FY 2017 1st Quarter Consolidated Financial Results <IFRS> 29 July 2016

(English translation of the Japanese original)

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

Representative:	Representative Executive Officer, President and CEO	Name:	Shigeki Mori
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Submission of quarterly report to MOF: 2 August 2016 Payment of dividends start from: N/A
Quarterly result presentation papers: Yes
Quarterly result presentation meeting: Yes (Teleconference for institutional investors)

1. Consolidated business results for FY 2017 Quarter 1 (From 1 April to 30 June 2016)

(1) Consolidated business results

	Revenue		Operating profit		Profit/(Loss) before taxation		Profit/(Loss) for the period		Profit/(Loss) attributable to owners of the parent		Total comprehensive income	
	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%
Q1 FY 2017	150,531	(7.2)	7,117	128.6	10,675	-	4,378	-	3,905	-	(43,052)	-
Q1 FY 2016	162,139	4.1	3,113	3.7	(1,758)	-	(536)	-	(1,378)	-	23,772	-

	Earnings per share - basic	Earnings per share - diluted
Q1 FY 2017	¥ 4.32	¥ 4.32
Q1 FY 2016	¥ (1.53)	¥ (1.53)

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

(2) Changes in financial position

	Total assets	Total equity	Total shareholders' equity	Total shareholders' equity ratio
	¥ millions	¥ millions	¥ millions	%
FY 2017 Quarter 1	742,663	68,698	60,409	8.1
FY 2016 Full year	812,120	112,011	103,109	12.7

2. Dividends

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

Note:
- There have been no changes to the forecast dividends this quarter.
- The Group has a policy in its Article of Incorporation, to pay dividends to shareholders as of 30 September and 31 March, but forecast has not been established yet.

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

	Revenue		Operating profit		Profit before taxation		Profit for the period		Profit attributable to owners of the parent		Earnings per share - basic
	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%	¥
Half year	305,000	(5.2)	12,500	105.3	-	-	-	-	-	-	-
Full year	620,000	(1.5)	31,000	60.1	15,000	-	7,000	-	5,000	-	5.53

Note:
- As the Group forecast only the annual figures of Profit before taxation, Profit for the period, and Profit attributable to owners of the parent, disclosure for the half-year forecast is limited to Revenue and Operating profit.
- There have been no changes to the forecast results this quarter.
- For further details, please refer to the prospects section on page 6.

4. Other items

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

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

  (i) Changes due to revisions in accounting standards under IFRS --- Yes

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

  (iii) Changes in accounting estimates --- No

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

(c) Numbers of shares outstanding (common stock)

  (i) Number of shares issued at the end of the period, including shares held as treasury stock:
  903,550,999 shares as of 30 June 2016 and 903,550,999 shares as of 31 March 2016

  (ii) Number of shares held as treasury stock at the end of the period:
  87,708 shares as at 30 June 2016 and 194,949 shares as at 31 March 2016

  (iii) Average number of shares in issue during the period, after deducting shares held as treasury stock:
  903,409,920 shares for the period ending 30 June 2016 and 903,140,901 shares for the period ending 30 June 2015

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

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

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

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

[Attachments]

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

1. Narratives about financial results

(1) Business Performance and Financial Standing

(a) Background to Results

First quarter market conditions were generally improved from the previous year. European architectural markets continued their recent recovery, and automotive markets benefitted from increasing vehicle sales. Markets in Japan however were relatively weak, with construction activity remaining at a low level and vehicle sales declining from the previous year. Market conditions in North America continued to be positive. Automotive markets in South America are still at a low level, with further declines in the largest market, Brazil. Markets improved in South East Asia however. Overall, technical glass markets were mixed with a fall in demand for printer components being offset by improvements in other areas.

First quarter operating profits were above the previous year. The Group recorded a trading profit (before exceptional items and amortization relating to the acquisition of Pilkington) of ¥ 8,899 million (Q1 FY16 ¥ 5,170 million). The profit attributable to owners of the parent was ¥ 3,905 million (Q1 FY16 loss of ¥ 1,378 million).

(b) Review by Business Segment

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

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

Automotive, with 52 percent of Group sales, supplies a wide range of automotive glazing for new vehicles and for replacement markets.

