FY 2012 2nd Quarter Consolidated Financial Results <IFRS> 2 November 2011

(English translation of the Japanese original)

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

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Submission of quarterly report to MOF: 4 November 2011
Quarterly result presentation papers: Yes
Quarterly result presentation meeting: Yes
(For institutional investors)

Payment of dividends starts from: 2 December 2011

1. Consolidated business results for FY 2012 Quarter 2 (From 1 April 2011 to 30 September 2011)

(1) Consolidated business results

	Sales		Operating profit		Profit before taxation		Profit for the period		Profit attributable to owners of the parent		Total comprehensive income	
	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%
Q2 FY 2012	288,543	(1.8)	9,192	(44.8)	6,381	(45.9)	6,306	(21.7)	5,727	15.5	(54,868)	-
Q2 FY 2011	293,710	-	16,654	-	11,795	-	8,058	-	4,957	-	(23,371)	-

	Earnings per share - basic	Earnings per share - diluted
Q2 FY 2012	¥ 6.35	¥ 6.32
Q2 FY 2011	¥ 7.21	¥ 6.97

(2) Changes in financial position

	Total assets	Total equity	Total shareholders' equity	Total shareholders' equity ratio
	¥ millions	¥ millions	¥ millions	%
FY 2012 Quarter 2	802,153	168,547	159,294	19.9
FY 2011 Full year	889,420	226,577	216,232	24.3

2. Dividends

	Dividends per share				
	Q1	Q2	Q3	Q4	Annual
FY 2011 (Actual)	-	¥ 3.00	-	¥ 3.00	¥ 6.00
FY 2012 (Actual)	-	¥ 3.00	-	-	-
FY 2012 (Forecast)	-	-	-	¥ 3.00	¥ 6.00

3. Forecast for FY 2012 (From 1 April 2011 to 31 March 2012)

	Sales		Operating profit		Profit before taxation		Profit after taxation		Profit attributable to owners of the parent		Earnings per share - basic
	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%	¥
Full year	580,000		25,000		16,000		15,000		14,000		15.52

Note: There have been changes to the forecast results this quarter.
For further details, please refer to the prospects section on pages 7 through to 8.

4. Other items

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

(b) Changes implemented to the accounting policies, estimates, and assumptions related to the preparation of consolidated financial statements

(i) Changes due to revisions in accounting standards under IFRS--- No
(ii) Changes due to other reasons --- No
(iii) Changes in accounting estimates -- No

(c) Number of shares outstanding (common stock)

(i) Number of shares issued at the end of the period, including shares held as treasury stock:
903,550,999 shares as of 30 September 2011 and 903,550,999 shares as of 31 March 2011
(ii) Number of shares held as treasury stock at the end of the period:
1,416,010 shares as at 30 September 2011 and 1,404,087 shares as at 31 March 2011
(iii) Average number of shares in issue during the period, after deducting shares held as treasury stock:
902,141,608 shares for the period ending 30 September 2011 and 687,738,505 shares for the period ending 30 September 2010

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 for the statutory submission to the Ministry of Finance are still ongoing as of the date of announcement of the quarter 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 pages 7 through to 8 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

During the second quarter of the year, market conditions were mostly in line with the Group's expectations, although some areas showed signs of weakness reflecting the general economic mood. The Group's building products markets were stable, with signs of weakening in certain markets. Volumes of value-added products continued to improve. The Group's automotive markets returned towards normal levels, following the reduced demand experienced during the first quarter resulting from the Japan earthquake in March 2011. The impact of this event on the Group's automotive volumes, while significant, has been less than the Group had previously anticipated. Specialty glass markets continued to be relatively robust.

In Europe, volumes in most building products markets were similar to, or slightly below the previous year. Prices were stable during the quarter, above previous year levels, mitigating higher input costs. In automotive markets, cumulative light vehicle sales were slightly ahead of the low levels of the previous year. Automotive volumes weakened through the quarter, with lower sales in most European domestic markets, partially offset by a continuation of strong exports of vehicles by leading European manufacturers. Light vehicle production levels returned to normality following the disruption to production during the first quarter caused by component shortages following the Japan earthquake. Activity in the European automotive glass replacement (AGR) market fell slightly as higher oil prices reduced the number of miles driven. Demand for glass cord continued to improve.

In Japan, building products market volumes improved only slightly from the low levels of the previous year. New housing starts remain subdued. Prices continued to decline gradually. In automotive markets, light vehicle production levels recovered significantly from the levels experienced during the first quarter following the March 2011 Japan earthquake. Market volumes were still well below the previous year however, which had been boosted by government subsidies until September 2010. In the Group's specialty glass markets, underlying demand continued to be strong in areas such as consumer electronics.

The North American economy continued to experience low levels of economic activity. Both residential housing starts and levels of commercial construction activity remain at historically low levels, although the Group's exposure to these markets is limited. The Group's North American Building Products assets service mainly value added product markets, and these were relatively stable during the quarter. Sales of new vehicles were above the previous year's levels, although reduced dealer and manufacturer inventory negatively affected demand for the Groups products. As in Europe, volumes in the AGR market fell, as higher oil prices caused a reduction in the number of miles driven.

In the rest of the world, the Group's building products and automotive markets in South America were stable. Market conditions in South East Asia were difficult, with weak volumes and a pricing environment impacted by over-capacity in China.

(b) Review by Business Segment

The Group's business lines cover three core product sectors: Building Products, Automotive, and Specialty Glass.

Building Products, representing 45 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 supplies glass for the Solar Energy sector.

Automotive, with 44 percent of Group sales, supplies a wide range of automotive glazing for new vehicles and for replacement markets.

Specialty Glass, representing 11 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 line. All figures are presented using IFRS. Figures for Q2 FY2011 have been restated from JGAAP, as presented last year, to IFRS.

JPY millions	Sales		Operating profit	
	Q2 FY12	**Q2 FY11**	**Q2 FY12**	**Q2 FY11**
Building Products	128,440	126,223	8,083	10,941
Automotive	128,181	134,744	3,725	6,755
Specialty Glass	31,253	31,984	3,855	3,497
Other Operations	669	759	(6,471)	(4,539)
Total	288,543	293,710	9,192	16,654

Building Products Business

In the Building Products (BP) business, underlying profitability improved due to increased volumes, particularly of value-added products. However, the cumulative result represented a reduction in profit from the previous year, which included a gain of approximately ¥ 3,300 million, being the income statement effect of settling the Group's insurance claim arising from the February 2010 earthquake in Chile. Solar Energy volumes continue to grow, although at a lower rate than in previous periods. Increased input costs, particularly for energy and energy related materials, were offset by improved price levels in most regions.

In Europe, representing 43 percent of the Group's cumulative BP sales, revenues were similar to the previous year. Profits increased, due largely to cost savings. Sales prices were stable during the quarter, and, relative to the previous year, continue to offset the increase in input costs.

Revenues in Japan, representing 33 percent of BP sales, were slightly higher than the previous year. Downstream revenues and volumes increased from the previous year. Profits increased strongly, with an improving mix of higher value-added products, and the increased downstream volumes.

In North America, representing 9 percent of BP sales, cumulative local currency revenues and profits were higher than the previous year, with an improving product mix.

In the rest of the world, revenues, expressed in US dollars, improved while underlying profits, excluding the effect of the previous year gain on settlement of an insurance claim in Chile, fell. Results in South America were robust, with some volume growth experienced. Revenues and profits in South East Asia and China fell however, with over-capacity in China contributing to a weak pricing environment.

The Building Products business achieved sales of ¥ 128,440 million and an operating profit of ¥ 8,083 million.

Automotive Business

In the Automotive business, revenues and profits fell from the previous year, due largely to the impact of the March 2011 Japan earthquake. The financial impact was less than expected, as many of the Group's customers were able to recover production levels more quickly than had previously been anticipated. The cumulative profit shortfall of ¥ 3,200 million, arising directly from the Japan earthquake, is approximately ¥ 2,000 million less than the Group had expected. The difference compared to expectations arises primarily in Japan.

Europe represents 48 percent of the Group's Automotive sales. In the European Original Equipment (OE) sector, revenues increased from last year's levels, due to improving demand. Profits declined however, due to increasing input costs, start-up costs on new facilities, and continued demand volatility, arising from the effects of the Japan earthquake on the availability of components to European car manufacturers. Demand levels have now stabilized. Results in the Automotive Glass Replacement (AGR) business were robust, as reduced volumes were offset by an improved product mix.

