CENTRAL GLASS CO., LTD.

ANNUAL REPORT 2001

PROFILE

IN 1936, CENTRAL GLASS CO., LTD., COMMENCED MANUFACTURING AND SALES OF SODA ASH AND CAUSTIC SODA, WHICH ARE FUNDAMENTAL ALKALINE MATERIALS FOR MANY INDUSTRIES. SINCE THEN, WE HAVE DIVERSIFIED INTO A NUMBER OF AREAS, INCLUDING FERTILIZERS, FLAT GLASS, CHEMICALS, GLASS FIBER, FINE GLASS, AND FINE CHEMICALS. BY PRODUCING THE BASIC MATERIALS FOR INDUSTRY, WE HAVE EXPANDED OUR BUSINESS WHILE CONTRIBUTING TO SOCIETY.

TODAY, CENTRAL GLASS SUPPLIES INDUSTRIAL COMPANIES WITH STATE-OF-THE-ART GLASS AND CHEMICAL PRODUCTS AND TECHNOLOGIES, IN ADDITION TO ITS TRADITIONAL BUSINESS IN BASIC MATERIALS. IN THESE WAYS, WE FOSTER SOCIAL DEVELOPMENT AND PROSPERITY. MOREOVER, WE ARE INTEGRATING OUR GLASS AND CHEMICALS TECHNOLOGIES TO SEIZE OPPORTUNITIES IN NEW BUSINESS DOMAINS.

IN THE FUTURE, WE WILL STRENGTHEN RESEARCH AND DEVELOPMENT FOCUSING ON LEADING-EDGE FIELDS, NOTABLY FINE CHEMICALS AND FINE GLASS. SPECIFICALLY, WE WILL TARGET PROGRESS IN PHARMACEUTICALS AND NEW TYPES OF GLASS. WE WILL ALSO EMPLOY OUR OPTICAL DEVICE TECHNOLOGIES TO BENEFIT THE INFORMATION AND COMMUNICATIONS SECTOR. CURRENTLY, THE COMPANY HAS THREE PRODUCTION PLANTS—ONE EACH IN THE CITIES OF UBE, SAKAI, AND MATSUZAKA. WE ALSO HAVE CHEMICALS RESEARCH FACILITIES IN KAWAGOE AND UBE, AND A GLASS RESEARCH FACILITY AND A PRODUCTION TECHNOLOGY RESEARCH FACILITY IN MATSUZAKA.

THE CENTRAL GLASS GROUP CONSISTS OF 53 SUBSIDIARIES AND 22 AFFILIATES AND EMPLOYEES AROUND 4,300 PEOPLE IN JAPAN AND OVERSEAS AT THE END OF MARCH, 2001.

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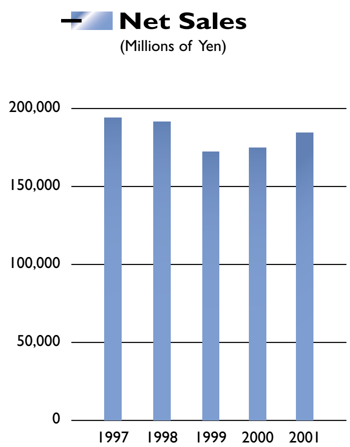
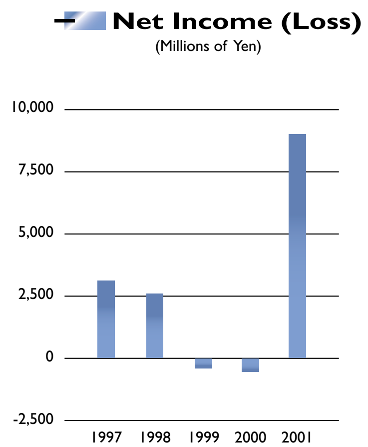
FINANCIAL HIGHLIGHTS

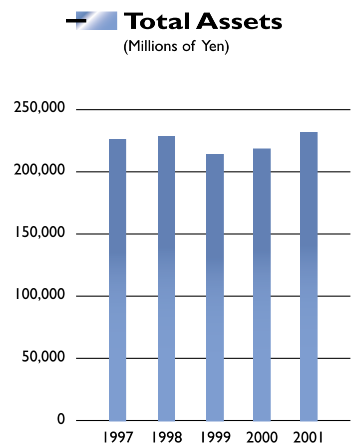
Years ended March 31

	Millions of yen					Thousands of U.S. dollars (Note)
	2001	2000	1999	1998	1997	2001
Net Sales	**¥185,862**	¥175,283	¥173,782	¥192,753	¥194,939	**$1,500,097**
Operating Income	**18,439**	11,391	6,784	10,888	8,672	**148,822**
Net Income (Loss)	**9,142**	(521)	(266)	2,654	3,125	**73,785**
Total Assets	**227,826**	223,065	212,812	224,693	224,000	**1,838,789**
Total Shareholders' Equity	**64,610**	58,103	57,169	59,328	57,377	**521,469**
			%			
Shareholders' Equity Ratio	**28.36**	26.05	26.86	26.40	25.61	28.36
			Yen			U.S. dollars (Note)
Amounts per Share:						
Net Income (Loss)	**¥ 42.55**	¥ (2.39)	¥ (1.20)	¥ 11.96	¥ 14.08	**$ 0.343**
Shareholders' Equity	**300.68**	270.40	261.72	267.32	258.53	**2.427**
Cash Dividends	**6**	5	5	5	3	**0.048**

Note: U.S. dollar amounts have been translated from Japanese yen, for convenience, at the rate of ¥123.90 =US $1.00, the approximate exchange rate on March 31, 2001.







PRESIDENT'S MESSAGE

Overview

We believe that the key to business success lies in the willingness to change proactively while preserving important traditions. Central Glass is no exception to this philosophy. In fiscal 2001, ended March 31, 2001, we demonstrated our commitment to success by steadily improving our revenue base despite a difficult social and operating environment. We attribute this progress to two factors. First, we have fortified our business foundation by comprehensively restructuring operations after the collapse of the "bubble economy" in the early 1990s. And second, our high-value-added fine chemicals business, which we have pursued since the 1970s, began contributing to corporate earnings in fiscal 2001.

As a result, the Company achieved record-high profit for the first time in 12 years. In this report, I would like to review our financial results and discuss how management views our performance in fiscal 2001. I would also like to explain our future prospects and reconfirm the position of the Company in the industry.

Performance

Consolidated net sales in fiscal 2001 amounted to ¥185,862 million (US$1,500 million), up 6.0% from fiscal 2000. Overseas sales jumped 34.6%, to ¥33,969 million (US$274 million). Despite higher costs due to rising prices of raw materials and fuel, operating income jumped 61.9%, to ¥18,439 million (US$149 million), owing to an increase in sales of high-value-added products and groupwide measures to streamline and improve efficiency of operations. Net income totaled ¥9,142 million (US$74 million), compared with a net loss of ¥521 million (US$5 million) in fiscal 2000.

Net cash provided by operating activities amounted to ¥15,037 million (US$121 million). Net cash used in investing activities was ¥9,788 million (US$79 million), due mainly to capital investments related to fine chemical products. Net cash used in financing activities was ¥4,771 million (US$39 million), stemming primarily from loan repayments. During the year, the Company made its second unsecured bond issue, raising ¥15 billion (US$121 million), and implemented the redemption of bonds from its first issue, which also totaled ¥15 billion (US$121 million). As a result, cash and cash equivalents at fiscal year-end were ¥22,065 million (US$178 million), up ¥760 million (US$6 million) from a year earlier.

Sadayoshi Nakamura
President

Basic policies

Central Glass is committed to creating prosperous lifestyles and living environments. We believe that development of technology and products must be aimed at enriching people's lives and benefiting society. For this reason, we will support creation of a society in which people can lead fulfilled lives.

Through the supply of a wide variety of products, we seek to broadly benefit the lives of many people. Our flat glass products and mirrors, for example, help people enjoy tasteful environments and brighten their lives. Our interior materials enable commercial operators to create the right image and appeal. Our processed glass products and fine glass have a multitude of applications, from residential and school construction to automobiles, trains, and home appliances, as well as such high-tech areas as electronic devices and OA equipment. And our fine chemical products, chemical products, fertilizers, and glass fiber products play an important role as basic materials in many industries. We will continue to provide people both in Japan and overseas with high-value products in response to their requirements.

