

Summary of Interim Financial Results Half Year to September 2006

November 21, 2006

Nippon Sheet Glass Co., Ltd.

Consolidation Principles



1. The company included the performance of Pilkington in its consolidated income statements from the second quarter of FY 07, and in the balance sheet from the first quarter of the current term.
2. With the integration of Pilkington as a consolidated subsidiary, the company's business segments has been changed from this interim period.
3. Goodwill and intangible fixed assets will be booked and amortized, resulting from the revaluation of Pilkington's balance sheet.

Period of the Consolidation

1Q : Equity Method Income The former Pilkington  

The former NSG  

First Quarter	Second Quarter	Third Quarter	Fourth Quarter
April to June 2006	July to September 2006	October to December 2006	January to March 2007

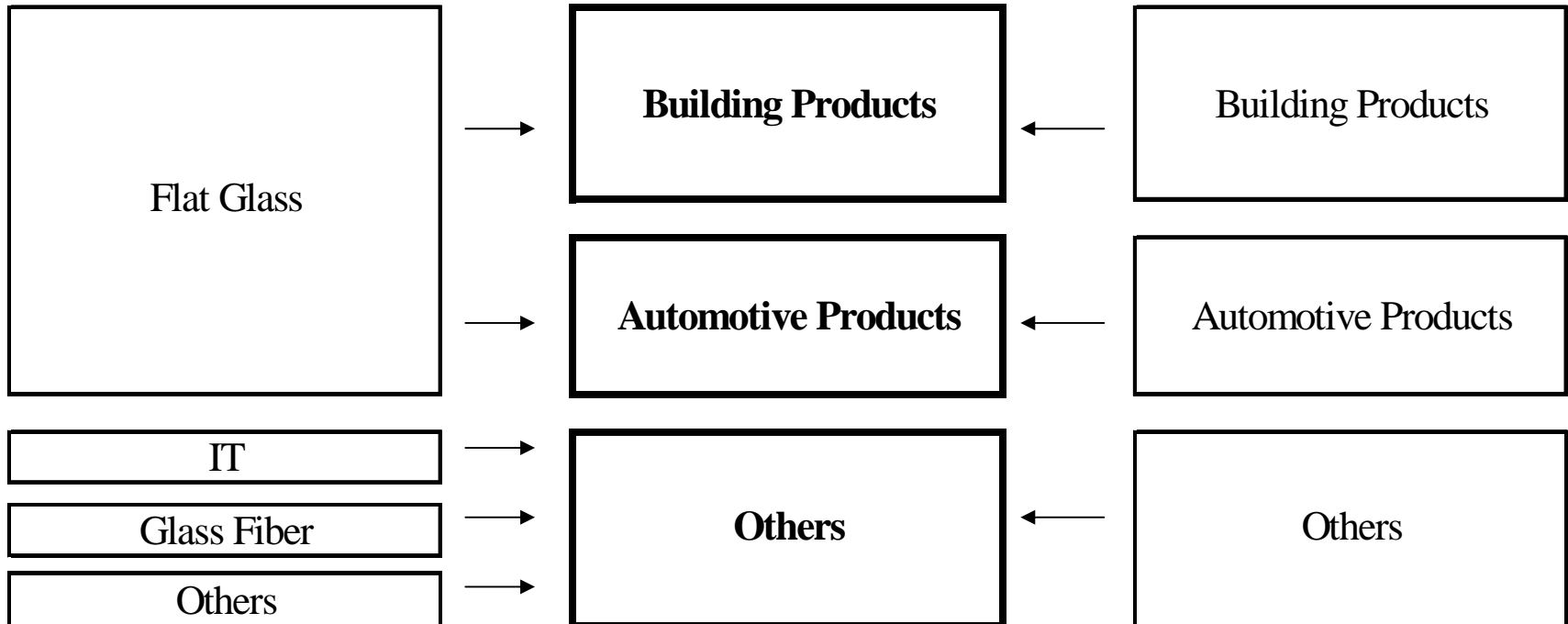
 : First Half FY 07

Change in Segment Information by Business

Old Business Segment

New Business Segment

Pilkington's Business



Consolidated Statement of Income



(in billions of yen)	FY 06 First half Actual	FY 07 First half Actual	Change	FY07 First half Plan
Net sales	127.2	273.3	214.8%	270.0
Operating income	3.9	8.7	224.3%	
(%)	3.0%	3.2%	-	
Non-operating income & losses	2.1	(0.4)	-18.7%	
Income before extra-ordinary items	6.0	8.3	138.5%	6.0
(%)	4.7%	3.0%	-	2.2%
Extra-ordinary income & losses	(0.4)	32.5	-8156.0%	
Income before tax	5.6	40.7	729.7%	
Net income	3.9	21.3	547.4%	15.0
(%)	3.1%	7.8%	-	5.6%
Net income per share (yen)	8.8	37.7	-	

Exchange rate

Mar 06 : JPY 205.2 / GBP

Sep 06 : JPY 221.3 / GBP

Mar 07 (Plan) :

JPY 210.0 / GBP

Notes

1. Pilkington's performance has been consolidated PL from the second quarter of FY 07.
2. Goodwill amortization : roughly JPY1.3 billion, amortization of intangible fixed assets : JPY4.0 billion approximately, accompanied by a positive JPY 1.2 billion of deferred income tax effect against them.
