FY 2019 1st Quarter Consolidated Financial Results <IFRS> 2 August 2018

(English translation of the Japanese original)

Listed Company Name: Nippon Sheet Glass Company, Limited
Code Number: 5202
Stock Exchange Listing: Tokyo
(URL: http://www.nsg.com)

Representative: Representative Executive Officer, President and CEO — Name: Shigeki Mori

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Submission of quarterly report to MOF: 6 August 2018
Payment of dividends start from: N/A
Quarterly result presentation papers: Yes
Quarterly result presentation meeting: Yes (Teleconference for institutional investors)

1. Consolidated business results for FY 2019 Quarter 1 (From 1 April to 30 June 2018)

(1) Consolidated business results

	Revenue		Operating profit		Profit before taxation		Profit for the period		Profit attributable to owners of the parent		Total comprehensive income	
	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%
Q1 FY 2019	158,414	9.1	9,690	12.6	9,347	102.4	6,017	125.2	5,416	131.2	(4,800)	-
Q1 FY 2018	145,249	-	8,606	-	4,619	-	2,672	-	2,343	-	8,172	-

	Earnings per share - basic
Q1 FY 2019	¥ 53.79
Q1 FY 2018	¥ 20.96

Note:
- Q1 FY 2018 data is restated as a result of adopting IFRS15'Revenue from Contracts with Customers'. Consequently, percentage movements from the previous year (FY 2017) are not provided.
- Operating profit in the above table is defined as being operating profit stated before exceptional items.

(2) Changes in financial position

	Total assets	Total equity	Total shareholders' equity	Total shareholders' equity ratio
	¥ millions	¥ millions	¥ millions	%
FY 2019 Quarter 1	763,597	135,059	126,973	16.6
FY 2018 Full year	788,592	143,715	135,192	17.1

2. Dividends

	Dividends per share				
	Q1	Q2	Q3	Q4	Annual
FY 2018 (Actual)	-	¥ 0.00	-	¥ 20.00	¥ 20.00
FY 2019 (Actual)	-				
FY 2019 (Forecast)		¥ 10.00	-	¥ 20.00	¥ 30.00

Note:
- There have been no changes to the forecast dividends this quarter.
- The above table shows dividends on common shares. Please refer to "(Reference) Dividends for Class Shares" for information regarding dividends on Class A shares, which are unlisted and have different rights from common shares.

3. Forecast for FY 2019 (From 1 April 2018 to 31 March 2019)

	Revenue		Operating profit		Profit before taxation		Profit for the period		Profit attributable to owners of the parent		Earnings per share - basic
	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%	¥
Half year	310,000	5.4	18,000	2.1	-	-	-	-	-	-	-
Full year	630,000	5.2	41,000	15.1	24,000	8.4	16,000	102.4	14,000	127.1	130.43

Note:
- As the Group forecast only the annual figures of Profit before taxation, Profit for the period, and Profit attributable to owners of the parent, disclosure for the half-year forecast is limited to Revenue and Operating profit.
- There have been no changes to the forecast results this quarter.
- Forecast of basic earnings per share for FY2019 is calculated by dividing the profit attributable to owners of the parent after deducting dividends, by 90,473,034 shares.
- For further details, please refer to the prospects section on page 6.

4. Other items

(1) Changes in status of principle subsidiaries --- No

(2) Changes implemented to the accounting policies, practice and presentations related to the preparation of quarterly consolidated financial statements

(i) Changes due to revisions in accounting standards under IFRS --- Yes

(ii) Changes due to other reasons --- No

(iii) Changes in accounting estimates --- No

Note:

• For further details, please refer to the changes in accounting policy section on pages 7.

(3) Numbers of shares outstanding (common stock)

(i) Number of shares issued at the end of the period, including shares held as treasury stock:
90,492,499 shares as of 30 June 2018 and 90,487,499 shares as of 31 March 2018

(ii) Number of shares held as treasury stock at the end of the period:
14,914 shares as at 30 June 2018 and 14,465 shares as at 31 March 2018

(iii) Average number of shares in issue during the period, after deducting shares held as treasury stock:
90,476,582 shares for the period ending 30 June 2018 and 90,374,823 shares for the period ending 30 June 2017

Status of quarterly review procedures taken by external auditors for the quarterly results

This document (Tanshin) is out of scope for quarterly review by the external auditors.

Explanation for the appropriate usage of performance projections and other special items

The projections contained in this document are based on information currently available to the Group and certain assumptions considered reasonable. Hence, the actual results may differ. The major factors that may affect the results are the economic environment in major markets (such as Japan, Europe, North and South America, Asia, etc.), product supply/demand shifts, fluctuations in currency exchange and interest rates, as well as price changes in primary fuels and raw materials. Please refer to the section entitled “Prospects” on page 6 for qualitative information such as assumptions used for the projections.

(For Reference) Dividends for Class Shares

Dividends per share related to Class Shares with different rights from those of common shares are as follows.

	Dividends per share				
	Q1	Q2	Q3	Q4	Total
Class A Shares					
FY2018 (Actual)	-	-	-	¥45,000.00	¥45,000.00
FY2019 (Actual)	-				
FY2019 (Forecast)		¥ 27,500.00	-	¥ 27,500.00	¥ 55,000.00

(Note) Number of Class A Shares issued are 40,000 shares. The Class A Shares were issued on 31 March 2017. Forecast of dividends, that have dividend record dates belonging to FY2019, is ¥2,200 million.

