,395)
Non-operating income				
Interest income	335		1,954	
Dividend income	2,324		12,275	
Rent income	839		-	
Other non-operating income	597	4,095	610	14,839
Non-operating expense				
Interest expense	2,169		3,862	
Interest on bonds	662		763	
Provision costs for doubtful accounts	1,050		-	
Labor difference	1,135		-	
Warranties and compensations	1,062		-	
Other non-operating expense	1,992	8,069	2,752	7,377
Ordinary loss		(5,923)		(1,932)

Income statement (continued)

	FY2009		FY2010	
	JPY million		JPY million	
Extraordinary income				
Gain from sale of fixed assets	831		1,182	
Gain from sale of investments in securities	7,401		4,088	
Gain from sale of investments in subsidiaries and affiliates	40,660		-	
Other	173	49,065	165	5,436
Extraordinary loss				
Loss from disposal of fixed assets	626		-	
Loss from sale of fixed assets	-		2	
Impairment of fixed assets	123		154	
Loss from revaluation of investments in securities	10		-	
Loss on redemption of investment securities	7,881		-	
Loss from revaluation of investments in subsidiaries and affiliates	605		2,476	
Loss from sale of investments in subsidiaries and affiliates	-		2,491	
Warranty provision costs	-		1,820	
Environmental provision costs	-		649	
Business structure improvement costs	797		-	
Other	36	10,079	1,067	8,658
Net income/(loss) before taxation and minority interest		33,063		(5,155)
Income tax - current	6,791		(5)	
Income tax - deferred	4,675	11,466	(317)	(323)
Net income/(loss)		21,597		(4,832)

(3) Statement of movements in net assets

	FY2009 JPY million	FY2010 JPY million
Shareholders' equity		
Capital stock		
Balance at the end of previous period	96,147	96,147
Changes of items during the period		
Issuance of new shares	-	15,000
Transfer of capital stock to capital surplus	-	(15,000)
Total changes of items during the period	-	-
Balance at the end of current period	**96,147**	**96,147**
Capital surplus		
Legal capital surplus		
Balance at the end of previous period	104,469	104,470
Changes of items during the period		
Issuance of new shares	-	15,000
Transfer of legal capital surplus to other capital surplus	-	(15,000)
Total changes of items during the period	-	-
Balance at the end of current period	**104,470**	**104,470**
Other capital surplus		
Balance at the end of previous period	6	2
Changes of items during the period		
Movement in treasury stock	(5)	3
Transfer of capital stock to capital surplus	-	15,000
Transfer of legal capital surplus to other capital surplus	-	15,000
Total changes of items during the period	(5)	30,003
Balance at the end of current period	**2**	**30,005**
Total capital surplus		
Balance at the end of previous period	104,476	104,472
Changes of items during the period		
Movement in treasury stock	(5)	3
Issuance of new shares	-	15,000
Transfer of capital stock to capital surplus	-	15,000
Transfer of legal capital surplus to other capital surplus	-	--
Total changes of items during the period	(5)	30,003
Balance at the end of current period	**104,472**	**134,474**
Retained earnings		
Legal retained earnings		
Balance at the end of previous period	6,376	6,377
Changes of items during the period		
Total changes of items during the period	-	-
Balance at the end of current period	**6,377**	**6,377**

Statement of movements in net assets (continued)

	FY2009 JPY million	FY2010 JPY million
Other retained earnings		
Reserve for special account for advanced depreciation of non current assets		
Balance at the end of previous period	-	137
Changes of items during the period		
Provision of reserve for special account for advanced depreciation of non current assets	137	-
Reversal of reserve for special account for advanced depreciation of non current assets	-	(137)
Total changes of items during the period	137	(137)
Balance at the end of current period	**137**	**-**
Reserve for advanced depreciation of non current assets		
Balance at the end of previous period	3,776	3,464
Changes of items during the period		
Provision of reserve for advanced depreciation of non current assets	245	-
Reversal of reserve for advanced depreciation of non current assets	(558)	(330)
Total changes of items during the period	(313)	(330)
Balance at the end of current period	**3,464**	**3,134**
Special reserve		
Balance at the end of previous period	44,977	44,977
Changes of items during the period		
Total changes of items during the period	-	
Balance at the end of current period	**44,977**	**44,977**
Retained earnings brought forward		
Balance at the end of previous period	10,384	28,149
Changes of items during the period		
Provision of reserve for special account for advanced depreciation of non current assets	(137)	-
Reversal of reserve for special account for advanced depreciation of non current assets	-	137
Provision of reserve for advanced depreciation of non current assets	(245)	-
Reversal of reserve for advanced depreciation of non current assets	558	330
Dividends from surplus	(4,009)	(5,152)
Decrease due to a company split transaction	-	(5,515)
Net profit/(loss)	21,597	(4,832)
Total changes of items during the period	17,764	(15,033)
Balance at the end of current period	**28,149**	**13,116**

