



FY 2011 3rd Quarter Consolidated Financial Results <J-GAAP>

3 February 2011

(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: 4 February 2011

Quarterly result presentation papers: Yes

Quarterly result presentation meeting: Yes

(Telephone conference for institutional investors)

Payment of dividends starts from: -

1. Consolidated business results for FY 2011 Quarter 3 (From 1 April 2010 to 31 December 2010)

(1) Consolidated business results

| | Sales | | Operating income | | Ordinary income | | Net income | |
|------------|------------|--------|------------------|---|-----------------|---|------------|---|
| | ¥ millions | % | ¥ millions | % | ¥ millions | % | ¥ millions | % |
| Q3 FY 2011 | 435,725 | (1.8) | 12,388 | - | 7,383 | - | 1,669 | - |
| Q3 FY 2010 | 443,867 | (24.3) | (16,649) | - | (25,755) | - | (32,066) | - |

| | Net income per share - basic | | Net income per share - diluted | |
|------------|---------------------------------|--|-----------------------------------|--|
| | ¥ | | ¥ | |
| Q3 FY 2011 | 0.35 | | - | |
| Q3 FY 2010 | (50.74) | | - | |

(2) Changes in financial position

| | Gross assets | Net assets | Equity ratio | Total equity per share |
|-------------------|--------------|------------|--------------|---------------------------|
| | ¥ millions | ¥ millions | % | ¥ |
| FY 2011 Quarter 3 | 828,384 | 228,645 | 26.3 | 218.46 |
| FY 2010 Full year | 933,721 | 239,931 | 24.7 | 297.73 |

Note: Total Equity Q3 FY 2011 ¥ 217,460 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 | - | 0.08 |

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 31 December 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:

1,451,195 shares as at 31 December 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:

761,727,316 shares for the period ending 31 December 2010 and 668,129,553 shares for the period ending 31 December 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. On 1 October 2010, the Company acquired and cancelled 980,000 shares of the preferred stock and consequently 2,020,000 shares were outstanding as of that day. The company is scheduled to acquire and cancel all the remaining shares of preferred stock on 18 February. (For further details, please refer to the significant subsequent events section on page 19.) 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) | - | - | - | - | ¥463.00 |

Based on a dividend per share of ¥ 463 as shown in the above table, the total dividend payable on preferred stock expected for FY2011 is ¥ 935 million.

[Attachments]

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[1] Narratives about financial results

1. Business Performance and Financial Standing

(1) Background to Results

During the third quarter of the financial year, conditions in the Group's major markets remained stable. Market conditions continue to be significantly more challenging than those experienced prior to the global economic downturn. Building products markets remained stable. Underlying conditions in automotive markets were similar to the previous two quarters, although the continued withdrawal of the few remaining government incentive schemes affected demand levels. Specialty Glass markets continued to perform relatively well.

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, although market conditions gradually improved during the quarter. New housing starts remain at low levels but improved further during the quarter, aided by fiscal incentives. Headline prices were stable but continue to be below those of the previous year. Automotive market demand fell in the quarter following the cessation 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. Sales of new cars continued to be above the previous year's levels. 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 three 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. Q3 FY11 | Cum. Q3 FY10 | Cum. Q3 FY11 | Cum. Q3 FY10 |
| Building Products | 185,515 | 193,716 | 14,304 | (124) |
| Automotive | 198,293 | 195,641 | 14,468 | 8,144 |
| Specialty Glass | 47,022 | 49,191 | 5,958 | 2,578 |
| Other Operations & Eliminations | 4,895 | 5,319 | (22,342) | (27,247) |
| Total | 435,725 | 443,867 | 12,388 | (16,649) |

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 Q3 FY2010 operating result for the Building Products business line improved by ¥ 10,619 million, the operating result for the Automotive business line increased by ¥ 9,993 million, and the operating result for the Specialty Glass business line increased by ¥ 34 million. The operating loss in Other Operations and Eliminations increased by ¥ 20,647 million. Also as a result of this change, Q3 FY2010 external sales in the Building Products business line increased by ¥ 4,828 million and external sales in the Automotive business line increased by ¥ 46 million. External sales in Other Operations and Eliminations decreased by ¥ 4,874 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 mainly to cost savings realized from previous restructuring actions and higher volumes.

In Europe, representing 43 percent of the Group's BP sales, revenues in local currency were slightly below the previous year, as improving volumes were offset by the impact of previous year disposals and reduced engineering revenue. Price increases implemented earlier in the year have held up fairly well since but remain below levels experienced prior to the economic downturn. Profits improved, due to the increased volumes and cost savings.