[Attachments]

Table of contents in the attachments (including mandatory disclosure items)

1. Narratives about financial results

(1) Business Performance

(a) Background to Results

The first quarter of the year saw stable or improving market conditions across most regions. European architectural markets continued to be strong with high levels of demand leading to a robust pricing environment, whilst automotive markets benefitted from a further recovery in light-vehicle sales. In Asia, architectural markets were flat, although demand for solar energy glass was significantly above the previous year. Automotive markets in Asia were at similar levels to the previous year. In the Americas, both architectural and automotive markets enjoyed strong demand in North America, although the pace of recovery of South American automotive markets slowed towards the end of the quarter. The Group's technical glass markets were positive with improving market volumes being experienced in several areas.

The Group's financial results continue to improve. The Group recorded a trading profit (before exceptional items and amortization relating to the acquisition of Pilkington) of ¥ 10,188 million (Q1 FY18 restated ¥ 9,098 million). Operating profits improved by 13 percent to ¥ 9,690 million (Q1 FY18 restated ¥ 8,606 million). The profit attributable to owners of the parent increased to ¥ 5,416 million (Q1 FY18 restated ¥ 2,343 million) as a consequence of the improved trading profit, an exceptional gain recognized during the quarter, and a further reduction in net financial costs.

(b) Review by Business Segment

The Group's business lines cover three core product sectors: Architectural, Automotive, and Technical Glass.

Architectural, representing 39 percent of cumulative Group sales, includes the manufacture and sale of flat glass and various interior and exterior glazing products within the commercial and residential markets. It also includes glass for the Solar Energy sector.

Automotive, with 53 percent of Group sales, supplies a wide range of automotive glazing for new vehicles and for replacement markets.

Technical Glass, representing 8 percent of Group sales, comprises a number of discrete businesses, including the manufacture and sale of very thin glass for small displays, lenses and light guides for printers, as well as glass fiber products, such as battery separators and glass components for engine timing belts.

The table below shows a summary of cumulative results by business segment.

¥ millions	Revenue		Operating profit	
	Q1 FY 2019	Q1 FY 2018 (restated)	Q1 FY 2019	Q1 FY 2018 (restated)
Architectural	61,369	56,360	5,323	5,945
Automotive	84,289	76,943	4,855	4,033
Technical Glass	12,398	11,755	1,847	1,080
Other Operations	358	191	(2,335)	(2,452)
Total	158,414	145,249	9,690	8,606

Architectural Business

Architectural revenues improved from the previous year due to higher volumes, particularly in Europe, and increased dispatches of glass for solar energy. Despite the strong underlying trading conditions, profits fell, being affected by the Group's furnace cold repair schedule and an increase in energy-related input costs.

In Europe, representing 41 percent of the Group's architectural sales, markets continued to be positive with strong demand leading to high levels of capacity utilization and a robust pricing environment. Profits fell, reflecting a cold repair in Germany and an increase in input costs.

In Asia, representing 34 percent of the Group's architectural sales, revenues and profits improved. Demand in South East Asia was generally strong, and the Group benefitted from an increase in sales of glass for solar energy. This was partly offset by a decline in Japan, where the Group's business experienced a challenging market environment and an increase in input costs.

In the Americas, representing 25 percent of the Group's architectural sales, revenues improved whilst overall profits were similar to the previous year. In North America, the Group benefitted from the full operation of the Ottawa plant and also a buoyant domestic market. In South America, the Group recorded improved local currency profits, consistent with strong market conditions.

The Architectural business recorded revenues of ¥ 61,369 million and an operating profit of ¥ 5,323 million.

Automotive Business

In the Automotive business, revenues and profits were both above the previous year, due mainly to positive results in Europe.

Europe represents 48 percent of the Group's automotive sales. Results improved in the Group's original equipment (OE) business with increases in volumes and a further shift towards VA products. Revenues and profits also increased in the Automotive Glass Replacement (AGR) business with an increase in volumes from the previous year.

In Asia, representing 20 percent of the Group's automotive sales, revenues and profits slightly increased from the previous year. In Japan, OE sales volumes were flat reflecting the stable market conditions, whilst profitability benefitted from an improvement in manufacturing efficiencies. Results in the AGR business improved as a consequence of increased volumes.

In the Americas, representing 32 percent of the Group's automotive sales, revenues improved from the previous year whilst profits fell. In North America, volumes of light vehicles remained at a good level, although profitability was impacted by certain one-off factors. Profitability improved in South America, with a further recovery of volumes from the previous year.

The Automotive business recorded sales of ¥ 84,289 million and an operating profit of ¥ 4,855 million.

Technical Glass Business

Revenues and profits in the Technical glass business improved from the previous year.

In the display business, improving revenues and previous-year cost reduction efforts provided a strong foundation for improved results. In the information devices business, demand for glass components used in printers and scanners was firm. Demand for glass cord used in engine timing belts was robust, consistent with conditions in the automotive sector generally. Metashine® product sales also increased with demand being strong in both the car paint and cosmetic fields. In other areas, battery separators continued to experience strong market conditions.

The Technical Glass business recorded revenues of ¥ 12,398 million and an operating profit of ¥ 1,847 million.

Other Operations and Eliminations

This segment covers corporate costs, consolidation adjustments, certain small businesses not included in the segments covered above and the amortization of other intangible assets related to the acquisition of Pilkington plc. Operating costs and consolidation adjustments incurred in Other Operations and Eliminations were below the previous year.

