



Nippon Sheet Glass Co., Ltd.

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To Our Shareholders

Nippon Sheet Glass Co., Ltd. 143rd Fiscal Period Interim Report

April 1, 2008 – September 30, 2008



Consolidated Financial Highlights

Items	Fiscal 2007	Fiscal 2008	Fiscal 2008 Interim Period	Fiscal 2009 Interim Period
Sales (Millions of yen)	681,547	865,587	433,944	431,082
Operating Income (Millions of yen)	23,822	46,462	27,047	17,198
Ordinary Income (Millions of yen)	8,001	30,437	17,301	12,541
Net Income (Millions of yen)	12,095	50,416	51,469	18,311
Net Income per Share (Yen)	21.85	75.44	77.01	27.40

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Message from the President

On behalf of the NSG Group, I would like to thank you for your continued support. I am pleased to present the interim report for the period ended September 30, 2008.

The Group continued to make progress in the first half of the financial year, but the period also coincided with unexpected and dramatic changes and challenges in the world banking system and the economies of nearly every market in which we operate.

We expect these events and the recessionary pressures they are exerting on the sectors in which we operate, to have an adverse effect on our results in the short term. We anticipate that our sales and profits will decline further in the second half of the financial year.

Despite this, we expect to continue to make further progress on our new strategic objectives. Our debt reduction remains on target and we are already preparing for Phase 2 of our 3-phase strategy, with selective investments in some key areas. These include the recent commissioning of a new rolled line in China for solar PV module glass and our new Automotive plant in India.

In the longer term, there are good reasons to believe that we can not only weather the current storm, but also move ahead in Phase 2 of our 3-phase strategy, which starts in about a year's time. We have the technology and capability to seize the opportunities offered by demand for glass in the Solar Energy sector and we are also well placed to profit from the increasing appetite for low-e glass in China.

As you may have seen reported, on November 12 the Group received notification of a civil fine from the European Commission relating to alleged breaches of European competition law in the Automotive glass sector. We are examining the Commission's decision and will decide on future action, including a possible appeal.

We shall continue to work to achieve the goals of our Medium-Term Plan, as well as those under the long-term vision. We look forward to your continued understanding and support of our activities.

December 4, 2008

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

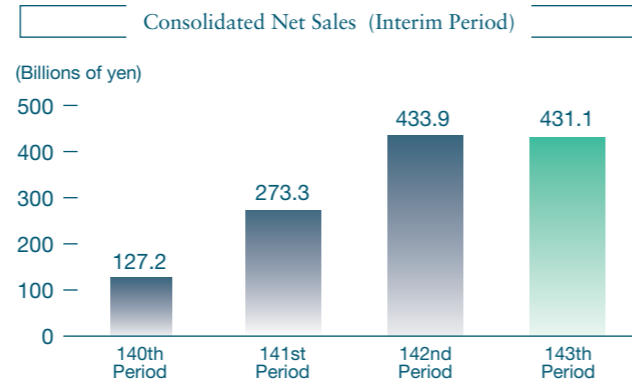


Q1 Can you please outline your views on the trading results of the Group for the first half-year of FY09 and prospects for the second half-year, against the background of the world economic situation?

A1 Consolidated net sales for the Group were ¥431,082 million, slightly down on last year, with operating income down 36 percent at ¥17,198 million. These results were in line with our Quarter 1 forecast and slightly above the forecast we made at the previous year-end. Our interim results represent a solid first quarter performance with some weakening in the second quarter.

At the same time, we have been able to report further progress on our strategic objectives, with debt reduced further and ahead of schedule. The half-year dividend has been held, reflecting the confidence of the Board.

Overall, our results were affected by improving mix and, in some regions, price, although together these only partially offset the energy-related cost push. Building Products revenues were ¥196,735 million and operating income ¥10,946 million. In Automotive, revenues were ¥187,767 million and operating income ¥10,459 million. Revenues in Specialty Glass were ¥39,256 million and operating income ¥3,465 million. The sale of our share of NH Techno Glass Ltd, produced disposal proceeds of ¥41,000 million. Our cash flow from operating activities was ¥14,611 million, facilitating the further reduction of net debt down to ¥303,547 million.



