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Asahi Glass Reports Consolidated Financial Results for the First Half of FY2004 (January 1 through June 30, 2004)

1. Consolidated results for the first half of FY2004 (from January 1 to June 30, 2004)

(1) Consolidated operating results

	First half of FY2004 (ended June 30, 2004)	First half of FY2003 (ended Sep. 30, 2003)	FY2003 (full year) (ended Dec. 31, 2003)
Net sales (millions of Yen)	715,114	661,720	1,242,956
Operating income (millions of Yen)	65,666	36,155	83,187
Ordinary income (millions of Yen)	64,651	33,259	75,414
Net income (millions of Yen)	59,463	29,445	53,641
Net income per share – basic (yen)	50.67	25.08	45.65
Net income per share – fully diluted (yen)	47.60	23.79	43.17

(2) Consolidated financial position

	First half of FY2004 (ended June 30, 2004)	First half of FY2003 (ended Sep. 30, 2003)	FY2003 (full year) (ended Dec. 31, 2003)
Total assets (millions of Yen)	1,863,041	1,867,180	1,806,611
Total shareholders' equity (millions of Yen)	689,225	615,438	622,798
Equity ratio (%)	37.0	33.0	34.5
Equity per share (yen)	587.29	524.34	530.57

(3) Consolidated cash flows (Unit: millions of yen)

	First half of FY2004 (ended June 30, 2004)	First half of FY2003 (ended Sep. 30, 2003)	FY2003 (full year) (ended Dec. 31, 2003)
Cash flows from operating activities	115,228	76,412	147,883
Cash flows from investing activities	(55,088)	(33,847)	(61,461)
Cash flows from financing activities	(47,640)	(52,805)	(92,331)
Cash and cash equivalents at the end of the year	68,745	54,848	55,915

(4) Scope of consolidation and equity method affiliates

Number of consolidated subsidiaries	251 companies
Number of unconsolidated subsidiaries to which equity method was applied	3 companies
Number of equity method affiliates	32 companies

Changes in scope of consolidation Consolidated subsidiaries: (increase) 12 companies (decrease) 12 companies
Equity method affiliates: (increase) 0 companies (decrease) 3 companies

2. Outlook for the full FY2004 (from January 1 to December 31, 2004)

	FY2004 (full year)
Net sales (millions of Yen)	1,450,000
Ordinary income (millions of Yen)	122,000
Net income (millions of Yen)	73,000
Forecasted net income per share (full year) (Yen)	62.20

(Note)

1. Equity in earnings of unconsolidated subsidiaries and affiliates:
   First half of FY2004: 3,549 million yen First half of FY2003: 1,686 million yen FY2003: 2,541 million yen
2. Number of average shares in the first half (consolidated basis):
   First half of FY2004: 1,173,624,859 shares First half of FY2003: 1,173,779,875 shares FY2003: 1,173,759,534 shares
3. Number of outstanding shares at end of the term (consolidated basis):
   First half of FY2004: 1,173,568,828 shares First half of FY2003: 1,173,743,498 shares FY2003: 1,173,705,662 shares
4. All financial information has been prepared in accordance with accounting principles generally accepted in Japan.
5. Rounded off to millions of Yen.
6. First half of FY2004 denotes the period from January 1 to June 30, 2004, and first half of FY2003 denotes the period from April 1 to September 30, 2003. The Company's previous fiscal year (FY2003) includes only 9 months (April 1 to December 31, 2003) due to the change of its fiscal year-end.
7. The above-mentioned outlook reflects forecasts on the basis of currently available information and actual results may materially differ. For matters concerning the above outlook, please see Page 9 of the attached materials.

Overview of the AGC Group

Asahi Glass Company, Limited (the “Company”) (“AGC”) Group consists of the Company and its 333 subsidiaries and 61 affiliates.
The main business description of the Company, its consolidated subsidiaries, and affiliates under the equity method is as set out below. The same classification is used in the business segment information.

Segment	Main Business		Main companies
Glass Operations	Flat Glass Automotive Glass Other Glass	Japan	The Company, Asahi Glass Building Materials, AGC AX, Asahi Glass Exterior Building Materials, Asahi Fiber Glass, Asahi Techno Glass* 28 other consolidated subsidiaries 3 companies under the equity method (36 companies in total)
		Overseas	(Asia) Asahimas Flat Glass (Indonesia), Thai-Asahi Glass Public (Thailand) (America) 19 group companies of AFG Industries (head office in the United States) (Europe) 104 group companies of Glaverbel S.A. (head office in Belgium) 16 other consolidated subsidiaries 14 companies under the equity method (155 companies in total)
Electronics and Display Operations	CRT (Cathode-Ray Tube) Glass FPD (Flat Panel Display) Glass Electronic Materials	Japan	The Company, Optrex, Asahi Glass Fine Techno 6 other subsidiaries Companies under the equity method; ELNA* 1 other company (10 companies in total)
		Overseas	(Asia) Asahi Techno Vision (Singapore), Pacific Glass (Taiwan), Asahi Glass Fine Techno Taiwan (Taiwan), Hankuk Electric Glass (Korea), Siam Asahi Technoglass (Thailand) (America) Optrex America (U.S.) (Europe) Optrex Europe (Germany) 14 other consolidated subsidiaries Companies under the equity method; Shanghai Asahi Electronic Glass (China) 4 other companies (26 companies in total)
Chemicals Operations	Fluorochemicals Chlor-Alkalis Urethanes and Others Other Chemicals	Japan	The company, Asahi Glass Urethane, Seimi Chemical, Keiyo Monomer, Asahi Glass Engineering, Ise Chemicals* 10 other consolidated companies Companies under the equity method; Hokkaido Soda 4 other companies (20 companies in total)
		Overseas	(Asia) Asahimas Chemical (Indonesia), Thasco Chemical (Thailand) (America) AGC Chemicals Americas (U.S.) (Europe) Asahi Glass Fluoropolymers UK (England) 9 other consolidated subsidiaries 5 companies under the equity method (18 companies in total)
Other Operations	Ceramics Service-related Business	Japan	Asahi Distribution & Delivery, A.G. Finance, Asahi Glass Machinery, Asahi Glass Ceramics 8 other consolidated subsidiaries (12 companies in total)
		Overseas	(America) Asahi Glass America (U.S.) 7 other consolidated subsidiaries 1 company under the equity method (9 companies in total)

(Note)
1. The Company is not included in the total number of companies in the classification of operations.
2. Main subsidiaries and affiliates designated by a ‘*’ are listed on securities markets in Japan.
   Asahi Techno Glass (Second Section of the Tokyo Stock Exchange)
   Ise Chemicals (Second Section of the Tokyo Stock Exchange)
   ELNA (Second Section of the Tokyo Stock Exchange)

Management Policy

1. Fundamental Management Policy

It is the fundamental management policy of the AGC Group, as a leading multinational supplier of materials and components based on its core technologies in glass, fluorine chemistry, and other related fields, to strive to enhance the aggregate business value of the Group by constantly looking toward the future with a forward-looking vision that extends beyond its own realm of business.

All corporate and personal members of the Group are expected to think and act in full accord with "innovation and operational excellence," "diversity," "environment," and "integrity," which have been identified as the four most important corporate values to be shared and pursued among themselves.

2. Allocation and Distribution of Profits

The AGC Group pledges to maintain stable dividends, and will calculate dividends based on a consideration of various factors including consolidated results and dividend payout ratio, to ensure that the expectations of its shareholders will be met. The Group will also allocate retained earnings to R&D, capital investment and mergers and acquisitions with a view to strengthening its financial position and enhancing shareholder value.