3. Net financial cost : -JPY 1.42 billion.
4. Loss from Equity: -JPY 970 million.
5. Impact of price surge of oil, raw materials and other materials in Japan is JPY 1.2 billion year-on-year.
6. Extra-ordinary income : gain on sale of investment in securities JPY43.1 billion, etc.
7. Extra-ordinary loss : expenses for acquisition JPY 11.7 billion, etc.

Consolidated Balance Sheets



(in billions of yen)	Sep-05	Mar-06	Jun-06	Sep-06
Current assets	169.5	288.7	453.4	455.3
[Cash and deposits]	[67.4]	[180.7]	[154.5]	[160.0]
Fixed assets	279.3	307.2	848.5	910.7
Total assets	448.8	596.0	1,301.9	1,366.0
Liabilities	227.6	354.4	1,022.6	1,037.5
[Interest-bearing debt]	[124.9]	[236.9]	[668.6]	[636.0]
Minority interest	2.9	3.3		
Shareholders' equity	218.4	238.3	279.4	328.5
Common stock	41.1	41.1	42.8	71.6
Others	177.3	197.2	236.6	256.9
Total assets	448.8	596.0	1,301.9	1,366.0
Issued shares at the end of the period (mil)	443.1	443.0	448.9	564.4
Shareholders' equity to total assets	48.7%	40.0%	21.5%	24.0%
Debt-equity ratio	0.57	0.99	2.39	1.94
BPS (yen)	492.9	537.9	622.3	582.0
ROE	1.8%	3.3%		6.5%
ROA	1.5%	2.0%		0.9%

ROA=(Income before extra-ordinary items+Interest paid)/Total assets

Notes

- Pilkington's balance sheet was consolidated from the end of first quarter of FY 07.
- Interest-bearing debt : JPY 636 billion. Decrease by JPY 32.6 billion compared to the end of June.
- CB : balance is JPY 72 billion (Incl. MSCB : JPY 49 bil) at the end of Sep. Converted bonds were booked as common stock and additional paid-in capital (JPY 30.5 billion respectively).
- Goodwill : approximately JPY 110 billion, intangible fixed assets : about JPY 216 billion (@ end of Sep, 2006 FX rate).
- Financial ratio : The conversion of bonds contributed to improvement of shareholders' equity to assets and debt-equity ratio, compared with the end of June.

