FY 2017 3rd Quarter Consolidated Financial Results <IFRS> 2 February 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: 6 February 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 2017 Quarter 3 (From 1 April to 31 December 2016)

(1) Consolidated business results

	Revenue		Operating profit		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 2017	430,725	(10.2)	20,064	89.6	12,475	-	5,938	-	4,614	-	(10,693)	-
Q3 FY 2016	479,571	2.8	10,585	1.4	(7,280)	-	(12,274)	-	(14,077)	-	(14,837)	-

	Earnings per share - basic	Earnings per share - diluted
Q3 FY 2017	¥ 51.07	¥ 50.82
Q3 FY 2016	¥ (155.85)	¥ (155.85)

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 and diluted earnings per share are calculated under the assumption that this share consolidation was conducted on 1 April 2015.

(2) Changes in financial position

	Total assets	Total equity	Total shareholders' equity	Total shareholders' equity ratio
	¥ millions	¥ millions	¥ millions	%
FY 2017 Quarter 3	777,238	100,689	91,176	11.7
FY 2016 Full year	812,120	112,011	103,109	12.7

2. Dividends

	Dividends per share				
	Q1	Q2	Q3	Q4	Annual
FY 2016 (Actual)	-	¥ 0.00	-	¥ 0.00	¥ 0.00
FY 2017 (Actual)	-	¥ 0.00	-	-	-
FY 2017 (Forecast)	-	-	-	-	-

Note:
- There have been no changes to the forecast dividends this quarter.
- Forecast year-end dividends for FY2017 has not been established yet.

3. Forecast for FY 2017 (From 1 April 2016 to 31 March 2017)

	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	570,000	(9.4)	31,000	60.1	15,000	-	7,000	-	5,000	-	55.35

Note:
- There have been no changes to the forecast results this quarter.
- The impact of the share consolidation is taken into consideration in the amount presented for earnings per share in the forecast.
- 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 --- Yes
- (ii) Changes due to other reasons --- No
- (iii) Changes in accounting estimates --- No

Note: For further details, please refer to the changes in accounting principles, practices and presentations section on page 7.

(c) Numbers of shares outstanding (common stock)

- (i) Number of shares issued at the end of the period, including shares held as treasury stock: 90,362,199 shares as of 31 December 2016 and 90,355,099 shares as of 31 March 2016
- (ii) Number of shares held as treasury stock at the end of the period: 10,768 shares as at 31 December 2016 and 19,494 shares as at 31 March 2016
- (iii) Average number of shares in issue during the period, after deducting shares held as treasury stock: 90,346,520 shares for the period ending 31 December 2016 and 90,323,762 shares for the period ending 31 December 2015

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 2015.

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

Following the approval and adoption of the proposal for the share consolidation at the 150th Ordinary General Meeting of Shareholders held on June 29 2016, the Company conducted a share consolidaton in which every ten common shares were consolidated into one share with an effective date of October 1, 2016. In line with this, the forecasts for consolidated financial results for the year ending March 31, 2017, calculated before taking the share consolidation into consideration are as follows;

Full year consolidated financial results forecast for year ending March 31, 2017:
Earnings per share, fiscal year-end: ¥5.53

[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

Third quarter market conditions continued to represent an improvement from the previous year. European architectural markets were robust with strong demand in most regions, and automotive markets benefitted from increasing vehicle sales. Construction activity in Japan remains at a low level, although forward indicators, such as new housing starts, are generally positive. Vehicle sales in Japan were at a level similar to the previous year. Market conditions in North America were strong in both architectural and automotive markets. Automotive markets in South America remain weak, and significantly below the levels achieved prior to their decline. Markets in South East Asia were strong. Overall, technical glass markets were mixed with a fall in demand for printer components being offset by improvements in other areas.

Cumulative third quarter revenue were below the previous year due to the translational impact of a strengthened Japanese yen. At constant exchange rates, revenue were ahead of the previous year. Cumulative third quarter operating profits were 90 percent higher than the previous year. The Group recorded a 37 percent increase in trading profit (before exceptional items and amortization relating to the acquisition of Pilkington) to ¥ 22,751 million (Q3 FY16 ¥ 16,585 million). Reported trading profits were negatively affected by the strength of the yen. At constant exchange rates, trading profits would have increased by 64 percent. The profit attributable to owners of the parent was ¥ 4,614 million (Q3 FY16 loss of ¥ 14,077 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 51 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	
	Q3 FY 2017	**Q3 FY 2016**	**Q3 FY 2017**	**Q3 FY 2016**
Architectural	178,080	201,431	20,738	16,734
Automotive	217,898	239,727	7,816	4,966
Technical Glass	34,418	37,788	436	277
Other Operations	329	625	(8,926)	(11,392)
Total	430,725	479,571	20,064	10,585

Architectural Business

Architectural revenues fell from the previous year due to the translational impact of a strengthened Yen. At constant exchange rates, revenues increased from the previous year with improved prices in Europe and North America. Operating profits also benefitted from the continued low level of input costs.

