FY 2010 1st Quarter Consolidated Financial Results

10 August 2009

(English translation of the Japanese original)

Listed Company Name:	Nippon Sheet Glass Co., Ltd.	Stock Exchange Listing: Tokyo, Osaka	
Code Number	5202	(URL http://www.nsggroup.net)	
Representative:	Representative Executive Director, President and CEO	Name:	Stuart Chambers
Inquiries to:	Executive Officer, General Manager Corporate Communications Dept.	Name:	Kazumitsu Fujii TEL: +81 3 5443 9477
Submission of quarterly report to MOF: 11 August 2009		Payment of dividends starts from:	N/A

1. Consolidated business results for FY 2010 Quarter 1 (From 1 April 2009 to 30 June 2009)

(1) Consolidated business results

	Sales		Operating income		Ordinary income		Net income	
	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%
Q1 FY 2010	143,582	(35.2)	(11,022)	-	(15,764)	-	(15,691)	-
Q1 FY 2009	221,518	-	10,069	-	6,884	-	27,803	-

	Net income per share - basic	Net income per share - diluted
Q1 FY 2010	¥ (23.49)	¥ -
Q1 FY 2009	¥ 41.61	¥ 39.11

(2) Changes in financial position

	Gross assets	Net assets	Equity ratio	Total equity per share
	¥ millions	¥ millions	%	¥
FY 2010 Quarter 1	1,016,765	254,491	24.0	365.16
FY 2009 Full year	1,025,221	257,223	24.1	369.15

Note: Total Equity Q1 FY 2010 ¥ 243,977 million FY 2009 Full year ¥ 246,648 million

2. Dividends

	Dividends per share				
	Q1	Q2	Q3	Q4	Annual
FY 2009 (Actual)	-	¥ 3.00	-	¥ 3.00	¥ 6.00
FY 2010 (Actual)	-	-	-	-	-
FY 2010 (Forecast)	-	¥ 3.00	-	¥ 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. Further details regarding the issue of the preferred shares, are set out on page 18. The dividends anticipated to be paid on preferred shares are set out on page 3.

3. Forecast for FY 2010 (From 1 April 2009 to 31 March 2010)

	Sales		Operating income		Ordinary income		Net income		Net income per share
	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%	¥
Half year	-	-	-	-	-	-	-	-	-
Full year	580,000	(21.6)	(30,000)	-	(47,000)	-	(50,000)	-	(78.61)

Note: There were no revisions to the FY2010 forecast during the quarter, except for the calculation of net income per share. The net income per share set out in the above table, includes a deduction from net income for forecast dividends payable on preferred shares.

The Group has not provided an analysis of the half year forecast. For further details, please refer to the prospects section on page 7.

４．Other items

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

(2) Adoption of simplified accounting policies, procedures, and presentation --- Yes
Note: For details, please refer to page 8.

(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 --- No
Note: For details, please refer to page 8.

(4) Number of shares outstanding (common stock)
1) Number of shares issued at the end of the period, including shares held as treasury stock:
669,550,999 shares as of 30 June 2009 and 31 March 2009
2) Number of shares held as treasury stock at the end of the period:
1,417,448 shares as at 30 June 2009 and 1,398,921 shares as at 31 March 2009
3) Average number of shares in issue during the period, after deducting shares held as treasury stock:
668,143,341 shares for the period ending 30 June 2009 and 668,254,140 shares for the period ending 30 June 2008

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

1. 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 6 for qualitative information such as assumptions used for the projections.

Dividends for preferred stock

As proposed and detailed in a press release dated 20 May 2009, following the quarter end, on 1 July 2009, the Company issued 3,000,000 preferred shares with an issue price of ¥ 10,000 per share. The table below shows the forecast dividend payable on such shares for the remainder of FY2010. The preferred stock is unlisted and carries an annual dividend rate of 9.25 percent with an additional 1.5 percent for the first year following issuance. Further details are set out on page 18.

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

Based on a dividend per share of ¥ 842, the forecast total dividend payable on preferred stock for FY2010 is ¥ 2,526 million.

