



Nippon Sheet Glass Co., Ltd.

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To Our Shareholders

Nippon Sheet Glass Co., Ltd. 142nd Fiscal Period Report
April 1, 2007 – March 31, 2008



Consolidated Financial Highlights

Items	Fiscal 2006	Fiscal 2007	Fiscal 2008
Sales (Millions of yen)	265,888	681,547	865,587
Operating Income (Millions of yen)	8,429	23,822	46,462
Ordinary Income (Millions of yen)	10,425	8,001	30,437
Net Income (Millions of yen)	7,764	12,095	50,416
Net Income per Share (yen)	17.52	21.85	75.44

Note: Pilkington plc and its subsidiary companies were fully consolidated for 9 months during fiscal 2007 and for a full year during fiscal 2008.

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Message from the Chairman, and President and CEO

On behalf of the NSG Group, we would like to thank you for your continued support. We are pleased to present the report for the period ended March 31, 2008.

The past year has been an eventful and successful one for the Group. The financial results show sustained improvement in sales and profits. Performance has been particularly strong in Europe, where we have our largest operations.

We are able to report progress on our primary objective in Phase 1 of the Medium Term Plan, with net debt reduction ahead of schedule. While our primary focus remains on Phase 1, we are already preparing for Phase 2, with selective investments in some key areas.

Further progress has been made in integrating the global business. Recent organizational changes include the new senior management appointments and a simplification of our operations into a three business line structure. The “Company with Committees” board structure introduces additional safeguards for shareholders, increases transparency and improves corporate governance.

In FY09, we expect challenging trading conditions in most markets, with increased global energy and commodity prices introducing added volatility. In the longer term, however, the strong underlying performance of the business and continuing growth in the global Flat Glass industry provide confidence that the NSG Group is well positioned to succeed as an industry leader.

We look forward to your continuing understanding and support of our activities.

June 27, 2008

Katsuji Fujimoto
Chairman of NSG Group
Director
Nippon Sheet Glass Co., Ltd

Stuart Chambers
President and CEO
Representative Executive Director
Nippon Sheet Glass Co., Ltd





We are following a ten-year strategy in three phases. Phase 1, taking us through to 2010, includes three key objectives — first, to create an international, integrated, global company; secondly to reduce our debt to target levels; and thirdly to prepare ourselves for phases 2 and 3.

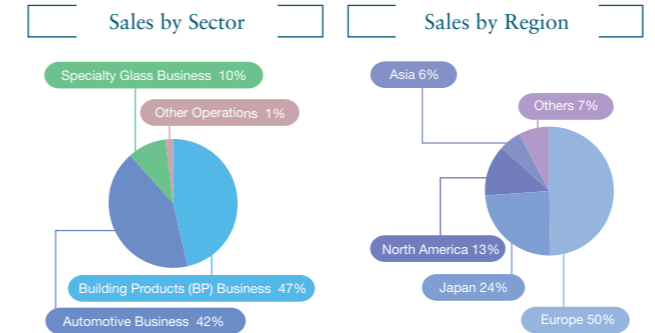
Q2 We have seen sales and profits continue to rise dramatically during the current fiscal year. Please can you explain the reasons behind this and give us your assessment?

A2 The results for FY08 are strong and I'd like to take this opportunity to thank all of our employees for their support and commitment over a tough year. These results have been achieved against a background of considerable organizational change, so it is impressive that everyone remained focused to help ensure a strong overall result.

We consolidated the results of Pilkington for the whole year, as opposed to nine months in the previous year, but behind this was real improvement in the performance of some of our businesses. Building Products (BP) Europe, the Group's largest business, achieved record results in both sales and profits, with improving prices more than offsetting cost push. Automotive in Europe also achieved solid performance in OE and AGR, with improved volumes aided by efficiency improvements.