In Europe, representing 35 percent of the Group's architectural sales, markets continued to be positive with previous capacity reductions and strong demand leading to a robust pricing environment. Profits benefitted from a high level of capacity utilization and benign input costs.

In Japan, representing 28 percent of the Group's architectural sales, volumes were below the previous year. Commercial construction markets remain at a low level, whilst price levels were similar to the previous year. The weak market environment was mitigated by additional cost savings and falling input costs.

In North America, representing 15 percent of the Group's architectural sales, local currency revenues were higher than the previous year as improved prices and a growth in value-added volumes offset a modest decline in domestic commodity volumes. Profitability continued to improve due to the increased prices and value-added volumes.

In the rest of the world, markets were generally improved from the previous year. Profitability in South America increased with the previous year having included the effect of a cold repair in Argentina. Profitability also improved in South East Asia with growing domestic markets and robust dispatches of Solar Energy glass.

The Architectural business recorded revenues of ¥ 178,080 million and an operating profit of ¥ 20,738 million.

Automotive Business

In the Automotive business, revenues were also below the previous year due to the translational impact of a strengthened Yen. At constant exchange rates, revenues were ahead of the previous year, mainly due to increased volumes in Europe and North America. Profits were also ahead, due to the increased volumes and a continued improvement in operational performance.

Europe represents 43 percent of the Group's automotive sales. The Group's original equipment (OE) volumes improved from the previous year, benefitting from a continued recovery of light-vehicle sales, particularly in Southern European markets. The Group also benefitted from robust volumes in its Automotive Glass Replacement (AGR) business. Profits increased with the strengthening volumes and improved operational performance.

In Japan, representing 19 percent of the Group's automotive sales, revenues and profits fell slightly from the previous year. Vehicle sales started the year at a low level, impacted by the Kumamoto earthquake, but have improved significantly since. AGR profits were similar to the previous year.

In North America, representing 27 percent of the Group's automotive sales, local currency revenues and profits improved from the previous year. Overall light vehicle sales were similar to the previous year, although the Group's volumes increased. AGR results were slightly below the previous year.

In the rest of the world, weak market conditions persist in South America.

The Automotive business recorded sales of ¥ 217,898 million and an operating profit of ¥ 7,816 million.

Technical Glass Business

Revenues and profits in the Technical Glass business continue to be under pressure from challenging conditions in display glass markets and a decline in volumes of components used in multi-function printers.

Losses narrowed in the display business following the mothballing of the Group's thin glass float line in Vietnam. Demand for components used in multi-function printers continued to be below the previous year. Volumes of glass cord used in engine timing belts were robust, consistent with strengthening automotive markets. Battery separator profits benefitted from strong demand and an improving operational performance.

The Technical Glass business recorded revenues of ¥ 34,418 million and an operating profit of ¥ 436 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 mainly to a reduction in the amortization costs of intangible assets.

Consequently, this segment recorded revenues of ¥ 329 million and operating costs of ¥ 8,926 million.

Joint Ventures and Associates

The Group's share of joint ventures and associates results were improved from the previous year. Profits fell at Cebrace, the Group's joint venture in Brazil, due to difficult conditions in that market. This was offset by the non-recurrence of losses incurred by the Group's joint ventures in Russia and China during the previous year, following the Group's decision to impair its equity investment in these businesses to nil at 31 March 2016.

The Group's share of joint ventures and associates profit after tax was ¥ 756 million (Q3 FY16 loss of ¥ 957 million).

(2) Financial Condition

Total assets at the end of December 2016 were ¥ 777,238 million, representing a decrease of ¥ 34,882 million from the end of March 2016. Total equity was ¥ 100,689 million, representing a decrease of ¥ 11,322 million due mainly to the translational impact of a strengthening Japanese Yen.

Net financial indebtedness decreased by ¥ 9,337 million from 31 March 2016 to ¥ 371,707 million at the period end. The decrease in indebtedness arose from translational differences arising from the strengthened Yen, and a positive overall cash flow. Currency movements generated a decrease in net debt of approximately ¥ 2,980 million over the period. Gross debt was ¥ 431,134 million at the period end. As of 31 December 2016, the Group had un-drawn, committed facilities of ¥ 25,649 million.

Cash inflows from operating activities were ¥ 7,873 million. Cash outflows from investing activities were ¥ 4,680 million, including capital expenditure on property, plant, and equipment of ¥ 16,914 million and proceeds on the disposal of property, plant and equipment of ¥ 8,871 million. As a result, total cash flows before financing improved significantly to a cash inflow of ¥ 3,193 million (Q3 FY16 cash outflow of ¥ 22,213 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 2017 is set out on page 1. The forecast has not been amended from that issued on 28 October 2016.

