FY 2015 3rd Quarter Consolidated Financial Results <IFRS>

30 January 2015

(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: 3 February 2015
Quarterly result presentation papers: Yes
Quarterly result presentation meeting: Yes
(Teleconference for institutional investors)

Payment of dividends starts from: N/A

1. Consolidated business results for FY 2015 Quarter 3 (From 1 April 2014 to 31 December 2014)

(1) Consolidated business results

	Revenue		Operating profit/(loss)		Profit/(loss) before taxation		Profit/(loss) for the period		Profit/(loss) attributable to owners of the parent		Total comprehensive income	
	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%
Q3 FY 2015	466,605	3.4	21,141	-	6,483	-	4,703	-	4,000	-	32,414	1.9
Q3 FY 2014	451,226	17.2	(1,059)	-	(13,484)	-	(13,706)	-	(14,791)	-	31,808	-

	Earnings per share - basic	Earnings per share - diluted
Q3 FY 2015	¥ 4.43	¥ 4.41
Q3 FY 2014	¥ (16.39)	¥ (16.39)

(2) Changes in financial position

	Total assets	Total equity	Total shareholders' equity	Total shareholders' equity ratio
	¥ millions	¥ millions	¥ millions	%
FY 2015 Quarter 3	962,139	206,019	196,055	20.4
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

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 for the period		Profit attributable to owners of the parent		Earnings per share - basic
	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%	¥
Full year	620,000	2.3	21,000	-	5,000	-	2,000	-	1,000	-	1.11

Note: There have been no changes to the full-year 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 31 December 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:
594,564 shares as at 31 December 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:
902,874,355 shares for the period ending 31 December 2014 and 902,584,490 shares for the period ending 31 December 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]

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

1 Narratives about financial results

(1) Business Performance and Financial Standing

(a) Background to Results

Market conditions during the first three quarters of the financial year were mixed, with improvements in some regions and reductions in others. European markets were weak, with no sign of any meaningful recovery in economic activity. In Japan, the increase in indirect taxation at the start of the year continued to affect architectural volumes negatively, although automotive volumes held up relatively well. North American markets showed further growth, particularly in architectural. Automotive markets in South America were weak, with a reduction in volumes from the previous year. Overall, technical glass markets were mixed, with improvements in some areas and reductions in others.

The third quarter cumulative operating profit represents an improvement on the previous year due mainly to reduced costs levels following the Group's restructuring program. The Group recorded a trading profit (before exceptional items and amortization relating to the acquisition of Pilkington) of ¥ 16,787 million (FY14 ¥ 14,225 million). The Group recorded an exceptional gain of ¥ 10,702 million (FY14 loss of ¥ 9,450 million). The profit attributable to owners of the parent was ¥ 4,000 million (FY14 loss of ¥ 14,791 million).

(b) Review by Business Segment

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

Architectural, representing 41 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 50 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 segment.

¥ millions	Revenue		Operating profit before exceptional items	
	Q3 FY15	**Q3 FY14**	**Q3 FY15**	**Q3 FY14**
Architectural	189,821	181,362	10,109	7,285
Automotive	231,965	224,736	5,003	6,658
Technical Glass	43,946	44,423	4,119	3,937
Other Operations	873	705	(8,792)	(9,489)
Total	466,605	451,226	10,439	8,391

Architectural Business

Operating results in the Architectural business were better than the previous year due to cost savings arising from the Groups' restructuring program and improved market conditions in North America. Revenues improved with increased volumes in North America and the translational impact of the weakened Japanese yen.

In Europe, representing 38 percent of the Group's Architectural sales, third quarter, three-month, volumes were relatively weak. Low levels of economic activity continue to depress construction and refurbishment activity, particularly within the Euro-zone. Cumulative local currency revenues fell slightly, due to the continued difficult market conditions and the mothballing of under-utilized facilities during the previous year. The soft market conditions prevented any sustained upward selling price pressure, with commodity glass prices remaining at historically low levels. Profitability was similar to the previous year.

In Japan, representing 27 percent of Architectural sales, cumulative volumes fell, as a result of the increase in consumption taxes earlier in the year and weak demand prior to implementation of the eco-point housing support program in February 2015. Long-term prospects for architectural markets continue to be positive despite a fall in housing starts after the consumption 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 ¥ 189,821 million and an operating profit of ¥ 10,109 million.

