FY 2018 2nd Quarter Consolidated Financial Results <IFRS> 2 November 2017

(English translation of the Japanese original)

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

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Submission of quarterly report to MOF: 7 November 2017 Payment of dividends start from: N/A
Quarterly result presentation papers: Yes
Quarterly result presentation meeting: Yes (For institutional investors)

1. Consolidated business results for FY 2018 Quarter 2 (From 1 April to 30 September 2017)

(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	%
Q2 FY 2018	296,989	2.5	17,723	31.3	9,326	(14.2)	5,660	10.7	4,878	15.0	18,403	-
Q2 FY 2017	289,798	(9.9)	13,495	121.6	10,866	-	5,114	-	4,241	-	(51,474)	-

	Earnings per share - basic
Q2 FY 2018	¥ 43.99
Q2 FY 2017	¥ 46.94

Note:
- Operating profit in the above table is defined as being operating profit stated before exceptional items.
- Effective as from 1 October 2016, the Company conducted a share consolidation in which every ten common shares were consolidated into one share. Basic earnings per share are calculated under the assumption that this share consolidation was conducted on 1 April 2016.

(2) Changes in financial position

	Total assets	Total equity	Total shareholders' equity	Total shareholders' equity ratio
	¥ millions	¥ millions	¥ millions	%
FY 2018 Quarter 2	788,371	150,427	142,072	18.0
FY 2017 Full year	790,192	133,708	124,146	15.7

2. Dividends

	Dividends per share				
	Q1	Q2	Q3	Q4	Annual
FY 2017 (Actual)	-	¥ 0.00	-	¥ 0.00	¥ 0.00
FY 2018 (Actual)	-	¥ 0.00			
FY 2018 (Forecast)			-	-	-

Note:
- There have been no changes to the forecast dividends this quarter.
- Forecast year-end dividends for FY2018 has not been established yet.
- For further details, please refer to the prospects section on page 6.

3. Forecast for FY 2018 (From 1 April 2017 to 31 March 2018)

	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	%	¥
Full year	600,000	3.3	36,000	20.6	17,000	15.2	10,000	37.1	8,000	42.7	68.62

Note:
- There are no changes to the forecast results this quarter.
- For further details, please refer to the prospects section on page 6.

4. Other items

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

(b) 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 --- No

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

(iii) Changes in accounting estimates --- No

(c) Numbers of shares outstanding (common stock)

(i) Number of shares issued at the end of the period, including shares held as treasury stock: 90,407,899 shares as of 30 September 2017 and 90,365,699 shares as of 31 March 2017

(ii) Number of shares held as treasury stock at the end of the period: 13,158 shares as at 30 September 2017 and 11,489 shares as at 31 March 2017

(iii) Average number of shares in issue during the period, after deducting shares held as treasury stock:
90,382,139 shares for the period ending 30 September 2017 and 90,344,662 shares for the period ending 30 September 2016

Note: Effective as from 1 October 2016, the Company conducted a share consolidation in which every ten common shares were consolidated into one share. The total number of issued shares at the end of the period, the number of treasury shares at the end of the period, and the average number of shares during the period have been calculated under the assumption that this share consolidation was conducted on 1 April 2016.

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 A Shares

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

	Dividends per share				
	Q1	Q2	Q3	Q4	Total
Class A Shares					
FY2017 (Actual)	-	-	-	-	-
FY2018 (Actual)	-	¥ 0.00			
FY2018 (Forecast)			-	-	-

(Note) Number of Class A Shares issued is 40,000 shares. The Class A Shares were issued on 31 March 2017. Forecast of dividends, that have dividend record dates belonging to FY2018, has not been established yet.

[Attachments]

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

1. Narratives about financial results

(1) Business Performance

(a) Background to Results

The second 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. Architectural markets in Japan saw a reduced number of housing starts. The Automotive market in Japan performed well with an improving level of vehicle sales. Architectural markets in North America were positive, although in automotive, light vehicle sales continue to be slightly below the previous year. Automotive markets in South America showed some signs of recovery during the quarter, although cumulative light vehicle sales are only slightly ahead of the previous year's low levels. Technical glass markets strengthened with growing demand in many of the Group's product areas.

