

Notice of Convening
The 152nd

Ordinary General Meeting
of Shareholders



Date and Time:

10:00 A.M., Thursday, 28 June 2018
(Reception to open from 9:00 A.M.)

Venue:

Shinagawa Intercity Hall
15-4, Konan 2-Chome, Minato-ku, Tokyo

(Please refer to the “Map of the Venue for the Ordinary General Meeting of Shareholders” attached at the end.)

Matters to be Resolved:

Proposal: Election of Eight Directors

Deadline to exercise the voting rights in writing or via the Internet:

5:45 P.M. (Japan time)

Wednesday, 27 June 2018

Nippon Sheet Glass Company, Limited

Securities Code: 5202

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6 June 2018

Shigeki Mori
 Director,
 Representative Executive Officer, President and CEO
 Nippon Sheet Glass Co., Ltd.
 5-27, Mita 3-Chome, Minato-ku, Tokyo

Notice of Convening the 152nd Ordinary General Meeting of Shareholders

Dear Shareholders,

You are cordially invited to attend the 152nd Ordinary General Meeting of Shareholders to be held as follows.

Should you be unable to attend the meeting in person on the day, you are entitled to exercise your voting rights in writing or by electronic or magnetic means (via the Internet). In such case you are kindly asked to review and consider the Reference Materials to Proposals at the General Meeting of Shareholders below, and then exercise your voting rights according to the explanations and instructions described in page 2 no later than 5:45 P.M. (Japan time) of 27 June (Wed.) 2018.

Note:

1. Date and Time	10:00 A.M., Thursday, 28 June 2018
2. Venue	Shinagawa Intercity Hall, 15-4, Konan 2-Chome, Minato-ku, Tokyo (Please refer to the "Map of the Venue for the Ordinary General Meeting of Shareholders" attached at the end.)
3. Agenda	<p>Matters to be Noted</p> <ol style="list-style-type: none"> 1. Business Report, Reports of the Consolidated Financial Statements, and Audit Reports of the Accounting Auditor and the Audit Committee on the Consolidated Financial Statements, for the 152nd fiscal period from 1 April 2017 to 31 March 2018. 2. Reports of the Financial Statements for the 152nd fiscal period from 1 April 2017 to 31 March 2018. <p>Matters to be Resolved</p> <p>Proposal: Election of Eight Directors</p>

End

Other Matters related to this Convening Notice

- ◎ Reference Materials to Proposals at the General Meeting of Shareholders and those Business Report, Consolidated Financial Statements, and Financial Statements which need to be attached to this Convening Notice are all as duplicated and shown in pages 4 to 52 below, with the exclusion of Notes to the Consolidated Financial Statements and Notes to the Financial Statements which are posted and made available on the Company's website at <http://www.nsg.com/> in accordance with the relevant laws and ordinances, and Article 14 of the Articles of Incorporation.
- ◎ If it should become necessary to make any amendments to any of the Reference Materials to Proposals at the General Meeting of Shareholders, Business Report, Consolidated Financial Statements and/or Financial Statements, such amendments shall be notified to you by mail, or on the Company's website at <http://www.nsg.com/>.
- ◎ Voting results of the meeting will be filed and shown via EDINET (<http://disclosure.edinet-fsa.go.jp/>) in the form of an Extraordinary Report (in Japanese only), and also disclosed on the Company's website at <http://www.nsg.com/> (in English) and at <http://www.nsg.co.jp/> (in Japanese). You are kindly asked to acknowledge and confirm that these actions would operate as alternatives to the issue of a resolution notice.

Exercising Voting Rights

- When attending the meeting on the day
Please bring the enclosed voting rights exercising card and present it to the reception.
- When exercising voting rights in writing
Indicate your approval or disapproval of the proposals in the enclosed voting rights exercising card and send it so that it reaches us no later than 5:45 p.m. (Japan time) of 27 June (Wed.) 2018.
- When exercising voting rights via the Internet
Please carefully read "**Information concerning exercising voting rights via the Internet**" as shown below (page 3) and then exercise the rights no later than 5:45 p.m. (Japan time) of 27 June (Wed.) 2018.

Electronic Voting Platform for Institutional Shareholders

The Electronic Voting Platform operated by ICJ, Inc. is available for institutional shareholders.

Information concerning Exercising Voting Rights via the Internet

Website ▶<https://www.web54.net> (in Japanese only)

Please indicate your approval or disapproval of the proposals through the website above with using your voting rights code and password written on voting rights exercising card and following instructions on the screen.

Voting Rights

- When a shareholder exercises his or her voting rights both in writing and via the Internet, the voting rights exercised via the Internet shall take precedence over the one in writing. When a shareholder exercises his or her voting rights multiple times via the Internet, the last valid exercise of voting rights via the Internet shall be considered as the shareholder's final vote.
- Though voting rights may be exercised via the Internet till 5:45 p.m. (Japan time) of 27 June (Wed.) 2018, it would be greatly appreciated if you could kindly exercise the rights earlier.

Password and Voting Rights Code

- As the password is very important information to identify you at the voting, please treat it very carefully.
- In the event that you put a wrong password a certain number of times such password will become invalid. If you wish the reissue of the password please follow the instruction shown on the screen.
- The voting rights code written on voting rights exercising card shall be valid only for this General Meeting of Shareholders.

Contact for Inquiries

- Contact for any inquiries regarding the exercise of voting rights via the Internet
Web support desk of Stock Transfer Agency Department, Sumitomo Mitsui Trust Bank, Limited
Telephone number: [0120-652-031](tel:0120-652-031) (from 9 a.m. to 9 p.m. Japan time, toll free in Japan)
- Contact for other information regarding your shares
 - 1) If you have a shareholder account of securities company
Please contact the securities company administrating your shareholder account
 - 2) If you do NOT have a shareholder account of securities company
Please contact the Administration Center of Transfer Agency of Sumitomo Mitsui Trust Bank
Telephone number: [0120-782-031](tel:0120-782-031) (Weekdays from 9 a.m. to 5 p.m. Japan time, toll free in Japan)

Reference Materials to Proposals at General Meeting of Shareholders

Proposal and the References thereto

Proposal: Election of Eight Directors

The term of office of all the eight Directors shall expire as of the end of this Ordinary General Meeting of Shareholders. It is therefore proposed that the following eight Directors be elected following the decision of Nomination Committee of the Company. Details of the Director candidates are as follows:

No.	Name	Note	Current Responsibilities at NSG Group				Record of attendance at Board meeting
			Board	NC	AC	CC	
1	Günter Zorn To be re-elected	External Independent	Chairman	Member	Member	Member	100% (10/10)
2	Shigeki Mori To be re-elected	Representative Executive Officer, President and CEO		Member		Member	100% (10/10)
3	Clemens Miller To be re-elected	Representative Executive Officer, Executive Vice President and COO					100% (10/10)
4	Kenichi Morooka To be re-elected	Representative Executive Officer, Executive Vice President and CFO					100% (10/10)
5	Toshikuni Yamazaki To be re-elected	External Independent		Member	Chairman	Member	100% (10/10)
6	Yasuyuki Kimoto To be re-elected	External Independent		Member	Member	Chairman	100% (10/10)
7	Masatoshi Matsuzaki To be re-elected	External Independent		Chairman	Member	Member	100% (10/10)
8	Yuji Takei To be re-elected	External					100% (10/10)

Notes:

- Messrs. Günter Zorn, Toshikuni Yamazaki, Yasuyuki Kimoto, Masatoshi Matsuzaki and Yuji Takei are candidates for the External Directors stipulated in Article 2.15 of the Companies Act. In addition, all of them except Mr. Yuji Takei have been notified to Tokyo Stock Exchange (hereinafter called "TSE") as Independent Directors. The Company has on its own created and applied more stringent criteria with respect to such independency of directors considering their relationships with the Group itself, Group's directors and/or Group's major shareholders, which four candidates for External Directors also meet. For the detail of the criteria, please see page 13.
- The Company concluded an agreement on liability limitation with all the candidates of the External Directors (Messrs. Günter Zorn, Toshikuni Yamazaki, Yasuyuki Kimoto, Masatoshi Matsuzaki and Yuji Takei) respectively to the effect that the liability of each of the External Directors in performing their duties in good faith and without gross negligence on their part be limited to the amount permissible by law.

1

Mr. Günter Zorn

■ Positions/responsibilities at NSG Group	Director, Chairman of the Board, a member of Nomination Committee, Audit Committee and Compensation Committee
■ Date of birth	23 March 1953 (65 years old)
■ Terms of office as External Director	4 years (as of the end of this General Meeting of Shareholders.)
■ Record of attendance at Board of Directors meetings	100% (10/10)
■ Number of the Company's common shares owned	4,709 shares
■ Material concurrent offices	Representative Director and President, Z-ANSHIN K.K.
■ Special interest between the candidate and the Company	n/a

Brief career history-----

Nov. 1978	Joined Polaroid Corporation
Jul. 1985	Moved to Linotype Aktiengesellschaft
Jun. 1991	President and Representative Director, Linotype-Hell K.K.
Nov. 1994	President and Representative Director, Linotype-Hell K.K. Vice President, Asia Pacific, Linotype (acquired by Heidelberger Druckmaschinen AG in 1997)
Apr. 1998	President, Heidelberg France S.A.
Apr. 2000	President, Asia Pacific, Heidelberg
Jul. 2005	Representative Director and President, DHL Japan, Inc.
Apr. 2006	Representative Director and President, DHL Japan, Inc. Executive Vice President North Pacific (Japan and Korea), DHL GmbH.
Apr. 2009	Representative Director and President, Z-ANSHIN K.K. (Current position)
Jun. 2014	Director, NSG Group (Current position)

Reasons for recommendation as an External Director-----

Günter Zorn has been our External Director since June 2014. He has the career and experiences of serving as management of the major international companies and Representative Director and President of their Japanese entities. In addition, he is the Representative Director and President of his own consulting firm. It is expected that he will continue to contribute to the supervisory function of the Board including in overseeing performance of Executive Officers from an independent and objective standpoint as well as based upon his abundant international experiences and broad knowledge and perspectives with regard to business management.

2 Mr. Shigeki Mori

■ Positions/responsibilities at NSG Group	Director, Representative Executive Officer, President and CEO, a member of Nomination Committee and Compensation Committee
■ Date of birth	22 July 1958 (59 years old)
■ Record of attendance at Board of Directors meetings	100% (10/10)
■ Number of the Company's common shares owned	8,571 shares
■ Material concurrent offices	n/a
■ Special interest between the candidate and the Company	n/a

Brief career history-----

Apr. 1981	Joined the Company
Apr. 2003	General Manager of Planning Dept. Architectural Glass Company
Jan. 2005	General Manager of Functional Glass production & Technology, Architectural Glass Company and President of NSG Kanto Co., Ltd. (currently NSG Building Products Co., Limited)
Jul. 2010	Head of Production, Fabrication and Marketing, UK and South Europe, Architectural Glass (UK)
May 2012	Senior Corporate Officer, Head of Architectural Glass Japan
Jun. 2012	Senior Corporate Officer, Head of Technical Glass SBU
Apr. 2015	Representative Executive Officer, President and CEO (Current position)
Jun. 2015	Director (Current position)

Reasons for recommendation as a Director-----

After having worked in the functions of human resources and corporate planning in the Group, Shigeki Mori held a succession of such important posts as the president of certain subsidiaries in the Architectural Glass business and the Head of the Technical Glass Strategic Business Unit. For two years from July 2010 he was based in the UK as the Head of Production, Fabrication and Marketing, UK and South Europe, Architectural Glass business. Based upon such ample experiences and delivery of results gained in both of administrative role and plural business lines he has been appointed as Representative Executive Officer, President and CEO since April 2015 and as such has taken leadership in the whole Group business. He was also appointed Director in June 2015 and remains in office. It is expected that his knowledge and experience of the Group business will continue to contribute to the decision-making function of the Board and he is slated for director candidate accordingly.

Mr. Clemens Miller

■ Positions/responsibilities at NSG Group	Director, Representative Executive Officer, Executive Vice President and COO
■ Date of birth	21 February 1959 (59 years old)
■ Record of attendance at Board of Directors meetings	100% (10/10)
■ Number of the Company's common shares owned	2,500 shares
■ Material concurrent offices	n/a
■ Special interest between the candidate and the Company	n/a

Brief career history-----

Jul. 1992	Joined Flachglas AG (currently Pilkington Deutschland AG)	Apr. 2010	Senior Corporate Officer, Vice President of Commercial and Solar Energy Products, NSG Group
Dec. 2002	Head of Business Planning, Building Products Europe Managing Director, Fire Protection, Building Products Europe	Jun. 2011	Director (Current position), Executive Officer, Head of Building Products Worldwide, NSG Group
Jun. 2005	Managing Director, Fire Protection & Coatings, Building Products Europe	Feb. 2012	Executive Officer, Head of Architectural glass SBU and Technical Glass SBU, NSG Group
Apr. 2007	Managing Director, Solar Energy Business Managing Director, Fire Protection & Coatings, Building Products	Apr. 2012	Representative Executive Officer, Executive Vice President and COO, Head of Architectural glass SBU and Technical Glass SBU, NSG Group
Aug. 2007	Managing Director, Building Products Europe Managing Director, Fire Protection & Coatings, Building Products	Jun. 2012	Representative Executive Officer, Executive Vice President and COO, NSG Group (Current Position)
Jun. 2008	Senior Corporate Officer, Head of Building Products Europe, NSG Group		

Reasons for recommendation as a Director-----

After having engaged in work of production, business planning and marketing in the Group's Architectural Glass business, Clemens Miller held a succession of such important posts as the Head of the Architectural Glass and Technical Glass Strategic Business Units and so forth. He has been elected as Director, Executive Officer of the Group since June 2011 and since April 2012 he has taken leadership in the Group business as the Director, Representative Executive Officer, Executive Vice President and COO. It is expected that he will continue to contribute to the decision-making function of the Board by making best use of his abundant experiences, knowledge and perspectives with regard to the Group's business, operation and management, and he is slated for director candidate accordingly.