Addressing environmental issues

Central Glass's objective is to pursue corporate activities that contribute to the realization of a truly prosperous society. To this end, we focus on three key themes: the environment, safety, and health. We fully recognize our responsibility as a member of society and are committed to fostering harmony between our social activities and protection of the natural environment. Throughout the entire product life cycle, from initial development to final disposal, we place top priority on the environment and people's safety and health.

In 1995, we joined the Japan Responsible Care Council, which is dedicated to addressing environmental issues and the comprehensive safety management of chemical substances. As a member, we have since conducted a broad array of activities, including energy-saving measures aimed at preventing global warming, reducing waste, developing recycling technologies, and cutting emissions of toxic chemicals. We will continue promoting our business while addressing environmental issues as a company that helps bring prosperity, health, and comfort to people's lives. To this end, we are focusing on the following action policies.

1. Emphasize protection of the environment and preservation of safety and health in all product-related activities, including R&D, production, distribution, and sale.
2. Maximize efficient usage of limited resources and energy.
3. Reduce environmental impact by recycling and converting waste into resources.
4. Participate in initiatives related to the environment, safety, and health, and fully comply with related regulations.
5. Work to raise employees' awareness of the social importance of the environment, safety, and health, and encourage understanding and action by each individual employee.
6. Foster mutual understanding and communication among participants in environment protection initiatives of the Japan Responsible Care Council and other organizations.

ISO 14001

Acquisition of ISO 14001 series certification for environmental management systems has long been a key priority at Central Glass. This commitment has produced favorable results. In December 1999, our Sakai plant was certified, followed by the Matsuzaka plant in April 2000. In December 2000, we obtained certification for our plant in Ube.

Outlook

In the future, we predict that structural changes in the economy will continue to break down the existing order due to globalization of the market, and such changes will lead to further corporate management reforms. Competition among companies will also intensify as free market rules take hold. We will keep meeting such market demand and provide our products to customers worldwide.

In addition, Central Glass will seek to raise the profitability of architectural glass products, maintain profitability of existing chemical products, and strengthen and upgrade growth businesses, such as fine chemicals and fine glass. We will also strive to sustain the profitability of our automobile glass business amid reorganization in the global automotive industry. Our main current objectives are to maintain steady profitability of our basic business, glass and chemicals, while raising overall profitability by expanding sales of fine chemicals and other high-profit, high-value-added products.

The most important issue for our future is to reinforce and upgrade our lineup of high-value-added products. For this reason, we will focus our management resources on fine chemicals and fine glass while also developing and supplying new products in the electronics and pharmaceuticals sectors. In today's competition-oriented society, we cannot achieve such goals if we depend solely on conventional wisdom.

We have continued to improve our technological capabilities, with the ultimate aim of making the lives of customers more comfortable and fulfilled. To this end, we are pursuing advanced R&D in a number of areas. Our Chemical Research Centers pursue ongoing R&D in organic and inorganic fine chemicals. The Glass Research Center is engaged in the development of new types of glass. And the Glass Technical Center spearheads the Company's development of glass manufacturing and processing technologies. By making the most effective use of these well-equipped facilities and their highly competent employees, we have created numerous original products and technologies in our quest to help create more affluent living environments.

We at Central Glass will target greater success in the 21st century as we seek well-balanced profits that will benefit customers, shareholders, and employees. We look forward to your understanding in these endeavors.

S. Nakamura

Sadayoshi Nakamura
President

REVIEW OF OPERATIONS

Glass Segment

Central Glass entered the flat glass business in 1958. In the 1960s, the Company began manufacturing polished glass using a process of grinding and polishing both glass surfaces simultaneously ("duplex" process), and later began producing flat glass using the revolutionary "float" process. Since then, we have manufactured and supplied large-sized, high-quality flat glass, as well as flat glass with excellent flatness and parallelism and thin flat glass for the electronics industry.

The glass segment is the Company's largest revenue producer, accounting for 63.0% of net sales. This segment can be broadly classified into three categories: architectural glass, automotive glass, and fine glass. In the year under review, our architectural glass and fine glass businesses performed favorably, while revenue from automotive glass remained at the same level. As a result, sales in the glass segment amounted to ¥117,147 million (US$945 million), up 6.0% from the previous year. Operating income totaled ¥4,964 million (US$40 million), or 4.2% of segment sales.

Architectural glass

This category encompasses float glass, polished wired glass, figured glass, mirrors, and fabricated glass. Float glass, produced using the float method, is large in size and features superior natural illumination and surface precision. It is widely used in the exteriors of modern buildings with large facades and windows.

Our line of fabricated glass for architectural use includes double glazed insulating glass with superior energy-saving properties, tempered glass, and laminated glass for added safety. We also offer a high-performance heat-reflective glass with excellent sunlight-adjustment and design appeal, which is attained by coating float glass with a special thin metallic film using a sputtering process.

In fiscal 2001, the environment of our architectural glass business slightly improved in terms of building construction and housing starts. Owing to such circumstances and continued expanding demand for insulating glass units, sales in this category increased. However, competition was still stiff, making profitability difficult to attain. Therefore, we worked hard to cut various costs and undertook restructuring, which included integrating our glass-cutting centers.

Although we cannot anticipate a major increase in demand for glass in the future, we believe we can cultivate new user needs and shift our emphasis to products that attract users. In the past, for example, demand for insulating glass units was generally limited to users in Hokkaido and other cold regions. More recently, however, the energy-saving qualities of these products have generated increasing demand for use in homes and buildings elsewhere, because they enhance the effectiveness of air-conditioning systems.

A new set of energy-saving standards was formulated by the government in March 1999 to help conserve energy in houses. People who build houses that meet such standards can utilize larger loans from the Government Housing Loan Corporation.

In addition, major residential housing construction companies have adopted insulating glass units as standard materials. These factors have contributed to an increase in demand for insulating glass units, which are attracting attention for their environmental protection properties. (Energy saved by using insulating glass units helps reduce carbon dioxide emissions.) According to some reports, insulating glass units are used in around 40% of new houses. For these reasons, we anticipate increased demand for use in large buildings and development projects in metropolitan areas.

Automotive glass

There are two types of automotive glass: laminated glass and tempered glass. With laminated glass, an interlayer film is inserted and bonded between two glass sheets. This product offers superior penetration resistance, and broken fragments will not scatter even if the glass is damaged. Tempered glass shatters into numerous granular fragments, so like laminated glass is very safe.

Central Glass develops automotive glass for new car models from the initial planning stage in cooperation with major automakers. We are creating a product development system aimed at raising the quality of our automotive glass offerings, including heat-reflective glass, UV-cut glass, complicated-formed glass, specially tinted glass, and water-repellent glass.

Fine glass

In this category, our main focus is on thin glass for glass substrates used in liquid crystal displays (LCDs) and other flat-panel displays (FPDs). Sales have been strong in recent years in line with growing demand from companies in the electronics and information technology sectors. Main products in this category are used for several applications in FPDs. They include thin glass, polished glass, transparent electric conductive film coated glass (ITO, SnO_2), chrome coated glass for TFT- LCD color filters, and optical mirrors.

We also are developing and promoting sample work related to special glass with high-strain-point for plasma display panels (PDPs), glass substrates for magnetic disks, glass paste for sealing, and low-melting point glass rods.

In 1995, Central Glass commenced fine glass operations in Taiwan, accompanied by the entry of LCD-related customers into that region. The operations began with a cutting facility for thin glass for LCDs and other flat-panel glass substrates. Later, as the market for FPDs in Taiwan expanded and customers shifted more and more production operations to the region, we also started glass polishing there. Now, cutting and polishing in Taiwan are operating at full capacity, and we plan to further expand our polishing lines.

Demand for thin glass for flat-panel display substrates is expected to grow steadily in the future. For this reason, our fine glass business is positioned as a significant growth area in our corporate strategic plan, and the Company is concentrating managerial resources in this field accordingly. In the future, we will increase production capacity and invest in new product development in order to further reinforce our capabilities in this important business area.

Chemical Segment

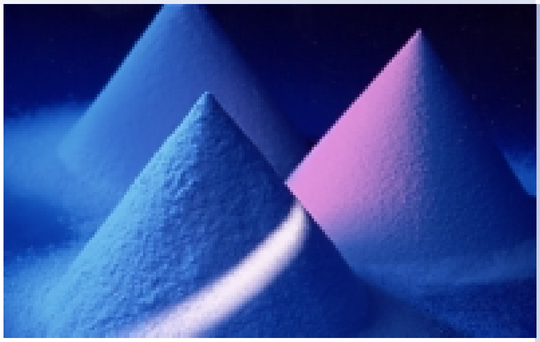
Since commencing operations as a manufacturer of soda products, Central Glass has expanded its product line to encompass various chemicals, fertilizers, and other offerings, such as glass fiber and fine chemicals, including high-value-added chemical products. Our business in fine chemicals has shown remarkable growth thanks to increasing sales of special gases and intermediates of pharmaceuticals.

