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Consolidated Financial Results for the Nine-month Period ended September 30, 2004 (January 1 through September 30, 2004)

1. Financial results for the nine months ended September 30, 2004 (Jan. 1 through Sep. 30, 2004)

(1) Consolidated operating results

	For the nine months ended September 30, 2004	For the nine months ended September 30, 2003	(Reference) For a year ended December 31, 2003
Net sales (millions of Yen)	1,090,662	-	1,242,956
Operating income (millions of Yen)	103,302	-	83,187
Ordinary income (millions of Yen)	101,821	-	75,414
Net income (millions of Yen)	88,886	-	53,641
Net income per share - basic (Yen)	75.76	-	45.65
Net income per share - fully diluted (Yen)	71.19	-	43.17

(2) Consolidated financial position

	For the nine months ended September 30, 2004	For the nine months ended September 30, 2003	(Reference) For a year ended December 31, 2003
Total assets (millions of Yen)	1,927,174	-	1,806,611
Total shareholders' equity (millions of Yen)	711,845	-	622,798
Equity ratio (%)	36.9	-	34.5
Equity per share (Yen)	608.24	-	530.57

(3) Consolidated cash flows

(Unit: millions of Yen)

	For the nine months ended September 30, 2004	For the nine months ended September 30, 2003	(Reference) For a year ended December 31, 2003
Cash flows from operating activities	161,656	-	147,883
Cash flows from investing activities	(86,462)	-	(61,461)
Cash flows from financing activities	(77,967)	-	(92,331)
Cash and cash equivalents at the end of period	57,061	-	55,915

(Note)

1. Since the fiscal year ended December 2003 includes only nine months due to the changes of its fiscal year-end, no year-to-year comparisons were made.
2. The accompanying consolidated financial results have been prepared by partly using some simplified procedures based on accounting principles such as accounting for income taxes.
3. Consolidation goodwill with respect to a U.S.-based subsidiaries began being amortized this fiscal year in conformity with accounting principles and practices generally accepted in Japan. In this line, incremental amortization of 4,115 million yen was recorded for the nine months ended September 30, 2004.
4. Number of consolidated subsidiaries: 251 companies, Number of equity method affiliates: 33 companies
5. Changes in scope of consolidation: Consolidated subsidiaries; (increase) 16 companies (decrease) 16 companies
Equity method affiliates; (increase) none (decrease) 5 companies

2. Outlook for the fiscal year ending December 2004 (Jan. 1, 2004 through Dec. 31, 2004)

	Full year
Net sales (millions of Yen)	1,470,000
Ordinary income (millions of Yen)	132,000
Net income (millions of Yen)	78,000
Forecasted net income per share (Yen)	66.65

(Note)

1. Round off to millions of Yen.
2. 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

- Glass operations

The Glass operations essentially comprise flat glass for construction and automotive glass, both of which are global operations, as well as Japanese domestic operations involving other glass including exterior siding boards for homes and for other applications.

The flat glass operations in North America and Europe were on track to gradual recovery 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. The savings on production costs throughout the Group due to this benchmarking exercise have more than compensated the rise in energy costs. This is certainly one of the most important contributions from the new more globalized organization implemented two years ago. 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 the Philippines, sales were continuously good, and, even in Japan, demand was moderately stable as the economy appeared to be in an upwind. As for North America, which remained the most difficult business environment, sales volume was improving although sales prices were still below the previous year level and cost savings had not yet fully offset the rise in energy costs.

In the automotive glass operations, global sales increased in the nine month accounting period of 2004, driven by an increase in demand for value-added products. In Japan, sales were up as automotive production slightly increased and value-added sales increased. Asian automotive production (apart from Japan) was higher than the previous year, accounting for increased sales for the AGC Group. In Europe, automotive production was up, with the Group registering a similar increase in sales during this 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 exterior siding boards for homes 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 reached 548.1 billion yen, while operating income amounted to 35.1 billion yen.

- Electronics and Display operations

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

In the CRT glass operations, sales were strong, supported by solid demand especially from China and the ASEAN countries, although there were considerable adverse effects of increasing costs due to the Japanese yen's appreciation as well as steep rise in raw materials, fuel, and freight charge. Especially, the supply of small- and medium-sized products was tighter and, as a consequence, price revisions were accepted in part by the market.

Turning to look at the FPD glass operations, sales of glass substrates for TFT-LCDs and PDPs remained robust due to increased sales of PC monitors and thin-screen TVs such as LCDs and PDPs.

In the electronic materials operations, demand for small- and medium-sized displays installed in cellular phones and other applications remained at a high level. In addition, demand was also steady for optical pickup components for DVD decks, optical filters for liquid crystal projectors and digital cameras, glass frit and paste for PDPs, and synthetic quartz for semiconductor manufacturing equipment and such, reflecting the growing market for home digital electronics products.

