FY 2018 3rd Quarter Consolidated Financial Results <IFRS> 2 February 2018

(English translation of the Japanese original)

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

Representative:	Representative Executive Officer, President and CEO	Name:	Shigeki Mori
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Submission of quarterly report to MOF:	6 February 2018	Payment of dividends start from:	N/A
Quarterly result presentation papers:	Yes		
Quarterly result presentation meeting:	Yes (Teleconference for institutional investors)		

1. Consolidated business results for FY 2018 Quarter 3 (From 1 April to 31 December 2017)

(1) Consolidated business results

	Revenue		Operating profit		Profit 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 2018	449,417	4.3	25,911	29.1	13,970	12.0	(365)	-	(1,693)	-	11,807	-
Q3 FY 2017	430,725	(10.2)	20,064	89.6	12,475	-	5,938	-	4,614	-	(10,693)	-

	Earnings per share - basic
Q3 FY 2018	¥ (33.73)
Q3 FY 2017	¥ 51.07

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 2016.

(2) Changes in financial position

	Total assets	Total equity	Total shareholders' equity	Total shareholders' equity ratio
	¥ millions	¥ millions	¥ millions	%
FY 2018 Quarter 3	782,042	143,758	135,050	17.3
FY 2017 Full year	790,192	133,708	124,146	15.7

2. Dividends

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

Note:
- There have been no changes to the forecast dividends this quarter.
- Forecast year-end dividends for FY2018 has not been established yet.

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

	Revenue		Operating profit		Profit before taxation		Profit for the period		Profit attributable to owners of the parent		Earnings per share - basic
	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%	¥
Full year	600,000	3.3	36,000	20.6	20,000	35.6	3,000	(58.9)	1,000	(82.2)	(8.85)

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

4. Other items

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

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

  (i) Changes due to revisions in accounting standards under IFRS --- No

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

  (iii) Changes in accounting estimates --- No

(c) Numbers of shares outstanding (common stock)

  (i) Number of shares issued at the end of the period, including shares held as treasury stock: 90,417,899 shares as of 31 December 2017 and 90,365,699 shares as of 31 March 2017

  (ii) Number of shares held as treasury stock at the end of the period: 13,913 shares as at 31 December 2017 and 11,489 shares as at 31 March 2017

  (iii) Average number of shares in issue during the period, after deducting shares held as treasury stock: 90,388,768 shares for the period ending 31 December 2017 and 90,346,520 shares for the period ending 31 December 2016

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

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

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

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

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

(For Reference) Dividends for Class A Shares

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

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

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

[Attachments]

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

1. Narratives about financial results

(1) Business Performance

(a) Background to Results

The third quarter of the year saw stable or improving market conditions across most regions. European Architectural markets continued to be strong with good levels of demand leading to a stable pricing environment. Automotive markets continued to improve but are still not yet at their 2007 pre-recession peak. Architectural markets in Japan were sluggish reflecting a reduced number of housing starts and other factors. Automotive markets performed well however, with an improving level of light vehicle sales. Architectural markets in North America were positive. North American Automotive markets were slightly down on the previous year but were still at historically high levels. Automotive markets in South America continued to recover during the quarter, although cumulative light vehicle sales are still well below peak levels. Technical glass markets strengthened with growing demand in many of the Group's product areas.

Cumulative quarter 3 revenues improved from the previous year. Profitability also improved with the Group recording a trading profit (before exceptional items and amortization relating to the acquisition of Pilkington) of ¥ 27,423 million (Q3 FY17 ¥ 22,751 million). Operating profits improved by 29 percent to ¥ 25,911 million (Q3 FY17 ¥ 20,064 million) due to the improved trading profit and a reduction in the amortization of intangible assets.

Profit attributable to owners of the parent fell to a loss of ¥ 1,693 million (Q3 FY17 profit of ¥ 4,614 million) due to a one-time accounting tax charge of ¥ 9,590 million following U.S. tax reforms enacted during the quarter. The headline rate of U.S. corporate tax has fallen from 35 percent to 21 percent with a corresponding decrease in the accounting value of the Group's deferred tax assets. The increased deferred tax charge is a one-time accounting entry only and will not result in an increase in cash taxes payable by the Group. The Group welcomes the reduction in the U.S. headline corporate tax rate which is expected to result in a reduced tax charge on U.S. profits in the future.