Sales in this segment in fiscal 2001, amounted to ¥68,715 million (US$555 million), or 37.0% of net sales. Operating income was up 25.9%, to ¥13,477 million (US$109 million).

Chemicals

We are now a prominent manufacturer of basic materials that are broadly used by various industries. Our chemicals business now encompasses such products as soda ash, caustic soda, calcium chloride, vinyl chloride, polyaluminum chloride, cryolite, hydrofluoric acid, and high-purity hydrofluoric acid.

In addition to items mentioned above, Central Glass is working to commercialize a new product called HFC245fa, which is mainly used as a rigid polyurethane polyisocyanurate blowing agent for insulation materials in electric refrigerators and buildings. This is set to replace HCFC141b, which has been identified as damaging to the ozone layer and thus will be banned from use as a foaming agent in Japan by the end of calendar 2003.



A number of alternative materials, such as water and hydrocarbon, are under consideration for use as blowing agents, but hydrofluorocarbon (HFC) is in strong demand for its low thermal conductivity and non-flammability. Central Glass has developed a cost-competitive and unique process for mass-producing HFC.

Fertilizers

Our business lines are ammonium chloride, compound fertilizers (NK, NPK), phosphoric acid, ammonium phosphate (MAP, DAP), and coated urea (Cera-coat®; controlled release fertilizer).

We supply domestic customers with ammonium chloride, compound fertilizers, and others through ZEN-NOH (National Federation of Agricultural Cooperatives) and rural agricultural cooperatives. These products are mainly used for paddy rice, wheat, and pasture. Phosphoric acid and ammonium phosphate are used as raw materials for chemical products and fertilizers by major manufacturers nationwide. Production of Cera-coat® started in 1987, and in 2000, we began selling a new version, called Cera-coat® R, with improved functions.

1. Coated urea with 41% of nitrogen content.
2. Available in seven versions depending on release period and pattern.
3. Functioning both as basal and top dressing. It can be used for one-time application for whole cultivation period, thus labor saving.
4. Main coating agent is vegetable oil, which is easily decomposed by soil microorganism, and it is friendly to the environment.
5. Extraordinary shock resistance is suitable for machinery broadcasting.

Central Glass's involvement in agriculture extends beyond fertilizers. In a joint project with Chugoku National Agricultural Experiment Station, for example, we are developing microbial pesticides that protect rice seedlings from bacterial diseases.

Fine chemicals

We use hydrogen fluoride as the base material in a variety of organic and inorganic fluorochemicals that constitute our fine chemicals business. These are manufactured using an integrated production system. In the future, we will concentrate capital investments and managerial resources in areas where growth in demand is expected. These include special gases for the semiconductor and LCD device sectors, active pharmaceutical ingredients, pharmaceutical and agrochemical intermediates, semiconductor materials, and optical devices.

In basic pharmaceutical ingredients, sevoflurane, a general anesthetic, has received high reputation from medical professionals. Because it acts quickly and has minimal side effects, it is gaining rapid popularity in Japan and overseas. We anticipate that it will attract demand away from conventional anesthetics. For these reasons, we are expanding our production line. We also have developed an ulcer treatment medicine, which was approved in January 2000 and has significant potential.

Our nitrogen trifluoride is attracting widespread attention as a special plasma cleaning gas for use in semiconductors and LCD panels. Specifically, it is used to remove unnecessary substances from the chamber wall where chemical vapor deposition (CVD) is employed to create a film on semiconductor chips or LCD panels. In the semiconductor sector, we expect the need for more frequent cleaning to rise in line with advances in microprocessing technologies. Also, chambers will become larger in line with increasing wafer diameters. In the LCD device sector, demand should be boosted by growing production volumes and the trend toward larger displays.

Currently, only four companies in the world can make nitrogen trifluoride, and only Central Glass has an integrated production system for making this substance from fluoric acid. We are continuing to reinforce cost-competitiveness and strengthen our production line. We are also upgrading equipment for making chlorine trifluoride, which is used as a high-performance non-plasma cleaning gas for CVD devices, and for making tungsten hexafluoride, which is expected to grow steadily as a material for circuit wiring.

Glass fiber

This category consists of two types of product: long glass fiber, which is called textile glass fiber, and short glass fiber, known as glass wool.

Long glass fiber can be mixed with resin to form fiber-reinforced plastic (FRP), for example, which is used in such products as bathtubs, small boats, computers, and electronic devices. They can also be coated with rubber to form fiber-glass rubber reinforcing cord (FRR), which is used in industrial-use belts and other products. Both FRP and FRR are attracting attention and finding increased applications as industrial materials due to their superior characteristics, including heat resistance, chemical resistance, electrical insulation, and tensile strength.

Glass wool has excellent fire and heat resistance, malleability, and sound absorption. It is widely used as heat insulation in houses, heat and sound insulation in automobile hoods, and other areas, thus contributing to the social cause of conserving energy.

CONSOLIDATED BALANCE SHEETS

Central Glass Co., Ltd. and Consolidated Subsidiaries

	Millions of yen		Thousands of U.S. dollars (Note 2)
March 31,	2001	2000	2001
Assets			
Current assets:			
Cash and bank deposits	**¥ 22,676**	¥ 21,983	**$ 183,019**
Short-term investments (Notes 1(e) and 14)	**—**	4,656	**—**
Trade notes and accounts receivable	**55,433**	50,309	**447,401**
Less: Allowance for doubtful accounts	**(552)**	(433)	**(4,455)**
Inventories	**22,906**	21,872	**184,875**
Deferred taxes (Note 7)	**943**	930	**7,611**
Prepaid expenses and other current assets	**2,018**	1,992	**16,287**
Total current assets	**103,424**	101,309	**834,738**
Property, plant and equipment, at cost (Note 4):			
Land	**23,402**	23,954	**188,878**
Buildings and structures	**75,151**	73,942	**606,546**
Machinery and equipment	**196,756**	190,014	**1,588,022**
Construction in progress	**4,771**	4,356	**38,507**
	300,080	292,266	**2,421,953**
Less: Accumulated depreciation	**(209,024)**	(201,253)	**(1,687,038)**
Property, plant and equipment, net	**91,056**	91,013	**734,915**
Investments and other assets:			
Investment securities (Notes 4 and 14)	**22,319**	16,808	**180,137**
Long-term loans receivable	**457**	1,055	**3,688**
Deferred taxes (Note 7)	**5,964**	6,322	**48,136**
Other assets	**5,273**	5,576	**42,558**
Allowance for doubtful accounts	**(667)**	(960)	**(5,383)**
Total investments and other assets	**33,346**	28,801	**269,136**
Translation adjustments (Note 1 (c))	**—**	1,942	**—**
Total assets	**¥ 227,826**	¥ 223,065	**$ 1,838,789**

See accompanying notes to consolidated financial statements.

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2001	2000	2001
Liabilities and shareholders' equity			
Current liabilities:			
Short-term borrowings (Notes 3 and 4)	**¥ 59,487**	¥ 59,014	**$ 480,121**
Current portion of long-term debt (Note 4)	**—**	15,000	**—**
Trade notes and accounts payable	**26,742**	24,907	**215,835**
Income taxes payable	**3,412**	3,876	**27,538**
Accrued expenses and other current liabilities	**18,526**	16,861	**149,524**
Total current liabilities	**108,167**	119,658	**873,018**
Long-term liabilities:			
Long-term debt (Note 4)	**29,121**	17,467	**235,037**
Accrued retirement benefits (Notes 1(j) and 8)	**16,825**	18,310	**135,795**
Reserve for rebuilding furnaces	**8,212**	8,686	**66,279**
Other long-term liabilities	**130**	183	**1,049**
Total long-term liabilities	**54,288**	44,646	**438,160**
Total liabilities	**162,455**	164,304	**1,311,178**
Minority interests	**761**	658	**6,142**
Commitments and contingent liabilities (Note 13)			
Shareholders' equity (Notes 5 and 17):			
Common stock, ¥50 par value:			
Authorized—867,944,000 shares in 2001 and 871,500,000 shares in 2000			
Issued—214,879,975 shares	**18,168**	18,168	**146,634**
Additional paid-in capital	**8,117**	8,117	**65,513**
Retained earnings	**39,810**	31,818	**321,308**
Translation adjustments (Note 1(c))	**(1,485)**	—	**(11,986)**
	64,610	58,103	**521,469**
Treasury stock, at cost:			
323,020 shares in 2001 and 470,716 shares in 2000	**(0)**	(0)	**(0)**
Total shareholders' equity, net	**64,610**	58,103	**521,469**
Total liabilities and shareholders' equity	**¥227,826**	¥223,065	**$1,838,789**

