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Consolidated Financial Results for FY2007 first quarter

(January 1 through March 31, 2007)

1. Financial results for the three months ended March 31, 2007 (January 1 through March 31, 2007)

(1) Consolidated operating results

	For the three months ended March 31, 2007		For the three months ended March 31, 2006		(Reference) For the year ended December 31, 2006
	Millions of yen	%	Millions of yen	%	Millions of yen
Net sales	389,977	(0.5)	391,857	9.3	1,620,540
Operating income	43,461	34.9	32,219	(0.5)	136,611
Ordinary income	41,301	27.6	32,363	(4.0)	134,498
Net income	29,448	38.0	21,342	(7.7)	44,997
Net income per share - basic (Yen)	25.11		18.20		38.37
Net income per share - fully diluted (Yen)	23.60		17.16		36.61

(Note) With respect to net sales, operating income, ordinary income and net income, percentage figures show % change from the previous year's corresponding period.

(2) Consolidated financial position

	For the three months ended March 31, 2007		For the three months ended March 31, 2006		(Reference) For the year ended December 31, 2006
	Total assets (Millions of yen)	2,207,189		2,134,764	
Total net assets (Millions of yen)	1,019,160		886,063		991,751
Equity ratio (%)	42.6		41.5		42.4
Equity per share (Yen)	801.81		755.47		776.26

(3) Consolidated cash flows

(Unit: Millions of yen)

	For the three months ended March 31, 2007		For the three months ended March 31, 2006		(Reference) For the year ended December 31, 2006
	Cash flows from operating activities	36,281		30,001	
Cash flows from investing activities	(53,459)		(36,416)		(212,477)
Cash flows from financing activities	25,638		8,789		35,880
Cash and cash equivalents at the end of period	60,366		56,707		52,627

(Note)

- The accompanying consolidated financial results have been prepared based in part on some simplified procedures for accounting principles, such as accounting for income taxes.
- Number of consolidated subsidiaries: 229 companies, Number of equity method affiliates: 32 companies
- Changes in scope of consolidation: Consolidated subsidiaries; (addition) 1 company (exclusion) 11 companies
Equity method affiliates; (addition) none (exclusion) 2 companies

2. Outlook for FY2007, the fiscal year ending December 31, 2007 (Jan. 1 through Dec. 31, 2007)

	First half	Full year
Net sales (Millions of yen)	810,000	1,670,000
Ordinary income (Millions of yen)	80,000	170,000
Net income (Millions of yen)	44,000	90,000
Net income per share (Yen)	-	76.73

(Note)

- The figures above remain unchanged from the FY2007 outlook that had been announced on February 5, 2007.
- The above-mentioned outlook reflects management's judgment on the basis of currently available information, as such, contain risks and uncertainties. Actual results may be different from the outlook.

Operating Performance Highlights by Business Segment

1. Business review of the first quarter of 2007

During the first quarter of 2007 (January 1 through March 31, 2007), the Japanese economy recovered at a gradual pace as shown by the increase of both capital expenditure and employment opportunities, and exports and consumer spending continued to be strong. These achievements were made despite such concerns as price hikes of various raw materials and fuels such as oil. The increase in interest rates after the end of quantitative monetary easing policy also remained as a concern. In other Asian countries, China and ASEAN countries sustained high economic growth, while the economies of NIEs (Newly Industrialized Economies) slowed especially in IT and digital sectors. For Europe, the economy continued to be steady in Eastern Europe, including Russia, and consumer spending grew in Western Europe. The U.S. economy continued to grow, although such factors as weak housing market were causes for concern.

As for the target markets of the AGC Group, the market for cathode ray tube (CRT) glass continued to be weak, but the market for glass substrates for flat panel displays (FPDs) continued to be relatively steady despite not being in demand season. Regarding the Glass operation, growth in demand for flat glass was stagnant in some parts of Asia, but demand in Europe continued to be strong. For Chemicals operations, the market showed a weak recovery.

