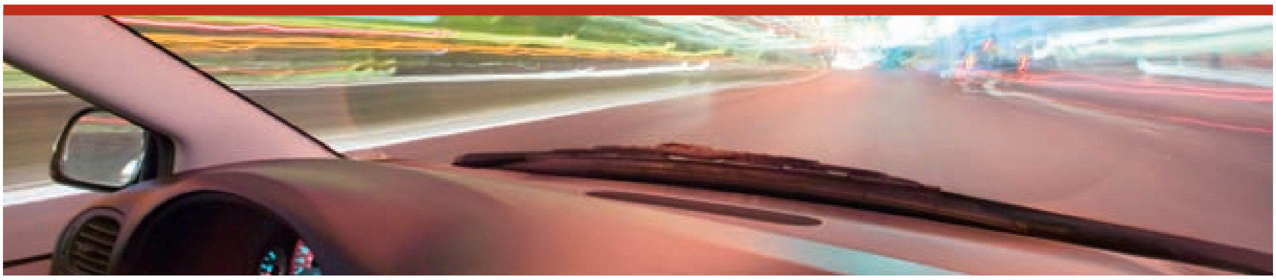
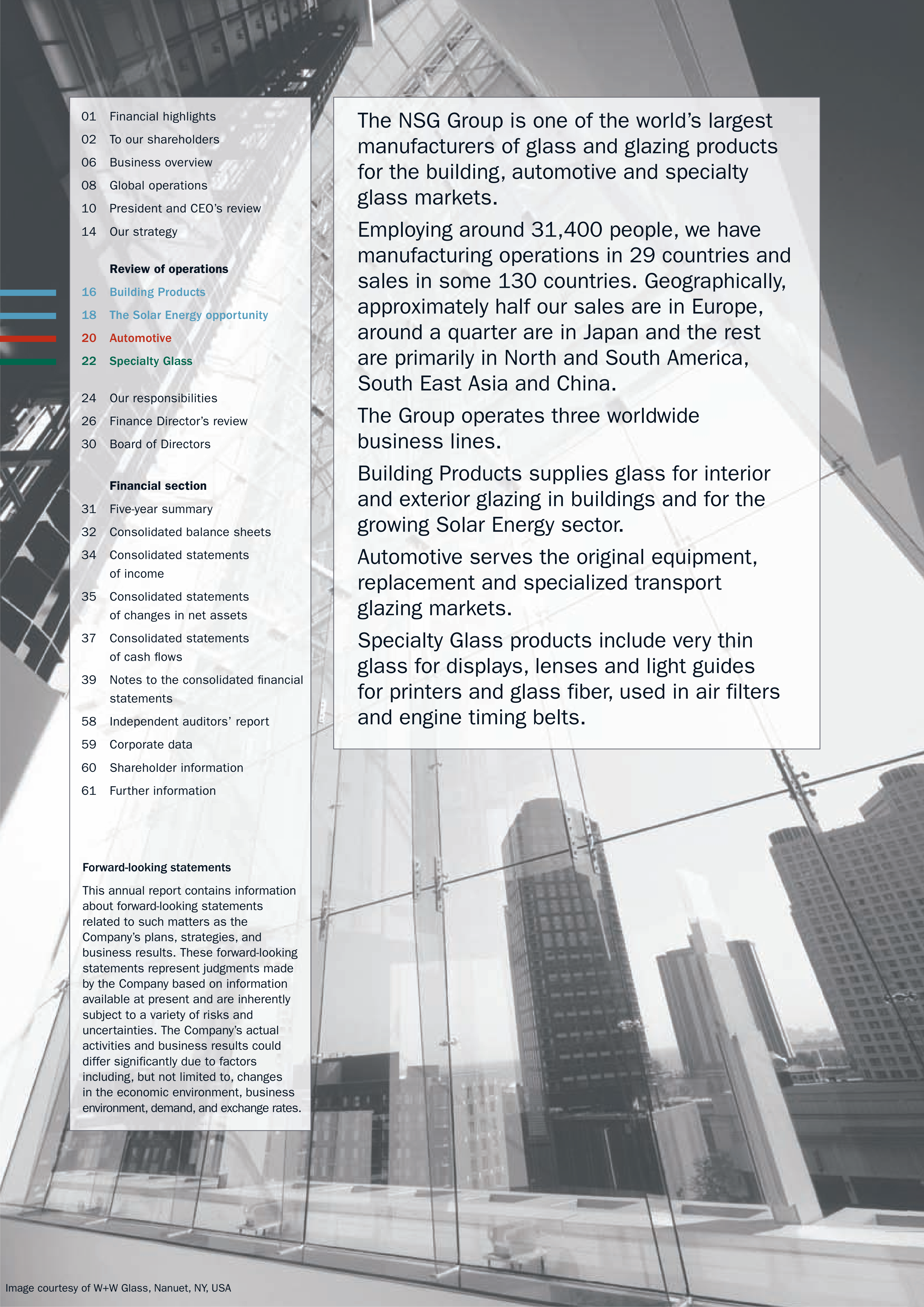


‘First in Glass’

Annual Report 2009

Fiscal year ended 31 March 2009

NSG GROUP



The NSG Group is one of the world's largest manufacturers of glass and glazing products for the building, automotive and specialty glass markets.

Employing around 31,400 people, we have manufacturing operations in 29 countries and sales in some 130 countries. Geographically, approximately half our sales are in Europe, around a quarter are in Japan and the rest are primarily in North and South America, South East Asia and China.

The Group operates three worldwide business lines.

Building Products supplies glass for interior and exterior glazing in buildings and for the growing Solar Energy sector.

Automotive serves the original equipment, replacement and specialized transport glazing markets.

Specialty Glass products include very thin glass for displays, lenses and light guides for printers and glass fiber, used in air filters and engine timing belts.

Forward-looking statements

This annual report contains information about forward-looking statements related to such matters as the Company's plans, strategies, and business results. These forward-looking statements represent judgments made by the Company based on information available at present and are inherently subject to a variety of risks and uncertainties. The Company's actual activities and business results could differ significantly due to factors including, but not limited to, changes in the economic environment, business environment, demand, and exchange rates.

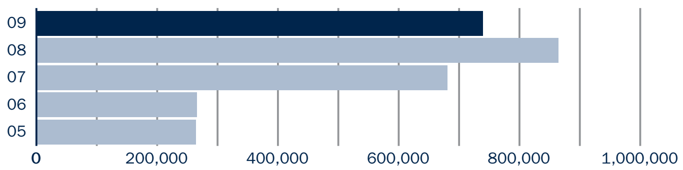
Image courtesy of W+W Glass, Nanuet, NY, USA

Financial highlights

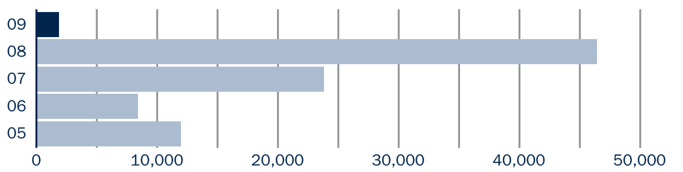
		Millions of yen	Thousands of euro
	2009	2008	2009
Net sales	739,365	865,588	5,687,421
(Loss)/income before income taxes and minority interests	(13,515)	62,258	(103,959)
Net (loss)/income	(28,392)	50,417	(218,396)
Amounts per share (yen and euro)			
Net income:			
Basic	(42.49)	75.44	(0.33)
Diluted	–	70.90	–
Cash dividends	6.00	6.00	0.05
Total assets	1,025,221	1,319,290	7,886,313
Total net assets	257,223	371,998	1,978,642
Number of employees	31,436	32,587	–

Notes:
1. The translation of Japanese yen into euro values is included solely for the convenience of readers outside Japan and has been made at ¥130 = €1.00, the exchange rate prevailing on 31 March 2009. This translation should not be construed as a representation that yen can be converted into euro at the above or any other rate.
2. The figure for number of employees relates to permanent employees.
3. Shareholders' equity shown in the above schedule includes valuation and translation adjustments and stock options.

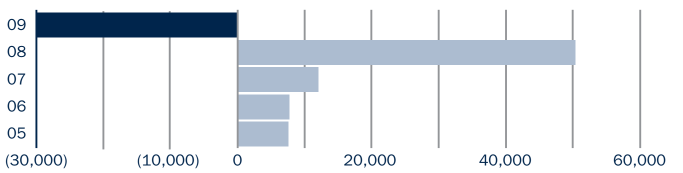
NET SALES Millions of yen



OPERATING INCOME Millions of yen



NET (LOSS)/INCOME Millions of yen



OPERATIONAL HIGHLIGHTS

- Continuing good progress on strategic objectives, with net debt target achieved one year early.
- Global market deterioration affecting all business lines.
- Restructuring plans announced in response to market downturn.
- Full-year dividend held, reflecting the Board's confidence in longer-term prospects.
- In FY2010, focus will be on implementing restructuring program to re-establish profit growth from FY2011.

The mission of the NSG Group is to be the global leader in the manufacture and supply of glass products through the best use of our people and technology and the pursuit of innovation.

To our shareholders

The Group's financial results reflect the unprecedented global disruption to trade, which has affected all three business lines in all our markets. The impact of falling demand has been particularly evident in the Group's European Building Products business.

In January 2009, the Group launched a major restructuring program, designed to improve profitability and enhance operational efficiencies.

The 'Company with Committees' board structure is now in operation. It has introduced additional safeguards for shareholders, increased transparency and enhanced corporate governance.

Yozo Izuhara Chairman of the Board (left), **Katsuji Fujimoto** Chairman NSG Group (right)

Business results

The year under review has been a particularly challenging one for the NSG Group. The Group's results reflect the general global slowdown in international trade, with a sharp contrast between the outcomes for the two halves of the financial year. In the first half-year, we were able to announce that sales and profits were in line with the forecast, with further progress achieved on reducing debt. In the second half, all three of the Group's business lines were adversely affected by the unprecedented global slump.

Management action was taken quickly to adjust the Group's capacity and cost base to reflect sharply reduced demand. On 29 January 2009, the Group announced a program of initiatives to improve profitability and enhance operational efficiencies. These involve headcount reduction and further cost reduction. Good progress has already been made in implementing this program, with additional measures introduced in the European Building Products business, which has been particularly impacted by the fall in demand.

Consolidated net sales for the fiscal year under review decreased by 15 percent, to ¥739,365 million.

Western European economies remained firmly in recession during the fourth quarter. Building Products markets continued to be weak, with low levels of construction activity and residential house purchases. Sales of new cars remained at historically low levels, although in some territories government initiatives to stimulate demand, such as 'scrappage' schemes, generated a positive response from consumers. The European Automotive Glass Replacement (AGR) market held up well and continued to improve during the fourth quarter. Demand for glass cord declined during the quarter, due to the slowdown in the automotive industry.

In Japan, market conditions continue to be difficult. Building Products sales were impacted by low consumer confidence, with housing starts typically down by approximately 25 percent on levels in the previous year. Vehicle production in Japan continued to decline in the fourth quarter. Exports suffered, due to weak export markets and a strong yen.

Demand for Specialty Glass products was generally weak, with the strength of the yen also negatively affecting exports from Japan of components for printers and scanners. The Group disposed of its shareholding in NH Techno Glass Co., Ltd. during the period. The Group's share of underlying post-tax profit of its joint ventures and associates was below the previous year.

Dividend policy

The Group's policy is to secure dividend payments based on stable business results. The Group intends to distribute a year-end dividend of ¥3 per share. The full-year dividend payment will be ¥6 per share, including the interim dividend of ¥3 per share.

The Board and senior management

In June 2008, Stuart Chambers was appointed President and CEO (Group Chief Executive Officer) of the NSG Group, with responsibility for the profitable operation of all businesses within the Group. Stuart Chambers chairs an Executive Committee, which oversees the day-to-day management of the Group's businesses.

In March 2009, Pat Zito retired from the Company, having been replaced as Head of Automotive Worldwide by Mike Fallon. We take this opportunity to thank Pat Zito for his long and successful service to the Company.

Following the shareholder meeting held on 26 June 2009, Mike Fallon was appointed to the Board of NSG Group and the appointment of Sumitaka Fujita to the Board of NSG Group as an independent director was also approved. Mr Fujita brings to the Board extensive experience in finance and industry. He replaces Noritaka Kurauchi, who has now retired from the Board. We take this opportunity to thank Mr Kurauchi for his invaluable contribution to the work of the Board over the past six years.

Corporate governance

The adoption of the 'Company with Committees' model has brought the NSG Group into line with a growing number of leading Japanese corporations and with best practice. It has introduced additional safeguards for shareholders, increased transparency and enhanced corporate governance, with the role of the external directors strengthened. There are three board committees (Nomination, Audit and Compensation) and four external directors.

The Nomination Committee decides the details of the agenda items to be submitted to the General Meeting of Shareholders concerning the appointment and removal of directors. The Committee consists of seven directors, including four external directors and its chairman is Yozo Izuhara.

Consolidated operating income fell 96 percent year-on-year, to ¥1,908 million.

The Audit Committee, chaired by Tomoaki Abe, conducts audits of the execution of duties by directors and executive directors and ensures that adequate risk management processes are followed. It also decides the details of agenda items to be submitted to the General Meeting of Shareholders concerning the appointment and removal of independent auditors.

The Compensation Committee makes decisions on compensation of individual directors and executive directors. The Committee is chaired by an external director, George Olcott, and comprises seven directors, including four external directors.

Evolution of company organization

The process of integration is now largely completed, with all of the former Pilkington and NSG operations operating within 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, with Mark Lyons leading Building Products Worldwide, Mike Fallon heading Automotive Worldwide and Keiji Yoshikawa managing Specialty Glass Worldwide.

Code of Conduct

The NSG Group's Code of Conduct is designed to ensure that all employees understand what is expected of them. The content of the Code takes into account the Group's values and principles, particularly the emphasis on safety, taking personal ownership for actions and communicating with openness and involvement. The Code defines the conduct expected of both the Group and its employees across all areas of our business. It applies to relationships with colleagues, customers, suppliers, business partners, the community and all others with whom we have contact in daily business life.

The wide range of issues addressed in the Code reflects the many diverse activities that are involved in operating a successful global business. The overriding basis of the Code is that the Group will carry out these activities in a safe, professional, legal and ethical manner and in a way that demonstrates the Company's corporate social responsibility.

Further attention has been given over the past year to addressing the issue of competition compliance. On 9 December 2008, Pilkington Group Limited (a wholly owned subsidiary of the Company) received formal notification of a decision by the European Commission to levy a fine of €370 million on Pilkington Group Limited and certain of its wholly owned subsidiaries, following the conclusion of its investigation into alleged breaches of competition law by companies operating in the European car glass sector.

Pilkington Group Limited does not agree with the decision and on 18 February 2009 the Company submitted an appeal to the European Court of First Instance. Notwithstanding such appeal, the fine was paid within three months of the date of notification of the decision, as required by law.

A training program for people in 'Key Roles', seen as those most likely to face competition compliance issues in their work, has been launched Group-wide.

The Company has further reviewed control mechanisms and increased efforts to minimize the risk of competition law non-compliance. A new integrated Group Competition Compliance Policy and Manual were published during the year, further strengthening the rules on how all Group employees should approach this important issue.

A training program for people in 'Key Roles', seen as those most likely to face competition compliance issues in their work, has been launched Group-wide.

Employees

The NSG Group is affiliated with the Sumitomo Group of companies and its management philosophy, 'people are the most important asset of our company', is deeply rooted in the 400-year-old Sumitomo Spirit. It has therefore been a cause of great regret that the initiatives the Company has had to take to address the deterioration in world trade have required significant headcount reductions.

Action had already been taken in the first half of the financial year to reduce the Group's seasonal and temporary workforces from June 2008 levels. In January 2009, the Company announced a restructuring program, designed to protect the business in the short term and to re-establish growth from FY2011 onwards. As a result of the above measures, the Group will have reduced overall headcount by approximately 6,700 people by March 2010, representing a reduction of over 15 percent on June 2008 manning levels. Around 4,500 of these employees had left the Group by the end of the financial year under review.

A major objective in managing our people is to ensure that safety at work is paramount. During the current disruption, some employees have been laid off or are taking part in 'stand by at home' programs. Such measures introduce additional potential risks to safety at work. To address this issue, initiatives were launched to raise awareness of the safety risks inherent in stopping and starting operations in a non-standard way.

Despite the current emphasis on cost reduction, we continue to invest in the future of employees, and the training and development of our people as individuals and as professionals remains a priority. Education and training programs are provided for employees so as to raise global professional standards. Our employees are encouraged to consider the whole picture and to perform their duties on their own initiative in accordance with Company policies, rather than merely going through the motions of fulfilling their responsibilities at work.

Employee communication is also being given a high priority, with training for managers and supervisors in communication skills and additional briefing to keep employees informed of developments. The Group employee magazine, 'MADO', distributed to all employees in their own language six times a year, and the Group Intranet are important elements in the process.

Sustainability

The Group has strengthened its commitment to sustainability over the past year, with the publication of a new Group policy document. It had become clear that our existing environmental policies were no longer sufficient to meet the needs of an increasingly environmentally-aware society. New building codes and other legislative drivers from governments and standards bodies around the world, as well as project-specific procurement requirements, such as those for the 2012 Olympics, all require an explicit commitment to sustainability.

Sustainability is defined as 'meeting the needs of the present generation without compromising the ability of future generations to meet their own needs'. The policy document sets out the Group's aim to balance the needs of its stakeholders, employees, the community and the environment, and states its intention to seek out suppliers who share that commitment.

It also underlines the unique role played by glass in conserving energy, whilst recognizing that glass production is energy-intensive. It also accepts responsibility for minimizing energy use and preserving natural habitats from which our raw materials are taken.

New content on the Group's website explains and supports the sustainability policy for the benefit of customers, suppliers and employees. It covers product and technical information, including the 'energy balance' of glass – how much energy is used in manufacture, as against how much is saved by its use in various products.

Management principles

The fundamental principles of the Company's basic management policy are ensuring open and fair business dealings, adhering to corporate ethical standards and contributing to the resolution of global environmental issues. The aim is to establish a company with a spirit of innovation and a global presence, whilst maximizing its value for all stakeholders.

Throughout its history, the NSG Group has focused on glass materials in its pursuit of innovation, driven by the Group's spirit of *monozukuri* (passion for manufacturing excellence). The management philosophy of the Group aims to achieve a good balance between focusing energy on achieving short-term targets and consistently seeking long-term business strategies.

The acquisition of Pilkington brought into the Group the company that invented the Float Glass process and 2009 marks the 50th anniversary of the announcement of the process. It revolutionized the global glass industry and continues to be the world standard for the manufacture of high-quality glass.

The Group's new organization offers increased scope for the development of manufacturing excellence, through benchmarking, best practice and standard operating procedures. It is also helping to address issues such as increasingly global competition, a rapidly changing business environment and growing social responsibilities. The Group's Medium-term Plan, launched in April 2007, continues to drive Group strategy, although some timings have had to be adjusted to take account of the current disruption to world trade. The immediate objectives are to complete the restructuring program and to prepare the Group for a return to profitable growth.

The NSG Group kindly requests the steadfast understanding and input of all its shareholders.

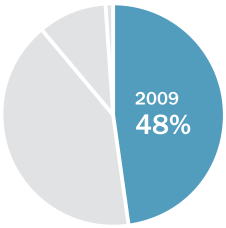
Yozo Izuhara
Chairman of the Board

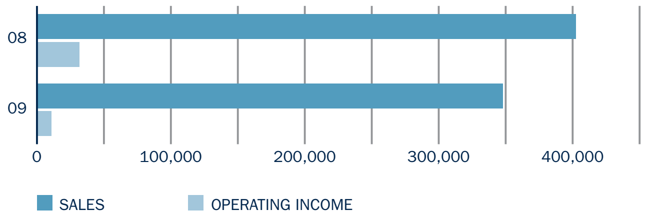
Katsuji Fujimoto
Chairman NSG Group

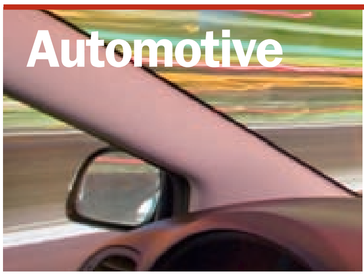
Business overview

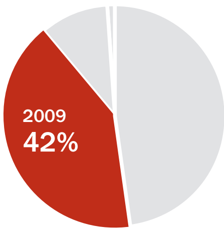
The Group operates three worldwide business lines. Building Products supplies glass for interior and exterior glazing in buildings and for the growing Solar Energy sector. Automotive serves the original equipment, replacement and specialized transport glazing markets. Specialty Glass products include very thin glass for displays, lenses and light guides for printers and glass fiber, used in air filters and engine timing belts.