March 31,

CONSOLIDATED STATEMENTS OF OPERATIONS

Central Glass Co., Ltd. and Consolidated Subsidiaries

Years ended March 31,

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2001	2000	**2001**
Net sales	**¥185,862**	¥175,283	**$1,500,097**
Cost of sales	**131,252**	126,067	**1,059,338**
Gross profit	**54,610**	49,216	**440,759**
Selling, general and administrative expenses	**36,171**	37,825	**291,937**
Operating income	**18,439**	11,391	**148,822**
Other income (expenses):			
Interest and dividend income	**345**	406	**2,784**
Interest expense	**(1,991)**	(2,041)	**(16,070)**
Other, net (Note 6)	**(1,443)**	(9,388)	**(11,646)**
	(3,089)	(11,023)	**(24,932)**
Income before income taxes and minority interests	**15,350**	368	**123,890**
Income taxes (Note 7):			
Current	**5,803**	4,953	**46,836**
Deferred	**342**	(4,069)	**2,760**
	6,145	884	**49,596**
Minority interests	**(63)**	(5)	**(509)**
Net income (loss)	**¥ 9,142**	¥ (521)	**$ 73,785**

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

Central Glass Co., Ltd. and Consolidated Subsidiaries

			Years ended March 31,
	Millions of yen		Thousands of U.S. dollars (Note 2)
	2001	2000	**2001**
Common stock			
Balance at beginning of year			
(2001 — 214,879,975 shares;			
2000 — 218,435,975 shares)	**¥18,168**	¥18,168	**$146,634**
Balance at end of year			
(2001 — 214,879,975 shares;			
2000 — 214,879,975 shares)	**¥18,168**	¥18,168	**$146,634**
Additional paid-in capital			
Balance at beginning of year	**¥ 8,117**	¥ 8,877	**$ 65,513**
Retirement of shares	**—**	(760)	**—**
Balance at end of year	**¥ 8,117**	¥ 8,117	**$ 65,513**
Retained earnings (Note 17)			
Balance at beginning of year	**¥31,818**	¥30,124	**$256,804**
Cumulative effect of initial adoption of tax-effect accounting	**—**	3,308	**—**
Decrease resulting from changes in consolidated subsidiaries	**(75)**	—	**(605)**
Net income (loss)	**9,142**	(521)	**73,785**
Cash dividends paid	**(1,075)**	(1,093)	**(8,676)**
Balance at end of year	**¥39,810**	¥31,818	**$321,308**
Translation adjustments (Note 1(c))			
Balance at beginning of year	**¥ —**	¥ —	**$ —**
Adjustments arising from translation of foreign currency financial statements	**(1,485)**	—	**(11,986)**
Balance at end of year	**¥ (1,485)**	¥ —	**$ (11,986)**

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Central Glass Co., Ltd. and Consolidated Subsidiaries

Years ended March 31,

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2001	2000	**2001**
Operating activities			
Income before income taxes and minority interests	**¥ 15,350**	¥ 368	**$ 123,890**
Depreciation	**10,715**	10,196	**86,481**
Amortization of goodwill	**(50)**	(56)	**(403)**
(Reversal of) provision for accrued retirement benefits	**(1,503)**	7,371	**(12,131)**
(Reversal of) provision for reserve for rebuilding furnaces	**(473)**	1,026	**(3,818)**
Interest and dividend income	**(346)**	(406)	**(2,792)**
Interest expense	**1,991**	2,041	**16,069**
Foreign currency exchange loss	**—**	242	**—**
Equity in earnings of an unconsolidated subsidiary and affiliates	**(615)**	(365)	**(4,964)**
Loss on valuation of securities	**64**	133	**517**
Loss on sale of property, plant and equipment, net of gain	**128**	426	**1,033**
Loss on valuation of golf memberships	**377**	—	**3,043**
Changes in operating assets and liabilities:			
Increase in trade notes and accounts receivable	**(4,414)**	(5,367)	**(35,625)**
Increase (decrease) in inventories	**(776)**	2,001	**(6,263)**
Increase in trade notes and accounts payable	**1,299**	2,128	**10,484**
Decrease (increase) in accrued expenses	**(194)**	361	**(1,566)**
Other, net	**1,392**	149	**11,235**
Subtotal	**22,945**	20,248	**185,190**
Interest and dividends received	**346**	406	**2,793**
Interest paid	**(1,983)**	(2,067)	**(16,005)**
Income taxes paid	**(6,271)**	(3,000)	**(50,614)**
Net cash provided by operating activities	**15,037**	15,587	**121,364**
Investing activities			
Increase in time deposits	**(577)**	(773)	**(4,657)**
Proceeds from time deposits	**645**	665	**5,206**
Proceeds from sales of marketable securities	**—**	528	**—**
Purchases of property, plant and equipment	**(9,980)**	(7,757)	**(80,549)**
Proceeds from sales of property, plant and equipment	**573**	895	**4,625**
Increase in investment securities	**(396)**	(380)	**(3,196)**
Proceeds from sales of investment securities	**25**	482	**202**
Other	**(78)**	135	**(630)**
Net cash used in investing activities	**(9,788)**	(6,205)	**(78,999)**
Financing activities			
Decrease in short-term borrowings	**(2,021)**	(813)	**(16,312)**
Proceeds from long-term debt borrowings	**2,856**	1,163	**23,051**
Repayment of long-term debt	**(4,531)**	(4,695)	**(36,570)**
Proceeds from issuance of bond	**15,000**	—	**121,065**
Redemption of bond	**(15,000)**	—	**(121,065)**
Retirement of treasury stock	**—**	(760)	**—**
Cash dividends paid	**(1,075)**	(1,092)	**(8,676)**
Other	**(0)**	—	**(0)**
Net cash used in financing activities	**(4,771)**	(6,197)	**(38,507)**
Effect of exchange rate changes on cash and cash equivalents	**99**	(95)	**799**
Net increase in cash and cash equivalents	**577**	3,089	**4,657**
Cash and cash equivalents at beginning of the year (Notes 1(d) and 12)	**21,305**	18,126	**171,953**
Increase in cash and cash equivalents due to change in scope of consolidation	**183**	90	**1,477**
Cash and cash equivalents at end of the year (Notes 1(d) and 12)	**¥ 22,065**	¥ 21,305	**$ 178,087**

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Central Glass Co., Ltd. and Consolidated Subsidiaries
March 31, 2001

1. Summary of Significant Accounting Policies

(a) Basis of preparation

Central Glass Co., Ltd. (the "Company") and its domestic subsidiaries maintain their accounting records and prepare their financial statements in accordance with accounting principles and practices generally accepted and applied in Japan, and its foreign subsidiaries maintain their books of account in conformity with those of their countries of domicile. The accompanying consolidated financial statements have been prepared from the financial statements filed with the Ministry of Finance as required by the Securities and Exchange Law of Japan. Accordingly, the accompanying financial statements may differ in certain significant respects in order to present the consolidated financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan. For the purposes of this document, certain reclassifications have been made to present the accompanying consolidated financial statements in a format which is familiar to readers outside Japan.

(b) Basis of consolidation and accounting for investments in an unconsolidated subsidiary and affiliates

In accordance with the revised accounting standard for consolidation issued by the Business Accounting Deliberation Council (the "BADC"), effective April 1, 1999, the accompanying consolidated financial statements include the accounts of the Company and significant subsidiaries over which substantial control is exerted through either majority ownership of voting stock and/or by other means. All significant intercompany balances and transactions have been eliminated in consolidation.

Certain subsidiaries are consolidated on the basis of fiscal periods which differ from that of the Company or on the basis of the fiscal period ending March 31 as a tentative closing date; however, the necessary adjustments have been made if the effect of this difference is material.

Investments in unconsolidated subsidiaries are stated at cost because their impact on the consolidated financial statements was immaterial.