3. Trading Unit of Common Shares

The AGC Group finds it a useful measure of revitalizing the market to lower the trading unit of its shares, and recognizes the matter as one of its important management issues. It is the policy of the Group to deal with this matter on the basis of future stock market conditions as well as market trends on trading unit.

4. Targeted Management Index

The AGC Group aims to steadily improve ROE from the viewpoint of enhancing capital efficiency, targeting an ROE of 10% during the term in *"**Shrink to Grow 2005**"* initiatives (from the fiscal year ended in December 2003 to the fiscal year ending in December 2005.)

Furthermore, the Group intends to achieve an operating margin of at least 10%, a target set forth in a new three-year mid-term management plan due to start in fiscal 2005.

5. Medium- and Long-term Strategies

The AGC Group defines the following as important management strategies: concentrating management resources on three major business areas (materials and components for Glazing, Display, and Electronics & Energy application) to maximize Group value, enhancing competitiveness by leveraging the Group's core competences, and executing management by global teams.

The Group adopted "***Shrink to Grow***" initiatives as its management policy in 1998 and has executed business structural reforms that prioritize resources for growth in the years ahead, and has implemented various measures to make qualitative changes to the Group. As a result, the Group has drastically reduced costs by withdrawing form less competitive businesses and cutting jobs, while Electronics and Display operations have grown significantly through the aggressive allocation of resources.

In accordance with the progress of the corporate restructuring, a new management policy for the next growth was clearly defined. In particular, the following three specific growth strategies are to be pursued: (1) To concentrate on further expanding the high-growth flat panel display [FPD] glass operations, (2) To take full advantage of globally integrated Glass operations, and (3) To aggressively expand business in such fast-growing markets as China, Southeast Asia, Central Europe and Russia.

In order to assure the implementation of these strategies, **"JIKKO"-*Execution for Excellence*** was adopted as a new management policy in April 2004. It is the basic concept of "**JIKKO"** to attach much importance to execution in all areas of the business and ensuring that Plan-Do-Check-Action (PDCA) cycles are functioning properly to create the momentum that drives shareholder value higher.

JIKKO (noun): *A Japanese word that means implementation, execution, performance and fulfillment.*

6. Issues to Contend with

In order to achieve steady growth in line with the management policy of **"JIKKO"-*Execution for Excellence***, it is most important to adopt measures to best utilize a strong technological base that the AGC Group has built up throughout its long history, as well as a large presence in the global markets.

In Glass operations, under the globally integrated management system, the Group will work to raise profitability and generate cash flows through operational excellence, ensure global production optimization, and expand its businesses in emerging markets.

In Electronics and Display operations, the aim is to spur growth by timely investment and increased productivity, as well as through technological development, particularly in respect of high growth FPD glass. Concurrently, seizing on expansion in the market for home digital electronics, the Group is focusing its energies on various electronic materials.

And in Chemicals operations, the Group is strengthening its activities in the specialty chemicals fields, where the core product is fluorochemicals.

Moreover, to augment the existing business portfolio, the Group is engaged in the development of next-generation growth business rooted in its core technologies in glass and fluorine chemistry.

7. Risks Associated with Operations

The AGC Group's operating results may be impacted not only by trends in the construction and building materials industry, automotive industry, and electronics and display industry, but also by currency exchange rate fluctuations, stock market conditions, and other factors.

Based on the initiatives of business structural reform, the Group will focus on selected operations, introduce cost cutting measures, and strive to bolster profitability by withdrawing from less competitive businesses and introducing high value-added products to the markets. As a result of these structural reforms, it may incur extraordinary losses.

8. Basic Policy of Corporate Governance and Introduction of Related Measures

The AGC Group's basic policy on the establishment of its corporate governance system is to clearly separate the oversight and management functions, and to distinguish between corporate function and operational function of the latter.

More specifically, in the annual general shareholders' meeting held in June 2002, the Group decided to reform the structure of the Board of Directors whose functions were redefined as the "body that approves basic policies and oversees the management of the Group." The meeting also resolved that the number of directors should be reduced from twenty to seven, including two independent directors, and that the term of office of directors should be shortened to one year. (Subsequently, the number of directors was reduced from seven to six, including two independent directors, as resolved at the annual general shareholders' meeting held in March 2004.)

At the same time, the Group introduced so called "executive officer system", in which executive officers (with a one-year term of office) are clearly distinguished from directors under Japan's Commercial Code, and are responsible for the execution of the Group's management and business operations.

In June 2003, the Group established two discretionary organizations, namely the Nominating Committee and the Compensation Committee, to further strengthen its corporate governance system and improve the objectivity in evaluation, nomination and remuneration of directors and executive officers.

The Nominating Committee is an advisory committee of the Board of Directors, and consists of four directors in total, including two independent directors. The Compensation Committee is also an advisory committee of the Board of Directors, and consists of four directors in total, including two independent directors.

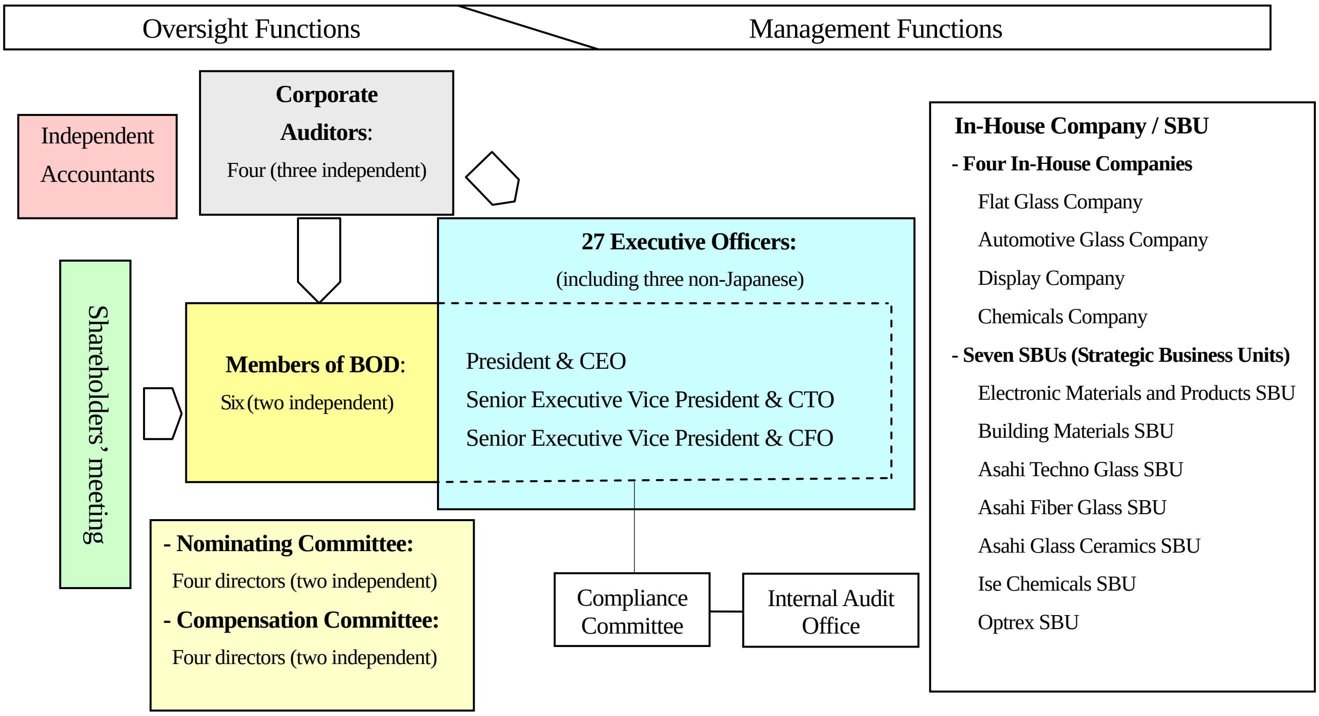
The Group adopts the corporate auditor system, and three of the four corporate auditors are independent. Each corporate auditor attends meetings of the Board of Directors and other important meetings of the Group, inspects important documents, audits each department of the head office and other offices and plants, investigates subsidiaries, and reports the results to the Board of Corporate Auditors. In addition, the Board of Corporate Auditors receives an independent accountants' report regarding the auditing method and results.