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

The table below shows a summary of cumulative results by business segment.

¥ millions	**Revenue**		**Operating profit**	
	Q1 FY 2017	**Q1 FY 2016**	**Q1 FY 2017**	**Q1 FY 2016**
Architectural	59,916	64,657	6,479	3,312
Automotive	78,481	83,145	3,714	2,593
Technical Glass	12,024	14,159	68	184
Other Operations	110	178	(3,144)	(2,976)
Total	150,531	162,139	7,117	3,113

Architectural Business

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

In Europe, representing 37 percent of the Group's architectural sales, markets continued to be positive with previous capacity reductions and improving demand leading to a further recovery of prices. Volumes also improved, particularly in value-added product areas.

In Japan, representing 25 percent of the Group's architectural sales, volumes were below the previous year. Both residential and commercial construction markets remain at a low level, whilst price levels were similar to the previous year. Profitability benefitted from additional cost savings and falling input costs.

In North America, representing 16 percent of the Group's architectural sales, local currency revenues and profits were above the previous year's levels. Selling prices continued to strengthen and profitability also benefitted from further growth in value added volumes.

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

The Architectural business recorded revenues of ¥ 59,916 million and an operating profit of ¥ 6,479 million.

Automotive Business

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

Europe represents 47 percent of the Group's automotive sales. The Group's original equipment (OE) volumes improved from the previous year, benefitting from a continued recovery of light-vehicle sales, particularly in Southern European markets. The Group also benefitted from robust volumes in its Automotive Glass Replacement (AGR) business.

In Japan, representing 16 percent of the Group's automotive sales, revenues and profits fell from the previous year, as a consequence of a decline in domestic light-vehicle sales. AGR profits were similar to the previous year.

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

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

The Automotive business recorded sales of ¥ 78,481 million and an operating profit of ¥ 3,714 million.

Technical Glass Business

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

Losses narrowed in the display business following the mothballing of the Group's thin glass float line in Vietnam. Demand for components used in multi-function printers which fell during the second half of the previous year, continued to decline during the first quarter. Volumes of glass cord used in engine timing belts were robust, consistent with strengthening automotive markets.

The Technical Glass business recorded revenues of ¥ 12,024 million and an operating profit of ¥ 68 million.

Other Operations and Eliminations

This segment covers corporate costs, consolidation adjustments, certain small businesses not included in the segments covered above and the amortization of other intangible assets related to the acquisition of Pilkington plc. Operating costs and consolidation adjustments incurred in Other Operations and Eliminations were above the previous year due to non-recurring consolidation adjustments.

Consequently, this segment recorded revenues of ¥ 110 million and operating costs of ¥ 3,144 million.

Joint Ventures and Associates

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

The Group's share of joint ventures and associates losses after tax was ¥ 32 million (Q1 FY16 loss of ¥ 83 million).

(2) Financial Condition

Total assets at the end of June 2016 were ¥ 742,663 million, representing a decrease of ¥ 69,457 million from the end of March 2016. Total equity was ¥ 68,698 million, representing a decrease of ¥ 43,313 million due mainly to the translational impact of a strengthening Japanese Yen.

Net financial indebtedness decreased by ¥ 6,908 million from 31 March 2016 to ¥ 374,136 million at the period end. The decrease in indebtedness arose mainly from translational differences arising from the strengthened Yen partly offset by seasonal increases in working capital. Currency movements generated a decrease in net debt of approximately ¥ 8,630 million over the period. Gross debt was ¥ 434,319 million at the period end. As of 30 June 2016, the Group had un-drawn, committed facilities of ¥ 46,392 million.

Cash outflows from operating activities were ¥ 2,003 million. Cash inflows from investing activities were ¥ 332 million, including capital expenditure on property, plant, and equipment of ¥ 7,816 million and proceeds on the disposal of property, plant and equipment of ¥ 8,580 million. As a result, total cash outflows before financing were ¥ 1,671 million.

(3) Prospects

The forecast of revenue, operating profit, profit before taxation, profit for the period, profit attributable to owners of the parent and earnings per share for the year to 31 March 2017 is set out on page 1. This has not been amended from that issued on 13 May 2016.