In Japan, BP was constrained by low operating margins, while Automotive saw reduced sales but good profit growth. In North America, challenging market conditions impacted results in both BP and Automotive. In the rest of the world, we saw continuing good performance in South America, with South East

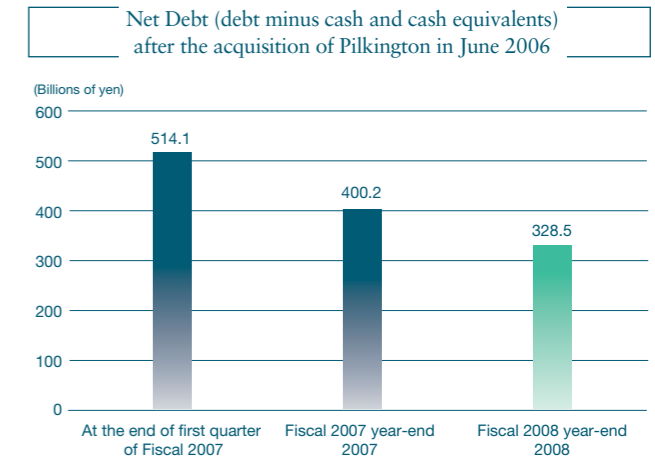
Asia stable. Our Specialty Glass business also improved in profit terms across the board, but particularly in Ultra Fine Float for touch panels and glass fiber for engine timing belts.



Q3 The NSG Group is taking steps to reduce interest-bearing debt. What is the current status of these efforts?

A3 Debt reduction is our number one priority in Phase 1 of the Medium Term Plan, as we need to reduce the debt burden incurred in our acquisition of Pilkington as quickly as possible. Only by reducing the debt can we reach a position where we can start to make significant investments in the many potential growth areas we have identified.

Under the Medium Term Plan, our target is to reduce our net debt to ¥350 billion by March 2010. I am pleased to be able to report that not only are we on track to achieve this, but we are well ahead of schedule. One of the main contributing factors in our success has been the continuing excellent cash flows from our operating businesses. The results we have announced for FY08 have helped to carry this forward.



Q4 Can you please report on progress made since the acquisition of Pilkington plc in creating an international, integrated, global company?

A4 I think it is clear that good progress has been made. The first step was to create a single integrated global flat glass business, which we did in April 2007. This brought together all of the former Pilkington and NSG operations in Building Products and Automotive. At the same time we established global functions, such as Human Resources, Finance, Information Systems and Procurement to provide support.

In October 2007, we brought Specialty Glass into the global structure and also took the important and significant step of rebranding ourselves as "The NSG Group" at the top level. For marketing purposes, we decided to retain the "Pilkington" brand for Building Products and Automotive. Research showed

that the “Pilkington” brand is well known worldwide and is a valuable asset we acquired when we bought Pilkington.

Having achieved a good integration of the operations, we have now been able to simplify the organization. We have adopted a clear three business line structure: Building Products, Automotive and Specialty Glass. Each of the business lines is managed on a global basis by a main board director.

Q5 Uncertain economic conditions are forecasted such as sharply rising raw material prices and a slowing down of the North American economy stemming from the subprime loan crisis. What is the outlook for the NSG Group business?

A5 I think it’s important at the moment to make a distinction between the immediate future and the longer term. In FY09, we expect conditions in most of our markets to be challenging. The biggest issue we face in the current financial year is “cost push,” with our input costs adversely affected by rising energy and commodity prices.

Clearly, planning against such a volatile background is difficult, but we have to operate in whatever conditions prevail and can’t be too preoccupied with factors outside our control. Instead, we are focusing on addressing factors we can control; making every effort to reduce our internal costs, to increase efficiency, to save energy and to boost our productivity.

Our main operational focus is firmly on achieving the objectives of phase 1 of the Medium Term Plan, but we are not ignoring

phases 2 and 3. We are already sowing the seeds in emerging markets — creating joint ventures and undertaking on-the-ground investment to ready the businesses for expansion in regions such as India and China. Of the spare cash we generate, 80 per cent is required to reduce the debt, but 20 per cent will be channelled into ensuring that we have laid the foundations ready for accelerated growth in Phase 2.