Under such market circumstances, the Group posted net sales of 390.0 billion yen for the first quarter under review, down 1.9 billion yen or 0.5% from a year earlier, operating income of 43.5 billion yen, up 11.2 billion yen or 34.9%, and ordinary income of 41.3 billion yen, up 8.9 billion yen or 27.6%. Net income increased 8.1 billion yen or 38.0%, year-on-year, to 29.4 billion yen.

2. Overview of the first quarter of 2007 by business segment

- Glass operations

The Glass operations comprise flat glass and automotive glass businesses, which are both conducted globally, as well as other glass business involving fiberglass and other glass applications, which are operated mainly in Japan.

Sales in the flat glass business increased from the same period last year thanks to the continuously firm market in Europe. Glass shipments showed a steady growth in fast-growing markets such as Russia. Demand also continued to grow in Western Europe. In Asia, the market was stagnant under the influence of Chinese-made low-priced products entering the market. The slower growth of housing starts in Japan and North America adversely affected the sales volume.

In the automotive glass business, earnings increased from a year earlier as sales volume remained steady, although worldwide auto production almost unchanged from a year earlier.

In other glass business, sales volume decreased from the same period last year due to withdrawal, by Asahi Fiber Glass Co., Ltd., from the composites business in March 2006.

Consequently, net sales from the Glass operations for the first quarter under review increased 10.6 billion yen or 5.3%, year-on-year, to 211.0 billion yen, and operating income increased 6.4 billion yen or 68.0% to 15.8 billion yen.

- Electronics and Display operations

The Electronics and Display operations consist of the display business, which handles glass substrates for flat panel displays (FPDs) and cathode-ray tube (CRT) glass, as well as the electronic materials business.

In the FPD glass business, revenue increased from a year earlier due to strong shipments mainly of glass substrates for thin film transistor liquid crystal displays (TFT LCDs), supported by a rise in demand of panels for thin-screen televisions and the spread of larger sizes of such panels. Especially, the shipments of glass substrates for TFT LCDs steadily increased due to the completion of facility renovations in the latter half of the previous year and the start of the operation at new facilities. Meanwhile, revenue in the CRT glass business decreased from the same period last year due to the accelerated shift in demand for FPDs.

In the electronics materials business, demand for synthetic quartz, which is used as projection lens materials in semiconductor manufacturing equipment, continued to grow steadily, although demand for display materials slightly slowed down. In the small- and medium-sized displays sector, revenue decreased from a year earlier due to stagnant business of products for mobile devices and industrial use, although demand for products for automotive use showed a steady growth.

As a result, net sales from Electronics and Display operations for the first quarter under review decreased 18.8 billion yen or 16.1%, year-on-year, to 97.8 billion yen. Operating income increased 3.3 billion yen or 16.9% to 22.5 billion yen.

- Chemicals operations

The Chemicals operations comprise the chlor-alkali & urethane business and the fluorochemicals & specialty chemicals business. The chlor-alkali & urethane business involves caustic soda, vinyl chloride monomers and other chlor-alkali chemicals in addition to basic ingredients of urethane. The fluorochemicals & specialty chemicals business consists of fluorochemical products, including fluorinated resins, fluorinated oil and water repellents, as well as other specialty chemicals, including battery materials and liquid crystal materials.

The chlor-alkali & urethane business improved from a year earlier because the prices of ethylene, the raw material of vinyl chloride-related products, eased after surge and the market showed a weak recovery.

In the fluorochemicals & specialty chemicals business, sales volume of fluorinated resins, fluoropolymer films and liquid crystal materials remained strong.

As a result, net sales from the Chemicals operations for the first quarter under review increased 4.0 billion yen or 5.6%, year-on-year, to 76.2 billion yen, and operating income increased 1.1 billion yen or 33.3% to 4.3 billion yen.