Investments in affiliates (companies over which the Company has the ability to exercise significant influence) are stated at cost plus equity in their undistributed earnings or losses. Consolidated net income (loss) includes the Company's equity in the current net income or loss of such companies, after the elimination of unrealized intercompany profits.

All assets and liabilities of the subsidiaries are revaluated on acquisition, if applicable, and the excess of cost over the underlying net assets at the respective date of acquisition is amortized over a period of five years on a straight-line basis.

Before the adoption of this accounting standard, subsidiaries and affiliates included only companies in which the Company and its group companies held the majority ownership and companies owned 20% to 50% by the Company and its group companies, respectively.

The number of consolidated companies increased by two in the year ended March 31, 2001. At the same time, the number of companies included in the consolidated financial statements on an equity basis decreased by one. The increase in the number of consolidated subsidiaries reflects the establishment of one consolidated subsidiary and three consolidated subsidiaries which have become material to the results of the Company. The decrease in the number of consolidated subsidiaries reflects liquidation of two companies.

(c) Foreign currency translation

The balance sheet accounts, except for the components of shareholders' equity, and the revenue and expense accounts of the foreign consolidated subsidiaries are translated into yen at the rates of exchange in effect at the balance sheet date. The components of shareholders' equity are translated at their historical exchange rates.

A revised accounting standard for foreign currency translation became effective April 1, 2000. Adoption of the revised standard trading effect on the consolidated financial statements for the year ended March 31, 2001. Due to a change effective the year ended March 31, 2001 in the regulations relating to the presentation of translation adjustments, the Company has presented translation adjustments as a component of shareholders' equity and minority interests in consolidated subsidiaries (instead of as a component of assets or liabilities) in its consolidated financial statements for the year ended March 31, 2001, and has presented translation adjustment as a component of assets in its consolidated financial statements for the year ended March 31, 2000 in accordance with the old accounting standard.

(d) Cash equivalents

All highly liquid investments, generally with a maturity of three months or less when purchased, which are readily convertible into known amounts of cash or are so near maturity that they represent only an insignificant risk of any change in value attributable to changes in interest rates, are considered cash equivalents.

Under a new accounting standard for statements of cash flows, the definition of cash and cash equivalents in the statement of cash flows and cash and bank deposits in the balance sheets differs in certain components. A reconciliation between the cash definitions above is presented in Note 12.

(e) Short-term investments and investment securities

Until the year ended March 31, 2000, marketable securities were valued principally at the lower of cost or market, cost being determined by the moving average method, and investment securities other than marketable securities were stated at cost determined by the moving average method.

A new accounting standard for financial instruments, which became effective April 1, 2000, requires that securities be classified into three categories: trading, held-to-maturity or other securities. Under this standard, trading securities are carried at fair value and held-to-maturity securities are carried at amortized cost. Marketable securities classified as other securities are carried at fair value with changes in unrealized holding gain or loss, net of the applicable income taxes, included directly in shareholders' equity.

Non-marketable securities classified as other securities are carried at cost. Cost of securities sold is determined by the moving average method. However, the Company stated all marketable securities classified as other securities at cost, since new rule allows the Company to measure marketable securities classified as other securities at cost until this fiscal year end.

At April 1, 2000, the Company and consolidated subsidiaries assessed their intent in holding investments in securities, classified their investments as "held-to-maturity securities" or "other securities" and accounted for the securities at March 31, 2001 in accordance with the standard referred to above. As a result, marketable securities of ¥4,656 million ($37,579 thousand), which had been included in short-term investments, were reclassified to investment securities at April 1, 2000.

(f) Inventories

Inventories are mainly stated at cost determined by the aver age method.

(g) Depreciation and amortization

Depreciation of property, plant and equipment is calculated principally by the declining-balance method at rates based on the estimated useful lives of the respective assets. However, buildings (excluding leasehold improvements) acquired after April 1, 1998 by the Company and the domestic consolidated subsidiaries are depreciated by the straight-line method.

Intangible assets are amortized by the straight-line method over their estimated useful lives. Software costs capitalized are amortized by the straight-line method over a period of 5 years.

(h) Leases

Noncancelable leases are accounted for as operating leases regardless of whether such leases are classified as operating or finance leases, except that leases which stipulate the transfer of ownership of the leased assets to the lessee are accounted for as finance leases.

(i) Allowance for doubtful accounts

The allowance for doubtful accounts is provided at an amount sufficient to cover possible losses on the collection of receivables. The amount of the allowance is determined mainly based on the past experience of bad debts and an estimate of the collectibility of individual receivables based on the financial position of the debtors.

(j) Accrued retirement benefits

Employees whose services with the Company and its domestic consolidated subsidiaries are terminated are usually entitled to lump-sum retirement benefits determined by reference to their current basic salary, length of service and the conditions under which the termination occurs. A portion of the liability for employees' retirement benefits is funded by the Company and its domestic consolidated subsidiaries in a pension fund administered by an independent trustee.

Until the year ended March 31, 2000, the liability for retirement benefits was provided at the amount which would be required if all eligible employees terminated their services voluntarily as of the relevant balance sheet date, less the amount of the pension plan assets at fair value.

The foreign consolidated subsidiaries do not provide for such a liability because they have no equivalent retirement benefit plan.

A new accounting standard for employees' retirement benefits became effective April 1, 2000. In accordance with this standard, accrued retirement benefits for employees at March 31, 2001 have been provided mainly at an amount calculated based on the retirement benefit obligation and the fair value of the pension plan assets at March 31, 2001, as adjusted for the unrecognized net retirement benefit obligation at transition, unrecognized actuarial gain or loss and unrecognized prior service cost. The retirement benefit obligation is attributed to each year by the straight-line method over the estimated years of service of the eligible employees. The net retirement benefit obligation at transition of ¥1,402 million ($11,316 thousand) was fully charged to operations for the year ended March 31, 2001. Actuarial gain or loss is being credited or charged to income in the year in which the gain or loss is recognized. See Note 8.

The effect of the adoption of the new standard for retirement benefits was to decrease income before income taxes and minority interests by ¥33 million ($266 thousand) for the year ended March 31, 2001.

Effective April 1, 1999, the Company and its domestic consolidated subsidiaries changed their accounting policy for retirement benefits for employees. This change was implemented in order to achieve a better matching of expenses and the related revenues as well as to promote a sound financial structure. The effect of this change was to decrease operating income and income before income taxes for the year ended March 31, 2000 by ¥107 million and ¥8,132 million, respectively, from the amounts which would have been recorded under the method followed in the previous year.

(k) Reserve for rebuilding furnaces

The Company provides for expenditures for the substantial rebuilding of glass melting furnaces and other glass manufacturing facilities, taking into account the estimated cost of the next rebuilding and the projected operating period.

(l) Bond issuance expenses

Bond issue costs are expensed when paid.

(m) Income taxes

Effective April 1, 1999, the Company and its consolidated subsidiaries adopted tax-effect accounting for income taxes in accordance with a new accounting standard issued by the BADC. This standard requires recognition of income taxes by the asset and liability method. Under the asset and liability method, deferred tax assets and liabilities are determined based on the differences between financial reporting and the tax bases of the assets and liabilities and are measured using the enacted tax rates and laws which will be in effect when the differences are expected to reverse. The cumulative effect of this change is reported as "cumulative effect of initial adoption of tax-effect accounting" in the consolidated statements of shareholders' equity.

(n) Derivatives

The Company entered into interest rate swaps transactions in order to manage certain risks arising from adverse fluctuations in interest rates in the year ended March 31, 2001. In accordance with the new accounting standard for financial instruments which became effective April 1, 2000, derivatives are carried at fair value with any changes in unrealized gain or loss charged or credited to operations, except for hedging instruments which meet the criteria for deferral hedge accounting under which unrealized gain or loss is deferred as an asset or liability.

(o) Appropriation of retained earnings

Under the Commercial Code of Japan, the appropriation of retained earnings with respect to a given financial period is made by resolution of the shareholders at a general meeting held subsequent to the close of such financial period. The accounts for that period do not, therefore, reflect such appropriations. See Note 17.

2. Japanese Yen and U.S. Dollar Amounts

The U.S. dollar amounts included in the consolidated financial statements and notes thereto represent the arithmetic results of translating Japanese yen into U.S. dollars at ¥123.90 = U.S.$1.00, the approximate exchange rate on March 31, 2001. The inclusion of such U.S. dollar amounts is solely for the convenience of the reader and is not intended to imply that Japanese yen amounts have been or could be converted, realized or settled in U.S. dollars at the above or any other rate.