In Japan, representing 16 percent of the Group's Automotive sales, both revenues and profits were below last year, as customers reduced their production levels during the first quarter in response to component shortages, following the Japan earthquake. Demand recovered during the second quarter but is still below the levels of the previous year.

In North America, representing 20 percent of the Group's Automotive sales, OE revenues and profits were below the previous year. Vehicle inventories held by manufacturers and dealers fell, offsetting relatively strong consumer demand. In addition, the Group has a high relative exposure to Japanese manufacturers in the North American market. These vehicle manufacturers suffered disproportionately from component shortages, and consequently had to restrict vehicle production levels during the period. Profits were also affected by increased input costs. AGR profitability improved from the previous year due a strong product mix and an improved operational performance.

In the rest of the world, revenues increased, with a further growth in volumes in South America, although the second quarter was relatively weak with some customers taking extended closures to re-balance inventory levels. Profits were similar to the previous year, as the higher volumes were partially offset by increased input costs, demand volatility, and start-up costs on new investments.

The Automotive business recorded sales of ¥ 128,181 million and an operating profit of ¥ 3,725 million.

Specialty Glass Business

Revenues in Specialty Glass fell from the previous year, although profitability improved. The Group experienced a growth in demand in sectors such as LCDs for smart phones and Personal Digital Assistants (PDAs), where the Group's UFF (Ultra Fine Flat) glass is used within the construction of touch panels. Volumes of SELFOC Lens Array® (SLA®) equipment, used in multi function printers, were affected by reduced demand, due mainly to the Japan earthquake, with printer manufacturers experiencing component shortages. Exporters of multi-function printers and similar products continued to suffer from the strength of the Japanese yen. Sales of glass cord for engine timing belts increased from the previous year with robust demand.

The Specialty Glass business recorded sales of ¥ 31,253 million and an operating profit of ¥ 3,855 million.

Other Operations

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 losses incurred in Other Operations and Eliminations increased from the previous year, which included some non-recurring gains.

Consequently, this segment recorded sales of ¥ 669 million and an operating loss of ¥ 6,471 million.

Joint Ventures and Associates

The Group's share of joint ventures and associates profits was similar to the previous year. Profits at Cebrace, the Group's joint venture in Brazil, were flat. Improving profitability at the Group's Building Products joint venture in Russia was offset by reduced profits in the Group's joint ventures and associates in China.

The Group's cumulative share of joint ventures and associates profits after tax was ¥ 4,255 million (Q2 FY11 ¥ 4,175 million).

(2) Financial condition

Total assets at the end of September 2011 were ¥ 802,153 million, representing a decrease of ¥ 87,267 million from the end of March 2011. The Group has adopted "Net Debt" (interest–bearing debt minus cash and cash equivalents) as a Key Performance Indicator for its financial performance. The table below shows the movement of "Net Debt" following the acquisition of Pilkington in June 2006.

		Net Debt
		JPY million
FY2007 Quarter 1	30 June 2006	514,097
FY2007 Full year	31 March 2007	400,203
FY2008 Full year	31 March 2008	328,479
FY2009 Full year	31 March 2009	331,343
FY2010 Full year	31 March 2010	357,562
FY2011 Full year	31 March 2011	313,131
FY2012 Quarter 2	30 September 2011	332,321

Following the adoption of IFRS, the Group has amended its definition of net debt to include its previously issued Type A preferred shares, derivative financial assets and liabilities, and also non-controlling interests in certain of the Groups subsidiaries in Germany, entitled to fixed dividend payments. The figures in the above table from 31 March 2010 have been amended consistent with this revised definition. Figures prior to this date have not been amended. The most significant difference relates to the treatment of Type A preferred shares of ¥ 30,000 million, which were issued in the year to 31 March 2010 and then redeemed in the year to 31 March 2011. The total impact of this change in definition was to increase net debt at 31 March 2010 by ¥ 42,916 million, and to increase net debt at 31 March 2011 by ¥ 3,965 million.

Net financial indebtedness increased by ¥ 19,190 million from 31 March 2011 to ¥ 332,321 million at the period end. Increases in indebtedness were caused primarily by seasonal increases in working capital and increasing levels of capital expenditure in line with the Group's strategic investments detailed further below. Cash outflows from operating activities were ¥ 11,935 million. Cash outflows from investing activities were ¥ 19,381 million, including capital expenditure on property, plant, and equipment of ¥ 17,374 million. As a result, total cash outflows before financing were ¥ 31,316 million. Currency movements generated a reduction in net debt of approximately ¥ 16,550 million over the period. Gross debt was ¥ 372,993 million at the period end. On 13 May 2011, the Group repaid its zero-coupon convertible bonds with stock acquisition rights, for the gross issuance amount of ¥ 23,000 million. On 28 July 2011, the Group issued a new domestic bond totaling ¥ 20,000 million, with a maturity date of 28 July 2016.

(3) Prospects

The forecast of sales, operating profit, profit before taxation, profit after taxation, profit attributable to owners of the parent and income per share is set out on page 2. This forecast has been amended from that first issued on 12 May 2011.

While the operating performance in the first half of the year is in line with the Group's expectations and similar to the first half performance previously forecasted, conditions are becoming increasingly challenging in many of the Group's core markets. Excess glass manufacturing capacity in China has increasingly resulted in exports from China into South East Asia and beyond, causing an erosion of price levels in those markets. The pace of recovery in other markets has slowed, as consumers, faced with a deteriorating economic outlook, postpone significant spending decisions. The strengthening Japanese yen continues to have a negative translational impact on the Group's published results, as well as causing a reduction in demand for exports from Japan containing the Group's glass.

Increasing purchase prices, particularly with respect to energy costs, are continuing to affect the Group's financial results. The Group actively hedges the increases in such costs using derivatives, but these techniques cannot protect the Group from increased input costs indefinitely. The Group intends to mitigate the impact of increasing input costs with further improvements in efficiencies, and, where possible, increasing sales prices.

The long-term prospects for the Group's businesses remain positive. The Group has identified geographical expansion into high-growth emerging markets and opportunities offered by the increasing demand for 'environmental' glass products utilizing its technology, as the two main drivers to support its future growth.

On 4 November 2010, the Group issued details of its Strategic Management Plan, covering the financial years FY2012 to FY2014.

The Group has already commenced the various investments that support its strategic management plan:

- 29 November 2010, the Group announced plans, together with Saint-Gobain, to build a new joint venture float glass plant in Bahia state, in North East Brazil.
- 8 December 2010, the Group announced plans to expand and upgrade its Automotive glazing operations in Mexicali, Mexico.
- 19 January 2011, the Group announced the re-commissioning of its VGI float line at My Xuan in Southern Vietnam. This line will primarily produce coated glass for photovoltaic applications.
- 22 February 2011, the Group announced the commissioning of a new automotive laminating line in Caçapava, Brazil, representing a 50 percent increase in the Group's Brazilian automotive laminating capacity.
- 13 April 2011, the Group announced the construction of an off-line coating facility in St Helens, UK, to produce a range of high performance low-emissivity products for building products applications.
- 23 May 2011, the Group announced its intention to build two new value-added float lines in Vietnam to increase its production of specialist products to supply the growing Solar Energy and Touch Screen sectors.
- 8 August 2011, the Group announced that it had reached agreement with its joint venture partner, to start production of the Group's NSG TEC™ solar energy products in China at the Group's joint venture in Changshu, China.
- 12 September 2011, a ceremony was held at the site of the Group's major new automotive facility at Chmielów, Poland, to mark the start of construction work on the site.

The above investments are expected to produce a significant, and increasing, contribution to the Group's profitability during the period covered by the Strategic Management Plan.

2 Other information

(1) Changes in status of principal subsidiaries

There was no change.

(2) Changes in accounting policies, estimates, and assumptions

There was no change.