On 23 June 2016 the United Kingdom voted in a referendum to leave the European Union. The result of this referendum increases the level of uncertainty regarding future economic conditions in Europe, especially with regard to construction and automotive markets which are both relatively sensitive to changes in consumer sentiment. The processes for separating the United Kingdom from the rest of the European Union may take several years to complete and relatively few changes are expected in the short term. Whilst the Group does not expect a significant immediate deterioration in its European markets during the year to 31 March 2017, the impact of this result in later years is more difficult to estimate. The Group will monitor both political and market developments in Europe following this decision, prudently considering any future risk factors possibly arising from the decision.

The Group expects to see continued year on year improvements in market conditions during the remainder of FY2017. In Europe, architectural demand is likely to improve, leading to a positive pricing environment. Automotive markets should benefit from a continuation of the steady increase in light vehicle sales. Architectural markets in Japan are likely to be generally flat, whilst automotive revenues are expected to fall following the implementation of revised eco-car tax exemption rules during FY2016. Architectural markets in North America will continue to be robust, with the Group benefitting from high proportion of VA product sales.

Automotive markets should also be at a good level, with the Group's profitability expected to improve. In South America, the Group expects to see a leveling-off of previous declines in the light vehicle sales, although it does not anticipate a significant rebound in near-term volumes. Market conditions in South East Asia are likely to continue at a good level, and the Group's architectural results will benefit from the exit from the Group's business in China producing rolled glass for Solar Energy applications. Within the Technical Glass business unit, results from the Display division will benefit from the temporary closure of the Group's thin glass float line in Vietnam. Across the Group, operating profitability is expected to benefit from relatively low energy costs and the Group's continued effort to reduce its cost base. Amortization costs arising on the acquisition of Pilkington will fall to approximately half the level of FY2016, with this reduction being realized from Q2 FY2017 onwards.

Taking account of the above factors, the Group expects to record a further improvement in operating profitability during FY2017.

Our strategic vision is to transform the NSG Group into a VA Glass Company. This is the core concept of our strategy and the basis for our longer-term growth plans. On 15 May 2014, the Group announced its medium-term plan (MTP), covering the financial years to 31 March 2018.

The overall objectives of the MTP are to achieve financial sustainability and to further develop the NSG Group's position as a VA Glass Company. The Group has established two very clear financial targets, Net financial debt / EBITDA of 3X and Operating return on sales of greater than 8%. Under the MTP, the Group aims at achieving Return on equity (ROE) of greater than 10%.

The Group will perform an assessment of its performance against its MTP, and consider any actions that now need to be taken to ensure that the Group continues to move towards achievement of its MTP objectives. The results of this assessment are expected to be communicated alongside the Group's second quarter results for FY2017.

2. Other information

(1) Changes in status of principle subsidiaries

There was no change.

(2) Changes in accounting principles, practices and presentations

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

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

The Group now applies the expected credit loss method to receivables balances. This involves considering likely credit losses using a range of forward looking scenarios. No changes to the balances of receivables either at 1 April 2015, 31 March 2016 or at 30 June 2016 have arisen as a result of this change.

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

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

3. Consolidated financial statements

(1) (a) Condensed quarterly consolidated income statement

	Note	**Quarter 1 For the period 1 April to 30 June 2016**	Quarter 1 For the period 1 April to 30 June 2015
Revenue	(6)-(a)	**150,531**	162,139
Cost of sales		**(111,078)**	(124,224)
Gross profit		**39,453**	37,915
Other income		**643**	774
Distribution costs		**(13,498)**	(13,955)
Administrative expenses		**(16,176)**	(18,111)
Other expenses		**(3,305)**	(3,510)
Operating profit	(6)-(a)	**7,117**	3,113
Exceptional items	(6)-(b)	**7,833**	(620)
Operating profit after exceptional items	(6)-(a)	**14,950**	2,493
Finance income	(6)-(c)	**523**	613
Finance expenses	(6)-(c)	**(4,766)**	(4,781)
Share of post-tax losses of joint ventures and associates accounted for using the equity method		**(32)**	(83)
Profit / (Loss) before taxation		**10,675**	(1,758)
Taxation	(6)-(d)	**(6,297)**	1,222
Profit / (Loss) for the period		**4,378**	(536)
Profit attributable to non-controlling interests		**473**	842
Profit / (Loss) attributable to owners of the parent		**3,905**	(1,378)
		4,378	(536)
Earnings per share attributable to owners of the parent	(6)-(e)		
Basic		**4.32**	(1.53)
Diluted		**4.32**	(1.53)