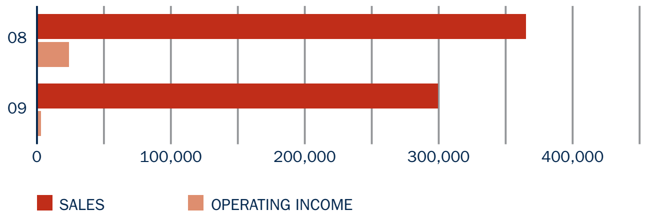
GROUP SALES AND OPERATING INCOME Millions of yen

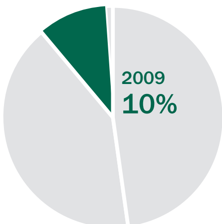


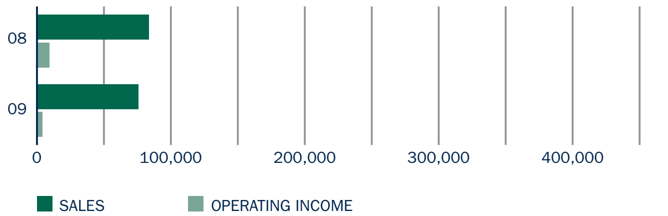


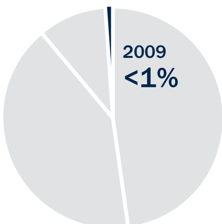


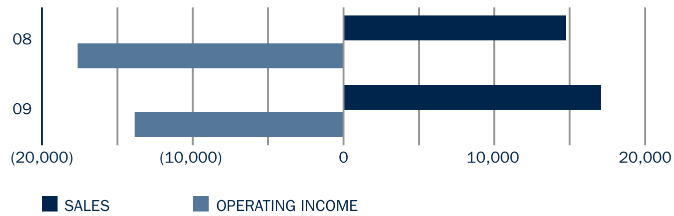












FINANCIAL HIGHLIGHTS BY BUSINESS

Millions of yen

	2008	2009
Net sales	402,468	**347,833**
Operating income	31,339	**10,622**
Total assets	519,866	**388,339**
Capital expenditures	19,263	**20,990**

FISCAL YEAR IN REVIEW

- Profit performance lower than last year, with results impacted by rising input costs and reduced volumes.
- Significant restructuring initiatives launched.
- Major investment in solar-capable lines in Ottawa (USA) and St Helens (UK).
- Solar business continues to grow, revenue doubled compared with FY2008.

Millions of yen

	2008	2009
Net sales	364,819	**299,096**
Operating income	23,939	**1,292**
Total assets	499,180	**385,259**
Capital expenditures	21,203	**15,574**

- First-half performance strong, with higher sales and profits in OE and AGR business. Good improvements made to profitability in Japan.
- Markets started to decline from half year onwards. Volume reductions very rapid and unpredictable. Not possible to take costs out of the business quickly enough to offset lower demands. Profitability adversely impacted.
- New plant in India now operational. Float re-build in North America completed. Ongoing capital expenditure reduced as volumes declined.
- Major restructuring plan launched in fourth quarter to align capacity and cost base more closely to lower levels of demand.

Millions of yen

	2008	2009
Net sales	83,589	**75,397**
Operating income	9,029	**3,758**
Total assets	104,558	**93,465**
Capital expenditures	2,854	**3,788**

- The business started the year promisingly, but from the third quarter was increasingly affected by deteriorating market conditions.
- Sales of SELFOC Lens Array (SLA®) and SELGUIDE®; used for multi-function printers, scanners and other compact office equipment hit by general economic slowdown.
- Important joint development of LED print head with Fuji Xerox, offering laser scanning image quality, using NSG Group SLA® proprietary technology.
- Demand for glass-reinforced cord in engine timing belts hit by automotive downturn, but expected to recover with vehicle sales.

Millions of yen

	2008	2009
Net sales	14,712	**17,039**
Operating loss	(17,673)	**(13,893)**
Total assets	195,686	**158,158**
Capital expenditures	4,449	**1,771**

- ‘Other’ segment covers corporate costs and engineering income.
- Also includes small businesses not included in Building Products, Automotive and Specialty Glass.
- Other operations benefited from a reduction in general expenses.

Global operations

The NSG Group has a wide geographic reach, with principal manufacturing operations in 29 countries on four continents and sales in some 130 countries. This broad presence enables the Group to take advantage of diversified sources of raw materials and to capitalize on the advantages of the best local labor forces available.

NORTH AMERICA

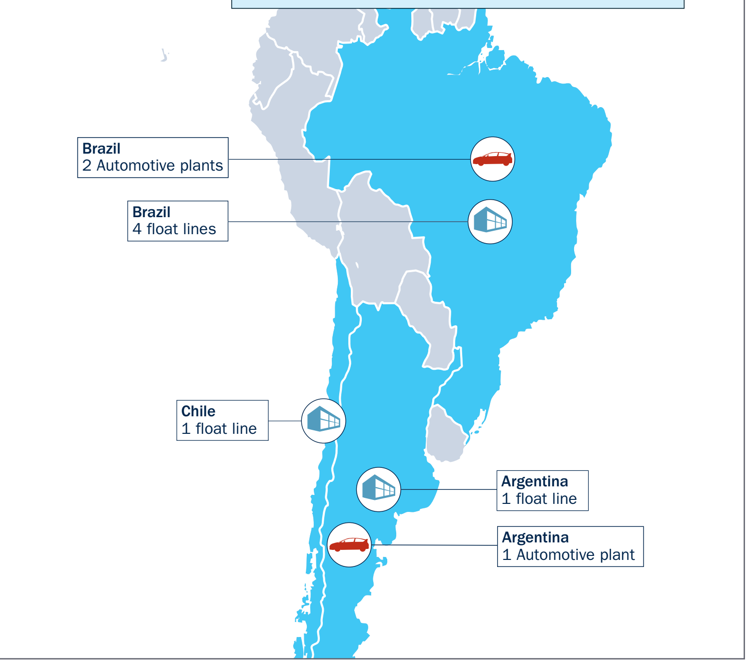
- 6 float lines
- Automotive OE in US, Canada and Mexico
- Extensive AGR network in US
- Specialty Glass operations in Canada

JAPAN

- 4 float lines
- BP downstream network
- Automotive OE plants and AGR network
- Specialty Glass operations

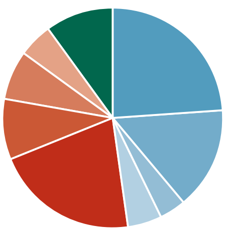
SOUTH AMERICA

- 6 float lines
- BP downstream operations
- Automotive OE in Brazil and Argentina
- AGR network



CONSOLIDATED NET SALES BY BUSINESS

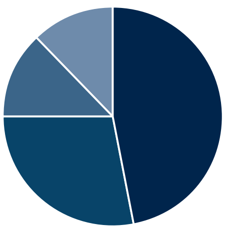
BP Europe	24%
BP Japan	15%
BP North America	4%
BP Rest of World	5%
Automotive Europe	21%
Automotive North America	9%
Automotive Japan	7%
Automotive Rest of World	5%
Specialty Glass	10%



¥739.4 billion

CONSOLIDATED NET SALES BY REGION

Europe	47%
Japan	28%
North America	13%
Rest of World	12%



¥739.4 billion

We are in Phase 1 of our 3-phase strategy. Our key objectives are to create an international, integrated, global company, reduce our debt to target levels and prepare the Group for growth.

President and CEO's review

Stuart Chambers President and CEO

The Group's results for FY2009 reflect the global slowdown in international trade. Despite this, we have made good progress on our strategic objectives, attaining our net debt target of ¥350,000 million one year ahead of schedule.

In FY2010, our focus will be on implementing the restructuring program. The clear aim is to protect the business in the short term and to help re-establish profit growth from FY2011 onwards.

Performance

For the year under review, the financial results reflect the global slowdown in international trade, with a sharp contrast between the outcomes for the two halves of the year. In the first half, we were able to announce that sales and profits were in line with the forecast, with further progress achieved on reducing debt. In the second half, all three of the Group's business lines were adversely affected by the unprecedented slump in world trade.

Restructuring initiatives are underway to address the downturn and to improve profitability going forward. Good progress has already been made in implementing these initiatives. They are intended to cut costs, to reduce capacity and output around the Group to match the requirements of our customers, and to regain profitability.

Building Products (BP) profit performance was lower than the previous year, with results impacted by rising input costs and reduced volumes. Building Products Europe, the Group's largest business, was particularly hard hit by reduced demand and falling prices. The Solar Energy business continues to grow, with revenue doubled compared with FY2008.

Overall, Automotive's first half-year performance was strong, with increased sales and profits in the Original Equipment (OE) and Automotive Glass Replacement (AGR) businesses. However, markets then declined, with rapid and unpredictable volume reductions and profitability adversely impacted.

In Specialty Glass, reduced global demand for electronic and office equipment has affected the displays business. Demand for glass-reinforced cord used for engine timing belts has been badly impacted by the global deterioration in new car sales.

Despite this background, we have made good progress on our strategic objectives and attained our net debt target of ¥350,000 million one year ahead of schedule. A new integrated global organization has now been established, with good progress on the realization of synergies.

Restructuring

In January 2009, we announced restructuring initiatives designed to address the economic downturn and to improve profitability going forward. These build on action already taken by management in response to the sudden and rapid changes in the global economic environment. The total investment in the restructuring program is expected to be around ¥25,000 million.

The overall objective of the program is to protect the business in the short term and to re-establish profit growth from FY2011 onwards. Good progress has been made in implementing these initiatives, which are designed to reduce capacity and output around the Group to match the requirements of our customers.

Sadly, under the current restructuring program, we need to reduce overall headcount in the Group by approximately 6,700 people by March 2010. Of this number, 4,500 of these employees had already left the Group by 31 March 2009.

The restructuring includes management headcount reduction through reorganization, shift reductions and line closures in some plants and temporary and permanent plant closures throughout our global operations.

Preparatory work on growth opportunities in Phases 2 and 3 of our 3-phase strategy is underway. In FY2010, our focus will be on implementing the restructuring program. The clear aim is to protect the business in the short term and help re-establish profit growth from FY2011 onwards.

Strategy

The Group's 10-year strategy, published in July 2006, remains central to our long-term vision and the basic objectives remain in place. What will inevitably change is the timetable for achieving the Medium-term Plan targets, which were set for March 2011. We are currently in Phase 1 and we have made good progress on what was originally expected to take four years.

Restructuring initiatives are underway to cut costs, to reduce capacity and output around the Group to match the requirements of our customers, and to regain profitability.

At the outset, we were hopeful that we would be able to deliver the targeted results ahead of schedule. Now that we have to contend with the impact of the economic downturn, it is more likely to take between four and five years. We are currently reviewing the details of our strategy in the light of the current global downturn.

Fortunately, we had already made significant progress in preparing for Phase 2 before the downturn, with some important strategic investments in key markets. Now, we are slowing down our investment plans until the future becomes clearer. We have already announced that we will be reducing total investment, with some projects delayed. Nevertheless, we intend to capitalize on the Solar Energy opportunity and, provided the business delivers, it will receive a larger allocation of the reduced investment total.

Building Products

In our Building Products business (representing just under half of Group sales), we aim to retain our position as the technological leader in the Flat Glass industry. Safety and customer quality are paramount in all our activities. We are determined to ensure that the NSG Group is the lowest cost supplier to our customers, despite the challenge of reduced demand and increasing input costs.

In every region of the world in which we operate, the need to save energy is a political priority. Buildings account for almost 50 percent of the energy consumed in developed countries. Governments are putting increased focus on legislation and policies to improve their energy efficiency.

In North America, initiatives such as the environmental building rating system (LEED) run by the US Green Building Council are helping to transform the market for added-value glazing, and this will continue. Similar opportunities are anticipated in Europe, for example, through the development of an EU-wide Energy Labeling system for windows. In China, legislation is at an earlier stage, but the government has already introduced building regulations to improve the energy efficiency of new buildings.

The Group's added-value products, such as low-e glass, solar control glass and glass for photovoltaics, have the principal purpose of reducing energy consumption in buildings and generating energy from the sun.

Over the past year, Building Products has launched a number of energy-efficient products across Europe. These include Pilkington Suncool™ 70/35, offering a solution to an ever-increasing need to achieve outstanding energy efficiency within buildings without compromising levels of natural daylight. Its very low total heat gain and extremely high light transmission maximize the thermal comfort and aesthetics of a working or living environment.

We have also seen excellent growth in the sales of the range of energy efficient products launched last year under the Pilkington energiKare™ brand, which offers all home owners the opportunity to improve the efficiency of their windows by up to 90 percent.

The Group stands to benefit from the growing need to conserve energy. Our added-value products, such as low-e glass, solar control glass and glass for photovoltaics have the principal purpose of reducing energy consumption in buildings and generating energy from the sun.

Automotive

Operating under the Pilkington Automotive name, the Group's automotive business (42 percent of Group sales) is an integrated global organization, serving OE, AGR and Specialized Transport markets throughout the world.

Despite the current downturn, vehicle manufacturers, particularly in Europe, continue to increase the technical complexity of vehicle glazing requirements, while at the same time reducing lead times for new model development. These trends place additional pressure on component suppliers, underlining the need for 'right first time, every time' new model introduction.

In the face of growing environmental awareness and government legislation, automakers in the major markets of Europe, Japan and North America, are placing increasing emphasis on sustainability and reduced CO_2 emissions. In addition to the obvious need to develop lighter-weight components, there have been other implications for automotive glazing.

Improving vehicle aerodynamics has led to reduced installation angles for windscreens and backlights. This in turn has had the effect of increasing windscreen height and placing additional pressure on optical quality. The need to reduce air conditioning loads has generated interest in infrared-absorptive and reflective glass and the use of embedded electrical heating technology for de-fogging. The use of lighter-weight glazings, combined with the increased use of diesel technology, is continuing to boost demand for premium value acoustic interlayers.

The proliferation of camera, sensor and head-up display technologies continues to push the boundaries of windscreen shaping technology and surface control, whilst generating the need for glazing systems technologies; both areas in which the NSG Group is a market leader.

Specialty Glass

The Group's Specialty Glass business (10 percent of Group sales) focuses on a number of niche markets in which the Group occupies a leading position, in terms of both market share and technological superiority.

In the displays sector, the Group is globally recognized as a leading supplier of ultra-thin float glass, used in small to medium flat panel displays, with touch panel a rapidly growing application. Our patented optical products, such as SELFOC® Lens Array (SLA®) and SELGUIDE® are used in multi-function printers, scanners and other compact office equipment. The Group is currently involved in joint development of a new LED print head with Fuji Xerox, using the NSG Group's SLA® technology. This offers the advantages of miniaturization, low power consumption and low noise operation, while providing the image quality of laser scanning units.

Europe is the main market for the Group's higher performance glass cord products for use in engine timing belts, where the current slowdown has affected diesel penetration and uptake of advanced products such as 'belt in oil'. However, the technology is well established, with sales expected to recover as the fortunes of the world's automotive industry improve.

We operate in an industry with a future. Over the long term, growth in demand for glass has consistently exceeded economic growth. Our products have always been crucial to a number of key industries, notably construction, automotive, printers and mobile phones – and that will not change fundamentally.

Technology and Engineering

The NSG Group is a company founded on technological innovation in glass and invests in sustaining this technology to create value for our shareholders.

The Group owns or controls approximately 5,000 patents and patent applications, predominantly in the fields of float glass production and processing, automotive glazing and specialty glass, with access under license to patents held by third parties.

As well as developing new products, significant R&D effort is focused on improving our glass manufacturing processes, improving energy efficiency, reducing environmental emissions and enhancing product quality. The Group invested ¥10,500 million in R&D in FY2009.

The Group's manufacturing base includes management or interests in 51 float lines worldwide, 35 Automotive manufacturing facilities in 17 countries and 14 Specialty Glass production sites. The impact of the economic crisis has led to reduced loading on several of the Group's lines, with suspension of production or mothballing of others.

At the same time, our engineering teams have been involved in a significant repair and upgrade program with cold repairs in North America (Rossford and Ottawa) and in the UK (St Helens). In Automotive, most major projects were stopped, but the new plant in Vizag, India came on stream and some capacity was added in South America. A new fully integrated windscreen line was launched in Italy.

Quality is a key feature in building successful relationships with our industry customers and end-consumers. In the Building Products business, the Group has ISO 9000:2000 quality management certification in Europe, Japan, North America and South America. New certifications have been achieved in Russia and China in the past year. Automotive has a corporate ISO/TS16949:2002 (the internationally recognized automotive quality standard) certificate and is well advanced in its plans to extend this certification to operations in Japan and other parts of Asia.

Looking ahead

In FY2010, we do not expect significant market improvements, with revenues expected to fall due to depressed market conditions and the translational effect of the yen. Our operational focus will be on implementing the restructuring, the benefits of which will begin to show through in FY2010, with an annualized benefit of ¥16,000 million anticipated from FY2011 onwards. By FY2012, we expect to have regained margins to FY2008 levels, although total revenue may not have fully recovered.

In the current global turmoil, it is important that we do not lose sight of the excellent progress that has been made by the Company over the past three years on our most important targets – integration and debt reduction. This provides us with a very robust platform from which to develop. It is a credit to everyone in the Group and it will be a key factor in determining how we weather the current storm.

We should also bear in mind that we operate in an industry with a future. Over the long term, growth in demand for glass has consistently exceeded economic growth and I expect that to be the case again. Our products have always been crucial to a number of key industries, notably construction, automotive, printers and mobile phones – and that will not change fundamentally.

We are also in a strong position to supply the emerging Solar Energy sector. Despite the current economic disruption, our new Solar Energy business unit has held up well. Some customers have slowed down their plans, but they still clearly share our view that Solar Energy is set to make an important contribution in the short and long term.

Stuart Chambers
President and CEO

Our strategy

We are following a 3-phase strategy. Our current operational focus is firmly on achieving the objectives of Phase 1: integrating the business and strengthening competitiveness, improving our financial strength and preparing for future growth.

In parallel, we are already planning for Phases 2 and 3 in emerging markets – developing joint ventures and undertaking investment to ready the businesses for expansion in regions such as India and China.

2007

Phase 1

4 years

Objective

Create a new entity, differentiating ourselves from competitors, maximizing productivity and operational quality, while re-establishing our financial foundations.

Priorities

- Create one integrated global business, designed for maximum effectiveness, and exploit synergies.
- Reduce net debt down to target levels.
- Prepare for Phase 2.

2011

Phase 2

3 years

Objective

Achieve strong growth in the Flat Glass sector, expanding into emerging markets, with improved competitiveness and innovation.

Priorities

- Pursue strong growth in Building Products and Automotive.
- Expand in new emerging markets and some in which we already operate.
- Improve operational competitiveness in all business lines.
- Leverage our strong market positions in Specialty Glass.
- Improve R&D and foster technologies. Launch major new products.

2014

Phase 3

3 years

Objective

Explore new areas for future growth.

Priorities

- Explore new businesses by leveraging our customer base.
- Use our technical and operational competencies to enter new areas.
- Pursue acquisitions and alliances in adjacent areas.

2017

Our achievements so far

- The new integrated global organization is established, with good progress on the realization of operational synergies. Our organization has been simplified and changes to the composition of the Board and in corporate governance have been announced.
- Our net debt has been reduced by ¥183,000 million (36 percent) since the acquisition of Pilkington in June 2006, and we have met the target level of ¥350,000 million one year earlier than planned.
- We are already preparing the ground in emerging markets – creating joint ventures and undertaking on-the-ground investment to ready the businesses for expansion in regions such as Eastern Europe, South America, India and China.

NEXT STEPS

- Manage net debt below the target level of ¥350,000 million set for March 2010. We have achieved this already in March 2009, but must remain below this throughout Phase 1.
- Carry out the restructuring plans announced early in 2009, so as to re-set the Group's cost base at a level suitable for the reduced level of demand in our core markets.
- Continue with efficiency improvements and cost reductions throughout the business, to counter cost push and sustain cash generation.
- Rationalize our supply chains to run the business effectively at ever-lower levels of stock.
- Improve debtor and creditor levels to reduce working capital wherever possible.
- Prepare to exploit sectors having strong growth potential as we move into Phase 2, including glass for photovoltaics to underpin profit growth.

