



## FY 2011 2<sup>nd</sup> Quarter Consolidated Financial Results <J-GAAP>

4 November 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>)

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Submission of quarterly report to MOF: 5 November 2010

Payment of dividends starts from: 3 December 2010

Quarterly result presentation papers: Yes

Quarterly result presentation meeting: Yes

(For institutional investors)

### 1. Consolidated business results for FY 2011 Quarter 2 (From 1 April 2010 to 30 September 2010)

#### (1) Consolidated business results

	Sales		Operating income		Ordinary income		Net income	
	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%
Q2 FY 2011	293,689	0.2	10,473	-	6,453	-	15	-
Q2 FY 2010	292,989	(32.0)	(16,222)	-	(24,743)	-	(26,248)	-

	Net income per share	Net income per share
	- basic	- diluted
Q2 FY 2011	¥ (1.31)	¥ -
Q2 FY 2010	¥ (41.00)	¥ -

#### (2) Changes in financial position

	Gross assets	Net assets	Equity ratio	Total equity per share
	¥ millions	¥ millions	%	¥
FY 2011 Quarter 2	846,793	247,942	28.0	228.12
FY 2010 Full year	933,721	239,931	24.7	297.73

Note: Total Equity Q2 FY 2011 ¥ 236,727 million FY2010 ¥ 230,306 million

### 2. Dividends

	Dividends per share				
	Q1	Q2	Q3	Q4	Annual
FY 2010 (Actual)	-	¥ 3.00	-	¥ 3.00	¥ 6.00
FY 2011 (Actual)	-	¥ 3.00	-	-	-
FY 2011 (Forecast)	-	-	-	¥ 3.00	¥ 6.00

Note: There were no changes to forecast dividends per common share during the quarter.

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 3.

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

	Sales		Operating income		Ordinary income		Net income		Net income per share
	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%	¥
Full year	600,000	2.0	15,000	-	10,000	-	1,000	-	(1.09)

Note: There have been no changes to the forecast results this quarter.

For further details, please refer to the prospects section on page 8 through 9.

**4. Other items**

For further details of the following items, please refer to the other information section on page 10 through 11.

## (1) Changes in status of principal subsidiaries --- No

(Note) This is related to whether there was any change in status of principal subsidiaries, "Tokutei-Kogaisha", leading to a change in scope of consolidation during the quarter.

## (2) Adoption of simplified accounting policies, procedures, and presentation --- Yes

(Note) This is related to whether there was any adoption of simplified accounting policies or special accounting treatments during the quarter.

## (3) Changes implemented to the accounting policies, practice and presentations related to the preparation of quarterly consolidated financial statements

## 1) Changes due to revisions in accounting standards --- Yes

## 2) Changes due to other reasons --- Yes

(Note) This is related to whether there was any change in significant items, such as accounting principles, practices and presentations for the quarterly financial statements for the quarter.

## (4) Number of shares outstanding (common stock)

## 1) Number of shares issued at the end of the period, including shares held as treasury stock:

903,550,999 shares as of 30 September 2010 and 669,550,999 shares as of 31 March 2010

## 2) Number of shares held as treasury stock at the end of the period:

1,422,164 shares as at 30 September 2010 and 1,427,080 shares as at 31 March 2010

## 3) Average number of shares in issue during the period, after deducting shares held as treasury stock:

701,561,408 shares for the period ending 30 September 2010 and 668,134,883 shares for the period ending 30 September 2009

**Status of quarterly review procedures taken by external auditors for the quarterly results**

These quarterly consolidated financial results are out of scope for independent review by the external auditors based on the Financial Instrument and Exchange Law of Japan (MOF). The review procedures are still ongoing as of the date of announcement of the quarter consolidated financial results.

**Explanation for the appropriate usage of performance projections and other special items**

- The projections contained in this document are based on information currently available to the Group and certain assumptions considered reasonable. Hence, the actual results may differ. The major factors that may affect the results are the economic environment in major markets (such as Japan, Europe, North and South America, Asia, etc.), 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 through 9 for qualitative information such as assumptions used for the projections.
- Per share numbers set out in above business result and forecast sections are attributable only to common stock of the Company.

**Dividends for preferred stock**

On 1 July 2009, the Company issued 3,000,000 Type A preferred shares with an issue price of ¥ 10,000 per share. Of these, 980,000 shares were acquired and cancelled on 1 October 2010, and consequently 2,020,000 shares were outstanding following this transaction. The preferred stock is unlisted and carries an annual dividend rate of 9.25 percent. The table below shows the dividend payable on these shares during FY2011.