(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 2018	**Q3 FY 2017**	**Q3 FY 2018**	**Q3 FY 2017**
Architectural	182,507	178,080	20,462	20,738
Automotive	229,592	217,898	7,662	7,816
Technical Glass	36,685	34,418	4,928	436
Other Operations	633	329	(7,141)	(8,926)
Total	449,417	430,725	25,911	20,064

Architectural Business

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

In Europe, representing 39 percent of the Group's architectural sales, markets continued to be positive with good demand leading to a stable pricing environment. During the third quarter the Group restarted its float line in Venice, Italy.

In Japan, representing 27 percent of the Group's architectural sales, revenues were slightly below the previous year's levels due to lower market volumes and other factors. Profits were also relatively weak due to the reduced volumes and also the impact of non-recurring charges incurred during the first quarter.

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

In the rest of the world, shipments of Solar Energy glass were impacted by re-tooling at a major customer, but domestic markets were generally improved from the previous year.

The Architectural business recorded revenues of ¥ 182,507 million and an operating profit of ¥ 20,462 million.

Automotive Business

In the Automotive business, revenues were above the previous year. Profits were similar to the previous year as improvements in Europe were offset by a reduction in profits in Japan and North America.

Europe represents 44 percent of the Group's automotive sales. The Group's original equipment (OE) volumes were robust, in line with improving market demand, and profits also benefitted from increased sales of VA products and further cost reductions across the Group's facilities. Profits in the Automotive Glass Replacement (AGR) business were stable.

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

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

In the rest of the world, market conditions continued to recover in South America.

The Automotive business recorded sales of ¥ 229,592 million and an operating profit of ¥ 7,662 million.

Technical Glass Business

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

Results improved further in the display business, with improvements in prices for some products. Demand for components used in multi-function printers continued to strengthen during the year. Volumes of glass cord used in engine timing belts were robust, consistent with improving automotive markets. Battery separator volumes increased with results continuing to improve in this area.

The Technical Glass business recorded revenues of ¥ 36,685 million and an operating profit of ¥ 4,928 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 amortization costs.

Consequently, this segment recorded revenues of ¥ 633 million and operating costs of ¥ 7,141 million.

Joint Ventures and Associates

The Group's share of joint ventures and associates profits represented an improvement from the previous year due mainly to an improvement in profits at Cebrace, the Group's joint venture in Brazil.

The Group's share of joint ventures and associates profits after tax was ¥ 1,733 million (Q3 FY17 ¥ 756 million).

(2) Financial Condition

Total assets at the end of December 2017 were ¥ 782,042 million, representing a decrease of ¥ 8,150 million from the end of March 2017. Total equity was ¥ 143,758 million, representing an increase of ¥ 10,050 million due to the translational impact of a weakening Japanese Yen.

Net financial indebtedness increased by ¥ 21,500 million from 31 March 2017 to ¥ 334,755 million at the period end. The increase in indebtedness arose mainly from seasonal increases in working capital and also translational differences arising from the weakening Yen. Currency movements generated an increase in net debt of approximately ¥ 10,210 million over the period. Gross debt was ¥ 387,934 million at the period end. As of 31 December 2017, the Group had un-drawn, committed facilities of ¥ 77,334 million.

Cash inflows from operating activities were ¥ 6,515 million. Cash outflows from investing activities were ¥ 17,016 million, including capital expenditure on property, plant, and equipment of ¥ 23,391 million. As a result, free cash flow was an outflow of ¥ 10,501 million.

(3) Prospects

The forecast of revenue, operating profit, profit before taxation, profit for the period, profit attributable to owners of the parent and earnings per share for the year to 31 March 2018 is set out on page 1. The forecast has not been amended from that issued on 27 December 2017. The forecast of earnings per share has been shown after considering the effect of dividends related to Class A shares.