Consolidated Statement of Cash Flows



(in billions of yen)	Sep-05	Sep-06	Change	Mar-06
Cash flows from operating activities	7.2	16.7	9.5	15.5
Cash flows from investing activities	(6.6)	(235.6)	(229.0)	(12.1)
Free cash flows	0.6	(218.9)	(219.5)	3.3
Cash flows from financing activities	1.3	168.0	166.7	111.2
Cash and cash equivalents at the beginning of the period	63.5	179.2	115.7	63.5
Cash and cash equivalents at the end of the period	66.1	158.0	91.9	179.2
<hr/>				
(yen)				
Dividend per share	3.0	3.0	0.0	6.0

Notes

CF from operating activities

Income before tax : +JPY 40.8 billion

Gain on sales of investments in securities : -JPY 43.1 billion

Amortization cost : +JPY 19.8 billion

CF from investing activities

Acquisition of fixed assets : -JPY 17.2 billion

Sale of investment in securities : +JPY 51.6 billion

Acquisition of Pilkington's stock : -JPY 376.7 billion

CF from financing activities

Increase of long-term borrowings : +JPY 168.7 billion

Goodwill and Intangible Fixed Assets



Unit : JPY 100million

Recognition of Intangible Assets and Change in Goodwill

Exchange rate : JPY 200 / GBP

	Previous Estimation (June 2006)	Latest Estimation (based on Sep.2006 B/S)
Goodwill (A)	2,200	1,010
Intangible Fixed Assets (B)	---- ----	1,986 -596(deferred tax liability)
Total (A+B)	2,200	2,400
Average amortization over 20 years	110 p.a.	Average 120 p.a.

The actual amortization period differs among intangible asset items. The projected amortization impact for FY07 is JPY 16.9 billion and, for FY11, JPY 15.0 billion.

Effect of Revaluation

Unit : JPY billion

	July 6th		Forecast *2	
	Pilkington 9months	Pro Forma (1 year) *1	Pilkington 9months	Pro Forma (1 year) *1
Goodwill Amortization	-8.2	-11.0	-4.1	-5.5
Amortization of Intangible Fixed Assets	-	-	-12.2	-16.3
Total Amortization	-8.2	-11.0	-16.3	-21.8
Deferred Income Taxes	-	-	3.7	4.9
Total	-8.2	-11.0	-12.6	-16.9

*3

Note

1. Pro Forma is an assumed performance with Pilkington's 12months forecast consolidated.
2. Currency exchange rate : The above data is based on the exchange rate at the end of September. The future result will be recalculated at the actual rate at each fiscal year end.
3. Since the number of years for intangible assets amortisation differs from 1 to 20 years item by item, the amortization cost for the future years from FY08 and after will be reduced gradually.

Net Sales and Operating Income



Net Sales (JPY billion)

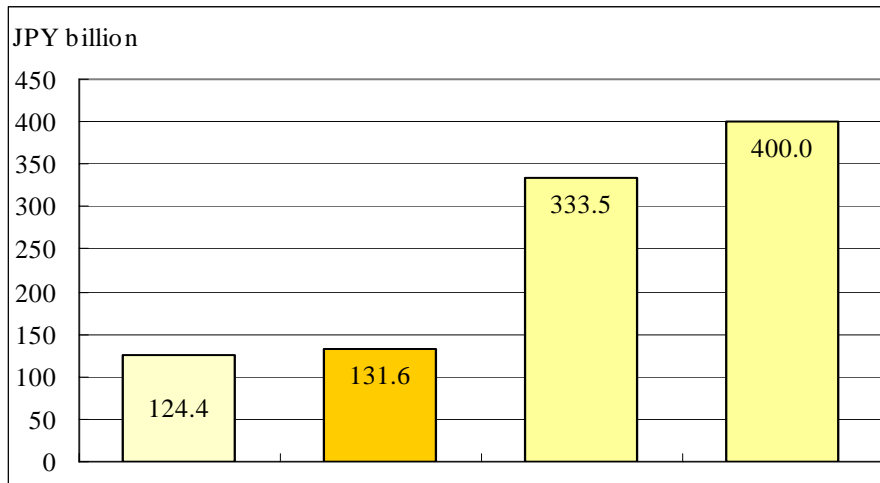
		Japan	Europe	North America	Others	Total
BP		52.4	49.2	9.2	20.9	131.6
Auto		29.8	38.8	20.8	7.5	96.9
Others	IT	-	-	-	-	20.8
	Fiber	-	-	-	-	17.2
	Others	-	-	-	-	6.8
		28.0	7.7	0.5	8.6	44.8
Total		110.2	95.6	30.5	37.0	273.3