	Dividends per share				
	Q1	Q2	Q3	Q4	Annual
Type A Preferred Stock					
FY2010 (Actual)	-	¥ 381.00	-	¥461.00	¥842.00
FY2011 (Actual)	-	¥463.00	-	-	-
FY2011 (Forecast)	-	-	-	¥462.00	¥925.00

Based on a dividend per share of ¥ 925, the total dividend payable on preferred stock expected for FY2011 is ¥ 1,869 million.

**[Attachments]**

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**[1] Narratives about financial results****1. Business Performance and Financial Standing****(1) Background to Results**

During the second quarter of the financial year, conditions in the Group's major markets remained stable at levels similar to the first quarter. Market conditions continue to be significantly more challenging than those experienced prior to the global economic downturn. Building products markets remained stable at relatively low levels of activity. Underlying conditions in automotive markets were similar to the first quarter of the year, although actual activity levels reflected seasonal customer shutdowns in certain areas, and the withdrawal of government incentive schemes in others. Specialty Glass markets were also similar to the first quarter of the year.

In Europe, building products market conditions remained difficult, although levels of activity were above the previous year. Prices remained relatively stable through the quarter. In automotive markets, cumulative light domestic vehicle sales were below previous years levels which had been supported by incentive programs. This was more than offset by buoyant export markets, generating an increase in demand for the Group's products. The European automotive glass replacement (AGR) market continued to prove relatively resilient to the low level of general economic activity. Demand for glass cord was strong, consistent with conditions experienced in the automotive business line.

In Japan, conditions in construction markets continued to be difficult. New housing starts remained at low levels, although there were tentative signs of improvement during the quarter, prompted by incentive programs. Headline prices were below those of the previous year. Automotive markets experienced increased levels of demand from the low levels of the previous year, as consumers continued to take advantage of government incentives for purchasing environmentally-friendly vehicles. Robust markets, particularly in areas such as consumer electronics, resulted in strong demand for the majority of the Groups' Specialty Glass products through the quarter.

The North American economy continued to experience low levels of economic activity. In the building products market, both residential housing starts and levels of commercial construction activity remain at historically low levels. Underlying sales of new cars continued to be above the previous year's levels. However, comparisons to the second quarter of last year are distorted by the cash-for-clunkers incentive program that boosted sales in August 2009. The AGR market continued to improve gradually.

The emerging markets in which the Group operates performed well, with further strong improvements experienced in many areas.

**(2) Review by Business Segment**

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

Building Products, representing 43 percent of Group cumulative sales for the first two quarters, 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 11 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 battery separators and glass components for engine timing belts.

The table below shows a summary of cumulative results by business line. The segmental split of sales and profit for the previous year has been restated following the introduction of a new segmental reporting standard in Japan. This does not affect the total consolidated figures for the Group.

JPY millions	Sales		Operating income	
	Cum. Q2 FY11	Cum. Q2 FY10	Cum. Q2 FY11	Cum. Q2 FY10
<b>Building Products</b>	123,130	128,375	10,294	(2,670)
<b>Automotive</b>	134,751	130,272	10,476	4,243
<b>Specialty Glass</b>	32,049	31,363	3,447	272
<b>Other Operations &amp; Eliminations</b>	3,759	2,979	(13,744)	(18,067)
<b>Total</b>	293,689	292,989	10,473	(16,222)

Following the introduction of a new segmental reporting standard in Japan, the Group no longer allocates consolidation adjustments and certain other costs incurred within other operations and eliminations to the Group's three main business lines. The most significant change relates to the amortization of goodwill and other intangible assets arising on the acquisition of Pilkington plc, previously allocated to business lines but now included within Other Operations and Eliminations above. As a result of this change, the Q2 FY2010 operating result for the Building Products business line improved by ¥ 5,827 million, the operating result for the Automotive business line increased by ¥ 6,408 million, and the operating result for the Specialty Glass business line increased by ¥ 43 million. The operating loss in Other Operations and Eliminations increased by ¥ 12,278 million. Also as a result of this change, Q2 FY2010 external sales in the Building Products business line increased by ¥ 2,013 million and external sales in the Automotive business line increased by ¥ 16 million. External sales in Other Operations and Eliminations decreased by ¥ 2,029 million.

Prior year figures included in the notes to the financial statements on page 17 are stated as presented last year. Prior year figures restated using the new segmental reporting standard are presented on page 18 as additional information.

### **Building Products Business**

In the Building Products (BP) business, the cumulative result represents an improvement on the equivalent period in the previous year. Profitability improved due to cost savings realized from previous restructuring actions and improved pricing in all regions except Japan and North America. The underlying result in the second quarter improved from the first quarter of the year, with the headline result then benefiting further from an insurance gain as set out below.