Narratives

1. Business Performance and Financial Standing

(1) Background to Results

The Group's main geographical markets continued to be impacted by global recessionary conditions during the quarter. The Group's building products markets continue to suffer from low levels of commercial and residential demand, whilst the Group's automotive and specialty glass markets experienced a slight improvement in conditions after a difficult end to the previous financial year.

In Europe, market conditions remained challenging with the demand for flat glass being approximately 20 percent below the first quarter of the previous year. Vehicle sales showed signs of improvement boosted by government incentives to purchase new cars, and year-on-year increases were recorded in Germany, France and Italy. The European automotive replacement (AGR) market continued to prove resilient to declines in general economic activity. Demand for glass cord stabilized during the quarter.

In Japan, market conditions continued to be difficult. New housing starts were approximately 25 percent below the level of the previous year. Vehicle sales fell further reflecting low levels of consumer confidence. K-car (mini-vehicle) sales have now recorded eight months of continual decline. Demand for Specialty Glass products began to show tentative signs of improvement, but was still considerably below the level of the previous year.

The North American economy continued to experience low levels of economic activity. The Building Products market showed some early tentative signs of recovery in June, with housing starts increasing by 17 percent from the level in May, although this still represents a substantial year-on-year decline. Sales of new cars were stable and close to the low levels recorded towards the end of the previous financial year, representing an approximate year-on-year decline of 30 percent. As in Europe, the AGR market proved resilient.

The emerging markets in which the Group operates continued to perform relatively well compared to more developed markets.

(2) Review by Business Segment

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

Building Products, representing approximately 45 percent of Group sales, includes the manufacture and sale of flat glass and various interior and exterior glazing products within the building products market. It also includes glass for the growing Solar Energy sector.

Automotive, with approximately 45 percent of Group sales, supplies a wide range of automotive glazing for new vehicles and for replacement markets.

Specialty Glass, representing approximately 10 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, and glass fiber products, such as air filters, battery separators and glass components for engine timing belts.

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

JPY millions	Sales		Operating income	
	Q1 FY 2010	**Q1 FY 2009**	**Q1 FY 2010**	**Q1 FY 2009**
Building Products	62,210	98,190	(5,232)	5,281
Automotive	63,390	99,940	(1,990)	7,195
Specialty Glass	15,092	18,999	(22)	1,204
Other Operations & Eliminations	2,889	4,387	(3,779)	(3,611)
Total	143,582	221,518	(11,022)	10,069

Building Products Business

During the quarter, the Building Products (BP) business recorded a loss, reflecting the continuing challenging conditions faced in most of the Groups BP markets. The result for the quarter was significantly down on the first quarter of the previous year due to lower volumes and reduced prices, and was also lower than for the preceding quarter from January to March 2009.

In Europe, representing 49 percent of the Group's BP sales, revenue was lower than last year due to lower prices and volumes in difficult markets. Consequently, the profit performance was also lower. Profits also declined from the preceding quarter, as lower prices were only partially offset by reduced input costs. Price increases were implemented in June 2009 and have held relatively well since.

Revenues in Japan, representing 29 percent of BP sales, fell due to declining volumes in a difficult market. Losses widened compared to the preceding quarter as the market continued to deteriorate. Cost reduction remains a priority.

In North America, representing 10 percent of BP sales, revenues decreased compared to the prior year due to reduced volumes. Profits remained at similar levels to the prior year as reduced input costs and cost savings offset lower volumes and selling prices.

In the rest of the world, revenues were below the previous year level but were slightly up on the preceding quarter. Year-on-year profits declined due to reduced volumes and prices, and were also lower than the preceding quarter as markets deteriorated.

The Building Products business achieved sales of ¥62,210 million and an operating loss of ¥5,232 million.