Operating Income (JPY billion)

		Japan	Europe	North America	Others	Total
BP		0.0	4.6	0.8	2.8	6.1
Auto						2.0
Others	IT	-	-	-	-	1.5
	Fiber	-	-	-	-	2.2
	Others	-	-	-	-	(3.1)
		0.1	(0.4)	(0.0)	0.9	0.6
Total		0.1	4.2	0.8	3.6	8.7

Building Products

Sales



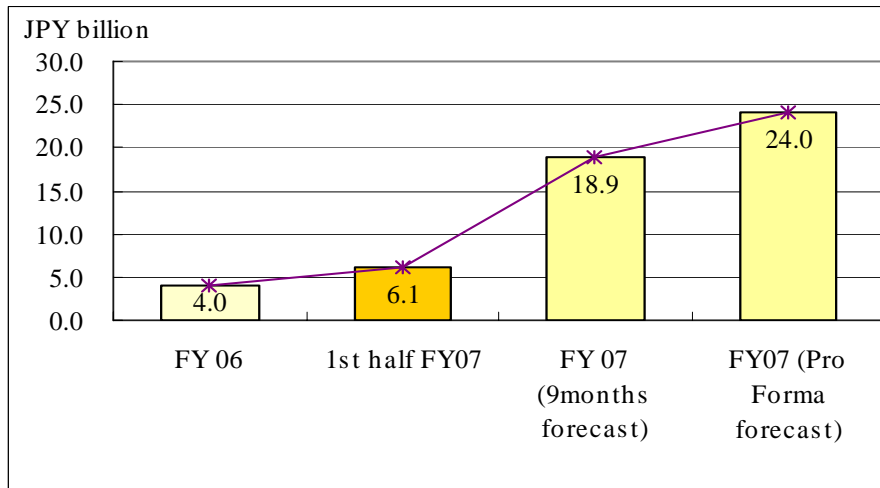
Japan : Increased sales / Decreased income

Higher cost of fuel oil (JPY 1billion) led to decreased profit, in spite of solid increase of value-added glass.

Europe : Increased sales and income

Demand expansion in Germany contributed to growth both in quantity and selling price. Supply is tight for some.

Operating Income



North America : Increased sales and income

Demand in commercial buildings and exports increased steadily.

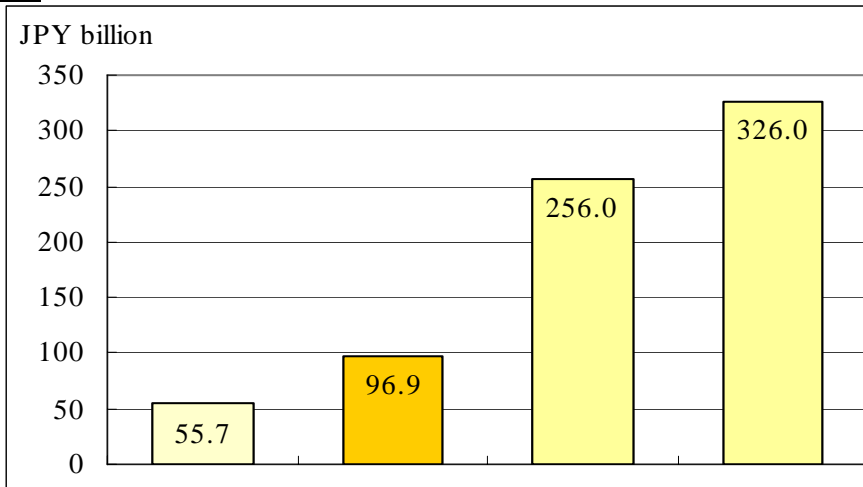
Others : Increased sales and income

South America enjoyed expanded demand. Southeast Asia faced softened market.

