

FY 2015 1st Quarter Consolidated Financial Results <IFRS>

31 July 2014

(English translation of the Japanese original)



Listed Company Name: Nippon Sheet Glass Co., Ltd.
Code Number 5202

Stock Exchange Listing: Tokyo
(URL <http://www.nsg.com>)

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Submission of quarterly report to MOF: 4 August 2014

Payment of dividends starts from: N/A

Quarterly result presentation papers: Yes

Quarterly result presentation meeting: Yes

(Teleconference for institutional investors)

1. Consolidated business results for FY 2015 Quarter 1 (From 1 April 2014 to 30 June 2014)

(1) Consolidated business results

	Revenue		Operating profit/(loss)		Loss before taxation		Loss for the period		Loss attributable to owners of the parent		Total comprehensive income	
	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%
Q1 FY 2015	155,744	3.4	1,366	-	(3,541)	-	(4,659)	-	(4,959)	-	(8,279)	-
Q1 FY 2014	150,690	14.8	(398)	-	(5,364)	-	(6,881)	-	(7,112)	-	11,339	-

	Earnings per share - basic		Earnings per share - diluted	
	¥		¥	
Q1 FY 2015	(5.49)		(5.49)	
Q1 FY 2014	(7.88)		(7.88)	

(2) Changes in financial position

	Total assets	Total equity	Total shareholders' equity	Total shareholders' equity ratio
	¥ millions	¥ millions	¥ millions	%
FY 2015 Quarter 1	895,937	165,526	156,665	17.5
FY 2014 Full year	925,175	174,498	164,986	17.8

2. Dividends

	Dividends per share				
	Q1	Q2	Q3	Q4	Annual
FY 2014 (Actual)	-	¥ 0.00	-	¥ 0.00	¥ 0.00
FY 2015 (Actual)	-	-	-	-	¥ 0.00
FY 2015 (Forecast)	-	¥ 0.00	-	¥ 0.00	¥ 0.00

Note: There have been no changes to the forecast dividends this quarter.

3. Forecast for FY 2015 (From 1 April 2014 to 31 March 2015)

	Revenue		Operating profit		Profit before taxation		Profit/(loss) for the period		Profit/(loss) attributable to owners of the parent		Earnings per share - basic
	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%	¥
Half Year	310,000	2.6	8,000	-	0	-	(1,000)	-	(2,000)	-	(2.22)
Full year	620,000	2.3	21,000	-	5,000	-	2,000	-	1,000	-	1.11

Note: There have been no changes to the forecast results this quarter.
For further details, please refer to the prospects section on page 7.

4. Other items

- (a) Changes in status of principal 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) Number of shares outstanding (common stock)
- (i) Number of shares issued at the end of the period, including shares held as treasury stock:
903,550,999 shares as of 30 June 2014 and 903,550,999 shares as of 31 March 2014
- (ii) Number of shares held as treasury stock at the end of the period:
764,682 shares as at 30 June 2014 and 758,952 shares as at 31 March 2014
- (iii) Average number of shares in issue during the period, after deducting shares held as treasury stock:
902,789,483 shares for the period ending 30 June 2014 and 902,591,147 shares for the period ending 30 June 2013

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

These quarterly consolidated financial results are out of scope for independent review by the external auditors based on the Financial Instrument and Exchange Law of Japan (MOF). The review procedures are still ongoing as of the date of announcement of the quarterly consolidated financial results.

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 7 for qualitative information such as assumptions used for the projections.

[Attachments]

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1 Narratives about financial results

(1) Business Performance and Financial Standing

(a) Background to Results

First quarter market conditions were generally similar to those experienced towards the end of the previous year, representing an improvement in some areas from the first quarter of FY2014. Activity levels in Europe remain low but continued to improve gradually. In Japan, the increase in indirect taxation during the quarter affected architectural volumes negatively, although automotive volumes held up relatively well. North American markets showed further growth, although volumes in South America were weak. Overall, technical glass markets were mixed, with improvements in some areas and reductions in others.