Automotive Business

In the Automotive business, revenues were slightly better than the previous year, with increases in Japan and North America, together with the translational impact of the weakened Japanese Yen, partly offset by reductions in South America and Europe.

Europe represents 46 percent of the Group's Automotive sales. Cumulative light-vehicle sales were ahead of the previous year, with growth in Western Europe partly offset by a decline in Eastern Europe. Western European growth was mainly fuelled by discounting, state-backed incentives and fleet sales, rather than a rebound in underlying consumer confidence. In the OE sector, the Group's cumulative local currency revenues were similar to the previous year. Automotive Glass Replacement (AGR) revenues were below the previous year with weather related sluggish demand, although profitability was maintained with an improved mix of products.

In Japan, representing 17 percent of the Group's Automotive sales, cumulative OE volumes were stronger than the previous year. Domestic demand was robust despite the consumption tax increase earlier this year. The Group's cumulative revenues improved with the increased demand in the first half of the year, although profitability was impacted by increased input costs. AGR markets were similar to the previous year.

In North America, representing 26 percent of the Group's Automotive sales, cumulative revenues and profitability improved. OE market volumes continued to increase, and the AGR business benefited from robust demand.

In the rest of the world, revenues and profits fell. Market conditions in South America continued to be challenging.

The Automotive business recorded sales of ¥ 231,965 million and an operating profit of ¥ 5,003 million.

Technical Glass Business

Revenues in the Technical Glass business were below the previous year due partly to reduced price levels for certain products. Profits were similar however, with improved asset utilization and cost savings offsetting the reduced revenues.

Increased competition negatively affected revenues from thin glass for displays. On 10 June, the Group started up its new Ultra Fine Flat (UFF) glass production line in Vietnam. This line commenced production during the third quarter. 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 ¥ 43,946 million and an operating profit of ¥ 4,119 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 below the previous year.

Consequently, this segment recorded revenues of ¥ 873 million and operating costs of ¥ 8,792 million.

Joint Ventures and Associates

The Group's share of joint ventures and associates profits were below the previous year. Profits at Cebrace, the Group's joint venture in Brazil, were similar to the previous year. Losses widened at the Group's joint venture in Russia however, due largely to exchange translation losses following a significant reduction in the value of the Rouble during the third quarter. 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 were slightly below the previous year.

The Group's share of joint ventures and associates loss after tax was ¥ 460 million (Q3 FY14 profit of ¥ 784 million).

(2) Financial condition

Total assets at the end of December 2014 were ¥ 962,139 million, representing an increase of ¥ 36,964 million from the end of March 2014. Total equity was ¥ 206,019 million, representing an increase of ¥ 31,521 million, due mainly to the translational impact of a weakening of the Japanese yen.

Net financial indebtedness increased by ¥ 26,769 million from 31 March 2014 to ¥ 405,881 million at the period end. The increase in indebtedness arose from the continued low level of underlying profitability together with increases in working capital. Currency movements generated an increase in net debt of approximately ¥ 2,890 million over the period. Gross debt was ¥ 472,098 million at the period end. As of 31 December 2014, the Group had un-drawn, committed facilities of ¥ 22,612 million.

Cash outflows from operating activities were ¥ 2,433 million. Cash outflows from investing activities were ¥ 16,899 million, including capital expenditure on property, plant, and equipment of ¥ 21,767 million. As a result, total cash outflows before financing were ¥ 19,332 million.

(3) Prospects

The full year forecast of sales, operating profit, profit before taxation, profit for the period, profit attributable to owners of the parent and earnings 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, improvement in operating profitability during the remainder of FY2015. European markets will continue to be challenging, reflecting low levels of consumer confidence. Architectural markets in Japan are likely to benefit from the eco-point program commencing in February. Volumes in the North America and South East Asia geographies are likely to increase, although the outlook for South America remains uncertain. Technical glass markets are expected to be broadly flat. 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, when compared to the previous year.