Automotive Business

The loss recorded in the Automotive business line represented an improvement on the final quarter of FY2009. Increased volumes in some regions, although still significantly lower than the previous year, together with greater cost control have translated into higher profitability

In the European Original Equipment (OE) and Automotive Glass Replacement (AGR) sectors, representing 53 percent of the Group's Automotive sales, cumulative revenues were below last year, due to significantly reduced demand. OE volumes started to improve and as a result, revenues and profits were consequently higher than the preceding quarter. AGR demand held up well.

In Japan, representing 14 percent of the Group's Automotive sales, revenues were significantly below last year due to reduced levels of demand. Losses during the quarter were also worse than in the previous year but represented an improvement on the preceding quarter as volumes began to stabilize.

In North America, representing 21 percent of the Group's Automotive sales, US dollar sales and profits in AGR were below last year, mainly due to reduced volumes. OE revenues and profits were more dramatically affected, with sales down significantly and losses widening when compared with the previous year, although less so when compared to the preceding quarter. Demand from all significant customers fell, and two major customers, General Motors and Chrysler, entered into chapter 11 bankruptcy protection during the quarter.

In the rest of the world, revenues were below the prior year but demonstrated an increase compared to the preceding quarter as demand gradually started to improve. Profits improved on the preceding quarter but were below the prior year level.

The Automotive business recorded sales of ¥63,390 million and an operating loss of ¥1,990 million.

Specialty Glass Business

Revenues and profits in Specialty Glass were significantly below the prior year. The quarterly result though, represented an improvement on the preceding quarter, as markets stabilized and in some cases started to improve. The strength of the Japanese Yen continued to hit exports of components for printers and scanners.

The Specialty Glass business recorded overall sales of ¥15,092 million and an operating loss of ¥22 million.

Other Operations

This segment covers corporate costs and engineering income, but also includes small businesses not included in the segments covered above. Costs incurred in Other Operations were similar to the previous year.

Consequently, this segment recorded sales of ¥2,889 million and an operating loss of ¥3,779 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 reduced due mainly to declining year-on-year profits at Cebrace, the Group's joint venture in Brazil. Elsewhere, most of the Groups' other joint ventures and associates continued to suffer from challenging market conditions and recorded reduced profits.

2. Financial condition

Total assets at the end of June 2009 were ¥ 1,016,765 million, representing a decrease of ¥ 8,456 million from the end of March 2009. The Group has adopted "Net Debt" (interest bearing debt minus cash and cash equivalents) as a Key Performance Indicator for its financial performance. The chart below shows the movement of "Net Debt" following the acquisition of Pilkington in June 2006.

		Net Debt
		JPY million
FY 2007 Quarter 1	30 June 2006	514,097
FY 2007 Full year	31 March 2007	400,203
FY 2008 Full year	31 March 2008	328,479
FY 2009 Full year	31 March 2009	331,343
FY 2010 Quarter 1	30 June 2009	357,427

Net financial indebtedness increased by ¥ 26,084 million from 31 March 2009 to ¥ 357,427 million at the period end, mainly due to restructuring expenditure in line with the Group's previously announced programs and also seasonal variations in working capital. Currency movements generated an increase in net debt of approximately ¥ 6,850 million over the period. Gross debt was ¥ 431,928 million at the period end.

Cash outflows from operating activities were ¥ 13,276 million. Cash outflows from investing activities were ¥ 217 million, including proceeds from the sale of securities of ¥ 7,144 million and the purchase of fixed assets of ¥ 5,606 million. As a result, total cash outflows before financing were ¥ 13,493 million

3. Prospects

The result in the quarter is, as expected, significantly down on the first quarter of the previous year when market conditions were considerably more favorable. The current quarter has seen the operating result stabilize and the Group now anticipates a steady improvement in profitability as the Groups' previously announced restructuring initiatives take effect and economic conditions recover.

The full-year forecast of operating income, ordinary income and net income is set out on page 2, and is unchanged from the forecast issued together with the FY 2009 results on 20 May 2009. The Group would normally expect to issue a half-year analysis of the forecast. However, due to the timing and strength of the recovery in the Group's markets being as yet uncertain, the Group is currently unable to provide a half-year forecast analysis.