The first quarter operating income represents an improvement on the previous year, particularly in North America and Europe, due to improved volumes and lower fixed costs. The Group recorded a trading profit (before exceptional items and amortization relating to the acquisition of Pilkington) of ¥ 5,096 million (FY14 ¥ 4,102 million). The loss attributable to owners of the parent narrowed to ¥ 4,959 million (FY14 ¥ 7,112 million).

(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 Group sales in the first quarter, 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 9 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 line.

¥ millions	Revenue		Operating profit before exceptional items	
	Q1 FY15	Q1 FY14	Q1 FY15	Q1 FY14
Architectural Glass	60,123	57,655	1,878	322
Automotive	80,616	77,656	2,974	2,870
Technical Glass	14,722	15,155	1,629	2,016
Other Operations	283	224	(3,478)	(3,215)
Total	155,744	150,690	3,003	1,993

Architectural Business

Architectural

Operating results in the Architectural business were significantly better than the previous year due mainly to the effects of the Groups' restructuring program. Revenues improved due to increased volumes in some areas and the translational impact the Japanese yen being weaker than during the first quarter of the previous year.

In Europe, representing 40 percent of the Group's Architectural sales, first quarter volumes were stable. Economic activity continues to depress construction and refurbishment activity, although market volumes are now improving gradually. Local currency revenues fell slightly, following the mothballing of under-utilized facilities during the previous year. Commodity glass prices, which had fallen towards the end of FY2014, recovered partly during the quarter but are still at historically low levels. Profitability strengthened with an improved level of capacity utilization following the previous years' restructuring activities.

In Japan, representing 26 percent of Architectural sales, volumes fell, following an increase in sales taxes during the quarter. Prospects for architectural markets continue to be positive despite a fall in housing starts after the sales tax increase. Revenues fell due to the reduced volumes.

In North America, representing 13 percent of Architectural sales, architectural glass markets continued to perform strongly. The Group's revenues and profits improved from the previous year. Volumes increased, with strengthening domestic demand and higher dispatches of Solar Energy glass. Domestic price levels were above the previous year.

In the rest of the world, markets in South East Asia were strong, with improving domestic demand and increased dispatches of Solar Energy glass. Markets in South America were relatively weak, reflecting challenging economic conditions.

The Architectural business recorded revenues of ¥ 60,123 million and an operating profit of ¥ 1,878 million.

Automotive

In the Automotive business, revenues increased from the previous year with a gradual improvement in market conditions.

Europe represents 48 percent of the Group's Automotive sales. Cumulative light-vehicle sales improved by approximately five percent from the previous year. In the OE sector, the Group's cumulative local currency revenues were similar to the previous year. Profits increased with improved asset utilization and further cost savings. Results in the Automotive Glass Replacement (AGR) business were worse than the previous year with sluggish demand following a relatively mild winter.

In Japan, representing 16 percent of the Group's Automotive sales, OE volumes were stronger than the previous year. Domestic demand was robust despite an increase in sales taxes during the quarter. The Group's revenues improved with the increased demand, although profitability was impacted by increased input costs. AGR markets were slightly ahead of the previous year.

In North America, representing 25 percent of the Group's Automotive sales, revenues and profitability improved. OE market volumes continued to increase, and the AGR business benefited from robust demand following harsh winter weather conditions.

In the rest of the world, revenues and profits fell. Market conditions in South America were particularly difficult, with a reduced number of working days in Brazil, and a challenging economic environment in Argentina.

The Automotive business recorded sales of ¥ 80,616 million and an operating profit of ¥ 2,974 million.

Technical Glass

Revenues in the Technical Glass business were below the previous year due mainly to a decrease in volumes. Profits fell slightly but remain at a satisfactory level.

Revenues from thin glass for displays decreased, due partly to the disposal of the Group's LCD component assembly business during the previous year. On 10 June, the Group started up its new Ultra Fine Flat (UFF) glass production line in Vietnam. Glass sales from this line will commence during the second half of the year. Demand for components used in multi-function printers improved from the previous year. Volumes of glass cord used in engine timing belts were similar to the previous year.