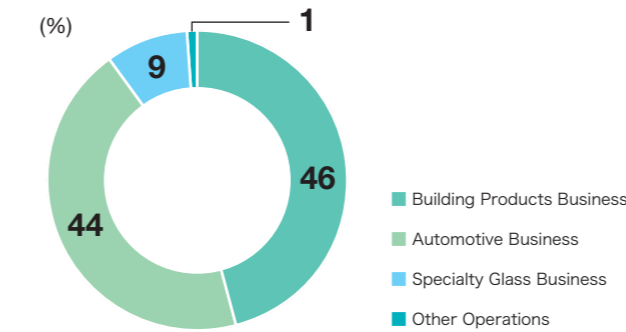
The relentless cost push affecting energy and raw material prices is a key challenge for the Group over the rest of FY09. Market conditions do not allow for the full impact of this cost push to be passed on to end-consumers. We are anticipating deteriorating conditions in most of our major markets and this is reflected in our reduced operating income forecast for the full year FY09, reducing from ¥31,000 million to ¥20,000 million.

Our largest market is Europe, where we see Automotive profitability declining, with major reductions in volumes, although with some market share gains. European Building Products markets are slowing, with profit declines following energy cost push. In Japan, the building market is sluggish, but we expect Automotive build for export to hold up. The North American market is declining rapidly in Automotive. In the Rest of the World, we expect continuing strong performance, especially in South America. Sales of LCD substrates in Specialty Glass are steady, but glass cord demand for Automotive use is slowing. The continuing

strength of the yen is adversely affecting our overseas income.

Despite these challenges we remain focused on achieving our Medium-Term Plan targets. Our objective is to ensure that our net debt will not exceed ¥350,000 million at March 31, 2010. Operating income before amortization of ¥75,000 million remains our medium term target.

[Sales Composition by Business Line (143rd Period Interim Period)]

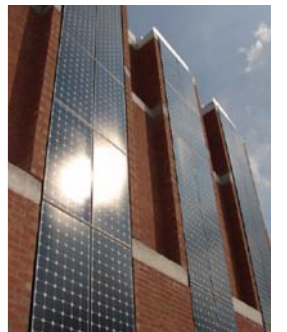


Q2 Glass for Solar Energy applications appears to be a potential growth area for glass manufacturers. What are the plans of the NSG Group to develop in this sector?

A2 All the indications are that there is indeed important potential for us in this sector. The number of manufacturers of solar power installations is increasing and legislation on CO₂ targets around the world is encouraging the use of solar as an energy source.

We expect demand for solar cell glass to increase seven-fold over the next five years and we have created a new Solar Energy business unit within the Building Products business line to capitalize on this growing demand.

The NSG Group is well placed to supply products for all three of the leading technologies; Crystalline PV, Thin Film PV and Concentrated Solar Power, in which contribution to solar system performance is paramount. Our range of on-line coated TEC glasses has been significantly expanded to serve more effectively the rapidly growing photovoltaic



sector. Sales of a new composition of low-iron float glass, specially developed for the photovoltaic market, are rising rapidly.

To help meet this demand, construction on a new rolled glass line JV with China Glass Holdings in Taicang, China has been completed. A number of our existing float plants in the US, Europe and Japan are already making products for solar use and we are currently developing plans to extend the capability of other float and rolled plants to produce the required products.

We recognize that we have some important investment decisions to make over the next year to ensure that the Group is in a good position to keep pace with this important growth sector.

Q3 Can you please explain the reasons behind the decision to move to a new 'Company with Committees' board structure, and the significance of this development for shareholders?

A3 At the 142nd Ordinary General Meeting of Shareholders, held on June 27, 2008, partial amendments to the Company's Articles of Incorporation were adopted. This resulted in the Company converting itself into a 'Company with Committees'. The former 'Corporate Auditors' model was replaced with three board committees (Nomination, Audit and Compensation) and four external directors. The Nomination Committee is chaired by Yozo Izuhara, the

Audit Committee by Tomoaki Abe and the Compensation Committee by Noritaka Kurauchi.

I believe this is an important step in the development of our Corporate Governance. Under the new system, the role of the external directors is strengthened and we have been delighted to welcome Isao Uchigasaki and Dr. George Olcott to the Board. They have brought extensive skills and experience from industry and banking and we have no doubt that they will make an important contribution to the work of the Board. They have joined the two existing external directors, Noritaka Kurauchi (Adviser, Sumitomo Electric Industries, Limited) and Kozo Okumura (Senior Adviser, DIC Corporation).

The adoption of the 'Company with Committees' model brings the NSG Group into line with a growing number of leading Japanese corporations and with best practice. It introduces additional safeguards for shareholders, increases transparency and improves corporate governance.

Business Summary by Segment

(Consolidated basis)

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

Note: Figures indicate sales to outside customers in each segment.