In Europe, representing 44 percent of the Group's BP sales, revenues in local currency were flat compared to the previous year, as improving volumes and prices were offset by the impact of previous year disposals and reduced engineering revenue. Price increases implemented at the start of the financial year have held up fairly well since. However, although, prices were significantly higher than in the previous year, they continue to remain at low levels. Profits improved, due to cost savings and the improved market pricing.

Revenues in Japan, representing 32 percent of BP sales, were higher than in the previous year as markets marginally improved during the second quarter. Profitability improved, as cost savings continued to be realized during the quarter and input costs fell.

In North America, representing 10 percent of BP sales, revenues in local currency were slightly higher than the prior year. Market conditions remain extremely challenging. Profits increased as a result of better asset utilization and cost savings.

In the rest of the world, revenues and profits improved strongly from the previous year due mainly to increased market prices. Headline operating profit for the quarter includes a gain of approximately ¥ 3,300 million, being the income statement effect of settling the Group's insurance claim arising from the February 2010 earthquake in Chile.

The Building Products business achieved sales of ¥ 123,130 million and an operating profit of ¥ 10,294 million.

### **Automotive Business**

In the Automotive business, cumulative revenues and profits were significantly ahead of the previous year, due principally to strong demand across each of the Group's main automotive markets.

Europe represents 45 percent of the Group's Automotive sales. In the European Original Equipment (OE) sector, local currency revenues increased strongly from last year's levels, due to robust demand, with a consequent improvement in profits. Results in the Automotive Glass Replacement (AGR) business were similar to the levels of the previous year.

In Japan, representing 18 percent of the Group's Automotive sales, revenues were significantly ahead of last year, due to improved levels of demand. Profits also benefited from further cost savings and efficiency improvements.

In North America, representing 22 percent of the Group's Automotive sales, OE revenues were significantly above the previous year, again due to increased volumes. Profits also benefited from the continued realization of additional cost savings. AGR profitability was slightly improved from the previous year.

In the rest of the world, cumulative revenues and profits increased strongly from the previous year.

The Automotive business recorded sales of ¥ 134,751 million and an operating profit of ¥ 10,476 million.

### **Specialty Glass Business**

Revenues and profits in Specialty Glass were above the prior year. Most of the Groups' specialty glass businesses continued to experience improved demand particularly in sectors such as LCDs for smart phones and Personal Digital Assistants (PDAs). Demand for Selfoc Lens Array (SLA) equipment used in multi-function printers started to recover from the middle of the previous financial year and this has continued during the first two quarters of this year. Sales of glass cord for engine timing belts were supported by robust vehicle production in Europe.

The Specialty Glass business recorded sales of ¥ 32,049 million and an operating profit of ¥ 3,447 million.

### **Other Operations and Eliminations**

This segment covers corporate costs, consolidation adjustments, certain small businesses not included in the segments covered above, and the amortization of goodwill and other intangible assets related to the acquisition of Pilkington plc. Operating losses incurred in Other Operations and Eliminations were below the previous year, due to a reduction in general corporate expenses and the translational effect of a strong Japanese Yen. In addition, during the second quarter, this segment benefited from the settlement of an environmental insurance claim in North America, with resulting income of ¥ 1,500 million.

Consequently, this segment recorded sales of ¥ 3,759 million and an operating loss of ¥ 13,744 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 profits was higher than in the previous year, due mainly to improving year-on-year profits at Cebrace, the Group's joint venture in Brazil, and an improved performance in the Group's joint ventures and associates in China. Elsewhere, most of the Groups' other joint ventures and associates also recorded improved year-on-year results.

The Group's share of joint ventures and associates profits after tax was ¥ 3,889 million (Q2 FY10 ¥ 388 million loss after tax)

## 2. Financial condition

Total assets at the end of September 2010 were ¥ 846,793 million, representing a decrease of ¥ 86,928 million from the end of March 2010, almost all of the reduction being due to the strengthening of the yen. 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.

		<u>Net Debt</u>
		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
FY2011 Quarter 2	30 September 2010	270,074

Net financial indebtedness decreased by ¥ 44,572 million from 31 March 2010 to ¥ 270,074 million at the period end. During the quarter, the Group received net proceeds after expenses of ¥ 40,227 million following a placement of newly issued ordinary shares. Currency movements generated a reduction in net debt of approximately ¥ 9,040 million over the period. Gross debt was ¥ 331,198 million at the period end.

Cash inflows from operating activities were ¥ 14,738 million. Cash outflows from investing activities were ¥ 10,329 million, including capital expenditure on tangible fixed assets of ¥ 11,953 million. As a result, total cash inflows before financing were ¥ 4,408 million.

## 3. Prospects

The forecast of operating income, ordinary income and net income is set out on page 2, and is unchanged from that announced on 5 August 2010. Trading activities remain in line with the Group's expectations. The second quarter of the year included the income statement effect of the settlement of two significant insurance claims, as set out in the review by business segment above. After adjusting for this, the Group expects operating results in the second half of the year to be similar to those in the first half.