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

¥ millions

	Quarter 1 For the period 1 April to 30 June 2016	Quarter 1 For the period 1 April to 30 June 2015 (restated)
Profit / (Loss) for the period	**4,378**	(536)
Other comprehensive income:		
Items that will not be reclassified to profit or loss:		
Re-measurement of retirement benefit obligations (net of taxation)	**(779)**	7,235
Revaluation of Assets held at Fair Value through Other Comprehensive Income – equity investments (net of taxation)	**(10,515)**	1,787
Sub-total	**(11,294)**	9,022
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation adjustments	**(37,052)**	14,795
Revaluation of Assets held at Fair Value through Other Comprehensive Income – other investments (net of taxation)	**132**	(123)
Cash flow hedges:		
- fair value gains, net of taxation	**784**	614
Sub-total	**(36,136)**	15,286
Total other comprehensive income for the period, net of taxation	**(47,430)**	24,308
Total comprehensive income for the period	**(43,052)**	23,772
Attributable to non-controlling interests	**(353)**	768
Attributable to owners of the parent	**(42,699)**	23,004
	(43,052)	23,772

(2) Condensed quarterly consolidated balance sheet

¥ millions

	Quarter 1 as at 30 June 2016	FY 2016 as at 31 March 2016
ASSETS		
Non-current assets		
Goodwill	**99,118**	113,459
Intangible assets	**55,186**	62,898
Property, plant and equipment	**236,159**	258,866
Investment property	**647**	715
Investments accounted for using the equity method	**12,523**	17,869
Retirement benefit asset	**17,435**	18,837
Trade and other receivables	**13,873**	16,395
Financial assets:		
- Assets held at Fair Value through Other Comprehensive Income	**22,175**	33,995
- Derivative financial instruments	**88**	26
Deferred tax assets	**44,035**	48,357
	501,239	571,417
Current assets		
Inventories	**103,045**	108,862
Construction work-in-progress	**738**	716
Trade and other receivables	**75,590**	73,667
Financial assets:		
- Assets held at Fair Value through Other Comprehensive Income	**86**	346
- Derivative financial instruments	**4,197**	815
Cash and cash equivalents	**55,898**	55,074
	239,554	239,480
Assets held for sale	**1,870**	1,223
	241,424	240,703
Total assets	**742,663**	812,120

(2) Condensed quarterly consolidated balance sheet continued

¥ millions

	Quarter 1 as at 30 June 2016	FY 2016 as at 31 March 2016
LIABILITIES AND EQUITY		
Current liabilities		
Financial liabilities:		
- Borrowings	**155,196**	139,089
- Derivative financial instruments	**984**	4,453
Trade and other payables	**111,658**	123,198
Provisions	**13,988**	16,181
Deferred income	**3,038**	2,989
	284,864	285,910
Non-current liabilities		
Financial liabilities:		
- Borrowings	**271,325**	289,319
- Derivative financial instruments	**6,814**	4,098
Trade and other payables	**461**	1,716
Deferred tax liabilities	**17,351**	17,321
Retirement benefit obligations	**67,712**	75,111
Provisions	**16,422**	16,512
Deferred income	**9,016**	10,122
	389,101	414,199
Total liabilities	**673,965**	700,109
Equity		
Capital and reserves attributable to the Company's equity shareholders		
Called up share capital	**116,449**	116,449
Capital surplus	**127,511**	127,511
Retained earnings	**(60,326)**	(63,502)
Retained earnings (Translation adjustment at the IFRS transition date)	**(68,048)**	(68,048)
Other reserves	**(55,177)**	(9,301)
Total shareholders' equity	**60,409**	103,109
Non-controlling interests	**8,289**	8,902
Total equity	**68,698**	112,011
Total liabilities and equity	**742,663**	812,120