4 Mr. Kenichi Morooka

■ Positions/responsibilities at NSG Group	Director, Representative Executive Officer, Executive Vice President and CFO
■ Date of birth	12 December 1956 (61 years old)
■ Record of attendance at Board of Directors meetings	100% (10/10)
■ Number of the Company's common shares owned	10,668 shares
■ Material concurrent offices	n/a
■ Special interest between the candidate and the Company	n/a

Brief career history

Apr. 1979	Joined The Sumitomo Bank, Limited (Currently Sumitomo Mitsui Banking Corporation)	Jun. 2011	Senior Corporate Officer, CFO, Specialty Glass, General Manager of SG Administration, and Head of Corporation Planning Communication, NSG Group
Apr. 1993	Senior Assistant General Manager, International Affairs (Tokyo), The Sumitomo Bank, Limited	Feb. 2012	Senior Corporate Officer, Head of Corporation Planning Communication, NSG Group
Jun. 2002	President, SMBC Securities, Inc., and Vice President, SMBC Capital Markets, Inc.	May 2012	Senior Corporate Officer, Deputy CFO, NSG Group
Dec. 2006	General Manager, Promotion of Business Integration, and Senior Manager, Finance, NSG Group	Apr. 2013	Executive Officer, Deputy CFO, NSG Group
Jun. 2008	Corporate Officer, Head of Financial Planning, NSG Group	Jun. 2013	Director (Current position), Executive Officer, Executive Vice President, NSG Group
Apr. 2011	Corporate Officer, CFO, Specialty Glass, General Manager of SG Administration, and Head of Corporation Planning Communication, NSG Group	Apr. 2016	Representative Executive Officer, Executive Vice President and CFO, NSG Group (Current position)

Reasons for recommendation as a Director

Kenichi Morooka joined The Sumitomo Bank, Limited (Currently Sumitomo Mitsui Banking Corporation) and held a number of important posts thereat. He joined NSG Group in December 2006 and engaged in work of business planning, accounting, finance and business administration in Japan and the UK. He was first elected as Director, Executive Officer, Executive Vice President in June 2013 and in his such capacity in September 2013 was entrusted to assume the responsibility in the area of the Group's business planning, human resources, finance in Japan and external communications and then in April 2016 was also elected as Director, Representative Executive Officer, Executive Vice President and CFO and remains in office. It is expected that he will continue to contribute to the decision-making function of the Board by making best use of his abundant experiences and knowledge and perspectives with regard to the Group's accounting, finance, human resources, business and management, and he is slated as director candidate accordingly.

Mr. Toshikuni Yamazaki

■ Positions/responsibilities at NSG Group	Director, Chairman of Audit Committee, and a member of Nomination Committee and Compensation Committee
■ Date of birth	13 January 1946 (72 years old)
■ Terms of office as External Director	3 years (as of the end of this General Meeting of Shareholders.)
■ Record of attendance at Board of Directors meetings	100% (10/10)
■ Number of the Company's common shares owned	4,506 shares
■ Material concurrent offices	Representative Director and President, Ryugasaki Country Club
■ Special interest between the candidate and the Company	n/a

Brief career history

Apr. 1968	Joined Nippon Kokan K.K. (Currently JFE Holdings, Inc.)
Jun. 1999	Director, Nippon Kokan K.K.
Apr. 2000	Vice President (Corporate Officer), Nippon Kokan K.K.
Apr. 2001	Senior Vice President (Corporate Officer), Nippon Kokan K.K.
Apr. 2005	Corporate Officer, Executive Vice President, JFE Holdings, Inc. (Retired in March 2009)
Jun. 2005	Representative Director, JFE Holdings, Inc.
Apr. 2009	Director, JFE Holdings, Inc.
Jun. 2009	Corporate Auditor (Full-time), JFE Holdings, Inc. (Retired in June 2013) Corporate Auditor, Universal Shipbuilding Corporation (Retired in December 2012)
Apr. 2010	Corporate Auditor, JFE Engineering Corporation (Retired in April 2013) A member of Investment Advisory Committee, Government Pension Investment Fund, Japan (GPIF) (Retired in March 2013)
Mar. 2015	Representative Director and President, Ryugasaki Country Club (Current position)
Jun. 2015	Director, NSG Group (Current position)

Reasons for recommendation as an External Director

Toshikuni Yamazaki has been our External Director since June 2015. He has the career and experiences of serving as Representative Director, Executive Vice President (in charge of finance, investor relations and accounting) and full-time corporate auditor of a major international manufacturing company, and a member of the Investment Advisory Committee of the Government Pension Investment Fund, Japan (GPIF). It is expected that he will continue to contribute to the supervisory function of the Board including in overseeing performance of Executive Officers from an independent and objective standpoint as well as based upon his abundant experiences and broad knowledge and perspectives with regard to business management and finance and accounting.

6 Mr. Yasuyuki Kimoto

■ Positions/responsibilities at NSG Group	Director, Chairman of Compensation Committee, and a member of Nomination Committee and Audit Committee
■ Date of birth	26 February 1949 (69 years old)
■ Terms of office as External Director	2 years (as of the end of this General Meeting of Shareholders.)
■ Record of attendance at Board of Directors meetings	100% (10/10)
■ Number of the Company's common shares owned	2,510 shares
■ Material concurrent offices	Special Adviser, The Japan Research Institute, Limited, and External Auditor, DMG Mori Co., Ltd.
■ Special interest between the candidate and the Company	n/a

Brief career history

Apr. 1971	Joined The Sumitomo Bank, Limited (Currently Sumitomo Mitsui Banking Corporation)
Jun. 1998	Director, The Sumitomo Bank, Limited
Jun. 1999	Director, Executive Officer, The Sumitomo Bank, Limited
Jun. 2002	Director, Managing Executive Officer, Sumitomo Mitsui Banking Corporation
Apr. 2004	Managing Director and Managing Executive Officer, Sumitomo Mitsui Banking Corporation
Jun. 2005	Senior Managing Director and Senior Managing Executive Officer, Sumitomo Mitsui Banking Corporation (Retired in April 2006)
May 2006	President and CEO, The Japan Research Institute, Limited
Apr. 2012	Special Adviser, The Japan Research Institute, Limited (Current position) Chairman of the Board of Director, Olympus Corporation (Retired in June 2015)
Jun. 2015	External Auditor, DMG Mori Co., Ltd. (Current position)
Jun. 2016	Director, NSG Group (Current position)

Reasons for recommendation as an External Director

Yasuyuki Kimoto has been our External Director since June 2016. He has the career and experiences of leading in his capacity as then president and chairman of the Board of a UK local subsidiary of a major Japanese financial institution which local Board comprised a plural number of non-Japanese independent directors, along with his experience of serving as chairman of and thus leading the Board of a major international manufacturing company whose majority consisted of independent external directors. It is expected that he will continue to contribute to the supervisory function of the Board including in overseeing performance of Executive Officers from an independent and objective standpoint as well as based upon his abundant international experiences and broad knowledge and perspectives with regard to business management.

Mr. Masatoshi Matsuzaki

■ Positions/responsibilities at NSG Group	Director, Chairman of Nomination Committee, and a member of Audit Committee and Compensation Committee
■ Date of birth	21 July 1950 (67 years old)
■ Terms of office as External Director	2 years (as of the end of this General Meeting of Shareholders.)
■ Record of attendance at Board of Directors meetings	100% (10/10)
■ Number of the Company's common shares owned	2,378 shares
■ Material concurrent offices	Director and Chairman of the Board, Konica Minolta, Inc., External Director, Ichigo Inc., and External Director, Nomura Research Institute, Ltd.
■ Special interest between the candidate and the Company	n/a

Brief career history

Apr. 1976	Joined Konishiroku Photo Industry Co., Ltd. (Currently Konica Minolta Inc.)	Jun. 2006	Director and Senior Executive Officer, Konica Minolta Inc. Representative Director and President, Konica Minolta Technology Center, Inc.
Nov. 1997	General Manager of Development Group No.2, Color Business Machines Development Div., Business Machines Headquarters, Konica Corporation (Currently Konica Minolta Inc.)	Apr. 2009	Director, Representative Executive Officer and President, Konica Minolta Inc.
May 1998	General Manager of Development Center No.1, System Technology Development Div., Business Machines Headquarters, Konica Corporation	Apr. 2014	Director and Chairman of the Board, Konica Minolta Inc. (Current position) President, Japan Business Machine and Information System Industries Association (Retired in May 2016)
Oct. 2003	Director, Konica Minolta Business Technologies, Inc.	May 2016	External Director, Ichigo Inc. (Current position)
Apr. 2005	Executive Officer, Konica Minolta Inc. Representative Director and President, Konica Minolta Technology Center, Inc.	Jun. 2016	External Director, Nomura Research Institute, Ltd. (Current position) Director, NSG Group (Current position)
Apr. 2006	Senior Executive Officer, Konica Minolta Inc. Representative Director and President, Konica Minolta Technology Center, Inc.		

Reasons for recommendation as an External Director

Masatoshi Matsuzaki has been our External Director since June 2016. He has the career and experiences of serving as both representative executive officer and subsequently chairman of the Board of a major international manufacturing company, which adopts a governance system of "Company with Three Committees" like us. It is expected that he will continue to contribute to the supervisory function of the Board including in overseeing performance of Executive Officers from an independent and objective standpoint as well as based upon his abundant experiences and broad knowledge and perspectives with regard to even both sides of executive and supervisory functions of such company having the Committee system.

■ Positions/responsibilities at NSG Group	Director
■ Date of birth	30 June 1964 (53 years old)
■ Terms of office as External Director	1 year and 3 months (as of the end of this General Meeting of Shareholders.)
■ Record of attendance at Board of Directors meetings	100% (10/10)
■ Number of the Company's common shares owned	0
■ Material concurrent offices	Director, Chief Operating Officer and Head of Investment, Japan Industrial Solutions Co., Ltd.
■ Special interest between the candidate and the Company	Director of the Company acting as general partner of Japan Industrial Solutions Fund II., one of the Investment LPS to which Class A Shares are issued

Brief career history

Apr. 1988	Joined the Long-Term Credit Bank of Japan, Ltd. (Currently Shinsei Bank, Limited)
Sep. 1998	Joined McKinsey & Company, Inc.
Oct. 2002	Joined Advantage Partners, Inc.
Sep. 2006	Senior Partner, Advantage Partners, Inc.
Apr. 2012	Partner, M&A and Private Equity Practice Leader, A.T. Kearney K.K.
Nov. 2016	Member of the Board, COO, Japan Industrial Solutions, Co., Ltd.
Apr. 2017	Member of the Board, COO and Head of Investment, Japan Industrial Solutions, Co., Ltd. (Current Position) Director, NSG Group (Current position)

Reasons for recommendation as an External Director

Yuji Takei has been our External Director since April 2017. Initially having joined the Long-Term Credit Bank of Japan, Ltd (Currently Shinsei Bank, Limited) then moved to an international consulting firm and afterwards served as a partner in an investment fund among others, through the course of such career he has the career and experiences of engaging in corporate management as an external director in some other companies. It is expected that he will continue to contribute to the supervisory function of the Board including in overseeing performance of Executive Officers based upon his abundant experiences and broad knowledge and perspectives with regard to business management.

For Reference: Criteria of Independency for External Director at NSG

External Directors of Nippon Sheet Glass Company, Limited ("NSG" or the "Company") falling into any of the following categories are considered to lack independency as an External Director.

(1) As to the External Director him/herself, where:-

- a) He/she is, has become or once served as an executive director, executive officer, corporate officer or employee of the NSG Group (hereinafter collectively referred to as "executive/employee");
- b) i) He/she has a business relationship with the Company and received from the Company the following sum during any single financial year for him/her/(it) of those past three years most recently ended or (in case where the one having such business relationship is an organization such as legal entity, then he/she serves or served as executive/employee of the organization), OR NSG Group is a Major Business Partner for him/her/it
 - Aggregate payments equivalent to more than 1% of their consolidated sales during the subject year; OR,
 - ii) he/she has a business relationship with the Company and paid the Company the following sum during the Company's any single financial year of those past three years most recently ended, or he/she is a Major Business partner of the NSG Group (or in case where the one having such business relationship is an organization such as legal entity, then he/she serves or served as executive/employee of the organization);
 - Aggregate payments equivalent to more than 1% of the Company's consolidated sales during the subject yearNote: For the purpose of this criteria protocols, the expression "Major Business Partner(s)" means, as between the NSG Group and the group having business relationship with us, those persons which could be, in terms of magnitude of its business relationship, expected to exert the same degree of influence on the decision-making process of the other as would exist among parent-subsidiary relationship or affiliated group.
- c) He/she is an Certified Public Accountant retained as Accounting Auditor for the Company (or in case the accounting firm is retained as Accounting Auditor then he/she serves as partner or employee of the firm) or he/she has engaged in any audit activities of the NSG Group businesses at any time during the past three years;
- d) He/she is one of those consultants, accountants or lawyers who have received substantial amount of cash or other financial gains (equivalent to JPY 10 million or more per financial year of the Company) from the NSG Group (or in case where an organization such as consulting, accounting or law firm is the one having received such cash or gains, then he/she belongs to any such organization);
- e) He/she has material business relationship with or is materially interested in the NSG Group (or in case where an organization such as legal entity has such relationship or interest, he/she is an executive/employee of the organization) (For this purpose, the fact of receipt of the sum in the form of donation or loans from the NSG Group equivalent to JPY 10 million or more on an average per annum for the past three financial years of the Company most recently ended is deemed to constitute such material interest in the NSG Group.);
- f) He/she holds cross-directorships or has significant links with other Directors/Executive Officers of the Company through involvement in other companies/bodies;
- g) He/she is a major beneficial shareholder who is entitled to 10% or more of the total voting rights of the Company (or in case where the organization such as legal entity falls into such a shareholder, then he/she currently is or was employed as an executive/employee of the organization at any time during the past five years); or
- h) He/she is an individual who has fallen into the above d), e) or f) during the Company's any single financial year of those past three financial years most recently ended.