As a management execution system, the Group introduced the In-House Company system in April 2002. With the introduction of this system, the Group changed its business operation system from a region-by-region basis operation system to a globally consolidated management system. It substantially transferred responsibility and authority for management function to each In-House Company or Strategic Business Unit (SBU).

A business unit of which sales exceed approximately 200 billion yen and which operates its businesses on a global basis is defined as In-House Company. Based on this, the Group has established four In-House Companies that conduct operations for "Flat Glass," "Automotive Glass," "Display," and "Chemicals." Business units that are smaller than this are regarded as SBUs. The Group has seven SBUs at present.

In the Group vision of "***Look Beyond***" that was announced in April 2002, the Group defined that "integrity" was one of the most important values to be shared throughout the Group. It has therefore endeavored to establish and strengthen a compliance system based on this value. For instance, the Group established the Compliance Committee under the President&CEO responsible for legal compliance, and this committee serves as a professional body for legal compliance and corporate ethics. The committee is chaired by a Senior Executive Vice President, and plans, formulates and executes compliance measures for the entire Group. Also, to ensure complete adherence to rules of behavior based on the law and corporate ethics, the Group has drafted and announced a set of principles and standards, and is introducing them to the Group around the world. Moreover, Asahi Glass has set up a contact point for reporting and consultation at an office of an independent law firm as a help-line, in addition to the internal reporting contact used in the past, and has obliged executives to submit statements of compliance with the code of conduct.

As a function to assist the Board of Directors and the President&CEO, the Internal Audit Office is striving to monitor establishment and operations of an internal control system for the Group, support those for each In-House Company/SBU, and build a global internal audit system that can be placed in operation for the Group around the world. In effect, the office has been conducting these activities in full cooperation with corporate auditors.



Operating Results and Financial Conditions

At its 78th general meeting of shareholders held in June 2003, the AGC Group revised its Articles of Incorporation, to the effect that the Group's fiscal year-end was changed from March 31 to December 31. Accordingly, the first half of this fiscal 2004 denotes the period from January 1 through June 30, 2004, while that of the previous fiscal 2003 denotes the period from April 1 through September 30, 2003.

1. Overview of the First Half of FY2004

(Unit: Billions of Yen) (Unit: Yen)

	Net sales	Operating income	Ordinary income	Net income	Net income per share
First half of FY2004 (January 1 through June 30, 2004)	715.1	65.7	64.7	59.5	50.67
First half of FY2003 (April 1 through September 30, 2003)	661.7	36.2	33.3	29.4	25.08
Change %	8.1%	81.6%	94.4%	101.9%	-

Signs of an upturn in the Japanese economy were evident during the first half of 2004, along with increased exports, mainly to Asian countries, combined with a pickup in demand for home digital electronics products such as thin-screen TVs, digital cameras, and DVD decks. The Asian economy continued to enjoy the trend of economic expansion on the back of steady export demand in such countries as China and Thailand. The U.S. economy continued a phase of brisk economic recovery with continued growth in corporate earnings. Moreover, although the situation differed by country, the European economy was on a gradual track as a whole while, in particular, Russia and Central Europe continued to record strong economic growth.

The AGC Group continued to work proactively to expand its business operations in rapidly growing market for glass substrates used in TFT LCDs and PDPs. At the same time, the Group worked diligently to improve profitability by offsetting impacts of increased costs due to price hikes for raw materials and fuel, such as oil and natural gas, by cost reductions achieved through productivity improvement and selling price revisions for some products. Also, extraordinary income of 24.3 billion yen was recorded due to return of substitute portion of employees pension program to the government in this first half period.

As a result, for the first half of fiscal 2004 the Group posted net sales of 715.1 billion yen, up 8.1% or 53.4 billion yen compared with the same term last year. Operating income rose 81.6%, or 29.5 billion yen, to 65.7 billion yen, ordinary income jumped 94.4%, or 31.4 billion yen, to 64.7 billion yen, and net income soared 101.9%, or 30.0 billion yen, to 59.5 billion yen, all of which represent the best result to date.

There was no interim dividend payment last year due to a change in the fiscal year but Asahi Glass had paid 6.75 yen (9 yen per share on an annualized basis) as the year-end dividend for the previous fiscal year. In terms of interim dividend payable for the first half of fiscal 2004, however, the Company will pay 6 yen per share, which increases form the previous payment of 4.5 yen, in accordance with a policy mentioned in "Allocation and Distribution of Profits" referred to in the above.

2. Overview by Segment

- Performance by business segment

(Unit: Billions of Yen)

	Net sales		Operating income	
	First half FY2004	First half FY2003	First half FY2004	First half FY2003
Glass	362.9	350.8	22.7	14.8
Electronics and Display	207.6	176.0	33.6	17.4
Chemicals	136.4	128.9	7.9	3.4
Other	37.5	33.3	1.4	0.6
Corporate or Elimination	(29.3)	(27.3)	0.0	0.0
Consolidated total	715.1	661.7	65.7	36.2

- Performance by geographic segment (Unit: Billions of Yen)

	Net sales		Operating income	
	First half FY2004	First half FY2003	First half FY2004	First half FY2003
Japan	424.6	388.0	28.5	9.1
Asia	155.7	120.8	27.3	17.6
The Americas	102.7	84.0	(1.2)	2.0
Europe	146.8	139.3	12.9	7.7
Corporate or Elimination	(114.7)	(70.4)	(1.8)	(0.2)
Consolidated total	715.1	661.7	65.7	36.2

- Glass operations

The Glass operations essentially comprise flat glass operations for construction and automotive glass operations, both of which are conducted globally, and other glass for exterior siding boards and other applications, which are mainly conducted in the Japanese domestic market.

In the flat glass operations, North America and Europe were on a gradual recovery track while Asia sustained stable growth and, overall, capacity utilization improved in the three regions. Moreover, efforts to reduce costs, entailing global benchmarking which analyzes the productivity of the AGC Group's manufacturing facilities around the world, started being rewarded. Although sales volume increased in North America, operating performance felt some impact from increasing costs mostly due to natural gas price hikes. Sales in Europe were brisk mainly because demand in Central and Eastern Europe (particularly in Russia) remained strong, while sales of high value-added products in Western Europe were robust. In Asia, fueled by economic growth in China, Thailand and Philippines, sales were continuously good, and, even in Japan, demand was moderately sound as the economy appeared to be in an upwind.

In the automotive glass operations, global sales increased in the first half period driven by an increase in demand for value-added products. In Japan, even with this period's automotive production being on a par with 2003, sales were up as value-added sales increased. Asian automotive production (apart from Japan) was higher than last year, accounting for increased sales for the AGC Group. In Europe, automotive production was up, with the Group registering a similar increase in sales in this first half period. In North America, sales increased in line with increased demand for value-added products.