The Group expects that the improvements in its major markets experienced so far during the first three quarters of FY2017 will continue during the remainder of the financial year.

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 are 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% as an image to be achieved under the MTP. The Group will position a three-year period from FY2018 as MTP Phase 2 and initiate redoubled efforts to ensure the achievement of the targets. 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 financial base and growth strategy.

2. Other information

(1) Changes in status of principle subsidiaries

There was no change.

(2) Changes in accounting principles, practices and presentations

Operating profit presented in the condensed quarterly consolidated income statement is defined from FY2016 as being operating profit stated before exceptional items. The Group believes that this definition of profitability can be forecast with a greater degree of accuracy than operating profit after exceptional items.

The Group has adopted IFRS 9 “Financial Instruments” from FY2017. The main impact arising from this is the reclassification of “available-for-sale” assets into a new category of investments entitled “assets held at fair value through other comprehensive income”. All assets previously held as “available-for-sale” have now been reclassified as “assets held at fair value through other comprehensive income”. Included in this category are fixed interest and equity investments. The equity investments held within this category are those where the Group does not have a significant influence over the finance and operating policies of the investee. Except for the change in categorization, no changes arise to the Group’s accounting policies for fixed interest investments. The accounting policy for equity investments is amended with respect to the processing of impairment losses. Previously impairment losses were charged to the consolidated income statement. Future impairment losses will be charged to the consolidated statement of comprehensive income. As no such material impairments were recognized during FY2016, no restatement of the prior period income statement is required. The prior period statement of comprehensive income is restated to reflect movements in the fair value of equity investments classified as assets held at fair value through other comprehensive income within the section for items that will not be reclassified to profit or loss. Previously, such movements were included within the section for items that may be subsequently reclassified to profit or loss.

The Group now applies the expected credit loss method to receivables balances. This involves considering likely credit losses using a range of forward looking scenarios. No changes to the balances of receivables either at 1 April 2015, 31 March 2016 or at 31 December 2016 have arisen as a result of this change.

The Group’s accounting policy for hedging instruments is amended such that for time period related hedges, the cost of hedging is now allocated to the income statement on a straight-line basis. Previously this cost of hedging was recognized over time as part of the gain or loss on the hedging instrument included in the statement of comprehensive income, and then recycled to the consolidated income statement on maturity. The impact of this amended policy on the Group’s FY2016 financial statements is immaterial and therefore no restatement of the prior period has been processed in this respect.

There were no other 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

	Note	**Quarter 3 For the period 1 April to 30 December 2016**	Quarter 3 For the period 1 April to 30 December 2015 (restated)*
Revenue	(6)-(a)	**430,725**	479,571
Cost of sales		**(319,625)**	(364,787)
Gross profit		**111,100**	114,784
Other income		**1,293**	2,237
Distribution costs		**(38,802)**	(43,612)
Administrative expenses		**(47,358)**	(53,008)
Other expenses		**(6,169)**	(9,816)
Operating profit	(6)-(a)	**20,064**	10,585
Exceptional items	(6)-(b)	**5,424**	(3,171)
Operating profit after exceptional items	(6)-(a)	**25,488**	7,414
Finance income	(6)-(c)	**921**	1,248
Finance expenses	(6)-(c)	**(14,690)**	(14,985)
Share of post-tax profits/(losses) of joint ventures and associates accounted for using the equity method		**756**	(957)
Profit / (Loss) before taxation		**12,475**	(7,280)
Taxation	(6)-(d)	**(6,537)**	(4,994)
Profit / (Loss) for the period		**5,938**	(12,274)
Profit attributable to non-controlling interests		**1,324**	1,803
Profit / (Loss) attributable to owners of the parent		**4,614**	(14,077)
		5,938	(12,274)
Earnings per share attributable to owners of the parent	(6)-(e)		
Basic		**51.07**	(155.85)
Diluted		**50.82**	(155.85)

*: For further details, please refer to Note (6)-(e).

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

¥ millions

	Note	**Quarter 3 For the period 1 April to 30 December 2016**	Quarter 3 For the period 1 April to 30 December 2015 (restated)*
Profit / (Loss) for the period		**5,938**	(12,274)
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Re-measurement of retirement benefit obligations (net of taxation)	(6)-(i)	**(4,590)**	7,265
Revaluation of Assets held at Fair Value through Other Comprehensive Income – equity investments (net of taxation)		**(6,730)**	5,175
Sub-total		**(11,320)**	12,440
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation adjustments		**(8,829)**	(13,939)
Revaluation of Assets held at Fair Value through Other Comprehensive Income – other investments (net of taxation)		**71**	(159)
Cash flow hedges:			
- fair value gains/(losses), net of taxation		**3,447**	(905)
Sub-total		**(5,311)**	(15,003)
Total other comprehensive income for the period, net of taxation		**(16,631)**	(2,563)
Total comprehensive income for the period		**(10,693)**	(14,837)
Attributable to non-controlling interests		**1,324**	(47)
Attributable to owners of the parent		**(12,017)**	(14,790)
		(10,693)	(14,837)

*: For further details, please refer to 2. Other information (2) Changes in accounting principles, practices and presentations on page 7.