The Group's previously announced restructuring programs continued to progress in line with expectations. As a result, approximately 1,100 employees left the Group during the quarter, taking the total reduction in employees to 5,600 against a target of 6,700 by March 2010.

The Group's forecasts and projections, taking into account a prudent and conservative view of changes in trading performance, show that the Group is able to continue to operate within existing financial facilities. The Group will enter renewal negotiations with its providers of finance before such facilities mature. In discussions with its bankers on future borrowing requirements, no matters have been drawn to the Group's attention to suggest that renewal would not be forthcoming on acceptable terms.

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

4. Others (Changes in accounting policies, etc.)

(1) Changes in status of principal subsidiaries

During the first quarter of this financial year, there was no change in 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 bad debt included in the balance of normal receivables

The Company and consolidated subsidiaries calculate the amount of provision for bad debt relating to normal receivables, using the rate of default that had been computed 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 30 June 2009. Inventory counts conducted at 31 March 2009, 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 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 subsidiaries calculate income tax expenses for the first 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 implemented to the accounting policies, practice and presentations related to the preparation of quarterly consolidated financial statements

1) Changes in standards to record construction revenue and cost of construction work

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

5. Consolidated Financial Statements

(1) Quarterly consolidated balance sheet

(¥ millions)

	Quarter 1 FY 10 As of 30 June 2009	FY 09 (Abbreviated) As of 31 March 2009
Assets		
Current assets		
Cash and deposits	74,501	94,979
Notes and accounts receivable – trade	98,142	94,291
Merchandise and finished goods	67,398	69,335
Work in process	10,755	10,352
Raw materials and supplies	33,266	34,139
Other current assets	36,027	25,950
Allowance for doubtful accounts	(4,277)	(3,815)
Total: Current assets	**315,811**	**325,231**
Non-current assets		
Property, plant and equipment		
Buildings and structures	146,225	147,014
Accumulated depreciation	(79,993)	(79,334)
Buildings and structures, net	66,232	67,679
Machinery, equipment and vehicles	374,607	366,197
Accumulated depreciation	(195,704)	(188,927)
Machinery, equipment and vehicles, net	178,902	177,270
Tools, furniture and fixtures	42,929	41,603
Accumulated depreciation	(26,913)	(25,200)
Tools, furniture and fixtures, net	16,016	16,403
Land	48,780	46,483
Leased assets	8,009	8,089
Accumulated depreciation	(3,428)	(3,136)
Leased assets, net	4,581	4,953
Construction in progress	4,290	4,690
Total: Property, plant and equipment	318,801	317,478
Intangible assets		
Goodwill	136,346	132,882
Other intangible assets	129,403	127,283
Total: intangible assets	265,750	260,165
Investments and other assets		
Joint ventures, associates and other investments	51,093	55,935
Others	66,760	67,745
Allowance for doubtful accounts	(1,450)	(1,334)
Total: Investments and other assets	116,403	122,347
Total: Non-current assets	**700,954**	**699,989**
Total: Assets	**1,016,765**	**1,025,221**

(1) Quarterly consolidated balance sheets (continued)

(¥ millions)

	Quarter 1 FY 10 As of 30 June 2009	FY 09 (Abbreviated) As of 31 March 2009
Liabilities		
Current liabilities		
Notes and accounts payable – trade	60,614	61,902
Short-term loans payable	120,156	84,784
Lease obligations	2,764	3,038
Income taxes payable	10,179	19,369
Provisions	23,093	24,403
Other current liabilities	73,550	75,820
Total: Current liabilities	**290,357**	**269,315**
Non-current liabilities		
Bonds payable	60,000	60,000
Long-term loans payable	244,571	273,557
Lease obligations	4,437	4,943
Provision for retirement benefits	63,654	62,808
Provision for rebuilding furnaces	10,259	10,159
Other provisions	6,876	6,714
Other non-current liabilities	82,121	80,502
Total: Non-current liabilities	**471,918**	**498,683**
Total: Liabilities	**762,275**	**767,998**
Net assets		
Shareholders' equity		
Capital stock	96,147	96,147
Capital surplus	105,287	105,287
Retained earnings	100,463	118,159
Treasury stock	(590)	(585)
Total: Shareholders' equity	**301,308**	**319,009**
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	800	2,339
Deferred gains or losses on hedges	(7,870)	(10,756)
Foreign currency translation adjustment	(50,261)	(63,944)
Total: Valuation and translation adjustments	**(57,331)**	**(72,361)**
Subscription rights to shares	493	493
Minority interests	10,021	10,082
Total: Net assets	**254,491**	**257,223**
Total: Liabilities and net assets	**1,016,765**	**1,025,221**