Review of Operations

Building Products Business

In Building Products, profits were lower than last year, impacted by higher input costs partly offset by higher selling prices. In Europe (58 percent of the Group's BP sales), sales were down, with lower prices only partly offset by improved product mix. Profit performance was lower overall, due to lower selling prices and rising input costs. In Japan (23 percent), difficult market conditions reduced sales, but profits were up on last year, helped by higher selling prices and the benefits of the restructuring.

In North America (8 percent), sales were flat, despite a declining domestic housing market, with higher prices and a better mix. Profitability was lower than last year as a consequence of a float line cold repair and rising input costs. In the rest of the world, sales were higher than last year due to higher selling prices, and profits were impacted by higher input costs. Profits in South America remain at satisfactory levels, with market conditions remaining relatively robust. Profits in South East Asia demonstrated a year-on-year improvement.

Overall, the Building Products business achieved sales of ¥196,735 million and operating income of ¥10,946 million.



Automotive Business

Around 52 percent of the Group's Automotive sales are in Europe, 15 percent in Japan, 20 percent in North America and 13 percent in other regions. European Original Equipment (OE) and Automotive Glass Replacement (AGR) sales and revenue were ahead of the previous year. But demand dropped in the second quarter, with this trend expected to continue and accelerate during the rest of the year.

Japan OE sales were above last year, with significantly increased profits and demand expected to decline. North America AGR sales were slightly ahead of



last year, with profits up. OE sales and profits were down on last year, with demand declining. Reduced sales in both OE and AGR are expected to continue in a softening market. Revenues and profits in the rest of the world were strong, with markets continuing to expand. However, in the remainder of the financial year the rate of growth is expected to slow.

Overall, Automotive sales were ¥187,767 million and operating income ¥10,459 million.

Specialty Glass Business

In the past few months we reorganized the Specialty Glass business into a single business line. Market conditions for the Group's principal information technology products were steady. Profits declined, however, due to sales price pressure from market competition and increases in material prices. The strength of the yen also negatively impacted exports from Japan. Within the Glass Fiber sector, profit has decreased slightly, due to slowing demand in the glass cord market.



The Specialty Glass business recorded overall sales of ¥39,256 million and operating income of ¥3,465 million.

Other Operations

This segment mainly covers corporate costs and engineering income, but also includes small businesses not included in the segments discussed above. Other operations experienced a slight increase in general expenses.

Consequently, this segment recorded sales of ¥ 7,324 million and an operating loss of ¥ 7,672 million.

Consolidated Financial Statements

Consolidated Balance Sheets

September 30, 2008 and 2007	(Millions of yen)	
	2008	2007
ASSETS		
Current assets	419,415	421,935
Cash and deposits	130,730	127,928
Notes and accounts receivable—trade	136,727	145,560
Merchandise and finished goods	72,558	68,772
Work in process	13,199	14,653
Raw materials and supplies	37,405	36,062
Other current assets	33,760	33,788
Allowance for doubtful accounts	(4,966)	(4,830)
Non-current assets	839,107	897,354
Property, plant and equipment	373,318	375,474
Buildings and structures	156,518	157,260
Accumulated depreciation	(78,527)	(76,559)
Buildings and structures, net	77,991	80,700
Machinery, equipment and vehicles	394,441	389,523
Accumulated depreciation	(179,135)	(172,112)
Machinery, equipment and vehicles, net	215,305	217,410
Tools, furniture and fixtures	43,347	42,190
Accumulated depreciation	(24,590)	(22,279)
Tools, furniture and fixtures, net	18,757	19,910
Land	51,253	54,041
Lease assets	8,856	—
Accumulated depreciation	(2,655)	—
Lease assets, net	6,201	—
Construction in progress	3,810	3,410
Intangible assets	320,953	352,674
Goodwill	166,601	181,167
Other intangible assets	154,352	171,506
Investments and other assets	144,834	169,205
Joint ventures, associates and other investments	70,570	99,867
Others	75,408	70,325
Allowance for doubtful accounts	(1,144)	(987)
Total assets	1,258,522	1,319,290

Notes to per Share Information (Interim Period FY09)