Cumulative quarter 2 revenues improved from the previous year. Profitability also improved with the Group recording a trading profit (before exceptional items and amortization relating to the acquisition of Pilkington) of ¥ 18,724 million (Q2 FY17 ¥ 15,710 million). Operating profits improved by 31 percent to ¥ 17,723 million (Q2 FY17 ¥ 13,495 million) due to the improved trading profit and a reduction in amortization of intangible assets. The profit attributable to owners of the parent improved by 15 percent to ¥ 4,878 million (Q2 FY17 ¥ 4,241 million).

(b) Review by Business Segment

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

Architectural, representing 40 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 52 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**	
	Q2 FY 2018	**Q2 FY 2017**	**Q2 FY 2018**	**Q2 FY 2017**
Architectural	119,297	118,394	13,338	13,417
Automotive	153,093	147,921	5,935	5,250
Technical Glass	24,135	23,274	3,257	502
Other Operations	464	209	(4,807)	(5,674)
Total	296,989	289,798	17,723	13,495

Architectural Business

Cumulative architectural revenues improved due to an increase in European revenues and the translational impact of a weakened Japanese yen. Local currency revenues declined in other regions. Trading profits were similar to the previous year, with improving profitability in Europe and the weakened Japanese yen, offsetting a reduction in volumes elsewhere.

In Europe, representing 39 percent of the Group's architectural sales, markets continued to be positive with strong demand leading to a robust pricing environment. The Group's revenues and profits both increased with the improved pricing and a consistently high level of utilization of the Group's available capacity.

In Japan, representing 26 percent of the Group's architectural sales, revenues were slightly below the previous year's levels due to lower market volumes. Profits were also relatively weak due to the reduced volumes and also the impact of non-recurring charges incurred during the first quarter.

In North America, representing 13 percent of the Group's architectural sales, revenues and profits were both below the previous year's levels. Available capacity has been temporarily reduced whilst the Ottawa facility is repaired as announced on 12 May 2017. In addition, sales of solar energy glass have slowed during a period of re-tooling at a major customer, although shipments of other architectural products were robust.

In the rest of the world, domestic markets were generally improved from the previous year, although revenues were also impacted by re-tooling at a major customer.

The Architectural business recorded revenues of ¥ 119,297 million and an operating profit of ¥ 13,338 million.

Automotive Business

In the Automotive business, revenues were above the previous year. Profits also increased, due to an improving performance in Europe.

Europe represents 44 percent of the Group's automotive sales. The Group's original equipment (OE) volumes were similar to previous year, although profits improved due to the positive impact of continuing cost reductions. Profits in the Automotive Glass Replacement (AGR) business were stable.

In Japan, representing 18 percent of the Group's automotive sales, revenues improved from the previous year, consistent with increasing light-vehicle sales. OE profits were below the previous year, whereas AGR profits improved.

In North America, representing 27 percent of the Group's automotive sales, local currency revenues and profits fell from the previous year, as a consequence of a fall in market volumes.

In the rest of the world, market conditions in South America showed further signs of a sustainable recovery.

The Automotive business recorded sales of ¥ 153,093 million and an operating profit of ¥ 5,935 million.

Technical Glass Business

Revenues in the Technical Glass business were ahead of the previous year. Profits also improved with increased volumes in some areas, the further realization of cost savings, and a positive contribution from the disposal of non-current assets.

Losses narrowed further in the display business, with improvements in prices for some products. Demand for components used in multi-function printers which fell during the previous year showed some improvement during the current year. Volumes of glass cord used in engine timing belts were robust, consistent with strengthening automotive markets. Battery separator volumes increased with results continuing to improve in this area.

The Technical Glass business recorded revenues of ¥ 24,135 million and an operating profit of ¥ 3,257 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 due to a reduction in amortization costs.

Consequently, this segment recorded revenues of ¥ 464 million and operating costs of ¥ 4,807 million.

Joint Ventures and Associates

The Group's share of joint ventures and associates profits represented an improvement from the previous year. Profits increased at Cebrace, the Group's joint venture in Brazil. Results also benefitted from the reclassification in the previous year of a loss-making Chinese associate to assets held at fair value through other comprehensive income.