(2) Condensed quarterly consolidated balance sheet

¥ millions

	Quarter 3 as at 31 December 2016	FY 2016 as at 31 March 2016
ASSETS		
Non-current assets		
Goodwill	**108,630**	113,459
Intangible assets	**58,362**	62,898
Property, plant and equipment	**247,216**	258,866
Investment property	**679**	715
Investments accounted for using the equity method	**14,690**	17,869
Retirement benefit asset	**16,374**	18,837
Trade and other receivables	**17,065**	16,395
Financial assets:		
- Assets held at Fair Value through Other Comprehensive Income	**26,932**	33,995
- Derivative financial instruments	**456**	26
Deferred tax assets	**46,922**	48,357
	537,326	571,417
Current assets		
Inventories	**111,987**	108,862
Construction work-in-progress	**775**	716
Trade and other receivables	**66,339**	73,667
Financial assets:		
- Assets held at Fair Value through Other Comprehensive Income	**592**	346
- Derivative financial instruments	**1,269**	815
Cash and cash equivalents	**57,702**	55,074
	238,664	239,480
Assets held for sale	**1,248**	1,223
	239,912	240,703
Total assets	**777,238**	812,120

(2) Condensed quarterly consolidated balance sheet continued

¥ millions

	Quarter 3 as at 31 December 2016	FY 2016 as at 31 March 2016
LIABILITIES AND EQUITY		
Current liabilities		
Financial liabilities:		
- Borrowings	**100,691**	139,089
- Derivative financial instruments	**1,694**	4,453
Trade and other payables	**112,538**	123,198
Provisions	**11,402**	16,181
Deferred income	**2,634**	2,989
	228,959	285,910
Non-current liabilities		
Financial liabilities:		
- Borrowings	**326,815**	289,319
- Derivative financial instruments	**1,934**	4,098
Trade and other payables	**431**	1,716
Deferred tax liabilities	**16,780**	17,321
Retirement benefit obligations	**73,456**	75,111
Provisions	**18,387**	16,512
Deferred income	**9,787**	10,122
	447,590	414,199
Total liabilities	**676,549**	700,109
Equity		
Capital and reserves attributable to the Company’s equity shareholders		
Called up share capital	**116,458**	116,449
Capital surplus	**127,520**	127,511
Retained earnings	**(63,427)**	(63,502)
Retained earnings (Translation adjustment at the IFRS transition date)	**(68,048)**	(68,048)
Other reserves	**(21,327)**	(9,301)
Total shareholders’ equity	**91,176**	103,109
Non-controlling interests	**9,513**	8,902
Total equity	**100,689**	112,011
Total liabilities and equity	**777,238**	812,120

(3) Condensed quarterly consolidated statement of changes in equity

¥ millions

Quarter 3 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			24		(12,041)	**(12,017)**	1,324	**(10,693)**
Dividends paid						**-**	(713)	**(713)**
Stock options	9	(16)	76		17	**86**		**86**
Issuance & purchase of treasury stock					(2)	**(2)**		**(2)**
Transfer from retained earnings to capital surplus		25	(25)			**-**		**-**
At 31 December 2016	**116,458**	**127,520**	**(63,427)**	**(68,048)**	**(21,327)**	**91,176**	**9,513**	**100,689**

¥ millions

Quarter 3 FY 2016	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 2015	116,449	127,511	(25,082)	(68,048)	24,916	**175,746**	10,262	**186,008**
Total Comprehensive Income	-	-	(6,812)	-	(7,978)	**(14,790)**	(47)	**(14,837)**
Dividends paid	-	-	-	-	-	**-**	(890)	**(890)**
Stock options	-	-	-	-	92	**92**	-	**92**
Issuance & purchase of treasury stock	-	(21)	-	-	(4)	**(25)**	-	**(25)**
Transfer from retained earnings to capital surplus	-	21	(21)	-	-	**-**	-	**-**
At 31 December 2015	**116,449**	**127,511**	**(31,915)**	**(68,048)**	**17,026**	**161,023**	**9,325**	**170,348**