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	**Cumulative Quarter 3 FY15 For the period 1 April 2014 to 31 December 2014**	Cumulative Quarter 3 FY14 For the period 1 April 2013 to 31 December 2013
Revenue	(6)-(a)	**466,605**	451,226
Cost of sales		**(352,521)**	(344,702)
Gross profit		**114,084**	106,524
Other income		**1,930**	4,029
Distribution costs		**(44,193)**	(43,596)
Administrative expenses		**(50,061)**	(48,172)
Other expenses		**(11,321)**	(10,394)
Operating profit before exceptional items	(6)-(a)	**10,439**	8,391
Exceptional items	(6)-(b)	**10,702**	(9,450)
Operating profit/(loss)		**21,141**	(1,059)
Finance income	(6)-(c)	**1,613**	2,842
Finance expenses	(6)-(c)	**(15,811)**	(16,051)
Share of post-tax profit/(loss) of joint ventures and associates accounted for using the equity method		**(460)**	784
Profit/(loss) before taxation		**6,483**	(13,484)
Taxation	(6)-(d)	**(1,780)**	(222)
Profit/(loss) for the period		**4,703**	(13,706)
Profit attributable to non-controlling interests		**703**	1,085
Profit/(loss) attributable to owners of the parent		**4,000**	(14,791)
		4,703	(13,706)
Earnings per share attributable to owners of the parent			
Basic	(6)-(e)	**4.43**	(16.39)
Diluted	(6)-(e)	**4.41**	(16.39)

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

¥ millions

	Cumulative Quarter 3 FY15 For the period 1 April 2014 to 31 December 2014	Cumulative Quarter 3 FY14 For the period 1 April 2013 to 31 December 2013
Profit/(loss) for the period	**4,703**	(13,706)
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	**29,499**	45,827
Revaluation of available-for-sale investments	**261**	(422)
Cash flow hedges:		
- fair value gains/(losses), net of taxation	**(2,049)**	242
Sub total	**27,711**	45,647
Total other comprehensive income for the period, net of taxation	**27,711**	45,514
Total comprehensive income for the period	**32,414**	31,808
Attributable to non-controlling interests	**1,423**	916
Attributable to owners of the parent	**30,991**	30,892
	32,414	31,808

(2) Condensed quarterly consolidated balance sheet

¥ millions

	Quarter 3 FY15 as of 31 December 2014	FY14 as of 31 March 2014
ASSETS		
Non-current assets		
Goodwill	**144,537**	135,826
Intangible assets	**83,872**	86,999
Property, plant and equipment	**299,379**	289,389
Investment property	**741**	644
Investments accounted for using the equity method	**40,962**	50,070
Trade and other receivables	**17,024**	17,234
Financial assets:		
- Available-for-sale investments	**29,140**	6,743
- Derivative financial instruments	**191**	893
Deferred tax assets	**61,628**	55,571
	677,474	643,369
Current assets		
Inventories	**123,818**	109,167
Construction work-in-progress	**1,339**	982
Trade and other receivables	**87,362**	94,466
Financial assets:		
- Available-for-sale investments	**3**	94
- Derivative financial instruments	**1,747**	1,434
Cash and cash equivalents	**64,279**	73,864
	278,548	280,007
Assets held for sale	**6,117**	1,799
	284,665	281,806
Total Assets	**962,139**	925,175
LIABILITIES AND EQUITY		
Current liabilities		
Financial liabilities:		
- Borrowings	**157,028**	119,954
- Derivative financial instruments	**2,750**	1,514
Trade and other payables	**124,968**	130,368
Provisions	**11,121**	19,179
Deferred income	**3,574**	3,027
	299,441	274,042
Liabilities related to assets held for sale	**389**	332
	299,830	274,374

(2) Condensed quarterly consolidated balance sheet continued

¥ millions

	Quarter 3 FY15 as of 31 December 2014	FY14 as of 31 March 2014
Non-current liabilities		
Financial liabilities:		
- Borrowings	**309,978**	331,839
- Derivative financial instruments	**2,342**	1,996
Trade and other payables	**660**	2,410
Deferred tax liabilities	**22,542**	23,190
Retirement benefit obligations	**91,388**	90,591
Provisions	**19,051**	16,477
Deferred income	**10,329**	9,800
	456,290	476,303
Total liabilities	**756,120**	750,677
Equity		
Capital and reserves attributable to the Company's equity shareholders		
Called up share capital	**116,449**	116,449
Capital surplus	**127,513**	127,511
Retained earnings	**(23,717)**	(27,717)
Retained earnings (Translation adjustment at the IFRS transition date)	**(68,048)**	(68,048)
Other reserves	**43,858**	16,791
Total shareholders' equity	**196,055**	164,986
Non-controlling interests	**9,964**	9,512
Total equity	**206,019**	174,498
Total liabilities and equity	**962,139**	925,175