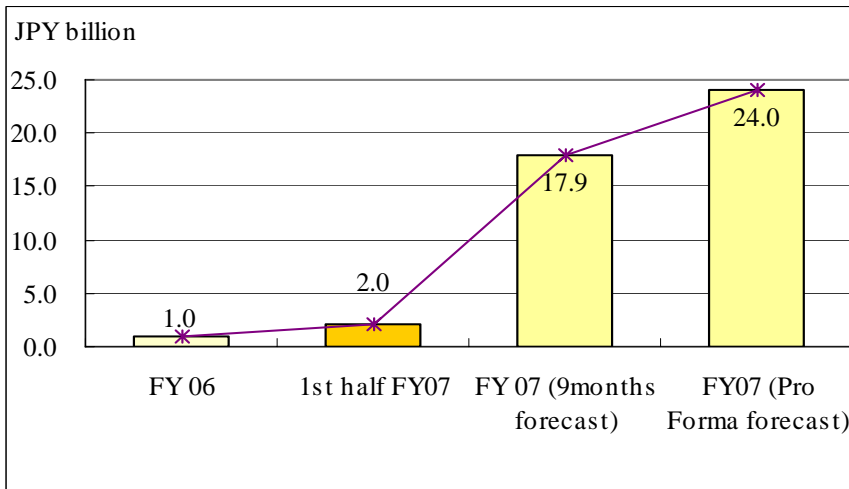
Forecast is the data presented on 6th July 2006 after goodwill amortisation

Automotive Glass

Sales



Operating Income



Japan : Increased sales and income

Solid auto output in Japan continues.

Europe : Increased sales and income

While regional automotive sales was on par with that of the previous year, Pilkington's sales showed firm increase.

AGR business was also healthy.

North America : Decreased sales and income

Regional car sales of BIG3s reduced in spite of strong performance of Toyota. As for AGR, its sales were robust.

Others : Increased sales and income

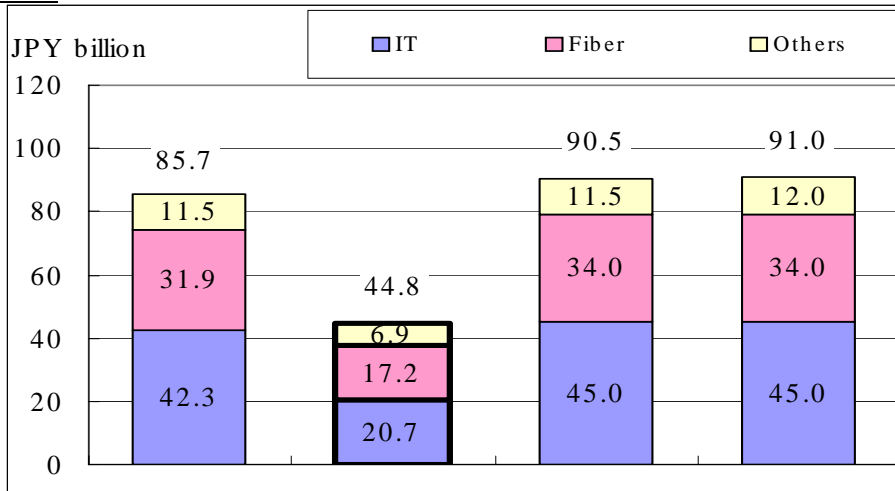
South America enjoyed expanded demand.

Australia business is slowing.

Forecast is the data presented on 6th July 2006 after goodwill amortisation.

Others (IT and Glass Fiber)