(4) Condensed quarterly consolidated statement of cash flow

¥ millions

	Note	**Quarter 3 For the period 1 April to 31 December 2016**	Quarter 3 For the period 1 April to 31 December 2015
Cash flows from operating activities			
Cash generated from operations	(6)-(g)	**22,898**	14,753
Interest paid		**(12,457)**	(11,574)
Interest received		**827**	878
Tax paid		**(3,395)**	(2,860)
Net cash inflows/(outflows) from operating activities		**7,873**	1,197
Cash flows from investing activities			
Dividends received from joint ventures and associates		**17**	18
Proceeds on disposal of joint ventures and associates		**2,005**	-
Purchases of property, plant and equipment		**(16,914)**	(23,042)
Proceeds on disposal of property, plant and equipment		**8,871**	359
Purchases of intangible assets		**(968)**	(1,121)
Proceeds on disposal of intangible assets		**46**	-
Purchase of assets held at FVOCI		**(6)**	(7)
Proceeds on disposal of assets held at FVOCI		**1,952**	110
Loans advanced to joint ventures, associates and third parties		**(376)**	(392)
Loans repaid from joint ventures, associates and third parties		**639**	373
Others		**54**	292
Net cash outflows from investing activities		**(4,680)**	(23,410)
Cash flows from financing activities			
Dividends paid to non-controlling interests		**(713)**	(883)
Repayment of borrowings		**(93,399)**	(66,552)
Proceeds from borrowings		**98,022**	96,526
Other		**(2)**	(2)
Net cash inflows from financing activities		**3,908**	29,089
Increase in cash and cash equivalents (net of bank overdrafts)		**7,101**	6,876
Cash and cash equivalents (net of bank overdrafts) at beginning of period	(6)-(h)	**46,162**	62,340
Effect of foreign exchange rate changes		**(1,633)**	(1,376)
Cash and cash equivalents (net of bank overdrafts) at end of period	(6)-(h)	**51,630**	67,840

(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 third quarter to 31 December 2016 were as follows:

¥ millions

Quarter 3 FY 2017 For the period 1 April to 31 December 2016	**Architectural**	**Automotive**	**Technical Glass**	**Other Operations**	**Total**
Revenue					
External revenue	**178,080**	**217,898**	**34,418**	**329**	**430,725**
Inter-segmental revenue	**13,009**	**2,328**	**29**	**4,318**	**19,684**
Total revenue	**191,089**	**220,226**	**34,447**	**4,647**	**450,409**
Trading profit	**20,738**	**7,816**	**436**	**(6,239)**	**22,751**
Amortization arising from the acquisition of Pilkington plc	**-**	**-**	**-**	**(2,687)**	**(2,687)**
Operating profit	**20,738**	**7,816**	**436**	**(8,926)**	**20,064**
Exceptional items	**(1,741)**	**3,308**	**(423)**	**4,280**	**5,424**
Operating profit after exceptional items					**25,488**
Finance costs – net					**(13,769)**
Share of post-tax profits from joint ventures and associates					**756**
Profit before taxation					**12,475**
Taxation					**(6,537)**
Profit for the period from continuing operations					**5,938**

(a) Segmental information continued

The segmental results for the third quarter to 31 December 2015 were as follows:

¥ millions

Quarter 3 FY 2016 For the period 1 April to 31 December 2015	Architectural	Automotive	Technical Glass	Other Operations	Total
Revenue					
External revenue	201,431	239,727	37,788	625	479,571
Inter-segmental revenue	16,605	1,735	36	4,151	22,527
Total revenue	218,036	241,462	37,824	4,776	502,098
Trading profit	16,734	4,966	277	(5,392)	16,585
Amortization arising from the acquisition of Pilkington plc	-	-	-	(6,000)	(6,000)
Operating profit	16,734	4,966	277	(11,392)	10,585
Exceptional items	(71)	(2,790)	(202)	(108)	(3,171)
Operating profit after exceptional items					7,414
Finance costs – net					(13,737)
Share of post-tax losses from joint ventures and associates					(957)
Loss before taxation					(7,280)
Taxation					(4,994)
Loss for the period from continuing operations					(12,274)

The segmental assets at 31 December 2016 and capital expenditure for the third quarter ended 31 December 2016 were as follows:

¥ millions

	Architectural	Automotive	Technical Glass	Other Operations	Total
Net trading assets	**132,655**	**142,542**	**39,694**	**4,491**	**319,382**
Capital expenditure (including intangibles)	**6,985**	**6,861**	**906**	**1,324**	**16,076**

The segmental assets at 31 December 2015 and capital expenditure for the third quarter ended 31 December 2015 were as follows:

¥ millions

	Architectural	Automotive	Technical Glass	Other Operations	Total
Net trading assets	160,975	168,584	53,275	664	383,498
Capital expenditure (including intangibles)	8,989	9,152	710	221	19,072