(2) As to the close relative(s) of the External Director (his or her spouse, or those relatives who are within the second degree of kinship or live in the same dwelling as him or her), where:-

- a) He/she is or was in the past five years an executive director/officer or senior employee of the NSG Group (collectively "Senior Manager");
- b) i) He/she has a business relationship with the Company and received from the Company the following sum during any single financial year for him/her/(it) of those past three years most recently ended (in case where the organization such as legal entity has such business relationship, then he/she serves or served as a Senior Manager thereof), OR the NSG Group is a Major Business Partner for him/her/it
 - Aggregate payments equivalent to more than 1% of their consolidated sales during the subject year; OR
 - ii) he/she has a business relationship with the Company and paid the Company the following sum in any single financial year of the Company during its past three years most recently ended, or is a Major Business Partner of the NSG Group (in case where an organization such as legal entity has such business relationship, then he/she serves or served as a Senior Manager of the organization);
 - Aggregate payments equivalent to more than 1% of the Company's consolidated sales during the subject year
- c) He/she is a Certified Public Accountant retained as an Accounting Auditor (or in case the accounting firm is retained as Accounting Auditor then he/she is a partner or Senior Manager thereof) or has engaged in any audit activities of the NSG Group businesses at any time during the past three years;
- d) He/she is one of those consultants, accountants or lawyers who have received substantial amount of cash or other financial gains (equivalent to JPY 10 million or more per financial year of the Company) from the NSG Group (in case where an organization such as consulting, accounting or law firm is the one having received such cash or gains, then he/she serves as partner, associate or Senior Manger of the organization);
- e) He/she has material business relationship with or is materially interested in the NSG Group (in case where an organization such as legal entity has such relationship or interest, then he/she is a Senior Manager of the organization) (For this purpose, the fact of receipt of the sum in the form of donation or loans from the NSG Group equivalent to JPY 10 million or more on an average per annum for the past three financial years of the Company most recently ended is deemed to constitute such material interest in the NSG Group.);
- f) He/she is a major beneficial shareholder who is entitled to 10% or more of the total voting rights of the Company (in case where the organization such as legal entity falls into such a shareholder, then he/she currently serves as Senior Manger of the organization); or
- g) He/she has fallen into either or both of d) and/or e) at any time during the past three financial years of the Company most recently ended.

End

152nd Business Report of Nippon Sheet Glass Company, Limited

From 1 April 2017
To 31 March 2018

1. Matters Relating to the Current State of the Company's Group

(1) Overview and Results of Business Activities

During the year to 31 March 2018 (FY2018), market conditions continued to be at a good level for most of the Group's businesses, with results benefitting from an improvement in sales of higher value-added (VA) products. European architectural markets were strong with good levels of demand leading to a stable pricing environment. Automotive markets improved further, but are still not yet at their 2007 pre-recession peak. In Japan, architectural markets were sluggish, although automotive markets improved despite selling rates falling slightly during the final quarter. Architectural markets in North America were positive. North American automotive markets, whilst slightly below the previous year, were still at a high level. Automotive markets in South America continued to recover, 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.

As a consequence, the Group's year-end results were as shown in the table below.

Consolidated Revenue		Consolidated Operating Profit	
¥603,852m	(up 4.0%)	¥35,663m	(up 19.4%)
Consolidated Profit before Taxation		Consolidated Profit for the Period	
¥22,177m	(up 50.3%)	¥7,873m	(up 8.0%)
Consolidated Profit Attributable to Owners of the Parent			
¥6,130m	(up 9.4%)		

Note : Operating profit in the above table is defined as being operating profit stated before exceptional items.

The performance by segment is as follows.

Architectural Glass Business

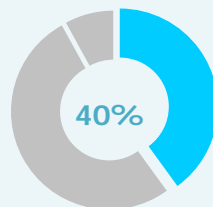
Revenue ¥ 241,678 million

Operating profit ¥ 26,246 million

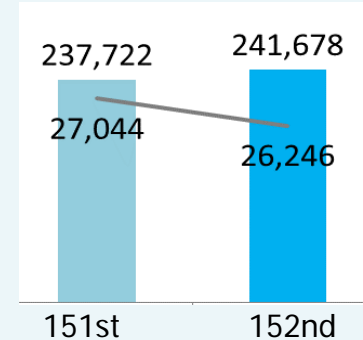
Business content:-

Architectural, representing 40 percent of the Group's annual revenue, includes the manufacture and sale of flat glass and various interior and exterior glazing products within commercial and residential markets. It also includes glass for the Solar Energy sector.

Ratio of sales to Group revenue



Revenue Operating profit (Millions of yen)



Cumulative architectural glass business 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 below the previous year's levels due to lower market volumes and other factors. Profitability was also relatively weak due to the reduced volumes and 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 was repaired as announced on 12 May 2017, but was restarted at the end of the third quarter. Sales of solar energy glass fell during a period of re-tooling at a major customer, although shipments of other architectural products were robust.

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 ¥ 241,678 million and an operating profit of ¥ 26,246 million.

Automotive Glass Business

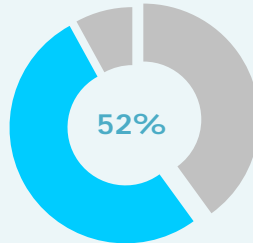
Revenue ¥ 312,681 million

Operating profit ¥ 14,250 million

Business content:-

Automotive, representing 52 percent of the Group's annual revenue, supplies a wide range of automotive glazing for new vehicles and for replacement markets.

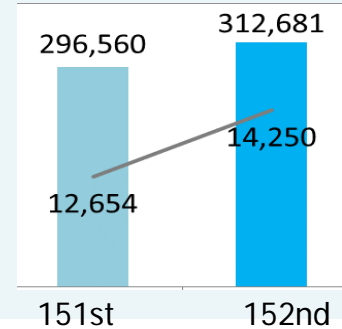
Ratio of sales to Group revenue



Revenue

Operating profit

(Millions of yen)



In the automotive business, revenues and profits were above the previous year, with a strong underlying performance in Europe and exchange movements caused by the strong Euro compared to Japanese yen.

European revenues represent 45 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 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 26 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 revenues of ¥ 312,681 million and an operating profit of ¥ 14,250 million.

Technical Glass Business

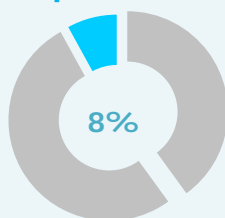
Revenue ¥ 48,420 million

Operating profit ¥ 5,394 million

Business content:-

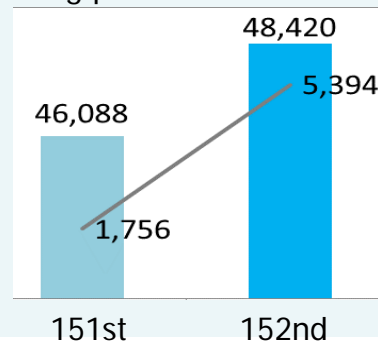
Technical Glass, representing 8 percent of the Group's annual revenue, comprises a number of discrete businesses, including the manufacture and sale of very thin glass for small displays, lenses and light guides for printers, as well as glass fiber products, such as battery separators and glass components for engine timing belts.

Ratio of sales to Group revenue



Revenue Operating profit

(Millions of yen)



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 in the display business, with improvements in sales prices and production costs. Demand for components used in multi-function printers continued to strengthen during the year. Volumes of glass cord used in engine timing belts, and glass flake for use in vehicle paints and various other applications, improved. Battery separator volumes increased with further growth in the Group's Asian markets.

The technical glass business recorded revenues of ¥ 48,420 million and an operating profit of ¥ 5,394 million.

Other Operations and Eliminations

This part covers corporate costs, consolidation adjustments, certain small businesses not included in the businesses 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 ¥ 1,073 million and net operating costs of ¥ 10,227 million.

(2) Capital Expenditure

The capital expenditure of the Group totaled ¥33,065 million during the fiscal year under review, broken down by segment as follows:

Business	Expenditure
Architectural	¥16,488 m
Automotive	¥ 14,479 m
Technical Glass	¥ 1,737 m
Other	¥ 361 m

(3) Financial Situation

Total assets at the end of March 2018 were ¥ 791,882 million, representing an increase of ¥ 1,690 million from the end of March 2017. Total equity was ¥ 142,857 million, representing an increase of ¥ 9,149 million. The profit for the year and translational exchange gains from the weakened Japanese yen were partly offset by decreases in the value of assets held at fair value through other comprehensive income.

Net financial indebtedness decreased by ¥ 6,783 million from 31 March 2017 to ¥ 306,471 million at the period end, with the positive cash flows generated during the year being partly offset by currency movements arising from the weakened Japanese yen. Currency movements generated an increase in net debt of approximately ¥ 7,880 million over the period. Gross debt was ¥ 372,654 million at the period end. As of 31 March 2018, the Group had un-drawn, committed facilities of ¥ 90,082 million.

Cash inflows from operating activities were ¥ 37,163 million. Cash outflows from investing activities were ¥ 20,359 million, including capital expenditure on property, plant, and equipment of ¥ 31,582 million. As a result, free cash flow was an inflow of ¥ 16,804 million.

(4) Issues to be Addressed

Medium Term Plan Phase 2

The Group aims to transform into VA Glass Company (VA comes from “value added”) as advanced in its long-term strategic vision and formulated its “Medium-term Plan Phase 2” (hereinafter called “MTP Phase 2”) covering the three years from FY2018 to FY2020 as the plan to be delivered with group-wide strengths and resources. Its principal targets are to achieve financial sustainability and to start transforming into VA Glass Company. The financial targets for MTP are to

achieve the return on sales (*) of 8 percent or more and net debt/EBITDA of three times. We consider the return on equity of over 10 percent and the equity ratio of around 20 percent as the milestones envisioned to be attained in the year that those plans are achieved. .

*Note: On the basis of trading profit before exceptional items and amortization arising from the acquisition of Pilkington Plc.

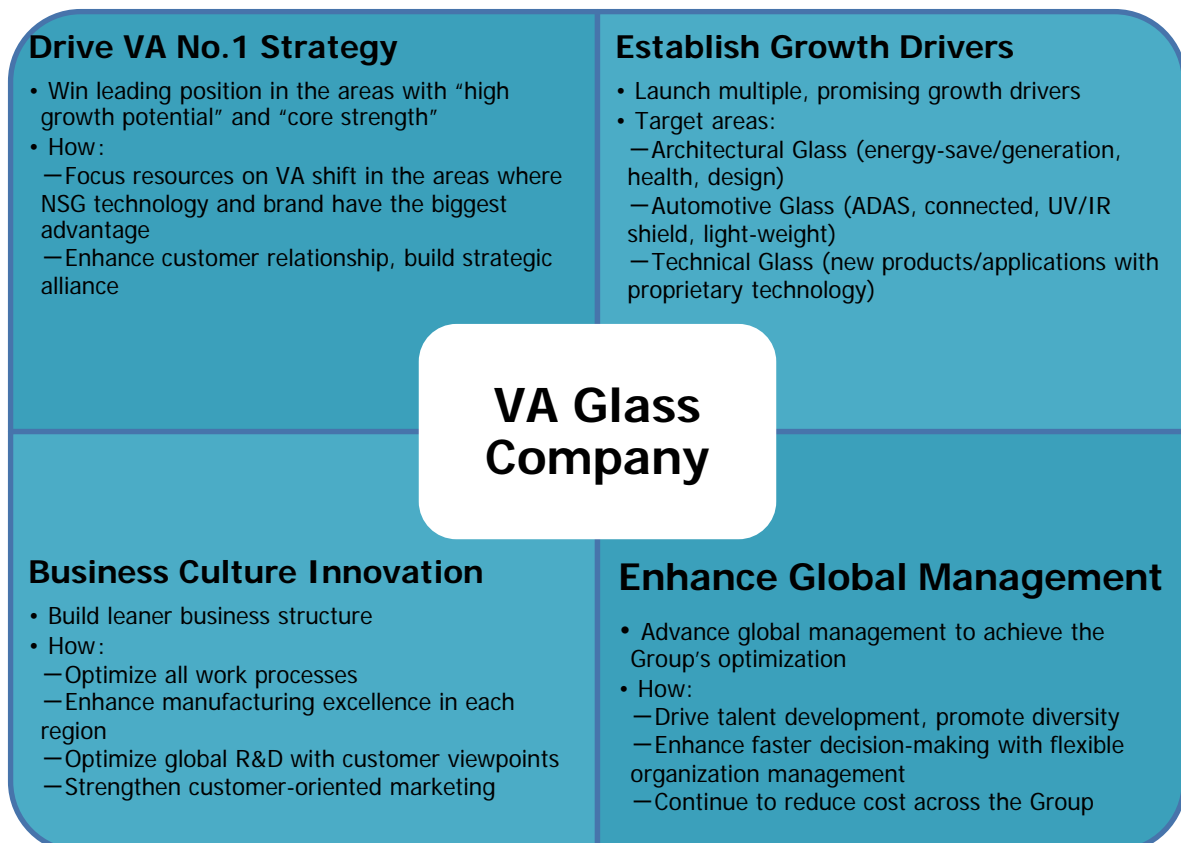
The basic approaches of MTP Phase 2 are:

- To accelerate and evolve VA strategies to build a robust profit base for sustainable growth; and
- To review each work process to develop a leaner business structure.

Specifically, the followings are the four key specific measures of MTP Phase 2:

1. **Drive VA No.1 strategy** – focus resources on the VA shift in the areas with high growth potential and NSG's core strength to aim for a leading market position
2. **Establish growth drivers** – accelerate generation of new profitable growth with focus and selection
3. **Business culture innovation** – continue to optimize each work process towards a leaner business structure
4. **Enhance global management** – advance global management to achieve the Group's optimization

Further, we issued a total of 40 billion yen Class A Shares on 31 March 2017 to help achieving financial sustainability (to be stable financially). The issuance enhanced our equity capital and will enable us to reduce finance expense and secure investment necessary to implement our VA No.1 strategy.



Performance in FY2018 and Progress of MTP Phase 2

In FY2018, which was the first year of MTP Phase2, we managed to achieve the forecasted trading profit as announced at the beginning of the term, at a different speed of progress in each business and region. Net profit fell short of the plan due to the impact of reversal of the deferred tax charge resulting from the US federal income tax rate change, but improved from the previous year. We succeeded in generating free cash flow exceeding ten billion yen as targeted in the plan formulated at the beginning of the term.

The progress of MTP Phase 2 in comparison with the targets in FY2020 is summarized below:

Return on Sales (ROS)	Target	8% or more	FY2018 actual	6.2%
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Net debt /EBITDA ratio	Target	x 3	FY2018 actual	x 4.6
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*Note : As actual results in FY2018, Return on Equity (ROE) was 4.7% and Net equity ratio was 17.0%.

We were able to increase trading profit consecutively for five years. Net profit was positive for two consecutive years and increased year on year. In light of the improved financial condition enabling us to generate profits and cash flow in a stable manner, our Board of Directors resolved to distribute dividends on common shares for the first time since that declared in relation to FY2012 at its meeting held on 11 May 2018. Going forward as well, we will continue to make it the basic policy to declare the dividends in a stable manner on the basis of our sustainable business performance. Further, after all Class A Shares have been redeemed and cancelled, while we maintain this basic policy in all respects, we will continue to use the sincere efforts to declare dividends with introduction of consolidated dividend payout ratio of 30 percent as a guide.

