

## Summary of Interim Financial Results Half Year to September 2005

November 21, 2005  
Nippon Sheet Glass Co., Ltd.

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## Consolidated Statements of Operations

(billion Yen)	Half year to Sep 2004	Half year to Sep 2005	Year to year percentage change	Year to Mar 2005
Net sales	129.7	127.2 *1	98.1%	265.0
Operating income	5.3	3.9 *2	72.8%	12.0
(%)	4.1%	3.0%	-	4.5%
Non-operating income and expenses	0.5	2.1 *3	414.1%	1.2
Income before extra-ordinary items	5.8	6.0	102.7%	13.3
(%)	4.5%	4.7%	-	5.0%
Extra ordinary income and losses	0.6	-0.4 *4	-69.5%	-1.8
Income before income taxes and minority interest	6.4	5.6	87.3%	11.4
Net income	3.9	3.9	99.2%	7.6
(%)	3.0%	3.1%	-	2.9%
Net income per share (yen)	8.8	8.8	-	17.1

#### Major issues

1. Net sales excluding the sales of shares of Isolite Co., Ltd (2.1 billion yen) is as almost same as sales of first half FY2005.
2. Cost increase of raw materials and other unstable factors led to decrease of operating income.
3. Achievement of a financial account balance surplus and increase of the equity method investment gain.
4. Extra ordinary income: 2.7 billion yen (Gain on sales of investments in securities and others)  
Extra ordinary losses: 3.1 billion yen (Loss on disposal of property, plant and equipment and others)

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## Consolidated Balance Sheets

**NSG**  
NIPPON SHEET GLASS Co., Ltd.

(billion Yen)	Sep 2004	Mar 2005	Sep 2005	Change Sep '04 / Sep '05	Change Mar '05 / Sep '05
Current assets	167.9	167.7	169.5	1.6	1.8
Cash & deposits	61.8	64.2	67.4	5.6	3.2
Fixed assets	262.4	259.2	279.3	16.9	20.1
Total assets	430.4	426.9	448.8	18.5	21.9
Liabilities	225.5	218.9	227.6	2.1	8.7
Interest-bearing debt	129.2	121.3	124.9	-4.3	3.6
Minority interests	2.9	2.7	2.9	0.0	0.2
Shareholders' equity	202.0	205.3	218.4	16.4	13.1
Common stock	41.1	41.1	41.1	0.0	0.0
Others	160.9	164.2	177.3	16.4	13.1
Liabilities & shareholders' equity	430.4	426.9	448.8	18.5	21.9
Shareholders' equity to total assets	46.9%	48.1%	48.7%		
Debt-equity ratio	0.64	0.59	0.57		
BPS (Yen)	455.7	463.3	492.9		
ROE	1.9%	3.7%	1.8%		
ROA	1.6%	3.6%	1.5%		

### Major issues

1. Tangible fixed assets: +600 million yen. Increase of current prices of equity shares: +15.6 billion yen.
2. Redemption of bonds: -9.6 billion yen. Long-term bank borrowings caused by business investment and others increase.
3. Advanced financial soundness, with increased shareholders' equity to total assets and with improved D/E ratio.
4.  $ROA = (\text{Income before extra-ordinary items} + \text{Interest expenses}) / \text{Total assets}$

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## Consolidated Statements of Cash Flows

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(billion Yen)	Half year to Sep 2004	Half year to Sep 2005	Change	Year to Mar 2005
Cash flows from operating activities	7.4	7.2	*1	-0.2
Cash flows from investing activities	-2.8	-6.6	*2	-3.9
Free cash flows	4.6	0.6		16.5
Cash flows from financing activities	0.7	1.3	*3	-7.8
Cash and cash equivalents at the beginning of the period	55.4	63.5		55.4
Cash and cash equivalents at the end of the period	61.1	66.1		63.5