The Group's share of joint ventures and associates profits after tax was ¥ 996 million (Q2 FY17 ¥ 266 million).

(2) Financial Condition

Total assets at the end of September 2017 were ¥ 788,371 million, representing a decrease of ¥ 1,821 million from the end of March 2017. Total equity was ¥ 150,427 million, representing an increase of ¥ 16,719 million due the profit for the period and the translational impact of a weakening Japanese Yen.

Net financial indebtedness increased by ¥ 16,303 million from 31 March 2017 to ¥ 329,557 million at the period end. The increase in indebtedness arose mainly from seasonal increases in working capital and also translational differences arising from the weakening Yen. Currency movements generated an increase in net debt of approximately ¥ 7,770 million over the period. Gross debt was ¥ 382,454 million at the period end. As of 30 September 2017, the Group had un-drawn, committed facilities of ¥ 76,072 million.

Cash inflows from operating activities were ¥ 6,244 million. Cash outflows from investing activities were ¥ 13,372 million, including capital expenditure on property, plant, and equipment of ¥ 14,393 million. As a result, free cash flow was an outflow of ¥ 7,128 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 2018 is set out on page 1. The forecast of revenue, operating profit, profit before taxation, profit for the period and profit attributable to owners of the parent has not been amended from that issued on 12 May 2017. 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 the remainder of FY2018. Architectural and Automotive markets are expected to experience a continued recovery, particularly in Europe. The Group also expects a further improvement in VA contribution generally. A further improvement in profitability is expected in the Technical Glass business, with improved costs and increased sales of VA products.

Taking account of the above factors, the Group expects to record an improvement in operating profitability in FY2018.

Exceptional costs will reflect restructuring expenditure necessary to achieve additional improvements in operational efficiency and overall cost reductions. In addition, exceptional costs will include costs incurred at the Ottawa facility prior to re-start following a cold repair as announced on 12 May 2017. Financial costs will fall following the repayment of debt during March 2017.

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.

The Group’s dividend policy is to secure dividend payments based on sustainable business results. After considering the factors such as the current Group’s financial position and its level of profitability, the directors do not recommend an interim dividend for the year to 31 March 2018. The forecast of year-end dividends for the year to 31 March 2018 has not been established yet. The Group recognizes the importance of dividends to its shareholders and anticipates resuming dividend payments when the financial performance of the Group allows.

Dividends related to Class A Shares are detailed on page 2.

2. Consolidated financial statements and their notes

(1) (a) Condensed quarterly consolidated income statement

	Note	**Quarter 2 For the period 1 April to 30 September 2017**	Quarter 2 For the period 1 April to 30 September 2016
Revenue	(6)-(a)	**296,989**	289,798
Cost of sales		**(217,981)**	(215,693)
Gross profit		**79,008**	74,105
Other income		**1,367**	910
Distribution costs		**(26,691)**	(25,822)
Administrative expenses		**(32,253)**	(31,208)
Other expenses		**(3,708)**	(4,490)
Operating profit	(6)-(a)	**17,723**	13,495
Exceptional items	(6)-(b)	**(1,760)**	6,396
Operating profit after exceptional items	(6)-(a)	**15,963**	19,891
Finance income	(6)-(c)	**443**	686
Finance expenses	(6)-(c)	**(8,076)**	(9,977)
Share of post-tax profits of joint ventures and associates accounted for using the equity method		**996**	266
Profit before taxation		**9,326**	10,866
Taxation	(6)-(d)	**(3,666)**	(5,752)
Profit for the period		**5,660**	5,114
Profit attributable to non-controlling interests		**782**	873
Profit attributable to owners of the parent		**4,878**	4,241
		5,660	5,114
Earnings per share attributable to owners of the parent	(6)-(e)		
Basic		**43.99**	46.94
Diluted		**30.76**	46.80