(2) Consolidated income statement

(¥ millions)

	Quarter 1 FY 09 For the period 1 April 2008 to 30 June 2008	Quarter 1 FY 10 For the period 1 April 2009 to 30 June 2009
Net sales	**221,518**	**143,582**
Cost of sales	153,361	109,936
Gross profit	**68,156**	**33,646**
Selling, general and administrative expenses	58,087	44,668
Operating income	**10,069**	**(11,022)**
Non-operating income		
Interest income	1,577	435
Dividends income	373	164
Share of profits of affiliates	1,874	-
Gain from valuation of derivatives	-	1,102
Other non-operating income	478	367
Total: Non-operating income	4,303	2,067
Non-operating expenses		
Interest expenses	5,363	3,447
Share of losses of affiliates	-	661
Other non-operating expenses	2,124	2,701
Total: Non-operating expenses	7,488	6,809
Ordinary income	**6,884**	**(15,764)**
Extraordinary income		
Gain on sales of fixed assets	496	114
Gain on sales of investment securities	7,422	4,131
Gain on sales of investments in affiliates	29,646	62
Other extraordinary income	517	73
Total: Extraordinary income	38,083	4,380
Extraordinary loss		
Loss on sales of non current assets	5	8
Loss on retirement of non current assets	86	38
Impairment loss	-	3,903
Restructuring expenditure	-	1,480
Other extraordinary losses	8	70
Total: Extraordinary losses	101	5,499
Income before income taxes and minority interests	**44,867**	**(16,883)**
Income taxes	16,169	(1,219)
Minority interests	894	28
Net income	**27,803**	**(15,691)**

(3) Consolidated statement of cash-flow

(¥ millions)

	Quarter 1 FY 09 For the period 1 April 2008 to 30 June 2008	Quarter 1 FY 10 For the period 1 April 2009 to 30 June 2009
Net cash provided by operating activities		
Income before income taxes and minority interests	44,867	(16,883)
Adjustments for:		
Depreciation and amortization	15,589	13,132
Amortization of goodwill	2,474	2,067
Impairment Loss	-	3,903
Increase in allowance for doubtful accounts	83	274
Decrease in provision for retirement benefits	(9,982)	626
Increase in provision for furnace repairs	93	100
Net gain on sales and disposals of fixed assets	(425)	(68)
Net gain on sales and valuation of investment securities	(7,422)	(4,131)
Net gain on sales of investments in affiliates	(29,646)	(62)
Interest and dividends income	(1,950)	(598)
Interest expenses	5,363	3,447
Equity in (earnings) / losses of affiliates	(1,874)	661
Decrease in notes and accounts receivable – trade	(643)	(4,073)
Increase in inventories	(5,905)	4,082
Decrease in notes and accounts payable – trade	(14,769)	(5,649)
Other, net	10,883	1,730
Subtotal	**6,735**	**(1,441)**
Interest and dividends income received	3,977	631
Interest expenses paid	(9,667)	(3,030)
Income taxes paid	(3,752)	(9,435)
Net cash provided by operating activities	**(2,707)**	**(13,276)**
Net cash provided by investment activities		
Purchase of property, plant and equipment	(11,544)	(5,485)
Proceeds from sales of property, plant and equipment	988	377
Purchase of intangible assets	(109)	(121)
Purchase of investment securities	(3)	(2)
Proceeds from sales of investment securities	51,057	7,144
Purchase of investments in subsidiaries and affiliates	(1,166)	(324)
Proceeds from sales of stocks of subsidiaries and affiliates	-	27
Decrease in short-term loans receivable	(1,147)	(147)
Payments of long-term loans receivable	(19)	(1,196)
Other, net	398	(489)
Net cash provided by investment activities	**38,453**	**(217)**