### (Yen)

Dividend per share	3.0	3.0	0.0	6.0
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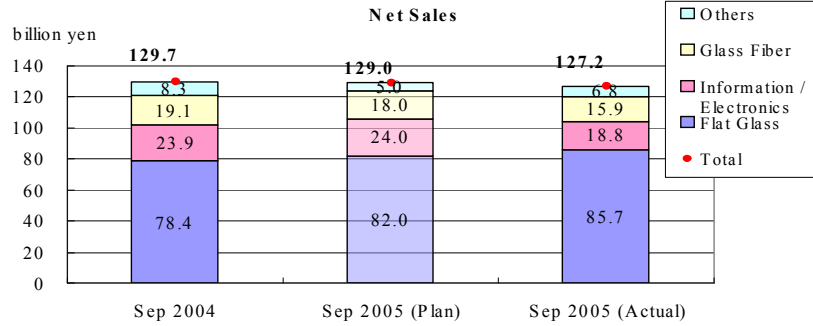
### Major issues

1. Income before income taxes and minority interests : +5.6 billion yen  
  Depreciation and amortization : +6.4 billion yen
2. Purchase of property, plant and equipment : -9.9 billion yen  
  Proceeds from sales of investment in securities : +3.8 billion yen
3. Redemption of bonds : -9.6 billion yen  
  Increase in borrowings : +12.3 billion yen

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## Net Sales : Half Year Change

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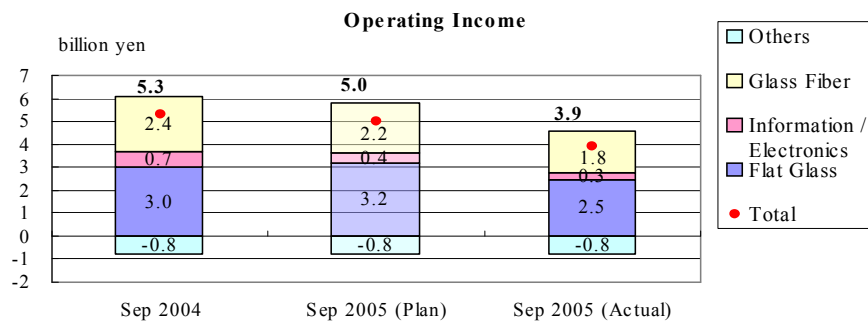


Net Sales (billion Yen)	Half year to Sep 2004		Half year to Sep 2005	
	Actual	Plan showed in June	Actual	Actual
Flat Glass	78.4	82.0	85.7	
Information / Electronics	23.9	24.0	18.8	
Glass Fiber	19.1	18.0	15.9	
Others	8.3	5.0	6.8	
<b>Total</b>	<b>129.7</b>	<b>129.0</b>	<b>127.2</b>	

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## Operating Income : Half Year Change

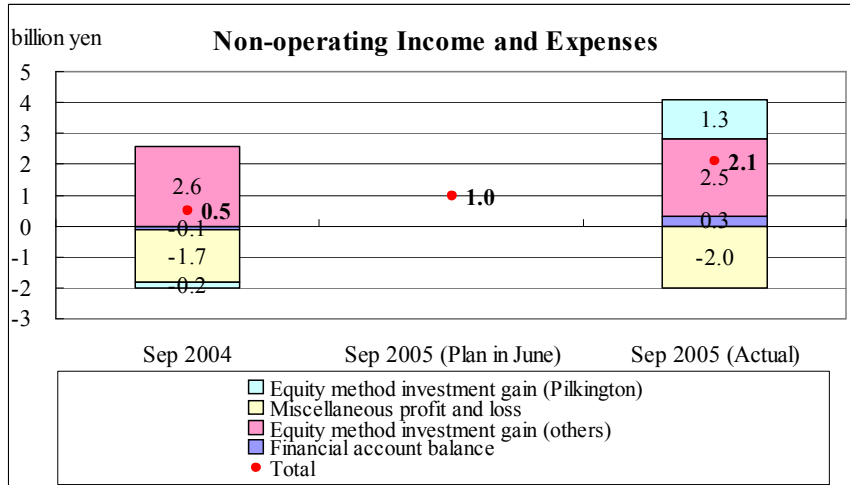
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Operating Income (billion Yen)	Half year to Sep 2004		Half year to Sep 2005	
	Actual	Plan showed in June	Actual	Actual
Flat Glass	3.0	3.2	2.5	
Information / Electronics	0.7	0.4	0.3	
Glass Fiber	2.4	2.2	1.8	
Others	-0.8	-0.8	-0.8	
<b>Total</b>	<b>5.3</b>	<b>5.0</b>	<b>3.9</b>	