In other glass operations, profitability improved somewhat as a result of a slight recovery of sales in the external building materials business for housing and the effects of restructuring measures implemented at Asahi Techno Glass Corporation.

In addition to the above, consolidation goodwill associated with a U.S.-based subsidiary began being amortized this fiscal year in conformity with accounting principles and practices generally accepted in Japan. As a result, sales for the Glass operations amounted to 362.9 billion yen, up 3.4% or 12.0 billion yen compared with the same term last year, while operating income rose 53.3%, or 7.9 billion yen, to 22.7 billion yen.

- Electronics and Display operations

The Electronics and Display operations involve display operations, which handles cathode-ray tube (CRT) glass as well as glass substrates for flat panel displays (FPDs), in additions to electronic materials operations.

The CRT glass business remained stable, as sales volume increased favored by a recovery in the market since the latter half of last year, although there were considerable adverse effects of increasing costs due to the Japanese yen's appreciation as well as steep rise in raw materials and fuel. Especially, the supply of small- and medium-sized products was tight due to a lively demand in Brazil, Russia, India and China (also known as the BRICs) and, as a consequence, price revisions were accepted in part by the market.

The FPD glass business was looking positive due to increased sales of PC monitors and thin-screen TVs, and the AGC Group's sales of the glass substrates for TFT LCDs and PDPs were in good shape throughout the period.

As for electronic materials operations, demand of the small- and medium-sized displays installed in cellular phones remained at a high level.

In addition, sales of optical pickup elements for DVD decks, optical filters for liquid crystal projectors and digital cameras, glass frit and paste for PDPs, synthetic quartz for semiconductor manufacturing equipment and such, continued to be growing steadily along with the increasing use of home digital electronics products. As a result, sales for the Electronics and Display operations jumped 18.0%, or 31.6 billion yen, year on year, to 207.6 billion yen, while operating income soared 93.1%, or 16.2 billion yen, to 33.6 billion yen.

- Chemicals operations

The Chemicals operations consist of chlor-alkalis operations for caustic soda and other products, fluorochemicals operations for fluorinated resins, fluoropolymer films and fluorinated gases and solvents, and urethanes and other chemical operations.

The chlor-alkalis operations benefited from a sustained strength of sales registered by the Thai and Indonesian subsidiaries, bolstered by strong demand in China and Southeast Asia. Thanks to positive effects of cost-cutting initiatives and steady export demand, revenue in the chemical business recovered in Japan as well.

With respect to the fluorochemicals operations, sales of water and oil repellents as well as optical filters for PDPs remained strong. As for fluorinated resins, while PTFE operations in the U.S. were still under restructuring reforms to improve their profitability, PTFE, ETFE and fluorinated elastomers businesses in other regions continued to be favorable.

As a result, sales for the Chemicals operations reached 136.4 billion yen, which increased by 5.8% or 7.5 billion yen compared with the same term last year, while operating income rose 131.2%, or 4.5 billion yen, to 7.9 billion yen.

- Other operations

Other operations comprise ceramics and a variety of service-related operations, including logistics and engineering services.

In the ceramics operations, cooperative production system in Japan and China in the glass manufacturing application was improved, and fine ceramics were in good demand. Consequently, sales for the other operations segment amounted to 37.5 billion yen, up 12.8% or 4.3 billion yen, year on year, while operating income rose 155.7%, or 0.9 billion yen, to 1.4 billion yen.

3. Financial Conditions

(Unit: Billions of Yen)

	First half FY2004	First half FY2003	Change
Cash flows from operating activities	115.2	76.4	38.8
Cash flows from investing activities	(55.1)	(33.8)	(21.2)
Cash flows from financing activities	(47.6)	(52.8)	5.2
Cash and cash equivalents at end of period	68.7	54.8	13.9

- Cash flows from operating activities

Cash flows from operating activities for the first half of fiscal 2004 amounted to 115.2 billion yen, which increased by 38.8 billion yen compared with same term last year, with gains in income before income taxes as a result of earnings in the Electronics and Display operations as well as improved profitability in the Glass and Chemicals operations.

- Cash flows from investing activities

Cash flows from investing activities for the first half of fiscal 2004 were 55.1 billion yen, which increased by 21.2 billion yen from 33.8 billion yen same term last year. This primarily attributed to expenditures for acquisition of fixed assets such as manufacturing and processing equipment for the Electronics and Display operations.

As a result, free cash flows (total cash flows from operating and investing activities) increased to 60.1 billion yen, which increased by 17.6 billion yen compared with same term last year.

- Cash flows from financing activities

Cash flows from financing activities for the first half of fiscal 2004 amounted to 47.6 billion yen, which decreased by 5.2 billion yen compared with same term last year, due to payment of dividends, and redemption of corporate bonds issued by Asahi Glass and its U.S. subsidiary.

As a results, balance of cash and cash equivalents at the end of the first half of fiscal 2004 was 68.7 billion yen, 13.9 billion yen more than at the end of same term last year.

-Cash flow indices

	Year ended March 2002	Year ended March 2003	Six months ended Sept. 2003	Nine months ended Dec. 2003	First half FY2004
Net worth ratio (%)	31.0	31.0	33.0	34.5	37.0
Net worth ratio based on market value (%)	50.1	41.8	48.3	57.2	71.5
Number of years for debt redemption	5.7	3.9	-	-	-
Interest coverage ratio	5.6	10.2	11.1	12.2	22.9

(Notes) Net worth ratio (%): Net worth/total assets

Net worth ratio based on market value(%): Total market capitalization/total assets

Number of years for debt redemption: Interest-bearing debts/operating cash flows

Interest coverage ratio: Operating cash flows/interest payment

- *All indices were computed using consolidated financial figures.*
- *Total market capitalization was computed based on the closing stock price at period-end multiplied by number of outstanding shares at period-end (after deducting treasury stock).*
- *Operating cash flows represent cash flows from operating activities on the consolidated statements of cash flows.*
- *Interest-bearing debts represent all debts on the consolidated balance sheets for which interest is paid. In addition, interest payment represents amount of interest paid on the consolidated statements of cash flows.*

4. Yearly Outlook for FY2004

Since the Group's previous fiscal period (ended December 2003) was a 9-month transitional accounting period due to a change in fiscal year, no year-on-year comparison for fiscal 2004 outlook is presented herein.

(Unit: Billions of Yen)

	Net sales	Operating income	Ordinary income	Net income
FY2004 (12 month period) (January 1 through December 31, 2004)	1,450.0	126.0	122.0	73.0
FY2003 (9 month period) (April 1 through December 31, 2003)	1,243.0	83.2	75.4	53.6

The Japanese economy is likely to continue to post a gradual recovery while Chinese and Southeast Asian economies will continue to record strong growth in the rest of Asia. With regard to the U.S., the economy is picking up but outlook after the Presidential election appears to be less certain. In Europe, the economy is expected to remain strong in Russia and Central Europe, with Western Europe on a recovery track.

On the other hand, there are several sources of concerns, toward the second half of this year, about some underlying impacts on the global economy of price increases in raw materials and fuel such as recent price hike in oil, and a potential decrease in demand for display products after the Olympic Games. Consequently, yearly outlook is not the clearer in the present circumstances.

The AGC Group projects sales for the full fiscal year to reach 1,450.0 billion yen, operating income of 126.0 billion yen, ordinary income of 122.0 billion yen and net income of 73.0 billion yen to reach record levels for each of these indicators. For the projection, the Group assumes that the key currency exchange rates throughout the fiscal year will average at 109 yen to US dollar and 131 yen to euro.