As a result, sales for the Electronics and Display operations were 322.0 billion yen, and operating income stood at 53.8 billion yen.

- Chemicals operations

The Chemicals segment consists 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 chemicals operations.

The chlor-alkalis operations benefited from a sustained strength of sales registered by 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 chemicals business was also relatively robust 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. While fluorinated resins business in the U.S. was still in the process of reforms to improve profitability, fluorinated resins and elastomers businesses in other regions continued to be favorable.

As a result, sales for the Chemicals operations reached 209.7 billion yen, while operating income stood at 12.3 billion yen.

- Other operations

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

In the ceramics operations, cooperative production system in Japan and China in the glass manufacturing applications was improved, and fine ceramics were in good demand. Consequently, sales for Other operations were 54.8 billion yen, and operating income was 2.1 billion yen.

Consolidated Balance Sheets

(Unit: Millions of Yen)

	As of September 30, 2004	As of December 31, 2003
Assets		
Current assets	653,118	582,060
Cash on hand and in banks	85,831	61,882
Trade notes and accounts receivable	292,238	259,870
Inventories	218,481	203,643
Other current assets	63,074	64,596
Allowance for bad debts	(6,508)	(7,932)
Fixed assets	1,273,612	1,224,015
Tangible fixed assets	877,789	810,213
Intangible fixed assets	103,401	104,858
Investments in securities	230,861	251,837
Other fixed assets	64,470	60,138
Allowance for bad debts	(2,911)	(3,032)
Deferred assets	443	535
Total assets	1,927,174	1,806,611
Liabilities and stockholders' equity		
Current liabilities	551,676	489,319
Payables	237,199	221,566
Bonds and short-term bank loans	146,128	141,296
Other current liabilities	168,348	126,456
Non-current liabilities	532,692	583,784
Bonds and long-term bank loans	389,943	432,971
Other non-current liabilities	142,748	150,812
Total liabilities	1,084,368	1,073,103
Minority interest in consolidated subsidiaries	130,960	110,709
Shareholders' equity	711,845	622,798
Common stock	90,472	90,472
Additional paid-in capital	84,400	84,395
Retained earnings	522,560	449,958
Asset revaluation reserve	120	121
Unrealized gains on securities, net of tax	52,716	43,243
Foreign currency translation adjustments	(33,616)	(44,175)
Treasury stocks	(4,809)	(1,216)
Total liabilities and shareholders' equity	1,927,174	1,806,611

Consolidated Statements of Income

(Unit: Millions of Yen)

	For the nine months ended September 30, 2004 (January 1 through September 30, 2004)	For a year ended December 31, 2003 (April 1 through December 31, 2003)
Net sales	1,090,662	1,242,956
Cost of sales	798,886	941,342
Selling, general and administrative expenses	188,473	218,427
Operating income	103,302	83,187
Other income	13,093	13,002
Interest and dividend income	3,616	4,014
Equity in earnings of unconsolidated subsidiaries and affiliates	4,329	2,541
Others	5,146	6,446
Other expenses	14,574	20,775
Interest expenses	8,479	11,774
Others	6,095	9,000
Ordinary income	101,821	75,414
Extraordinary gains	49,013	27,841
Extraordinary losses	9,444	17,549
Income before income taxes	141,389	85,707
Income taxes	40,598	20,864
Minority interest in earnings of consolidated subsidiaries	11,904	11,201
Net income	88,886	53,641

(Note) The fiscal year ended December 31, 2003 was only 9 months (April 1 through December 31, 2003) long due to the change in fiscal year end.

Consolidated Statements of Cash Flows

(Unit: Millions of Yen)

	For the nine months ended September 30, 2004 (January 1 through September 30, 2004)	For a year ended December 31, 2003 (April 1 through December 31, 2003)
Cash flows from operating activities		
Income before income taxes and minority interest	141,389	85,707
Depreciation and amortization	81,015	99,899
Amortization of goodwill	6,004	3,086
(Decrease) increase in reserves	(7,975)	(3,038)
Interest and dividends income	(3,616)	(4,014)
Interest expenses	8,479	11,774
Exchange loss (gain)	(1,289)	907
Equity in earnings of unconsolidated subsidiaries and affiliates	(4,329)	(2,541)
Loss on sale of securities and properties, etc.	(19,819)	(12,853)
(Increase) decrease in receivables	(21,845)	(10,004)
Decrease (increase) in inventories	(8,688)	(9,073)
(Decrease) increase in payables	6,079	7,401
Others	9,358	(609)
Subtotal	184,761	166,640
Interest and dividends received	4,815	7,047
Interest paid	(8,182)	(12,131)
Income taxes paid	(19,738)	(13,671)
Net cash provided by operating activities	161,656	147,883
Cash flows from investing activities		
Acquisition of property, plant and equipment	(117,149)	(108,180)
Proceeds from sale of property, plant and equipment	8,296	19,231
Payments for purchase of investments in securities	(9,264)	(24,768)
Proceeds from sale of investments in securities	49,330	52,553
Others	(17,674)	(298)
Net cash used in investing activities	(86,462)	(61,461)
Cash flows from financing activities		
(Decrease) increase in short-term loans and commercial paper	(6,621)	(51,905)
Proceeds from long-term debt	36,794	30,489
Repayments of long-term debt	(36,942)	(45,449)
Proceeds from issuance of bonds	1,017	35,000
Redemption of bonds	(54,332)	(76,202)
Proceeds from sale of borrowed securities	3,324	22,469
Dividends paid	(17,697)	(6,409)
Others	(3,509)	(325)
Net cash used in financing activities	(77,967)	(92,331)
Effect of exchange rate changes on cash and cash equivalents	1,400	(1,660)
Increase (decrease) in cash and cash equivalents	(1,373)	(7,570)
Cash and cash equivalents at beginning of period	55,915	55,282
Cash and cash equivalents held by newly consolidated subsidiaries net of those held by deconsolidated subsidiaries	2,519	8,203
Cash and cash equivalents at end of period	57,061	55,915