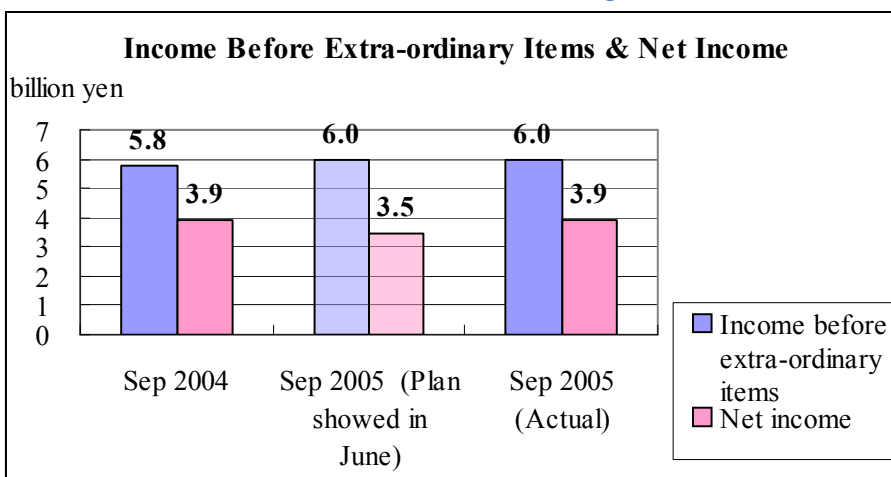
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## Non-operating Income & Expenses : Half Year Change



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## Income Before Extra-ordinary Items & Net Income : Half Year Change

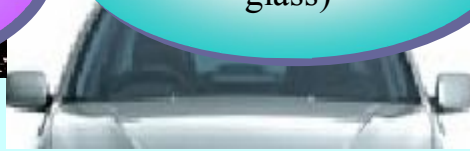


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## Flat Glass Business



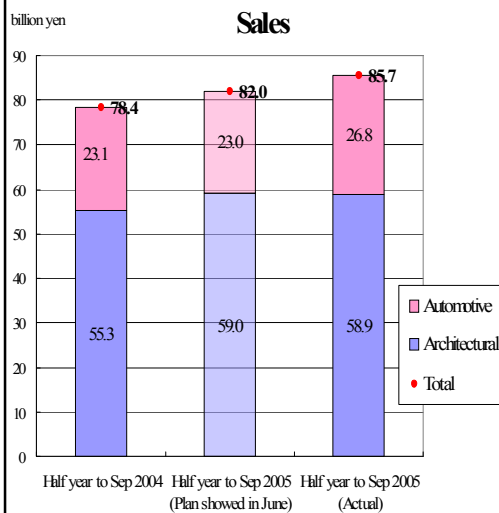
Architectural glass  
(glass and materials  
for architectural use)



Automotive glass  
(transportation vehicle  
glass)

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## Flat Glass: Sales



### Sales

#### Domestic (architectural)

- Solid demand in double glazing glass and security glass. The productivity of security glass (laminated glass) will be doubled in the second half FY 2006 for the demand of architectural use in autumn.
- Price negotiation will be continued with every effort.