[Important matters concerning the outlook]

The above prospective results reflect management's judgment on the basis of currently available information and, as such, contain risks and uncertainties. For this reason, investors are recommended not to base investment decisions solely on these prospective results. Please note that actual results may materially differ from the projection due to such various factors as business and market climate the Group is active in, currency exchange rate fluctuations, and others.

Consolidated Balance Sheets

(Unit: Millions of Yen)

	First half of FY2004 (June 30, 2004)	First half of FY2003 (September 30, 2003)	FY2003 (December 31, 2003)
Current Assets	622,986	577,838	582,060
Cash on hand and in banks	90,957	58,318	61,882
Trade notes and accounts receivable	270,064	249,571	259,870
Inventories	204,354	213,415	203,643
Deferred income taxes	10,995	11,804	11,096
Other current assets	52,652	52,898	53,499
Allowance for bad debts	(6,038)	(8,169)	(7,932)
Fixed Assets	1,239,604	1,288,732	1,224,015
Tangible Fixed Assets	826,360	841,957	810,213
Buildings and structures	220,782	229,153	223,283
Machinery and equipment	401,358	427,962	414,639
Tools and fixtures	18,140	18,251	18,038
Land	112,020	114,347	112,387
Construction in progress	74,058	52,243	41,863
Intangible Fixed Assets	101,233	114,265	104,858
Investments, etc.	312,010	332,509	308,943
Investment in securities	257,595	267,337	251,837
Long-term loans	10,393	11,099	10,881
Long-term prepaid expenses	7,936	8,504	8,369
Deferred income taxes	19,438	26,711	20,234
Other investments	19,719	22,615	20,653
Allowance for bad debts	(3,072)	(3,759)	(3,032)
Deferred Assets	450	609	535
Total Assets	1,863,041	1,867,180	1,806,611

Consolidated Balance Sheets (continued)

(Unit: Millions of Yen)

	First half of FY2004 (June 30, 2004)	First half of FY2003 (September 30, 2003)	FY2003 (December 31, 2003)
Current Liabilities	502,181	526,521	489,319
Trade notes and accounts payable	160,283	151,702	161,434
Short-term bank loans	99,362	128,861	113,525
Commercial paper	19,950	48,779	5,368
Current maturities of bonds	19,302	15,208	22,402
Accounts payable, other	54,947	51,732	60,131
Income taxes payable	25,080	20,714	19,315
Accrued expenses	27,553	16,887	13,882
Deposits received	26,997	29,502	30,153
Accrued bonuses to employees	5,971	10,554	5,250
Reserve for scheduled repairs	1,931	1,024	1,593
Reserve for restructuring programs	3,277	-	6,185
Other current liabilities	57,523	51,551	50,076
Non-current Liabilities	556,493	608,327	583,784
Bonds issued	262,306	312,710	307,344
Long-term bank loans	131,489	144,049	125,627
Deferred income taxes	45,061	28,086	24,250
Accrued retirement benefits	50,055	66,852	69,013
Accrued retirement benefits for directors and corporate auditors	1,339	1,917	2,015
Reserve for rebuilding furnaces	17,514	14,365	13,713
Reserve for restructuring programs	7,463	21,423	7,522
Other non-current Liabilities	41,263	18,922	34,296
Total Liabilities	1,058,674	1,134,848	1,073,103
Minority Interest in Consolidated Subsidiaries	115,140	116,893	110,709
Shareholders’ Equity	689,225	615,438	622,798
Common stock	90,472	90,472	90,472
Additional paid-in capital	84,398	84,395	84,395
Retained earnings	500,178	425,851	449,958
Asset revaluation reserve	120	121	121
Unrealized gains on securities, net of tax	58,954	36,882	43,243
Foreign currency translation adjustments	(43,530)	(21,100)	(44,175)
Treasury stocks	(1,369)	(1,184)	(1,216)
Total Liabilities and Shareholders’ Equity	1,863,041	1,867,180	1,806,611

Consolidated Statements of Income

(Unit: Millions of Yen)

	First half of FY2004 (Jan. to Jun. 2004)	First half of FY2003 (Apr. to Sep. 2003)	FY2003 (Apr. to Dec. 2003)
Net Sales	715,114	661,720	1,242,956
Cost of Sales	525,823	504,017	941,342
Selling, general and administrative expenses	123,625	121,547	218,427
Operating income	65,666	36,155	83,187
Other Income	9,224	7,184	13,002
Interest and dividend income	2,677	2,157	4,014
Equity in earnings of unconsolidated subsidiaries and affiliates	3,549	1,686	2,541
Others	2,997	3,340	6,446
Other Expenses	10,238	10,079	20,775
Interest expenses	5,269	6,536	11,569
Interest expenses on commercial paper	36	138	205
Others	4,932	3,403	9,000
Ordinary Income	64,651	33,259	75,414
Extraordinary Gains	40,694	22,997	27,841
Gain on sale of properties	1,611	13,984	13,721
Gain on sale of investments in securities	13,355	5,293	10,890
Gain from the transfer of the substitutional portion of the Employees Pension Funds	24,329	-	-
Others	1,397	3,720	3,229
Extraordinary Losses	6,506	5,180	17,549
Loss on disposal of properties	1,711	2,256	5,546
Impairment loss for properties	-	-	5,728
Others	4,795	2,924	6,273
Income before income taxes	98,838	51,076	85,707
Income taxes	18,796	10,299	18,359
Deferred income taxes	12,775	4,709	2,505
Minority interest in earnings of consolidated subsidiaries	7,803	6,622	11,201
Net Income	59,463	29,445	53,641

(Note) Because of the change in fiscal year-end, the Company’s fiscal period ended December 2003 is only 9 months.

Consolidated Statements of Shareholders' Equity

(Unit: Millions of Yen)

	First half of FY2004 (Jan. to Jun. 2004)	First half of FY2003 (Apr. to Sep. 2003)	FY2003 (Apr. to Dec. 2003)
(Additional paid-in capital)			
Balance at the beginning of year	84,395	84,395	84,395
Increase	2	-	0
Gain on sales of treasury stock	2	-	0
Balance at the end of period	84,398	84,395	84,395
(Retained earnings)			
Balance at the beginning of year	449,958	404,817	404,817
Increase	59,463	30,062	54,287
Net income	59,463	29,445	53,641
Increase due to inclusion of new subsidiaries in consolidation	-	617	646
Increase due to the reversal of asset revaluation reserve	0	-	0
Decrease	9,242	9,029	9,147
Dividends declared	7,922	5,282	5,282
Directors' bonuses	97	11	11
Loss on sales of treasury stock	-	0	-
Decrease due to inclusion of new subsidiaries in consolidation	31	-	-
Decrease due to inclusion of new affiliated companies in consolidation	-	3,735	3,735
Decrease due to asset revaluation of overseas subsidiaries	-	-	118
Decrease due to change in overseas subsidiary's functional currency	1,191	-	-
Balance at the end of period	500,178	425,851	449,958

Consolidated Statements of Cash Flows

(Unit: Millions of Yen)