(3) Condensed quarterly consolidated statement of changes in equity

¥ millions

Quarter 3 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	-	-	4,000	-	26,991	**30,991**	1,423	**32,414**
Dividends paid	-	-	-	-	-	**-**	(971)	**(971)**
Stock options	-	-	-	-	78	**78**	-	**78**
Issuance & purchase of treasury stock	-	2	-	-	(2)	**-**	-	**-**
At 31 December 2014	**116,449**	**127,513**	**(23,717)**	**(68,048)**	**43,858**	**196,055**	**9,964**	**206,019**

¥ millions

Quarter 3 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	-	-	(14,924)	-	45,816	**30,892**	916	**31,808**
Dividends paid	-	-	-	-	-	**-**	(665)	**(665)**
Stock options	-	-	-	-	115	**115**	-	**115**
Issuance & purchase of treasury stock	-	5	-	-	3	**8**	-	**8**
Acquisition of additional investments in subsidiaries	-	-	50	-	-	**50**	(143)	**(93)**
At 31 December 2013	**116,449**	**127,516**	**(26,149)**	**(68,048)**	**26,328**	**176,096**	**10,530**	**186,626**

(4) Condensed quarterly consolidated statement of cash flows

¥ millions

	Note	**Cumulative Quarter 3 FY15 for the period 1 April 2014 to 31 December 2014**	Cumulative Quarter 3 FY14 for the period 1 April 2013 to 31 December 2013
Cash flows from operating activities			
Cash generated from operations	(6)-(g)	**11,367**	7,263
Interest paid		**(12,046)**	(12,564)
Interest received		**1,585**	2,523
Tax paid		**(3,339)**	(2,727)
Net cash outflows from operating activities		**(2,433)**	(5,505)
Cash flows from investing activities			
Dividends received from joint ventures and associates		**159**	67
Purchase of joint ventures and associates		**(185)**	(22)
Proceeds on disposal of joint ventures and associates		**-**	3
Purchase of subsidiaries and businesses (net of cash disposed)		**(494)**	(12)
Proceeds on disposal of subsidiaries and businesses		**145**	1,104
Purchases of property, plant and equipment		**(21,767)**	(16,073)
Proceeds on disposal of property, plant and equipment		**5,530**	2,276
Purchases of intangible assets		**(908)**	(1,066)
Proceeds on disposal of intangible assets		**21**	-
Purchase of available-for-sale investments		**(6)**	(5)
Proceeds from available-for-sale investments		**160**	863
Loans advanced to joint ventures, associates & third parties		**(842)**	(545)
Loans repaid from joint ventures, associates & third parties		**646**	1,864
Others		**642**	387
Net cash outflows from investing activities		**(16,899)**	(11,159)
Cash flows from financing activities			
Dividends paid to shareholders		**(11)**	(12)
Dividends paid to non-controlling interests		**(971)**	(665)
Repayment of borrowings		**(60,535)**	(84,313)
Proceeds from borrowings		**69,573**	67,163
Others		**(3)**	(5)
Net cash inflows/(outflows) from financing activities		**8,053**	(17,832)
Decrease in cash and cash equivalents (net of bank overdrafts)		**(11,279)**	(34,496)
Cash and cash equivalents (net of bank overdrafts) at beginning of period	(6)-(h)	**52,293**	65,173
Effect of foreign exchange rate changes		**3,370**	7,290
Cash and cash equivalents (net of bank overdrafts) at end of period	(6)-(h)	**44,384**	37,967

(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 period ended 31 December 2014 were as follows:

¥ millions

Cumulative Quarter 3 FY15 For the period 1 April 2014 to 31 December 2014	**Architectural**	**Automotive**	**Technical Glass**	**Other Operations**	**Total**
Revenue					
External revenue	**189,821**	**231,965**	**43,946**	**873**	**466,605**
Inter-segmental revenue	**16,382**	**1,830**	**26**	**3,869**	**22,107**
Total revenue	**206,203**	**233,795**	**43,972**	**4,742**	**488,712**
Trading profit	**10,109**	**5,003**	**4,119**	**(2,444)**	**16,787**
Amortization arising from the acquisition of Pilkington plc	**-**	**-**	**-**	**(6,348)**	**(6,348)**
Operating profit before exceptional items	**10,109**	**5,003**	**4,119**	**(8,792)**	**10,439**
Exceptional items					**10,702**
Operating profit after exceptional items					**21,141**
Finance costs – net					**(14,198)**
Share of post tax profit from joint ventures and associates					**(460)**
Profit before taxation					**6,483**
Taxation					**(1,780)**
Profit for the period from continuing operations					**4,703**