As announced on 14 May 2010, the Group anticipates that profitability in FY2011 will represent a significant improvement on FY2010, with improved markets, particularly in the automotive and specialty glass business lines. The operating result will also benefit from a full year of cost savings resulting from the Group's restructuring actions.



For the remainder of FY2011, residential and commercial construction markets are expected to be stable. Further growth is anticipated in the Solar Energy sector. The Group expects some softening of demand for automotive vehicles in the second half of the year following the cessation of government incentive schemes, although demand for the full year is likely to be significantly better than in FY2010. The Group expects improved conditions in most of its specialty glass markets to continue during the remainder of the year.

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.

The Group has identified geographical expansion into high-growth emerging markets and opportunities offered by the increasing demand for 'environmental' glass products utilizing its technology, as the two main drivers to support its future growth.

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.

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 ultra-thin float glass used in LCD touch-screen panels, office equipment lens arrays, and battery technology to meet energy-saving needs.

On 24 August 2010, the Group announced its intention to issue new ordinary shares in order to support its future growth strategy and subsequently on 8 September 2010 announced net proceeds after fees etc. of ¥ 40,227 million. The proceeds are expected to be used as follows:

- ¥ 20,500 million is expected to be applied to capital expenditures to be used in the financial years ending 31 March 2011, 2012 and 2013, for construction and repair of production facilities for the Building Products, Automotive and Specialty Glass businesses;
- ¥ 4,500 million, of which ¥ 1,000 million and ¥ 3,500 million are to be used in the financial years ending 31 March 2011 and 2012, respectively, is expected to be used to expand Low-e glass production capabilities in the Building Products business in China through an investment into a joint venture in Tianjin, China based on an agreement with Shanghai Yaohua Pilkington Glass Co. Ltd., and announced on 17 August 2010;
- ¥ 10,000 million, was used for a partial repurchase and cancellation of Type A Preferred Shares, on 1 October 2010.; and
- the remaining amount is expected to be applied to repayment of long-term borrowings, which will become due during the financial years ending 31 March 2011, 2012 and 2013.

On 4 November 2010, concurrent with the publication of this report, the Group has also issued details of its strategic management plan, covering the financial years FY2012 to FY2014. The Group believes that the share issuance during the second quarter of this year provides a firm financial foundation to support this Plan.

**[2] Other information****(1) Changes in status of principal subsidiaries**

During the second quarter of this financial year, there was no change in the status of principal subsidiaries "Tokutei-Kogaisha", as defined in the "Ordinance for Corporate Disclosures".

**(2) Adoption of simplified accounting policies, procedures, and presentations****1. Simplified accounting treatments****1) Estimations of the amount of doubtful accounts included in the balance of normal receivables**

The Company and its consolidated subsidiaries calculate the amount of provision for doubtful accounts relating to normal receivables, using the rate of defaults that had been calculated in the previous year.

**2) Income tax, deferred tax assets and liabilities**

In determining the recoverability of deferred tax assets, the Company and its consolidated subsidiaries utilize the information obtained from future business forecasts and tax planning methods, which have been used in the previous year.

**2. Special accounting treatments adopted for the preparation of quarterly consolidated financial statements****1) Calculations of income tax expenses**

The Company and its consolidated subsidiaries calculate income tax expenses for the second quarter, based on the effective annual tax rates that have been practically evaluated.

The sum of current and deferred income taxes for the period is presented in the income statement.

**(3) Changes in accounting principles, practices and presentations****1. Application of the accounting standard for asset retirement obligations**

From the first quarter of the financial year ending 31 March 2011, "Accounting Standard for Asset Retirement Obligations" (Accounting Standards Board of Japan (ASBJ) Statement No.18, issued on 31 March 2008) and "Guidance on Accounting Standard for Asset Retirement Obligations" (ASBJ Guidance No.21, issued on 31 March 2008) have been applied.

There was no impact from the application of this accounting standard on the Group's results of operations for the period.

**2. Application of the accounting standard for business combinations**

From the first quarter of the financial year ending 31 March 2011, "Accounting Standard for Business Combinations" (ASBJ Statement No.21, issued on 26 December 2008), "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No.22, issued on 26 December 2008), "Partial Amendments to Accounting Standard for Research and Development Costs" (ASBJ Statement No.23, issued on 26 December 2008), "Accounting Standard for Business Divestitures" (ASBJ Statement No.7, revised on 26 December 2008), "Accounting Standard for Equity Method of Accounting for Investments" (ASBJ Statement No.16, partially revised on 26 December 2008) and "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No.10, revised on 26 December 2008) have been applied.