The Technical Glass business recorded revenues of ¥ 14,722 million and an operating profit of ¥ 1,629 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 incurred in Other Operations and Eliminations were similar to the previous year.

Consequently, this segment recorded revenues of ¥ 283 million and operating costs of ¥ 3,478 million.

Joint Ventures and Associates

The Group's share of joint ventures and associates profits was below the previous year. Profits at Cebra, the Group's joint venture in Brazil, were similar to the previous year. Results at the Group's associate in Colombia improved, with the previous year including costs associated with the start up of this company's float glass facility. The Group's share of its associates' profits in China was similar to the previous year. Losses widened at the Group's joint venture in Russia however.

The Group's share of joint ventures and associates losses after tax was ¥ 182 million (Q1 FY14 profit of ¥ 25 million).

(2) Financial condition

Total assets at the end of June 2014 were ¥ 895,937 million, representing a decrease of ¥ 29,238 million from the end of March 2014. Total equity was ¥ 165,526 million, representing a decrease of ¥ 8,972 million, due to the loss recorded for the period and also the translational impact of a strengthening of the Japanese yen.

Net financial indebtedness increased by ¥ 12,721 million from 31 March 2014 to ¥ 391,833 million at the period end. The increase in indebtedness arose from the continued low level of profitability and seasonally negative working capital cash flows. Currency movements generated a decrease in net debt of approximately ¥ 1,900 million over the period. Gross debt was ¥ 453,555 million at the period end. As of 30 June 2014, the Group had un-drawn, committed facilities of ¥ 18,300 million.

Cash outflows from operating activities were ¥ 6,729 million. Cash outflows from investing activities were ¥ 7,251 million, including capital expenditure on property, plant, and equipment of ¥ 7,569 million. As a result, total cash outflows before financing were ¥ 13,980 million.

(3) Prospects

The forecast of sales, operating profit, profit before taxation, profit for the period, profit attributable to owners of the parent and income per share is set out on page 2. This forecast has not been amended from that first issued on 15 May 2014.

The Group expects a further, gradual improvement in market conditions during the remainder of FY2015. European markets are expected to continue to slowly recover, although will still be significantly below pre-recession levels. Increased levels of indirect taxation are likely to affect markets in Japan, particularly in the architectural sector. Volumes in the North America and Rest of the World geographies are likely to increase, although volumes in South America are expected to be relatively weak in the near term. Technical glass markets are expected to be similar to FY2014. Underlying profitability will continue to benefit from the Groups' restructuring actions.

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

2 Other information**(1) Changes in status of principal subsidiaries**

There was no change.

(2) Changes in accounting principles, practices and presentations

There were no material changes to the Group's accounting principles, practices and presentations arising as a result of amended IFRS accounting standards and interpretations during the quarter.

3 Consolidated Financial Statements

(1). (a) Condensed quarterly consolidated income statement

		¥ millions	
	Note	Quarter 1 FY15 For the period 1 April 2014 to 30 June 2014	Quarter 1 FY14 For the period 1 April 2013 to 30 June 2013
Revenue	(6)-(a)	155,744	150,690
Cost of sales		(118,372)	(116,881)
Gross profit		37,372	33,809
Other income		368	2,393
Distribution costs		(14,691)	(14,202)
Administrative expenses		(16,796)	(16,558)
Other expenses		(3,250)	(3,449)
Operating profit before exceptional items	(6)-(a)	3,003	1,993
Exceptional items	(6)-(b)	(1,637)	(2,391)
Operating profit/(loss)	(6)-(a)	1,366	(398)
Finance income	(6)-(c)	620	760
Finance expenses	(6)-(c)	(5,345)	(5,751)
Share of post-tax (loss)/profit of joint ventures and associates accounted for using the equity method		(182)	25
Loss before taxation		(3,541)	(5,364)
Taxation	(6)-(d)	(1,118)	(1,517)
Loss for the period		(4,659)	(6,881)
Profit attributable to non-controlling interests		300	231
Loss attributable to owners of the parent		(4,959)	(7,112)
		(4,659)	(6,881)
Earnings per share attributable to owners of the parent	(6)-(e)		
Basic		(5.49)	(7.88)
Diluted		(5.49)	(7.88)