RISKS

- Global market downturn (which started in mid-2008) does not bounce back, countered by executing the restructuring plans announced in early 2009.
- Cost push in energy and commodities, countered where possible by more effective purchasing, hedging strategy and introduction of energy surcharges.
- Increased competition from low labor-cost emerging markets, countered by our investment in these regions.

NEXT STEPS

- Key factors influencing the timing of our transition from Phase 1 to Phase 2 will be our progress in debt reduction and executing our restructuring plans.
- We aim to continue to deliver strong cash flow performance to pay down debt and prepare for investment in growth.
- Key sectors for potential growth are in Solar Energy, energy-saving glass, Automotive Glass Replacement (AGR) and Specialized Transport. South America and China remain significant growth targets for Building Products, with expansion plans delayed by the global downturn. Important growth geographies for AGR are Eastern Europe and South America.

RISKS

- Concentration on debt reduction could constrain the investment in ongoing businesses; nevertheless, we are following a focused capital allocation process.
- Demand growth in mature markets remains depressed in both building and automotive sectors, emphasizing the need to grow in emerging markets.

NEXT STEPS

- Move into markets in which we are not already established, either alone or in joint ventures.
- Look for further opportunities to leverage our technology base, pursuing alliances in areas in which we are not a technology leader.
- Develop existing joint ventures, where appropriate moving towards full ownership.

RISKS

- Risks of operating in new territories minimized through working with joint ventures and local partners where appropriate and by spreading our investments over several markets.
- Risk of being overtaken in technology and product range minimized by constant improvements in processes and product range and by pursuing alliances with partners with established leadership in complementary technologies.

In FY2009, Building Products sales were ¥347,833 million (¥402,468 million in FY2008) and operating income was ¥10,622 million (¥31,339 million in FY2008).

PILKINGTON
NSG Group Flat Glass Business

Building Products

Building Products operates in Europe, Japan, North and South America, China and South East Asia. Its activities encompass the manufacturing and processing of float glass, including on-line coated products, rolled glass, semi-finished products (off-line coated, laminated, silvered), processing (toughening, insulating glass units), fire protection products, frameless glazing systems and products for the growing Solar Energy sector.

SOLAR CONTROL
In warm weather, solar control products dramatically reduce the effect of the sun's heat, reducing air-conditioning load.

THERMAL INSULATION
During cold weather, low-emissivity (low-e) products reflect heat back into buildings.

FIRE PROTECTION
Specially developed glasses to protect lives and valuables from fire.

NOISE CONTROL
Specialist glasses with enhanced acoustic insulating properties to meet the increasing demands for noise control.

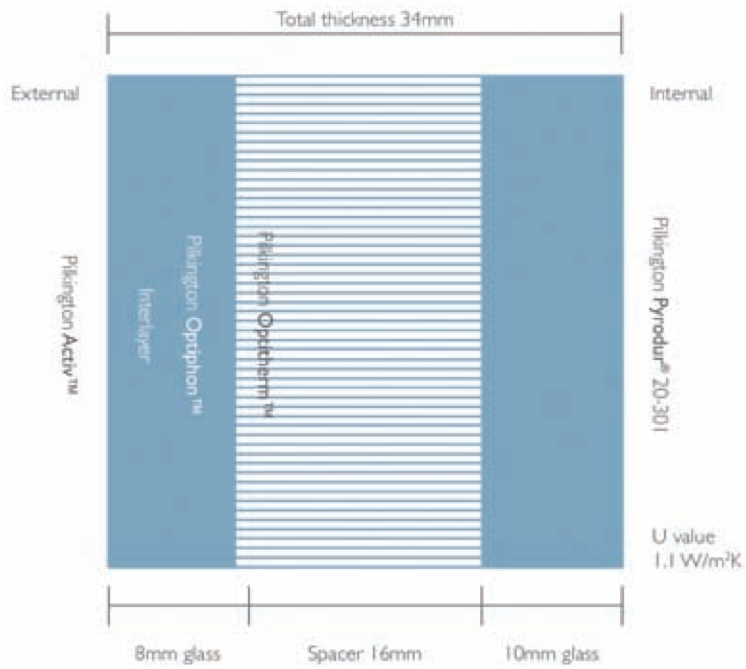
SAFETY & SECURITY
Glass that is used to reduce a risk of accident by impact, fracture or shattering and able to withstand deliberate attacks of various kinds.

21ST CENTURY 'SUPER WINDOW'

A number of the Group's high performance products can be combined in one window unit, in order to offer a wide range of benefits.

Pilkington Activ™ self-cleaning glass virtually eliminates the chore of window cleaning. Its unique dual action uses the forces of nature to help keep the glass free from dirt. Pilkington Pyrodur® is an advanced thin, clear fire-resistant laminate glass. Using a special clear intumescent interlayer, it offers an excellent combination of fire and impact performance. Pilkington Optiphon™ is the ideal choice for buildings in noisy surroundings. A PVB (polyvinylbutyral) interlayer provides enhanced sound insulation performance.

Pilkington Optitherm™ S3 is an off-line coated low-emissivity glass for use in Insulating Glass Units. The neutral appearance creates a more aesthetically pleasing environment, by combining high light transmittance and low reflectance, whilst still providing excellent thermal insulation.



Global review

Summary

The profit performance for Building Products for the year was lower than the previous year, with the Group's businesses experiencing higher input costs and increasingly challenging market conditions.

Europe
Revenue was lower than last year, with reduced prices and volumes in difficult markets. Profit performance was also lower than last year in most markets, with results impacted by rising input costs as well as reduced volumes and prices.

Japan
Despite a depressed market, sales revenues in our business increased, due to higher prices, an improved product mix and the change in the year end of a number of our subsidiaries. Profits were up on last year, with rising input costs offset by an improving product mix and the benefits of the restructuring.

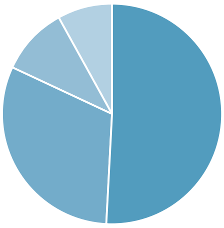
North America
Dollar revenues were flat, despite a declining domestic housing market, due to higher prices and improved mix. Profitability was lower than last year, because of rising input costs and the cold repair of a float line.

Rest of the World
In South America, profits remain at satisfactory levels. Market conditions remained relatively robust for the first nine months of the year; but the fourth quarter saw a market decline. Profits in South East Asia declined.

Outlook

The trends evident in the second half of FY2009 are expected to continue through FY2010. The business has already reduced float glass capacity and will make further reductions as necessary. Significant recovery is not anticipated during FY2010. In Europe, glass demand has declined dramatically, with the general economic slowdown leading to low prices and overcapacity. In Japan, market conditions remain weak. In North America, the outlook for the domestic residential glass market remains difficult.

The Solar Energy business has held up reasonably well. Although some photovoltaic projects have been slowed down, we continue to expect this segment to make a good contribution in the forthcoming year.



BUILDING PRODUCTS
sales by region 2009

Europe	51%
Japan	31%
Rest of World	10%
North America	8%

SELF-CLEANING
Pilkington Activ™ self-cleaning glass uses the forces of nature to maintain its clear appearance without leaving unsightly streaks.

DECORATION
Glass that is used when privacy and decoration are the main requirements.

GLASS SYSTEMS
Pilkington Planar™ structural glazing system.

SPECIAL APPLICATIONS
A range of specialist glasses such as low-iron float, very thin float, curved glass and UMU™ switchable glass.

SOLAR ENERGY
Products used in Solar Energy applications, such as Pilkington Optiwhite™, Pilkington Sunplus™ and Pilkington TEC Glass™.

FIRE-RESISTANT GLAZING

Specifying the right fire-resistant glass is a crucial decision. The Group's Pilkington Pyrostop® range is a family of clear laminated fire- and impact-resistant glass options, offering the highest levels of fire protection (integrity and insulation). Pilkington Pyrostop® is specified wherever a robust and dependable fire protection shield is desired together with the high quality through vision and natural lighting typical of normal glazing.

In the event of fire, Pilkington Pyrostop® turns opaque, providing very effective insulation from the heat of a blaze as well as basic integrity requirements as a barrier against hot gases and flames. Pilkington Pyrostop® thus complies with the precise insulation temperature criteria defined in international test standards for test times of 30 minutes up to 180 minutes, in a wide range of approved fire-resistant framing systems. To complete the full functional range, reliable integrity performance is provided by Pilkington Pyrodur® and Pilkington Pyroclear®.

Building Products continued

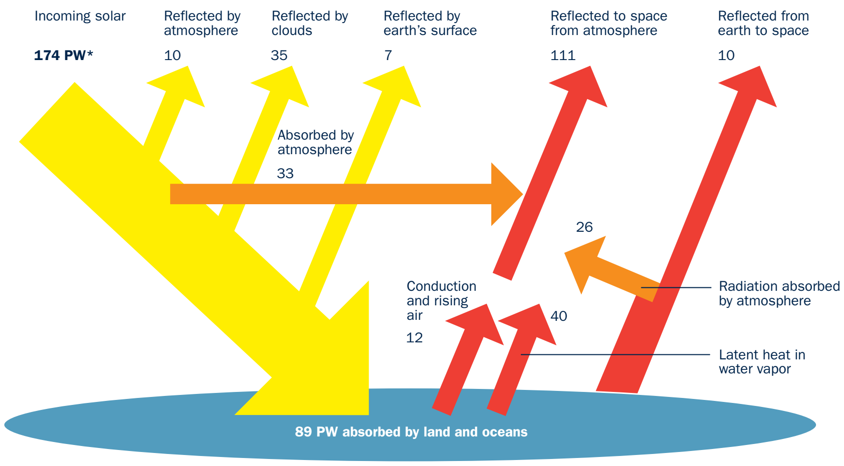
The Solar Energy opportunity

Glass has an important role to play in the development of the growing Solar Energy sector. The NSG Group is well placed to supply products for all three of the leading technologies, converting power from the sun into clean renewable energy.

Moving from hydrocarbon dependency to renewable energy

Over the past few years, legislation has been introduced around the world to address the issue of renewable energy, spurred on by the Kyoto protocol and subsequent national targets. It is increasingly recognized that a move from hydrocarbons is essential, as supplies are finite and global warming is a reality.

The United States and the European Union (EU) in particular, are encouraging the production of renewable energy and in December 2008 the EU published the Renewable Energy Directive. Carbon-trading schemes encourage CO_2 reductions, adding further impetus to the development of renewable energy options. US government initiatives designed to encourage 'green' industries are also expected to play an important part in establishing renewable technologies.



*PW = Petawatt = a quadrillion (10^{15}) watts

In 20 minutes, the amount of solar energy falling on the earth could power the planet for a year.

PHOTOVOLTAIC GLASS

Glass is an integral and important element of solar modules, used to convert Solar Energy into electricity.

In traditional photovoltaics the solar cells may be encapsulated using toughened high transmission glass which protects the cells from the elements.

Increasingly, electrically conductive glass is used in photovoltaic modules as the front contact of the solar cell, to form a system which generates a direct electrical current.

Where the power feeds into a grid, it is first converted into alternating current.

Images left, solar farm, incorporating Thin Film photovoltaic modules.

Government subsidies are increasingly playing a role in encouraging solar generation, with feed-in tariffs in countries such as Germany, Spain, Italy and Greece making it economically viable for solar generators to feed power into the national grid systems. The authorities in Japan have indicated support for a subsidy for homeowner solar installations and US tax incentives are adding further impetus to these technologies. Even without such subsidies, many systems already make economic sense and costs are anticipated to fall further as the technology matures, with grid parity expected to be achieved over the next few years.

The NSG Group is well placed to supply the three leading solar technologies and has established a new Solar Energy business unit to exploit this opportunity.

The Group's Solar Energy product range supports the three leading technologies

Thin Film photovoltaic solar modules

Technology characteristics
Produces power at low cost per watt, but requires large surface areas for installations. Can be used in climates where the sun is not very strong and may be obscured by cloud.

Glass type required
Transparent Conductive Oxide coating on float glass. The glass both lets light through and helps conduct the electricity produced.

NSG Group products
Pilkington TEC Glass™ is a high performance, highly durable, electrically conductive glass used in a wide range of markets including photovoltaics, where it is used to construct Thin Film photovoltaic (PV) modules. With the Group's advanced technology, the coating properties can be 'tuned' to a wide variety of Thin Film PV technologies, including silicon and cadmium telluride-based.

Crystalline photovoltaic solar modules

Technology characteristics
Highly efficient, but the PV cells are also expensive to make. Best used in applications where space is at a premium. Requires reasonably high solar radiation, but can tolerate some cloud cover.

Glass type required
Low-Iron Rolled glass plus Anti-Reflective coating to ensure that the maximum amount of solar radiation hits the PV cells.

NSG Group products
Pilkington Sunplus™ is a high performance, low iron glass designed to maximize Solar Energy collection through very high light and solar transmission. The high Solar Energy transmission of Pilkington Sunplus™ makes it an ideal choice for crystalline photovoltaic solar cells.

Concentrated Solar Power applications

Technology characteristics
Typically large area mirror arrays. Requires a large area and lots of sunshine. Particularly effective in sunny deserts.

Glass type required
Low-Iron Float glass.

NSG Group products
Pilkington Optiwhite™ is an ultra-clear float glass with very low iron content and its high Solar Energy transmittance makes it ideal as a base substrate for mirrors used in concentrated solar power applications.

In FY2009, Automotive sales were ¥299,096 million (¥364,819 million in FY2008) and operating income was ¥1,292 million (¥23,939 million in FY2008).

PILKINGTON
NSG Group Flat Glass Business

Automotive

One of only three glass groups in the world with global automotive glazing capability and presence, the NSG Group supplies all of the world's major automotive and specialized transport vehicle manufacturers under the Pilkington Automotive brand. Combined geographical presence now makes the NSG Group the largest global operator in automotive replacement glass distribution and wholesale.

THERMAL COMFORT

VISUAL COMFORT

INTEGRATED SYSTEMS

SAFETY

VISUAL COMFORT

ATMOSPHERIC COMFORT

ACOUSTIC COMFORT

SECURITY

ORIGINAL EQUIPMENT (OE)

Most of our OE production is focused on the volume light vehicle industry, serving all of the world's major vehicle manufacturers.

Glazing continues to play an important part in vehicle design, providing a combination of aesthetic, functional and structural properties.

We operate Automotive fabrication facilities throughout Europe, Japan, North America, South America, China, Malaysia and India; 35 locations in total, in 17 different countries.

Global review

Summary

The global economic slump has impacted Original Equipment (OE) sales dramatically, with car registrations down in most markets. In Europe, sales are being helped by some government stimulus packages and in Automotive Glass Replacement (AGR) the market is generally buoyant.

In Japan, car registrations remain a concern, but with some improved optimism. North America remains exceptionally difficult, due to low car registrations and anxieties over some of the large domestic producers. In the rest of the world, demand is lower, but less affected than in other geographies.

Europe
In the OE and AGR sectors, cumulative revenues were below last year, due to significantly lower demand from OE customers during the third and fourth quarters. AGR demand was less severely impacted. Profits were also below the previous year, especially within OE during the third and fourth quarters, where it was not possible to reduce capacity and costs quickly enough to match the lower sales.

North America
AGR sales and profits were similar to last year. Sales in OE continue to be down on last year, driven by accelerated lower market demand in the third and fourth quarters. This, coupled with higher energy costs during the year and costs associated with a float re-build, significantly affected business performance.

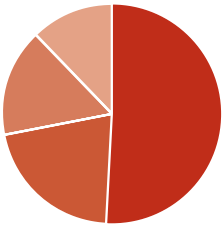
Japan
During the first three quarters of the year, improvements in manufacturing and operational performance led to increased profitability. Demand declined rapidly in the fourth quarter, however, as vehicle manufacturers cut production to address reductions in sales into both domestic and export markets. Revenues and profits were severely impacted as a result.

Rest of the World
Revenues were relatively strong as the markets proved more resistant to recession than the more developed markets. The rate of growth, however, slowed sharply during the third and fourth quarters. Profits fell as increasing input costs offset cost reduction improvements.

Outlook

OE sales in Europe, Japan and North America are expected to be relatively flat as the industry restructures and consolidates, with some increases in the short term due to government incentives. Sales in AGR, particularly in Europe, are holding up.

Despite the anticipated difficult economic conditions, the business will continue to develop new and high value-added products, drive efficiency improvements and reduce costs.



AUTOMOTIVE
sales by region 2009

Europe	51%
North America	21%
Japan	16%
Rest of World	12%

Our Automotive products include solar control glass for passenger comfort, glass heating systems to control condensation and icing, security glazing, and glazing systems, including encapsulations, extrusions, and components such as rain sensors, hinges and clips, added after basic manufacturing.

We provide a full range of glazing solutions on a global basis to our customers, drawing heavily on our advanced technology, continuous improvement and standardization activities.

AFTERMARKET (AGR)

We have well developed aftermarket distribution and wholesale networks throughout Europe and North America, with estimated market shares of around 20 percent. We are also well established in serving the aftermarkets in Japan, South America and South East Asia.

In addition to glass, our product offering includes accessories needed for fitting, such as trims, urethane and tools and also extensive technical support.

Our products can reach end-users in the aftermarket by one of two main routes: through our own distribution chains supplying independent retail fitters, or through vehicle manufacturers' dealer networks.

SPECIALIZED TRANSPORT

We provide high-quality glazing solutions and value-added products to the original equipment manufacturers of specialized transport and utility vehicles. These include:

- buses and coaches;
- trucks;
- trams and metro systems;
- locomotives;
- train carriages;
- special cars and vans;
- recreational vehicles;
- tractors and combine harvesters;
- construction vehicles; and
- ships and pleasure craft (Pilkington Marine).

Our customers are recognized as world-leading manufacturers, with many operating on a global basis.

In FY2009, Specialty Glass sales were ¥75,397 million (¥83,589 million in FY2008) and operating income was ¥3,758 million (¥9,029 million in FY2008).

Specialty Glass

The Group's Specialty Glass business operates in five main niche markets, in which the Group occupies leading positions in market share and technological superiority. The most important sectors are in ultra-thin glass for displays and patented optical products used in office machinery.

The NSG Group is a pioneer in the field of micro-optics, researching, developing and manufacturing a variety of optoelectronic products. Glass fiber has become a high-profile, high-tech material in a variety of fields: it is light and strong, fire retardant, non-conductive and resistant to chemicals.

NEW GLASS CORD ENHANCES TIMING BELT LIFE

A German manufacturer has launched the first timing belt suitable for lifetime use in Volkswagen's common-rail diesel engine – as fitted in the new VW Golf. The belt includes a new high-strength glass fibre cord developed by the Group's NGF businesses in Europe and Japan.

The high-tensile strength glass cord is thinner than previous products, giving increased flexibility. In tests, the belt has been run for 300,000 km without any deterioration in its performance and the product is believed to be the first whole-life timing belt for a diesel engine.

The glass cord is a key component of the timing belt, maintaining its tensile strength and preventing stretching, which would affect the timing cycle.

Global review

Summary

The Specialty Glass business operates in five main niche markets, each affected by variables and market pressures peculiar to that sector.

Overall, all of the niche sectors in which the Speciality Glass business operates have been affected by the global economic slowdown, particularly from the fourth quarter of FY2009. The Specialty Glass division started the year promisingly, but from the third quarter has been increasingly affected by deteriorating market conditions. Some Specialty Glass markets show signs of recovery but are still at low levels.

The largest segment of the Specialty Glass business is in displays, where the Group is globally recognized as a leading supplier of ultra-thin float glass, used in small to medium flat panel displays. In this sector, touch panel is a rapidly growing application. Reduced global demand for electronic equipment, including mobile phones, has affected this sector.

The second largest segment includes patented optical products, such as SELFOC Lens Array (SLA®) and SELGUIDE®; used for multi-function printers, scanners and other compact office equipment. SLA® is an important element in the development of LED technology applied to commodity printer markets.

This sector has been impacted by the current reduction in sales of office equipment worldwide, with the strength of the yen affecting exports of such equipment from Japan.

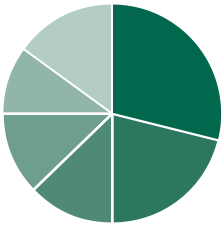
Demand for glass-reinforced cord used for engine timing belts has been badly impacted by the global deterioration in new car sales. Some Specialty Glass markets show signs of recovery, but are still at low levels.