Revenues in Japan, representing 34 percent of BP sales, were higher than in the previous year as markets continued to gradually improve from a low base. Profitability improved, as reduced prices were more than offset by increases in volumes and the continued realization of cost savings.

In North America, representing 9 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, cost savings, and an improving product mix.

In the rest of the world, revenues and profits improved strongly from the previous year due mainly to increased market prices, and the consolidation of the Group's rolled glass facility in China from the start of the current financial year. On 19 January 2011, the Group announced the re-commissioning of its VGI float glass facility in Vietnam to manufacture the

Group's NSG TEC solar energy products. The furnace start-up is planned for March 2011.

The Building Products business achieved sales of ¥ 185,515 million and an operating profit of ¥ 14,304 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 46 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 volumes, with a consequent improvement in profits. Local currency 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 ahead of last year, due to improved levels of demand, despite the reduced demand in the third quarter. Profits also benefited from further cost savings and efficiency improvements.

In North America, representing 21 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 ¥ 198,293 million and an operating profit of ¥ 14,468 million.

Specialty Glass Business

Revenues in Specialty glass were below the previous year as robust market conditions were more than offset by previous year disposals. Profits, however, were above the prior year as most of the Groups' specialty glass businesses continued to experience robust demand, particularly in sectors such as touch panel technology for mobile devices. 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 through the current year. Sales of glass cord for engine timing belts were supported by robust vehicle production in Europe.

The Specialty Glass business recorded sales of ¥ 47,022 million and an operating profit of ¥ 5,958 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.

Consequently, this segment recorded sales of ¥ 4,895 million and an operating loss of ¥ 22,342 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 Cebra, the Group's joint venture in Brazil, and an improved performance in the Group's

joint ventures and associates in China and Russia.

The Group's share of joint ventures and associates profits after tax was ¥ 6,345 million (Q3 FY10 ¥ 1,126 million).

2. Financial condition

Total assets at the end of December 2010 were ¥ 828,384 million, representing a decrease of ¥ 105,337 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 3 | 31 December 2010 | 286,151 |

Net financial indebtedness decreased by ¥ 28,495 million from 31 March 2010 to ¥ 286,151 million at the period end. During the quarter, the Group redeemed preferred shares with a value of ¥ 10,081 million, with a consequent increase in net debt. Currency movements generated a reduction in net debt of approximately ¥ 12,500 million over the period. Gross debt was ¥ 349,741 million at the period end.

Cash inflows from operating activities were ¥ 17,021 million. Cash outflows from investing activities were ¥ 17,058 million, including capital expenditure on tangible fixed assets of ¥ 18,821 million. As a result, total cash outflows before financing were ¥ 37 million.

3. Prospects

The forecast of operating income, ordinary income and net income is set out on page 2, and is unchanged from that first announced on 5 August 2010. Trading activities remain in line with the Group's expectations.

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

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. Following the finalization of transaction fees since this date, the eventual net proceeds were ¥ 40,237 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, the Group 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 third 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) Calculations for the ending balance of inventories

The Company and consolidated subsidiaries calculate the closing balance of inventories based on the amounts recorded in the relevant inventory and accounting systems at 31 December 2010. Inventory counts conducted at 30 September 2010, the results of which are included within the opening inventory balance of the current accounting period, are not generally repeated at quarter-end dates.

3) 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 third 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 ¥ 661 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 ¥ 1,049 million during the period.

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

(¥ millions)

| | Quarter 3 FY 11 As of 31 December 2010 | FY 10 (Abbreviated) As of 31 March 2010 |
|--|---|--|
| Assets | | |
| Current assets | | |
| Cash and deposits | 63,589 | 79,796 |
| Notes and accounts receivable – trade | 91,395 | 97,680 |
| Merchandise and finished goods | 57,049 | 56,107 |
| Work in process | 9,908 | 10,375 |
| Raw materials and supplies | 30,260 | 32,309 |
| Other current assets | 16,177 | 25,325 |
| Allowance for doubtful accounts | (3,670) | (4,146) |
| Total: Current assets | 264,708 | 297,446 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 138,858 | 141,122 |
| Accumulated depreciation | (80,168) | (78,184) |
| Buildings and structures, net | 58,690 | 62,938 |
| Machinery, equipment and vehicles | 343,802 | 357,689 |
| Accumulated depreciation | (202,655) | (199,666) |
| Machinery, equipment and vehicles, net | 141,147 | 158,023 |
| Tools, furniture and fixtures | 45,254 | 45,330 |
| Accumulated depreciation | (29,971) | (28,768) |
| Tools, furniture and fixtures, net | 15,283 | 16,562 |
| Land | 36,181 | 39,774 |
| Leased assets | 8,888 | 8,179 |
| Accumulated depreciation | (5,382) | (3,820) |
| Leased assets, net | 3,506 | 4,359 |
| Construction in progress | 1,432 | 1,486 |
| Total: Property, plant and equipment | 256,239 | 283,140 |
| Intangible assets | | |
| Goodwill | 101,932 | 122,653 |
| Other intangible assets | 92,823 | 113,381 |
| Total: intangible assets | 194,755 | 236,034 |
| Investments and other assets | | |
| Joint ventures, associates and other investments | 56,776 | 59,224 |
| Others | 57,654 | 59,845 |
| Allowance for doubtful accounts | (1,748) | (1,969) |
| Total: Investments and other assets | 112,682 | 117,100 |
| Total: Non-current assets | 563,676 | 636,275 |
| Total: Assets | 828,384 | 933,721 |