#### Overseas (architectural)

- The start-up of an additional furnace in Malaysia contributed to sales.

#### Automotive glass

- Increase of sales for new cars and contribution of newly consolidated company. ( After-market sales company : about 4 billion yen).
- Solid demand in automobiles in Japan is expected in the second period.
- Business performance will be improved through start-up of an equipment for laminated glass in Maizuru, and increased demand in value added glass (IR-cut glass).

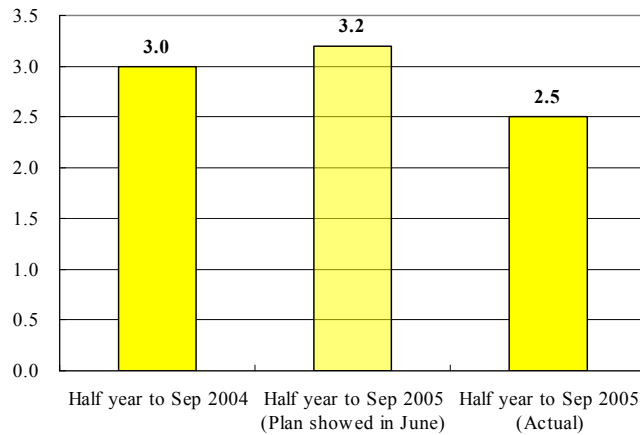
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## Flat Glass : Operating Income



billion yen

### Operating Income

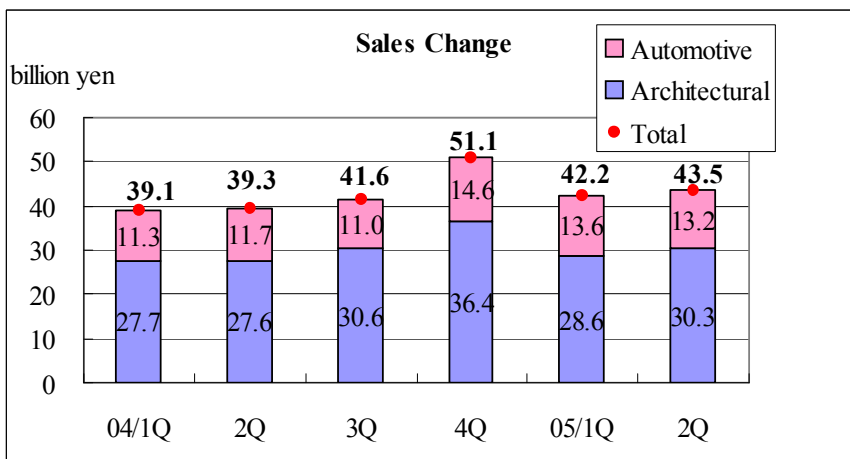


### Operating Income

- Skyrocketing oil prices made worse operating income compared with first half FY 2005 and FY 2006 plan.
- It is important to pay attention to oil price trends.

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## Flat Glass : Sales Change (Fiscal Quarter)

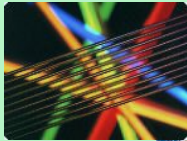


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**Information /  
Telecommunication Device**

**Information Device**

SLA, SLED, chemically enhanced glass, components for office equipment such as printers, scanners and copiers.



**Telecommunication Device**

SELFOC micro lenses, telecommunication devices



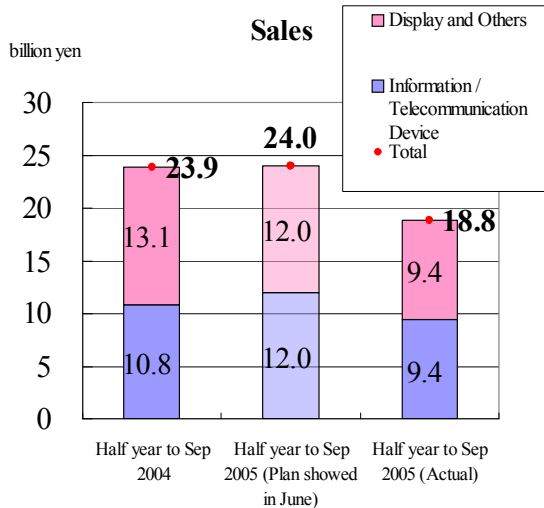
**Display**

LCD substrates, PDP substrates



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Information / Electronics: Sales