(Note) The fiscal year ended December 31, 2003 was only 9 months (April 1 through December 31, 2003) long due to the change in fiscal year end.

Segment Information

1. Business Segment

For the nine months ended September 30, 2004 (January 1 through September 30, 2004) (Unit: Millions of Yen)

	Glass	Electronics and Display	Chemicals	Other	Total	Corporate or elimination	Consolidated total
Sales							
1) Sales to customers	544,397	321,269	201,994	23,001	1,090,662	-	1,090,662
2) Inter-segment sales/transfers	3,749	754	7,663	31,831	43,998	(43,998)	-
Total	548,146	322,023	209,657	54,832	1,134,660	(43,998)	1,090,662
Operating expenses	513,039	268,217	197,338	52,752	1,031,348	(43,988)	987,359
Operating income	35,107	53,806	12,319	2,079	103,312	(9)	103,302

For a year ended December 31, 2003 (April 1 through December 31, 2003) (Unit: Millions of Yen)

	Glass	Electronics and Display	Chemicals	Other	Total	Corporate or elimination	Consolidated total
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

For the nine months ended September 30 2004 (January 1 through September 30, 2004) (Unit: Millions of Yen)

	Japan	Asia	The Americas	Europe	Total	Corporate or elimination	Consolidated total
Sales							
1) Sales to customers	523,128	202,098	150,022	215,412	1,090,662	-	1,090,662
2) Inter-segment sales/transfers	114,626	46,414	6,688	1,781	169,511	(169,511)	-
Total	637,755	248,512	156,710	217,194	1,260,173	(169,511)	1,090,662
Operating expenses	591,064	207,175	158,688	198,039	1,154,966	(167,607)	987,359
Operating income (loss)	46,691	41,337	(1,977)	19,155	105,206	(1,903)	103,302

For a year ended December 31, 2003 (April 1 through December 31, 2003) (Unit: Millions of Yen)

	Japan	Asia	The Americas	Europe	Total	Corporate or elimination	Consolidated total
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

Supplementary Information

1. Year-on-year comparison for nine month operating results on a calendar year basis by business segment

As reference information, segment comparisons of consolidated financial results of Asahi Glass Co., Ltd., and all of its consolidated subsidiaries for the nine months ended September 30, 2003 (calendar year base) with those for the nine months ended September 30, 2004 are shown below.

(Unit: Billions of Yen)

	For the nine months ended September 30, 2003 (January 1 through September 30, 2003)		For the nine months ended September 30, 2004 (January 1 through September 30, 2004)			
	Net sales	Operating income	Net sales	Change	Operating income	Change
Glass	534.0	23.3	548.1	14.1	35.1	11.8
Electronics and Display	269.8	28.1	322.0	52.2	53.8	25.7
Chemicals	192.7	4.4	209.7	17.0	12.3	7.9
Others	52.5	0.8	54.8	2.3	2.1	1.3
Corporate or elimination	(40.0)	(0.4)	(44.0)	(4.0)	(0.0)	0.4
Consolidated total	1009.1	56.2	1,090.7	81.6	103.3	47.1

2. Exchange rates for the year ending December 2004

	For the nine months ended September 30, 2004 (January 1 through September 30, 2004)		For the year ending December 31, 2004 (Fiscal 2004)
	Average	Period-end	Outlook
Yen / Dollar	109.26	111.05	109
Yen / Euro	133.22	137.04	133

3. Outlook for operating results by business segment

Fiscal 2004 ending December 2004 (Unit: Billions of Yen)

	Net sales	Operating income
Glass	735.0	46.0
Electronics and Display	440.0	71.0
Chemicals	280.0	16.0
Others	75.0	2.0
Corporate or elimination	(60.0)	0.0
Consolidated total	1,470.0	135.0