Outlook

The Specialty Glass business will continue to be affected by the global economic situation. Demand for the Group's lens and light guide products is very dependent on orders for office equipment, such as scanners and printers and the decline in the mobile phone market has reduced the Group's sales of very thin glass (UFF) as well as sales from our processing business (Nanox).

Demand for the Group's glass cord used in engine timing belts has been severely affected by decreased build in the world's automotive industry and recovery in this sector will follow that of global vehicle build.

As with the Group's other businesses, Specialty Glass has taken out capacity, cut costs and reduced headcount to compensate for the decrease in demand.



SPECIALTY GLASS
sales by product 2009

Thin LCD glass	29%
Copier/printer lenses	21%
Glass cord	13%
Air filters	12%
Battery separators	10%
Other	15%

NEXT GENERATION PRINTERS USING SLA® TECHNOLOGY

The NSG Group has been involved with printer and scanner manufacturer Fuji Xerox in the joint development of a new generation of LED print heads using the Group's proprietary SELFOC® Lens Array (SLA®) technology, which allows optical systems to be designed compactly and manufactured at low cost. The new system uses self-scanning light-emitting devices and radially distributive refractive index rod lens arrays to provide images up to 1,200 dpi. The new print head offers all of the advantages of miniaturization, low power consumption and low-noise operation, while providing the image quality equal to or surpassing more conventional laser scanning units, better color quality, increased scanning rates and lower power consumption in operation.

The NSG Group seeks to achieve business success through professional, fair, ethical, legal and sustainable business practices.

Our responsibilities

We are committed to running our business in accordance with the principles of sustainable development. We aim to achieve this by balancing the needs of all our stakeholders, managing our environmental impacts, developing people, encouraging innovation in processes and products, and working in harmony with the communities in which we operate.

The health and safety of employees, visitors and those living or working in the communities affected by NSG Group operations, the protection of the environment and the development of effective relationships with stakeholders in the business remain top priorities.

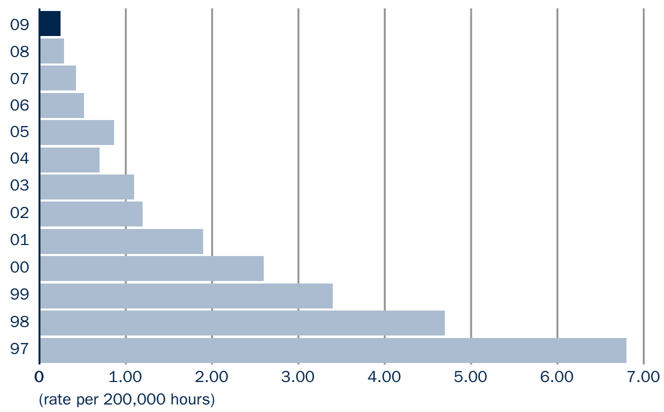
OUR SAFETY RECORD

We measure safety performance using two key performance indicators. The Lost Time Injury Rate (LTIR) records work-related accidents or illnesses preventing individuals involved being able to report for work on the following day or shift. These are expressed as a rate per 200,000 hours (approximately the time worked by 100 people in one year). The LTIR was 0.25 in 2009; an improvement of 14 percent.

As the LTIR has improved, it has become less useful as an indicator of performance and the Significant Injury Rate (SIR) is now our primary indicator. This records injuries requiring medical treatment or the reallocation of duties to allow an individual to continue working. The SIR was 0.9 in 2009; an improvement of 28 percent.

There were 111 lost time injuries and 294 injuries classified as significant in the year, for the total 32,500 Group employees. There were no fatal accidents on our sites during the financial year.

LOST TIME INJURY RATE (LTIR)



A socially responsible glassmaker

Architects and car designers are using increasingly more glass in buildings and vehicles. Glass manufacturing is an energy-intensive process, but energy usage in manufacture is offset by the significant contribution the Group's advanced glass products make to energy conservation and the sustainability of the business.

The Group continues to strive to improve overall energy consumption and CO_2 emissions in all our operations and through our product range. As a responsible manufacturer, the NSG Group is increasingly applying its technological skills to find solutions to the issue of climate change.

Health and safety

The health, safety and wellbeing of all employees, contractors, visitors, neighbors and customers remain at the forefront of our business activity. The Group's safety policy is based on the premise that all accidents are preventable. The Group has well developed safety education and training programs, and safety statistics are carefully monitored (see box bottom left).

Environment

The Group takes its environmental responsibilities extremely seriously. Our operations are required to meet all legislative standards as a minimum, and where local requirements are not considered sufficient to address an issue, the Group's corporate standards do. Many of our products make important contributions to people's wellbeing, their quality of life and to the conservation of energy worldwide. Significant effort continues to be directed towards improving environmental performance and ensuring that quality products are manufactured that have a positive impact on the environment. At site level, waste minimization and recycling remain key elements in the Group's environmental improvement program, also helping in the drive to reduce costs.

We are working to be a sustainable company, producing high-quality glass products that make an important contribution to improving living standards, to people's safety and wellbeing and to the generation and conservation of energy.

Community

We aim to ensure that our worldwide operations play a responsible and responsive role in the local communities in which they operate. Local business units have a responsibility for engaging in consultation and dialogue with their local communities as a means of making sure that the NSG Group coexists harmoniously with its community partners to the benefit of all parties involved.

Quality

In the Building Products business, the Group has ISO 9000:2000 quality management certification in Europe, Japan, North and South America, with new certifications achieved in Russia and China in the past year. Automotive has a corporate ISO/TS16949:2002 (the internationally recognized automotive quality standard) certificate and is well advanced in its plans to extend this certification to operations in Japan and other parts of Asia.

NSG GROUP SUSTAINABILITY POLICY

The publication of a sustainability policy for the NSG Group marks an important step in the Company's commitment to a new way of thinking about the way we operate, market our products, and attract new shareholders.

For the Group, sustainability means recognizing that we are all collectively responsible to those with whom we share one world to try to attain a more sustainable future for our descendants. The sustainability agenda is being redefined and moving quickly out of the hands of regulators and pressure groups and into the heart of businesses like ours.

We already have a good reputation on environmental issues and our product range has a key role to play in energy conservation. But sustainability means a lot more than that. It means looking at everything we do to consider its wider impact; and being able to communicate the positive story to our people, customers, suppliers and shareholders.

We are working to be a sustainable company, producing high-quality glass products that make an important contribution to improving living standards, to people's safety and wellbeing and to the generation and conservation of energy.


NSG Group Sustainability Policy

Revenue and operating income both reduced due to the impact of the global economic downturn. Despite this we are still on track with our strategic objectives and our net debt target was achieved one year ahead of schedule.

Finance Director's review

Mike Powell Group Finance Director

Results for the year

The global economic difficulties have impacted each of the Group's business lines. This factor, combined with the strengthening Japanese yen, has depressed the Group's results for the year.

		Millions of yen
	2009	2008
Revenue	**739,365**	865,588
Operating income before amortization	**22,519**	70,402
Amortization arising on acquisition of Pilkington plc	**20,611**	23,940
Operating income	**1,908**	46,462
Non-operating income:		
Interest and dividend income	**8,258**	9,646
Equity in earnings of affiliates	**1,585**	10,257
Other non-operating income	**1,526**	1,785
Non-operating expense:		
Interest expense	**19,956**	25,497
Other non-operating expense	**5,580**	12,216
Ordinary (loss)/income	**(12,259)**	30,437
Extraordinary income	**39,893**	51,268
Extraordinary loss	**41,149**	19,447
Net (loss)/income before taxation and minority interest	**(13,515)**	62,258
Taxation	**12,833**	9,584
Minority interest in net income of subsidiaries	**2,044**	2,257
Net (loss)/income	**(28,392)**	50,417
Net (loss)/income per share		
– basic (yen)	**(42.49)**	75.44
– diluted (yen)	**–**	70.90

Net sales
Sales decreased by 15 percent from ¥865,588 million to ¥739,365 million. The first half of the financial year saw revenues at a similar level to the previous year. Increasingly, during the second half of the year, revenues were impacted by global recessionary conditions and the translational impact of the strengthening yen.

Operating income
Operating income decreased by 96 percent from ¥46,462 million to ¥1,908 million. Operating income before amortization arising on the acquisition of Pilkington plc decreased 68 percent from ¥70,402 million to ¥22,519 million. Amortization arising on the acquisition of Pilkington plc includes amortization of goodwill and other intangible assets generated on the date of the acquisition. It does not include the routine amortization or depreciation of other tangible or intangible assets.

Operating income – Building Products
The Building Products business started the year strongly, but experienced increasingly challenging market conditions as the year progressed. In the Building Products business line, Europe represents 51 percent of sales, Japan 31 percent, and North America 8 percent. The rest arises in other areas of the world. In Europe, the Group's markets suffered from low levels of construction activity and residential house purchases. Consequently, profits were lower than last year in most markets, with results impacted by rising input costs as well as reduced volumes and prices. In Japan, market conditions remain difficult. Despite this, profits were higher than last year, with higher selling prices, an improving product mix and the benefits of the restructuring offsetting rising input costs. In North America, the business operated in difficult conditions, with low levels of commercial and residential construction. Profitability was lower than last year, because of rising input costs and the cold repair of the Ottawa float line, which lasted for three months. In South America, profits remain at satisfactory levels. Market conditions remained relatively robust for the first nine months of the year, but the fourth quarter saw a market decline. Profits in South East Asia declined.

Building Products also includes the manufacture and sale of Solar Energy glass for the photovoltaic market. This market continued to expand despite the global economic conditions, although the rate of expansion was lower than previously anticipated. Reductions in the availability of project finance contributed to slower growth, although funding is still available for suitable projects.

As a result, the Building Products business line achieved sales of ¥347,833 million (¥402,468 million FY2008), and an operating income of ¥10,622 million (¥31,339 million FY2008).

Operating income – Automotive
The Automotive Original Equipment (OE) business experienced drastically reduced volumes following globally reduced new car purchases, resulting in plant shutdowns and de-stocking by vehicle manufacturers. The Automotive Glass Replacement (AGR) segment was less impacted by the recessionary conditions, with revenues and profits remaining relatively robust.

In the Automotive business line, Europe represents 51 percent of sales, Japan 16 percent and North America 21 percent. The rest arise in other areas of the world. In Europe, sales of new cars remained at historically low levels, although in some territories government initiatives to stimulate demand, such as scrappage schemes, generated a positive response from consumers. The European AGR market held up well. Profits were below the previous year, especially within OE during the third and fourth quarters, where it was not possible to reduce capacity and costs quickly enough to match the lower sales. Vehicle production in Japan, which had earlier in the year held up better than in other developed economies, declined. During the first three quarters of the year, improvements in manufacturing and operational performance led to increased profitability. Demand declined rapidly in the fourth quarter as vehicle manufacturers cut production to address reductions in sales into both domestic and export markets. Revenues and profit were severely impacted as a result. In North America, sales of new vehicles remained poor, with well-publicized financial consequences for the large domestic producers, although the AGR market held up at levels close to the previous year. The worsening market conditions combined with higher energy costs during the year and costs associated with a float rebuild, significantly affected business performance. In the rest of the world, revenues were relatively strong, as these markets proved more resistant to recession than the more developed markets. The rate of growth, however, slowed sharply during the third and fourth quarters. Profits fell as increasing input costs offset cost reduction improvements.

As a result, the Automotive business line achieved revenues of ¥299,096 million (¥364,819 million FY2008), and an operating income of ¥1,292 million (¥23,939 million FY2008).

Operating income – Specialty Glass
Specialty Glass markets were generally weak. The demand for components for printers and scanners was impacted by decreased expenditure on office equipment and a strong yen making exports from Japan more expensive. The growth in mobile phone sales stalled and the demand for glass cord for engine timing belts was hit by reduced sales of new vehicles as highlighted above.

As a result, the Specialty Glass business line achieved sales of ¥75,397 million (¥83,589 million FY2008) and an operating income of ¥3,758 million (¥9,029 million FY2008).

Equity in earnings of affiliates
The share of profits from the Group's joint ventures and associates decreased, by 85 percent, from ¥10,257 million to ¥1,585 million. The Group disposed of its shareholding in NH Techno Glass Co., Ltd. during the period. Consequently, from 1 April 2008 up to the date of disposal, the results of this company are excluded from the Group's share of earnings of joint ventures and associates. The Group's share of underlying post-tax profit of its joint ventures and associates was below the previous year. Cebrace, the Group's joint venture company in Brazil, performed strongly during the period, with profits similar to prior year levels. Pilkington Glass LLC, the Group's joint venture company in Russia, experienced particularly difficult trading conditions towards the end of the year with a consequent reduction in profitability.

Interest expenses and other non-operating items
Interest expenses decreased, due to lower average debt levels and reducing global interest rates. Other non-operating expenses also decreased. The prior year figure included the unwinding of the discount applied to the provision for fines relating to the statement of objections from the European Commission.

Extraordinary items
Extraordinary income was below the level of the previous year. Gains from the disposal of joint ventures and associates were ¥30,023 million, mainly reflecting the sale of the Group's share of NH Techno Glass Co., Ltd. during the period. In the year to 31 March 2008, extraordinary income consisted principally of profit on the disposal of the Group's operations in Australasia.

On 29 January 2009 the Group announced a program of initiatives to improve profitability and enhance operational efficiencies, involving restructuring, headcount reduction and further cost reductions. In a subsequent announcement on 7 April 2009, the Group highlighted the fact that the unprecedented drop in demand was particularly affecting Building Products Europe, requiring a consequential extension of the restructuring program and a

Finance Director's review continued

further restructuring charge. Included in extraordinary losses are restructuring costs and asset impairments of ¥25,274 million, mostly arising from the announcement made on 29 January 2009.

Taxation

The taxation charge of ¥12,833 million represents a taxation rate of 95 percent of net income before taxation. This rate is significantly higher than the Group would normally expect due to the high level of disallowable costs, notably the European Commission competition compliance fine and the impact of local trade taxes, which are due even when profits are minimal.

Minority interests

Profits attributable to minority interests decreased by 9 percent, from ¥2,257 million to ¥2,044 million.

Net income per share

Basic net income per share decreased from ¥75.44 to a net loss per share of ¥42.49.

Dividends

A final dividend of ¥3 per share is being paid which, when added to the half-year dividend of ¥3 per share, gives a total dividend for the year of ¥6 per share, unchanged from the previous financial year.

Cash flows

Millions of yen

	2009	2008
Operating cash flows before financial items	**(12,321)**	97,541
Interest received less interest paid	**(8,657)**	(14,173)
Income taxes paid	**(11,619)**	(33,974)
Net cash (used in)/provided by operating activities	**(32,597)**	49,394
Capital expenditure (net of disposals)	**(39,386)**	(42,671)
Acquisitions less divestments	**41,975**	72,141
Net cash (outflow)/inflow before dividends and financing	**(30,008)**	78,864

Operating cash flows before financial items decreased from ¥97,541 million to an outflow of ¥12,321 million. Underlying cash generation reduced in line with the decreased level of profitability. Included in the operating cash flows was a payment of ¥43,448 million relating to the European Commission investigation into the European car glass market.

Interest paid decreased due to lower average levels of debt and reduced global interest rates. Taxation payments reduced, largely due to timing issues. As a result, net cash provided by operating activities decreased from ¥49,394 million to an outflow of ¥32,597 million.

Capital expenditure, net of disposals decreased by 8 percent, from ¥42,671 million to ¥39,386 million, reflecting the timing of significant capital projects and the Group's continued efforts to prioritize capital expenditure. Acquisitions less divestments were again positive, reflecting the disposal of NH Techno Glass Co., Ltd.

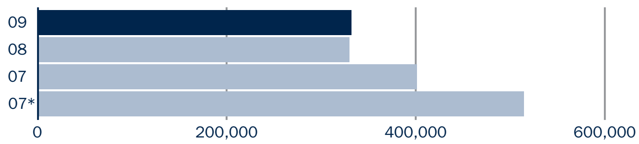
Funding and liquidity

Net debt

Net debt increased by ¥2,864 million from 31 March 2008 to ¥331,343 million at 31 March 2009. Reductions in net debt were generated by the sale of the NH Techno Glass Co., Ltd. and exchange differences. The payment of the European Commission competition compliance fine increased indebtedness. Included in net debt at 31 March 2009 are financial lease creditors of ¥7,981 million. This represents a change in definition during the current financial year. Excluding this change, net debt decreased by ¥5,117 million during the period. Currency movements generated a decrease in net debt of approximately ¥41,100 million over the period. Gross debt was ¥426,322 million at the period end.

The chart below shows how net debt has decreased following the acquisition of Pilkington plc in June 2006.

NET DEBT Millions of yen
Full year to 31 March (*First quarter to 30 June 2006)



Sources of finance

The Group is financed by a combination of cash flows from operations, bank loans and corporate bonds. The chart at top right on page 29 analyzes the Group's sources of debt at 31 March 2009.

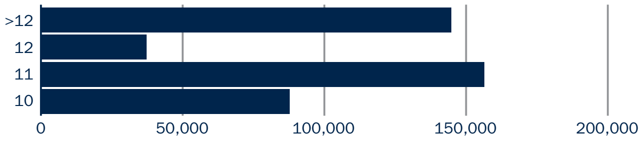
The Group's policy is to ensure continuity of finance at a reasonable cost, based on commercial funding with varying maturities from a range of sources. The chart at top left on page 29 shows the maturity of the Group's committed facilities.

At 31 March 2009, the Group had unused committed facilities of ¥88,000 million. Committed facilities due to mature in the year to 31 March 2010 represent 21 percent of the total.

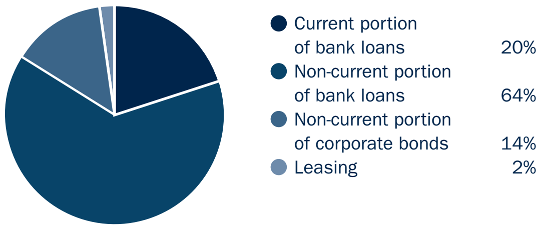
At the shareholders' annual general meeting held on 26 June 2009, the Company's shareholders approved a resolution to amend the Company's Articles of Incorporation, facilitating the issue of preference shares. Consequently, the Company has subsequently issued preference shares with an aggregate value of ¥30,000 million. The issuance of the preference shares will enable a reduction in the Group's overall debt obligations and will also maintain and improve funding flexibility, underpinning further anticipated debt funding by reinforcing the Group's financial strength.

The Group has obtained long-term investment grade credit ratings from three rating agencies. The current ratings are Baa3 from Moody's, BBB from R&I and BBB+ from JCR. The Group aims to maintain these ratings and further reductions in net debt should underpin this objective.

COMMITTED FACILITY MATURITIES Millions of yen



DEBT SOURCES



Shareholders' equity (net assets)

Shareholders' equity and minority interests decreased by 31 percent, from ¥371,998 million to ¥257,223 million. This was due to the net loss generated during the period and also the translational impact of a stronger Japanese yen.

Treasury management

The Group has a global treasury function appropriate for the global nature of our business. The treasury function is responsible for the provision of the Group's liquidity management and for the management of the Group's interest, commodity and foreign exchange risks, operating within policies and authority limits set by the Board of Directors. The Board approves a set of financial counterparties noted for their strong credit standing. Treasury operations are reviewed annually by the Group Internal Audit Function, to ensure compliance with the Group's policies.

The Group has major manufacturing operations in 29 countries and sales in around 130 countries. Assets are hedged where appropriate by matching the currency of borrowings to the net assets. The Group borrows in a variety of currencies, principally, but not limited to, Japanese yen, euro, US dollars and sterling, at both fixed and floating rates of interest using derivatives where appropriate to generate the desired effective currency and interest rate exposure.

The derivatives used for this purpose are principally interest rate swaps and forward foreign exchange contracts. Material foreign exchange transactions are hedged when reasonably certain, usually through the use of foreign exchange forward contracts. The Group does not engage in speculative trading of financial instruments or derivatives.

Exposure to interest rate fluctuations on borrowings is managed by borrowing on either a fixed or floating basis and entering into interest rate swaps or forward rate agreements. The policy objective is to have a target proportion, currently 30 to 70 percent of forecast net borrowings hedged at all times.

Corporate governance and risk management

The Group has an established system of internal controls. These controls have been thoroughly documented and tested during the year, as part of the Group's ongoing J-SOX compliance program.