(1) Net assets per share

¥531.34

(2) Net interim income per share—basic

¥27.40

	(Millions of yen)	
	2008	2007
LIABILITIES	890,666	947,291
Current liabilities	353,882	389,775
Notes and accounts payable—trade	79,722	98,955
Short-term loans payable	84,152	92,956
Bonds payable	—	10,000
Lease obligations	3,450	—
Income taxes payable	28,415	16,732
Provision arising from alleged violation of Competition Law of the European Union	54,987	49,992
Other provisions	15,151	22,508
Other current liabilities	88,002	98,630
Non-current liabilities	536,783	557,516
Bonds payable	53,000	33,000
Long-term loans payable	287,168	320,452
Lease obligations	6,507	—
Provision for retirement benefits	70,688	75,026
Other provisions	17,603	17,447
Other non-current liabilities	101,814	111,589
NET ASSETS	367,856	371,998
Shareholders' equity	368,165	352,995
Capital stock	96,147	96,147
Capital surplus	105,292	105,292
Retained earnings	167,304	152,097
Treasury stock	(579)	(541)
Valuation and translation adjustments	(13,130)	5,439
Valuation difference on available-for-sale securities	5,055	9,194
Deferred gains or losses on hedges	(981)	(127)
Foreign currency translation adjustment	(17,204)	(3,626)
Subscription rights to shares	492	253
Minority interests	12,328	13,310
Total liabilities and net assets	1,258,522	1,319,290

Consolidated Statements of Income

For the Six-Month Periods Ended September 30, 2008 and 2007	(Millions of yen)	
	2008	2007
Net sales	431,082	433,944
Cost of sales	299,056	294,738
Gross profit	132,026	139,205
Selling, general and administrative expenses	114,828	112,157
Operating income	17,198	27,047
Non-operating income	8,658	10,569
Non-operating expenses	13,315	20,315
Ordinary income	12,541	17,301
Extraordinary income	39,078	50,563
Extraordinary loss	12,439	1,749
Income before income taxes and minority interests	39,180	66,115
Income taxes	19,182	13,321
Minority interests	1,686	1,324
Net income	18,311	51,469

Consolidated Statements of Cash Flows

For the Six-Month Periods Ended September 30, 2008 and 2007	(Millions of yen)	
	2008	2007
Net cash provided by operating activities	14,611	13,827
Net cash provided by investment activities	23,560	59,755
Net cash used in financing activities	(36,174)	(64,147)
Effect of exchange rate change on cash and cash equivalents	(3,636)	(755)
Net increase in cash and cash equivalents	(1,638)	8,679
Cash and cash equivalents at beginning of period	103,293	159,762
Decrease due to change in scope of cash and cash equivalents	—	(38,711)
Increase in cash and cash equivalents resulting from change of scope of consolidation	2,181	—
Cash and cash equivalents at end of period	103,837	129,729

Management

(As of September 30, 2008)

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

Directors

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

Executive Directors

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

Executive Officers

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

Nomination Committee

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

Audit Committee

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

Compensation Committee

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

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

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Stock Information

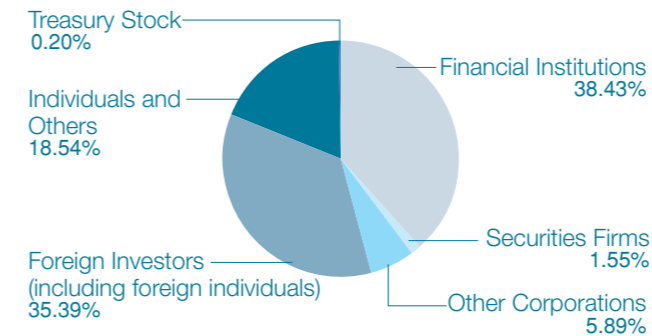
(As of September 30, 2008)