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

¥ millions

	Quarter 2 For the period 1 April to 30 September 2017	Quarter 2 For the period 1 April to 30 September 2016
Profit for the period	**5,660**	5,114
Other comprehensive income:		
Items that will not be reclassified to profit or loss:		
Re-measurement of retirement benefit obligations (net of taxation)	**(731)**	(4,043)
Revaluation of Assets held at Fair Value through Other Comprehensive Income – equity investments (net of taxation)	**(3,422)**	(7,364)
Sub-total	**(4,153)**	(11,407)
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation adjustments	**16,195**	(46,645)
Revaluation of Assets held at Fair Value through Other Comprehensive Income – other investments (net of taxation)	**(62)**	278
Cash flow hedges:		
- fair value gains, net of taxation	**763**	1,186
Sub-total	**16,896**	(45,181)
Total other comprehensive income for the period, net of taxation	**12,743**	(56,588)
Total comprehensive income for the period	**18,403**	(51,474)
Attributable to non-controlling interests	**546**	(219)
Attributable to owners of the parent	**17,857**	(51,255)
	18,403	(51,474)

(2) Condensed quarterly consolidated balance sheet

¥ millions

	Quarter 2 as at 30 September 2017	FY 2017 as at 31 March 2017
ASSETS		
Non-current assets		
Goodwill	**114,819**	105,972
Intangible assets	**59,457**	56,288
Property, plant and equipment	**254,320**	245,157
Investment property	**571**	523
Investments accounted for using the equity method	**14,390**	13,773
Retirement benefit asset	**22,309**	19,227
Trade and other receivables	**16,636**	18,440
Financial assets:		
- Assets held at Fair Value through Other Comprehensive Income	**24,751**	26,568
- Derivative financial instruments	**428**	248
Deferred tax assets	**43,200**	41,622
	550,881	527,818
Current assets		
Inventories	**110,048**	105,514
Construction work-in-progress	**692**	625
Trade and other receivables	**73,631**	69,654
Financial assets:		
- Assets held at Fair Value through Other Comprehensive Income	**644**	572
- Derivative financial instruments	**1,080**	963
Cash and cash equivalents	**51,389**	84,920
	237,484	262,248
Assets held for sale	**6**	126
	237,490	262,374
Total assets	**788,371**	790,192

(2) Condensed quarterly consolidated balance sheet continued

¥ millions

	Quarter 2 as at 30 September 2017	FY 2017 as at 31 March 2017
LIABILITIES AND EQUITY		
Current liabilities		
Financial liabilities:		
- Borrowings	**108,202**	78,417
- Derivative financial instruments	**1,745**	1,393
Trade and other payables	**123,363**	126,591
Provisions	**13,543**	14,091
Deferred income	**2,851**	2,733
	249,704	223,225
Non-current liabilities		
Financial liabilities:		
- Borrowings	**271,315**	317,981
- Derivative financial instruments	**1,192**	1,595
Trade and other payables	**440**	1,979
Deferred tax liabilities	**15,751**	15,005
Retirement benefit obligations	**74,390**	70,826
Provisions	**15,996**	16,903
Deferred income	**9,156**	8,970
	388,240	433,259
Total liabilities	**637,944**	656,484
Equity		
Capital and reserves attributable to the Company's equity shareholders		
Called up share capital	**116,492**	116,463
Capital surplus	**166,607**	166,578
Retained earnings	**(55,499)**	(59,646)
Retained earnings (Translation adjustment at the IFRS transition date)	**(68,048)**	(68,048)
Other reserves	**(17,480)**	(31,201)
Total shareholders' equity	**142,072**	124,146
Non-controlling interests	**8,355**	9,562
Total equity	**150,427**	133,708
Total liabilities and equity	**788,371**	790,192

(3) Condensed quarterly consolidated statement of changes in equity

¥ millions

Quarter 2 FY 2018	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	(59,646)	(68,048)	(31,201)	**124,146**	9,562	**133,708**
Total Comprehensive Income	-	-	4,147	-	13,710	**17,857**	546	**18,403**
Dividends paid	-	-	-	-	-	**-**	(1,753)	**(1,753)**
Stock options	29	29	-	-	12	**70**	-	**70**
Issuance and purchase of treasury stock	-	-	-	-	(1)	**(1)**	-	**(1)**
At 30 September 2017	**116,492**	**166,607**	**(55,499)**	**(68,048)**	**(17,480)**	**142,072**	**8,355**	**150,427**