Contingencies

On 19 January 2009, EEIF Sub VI N.V., the Group's joint venture partner in Russia exercised its put option over its 50 percent shareholding in Pilkington Nederland (No. 6) B.V., the joint venture company owning the Group's business in Russia, Pilkington Glass LLC. The Group has not been able to reach an agreement with EEIF Sub VI N.V. over the exercise price of the put option, which is based on a calculation of the market value of Pilkington Glass LLC. Consequently, EEIF Sub VI N.V. continues to exercise its rights as a shareholder and joint venture partner. It is not currently possible to determine an estimate of the likely liability arising.

In 1989, Pilkington Holding GmbH (then known as Pilkington Deutschland GmbH) entered into a profit and loss pooling agreement with Dahlbusch AG and made a mandatory offer to acquire the minority interests in Dahlbusch AG accordingly. Certain minority shareholders have legally challenged the offer made as insufficient and court proceedings have been pending since 1989. The Court of First Instance made its decision in December 2006 and issued its ruling in respect of this claim in February 2007. The Court found that the price should be €629 per preference share (instead of €578 as per the original offer) and €330 per ordinary share (instead of €292 as per the original offer). In addition, Pilkington Holding GmbH was required to pay interest at a rate of 2 percent above the respective reference rates since March 1989, the time of the original offer. Pilkington Holding GmbH will be entitled to deduct the paid guarantee dividend from the interest charge. The minority shareholders and Pilkington Holding GmbH have both lodged an appeal against this decision. In June 2009, the Higher Regional Court in Düsseldorf confirmed the earlier ruling of the Court of First Instance. €25 million has already been provided at the balance sheet date for payments to former shareholders. The maximum potential liability is approximately €9 million to current minority shareholders, although it is likely to be substantially less.

Mike Powell
Group Finance Director

Board of Directors

Yozo Izuhara*
Director
Chairman of the Board

Katsuji Fujimoto
Director
Chairman of NSG Group

Tomoaki Abe**
Director
Vice-Chairman

Stuart Chambers
Representative
Executive Director
President and CEO

Mike Powell
Executive Director
Group Finance Director

Mark Lyons
Executive Director
Head of Building
Products Worldwide

Mike Fallon
Executive Director
Head of Automotive
Worldwide

Keiji Yoshikawa
Executive Director
Head of Specialty Glass
Worldwide

Kozo Okumura
External Director

Isao Uchigasaki
External Director

George Olcott***
External Director

Sumitaka Fujita
External Director

* Chairman Nomination Committee
** Chairman Audit Committee
*** Chairman Compensation Committee

Five-year summary

Year ended 31 March	Millions of yen 2009	2008	2007	2006	2005	Thousands of euro 2009
Net sales	**739,365**	865,588	681,548	265,888	264,975	**5,687,421**
(Loss)/income before income taxes and minority interests	**(13,515)**	62,258	38,058	11,535	11,424	**(103,959)**
Net (loss)/income	**(28,392)**	50,417	12,096	7,764	7,588	**(218,396)**
Amounts per share (yen and euro)						
Net (loss)/income:						
Basic	**(42.49)**	75.44	21.85	17.52	17.12	**(0.33)**
Diluted	**–**	70.90	20.28	15.71	15.78	**–**
Cash dividends	**6.00**	6.00	6.00	6.00	6.00	**0.05**
Total assets	**1,025,221**	1,319,290	1,408,984	595,963	426,909	**7,886,313**
Shareholders' equity	**247,141**	358,688	337,268	238,284	205,300	**1,901,086**
Number of employees	**31,436**	32,587	35,811	12,736	12,006	**–**

Note:
The translation of yen amounts into euro amounts is included solely for the convenience of readers outside Japan and has been made at ¥130 = €1.00, the exchange rate prevailing on 31 March 2009. This translation should not be construed as a representation that yen can be converted into euro at the above or any other rate.

Shareholders' equity shown in the above schedule includes valuation and translation adjustments and stock options.

Consolidated balance sheets

Nippon Sheet Glass Company Limited and consolidated subsidiaries
31 March 2009 and 2008

	Millions of yen		Thousands of euro (Note 1a)
	2009	2008	2009
Assets			
Current assets			
Cash and cash equivalents (Note 14)	94,525	126,613	727,119
Short-term investments	454	1,316	3,489
Trade notes and accounts receivable	103,462	155,119	795,859
Allowance for doubtful accounts	(3,815)	(4,830)	(29,348)
Inventories:			
Finished goods	69,335	69,732	533,345
Work in process and raw materials	44,491	49,757	342,239
Deferred income taxes (Note 7)	974	7,376	7,490
Other current assets	15,805	16,852	121,585
Total current assets	325,231	421,935	2,501,778
Property, plant and equipment at cost (Notes 5 and 8)			
Land	46,483	54,042	357,558
Buildings and structures	147,014	157,261	1,130,875
Machinery, equipment and vehicles	407,800	431,714	3,136,921
Leased assets	8,089	–	62,223
Construction in progress	4,690	3,411	36,085
	614,076	646,428	4,723,662
Accumulated depreciation	(296,598)	(270,953)	(2,281,516)
Property, plant and equipment, net	317,478	375,475	2,442,146
Investments and other assets			
Investments in securities (Notes 4 and 17a)	13,502	28,014	103,858
Investments in unconsolidated subsidiaries and affiliates	42,434	71,854	326,412
Goodwill	132,882	181,168	1,022,169
Deferred income taxes (Note 7)	48,363	51,432	372,025
Other assets	145,331	189,412	1,117,925
Total investments and other assets	382,512	521,880	2,942,389
Total assets	1,025,221	1,319,290	7,886,313

Consolidated balance sheets continued

	Millions of yen 2009	Millions of yen 2008	Thousands of euro (Note 1a) 2009
Liabilities and net assets			
Current liabilities			
Short-term bank borrowings (Notes 8 and 14)	**23,530**	83,585	**181,000**
Current portion of long-term debt (Note 8)	**64,292**	19,371	**494,554**
Notes and accounts payable:			
Trade	**61,871**	98,952	**475,932**
Construction and other	**16,694**	22,792	**128,417**
Accrued expenses	**31,536**	39,560	**242,584**
Accrued income taxes (Note 7)	**19,369**	16,733	**148,990**
Provision for loss arising from enhanced early retirement program	**245**	12,519	**1,885**
Provision for loss arising from alleged violation of Competition Law of the European Union	**–**	49,992	**–**
Provision for Netherlands fine	**2,590**	–	**19,923**
Provision for warranties and claims	**4,968**	7,322	**38,215**
Provision for restructuring expenditure	**10,941**	–	**84,162**
Provision for German minority interests (Note 11c)	**3,192**	–	**24,554**
Deferred income taxes (Note 7)	**3**	2	**19**
Other current liabilities	**30,084**	38,947	**231,416**
Total current liabilities	**269,315**	389,775	**2,071,651**
Long-term liabilities			
Long-term debt (Note 8)	**338,500**	353,452	**2,603,844**
Accrued retirement benefits (Note 6)	**62,991**	75,463	**484,548**
Allowance for rebuilding furnaces	**10,159**	9,764	**78,143**
Environmental provision	**6,531**	7,248	**50,240**
Deferred income taxes (Note 7)	**62,271**	90,413	**479,005**
Other long-term liabilities	**18,231**	21,177	**140,240**
Total long-term liabilities	**498,683**	557,517	**3,836,020**
Net assets			
Shareholders' equity (Notes 9, 17(b), (c) and (d))			
Common stock:			
Authorized – 1,775,000,000 shares in 2009 and 2008			
Issued – 669,550,999 shares in 2009 and 2008	**96,147**	96,147	**739,595**
Capital surplus	**105,287**	105,292	**809,903**
Retained earnings	**118,159**	152,097	**908,912**
Treasury stock, at cost: 1,398,921 shares in 2009 and 1,290,932 shares in 2008	**(584)**	(541)	**(4,492)**
Total shareholders' equity	**319,009**	352,995	**2,453,918**
Valuation and translation adjustments:			
Net unrealized holding gain on securities (Note 4)	**2,339**	9,194	**17,994**
Net unrealized deferred loss on hedges (Note 12)	**(10,756)**	(128)	**(82,737)**
Translation adjustments	**(63,944)**	(3,627)	**(491,881)**
Total valuation and translation adjustments	**(72,361)**	5,439	**(556,624)**
Stock options (Note 9b)	**493**	254	**3,792**
Minority interests	**10,082**	13,310	**77,556**
Total net assets	**257,223**	371,998	**1,978,642**
Total liabilities and net assets	**1,025,221**	1,319,290	**7,886,313**

Consolidated statements of income

Nippon Sheet Glass Company Limited and consolidated subsidiaries
Years ended 31 March 2009 and 2008

	Millions of yen		Thousands of euro (Note 1a)
	2009	2008	2009
Net sales (Note 16)	**739,365**	865,588	**5,687,421**
Cost of sales (Note 13)	**537,270**	594,379	**4,132,841**
Gross profit	**202,095**	271,209	**1,554,580**
Selling, general and administrative expenses (Note 13)	**200,187**	224,747	**1,539,900**
Operating income (Note 16)	**1,908**	46,462	**14,680**
Other income/(expenses):			
Interest and dividend income	**8,258**	9,646	**63,523**
Interest expense	**(19,956)**	(25,497)	**(153,510)**
Equity in earnings of affiliates	**1,585**	10,257	**12,192**
Gain on sales of fixed assets	**1,337**	2,679	**10,282**
Loss on disposal of fixed assets	**(1,820)**	(1,312)	**(14,000)**
Gain on sales of investments in securities (Note 4)	**7,720**	13,414	**59,385**
Gain on sale of discontinued operations	**–**	30,831	**–**
Gain on insurance proceeds received	**–**	1,761	**–**
Loss on disposal of inventories	**–**	(1,102)	**–**
Loss on revaluation of inventories	**–**	(843)	**–**
Loss on impairment of fixed assets (Note 5)	**(9,899)**	(1,700)	**(76,143)**
Loss on revaluation of investments in securities	**(1,388)**	(474)	**(10,677)**
Loss on revaluation of investments in subsidiaries and affiliates	**–**	(1,207)	**–**
Loss arising from alleged violation of Competition Law of the European Union	**(7,773)**	–	**(59,792)**
Restructuring expenditure	**(15,375)**	–	**(118,269)**
Income from discontinued operations	**–**	498	**–**
Special support cost for early retirees	**–**	(615)	**–**
Provision for loss arising from enhanced early retirement program	**–**	(12,519)	**–**
Gain on sales of investments in subsidiaries and affiliates	**30,023**	12	**230,947**
Loss on termination of businesses	**–**	(289)	**–**
Gain on prior year adjustments	**–**	2,072	**–**
Other, net	**(8,135)**	(9,816)	**(62,577)**
	(15,423)	15,796	**(118,639)**
(Loss)/income before income taxes and minority interests	**(13,515)**	62,258	**(103,959)**
Income taxes (Note 7):			
Current	**17,999**	13,801	**138,454**
Prior year tax adjustments	**–**	1,195	**–**
Deferred	**(5,166)**	(5,412)	**(39,742)**
	12,833	9,584	**98,712**
(Loss)/income before minority interests	**(26,348)**	52,674	**(202,671)**
Minority interests	**(2,044)**	(2,257)	**(15,725)**
Net (loss)/income (Note 15)	**(28,392)**	50,417	**(218,396)**

Consolidated statements of changes in net assets

Nippon Sheet Glass Company Limited and consolidated subsidiaries
Years ended 31 March 2009 and 2008

Millions of yen

	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity	Net unrealized holding gain on securities
Balance at 31 March 2007	96,147	105,289	105,914	(450)	306,900	25,881
Net income for the year	–	–	50,417	–	50,417	–
Cash dividends	–	–	(4,010)	–	(4,010)	–
Sales of treasury stock	–	3	–	8	11	–
Purchases of treasury stock	–	–	–	(99)	(99)	–
Decrease in retained earnings arising on initial inclusion of subsidiaries in consolidation	–	–	(224)	–	(224)	–
Net changes during the year except for items under shareholders' equity	–	–	–	–	–	(16,687)
Balance at 31 March 2008	96,147	105,292	152,097	(541)	352,995	9,194
Net loss for the year	**–**	**–**	**(28,392)**	**–**	**(28,392)**	**–**
Cash dividends	**–**	**–**	**(4,009)**	**–**	**(4,009)**	**–**
Sales of treasury stock	**–**	**(5)**	**–**	**24**	**19**	**–**
Purchases of treasury stock	**–**	**–**	**–**	**(67)**	**(67)**	**–**
Decrease in retained earnings arising on initial inclusion of subsidiaries in consolidation	**–**	**–**	**(1,537)**	**–**	**(1,537)**	**–**
Net changes during the year except for items under shareholders' equity	**–**	**–**	**–**	**–**	**–**	**(6,855)**
Balance at 31 March 2009	**96,147**	**105,287**	**118,159**	**(584)**	**319,009**	**2,339**

Millions of yen

	Net unrealized deferred loss on hedges	Translation adjustments	Total valuation and translation adjustments	Stock options	Minority interests	Total net assets
Balance at 31 March 2007	(3,048)	7,508	30,341	27	13,357	350,625
Net income for the year	–	–	–	–	–	50,417
Cash dividends	–	–	–	–	–	(4,010)
Sales of treasury stock	–	–	–	–	–	11
Purchases of treasury stock	–	–	–	–	–	(99)
Decrease in retained earnings arising on initial inclusion of subsidiaries in consolidation	–	–	–	–	–	(224)
Net changes during the year except for items under shareholders' equity	2,920	(11,135)	(24,902)	227	(47)	(24,722)
Balance at 31 March 2008	(128)	(3,627)	5,439	254	13,310	371,998
Net loss for the year	**–**	**–**	**–**	**–**	**–**	**(28,392)**
Cash dividends	**–**	**–**	**–**	**–**	**–**	**(4,009)**
Sales of treasury stock	**–**	**–**	**–**	**–**	**–**	**19**
Purchases of treasury stock	**–**	**–**	**–**	**–**	**–**	**(67)**
Decrease in retained earnings arising on initial inclusion of subsidiaries in consolidation	**–**	**–**	**–**	**–**	**–**	**(1,537)**
Net changes during the year except for items under shareholders' equity	**(10,628)**	**(60,317)**	**(77,800)**	**239**	**(3,228)**	**(80,789)**
Balance at 31 March 2009	**(10,756)**	**(63,944)**	**(72,361)**	**493**	**10,082**	**257,223**

Consolidated statements of changes in net assets continued

Thousands of euro (Note 1a)

	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity	Net unrealized holding gain on securities
Balance at 31 March 2008	739,595	809,941	1,169,970	(4,162)	2,715,344	70,725
Net loss for the year	–	–	(218,396)	–	(218,396)	–
Cash dividends	–	–	(30,838)	–	(30,838)	–
Sales of treasury stock	–	(38)	–	185	147	–
Purchases of treasury stock	–	–	–	(515)	(515)	–
Decrease in retained earnings arising on initial inclusion of subsidiaries in consolidation	–	–	(11,824)	–	(11,824)	–
Net changes during the year except for items under shareholders' equity	–	–	–	–	–	(52,731)
Balance at 31 March 2009	**739,595**	**809,903**	**908,912**	**(4,492)**	**2,453,918**	**17,994**

Thousands of euro (Note 1a)

	Net unrealized deferred loss on hedges	Translation adjustments	Total valuation and translation adjustments	Stock options	Minority interests	Total net assets
Balance at 31 March 2008	(984)	(27,896)	41,845	1,954	102,385	2,861,528
Net loss for the year	–	–	–	–	–	(218,396)
Cash dividends	–	–	–	–	–	(30,838)
Sales of treasury stock	–	–	–	–	–	147
Purchases of treasury stock	–	–	–	–	–	(515)
Decrease in retained earnings arising on initial inclusion of subsidiaries in consolidation	–	–	–	–	–	(11,824)
Net changes during the year except for items under shareholders' equity	(81,753)	(463,985)	(598,469)	1,838	(24,829)	(621,460)
Balance at 31 March 2009	**(82,737)**	**(491,881)**	**(556,624)**	**3,792**	**77,556**	**1,978,642**

Consolidated statements of cash flows

Nippon Sheet Glass Company Limited and consolidated subsidiaries
Years ended 31 March 2009 and 2008

	Millions of yen		Thousands of euro (Note 1a)
	2009	2008	**2009**
Cash flows from operating activities			
(Loss)/income before income taxes and minority interests	**(13,515)**	62,258	**(103,959)**
Adjustments for:			
Depreciation and amortization of tangible and intangible assets other than goodwill	**57,772**	63,616	**444,400**
Amortization of goodwill	**8,486**	10,331	**65,277**
Loss on impairment of fixed assets	**9,899**	1,700	**76,143**
Decrease in allowance for doubtful accounts	**(198)**	(237)	**(1,523)**
(Decrease)/increase in accrued retirement benefits	**(16,682)**	6,053	**(128,323)**
Gain on sales of fixed assets	**(1,337)**	(2,679)	**(10,282)**
Loss on disposal of fixed assets	**1,820**	1,312	**14,000**
Gain on sales of investments in securities	**(7,720)**	(13,414)	**(59,385)**
Gain on sales of investments in subsidiaries and affiliates	**(30,023)**	(12)	**(230,947)**
Loss on revaluation of investments in securities	**1,388**	474	**10,677**
Loss on revaluation of investments in subsidiaries and affiliates	**–**	1,207	**–**
Gain on sale of discontinued operations	**–**	(30,831)	**–**
Equity in earnings of affiliates	**(1,585)**	(10,257)	**(12,192)**
Interest and dividend income	**(8,258)**	(9,646)	**(63,523)**
Interest expense	**19,956**	25,497	**153,510**
Decrease/(increase) in trade notes and accounts receivable	**37,271**	(4,023)	**286,700**
Increase in inventories	**(9,971)**	(9,264)	**(76,700)**
(Decrease)/increase in notes and accounts payable	**(30,290)**	9,873	**(233,000)**
Reversal of provision for loss arising from alleged violation of Competition Law of the European Union	**(43,448)**	–	**(334,215)**
Provision for restructuring expenditure	**13,296**	–	**102,277**
Increase in allowance for rebuilding furnaces	**395**	527	**3,038**
Other, net	**423**	(4,944)	**3,252**
	(12,321)	97,541	**(94,775)**
Interest and dividend income received	**10,861**	12,927	**83,546**
Interest paid	**(19,518)**	(27,100)	**(150,138)**
Income taxes paid	**(11,619)**	(33,974)	**(89,377)**
Net cash (used in)/provided by operating activities	**(32,597)**	49,394	**(250,744)**

Consolidated statements of cash flows continued

	Millions of yen		Thousands of euro (Note 1a)
	2009	2008	2009
Cash flows from investing activities			
Payments for time deposits	(196)	(1,300)	(1,508)
Proceeds from time deposits	994	1,105	7,646
Purchases of investments in securities	(671)	(49)	(5,162)
Proceeds from sales of investments in securities	9,705	15,464	74,654
Purchases of investments in affiliates	(2,559)	(7,231)	(19,685)
Proceeds from sales of discontinued operations	–	66,105	–
Proceeds from sales of investments in subsidiaries and affiliates	42,639	44	327,992
Purchases of property, plant and equipment	(42,635)	(40,543)	(327,962)
Proceeds from sales of property, plant and equipment	3,722	3,829	28,631
Purchases of other assets	(473)	(6,094)	(3,638)
Increase in short-term loans receivable included in other current assets	(6,727)	(2,312)	(51,746)
Increase in long-term loans receivable included in other assets	(115)	(536)	(885)
Other, net	(1,095)	989	(8,423)
Net cash provided by investing activities	2,589	29,471	19,914
Cash flows from financing activities			
(Decrease)/increase in short-term bank borrowings, net	(22,902)	1,385	(176,169)
Proceeds from long-term loans	98,160	25,177	755,077
Repayment of long-term loans	(65,858)	(104,071)	(506,600)
Proceeds from issuance of bonds	26,828	–	206,369
Redemption of bonds	(10,000)	–	(76,923)
Repayment of finance lease obligations	(3,847)	–	(29,592)
Cash dividends paid	(4,009)	(4,026)	(30,838)
Cash dividends paid to minority shareholders of consolidated subsidiaries	(2,465)	(1,993)	(18,962)
Other, net	(67)	(88)	(523)
Net cash provided by/(used in) financing activities	15,840	(83,616)	121,839
Effect of exchange rate changes on cash and cash equivalents	(15,710)	(13,101)	(120,853)
Net decrease in cash and cash equivalents	(29,878)	(17,852)	(229,844)
Cash and cash equivalents at beginning of the year	103,294	159,762	794,577
Decrease due to change in scope of cash and cash equivalents	–	(38,712)	–
Increase due to change in scope of consolidation	2,182	96	16,785
Cash and cash equivalents at end of the year (Note 14)	75,598	103,294	581,518

Notes to the consolidated financial statements

Nippon Sheet Glass Company Limited and consolidated subsidiaries
31 March 2009 and 2008

1. Summary of significant accounting policies

(a) Basis of preparation
The accompanying consolidated financial statements of Nippon Sheet Glass Company Limited (the Company) and domestic consolidated subsidiaries are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards (IFRS), and have been compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Act of Japan.