FY2019 Forecast and the Issues to be Addressed

The Group anticipates the global architectural and automotive glass markets to be stable overall in FY2019.

In Europe, the Group re-started a mothballed float glass manufacturing line in Italy last year to address the glass supply shortage anticipated in view of the planned cold repairs of operating float glass manufacturing lines in coming years as well as to drive the further expansion of higher-value-added products (VA products) including low iron glass. While the car production in Europe in FY2019 is expected to be broadly at the same level as previous year, we plan to increase both revenue and profit of European automotive glass business by increasing the ratio of VA product sales such as highly tolerant automotive glass for head-up displays as well as by improving our operational efficiency.

We anticipate generally flat markets for both architectural and automotive glass in Japan though the demand for architectural glass is expected to increase in the run-up to 2020 Tokyo Olympics. Our profit growth will come from the increase in VA product sales, including Spacia™.

We forecast the architectural glass market in North America will remain steady and the Group will maintain a high VA product sales ratio. There no longer will be an impact of temporary demand fluctuations in FY2019. Our Ottawa plant in the United States has recovered from the damages caused by tornado in February last year and is now back on track. The automotive glass market will either remain unchanged or may see a marginal decline while the automotive glass business of the Group is expected to benefit from the results of our continuous efforts in improving operational efficiency.

For the rest of the world, we reckon that the automotive market in Brazil will continue to show a moderate recovery going forward. We expect the architectural glass market in South East Asia to remain brisk.

In the technical glass business, trading performance of the display business is expected to improve as the commercial sale of glanova™, new thin glass for displays, would increase, and more benefit of cost reduction would also materialize. We also plan to launch new products for the market as they have developed, such as, including, mobile DNA testing equipment. PT ENTEK Separindo Asia Co (incorporated in Indonesia) , in which we equity-invested last year in order to meet the growing demand for ISS (Idling Stop and Start) battery in Asia, is expected to start supplying products during FY2019 and begin contributing to our sales.

Across the Group taken as a whole, while a mild increase of energy prices is anticipated, benefits of continuous cost saving efforts are expected to contribute to our performance improvement. Financial cost is also being reduced as envisioned in the plan and joint ventures and associated companies are expected to have improved bottom line.

Reflecting the foregoing, the Group forecasts a further improvement in operating profit and net profit for FY2019.

We consider that our challenges to be addressed by the Group are to transform our business structure into the one capable of generating stable profit while flexibly adapting to the changes in uncertainties in markets and economy, and to establish a robust profit base. To this end, we will make every effort to execute our four key measures under MTP Phase 2: drive VA No.1 strategy; establish growth drivers; business culture innovation; and enhance global management, and to drive forward transformation of our business model from a commodity and mass volume oriented type to a high-value type, namely, transformation into VA Glass Company.

Furthermore, we will be creating Business Innovation Center (BIC) as an internal organization unit in charge of and addressing the growth strategy of the Group in order to realize sustainable growth. The BIC is designed to accelerate expansion of new businesses and creation of new customer value by concentrating on development and launching of new businesses catering to the market needs in different regions.

Meanwhile, the Group will continue to focus on achieving financial sustainability as early as possible by generating cash and reducing net debt by further enhancing business profitability and by way of continuing solid management of working capital and capital expenditure.

In April 2018, the Group has entered into a long-term coated glass supply agreement with First Solar (USA), a leading

photovoltaic (PV) solution provider and then decided to increase its glass production capacity in the United States and Vietnam accordingly. We have been maintaining a good relationship with First Solar as important customer and business partner of the Group over many years. We believe this decision will significantly contribute to enhanced growth of the Group during and after MTP Phase 2.

ESG commitment

As a member of society, the Group will proactively work on initiatives aimed at realizing sustainable growth for society. Through the expansion of sales of our VA products, we will contribute to energy saving and creation while striving to reduce CO2 emissions and industrial waste in our business operations earnestly. Cultivation of people and talent development group-wide continues to be the subject of our invariable agenda. In this regard, with the belief that “the essence of our success in the business lies in the dynamism generated by diverse human resources”, the Group recently declared to pursue and implement the Inclusion and Diversity initiative as a management commitment. We will also fulfill our corporate and societal obligations as a good corporate citizen, including by rolling out and embedding of the Group Code of Ethics within the Group and through implementation of the program to secure compliance with the Supplier Code of Conduct by our suppliers as an example. Further, by and through implementation of our Environmental and Social commitments as mentioned above and also by continuously and intermittently pursuing and maintaining effective Governance system with transparency and objectivity ensured under the oversight of the Board of Directors to warrant the validity of these commitments, we will be persistently making efforts to contribute to the realization of a sustainable society.

The Group will focus on the execution of MTP Phase 2, aiming for increasing the shareholders' value.

(5) Assets and Business Results (Consolidated)

(Millions of yen, except per-share figures)

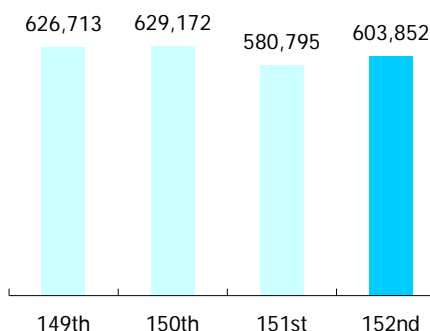
	149th (FY2015)	150th (FY2016)	151st (FY2017)	152nd (FY2018)
Revenue	626,713	629,172	580,795	603,852
Operating Profit	16,848	19,362	29,862	35,663
Profit/(loss) before taxation	4,807	(37,439)	14,751	22,177
Profit/(loss) for the period	2,893	(47,500)	7,292	7,873
Profit/(loss) Attributable to Owners of the Parent	1,668	(49,838)	5,605	6,130
Earnings/(loss) per Share Attributable to Owners of the Parent (yen)	1.85	(551.75) ^{Note 4}	62.04	47.90
Total Shareholders' Equity	175,746	103,109	124,146	134,334
Total Shareholders' Equity per Share (yen)	194.60	1,141.40 ^{Note 4}	941.76	1,033.24
Total Assets	920,106	812,120	790,192	791,882

Notes:

1. The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS). Operating Profit in the above table is operating profit before exceptional items.
2. Basic earnings per share attributable to owners of the parent 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 common 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 common shares excludes common shares purchased by the Company and held as treasury shares.
3. Total shareholders' equity per share is calculated by dividing the total shareholders' equity, after deducting the amount to be paid in for the Class A Shares and dividends related to Class A shares, by the number of common shares in issue as at the end of the financial year excluding common shares purchased by the company and held as treasury shares.
4. 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 attributable to owners of the parent and Total shareholders' equity per share in FY2016 are calculated under the assumption that this share consolidation was conducted on 1 April 2016.

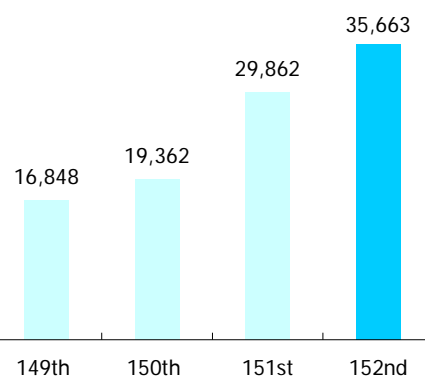
Revenue

(Millions of yen)



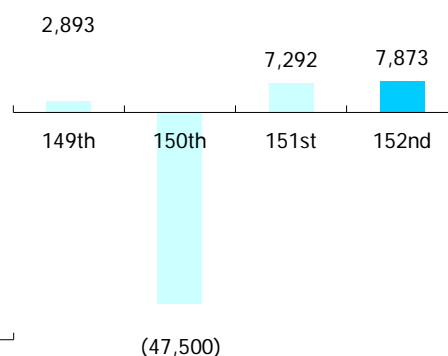
Operating profit

(Millions of yen)



Profit/(loss) for the period

(Millions of yen)



(6) Overview of Major Subsidiaries

Subsidiary undertakings	Capital stock		% Ownership	Business
Japan				
NSG Building Products Co. Limited	JPY million	350	100	Architectural
Thanx Corporation Co. Limited	JPY million	300	92.5	Architectural
Nippon Sheet Glass WIN-TEC Co. Limited	JPY million	48	99.3 (0.2)	Architectural
Europe				
Pilkington United Kingdom Limited	GBP thousand	328,483	100 (100)	Architectural
Pilkington Automotive Limited	EUR thousand	432,961	100 (100)	Automotive
Pilkington Technology Management Limited	GBP thousand	441,320	100 (100)	Architectural and Automotive
NGF Europe Limited	GBP thousand	5,400	100	Technical Glass
Pilkington Deutschland AG	EUR thousand	69,290	96.3 (96.3)	Architectural
Pilkington Automotive Deutschland GmbH	EUR thousand	18,996	100 (100)	Automotive
Pilkington Austria GmbH	EUR thousand	8,721	100 (100)	Architectural
Pilkington Norge AS	NKR thousand	5,130	100 (100)	Architectural
Pilkington Automotive Finland OY	EUR thousand	19,414	100 (100)	Automotive
Pilkington IGP Sp. z o.o.	Zloty thousand	507	100 (100)	Architectural
Pilkington Automotive Poland Sp. z o.o.	Zloty thousand	30,511	100 (100)	Automotive
Pilkington Polska Sp. z o.o.	Zloty thousand	147,340	100 (100)	Architectural
Pilkington Italia SpA	EUR thousand	112,996	100 (100)	Architectural and Automotive
NSG Holding (Europe) Limited	JPY million	420,706	100	Holding company
NSG UK Enterprises Limited	GBP thousand	1,801,478	100 (100)	Holding company
Pilkington Group Limited	GBP thousand	1,990,257	100 (100)	Holding company

(6) Overview of Major Subsidiaries (continued)

Subsidiary undertakings	Capital stock		% Ownership	Business
North America				
Pilkington North America Inc.	USD thousand	17,701	100 (100)	Architectural and Automotive
L-N Safety Glass SA de CV	Mex.Peso thousand	175,155	100 (100)	Automotive
Rest of the world				
Vidrieria Argentina S.A.	Arg.Peso thousand	178,000	51.0 (51.0)	Architectural
Vidrios Lirquén S.A.	Chi.Peso thousand	27,443,983	51.6 (51.6)	Architectural
Pilkington Automotive Argentina S.A.	Arg.Peso thousand	373,555	100 (100)	Automotive
Pilkington Brasil Limitada	Real thousand	333,008	100 (100)	Architectural and Automotive
Guilin Pilkington Safety Glass Co. Limited	RMB thousand	100,000	100 (100)	Automotive
Suzhou NSG Electronics Co. Limited	RMB thousand	371,689	100	Technical Glass
NSG Hong Kong Co. Limited	HKD thousand	800	100 (100)	Technical Glass
Malaysian Sheet Glass Sdn. Bhd.	MYR thousand	81,151	100	Architectural and Automotive
Vietnam Float Glass Co. Limited	VND billion	512	55.0	Architectural
NSG Vietnam Glass Industries Limited	USD thousand	148,575	100 (100)	Architectural and Technical Glass

Note: The % Ownership above in parentheses stands for the percentage owned indirectly through the Company's subsidiary/subsidiaries.

(7) Main Offices and Plants

The Company	Head Offices	Tokyo head office (Tokyo); Osaka head office (Osaka)
	Branch Offices	Toyota branch office (Aichi); Hiroshima branch office (Hiroshima)
	Plants	Chiba plant (Chiba); Sagami-hara plant (Kanagawa); Yokkaichi plant (Mie); Tsu plant (Mie); Tarui plant (Gifu); Kyoto plant (Kyoto); Maizuru plant (Kyoto)
Major Subsidiaries	Japan	NSG Building Products Co. Limited (Chiba), Thanx Corporation Co. Limited (Tokyo), Nippon Sheet Glass WIN-TEC Co. Limited (Osaka-shi),
	Europe	Pilkington United Kingdom Limited (UK) Pilkington Automotive Limited (UK) Pilkington Technology Management Limited (UK) NGF Europe Limited (UK) Pilkington Deutschland AG (Germany) Pilkington Automotive Deutschland GmbH (Germany) Pilkington Austria GmbH (Austria) Pilkington Norge AS (Norway) Pilkington Automotive Finland OY (Finland) Pilkington IGP Sp. z o.o. (Poland) Pilkington Automotive Poland Sp. z o.o. (Poland) Pilkington Polska Sp. z o.o. (Poland) Pilkington Italia SpA (Italy) NSG Holding (Europe) Limited (UK) NSG UK Enterprises Limited (UK) Pilkington Group Limited (UK)
	North America	Pilkington North America Inc. (USA) L-N Safety Glass SA de CV (Mexico)
	Rest of the World	Vidrieria Argentina S.A. (Argentina) Vidrios Lirquén S.A. (Chile) Pilkington Automotive Argentina S.A. (Argentina) Pilkington Brasil Limitada (Brazil) Guilin Pilkington Safety Glass Co. Limited (China) Suzhou NSG Electronics Co. Limited (China) NSG Hong Kong Co. Limited (China) Malaysian Sheet Glass Sdn. Bhd. (Malaysia) Vietnam Float Glass Co. Limited (Vietnam) NSG Vietnam Glass Industries Limited (Vietnam)

(8) Permanent Employees

Segments	Number of employees (Consolidated)
Architectural	8,982
Automotive	15,488
Technical Glass	1,315
Other	1,172
Total	26,957 (up by 7 year on year)

Note: The table above doesn't include the number of temporary employees.

(9) Main Lenders

Lenders	Amount (Millions of yen)
Sumitomo Mitsui Banking Corporation	89,518
Development Bank of Japan	39,350
Sumitomo Mitsui Trust Bank, Limited.	34,285
Mizuho Bank, Ltd.	30,480
The Bank of Tokyo-Mitsubishi UFJ, Ltd. (Currently MUFG Bank, Ltd.)	14,145
Aozora Bank, Ltd.	12,380
Mitsubishi UFJ Trust and Banking Corporation	11,076
Shinsei Bank, Limited	11,000
International Finance Corporation (IFC)	10,638
The Norinchukin Bank	10,000
The Mie Bank, Ltd.	10,000

Note: The figures shown in the above table include the amount borrowed from those lenders as parties to syndicated loan agreements.