3 Consolidated Financial Statements

(1). (a) Condensed consolidated income statement

¥ millions

	Note	**Cumulative Quarter 2 FY12 For the period 1 April 2011 to 30 September 2011**	Cumulative Quarter 2 FY11 For the period 1 April 2010 to 30 September 2010
Revenue	(6)-(e)	**288,543**	293,710
Cost of sales		**(212,814)**	(213,987)
Gross profit		**75,729**	79,723
Other income		**2,686**	11,711
Distribution costs		**(26,198)**	(26,579)
Administrative expenses		**(34,990)**	(38,172)
Other expenses		**(8,035)**	(10,029)
Operating profit	(6)-(e)	**9,192**	16,654
Finance income	(6)-(f)	**1,141**	985
Finance expenses	(6)-(f)	**(8,207)**	(10,019)
Share of post-tax profit of joint ventures and associates accounted for using the equity method		**4,255**	4,175
Profit before taxation		**6,381**	11,795
Taxation	(6)-(g)	**(75)**	(3,737)
Profit for the period		**6,306**	8,058
Profit attributable to non-controlling interests		**579**	3,101
Profit attributable to owners of the parent		**5,727**	4,957
		6,306	8,058
Earnings per share attributable to owners of the parent	(6)-(h)		
Basic		**6.35**	7.21
Diluted		**6.32**	6.97

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

¥ millions

		Cumulative Quarter 2 FY12 For the period 1 April 2011 to 30 September 2011	Cumulative Quarter 2 FY11 For the period 1 April 2010 to 30 September 2010
Profit for the period		**6,306**	8,058
Other comprehensive income:			
Foreign currency translation adjustments		**(41,976)**	(31,492)
Retirement benefit obligations, net of taxation	(6)-(m)	**(16,924)**	-
Revaluation of available-for-sale investments		**43**	(153)
Cash flow hedges:			
- fair value gains, net of taxation		**(2,317)**	216
Other comprehensive income for the period, net of taxation		**(61,174)**	(31,429)
Total comprehensive income for the period		**(54,868)**	(23,371)
Attributable to non-controlling interests		**(638)**	2,441
Attributable to owners of the parent		**(54,230)**	(25,812)
		(54,868)	(23,371)

(2) Condensed consolidated balance sheet

¥ millions

	Quarter 2 FY12 as at 30 September 2011	FY11 as at 31 March 2011	FY10 as at 1 April 2010
ASSETS			
Non-current assets			
Goodwill	**96,604**	114,432	122,743
Intangible assets	**86,316**	102,026	118,302
Property, plant and equipment	**245,874**	272,177	283,667
Investment property	**777**	911	2,131
Investments accounted for using the equity method	**47,667**	49,420	44,651
Trade and other receivables	**10,695**	12,290	8,791
Financial assets:			
- Available-for-sale investments	**8,645**	9,167	10,517
- Derivative financial instruments	**634**	2,111	1,249
Deferred tax assets	**52,187**	50,155	55,169
	549,399	612,689	647,220
Current assets			
Inventories	**99,909**	100,345	97,933
Construction work-in-progress	**999**	632	1,076
Trade and other receivables	**107,186**	110,689	117,265
Financial assets:			
- Available-for-sale investments	**3**	231	-
- Derivative financial instruments	**3,123**	3,034	1,966
Cash and cash equivalents	**40,672**	60,906	79,796
	251,892	275,837	298,036
Assets held for sale	**862**	894	163
	252,754	276,731	298,199
Total Assets	**802,153**	889,420	945,419

(2) Condensed consolidated balance sheet continued

¥ millions

	Quarter 2 FY12 as at 30 September 2011	FY11 as at 31 March 2011	FY10 as at 1 April 2010
LIABILITIES AND EQUITY			
Current liabilities			
Financial liabilities:			
- Borrowings	**36,600**	56,375	80,448
- Derivative financial instruments	**2,829**	2,205	6,378
Trade and other payables	**101,506**	122,871	121,968
Provisions	**10,457**	20,692	23,144
Deferred income	**2,391**	2,615	3,071
	153,783	204,758	235,009
Non-current liabilities			
Financial liabilities:			
- Borrowings	**335,403**	318,678	349,470
- Derivative financial instruments	**1,918**	1,925	4,276
Trade and other payables	**1,173**	3,588	5
Deferred tax liabilities	**38,589**	44,918	53,671
Retirement benefit obligations	**81,558**	70,899	81,186
Provisions	**16,932**	12,893	15,729
Deferred income	**4,250**	5,184	6,168
	479,823	458,085	510,505
Total liabilities	**633,606**	662,843	745,514
Equity			
Capital and reserves attributable to the Company's equity shareholders			
Called up share capital	**116,449**	116,449	96,147
Capital surplus	**127,511**	127,510	107,566
Retained earnings	**49,571**	63,475	59,413
Retained earnings (Translation adjustment at the IFRS transition date)	**(68,048)**	(68,048)	(68,048)
Other reserves	**(66,189)**	(23,154)	(4,241)
Total shareholders' equity	**159,294**	216,232	190,837
Non-controlling interests	**9,253**	10,345	9,068
Total equity	**168,547**	226,577	199,905
Total liabilities and equity	**802,153**	889,420	945,419

(3) Condensed consolidated statement of changes in equity

	Share Capital	Capital surplus	Retained earnings	Retained earnings (Translation adjustment at the IFRS transition date)	Other reserves	**Total shareholders equity**	Non-controlling interests	**Total equity**
At 1 April 2011	116,449	127,510	63,475	(68,048)	(23,154)	**216,232**	10,345	**226,577**
Total Comprehensive Income			(11,197)		(43,033)	**(54,230)**	(638)	**(54,868)**
Dividends paid			(2,706)			**(2,706)**	(454)	**(3,160)**
Net disposal of treasury stock		1	(1)		(2)	**(2)**		**(2)**
At 30 September 2011	**116,449**	**127,511**	**49,571**	**(68,048)**	**(66,189)**	**159,294**	**9,253**	**168,547**

¥ million

	Share Capital	Capital surplus	Retained earnings	Retained earnings (Translation adjustment at the IFRS transition date)	Other reserves	**Total shareholders equity**	Non-controlling interests	**Total equity**
At 1 April 2010	96,147	107,566	59,413	(68,048)	(4,241)	**190,837**	9,068	**199,905**
Total Comprehensive Income			4,957		(30,769)	**(25,812)**	2,441	**(23,371)**
Dividends paid			(2,004)			**(2,004)**	(895)	**(2,899)**
Reserves of new subsidiaries			421			**421**		**421**
Issuance of common stock	20,302	19,935				**40,237**		**40,237**
Issuance & purchase of treasury stock		3			48	**51**		**51**
At 30 September 2010	**116,449**	**127,504**	**62,787**	**(68,048)**	**(34,962)**	**203,730**	**10,614**	**214,344**

(4) Condensed consolidated statement of cash flows

¥ millions

	Note	**Cumulative Quarter 2 FY12 for the period 1 April 2011 to 30 September 2011**	Cumulative Quarter 2 FY11 for the period 1 April 2010 to 30 September 2010
Cash flows from operating activities			
Cash generated from operations	(6)-(k)	**(2,957)**	22,730
Interest paid		**(6,930)**	(8,770)
Interest received		**854**	804
Tax paid		**(2,902)**	(4,768)
Net cash outflows from operating activities		**(11,935)**	9,996
Cash flows from investing activities			
Dividends received from joint ventures and associates		**456**	3,979
Purchase of joint ventures and associates		**(1,255)**	(493)
Purchase of subsidiaries (net of cash disposed)		**-**	(467)
Purchases of property, plant and equipment		**(17,374)**	(11,953)
Proceeds on disposal of property, plant and equipment		**1,866**	519
Purchases of intangible assets		**(613)**	(612)
Purchase of available-for-sale investments		**(2)**	(4)
Proceeds from available-for-sale investments		**279**	19
Loans with joint ventures, associates & third parties		**(2,890)**	1,748
Others		**152**	725
Net cash outflows from investing activities		**(19,381)**	(6,539)
Cash flows from financing activities			
Dividends paid to shareholders		**(2,705)**	(2,005)
Dividends paid to non-controlling interests		**(454)**	(894)
Issue of share capital		**-**	40,237
Repayment of borrowings		**(37,722)**	(75,483)
Proceeds from borrowings		**59,520**	32,997
Others		**(3)**	(4)
Net cash in/(out)flows from financing activities		**18,636**	(5,152)
Decrease in cash and cash equivalents (net of bank overdrafts)		**(12,680)**	(1,695)
Cash and cash equivalents (net of bank overdrafts) at beginning of period	(6)-(l)	**46,491**	55,995
Effect of foreign exchange rate changes		**(3,069)**	(2,785)
Cash and cash equivalents (net of bank overdrafts) at end of period	(6)-(l)	**30,742**	51,515

(5) Notes regarding going concern

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

(6) Notes to the condensed consolidated financial statements

(a) Reporting entity

Nippon Sheet Glass Company, Limited and its consolidated subsidiaries (the Group) is a world leader in the supply of flat glass for building products and automotive applications. In addition, the Group has a number of discreet specialty glass businesses, operating in high technology areas. The parent company of the Group, Nippon Sheet Glass Company, Limited is domiciled in Japan and has shares publicly traded in Tokyo and Osaka.