(a) Segmental information continued

The segmental results for the period ended 31 December 2013 were as follows:

¥ millions

Cumulative Quarter 3 FY14 For the period 1 April 2013 to 31 December 2013	Architectural	Automotive	Technical Glass	Other Operations	Total
Revenue					
External revenue	181,362	224,736	44,423	705	451,226
Inter-segmental revenue	11,952	1,617	66	4,046	17,681
Total revenue	193,314	226,353	44,489	4,751	468,907
Trading profit	7,285	6,658	3,937	(3,655)	14,225
Amortization arising from the acquisition of Pilkington plc	-	-	-	(5,834)	(5,834)
Operating profit before exceptional items	7,285	6,658	3,937	(9,489)	8,391
Exceptional items					(9,450)
Operating loss after exceptional items					(1,059)
Finance costs – net					(13,209)
Share of post tax profit from joint ventures and associates					784
Loss before taxation					(13,484)
Taxation					(222)
Loss for the period from continuing operations					(13,706)

The segmental assets at 31 December 2014 and capital expenditure for the period ended 31 December 2014 were as follows:

¥ millions

	Architectural	Automotive	Technical Glass	Other Operations	Total
Net trading assets	**159,191**	**170,283**	**52,938**	**1,373**	**383,785**
Capital expenditure (including intangibles)	**7,598**	**8,442**	**3,455**	**610**	**20,105**

The segmental assets at 31 December 2013 and capital expenditure for the period ended 31 December 2013 were as follows:

¥ millions

	Architectural	Automotive	Technical Glass	Other Operations	Total
Net trading assets	161,732	176,572	46,167	1,319	385,790
Capital expenditure (including intangibles)	2,398	7,357	8,455	1,824	20,034

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

	Cumulative Quarter 3 FY15 for the period 1 April 2014 to 31 December 2014 ¥ millions	Cumulative Quarter 3 FY14 for the period 1 April 2013 to 31 December 2013 ¥ millions
Exceptional Items (gains):		
Gain on reclassification of investments	**13,349**	-
Gain on disposal of non-current assets	**4,506**	-
Reduction of pension liabilities	**-**	1,076
Gain on dilution of interests in associate	**-**	942
Gain on disposal of available-for-sale investments	**-**	166
Reversal of impairment of non-current assets	**9**	-
Other gains	**354**	226
	18,218	2,410
Exceptional Items (losses):		
Restructuring costs, including employee termination payments	**(6,492)**	(9,805)
Impairments of non-current assets	**(560)**	(1,316)
Settlement of litigation matters	**(464)**	(365)
Other losses	**-**	(374)
	(7,516)	(11,860)
	10,702	(9,450)

The gain on reclassification of investments relates to the Group's interests in Shanghai Yaohua Pilkington Glass Group Co., Ltd (SYP). The Group owns a shareholding in SYP of 15.18 percent. Previously the Group has carried this investment in its balance sheet as an affiliated company using the equity method of accounting. Following a decrease in the level of the Group's management involvement with SYP, the Group is no longer able to exert a significant influence over SYP. IAS 28 "Investments in Associates and Joint Ventures" contains a rebuttable presumption that a shareholding of less than 20 percent does not enable an investor to exert significant influence over an investee. Previously the Group has been able to rebut this presumption due to the level of its management involvement with SYP. As a consequence of this change, the Group is no longer able to rebut this presumption in IAS 28. The Group is therefore required to record its investment in SYP at fair value, and reclassify it as an available-for-sale asset on the Group's balance sheet. The gain in the table above includes a credit, of ¥ 926 million, arising on the recycling to the income statement of items relating to SYP previously posted to reserves using the Statement of Comprehensive Income.

The gain on disposal of non-current assets arises mainly on the sale and lease-back of land at Itami City, Hyogo Prefecture, Japan, as announced on 26 September 2014.

The reduction in pension liabilities during the previous year arose at a UK subsidiary, where employees accepted a change to their terms and conditions, whereby pensionable salaries in the subsidiary's pension scheme were capped at their level of 1 January 2014.

The gain on dilution of shares in an associate during the previous year arose following a placing of shares by Shanghai Yaohua Pilkington Glass Group Co., Ltd in which the Group did not participate.

The gain on disposal of available-for-sale investments during the previous year related to the disposal of an investment in Japan.

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

The impairment of non-current assets relates to property, plant and equipment in Japan.