There was no impact from the application of this accounting standard on the Group's results of operations for the period.

### 3. Application of the accounting standard for equity method accounting

From the first quarter of the financial year ending 31 March 2011, "Accounting Standard for Equity Method of Accounting for Investments" (ASBJ Statement No.16, issued on 10 March 2008) and "Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method" (ASBJ PITF No.24, issued on 10 March 2008) have been applied.

There was no impact from the application of this accounting standard.

### 4. Application of the accounting standard for measurement of inventories

From the first quarter of the financial year ending 31 March 2011, "Accounting Standard for Measurement of Inventories" (ASBJ Statement No.9, revised on 26 September 2008) has been applied.

There was no material impact from the application of this accounting standard.

### 5. Change in the accounting method for interest swap contracts

From the first quarter of the financial year ending 31 March 2011, the Company changed its accounting method for interest rate swap contracts held by the Company, which had previously been accounted for under the exceptional method to the hedge accounting method. Prior to the change, those interest swap contracts were accounted for as if the interest rates applied to the swaps had originally applied to the underlying debt.

There was no impact from the application of this accounting method on the Group's results of operations during the period.

### 6. Change in the useful life of tangible fixed assets

From the first quarter of the financial year ending 31 March 2011, the Company has changed the estimated useful life of machinery, equipment and vehicles to be within the range of 3 to 30 years, which was previously 3 to 9 years. Similarly, the Company has changed the estimated useful life of tools, furniture and fixtures to be 5 years, which was previously within the range of 2 to 10 years. Also from the first quarter of the financial year ending 31 March 2011, the Company has changed its depreciation method for tangible fixed assets acquired before and on 31 March 2007, so that they are depreciated to a nominal value as a residual value by the straight-line method over the useful economic life. These fixed assets were previously depreciated to the value of 5% of the acquisition cost, and then after reaching 5% of the acquisition cost, the remaining balance of the assets was depreciated to a nominal value by the straight-line method over a period of five years commencing a year after.

These changes were made to more accurately reflect the utilization of such assets over their expected useful life.

As a result of these changes, operating income and income before income taxes and minority interests increased by ¥461 million during the period.

### 7. Change in the useful life of intangible fixed assets

From the first quarter of the financial year ending 31 March 2011, the Company has changed the estimated useful life of computer software to 5 or 10 years, which was previously 5 years. This change was also made to more accurately reflect the utilization of such assets over their expected useful life.

As a result of this change, operating income, and income before income taxes and minority interests increased by ¥705 million during the period.

**[3] Consolidated Financial Statements****(1) Quarterly consolidated balance sheet**

(¥ millions)

	Quarter 2 FY 11 As of 30 September 2010	FY 10 (Abbreviated) As of 31 March 2010
<b>Assets</b>		
Current assets		
Cash and deposits	61,124	79,796
Notes and accounts receivable – trade	96,966	97,680
Merchandise and finished goods	52,831	56,107
Work in process	10,197	10,375
Raw materials and supplies	31,731	32,309
Other current assets	16,180	25,325
Allowance for doubtful accounts	(3,837)	(4,146)
<b>Total: Current assets</b>	<b>265,192</b>	<b>297,446</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures	139,879	141,122
Accumulated depreciation	(79,511)	(78,184)
Buildings and structures, net	60,368	62,938
Machinery, equipment and vehicles	346,414	357,689
Accumulated depreciation	(202,102)	(199,666)
Machinery, equipment and vehicles, net	144,312	158,023
Tools, furniture and fixtures	45,358	45,330
Accumulated depreciation	(29,468)	(28,768)
Tools, furniture and fixtures, net	15,890	16,562
Land	37,988	39,774
Leased assets	7,923	8,179
Accumulated depreciation	(4,145)	(3,820)
Leased assets, net	3,778	4,359
Construction in progress	1,146	1,486
<b>Total: Property, plant and equipment</b>	<b>263,482</b>	<b>283,140</b>
Intangible assets		
Goodwill	107,675	122,653
Other intangible assets	98,694	113,381
<b>Total: intangible assets</b>	<b>206,369</b>	<b>236,034</b>
Investments and other assets		
Joint ventures, associates and other investments	54,909	59,224
Others	58,685	59,845
Allowance for doubtful accounts	(1,844)	(1,969)
<b>Total: Investments and other assets</b>	<b>111,750</b>	<b>117,100</b>
<b>Total: Non-current assets</b>	<b>581,601</b>	<b>636,275</b>
<b>Total: Assets</b>	<b>846,793</b>	<b>933,721</b>

**(1) Quarterly consolidated balance sheet (continued)**

(¥ millions)