3. Short-Term Borrowings

Short-term borrowings substantially represent short-term borrowings from banks at an average interest rate of 1.82% per annum at March 31, 2001.

4. Long-Term Debt

Long-term debt at March 31, 2001 and 2000 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2001	2000	**2001**
2.125% yen unsecured bonds due 2001	**¥ —**	¥15,000	**$ —**
1.79% yen unsecured bonds due 2005	**15,000**	—	**121,065**
Loans from banks, due through 2009 at an average rate of 2.5% in 2001	**19,877**	20,885	**160,428**
Total long-term debt	**34,877**	35,885	**281,493**
Less: Current portion of bonds	**—**	15,000	**—**
Current portion of loans from banks (included in short-term borrowings)	**5,756**	3,418	**46,456**
	¥29,121	¥17,467	**$235,037**

The assets pledged as collateral for short-term borrowings and long-term debt at March 31, 2001 were as follows:

	Millions of yen	Thousands of U.S. dollars
Land	**¥13,863**	**$111,889**
Buildings and structures	**13,759**	**111,049**
Machinery and equipment	**18,707**	**150,985**
Investment securities	**4,105**	**33,131**
	¥50,434	**$407,054**

The related debt for which the above assets were pledged as collateral at March 31, 2001 was as follows:

	Millions of yen	Thousands of U.S. dollars
Short-term borrowings	**¥6,353**	**$51,275**
Long-term debt including the current portion thereof	**10,874**	**87,764**
	¥17,227	**$139,039**

The aggregate annual maturities of long-term debt subsequent to March 31, 2001 are summarized as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2002	¥ 5,756	$ 46,456
2003	3,876	31,283
2004	2,232	18,015
2005	2,898	23,390
2006	15,603	125,932
2007 and thereafter	4,512	36,417
	¥34,877	$281,493

5. Legal Reserve and Additional Paid-in Capital

In accordance with the Commercial Code of Japan, the Company has provided a legal reserve as an appropriation of retained earnings. The Code provides that neither additional paid-in capital nor the legal reserve is available for dividends, but both may be used to reduce or eliminate a deficit by resolution of the shareholders or may be transferred to common stock by resolution of the Board of Directors.

6. Other Income (Expenses)

The components of other, net in other income (expenses) for the years ended March 31, 2001 and 2000 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2001	2000	**2001**
Lease revenues	**¥ 278**	¥ 204	**$ 2,244**
Equity in earnings of unconsolidated subsidiaries and affiliates	**615**	365	**4,964**
Gain on sales of inventories	**571**	248	**4,609**
Exchange gain	**657**	—	**5,303**
Loss on disposal of property, plant and equipment	**(776)**	(516)	**(6,263)**
Gain on sales of property, plant and equipment	**290**	361	**2,341**
Loss on sales of property, plant and equipment	**(418)**	(95)	**(3,374)**
Loss on valuation of property, plant and equipment	**(391)**	—	**(3,156)**
Loss on valuation of golf memberships	**(377)**	—	**(3,043)**
Write-offs of bad debts	**(414)**	(369)	**(3,341)**
Loss on liquidation of subsidiaries and affiliates	**—**	(43)	**—**
Prior service cost recognized as liability	**—**	(8,024)	**—**
Amortization of net retirement benefit obligation at transition	**(1,402)**	—	**(11,316)**
Other, net	**(76)**	(1,519)	**(614)**
	¥(1,443)	¥(9,388)	**$(11,646)**

7. Income Taxes

Income taxes applicable to the Company and its domestic consolidated subsidiaries comprised corporation tax, inhabitants' taxes and enterprise tax which, in the aggregate, resulted in a statutory tax rate of approximately 41% for 2001 and 2000. Income taxes of the foreign consolidated subsidiaries are based generally on the tax rates applicable in their countries of incorporation.

The major components of deferred tax assets and liabilities as of March 31, 2001 and 2000 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2001	2000	**2001**
Deferred tax assets:			
Enterprise tax payable	**¥ 282**	¥ 332	**$ 2,276**
Allowances for employees' bonuses	**370**	221	**2,986**
Accrued retirement benefits	**4,436**	4,743	**35,803**
Allowance for rebuilding furnaces	**1,059**	1,221	**8,547**
Net operating loss carryforward	**3,207**	3,252	**25,884**
Other	**1,077**	1,408	**8,693**
Gross deferred tax assets	**10,431**	11,177	**84,189**
Valuation allowance	**(3,006)**	(3,457)	**(24,262)**
Total deferred tax assets	**7,425**	7,720	**59,927**
Deferred tax liabilities:			
Reserve for deferred gain on property	**(417)**	(344)	**(3,365)**
Other	**(101)**	(124)	**(815)**
Total deferred tax liabilities	**(518)**	(468)	**(4,180)**
Net deferred tax assets	**¥ 6,907**	¥ 7,252	**$ 55,747**

Disclosure of a reconciliation between the statutory rate and the effective tax rate as a percentage of income before income taxes for the year ended March 31, 2001 has been omitted since the difference was immaterial.

A reconciliation between the statutory rate and the effective tax rate as a percentage of income before income taxes for the year ended March 31, 2000 is summarized as follows:

	2000
Statutory income tax rate	41.0%
Reconciliation:	
Non-recognized deferred tax assets	200.2
Non-deductible expenses for income tax purposes	25.2
Inhabitants' per capita taxes	15.6
Equity in earnings of affiliates	(39.7)
Other	(2.2)
Effective income tax rate	240.1%

8. Retirement Benefit Plans

The following table sets forth the funded and accrued status of the plans, and the amounts recognized in the consolidated balance sheet as of March 31, 2001 for the Company's and the consolidated subsidiaries' defined benefit plans:

	Millions of yen	Thousands of U.S. dollars
Retirement benefit obligation	**¥(29,015)**	**$(234,181)**
Pension plan assets at fair value	**12,190**	**98,386**
Unfunded retirement benefit obligation	**(16,825)**	**(135,795)**
Unrealized net benefit obligation at transition	**—**	**—**
Unrecognized actuarial gain or loss	**—**	**—**
Unrecognized prior service cost	**—**	**—**
Net retirement benefit obligation	**(16,825)**	**(135,795)**
Prepaid pension cost	**—**	**—**
Accrued retirement benefits	**¥(16,825)**	**$(135,795)**

The components of retirement benefit expenses for the year ended March 31, 2001 are outlined as follows:

	Millions of yen	Thousands of U.S. dollars
Service cost	**¥ 1,383**	**$11,162**
Interest cost	**1,004**	**8,103**
Expected return on pension plan assets	**(380)**	**(3,067)**
Amortization of net retirement benefit obligation at transition	**1,402**	**11,316**
Amortization of actuarial gain	**(1,226)**	**(9,895)**
Amortization of prior service cost	**—**	**—**
Total	**¥ 2,183**	**$17,619**

The assumptions used in accounting for the above plans are as follows:

Discount rate	3.5%
Expected rate of return on pension plan assets	3.5%

9. Research and Development Expenses

Research and development expenses, all of which have been included in selling, general and administrative expenses for the years ended March 31, 2001 and 2000, were ¥4,713 million ($38,039 thousand) and ¥4,530 million, respectively.

10. Leases

(a) Lessees' accounting

The following pro forma amounts represent the acquisition costs, accumulated depreciation and net book value of the leased assets as of March 31, 2001 and 2000, which would have been reflected in the balance sheets if lease accounting had been applied to finance leases currently accounted for as operating leases.

	Millions of yen			
	March 31, 2001			
	Machinery and vehicles	Other property, plant and equipment	Intangible assets	Total
Acquisition costs	**¥740**	**¥1,117**	**¥265**	**¥2,122**
Accumulated depreciation	**517**	**861**	**188**	**1,566**
Book value	**¥223**	**¥ 256**	**¥ 77**	**¥ 556**

	Thousands of U.S. dollars			
	March 31, 2001			
	Machinery and vehicles	Other property, plant and equipment	Intangible assets	Total
Acquisition costs	**$5,973**	**$9,015**	**$2,139**	**$17,127**
Accumulated depreciation	**4,173**	**6,949**	**1,517**	**12,639**
Book value	**$1,800**	**$2,066**	**$ 622**	**$ 4,488**

	Millions of yen			
	March 31, 2000			
	Machinery and vehicles	Other property, plant and equipment	Intangible assets	Total
Acquisition costs	¥980	¥1,413	¥368	¥2,761
Accumulated depreciation	696	1,138	245	2,079
Book value	¥284	¥ 275	¥123	¥ 682

Lease payments relating to finance leases accounted for as operating leases in the accompanying consolidated financial statements amounted to ¥363 million ($2,930 thousand) for the year ended March 31, 2001, which was equal to the pro forma amount of depreciation for the year ended March 31, 2001 if lease accounting had been applied to finance leases currently accounted for as operating leases.