(3) Condensed quarterly consolidated statement of changes in equity

¥ millions

Quarter 1 FY 2017	Called up share capital	Capital surplus	Retained earnings	Retained earnings (Translation on adjustment at the IFRS translation date)	Other reserves	**Total share holders' equity**	Non-controlling interests	**Total equity**
At 1 April 2016	116,449	127,511	(63,502)	(68,048)	(9,301)	**103,109**	8,902	**112,011**
Total Comprehensive Income	-	-	3,126	-	(45,825)	**(42,699)**	(353)	**(43,052)**
Dividends paid	-	-	-	-	-	**-**	(260)	**(260)**
Stock options	-	(25)	75	-	(51)	**(1)**	-	**(1)**
Transfer from retained earnings to capital surplus	-	25	(25)	-	-	**-**	-	**-**
At 30 June 2016	**116,449**	**127,511**	**(60,326)**	**(68,048)**	**(55,177)**	**60,409**	**8,289**	**68,698**

¥ millions

Quarter 1 FY 2016	Called up share capital	Capital surplus	Retained earnings	Retained earnings (Translation on adjustment at the IFRS translation date)	Other reserves	**Total share holders' equity**	Non-controlling interests	**Total equity**
At 1 April 2015	116,449	127,511	(25,082)	(68,048)	24,916	**175,746**	10,262	**186,008**
Total Comprehensive Income	-	-	5,857	-	17,147	**23,004**	768	**23,772**
Dividends paid	-	-	-	-	-	**-**	(374)	**(374)**
Stock options	-	-	-	-	1	**1**	-	**1**
Issuance & purchase of treasury stock	-	(1)	-	-	(1)	**(2)**	-	**(2)**
Transfer from retained earnings to capital surplus	-	1	(1)	-	-	**-**	-	**-**
At 30 June 2015	**116,449**	**127,511**	**(19,226)**	**(68,048)**	**42,063**	**198,749**	**10,656**	**209,405**

(4) Condensed quarterly consolidated statement of cash flow

¥ millions

	Note	**Quarter 1 For the period 1 April to 30 June 2016**	Quarter 1 For the period 1 April to 30 June 2015
Cash flows from operating activities			
Cash generated from operations	(6)-(g)	**1,473**	(8,135)
Interest paid		**(2,060)**	(2,687)
Interest received		**496**	582
Tax paid		**(1,912)**	(1,224)
Net cash outflows from operating activities		**(2,003)**	(11,464)
Cash flows from investing activities			
Dividends received from joint ventures and associates		**1**	1
Purchases of property, plant and equipment		**(7,816)**	(8,603)
Proceeds on disposal of property, plant and equipment		**8,580**	25
Purchases of intangible assets		**(312)**	(333)
Proceeds on disposal of intangible assets		**1**	-
Purchase of assets held at FVOCI		**(2)**	(3)
Loans advanced to joint ventures, associates and third parties		**(119)**	(13)
Loans repaid from joint ventures, associates and third parties		**1**	1
Others		**(2)**	49
Net cash inflows/(outflows) from investing activities		**332**	(8,876)
Cash flows from financing activities			
Dividends paid to non-controlling interests		**(260)**	(374)
Repayment of borrowings		**(5,089)**	(10,030)
Proceeds from borrowings		**10,901**	20,938
Other		**-**	(1)
Net cash inflows from financing activities		**5,552**	10,533
Increase/(decrease) in cash and cash equivalents (net of bank overdrafts)		**3,881**	(9,807)
Cash and cash equivalents (net of bank overdrafts) at beginning of period	(6)-(h)	**46,162**	62,340
Effect of foreign exchange rate changes		**(4,605)**	2,082
Cash and cash equivalents (net of bank overdrafts) at end of period	(6)-(h)	**45,438**	54,615

(5) Notes regarding going concern

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

(6) Notes to the condensed quarterly consolidated financial statements

(a) Segmental information

The Group is organized on a worldwide basis into the following principal business segments.