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

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

(b) Exceptional items

¥ millions

	Quarter 3 For the period 1 April to 31 December 2016	Quarter 3 For the period 1 April to 31 December 2015
Exceptional items (gains):		
Gain on disposal of non-current assets	**7,909**	237
Gain on disposal of investments in associates	**907**	-
Gain from exit of business	**855**	-
Settlement of litigation matters	**772**	-
Gain on dilution of investment in associate	**-**	96
Reversal of impairment of non-current assets	**-**	6
Other	**46**	-
	10,489	339
Exceptional items (losses):		
Restructuring costs, including employee termination payments	**(2,758)**	(1,820)
Impairment of non-current assets	**(1,649)**	(25)
Settlement of litigation matters	**(658)**	(1,656)
Others	**-**	(9)
	(5,065)	(3,510)
	5,424	(3,171)

The 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 prior year gain on disposal of non-current assets related to the disposal of assets in China.

The gain from disposal of investments relates to the disposal of a part of the Group's shareholding in China Glass Holdings Ltd. This includes a gain on recycling to the income statement of previous foreign exchange postings.

The 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.

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. The net gain arising during the period represents a partial reversal of provision recognized through exceptional costs in previous periods.

The previous-year gain on dilution of shares in an associate arose following a placing of shares by Holding Concorde SA in which the Group did not participate.

Restructuring costs arise in a variety of locations around the world and principally includes the cost of compensating redundant employees for the termination of their contracts of employment. The current year cost relates principally to restructuring activities in both Architectural and Automotive Europe, and Technical Glass in Vietnam.

The impairment of non-current assets relates mainly to assets in Architectural and Automotive Europe.

(c) Finance income and expenses

¥ millions

	Quarter 3 For the period 1 April to 31 December 2016	Quarter 3 For the period 1 April to 31 December 2015
Finance income		
Interest income	**877**	1,014
Foreign exchange transaction gains	**44**	234
	921	1,248
Finance expenses		
Interest expense:		
- bank and other borrowings	**(13,711)**	(13,235)
Dividend on non-equity preference shares due to minority shareholders	**(178)**	(202)
Foreign exchange transaction losses	**(33)**	(204)
	(13,922)	(13,641)
Unwinding discounts on provisions	**(161)**	(184)
Retirement benefit obligations		
- net finance charge	**(607)**	(1,160)
	(14,690)	(14,985)

(d) Taxation

The cumulative tax charge on the profit before taxation, excluding the Group's share of net results of joint ventures and associates, is a rate of 55.8 percent in the third quarter to 31 December 2016 (31 December 2015: tax charge on losses at a rate of 79.0 percent). The tax charge for the quarter is based on the estimated effective rate for the year to 31 March 2017.

(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 3 For the period 1 April to 31 December 2016	Quarter 3 For the period 1 April to 31 December 2015
	¥ millions	¥ millions
Profit/(loss) attributable to owners of the parent	**4,614**	(14,077)
	Thousands	Thousands
Weighted average number to ordinary shares in issue	**90,347**	90,324
	¥	¥
Basic earnings per share	**51.07**	(155.85)

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 2015.

(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 subscription rights attached to the outstanding share options. The number of shares calculated above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	Quarter 3 For the period 1 April to 31 December 2016	Quarter 3 For the period 1 April to 31 December 2015
	¥ millions	¥ millions
Earnings		
Profit/(loss) attributable to owners of the parent	**4,614**	(14,077)
Profit/(loss) used to determine diluted earnings per share	**4,614**	(14,077)
	Thousands	Thousands
Weighted average number to ordinary shares in issue	**90,347**	90,324
Adjustment for:		
- Share options	**447**	-
Weighted average number of ordinary shares for diluted earnings per share	**90,794**	90,324
	¥	¥
Diluted earnings per share	**50.82**	(155.85)

The previous year diluted earnings per share do not include stock options due to anti-dilutive effect caused by the losses during the quarter ended 31 December 2015.

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 2015.

(f) Exchange rates

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

	Quarter 3 FY 2017 31 December 2016		Year ended 31 March 2016		Quarter 3 FY 2016 31 December 2015	
	Average	**Closing**	Average	Closing	Average	Closing
GBP	**142**	**144**	181	161	187	179
US dollar	**107**	**117**	120	113	122	121
Euro	**118**	**122**	132	127	135	133