	FY2009 JPY million	FY2010 JPY million
Total retained earnings		
Balance at the end of previous period	65,515	83,103
Changes of items during the period		
Provision of reserve for special account for advanced depreciation of non current assets	-	-
Reversal of reserve for special account for advanced depreciation of non current assets	-	-
Provision of reserve for advance depreciation of non current assets	-	-
Reversal of reserve for advanced depreciation of non current assets	-	-
Dividends from surplus	(4,009)	(5,152)
Decrease due to a company split transaction	-	(5,515)
Net profit/(loss)	21,597	(4,832)
Total changes of items during the period	17,588	(15,499)
Balance at the end of current period	**83,103**	**67,604**
Treasury stock		
Balance at the end of previous period	(541)	(585)
Changes of items during the period		
Purchase of treasury stock	(67)	(15)
Disposal of treasury stock	24	11
Total changes of items during the period	(43)	(4)
Balance at the end of current period	**(585)**	**(589)**
Total shareholders' equity		
Balance at the end of previous period	265,597	283,137
Changes of items during the period		
Issuance of new shares	-	30,000
Transfer of capital stock to capital surplus	-	-
Transfer of legal capital surplus to other capital surplus	-	-
Provision of reserve for special account for advanced depreciation of non current assets	-	-
Reversal of reserve for special account for advanced depreciation of non current assets	-	-
Provision of reserve for advance depreciation of non current assets	-	-
Reversal of reserve for advanced depreciation of non current assets	-	-
Dividends from surplus	(4,009)	(5,152)
Decrease due to a company split transaction	-	(5,515)
Net profit/(loss)	21,597	(4,832)
Purchase of treasury stock	(67)	(15)
Disposal of treasury stock	19	14
Total changes of items during the period	17,540	14,499
Balance at the end of current period	**283,137**	**297,637**

	FY2009 JPY million	FY2010 JPY million
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	8,593	2,165
Changes of items during the period		
Net changes of items other than shareholders' equity	(6,429)	(1,573)
Total changes of items during the period	(6,429)	(1,573)
Balance at the end of current period	**2,165**	**592**
Deferred gains or losses on hedges		
Balance at the end of previous period	272	(4,966)
Changes of items during the period		
Net changes of items other than shareholders' equity	(5,238)	4,314
Total changes of items during the period	(5,238)	4,314
Balance at the end of current period	**(4,966)**	**(651)**
Total valuation and translation adjustments		
Balance at the end of previous period	8,866	(2,801)
Changes of items during the period		
Net changes of items other than shareholders' equity	(11,668)	2,742
Total changes of items during the period	(11,668)	2,742
Balance at the end of current period	**(2,801)**	**(59)**
Subscription rights to shares		
Balance at the end of previous period	253	493
Changes of items during the period		
Net changes of items other than shareholders' equity	239	191
Total changes of items during the period	239	191
Balance at the end of current period	**493**	**684**
Total net assets		
Balance at the end of previous period	274,717	280,829
Changes of items during the period		
Issuance of new shares	-	30,000
Transfer of capital stock to capital surplus	-	-
Transfer of legal capital surplus to other capital surplus	-	-
Provision of reserve for special account for advanced depreciation of non current assets	-	-
Reversal of reserve for special account for advanced depreciation of non current assets	-	-
Provision of reserve for advance depreciation of non current assets	-	-
Reversal of reserve for advanced depreciation of non current assets	-	-
Dividends from surplus	(4,009)	(5,152)
Decrease due to a company split transaction	-	(5,515)
Net loss	(21,597)	(4,832)
Purchase of treasury stock	(67)	(15)
Disposal of treasury stock	19	14
Net changes of items other than shareholders' equity	(11,428)	2,932
Total changes of items during the period	6,112	17,432
Balance at the end of current period	**280,829**	**298,261**

Notes regarding going concern

There were no issues or events arising during the financial year, which negatively affect the ability of the Group to continue as a going concern.

Amendments to the basis of preparation

(Balance sheet)

"Environmental provision", which was previously included in "Other current liabilities", was presented separately from this financial year. The balance of "Environmental provision" in the prior year accounts was ¥229 million.

(Income statement)

1. "Rent income", which was previously included in "Other non-operating income", and "Labor difference (Salary gap costs for employees dispatched to subsidiaries)" and "Costs associated with assets leased to others", which were previously included in "Other non-operating expense", are presented in net in selling, general and administrative expenses for this financial period. The amounts for "Rent income", "Labor difference (Salary gap costs for employees dispatched to subsidiaries)" and "Costs associated with assets leased to others" for this financial year were ¥1,516 million, ¥1,315 million and ¥348 million, respectively.

2. "Loss from disposal of fixed assets" and "Loss from revaluation of investments in securities", which were previously presented separately, were included in "Other extraordinary loss" from this financial year. The amounts for "Loss from disposal of fixed assets" and "Loss from revaluation of investments in securities" for this financial year were ¥647million and ¥6 million, respectively.