Architectural, includes the manufacture and sale of flat glass and various interior and exterior glazing products within the commercial and residential markets. It also includes glass for Solar Energy sector.

Automotive, supplies a wide range of automotive glazing for new vehicles and for replacement markets.

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

Other operations include head office and other central costs, consolidation adjustments and other non-core activities.

The segmental results for the first quarter to 30 June 2016 were as follows:

¥ millions

Quarter 1 FY 2017 For the period 1 April to 30 June 2016	Architectural	Automotive	Technical Glass	Other Operations	Total
Revenue					
External revenue	59,916	78,481	12,024	110	150,531
Inter-segmental revenue	5,318	417	9	1,194	6,938
Total revenue	65,234	78,898	12,033	1,304	157,469
Trading profit	6,479	3,714	68	(1,362)	8,899
Amortization arising from the acquisition of Pilkington plc	-	-	-	(1,782)	(1,782)
Operating profit	6,479	3,714	68	(3,144)	7,117
Exceptional items	(919)	4,801	(240)	4,191	7,833
Operating profit after exceptional items					14,950
Finance costs – net					(4,243)
Share of post-tax losses from joint ventures and associates					(32)
Profit before taxation					10,675
Taxation					(6,297)
Profit for the period from continuing operations					4,378

(a) Segmental information continued

¥ millions

Quarter 1 FY 2016 For the period 1 April to 30 June 2015	**Architectural**	**Automotive**	**Technical Glass**	**Other Operations**	**Total**
Revenue					
External revenue	64,657	83,145	14,159	178	162,139
Inter-segmental revenue	5,537	532	11	1,405	7,485
Total revenue	70,194	83,677	14,170	1,583	169,624
Trading profit	3,312	2,593	184	(919)	5,170
Amortization arising from the acquisition of Pilkington plc	-	-	-	(2,057)	(2,057)
Operating profit	3,312	2,593	184	(2,976)	3,113
Exceptional items	(19)	(623)	-	22	(620)
Operating profit after exceptional items					2,493
Finance costs – net					(4,168)
Share of post-tax losses from joint ventures and associates					(83)
Loss before taxation					(1,758)
Taxation					1,222
Loss for the period from continuing operations					(536)

The segmental assets at 30 June 2016 and capital expenditure for the first quarter ended 30 June 2016 were as follows:

¥ millions

	Architectural	**Automotive**	**Technical Glass**	**Other Operations**	**Total**
Net trading assets	**137,125**	**148,171**	**44,314**	**4,133**	**333,743**
Capital expenditure (including intangibles)	**1,775**	**2,238**	**263**	**1,210**	**5,486**

The segmental assets at 30 June 2015 and capital expenditure for the first quarter ended 30 June 2015 were as follows:

¥ millions

	Architectural	**Automotive**	**Technical Glass**	**Other Operations**	**Total**
Net trading assets	162,893	174,531	53,782	(3,007)	388,199
Capital expenditure (including intangibles)	3,141	2,384	89	15	5,629

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

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

(b) Exceptional items

¥ millions

	Quarter 1 For the period 1 April to 30 June 2016	Quarter 1 For the period 1 April to 30 June 2015
Exceptional items (gains):		
Gain on disposal of non-current assets	**7,675**	-
Gain from exit of business	**855**	-
Gain on disposal of investments in associates	**745**	-
Gain on dilution of investment in associate	**-**	96
Reversal of impairment of non-current assets	**-**	6
	9,275	102
Exceptional items (losses):		
Restructuring costs, including employee termination payments	**(735)**	(296)
Impairment of non-current assets	**(667)**	-
Settlement of litigation matters	**(40)**	(426)
	(1,442)	(722)
	7,833	(620)

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

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

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

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

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

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

The settlement of litigation matters relates to claims made by certain of the Group's Automotive customers in Europe, following the European Commission's earlier decision to fine the Group for alleged breaches of European competition law.