- Other operations

Other operations consist of the ceramics business as well as a variety of service-related businesses, including logistics and engineering services.

In the ceramics business, demand in the glass engineering sector remained strong in Asia while demand in the environmental energy sector continued to be steady in Japan.

As a result, net sales from Other operations for the first quarter under review decreased 0.5 billion yen or 2.8%, year-on-year, to 18.5 billion yen, while operating income increased 0.2 billion yen or 47.4% to 0.7 billion yen.

Consolidated Balance Sheets

(Unit: Millions of yen)

	As of March 31, 2007	As of December 31, 2006	As of March 31, 2006
Assets			
Current assets	736,541	722,824	695,900
Cash on hand and in banks	85,958	80,610	73,562
Trade notes and accounts receivable	296,914	295,078	302,751
Inventories	263,919	248,231	259,049
Other current assets	96,659	105,999	67,271
Allowance for bad debts	(6,910)	(7,095)	(6,734)
Fixed assets	1,470,422	1,426,489	1,438,631
Tangible fixed assets	1,036,211	1,008,116	945,432
Intangible fixed assets	57,011	57,573	98,475
Investments in securities	326,658	311,838	341,542
Other fixed assets	54,247	52,646	57,341
Allowance for bad debts	(3,707)	(3,685)	(4,159)
Deferred assets	226	232	232
Total assets	2,207,189	2,149,546	2,134,764

Consolidated Balance Sheets

(Unit: Millions of yen)

	As of March 31, 2007	As of December 31, 2006	As of March 31, 2006
Liabilities and shareholders' equity			
Current liabilities	603,828	618,041	610,012
Payables	252,355	265,546	273,236
Bonds and short-term bank loans	210,466	212,144	185,802
Other current liabilities	141,006	140,351	150,972
Non-current liabilities	584,201	539,753	541,354
Bonds and long-term bank loans	400,561	362,735	366,147
Other non-current liabilities	183,639	177,018	175,207
Total liabilities	1,188,029	1,157,795	1,151,367
Minority interests in consolidated subsidiaries	-	-	97,334
Shareholders' equity	-	-	886,063
Common stock	-	-	90,475
Additional paid-in capital	-	-	96,564
Retained earnings	-	-	568,889
Asset revaluation reserve	-	-	99
Unrealized gains on securities, net of tax	-	-	136,956
Foreign currency translation adjustments	-	-	6,813
Treasury stock	-	-	(13,735)
Total liabilities and shareholders' equity	-	-	2,134,764
Net assets			
Shareholders' equity	776,440	756,424	-
Common stock	90,483	90,480	-
Additional paid-in capital	96,571	96,569	-
Retained earnings	603,242	583,176	-
Treasury stock	(13,857)	(13,802)	-
Valuation and translation adjustments	164,007	154,062	-
Unrealized gains on securities, net of tax	131,757	123,312	-
Deferred gains or losses on hedges, net of tax	1,226	(1,038)	-
Asset revaluation reserve	63	63	-
Foreign currency translation adjustments	30,960	31,724	-
Share subscription rights	1	1	-
Minority interests in consolidated subsidiaries	78,710	81,263	-
Total net assets	1,019,160	991,751	-
Total liabilities and net assets	2,207,189	2,149,546	-

Consolidated Statements of Income

(Unit: Millions of yen)