Future minimum lease payments (including the interest portion thereon) subsequent to March 31, 2000 for finance lease transactions accounted for as operating leases, except for lease agreements which stipulate the transfer of ownership of the leased property to the Company and its consolidated subsidiaries, are summarized as follows:

	Millions of yen	Thousands of U.S. dollars
Due within one year or less	¥ 536	$4,326
Due subsequent to one year	682	5,504
Total	¥1,218	$9,830

(b) Lessors' accounting

Subleasing income subsequent to March 31, 2001 for finance leases accounted for as operating leases is summarized as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2001	¥318	$2,566
2002 and thereafter	390	3,148
Total	¥708	$5,714

11. Amounts Per Share

Amounts per share of net income (loss) and net assets, as presented below, are based on the weighted average number of shares of common stock outstanding during each year and the number of shares outstanding at each balance sheet date, respectively.

	Yen		U.S. dollars
Year ended March 31,	**2001**	2000	**2001**
Net income (loss)	**¥ 42.55**	¥ (2.39)	**$0.34**
Net assets	**300.68**	270.40	**2.43**

Per share amounts assuming full dilution have not been presented because no common stock equivalents remained outstanding as of March 31, 2001 and 2000.

12. Supplementary Cash Flow Information

The following table represents a reconciliation of cash and cash equivalents as of March 31, 2001 and 2000:

	Millions of yen		Thousands of U.S. dollars
Year ended March 31,	**2001**	2000	**2001**
Cash and bank deposits	**¥22,676**	¥21,983	**$183,019**
Time deposits with a maturity of more than three months	**(611)**	(678)	**(4,932)**
Cash and cash equivalents	**¥22,065**	¥21,305	**$178,087**

13. Commitments and Contingent Liabilities

Contingent liabilities for trade notes receivable discounted and endorsed, loans guaranteed, and joint indebtedness as of March 31, 2001 and 2000 were as follows:

	Millions of yen		Thousands of U.S. dollars
Year ended March 31,	**2001**	2000	**2001**
Trade notes receivable discounted and endorsed	**¥1,667**	¥1,739	**$13,454**
Joint indebtedness for bank loans of companies other than consolidated subsidiaries	**734**	796	**5,924**

In addition, the Company and its consolidated subsidiaries had commitments at March 31, 2001 to guarantee bank borrowings of companies other than consolidated subsidiaries of ¥737 million ($5,948 thousand) in the aggregate. These guarantees can be activated at any time by the respective banks on behalf of those companies.

14. Securities

Information with respect to marketable other securities carried at cost as of March 31, 2001 were as follows:

	Millions of yen	Thousands of U.S. dollars
Carrying value	**¥13,485**	**$108,838**
Estimated fair value	**27,434**	**221,421**
Unrealized gain, net of income taxes	**8,230**	**66,425**
Deferred tax liabilities	**5,718**	**46,150**
Minority interests	**0**	**0**

Information with respect to the book and fair value of current and noncurrent marketable securities at March 31, 2000 is summarized as follows:

	Millions of yen		
	Year ended March 31, 2000		
	Book value	Fair value	Unrealized gain
Current:			
Equity securities	¥ 4,656	¥11,512	¥ 6,856
Debt securities	—	—	—
Other	—	—	—
	4,656	11,512	6,856
Noncurrent:			
Equity securities	8,571	15,274	6,703
	8,571	15,274	6,703
Total	¥13,227	¥26,786	¥13,559

15. Derivatives and Hedging Instruments

With respect to the Company and its consolidated subsidiaries, only the Company engages in derivatives and conducts hedging activities. The dealings consisted of interest rate swaps for the year ended March 31, 2001 and interest rate swaps and currency swaps in the year ended March 31, 2000. The Company primarily utilizes them to decrease interest on loans and to hedge its exposure to foreign exchange rate fluctuations arising from trade receivables in the normal course of business. These transactions effectively offset risks on assets and liabilities in the balance sheet. The Company is exposed to the risk of credit loss in the event of nonperformance by the counterparties to the interest rate and currency swaps; however, the Company does not anticipate nonperformance by any of the counterparties, all of whom are financial institutions with high credit ratings.

The derivatives are managed by the Finance Section and are controlled by the Accounting Section under the director in charge of such transactions. Management of the Company believes that the risks inherent in the derivatives positions can be minimalized by the Company's internal control system which includes monitoring the monitoring of the activities of the Finance Section and the Accounting Section.

At March 31, 2001, the disclosure of fair value information for derivatives has been omitted since all derivatives were accounted for as hedges.

Information with respect to the contract amount, fair value, and unrealized gain or loss on derivatives is summarized as follows:

Interest rate swaps

	Millions of yen			
	March 31, 2000			
	Contract amount			
	Total	Noncurrent portion	Fair value	Unrealized gain (loss)
Interest rate swaps:				
Receive/fixed and pay/ floating	¥3,050	¥2,500	¥100	¥100
Receive/floating and pay/ fixed	2,500	2,500	(15)	(15)
Receive/floating and pay/ floating	550	—	(2)	(2)
	¥6,100	¥5,000	¥ 83	¥ 83

Note: Fair value is based on the respective prices quoted by the counterparty financial institutions.

16. Segment Information

The business and geographical segment information and overseas sales for the Company and its consolidated subsidiaries for the years ended March 31, 2001 and 2000 are outlined as follows:

Business segments

	Millions of yen				
	Year ended March 31, 2001				
	Glass	Chemicals	Total	Eliminations or unallocated amounts	Consolidated
I. Sales and operating income					
Sales to external customers	¥117,147	¥68,715	¥185,862	¥ —	¥185,862
Intersegment sales or transfers	2,016	1,728	3,744	(3,744)	—
Total sales	119,163	70,443	189,606	(3,744)	185,862
Operating expenses	114,199	56,966	171,165	(3,742)	167,423
Operating income	¥ 4,964	¥13,477	¥ 18,441	¥ (2)	¥ 18,439
II. Total assets, depreciation and capital expenditures					
Total assets	¥131,318	¥96,854	¥228,172	¥ (346)	¥227,826
Depreciation	5,152	5,563	10,715	—	10,715
Capital expenditures	3,695	8,102	11,797	—	11,797

	Thousands of U.S. dollars				
	Year ended March 31, 2001				
	Glass	Chemicals	Total	Eliminations or unallocated amounts	Consolidated
I. Sales and operating income					
Sales to external customers	$ 945,497	$554,600	$1,500,097	$ —	$1,500,097
Intersegment sales or transfers	16,271	13,947	30,218	(30,218)	—
Total sales	961,768	568,547	1,530,315	(30,218)	1,500,097
Operating expenses	921,703	459,774	1,381,477	(30,202)	1,351,275
Operating income	$ 40,065	$108,773	$ 148,838	$ (16)	$ 148,822
II. Total assets, depreciation and capital expenditures					
Total assets	$1,059,871	$781,711	$1,841,582	$ (2,793)	$1,838,789
Depreciation	41,582	44,899	86,481	—	86,481
Capital expenditures	29,822	65,392	95,214	—	95,214

	Millions of yen				
	Year ended March 31, 2000				
	Glass	Chemicals	Total	Eliminations or unallocated amounts	Consolidated
I. Sales and operating income					
Sales to external customers	¥110,481	¥64,802	¥175,283	¥ —	¥175,283
Intersegment sales or transfers	1,423	1,756	3,179	(3,179)	—
Total sales	111,904	66,558	178,462	(3,179)	175,283
Operating expenses	111,214	55,856	167,070	(3,178)	163,892
Operating income	¥ 690	¥10,702	¥ 11,392	¥ (1)	¥ 11,391
II. Total assets, depreciation and capital expenditures					
Total assets	¥132,469	¥90,864	¥223,333	¥ (268)	¥223,065
Depreciation	5,318	4,878	10,196	—	10,196
Capital expenditures	2,438	7,427	9,865	—	9,865

Notes: a) Basis of segmentation
(1) The business segments are divided into the Glass Division and the Chemicals Division based on the nature of the manufacturing process and the sales market.
(2) The major products in each business segment are as follows:
Glass — flat architectural glass, fabricated glass products for automobiles, fabricated glass products for industries, etc.
Chemicals — soda, chlorine products, fine chemical products, fiberglass products, fertilizer, etc.
b) No unallocated operating expenses were included in eliminations or unallocated amounts for the years ended March 31, 2001 and 2000.
c) No total assets were included in eliminations or unallocated amounts as of March 31, 2001 and 2000.
d) Amortization of, and additions to, long-term prepaid expenses have been included in depreciation and capital expenditures.