(c) Finance income and expenses

¥ millions

	Quarter 1 For the period 1 April to 30 June 2016	Quarter 1 For the period 1 April to 30 June 2015
Finance income		
Interest income	**505**	570
Foreign exchange transaction gains	**18**	43
	523	613
Finance expenses		
Interest expense:		
- bank and other borrowings	**(4,508)**	(4,250)
Dividend on non-equity preference shares due to minority shareholders	**(61)**	(67)
Foreign exchange transaction losses	**(32)**	(20)
	(4,601)	(4,337)
Unwinding discounts on provisions	**(54)**	(60)
Retirement benefit obligations		
- net finance charge	**(111)**	(384)
	(4,766)	(4,781)

(d) Taxation

The tax charge on the profit before taxation, excluding the Group's share of net results of joint ventures and associates, is a rate of 58.8 percent in the first quarter to 30 June 2016 (30 June 2015: tax credit on losses at a rate of 73.0 percent). The tax charge for the quarter is based on the estimated effective rate for the year to 31 March 2017.

(e) Earnings per share

(i) Basic

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

	Quarter ended 30 June 2016	Quarter ended 30 June 2015
	¥ millions	¥ millions
Profit/(loss) attributable to owners of the parent	**3,905**	(1,378)
	Thousands	Thousands
Weighted average number to ordinary shares in issue	**903,410**	903,141
	¥	¥
Basic earnings per share	**4.32**	(1.53)

(ii) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares, following the exercise of share options. A calculation is performed to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of subscription rights attached to the outstanding share options. The number of shares calculated above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	Quarter ended 30 June 2016	Quarter ended 30 June 2015
	¥ millions	¥ millions
Earnings		
Profit/(loss) attributable to owners of the parent	**3,905**	(1,378)
Profit/(loss) used to determine diluted earnings per share	**3,905**	(1,378)
	Thousands	Thousands
Weighted average number to ordinary shares in issue	**903,410**	903,141
Adjustment for:		
- Share options	**1,391**	-
Weighted average number of ordinary shares for diluted earnings per share	**904,801**	903,141
	¥	¥
Diluted earnings per share	**4.32**	(1.53)

The previous year diluted earnings per share do not include stock options due to anti-dilutive effect caused by the losses during the quarter ended 30 June 2015.

(f) Exchange rates

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

	Quarter 1 FY 2017 30 June 2016		Year ended 31 March 2016		Quarter 1 FY 2016 30 June 2015	
	Average	**Closing**	Average	Closing	Average	Closing
GBP	**155**	**138**	181	161	186	192
US dollar	**108**	**103**	120	113	122	122
Euro	**122**	**114**	132	127	134	136

(g) Cash flows generated from operations

¥ millions

	Note	**Quarter 1 For the period 1 April to 30 June 2016**	Quarter 1 For the period 1 April to 30 June 2015
Profit/(loss) for the period from continuing operations		**4,378**	(536)
Adjustments for:			
Taxation		**6,297**	(1,222)
Depreciation		**6,779**	7,871
Amortization		**2,346**	2,709
Impairment		**727**	7
Reversal of impairments		**(44)**	(9)
Gain on sale of property, plant and equipment		**(7,833)**	(13)
Gain from exit of business		**(855)**	-
Gain on disposal of investments		**(745)**	-
Deemed disposal of share of associate		**-**	(96)
Grants and deferred income		**251**	(142)
Finance income		**(523)**	(613)
Finance expenses		**4,766**	4,781
Share of losses from joint ventures and associates		**32**	83
Other items		**(621)**	(857)
Operating cash flows before movement in provisions and working capital		**14,955**	11,963
Decrease in provisions and retirement benefit obligations		**(2,367)**	(5,221)
Changes in working capital:			
- inventories		**(1,985)**	(793)
- construction work-in-progress		**(120)**	(225)
- trade and other receivables		**(5,634)**	(6,699)
- trade and other payables		**(3,376)**	(7,160)
Net change in working capital		**(11,115)**	(14,877)
Cash flows generated from operations		**1,473**	(8,135)

(h) Cash and cash equivalents

¥ millions

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

¥ millions

	As at 30 June 2016	As at 30 June 2015
Cash and cash equivalents	**55,898**	67,614
Bank overdrafts	**(10,460)**	(12,999)
	45,438	54,615

(7) Significant subsequent events

There were no significant subsequent events.