(1) Quarterly consolidated balance sheet (continued)

(¥ millions)

| | Quarter 3 FY 11 As of 31 December 2010 | FY 10 (Abbreviated) As of 31 March 2010 |
|---|---|--|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable – trade | 57,530 | 68,898 |
| Short-term loans payable | 9,605 | 25,619 |
| Current portion of long-term loans payable | 9,697 | 41,533 |
| Current portion of bonds payable | 23,000 | 10,000 |
| Lease obligations | 1,838 | 1,984 |
| Income taxes payable | 4,386 | 6,023 |
| Provisions | 10,789 | 17,107 |
| Other current liabilities | 51,681 | 63,971 |
| Total: Current liabilities | 168,526 | 235,134 |
| Non-current liabilities | | |
| Bonds payable | 51,000 | 50,000 |
| Long-term loans payable | 253,084 | 262,326 |
| Lease obligations | 1,516 | 2,980 |
| Provision for retirement benefits | 49,695 | 59,319 |
| Provision for rebuilding furnaces | 10,860 | 10,560 |
| Other provisions | 6,517 | 7,401 |
| Other non-current liabilities | 58,541 | 66,071 |
| Total: Non-current liabilities | 431,213 | 458,656 |
| Total: Liabilities | 599,739 | 693,790 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 116,449 | 96,147 |
| Capital surplus | 145,514 | 135,290 |
| Retained earnings | 66,749 | 71,696 |
| Treasury stock | (589) | (589) |
| Total: Shareholders' equity | 328,123 | 302,544 |
| Valuation and translation adjustments | | |
| Valuation difference on available-for-sale securities | 785 | 836 |
| Deferred gains or losses on hedges | (3,343) | (5,026) |
| Foreign currency translation adjustment | (108,105) | (68,048) |
| Total: Valuation and translation adjustments | (110,663) | (72,238) |
| Subscription rights to shares | 726 | 684 |
| Minority interests | 10,459 | 8,942 |
| Total: Net assets | 228,645 | 239,931 |
| Total: Liabilities and net assets | 828,384 | 933,721 |

(2) Quarterly consolidated income statement*(¥ millions)*

| | Quarter 3 FY 10 For the period 1 April 2009 to 31 December 2009 | Quarter 3 FY 11 For the period 1 April 2010 to 31 December 2010 |
|--|--|--|
| Net sales | 443,867 | 435,725 |
| Cost of sales | 332,079 | 313,344 |
| Gross profit | 111,788 | 122,381 |
| Selling, general and administrative expenses | 128,437 | 109,993 |
| Operating income | (16,649) | 12,388 |
| Non-operating income | | |
| Interest income | 1,483 | 1,256 |
| Dividends income | 457 | 407 |
| Share of profits of affiliates | 1,126 | 6,345 |
| Other non-operating income | 1,642 | 489 |
| Total: Non-operating income | 4,707 | 8,497 |
| Non-operating expenses | | |
| Interest expenses | 11,679 | 9,920 |
| Foreign exchange loss | - | 1,679 |
| Other non-operating expenses | 2,134 | 1,903 |
| Total: Non-operating expenses | 13,813 | 13,502 |
| Ordinary income | (25,755) | 7,383 |
| Extraordinary income | | |
| Gain on sales of fixed assets | 986 | 724 |
| Gain on reversal of impairment | - | 691 |
| Gain on sales of investment securities | 4,141 | - |
| Gain on sales of investments in affiliates | 279 | - |
| Other extraordinary income | 1,414 | 247 |
| Total: Extraordinary income | 6,821 | 1,662 |
| Extraordinary loss | | |
| Loss on retirement of non current assets | 399 | 270 |
| Loss on sales of non current assets | 126 | 93 |
| Impairment loss | 5,210 | - |
| Loss on sales of investments in affiliates | 1,429 | - |
| Restructuring expenditure | 3,392 | 1,750 |
| Other extraordinary losses | 3,023 | 530 |
| Total: Extraordinary losses | 13,580 | 2,643 |
| Income before income taxes | (32,514) | 6,402 |
| Income taxes | (1,384) | 1,353 |
| Income before minority interests | - | 5,049 |
| Minority interests | 936 | 3,380 |
| Net income | (32,066) | 1,669 |