The Company applies the 'Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements' (PITF No. 18). In accordance with PITF No. 18, the accompanying consolidated financial statements have been prepared by using the accounts of foreign consolidated subsidiaries prepared in accordance with IFRS as adjusted for certain items including those for goodwill, actuarial differences and capitalized development costs.

In preparing the accompanying consolidated financial statements, certain reclassifications have been made to the consolidated financial statements issued domestically for the convenience of readers outside Japan.

The translation of Japanese yen into euro values is included solely for the convenience of readers outside Japan and has been made at ¥130 = €1.00, the exchange rate prevailing on 31 March 2009. This translation should not be construed as a representation that yen can be converted into euro at the above or any other rate.

Certain reclassifications of previously reported amounts have been made to conform the consolidated financial statements for the year ended 31 March 2008 to the 2009 presentation. These reclassifications had no effect on consolidated net income or net assets.

(b) Principles of consolidation
The accompanying consolidated financial statements include the accounts of the Company and the significant companies which it controls directly or indirectly. Companies over which the Company exercises significant influence in terms of their operating and financial policies have been included in the accompanying consolidated financial statements using the equity method. As of 31 March 2009, the numbers of consolidated subsidiaries and affiliates included in the consolidation were 231 and 23 (226 and 28 in 2008), respectively. The assets and liabilities of initially consolidated subsidiaries are stated at fair value as of their respective dates of acquisition.

Investments in subsidiaries and affiliates which are not consolidated or accounted for by the equity method are carried at cost or less. Where there has been a permanent decline in the value of such investments, the Company has written down the investments.

Differences between the cost and the underlying net equity at fair value of the consolidated subsidiaries at their respective dates of acquisition are amortized by the straight-line method principally over a period of 20 years.

(c) Foreign currency translation
Assets and liabilities of overseas consolidated subsidiaries and affiliates are translated into yen at the exchange rates in effect at the respective balance sheet dates. Revenue and expenses are translated at the average rates of exchange for the respective years. Differences arising from translation are reflected in 'translation adjustments' and 'minority interests' in the accompanying consolidated balance sheets.

(d) Cash and cash equivalents
Cash and cash equivalents as stated in the consolidated statements of cash flows consist of cash in hand, deposits with banks withdrawable on demand, overdrawn bank balances and short-term investments which are readily convertible to cash subject to an insignificant risk of any change in their value and which were purchased with an original maturity of three months or less.

(e) Allowance for doubtful accounts
The allowance for doubtful accounts is calculated based on the historical experience with bad debts plus an estimate of certain uncollectible amounts determined after an analysis of specific individual receivables.

(f) Short-term investments and investments in securities
The accounting standard for financial instruments requires that securities other than equity securities issued by subsidiaries and affiliates be classified into three categories: trading securities, held-to-maturity debt securities or other securities. Under this accounting standard, trading securities are carried at fair value and held-to-maturity debt securities are carried at amortized cost. Marketable securities classified as other securities are carried at fair value with any changes in unrealized holding gain or loss, net of the applicable income taxes, included directly in net assets. Non-marketable securities classified as other securities are carried at cost. Cost of securities sold is determined by the moving average method. The Company and its consolidated subsidiaries did not hold any trading securities or held-to-maturity debt securities at 31 March 2009 and 2008.

Notes to the consolidated financial statements continued

1. Summary of significant accounting policies continued

(g) Derivatives
Derivatives are stated at fair value.

(h) Inventories
Inventories of the Company and its domestic consolidated subsidiaries are principally stated at the lower of cost or market value, whereby cost is determined by the moving average method.

Inventories held by overseas subsidiaries are stated at the lower of cost or net realizable value, determined by the first-in, first-out method.

(i) Property, plant and equipment
Depreciation is calculated at rates based on the estimated useful lives of the respective assets by the straight-line method. The estimated useful lives applied by the Company and domestic subsidiaries are principally as follows:

Buildings and structures	3-50 years
Machinery, equipment and vehicles	3-9 years

The estimated useful lives applied by the overseas subsidiaries are principally as follows:

Buildings and structures	20-50 years
Machinery, equipment and vehicles	5-25 years

(j) Intangible assets included in other assets
Amortization of intangible assets is calculated by the straight-line method. For computer software used in the Company and domestic consolidated subsidiaries within Japan, the estimated useful lives are determined within a period of five years. Intangible assets recognized upon acquisition of Pilkington, such as relationships with customers, brand, and developed technology, have depreciation periods not exceeding 20 years.

(k) Retirement benefits
Accrued retirement benefits for employees are provided principally at an amount calculated based on the retirement benefit obligation and the fair value of the pension plan assets, as adjusted for unrecognized actuarial gain or loss and unrecognized past service cost. The retirement benefit obligation is attributed to each period by the straight-line method over the estimated remaining years of service of the eligible employees.

Actuarial gain or loss is amortized commencing the year following the year in which the gain or loss is recognized by the straight-line method over a period of five years, which is shorter than the average remaining years of service of the eligible employees.

Certain domestic consolidated subsidiaries have unfunded retirement benefit plans for their directors and corporate auditors. The funding required under these plans has been fully accrued in accordance with their respective internal rules.

(l) Allowance for rebuilding furnaces
In order to prepare for periodic large-scale repairs to furnaces, the allowance for rebuilding domestic furnaces in Japan is calculated in consideration of the estimated cost of scheduled repairs and the number of hours of operation prior to the next repair date. Such an allowance is not made for furnaces outside Japan.

(m) Leases
The Company and its consolidated subsidiaries lease certain machinery, equipment and vehicles under non-cancelable lease agreements referred to as finance leases. Finance leases are capitalized as liabilities and leased assets are treated as though they were legally owned. All other lease transactions are accounted for as operating leases and relating payments are charged to income as incurred.

(n) Bond issuance expenses and share issuance expenses
Bond issuance expenses and share issuance expenses are charged to income as incurred.

(o) Research and development costs
Research and development costs are charged to income as incurred.

(p) Income taxes
Deferred tax assets and liabilities are determined based on the differences between financial reporting and the tax bases of the assets and liabilities and are measured using the enacted tax rates and laws which will be in effect when the differences are expected to be reversed.

(q) Provision for German minority interests
The provision is calculated based on additional payments of principal and interest expected to be paid to former minority interest shareholders of Dahlbusch AG, a German subsidiary.

(r) Provision for loss arising from enhanced early retirement program
This provision is calculated based on expected future payments and expenses.

(s) Provision for warranties and claims
This provision is calculated based on expected future costs incurring from warranties and claims of products sold.

(t) Environmental provision
This provision is calculated based on expected future costs relating to preservation of the environment.

(u) Provision for restructuring expenditure
The Company has created a provision for restructuring expenditure. This provision covers the future costs associated with initiatives not yet paid at the balance sheet date.

(v) Provision for Netherlands fine
The Company has created a provision for potential future payments following an investigation undertaken by the Netherlands Competition Commission. The amount is calculated based on guidelines under Netherlands law.

1. Summary of significant accounting policies continued

(w) Hedge accounting
The Company and domestic consolidated subsidiaries adopt deferral hedge accounting for derivatives which qualify as hedges, under which unrealized gains or losses are deferred. Interest rate swaps which meet certain conditions are accounted for as if the interest rates applied to the swaps had originally applied to the underlying debt.

Certain overseas consolidated subsidiaries account for their derivative transactions based on the terms of the respective contracts entered into at inception as follows:

i. Fair value hedges
Changes in the fair value of derivatives, designated and qualifying as fair value hedges, are charged to income, together with any changes in the fair value of the underlying hedged asset or liability attributable to the hedged risk.

ii. Cash flow hedges
The effective portion of changes in the fair value of derivatives, designated and qualifying as cash flow hedges, is recognized in valuation and translation adjustments at an amount net of the relevant tax effects. The gain or loss relating to the ineffective portion is recognized immediately and charged to income as incurred.

iii. Net investment hedges
Hedges of net investments in overseas operations are accounted for in a manner similar to that of cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognized in valuation and translation adjustments at an amount net of the relevant tax effects.

iv. Derivatives that do not qualify for hedge accounting
Changes in the fair value of any derivative instruments not qualifying for hedge accounting are immediately charged or credited to income as incurred.

(x) Appropriation of retained earnings
Pursuant to the Corporation Law of Japan and the Articles of Incorporation of the Company, the appropriation of retained earnings, including the declaration of dividends with respect to a given financial period, is made by a resolution of the Board of Directors. The accounts for the period, therefore, do not reflect such appropriations.

(y) Accounting for consumption tax
Transactions subject to consumption tax are shown net of this amount.

2. Balance sheet dates of consolidated subsidiaries

During the year ended 31 March 2009, certain subsidiaries that had previously been consolidated as at a balance sheet date of 31 December were included in the income statement for a 15-month period such that they are now consolidated with a balance sheet date of 31 March. Following this change, all consolidated subsidiaries are consolidated using a balance sheet date of 31 March.

3. Changes in method of accounting and estimate

With effect from the beginning of the year ended 31 March 2009, the estimated useful life of machinery and equipment owned by the Company has been changed to be within the range of three to nine years, which was previously three to 15 years. This change has been made after the Company's review of the expected useful life of its machinery and equipment in light of recent amendments of the Corporation Tax Law of Japan. Due to this change, operating income decreased by ¥385 million (€2,961 thousand) and loss before income taxes and minority interests increased by ¥389 million (€2,992 thousand) during the financial year. The effect of this change on segment information is explained in Note 16.

From the financial year ended 31 March 2009, the Company and domestic consolidated subsidiaries have changed the depreciation method for tangible fixed assets to the straight-line method from the declining balance method. The Company has been preparing to implement a uniform set of accounting policies which is essential for the establishment of a global management system, after the acquisition of Pilkington in June 2006. Prior to the change of the depreciation method, the majority of the tangible fixed assets owned by the Company and its subsidiaries were already depreciated using the straight-line method. The directors believe that the straight-line method of depreciation best reflects the pattern of usage of the tangible fixed assets, given that glass manufacturing facilities are generally operated in stable economic conditions during their useful life. Due to this change, operating income increased by ¥2,093 million (€16,100 thousand) and loss before income taxes and minority interests decreased by ¥2,196 million (€16,892 thousand) during the financial year. The effect of this change on segment information is explained in Note 16.

From the beginning of the financial year ended 31 March 2009, the Company and its domestic consolidated subsidiaries have applied the 'Accounting Standard for Lease Transactions' (ASBJ Statement 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' (ASBJ 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), and finance lease transactions in which ownership is not transferred to the lessee, previously accounted for as operating leases, are now being accounted for as finance leases. Leased assets, to which operating lease accounting had been previously applied, are depreciated by the straight-line method. The effect on the income statement due to this application is minimal.

Due to the mandatory application of 'Accounting Standard for Measurement of Inventories' (ASBJ Statement No. 9, issued on 5 July 2006), operating income decreased by ¥185 million (€1,423 thousand) and income loss before income taxes and minority interests increased by ¥185 million (€1,423 thousand) during the financial year. The effect of this change on segment information is explained in Note 16.

Notes to the consolidated financial statements continued

4. Investments in securities

The Company and its consolidated subsidiaries did not hold any trading securities or held-to-maturity debt securities at 31 March 2009 or 2008.

Marketable securities classified as other securities at 31 March 2009 and 2008 are summarized as follows:

	Millions of yen					
	2009			2008		
	Acquisition costs	Carrying value	Unrealized gain/(loss)	Acquisition costs	Carrying value	Unrealized gain/(loss)
Securities whose carrying value exceeds their acquisition costs						
Equity securities	**2,958**	**6,772**	**3,814**	5,755	20,487	14,732
Debt securities	**3,316**	**3,570**	**254**	–	–	–
Securities whose carrying value does not exceed their acquisition costs						
Equity securities	**1,657**	**1,473**	**(184)**	139	86	(53)
Total	**7,931**	**11,815**	**3,884**	5,894	20,573	14,679

	Thousands of euro		
	2009		
	Acquisition costs	Carrying value	Unrealized gain/(loss)
Securities whose carrying value exceeds their acquisition costs			
Equity securities	**22,754**	**52,092**	**29,338**
Debt securities	**25,508**	**27,462**	**1,954**
Securities whose carrying value does not exceed their acquisition costs			
Equity securities	**12,746**	**11,331**	**(1,415)**
Total	**61,008**	**90,885**	**29,877**

At the year end, the Company and its consolidated subsidiaries compare the market value and the carrying value of each of their marketable equity securities. Impairment losses are recorded as appropriate.

Sales of other securities for the years ended 31 March 2009 and 2008 are summarized as follows:

	Millions of yen		Thousands of euro
	2009	2008	2009
Sales	**9,705**	15,464	**74,654**
Aggregate gain	**7,720**	13,414	**59,385**
Aggregate loss	**58**	3	**446**

The carrying value of investments in non-marketable securities at 31 March 2009 and 2008 was as follows:

	Millions of yen		Thousands of euro
	2009	2008	2009
Unlisted equity securities (except for equity securities traded on the over-the-counter market)	**1,610**	2,218	**12,381**
Other	**77**	5,223	**592**

The redemption schedule at 31 March 2009 for other securities with maturity dates is summarized as follows:

	Millions of yen			
	Due within one year	Due after one year through five years	Due after five years through ten years	Due after ten years
Government bonds	**488**	**730**	**704**	**1,653**

	Thousands of euro			
	Due within one year	Due after one year through five years	Due after five years through ten years	Due after ten years
Government bonds	**3,754**	**5,615**	**5,415**	**12,715**

5. Loss on impairment of fixed assets

The Company and its consolidated subsidiaries recognized losses on impairment of fixed assets for the year ended 31 March 2009 and 2008 as follows:

			2009	
Description	Location	Classification	Millions of yen	Thousands of euro
Idle production facilities	Asahikawa City, Hokkaido	Buildings	7	54
Warehouse	Kameda-gun, Hokkaido	Land	13	100
Lease facilities	Noshiro City, Akita	Buildings	2	15
Idle production facilities	Akita City, Akita	Land	73	562
Idle production facilities	Ichihara City, Chiba	Construction in progress	63	485
Production facilities	Ritto City, Shiga	Buildings, machinery, equipment and others	43	331
Idle production facilities	Iruma City, Saitama	Buildings and land	21	162
Factory	Misato City, Saitama	Land	143	1,100
Lease facilities	Kawagoe City, Saitama	Buildings and land	64	492
Idle production facilities	Misato City, Saitama	Buildings and others	103	792
Idle production facilities	Niigata City, Niigata	Buildings, land and others	46	354
Warehouse	Higashiosaka City, Osaka	Buildings and land	152	1,169
Dormitory	Suginami-ku, Tokyo	Buildings and land	38	292
Office	Morioka City, Iwate	Buildings, land and others	38	292
Lease facilities	Morioka City, Iwate	Buildings and land	3	23
Office	Osaki City, Miyagi	Buildings	3	23
Idle production facilities	Soh-gun, Kagoshima	Land	38	292
Lease facilities	Minami Satsuma City, Kagoshima	Buildings	4	31
Production facilities	China	Machinery, equipment and others	308	2,368
Idle production facilities	UK	Buildings, machinery, equipment and others	2,043	15,722
Research and development	UK	Intangible fixed assets	104	800
Idle production facilities	Finland	Machinery, equipment and others	1,569	12,068
Production facilities	Norway	Machinery, equipment and others	30	230
Production facilities	Germany	Buildings, machinery and equipment	456	3,507
Factory	Austria	Buildings, land, machinery and equipment	451	3,468
Idle production facilities	USA	Buildings, machinery and equipment	297	2,284
Idle production facilities	Canada	Buildings, machinery and equipment	1,495	11,500
Production facilities	Italy	Buildings, machinery and equipment	1,542	11,861
Production facilities	Spain	Buildings, machinery and equipment	576	4,430
Production facilities	Argentina	Machinery, equipment and others	22	168
Idle production facilities	China	Machinery and equipment	152	1,168
Total			9,899	76,143

			2008
Description	Location	Classification	Millions of yen
Idle production facilities	Maizuru City, Kyoto	Machinery, equipment and vehicles	205
Factory	Maizuru City, Kyoto	Buildings and structures	91
Production facilities	Sagamihara City, Kanagawa	Machinery, equipment and vehicles	33
Idle properties	Tsukuba City, Ibaraki	Buildings, structures and land	45
Production facilities	Tsukuba City, Ibaraki	Machinery, equipment and vehicles	26
Idle properties	Niigata City, Niigata	Buildings, structures and land	590
Idle properties	Hongu City, Fukushima	Buildings, structures and land	305
Idle production facilities	UK	Machinery, equipment and vehicles	357
Marketing and distribution	Sweden	Software, included in other assets	44
Idle production facilities	China	Machinery, equipment and vehicles	4
Total			1,700

The Company and its consolidated subsidiaries group their assets based on their business segment except for idle facilities which are considered separately because they are not applicable for business use.

Impairment losses are recognized on idle facilities which are not anticipated to be utilized in the future.

The carrying value of the items in the above table, except for the idle facilities, have been reduced to their respective recoverable amounts due to continuing losses from operating activities, which the Group has recognized in the current financial year.

The recoverable amounts are measured based on net selling price and value in use. The net selling price of land is measured based on professional appraisals issued by real estate appraisers and the recoverable amounts of the other assets are based on reasonable estimates. Value in use is measured as the sum of the anticipated future cash flows discounted at annual rates of 6 percent to 11.15 percent.

Notes to the consolidated financial statements continued

6. Retirement benefits

The Company and its consolidated subsidiaries operate various types of funded or unfunded defined benefit plans, covering substantially all employees who are entitled to lump sum or annuity payments, the amounts of which are determined by reference to their basic rates of pay, length of service, and the conditions under which termination occurs. In addition to the defined benefit plans, some of the consolidated subsidiaries have defined contribution plans. Further, some of the subsidiaries in the US and UK also have medical insurance schemes for retirees. In certain cases, additional severance payments are made when employees retire.

The following table sets forth the funded and accrued status of the plans and the amounts recognized in the consolidated balance sheets at 31 March 2009 and 2008 for the defined benefit plans of the Company and its consolidated subsidiaries:

	Millions of yen		Thousands of euro
	2009	2008	**2009**
Retirement benefit obligation	**(258,495)**	(392,771)	**(1,988,423)**
Plan assets at fair value	**179,353**	314,195	**1,379,638**
Unfunded retirement benefit obligation	**(79,142)**	(78,576)	**(608,785)**
Unrecognized actuarial loss	**16,334**	3,549	**125,647**
Accrued retirement benefits	**(62,808)**	(75,027)	**(483,138)**

The retirement benefit obligation in the table above is calculated by independent external actuaries.

Accrued retirement benefits of ¥62,991 million (€484,548 thousand) and ¥75,463 million reflected in the accompanying consolidated balance sheets at 31 March 2009 and 2008, respectively, included accrued retirement benefits for directors and corporate auditors of certain domestic consolidated subsidiaries of ¥183 million (€1,410 thousand) and ¥436 million, at 31 March 2009 and 2008, respectively.

The components of retirement benefit expenses for the years ended 31 March 2009 and 2008 are outlined as follows:

	Millions of yen		Thousands of euro
	2009	2008	**2009**
Service cost	**5,149**	7,164	**39,609**
Interest cost	**19,026**	22,691	**146,351**
Expected return on plan assets	**(17,029)**	(23,422)	**(130,989)**
Net actuarial loss recognized during the year	**249**	2,130	**1,918**
Payments into defined contribution pension plans	**6,324**	6,023	**48,642**
Total	**13,719**	14,586	**105,531**

The retirement benefit expenses of the domestic consolidated subsidiaries which are calculated by simplified methods as allowed under the applicable accounting standard have been included in 'service cost' in the above table.