2. Matters Related to the Shares

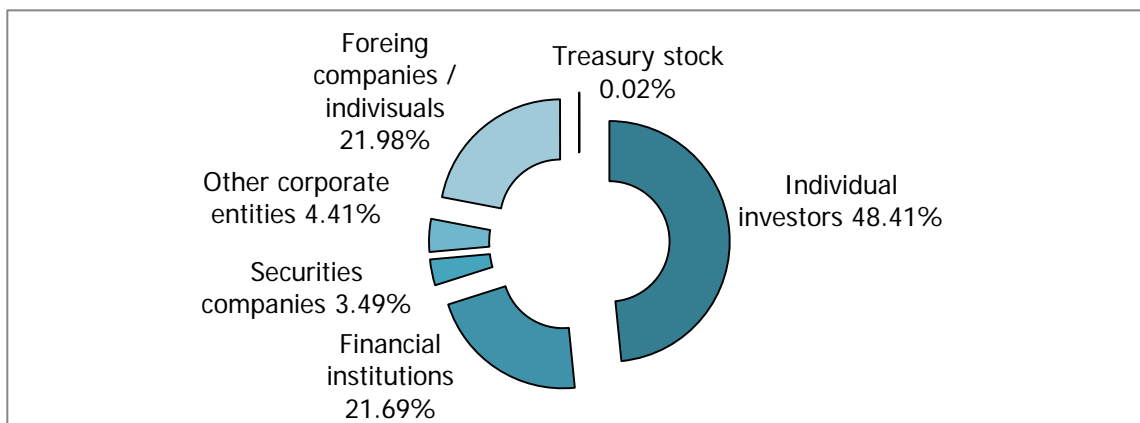
(1) Authorized Number of Shares to be Issued and Authorized Number of Shares to be Issued by Class:			
(a) Authorized Number of Shares to be Issued			177,500,000 shares
(b) Authorized Number of Shares to be Issued by Class	Common Shares		177,500,000 shares
	Class A Shares		40,000 shares
(2) Total Number of Shares Issued:			
	Common Shares		90,487,499 shares
		(Shares held as treasury:	14,465 shares)
	Class A Shares		40,000 shares
(3) Number of Shareholders:			
	Common Shares		59,893
	Class A Shares		3

(4) Top 10 Shareholders

Shareholders	Number of Shares (common share)	Percentage of Shares
The Master Trust Bank of Japan, Ltd. (Trust Account)	4,270,800	4.71
Japan Trustee Services Bank, Ltd. (Trust Account)	3,944,600	4.35
JUNIPER	2,168,800	2.39
Japan Trustee Services Bank, Ltd. (Trust Account 5)	1,930,600	2.13
STATE STREET LONDON CARE OF STATE STREET BANK AND TRUST, BOSTON SSBTC A/C UK LONDON BRANCH CLIENTS – UNITED KINGDOM	1,915,700	2.11
DFA INTL SMALL CAP VALUE PORTFOLIO	1,524,480	1.68
Japan Trustee Services Bank, Ltd. (Trust Account 1)	1,421,000	1.57
Japan Trustee Services Bank, Ltd. (Trust Account 2)	1,356,200	1.49
JP MORGAN CHASE BANK 385151	1,216,159	1.34
GOLDMAN SACHS INTERNATIONAL	1,122,603	1.24

Note: Where the percentage of shares is calculated, treasury shares are excluded from the total number of issued shares and it has been rounded down to the second decimal.

■Distribution of NSG Group Shareholders of common shares



■Shareholders of Class A Shares

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

3. Policy on Return of Our Profits to Shareholders

The Group's dividend policy is to secure dividend payments based on sustainable business results. Regrettably, however, the Company has been unable to pay dividends to its common shareholders since FY2013. After considering overall factors including continued improvement in profitability and positive future prospects, the Company's Board of Directors resolved to distribute ordinary dividend of JPY20 per common share at the record date of 31 March 2018, and also to distribute the amount of dividends for Class A Shares as may become necessary. Once and after all Class A Shares have been redeemed and cancelled, while the Group maintains this basic policy in all respects, the Group will continue to use the sincere efforts to declare dividends with introduction of consolidated dividend payout ratio of 30 percent as a guide.

4. Matters Related to the Stock Acquisition Rights, etc

(1) Stock Acquisition Rights (Stock Options) Owned by Directors and Executive Officers as of the End of the Fiscal Year

Category	Name	Issue Price	Exercise Price	Exercise Period	No. of Stock Acquisition Rights	Type and Number of Shares to be Issued with the Exercise of Stock Acquisition Rights	No. of Holders
Directors (excluding External Directors) and Executive Officers	Stock acquisition rights issued in Sep. 2008 (Stock- compensation type)	¥ 4,975.1 per share	¥ 1 per share	From 28 Sep 2008 to 27 Sep 2038	26	2,600 Common shares (100 Common shares per right)	2
	Stock acquisition rights issued in Sep. 2009 (Stock- compensation type)	¥ 2,551.2 per share	¥ 1 per share	From 1 Oct 2009 to 30 Sep 2039	52	5,200 Common shares (100 Common shares per right)	2
	Stock acquisition rights issued in Sep. 2010 (Stock- compensation type)	¥ 1,394.2 per share	¥ 1 per share	From 1 Oct 2010 to 30 Sep 2040	44	4,400 Common shares (100 Common shares per right)	2
	Stock acquisition rights issued in Oct. 2011 (Stock- compensation type)	¥ 1,262.8 per share	¥ 1 per share	From 15 Oct 2011 to 14 Oct 2041	72	7,200 Common shares (100 Common shares per right)	2
	Stock acquisition rights issued in Sep. 2012 (Stock- compensation type)	¥ 214.3 per share	¥ 1 per share	From 29 Sep 2012 to 28 Sep 2042	314	31,400 Common shares (100 Common shares per right)	4
	Stock acquisition rights issued in Oct. 2013 (Stock- compensation type)	¥ 882.8 per share	¥ 1 per share	From 16 Oct 2013 to 15 Oct 2043	424	42,400 Common shares (100 Common shares per right)	4
	Stock acquisition rights issued in Sep. 2014 (Stock- compensation type)	¥ 900.9 per share	¥ 1 per share	From 1 Oct 2014 to 30 Sep 2044	264	26,400 Common shares (100 Common shares per right)	4
	Stock acquisition rights issued in Sep. 2015 (Stock- compensation type)	¥ 749.6 per share	¥ 1 per share	From 1 Oct 2015 to 30 Sep 2045	391	39,100 Common shares (100 Common shares per right)	4
	Stock acquisition rights issued in Oct. 2016 (Stock- compensation type)	¥ 656.29 per share	¥ 1 per share	From 15 Oct 2016 to 14 Oct 2046	576	57,600 Common shares (100 Common shares per right)	4
	Stock acquisition rights issued in Sep. 2017 (Stock- compensation type)	¥ 775.06 per share	¥ 1 per share	From 30 Sep 2017 to 29 Sep 2047	664	66,400 Common shares (100 Common shares per right)	5
Total	—	—	—	—	2,827	282,700 Common shares	5

(2) Stock Acquisition Rights (Stock Options) Issued to Corporate Officers during the Fiscal Year

Category	Name	Issue Price	Exercise Price	Exercise Period	No. of Stock Acquisition Rights	Type and Number of Shares to be Issued with the Exercise of Stock Acquisition Rights	No. of Holders
Corporate Officers	Stock acquisition rights issued in Sep. 2017 (Stock- compensation type)	¥ 775,06 per share	¥ 1 per share	From 30 Sep 2017 to 29 Sep 2047	253	25,300 Common shares (100 Common shares per right)	3

5. Matters Related to Directors and Executive Officers

(1) Name etc. of Directors and Executive Officers

A) Directors

Name	Non-executive position		Material concurrent office
Günter Zorn	Director, Chairman of the Board	A member of Compensation Committee, Nomination Committee and Audit Committee	➤ Representative Director/President, Z-ANSHIN K.K.
Toshikuni Yamazaki	Director	Chairman of Audit Committee, and a member of Nomination Committee and Compensation Committee	➤ Representative Director/President, Ryugasaki Country Club
Yasuyuki Kimoto	Director	Chairman of Compensation Committee, and a member of Nomination Committee and Audit Committee	➤ Special Adviser, The Japan Research Institute, Limited ➤ External Auditor, DMG Mori Co., Ltd.
Masatoshi Matsuzaki	Director	Chairman of Nomination Committee, and a member of Audit Committee and Compensation Committee	➤ Director and Chairman of the Board, Konica Minolta, Inc. ➤ External Director, Ichigo Inc. ➤ External Director, Nomura Research Institute, Ltd.
Yuji Takei	Director	—	➤ Director, Chief Operating Officer and Head of Investment, Japan Industrial Solutions Co., Ltd.
Shigeki Mori	Director	A member of Nomination Committee and Compensation Committee	—
Clemens Miller	Director	—	—
Kenichi Morooka	Director	—	—

Notes:

- Messrs. Günter Zorn, Toshikuni Yamazaki, Yasuyuki Kimoto, Masatoshi Matsuzaki and Yuji Takei are External Directors as stipulated in Article 2.15 of the Companies Act. All of them except Mr. Yuji Takei have been notified to Tokyo Stock Exchange (hereinafter called "TSE") as Independent Directors. In addition to such criteria set by TSE, the Company has on its own created and applied more stringent criteria with respect to such independency of directors considering their relationships with the Group itself, Group's directors and/or Group's major shareholders, which four External Directors also meet. For the details of such criteria, please see page 13.
- Mr. Toshikuni Yamazaki, Chairman of Audit Committee, has specialized knowledge particularly on finance and accounting to a respectable degree with his career of Representative Director, Executive Vice President (in charge of finance, investor relations and accounting) of the major international manufacturing company.
- We have no full-time Audit Committee member appointed for the time being, given mainly that as a company with three committees, our Audit Committee has conducted and implemented its audit in an organizational manner including by liaising with the external Accounting Auditor, Group Internal Audit and other internal control functions of the Company. We have also appointed and made available certain employees as dedicated Support Staffs of Audit Committee and they report to and provide necessary information to/for Audit Committee.

B) Executive Officers

Name	Executive position		Material concurrent office
Shigeki Mori	Representative Executive Officer	President and CEO	—
Clemens Miller	Representative Executive Officer	Executive Vice President and COO	—
Kenichi Morooka	Representative Executive Officer	Executive Vice President and CFO	—
Shirley Anderson	Executive Officer	Chief Human Resources Officer (CHRO)	—
Tony Fradgley	Executive Officer	Head of Automotive AGR SBU and Head of Automotive OE SBU	—
Koichi Hiyoshi	Executive Officer	Chief Legal Officer (CLO) and Company Secretary	—
Hiroshi Kishimoto	Executive Officer	Chief Corporate Planning Officer (CCPO)	—
Hiroshi Nishikawa	Executive Officer	Head of Technical Glass SBU	—
Jochen Settelmayer	Executive Officer	Head of Architectural Glass SBU	—

Note: The following personal changes have been done in the Company as of 1 April 2018.

Name	Executive position		Material concurrent office
Phil Wilkinson	Executive Officer (Newly appointed)	Chief Information Officer (CIO) and Global Head of Automotive AGR SBU	—

(2) Compensation for Directors and Executive Officers

A) Principles of Compensation for Directors, and Executive Officers

(i) Organization & Responsibilities

The Compensation Committee was established following the 142nd Ordinary General Meeting of Shareholders in June 2008. Its current membership consists of the four External Directors of NSG Group, and one Director who concurrently serves as Representative Executive Officer. The current chairman is Mr. Yasuyuki Kimoto, an External Director. No member of the Committee is allowed to be present when matters relating to his specific compensation are being discussed. The Committee is supported by a secretariat from the Human Resources function and may use information from specialist external advisers when necessary. In addition, such member(s) of the Legal and Company Secretarial department as the Committee approves of acts as in-house legal adviser for any legal aspects or matters. During the year 2017/18, the Committee met on four occasions.

The Committee is responsible for:

- Determining the policy on individual compensation and other perquisites payable to the Directors and Executive Officers of the Company
- Determining individual compensation and other perquisites payable to the Directors and Executive Officers of the Company.

The Committee may also give recommendation or advice to the Representative Executive Officer, President and CEO

on the policies and details with respect to compensation for the Group's senior management other than Directors and Executive Officers, keeping a consistency with the policy of (ii) below.

(ii) Compensation Policy for Executive Officers

NSG Group is a global business, operating in around 30 countries worldwide. The objectives of the compensation policy are to ensure that packages of employment terms and conditions are market competitive and designed in such a way as to attract, retain and motivate Executive Officers of the highest calibre on a worldwide basis in an international business.

The policy aims to ensure that each individual's basic salary and incentives are aligned with the performance of the Group and the interests of shareholders as well as reflecting the commitment and achievements of the individuals concerned. While some of the elements of the packages of the Executive Officers will vary depending on the market conditions in the countries in which they are directly employed, annual bonus and long-term incentive plans follow a global policy and are structured, designed and co-ordinated at Group level.

Salary and benefit packages are set at market competitive levels and annual performance-related payments are assessed against the achievement of key targets which are mainly financial.

The salaries of Executive Officers are reviewed annually. The policy is to broadly align salaries with market medians for a global business. In determining what are the appropriate market rates, account is taken of turnover, market capitalization and the complexity and breadth of internationalization. In reviewing salaries, account is also taken of the scope and responsibilities of the role, the performance of the individual, the progress the Company is making against its targets and plans and of salary increases planned for other managers.

Each Executive Officer participates in an annual performance-related incentive scheme. The Committee establishes the performance criteria and sets the appropriate bonus parameters. The incentive plans are based on challenging financial performance targets relating to the annual budget which is approved by the Board. The financial performance targets are clearly aligned to the overall medium term strategy of the Group.

Performance measures for the FY2018 and FY2019 annual incentive plans for Executive Officers include the following:

Elements	Weight (%)	
	CEO, COO and CFO	Other Executive Officers
Group Management Operating Profit	50	25
Group Free Cash Flow	50	25
Global SBU* Management Operating Profit	—	25
Global SBU* Cash from Operations	—	25

*Note: SBU means each "Strategic Business Unit" of the Group

No bonus is paid to the Executive Officers if a minimum entry level of performance is not achieved. This minimum entry level is set and approved by the Committee to ensure that the business is meeting the minimum standard of financial performance. The annual bonus potential payment levels for Executive Officers range between 0 and 125 percent against each individual's basic salary dependent upon the management grade.