(3) Consolidated statement of cash flow (continued)

	(¥ millions) Quarter 1 FY 09 For the period 1 April 2008 to 30 June 2008	Quarter 1 FY 10 For the period 1 April 2009 to 30 June 2009
Net cash used in financing activities		
Net decrease in short-term loans payable	(5,097)	26,727
Proceeds from long-term loans payable	442	40,923
Repayment of long-term loans payable	(21,970)	(78,173)
Proceeds from issuance of bonds	20,000	-
Cash dividends paid	(2,010)	(1,889)
Cash dividends paid to minority shareholders	(824)	(273)
Repayments of finance lease obligations	(427)	(784)
Other, net	(7)	(11)
Net cash used in financing activities	**(9,894)**	**(13,479)**
Effect of exchange rate change on cash and cash equivalents	**4,595**	**3,292**
Net increase in cash and cash equivalents	**30,446**	**(23,679)**
Cash and cash equivalents at beginning of period	**103,293**	**75,598**
Increase in cash and cash equivalents resulting from change of scope of consolidation	**1,604**	**-**
Cash and cash equivalents at end of period	**135,343**	**51,918**

(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.

Segmental information

By Business Line

Quarter 1 FY 09 (For the period 1 April 2008 to 30 June 2008) *(¥ millions)*

	Building products	Automotive	Specialty glass	Other	Total	Eliminations	Consolidated
Sales							
(1) External sales	98,190	99,940	18,999	4,387	221,518	-	221,518
(2) Inter-segment sales	564	959	277	1,217	3,018	(3,018)	-
Net sales	98,755	100,899	19,276	5,604	224,536	(3,018)	221,518
Operating income	5,281	7,195	1,204	(3,534)	10,146	(77)	10,069

Quarter 1 FY 10 (For the period 1 April 2009 to 30 June 2009) *(¥ millions)*

	Building products	Automotive	Specialty glass	Other	Total	Eliminations	Consolidated
Sales							
(1) External sales	62,210	63,390	15,092	2,889	143,582	-	143,582
(2) Inter-segment sales	637	744	134	847	2,362	(2,362)	-
Net sales	62,847	64,134	15,226	3,736	145,943	(2,362)	143,582
Operating income	(5,232)	(1,990)	(22)	(3,878)	(11,121)	99	(11,022)

Notes:

1. Method of segmentation

Segments are defined by the categorization by the Groups' standard business line structure, described further on page 3.

2. Products included in business segments

Building products:	Glass (float, laminated, coated etc) for building materials, and solar energy glass
Automotive:	Processed glass related to automotive and transportation applications
Specialty glass:	Micro optics, fine glass, industrial glass, LCD, specialized glass fiber products
Other:	Engineering and general corporate expenses

3. Effects due to changes in method of accounting

First quarter of FY 09 (For the period of 1 April 2008 to 30 June 2008)

<u>Accounting standard for the valuation of inventories</u>

As presented in the "Changes in significant items upon the presentation of quarterly consolidated financial statements," the Company and consolidated subsidiaries have applied the "Accounting Standards for Valuation of Inventories" (Accounting Standard No.9, issued on 5 July 2006) from this first quarter.

Due to the application of this new standard, operating income for the "Building products" business decreased by ¥ 44 million, "Automotive" business decreased by ¥ 65 million, and "Specialty glass" business decreased by ¥ 44 million, compared to the previous application.

<u>Depreciation method for tangible fixed assets</u>

As presented in the "Changes in significant items upon the presentation of quarterly consolidated financial statements," the Company and consolidated subsidiaries have changed the depreciation method for tangible fixed assets to the straight-line method from the declining balance method.