(b) Basis of preparation

The condensed quarterly consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) pursuant to the provision of article 93 of “Regulations Concerning Terminology, Forms, and Method for Preparing Financial Statements” (Cabinet Ordinance No. 64, issued in 2007). The condensed quarterly financial statements are based on IAS 34, Interim Financial Reporting. The Company meets the requirement of the provision of article 1-2-1 I to Ni (3) of “Regulations on Quarterly Consolidated Financial Statements”. The Company meets the status of a qualified company for filing the financial statements in IFRS “Tokutei-kaisha” of the provision.

The Group has adopted IFRS for the first time this financial year (commencing on 1 April 2011 and ending on 31 March 2012), and so the annual consolidated financial statements for the year are the first ones prepared in conformity with IFRS. The date of transition of the Group to IFRS is 1 April 2010. An explanation of how the first time adoption of, and the transition to, IFRS has affected the Group’s financial position, business results and cash flows is provided in Note 7.

The consolidated financial statements have been prepared on a historical cost basis, except for investment property, derivative financial instruments and available-for-sale investments that have been measured at fair value.

The financial statements are presented in Japanese yen and are rounded to the nearest million yen (¥m) except where otherwise indicated.

(c) Principal accounting policies

The Group applies the principal accounting policies to the financial information consistently throughout all the periods, including the consolidated balance sheet on the date of transition to IFRS, presented in the condensed quarterly financial statements.

The principal accounting policies under IFRS, which the group adopted, are stated in the Consolidated financial statements section of the report for the quarter ended 30 June 2011.

(d) Critical accounting estimates and assumptions

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will not usually be equal to the resulting actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Estimated impairment of goodwill and intangible assets

The Group tests, on an annual basis, whether goodwill or intangible assets have suffered any impairment, in accordance with the accounting policy.

(d) Critical accounting estimates and assumptions continued

(ii) Income taxes

The Group is subject to income taxes in numerous jurisdictions worldwide. During the normal course of business, there are a significant number of transactions where the final tax determination is uncertain. The Group recognizes liabilities for anticipated tax audit issues based on an estimate of both the value of any additional taxes that may be due and the likelihood that the final tax audit outcome may result in such additional liabilities. In arriving at the total liability to be provided, significant judgment is required. Where the final tax outcome of these matters is different from the amounts provided, any difference is recorded in the year in which that final outcome is known.

(iii) Post-retirement benefits

The Group has a variety of post-retirement benefit schemes in various countries in which it operates. Where such schemes are in the nature of a defined benefit arrangement, the directors approve a variety of assumptions used in the calculation of the scheme assets and liabilities. These assumptions are subject to a degree of uncertainty and the directors take advice from professional actuaries before approving such assumptions.

(iv) Provisions

If appropriate, the directors seek professional advice regarding the valuation of provisions.

(e) Segmental information

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

Building Products, 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 growing Solar Energy sector.

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

Specialty 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, and other non-core activities.

The segmental results for the period ended 30 September 2011 were as follows:

¥ millions

Cumulative Quarter 2 FY12 For the period 1 April 2011 to 30 September 2011	Building Products	Automotive	Specialty Glass	Other Operations	Total
Revenue					
External revenue	128,440	128,181	31,253	669	288,543
Inter-segmental revenue	7,198	249	128	2,702	10,277
Total revenue	135,638	128,430	31,381	3,371	298,820
Segmental result before amortization arising from the acquisition of Pilkington plc	8,083	3,725	3,855	(2,735)	12,928
Amortization arising from the acquisition of Pilkington plc	-	-	-	(3,736)	(3,736)
Operating profit	8,083	3,725	3,855	(6,471)	9,192
Finance costs – net					(7,066)
Share of post tax profit from joint ventures and associates					4,255
Profit before taxation					6,381
Taxation					(75)
Profit for the period from continuing operations					6,306

(e) Segmental information continued

The segmental results for the period ended to 30 September 2010 were as follows:

¥ millions

Cumulative Quarter 2 FY11 For the period 1 April 2010 to 30 September 2010	Building Products	Automotive	Specialty Glass	Other Operations	Total
Revenue					
External revenue	126,223	134,744	31,984	759	293,710
Inter-segmental revenue	7,319	635	90	2,452	10,496
Total revenue	133,542	135,379	32,074	3,211	304,206
Segmental result before amortization arising from the acquisition of Pilkington plc	10,941	6,755	3,497	(709)	20,484
Amortization arising from the acquisition of Pilkington plc	-	-	-	(3,830)	(3,830)
Operating profit	10,941	6,755	3,497	(4,539)	16,654
Finance costs – net					(9,034)
Share of post tax profit from joint ventures and associates					4,175
Profit before taxation					11,795
Taxation					(3,737)
Profit for the period from continuing operations					8,058

The segmental assets at 30 September 2011 and capital expenditure for the period ended 30 September 2011 were as follows:

¥ millions

	Building Products	Automotive	Specialty Glass	Other Operations	Total
Net trading assets	**163,304**	**175,643**	**48,194**	**2,203**	**389,344**
Capital expenditure (including intangibles)	**4,164**	**9,949**	**461**	**43**	**14,617**

The segmental assets at 30 September 2010 and capital expenditure for the period ended 30 September 2010 were as follows:

¥ millions

	Building Products	Automotive	Specialty Glass	Other Operations	Total
Net trading assets	167,170	167,530	49,918	2,193	386,811
Capital expenditure (including intangibles)	3,792	4,954	354	119	9,219

Net trading assets consist of property, plant and equipment, investment properties, 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.

(f) Finance income and expenses

	Cumulative Quarter 2 FY12 for the period 1 April 2011 to 30 September 2011	Cumulative Quarter 2 FY11 for the period 1 April 2010 to 30 September 2010
	¥ millions	¥ millions
Finance income		
Interest income	**1,001**	836
Foreign exchange transaction gains	**71**	52
Fair value gains on financial instruments		
- interest rate swaps	**69**	97
	1,141	985
Finance expenses		
Interest expense:		
- bank and other borrowings	**(7,029)**	(7,004)
Dividend on non-equity preference shares due to minority shareholders	**(119)**	(120)
Foreign exchange transaction losses	**(167)**	(531)
Other interest and similar charges	**(54)**	(1,379)
	(7,369)	(9,034)
Unwinding discounts on provisions	**(133)**	(146)
Retirement benefit obligations - finance costs less finance income	**(705)**	(839)
	(8,207)	(10,019)

(g)Taxation

The tax rate on profits before taxation, excluding the Group's share of net profits of joint ventures and associates, is 4 per cent in the 6 months to 30 September 2011 (30 September 2010 – 49 per cent). The tax charge for the quarter is based on the estimated effective rate for the year to 31 March 2012, adjusted for certain second quarter non-recurring items.