The NSG Group is the second largest producer of glass for buildings and vehicles in the world and we have a strong position in some of the sectors in which Specialty Glass operates. The Flat Glass industry is strong, with excellent growth prospects as architects and vehicle designers specify not only larger areas of glass, but also with increasing product complexity. In addition, we can see some exciting new opportunities opening up, such as those in the growing photovoltaics sector. So, overall I see prospects for our company as very positive.

Business Summary by Segment

(Consolidated basis)

Business Segment	Net sales (Billions of yen)	Operating income (Billions of yen)	Sales by Sector
Building Products Business			
Automotive Business			
Specialty Glass Business			
Other Operations			

Notes : 1. Pilkington’s results were included from the second quarter of fiscal 2007.
2. Figures indicate sales to outside customers in each segment.

Review of Operations

Building Products Business

The BP business performed strongly, despite particularly challenging market conditions in Japan and North America. In Europe, profit performance was strong across all regions and products, with prices higher than last year offsetting the increased input costs. In Japan, market conditions remain challenging with changes in regulation negatively affecting housing starts. In North America the business faced weak residential glass demand, partly offset by a greater proportion of value-added product sales. In South America, the business continues to benefit from the growing demand in local markets, while in South East Asia, the Group's business continued to show an improvement over the previous year. During the year the Group's Australasian Building Products business was sold to CSR. As a result, the Building Products business line achieved sales of ¥402.468 billion.



Automotive Business

Original Equipment (OE) sales were higher than in the previous year on a full year pro forma basis and, excluding the impact of exchange, all regions experienced continued year-on-year growth. Sales in the Automotive Glass Replacement (AGR) business also showed a strong year-on-year increase.

In Europe, the market for light vehicles fell. Nevertheless, due to the success of new models it supplies, the Group's sales volume outperformed the market trend with very strong growth over the previous year. European AGR sales also increased strongly, due to continuing improvements in competitiveness and major contract renewals.



In Japan, vehicle build reflected a reduction in domestic sales, offset by increased export volumes. Sales reduced slightly due to a slow ramp-up of some models, but profitability improved, due to efficiency gains and cost reductions. In North America, sales to OE manufacturers showed year-on-year growth, although this is offset by exchange movements. AGR sales were also stronger than in the previous year at constant exchange rates. In South America, light vehicle demand rose and the Group experienced an increase in sales. In China, the market continues to expand rapidly and the emphasis on further improvements in cost and operational efficiency of the business has improved both turnover and profitability. During the year, the Automotive business acquired an AGR company operating in Hungary and Romania. As a result, the Automotive business line achieved sales of ¥364.818 billion.

Specialty Glass Business

In the IT market, sales of glass substrate, for passive LCD and touch panel display applications were strong, as were sales of lens products for multi-function printers. In the Glass Fiber business within Europe, the Group experienced robust demand for its glass cord products throughout the financial year. In Japan demand for air filter products was sluggish due to market conditions in the semi-conductor industry. As a result, the Specialty Glass business line achieved sales of ¥83.589 billion.



Other Operations

This segment covers corporate costs and engineering income, but also includes small businesses not included in Building Products, Automotive and Specialty Glass. This segment experienced increase in general corporate expenses, due to the consolidation of Pilkington's central costs for 12 months rather than 9 months in the previous year. The segment recorded operating expenses of ¥17.673 billion.

Consolidated Financial Statements

Consolidated Balance Sheets

March 31, 2008 and 2007 (Millions of yen)