Each Executive Officer may be invited to participate in a Long Term Incentive Plan (LTIP). These plans are designed to reward the achievement of the Group's longer term objectives over a three year period. An LTIP may be issued

annually. Therefore at any point in time there may be up to three overlapping plans in operation. The performance criteria for these plans are in the main financial measures.

The performance measure used in the plans that are in operation for, FY2016, FY2017 and FY2018 is currently an Aggregate Earnings Per Share Measure. No payment is made if the entry point is not met. Payments from these plans are in cash. In order to align Executive Officers with shareholders, cash payments earned from these plans are factored up or down according to the share price movement during each three year plan period. The long term incentive plan's payment levels for Executive Officers range between 0 and 150 percent against each individual's base salary dependent upon the management grade.

Effective from FY2017, Malus (ability for the value of the award to be reduced after it has been granted but before it has vested) and Clawback clauses (ability for the Group to require the participant to repay the value they receive after the award has vested) were introduced to all Long Term Incentive Plans. The Group can exercise these provisions if one of a list of trigger events occurs. Trigger events include the Misstatement of results, an error that causes an award to be paid at too high a level, a serious illegal act, or a material breach of the Groups Code of Ethics.

The Long Term Incentive Plan starting from 2014 requires Executive Officers and other eligible participants to mandatorily invest 50 percent of any cash LTIP proceeds to purchase ordinary NSG shares. The mandatory investment leads to further alignment of the Executive Officers with shareholders, allowing Executive Officers to enjoy the benefits of share ownership and continue to be motivated to help build shareholder value. The mandatory investment in shares applies to all eligible participants including Executive Officers who are non-resident in Japan.

Share retention and alignment with shareholders is further achieved by the use of shareholding targets. Shareholding targets are set for each Executive Officer and are expressed as a percentage of basic salary. It is expected that over a period of time via the LTIP Executive Officers will build their shareholding to meet the targets. Assessment of progress towards the shareholding targets will be reviewed annually. The shareholding target for Executive Officers is currently between 50 and 100 percent of basic salary dependent upon the management grade. The target levels will continue to be reviewed by the Compensation Committee in line with market practice.

(iii) Compensation Policy for Independent External Directors

The role of Independent External Directors is to supervise all Group business from their independent and objective standpoint as well as to engage in the material decision-makings as members of the Board of Directors. In order for them to fulfil this role adequately and effectively, and for the Group to retain individuals with the capability and experience required, the appropriate compensation level of Independent External is set based on comparisons with other companies using benchmark data provided by specialist external advisers.

Independent External Directors receive fees for the performance of their duties. They are not eligible for performance-related bonuses or awards under long-term incentive plans.

Independent External Directors receive additional reward if they act as Chair at either the Board or any of the Committees.

Meanwhile in the case that a Non Independent External Director is elected, such Non Independent External Director will receive the level of compensation adequate for his/her duties in a way commensurate with the duties

discharged by Independent External Directors including in terms of whether or not to be appointed as member of any of three Committees and so forth. Also, as with Independent External Directors, Non Independent External Directors are not eligible for performance-related bonuses or awards under long-term incentive plans.

B) Amount of Compensation for Directors and Executive Officers

(i) Amount of Compensation for Directors and Executive Officers Paid by the Company

Category	Headcount	Compensation (millions of yen)		
		Basic Salary	Incentive Plan	Other Benefits
Directors who do not concurrently serve as Executive Officers (External Directors)	5	69	-	-
Executive Officers	6	179	139	73

Notes:

1. In addition to the amounts shown in this table paid directly by the Company to certain Executive Officers, there were additional amounts paid to the other Executive Officers by subsidiaries of the Company, and these are shown in a separate table (ii) below. Payments to Executive Officers, as shown in this table, consist of; Basic Salary, Incentive Plan and Other benefits for the six Executive Officers.
2. Amounts shown relate to the periods for which the office of Director and Executive Officer was held.
3. The data for Executive Officers includes those who retired at the time of close of the Board of Directors' meeting after the end of 151st Ordinary General Meeting of Shareholders.
4. The amount shown as Incentive Plan payments in this table is the total amount to be paid to five eligible Executive Officers with respect to the Annual Bonus for the year from April 2017 to March 2018 and payments associated with the Long Term Incentive Plan covering the three financial years from April 2015 to March 2018, for which six Executive Officers are eligible. These amounts will be paid to the Executives in the financial year commencing April 2018.
5. Other Benefits for Executive Officers include an amount of 52 million yen for Stock Options awarded to five Executive Officers, which are the Stock Compensation-type Stock Options introduced as a retirement saving plan in association with the abolishment of director's retirement allowance scheme in 2007 under Japanese employment terms.
6. Other Benefits include pension fund contributions, healthcare provision and accommodation costs and so forth.

(ii) Amount of Compensation for Executive Officers Paid by Subsidiaries

Category	Headcount	Compensation (millions of yen)		
		Basic salary	Incentive Plan	Other Benefits
Executive Officers	4	181	129	24

Notes:

1. The amounts shown relate to all compensation paid or to be paid to Clemens Miller, Shirley Anderson, Tony Fradgley and Jochen Settlemayer as Executive Officers.
2. The amount shown as Incentive Plan payment in the table are the payments associated with the Annual Bonus for the year from April 2017 to March 2018 and with the Long Term Incentive Plan covering the three financial years from April 2015 to March 2018. The amount will be paid to the Executives in the financial years commencing April 2018.
3. Other Benefits include pension fund contributions, healthcare provision, transport costs.
4. Where amounts in UK sterling and EURO have been converted to Japanese Yen this has been translated at an average exchange rate for the year of GBP1: 147JPY and EUR1: 130.1JPY respectively.

(3) Matters related to External Directors

A) Material Concurrent Office of External Directors (in case that the External director has also executive positions such as an Executive Director and Executive Officer or is an External Director or Auditor of other organizations)

Name	Concurrent Position
Günter Zorn	➤ Representative Director/President, Z-ANSHIN K.K.
Toshikuni Yamazaki	➤ Representative Director/President, Ryugasaki Country Club
Yasuyuki Kimoto	➤ Special Adviser, The Japan Research Institute, Limited ➤ External Auditor, DMG Mori Co., Ltd.
Masatoshi Matsuzaki	➤ Director and Chairman of the Board, Konica Minolta, Inc. ➤ External Director, Ichigo Inc. ➤ External Director, Nomura Research Institute, Ltd.
Yuji Takei	➤ Director, Chief Operating Officer and Head of Investment, Japan Industrial Solutions Co., Ltd.

Notes: Japan Industrial Solutions Co., Ltd., where Mr. Yuji Takei retains such concurrent position, is the general partner of Japan Industrial Solutions Fund II., one of Investment LPS to which Class A Shares are issued. In relation to all other External Directors we have no special relationship in business with any of the companies listed above as those where they have such concurrent offices..

B) Major Activities of External Directors during Fiscal Year

Name	Major Activities
Günter Zorn	Attended all 10 Board of Directors meetings, all five Nomination Committee meeting, all 11 Audit Committee meetings, and all four Compensation Committee meetings held during the fiscal year under review, and made statements as necessary mainly from a specialized viewpoint of an experienced business manager.
Toshikuni Yamazaki	Attended all 10 Board of Directors meetings, all five Nomination Committee meeting, all 11 Audit Committee meetings, and all four Compensation Committee meetings held during the fiscal year under review, and made statements as necessary mainly from a specialized viewpoint of an experienced business manager.
Yasuyuki Kimoto	Attended all 10 Board of Directors meetings, all five Nomination Committee meeting, 10 of 11 Audit Committee meetings, and all four Compensation Committee meetings held during the fiscal year under review, and made statements as necessary mainly from a specialized viewpoint of an experienced business manager.
Masatoshi Matsuzaki	Attended all 10 Board of Directors meetings, all five Nomination Committee meeting, all 11 Audit Committee meetings, and all four Compensation Committee meetings held during the fiscal year under review, and made statements as necessary mainly from a specialized viewpoint of an experienced business manager.
Yuji Takei	Attended all 10 Board of Directors meetings held during the fiscal year under review, and made statements as necessary mainly from a specialized viewpoint of an experienced business manager.

C) Outline of an Agreement on Liability Limitation

An agreement is concluded between the Company and each of the External Directors, to the effect that the liability of each of the External Directors in performing their duties in good faith and without gross negligence be limited to the amount as permissible by law.

6. Accounting Auditor

(1) Name of Accounting Auditor

Ernst & Young ShinNihon LLC

(2) Fees, etc., to Accounting Auditor with respect to the Fiscal Year

Fees, etc., to Accounting Auditor with respect to the fiscal year under review	¥ 133 million
Monetary and/or other property benefits payable by the Company and its subsidiaries to Accounting Auditor	¥ 133 million

Notes:

1. The audit contract between the Company and the Accounting Auditor does not differentiate fees related to auditing as Accounting Auditor pursuant to the Companies Act and fees related to auditing pursuant to the Financial Instruments and Exchange Act. It is not practically possible to differentiate them, either. As such, the Fees, etc., to Accounting Auditor for the fiscal year in the above table are the combined sum for these services.
2. Ernst & Young are the Group companies' principal auditors.

(3) The Reason why Audit Committee Consented to the Fees, etc. to the Accounting Auditor

Audit Committee consented to the fees, etc. to the Accounting Auditor as set forth in Article 399.1 of the Companies Act as a result of reviewing their audit plan, last year's performance, rationale of fee estimate and so forth by pulling together the necessary documents and hearing from the Executive Officers, relevant departments and Accounting Auditor themselves.

(4) Policies on Dismissal or Non-reappointment of Accounting Auditor

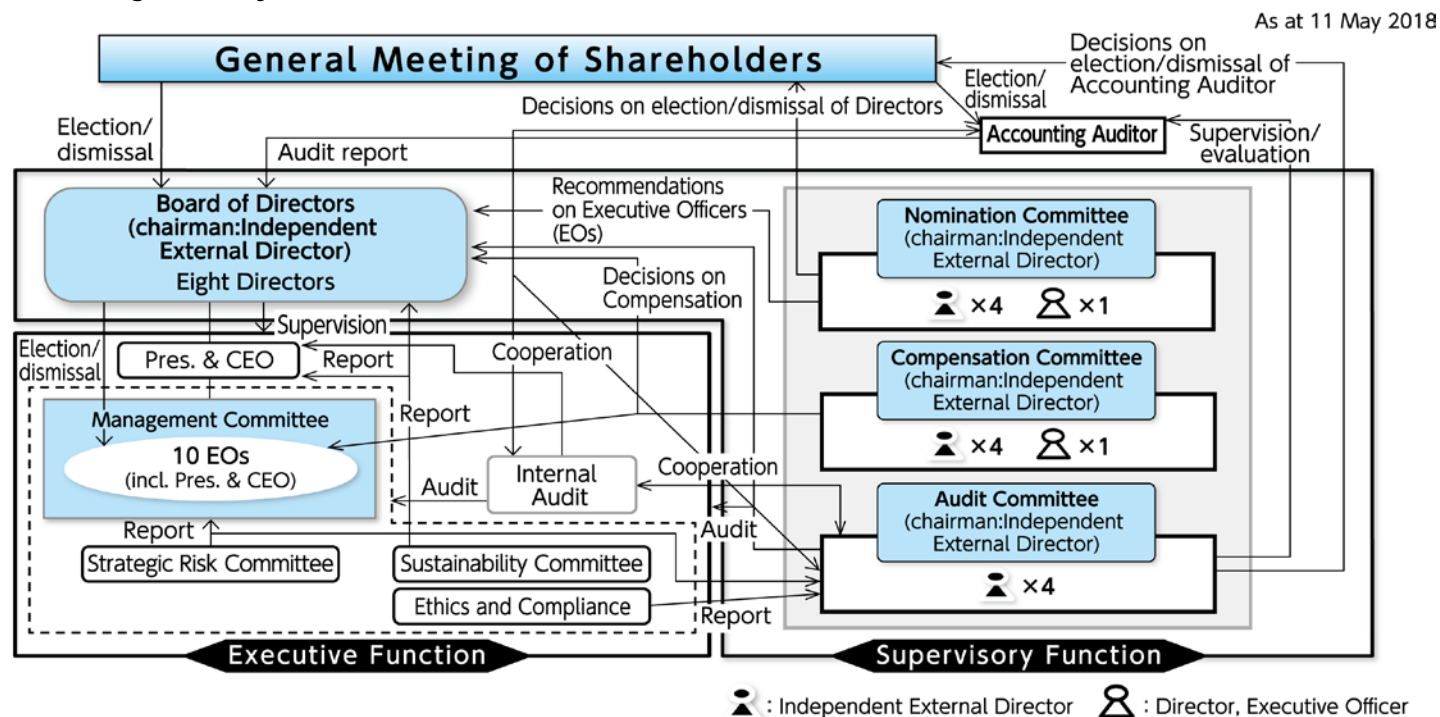
In addition to the dismissal of the Accounting Auditor by the Audit Committee where the Accounting Auditor is considered to fall into any of the causes described in Article 340.1 of the Companies Act, the Audit Committee shall, as a matter of principle, propose an agenda for dismissal or non-reappointment of the Accounting Auditor to the General Meeting of Shareholders when the Audit Committee considers that it would be difficult to the Accounting Auditor to perform its duties properly, due to violation of law by the Accounting Auditor or other matters impairing the eligibility or independence as Accounting Auditor.

7. Status of Corporate Governance

(1) Policy and Structure

The Group adopts a company with three committees structure, under which we intend and seek to introduce additional safeguards for shareholders, increase the transparency of management, and enhance corporate governance by separating the functions of execution and oversight, with the role of the Independent External Directors strengthened. NSG Group established the “NSG Group Corporate Governance Guidelines” supporting the Principles of the TSE Corporate Governance Code. These Guidelines provide the basic principles and framework of the corporate governance for the Group to enhance its corporate values in a sustainable manner, on a medium-to-long term basis, and thus increasing the common value of the Group for our various stakeholders including our shareholders.

(2) Management System



- **Board of Directors** decides or approves matters delegated to it by resolution of the General Meeting of Shareholders as well as especially important matters on the execution of the Company’s business, in addition to the matters provided by laws and ordinances or by the Articles of Incorporation, and supervises the execution of duties by Directors and Executive Officers.
- **Nomination Committee** decides the details of the agenda items on appointment and removal of Directors to be submitted to the General Meeting of Shareholders, supervise succession plans for President, CEO and other important offices, and give recommendation or advice on candidates for Executive Officers to the Board of Directors.
- **Audit Committee** conducts audits of the execution of duties by Directors and Executive Officers, prepares audit reports, and decides the details of agenda items on the appointment and removal of Accounting Auditor, as well as their non-reappointment.
- **Compensation Committee** makes decisions on principles with respect to determination on compensations for Directors and Executive Officers, and thereunder individual compensations of Directors and Executive Officers.
- **Management Committee** guides management operations of the Group and monitor implementation of development of such management operations.