Due to the change of depreciation method, operating income for the "Building products" business increased by ¥ 126 million, "Automotive" business increased by ¥ 183 million, "Specialty glass" business increased by ¥ 125 million, and "Others" increased by ¥ 25 million, compared to the previous application.

Depreciation method for tangible fixed assets

As presented in the "Changes in significant items upon the presentation of quarterly consolidated financial statements," the Company has changed the estimated useful life of machinery and equipment to be within the range of 3 to 9 years, which was previously 3 to 15 years. Due to the change of depreciation method, operating income for the "Building products" business decreased by ¥37 million, "Automotive" business decreased by ¥10 million, and "Specialty glass" business decreased by ¥30 million, compared to the previous application.

Accounting standard for lease transactions

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

First quarter of FY 10 (For the period of 1 April 2009 to 30 June 2009)

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

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

By Geography

Quarter 1 FY 09 (For the period 1 April 2008 to 30 June 2008) *(¥ millions)*

	Japan	Europe	North America	Other	Total	Eliminations	Consolidated
Sales							
(1) External sales	50,339	117,296	28,406	25,475	221,518	-	221,518
(2) Inter-segment sales	5,827	72,542	7,391	6,441	92,203	(92,203)	-
Net sales	56,166	189,839	35,798	31,917	313,721	(92,203)	221,518
Operating income	260	7,879	(933)	2,620	9,827	241	10,069

Quarter 1 FY 10 (For the period 1 April 2009 to 30 June 2009) *(¥ millions)*

	Japan	Europe	North America	Other	Total	Eliminations	Consolidated
Sales							
(1) External sales	37,546	66,930	19,955	19,151	143,582	-	143,582
(2) Inter-segment sales	3,755	41,184	4,870	4,360	54,168	(54,168)	-
Net sales	41,301	108,113	24,825	23,511	197,750	(54,168)	143,582
Operating income	(3,402)	(6,830)	(1,893)	1,095	(11,031)	8	(11,022)

Notes:

1. Method of segmentation

Segments are defined by the geographical relevance of countries and regions in which the businesses operate. Sales represent sales by origin of the Group company generating the sale.

2. Countries and regions included in the geographical segments

Europe:	United Kingdom, Germany, Italy and others
North America:	United States of America, Canada
Other:	Brazil, Argentina, China, Malaysia and others

3. Effect due to changes in method of accounting

First quarter of FY 09 (For the period of 1 April 2008 to 30 June 2008)

Accounting standard for the valuation of inventories

As presented in the "Changes in significant items upon the presentation of quarterly consolidated financial statements," the Company and consolidated subsidiaries have applied the "Accounting Standards for Valuation of Inventories" (Accounting Standard No.9, issued on 5 July 2006) from this first quarter.

Due to the application of this new standard, operating income for "Japan" decreased by ¥154 million compared to the previous application.

Depreciation method for the tangible fixed assets

As presented in the "Changes in significant items upon the presentation of quarterly consolidated financial statements," the Company and consolidated subsidiaries have changed the depreciation method for tangible fixed assets to the straight-line method from the declining balance method.

Due to the change of depreciation method, operating income for "Japan" business increased by ¥461 million compared to the previous application.

Depreciation method for the tangible fixed assets

As presented in the "Changes in significant items upon the presentation of quarterly consolidated financial statements," the Company has changed the estimated useful life of machinery and equipment to be within the range of 3 to 9 years, which was previously 3 to 15 years.

Due to the change of depreciation method, operating income for "Japan" decreased by ¥78 million compared to the previous application.

Accounting standard for lease transactions

From the beginning of this quarter, the Company has applied the "Accounting Standard for Lease Transactions" (Accounting Standard No.13, issued on 17 June 1993 by the Business Accounting Council, amended on 30 March 2007) and the "Guidance on Accounting Standards for Lease Transactions" (Guidance No.16, issued on 18 January 1994 by the Accounting Standards Committee of the Japanese Institute of Certified Public Accountants, amended 30 March 2007).