	Quarter 2 FY 11 As of 30 September 2010	FY 10 (Abbreviated) As of 31 March 2010
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable – trade	60,866	68,898
Short-term loans payable	10,998	25,619
Current portion of long-term loans payable	9,707	41,533
Current portion of bonds payable	23,000	10,000
Lease obligations	2,099	1,984
Income taxes payable	7,122	6,023
Provisions	13,890	17,107
Other current liabilities	55,199	63,971
<b>Total: Current liabilities</b>	<b>182,881</b>	<b>235,134</b>
Non-current liabilities		
Bonds payable	27,000	50,000
Long-term loans payable	256,549	262,326
Lease obligations	1,845	2,980
Provision for retirement benefits	52,453	59,319
Provision for rebuilding furnaces	10,760	10,560
Other provisions	6,117	7,401
Other non-current liabilities	61,246	66,071
<b>Total: Non-current liabilities</b>	<b>415,970</b>	<b>458,656</b>
<b>Total: Liabilities</b>	<b>598,851</b>	<b>693,790</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	116,449	96,147
Capital surplus	155,595	135,290
Retained earnings	68,745	71,696
Treasury stock	(583)	(589)
<b>Total: Shareholders' equity</b>	<b>340,206</b>	<b>302,544</b>
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	682	836
Deferred gains or losses on hedges	(4,810)	(5,026)
Foreign currency translation adjustment	(99,351)	(68,048)
<b>Total: Valuation and translation adjustments</b>	<b>(103,479)</b>	<b>(72,238)</b>
Subscription rights to shares	726	684
Minority interests	10,489	8,942
<b>Total: Net assets</b>	<b>247,942</b>	<b>239,931</b>
<b>Total: Liabilities and net assets</b>	<b>846,793</b>	<b>933,721</b>

**(2) Quarterly consolidated income statement**

(¥ millions)

	Quarter 2 FY 10 For the period 1 April 2009 to 30 September 2009	Quarter 2 FY 11 For the period 1 April 2010 to 30 September 2010
<b>Net sales</b>	<b>292,989</b>	<b>293,689</b>
Cost of sales	223,055	212,420
<b>Gross profit</b>	<b>69,934</b>	<b>81,269</b>
Selling, general and administrative expenses	86,155	70,796
<b>Operating income</b>	<b>(16,222)</b>	<b>10,473</b>
Non-operating income		
Interest income	893	836
Dividends income	417	365
Share of profits of affiliates	-	3,889
Other non-operating income	986	681
Total: Non-operating income	2,296	5,771
Non-operating expenses		
Interest expenses	7,417	6,828
Share of losses of affiliates	388	-
Foreign exchange loss	-	1,635
Other non-operating expenses	3,013	1,328
Total: Non-operating expenses	10,818	9,791
<b>Ordinary income</b>	<b>(24,743)</b>	<b>6,453</b>
Extraordinary income		
Gain on sales of fixed assets	789	493
Gain on reversal of impairment	-	492
Gain on sales of investment securities	4,140	-
Gain on sales of investments in affiliates	64	-
Other extraordinary income	1,559	79
Total: Extraordinary income	6,551	1,064
Extraordinary loss		
Loss on retirement of non current assets	116	183
Loss on sales of non current assets	47	36
Impairment loss	4,542	-
Restructuring expenditure	2,082	1,347
Other extraordinary losses	1,733	114
Total: Extraordinary losses	8,521	1,680
<b>Income before income taxes</b>	<b>(26,713)</b>	<b>5,837</b>
Income taxes	(827)	2,721
<b>Income before minority interests</b>	<b>-</b>	<b>3,116</b>
Minority interests	363	3,101
<b>Net income</b>	<b>(26,248)</b>	<b>15</b>