Authorized Common Stock 1,775,000,000 shares

Issued Shares 669,550,999 shares

Number of Shareholders 52,532

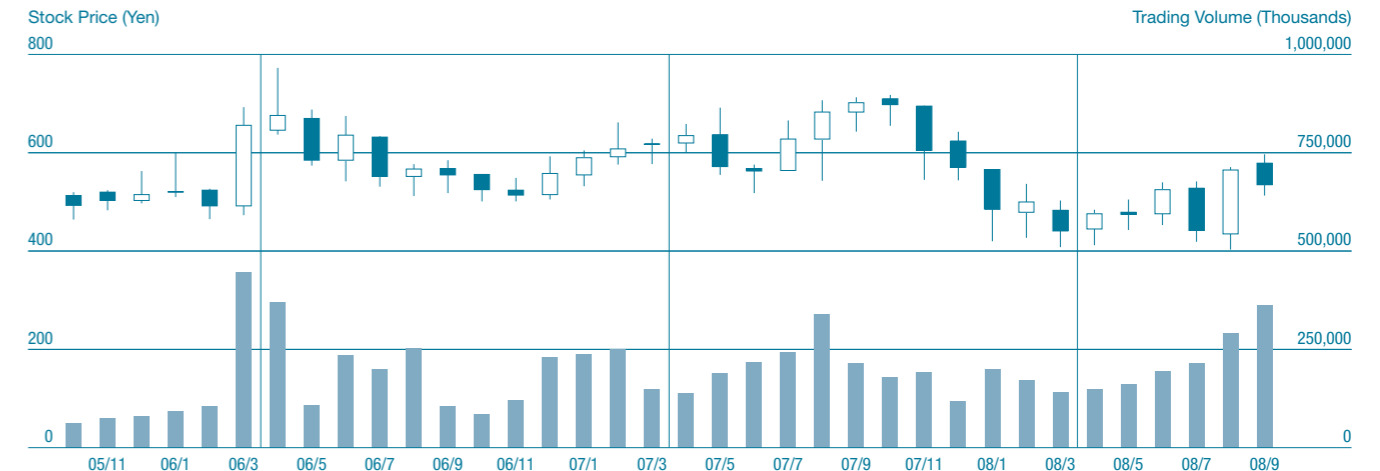
Distribution of Shareholders



Major Shareholders

Shareholder	Number of shares	Percentage of shares (%)
The Master Trust Bank of Japan, Ltd. (trust account)	56,796,000	8.48
Japan Trustee Services Bank, Ltd. (trust account)	49,527,000	7.40
Japan Trustee Services Bank, Ltd. (trust account 4G)	27,531,000	4.11
Japan Trustee Services Bank, Ltd. (trust account 4)	17,866,000	2.67
CBNY- Third Avenue International Val Fund	13,146,300	1.96
Chuo Mitsui Asset Trust and Banking (Money Trust 1)	10,250,000	1.53
Toyota Motor Corporation	9,610,650	1.44
Sumitomo Life Insurance Company	9,148,000	1.37
Japan Trustee Services Bank, Ltd. (Retirement Benefit Account, Sumitomo Trust and Banking)	8,769,000	1.31
State Street Bank and Trust Company 505225	8,604,199	1.29

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



Shareholder Information

Fiscal Period

April 1 to March 31 of the Following Year

Annual General Meeting of Shareholders

Held in June Every Year

Shareholders' Confirmation Standard Date

Annual General Meeting of Shareholders	March 31
Annual Dividends	March 31
Interim Dividends	September 30

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

(Mail Address and Telephone Number)

The Sumitomo Trust & Banking Co., Ltd.
Stock Transfer Agency Department
1-10 Nikko-cho, Fuchu-shi, Tokyo 183-8701, Japan
(Form Inquiries: 0120-175-417)
(Other Inquiries: 0120-176-417)

Notifying Bank

The Sumitomo Trust & Banking Co., Ltd.
Head Office and Branch Offices

Announcement Listed

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

Independent Auditor

Ernst & Young ShinNihon LLC

Regarding notifications and referrals concerning stocks after the implementation of the electronic share certificate system

The system will be implemented from January 5, 2009. Please send notifications and referrals after this, including changes to address and other information, to the securities companies that hold your shareholder accounts.

Those shareholders who did not use the central securities custody and book-entry transfer system administrated by (Japan Securities Depository Center, Inc.) prior to the new system's implementation must open an account (known as a special account) with the aforementioned Sumitomo Trust & Banking Co., Ltd., which is an administrator of shareholder lists. For referrals for special account and such notifications as changes in address, please use the phone number as identified.

Regarding the handling of claims for redemption and claims for further purchase of fractional shares before and after the implementation of the electronic share certificate system

Claims for Redemption

From the commencement date of computerization of stock certificates (January 5, 2009) to January 25, 2009, receipt of claims for redemption from shareholders with special accounts will be suspended. In addition, in the case of claims being received from December 25, 2008 to December 30, 2008, payments will be made from January 26, 2009 onward.

Claims for Further Purchasing

From the commencement date of computerization of stock certificates (January 5, 2009) to January 25, 2009, receipt of claims for redemption from shareholders with special accounts will be suspended. In addition, in the case of claims being received from December 25, 2008 to December 30, 2008, payments will be made from January 26, 2009 onward.

* Fractional shares managed through JASDEC are handled differently. Please contact your securities company for more details.

Corporate Data

Company Name	Nippon Sheet Glass Co., Ltd.
Head Office	5-27, Mita 3-Chome, Minato-ku, Tokyo 108-6321, Japan
Establishment	November 22, 1918
Paid-in Capital	¥96,147 million (As of March 31, 2008)

Please visit our Web site.

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

We provide the latest Company information including financial results reports and press releases on our Web site. By always enhancing the contents of the site, we will continue to offer shareholders detailed and useful information.