(g) Cash flows generated from operations

¥ millions

	Quarter 3 For the period 1 April to 31 December 2016	Quarter 3 For the period 1 April to 31 December 2015
Profit/(loss) for the period from continuing operations	**5,938**	(12,274)
Adjustments for:		
Taxation	**6,537**	4,994
Depreciation	**19,896**	23,274
Amortization	**4,307**	7,992
Impairment	**1,754**	91
Reversal of impairments	**(94)**	(9)
Gain on sale of property, plant and equipment	**(8,164)**	(189)
Gain from exit of business	**(855)**	-
Gain on disposal of investments	**(907)**	-
Deemed disposal of share of associate	**-**	(96)
Grants and deferred income	**(352)**	269
Finance income	**(921)**	(1,248)
Finance expenses	**14,690**	14,985
Share of (gains)/losses from joint ventures and associates	**(756)**	957
Other items	**(1,034)**	90
Operating cash flows before movement in provisions and working capital	**40,039**	38,836
Decrease in provisions and retirement benefit obligations	**(9,121)**	(10,340)
Changes in working capital:		
- inventories	**(3,557)**	(4,363)
- construction work-in-progress	**(108)**	(212)
- trade and other receivables	**3,230**	2,367
- trade and other payables	**(7,585)**	(11,535)
Net change in working capital	**(8,020)**	(13,743)
Cash flows generated from operations	**22,898**	14,753

(h) Cash and cash equivalents

¥ millions

	As at 31 March 2016	As at 31 March 2015
Cash and cash equivalents	**55,074**	67,695
Bank overdrafts	**(8,912)**	(5,355)
	46,162	62,340

¥ millions

	As at 31 December 2016	As at 31 December 2015
Cash and cash equivalents	**57,702**	74,458
Bank overdrafts	**(6,072)**	(6,618)
	51,630	67,840

(i) Post-retirement benefits

Included in "Re-measurement of retirement benefit obligations" within the consolidated statement of comprehensive income, is an asset loss caused by a pension buy-in at the Group's main pension scheme in the UK. Through this transaction, the Group's main UK pension scheme has obtained a guaranteed income stream from an insurance company. In order to facilitate this, the scheme has transferred certain assets to the insurance company. Such a buy-in enables the scheme to reduce its exposure to future pension risks including movements in discount rates and trends in longevity.

(7) Significant subsequent events

Nippon Sheet Glass Co., Ltd. (hereinafter "The Company") passed resolutions regarding the following 1 and 2 at its Board of Directors meeting held on 2 February 2017.

1. Issuance of Class Shares by a Third Party Allotment

(1) Payment date: 31 March 2017

(2) Number of shares to be issued: Class A shares, 40,000 shares

(3) Aggregate amount to be paid: JPY 40,000,000,000 (JPY 1,000,000 per share)

(4) Capital and capital surplus to be increased:

Capital:	JPY	20,000,000,000	(JPY 500,000 per share)
Capital surplus:	JPY	20,000,000,000	(JPY 500,000 per share)

(5) Subscription and allotment method (Planned allottee):

Allotted by a third party allotment method

Japan Industrial Solutions No.2 Limited Partnership	20,000 shares
UDS Corporate Mezzanine No.3 Limited Partnership	9,000 shares
UDS Corporate Mezzanine No.4 Limited Partnership	11,000 shares

(6) Time line

2 February 2017:	Resolution of the Board of Directors relating to the Issuance of Class Shares by a Third Party Allotment
24 March 2017:	Extraordinary General Meeting of Shareholders (planned)
31 March 2017:	Payment date (planned)

(7) Use of proceeds

	Specific usage	Amount (million yen)	Scheduled timing of use
(i)	Repayment of debt	19,100	March 2017
(ii)	VA investment for Architectural Glass	11,000	From April 2017 to March 2020
(iii)	VA investment for Automotive Glass	5,000	From April 2017 to March 2020
(iv)	VA investment for Technical Glass	4,000	From April 2017 to March 2020

* Use of proceeds in the above table is presented after deducting estimated issuance expenses.

* Funds procured will be managed in a bank account until they are spent for the above usage.

* With regard to the usage specified above in (ii) to (iv), it will include the following more specifically:

(ii): Online coated products (low-e, solar, TCO glass, etc.), processing lines for energy saving products (Spacia, etc), VA improvement for furnaces (Optiwhite etc.)

(iii): ADAS related technology and facility, environmentally contributing products such as light-weight glass

(iv): New products developed based on core technologies

(8) Other significant issues:

The preferred dividend rate of Class A Shares is set at 4.5% a year if the record date falls before 31 March 2018, 5.5% a year if the record date falls between 1 April 2018 to 31 March 2020, and 6.5% a year if the record date falls on 1 April 2020 or thereafter. Class A Shareholders are entitled to receive dividends in priority to common shareholders. If preferred dividends for Class A Shareholders are insufficient in a business year, the said shortfall will be carried forward to the following business year and beyond. In principle, Class A Shareholders are not entitled to receive dividends of common shares of the Company in addition to the said preferred dividends.

For Class A Shares, call options for money and put options the consideration for which is common shares are attached.

Any time on or after 1 April 2018, the Company may acquire all or a part of Class A Shares in exchange for cash.