	First half FY2004 (Jan. to Jun. 2004)	First half FY2003 (Apr. to Sep. 2003)	FY2003 (Apr. to Dec. 2003)
I. Cash Flows from Operating Activities			
Income before income taxes and minority interest	98,838	51,076	85,707
Depreciation and amortization	52,033	54,951	99,899
Amortization of goodwill	3,996	1,118	3,086
(Decrease) increase in reserves	(16,571)	5,204	(3,038)
Interest and dividend income	(2,677)	(2,157)	(4,014)
Interest expenses and Commercial paper interest	5,306	6,675	11,774
Exchange loss (gain)	501	(4,196)	907
Equity in earnings of unconsolidated subsidiaries and affiliates	(3,549)	(1,686)	(2,541)
Loss on sale of securities and properties, etc.	(13,136)	(16,539)	(12,853)
(Increase) decrease in receivables	(12,255)	7,516	(10,004)
Increase in inventories	(1,467)	(12,084)	(9,073)
(Decrease) increase in payables	(1,352)	(9,401)	7,401
Others	19,881	4,224	(609)
Subtotal	129,547	84,701	166,640
Interest and dividend received	3,722	3,845	7,047
Interest paid	(5,024)	(6,853)	(12,131)
Income taxes paid	(13,017)	(5,280)	(13,671)
Net cash provided by operating activities	115,228	76,412	147,883
II. Cash Flows from Investing Activities			
Acquisition of property, plant and equipment	(78,379)	(57,520)	(108,180)
Proceeds from sale of property, plant and equipment	3,610	15,860	19,231
Payments for purchase of investments in securities	(5,418)	(16,595)	(24,768)
Proceeds from sale of investments in securities	38,240	22,856	52,553
Others	(13,140)	1,550	(298)
Net cash used in investing activities	(55,088)	(33,847)	(61,461)
III. Cash Flows from Financing Activities			
(Decrease) increase in short-term loans and commercial paper	(583)	7,985	(51,905)
Proceeds from long-term debt	24,106	23,762	30,489
Repayments of long-term debt	(16,632)	(32,641)	(45,449)
Proceeds from issuance of bonds	-	20,000	35,000
Redemption of bonds	(47,904)	(65,499)	(76,202)
Proceeds from sale of borrowed securities	3,297	-	22,469
Dividends paid	(9,721)	(6,215)	(6,409)
Others	(201)	(198)	(325)
Net cash used in financing activities	(47,640)	(52,805)	(92,331)
IV. Effect on Exchange Rate Changes on Cash and Cash Equivalents	184	1,632	(1,660)
V. Increase (decrease) in Cash and Cash Equivalents	12,683	(8,608)	(7,570)
VI. Cash and Cash Equivalents at Beginning of Year	55,915	55,282	55,282
Cash and cash equivalents held by newly consolidated subsidiaries net of those held by deconsolidated subsidiaries	145	8,174	8,203
Cash and Cash Equivalents at End of Period	68,745	54,848	55,915

Notes

1. Summary of significant accounting policies

(1) Scope of Consolidation

The Company had 333 subsidiaries as of June 30, 2004 (336 as of December 31, 2003). The consolidated financial statements include the accounts of the Company and 251 (251 for December 31, 2003) of its subsidiaries.

The definition of subsidiaries is based on the substantive existence of controlling power.

The accounts of the remaining 82 (85 for December 31, 2003) unconsolidated subsidiaries are excluded from consolidation since the aggregate amounts of these subsidiaries in terms of combined assets, net sales, net income (loss) and retained earnings (accumulated deficit) are immaterial in relation to those of the consolidated financial statements of the Companies.

(2) Investments in Unconsolidated Subsidiaries and Affiliates and Equity Method

The Company had 82 (85 for December 31, 2003) unconsolidated subsidiaries and 61 (67 for December 31, 2003) affiliates as of June 30, 2004. Affiliates are defined to include those, which are owned 15% or more or those that are subject to exercise of influence over the management of the affiliates by the investor company.

The equity method is applied only to investments in major companies (35 and 38 companies at June 30, 2004 and December 31, 2003, respectively).

The investments in the remaining unconsolidated subsidiaries and affiliates are stated at cost or less, because they do not have a material effect on the consolidated statements.

(3) Translation of Foreign Currency Financial Statements (Accounts of Overseas Subsidiaries and Affiliates)

All the assets and liabilities of overseas consolidated subsidiaries and overseas affiliates accounted for by the equity method are translated into yen at the currency exchange rates prevailing at the balance sheet dates, except that the common stock and additional paid-in capital accounts are translated at the historical rates. Revenues and expenses are translated by the average exchange rates prevailing during each period. The resulting differences are recorded as “Foreign currency translation adjustments,” a separate component of Shareholders’ Equity in the Consolidated Balance Sheets.

(4) Translation of Foreign Currency Translations

Revenue and expense items arising from transactions denominated in foreign currencies are translated into yen in general at the rates effective at the respective transaction dates.

Foreign currencies and monetary receivables and payables denominated in foreign currencies are translated into yen at the current exchange rates prevailing at the respective balance sheet dates and the resulting translation gain or loss is included in determination of net income for the period.

(5) Valuation of Securities

Securities with market value other than securities of subsidiaries and affiliated companies are stated at market value. Differences between market value and acquisition costs are recorded as “Unrealized gains on securities” in Shareholders’ Equity, net of tax. The cost of securities sold is calculated by the moving-average method. Securities without market value are stated at cost determined by the moving-average method. Declines in the value of securities to be other than temporary are reflected in current income.

(6) Inventories

Inventories are mainly stated at the lower of cost or market value, cost being determined by the moving-average method.

(7) Property, Plant and Equipment

Depreciation by the Company and its domestic consolidated subsidiaries is principally computed by the declining-balance method, at rates based on the estimated useful lives of assets.

Depreciation by overseas consolidated subsidiaries is principally computed by the straight-line method over the estimated useful lives of the assets.

(8) Amortization

Amortization of intangible assets is computed by the straight-line method, principally over five years.

(9) Certain Accrued Expenses Items

Certain accrued expenses, which are essentially an estimate of amounts to be determined in future years, are provided by the Companies. The basis of recognizing such accrued expenses is as follows:

(i) Allowance for bad debts

"Allowance for bad debts" is provided in an amount sufficient to cover possible losses on the collection of receivables. For certain probable doubtful receivables, the uncollectible amounts are estimated based on a review of the collectibility of individual receivables.

(ii) Accrued bonuses to employees

"Accrued bonuses to employees" is provided for an amount based on the estimated amount to be paid to employees during the summer as applicable for their services during the six-month period ended on the balance sheet date.

(iii) Accrued retirement benefits for directors and corporate auditors

"Accrued retirement benefits for directors and corporate auditors" is provided for an amount based on the estimated amount to be paid to directors and corporate auditors under the Companies' internal rules.

(iv) Reserve for rebuilding furnaces

"Reserve for rebuilding furnaces" is provided for an amount based on estimated costs to be incurred at the next periodic repair works on its facilities over the service period until the next repair works.

(v) Reserve for restructuring programs

"Reserve for restructuring programs" represents reasonably estimated loss arising from additional severance compensation program related to restructuring, and restructuring of certain businesses of the Companies.

(10) Accounting for Retirement Benefits to Employees

Recognition of accrued retirement benefits to employees is based on actuarial valuation of projected benefit obligations and fund assets.

Prior service cost is amortized over average remaining service period of employees (mainly 13 years), from the year when it is incurred. Actuarial gain/loss is amortized over average remaining service period of employees (mainly 13 years), from the year next to the year when it is incurred.

(Supplementary Information)

"Return of Substitute Portion of Employees Pension Program to the Government"

In conjunction with the implementation of the Defined Benefit Corporate Pension Plan Law, the Company received an approval of the Ministry of Health, Labor and Welfare on March 26, 2004 for a waiver of the obligation to handle future disbursement of pension benefits.