¥ millions

Quarter 2 FY 2017	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 2016	116,449	127,511	(63,502)	(68,048)	(9,301)	**103,109**	8,902	**112,011**
Total Comprehensive Income	-	-	198	-	(51,453)	**(51,255)**	(219)	**(51,474)**
Dividends paid	-	-	-	-	-	**-**	(416)	**(416)**
Stock options	3	(23)	77	-	(55)	**2**	-	**2**
Transfer from retained earnings to capital surplus	-	25	(25)	-	-	**-**	-	**-**
At 30 September 2016	**116,452**	**127,513**	**(63,252)**	**(68,048)**	**(60,809)**	**51,856**	**8,267**	**60,123**

(4) Condensed quarterly consolidated statement of cash flow

¥ millions

	Note	**Quarter 2 For the period 1 April to 30 September 2017**	Quarter 2 For the period 1 April to 30 September 2016
Cash flows from operating activities			
Cash generated from operations	(6)-(g)	**15,068**	17,838
Interest paid		**(6,384)**	(9,823)
Interest received		**409**	633
Tax paid		**(2,849)**	(2,540)
Net cash inflows from operating activities		**6,244**	6,108
Cash flows from investing activities			
Dividends received from joint ventures and associates		**591**	14
Purchases of property, plant and equipment		**(14,393)**	(11,962)
Proceeds on disposal of property, plant and equipment		**1,066**	8,909
Purchases of intangible assets		**(781)**	(649)
Proceeds on disposal of intangible assets		**10**	46
Purchase of assets held at FVOCI		**(204)**	(3)
Proceeds on disposal of assets held at FVOCI		**443**	1,964
Loans advanced to joint ventures, associates and third parties		**(252)**	(255)
Loans repaid from joint ventures, associates and third parties		**34**	46
Others		**114**	(1)
Net cash outflows from investing activities		**(13,372)**	(1,891)
Cash flows from financing activities			
Dividends paid to non-controlling interests		**(1,753)**	(416)
Repayment of borrowings		**(46,401)**	(86,714)
Proceeds from borrowings		**21,555**	81,968
Other		**(2)**	-
Net cash outflows from financing activities		**(26,601)**	(5,162)
Decrease in cash and cash equivalents (net of bank overdrafts)		**(33,729)**	(945)
Cash and cash equivalents (net of bank overdrafts) at beginning of period	(6)-(h)	**79,808**	46,162
Effect of foreign exchange rate changes		**1,699**	(6,114)
Cash and cash equivalents (net of bank overdrafts) at end of period	(6)-(h)	**47,778**	39,103

(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.

The segmental results for the second quarter to 30 September 2017 were as follows:

¥ millions

Quarter 2 FY 2018 For the period 1 April to 30 September 2017	Architectural	Automotive	Technical Glass	Other Operations	Total
Revenue					
External revenue	119,297	153,093	24,135	464	296,989
Inter-segmental revenue	9,650	1,189	324	1,868	13,031
Total revenue	128,947	154,282	24,459	2,332	310,020
Trading profit	13,338	5,935	3,257	(3,806)	18,724
Amortization arising from the acquisition of Pilkington plc	-	-	-	(1,001)	(1,001)
Operating profit	13,338	5,935	3,257	(4,807)	17,723
Exceptional items	(1,415)	(979)	(1,224)	1,858	(1,760)
Operating profit after exceptional items					15,963
Finance costs – net					(7,633)
Share of post-tax profits from joint ventures and associates					996
Profit before taxation					9,326
Taxation					(3,666)
Profit for the period from continuing operations					5,660

(a) Segmental information continued

The segmental results for the second quarter to 30 September 2016 were as follows:

¥ millions

Quarter 2 FY 2017 For the period 1 April to 30 September 2016	**Architectural**	**Automotive**	**Technical Glass**	**Other Operations**	**Total**
Revenue					
External revenue	118,394	147,921	23,274	209	289,798
Inter-segmental revenue	9,002	854	16	2,386	12,258
Total revenue	127,396	148,775	23,290	2,595	302,056
Trading profit	13,417	5,250	502	(3,459)	15,710
Amortization arising from the acquisition of Pilkington plc	-	-	-	(2,215)	(2,215)
Operating profit	13,417	5,250	502	(5,674)	13,495
Exceptional items	(1,193)	3,691	(247)	4,145	6,396
Operating profit after exceptional items					19,891
Finance costs – net					(9,291)
Share of post-tax profits from joint ventures and associates					266
Profit before taxation					10,866
Taxation					(5,752)
Profit for the period from continuing operations					5,114