Consequently, this segment recorded revenues of ¥ 358 million and operating costs of ¥ 2,335 million.

Joint Ventures and Associates

The Group's share of joint ventures and associates profits increased from the previous year due mainly to improved results at Cebrace, the Group's architectural joint venture in Brazil

The Group's share of joint ventures and associates profits after tax was ¥ 456 million (Q1 FY18 ¥ 367 million).

(2) Financial Condition

Total assets at the end of June 2018 were ¥ 763,597 million, representing a decrease of ¥ 24,995 million from the end of March 2018 (restated). Total equity was ¥ 135,059 million, representing a decrease of ¥ 8,656 million from the restated March 2018 figure of ¥ 143,715 million. Total equity fell mainly as a result of the strengthened yen when compared to many of the Group's currencies. Offsetting this was an improved profit after tax for the period.

Net financial indebtedness increased by ¥ 13,349 million from 31 March 2018 to ¥ 319,819 million at the period end. The increase in indebtedness arose mainly from seasonal increases in working capital. Currency movements generated a decrease in net debt of approximately ¥ 100 million over the period. Gross debt was ¥ 376,231 million at the period end. As of 30 June 2018, the Group had un-drawn, committed facilities of ¥ 73,593 million.

Cash outflows from operating activities were ¥ 4,051 million. Cash outflows from investing activities were ¥ 6,586 million, including capital expenditure on property, plant, and equipment of ¥ 6,397 million. As a result, free cash flow was an outflow of ¥ 10,637 million.

(3) Prospects

The forecast of revenue, operating profit, profit before taxation, profit for the period, profit attributable to owners of the parent and earnings per share for the year to 31 March 2019 is set out on page 2. The forecast of earnings per share has been shown after considering the effect of dividends related to Class A shares.

The Group expects to see a further recovery in profitability during FY2019 with modest improvements in market conditions and an increasing contribution from VA products.

In Architectural, European markets should continue at their current levels, resulting in a high level of capacity utilization and stable prices. In Asia, the Group expects a gradual recovery of architectural profitability in Japan, whilst results in South East Asia will benefit from a recovery in sales of glass for solar energy. In the Americas, architectural profits will benefit from a full-years operation at the Ottawa plant.

In Automotive, European markets are expected to be robust with strengthening automotive profits reflecting positive underlying demand and an improving mix of products. In Asia, the Group's results are likely to be similar to the previous year, reflecting generally flat market conditions. Profits in the Americas should benefit from a further rebound of demand in South America.

Results in the Technical Glass business should benefit from a further recovery in profitability in the display division and generally positive market conditions in other areas.

Exceptional costs will continue to reflect restructuring expenditure necessary to achieve additional improvements in operational efficiency and overall cost reductions. Financial costs will continue to fall as result of a further reduction in the Group's cost of borrowings.

Whilst the Group will maintain its focus on cash generation, it will also make selective investments consistent with its strategy to become a VA glass company. On 11 May 2018, the Group announced a plan to invest a total of 38,000 million yen in the expansion of production capacity of online TCO (transparent conductive oxide) coated glass to support the growing solar market. The investment will fund the upgrade and restart of a currently dormant float furnace in Vietnam and the construction of a new glass production facility in the United States over the next three years.

Based on our Long-term Strategic Vision to transform the NSG Group into a VA Glass Company, the Group launched the Medium-term Plan ("MTP") starting in FY2015. The key objectives of the MTP are: to achieve financial sustainability; and to start the transformation into a VA Glass Company. The two financial targets were Net financial debt / EBITDA of 3X and Operating return on sales of greater than 8%. The Group also envisions a Return on Equity (ROE) of greater than 10% to be achieved under the MTP. From FY2018, the Group entered Phase 2 of the MTP, re-doubling its efforts to ensure the achievement of these targets by FY2020. The Group will focus on the four key measures under MTP Phase 2: "Drive VA No.1 Strategy"; "Establish growth drivers"; "Business culture innovation" and "Enhancement of Global Management", in order to achieve the targets, as well as to expedite the stabilization of its financial base and growth strategy.

2. Other information

(1) Changes in status of principle subsidiaries

There was no change.

(2) Changes in accounting principles, practices and presentations

The Group has adopted IFRS 15 'Revenue from Contracts with Customers' effective from the Group's financial period commencing 1 April 2018. Due to the change in accounting policy, in accordance with IAS 8, the Group has restated its comparative information in the primary condensed quarterly consolidated financial statements for the first quarter of the previous year. For further details, see note 6-(j).