(h) Earnings per share

(i) Basic

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

	Cumulative Quarter ended 30th September 2011	Cumulative Quarter ended 30th September 2010
	¥ millions	¥ millions
Profit attributable to owners of the parent	**5,727**	4,957

(h) Earnings per share continued

	Thousands	Thousands
Weighted average number to ordinary shares in issue	**902,142**	687,739

	¥	¥
Basic earnings per share	**6.35**	7.21

(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. The Company has two categories of dilutive potential ordinary shares; convertible debt and share options. The convertible debt is assumed to have been converted into ordinary shares, and the net profit is adjusted to eliminate the interest expense less the tax effect. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to the outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	Cumulative Quarter ended 30th September 2011	Cumulative Quarter ended 30th September 2010
	¥ millions	¥ millions
Earnings		
Profit attributable to owners of the parent	**5,727**	4,957
Interest expense on convertible debt (net of tax)	**54**	163
Profit used to determine diluted earnings per share	**5,781**	5,120

	Thousands	Thousands
Weighted average number to ordinary shares in issue	**902,142**	687,739
Adjustment for;		
- Assumed conversion of convertible debt	**10,570**	44,983
- Share options	**1,794**	1,489
Weighted average number of ordinary shares for diluted earnings per share	**914,506**	734,211

	¥	¥
Diluted earnings per share	**6.32**	6.97

(i) Dividends paid and proposed

	Cumulative Quarter ended 30th September 2011	Cumulative Quarter ended 30th September 2010
	¥ millions	¥ millions
Dividends on ordinary shares declared and paid during the period:		
Final dividend for the year ended 31 March 2011 ¥ 3 per share (2010: ¥ 3 per share)	**2,705**	2,005
Dividends on ordinary shares proposed after the end of the reporting period and not recognized as a liability:		
Interim dividend for the year ended 31 March 2012 ¥ 3 per share (2011: ¥ 3 per share)	**2,706**	2,706

The interim dividend set out above was approved at a meeting of the Board of Directors on 1 November 2011, and will be paid to shareholders as at a recorded date of 30 September 2011, on 2 December 2011.

(j) Exchange rates

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

	Quarter 2 FY12 30 September 2011		Year ended 31 March 2011		Quarter 2 FY11 30 September 2010	
	Average	**Closing**	Average	Closing	Average	Closing
GBP	**129**	**119**	133	134	135	132
US dollar	**80**	**77**	85	83	89	84
Euro	**113**	**103**	113	118	113	114

(k) Cash flows generated from operations

	Cumulative Quarter 2 FY12 for the period 1 April 2011 to 30 September 2011	Cumulative Quarter 2 FY11 for the period 1 April 2010 to 30 September 2010
	¥ millions	¥ millions
Profit /(loss) for the period from continuing operations	**6,306**	8,058
Adjustments for:		
Taxation	**75**	3,737
Depreciation	**14,837**	15,517
Amortization	**4,952**	5,285
Impairment	**28**	143
Profit on sale of property, plant and equipment	**(947)**	(277)
Grants and deferred income released	**(243)**	(752)
Finance income	**(1,141)**	(985)
Finance expenses	**8,207**	10,019
Share of profit from joint ventures and associates	**(4,255)**	(4,175)
Fair value (gains)/ losses on derivative financial instruments	**-**	-
Other items	**(360)**	(1,608)
Operating cash flows before movement in provisions and working capital	**27,459**	34,962
Decrease in provisions and retirement benefit obligations	**(9,647)**	(8,255)
Changes in working capital:		
- inventories	**(8,705)**	(1,098)
- construction work-in-progress	**(478)**	(238)
- trade and other receivables	**(1,611)**	(801)
- trade and other payables	**(9,975)**	(1,840)
Net change in working capital	**(20,769)**	(3,977)
Cash flows generated from operations	**(2,957)**	22,730

(l) Cash and cash equivalents

	As at 31 March 2011	As at 31 March 2010
	¥ millions	¥ millions
Cash and cash equivalents	**60,906**	79,796
Bank overdrafts	**(14,415)**	(23,801)
	46,491	55,995

	As at 30 September 2011	As at 30 September 2010
	¥ millions	¥ millions
Cash and cash equivalents	**40,672**	61,124
Bank overdrafts	**(9,930)**	(9,609)
	30,742	51,515

(m) Post-retirement benefits

Due to the level of volatility in global debt and equity markets, the Group has performed a revaluation, on a roll-forward basis, of its material retirement benefit obligations at the period end date. This revaluation has involved updating period-end scheme asset values and recalculating scheme liabilities based on appropriate discount and inflation rates prevailing at the balance sheet date. Other factors, such as changes in longevity, were not considered. The effect of this revaluation has been an increase in retirement benefit obligations of ¥ 23,381 million, gross of related deferred taxation, and ¥ 16,924 million, net of related deferred taxation. A summary of the main changes in assumptions used is set out below.

	As at 30 September 2011	As at 31 March 2011
	%	%
UK discount rate	**5.2**	5.6
UK government bond yield (15 years)	**3.21**	4.47
UK inflation	**3.2**	3.6
US discount rate (pension)	**4.0**	5.0
US discount rate (medical)	**4.1**	5.1
Canada discount rate	**5.0**	5.5
Eurozone discount rates (range)	**4.4 – 4.7**	4.5 – 5.2
Japan discount rate	**1.7**	1.9

(n) Contingent Liabilities

At 30 September 2011, the Group has guaranteed, in the ordinary course of business ¥2,071 million in respect of joint ventures and associates.

(7) First-time adoption of International Financial Reporting Standards

Up to 31 March 2011, the Group prepared its consolidated financial statements under Japanese Generally Accepted Accounting Principles (JGAAP).

The Group has adopted IFRS for the first time this financial year commencing on 1 April 2011. The condensed consolidated financial statements of the Group for this second quarter of the year have been prepared in accordance with IAS 34.

The Group has made various adjustments, to the previously prepared and reported financial data under JGAAP, necessary for the transition to IFRS. An explanation of how the first time adoption of and the related adjustments for the transition to IFRS has affected the Group's financial position, business results and cash flows is provided below.

(a) Exemptions to retrospective application of IFRS

IFRS1 "First time adoption of IFRS" ("IFRS1") stipulates that a company, which adopts IFRS for the first time, should apply IFRS retrospectively to prior periods. However, IFRS allows an exemption on the retrospective application of the standards to some accounting areas, and the Group has used the exemption option for the following areas.

- Business combinations – the provisions of IFRS 3 'Business Combinations' are applied prospectively from 1 April 2010. No adjustments have been made to acquisitions made prior to the date of IFRS transition.
- Cumulative translation differences relating to net investments in overseas subsidiaries, joint ventures and associates that arose prior to 1 April 2010 have been set to zero and will not be included in any subsequent calculation of profit or loss on disposal.

(7) First-time adoption of International Financial Reporting Standards continued

(b) Changes to the Group's principal accounting policies on transition from JGAAP to IFRS

The following is a summary of the most significant changes to the Group's principal accounting policies on transition to IFRS.

Research and development

Research expenditure continues to be charged in the income statement in the year as it is incurred. Development costs are charged in the income statement in the year in which they are incurred unless such costs meet the recognition criteria of IAS 38 'Intangible Assets'. Where such criteria are met, either in respect of new products or in respect of improved processes, the resulting intangible assets are capitalized and amortized over their useful economic lives, over periods not exceeding five years (products) and 20 years (processes).

Under JGAAP, all research and development expenditure was charged to the income statement as incurred.

Goodwill

Under IFRS, goodwill arising on acquisition is capitalized and subject to annual impairment review. Under JGAAP, goodwill was amortized over its estimated useful life.

At both 1 April 2010 and 31 March 2011, the Group undertook impairment reviews of the goodwill asset carried in the balance sheet. No impairment was deemed necessary at either date.

On adoption of IFRS, negative goodwill carried in the JGAAP balance sheet was removed and credited to reserves.

Employee benefits

The Group accounts for defined benefit pension schemes, leaving indemnity arrangements, post-retirement healthcare and life insurance benefits, phased retirement arrangements (in Germany only) and long service benefits under IAS 19. Obligations are measured at discounted present value and plan assets (for funded schemes, principally in the UK, USA and Japan) are recorded at fair value.

Operating and financing costs are recognized separately in the income statement. Operating costs primarily comprise current service cost, being the increase in retirement obligations caused by the rendering of services by employees during the year. Finance costs include the unwinding of discount applied to retirement benefit obligations, and the expected annual return on assets held within funded retirement benefit plans.

Actuarial gains and losses caused by changes in actuarial assumptions, together with experience gains and losses on scheme assets are recognized in other comprehensive income.

In JGAAP, current service costs and financing costs related to retirement benefit obligations were both recognized within operating costs. Actuarial gains and losses, together with experience gains and losses on scheme assets, were not recognized in the period in which they arose, but were subsequently charged to operating costs over a period not exceeding the remaining service lives of the employee members. The Group previously used 5 years for this purpose.