(3) Quarterly consolidated statement of cash-flow

(¥ millions)

| | Quarter 3 FY 10 For the period 1 April 2009 to 31 December 2009 | Quarter 3 FY 11 For the period 1 April 2010 to 31 December 2010 |
|---|---|--|
| Cash flows from operating activities | | |
| Income before income taxes | (32,514) | 6,402 |
| Adjustments for: | | |
| Depreciation and amortization | 37,807 | 31,060 |
| Amortization of goodwill | 5,684 | 4,924 |
| Impairment Loss | 5,210 | - |
| Increase / (decrease) in allowance for doubtful accounts | 1,848 | (297) |
| Increase / (decrease) in provision for retirement benefits | 1,983 | (3,491) |
| Increase in provision for furnace repairs | 301 | 301 |
| Net gain on sales and disposals of fixed assets | (461) | (361) |
| Net (gain) / loss on sales and valuation of investment securities | (4,141) | 26 |
| Net loss on sales of investments in affiliates | 1,150 | 80 |
| Interest and dividends income | (1,939) | (1,663) |
| Interest expenses | 11,679 | 9,920 |
| Equity in earnings of affiliates | (1,126) | (6,345) |
| (Increase) / decrease in notes and accounts receivable | (12,057) | 3,654 |
| Decrease / (increase) in inventories | 6,910 | (5,764) |
| Increase / (decrease) in notes and accounts payable | 803 | (4,156) |
| Other, net | (3,318) | (5,842) |
| Subtotal | 17,817 | 28,448 |
| Interest and dividends income received | 3,641 | 5,313 |
| Interest expenses paid | (17,439) | (9,765) |
| Income taxes paid | (13,496) | (6,975) |
| Net cash (used in) / provided by operating activities | (9,477) | 17,021 |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (11,131) | (18,821) |
| Proceeds from sales of property, plant and equipment | 1,573 | 965 |
| Purchase of intangible assets | (496) | (98) |
| Purchase of investment securities | (16) | (6) |
| Proceeds from sales of investment securities | 7,659 | 22 |
| Purchase of investments in subsidiaries and affiliates | (1,452) | (1,179) |
| Proceeds from sales of stocks of subsidiaries and affiliates | 9,077 | 33 |
| (Increase) / decrease in short-term loans receivable | (3,496) | 22 |
| Payments of long-term loans receivable | (5,437) | (502) |
| Proceeds from repayments of long-term loans receivable | 7,469 | 2,146 |
| Other, net | 454 | 360 |
| Net cash provided by / (used in) investment activities | 4,204 | (17,058) |

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

(¥ millions)

| | Quarter 3 FY 10 For the period 1 April 2009 to 31 December 2009 | Quarter 3 FY 11 For the period 1 April 2010 to 31 December 2010 |
|--|---|---|
| Cash flows from financing activities | | |
| Increase / (decrease) in short-term loans payable | 3,415 | (3,073) |
| Proceeds from long-term loans payable | 109,276 | 33,245 |
| Repayment of long-term loans payable | (120,204) | (62,290) |
| Proceeds from issuance of bonds | - | 23,864 |
| Redemption of bonds | - | (10,000) |
| Proceeds from issuance of stocks | 30,000 | 40,237 |
| Purchase of treasury stock | - | (10,091) |
| Cash dividends paid | (5,125) | (6,995) |
| Cash dividends paid to minority shareholders | (870) | (1,547) |
| Repayments of finance lease obligations | (2,335) | (1,607) |
| Other, net | (1,273) | 0 |
| Net cash provided by financing activities | 12,883 | 1,743 |
| Effect of exchange rate change on cash and cash equivalents | 2,322 | (3,536) |
| Net increase / (decrease) in cash and cash equivalents | 9,932 | (1,830) |
| Cash and cash equivalents at beginning of period | 75,598 | 55,995 |
| Increase in cash and cash equivalents resulting from change of scope of consolidation | - | 361 |
| Cash and cash equivalents at end of period | 85,529 | 54,526 |