3. Consolidated financial statements and their notes

(1) (a) Condensed quarterly consolidated income statement

¥ millions

	Note	**Quarter 1 For the period 1 April to 30 June 2018**	Quarter 1 For the period 1 April to 30 June 2017 (restated)
Revenue	(6)-(a)	**158,414**	145,249
Cost of sales		**(116,145)**	(105,668)
Gross profit		**42,269**	39,581
Other income		**652**	364
Distribution costs		**(14,530)**	(13,238)
Administrative expenses		**(16,912)**	(16,189)
Other expenses		**(1,789)**	(1,912)
Operating profit	(6)-(a)	**9,690**	8,606
Exceptional items	(6)-(b)	**2,356**	(441)
Operating profit after exceptional items		**12,046**	8,165
Finance income	(6)-(c)	**953**	242
Finance expenses	(6)-(c)	**(4,108)**	(4,155)
Share of post-tax profit of joint ventures and associates accounted for using the equity method		**456**	367
Profit before taxation		**9,347**	4,619
Taxation	(6)-(d)	**(3,330)**	(1,947)
Profit for the period		**6,017**	2,672
Profit attributable to non-controlling interests		**601**	329
Profit attributable to owners of the parent		**5,416**	2,343
		6,017	2,672
Earnings per share attributable to owners of the parent	(6)-(e)		
Basic		**53.79**	20.96
Diluted		**34.07**	14.77

(1) (b) Condensed quarterly consolidated statement of comprehensive income

¥ millions

	Quarter 1 For the period 1 April to 30 June 2018	Quarter 1 For the period 1 April to 30 June 2017 (restated)
Profit for the period	**6,017**	2,672
Other comprehensive income:		
Items that will not be reclassified to profit or loss:		
Re-measurement of retirement benefit obligations (net of taxation)	**(735)**	(672)
Revaluation of Assets held at Fair Value through Other Comprehensive Income – equity investments (net of taxation)	**(2,519)**	(3,703)
Sub-total	**(3,254)**	(4,375)
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation adjustments	**(8,967)**	9,858
Revaluation of Assets held at Fair Value through Other Comprehensive Income – other investments (net of taxation)	**(4)**	(47)
Cash flow hedges:		
- fair value gains, net of taxation	**1,408**	64
Sub-total	**(7,563)**	9,875
Total other comprehensive income for the period, net of taxation	**(10,817)**	5,500
Total comprehensive income for the period	**(4,800)**	8,172
Attributable to non-controlling interests	**(191)**	159
Attributable to owners of the parent	**(4,609)**	8,013
	(4,800)	8,172

(2) Condensed quarterly consolidated balance sheet

¥ millions

	Quarter 1 as at 30 June 2018	FY 2018 as at 31 March 2018 (restated)
ASSETS		
Non-current assets		
Goodwill	**110,217**	112,455
Intangible assets	**55,940**	57,249
Property, plant and equipment	**240,535**	244,105
Investment property	**403**	413
Investments accounted for using the equity method	**16,793**	17,655
Retirement benefit asset	**27,568**	27,144
Contract assets	**1,494**	1,110
Trade and other receivables	**15,945**	17,071
Financial assets:		
- Assets held at Fair Value through Other Comprehensive Income	**14,718**	17,290
- Derivative financial instruments	**1,026**	445
Deferred tax assets	**34,521**	35,901
	519,160	530,838
Current assets		
Inventories	**115,514**	114,774
Contract assets	**1,921**	3,142
Trade and other receivables	**71,614**	73,999
Financial assets:		
- Assets held at Fair Value through Other Comprehensive Income	**2**	100
- Derivative financial instruments	**2,143**	938
Cash and cash equivalents	**53,243**	64,801
	244,437	257,754
Total assets	**763,597**	788,592

(2) Condensed quarterly consolidated balance sheet continued

	Quarter 1 as at 30 June 2018	FY 2018 as at 31 March 2018 (restated)
		¥ millions
LIABILITIES AND EQUITY		
Current liabilities		
Financial liabilities:		
- Borrowings	**71,618**	96,470
- Derivative financial instruments	**414**	1,093
Trade and other payables	**119,833**	136,646
Contract liabilities	**3,998**	3,566
Provisions	**15,993**	16,416
Deferred income	**617**	809
	212,473	255,000
Non-current liabilities		
Financial liabilities:		
- Borrowings	**303,453**	274,185
- Derivative financial instruments	**746**	906
Trade and other payables	**764**	2,987
Contract liabilities	**668**	879
Deferred tax liabilities	**18,233**	18,418
Retirement benefit obligations	**71,717**	71,937
Provisions	**15,897**	15,903
Deferred income	**4,587**	4,662
	416,065	389,877
Total liabilities	**628,538**	644,877
Equity		
Capital and reserves attributable to the Company's equity shareholders		
Called up share capital	**116,552**	116,546
Capital surplus	**166,668**	166,661
Retained earnings	**(50,278)**	(51,350)
Retained earnings (Translation adjustment at the IFRS transition date)	**(68,048)**	(68,048)
Other reserves	**(37,921)**	(28,617)
Total shareholders' equity	**126,973**	135,192
Non-controlling interests	**8,086**	8,523
Total equity	**135,059**	143,715
Total liabilities and equity	**763,597**	788,592

(3) Condensed quarterly consolidated statement of changes in equity

¥ millions

Quarter 1 FY 2019	Called up share capital	Capital surplus	Retained earnings	Retained earnings (Translation on adjustment at the IFRS translation date)	Other reserves	**Total share holders' equity**	Non-controlling interests	**Total equity**
At 1 April 2018 (restated)	116,546	166,661	(51,350)	(68,048)	(28,617)	**135,192**	8,523	**143,715**
Total Comprehensive Income	-	-	4,681	-	(9,290)	**(4,609)**	(191)	**(4,800)**
Dividends paid	-	-	(3,609)	-	-	**(3,609)**	(246)	**(3,855)**
Stock options	6	7	-	-	(13)	**-**	-	**-**
Issuance & purchase of treasury stock	-	-	-	-	(1)	**(1)**	-	**(1)**
At 30 June 2018	**116,552**	**166,668**	**(50,278)**	**(68,048)**	**(37,921)**	**126,973**	**8,086**	**135,059**