(3) Systems to Ensure Execution of Duties by Executive Officers are Compliant with Laws and Articles of Incorporation and to Secure Appropriateness of Operations, etc.

1. System for ensuring that the performance of duties by Executive Officers and employees of the Company, and directors, statutory auditors and employees of the subsidiaries of the Company (collectively referred to as the "Group Employees") complies with laws, regulations, and the Articles of Incorporation

- On the basis and strength of the Values and Principles, the NSG Group (the "Group") aims to ensure high levels of ethics and compliance throughout the Group in conducting businesses, proactively fulfilling its social responsibilities for the sustainable growth
- Under the Values and Principles, the Group establishes the "NSG Group Code of Ethics" providing business ethics and compliance with laws/ regulations/ internal policies and procedures, and uses its internal communication network to continually disseminate and provide educational training about the contents of the Code of Ethics for the Group Employees, together with other important internal policies and procedures of the Group (e.g. Group Policies, procedures or manuals).
- Each Strategic Business Unit ("SBU") and function in charge of securing compliance with the relevant laws and regulations, will monitor such compliance status in coordination with Internal Audit function, and also report it to the Audit Committee.
- The Group establishes a Group central function responsible for developing and maintaining the effective framework of ethics and compliance throughout the Group (hereinafter generally referred to as "Ethics and Compliance Function").
- Ethics and Compliance Function will, throughout the Group, :-
 - work closely with regional team in charge of ethics and compliance matters to promote and ensure compliance by adherence to strict standards and to promote ethics and compliance awareness through communication and training programs; and
 - as it may deem necessary, conduct audits in cooperation with Internal Audit function and other Internal Control Functions.
- Ethics and Compliance Function will also report to the Audit Committee.
- The Group establishes a global reporting of concerns hotline not subject to usual reporting structure for execution of the businesses ("hotline"), which enables the Group Employees to voice any ethics and compliance related issues through an independent external vendor as points of contact; whereby the Group ensures the framework under which it is able to promptly detect and address any such issues.
- Ethics and Compliance Function shall, periodically or from time to time as appropriate, update the Audit Committee on the status of the implementation and operation of the hotline as well as on the issues brought from the hotline.
- The Group Employees can make a report via the hotline with anonymity where legally allowed, and the Group must explicitly guarantee that no retaliation or unfavorable personnel treatment will be taken against the Group Employees in question for reason of the report.

2. Rules relating to the management of the risk of loss and other relevant risk management system with respect to the Group

- The Group establishes internal policies and procedures to adequately address various risks associated with its business operations and identify and manage all possible risks in a holistic way throughout the enterprise that it could be exposed to. For effective facilitation of the overall enterprise risk management, the Group constitutes the Strategic Risk Committee which is to be led by a representative executive officer of the Company and reports to the Management Committee and the Audit Committee, with its assigned responsibilities to conducts a review of the status regularly of identification, evaluation and remediation of the major risks identified.
- The Group establishes internal policies and procedures that clearly define how to treat specific risks associated with such as ethics and compliance, environment, safety, disaster management, product quality, information security, funding, raw material procurement, research and development and credit control, and each SBU and function shall manage such risks in their respective areas of responsibility according to these internal policies and procedures.
- The Group shall make sure that Ethics and Compliance Function manages and controls significant ethics and compliance-related risks including by preparation of adequate internal policies and procedures, in cooperation with Internal Control Functions including Legal and Internal Audit function.
- Risk control measures will be managed and taken, as necessary, including risk diversification and insurance on a group basis. In particular the Group establishes the internal policy on group insurance and takes out and renews

global insurance programme annually thereby aiming to secure adequate transfer of material risks of the Group.

- The Group develops and has in place policies and procedures to prepare against and deal with major incidents for risk management purposes that may occur globally or regionally.
- The Group establishes the control system to ensure the integrity of its financial reporting as well as the appropriateness and timeliness of other corporate disclosures.

3. System for retaining and managing information pertaining to Executive Officers' performance of duties

- Executive Officers properly retain and manage documents, records and any other information regarding their performance of duties in accordance with the applicable laws and internal policies and procedures.

4. System for ensuring effective and efficient performance of duties by the Group's Employees

- The Group formulates an annual business targets for the Group based upon its medium to long-term business plans resolved by the Board. Also it clearly communicates the targets throughout the whole organization to ensure that all Group businesses are managed and coordinated in a consistent manner.
- The Board authorizes the Executive officers to make decisions on the business and affairs of the Group Board within the remit permitted by law.
- The Group establishes the Management Committee comprising the Executive Officers as its core member. Discussions and deliberations at the meetings thereof will be of assistance for the Executive Officers to make bold and prompt decisions on the Group businesses in an effective and efficient way, under the framework of the Group's basic policies and goals set by the Board.
- The Group clearly defines the area of duties and responsibilities assigned to respective Executive Officers and other Group Employees pursuant to the resolutions by the Board and those internal policies and procedures providing for allocation of role/duties and authorities.
- The Group prepares for internal policies and procedures in relation to various internal meeting or conference structures within the Group including in relation to Management Committee and ensures that all business decisions for the Group be made in manner complied with the standards and process for deliberation provided in such policies and procedures.
- The Group develops and maintains information systems that improve the efficiency of business operations.

5. Reporting-line structure within the Group

- The reporting-line structure will be built up and maintained within the Group for each and every SBU and function formed on a group-wide basis.
- The Group formulates the internal policy with respect to the management of the Company's subsidiaries which ensures each material subsidiary to notify the Company regularly of the matters relevant to it regarding: internal audit, finance, treasury, taxation, human resources, labor relations, pensions, health and safety, investor relations, legal, ethics and compliance, environment and any other areas related to internal controls and the status of risks or exposures associated with such areas.
- Internal audit will be conducted on a group basis.

6. Systems to ensure effectiveness of audits conducted by the Audit Committee

- The Audit Committee, as a part of oversight function of the Board, is tasked to audit execution of duties by Directors and Executive Officers, on the basis of this Fundamental Policy on Internal Control System, from a viewpoint of whether:-
 - an internal control system is established, maintained and implemented by the Executive Officers in an appropriate manner;
 - and this Fundamental Policy itself is still valid or requires no improvement.
- For the purpose of securing effectiveness of such audit:-
 - the Audit Committee may have its members attend Management Committee meetings and other important meetings of the Group. When other forms of decision-making processes are used in lieu of discussion at a meeting, the Audit Committee has the right of access to any information related to or used in such decision-making processes;
 - the Audit Committee may, as it deems necessary, interview any of those Group Employees with senior positions to obtain information necessary to conduct its audits;
 - the Audit Committee receives regular reports about the current risk exposures of the Group with respect to the followings from departments and functions responsible therefor:-
 - internal audit, finance, treasury, taxation, human resources, labor relations, pensions, health and safety, investor relations, legal, ethics and compliance, environment and any other areas related to internal controls;
 - the Audit Committee has the right of access to any material corporate document containing material information including but not limited to papers used for Management Committee meetings and internal approval documents;
 - the Audit Committee receives explanation from the Executive Officer in charge of financial affairs on the

Group's quarterly and full-year financial statements before they are presented to the Board for reporting or approval;

- the Audit Committee shall meet with Internal Audit function and Accounting Auditor on a regular basis to obtain necessary information.
- Members of the Audit Committee may conduct onsite inspections of the Group's major sites to monitor the status of the business and assets when it deems further necessary to do so in light of the purpose of audit prescribed above in this section.

7. System for reporting by the Group's Employees to the Audit Committee and other systems concerning reporting to the Audit Committee

- Directors and Executive Officers shall report the followings to the Audit Committee immediately when:-
 - an individual has found any fact that could have a substantially adverse effect on the Group
 - a Group Employee has committed or could be considered to commit such an act as may constitute a violation of any law, regulation or the Articles of Incorporation.
- Without prejudice to generality of the foregoing section, the Audit Committee may request any of the Group Employees to prepare and submit such reports as it deems necessary for audit.
- The Group explicitly guarantees that no retaliation or unfavorable personnel action in any manner should be taken against those who report to the Audit Committee by reason of such reporting.

8. Matters relating to Directors and/or Employees who support the execution of duties by the Audit Committee

- The Group shall establish an Audit Committee Office that assists the execution of duties by the Audit Committee, and shall assign such number of employees as it deems necessary for the performance of its functions. (hereinafter referred to as "Support Staff of the Audit Committee")
- Under the instructions of the Audit Committee members, Support Staff of the Audit Committee shall:-
 - by themselves, or by liaising with relevant departments, investigate, analyze or report the matters subject to its audit, and
 - where necessary, assist the Audit Committee in conducting onsite inspections of the Group's major sites to monitor the status of their business and assets.

9. Matters relating to i) independence of the above Directors and/or Employees from Executive Officers, and ii) how to ensure effectiveness of Audit Committees' instructions thereto

- Decisions on personnel matters of Support Staff of the Audit Committee shall require the prior notice to and consent of the Audit Committee.
- The head of Support Staff of the Audit Committee shall be prohibited from concurrently holding any position that may be involved in the execution of businesses and affairs of the Group, and shall report only to the Audit Committee.

10. Matters relating to policy with regard to advance payment or, reimbursement of the expenses incurred (but limited only to those to accrue relating to execution of duties of the Audit Committee), or any other treatment of such expenses and debts

- If a member of the Audit Committee requests an advance payment of the expenses to be incurred in the course of his performance of the duties or otherwise makes such requests as provided in each section of article 404.4 of the Companies Act, the Company shall not refuse such request except where the Company proves that the said expenses or debts relating to such request is not necessary for the performance of the duties of the committee member in question.

Note: The policy above is the revised version to which underlined parts have been added under the resolution of the Company's Board of Directors held on 11 May 2018.

(4) Summary of the manner of Operation Status of "Systems to Ensure Execution of Duties by Executive Officers are Compliant with Laws and Articles of Incorporation and to Secure Appropriateness of Operations, etc."

Summary of the manner of operation status throughout FY2018 of "Systems to Ensure Execution of Duties by Executive Officers are Compliant with Laws and Articles of Incorporation and to Secure Appropriateness of Operations, etc." was as follows:

1. Actions with regard to the Group's Ethics and Compliance

- The Group has "NSG Group Code of Ethics" so that all Group's employees can deepen their understanding more of what the ethical conduct is and actually act in such a manner. This Code is translated in 19 languages and shared on

the Group's intranet. At the same time, "NSG Group Ethics & Compliance Hotline" enables employees in all regions in which the Group operates to report ethically-concerned matters and behaviors in their own languages. In FY 2018, 58 reports were received via the Hotline.

- The Group has created a Global Ethics Committee whose members are from Communications, Human Resources and Ethics and Compliance Function. The goal is to securely embed the culture of ethics into the business of the Group.
- Online trainings regarding the Code were provided to the Group's key roles. In addition, the Group's Chief Ethics and Compliance Officer periodically issues Ethics and Compliance briefings to increase awareness of compliance related issues. This is translated in 11 languages and shared on the Group's intranet.
- Ethics and Compliance Function periodically reports to Audit Committee on its actions or activities adopted or conducted in regard of compliance including aforementioned matters.

2. Actions with regard to the Group's Risk Management

- We identify and assess annually the material risks which should be controlled on a group basis in accordance with NSG Group Risk Management Policy. Group Internal Audit reviews the status of risk management and reports to Audit Committee the outcomes thereof.
- We have created and operated NSG Group Insurance Policy pursuant to which those risks adequate for transfer by such including loss from natural disasters are insured on a group level basis.
- We have, in preparation for potential major incidents and calamities, organized and constituted a major incident management team at and for each operating site where major incident management plan is also prepared and in operation, on the basis of NSG Group Business Continuity Policy and Major Incident Guidelines.
- Each Strategic Business Unit (SBU) and function which supports SBUs manages and controls risks associated with execution of its own duties. In addition, we also established NSG Group Entities Management Policy in order to manage and control risks with regard to not only on a SBU or function basis but also on a Group entity basis. As such we comprehensively identify, manage and control risks in relation to the Group entities.
- Executive Officers retain and manage documents, records and any other information regarding their performance of duties in accordance with the NSG Group Record Retention Policy and IS Security Policy.

3. Actions to Ensure the Group's Efficient and Effective Management

- The Group has Management Committee (MC) as advisory board for the President/Chief Executive Officer (CEO) in order for the policies and goals established by the Board of Directors to be efficiently and adequately carried out. 10 MC meetings were held during FY2018.
- In relation to the financial year ended 31 March 2017, we conducted an effectiveness review and evaluation of the Board as well as the Nomination, Audit and Compensation Committees. As for this review, the independent directors were entrusted to lead and supervise the whole process of analysis and evaluation under the leadership of the Chairman of the Board so that sufficient adequacy and independence was maintained throughout. As a consequence, it resulted in a positive evaluation for all meeting vehicles that their efficiency has improved further from FY2016 and the manner of operating each such meeting is proper and adequate. Simultaneously, certain concrete suggestions and views were also presented from the perspective of further enhancing the contents of discussion on strategic direction of the Group (including the approach of the Group in relation to ESG factors) and in light of the exercises for implementing more robust risk management. With the aid and on the basis of such results and views, the Board has created and carried into effect the specific action plans, one of whose aim is to ensure that further in-depth opportunities for discussion and confirmation be made available to the Board in relation to those strategic issues. Those action plans are the subject of regular review in light of their status of implementation and effect as well as the contents themselves.

- We have promoted the initiative of separation of oversight and executive role whereby we strengthen the supervisory role and duties of the Board over the executives whilst making necessary delegation of powers and authorities to the executives, thus seeking to enhance transparency and agility of whole management process.
- We set in place the internal rule clarifying the roles and decision-making authorities of each layer of management from Representative Executive Officers to each regional SBU heads. As such the Group operates the organization in which we can make business decisions appropriately and timely addressing changes of market and business environment etc.
- We systemize our authorization flow process for efficient and effective business management, including in relation to performance management against progress or results of management plans such as long and medium-term plan or annual plan and approval process for capital expenditures requisition.
- We operate the organization with its reporting lines clarified by having the specific organization charts by each SBU and function which supports SBUs.