	2008	2007
ASSETS		
Current assets	421,935	465,836
Cash and deposits	127,928	160,914
Notes and account receivables-trade	145,560	148,584
Inventories	119,488	113,259
Deferred tax assets (current)	7,375	3,095
Other current assets	26,412	44,371
Allowance for doubtful accounts	(4,830)	(4,388)
Fixed assets	897,354	943,146
Tangible assets	375,474	396,586
Buildings & structures	80,700	83,844
Machinery & vehicles	217,410	222,165
Tools & dies	19,910	25,985
Land	54,041	57,213
Construction in progress	3,410	7,376
Intangible assets	352,674	399,498
Goodwill	181,167	204,883
Other intangible assets	171,506	194,614
Investments & other assets	169,205	147,062
Investments	99,867	126,855
Loan receivable (non-current)	9,083	11,093
Prepaid expenses (non-current)	2,193	1,298
Deferred tax assets	51,431	1,150
Other non-current assets	7,616	7,591
Allowance for doubtful accounts	(987)	(927)
Total: Assets	1,319,290	1,408,983

Notes about per share information

(1) Net assets per share	¥536.37
(2) Net income per share	¥75.44

(Millions of yen)

	2008	2007
LIABILITIES		
Current liabilities	389,775	437,589
Notes and accounts payable—trade	98,955	98,291
Short-term bank borrowings	92,956	107,316
Bonds maturing within one year	10,000	—
Accounts payable (construction and other)	22,788	17,580
Accrued income tax	16,732	41,510
Accrued Japanese consumption tax	672	347
Accrued expenses	36,893	41,037
Deposits from customers	3,793	4,128
Provision for employees' bonuses	2,530	2,481
Provision for directors' bonuses	135	64
Provision for losses incurring from enhanced early retirement program	12,519	—
Provision arising from alleged violation of competition law of the European Union	49,992	78,118
Provision for warranties and claims	7,322	—
Deferred tax liabilities (current)	2	3,062
Other current liabilities	34,480	43,650
Non-current liabilities	557,516	620,768
Bonds	33,000	43,000
Long-term bank borrowings	320,452	410,800
Accrued retirement benefits for employees	75,026	86,034
Accrued retirement benefits for directors	436	1,563
Provision for rebuilding furnaces	9,763	9,237
Environmental provision	7,247	—
Deferred tax liabilities (non-current)	90,413	49,869
Other non-current liabilities	21,176	20,261
Total: Liabilities	947,291	1,058,358
NET ASSETS		
Shareholders' equity	352,995	306,900
Common stock	96,147	96,147
Capital surplus	105,292	105,289
Retained earnings	152,097	105,914
Treasury stock—at cost	(541)	(450)
Valuation & translation adjustments	5,439	30,340
Unrealized holding gain on securities	9,194	25,881
Net unrealized holding loss on derivatives	(127)	(3,048)
Foreign currency translation adjustments	(3,626)	7,507
Stock options	253	26
Minority interests in consolidated subsidiaries	13,310	13,357
Total: Net assets	371,998	350,625
Total: Liabilities & Net Assets	1,319,290	1,408,983

Consolidated Statements of Income

For the Fiscal Year Ended March 31, 2008 and 2007 (Millions of yen)

	2008	2007
Net sales	865,587	681,547
Cost of sales	594,379	478,700
Gross income	271,208	202,846
Selling, general and administrative expenses	224,746	179,024
Operating income	46,462	23,822
Non-operating income	21,688	15,476
Non-operating expense	37,713	31,297
Ordinary income	30,437	8,001
Extraordinary income	51,268	51,555
Extraordinary loss	19,447	21,498
Net income before taxation and minority interest	62,258	38,057
Income tax—current	13,800	28,068
Previous year tax adjustments	1,195	—
Income tax—deferred	(5,411)	(5,063)
Minority interest in net income of subsidiaries	2,256	2,957
Net income	50,416	12,095

Consolidated Statements of Cash Flows

For the Fiscal Year Ended March 31, 2008 and 2007 (Millions of yen)

	2008	2007
Cash flows from operating activities	49,394	75,379
Cash flows from investing activities	29,471	(297,644)
Cash flows from financing activities	(83,616)	190,068
Effect of foreign exchange rate on cash and cash equivalents	(13,101)	12,740
Net decrease in cash and cash equivalents	(17,852)	(19,455)
Opening cash and cash equivalents at April 1	159,762	179,158
Decrease due to change in scope of cash and cash equivalents	(38,711)	—
Increase due to change in scope of consolidation	96	—
Increase due to inclusion of new subsidiaries	—	59
Closing cash and cash equivalents at March 31	103,293	159,762