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

	¥ millions	
	Quarter 1 FY15 For the period 1 April 2014 to 30 June 2014	Quarter 1 FY14 For the period 1 April 2013 to 30 June 2013
Loss for the period	(4,659)	(6,881)
Other comprehensive income:		
Items that will not be reclassified to profit or loss:		
Re-measurement of retirement benefit obligations (net of taxation)	-	(133)
Sub total	-	(133)
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation adjustments	(3,498)	18,791
Revaluation of available-for-sale investments	9	(40)
Cash flow hedges:		
- fair value gains, net of taxation	(131)	(398)
Sub total	(3,620)	18,353
Total other comprehensive income for the period, net of taxation	(3,620)	18,220
Total comprehensive income for the period	(8,279)	11,339
Attributable to non-controlling interests	41	383
Attributable to owners of the parent	(8,320)	10,956
	(8,279)	11,339

(2) Condensed quarterly consolidated balance sheet

	¥ millions	
	Quarter 1 FY15 as of 30 June 2014	FY14 as of 31 March 2014
ASSETS		
Non-current assets		
Goodwill	133,681	135,826
Intangible assets	83,481	86,999
Property, plant and equipment	283,491	289,389
Investment property	711	644
Investments accounted for using the equity method	49,701	50,070
Trade and other receivables	14,561	17,234
Financial assets:		
- Available-for-sale investments	6,889	6,743
- Derivative financial instruments	967	893
Deferred tax assets	54,892	55,571
	628,374	643,369
Current assets		
Inventories	109,957	109,167
Construction work-in-progress	1,083	982
Trade and other receivables	93,613	94,466
Financial assets:		
- Available-for-sale investments	92	94
- Derivative financial instruments	1,437	1,434
Cash and cash equivalents	59,319	73,864
	265,501	280,007
Assets held for sale	2,062	1,799
	267,563	281,806
Total Assets	895,937	925,175
LIABILITIES AND EQUITY		
Current liabilities		
Financial liabilities:		
- Borrowings	173,005	119,954
- Derivative financial instruments	1,484	1,514
Trade and other payables	121,874	130,368
Provisions	15,473	19,179
Deferred income	2,915	3,027
	314,751	274,042
Liabilities related to assets held for sale	328	332
	315,079	274,374

(2) Condensed quarterly consolidated balance sheet continued

	¥ millions	
	Quarter 1 FY15 as of 30 June 2014	FY14 as of 31 March 2014
Non-current liabilities		
Financial liabilities:		
- Borrowings	277,214	331,839
- Derivative financial instruments	1,852	1,996
Trade and other payables	517	2,410
Deferred tax liabilities	22,320	23,190
Retirement benefit obligations	86,776	90,591
Provisions	17,159	16,477
Deferred income	9,494	9,800
	415,332	476,303
Total liabilities	730,411	750,677
Equity		
Capital and reserves attributable to the Company's equity shareholders		
Called up share capital	116,449	116,449
Capital surplus	127,511	127,511
Retained earnings	(32,676)	(27,717)
Retained earnings (Translation adjustment at the IFRS transition date)	(68,048)	(68,048)
Other reserves	13,429	16,791
Total shareholders' equity	156,665	164,986
Non-controlling interests	8,861	9,512
Total equity	165,526	174,498
Total liabilities and equity	895,937	925,175