**Sales**

**Information Device**

- Sales of optical lenses for multifunctional printers grew steadily.
- Tough competition of the components for light source (SELGUIDE) led to decreased net sales. Expansion of sales on Christmas business will be expected.

**Telecommunication Device**

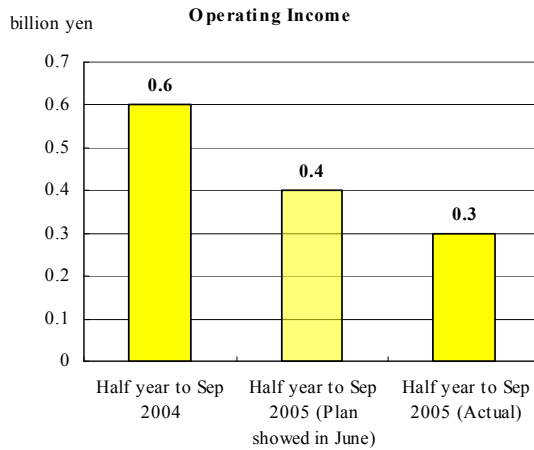
- There are a lot of inquiries for modules. Measures to increase production capacity in the Philippines are being taken.

**Display**

- Slow-up of market recovery in small or medium sized LCDs led to decreased sales. The market recovery in the second half FY2006 will be expected.
- Certification of PDP is not given yet.

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## Information / Electronics : Operating Income



### Operating Income

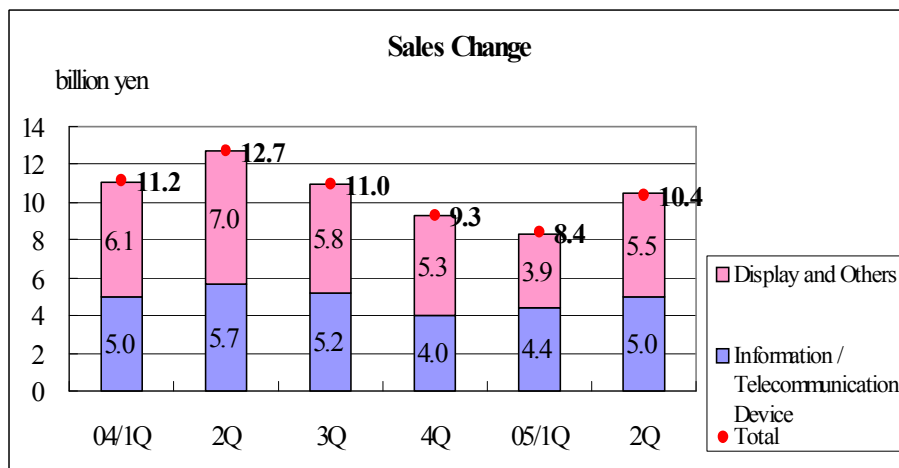
- Decreased sales quantity of display glass led to decreased operating income.
- Deficit of telecommunication device decreased.
- The recovery of LCD market is expected.

### Glass for TFT substrates (NH Techno Glass Corp.)

- Production problem happened in 2Q.
- Forth furnace in Taiwan will be in operation in March 2006.