Geographical segments

As permitted, the information on geographical segments for the years ended March 31, 2001 and 2000 has been omitted because the Japanese segment constituted more than 90% of total consolidated sales, assets and operating income.

Overseas sales

	Millions of yen				
	Year ended March 31, 2001				
	North America	Asia	Europe	Other areas	Total
Overseas sales	**¥17,284**	**¥8,693**	**¥7,776**	**¥216**	**¥ 33,969**
Consolidated net sales					**¥185,862**
% of consolidated net sales	**9.3%**	**4.7%**	**4.2%**	**0.1%**	**18.3%**

	Thousands of U.S. dollars				
	Year ended March 31, 2001				
	North America	Asia	Europe	Other areas	Total
Overseas sales	**$139,500**	**$70,161**	**$62,760**	**$1,743**	**$ 274,164**
Consolidated net sales					**$1,500,097**
% of consolidated net sales	**9.3%**	**4.7%**	**4.2%**	**0.1%**	**18.3%**

	Millions of yen			
	Year ended March 31, 2000			
	North America	Europe	Other areas	Total
Overseas sales	¥12,892	¥7,315	¥5,033	¥ 25,240
Consolidated net sales				¥175,283
% of consolidated net sales	7.4%	4.2%	2.8%	14.4%

Notes: a) Geographical areas are divided into categories based on their geographical proximity.
b) Major nations or regions included in each geographical area are as follows:
(1) North America — U.S.A., Canada
(2) Asia — Taiwan, Korea, China, Singapore, the Philippines, etc.
(3) Europe — The Netherlands, England, Germany, France, Belgium, etc.
(4) Other areas — South Africa, Australia, etc.
c) Overseas sales are sales of the Company and its consolidated subsidiaries in foreign countries.
d) The Company has redefined its overseas segments to segregate "Asia" from "Other areas" due to the increase in the percentage of overseas sales for "Asia" in the year ended March 31, 2001. For the year ended March 31, 2000, overseas sales and overseas sales as a percentage of consolidated net sales for "Asia" included in "Other areas" were ¥4,849 million and 2.8%, respectively.

17. Subsequent Event

The following appropriations of retained earnings of the Company, which have not been reflected in the consolidated financial statements for the year ended March 31, 2001, were approved at a shareholders' meeting held on June 28, 2001:

	Millions of yen	Thousands of U.S. dollars
Cash dividends (¥6 = U.S.$0.048 per share)	¥1,289	$10,404
Bonus to directors and corporate auditors	60	484
	¥1,349	$10,888

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Central Glass Co., Ltd.

We have examined the consolidated balance sheets of Central Glass Co., Ltd. and consolidated subsidiaries as of March 31, 2001 and 2000, and the related consolidated statements of operations, shareholders' equity, and cash flows for the years then ended, all expressed in yen. Our audits were made in accordance with auditing standards, procedures and practices generally accepted and applied in Japan and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated financial statements, expressed in yen, present fairly the consolidated financial position of Central Glass Co., Ltd. and consolidated subsidiaries at March 31, 2001 and 2000, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles and practices generally accepted in Japan consistently applied during the period.

As described in Note 1, Central Glass Co., Ltd. and consolidated subsidiaries have adopted new accounting standards for research and development expenses and tax-effect accounting effective the year ended March 31, 2000, and for employees' retirement benefits, financial instruments and foreign currency translation effective the year ended March 31, 2001 in the preparation of their consolidated financial statements.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2001 are presented solely for convenience. Our examination also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 2.

Shinsuke Kawai
Certified Public Accountant

Tsutomu Nakano
Certified Public Accountant

Masahiko Sasamura
Certified Public Accountant

Tokyo, Japan
June 28, 2001

See Note 1 which explains the basis of preparation of the consolidated financial statements of Central Glass Co., Ltd. and consolidated subsidiaries under Japanese accounting principles and practices.

CORPORATE DATA

(AS OF JUNE 29, 2001)

COMPANY NAME

CENTRAL GLASS CO., LTD.

ESTABLISHED

October 10, 1936

HEAD OFFICE

Kowa-Hitotsubashi Building, 7-1, Kanda-Nishikicho 3-chome

Chiyoda-ku, Tokyo 101-0054, Japan

Tel: (81) 3-3259-7111

Fax: (81) 3-3259-7883

DOMESTIC OFFICES AND PLANTS

SALES OFFICES

Sapporo Branch

Sendai Branch

Nagoya Branch

Osaka Branch

Fukuoka Branch

PLANTS

Matsuzaka Plant

Sakai Plant

Ube Plant

PAID-IN CAPITAL

¥18,168 million

COMMON SHARES

Authorized: 867,944,000

Issued: 214,879,975

BUSINESS ACTIVITIES

Manufacture and sales of flat glass, fabricated glass and other glass products; soda, chlorine, organic and inorganic fluorides, fertilizers, high-purity gas, solvents, medical and agricultural products and other chemical products; fiberglass products; vinyl chloride and other synthetic resins.

MEMBERS OF THE BOARD

President

Sadayoshi Nakamura

Executive Senior Managing Directors

Atsushi Ichikawa

Yo Kawakami

Managing Directors

Akira Negishi

Norihisa Yamamoto

Kazuyuki Tsurumi

Hirohiko Sakai

Tadashi Sasaki

Arao Abe

Directors

Shousuke Fukue

Masataka Tsuboi

Kunihiko Umesaki

Seiichi Mitsumoto

Takashi Tamura

Corporate Auditors

Kazuyasu Fukazawa

Shigeo Maruyama

Shigeharu Negishi

Seiichi Yada

CENTRAL GLASS GROUP

OVERSEAS REPRESENTATIVE OFFICE

Central Glass Co., Ltd.
Thailand Representative Office

Metro Building, 180-184 Rajawongse Road, Bangkok 10100, Thailand
Tel:(66) 2-221-8893

PRINCIPAL DOMESTIC SUBSIDIARIES

Central Chemical Co., Ltd.

Central Kasei Chemical Co., Ltd.

Central Glass Fiber Co., Ltd.

Mie Glass Industry Co., Ltd.

Central Glass Wool Co., Ltd.

PRINCIPAL OVERSEAS SUBSIDIARIES AND AFFILIATES

U.S.A.

Carlex Glass Company

77 Excellence Way Vonore, TN 37885, U.S.A.
Tel: (1)423-884-1111

Central Glass International, Inc.

(New York)
50 Main Street, 8th Floor, White Plains, NY 10606, U.S.A.
Tel: (1) 914-683-3868
(Detroit)
1330 Fieldway Drive, Bloomfield Hills, MI 48302, U.S.A.
Tel: (1) 248-745-0740

Northwestern Industries, Inc.

2500 West Jameson Street, Seattle, WA 98199, U.S.A.
Tel: (1) 206-285-3140

TAIWAN

Yue Sheng Industrial Co., Ltd.

40-5 Po-Kung Keng, Hsi-Hu Tsun, Sannyi Hsiang, Miaoli Hsien 36705
Taiwan R.O.C.
Tel: (886) 37-871-815

Taiwan Central Glass Co., Ltd.

40-17 Po-Kung Keng, Hsi-Hu Tsun, Sannyi Hsiang, Miaoli Hsien 36705
Taiwan R.O.C.
Tel: (886) 37-872-795

THAILAND

Thai Central Chemical Public Co., Ltd.

Metro Building, 180-184 Rajawongse Road, Bangkok 10100, Thailand
Tel: (66) 2-225-0135

PMK-Central Glass Co., Ltd.

41 Moo 12 Petchkasem Road, Omnoi Krathumban Samutsakorn
74130, Thailand
Tel: (66) 2-813-7277

VIETNAM

Japan Vietnam Fertilizer Company

118 Nguyen Dinh Chiew Street Disrrict 1, Ho Chi Minh City, Vietnum
Tel: (84) 8-829-8482

CHINA

Beijin Sanchong Mirror Co., Ltd.

East Xisanqi Dewai Haidian District, Beijin 100096, China
Tel: (86) 10-8291-3827

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Printed in Japan on Recycled Paper