4. Actions to Ensure the Effectiveness of the Group's Audit

- Group Internal Audit implements audits on a group basis in accordance with annual audit plan agreed by Audit Committee, and reports such audit results to Audit Committee, Executive Officers and external Accounting Auditor.
- Two dedicated Support Staffs of the Audit Committee are appointed for assistance of Audit Committee, and report to and provide necessary information to Audit Committee.
- A member of Audit Committee and Support Staff of Audit Committee attends internal material meetings such as MC in order to ensure the effectiveness of their audit. They have rights to access necessary important documents and so on for their audit.
- Audit Committee periodically meets with Group Internal Audit and other internal control functions and exchange views with them.
- Audit Committee meets with the Accounting Auditor on a periodical and as-necessary basis, keeping close communication with them.

The above reports are prepared by rounding off any fraction of one million yen to the nearest one million yen. Any future and prospective matters contained above are described by reference to the then status existing as of the end of FY2018.

Consolidated Balance Sheet (as of 31 March 2018)

(In JPY millions)

ASSETS		LIABILITIES	
Non-current assets	538,906	Current liabilities	255,145
Goodwill	112,455	Borrowings	96,470
Intangible assets	57,389	Derivative financial instruments	1,093
Property, plant and equipment	252,778	Trade and other payables	133,538
Investment property	413	Taxation liabilities	4,655
Investments accounted for using the equity method	17,655	Provisions	16,416
Retirement benefit assets	27,144	Deferred income	2,973
Trade and other receivables	16,310		
Assets held at Fair Value through other Comprehensive Income	17,290	Non-current liabilities	393,880
Derivative financial instruments	445	Borrowings	274,185
Deferred tax assets	36,115	Derivative financial instruments	906
Tax receivables	912	Trade and other payables	752
		Deferred tax liabilities	18,567
Current assets	252,976	Taxation liabilities	2,307
Inventories	108,975	Retirement benefit obligations	71,937
Construction work-in-progress	641	Provisions	15,903
Trade and other receivables	73,952	Deferred income	9,323
Assets held at Fair Value through other Comprehensive Income	100		
Derivative financial instruments	938	Total: Liabilities	649,025
Cash and cash equivalents	64,801		
Tax receivables	3,569	EQUITY	
		Capital and reserves attributable to the Company's equity shareholders	134,334
		Called up share capital	116,546
		Capital surplus	166,661
		Treasury stock	(33)
		Stock subscription rights	526
		Retained earnings	(52,140)
		Retained earnings (Translation adjustment at the IFRS transition date)	(68,048)
		Accumulated other comprehensive income	(29,178)
		Non-controlling interests	8,523
		Total: Equity	142,857
Total: Assets	791,882	Total: Liabilities and equity	791,882

Consolidated Income Statement (for the period of 1 April 2017 to 31 March 2018)

(In JPY millions)

Revenue		603,852
Cost of Sales		(441,887)
Gross profit		161,965
Other income	2,571	
Distribution costs	(54,536)	
Administrative expenses	(66,613)	
Other expenses	(7,724)	(126,302)
Operating profit before exceptional items		35,663
Exceptional items		(1,265)
Operating profit after exceptional items		34,398
Finance income	1,080	
Finance expenses	(15,704)	
Share of post-tax profit of joint ventures and associates accounted for using the equity method	2,403	(12,221)
Profit before taxation		22,177
Taxation		(4,714)
Adjustment in respect of US tax rate change		(9,590)
Profit for the period		7,873
Profit attributable to non-controlling interests		1,743
Profit attributable to owners of the parent		6,130

Consolidated Statement of Comprehensive Income (Reference only)

(for the period of 1 April 2017 to 31 March 2018)

(In JPY millions)

Profit for the period	7,873
Other comprehensive income:	
Items that will not be reclassified to profit or loss:	
Re-measurement of retirement benefit obligations	1,749
Revaluation of Assets held at Fair Value through Other Comprehensive Income – equity investments	(6,357)
Sub total	(4,608)
Items that may be reclassified to profit or loss:	
Foreign currency translation adjustments	6,484
Revaluation of Assets held at Fair Value through Other Comprehensive Income – other investments	(302)
Cash flow hedges - fair value gains	1,407
Sub total	7,589
Total: Other comprehensive income for the period	2,981
Total comprehensive income for the period	10,854
Attributable to non-controlling interests	735
Attributable to owners of the parent	10,119

Consolidated Statement of Changes in Equity (for the period of 1 April 2017 to 31 March 2018)

(in JPY millions)

	Equity attributable to the Company's shareholders					
	Called up share capital	Capital surplus	Treasury stock	Stock subscription rights	Retained earnings	Retained earnings (Transition adjustment at the IFRS transition date)
Balance: as of 1 April 2017	116,463	166,578	(31)	621	(59,646)	(68,048)
Comprehensive income for the year:						
Profit for the year					6,130	
Other comprehensive income					1,749	
Total comprehensive income for the year	-	-	-	-	7,879	-
Transactions with owners:						
Purchase of treasury stock			(3)			
Disposal of treasury stock			1			
Dividends paid						
Stock options	83	83		(95)		
Transfer from Fair value reserve to Retained earnings					(373)	
Total transactions with owners	83	83	(2)	(95)	(373)	-
Balance: as of 31 March 2018	116,546	166,661	(33)	526	(52,140)	(68,048)

(in JPY millions)

	Equity attributable to the Company's shareholders					Non controlling interests	Total equity
	Exchange translation reserve	Fair value reserve	Hedging reserve	Total other comprehensive income	Total equity attributable to the Company's shareholders		
Balance: as of 1 April 2017	(27,119)	30	(4,702)	(31,791)	124,146	9,562	133,708
Comprehensive income for the year:							
Profit for the year				-	6,130	1,743	7,873
Other comprehensive income	7,487	(6,659)	1,412	2,240	3,989	(1,008)	2,981
Total comprehensive income for the year	7,487	(6,659)	1,412	2,240	10,119	735	10,854
Transactions with owners:							
Purchase of treasury stock				-	(3)		(3)
Disposal of treasury stock				-	1		1
Dividends paid				-	-	(1,774)	(1,774)
Stock options				-	71		71
Transfer from Fair value reserve to Retained earnings		373		373	-		-
Total transactions with owners	-	373	-	373	69	(1,774)	(1,705)
Balance: as of 31 March 2018	(19,632)	(6,256)	(3,290)	(29,178)	134,334	8,523	142,857

Consolidated Statement of Cash Flows (Reference only)

(for the period of 1 April 2017 to 31 March 2018)

(In JPY millions)

Cash flows from operating activities	
Profit for the period from continuing operations	7,873
Taxation	14,304
Depreciation and amortization	32,030
Impairment	622
Finance costs - net	14,624
Share of profit from joint ventures and associates	(2,403)
Decrease in provisions and retirement benefit obligations	(5,671)
Net change in working capital	1,612
Other	(9,502)
Cash flows generated from operations	53,489
Interest paid	(11,596)
Interest received	1,021
Tax paid	(5,751)
Net Cash inflows from operating activities	37,163
Cash flows from investing activities	
Dividends received from joint ventures and associates	2,508
Purchases of property, plant and equipment and intangible assets	(33,748)
Proceeds on disposal of property, plant and equipment and intangible assets	5,009
Other	5,872
Net cash outflows from investing activities	(20,359)
Cash flows from financing activities	
Repayment of borrowings	(94,736)
Proceeds from borrowings	62,624
Other	(1,777)
Net cash outflows from financing activities	(33,889)
Decrease in cash and cash equivalents (net of bank overdrafts)	(17,085)
Cash and cash equivalents (net of bank overdrafts) at beginning of period	79,808
Effect of foreign exchange rate changes	76
Cash and cash equivalents (net of bank overdrafts) at end of period	62,799

Balance Sheet (as of 31 March 2018)

(in JPY millions)

ASSETS		LIABILITIES	
Current assets	118,628	Current liabilities	117,270
Cash and cash deposits	8,726	Accounts payable-trade	17,367
Notes receivable	1,827	Short-term bank borrowings	700
Accounts receivable-trade	16,092	Current portion of Bonds	15,000
Products and goods	14,176	Current portion of Long-term borrowings	61,063
Work in process	2,314	Lease obligations	7
Raw materials and	6,969	Accounts payable - non-trade	8,117
Deferred tax assets	17	Accrued income tax	307
Short-term loan receivable	59,413	Accrued expenses	1,694
Other current assets	9,743	Customers' deposits	10,374
Allowance for doubtful	(649)	Provision for employees' bonuses	1,898
Fixed assets	558,226	Provision for directors' bonuses	146
Tangible assets	43,542	Provision for warranties	69
Buildings	10,464	Provision for payment under Position retirement program	92
Structures	1,183	Asset retirement obligations	107
Machinery & Equipment	17,929	Other current liabilities	329
Vehicles	12	Fixed liabilities	232,896
Tools & Fixtures	3,341	Long-term bank borrowings	223,019
Land	8,288	Lease obligations	6
Leased assets	13	Provision for retirement benefits	2,068
Construction in progress	2,312	Provision for rebuilding furnaces	4,594
Intangible assets	462	Environmental provision	332
Computer software	138	Asset retirement obligations	1,990
Other intangible assets	324	Deferred tax liabilities	230
Investments and other assets	514,222	Other fixed liabilities	657
Investments in securities	990	Total: Liabilities	350,166
Investments in subs. & affiliates	508,029	NET ASSETS	
Long-term loan receivable	9	Shareholders' equity	326,343
Long-term prepaid expenses	3,941	Capital stock	116,546
Other assets	1,266	Capital surplus	164,868
Allowance for doubtful	(13)	Legal capital surplus	44,868
		Other capital surplus	120,000
		Retained earnings	44,962
		Legal earned surplus	6,377
		Other retained earnings	38,585
		Reserve for adv'ed	1,466
		General reserve	24,977
		Retained earnings carried forward	12,142
		Treasury stock	(33)
		Valuation and translation adjustments	(181)
		Deferred gains or losses on	(181)
		Stock subscription rights	526
		Net Assets	326,688
Total: Assets	676,854	Total: Liabilities and net assets	676,854

Income Statement (for the period of 1 April 2017 to 31 March 2018)

(in JPY millions)

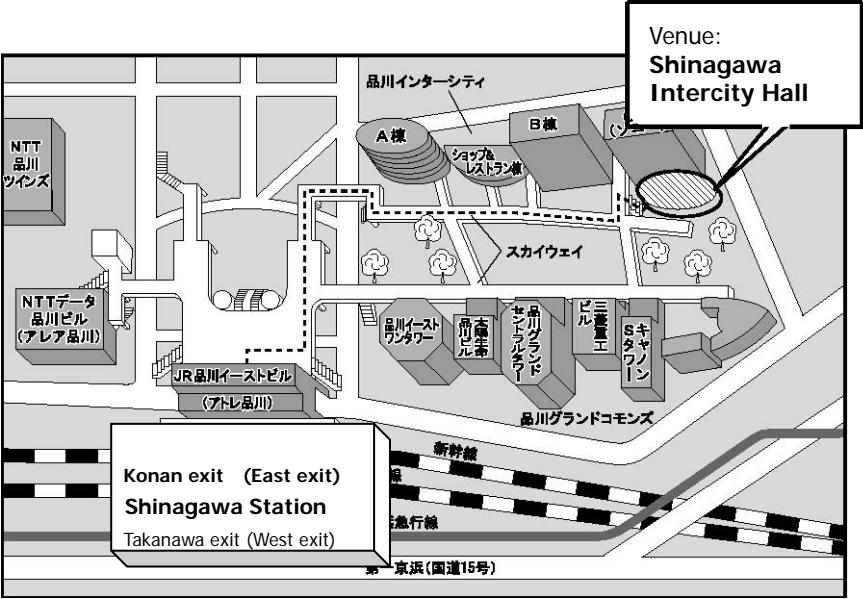
Revenue		104,499
Cost of sales		(80,330)
Gross profit		24,169
Selling, general and administrative expenses		(24,510)
Operating loss		(341)
Non-operating income		
Interest and dividend income	13,410	
Other income	633	14,043
Non-operating expense		
Interest expense	(6,391)	
Other expense	(2,903)	(9,294)
Ordinary profit		4,408
Extraordinary income		
Gain from sale of fixed assets	806	
Settlement received	190	
Reversal of provision for waste disposal expenditure		
Other	92	1,154
Extraordinary income		
Loss on scrapping of fixed assets	(3)	
Loss on scrapping of fixed assets	(203)	
Other	(22)	(228)
Net profit before tax		5,334
Income tax: Current	450	
Income tax: Deferred	136	586
Net profit		5,920

Statement of Changes in Net Assets (for the period of 1 April 2017 to 31 March 2018)

	Shareholders' equity										
	Capital stock	Capital surplus			Retained earnings					Treasury stock	Sub-total
		Legal capital surplus	Other capital surplus	Sub-total	Legal earned surplus	Other retained earnings			Sub-total		
						Reserve for advanced depreciation	General reserve	Retained earnings carried forward			
Balance: as of 1 April 2017	116,463	44,785	120,000	164,785	6,377	1,605	24,977	6,083	39,042	(31)	320,259
Changes during the period:											
Reversal of reserve for advanced depreciation				-		(139)		139	-		-
Net profit				-				5,920	5,920		5,920
Stock options	83	83		83					-		166
Acquisition of treasury stock				-					-	(3)	(3)
Disposal of treasury stock				-					-	1	1
Net changes of items other than shareholders' equity											
Total changes during the period	83	83	-	83	-	(139)	-	6,059	5,920	(2)	6,084
Balance: as of 31 March 2018	116,546	44,868	120,000	164,868	6,377	1,466	24,977	12,142	44,962	(33)	326,343

	Valuation and translation adjustments		Stock subscription rights	Total net assets
	Deferred gains or losses on hedges	Sub-total		
Balance: as of 1 April 2017	(592)	(592)	621	320,288
Changes during the period:				
Reversal of reserve for advanced depreciation		-		-
Net profit		-		5,920
Stock options		-		166
Acquisition of treasury stock		-		(3)
Disposal of treasury stock		-		1
Net changes of items other than shareholders' equity	411	411	(95)	316
Total changes during the period	411	411	(95)	6,400
Balance: as of 31 March 2018	(181)	(181)	526	326,688

Map of the Venue for the Ordinary General Meeting of Shareholders



Venue: Shinagawa Intercity Hall, 15-4, Konan 2-Chome, Minato-ku, Tokyo
Access: 8 minute-walk from JR Shinagawa Station, Konan exit (East exit)