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## Information / Electronics: Sales Change (Fiscal Quarter)



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# Glass Fiber Business



## Glass Cord

For automotive timing belts



## Battery Separator

For lead-acid batteries for automobiles, uninterrupted power supply equipment



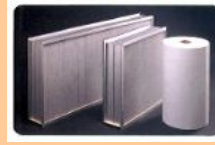
## Glass Flake

Plastic reinforcement and anticorrosion filter  
Highly glittering metallic pigment



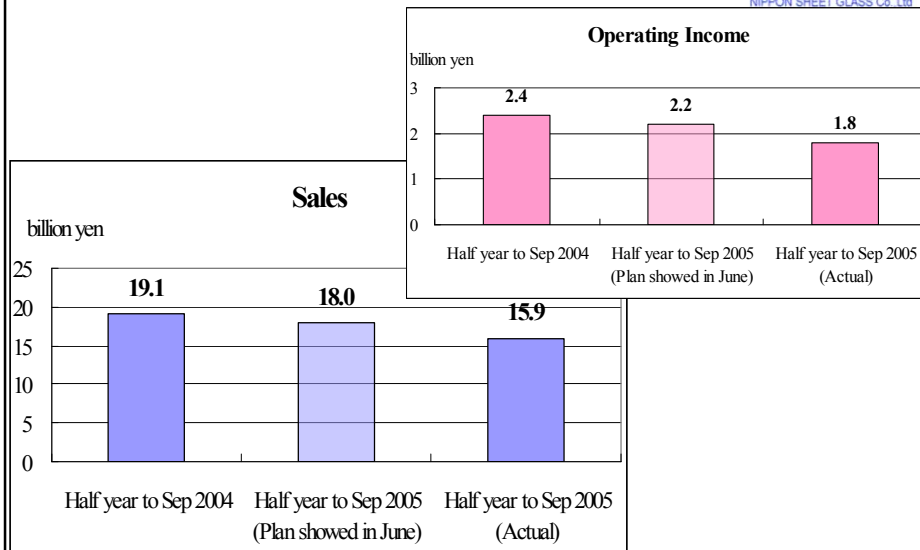
## Air Filter

For clean-rooms



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# Glass Fiber : Sales and Operating Income



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## Glass Fiber



### Glass Cord

- Good sales of highly value added products for Europe continue.
- New production site in Suzhou, China will be in operation in next summer.

### Glass Flake

- Anticorrosion filler section grew steadily.
- We are exploring into new use of METASHINE.

### Battery Separator

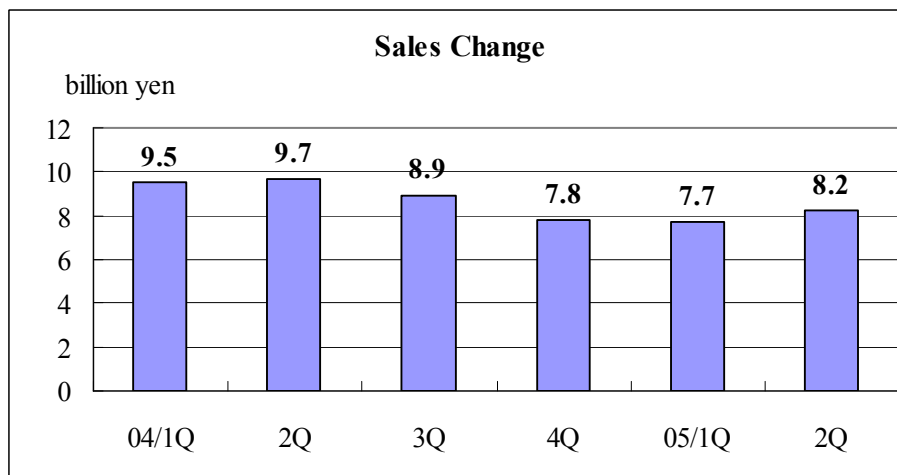
- Tough competition of automotive battery led to depressed price and quantity.
- Effective use of production plant in Tianjin is required for cost reduction.