(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 3 FY 10 (For the period 1 April 2009 to 31 December 2009)

(¥ millions)

| | Building products | Automotive | Specialty glass | Other | Total | Eliminations | Consolidated |
|-------------------------|-------------------|------------|-----------------|---------|----------|--------------|--------------|
| Sales | | | | | | | |
| (1) External sales | 188,888 | 195,595 | 49,191 | 10,193 | 443,867 | - | 443,867 |
| (2) Inter-segment sales | 8,313 | 2,149 | 1,116 | 3,175 | 14,753 | (14,753) | - |
| Net sales | 197,201 | 197,744 | 50,307 | 13,368 | 458,620 | (14,753) | 443,867 |
| Operating income | (10,743) | (1,849) | 2,544 | (6,600) | (16,649) | - | (16,649) |

By Geography

Quarter 3 FY 10 (For the period 1 April 2009 to 31 December 2009)

(¥ millions)

| | Japan | Europe | North America | Other | Total | Eliminations | Consolidated |
|-------------------------|---------|----------|---------------|--------|----------|--------------|--------------|
| Sales | | | | | | | |
| (1) External sales | 125,175 | 197,609 | 58,513 | 62,570 | 443,867 | - | 443,867 |
| (2) Inter-segment sales | 84,724 | 120,805 | 13,772 | 18,409 | 237,710 | (237,710) | - |
| Net sales | 209,899 | 318,414 | 72,285 | 80,979 | 681,577 | (237,710) | 443,867 |
| Operating income | (4,405) | (11,566) | (6,092) | 5,415 | (16,649) | - | (16,649) |

Overseas sales

Quarter 3 FY 10 (For the period 1 April 2009 to 31 December 2009)

(¥ millions)

| | Europe | North America | Asia | Other | Total |
|---|---------|---------------|--------|--------|---------|
| a. Overseas sales | 188,157 | 54,934 | 52,089 | 39,358 | 334,538 |
| b. Consolidated sales | | | | | 443,867 |
| c. Overseas sales as a percentage of consolidated net sales | 42.4% | 12.4% | 11.7% | 8.9% | 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 3 FY11 (1 April 2010 to 31 December 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 | 185,515 | 198,293 | 47,022 | 430,830 | 4,895 | - | 435,725 | - | 435,725 |
| Inter-segmental sales | 10,206 | 820 | 138 | 11,164 | 3,988 | (15,152) | - | - | - |
| Total sales | 195,721 | 199,113 | 47,160 | 441,994 | 8,883 | (15,152) | 435,725 | - | 435,725 |
| Segmental profit (loss) | 14,304 | 14,468 | 5,958 | 34,730 | 544 | (10,889) | 24,385 | (11,997) | 12,388 |

(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 3 FY10 (1 April 2009 to 31 December 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 | 193,716 | 195,641 | 49,191 | 438,548 | 5,319 | - | 443,867 | - | 443,867 |
| Inter-segmental sales | 8,314 | 2,160 | 1,116 | 11,590 | 3,163 | (14,753) | - | - | - |
| Total sales | 202,030 | 197,801 | 50,307 | 450,138 | 8,482 | (14,753) | 443,867 | - | 443,867 |
| Segmental profit (loss) | (124) | 8,144 | 2,578 | 10,598 | 772 | (14,319) | (2,949) | (13,700) | (16,649) |

(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 a result of the capital transaction, both balances of share capital and capital reserve increased by ¥20,302 million, respectively, during the second quarter.

On 1 October 2010, the Company acquired and cancelled 980,000 shares of Type A preferred stock. As a result of the capital transaction, balance of other capital surplus decreased by ¥10,081 million during the third quarter.

(7) Significant subsequent events

(Acquisition and cancellation of Type A preferred shares)

Following the delegation by the resolution of board of directors' meeting held on 2 February 2011, on 3 February 2011, the representative executive director decided the Company will acquire and cancel all of remaining Type A preferred 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 | 1,717,000 shares | ¥ 17,460,832,894 |
| UDS Corporate Mezzanine Limited Partnership | In accordance with the provisions for acquisitions | Type A Preferred Shares | 303,000 shares | ¥ 3,081,323,452 |
| Total | | - | 2,020,000 shares | ¥ 20,542,156,346 |

3. Accounting treatment for cancellation of preferred stock

By reducing the balance of other capital surplus and earned surplus

4. The date of partial acquisition and cancellation of shares

18 February 2011