Impact to the operating income of Company's businesses is minimal.

First quarter of FY 10 (For the period of 1 April 2009 to 30 June 2009)

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

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

Overseas sales

Quarter 1 FY 09 (For the period 1 April 2008 to 30 June 2008) *(¥ millions)*

	Europe	North America	Asia	Other	Total
a. Overseas sales	113,579	26,901	17,039	18,238	175,758
b. Consolidated sales					221,518
c. Overseas sales as a percentage of consolidated net sales	51.3%	12.1%	7.7%	8.2%	79.3%

Quarter 1 FY 10 (For the period 1 April 2009 to 30 June 2009) *(¥ millions)*

	Europe	North America	Asia	Other	Total
a. Overseas sales	63,843	18,664	14,848	12,690	110,046
b. Consolidated sales					143,582
c. Overseas sales as a percentage of consolidated net sales	44.5%	13.0%	10.3%	8.8%	76.6%

Notes:

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

2. Method of segmentation

Segments are defined by the geographical relevance of countries and regions in which the businesses operate. Sales represent sales by destination, being the location of the Groups' customers, except those customers located in Japan.

3. Countries and regions included in the geographical segments

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

(5) Material changes in shareholders' equity

There were no material changes in shareholders' equity during the quarter, except for those changes arising from normal trading activities.

6. Other information

Significant subsequent events

Issuance of preferred shares

The Board of Directors (the Board) of the Company, at its meeting held on 20 May 2009, resolved to issue preferred shares through a third-party allotment. The 143rd General Meeting of Shareholders held on 26 June, 2009 resolved the partial amendment to the Articles of Incorporation of the Company which enables issuance of the preferred shares.

The preferred shares were issued on 1 July 2009.

1. Type of shares: The First Series Type A Preferred Shares
2. Number of shares issued through this capital increase: 3,000,000
3. Issue price per share: ¥10,000 per share
4. Aggregate amount paid: ¥30,000,000,000
5. Amount per share credited to Capital and Capital surplus:
   Capitalized amount to Capital: ¥5,000 per share
   Capitalized amount to Capital surplus: ¥5,000 per share
6. Aggregate amount credited to Capital and Capital surplus:
   Aggregate capitalized amount to Capital: ¥15,000,000,000
   Aggregate capitalized amount to Capital surplus: ¥15,000,000,000
7. Method of issuance
   Issued to UDS Corporate Mezzanine Limited Partnership and UDS Corporate Mezzanine No. 3 Limited Partnership through a third-party allotment.
8. Dividend rate
   The preferred shares have an annual dividend rate of 9.25 percent with a 1.5 percent additional dividend in the first year after issuance.
9. Put option rights granted to allotees
   The allottees can require repayment of the preferred shares after more than seven years from the date of issuance. An earlier repayment could be required if the group does not meet certain financial conditions.
10. Call option retained by the company
    The company can buy back the preferred shares at any time upon payment of principal plus accrued dividends, with a two percent premium if the buy back occurs within one year of issuance.
11. Voting rights
    The preferred shares carry no voting rights.
12. Closing day
    1 July 2009
13. Payment day
    1 July 2009
14. Use of proceeds:
    ¥23 billion repayment of existing borrowing and ¥ 7 billion for general corporate purposes.

Reduction of capital and capital surplus

The Board of Directors of the Company at its meeting held on 20 May 2009 resolved to reduce capital and capital surplus by the equivalent amount of the increase in capital and capital surplus attributable to the transfer of the proceeds from issuance of the Preferred Shares. The reduction of capital and capital surplus was done on 1 July 2009.

1. Method of capital and capital surplus reduction
   Method stipulated in Article 447, Paragraph 3 and Article 448, Paragraph 3 of the Company Law
2. Amount of capital and capital surplus reduced
   Amount of capital reduced: ¥ 15,000,000,000
   Amount of capital surplus reduced: ¥ 15,000,000,000