Joint ventures and associates

The Group's share of the profit less losses of joint ventures and associates is included in the income statement on the equity accounting basis, presented as Nippon Sheet Glass Co., Ltd's share of post-tax profit/loss of joint ventures and associates accounted for using the equity method. The carrying value of joint ventures and associates in the Group balance sheet is calculated by reference to Nippon Sheet Glass Co., Ltd's equity in the net assets of such joint ventures and associates, as shown in the most recently available accounts, adjusted where appropriate to align them with the Group's policies.

The basic policy for recognizing joint ventures and associates' financial results is similar in both IFRS and JGAAP. However, using the definitions of significant influence in IFRS, the Group has recognized some additional investments as associates in IFRS when compared to JGAAP.

(7) First-time adoption of International Financial Reporting Standards continued

Deferred taxation

Deferred taxation is provided in full on the liability basis on temporary differences arising between the tax bases of assets and liabilities and their carrying amount in the consolidated balance sheet.

Deferred taxation is provided on temporary differences arising on the un-remitted profits of investments in subsidiaries, joint ventures and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Financial instruments

Financial liabilities are recognized with respect to contractual obligations to pay cash to another entity, either on settlement of the principal amount or with respect to interest charges.

The Group's preferred shares, outstanding during part of the financial year to 31 March 2011, are therefore included in the opening balance sheet at 1 April 2010 as financial liabilities.

(c) Reconciliations from JGAAP to IFRS

As required by IFRS 1 'First-time adoption of International Financial Reporting Standards', the following reconciliations and explanations are disclosed:

- Reconciliation of the profit for the 6 months ended 30 September 2010 and the year ended 31 March 2011, and the comprehensive income for the year to 31 March 2011 as between JGAAP and IFRS (see (d) below).
- An explanation of the key accounting changes resulting in adjustments to the previously reported JGAAP profits for the 6 months ended 30th September 2010 and for the year ended 31st March 2011 (see (e) below).
- Reconciliation of shareholders' equity at 1st April 2010, 30th September 2010 and 31st March 2011 as between JGAAP and IFRS (see (f) below).
- Cash flow statement – explanation of the key changes between JGAAP and IFRS (see (g) below).

(d) Reconciliation of profit and comprehensive income

Reconciliation of the profit for the 6 months ended 30 September 2010 as between JGAAP and IFRS

	As reported under JGAAP	Effect of transition to IFRS	IFRS
	¥ millions	¥ millions	¥ millions
Continuing operations			
Revenue	293,689	21	**293,710**
Cost of sales	(212,420)	(1,567)	**(213,987)**
Gross Profit	81,269	(1,546)	**79,723**
Other income*		11,711	**11,711**
Distribution costs*		(26,579)	**(26,579)**
Administrative expenses*		(38,172)	**(38,172)**
Other expenses*		(10,029)	**(10,029)**
Selling, general and administrative expenses	(70,796)	70,796	**-**
Operating profit	10,473	6,181	**16,654**
Finance income*		985	**985**
Finance expenses*		(10,019)	**(10,019)**
Share of post-tax profit of affiliates	3,889	286	**4,175**
Non-operating items excluding share of post-tax profit of affiliates	(7,909)	7,909	**-**
Extraordinary items	(616)	616	**-**
Profit/(loss) before taxation	5,837	5,958	**11,795**
Taxation	(2,721)	(1,016)	**(3,737)**
Profit/(loss) for the period	3,116	4,942	**8,058**
Profit/(loss) attributable to non-controlling interests	3,101	-	**3,101**
Profit/(loss) attributable to owners of the parent	15	4,942	**4,957**

*Not reported under JGAAP

(7) First-time adoption of International Financial Reporting Standards continued

Reconciliation of the profit for the year ended 31 March 2011 as between JGAAP and IFRS

	As reported under JGAAP	Effect of transition to IFRS	IFRS
	¥ millions	¥ millions	¥ millions
Continuing operations			
Revenue	577,212	(143)	**577,069**
Cost of sales	(420,931)	(2,577)	**(423,508)**
Gross Profit	156,281	(2,720)	**153,561**
Other income*		15,934	**15,934**
Distribution costs*		(52,634)	**(52,634)**
Administrative expenses*		(70,741)	**(70,741)**
Other expenses*		(23,253)	**(23,253)**
Selling, general and administrative expenses	(141,929)	141,929	**-**
Operating profit	14,352	8,515	**22,867**
Finance income*		2,249	**2,249**
Finance expenses*		(18,523)	**(18,523)**
Share of post-tax profit of affiliates	8,107	606	**8,713**
Non-operating items excluding share of post-tax profit of affiliates	(14,729)	14,729	**-**
Extraordinary items	(4,370)	4,370	**-**
Profit/(loss) before taxation	3,360	11,946	**15,306**
Taxation	1,682	(1,173)	**509**
Profit/(loss) for the period	5,042	10,773	**15,815**
Profit/(loss) attributable to non-controlling interests	3,381	4	**3,385**
Profit/(loss) attributable to owners of the parent	1,661	10,769	**12,430**

*Not reported under JGAAP

Reconciliation of the comprehensive income for the year ended 31 March 2011 as between JGAAP and IFRS

	As reported under JGAAP	Effect of transition to IFRS	IFRS
	¥ millions	¥ millions	¥ millions
Profit for the year	5,042	10,773	**15,815**
Other comprehensive income, net of tax			
Valuation difference on available for sale securities	(176)	89	**(87)**
Deferred gains or losses on hedges	4,132	(537)	**3,595**
Foreign currency translation adjustments	(22,771)	902	**(21,869)**
Retirement benefit obligations		(3,968)	**(3,968)**
Share of other comprehensive income of affiliates accounted for using equity method	(1,433)	-	**(1,433)**
Total: Other comprehensive income, net of tax	(20,248)	(3,514)	**(23,762)**
Total comprehensive income	(15,206)	7,259	**(7,947)**
Total comprehensive income attributable to:			
Non-controlling interests	2,523	4	**2,527**
Owners of the parent	(17,729)	7,255	**(10,474)**

A reconciliation of comprehensive income as at September 2010 is not provided, as the Group did not disclose comprehensive income using J GAAP during the previous year’s second quarter ended 30 September 2010.

(7) First-time adoption of International Financial Reporting Standards continued
(e) Explanation of key accounting changes

An explanation of the key accounting changes, resulting in adjustments to the reported JGAAP profits is shown below:

Revenue

Revenue from the sale of goods was recognized upon shipment under JGAAP whereas under IFRS, revenue from the sale of goods is recognized when the risks and rewards of ownership have transferred to the customer. Consequently, revenue has risen by ¥21 million in 6 months ended 30 September 2010 and decreased by ¥143 million in the full year.

Operating Profit

Operating profits have increased as follows:

		¥ millions
	6 months ended 30 September 2010	Year ended 31 March 2011
Operating profit as reported under JGAAP	**10,473**	**14,352**
Goodwill amortization (note I)	4,289	8,429
Retirement benefit obligations (note II)	2,930	5,642
Float tank assets (note III)	(183)	(354)
Development costs capitalized less amounts impaired (note IV)	47	236
Other items	(13)	112
Reallocations (note V)	(889)	(5,550)
Operating profit as reported under IFRS	**16,654**	**22,867**

I. Goodwill and intangible assets with an indefinite useful life were routinely amortized to the income statement in JGAAP. Under IFRS, such assets are instead subjected to an annual test of impairment.

II. In JGAAP, actuarial gains and losses arising on the Group's various retirement benefit schemes, have been charged to operating profit over a period of five years, commencing the year after the gain or loss first arose. The Group's IFRS treatment for such gains and losses is to recognize the asset or liability in full within the balance sheet when they arise, with a corresponding charge or credit in the Statement of Comprehensive Income.

III. The IFRS income statement reflects the depreciation of float tank assets across the Group. The JGAAP income statement reflected an accrual for future float tank asset repairs in Japan, and depreciation of historic cost asset repairs elsewhere in the Group. The impact of moving to IFRS therefore represents the difference between accruing for future repairs, and the depreciation arising on historic repair costs, in Japan.

IV. Under IFRS, qualifying development expenditure is recognized as an asset and amortized over its useful life but charged directly to the income statement under JGAAP.

V. Other non-operating items, excluding share of post-tax profits of affiliates and finance income and expenses, and extraordinary items charged below operating profit under JGAAP are included within operating profit under IFRS. This amended treatment is included within reallocations.