**(3) Quarterly consolidated statement of cash-flow**(*¥ millions*)

	Quarter 2 FY 10 For the period 1 April 2009 to 30 September 2009	Quarter 2 FY 11 For the period 1 April 2010 to 30 September 2010
<b>Cash flows from operating activities</b>		
Income before income taxes	(26,713)	5,837
Adjustments for:		
Depreciation and amortization	25,558	20,895
Amortization of goodwill	3,940	3,305
Impairment Loss	4,542	-
Increase / (decrease) in allowance for doubtful accounts	1,269	(122)
Increase / (decrease) in provision for retirement benefits	1,819	(2,109)
Increase in provision for furnace repairs	201	201
Net gain on sales and disposals of fixed assets	(625)	(274)
Net gain on sales and valuation of investment securities	(4,140)	-
Net gain on sales of investments in affiliates	(64)	-
Interest and dividends income	(1,311)	(1,201)
Interest expenses	7,417	6,828
Equity in (earnings) / losses of affiliates	388	(3,889)
Increase in notes and accounts receivable – trade	(7,127)	(1,578)
(Increase) / decrease in inventories	8,251	(1,363)
Increase / (decrease) in notes and accounts payable – trade	1,200	(1,264)
Other, net	1,755	(3,492)
<b>Subtotal</b>	<b>16,359</b>	<b>21,774</b>
Interest and dividends income received	2,154	4,884
Interest expenses paid	(12,296)	(7,152)
Income taxes paid	(11,788)	(4,768)
<b>Net cash provided by / (used in) operating activities</b>	<b>(5,571)</b>	<b>14,738</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(8,257)	(11,953)
Proceeds from sales of property, plant and equipment	1,227	519
Purchase of intangible assets	(387)	(59)
Purchase of investment securities	(14)	(4)
Proceeds from sales of investment securities	7,297	19
Purchase of investments in subsidiaries and affiliates	(561)	(960)
Proceeds from sales of stocks of subsidiaries and affiliates	4,486	-
(Increase) / decrease in short-term loans receivable	(1,537)	12
Payments of long-term loans receivable	(3,978)	(374)
Proceeds from repayments of long-term loans receivable	4,752	2,110
Other, net	454	361
<b>Net cash provided by / (used in) investment activities</b>	<b>3,483</b>	<b>(10,329)</b>

**(3) Quarterly consolidated statement of cash flow (continued)**

(¥ millions)

	Quarter 2 FY 10 For the period 1 April 2009 to 30 September 2009	Quarter 2 FY 11 For the period 1 April 2010 to 30 September 2010
<b>Cash flows from financing activities</b>		
Increase / (decrease) in short-term loans payable	3,954	(2,254)
Proceeds from long-term loans payable	78,425	32,995
Repayment of long-term loans payable	(83,852)	(61,895)
Redemption of bonds	-	(10,000)
Proceeds from issuance of stocks	30,000	40,227
Cash dividends paid	(2,005)	(3,388)
Cash dividends paid to minority shareholders	(878)	(1,129)
Repayments of finance lease obligations	(1,595)	(1,019)
Other, net	(10)	(5)
<b>Net cash provided by / (used in) financing activities</b>	<b>24,040</b>	<b>(6,468)</b>
<b>Effect of exchange rate change on cash and cash equivalents</b>	<b>(1,396)</b>	<b>(2,785)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>20,557</b>	<b>(4,844)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>75,598</b>	<b>55,995</b>
<b>Increase in cash and cash equivalents resulting from change of scope of consolidation</b>	-	364
<b>Cash and cash equivalents at end of period</b>	<b>96,154</b>	<b>51,515</b>

**(4) 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.



**(5) Segmental information****By Business Line**

Quarter 2 FY 10 (For the period 1 April 2009 to 30 September 2009)

(¥ millions)

	Building products	Automotive	Specialty glass	Other	Total	Eliminations	Consolidated
Sales							
(1) External sales	126,362	130,256	31,363	5,008	292,989	-	292,989
(2) Inter-segment sales	5,176	1,610	877	1,908	9,570	(9,570)	-
Net sales	131,538	131,866	32,240	6,916	302,559	(9,570)	292,989
Operating income	(8,497)	(2,165)	229	(5,789)	(16,222)	-	(16,222)

**By Geography**

Quarter 2 FY 10 (For the period 1 April 2009 to 30 September 2009)

(¥ millions)

	Japan	Europe	North America	Other	Total	Eliminations	Consolidated
Sales							
(1) External sales	79,075	131,865	40,540	41,509	292,989	-	292,989
(2) Inter-segment sales	48,341	84,853	9,824	12,091	155,110	(155,110)	-
Net sales	127,416	216,718	50,364	53,600	448,099	(155,110)	292,989
Operating income	(5,705)	(11,118)	(2,286)	2,887	(16,222)	-	(16,222)

**Overseas sales**

Quarter 2 FY 10 (For the period 1 April 2009 to 30 September 2009)

(¥ millions)

	Europe	North America	Asia	Other	Total
a. Overseas sales	126,907	37,513	29,711	26,669	220,799
b. Consolidated sales					292,989
c. Overseas sales as a percentage of consolidated net sales	43.3%	12.8%	10.1%	9.1%	75.4%

**Segmental information**

## 1. Overview of reporting segments

Reporting segments of the Group are designated as business segments whose segregated financial information can be obtained and to which the board of directors regularly reviews to decide allocation of managerial and financial resources and to evaluate their financial performance.

The Group has three business lines categorized by the Group's main product sectors. Each business line establishes comprehensive business strategies related to the product sectors and manages these business operations.

The Group's business lines cover three core product sectors; Building Products, Automotive and Specialty Glass, and so the three business lines are defined as reporting segments of the Group.