¥ millions

Quarter 1 FY 2018 (restated)	Called up share capital	Capital surplus	Retained earnings	Retained earnings (Translation on adjustment at the IFRS translation date)	Other reserves	**Total share holders' equity**	Non-controlling interests	**Total equity**
At 1 April 2017	116,463	166,578	(58,890)	(68,048)	(31,201)	**124,902**	9,562	**134,464**
Total Comprehensive Income	-	-	1,671	-	6,342	**8,013**	159	**8,172**
Dividends paid	-	-	-	-	-	**-**	(1,273)	**(1,273)**
Stock options	23	23	-	-	(46)	**-**	-	**-**
At 30 June 2017	**116,486**	**166,601**	**(57,219)**	**(68,048)**	**(24,905)**	**132,915**	**8,448**	**141,363**

(4) Condensed quarterly consolidated statement of cash flow

¥ millions

	Note	**Quarter 1 For the period 1 April to 30 June 2018**	Quarter 1 For the period 1 April to 30 June 2017 (restated)
Cash flows from operating activities			
Cash generated from operations	(6)-(h)	**486**	(1,563)
Interest paid		**(2,286)**	(2,770)
Interest received		**930**	215
Tax paid		**(3,181)**	(1,435)
Net cash outflows from operating activities		**(4,051)**	(5,553)
Cash flows from investing activities			
Dividends received from joint ventures and associates		**303**	573
Purchases of property, plant and equipment		**(6,397)**	(6,618)
Proceeds on disposal of property, plant and equipment		**54**	236
Purchases of intangible assets		**(386)**	(338)
Proceeds on disposal of intangible assets		-	9
Purchase of assets held at FVOCI		**(3)**	(2)
Proceeds on disposal of assets held at FVOCI		-	72
Loans advanced to joint ventures, associates and third parties		**(161)**	(122)
Loans repaid from joint ventures, associates and third parties		**3**	74
Others		**1**	(1)
Net cash outflows from investing activities		**(6,586)**	(6,117)
Cash flows from financing activities			
Dividends paid to owners of the parent		**(3,351)**	-
Dividends paid to non-controlling interests		**(236)**	(1,257)
Repayment of borrowings		**(48,669)**	(37,671)
Proceeds from borrowings		**53,000**	19,644
Others		**(1)**	-
Net cash inflows/(outflows) from financing activities		**743**	(19,284)
Decrease in cash and cash equivalents (net of bank overdrafts)		**(9,894)**	(30,954)
Cash and cash equivalents (net of bank overdrafts) at beginning of period	(6)-(i)	**62,799**	79,808
Effect of foreign exchange rate changes		**(1,896)**	1,017
Cash and cash equivalents (net of bank overdrafts) at end of period	(6)-(i)	**51,009**	49,871

(5) Notes regarding going concern

There were no issues or events arising during the period, which negatively affect the ability of the Group to continue as a going concern.

(6) Notes to the condensed quarterly consolidated financial statements

(a) Segmental information

The Group is organized on a worldwide basis into the following principal business segments.

Architectural, includes the manufacture and sale of flat glass and various interior and exterior glazing products within the commercial and residential markets. It also includes glass for Solar Energy sector.

Automotive, supplies a wide range of automotive glazing for new vehicles and for replacement markets.

Technical Glass, comprises a number of discrete businesses, including the manufacture and sale of very thin glass for small displays, lenses and light guides for printers, as well as glass fiber products, such as battery separators and glass components for engine timing belts.

Other operations include head office and other central costs, consolidation adjustments and other non-core activities.

External revenue is disaggregated into three categories; Europe, Asia which includes Japan, and Americas which comprises of North and South Americas.

The Group's revenues comprise sales of glass recognized at a point in time and sales of services recognized over time. Sales of services recognized over time are immaterial and are therefore not disclosed separately at interim periods.

(a) Segmental information continued

The segmental results for the first quarter to 30 June 2018 were as follows:

¥ millions

Quarter 1 FY 2019 For the period 1 April to 30 June 2018	**Architectural**	**Automotive**	**Technical Glass**	**Other Operations**	**Total**
Total revenue	**65,865**	**84,765**	**12,411**	**1,149**	**164,190**
Inter-segmental revenue	**(4,496)**	**(476)**	**(13)**	**(791)**	**(5,776)**
External revenue	**61,369**	**84,289**	**12,398**	**358**	**158,414**
Disaggregation of external revenue by geographical regions:					
Europe	**24,992**	**40,307**	**2,131**	**215**	**67,645**
Asia	**21,118**	**16,720**	**9,863**	**143**	**47,844**
Americas	**15,259**	**27,262**	**404**	**-**	**42,925**
Trading profit	**5,323**	**4,855**	**1,847**	**(1,837)**	**10,188**
Amortization arising from the acquisition of Pilkington plc	**-**	**-**	**-**	**(498)**	**(498)**
Operating profit	**5,323**	**4,855**	**1,847**	**(2,335)**	**9,690**
Exceptional items	**(118)**	**(86)**	**2,643**	**(83)**	**2,356**
Operating profit after exceptional items					**12,046**
Finance costs – net					**(3,155)**
Share of post-tax profit from joint ventures and associates					**456**
Profit before taxation					**9,347**
Taxation					**(3,330)**
Profit for the period from continuing operations					**6,017**