Sales



IT : Increased sales and income

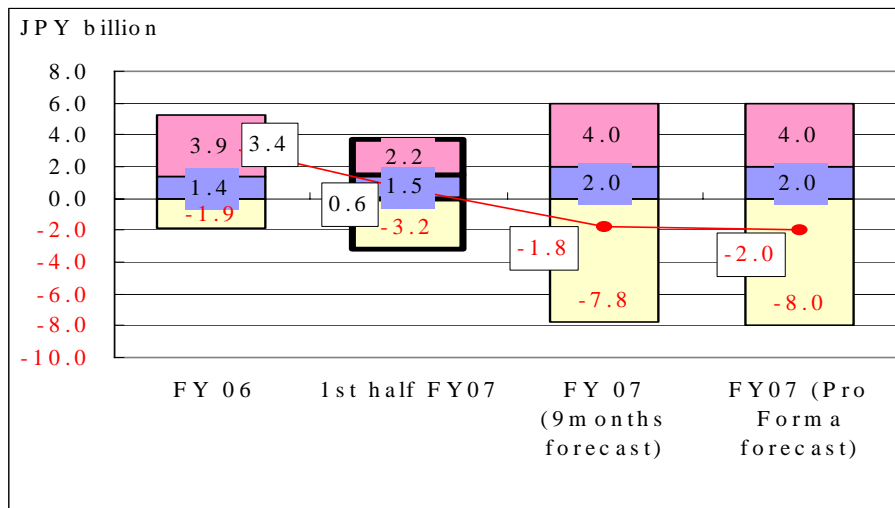
Shipment of optical lenses for multifunction printers has grown steadily. Demand for display glass (STN, TN) showed firm sales.

As for TFT glass (NH techno-glass), improved productivity led to financial surplus from the second quarter.

7G glass production started in Singapore.

Recovery of market condition in Taiwan is expected in the third quarter.

Operating Income



Glass Fiber : Increased sales and income

Demand for air filter-related equipment recovered.

Glass cord business continuously showed firm sales.

Sales for METASHINE shifted to be robust.

Others

Increase of expense for NSG's system improvement

Decreased engineering sales for Pilkington.

Forecast is the data presented on 6th July 2006

Performance Outlook

(the same as presented on 6th July 2006)



Unit : JPY billion

No revision on the full year outlook FY07 is made.

	9 months performance of Pilkington	Pro Forma (1 year conversion)
Sales	680.0	817.0
Goodwill Amortization	-8.2	-11.0
Operating Income	35.0	46.0
Non-Operating Income/Loss	-10.0	-10.0
Income before Extra-Ordinary Items	25.0	36.0
Extraordinary Profit	42.2	0
Extraordinary Loss	5.5	0
Income before Tax	61.7	36.0
Net Income	30.0	19.0

		(Pilkington:9months FY 07 Forecast	(Pilkington:1year (Pro Forma) Forecast
		(JPY billion)	
Net Sales	BP	333.5	400.0
	Auto	256.0	326.0
	IT	45.0	45.0
	Fiber	34.0	34.0
	Others	11.5	12.0
	Total	680.0	817.0
Operating Income	BP	18.9	24.0
	Auto	17.9	24.0
	IT	2.0	2.0
	Fiber	4.0	4.0
	Others	(7.8)	(8.0)
	Total	35.0	46.0

Pro Forma is an assumed data with Pilkington's 12months forecast consolidated. One off expenses related to the acquisition were excluded from this.