(3) Condensed quarterly consolidated statement of changes in equity

¥ millions

Quarter 1 FY2015	Share Capital	Capital surplus	Retained earnings	Retained earnings (Translation adjustment at the IFRS transition date)	Other reserves	Total shareholders' equity	Non-controlling interests	Total equity
At 1 April 2014	116,449	127,511	(27,717)	(68,048)	16,791	164,986	9,512	174,498
Total Comprehensive Income	-	-	(4,959)	-	(3,361)	(8,320)	41	(8,279)
Dividends paid	-	-	-	-	-	-	(692)	(692)
Issuance & purchase of treasury stock	-	-	-	-	(1)	(1)	-	(1)
At 30 June 2014	116,449	127,511	(32,676)	(68,048)	13,429	156,665	8,861	165,526

¥ million

Quarter 1 FY2014	Share Capital	Capital surplus	Retained earnings	Retained earnings (Translation adjustment at the IFRS transition date)	Other reserves	Total shareholders' equity	Non-controlling interests	Total equity
At 1 April 2013	116,449	127,511	(11,275)	(68,048)	(19,606)	145,031	10,422	155,453
Total Comprehensive Income	-	-	(7,245)	-	18,201	10,956	383	11,339
Dividends paid	-	-	-	-	-	-	(171)	(171)
Stock options	-	-	-	-	(6)	(6)	-	(6)
Issuance & purchase of treasury stock	-	3	-	-	1	4	-	4
At 30 June 2013	116,449	127,514	(18,520)	(68,048)	(1,410)	155,985	10,634	166,619

(4) Condensed quarterly consolidated statement of cash flows

		¥ millions	
	Note	Quarter 1 FY15 for the period 1 April 2014 to 30 June 2014	Quarter 1 FY14 for the period 1 April 2013 to 30 June 2013
Cash flows from operating activities			
Cash generated from operations	(6)-(g)	(2,806)	(2,739)
Interest paid		(3,164)	(3,639)
Interest received		599	667
Tax paid		(1,358)	(848)
Net cash outflows from operating activities		(6,729)	(6,559)
Cash flows from investing activities			
Dividends received from joint ventures and associates		-	36
Purchase of joint ventures and associates		-	(21)
Purchase of subsidiaries (net of cash disposed)		-	(3)
Proceeds on disposal of subsidiaries		-	1,606
Purchases of property, plant and equipment		(7,569)	(4,051)
Proceeds on disposal of property, plant and equipment		402	541
Purchases of intangible assets		(301)	(329)
Purchase of available-for-sale investments		(2)	(2)
Proceeds from available-for-sale investments		3	1
Loans with joint ventures, associates & third parties		(77)	(85)
Others		293	243
Net cash outflows from investing activities		(7,251)	(2,064)
Cash flows from financing activities			
Dividends paid to shareholders		(5)	(5)
Dividends paid to non-controlling interests		(689)	(171)
Repayment of borrowings		(11,788)	(38,197)
Proceeds from borrowings		12,025	23,866
Other		(2)	-
Net cash inflows from financing activities		(459)	(14,507)
Decrease in cash and cash equivalents (net of bank overdrafts)		(14,439)	(23,130)
Cash and cash equivalents (net of bank overdrafts) at beginning of period	(6)-(h)	52,293	65,173
Effect of foreign exchange rate changes		(105)	4,070
Cash and cash equivalents (net of bank overdrafts) at end of period	(6)-(h)	37,749	46,113

(5) Notes regarding going concern

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

(6) Notes to the Group Results**(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 the 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 first quarter to 30 June 2014 were as follows:

	¥ millions				
Quarter 1 FY15 For the period 1 April 2014 to 30 June 2014	Architectural Glass	Automotive	Technical Glass	Other Operations	Total
Revenue					
External revenue	60,123	80,616	14,722	283	155,744
Inter-segmental revenue	7,181	577	12	1,219	8,989
Total revenue	67,304	81,193	14,734	1,502	164,733
Trading profit	1,878	2,974	1,629	(1,385)	5,096
Amortization arising from the acquisition of Pilkington plc				(2,093)	(2,093)
Operating profit before exceptional items	1,878	2,974	1,629	(3,478)	3,003
Exceptional items					(1,637)
Operating profit after exceptional items					1,366
Finance costs – net					(4,725)
Share of post tax loss from joint ventures and associates					(182)
Loss before taxation					(3,541)
Taxation					(1,118)
Loss for the period from continuing operations					(4,659)