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

¥ millions

	Architectural	**Automotive**	**Technical Glass**	**Other Operations**	**Total**
Net trading assets	**132,252**	**142,694**	**42,615**	**7,693**	**325,254**
Capital expenditure (including intangibles)	**5,486**	**6,424**	**485**	**111**	**12,506**

The segmental assets at 30 September 2016 and capital expenditure for the second quarter ended 30 September 2016 were as follows:

¥ millions

	Architectural	**Automotive**	**Technical Glass**	**Other Operations**	**Total**
Net trading assets	133,145	138,369	40,876	6,878	319,268
Capital expenditure (including intangibles)	5,090	4,550	517	1,304	11,461

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

	Quarter 2 For the period 1 April to 30 September 2017	Quarter 2 For the period 1 April to 30 September 2016
		¥ millions
Exceptional items (gains):		
Gain on disposal of investments in joint ventures and associates	**1,541**	745
Gain on settlement of insurance proceeds	**997**	-
Settlement of litigation matters	**190**	-
Gain on disposal of non-current assets	**-**	7,909
Gain from exit of business	**-**	855
Other	**67**	24
	2,795	9,533
Exceptional items (losses):		
Restructuring costs, including employee termination payments	**(2,218)**	(1,621)
Suspension of facilities	**(2,082)**	-
Impairment of non-current assets	**(216)**	(1,304)
Settlement of litigation matters	**(39)**	(212)
	(4,555)	(3,137)
	(1,760)	6,396

The gain on the disposal of investments in joint ventures and associates relates to the contracted disposal of the Group's interest in Tianjin SYP Pilkington Glass Co., Ltd. The proceeds received on disposal of this investment are an investment in Tianjin SYP Glass Co., Ltd which will be accounted for as an asset held at Fair Value through Other Comprehensive Income (FVOCI). The exceptional gain includes a partial reversal of a previous impairment and a gain on recycling to the income statement of previous foreign exchange postings made directly to the Statement of Comprehensive Income.

The previous-year gain from disposal of investments relates to the disposal of a part of the Group's shareholding in China Glass Holdings Ltd. This included a gain on recycling to the income statement of previous foreign exchange postings made directly to the Statement of Comprehensive Income.

The 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.

The settlement of litigation matters relates to claims made by certain of the Group's automotive customers in Europe, following the European Commission's earlier decision to fine the Group for alleged breaches of European competition law and also relates to other matters arising elsewhere.

The previous-year gain on disposal of non-current assets relates to the sale and lease-back of land at Kyoto City, Kyoto Prefecture, Japan, and land and buildings at Sungai Buloh, Malaysia, both transactions as announced on 13 May 2016.

The previous-year gain on exit from business relates to the exit from the Group's business in China producing rolled glass for Solar Energy applications. This includes a gain on recycling to the income statement of previous foreign exchange postings.

Restructuring costs principally include the cost of compensating redundant employees for the termination of their contracts of employment. The current year cost includes restructuring activities in Technical Glass in China, and a number of more minor projects elsewhere. The previous year cost related to restructuring activities in Architectural and Automotive Europe, and Technical Glass in Vietnam.

The suspension of facilities relates to the Group's decision to proceed with an expedited repair of the furnace at Ottawa, Illinois, U.S.A.

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

(c) Finance income and expenses

¥ millions

	Quarter 2 For the period 1 April to 30 September 2017	Quarter 2 For the period 1 April to 30 September 2016
Finance income		
Interest income	**435**	655
Foreign exchange transaction gains	**8**	31
	443	686
Finance expenses		
Interest expense:		
- bank and other borrowings	**(7,318)**	(9,474)
Dividend on non-equity preference shares due to minority shareholders	**(127)**	(119)
Foreign exchange transaction losses	**(9)**	(38)
	(7,454)	(9,631)
Unwinding discounts on provisions	**(109)**	(106)
Retirement benefit obligations		
- net finance charge	**(513)**	(240)
	(8,076)	(9,977)

(d) Taxation

The tax charge on profit before taxation, excluding the Group's share of net results of joint ventures and associates, is a rate of 44.0 per cent in the period ended 30 September 2017 (30 September 2016: tax charge on profit at a rate of 54.3 per cent). The tax charge for the period is based on the estimated effective rate for the year to 31 March 2018.