The impairments arising in the previous year mainly relates to the Group's Architectural facilities in Cowley Hill, UK and Halmstad, Sweden.

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

	Cumulative Quarter 3 FY15 for the period 1 April 2014 to 31 December 2014 ¥ millions	Cumulative Quarter 3 FY14 for the period 1 April 2013 to 31 December 2013 ¥ millions
Finance income		
Interest income	**1,543**	2,564
Foreign exchange transaction gains	**70**	278
	1,613	2,842
Finance expenses		
Interest expense:		
- bank and other borrowings	**(13,139)**	(13,124)
Dividend on non-equity preference shares due to minority shareholders	**(212)**	(206)
Foreign exchange transaction losses	**(17)**	(61)
	(13,368)	(13,391)
Unwinding discounts on provisions	**(152)**	(251)
Retirement benefit obligations - net finance charge	**(2,291)**	(2,409)
	(15,811)	(16,051)

(d) Taxation

The tax charge on profits before taxation, excluding the Group's share of net profits of joint ventures and associates, is a rate of 25.6 per cent in the period ended 31 December 2014 (31 December 2013: tax charge on losses at a rate of 1.6 per cent). The tax charge for the period 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.

	Cumulative Quarter ended 31 December 2014	Cumulative Quarter ended 31 December 2013
	¥ millions	¥ millions
Profit/(loss) attributable to owners of the parent	**4,000**	(14,791)
	Thousands	Thousands
Weighted average number to ordinary shares in issue	**902,874**	902,584
	¥	¥
Basic earnings per share	**4.43**	(16.39)

(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.

	Cumulative Quarter ended 31 December 2014	Cumulative Quarter ended 31 December 2013
	¥ millions	¥ millions
Earnings		
Profit/(loss) attributable to owners of the parent	**4,000**	(14,791)
Profit/(loss) used to determine diluted earnings per share	**4,000**	(14,791)
	Thousands	Thousands
Weighted average number to ordinary shares in issue	**902,874**	902,584
Adjustment for: - Share options	**3,481**	-
Weighted average number of ordinary shares for diluted earnings per share	**906,355**	902,584
	¥	¥
Diluted earnings per share	**4.41**	(16.39)

Diluted earnings per share for the period ended 31 December 2013 does not include stock options due to the anti-dilutive effect caused by the loss during the period.

(f) Exchange rates

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

	Cumulative Quarter 3 FY15 31 December 2014		Year ended 31 March 2014		Cumulative Quarter 3 FY14 31 December 2013	
	Average	**Closing**	Average	Closing	Average	Closing
GBP	**176**	**187**	159	171	156	174
US dollar	**107**	**121**	100	103	99	105
Euro	**141**	**145**	134	141	132	145

(g) Cash flows generated from operations

	Cumulative Quarter 3 FY15 for the period 1 April 2014 to 31 December 2014	Cumulative Quarter 3 FY14 for the period 1 April 2013 to 31 December 2013
	¥ millions	¥ millions
Profit/(loss) for the period from continuing operations	**4,703**	(13,706)
Adjustments for:		
Taxation	**1,780**	222
Depreciation	**22,977**	22,498
Amortization	**8,259**	7,668
Impairment	**894**	2,662
Reversal of Impairment	**(68)**	-
Gain on sale of property, plant and equipment	**(4,760)**	(296)
(Gain)/loss on sale of subsidiaries, joint ventures, associates and businesses	**(26)**	56
Gain on reclassification of investments	**(13,349)**	-
Grants and deferred income	**361**	(405)
Finance income	**(1,613)**	(2,842)
Finance expenses	**15,811**	16,051
Share of profit from joint ventures and associates	**460**	(784)
Other items	**149**	(1,537)
Operating cash flows before movement in provisions and working capital	**35,578**	29,587
Decrease in provisions and retirement benefit obligations	**(16,278)**	(16,462)
Changes in working capital:		
- inventories	**(7,589)**	(4,926)
- construction work-in-progress	**(278)**	(280)
- trade and other receivables	**7,440**	640
- trade and other payables	**(7,506)**	(1,296)
Net change in working capital	**(7,933)**	(5,862)
Cash flows generated from operations	**11,367**	7,263

(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 31 December 2014 ¥ millions	As of 31 December 2013 ¥ millions
Cash and cash equivalents	**64,279**	54,976
Bank overdrafts	**(19,895)**	(17,009)
	44,384	37,967

(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. 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.