Notes about items related to the consolidated statement of changes in net assets

Type and volume of issued shares and treasury shares

	March 31, 2007	Increase	Decrease	March 31, 2008
Issued shares				
Ordinary shares	669,550,999	—	—	669,550,999
Total	669,550,999	—	—	669,550,999
Treasury shares				
Ordinary shares (Notes 1, 2)	1,147,732	162,801	19,601	1,290,932
Total	1,147,732	162,801	19,601	1,290,932

Notes: 1. Increase of 162,801 shares is due to the acquisition of treasury shares.
2. Decrease of 19,601 shares is due to the disposal of treasury shares.

Consolidated Statement of Changes in Net Assets

For the Fiscal Year Ended March 31, 2008 and 2007

(Millions of yen)

	Shareholders' equity					Valuation & translation adjustments				Stock options	Minority interest	Total
	Common stocks	Capital surplus	Retained earnings	Treasury shares	Subtotal	Unrealized holding gain on securities	Net unrealized holding loss on derivatives	Foreign currency translation adjustments	Subtotal			
Balance: as of March 31, 2007	96,147	105,289	105,914	(450)	306,900	25,881	(3,048)	7,507	30,340	26	13,357	350,625
Changes during the period:												
Dividends			(4,010)		(4,010)							(4,010)
Net income			50,416		50,416							50,416
Acquisition of treasury shares				(99)	(99)							(99)
Disposal of treasury shares		2		8	10							10
Decrease in retained earnings due to new inclusion of a subsidiary											(223)	(223)
Changes in unrealized holding gain, hedges, etc.						(16,687)	2,920	(11,134)	(24,901)	227	(47)	(24,721)
Total		2	46,183	(91)	46,094	(16,687)	2,920	(11,134)	(24,901)	227	(47)	21,373
Balance: as of March 31, 2008	96,147	105,292	152,097	(541)	352,995	9,194	(127)	(3,626)	5,439	253	13,310	371,998

Nonconsolidated Financial Statements

Nonconsolidated Balance Sheets

March 31, 2008 and 2007	(Millions of yen)	
	2008	2007
ASSETS		
Current assets	87,285	90,039
Fixed assets	424,288	463,543
Tangible assets	58,101	66,064
Intangible assets	10,199	7,905
Investments & other assets	355,987	389,574
Total: Assets	511,573	553,583
LIABILITIES		
Current liabilities	106,389	97,478
Non-current liabilities	130,466	150,205
NET ASSETS		
Shareholders' equity	265,597	280,606
Common stock	96,147	96,147
Capital surplus	104,476	104,474
Retained earnings	65,515	80,435
Treasury stocks—at cost	(541)	(450)
Valuation & translation adjustments	8,866	25,266
Stock options	253	26
Total: Liabilities & Net Assets	511,573	553,583

Nonconsolidated Statements of Income

For the Fiscal Year Ended March 31, 2008 and 2007	(Millions of yen)	
	2008	2007
Net sales	169,514	177,672
Cost of sales	132,194	141,776
Gross income	37,319	35,896
Selling, general and administrative expenses	38,634	37,418
Operating loss	(1,314)	(1,521)
Non-operating income	4,680	6,615
Non-operating expense	7,962	7,606
Ordinary loss	(4,596)	(2,513)
Extraordinary income	16,446	49,071
Extraordinary loss	17,410	14,448
Net income (loss) before taxation and minority interest	(5,560)	32,109
Net income (loss)	(10,910)	17,516