### Air Filter

- Demand of air filter for new plants of semiconductors or LCDs decreased, owing to delay of those investments.
- The investments will move back to the second half FY2006.

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## Glass Fiber : Sales Change (Fiscal Quarter)



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## Reference Data

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## Projections

1. As the condition in the second half of FY2006 is unpredictable, we do not change the projections for the fiscal 2006 from April 2005 to March 2006 at this time.
  2. We will keep a careful watch on the market trend and consider additional improvement strategy.
  3. When we have changes under the TSE disclosure requirements about forecast for business operations based on the latest condition, we will announce them.
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## Assumptions

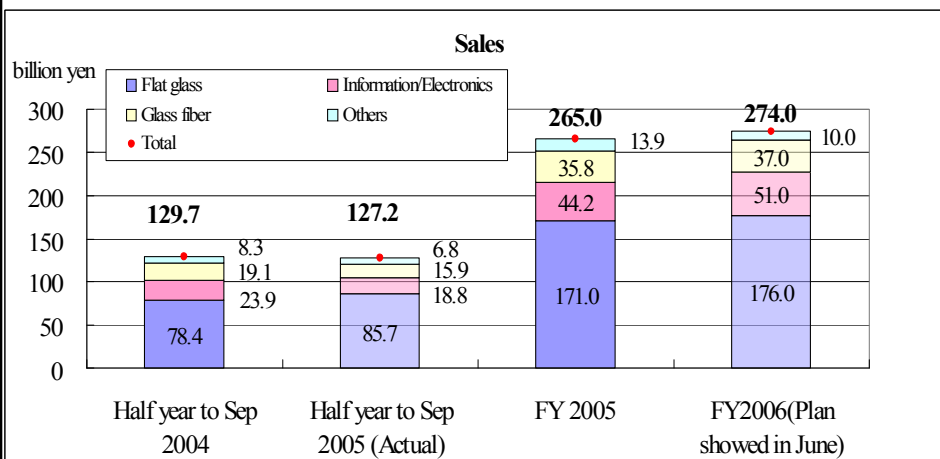


		Sep 2004 Actual	FY 2005 Actual	Sep 2005 Actual	FY 2006 Forecast
Exchange rate	(yen/US\$)	110	110	111	107
Crude oil price (CIF Dubai)	(US\$/B)	34	38	50	37
Depreciation & amortization	(billion yen)	6.2	12.6	6.0	13.0
Capital investment	(billion yen)	6.1	13.7	9.9	16.0
R&E expenditure	(billion yen)	4.0	7.9	3.6	8.0
Free cash flow	(billion yen)	4.6	16.5	0.6	-2.0
Interest-bearing debt	(billion yen)	129.2	121.3	124.9	120.0
Number of employees		13,690	13,385	13,653	-

- Estimated effect of oil price change : Increase of US\$1/B would reduce income by 100 million yen approximately.
- Estimated effect of exchange rate fluctuation : Depreciation of ¥1/US\$ would increase income by 50 million yen approximately.

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## Net Sales by Business



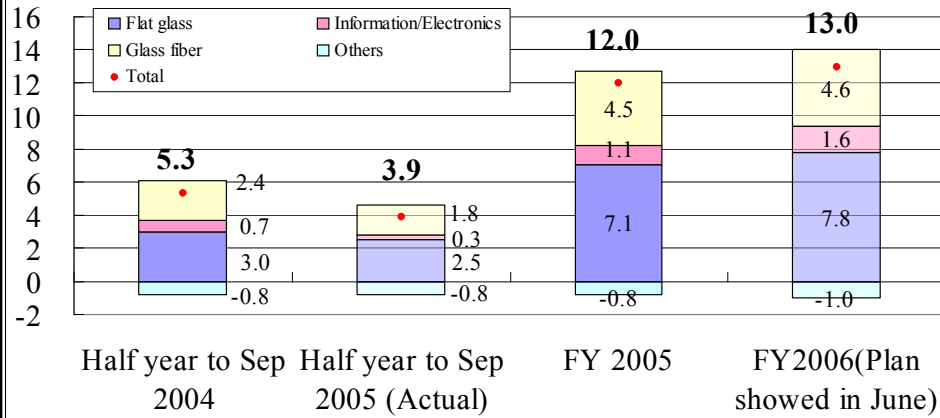
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## Operating Income by Business