(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 related to Class A shares, by the weighted average number of ordinary shares in issue during the year. The dividends related to Class A shares 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 2 For the period 1 April to 30 September 2017	Quarter 2 For the period 1 April to 30 September 2016
	¥ millions	¥ millions
Profit attributable to owners of the parent	**4,878**	4,241
Adjustment for;		
- Dividends on class A shares	**(902)**	-
Profit used to determine basic earnings per share	**3,976**	4,241
	Thousands	Thousands
Weighted average number to ordinary shares in issue	**90,382**	90,344
	¥	¥
Basic earnings per share	**43.99**	46.94

Note: Effective as from 1 October 2016, the Company conducted a share consolidation in which every ten common shares were consolidated into one share. Basic earnings per share is calculated under the assumption that this share consolidation was conducted on 1 April 2016.

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 2 For the period 1 April to 30 September 2017	Quarter 2 For the period 1 April to 30 September 2016
	¥ millions	¥ millions
Earnings		
Profit attributable to owners of the parent	**4,878**	4,241
Profit used to determine diluted earnings per share	**4,878**	4,241
	Thousands	Thousands
Weighted average number to ordinary shares in issue	**90,382**	90,344
Adjustment for:		
- Share options	**643**	281
- Class A shares	**67,572**	-
Weighted average number of ordinary shares for diluted earnings per share	**158,597**	90,625
	¥	¥
Diluted earnings per share	**30.76**	46.80

Note: Effective as from 1 October 2016, the Company conducted a share consolidation in which every ten common shares were consolidated into one share. Diluted earnings per share is calculated under the assumption that this share consolidation was conducted on 1 April 2016.

(f) Exchange rates

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

	Quarter 2 FY 2018 30 September 2017		Year ended 31 March 2017		Quarter 2 FY 2017 30 September 2016	
	Average	**Closing**	Average	Closing	Average	Closing
GBP	**144**	**151**	142	139	145	130
US dollar	**112**	**113**	108	111	106	101
Euro	**126**	**132**	119	119	119	112

(g) Cash flows generated from operations

¥ millions

	Quarter 2 For the period 1 April to 30 September 2017	Quarter 2 For the period 1 April to 30 September 2016
Profit for the period from continuing operations	**5,660**	5,114
Adjustments for:		
Taxation	**3,666**	5,752
Depreciation	**13,668**	13,250
Amortization	**2,074**	3,296
Impairment	**315**	1,399
Reversal of impairments	**(37)**	(87)
Gain on sale of property, plant and equipment	**(818)**	(8,210)
Gain from exit of business	**-**	(855)
Gain on disposal of investments	**(1,541)**	(745)
Grants and deferred income	**(431)**	(270)
Finance income	**(443)**	(686)
Finance expenses	**8,076**	9,977
Share of profits from joint ventures and associates	**(996)**	(266)
Other items	**67**	(1,394)
Operating cash flows before movement in provisions and working capital	**29,260**	26,275
Decrease in provisions and retirement benefit obligations	**(6,236)**	(4,168)
Changes in working capital:		
- inventories	**(305)**	(686)
- construction work-in-progress	**(4)**	(117)
- trade and other receivables	**(4,770)**	63
- trade and other payables	**(2,877)**	(3,529)
Net change in working capital	**(7,956)**	(4,269)
Cash flows generated from operations	**15,068**	17,838

(h) Cash and cash equivalents

¥ millions

	As at 31 March 2017	As at 31 March 2016
Cash and cash equivalents	**84,920**	55,074
Bank overdrafts	**(5,112)**	(8,912)
	79,808	46,162

¥ millions

	As at 30 September 2017	As at 30 September 2016
Cash and cash equivalents	**51,389**	49,135
Bank overdrafts	**(3,611)**	(10,032)
	47,778	39,103

(7) Significant subsequent events

There were no significant subsequent events.