	For the three months ended March 31, 2007 (January 1 through March 31, 2007)	For the three months ended March 31, 2006 (January 1 through March 31, 2006)	For the year ended December 31, 2006 (January 1 through December 31, 2006)
Net sales	389,977	391,857	1,620,540
Cost of sales	279,158	294,922	1,217,654
Selling, general and administrative expenses	67,357	64,715	266,274
Operating income	43,461	32,219	136,611
Other income	5,109	5,498	24,906
Interest and dividend income	929	775	6,915
Equity in earnings of unconsolidated subsidiaries and affiliates	1,735	1,073	3,326
Others	2,445	3,649	14,664
Other expenses	7,270	5,354	27,019
Interest expenses	4,173	3,556	16,704
Others	3,096	1,798	10,315
Ordinary income	41,301	32,363	134,498
Extraordinary gains	8,771	7,973	29,388
Extraordinary losses	6,240	10,156	125,595
Income before income taxes and minority interests	43,831	30,181	38,291
Income taxes	13,599	11,366	6,132
Minority interest in earnings (losses) of consolidated subsidiaries	784	(2,527)	(12,838)
Net income	29,448	21,342	44,997

Consolidated Statements of Cash Flows

(Unit: Millions of yen)

	For the 3 months ended Mar. 31, 2007 (January 1 through March 31, 2007)	For the 3 months ended Mar. 31, 2006 (January 1 through March 31, 2006)	For the year ended Dec. 31, 2006 (January 1 through December 31, 2006)
Cash flows from operating activities			
Income before income taxes and minority interests	43,831	30,181	38,291
Depreciation and amortization of goodwill	30,890	31,421	133,843
Impairment loss on long-lived assets	-	5,998	45,557
Equity in earnings of unconsolidated subsidiaries and affiliates	(1,735)	(1,073)	(3,326)
(Increase) decrease in receivables	(3,649)	9,353	16,908
(Increase) decrease in inventories	(15,599)	(18,726)	2,990
(Decrease) increase in payables	(10,610)	(8,455)	(18,892)
Others	(327)	1,282	28,340
Subtotal	42,801	49,981	243,712
Interest received/paid and dividends received	(2,763)	(1,446)	(11,152)
Income taxes paid	(3,757)	(18,533)	(58,563)
Net cash provided by operating activities	36,281	30,001	173,997
Cash flows from investing activities			
Purchases of property, plant and equipment	(64,873)	(48,583)	(242,121)
Proceeds from sale of property, plant and equipment	6,778	3,908	14,456
Purchase of investments in securities, unconsolidated subsidiaries and affiliates	(278)	(4,016)	(6,071)
Proceeds from sale and redemption of investments in securities, unconsolidated subsidiaries and affiliates	2,745	8,093	26,378
Others	2,168	4,182	(5,119)
Net cash used in investing activities	(53,459)	(36,416)	(212,477)
Cash flows from financing activities			
Increase in bank loans, bonds and CP	35,736	18,905	56,034
Dividends paid	(10,106)	(10,050)	(19,973)
Others	8	(65)	(180)
Net cash provided by financing activities	25,638	8,789	35,880
Effect of exchange rate changes on cash and cash equivalents	(302)	403	1,553
Changes in cash and cash equivalents	8,157	2,777	(1,046)
Cash and cash equivalents at beginning of period	52,627	54,006	54,006
Cash and cash equivalents held by newly consolidated subsidiaries net of those held by deconsolidated subsidiaries	(417)	(76)	(332)
Cash and cash equivalents at end of period	60,366	56,707	52,627

Segment Information

1. Business Segment

For the three months ended March 31, 2007 (January 1 through March 31, 2007)

(Unit: Millions of yen)

	Glass	Electronics and Display	Chemicals	Other	Total	Corporate or elimination	Consolidated total
Sales to customers	210,002	97,318	75,309	7,346	389,977	-	389,977
Inter-segment sales/transfers	1,036	529	860	11,187	13,613	(13,613)	-
Total sales	211,038	97,848	76,170	18,533	403,590	(13,613)	389,977
Operating expenses	195,276	75,377	71,859	17,793	360,307	(13,791)	346,515
Operating income	15,762	22,471	4,310	739	43,283	177	43,461

For the three months ended March 31, 2006 (January 1 through March 31, 2006)

(Unit: Millions of yen)