For the years ended 31 March 2009 and 2008, the assumptions used in accounting for the above plans are as follows:

Year ended 31 March 2009	**Japan**	**Overseas**
Discount rate	**principally 2.0%**	**between 3.7% and 7.3%**
Expected rate of return on plan assets	**principally 2.0%**	**between 6.2% and 7.2%**

Year ended 31 March 2008	Japan	Overseas
Discount rate	principally 2.0%	between 4.1% and 6.7%
Expected rate of return on plan assets	principally 3.0%	between 6.3% and 7.3%

7. Income taxes

Income taxes in Japan applicable to the Company and its domestic consolidated subsidiaries consist of corporation tax, inhabitants' taxes and enterprise tax, which, in aggregate, resulted in a statutory tax rate of approximately 40.5 percent for the years ended 31 March 2009 and 2008. Overseas subsidiaries are subject to the income tax regulations of the respective countries in which they operate.

Due to the loss recorded within the Group's income statement, the effective tax rate has not been calculated for the year ended 31 March 2009.

The effective tax rate reflected in the consolidated statement of income for the year ended 31 March 2008 differs from the statutory tax rate for the following reasons:

	2008 %
Statutory tax rate:	40.5
Permanently non-taxable income related to discontinued operations and others	(11.2)
Prior year income tax adjustments	1.9
Valuation allowance	12.6
Differences in tax rates applicable to overseas subsidiaries	(8.2)
Prior year adjustment to deferred income taxes	(11.8)
Differences incurred from changes of tax rates in overseas subsidiaries	(8.5)
Amortization of goodwill	5.2
Elimination of dividend income for consolidation purposes	1.1
Equity in earnings of affiliates	(5.9)
Other	(0.3)
Effective tax rates	15.4

The significant components of deferred tax assets and liabilities at 31 March 2009 and 2008 were as follows:

	Millions of yen		Thousands of euro
	2009	2008	**2009**
Deferred tax assets			
Allowance for doubtful accounts	**2,141**	1,273	**16,469**
Accrued expenses	**886**	985	**6,815**
Provision for losses arising from enhanced early retirement program	**–**	5,070	**–**
Accrued retirement benefits of the Company and domestic subsidiaries	**2,408**	3,499	**18,523**
Allowance for rebuilding furnaces	**2,838**	2,846	**21,831**
Accrued retirement benefits and other provisions of overseas subsidiaries	**19,165**	22,408	**147,423**
Loss on revaluation of investments in securities	**6,044**	6,080	**46,492**
Non-deductible investments and other assets	**2,081**	1,680	**16,008**
Tax losses carried forward	**22,355**	23,750	**171,962**
Unrealized gain on fixed assets	**374**	1,718	**2,877**
Other	**11,558**	9,468	**88,914**
Gross deferred tax assets	**69,850**	78,777	**537,314**
Less valuation allowance	**(20,365)**	(17,801)	**(156,654)**
Total deferred tax assets	**49,485**	60,976	**380,660**
Deferred tax liabilities			
Unrealized holding gain on securities	**(1,480)**	(5,961)	**(11,384)**
Reserve for special depreciation (a reserve for tax purposes under the Corporation Tax Law of Japan)	**(2,451)**	(2,571)	**(18,854)**
Revaluation of net assets acquired upon acquisition of Pilkington plc at fair value	**(35,325)**	(47,567)	**(271,726)**
Accelerated depreciation	**(21,410)**	(26,867)	**(164,690)**
Undistributed earnings of overseas subsidiaries	**(920)**	(1,522)	**(7,073)**
Other	**(836)**	(8,095)	**(6,442)**
Total deferred tax liabilities	**(62,422)**	(92,583)	**(480,169)**
Net deferred tax liabilities	**(12,937)**	(31,607)	**(99,509)**

Notes to the consolidated financial statements continued

8. Short-term bank borrowings and long-term debt

The weighted average interest rates on gross borrowings for the years ended 31 March 2009 and 2008 were 3.54 percent and 4.35 percent, respectively.

In order to provide certainty of future financing, the Company has arranged committed credit facilities of ¥88,222 million (€678,631 thousand) with maturities of greater than one year which were undrawn as at 31 March 2009. At 31 March 2008, the equivalent facilities were ¥105,031 million.

Long-term debt at 31 March 2009 and 2008 consisted of the following:

	Millions of yen		Thousands of euro
	2009	2008	**2009**
Secured loans from banks and other financial institutions	**189,189**	244,688	**1,455,300**
Unsecured loans from banks and other financial institutions	**145,622**	85,135	**1,120,169**
Finance leases	**7,981**	–	**61,392**
1.18% unsecured bonds, due 8 September 2008	**–**	10,000	**–**
1.77% unsecured bonds, due 8 September 2010	**10,000**	10,000	**76,923**
1.98% unsecured bonds, due 23 March 2012	**2,000**	–	**15,385**
2.24% unsecured bonds, due 22 May 2013	**20,000**	–	**153,846**
1.96% unsecured bonds, due 30 September 2015	**5,000**	–	**38,462**
Zero-coupon unsecured convertible bonds with stock acquisition rights, due 13 May 2011	**23,000**	23,000	**176,921**
Total	**402,792**	372,823	**3,098,398**
Less current portion included in current liabilities	**64,292**	19,371	**494,554**
	338,500	353,452	**2,603,844**

Zero-coupon unsecured convertible bonds with stock acquisition rights at the gross issuance amount of ¥23,000 million (€176,921 thousand) are convertible into shares of common stock of the Company at ¥542 per share during the period from 20 May 2004 to 6 May 2011.

Assets pledged as collateral for long-term loans from banks and other financial institutions of ¥189,189 million (€1,455,300 thousand) and short-term bank borrowings of ¥190 million (€1,462 thousand) at 31 March 2009 were as follows:

	Millions of yen	Thousands of euro
Land	**215**	**1,654**
Buildings and structures	**277**	**2,131**
Machinery, equipment and vehicles	**20,914**	**160,877**
Investments in consolidated subsidiaries	**312,532**	**2,404,092**
Total	**333,938**	**2,568,754**

The aggregate annual maturities of long-term debt subsequent to 31 March 2009 are summarized as follows:

Year ending 31 March	Millions of yen	Thousands of euro
2010	**64,292**	**494,554**
2011	**156,336**	**1,202,585**
2012	**37,268**	**286,677**
2013	**64,817**	**498,592**
2014	**49,961**	**384,315**
2015 and thereafter	**30,118**	**231,675**
Total	**402,792**	**3,098,398**

9. Shareholders' equity

(a) The Corporation Law of Japan (the Law), provides that an amount equal to 10 percent of the amount to be disbursed as distributions of capital surplus (other than the capital reserve) and retained earnings (other than the legal reserve) be transferred to the capital reserve and the legal reserve, respectively, until the sum of the capital reserve and the legal reserve equals 25 percent of the capital stock account. Such distributions can be made at any time by resolution of the shareholders, or by the Board of Directors if certain conditions are met.

Retained earnings include the legal reserve provided in accordance with the provisions of the Law. The legal reserve of the Company amounted to ¥6,377 million (€49,054 thousand) and ¥6,376 million (€49,046 thousand) at 31 March 2009 and 2008, respectively.

Common stock and treasury stock
Movements in issued common stock and treasury stock during the years ended 31 March 2009 and 2008 are summarized as follows:

				Number of shares
	31 March 2008	Increase	Decrease	**31 March 2009**
Common stock	669,550,999	–	–	**669,550,999**
Treasury stock	1,290,932	165,729	57,740	**1,398,921**

				Number of shares
	31 March 2007	Increase	Decrease	31 March 2008
Common stock	669,550,999	–	–	669,550,999
Treasury stock	1,147,732	162,801	19,601	1,290,932

(b) In accordance with the former Commercial Code of Japan (the Code) and the Law, stock option plans for certain directors, certain executive officers and certain administration officers of the Company were approved at annual general meetings of the shareholders and a meeting of the Board of Directors of the Company. The 2005 stock option plan (the 2005 plan) was approved by shareholders of the Company on 29 June 2004. The 2006 stock option plan (the 2006 plan) was approved by shareholders of the Company on 29 June 2005. The 2007 stock option plan (the 2007 plan) was approved by shareholders of the Company on 29 June 2006. The 2008 stock option plan (the 2008 plan) was approved by the Board of Directors of the Company on 30 August 2007. The 2009 stock option plan (the 2009 plan) was approved by the Board of Directors of the Company on 28 August 2008.

Notes to the consolidated financial statements continued

9. Shareholders' equity continued

The stock option plans of the Company are summarized as follows:

	Stock options (issued July 2004)	Stock options (issued August 2005)	Stock options (issued August 2006)	Stock options (issued September 2007)	Stock options (issued September 2008)
Number and category of grantees of stock options	Directors (non-executive, but exclusive of external directors) (6 persons); executive officers (15 persons).	Directors (non-executive, but exclusive of external directors) (6 persons); executive officers (15 persons).	Directors (non-executive, but exclusive of external directors) (7 persons); executive officers (15 persons).	Directors (non-executive, but exclusive of external directors) (7 persons); executive officers (6 persons); officers *(Riji)* (10 persons).	Directors (non-executive, but exclusive of external directors) (4 persons); executive officers (11 persons); officers *(Riji)* (10 persons).
Number of stock options granted per class of shares	Common stock 455,000	Common stock 495,000	Common stock 345,000	Common stock 281,000	Common stock 461,000
Grant date	30 July 2004	1 August 2005	31 August 2006	28 September 2007	27 September 2008
Conditions for vesting of stock options	Those who hold stock options must remain employees from a grant date on 30 July 2004 to a vesting date on 30 June 2006 to exercise the stock options except for holders' mandatory retirement, end of tenure or other due reasons.	Those who hold stock options must remain employees from a grant date on 1 August 2005 to a vesting date on 30 June 2007 to exercise the stock options except for holders' mandatory retirement, end of tenure or other due reasons.	Those who hold stock options must remain employees from a grant date on 31 August 2006 to a vesting date on 30 June 2008 to exercise the stock options except for holders' mandatory retirement, end of tenure or other due reasons.	N/A	N/A
Period of service to which stock option rights are granted	From 30 July 2004 to 30 June 2006	From 1 August 2005 to 30 June 2007	From 31 August 2006 to 30 June 2008	N/A	N/A
Period in which stock option rights can be exercised	From 1 July 2006 to 28 June 2014	From 1 July 2007 to 28 June 2015	From 1 July 2008 to 28 June 2016	From 29 September 2007 to 28 September 2037	From 28 September 2008 to 27 September 2038

9. Shareholders' equity continued

Stock option activities during the year ended 31 March 2009 were as follows:

	2009 plan	2008 plan	2007 plan	2006 plan	2005 plan
Number of shares:					
Outstanding at beginning of the year	–	281,000	345,000	495,000	455,000
Granted	461,000	–	–	–	–
Exercised	–	–	–	–	–
Expired	–	–	–	–	–
Outstanding at end of the year	–	–	–	–	–
Exercisable at end of the year	461,000	281,000	345,000	495,000	455,000
Price information:					
Exercise price	1	1	578	466	418
Weighted average price of shares when exercised	–	–	–	–	–
Fair value of unit price	498	666	221	–	–

Note: Number of stock options granted are translated into the same number of shares.

Method for estimating fair value per share of stock options
The fair value per share of the 2009 plan granted during the year ended 31 March 2009 was estimated as follows:

1. Technique of estimation used: the Black-Scholes Model

2. Basic factors taken into account for the estimation:

	Stock options (issued in September 2008)
Expected volatility of the share price (Note 1)	44.3%
Expected remaining life of the option (Note 2)	8 years
Expected dividend (Note 3)	¥6 per share
Risk-free interest rate (Note 4)	1.309%

Notes:
1. The volatility of the share price is estimated by taking into account the actual share prices for eight years (from 26 September 2000 to 26 September 2008).
2. Expected remaining life of the option is estimated reflecting the actual conditions, taking into account that any person to whom the stock options were allotted may exercise the stock options five years after the holders' tenure as a director, an executive officer, or an officer *(Riji)* had ended.
3. Based on the actual dividend for the year ended 31 March 2008.
4. Risk-free interest rate is the yield on government bonds for the period that corresponds to the expected remaining life of the option.

Stock option activities during the year ended 31 March 2008 were as follows:

	2008 plan	2007 plan	2006 plan	2005 plan
Number of shares:				
Outstanding at beginning of the year	–	345,000	495,000	455,000
Granted	281,000	–	–	–
Exercised	–	–	–	–
Expired	–	–	–	–
Outstanding at end of the year	–	345,000	–	–
Exercisable at end of the year	281,000	–	495,000	455,000
Price information:				
Exercise price	1	578	466	418
Weighted average price of shares when exercised	–	–	–	–
Fair value of unit price	666	221	–	–

Note: Number of stock options granted are translated into the same number of shares.

Notes to the consolidated financial statements continued

9. Shareholders' equity continued

The fair value per share of the 2008 plan granted during the year ended 31 March 2008 was estimated as follows:

1) Technique of estimation used: the Black-Scholes Model

2) Basic factors taken into account for the estimation:

	Stock options (issued on September 2007)
Expected volatility of the share price (Note 1)	39.5%
Expected remaining life of the option (Note 2)	6 years
Expected dividend (Note 3)	¥6 per share
Risk-free interest rate (Note 4)	1.303%

Notes:
1. The volatility of the share price is estimated by taking into account the actual share prices for six years (from 28 September 2001 to 28 September 2007).
2. Expected remaining life of the option is estimated reflecting the actual conditions, taking into account that any person to whom the stock options were allotted may exercise the stock options five years after the holders' tenure as a director, an executive officer, or an officer *(Riji)* had ended.
3. Based on the actual dividend for the year ended 31 March 2007.
4. Risk-free interest rate is the yield on government bonds for the period that corresponds to the expected remaining life of the option.

10. Leases

Future minimum lease payments to be made under non-cancelable operating leases subsequent to 31 March 2009 are summarized as follows:

	Millions of yen	Thousands of euro
Due in one year or less	1,537	11,823
Due after one year	15,564	119,723
Total	17,101	131,546

11. Contingent liabilities

(a) Trade notes receivable endorsed
At 31 March 2009, the Company and its consolidated subsidiaries were contingently liable for trade notes receivable endorsed of ¥998 million (€7,677 thousand).

(b) Guarantees of loans
At 31 March 2009, the Company and its consolidated subsidiaries were contingently liable for guarantees of loans of unconsolidated subsidiaries and affiliates, amounting to ¥5,715 million (€43,962 thousand) in aggregate. These amounts include contingent guarantees and letters of awareness amounting to ¥80 million (€615 thousand) in the aggregate.

(c) Minority interests – Germany
In 1989, Pilkington Holding GmbH (then known as Pilkington Deutschland GmbH) entered into a profit and loss pooling agreement with Dahlbusch AG and made a mandatory offer to acquire the minority interests in Dahlbusch AG accordingly. Certain minority shareholders have legally challenged the offer made as insufficient and court proceedings have been pending since 1989. The Court of First Instance made its decision in December 2006 and issued its ruling in respect of this claim in February 2007. The Court found that the price should be €629 per preference share (instead of €578 as per the original offer) and €330 per ordinary share (instead of €292 as per the original offer). In addition, Pilkington Holding GmbH was required to pay interest at a rate of 2 percent above the respective reference rates since March 1989, the time of the original offer. Pilkington Holding GmbH will be entitled to deduct the paid guarantee dividend from the interest charge. The minority shareholders and Pilkington Holding GmbH have both lodged an appeal against this decision. In June 2009, the Higher Regional Court confirmed the earlier ruling of the Court of First Instance. ¥3,192 million (€24,554 thousand) has been provided for as a provision for German minority interests as at 31 March 2009 and ¥2,162 million was provided in other current liabilities as at 31 March 2008 for payments to former shareholders. The maximum potential liability is approximately ¥1,170 million (€9,000 thousand) to current holders of shares in Pilkington Holding GmbH, although it is likely to be substantially less.

(d) Exercise of put option over Russian joint venture
On 19 January 2009, EEIF Sub VI N.V. the Group's joint venture partner in Russia exercised its put option over its 50 percent shareholding in Pilkington Nederland (No. 6) B.V., the joint venture company owning the Group's business in Russia, Pilkington Glass LLC. The Group has not been able to reach an agreement with EEIF Sub VI N.V. over the exercise price of the put option, which is based on a calculation of the market value of Pilkington Glass LLC. Consequently, EEIF Sub VI N.V. continues to exercise its rights as a shareholder and joint venture partner. It is not currently possible to determine an estimate of the likely liability arising.

12. Derivatives

Derivative financial instruments are utilized by the Company and its consolidated subsidiaries principally to hedge against the risk of fluctuation in interest rates, foreign currency exchange rates and market prices of commodities. A control environment which includes policies and procedures for risk assessment and for the approval, reporting and monitoring of transactions involving derivatives has been established.

The Company and its consolidated subsidiaries are exposed to certain market risk arising from derivatives. However, their derivative positions are limited in amount based on the underlying hedged transactions. The Company and its consolidated subsidiaries are also exposed to certain credit risk in the event of non-performance by the counterparties to the currency, interest-rate and commodity-related derivatives. However, the Company and its consolidated subsidiaries believe that the credit risk is minimal because they do not anticipate non-performance by any of these counterparties, all of which are financial institutions with high credit ratings.

The notional amounts and the estimated fair value of the derivative instruments outstanding which did not qualify for deferral hedge accounting at 31 March 2009 and 2008 were as follows:

(a) Currency-related transactions

Millions of yen

	2009			2008		
	Notional amounts	**Fair value**	**Gain/(loss)**	Notional amounts	Fair value	Gain/(loss)
Forward foreign exchange contracts						
Sell:						
Brazilian real	**290**	**273**	**17**	398	389	9
Euro	**12,173**	**13,336**	**(1,163)**	29,263	29,001	262
Russian rouble	**6,709**	**6,600**	**109**	–	–	–
US dollar	**2,425**	**2,525**	**(100)**	30,895	30,920	(25)
Other	**1,195**	**1,228**	**(33)**	1,914	1,943	(29)
Buy:						
Euro	**7,588**	**8,079**	**491**	31,069	31,544	475
US dollar	**7,727**	**7,787**	**60**	32,021	32,095	74
Canadian dollar	**2,901**	**2,799**	**(102)**	–	–	–
Pound sterling	**484**	**469**	**(15)**	–	–	–
Other	**2,166**	**2,244**	**78**	3,857	3,954	97
Total			**(658)**			863

Thousands of euro

	2009		
	Notional amounts	**Fair value**	**Gain/(loss)**
Forward foreign exchange contracts			
Sell:			
Brazilian real	**2,231**	**2,100**	**131**
Euro	**93,638**	**102,585**	**(8,947)**
Russian rouble	**51,608**	**50,769**	**839**
US dollar	**18,654**	**19,423**	**(769)**
Other	**9,192**	**9,446**	**(254)**
Buy:			
Euro	**58,369**	**62,146**	**3,777**
US dollar	**59,438**	**59,900**	**462**
Canadian dollar	**22,315**	**21,531**	**(784)**
Pound sterling	**3,723**	**3,608**	**(115)**
Other	**16,662**	**17,262**	**600**
Total			**(5,060)**

The notional amounts of the forward foreign exchange contracts presented in the tables above exclude those qualifying for deferral hedge accounting.

Notes to the consolidated financial statements continued

12. Derivatives continued

(b) Interest-related transactions

	2009 Notional amounts	2009 Fair value	2009 Loss	2008 Notional amounts	2008 Fair value	2008 Loss
						Millions of yen
Interest rate swaps						
Receive/fixed and pay/floating	**65,275**	**(526)**	**(526)**	16,098	(733)	(733)
Receive/floating and pay/fixed	**15,227**	**(1,581)**	**(1,581)**	36,190	(1,108)	(1,108)
Total			**(2,107)**			(1,841)

	2009 Notional amounts	2009 Fair value	2009 Loss
			Thousands of euro
Interest rate swaps			
Receive/fixed and pay/floating	**502,115**	**(4,046)**	**(4,046)**
Receive/floating and pay/fixed	**117,131**	**(12,162)**	**(12,162)**
Total			**(16,208)**

The notional amount of the interest rate swaps presented in the tables above exclude those qualifying for deferral hedge accounting.

13. Research and development costs

Costs relating to research and development activities charged to cost of sales and selling, general and administrative expenses amounted to ¥10,526 million (€80,969 thousand) and ¥15,516 million for the years ended 31 March 2009 and 2008, respectively.