The Group expects to see a further recovery in profitability during the remainder of FY2018. Architectural and Automotive markets are expected to remain stable, particularly in Europe. Architectural Japan will continue to face difficult market conditions, but demand for solar energy glass is expected to recover in South East Asia.

The Group will continue to benefit from improved profitability in Technical Glass business. The Group will maintain its focus on VA strategy, operational efficiency improvements and further cost reductions. Taking account of the above factors, the Group expects to record an improvement in operating profitability in FY2018.

Exceptional costs will reflect restructuring expenditure necessary to achieve additional improvements in operational efficiency and overall cost reductions. Financial costs will fall as result of lower average debt levels and reduced costs of borrowings.

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

2. Consolidated financial statements and their notes

(1) (a) Condensed quarterly consolidated income statement

¥ millions

	Note	**Quarter 3 For the period 1 April to 31 December 2017**	Quarter 3 For the period 1 April to 31 December 2016
Revenue	(6)-(a)	**449,417**	430,725
Cost of sales		**(330,141)**	(319,625)
Gross profit		**119,276**	111,100
Other income		**1,984**	1,293
Distribution costs		**(40,336)**	(38,802)
Administrative expenses		**(49,523)**	(47,358)
Other expenses		**(5,490)**	(6,169)
Operating profit	(6)-(a)	**25,911**	20,064
Exceptional items	(6)-(b)	**(2,543)**	5,424
Operating profit after exceptional items	(6)-(a)	**23,368**	25,488
Finance income	(6)-(c)	**749**	921
Finance expenses	(6)-(c)	**(11,880)**	(14,690)
Share of post-tax profits of joint ventures and associates accounted for using the equity method		**1,733**	756
Profit before taxation		**13,970**	12,475
Taxation	(6)-(d)	**(4,745)**	(6,537)
Adjustment in respect of US tax rate change		**(9,590)**	-
Profit/(Loss) for the period		**(365)**	5,938
Profit attributable to non-controlling interests		**1,328**	1,324
Profit/(Loss) attributable to owners of the parent		**(1,693)**	4,614
		(365)	5,938
Earnings per share attributable to owners of the parent	(6)-(e)		
Basic		**(33.73)**	51.07
Diluted		**(33.73)**	50.82

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

¥ millions

	Quarter 3 For the period 1 April to 31 December 2017	Quarter 3 For the period 1 April to 31 December 2016
Profit/(Loss) for the period	**(365)**	5,938
Other comprehensive income:		
Items that will not be reclassified to profit or loss:		
Re-measurement of retirement benefit obligations (net of taxation)	**(1,851)**	(4,590)
Revaluation of Assets held at Fair Value through Other Comprehensive Income – equity investments (net of taxation)	**(5,693)**	(6,730)
Sub-total	**(7,544)**	(11,320)
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation adjustments	**18,631**	(8,829)
Revaluation of Assets held at Fair Value through Other Comprehensive Income – other investments (net of taxation)	**(274)**	71
Cash flow hedges:		
- fair value gains/(losses), net of taxation	**1,359**	3,447
Sub-total	**19,716**	(5,311)
Total other comprehensive income for the period, net of taxation	**12,172**	(16,631)
Total comprehensive income for the period	**11,807**	(10,693)
Attributable to non-controlling interests	**972**	1,324
Attributable to owners of the parent	**10,835**	(12,017)
	11,807	(10,693)

(2) Condensed quarterly consolidated balance sheet

¥ millions

	Quarter 3 as at 31 December 2017	FY 2017 as at 31 March 2017
ASSETS		
Non-current assets		
Goodwill	**116,666**	105,972
Intangible assets	**59,537**	56,288
Property, plant and equipment	**257,562**	245,157
Investment property	**580**	523
Investments accounted for using the equity method	**15,328**	13,773
Retirement benefit asset	**23,781**	19,227
Trade and other receivables	**16,566**	18,440
Financial assets:		
- Assets held at Fair Value through Other Comprehensive Income	**19,504**	26,568
- Derivative financial instruments	**617**	248
Deferred tax assets	**33,038**	41,622
	543,179	527,818
Current assets		
Inventories	**113,242**	105,514
Construction work-in-progress	**799**	625
Trade and other receivables	**72,157**	69,654
Financial assets:		
- Assets held at Fair Value through Other Comprehensive Income	**103**	572
- Derivative financial instruments	**674**	963
Cash and cash equivalents	**51,888**	84,920
	238,863	262,248
Assets held for sale	**-**	126
	238,863	262,374
Total assets	**782,042**	790,192