(a) Segmental information continued

The segmental results for the first quarter to 30 June 2017 were as follows:

¥ millions

Quarter 1 FY 2018 For the period 1 April to 30 June 2017(restated)	Architectural	Automotive	Technical Glass	Other Operations	Total
Total revenue	61,286	77,466	11,765	1,210	151,727
Inter-segmental revenue	(4,926)	(523)	(10)	(1,019)	(6,478)
External revenue	56,360	76,943	11,755	191	145,249
Disaggregation of external revenue by geographical regions:					
Europe	22,317	34,264	1,893	88	58,562
Asia	19,457	16,084	9,555	103	45,199
Americas	14,586	26,595	307	-	41,488
Trading profit	5,945	4,033	1,080	(1,960)	9,098
Amortization arising from the acquisition of Pilkington plc	-	-	-	(492)	(492)
Operating profit	5,945	4,033	1,080	(2,452)	8,606
Exceptional items	(291)	(288)	3	135	(441)
Operating profit after exceptional items					8,165
Finance costs – net					(3,913)
Share of post-tax profit from joint ventures and associates					367
Profit before taxation					4,619
Taxation					(1,947)
Profit for the period from continuing operations					2,672

The segmental assets at 30 June 2018 and capital expenditure for the first quarter ended 30 June 2018 were as follows:

¥ millions

	Architectural	Automotive	Technical Glass	Other Operations	Total
Net trading assets	144,019	140,437	34,499	7,770	326,725
Capital expenditure (including intangibles)	1,745	2,076	118	93	4,032

The segmental assets at 30 June 2017 and capital expenditure for the first quarter ended 30 June 2017 were as follows:

¥ millions

(Restated)	Architectural	Automotive	Technical Glass	Other Operations	Total
Net trading assets	134,468	139,568	41,239	5,944	321,219
Capital expenditure (including intangibles)	1,767	2,865	252	51	4,935

Net trading assets consist of property, plant and equipment, investment property, intangible assets excluding those arising from a business combination, inventories, construction work-in-progress, trade and other receivables and trade and other payables.

Capital expenditure comprises additions to property, plant and equipment and intangible assets.

(b) Exceptional items

	¥ millions	
	Quarter 1 For the period 1 April to 30 June 2018	Quarter 1 For the period 1 April to 30 June 2017
Exceptional items (gains):		
Reversal of impairment of non-current assets	**2,686**	-
Gain on settlement of insurance proceeds	**-**	997
Other items	**-**	37
	2,686	1,034
Exceptional items (losses):		
Restructuring costs, including employee termination payments	**(196)**	(182)
Impairment of non-current assets	**(67)**	(202)
Settlement of litigation matters	**(67)**	(19)
Suspension of facilities	**-**	(1,072)
	(330)	(1,475)
	2,356	(441)

The reversal of impairment of non-current assets relates to the float line in Vietnam. This line was previously mothballed after being impaired during the year to 31 March 2016. The Group will convert this line from its former status as thin-glass line into a solar-energy line.

The previous-year gain on settlement of insurance proceeds relates to insurance monies received following the Tornado that struck the Group's plant at Ottawa, Illinois, U.S.A, on 28 February 2017.

Restructuring costs principally include the cost of compensating redundant employees for the termination of their contracts of employment. In both current and previous years, costs relate to a number of relatively minor projects in various locations.

The impairment of non-current assets relates to assets in Architectural Europe. The previous year impairment related mainly to assets in Automotive North America.

The settlement of litigation matters related to legal claims arising as a result of transactions that were previously recorded as exceptional items.

The suspension of facilities in the previous year relates to the Group's decision to proceed with an expedited repair of the furnace at Ottawa, Illinois, U.S.A. as announced on 12 May 2017.

(c) Finance income and expenses

¥ millions

	Quarter 1 For the period 1 April to 30 June 2018	Quarter 1 For the period 1 April to 30 June 2017
Finance income		
Interest income	**950**	234
Foreign exchange transaction gains	**3**	8
	953	242
Finance expenses		
Interest expense:		
- bank and other borrowings	**(3,836)**	(3,780)
Dividend on non-equity preference shares due to minority shareholders	**(66)**	(61)
Foreign exchange transaction losses	**(11)**	(8)
	(3,913)	(3,849)
Unwinding discounts on provisions	**(51)**	(55)
Retirement benefit obligations		
- net finance charge	**(144)**	(251)
	(4,108)	(4,155)

(d) Taxation

The tax charge on the profit before taxation, excluding the Group’s share of net results of joint ventures and associates, is a rate of 37.5 percent in the first quarter to 30 June 2018 (30 June 2017 - restated: tax charge on profit at a rate of 45.8 percent). The tax charge for the quarter is based on the estimated effective rate for the year to 31 March 2019.

(e) Earnings per share

(i) Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the parent after deducting dividends, by the weighted average number of ordinary shares in issue during the year. The dividends are calculated by the dividend rate defined in the terms and conditions of the shares. The weighted average number of ordinary shares excludes ordinary shares purchased by the Company and held as treasury shares.

