



FY 2015 2nd Quarter Consolidated Financial Results <IFRS> 6 November 2014

(English translation of the Japanese original)

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Code Number: 5202 (URL <http://www.nsg.com>)

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Submission of quarterly report to MOF: 7 November 2014 Payment of dividends starts from: N/A
Quarterly result presentation papers: Yes
Quarterly result presentation meeting: Yes
(Teleconference for institutional investors)

1. Consolidated business results for FY 2015 Quarter 2 (From 1 April 2014 to 30 September 2014)

(1) Consolidated business results

	Revenue		Operating profit/(loss)		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	%
Q2 FY 2015	309,477	2.4	19,254	-	10,327	-	7,857	-	7,456	-	15,684	89.6
Q2 FY 2014	302,162	15.9	(1,101)	-	(10,059)	-	(10,530)	-	(11,054)	-	8,272	-

	Earnings per share - basic		Earnings per share - diluted	
	¥		¥	
Q2 FY 2015	8.26		8.24	
Q2 FY 2014	(12.25)		(12.25)	

(2) Changes in financial position

	Total assets	Total equity	Total shareholders' equity	Total shareholders' equity ratio
	¥ millions	¥ millions	¥ millions	%
FY 2015 Quarter 2	930,009	189,576	180,437	19.4
FY 2014 Full year	925,175	174,498	164,986	17.8

2. Dividends

	Dividends per share				
	Q1	Q2	Q3	Q4	Annual
FY 2014 (Actual)	-	¥ 0.00	-	¥ 0.00	¥ 0.00
FY 2015 (Actual)	-	¥ 0.00	-	-	¥ 0.00
FY 2015 (Forecast)	-	-	-	¥ 0.00	¥ 0.00

Note: There have been no changes to the forecast dividends this quarter.

3. Forecast for FY 2015 (From 1 April 2014 to 31 March 2015)

	Revenue		Operating profit		Profit before taxation		Profit for the period		Profit attributable to owners of the parent		Earnings per share - basic
Full year	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%	¥
	620,000	2.3	21,000	-	5,000	-	2,000	-	1,000	-	1.11

Note: There have been no changes to the full-year forecast results this quarter.
For further details, please refer to the prospects section on page 7.

4. Other items

- (a) Changes in status of principal subsidiaries --- No
- (b) Changes implemented to the accounting policies, practice and presentations related to the preparation of quarterly consolidated financial statements
- (i) Changes due to revisions in accounting standards under IFRS--- No
- (ii) Changes due to other reasons --- No
- (iii) Changes in accounting estimates -- No
- (c) 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 2014 and 903,550,999 shares as of 31 March 2014
- (ii) Number of shares held as treasury stock at the end of the period:
587,636 shares as at 30 September 2014 and 758,952 shares as at 31 March 2014
- (iii) Average number of shares in issue during the period, after deducting shares held as treasury stock:
902,837,990 shares for the period ending 30 September 2014 and 902,588,110 shares for the period ending 30 September 2013

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

[Attachments]

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1 Narratives about financial results

(1) Business Performance and Financial Standing

(a) Background to Results

Market conditions during the first two quarters of the financial year were mixed, with improvements in some regions and reductions in others. A significant market recovery has not yet materialized in Europe. In Japan, the increase in indirect taxation at the start of the year continued to affect architectural volumes negatively, although automotive volumes held up relatively well. North American markets showed further growth, particularly in architectural. Automotive markets in South America were weak, with a significant reduction in volumes from the previous year. Overall, technical glass markets were mixed, with improvements in some areas and reductions in others.

The second quarter cumulative operating profit represents an improvement on the previous year, particularly in North America and Europe, due to improved volumes and lower fixed costs. The Group recorded a trading profit (before exceptional items and amortization relating to the acquisition of Pilkington) of ¥ 10,277 million (FY14 ¥ 9,186 million). The Group recorded an exceptional gain of ¥ 13,161 million (FY14 loss of ¥ 6,050 million). The profit attributable to owners of the parent was ¥ 7,456 million (FY14 loss of ¥ 11,054 million).

Comparison of actual results and previous forecast results

Operating profit, profit before taxation, profit for the period and profit attributable to owners of the parent for the half-year to 30 September 2014 differs from the previous forecast, originally issued on 15 May 2014, as set out below.

(Unit: JPY million, %)

	Revenue	Operating profit/(loss)	Profit/(loss) before taxation	(Loss)/profit for the period	(Loss)/profit attributable to owners of the parent	Earnings per share – basic (JPY)
Previous forecast (A) published on 15 May 2014	310,000	8,000	0	(1,000)	(2,000)	(2.22)
Actual results (B)	309,477	19,254	10,327	7,857	7,456	8.26
Change(B-A)	(523)	11,254	10,327	8,857	9,456	10.48
Change (%)	(0.2)	140.7	-	-	-	-
Previous H1 result (H1-FY2014)	302,162	(1,101)	(10,059)	(10,530)	(11,054)	(12.25)

Operating profit is higher than previously forecast due to a higher level of credits within exceptional items than had been expected. The Group recorded two individually significant exceptional gains during the second quarter. The largest of these arises on the reclassification of Group's interests in SYP Glass Group Co., Ltd (SYP), from an associated company, accounted for using the equity method, to an available-for-sale investment within non-current assets. The second gain arises on the sale and lease-back of the Group's property at Itami City, Hyogo Prefecture, Japan, as announced on 26 September 2014. Partly offsetting the above mentioned gains, trading profits were below original expectations, particularly in the Automotive business line in South America, which has suffered from lower volumes than previously expected.