(2) Condensed quarterly consolidated balance sheet continued

¥ millions

	Quarter 3 as at 31 December 2017	FY 2017 as at 31 March 2017
LIABILITIES AND EQUITY		
Current liabilities		
Financial liabilities:		
- Borrowings	**110,057**	78,417
- Derivative financial instruments	**1,511**	1,393
Trade and other payables	**117,932**	126,591
Provisions	**13,162**	14,091
Deferred income	**3,374**	2,733
	246,036	223,225
Non-current liabilities		
Financial liabilities:		
- Borrowings	**275,436**	317,981
- Derivative financial instruments	**930**	1,595
Trade and other payables	**464**	1,979
Deferred tax liabilities	**15,666**	15,005
Retirement benefit obligations	**75,024**	70,826
Provisions	**16,041**	16,903
Deferred income	**8,687**	8,970
	392,248	433,259
Total liabilities	**638,284**	656,484
Equity		
Capital and reserves attributable to the Company's equity shareholders		
Called up share capital	**116,493**	116,463
Capital surplus	**166,609**	166,578
Retained earnings	**(63,190)**	(59,646)
Retained earnings (Translation adjustment at the IFRS transition date)	**(68,048)**	(68,048)
Other reserves	**(16,814)**	(31,201)
Total shareholders' equity	**135,050**	124,146
Non-controlling interests	**8,708**	9,562
Total equity	**143,758**	133,708
Total liabilities and equity	**782,042**	790,192

(3) Condensed quarterly consolidated statement of changes in equity

¥ millions

Quarter 3 FY 2018	Called up share capital	Capital surplus	Retained earnings	Retained earnings (Translation on adjustment at the IFRS translation date)	Other reserves	**Total share holders' equity**	Non-controlling interests	**Total equity**
At 1 April 2017	116,463	166,578	(59,646)	(68,048)	(31,201)	**124,146**	9,562	**133,708**
Total Comprehensive Income			(3,544)		14,379	**10,835**	972	**11,807**
Dividends paid						**-**	(1,826)	**(1,826)**
Stock options	30	31			10	**71**		**71**
Issuance & purchase of treasury stock					(2)	**(2)**		**(2)**
At 31 December 2017	**116,493**	**166,609**	**(63,190)**	**(68,048)**	**(16,814)**	**135,050**	**8,708**	**143,758**

¥ 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**

(4) Condensed quarterly consolidated statement of cash flow

¥ millions

	Note	**Quarter 3 For the period 1 April to 31 December 2017**	Quarter 3 For the period 1 April to 31 December 2016
Cash flows from operating activities			
Cash generated from operations	(6)-(g)	**19,365**	22,898
Interest paid		**(8,995)**	(12,457)
Interest received		**716**	827
Tax paid		**(4,571)**	(3,395)
Net cash inflows from operating activities		**6,515**	7,873
Cash flows from investing activities			
Dividends received from joint ventures and associates		**590**	17
Purchase of joint ventures and associates		**(575)**	-
Proceeds on disposal of joint ventures and associates		**-**	2,005
Purchases of property, plant and equipment		**(23,391)**	(16,914)
Proceeds on disposal of property, plant and equipment		**2,773**	8,871
Purchases of intangible assets		**(1,243)**	(968)
Proceeds on disposal of intangible assets		**564**	46
Purchase of assets held at FVOCI		**(206)**	(6)
Proceeds on disposal of assets held at FVOCI		**4,071**	1,952
Loans advanced to joint ventures, associates and third parties		**(366)**	(376)
Loans repaid from joint ventures, associates and third parties		**566**	639
Others		**201**	54
Net cash outflows from investing activities		**(17,016)**	(4,680)
Cash flows from financing activities			
Dividends paid to non-controlling interests		**(1,826)**	(713)
Repayment of borrowings		**(49,716)**	(93,399)
Proceeds from borrowings		**26,959**	98,022
Other		**(5)**	(2)
Net cash inflows/(outflows) from financing activities		**(24,588)**	3,908
Increase/(decrease) in cash and cash equivalents (net of bank overdrafts)		**(35,089)**	7,101
Cash and cash equivalents (net of bank overdrafts) at beginning of period	(6)-(h)	**79,808**	46,162
Effect of foreign exchange rate changes		**1,773**	(1,633)
Cash and cash equivalents (net of bank overdrafts) at end of period	(6)-(h)	**46,492**	51,630