	Quarter ended 30 June 2018	Quarter ended 30 June 2017 (restated)
	¥ millions	¥ millions
Profit attributable to owners of the parent	**5,416**	2,343
Adjustment for;		
- Dividends on Class A shares	**(549)**	(449)
Profit used to determine basic earnings per share	**4,867**	1,894
	Thousands	Thousands
Weighted average number to ordinary shares in issue	**90,476**	90,375
	¥	¥
Basic earnings per share	**53.79**	20.96

(ii) Basic – adjusted for premium on Class A shares

Basic earnings per share as reported above does not include redemption premium potentially payable to holders of Class A shares due to the company having no obligation to redeem its Class A shares and therefore incur this premium. Had the basic earnings per share have been amended to include this premium, it would have been calculated as set out in the table below. This is calculated based on an assumed redemption date of 31 March 2023. This date is assumed, being the date beyond which no further increases in redemption premium would be incurred. It should not be inferred that the company expects or intends to redeem Class A shares on this particular date.

	Quarter ended 30 June 2018	Quarter ended 30 June 2017 (restated)
	¥ millions	¥ millions
Profit attributable to owners of the parent	**5,416**	2,343
Adjustment for;		
- Dividends on Class A shares	**(549)**	(449)
- Redemption premium on Class A shares	**(717)**	-
Profit used to determine basic earnings per share	**4,150**	1,894
	Thousands	Thousands
Weighted average number to ordinary shares in issue	**90,476**	90,375
	¥	¥
Basic earnings per share - adjusted	**45.87**	20.96

(iii) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares, following the exercise of share options and exercise of put options, attached to Class A shares, for which the consideration is common shares. As for share options, a calculation is performed to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to the outstanding share options. The number of shares calculated as above is deducted from the number of shares that would have been issued assuming the exercise of the share options. As for Class A shares, a calculation is performed to determine the number of shares that would have been issued, assuming a conversion to common shares that is most advantageous for holders of the class shares. Conversion of Class A shares to common shares is reflected in the diluted earnings per share, using the factor applied to the case where the put options are exercised from 1 July 2022 onward, if the conversion has dilutive effect.

	Quarter ended 30 June 2018	Quarter ended 30 June 2017 (restated)
	¥ millions	¥ millions
Earnings		
Profit attributable to owners of the parent	**5,416**	2,343
Profit used to determine diluted earnings per share	**5,416**	2,343
	Thousands	Thousands
Weighted average number to ordinary shares in issue	**90,476**	90,375
Adjustment for:		
- Share options	**925**	653
- Class A shares	**67,572**	67,572
Weighted average number of ordinary shares for diluted earnings per share	**158,973**	158,600
	¥	¥
Diluted earnings per share	**34.07**	14.77

(f) Dividends

	Quarter ended 30 June 2018	Quarter ended 30 June 2017
	¥ millions	¥ millions
Dividends on ordinary shares declared and paid during the period:		
Final dividend for the year ended 31 March 2018 ¥ 20 per share (2017: ¥ 0 per share)	**1,551**	-
Dividends on Class A shares declared and paid during the period:		
Final dividend for the year ended 31 March 2018 ¥ 45,000 per share	**1,800**	-

(g) Exchange rates

The principal exchange rates used for the translation of foreign currencies were as follows:

	Quarter 1 FY 2019 30 June 2018		Year ended 31 March 2018		Quarter 1 FY 2018 30 June 2017	
	Average	**Closing**	Average	Closing	Average	Closing
GBP	**149**	**145**	147	150	142	146
US dollar	**110**	**111**	111	106	111	112
Euro	**131**	**128**	130	132	122	128

(h) Cash flows generated from operations

¥ millions

	Quarter 1 For the period 1 April to 30 June 2018	Quarter 1 For the period 1 April to 30 June 2017 (restated)
Profit for the period from continuing operations	**6,017**	2,672
Adjustments for:		
Taxation	**3,330**	1,947
Depreciation	**6,096**	6,037
Amortization	**934**	1,012
Impairment	**99**	223
Reversal of impairments	**(2,659)**	(2)
Gain on sale of property, plant and equipment	**30**	(194)
Grants and deferred income	**(72)**	(122)
Finance income	**(953)**	(242)
Finance expenses	**4,108**	4,155
Share of (profit)/loss from joint ventures and associates	**(456)**	(367)
Other items	**(344)**	(71)
Operating cash flows before movement in provisions and working capital	**16,130**	15,048
Decrease in provisions and retirement benefit obligations	**(2,657)**	(2,893)
Changes in working capital:		
- inventories	**(2,723)**	(2,216)
- trade and other receivables	**(7,070)**	(5,401)
- trade and other payables	**(4,295)**	(6,664)
- contract balances	**1,101**	563
Net change in working capital	**(12,987)**	(13,718)
Cash flows generated from operations	**486**	(1,563)

(i) Cash and cash equivalents

¥ millions

	As at 31 March 2018	As at 31 March 2017
Cash and cash equivalents	**64,801**	84,920
Bank overdrafts	**(2,002)**	(5,112)
	62,799	79,808

¥ millions

	As at 30 June 2018	As at 30 June 2017
Cash and cash equivalents	**53,243**	57,130
Bank overdrafts	**(2,234)**	(7,259)
	51,009	49,871

(j) Restatement of FY2018 Comparative Information

The Group has adopted IFRS 15 'Revenue from Contracts with Customers' effective from the Group's financial period commencing 1 April 2018. The Group applied IFRS 15 retrospectively using the practical expedient in paragraph C5(c) of IFRS 15, under which the Group does not disclose the amount of consideration allocated to the remaining performance obligations or an explanation of when the Group expects to recognize that amount as revenue for all reporting periods presented before 1 April 2018.