	Glass	Electronics and Display	Chemicals	Other	Total	Corporate or elimination	Consolidated total
Sales to customers	198,037	116,375	71,110	6,334	391,857	-	391,857
Inter-segment sales/transfers	2,439	258	1,015	12,726	16,439	(16,439)	-
Total sales	200,476	116,634	72,125	19,060	408,297	(16,439)	391,857
Operating expenses	191,093	97,414	68,891	18,558	375,959	(16,320)	359,638
Operating income	9,383	19,219	3,233	501	32,338	(118)	32,219

2. Geographic Segment

For the three months ended March 31, 2007 (January 1 through March 31, 2007)

(Unit: Millions of yen)

	Japan	Asia	The Americas	Europe	Total	Corporate or elimination	Consolidated total
Sales to customers	160,784	83,973	46,137	99,080	389,977	-	389,977
Inter-segment sales/transfers	45,406	16,236	2,150	710	64,504	(64,504)	-
Total sales	206,191	100,209	48,288	99,790	454,481	(64,504)	389,977
Operating expenses	183,459	90,934	49,795	86,524	410,714	(64,198)	346,515
Operating income (loss)	22,732	9,275	(1,507)	13,265	43,767	(305)	43,461

For the three months ended March 31, 2006 (January 1 through March 31, 2006)

(Unit: Millions of yen)

	Japan	Asia	The Americas	Europe	Total	Corporate or elimination	Consolidated total
Sales to customers	168,336	89,160	49,904	84,456	391,857	-	391,857
Inter-segment sales/transfers	49,657	17,089	2,405	535	69,686	(69,686)	-
Total sales	217,993	106,249	52,309	84,991	461,544	(69,686)	391,857
Operating expenses	197,323	97,393	53,930	79,702	428,349	(68,711)	359,638
Operating income (loss)	20,669	8,856	(1,620)	5,288	33,194	(975)	32,219

Supplementary Information

1. Operating results

(Unit: Billions of yen)

	For the 3 months ended March 31, 2007	For the 3 months ended March 31, 2006
Net sales	390.0	391.9
Operating income	43.5	32.2
Ordinary income	41.3	32.4
Net income	29.4	21.3
Total net assets	1,019.2	886.1
Net income per share (Yen)	25.11	18.20

2. Major item

(Unit: Billions of yen)

	For the 3 months ended March 31, 2007	For the 3 months ended March 31, 2006
Capital expenditures	63.7	52.8
Depreciation and amortization	30.3	29.5
Interest expenses & dividend income	(3.8)	(3.1)

	As of March 31, 2007	FY 2006	As of March 31, 2006
Interest-bearing debts	611.0	574.9	553.2
D/E ratio	0.60	0.58	0.56

3. Outlook for FY 2007 operating results

(The figures below remain unchanged from the FY2007 outlook that had been announced on February 5, 2007.)

(Unit: Billions of yen)

	FY2007	First half of FY2007
Net sales	1,670.0	810.0
Operating income	180.0	85.0
Ordinary income	170.0	80.0
Net income	90.0	44.0
Capital expenditures	240.0	
Depreciation and amortization	135.0	
Research and development costs	35.0	

4. Outlook for FY 2007 operating results by business segment

(The figures below remain unchanged from the FY2007 outlook that had been announced on February 5, 2007.)

(Unit: Billions of yen)

	Net sales	Operating income
Glass	830.0	53.0
Electronics and Display	500.0	115.0
Chemicals	310.0	10.0
Other	90.0	2.0
Corporate or elimination	(60.0)	0
Consolidated total	1,670.0	180.0

5. Exchange rates

	For the 3 months ended March 31, 2007		For the 3 months ended March 31, 2006		FY 2006		FY 2007
	Average	End of period	Average	End of period	Average	End of period	Outlook
Yen / US Dollar	119.41	118.05	117.16	117.47	116.40	119.11	115
Yen / Euro	157.26	157.33	140.92	142.81	146.87	156.50	150