(a) Segmental information continued

The segmental results for the quarter to 30 June 2013 were as follows:

	¥ millions				
Quarter 1 FY14 For the period 1 April 2013 to 30 June 2013	Architectural Glass	Automotive	Technical Glass	Other Operations	Total
Revenue					
External revenue	57,655	77,656	15,155	224	150,690
Inter-segmental revenue	4,450	470	21	1,286	6,227
Total revenue	62,105	78,126	15,176	1,510	156,917
Trading profit	322	2,870	2,016	(1,106)	4,102
Amortization arising from the acquisition of Pilkington plc	-	-	-	(2,109)	(2,109)
Operating profit before exceptional items	322	2,870	2,016	(3,215)	1,993
Exceptional items					(2,391)
Operating loss after exceptional items					(398)
Finance costs – net					(4,991)
Share of post tax profit from joint ventures and associates					25
Loss before taxation					(5,364)
Taxation					(1,517)
Loss for the period from continuing operations					(6,881)

The segmental assets at 30 June 2014 and capital expenditure for the first quarter ended 30 June 2014 were as follows:

	¥ millions				
	Architectural Glass	Automotive	Technical Glass	Other Operations	Total
Net trading assets	159,776	172,310	49,283	893	382,262
Capital expenditure (including intangibles)	2,062	2,076	1,163	9	5,310

The segmental assets at 30 June 2013 and capital expenditure for the first quarter ended 30 June 2013 were as follows:

	¥ millions				
	Architectural Glass	Automotive	Technical Glass	Other Operations	Total
Net trading assets	163,106	179,130	44,970	1,980	389,186
Capital expenditure (including intangibles)	556	2,518	1,282	53	4,409

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 1 FY15 for the period 1 April 2014 to 30 June 2014 ¥ millions	Quarter 1 FY14 for the period 1 April 2013 to 30 June 2013 ¥ millions
Exceptional Items (gains):		
Reversal of impairment of non-current assets	9	-
Other gains	-	62
	9	62
Exceptional Items (losses):		
Restructuring costs, including employee termination payments	(1,561)	(2,299)
Settlement of litigation matters	(85)	(96)
Others	-	(58)
	(1,646)	(2,453)
	(1,637)	(2,391)

Restructuring costs arise in a variety of locations around the world. It also includes the cost of maintaining idle facilities.

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.

(c) Finance income and expenses

	Quarter 1 FY15 for the period 1 April 2014 to 30 June 2014 ¥ millions	Quarter 1 FY14 for the period 1 April 2013 to 30 June 2013 ¥ millions
Finance income		
Interest income	598	686
Foreign exchange transaction gains	22	74
	620	760
Finance expenses		
Interest expense:		
- bank and other borrowings	(4,476)	(4,519)
Dividend on non-equity preference shares due to minority shareholders	(70)	(67)
Foreign exchange transaction losses	(2)	(278)
	(4,548)	(4,864)
Unwinding discounts on provisions	(51)	(96)
Retirement benefit obligations - net finance charge	(746)	(791)
	(5,345)	(5,751)

(d) Taxation

The tax charge on losses before taxation, excluding the Group's share of net results of joint ventures and associates, is a rate of 33.3 per cent in the first quarter to 30 June 2014 (30 June 2013: tax charge on losses at a rate of 28.1 per cent). The tax charge for the quarter is based on the estimated effective rate for the year to 31 March 2015.

(e) Earnings per share**(i) Basic**

Basic earnings per share is calculated by dividing the profit attributable to owners of the parent by the weighted average number of ordinary shares in issue during the year excluding ordinary shares purchased by the company and held as treasury shares.