(7) First-time adoption of International Financial Reporting Standards continued

Profit attributable to owners of the parent

The profit for the year attributable to owners of the parent has increased as follows:

		¥ millions
	6 months ended 30 September 2010	Year ended 31 March 2011
Profit attributable to owners of the parent under JGAAP	**15**	**1,661**
Adjustment to operating profit, excluding reallocations (see above)	7,070	14,065
Finance costs (notes I, II and III)	(1,379)	(1,768)
Share of post-tax profit of affiliates (note IV)	286	606
Share issuance costs (note V)	367	367
Dividend from investments now classified as equity method (note VI)	(269)	(513)
Investment property valuation (note VII)	-	(317)
Impairment of capitalized development costs and other impairments (note VIII)	(125)	(285)
Losses on disposals (note IX)	1	(204)
Taxes (notes X, XI, and XII)	(1,016)	(1,173)
Others	8	(8)
Profit attributable to owners of the parent under IFRS	**4,957**	**12,430**

I. The Group's type A Preferred shares, outstanding during part of the year to 31 March 2011, are treated as a financial liability in IFRS. Consequently, the dividend is recognized within financial costs rather than as a charged to equity. As a result, financial costs have increased by ¥1,216 million in the 6 months ended 30 September 2010 and ¥1,558 million in the full year.

II. Interest arising on the notional discount on convertible bonds, representing the equity component of the embedded conversion feature, is recognized within financial costs in IFRS. Consequently, financial costs have increased by ¥163 million in the 6 months ended 30 September 2010 and ¥325 million in the full year.

III. Bond issuance costs were charged to the income statement as incurred in JGAAP. In IFRS, such costs are amortized over the period to the maturity of the bond. As a result, finance costs have decreased by ¥115 million for the full year to 31 March 2011. There was no impact on the results to 30 September 2010 from this change.

IV. Share of post-tax profit of affiliates has increased due to an increase of the scope of affiliates in IFRS. Some entities that under IFRS are now recognized as investments in associates, were previously classified as long-term financial assets in JGAAP, based on their materiality. All investments, over which the Group can exercise significant influence over the financial and operating policies, are now classified as investments in associates under IFRS.

V. Share issuance costs have been posted directly to capital surplus in IFRS, whereas these costs were charged to the income statement in JGAAP.

VI. Dividends received from long-term financial assets are accounted for as dividend income in the income statement. To the extent that certain investment included within long-term financial assets in JGAAP have been now classified as investments in associates in IFRS, such dividend income is no longer recognized in the income statement, and is instead replaced by the Group's share of the associates' profit as noted above.

VII. Certain investment properties, yielding a rental income have been held at historic cost in JGAAP, but have now been re-valued to their fair value in IFRS.

VIII. IFRS impairment adjustments include the impairment of capitalized development cost and also certain other impairment adjustments. The impairment of capitalized development costs increased by ¥181 million for the full year to 31 March 2011. Other impairment adjustments increased by ¥104 million in the full year. The impact on the quarter to 30 September 2010 was ¥125 million.

IX. Losses on disposals have been recognized in IFRS based on the difference between the proceeds received and the carrying amount of the asset in IFRS. To the extent that this carrying amount differed from the equivalent JGAAP value, the resulting profit on disposal is also different.

(7) First-time adoption of International Financial Reporting Standards continued

X. Taxation arising on actuarial gains or losses was amortized into the income statement in JGAAP in line with the treatment of such gains and losses. However, in IFRS, actuarial gains or losses, together with any related taxation effects, are included in other comprehensive income. Taxation credits, relating to the treatment of actuarial gains or losses, reduced by ¥747 million for the 6 months ended 30 September 2010, and by ¥1,465 million for the full year.

XI. The deferred tax credit resulting from the amortization of intangible assets has reduced in IFRS to the extent that some intangible assets have been assigned an indefinite useful life in IFRS and are therefore not subjected to routine amortization. The taxation credit relating to the amortization of intangible assets decreased by ¥191 million in the 6 months ended 30 September 2010 and ¥355 million in the full year.

XII. Taxation adjustments, relating to other income statement items, resulted in an increased taxation charge of ¥78 million in the 6 months ended 30 September 2010 and a decreased taxation charge of ¥647 million in the full year.

Total comprehensive income attributable to owners of the parent

Total comprehensive income attributable to owners of the parent for the year to 31 March 2011 has increased as follows:

	¥ millions Year ended 31 March 2011
Total comprehensive income attributable to owners of the parent under JGAAP	**(17,729)**
Adjustment to profit attributable to owners of the parent (see above)	10,769
Retirement benefit obligations (note I)	(3,968)
Foreign currency translation adjustments (note II)	902
Deferred gains & losses on hedges (note III)	(537)
Valuation differences on available for sale securities (note IV)	89
Total comprehensive income attributable to owners of the parent under IFRS	**(10,474)**

A reconciliation of comprehensive income as at September 2010 is not provided, as the Group did not disclose comprehensive income using J GAAP during the previous year's second 6 months ended 30 September 2010.

I. In IFRS, actuarial gains and losses have been recognized, as they arise, in the balance sheet with the net gain or loss being recognized in comprehensive income. Such gains and losses include those arising on the revaluation of assets within the Group's retirement benefit schemes, and the revaluation of liabilities following changes in appropriate discount rates. In JGAAP, the Group recognized such gains or losses in the income statement over a five-year period, commencing in the year following the year in which the gains or losses initially arose.

II. Foreign currency translation adjustments have been amended to reflect the currency translation effects of other JGAAP to IFRS adjustments.

III. Deferred gains and losses on hedges reflects the treatment of certain losses within comprehensive income for IFRS purposes, when such losses had previously been including in the income statement in JGAAP.

IV. Valuation differences on available for sale securities arising in IFRS are different to those arising in JGAAP as the Group has reclassified certain investments as affiliated entities for IFRS purposes.

(7) First-time adoption of International Financial Reporting Standards continued

(f) Reconciliation of JGAAP and IFRS shareholders' equity

The tables below set out the amendments to non-current assets, current assets, current liabilities, non-current liabilities, minority interests, and shareholders' equity as a result of the above key accounting changes as at the 1 April 2010, 30 September 2010, and 31 March 2011.

¥ millions
1 April 2010

	Non-current asset	Current assets	Current liabilities	Non-current liabilities	Non-controlling interests	Shareholders' equity
As reported under JGAAP	636,275	297,446	(235,134)	(458,656)	(8,942)	230,989
Retirement benefit obligations (note I)				(25,036)		(25,036)
Financial liabilities (notes II, III, and IV)			(1,048)	(29,621)		(30,669)
Preferred share interest accrual (note V)			(1,381)			(1,381)
Treatment of float tank repairs (note VI)	1,902			10,560		12,462
Deferred taxation (note VII)	6,773			(2,190)		4,583
Development costs (note VIII)	5,046					5,046
Pilkington brand (note VIII)						-
Financial derivatives (note IX)		153	(25)			128
Holiday pay provisions (note X)			(2,988)			(2,988)
Negative goodwill (note XI)	90					90
Available-for-sale investments at fair value (note XII)	(3,893)					(3,893)
Factoring of receivables (note XIII)		1,048				1,048
Investment property (note XIV)	756					756
Other items	(126)	(51)	5		(126)	(298)
Reclassifications (note XV)	397	(397)	5,562	(5,562)		-
As reported under IFRS	**647,220**	**298,199**	**(235,009)**	**(510,505)**	**(9,068)**	**190,837**

¥ millions
30 September 2010

	Non-current asset	Current assets	Current liabilities	Non-current liabilities	Non-controlling interests	Shareholders' equity
As reported under JGAAP	581,601	265,192	(182,881)	(415,970)	(10,489)	237,453
Retirement benefit obligations (note I)				(20,511)		(20,511)
Financial liabilities (notes II, III, and IV)			(10,309)	(20,200)		(30,509)
Preferred share interest accrual (note V)			(1,207)			(1,207)
Treatment of float tank repairs (note VI)	1,519			10,760		12,279
Deferred taxation (note VII)	5,551			(2,329)		3,222
Development costs (note VIII)	4,669					4,669
Pilkington brand (note VIII)	972					972
Financial derivatives (note IX)						-
Holiday pay provisions (note X)			(3,045)			(3,045)
Goodwill and negative goodwill (note XI)	3,323					3,323
Available-for-sale investments at fair value (note XII)	(4,089)					(4,089)
Factoring of receivables (note XIII)		725				725
Investment property (note XIV)	756					756
Other items	(126)	(59)	1	1	(125)	(308)
Reclassifications (note XV)	346	(346)	14	(14)		-
As reported under IFRS	**594,522**	**265,512**	**(197,427)**	**(448,263)**	**(10,614)**	**203,730**