(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 2017 were as follows:

¥ millions

Quarter 3 FY 2018 For the period 1 April to 31 December 2017	**Architectural**	**Automotive**	**Technical Glass**	**Other Operations**	**Total**
Revenue					
External revenue	**182,507**	**229,592**	**36,685**	**633**	**449,417**
Inter-segmental revenue	**14,575**	**1,913**	**332**	**2,686**	**19,506**
Total revenue	**197,082**	**231,505**	**37,017**	**3,319**	**468,923**
Trading profit	**20,462**	**7,662**	**4,928**	**(5,629)**	**27,423**
Amortization arising from the acquisition of Pilkington plc	**-**	**-**	**-**	**(1,512)**	**(1,512)**
Operating profit	**20,462**	**7,662**	**4,928**	**(7,141)**	**25,911**
Exceptional items	**(3,525)**	**(1,220)**	**308**	**1,894**	**(2,543)**
Operating profit after exceptional items					**23,368**
Finance costs – net					**(11,131)**
Share of post-tax profits from joint ventures and associates					**1,733**
Profit before taxation					**13,970**
Taxation					**(14,335)**
Loss for the period from continuing operations					**(365)**

(a) Segmental information continued

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

The segmental assets at 31 December 2017 and capital expenditure for the third quarter ended 31 December 2017 were as follows:

¥ millions

	Architectural	**Automotive**	**Technical Glass**	**Other Operations**	**Total**
Net trading assets	**136,417**	**147,475**	**41,377**	**7,158**	**332,427**
Capital expenditure (including intangibles)	**11,545**	**9,617**	**782**	**178**	**22,122**

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

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 2017	Quarter 3 For the period 1 April to 31 December 2016
Exceptional items (gains):		
Gain on disposal of non-current assets	**2,139**	7,909
Gain on disposal of investments in joint ventures and associates	**1,541**	907
Gain on settlement of insurance proceeds	**997**	-
Settlement of litigation matters	**190**	772
Gain from exit of business	**-**	855
Other	**105**	46
	4,972	10,489
Exceptional items (losses):		
Suspension of facilities	**(3,702)**	-
Restructuring costs, including employee termination payments	**(3,285)**	(2,758)
Impairment of non-current assets	**(470)**	(1,649)
Settlement of litigation matters	**(58)**	(658)
	(7,515)	(5,065)
	(2,543)	5,424

The gain on disposal of non-current assets relates to assets in Technical Glass in China which were disposed following the completion of restructuring activities undertaken earlier in the year.

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

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

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

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

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

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

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

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

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

(c) Finance income and expenses

¥ millions

	Quarter 3 For the period 1 April to 31 December 2017	Quarter 3 For the period 1 April to 31 December 2016
Finance income		
Interest income	**741**	877
Foreign exchange transaction gains	**8**	44
	749	921
Finance expenses		
Interest expense:		
- bank and other borrowings	**(10,746)**	(13,711)
Dividend on non-equity preference shares due to minority shareholders	**(193)**	(178)
Foreign exchange transaction losses	**(9)**	(33)
	(10,948)	(13,922)
Unwinding discounts on provisions	**(166)**	(161)
Retirement benefit obligations		
- net finance charge	**(766)**	(607)
	(11,880)	(14,690)

(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 38.8 percent in the third quarter to 31 December 2017 (31 December 2016: tax charge on the profits at a rate of 55.8 percent). The tax charge for the quarter is based on the estimated effective rate for the year to 31 March 2018.