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### Operating Income

billion yen



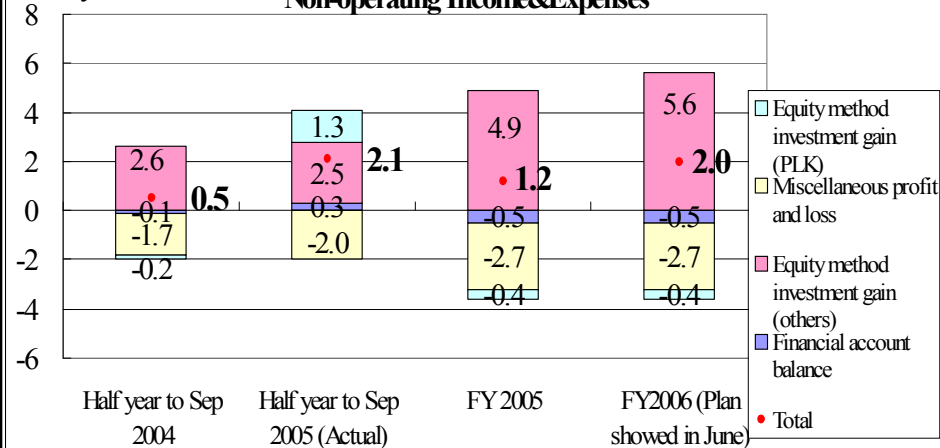
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## Non-operating Income & Expenses

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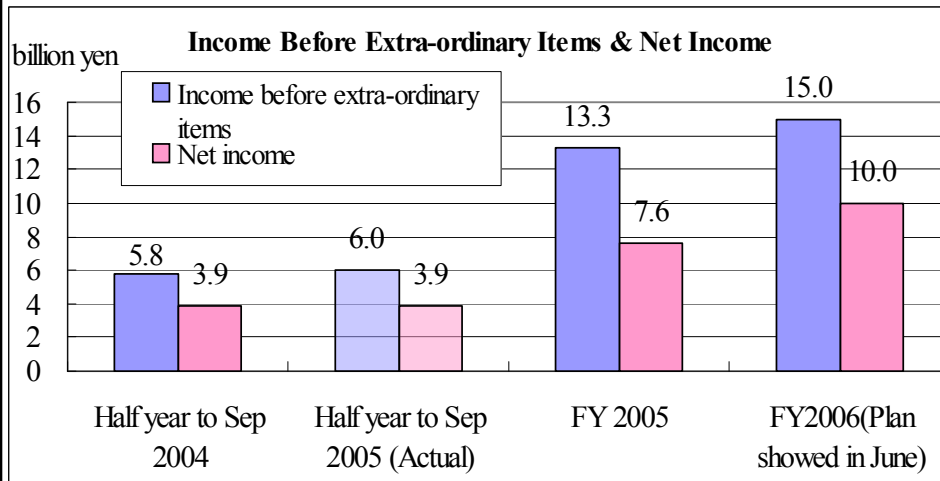
billion yen

### Non-operating Income&Expenses



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## Income Before Extra-ordinary Items & Net Income



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## Notice



The projections contained in this document are based on information currently available to us and certain assumptions that we consider to be reasonable. Hence the actual results may differ. The major factors that may affect the results are the economic environment in major markets (such as Japan, Europe, the U.S. and Asia), product supply/demand shifts, and currency exchange fluctuations.

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