(7) First-time adoption of International Financial Reporting Standards continued

¥ millions
31 March 2011

	Non-current asset	Current assets	Current liabilities	Non-current liabilities	Non-controlling interests	Shareholders' equity
As reported under JGAAP	593,722	274,866	(201,450)	(440,264)	(10,217)	216,657
Retirement benefit obligations (note I)				(22,302)		(22,302)
Financial liabilities (notes II, III, and IV)			(575)			(575)
Preferred share interest accrual (note V)						-
Treatment of float tank repairs (note VI)	1,791	(647)		10,961		12,105
Deferred taxation (note VII)	6,013			(2,886)		3,127
Development costs (note VIII)	4,874					4,874
Pilkington brand (note VIII)	1,995					1,995
Financial derivatives (note IX)						-
Holiday pay provisions (note X)			(2,976)			(2,976)
Goodwill and negative goodwill (note XI)	6,742					6,742
Available-for-sale investments at fair value (note XII)	(4,125)	231				(3,894)
Factoring of receivables (note XIII)		629				629
Investment property (note XIV)	10					10
Other items	123	(278)	3	120	(128)	(160)
Reclassifications (note XV)	1,544	1,930	240	(3,714)		-
As reported under IFRS	**612,689**	**276,731**	**(204,758)**	**(458,085)**	**(10,345)**	**216,232**

Explanations of the key accounting changes, which have resulted in adjustments to the JGAAP shareholders' equity are as follows:

I. Retirement benefit obligations relating to defined benefit pension schemes in Japan, the UK and the USA, post-retirement healthcare liabilities in the UK and the USA, provisions for leaving indemnities in various European countries and the phased retirement provision (Germany), have been provided in accordance with IAS 19. Where schemes are backed by assets held outside the businesses, then these have been valued and compared with the actuarially determined valuation of the obligations, resulting in a net surplus or deficit for each scheme, recognized in full in the balance sheet. Previously, under JGAAP, such surpluses and deficits were not fully recognized due to the policy of amortizing actuarial gains and losses in the balance sheet over a five-year period commencing the year following the actuarial gain or loss.

II. The Group's type A preferred shares, outstanding during part of the year to 31 March 2011, are accounted for as a financial liability under IFRS, in that they commit to Group to an obligation to pay cash to the holders of the preferred shares in the future. As a result, those preferred shares are included within non-current liabilities in the IFRS balance sheet, together with a current liability relating to unpaid dividends accrued. The value of such shares as at 1 April 2010 and 30 September 2010 was ¥30,000 million. As announced on 16 September 2010 and 3 February 2011, the Group acquired for cancellation during FY2011 all of the preferred shares that had been outstanding on 31 March 2010. As a result, this difference between the Group's JGAAP and IFRS financial liabilities on 31 March 2011 was nil.

III. The Group had outstanding at the opening balance sheet date, JPY 23,000 million of zero coupon convertible bonds due 13 May 2011. The Group has retrospectively applied IFRS accounting to these bonds. This involves determining how much of a discount would have been applied to those bonds, when issued in 2004, if they had carried no conversion feature. That discount element is then considered to be the equity component of the bonds, and is therefore classed as such within shareholders equity. The discount is unwound with a charge to interest costs over the life of the bond, and the adjustment represents the discount still to be unwound. The discount still to be unwound, reflected as an adjustment to non-current liabilities, on 1 April 2010 was ¥379 million. The discount still to be unwound, reflected as an adjustment to current liabilities on 30 September 2010 and on 31 March 2011 was ¥217 million and ¥54 million respectively.

(7) First-time adoption of International Financial Reporting Standards continued

IV. In Japan, the Group enters into a factoring arrangement with financial institutions whereby it receives cash early with respect to promissory notes received from certain customers. The Group still retains a residual interest in a portion of those promissory notes in that, in the event of non-payment from the customer, the Group is obligated to fund a certain part of the financial institutions loss. This residual interest is grossed up in the opening balance sheet by recognizing an asset and a corresponding liability, to the extent of the Group's continuing residual interest. The value of this adjustment, reflected in current liabilities was ¥1,048 million on 1 April 2010, ¥725 million on 30 September 2010, and ¥629 million on 31 March 2011.

V. Current liabilities in IFRS include the accrued dividend due on the Group's type A preferred shares outstanding during part of the year to 31 March 2011. As this dividend was an equity transaction in JGAAP, such an accrual was not made in advance of the dividend payment.

VI. The JGAAP treatment for float tank assets in Japan has been to provide in advance for future cold repair costs, with the costs then being charged to that provision as incurred during the repair. As a result, the majority of cold repair costs have not previously been capitalized on the balance sheet as they have instead been charged to the provision. The IFRS treatment is to capitalize such costs when incurred and then to depreciate the resulting asset over the useful life. This is typically between 12 and 15 years for NSG Group float lines. Future repairs of float tank assets are not provided for in advance under IFRS, as the Group has no legal or constructive obligation to make such a repair. This IFRS treatment has been applied retrospectively in the opening balance sheet.

VII. The adjustments to deferred taxation assets arise as a result of amendments to other balance sheet items such as retirement benefit obligation and holiday pay provision etc. The adjustments to deferred taxation liabilities arise mostly as a result of amendments to other balance sheet items such as capitalized development costs and increased fair value of investments etc.

VIII. The capitalization rules under IAS 38 have resulted in qualifying development costs being capitalized and the resultant adjustment credited to shareholders' equity. Under JGAAP, such costs were charged to the profit and loss account as incurred. The intangible asset value of the Pilkington Brand was amortized routinely to the income statement in JGAAP but is not amortized routinely in IFRS, due to it having an indefinite useful life.

IX. Certain relatively minor interest rate swaps were previously accounted for under JGAAP using a simplified methodology, which did not involve the recognition of their fair value on the opening balance sheet. Under IFRS, those derivative contracts have been fair valued and included in assets or liabilities as appropriate on the opening balance sheet. The Group changed the treatment of the minor interest rate swap to normal derivative accounting for the year ended 31 March 2011.

X. Accrued holiday pay rights in Japan had previously not been recognized as a monetary liability in JGAAP, consistent with usual custom and accounting practice in Japan. Provisions within current liabilities have increased with respect to the potential future cash outflows arising.

XI. Negative goodwill, previously held on the balance sheet and amortized over its expected useful life in JGAAP, has been removed from non-current assets in the IFRS balance sheet in accordance with IFRS3. Positive goodwill has not been amortized routinely from 1 April 2010.

XII. Available-for-sale investments have been fair valued and the adjustment credited to reserves. Certain investments classified as available-for-sale in JGAAP have been classified as associates accounted for using the equity method in IFRS, but still included within non-current assets. Such investments have been valued at the Group's share of net assets of the associate.

XIII. Certain receivables in Japan have been sold to financial institutions under arrangements where the Group still retains a residual interest in those receivables, as noted above. Therefore, the residual interest has been added back into trade receivables in the IFRS balance sheet.

XIV. Certain investment properties, yielding a rental income have been held at historic cost in JGAAP, but have now been re-valued to their fair value in IFRS.

XV. Reclassifications relate mainly to the IFRS treatment of deferred taxation balances as non-current.

(7) First-time adoption of International Financial Reporting Standards continued

(g) Reconciliation of Cash flow

There were no material differences except certain reclassifications between the consolidated cash flow statement under IFRS and the consolidated cash flow statement under JGAAP. There was a reclassification relating to the cash dividend payment to the shareholders of the preferred shares. The Group's preferred shares, which were outstanding during part of previous financial year, were accounted for as a capital surplus in JGAAP and the cash dividend payment to the shareholders was therefore included within financing activities in the cash flow statement. In IFRS, the preferred shares are accounted for as a financial liability and the cash dividend payment is therefore reclassified into operating activities. The amount of the cash payment was ¥2,318 million in the full year.