The Company applied measures stipulated in paragraph 47-2 of the "Practical Guideline for accounting for retirement benefit (interim report) -Accounting committee report No.13 of the Japanese Institute of Certified Accountants-" and accounted for offsetting the retirement benefits obligations against the pension assets, which pertained to the substitute portion, as of the date of the approval for the return of relevant obligations.

The impact resulting from this accounting practice on the Company's consolidated statement of income for this first half period was 24,329 million yen in extraordinary income. Furthermore, minimum actuarial liability corresponding to the portion returned amounted to 57,945 million yen at the end of this first half period.

(11) Accounting for Consumption Tax

Consumption tax is imposed at the flat rate of 5% on all Japanese domestic consumption of goods and services (with certain exemptions).

The consumption tax withheld upon sale and consumption tax paid on purchases of goods and services are not included in the amounts of respective revenue and cost or expense items in the accompanying Consolidated Statements of Income. The consumption tax withheld and consumption tax paid are recorded as assets or liabilities and the net balance is included either in "Other current assets" or "Other current liabilities" of the Consolidated Balance Sheets, as the case may be.

(12) Derivatives Financial Instruments

The Companies use financial instruments to reduce their exposure to market risks from fluctuations in foreign currency exchange rates and interest rates, and oil prices incurred in the ordinary course of business.

Hedging instruments include mainly foreign currency swap contracts, interest rate swap contracts and commodity swap contracts.

Hedging items include mainly bond and fuel oil.

Derivatives are recorded at fair value.

In order to reduce exposure to risk of foreign currency exchange rate fluctuations and interest rate hike on the

Companies' bank borrowings and bonds, and oil price hike, the Companies entered into forward foreign exchange contracts, currency option contracts, currency swap contracts, interest rate swap contracts, forward rate agreements, interest rate cap contracts, interest rate floor contracts, interest rate swaption contracts, oil swap contracts, metal swap contracts and oil option contracts.

(13) Cash and Cash Equivalents in the Consolidated Statements of Cash Flows
"Cash and cash equivalents" comprises cash on hand, bank deposits that are withdrawable on demand and short-term investments due within three months or less and substantially free from any price fluctuation risk.

2. Changes in accounting principles

(1) Amortization of consolidation goodwill
Consolidation goodwill associated with a U.S.-based subsidiary used to be accounted for in terms of amortization or impairment in conformity with accounting principles and practices generally accepted in the United States. However, as the result of a review of the accounting for such consolidation goodwill upon the release of the "Opinion Brief on the Setting of Accounting Principles for Business Combinations" by the Business Accounting Council of Japan, the Company adopted an accounting principle of straight-line amortization over 20 years, from the perspective of a group-wide consistency of accounting practices based on accounting principles and practices generally accepted in Japan, to present fairly the consolidated financial position of the Company and its consolidated subsidiaries as well as the consolidated results of their operations. In this regard, existing consolidation goodwill associated with the U.S.-based subsidiary shall be amortized over a period of 10 years from then on while taking the already amortized amounts into consideration. Consequently, operating, ordinary, and net income before income taxes for this first-half period were decreased by 272.5 million yen, respectively, when compared to those calculated with the previous accounting principle.

3. Notes to consolidated financial statements

(1) Notes to Consolidated balance sheets

(Unit: Millions of Yen, except specified otherwise)

	First half of FY2004		First half of FY2003		FY2003	
1. Accumulated depreciation for tangible fixed assets	1,280,879		1,282,519		1,257,080	
2. Notes discounted	-		523		-	
3. Endorsed notes for transfer	4,644		4,092		5,810	
4. Treasury stock	1,673,669	stocks	1,498,999	stocks	1,536,835	stocks
5. Guaranteed obligations	10,464		11,742		11,332	
6. Contingent liabilities in relation to agreement for assumed bond obligations	45,000		-		-	
7. Goodwill included in intangible fixed assets	83,475		94,463		87,494	
8. Collateralized assets and obligations						
Assets pledged as collaterals;						
Securities	7		5		7	
Tangible fixed assets	39,165		53,153		40,247	
Total	39,173		53,159		40,255	
Debt by covered by the collaterals;						
Short-term loans	323		2,347		1,388	
Long-term loans	3,751		4,764		4,899	
Total	4,075		7,111		6,288	

9. When the consolidated fiscal year-end is a bank holiday, the Company considers that notes that mature on that day have been settled on the maturity date. The settled amount is as follows.

	First half of FY2004	First half of FY2003	FY2003
Notes receivable	-	-	7,104
Notes payable	-	-	1,269

(2) Notes to Consolidated statements of income

(Unit: Millions of Yen)

	First half of FY2004	First half of FY2003	FY2003
1. Amortization of goodwill included in the selling, general and administrative expenses	3,996	1,118	3,086
2. Research and development costs included in the general and administrative expenses and manufacturing costs	15,390	16,106	27,333

(3) Notes to Consolidated statements of cash flows

Reconciliation of cash and cash equivalents to accounts on the consolidated balance sheets

(Unit: Millions of Yen)

	First half of FY2004	First half of FY2003	FY2003
Cash on hand and in banks	90,957	58,318	61,882
Short-term loans receivable included in other current assets	813	913	1,013
Total	91,770	59,232	62,895
Time deposits due over three months	(23,025)	(4,383)	(6,979)
Cash and cash equivalents	68,745	54,848	55,915

Segment Information

1. Business Segment

(1) First half of FY2004 (January 1 to June 30, 2004) (Unit: Millions of Yen)

	Glass	Electronics and Display	Chemicals	Other	Total	Corporate or elimination	Consolidated total
I Sales and Operating income Sales							
(1) Sales to customers	361,353	207,112	131,575	15,072	715,114	-	715,114
(2) Inter-segment sales/transfers	1,509	477	4,837	22,463	29,287	(29,287)	-
Total	362,862	207,589	136,413	37,536	744,402	(29,287)	715,114
Operating expenses	340,198	173,957	128,467	36,117	678,740	(29,292)	649,448
Operating income	22,663	33,632	7,945	1,419	65,661	4	65,666

(2) First half of FY2003 (April 1 to September 30, 2003) (Unit: Millions of Yen)

	Glass	Electronics and Display	Chemicals	Other	Total	Corporate or elimination	Consolidated total
I Sales and Operating income Sales							
(1) Sales to customers	349,426	175,026	124,118	13,148	661,720	-	661,720
(2) Inter-segment sales/transfers	1,393	949	4,784	20,132	27,259	(27,259)	-
Total	350,820	175,976	128,903	33,280	688,980	(27,259)	661,720
Operating expenses	336,035	158,558	125,466	32,724	652,784	(27,218)	625,565
Operating income	14,785	17,418	3,437	555	36,196	(41)	36,155

(3) FY2003 (April 1 to December 31, 2003) (Unit: Millions of Yen)

	Glass	Electronics and Display	Chemicals	Other	Total	Corporate or elimination	Consolidated total
I Sales and Operating income Sales							
(1) Sales to customers	662,322	335,496	218,124	27,012	1,242,956	-	1,242,956
(2) Inter-segment sales/transfers	2,359	1,495	8,997	37,218	50,071	(50,071)	-
Total	664,682	336,992	227,121	64,231	1,293,027	(50,071)	1,242,956
Operating expenses	629,132	298,513	219,431	62,688	1,209,765	(49,996)	1,159,769
Operating income	35,549	38,479	7,690	1,542	83,262	(74)	83,187

2. Geographic Segment

(1) First half of FY2004 (January 1 to June 30, 2004) (Unit: Millions of Yen)