	Quarter ended 30 June 2014 ¥ millions	Quarter ended 30 June 2013 ¥ millions
Loss attributable to owners of the parent	(4,959)	(7,112)
	Thousands	Thousands
Weighted average number to ordinary shares in issue	902,789	902,591
	¥	¥
Basic earnings per share	(5.49)	(7.88)

(e) Earnings per share continued**(ii) 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. 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 compared with the number of shares that would have been issued assuming the exercise of the share options.

	Quarter ended 30 June 2014 ¥ millions	Quarter ended 30 June 2013 ¥ millions
Earnings		
Loss attributable to owners of the parent	(4,959)	(7,112)
Loss used to determine diluted earnings per share	(4,959)	(7,112)
	Thousands	Thousands
Weighted average number to ordinary shares in issue	902,789	902,591
Adjustment for; - Share options	-	-
Weighted average number of ordinary shares for diluted earnings per share	902,789	902,591
	¥	¥
Diluted earnings per share	(5.49)	(7.88)

Diluted earnings per share does not include stock options due to the anti-dilutive effect caused by the losses during the quarter ended 30 June 2014 and the quarter ended 30 June 2013.

(f) Exchange rates

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

	Quarter 1 FY15 30 June 2014		Year ended 31 March 2014		Quarter 1 FY14 30 June 2013	
	Average	Closing	Average	Closing	Average	Closing
GBP	172	173	159	171	152	151
US dollar	102	102	100	103	99	99
Euro	140	138	134	141	129	129

(g) Cash flows generated from operations

	Quarter 1 FY15 for the period 1 April 2014 to 30 June 2014 ¥ millions	Quarter 1 FY14 for the period 1 April 2013 to 30 June 2013 ¥ millions
Loss for the period from continuing operations	(4,659)	(6,881)
Adjustments for:		
Taxation	1,118	1,517
Depreciation	7,540	7,499
Amortization	2,737	2,732
Impairment	7	-
Reversal of impairments	(9)	-
Loss/(gain) on sale of property, plant and equipment	11	(283)
Loss on sale of subsidiaries, joint ventures, associates and businesses	-	5
Grants and deferred income	(266)	(50)
Finance income	(620)	(760)
Finance expenses	5,345	5,751
Share of loss/(profit) from joint ventures and associates	182	(25)
Other items	(294)	17
Operating cash flows before movement in provisions and working capital	11,092	9,522
Decrease in provisions and retirement benefit obligations	(6,609)	(7,381)
Changes in working capital:		
- inventories	(1,911)	(173)
- construction work-in-progress	(99)	(156)
- trade and other receivables	(642)	(4,762)
- trade and other payables	(4,637)	211
Net change in working capital	(7,289)	(4,880)
Cash flows generated from operations	(2,806)	(2,739)

(h) Cash and cash equivalents

	As of 31 March 2014 ¥ millions	As of 31 March 2013 ¥ millions
Cash and cash equivalents	73,864	83,472
Bank overdrafts	(21,571)	(18,299)
	52,293	65,173

	As of 30 June 2014 ¥ millions	As of 30 June 2013 ¥ millions
Cash and cash equivalents	59,319	65,040
Bank overdrafts	(21,570)	(18,927)
	37,749	46,113

(i) Contingent Liabilities**Claims**

Following the European Commission's decision announced on 12 November 2008 to impose a fine on the Group for alleged breaches of European competition laws, certain of the Group's Automotive customers have communicated to the Group their intention to pursue the Group for damages arising from the alleged activities. The Group intends to defend itself against such claims and notes that it is still pursuing an appeal against the European Commission fine. To cover the cost of defense as well as any potential financial impact as may result from the resolution of certain cases the Group has made a provision for amounts that may be payable. In certain other cases, the Group considers that it is too early to judge the probable future outcome of the claim and as such cannot determine that the claim will probably result in an outflow of economic benefits to the claimants.

(7) Significant subsequent events

There were no significant subsequent events.