Convertible-Bond-Type Bonds with Stock Acquisition Rights

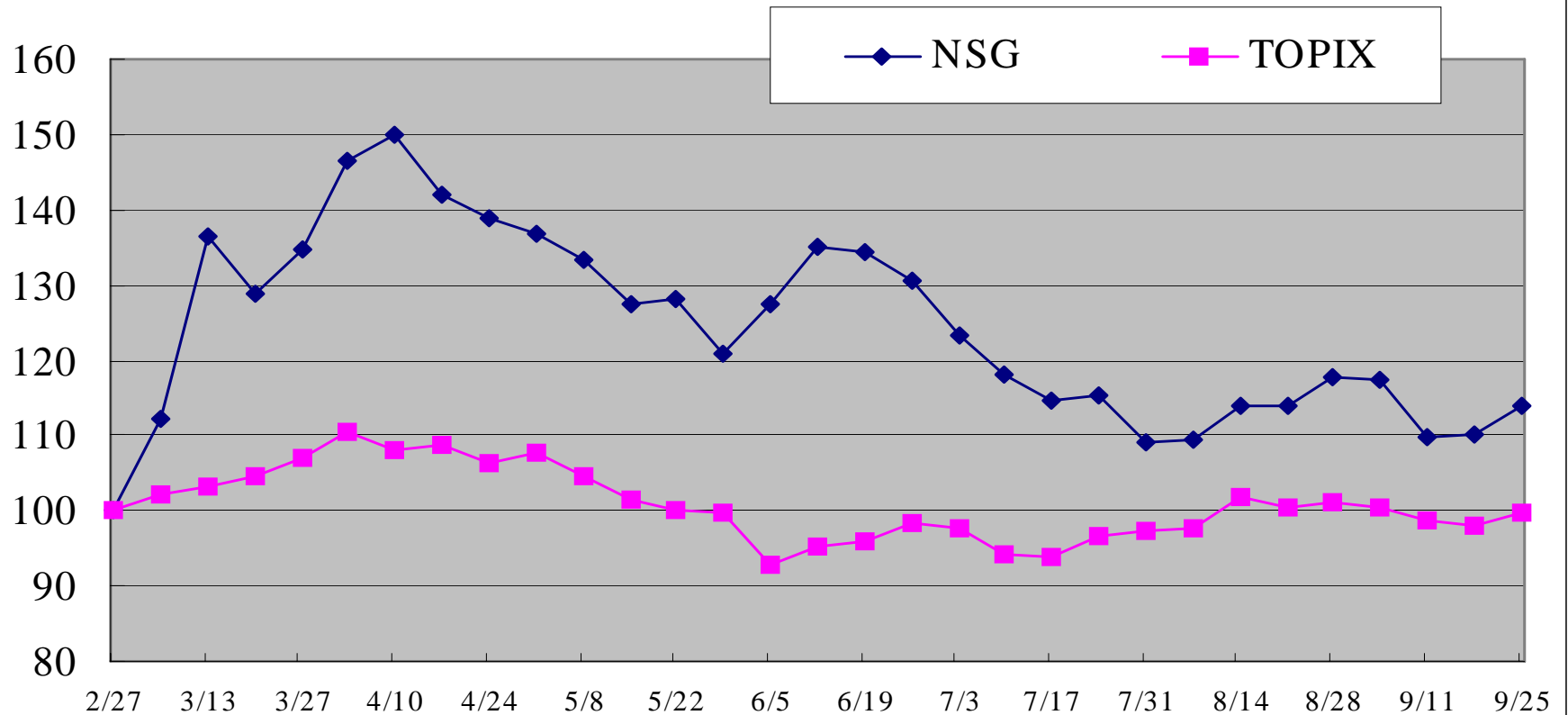


1. Amount converted : JPY 71billion / total amount issued : JPY 110 billion
Converted share : 142.3 million shares
Average unit price : JPY499
Conversion percentage : 65%

2. Potential increase in number of shares following full conversion
 - (1) using cap conversion price (JPY1010.4): 38.6 million shares
Total number of shares: 624.8 million shares.
 - (2) using conversion price as of 16th Nov. (JPY 478.0) : 81.6 million shares
Total number of shares : 667.8 million shares (minimum dilution)
 - (3) using floor conversion price (JPY 336.8) : 115.8 million shares
Total number of shares : 702.1 million shares (maximum dilution)