Nonconsolidated Statement of Changes in Net Assets

For the Fiscal Year Ended March 31, 2008 and 2007	(Millions of yen)																
	Shareholders' equity															Total	
	Common stocks	Capital surplus			Earned surplus	Retained earnings				Treasury shares	Subtotal	Unrealized holding gain, etc.			Stock options		
		Capital surplus	Other capital surplus	Subtotal		Special reserve for deferred gain on fixed assets	Reserve for deferred gain on fixed assets	General reserve	Retained earnings carried forward			Subtotal	Unrealized holding gain on securities	Net unrealized holding loss on derivatives			Subtotal
Balance: as of March 31, 2007	96,147	104,469	4	104,474	6,376	892	3,830	44,977	24,359	80,435	(450)	280,606	25,099	166	25,266	26	305,899
Changes during the period:																	
Decrease in special reserve for deferred gain on fixed assets						(892)		892									
Increase in reserve for deferred gain on fixed assets							376	(376)									
Decrease in reserve for deferred gain on fixed assets							(430)	430									
Dividends								(4,010)	(4,010)			(4,010)					(4,010)
Net loss								(10,910)	(10,910)			(10,910)					(10,910)
Acquisition of treasury shares										(99)	(99)						(99)
Disposal of treasury shares										8	10						10
Changes in unrealized holding gain, hedges, etc.												(16,506)	106	(16,399)	227		(16,172)
Total	—	—	2	2	—	(892)	(53)	—	(13,974)	(14,920)	(91)	(15,009)	(16,506)	106	(16,399)	227	(31,181)
Balance: as of March 31, 2008	96,147	104,469	6	104,476	6,376	—	3,776	44,977	10,384	65,515	(541)	265,597	8,593	272	8,866	253	274,717

Management

(As of June 27, 2008)

Nippon Sheet Glass has adopted a Company with Committees structure with effect from June 27, 2008.

Directors

Chairman of the Board	Yozo Izuhara
Chairman of NSG Group	Katsuji Fujimoto
Deputy Chairman	Tomoaki Abe
Director	Stuart Chambers
Director	Mike Powell
Director	Pat Zito
Director	Mark Lyons
Director	Keiji Yoshikawa
External Director	Noritaka Kurauchi
External Director	Kozo Okumura
External Director	Isao Uchigasaki
External Director	George Olcott

Executive Directors

Executive Director, President & CEO	Stuart Chambers
Executive Director & GFD	Mike Powell
Executive Director	Pat Zito
Executive Director	Mark Lyons
Executive Director	Keiji Yoshikawa

Executive Officers

Senior Executive Officer	Tim Izzett
Senior Executive Officer	Kazuyuki Izumi
Senior Executive Officer	Toshikazu Kondo
Senior Executive Officer	Vito Sassanelli
Senior Executive Officer	Naotaka Todoroki
Senior Executive Officer	Stephen Pownall
Senior Executive Officer	Takeshi Horiguchi
Senior Executive Officer	Paul McKeon
Senior Executive Officer	Clemens Miller
Senior Executive Officer	Tom Rae

Nomination Committee

Yozo Izuhara (Chairman of the Nomination Committee)	
Tomoaki Abe	Kozo Okumura
Stuart Chambers	Isao Uchigasaki
Noritaka Kurauchi	George Olcott

Audit Committee

Tomoaki Abe (Chairman of the Audit Committee)	
Yozo Izuhara	Kozo Okumura
Katsuji Fujimoto	Isao Uchigasaki
Noritaka Kurauchi	George Olcott

Compensation Committee

Noritaka Kurauchi (Chairman of the Compensation Committee)	
Katsuji Fujimoto	Kozo Okumura
Tomoaki Abe	Isao Uchigasaki
Stuart Chambers	George Olcott

Executive Officer	Minoru Imanishi
Executive Officer	Tony Shaw
Executive Officer	Iain Smith
Executive Officer	Tsunefumi Nakagawa
Executive Officer	Toshiyuki Nakazawa
Executive Officer	Koichi Hiyoshi
Executive Officer	Mike Fallon
Executive Officer	Kazumitsu Fujii
Executive Officer	Akira Matsumoto
Executive Officer	Kenichi Morooka
Executive Officer	Paul Ruddlesdin
Executive Officer	Vittore De Leonibus
Executive Officer	Paul Ravenscroft