In addition to the on-going tax charge as described above, the tax charge also include a one-time accounting tax charge of ¥ 9,590 million following U.S. tax reforms enacted during the quarter. The headline rate of U.S. corporate tax has fallen from 35 percent to 21 percent with a corresponding decrease in the accounting value of the Group's deferred tax assets.

(e) Earnings per share

(i) Basic

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

	Quarter 3 For the period 1 April to 31 December 2017	Quarter 3 For the period 1 April to 31 December 2016
	¥ millions	¥ millions
Profit/(loss) attributable to owners of the parent	**(1,693)**	4,614
Adjustment for;		
- Dividends on class A shares	**(1,356)**	-
Profit/(loss) used to determine basic earnings per share	**(3,049)**	4,614
	Thousands	Thousands
Weighted average number to ordinary shares in issue	**90,389**	90,347
	¥	¥
Basic earnings per share	**(33.73)**	51.07

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

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

	Quarter 3 For the period 1 April to 31 December 2017	Quarter 3 For the period 1 April to 31 December 2016
	¥ millions	¥ millions
Earnings Profit/(loss) attributable to owners of the parent	**(1,693)**	4,614
Adjustment for;		
- Dividends on class A shares	**(1,356)**	-
Profit/(loss) used to determine diluted earnings per share	**(3,049)**	4,614
	Thousands	Thousands
Weighted average number to ordinary shares in issue	**90,389**	90,347
Adjustment for:		
- Share options	**-**	447
Weighted average number of ordinary shares for diluted earnings per share	**90,389**	90,794
	¥	¥
Diluted earnings per share	**(33.73)**	50.82

Note: Diluted earnings per share do not include stock options and Class A shares due to the anti-dilutive effect caused by the losses during the quarters ended 31 December 2017.

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

(f) Exchange rates

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

	Quarter 3 FY 2018 31 December 2017		Year ended 31 March 2017		Quarter 3 FY 2017 31 December 2016	
	Average	**Closing**	Average	Closing	Average	Closing
GBP	**146**	**152**	142	139	142	144
US dollar	**111**	**113**	108	111	107	117
Euro	**128**	**136**	119	119	118	122

(g) Cash flows generated from operations

¥ millions

	Quarter 3 For the period 1 April to 31 December 2017	Quarter 3 For the period 1 April to 31 December 2016
Profit/(loss) for the period from continuing operations	**(365)**	5,938
Adjustments for:		
Taxation	**14,335**	6,537
Depreciation	**21,003**	19,896
Amortization	**3,111**	4,307
Impairment	**583**	1,754
Reversal of impairments	**(72)**	(94)
Gain on sale of property, plant and equipment	**(2,221)**	(8,164)
Gain from exit of business	**-**	(855)
Gain on disposal of investments	**(1,541)**	(907)
Grants and deferred income	**(603)**	(352)
Finance income	**(749)**	(921)
Finance expenses	**11,880**	14,690
Share of profits from joint ventures and associates	**(1,733)**	(756)
Other items	**(1,153)**	(1,034)
Operating cash flows before movement in provisions and working capital	**42,475**	40,039
Decrease in provisions and retirement benefit obligations	**(9,241)**	(9,121)
Changes in working capital:		
- inventories	**(2,727)**	(3,557)
- construction work-in-progress	**(96)**	(108)
- trade and other receivables	**(1,851)**	3,230
- trade and other payables	**(9,195)**	(7,585)
Net change in working capital	**(13,869)**	(8,020)
Cash flows generated from operations	**19,365**	22,898

(h) Cash and cash equivalents

¥ millions

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

¥ millions

	As at 31 December 2017	As at 31 December 2016
Cash and cash equivalents	**51,888**	57,702
Bank overdrafts	**(5,396)**	(6,072)
	46,492	51,630

(7) Significant subsequent events

There were no significant subsequent events.