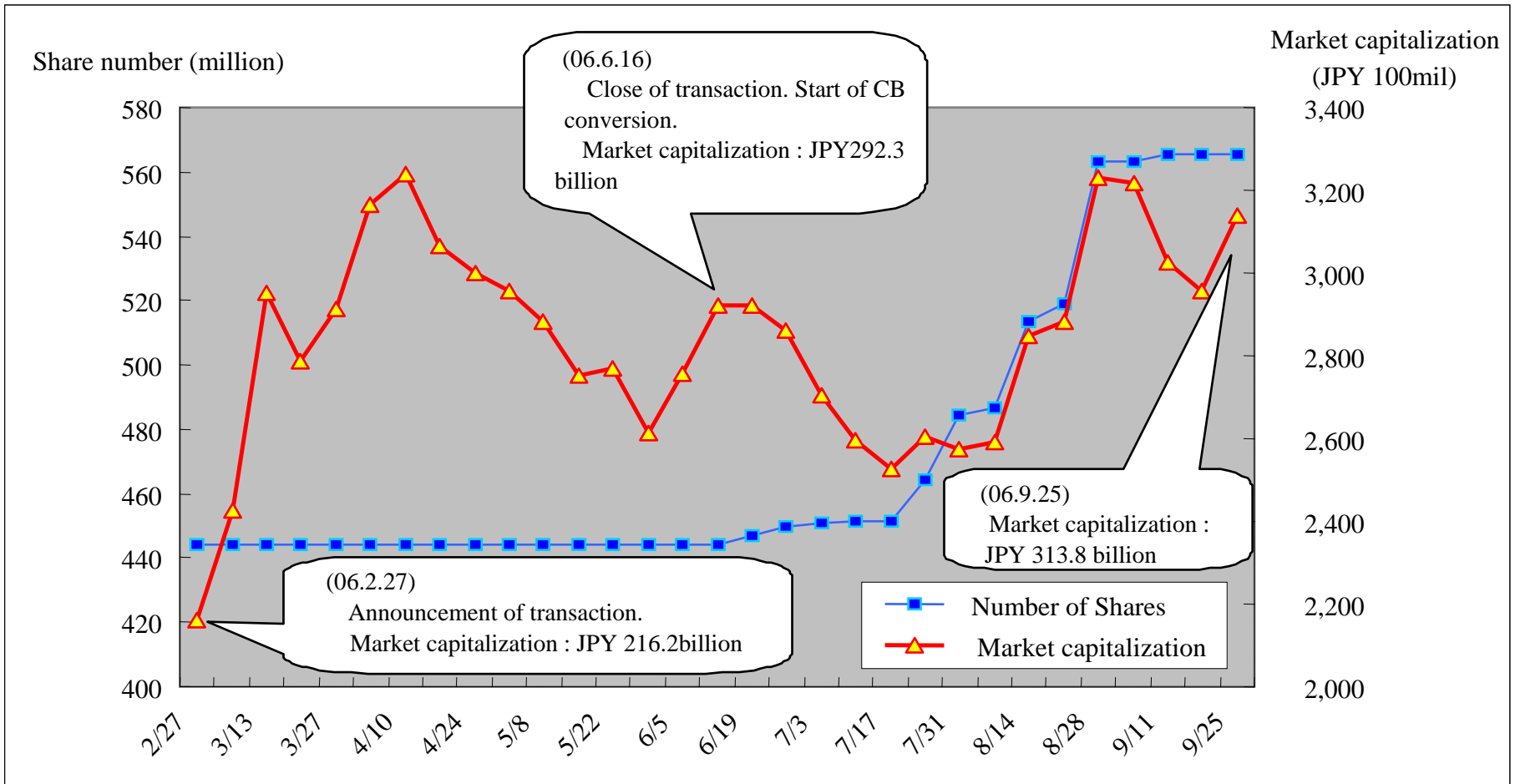
NSG Share Price

Changes in Stock Price



* Share price has kept outperforming TOPIX since the announcement of bonds issuance (Feb 27th).

Number of Shares and Market Capitalization



Now the market Cap. increased dramatically, compared to the level before the announcement of the deal.

Assumptions



		FY 2006	FY 2006	FY 2007	FY 2007
		First Half		First Half	Forecast
Exchange rate	(JPY/US\$)	111	113	115	113 (Forecast)
Exchange rate	(JPY/GBP)	199	205	221	210 (Forecast)
Crude oil price (CIF Dubai)	(US\$/B)	50	54	66	54 (Forecast)
Depreciation & amortization	(billion yen)	6.0	13.0	19.8	50.0 (PF)
Capital investment	(billion yen)	9.9	21.2	18.4	50.0 (PF)
R&E expenditure	(billion yen)	3.6	7.6	5.1	-
Free cash flow	(billion yen)	0.6	3.3	-218.9	-
Interest-bearing debt	(billion yen)	124.9	236.9	636.1	-
Number of employees		13,653	14,181	38,578	-

Notice



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

Nippon Sheet Glass Co., Ltd.