The Building Products segment engages in the manufacturing, processing and sale of a variety of glass products for various applications within the building materials and solar energy sectors. The Automotive segment engages in the manufacturing, processing and sale of glass products mainly for the Automotive Original Equipment (OE) and Glass Replacement (AGR) markets. The Specialty Glass segment engages in the manufacturing, processing and sale of micro optics and fine glass, industrial glass, LCD, specialized glass fiber products and environmental amenity products.

## 2. Information about sales and profit or loss per reporting segments

Quarter 2 FY11 (1 April 2010 to 30 September 2010)

*(in ¥ millions)*

	Reporting segments				Other (Note 1)	Adjustments (Note 2)	Total	Amortization of goodwill etc. (Note 3)	Amount on consolidated P/L (Note 4)
	Building Products	Automotive	Specialty Glass	Sub-total					
Sales									
Sales to customers	123,130	134,751	32,049	289,930	3,759	-	293,689	-	293,689
Inter-segmental sales	7,205	635	89	7,929	2,578	(10,507)	-	-	-
Total sales	130,335	135,386	32,138	297,859	6,337	(10,507)	293,689	-	293,689
Segmental profit (loss)	10,294	10,476	3,447	24,217	384	(6,087)	18,514	(8,041)	10,473

(Note 1) "Other" consists of business segments, which do not comprise separate reporting segments.

(Note 2) "Adjustments" consists of general corporate costs, which are not allocated to reporting segments.

(Note 3) "Amortization of goodwill etc." is the amortization of intangible fixed assets and goodwill arising from the acquisition of Pilkington plc.

(Note 4) Segmental profit is reconciled to operating income on the income statement.

## 3. Information about impairment of fixed assets and goodwill

There was no material issue related to the impairment of fixed assets and goodwill.

(Additional information)

From the first quarter of this financial year, "Accounting Standard for Disclosures about Segments of an Enterprise and Related information" (Accounting Standards Board of Japan Statement No.17, issued on 27 March 2009) and the "Guidance on Accounting Standard for Disclosure about segments of an Enterprise and Related Information" (Accounting Standards Board of Japan Guidance No.20, issued on 21 March 2008) have been applied.

Quarter 2 FY10 (1 April 2009 to 30 September 2009)

*(in ¥ millions)*

	Reporting segments				Other (Note 1)	Adjustments (Note 2)	Total	Amortization of goodwill etc. (Note 3)	Amount on consolidated P/L (Note 4)
	Building Products	Automotive	Specialty Glass	Sub-total					
Sales									
Sales to customers	128,375	130,272	31,363	290,010	2,979	-	292,989	-	292,989
Inter-segmental sales	5,176	1,618	877	7,671	1,899	(9,570)	-	-	-
Total sales	133,551	131,890	32,240	297,681	4,878	(9,570)	292,989	-	292,989
Segmental profit (loss)	(2,670)	4,243	272	1,845	70	(8,887)	(6,972)	(9,250)	(16,222)

(Note 1) "Other" consists of business segments, which do not comprise separate reporting segments.

(Note 2) "Adjustments" consists of general corporate costs, which are not allocated to reporting segments.

(Note 3) "Amortization of goodwill etc." is the amortization of intangible fixed assets and goodwill arising from the acquisition of Pilkington plc.

(Note 4) Segmental profit is reconciled to operating income on the income statement.

**(6) Material changes in shareholders' equity**

On 15 September 2010, the Company issued 222,000,000 shares of common stock by way of public offering and on 28 September 2010, issued 12,000,000 shares of common stock by way of third party allotment related to the public offering. As result, both balances of share capital and capital reserve increased by ¥20,302 respectively.

**(7) Significant subsequent events**

(Partial acquisition and cancellation of Type A preferred shares)

Based on the decision by the representative executive director on 16 September 2010, following the entitlement by the resolution at the board of directors' meeting held on 24 August 2010, the Company partially acquired its Type A preferred shares and then cancelled those shares as detailed below.

## 1. Purpose of the acquisition

Reduce the dividend cost of Type A preferred shares

## 2. Details of the acquisition

Parties	Acquisition method	Class of shares to be acquired	Number of shares to be acquired	Aggregate amount of acquisition price
UDS III Corporate Mezzanine Limited Partnership	In accordance with the provisions for acquisitions	Type A Preferred Shares	833,000 shares	¥ 8,568,827,267
UDS Corporate Mezzanine Limited Partnership	In accordance with the provisions for acquisitions	Type A Preferred Shares	147,000 shares	¥ 1,512,145,988
Total		-	980,000 shares	¥ 10,080,973,255

## 3. Accounting treatment for cancellation of preferred stock

By reducing the balance of other capital surplus

## 4. The date of partial acquisition and cancellation of shares

1 October 2010