14. Supplementary cash flow information

Reconciliation of cash and cash equivalents

The reconciliation of cash and cash equivalents presented in the accompanying consolidated balance sheets at 31 March 2009 and 2008 and cash and cash equivalents presented in the accompanying consolidated statements of cash flows for the years then ended are as follows:

	Millions of yen 2009	Millions of yen 2008	Thousands of euro 2009
Cash and cash equivalents presented in the consolidated balance sheet	**94,525**	126,613	**727,119**
Overdraft included in short-term bank borrowings	**(18,927)**	(23,319)	**(145,601)**
Cash and cash equivalents presented in the consolidated statement of cash flows	**75,598**	103,294	**581,518**

15. Amounts per share

Amounts per share at 31 March 2009 and 2008 and for the years then ended were as follows:

	Yen 2009	Yen 2008	Euro 2009
Net assets	**369.15**	536.37	**2.84**
Net income:			
Basic	**(42.49)**	75.44	**(0.33)**
Diluted	**–**	70.90	**–**
Cash dividends	**6.00**	6.00	**0.05**

Net assets per share are based on the number of shares of common stock outstanding at the year end.

Basic net income per share is computed on the basis of the weighted-average number of shares of common stock outstanding during each year. Diluted net income per share is computed on the basis of the weighted-average number of shares of common stock outstanding during each year after giving effect to the dilutive potential of the shares of common stock to be issued upon the conversion of convertible bonds and the exercise of stock acquisition rights. Due to the loss recorded for the year ended 31 March 2009, diluted net income is not presented. Cash dividends per share represent the cash dividends declared as applicable to the respective years.

16. Segment information

(a) Business segments
The Building Products segment includes principally the manufacture and sale of flat glass and various interior and exterior materials with additional properties for the building market.

The Automotive segment provides a wide range of automotive glazing for new vehicles and for replacement markets.

The Specialty Glass segment operates in five main niche markets. The most important sectors are in ultra-thin glass for displays and patented optical products used in office machinery. The others include the manufacture and sale of glass fiber products, such as air filters, battery separators and components for engine timing belts.

The Other segment covers corporate costs and engineering income, but also includes small businesses not included in the Building Products, Automotive and Specialty Glass segments.

The business segment information for the years ended 31 March 2009 and 2008 is summarized as follows:

Millions of yen

	Year ended 31 March 2009						
	Building Products	Automotive	Specialty Glass	Other	Total	Eliminations	Consolidated
Sales and operating income/(loss)							
External sales	347,833	299,096	75,397	17,039	739,365	–	739,365
Inter-segment sales	2,461	3,895	972	4,782	12,110	(12,110)	–
Net sales	350,294	302,991	76,369	21,821	751,475	(12,110)	739,365
Operating expenses	339,672	301,699	72,611	35,714	749,696	(12,239)	737,457
Operating income/(loss)	10,622	1,292	3,758	(13,893)	1,779	129	1,908
Total assets, depreciation and amortization, impairment loss and capital expenditures							
Total assets	388,339	385,259	93,465	158,158	1,025,221	–	1,025,221
Depreciation and amortization	28,086	30,111	4,118	4,046	66,361	(103)	66,258
Impairment loss	1,381	8,518	–	–	9,899	–	9,899
Capital expenditures	20,990	15,574	3,788	1,791	42,143	(20)	42,123

Millions of yen

	Year ended 31 March 2008						
	Building Products	Automotive	Specialty Glass	Other	Total	Eliminations	Consolidated
Sales and operating income/(loss)							
External sales	402,468	364,819	83,589	14,712	865,588	–	865,588
Inter-segment sales	4,113	4,283	1,102	2,515	12,013	(12,013)	–
Net sales	406,581	369,102	84,691	17,227	877,601	(12,013)	865,588
Operating expenses	375,242	345,163	75,662	34,900	830,967	(11,841)	819,126
Operating income/(loss)	31,339	23,939	9,029	(17,673)	46,634	(172)	46,462
Total assets, depreciation and amortization, impairment loss and capital expenditures							
Total assets	519,866	499,180	104,558	555,059	1,678,663	(359,373)	1,319,290
Depreciation and amortization	30,841	34,854	4,776	3,715	74,186	(239)	73,947
Impairment loss	1,362	234	59	45	1,700	–	1,700
Capital expenditures	19,263	21,203	2,854	4,469	47,789	(20)	47,769

Notes to the consolidated financial statements continued

16. Segment information continued

Thousands of euro

	Year ended 31 March 2009						
	Building Products	Automotive	Specialty Glass	Other	Total	Eliminations	Consolidated
Sales and operating income/(loss)							
External sales	2,675,638	2,300,738	579,978	131,067	5,687,421	–	5,687,421
Inter-segment sales	18,931	29,962	7,476	36,787	93,156	(93,156)	–
Net sales	2,694,569	2,330,700	587,454	167,854	5,780,577	(93,156)	5,687,421
Operating expenses	2,612,851	2,320,754	558,561	274,723	5,766,889	(94,148)	5,672,741
Operating income/(loss)	81,718	9,946	28,893	(106,869)	13,688	992	14,680
Total assets, depreciation and amortization, impairment loss and capital expenditures							
Total assets	2,987,223	2,963,531	718,961	1,216,598	7,866,313	–	7,886,313
Depreciation and amortization	216,046	231,623	31,677	31,123	510,469	(792)	509,677
Impairment loss	10,623	65,520	–	–	76,143	–	76,143
Capital expenditures	161,462	119,800	29,138	13,777	324,177	(154)	324,023

As presented in Note 3, the Company and consolidated subsidiaries have applied the 'Accounting Standard for Measurement of Inventories' (ASBJ Statement No. 9, issued on 5 July 2006) from this financial year. Due to the application of this new standard, operating income for the Building Products business decreased by ¥38 million (€292 thousand), the Automotive business decreased by ¥104 million (€800 thousand) and the Specialty Glass business decreased by ¥42 million (€323 thousand), respectively during the financial year, compared to the previous application. Further, the Company and consolidated subsidiaries have changed the depreciation method for tangible fixed assets to the straight-line method from the declining balance method from this financial year. Due to the change of depreciation method, operating income for the Building Products business increased by ¥478 million (€3,677 thousand), the Automotive business increased by ¥844 million (€6,492 thousand), the Specialty Glass business increased by ¥684 million (€5,262 thousand), and Other increased by ¥87 million (€669 thousand), respectively during the financial year, compared to the previous application. Finally, the Company has changed the estimated useful life of machinery and equipment to be within the range of three to nine years, which was previously three to 15 years, from this financial year. Due to the change of depreciation method, operating income for the Building Products business decreased by ¥166 million (€1,277 thousand), the Automotive business decreased by ¥44 million (€338 thousand), and the Specialty Glass business decreased by ¥174 million (€1,338 thousand), respectively during the financial year, compared to the previous application.

(b) Geographic segments

The geographic segment information for the years ended 31 March 2009 and 2008 is summarized as follows:

Millions of yen

	Year ended 31 March 2009						
	Japan	Europe	North America	Other areas	Total	Eliminations	Consolidated
Sales and operating income/(loss)							
External sales	206,795	348,284	94,122	90,164	739,365	–	739,365
Inter-segment sales	20,574	197,152	24,797	22,506	265,029	(265,029)	–
Net sales	227,369	545,436	118,919	112,670	1,004,394	(265,029)	739,365
Operating expenses	228,793	543,166	124,095	106,760	1,002,814	(265,357)	737,457
Operating (loss)/income	(1,424)	2,270	(5,176)	5,910	1,580	328	1,908
Total assets	216,251	559,220	118,640	131,110	1,025,221	–	1,025,221

16. Segment information continued

(b) Geographic segments continued

	Japan	Europe	North America	Other areas	Total	Eliminations	Consolidated
							Millions of yen
							Year ended 31 March 2008
Sales and operating income/(loss)							
External sales	214,142	440,241	115,312	95,893	865,588	–	865,588
Inter-segment sales	25,465	256,614	19,420	21,998	323,497	(323,497)	–
Net sales	239,607	696,855	134,732	117,891	1,189,085	(323,497)	865,588
Operating expenses	237,587	661,604	135,870	107,598	1,142,659	(323,533)	819,126
Operating income/(loss)	2,020	35,251	(1,138)	10,293	46,426	36	46,462
Total assets	552,003	765,318	190,216	168,058	1,675,595	(356,305)	1,319,290

	Japan	**Europe**	**North America**	**Other areas**	**Total**	**Eliminations**	**Consolidated**
							Thousands of euro
							Year ended 31 March 2009
Sales and operating income/(loss)							
External sales	**1,590,730**	**2,679,106**	**724,016**	**693,569**	**5,687,421**	**–**	**5,687,421**
Inter-segment sales	**158,262**	**1,516,552**	**190,746**	**173,123**	**2,038,683**	**(2,038,683)**	**–**
Net sales	**1,748,992**	**4,195,658**	**914,762**	**866,692**	**7,726,104**	**(2,038,683)**	**5,687,421**
Operating expenses	**1,759,946**	**4,178,197**	**954,577**	**821,230**	**7,713,950**	**(2,041,209)**	**5,672,741**
Operating (loss)/income	**(10,954)**	**17,461**	**(39,815)**	**45,462**	**12,154**	**2,526**	**14,680**
Total assets	**1,663,469**	**4,301,691**	**912,615**	**1,008,538**	**7,886,313**	**–**	**7,886,313**

As presented in Note 3, the Company and consolidated subsidiaries have applied the 'Accounting Standard for Measurement of Inventories' (ASJB Statement No. 9, issued on 5 July 2006) from this financial year. Due to the application of this new standard, operating income for Japan decreased by ¥185 million (€1,423 thousand) during the financial year, compared to the previous application. Further, the Company and consolidated subsidiaries have changed the depreciation method for tangible fixed assets to the straight-line method from the declining balance method from this financial year. Due to the change of depreciation method, operating income for Japan increased by ¥2,093 million (€16,100 thousand) during the financial year, compared to the previous application. Finally, the Company has changed the estimated useful life of machinery and equipment to be within the range of three to nine years, which was previously three to 15 years, from this financial year. Due to the change of depreciation method, operating income for Japan decreased by ¥385 million (€2,961 thousand) during the financial year, compared to the previous application.

Notes to the consolidated financial statements continued

16. Segment information continued

(c) Overseas sales

Overseas sales, which include export sales of the Company and its domestic consolidated subsidiaries and sales (other than exports to Japan) of the overseas consolidated subsidiaries, for the years ended 31 March 2009 and 2008 are summarized as follows:

	Millions of yen		Thousands of euro
	2009	2008	**2009**
Overseas sales			
Europe	**330,691**	431,536	**2,543,777**
North America	**91,972**	110,412	**707,477**
Asia	**63,733**	48,800	**490,254**
Other areas	**62,034**	66,162	**477,184**
Total	**548,430**	656,910	**4,218,692**
Consolidated net sales	**739,365**	865,588	**5,687,421**

	2009 %	2008 %
Overseas sales as a percentage of consolidated net sales		
Europe	**44.7**	49.9
North America	**12.4**	12.8
Asia	**8.6**	5.6
Other areas	**8.5**	7.6
Total	**74.2**	75.9

17. Subsequent events

(a) Sales of investments in securities

The Company disposed of certain investments in securities during April and May 2009. The gain on the sale of investments in securities was ¥4,079 million (€31,377 thousand).

(b) Issuance of preference 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 Board also adopted a resolution to submit to its 143rd General Meeting of Shareholders, scheduled to be held on 26 June 2009, a proposal concerning an amendment to the Articles of Incorporation of the Company which enables the issuance of the preferred shares.

The purpose of the proposed transaction is to reduce existing debt, together with an improvement in the equity capital base of the Company. This will reinforce the Company's financial strength and facilitate improved access to debt markets in the future. The transaction proceeds will be ¥30,000 million (€230,769 thousand), of which around ¥23,000 million (€176,923 thousand) is to be used for the early repayment of existing borrowings and the balance for general corporate purposes. The Board believes that the issuance of preferred shares is the most appropriate method of providing flexible and stable reinforcement of the Company's current equity capital requirements. The allottees are UDS Corporate Mezzanine Limited Partnership (established by the Development Bank of Japan Inc., Sumitomo Mitsui Banking Corporation) and UDS Corporate Mezzanine No. 3 Limited Partnership (established by the Development Bank of Japan Inc., Sumitomo Mitsui Banking Corporation and Sumitomo Mitsui Finance & Leasing Co., Ltd). The proposed date of issue is 1 July 2009.

1. **Type of shares:** Type A preferred shares
2. **Number of shares to be issued through this capital increase:** 3,000,000
3. **Issue price per share:** ¥10,000 (€77)
4. **Aggregate amount to be paid:** ¥30,000 million (€230,769 thousand)
5. **Amount per share to capital and capital surplus:**
   Capitalized amount to capital: ¥5,000 (€38)
   Capitalized amount to capital surplus: ¥5,000 (€38)

17. Subsequent events continued

(b) Issuance of preference shares continued

6. **Aggregate amount to capital and capital surplus:**
   Aggregate capitalized amount to capital: ¥15,000 million (€115,385 thousand)
   Aggregate capitalized amount to capital surplus: ¥15,000 million (€115,385 thousand)

7. **Method of issuance**
   The preferred shares will be 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 allottees**
   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 2 percent premium if the buy back occurs within one year of issuance.

11. **Voting rights**
    The preferred shares carry no voting rights.

12. **Time line**
    20 May 2009: The Board approval
    26 June 2009: Annual General Meeting of Shareholders
    1 July 2009: Closing date
    1 July 2009: Expected payment deadline

13. **Use of proceeds**
    ¥23,000 million (€176,923 thousand) repayment of existing borrowings and ¥7,000 million (€53,846 thousand) for general corporate purposes.

(c) 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.

1. **Purpose**
   To ensure that the issuance of preferred shares does not result in a decrease of distributable reserves.

2. **Method of capital and capital surplus reduction**
   Method stipulated in Article 447, Paragraph 3 and Article 448, Paragraph 3 of the Corporation Law of Japan.

3. **Amount of capital and capital surplus to be reduced**
   Amount of capital to be reduced: ¥15,000 million (€115,385 thousand)
   Amount of capital surplus to be reduced: ¥15,000 million (€115,385 thousand)

4. **Time line**
   20 May 2009: The Board approval
   29 May 2009: Legal notice
   30 June 2009: Deadline for creditors to submit dissents
   1 July 2009: Effective date

(d) Appropriation of retained earnings

The following appropriation of retained earnings of the Company, which has not been reflected in the accompanying consolidated financial statements for the year ended 31 March 2009, was approved by the Board of Directors on 20 May 2009 with an effective payment date of 12 June 2009:

	Millions of yen	Thousands of euro
Year-end cash dividends (¥3 = €0.023 per share)	**2,004**	**15,415**

Independent auditors' report

ERNST & YOUNG

Ernst & Young ShinNihon LLC
Hibiya Kokusai Bldg.
2-2-3 Uchisaiwai-cho
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Fax: +81 3 3503 1277

Report of Independent Auditors

The Board of Directors
Nippon Sheet Glass Company, Limited

We have audited the accompanying consolidated balance sheets of Nippon Sheet Glass Company, Limited and consolidated subsidiaries as of March 31, 2009 and 2008, and the related consolidated statements of income, changes in net assets, and cash flows for the years then ended, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Nippon Sheet Glass Company, Limited and consolidated subsidiaries at March 31, 2009 and 2008, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

Supplemental information

1. As described in Note 17(b), the Company made a resolution at the Board of Directors held on May 20, 2009 to issue the preferred shares.
2. As described in Note 17(c), the Company made a resolution at the Board of Directors held on May 20, 2009 to reduce capital and capital surplus which were increased by the issuance of the preferred shares as mentioned above.

The Euro amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2009 are presented solely for convenience. Our audit also included the translation of yen amounts into Euro amounts and, in our opinion, such translation has been made on the basis described in Note 1(a).

Ernst & Young ShinNihon LLC

June 23, 2009

A member firm of Ernst & Young Global Limited

Corporate data

As of 31 March 2009

Nippon Sheet Glass Co., Ltd

Corporate data

Head Office	Sumitomo Fudosan Mita Twin Building West Wing, 5-27, Mita 3-chome, Minato-ku, Tokyo 108-6321 Japan Telephone: +81 (0) 3-5443-9500
Established	22 November 1918
Number of employees (Consolidated)	31,436
Common stock	Authorized: 1,775,000,000 shares Issued: 669,550,999 shares
Number of shareholders	56,458
Paid-in capital	¥96,147 million
Stock listing	Tokyo and Osaka (Code: 5202)
Independent auditors	Ernst & Young ShinNihon LLC
Transfer agent	The Sumitomo Trust & Banking Co., Ltd. Stock Transfer Agency Division 3-1, Yaesu 2-chome, Chuo-ku, Tokyo Japan

Shareholder information

Major shareholders

	Number of shares (thousands)	Percentage of shares
Japan Trustee Services Bank, Ltd. (trust account)	59,828	8.94
Japan Trustee Services Bank, Ltd. (trust account 4G)	51,322	7.67
The Master Trust Bank of Japan, Ltd. (trust account)	50,034	7.47
Japan Trustee Services Bank, Ltd. (trust account 4)	21,505	3.21
Toyota Motor Corporation	9,610	1.44
Sumitomo Life Insurance Company	9,148	1.37
Japan Trustee Services Bank, Ltd. (Retirement Benefit Account, Sumitomo Trust and Banking)	8,769	1.31
State Street Bank and Trust Company 505225	8,232	1.23
The Chase Manhattan Bank, N.A. London Secs Lending Omnibus Account	7,746	1.16
Mellon Bank, N.A. as agent for its client Mellon Omnibus US Pension	7,215	1.08

Status of shareholders

	Number of shareholders	Number of shares (thousands)	Percentage of shares
National/local governments	–	–	–
Financial institutions	83	270,076	40.33
Securities firms	77	11,182	1.67
Other corporations	736	39,275	5.87
Foreign investors	457	208,545	31.15
Individuals and others	55,105	140,473	20.98
Total	56,458	669,551	100.00

Fiscal period
1 April to 31 March of the following year

Ordinary General Meeting of Shareholders
Held annually in June

Shareholders' Confirmation Standard Dates
Ordinary General Meeting of Shareholders: 31 March
Dividend: 30 September and 31 March

Transfer agent
The Sumitomo Trust & Banking Co., Ltd.

Operating Office
The Sumitomo Trust & Banking Co., Ltd.
Stock Transfer Agency Department
3-1, Yaesu 2 chome, Chuo-ku,
Tokyo 104-0028, Japan

Public Notice
www.nsg.com

Independent Auditors
Ernst & Young ShinNihon LLC

Electronic Share Certificate System
The Electronic Share Certificate System was implemented with effect from 5 January 2009. If you need to record any changes in your address, personal details or any other relevant matter, please contact the securities company administrating your shareholder account.

If you do not use a securities company, please notify our Transfer Agent as below.

Mail Address
The Sumitomo Trust & Banking Co., Ltd.
Stock Transfer Agency Department
1-10, Nikko-cho, Fuchu-shi,
Tokyo 183-8701, Japan

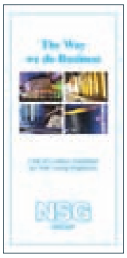
Telephone number
0120-176-417

Further information

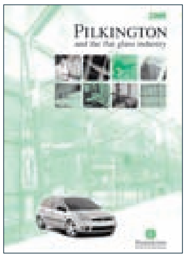
Other publications available from the NSG Group provide further information on the Company, its businesses and policies and the industries in which we operate.

Copies can be ordered from Corporate Communications through our website at www.nsggroup.net/contact

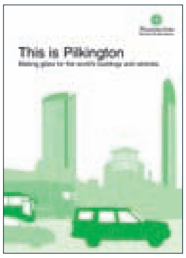
NSG Group CSR Report 2008
Group Corporate Social Responsibility Report, covering all aspects of CSR.



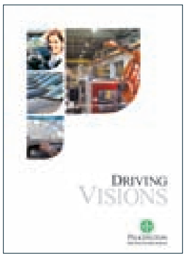
The Way we do Business
Produced for Group employees in all of the languages in which the Group operates, summarizing the main points of the Group's Code of Conduct.



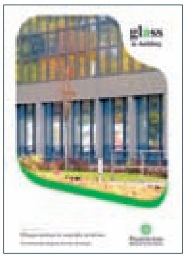
Pilkington and the Flat Glass Industry 2008
Detailed analysis of the world's Flat Glass Industry and the NSG Group's position within it.



This is Pilkington
General introduction to the Building Products and Automotive businesses of the NSG Group.



Driving Visions
General introduction to Pilkington Automotive.



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