The main practical change is that the Group will, in certain circumstances, recognize revenue from the sale of tooling to automotive customers on acceptance of that tooling by the customer. The Group's previous policy was to recognize this revenue over the life of the associated automotive supply contract. This may result in a change to the level of revenue recognized with respect to automotive tooling in any given year, although the Group expects no material impact over the medium-term.

In accordance with IAS1, as the Group considers the financial impact of adopting IFRS15 to be relatively immaterial, a third full comparative statement of financial position as at 1 April 2017 is not provided. The following tables summarize the impacts of adopting IFRS 15 on the Group's consolidated financial statements:

Consolidated balance sheet

¥ millions

As at 1 April 2017	Impact of changes in accounting policies		
	As previously reported	Adjustments	**As restated**
Total Assets	790,192	(4,158)	**786,034**
Total Liabilities	656,484	(4,914)	**651,570**
Retained earnings	(59,646)	756	**(58,890)**
Other	183,792	-	**183,792**
Total shareholders' equity	124,146	756	**124,902**
Non-controlling interests	9,562	-	**9,562**
Total Equity	133,708	756	**134,464**
Total Liabilities and Equity	790,192	(4,158)	**786,034**

Consolidated balance sheet continued

¥ millions

As at 31 March 2018	Impact of changes in accounting policies		
	As previously reported	Adjustments	**As restated**
Intangible assets	57,389	(140)	**57,249**
Property, plant and equipment	252,778	(8,673)	**244,105**
Deferred tax assets	36,115	(214)	**35,901**
Contract assets	-	4,252	**4,252**
Trade and other receivables	94,743	(3,673)	**91,070**
Inventories	108,975	5,799	**114,774**
Construction work-in-progress	641	(641)	**-**
Other	241,241	-	**241,241**
Total Assets	791,882	(3,290)	**788,592**
Trade and other payables	141,252	(1,619)	**139,633**
Contract liabilities	-	4,445	**4,445**
Deferred income	12,296	(6,825)	**5,471**
Deferred tax liabilities	18,567	(149)	**18,418**
Other	476,910	-	**476,910**
Total Liabilities	649,025	(4,148)	**644,877**
Retained earnings	(52,140)	790	**(51,350)**
Other reserves	(28,685)	68	**(28,617)**
Other	215,159	-	**215,159**
Total shareholders' equity	134,334	858	**135,192**
Non-controlling interests	8,523	-	**8,523**
Total Equity	142,857	858	**143,715**
Total Liabilities and Equity	791,882	(3,290)	**788,592**

Consolidated income statement

¥ millions

For the period ended 30 June 2017	Impact of changes in accounting policies		
	As previously reported	Adjustments	**As restated**
Revenue	146,890	(1,641)	**145,249**
Cost of sales	(107,153)	1,485	**(105,668)**
Operating profit	8,762	(156)	**8,606**
Exceptional items	(441)	-	**(441)**
Finance costs – net	(3,913)	-	**(3,913)**
Share of post-tax profit from joint ventures and associates	367	-	**367**
Profit before taxation	4,775	(156)	**4,619**
Taxation	(1,940)	(7)	**(1,947)**
Profit for the period	2,835	(163)	**2,672**
Profit attributable to non-controlling interests	329	-	**329**
Profit attributable to owners of the parent	2,506	(163)	**2,343**
	2,835	(163)	**2,672**

Consolidated statement of comprehensive income

¥ millions

For the period ended 30 June 2017	Impact of changes in accounting policies		
	As previously reported	Adjustments	**As restated**
Profit for the period	2,835	(163)	**2,672**
Other comprehensive income:			
Items that may be reclassified to profit or loss:			
Foreign currency translation adjustments	9,797	61	**9,858**
Other	(4,358)	-	**(4,358)**
Total comprehensive income for the period	8,274	(102)	**8,172**
Profit attributable to non-controlling interests	159	-	**159**
Profit attributable to owners of the parent	8,115	(102)	**8,013**
	8,274	(102)	**8,172**

Consolidated statement of cash flow

¥ millions

For the period ended 30 June 2017	Impact of changes in accounting policies		
	As previously reported	Adjustments	**As restated**
Profit for the period	2,835	(163)	**2,672**
Adjustments for:			
Taxation	1,940	7	**1,947**
Depreciation	6,682	(645)	**6,037**
Amortization	1,024	(12)	**1,012**
Grants and deferred income	(262)	140	**(122)**
Changes in working capital:			
Inventories	(1,836)	(380)	**(2,216)**
Construction work-in-progress	(73)	73	**-**
Trade and other receivables	(5,590)	189	**(5,401)**
Trade and other payables	(6,404)	(260)	**(6,664)**
Contract balances	-	563	**563**
Other	(3,381)	-	**(3,381)**
Net cash outflows from operating activities	(5,065)	(488)	**(5,553)**
Purchases of property, plant and equipment	(7,093)	475	**(6,618)**
Purchases of intangible assets	(351)	13	**(338)**
Other	839	-	**839**
Net cash outflows from investing activities	(6,605)	488	**(6,117)**
Net cash outflows from financing activities	(19,284)	-	**(19,284)**
Decrease in cash and cash equivalents (net of bank overdrafts)	(30,954)	-	**(30,954)**

(7) Significant subsequent events

There were no significant subsequent events.