Stock Information

(As of March 31, 2008)

Authorized Common Stock 1,775,000,000 shares

Issued Shares 669,550,999 shares

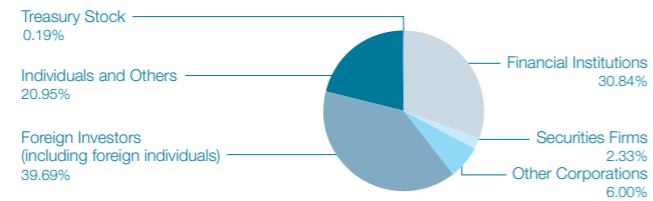
Number of Shareholders 58,209

Major Shareholders

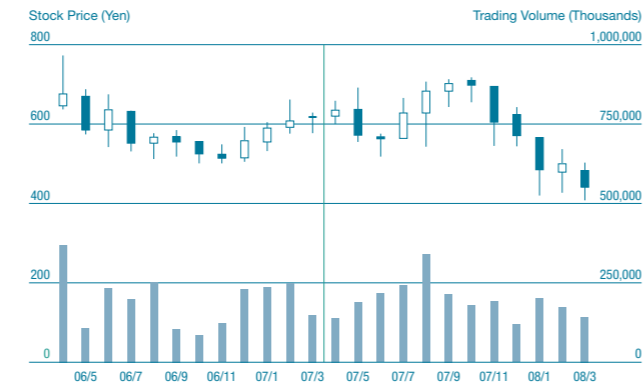
Shareholder	Number of shares (thousands)	Percentage of shares (%)
Japan Trustee Services Bank, Ltd. (trust account)	41,449	6.19
The Master Trust Bank of Japan, Ltd. (trust account)	37,865	5.66
State Street Bank and Trust Company	33,827	5.05
Japan Trustee Services Bank, Ltd. (trust account 4)	15,885	2.37
Morgan Stanley and Company Inc.	14,939	2.23
CBNY-Third Avenue Int'l Val Fd	13,146	1.96
Specified Trust Account: Chuo Mitsui Asset Trust and Banking Co., Ltd. (one account)	12,411	1.85

Source: The above data are provided by The Sumitomo Trust & Banking Co., Ltd. as the share transfer agent.

Distribution of Shareholders



Stock Prices and Trading Volume by Month on the Tokyo Stock Exchange



Shareholder Information

Fiscal Period

Annual General Meeting of Shareholders

Shareholders' Confirmation Standard Date

Transfer Agent

Operating Office

(Mail Address and Telephone Number)

Notifying Bank

Announcement Listed

Independent Auditor

April 1 to March 31 of the Following Year

Held in June Every Year

Annual General Meeting of Shareholders March 31

Annual Dividends March 31

Interim Dividends September 30

The Sumitomo Trust & Banking Co., Ltd.

The Sumitomo Trust & Banking Co., Ltd.

Stock Transfer Agency Department

1-4-4 Marunouchi, Chiyoda-ku, Tokyo 100-8233, Japan

The Sumitomo Trust & Banking Co., Ltd.

Stock Transfer Agency Department

1-10 Nikko-cho, Fuchu-shi, Tokyo 183-8701, Japan

(Form Inquiries: 0120-175-417)

(Other Inquiries: 0120-176-417)

The Sumitomo Trust & Banking Co., Ltd.

Head Office and Branch Offices

<http://www.nsg.co.jp>

Ernst & Young ShinNihon

Corporate Data

Company Name	Nippon Sheet Glass Co., Ltd.
Head Office	3-5-27 Mita, Minato-ku, Tokyo 108-6321, Japan
Establishment	November 22, 1918
Paid-in Capital	¥96,147 million (As of March 31, 2007)

Please visit our Web site.

URL: <http://www.nsg.com>

We provide the latest company information including financial results reports and press releases on our Web site.

By always enhancing the contents of the site, we will continue to offer shareholders detailed, useful information.