	Japan	Asia	The Americas	Europe	Total	Corporate or elimination	Consolidated total
I Sales and Operating income Sales							
(1) Sales to customers	346,892	123,774	98,788	145,658	715,114	-	715,114
(2) Inter-segment sales/transfers	77,696	31,904	3,961	1,179	114,741	(114,741)	-
Total	424,588	155,679	102,749	146,838	829,856	(114,741)	715,114
Operating expenses	396,053	128,408	103,971	133,979	762,413	(112,964)	649,448
Operating income	28,535	27,270	(1,221)	12,859	67,443	(1,777)	65,666

(2) First half of FY2003 (April 1 to September 30, 2003) (Unit: Millions of Yen)

	Japan	Asia	The Americas	Europe	Total	Corporate or elimination	Consolidated total
I Sales and Operating income Sales							
(1) Sales to customers	349,523	94,845	79,748	137,603	661,720	-	661,720
(2) Inter-segment sales/transfers	38,517	25,940	4,256	1,701	70,417	(70,417)	-
Total	388,041	120,786	84,005	139,305	732,138	(70,417)	661,720
Operating expenses	378,948	103,233	82,001	131,633	695,817	(70,251)	625,565
Operating income	9,092	17,552	2,004	7,671	36,320	(165)	36,155

(3) FY2003 (April 1 to December 31, 2003) (Unit: Millions of Yen)

	Japan	Asia	The Americas	Europe	Total	Corporate or elimination	Consolidated total
I Sales and Operating income Sales							
(1) Sales to customers	595,110	207,341	168,515	271,988	1,242,956	-	1,242,956
(2) Inter-segment sales/transfers	85,040	56,589	8,199	2,010	151,840	(151,840)	-
Total	680,151	263,931	176,715	273,999	1,394,797	(151,840)	1,242,956
Operating expenses	653,905	228,643	171,797	256,919	1,311,266	(151,496)	1,159,769
Operating income	26,245	35,287	4,918	17,079	83,531	(343)	83,187

3. Overseas Sales

(1) First half of FY2004 (January 1 to June 30, 2004) (Unit: Millions of Yen)

	Asia	The Americas	Europe	Other	Total
Overseas sales	169,830	96,735	149,534	5,728	421,828
Percentage of overseas sales to Consolidated sales	23.7%	13.5%	20.9%	0.8%	59.0%

(2) First half of FY2003 (April 1 to September 30, 2003) (Unit: Millions of Yen)

	Asia	The Americas	Europe	Other	Total
Overseas sales	134,293	85,625	141,320	5,985	367,224
Percentage of overseas sales to Consolidated sales	20.3%	12.9%	21.4%	0.9%	55.5%

(3) FY2003 (April 1 to December 31, 2003) (Unit: Millions of Yen)

	Asia	The Americas	Europe	Other	Total
Overseas sales	272,218	171,006	273,987	9,396	726,609
Percentage of overseas sales to Consolidated sales	21.9%	13.8%	22.0%	0.8%	58.5%

Securities

1. Investment in Securities with Market Values

(Unit: Millions of Yen)

	First half of FY2004 (June 30, 2004)			First half of FY2003 (September 30, 2003)			FY2003 (December 31, 2003)		
	Acquisition cost	Amount recorded on the consolidated balance sheet	Difference	Acquisition cost	Amount recorded on the consolidated balance sheet	Difference	Acquisition cost	Amount recorded on the consolidated balance sheet	Difference
(1) Stocks	98,509	186,289	87,780	114,641	169,537	54,896	107,134	171,071	63,937
(2) Bonds	1,430	1,503	73	1,494	1,595	101	1,459	1,531	71
(3) Others	2,007	1,952	(54)	18,375	18,524	148	8,075	8,140	65
Total	101,946	189,745	87,798	134,510	189,657	55,146	116,669	180,743	64,074

2. Investment in Securities without Market Values

(Unit: Millions of Yen)

	First half of FY2004 (June 30, 2004)	First half of FY2003 (September 30, 2003)	FY2003 (December 31, 2003)
Unlisted stocks	23,600	26,623	26,317
Unlisted bonds	53	113	54

Supplementary Information for Consolidated Results for First Half Fiscal 2004

1. Operating results for First Half Fiscal 2004 (Unit: Billions of Yen)

	First Half Fiscal 2004	First Half Fiscal 2003	Fiscal 2003
Net sales	715.1	661.7	1,243.0
Operating income	65.7	36.2	83.2
Ordinary income	64.7	33.3	75.4
Net income	59.5	29.4	53.6
Total shareholders' equity	689.2	615.4	622.8
Net income per share (YEN)	50.67	25.08	45.65

[Reference Information]

Segment comparisons of consolidated financial results of Asahi Glass Co., Ltd., and all of its consolidated subsidiaries for the six months ended June 30, 2003, on a calendar year basis, with those for the six months ended June 30, 2004 are shown below. (Unit: Billions of Yen)

	January 1 through June 30, 2003		January 1 through June 30, 2004			
	Net sales	Operating income	Net sales	Change	Operating income	Change
Glass	354.7	14.2	362.9	8.2	22.7	8.5
Electronics and Display	174.1	18.1	207.6	33.5	33.6	15.5
Chemicals	129.0	3.5	136.4	7.4	7.9	4.4
Others	35.4	0.6	37.5	2.1	1.4	0.8
Corporate or elimination	(27.5)	(0.3)	(29.3)	(1.8)	0	0.3
Consolidated total	665.7	36.1	715.1	49.4	65.7	29.6

2. Major items (Unit: Billions of Yen)

	First Half Fiscal 2004	First Half Fiscal 2003	Fiscal 2003
Capital expenditures	77.2	53.6	110.4
Depreciation and amortization	52.0	55.0	99.9
Research and development costs	15.4	16.1	27.3
Interest-bearing debts	532.4	650.1	574.3
Interest expenses & dividend income	(2.6)	(4.5)	(7.8)
D/E ratio	0.66	0.89	0.78
Number of employees at end of period	56,147	56,506	55,732

3. Scope of consolidation

	First Half Fiscal 2004	First Half Fiscal 2003	Fiscal 2003
Number of consolidated subsidiaries	251	254	251
Number of equity method affiliates	35	40	38

(1) Newly consolidated subsidiaries: 12 companies (Asahi Glass Fine Techno Korea Co., Ltd., etc.)
Excluded: 12 companies (Asahi Fluoropolymers Co., Ltd., etc.)

(2) Newly equity method affiliates: 0 companies, Excluded: 3 companies (Lim Shang Hang Temper-Safe Glass Factory Co., Ltd.., etc.)

4. Outlook for Fiscal 2004 operating results (Unit: Billions of Yen)

	Fiscal 2004
Net sales	1,450.0
Operating income	126.0
Ordinary income	122.0
Net income	73.0
Capital expenditures	150.0
Depreciation and amortization	110.0
Research and development costs	33.0

5. Outlook for Fiscal 2004 operating results classified by business segment (Unit: Billions of Yen)

	Net sales	Operating income
Glass	730.0	44.0
Electronics and Display	430.0	66.0
Chemicals	275.0	14.0
Other	75.0	2.0
Corporate or elimination	(60.0)	-
Consolidated total	1,450.0	126.0

6. Exchange rates

	First Half Fiscal 2004		First Half Fiscal 2003		Fiscal 2004
	Average	End of period	Average	End of period	Outlook
Yen/Dollar	108.38	108.43	119.13	119.80	109
Yen/Euro	132.40	131.06	132.69	136.92	131