The Planned Allottees are entitled to exercise the put options the consideration for which is common shares on or after 1 July 2020, as long as Conversion Restriction Removal Reason doesn't occur, as provided for in the Agreement. The number of common shares to be delivered if the put options the consideration for which is common shares attached to Class A Shares are exercised will be the number (excluding the total amount of the Amount Equivalent to Cumulative Accrued Dividends and Daily Prorated Accrued Preferred Dividend Amount) calculated by multiplying the amount equivalent to the amount to be paid in for the Class A Shares for which the put options are exercised by the following factor, depending on the day when the put options are exercised, and dividing that product by the acquisition price.

From 1 April 2017 to 30 June 2017:	1.05
From 1 July 2017 to 30 June 2018:	1.08
From 1 July 2018 to 30 June 2019	1.15
From 1 July 2019 to 30 June 2020	1.22
From 1 July 2020 to 30 June 2021	1.29
From 1 July 2021 to 30 June 2022	1.36
From 1 July 2022 onward	1.43

The acquisition price is to be initially fixed at 846.5 yen, which is equivalent to 95% (calculated to the second decimal place below one (1) yen and rounded to the first decimal place) of the average value of the Volume Weighted Average Price (VWAPs; calculated to the second decimal place below one (1) yen and rounded to the first decimal place) in ordinary trading of the common shares of the Company, publicly announced on the Tokyo Stock Exchange, Inc. over 30 consecutive trading days prior to 2 February 2017 (the signing date of the Agreement), and the acquisition price will not be subject to ex-post revision.

Class A Shares do not have voting rights and are subject to restrictions on transfer.

Payments for the Capital Increase through Third-Party Allotment, as set forth in the Agreement, is subject to approval at the Extraordinary General Meeting of Shareholders for the following proposals mentioned above: (i) the Amendments to the Articles of Incorporation; (ii) the Capital Increase through Third-Party Allotment; (iii) the reduction of the amount of legal capital surplus; and (iv) the election of one person designated by the Planned Allottees as external director of the Company.

For further details of the above, please refer to “Notice regarding Issuance of Class Shares through Third-Party Allotment, Partial Amendments to the Articles of Incorporation, Reduction of Amounts of Capital Stock and Legal Capital Surplus, and Holding of Extraordinary General Meeting of Shareholders“, that has been issued on 2 February 2017.

2. Reduction of the Amount of Capital Stock, etc.

(1) Purpose

In order to establish a healthy financial position early and prepare for an agile and flexible capital policy in the future, the Company decided on the Reduction of the Amount of Capital Stock, etc. to transfer the amount to other capital surplus which constitutes the distributable amount, concurrently with the issuance of the shares.

The Reduction of the Amount of Capital Stock, etc. will be conditional upon coming into force of the Capital Increase through Third-Party Allotment.

(2) Outline of the Reduction of the Amount of Capital Stock, etc.

1. Amount of capital stock to be reduced

   JPY 20,000,000,000 (Note that the amount of capital stock will increase by JPY 20,000,000,000 due to the Capital Increase through Third-Party Allotment, and hence the amount of capital stock after the date of entry into force will not fall below the amount before the date thereof.)

2. Amount of legal capital surplus to be reduced

   JPY 100,000,000,000 (Note that the amount of legal capital surplus will increase by JPY 20,000,000,000 due to the Capital Increase through Third-Party Allotment, and hence the amount of legal capital surplus after the date of entry into force will fall by JPY 80,000,000,000 below the amount before the date thereof.)

3. Method of the Reduction of the Amount of Capital Stock, etc.

   After implementing the Reduction of the Amount of Capital Stock, etc. as mentioned above in accordance with the provisions of Article 447, Paragraphs 1 and 3, and Article 448, Paragraph 1, of the Companies Act, the Company will transfer the entire amounts of capital stock and legal capital surplus reduced to other capital surplus.

4. Schedule for the Reduction of the Amount of Capital Stock, etc.

2 February 2017:
- Resolution of the Board of Directors relating to the Reduction of the Amount of Capital Stock, etc.
- Resolution of the Board of Directors relating to the convocation of the Extraordinary General Meeting of Shareholders of which agendas include the reduction of the amount of legal capital surplus

24 February 2017:
- Public notice with respect to statements of objection by creditors (planned)

24 March 2017:
- Resolution at the Extraordinary General Meeting of Shareholders regarding the reduction of legal capital surplus (planned)
- Final deadline for statements of objection by creditors (planned)

31 March 2017:
- Effective date of the Reduction of the Amount of Capital Stock, etc. (planned)

(3) Other significant issues:

The Reduction of the Amount of Capital Stock, etc. is a process of transferring capital stock and legal capital surplus to the accounts of other capital surplus in the net assets section of the Company's balance sheet and will not change the amount of net assets of the Company and the amount of total equity of the Group, and there will be no impact on the Company's and the Group's operating results.