Profit before taxation and profit for the period are both higher than previously expected as a consequence of the higher operating profit as described above.

(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 50 percent of Group sales, supplies a wide range of automotive glazing for new vehicles and for replacement markets.

Technical Glass, representing 10 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 before exceptional items	
	Q2 FY15	Q2 FY14	Q2 FY15	Q2 FY14
Architectural	123,935	119,519	5,752	4,414
Automotive	155,744	152,085	3,854	4,637
Technical Glass	29,182	30,128	2,431	2,959
Other Operations	616	430	(5,944)	(7,061)
Total	309,477	302,162	6,093	4,949

Architectural Business

Operating results in the Architectural business were better than the previous year due mainly to the effects of the Groups' restructuring program. Revenues improved with increased volumes in North America and the translational impact of the weakened Japanese yen.

In Europe, representing 40 percent of the Group's Architectural sales, second quarter volumes were stable. Low levels of economic activity continue to depress construction and refurbishment activity, particularly in the main Eurozone countries. Local currency revenues fell slightly, following the mothballing of under-utilized facilities during the previous year. Commodity glass prices were generally flat during the first two quarters and are still at historically low levels. The soft market conditions prevented any sustained upward pressure on prices. Profitability was similar to the previous year.

In Japan, representing 27 percent of Architectural sales, cumulative volumes fell, following an increase in consumption taxes earlier in the year. Long-term prospects for architectural markets continue to be positive despite a fall in housing starts after the consumption tax increase. Revenues fell due to the reduced volumes. The Group implemented a series of price increases during September, and the impact of these will be realized from the third quarter of the year.

In North America, representing 12 percent of Architectural sales, architectural glass markets continued to perform strongly. The Group's revenues and profits improved from the previous year. Volumes increased, with strengthening domestic demand and higher dispatches of Solar Energy glass. Domestic price levels were above the previous year.

In the rest of the world, markets in South East Asia were strong, with improving domestic demand and increased dispatches of Solar Energy glass. Markets in South America were relatively weak, reflecting challenging economic conditions.

The Architectural business recorded revenues of ¥ 123,935 million and an operating profit of ¥ 5,752 million.

Automotive Business

In the Automotive business, revenues were similar to the previous year, with increases in Japan and North America partly offset by reductions in South America.

Europe represents 46 percent of the Group's Automotive sales. Cumulative light-vehicle sales were similar to the previous year, with growth in Western Europe offset by a decline in Eastern Europe. In the OE sector, the Group's cumulative local currency revenues and profits were similar to the previous year. Automotive Glass Replacement (AGR) revenues were below than the previous year with sluggish demand following a relatively mild winter, although profitability was maintained with an improved mix of products.

In Japan, representing 17 percent of the Group's Automotive sales, OE volumes were stronger than the previous year. Domestic demand was robust, despite an increase in consumption taxes earlier in the year. The Group's revenues improved with the increased demand, although profitability was impacted by increased input costs. AGR markets were similar to the previous year.

In North America, representing 26 percent of the Group's Automotive sales, revenues and profitability improved. OE market volumes continued to increase, and the AGR business benefited from robust demand following harsh winter weather conditions.

In the rest of the world, revenues and profits fell. Market conditions in South America were particularly difficult. Consumer confidence was weak with uncertainty ahead of upcoming elections in Brazil, and a challenging economic outlook in Argentina. Consequently, light vehicle sales were significantly reduced from previous year levels across both countries.

The Automotive business recorded sales of ¥ 155,744 million and an operating profit of ¥ 3,854 million.

Technical Glass Business

Revenues in the Technical Glass business were below the previous year due mainly to a decrease in volumes. Profits fell slightly but remain at a satisfactory level.

Overall market conditions in Technical Glass business during the second quarter were similar to previous quarter. Revenues from thin glass for displays were impacted by increased competition. On 10 June, the Group started up its new Ultra Fine Flat (UFF) glass production line in Vietnam. Glass sales from this line will commence during the second half of the year. Demand for components used in multi-function printers improved from the previous year. Volumes of glass cord used in engine timing belts were similar to the previous year.

The Technical Glass business recorded revenues of ¥ 29,182 million and an operating profit of ¥ 2,431 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 incurred in Other Operations and Eliminations were below the previous year.

Consequently, this segment recorded revenues of ¥ 616 million and operating costs of ¥ 5,944 million.

Joint Ventures and Associates

The Group's share of joint ventures and associates profits were similar to the previous year. Profits at Cebra, the Group's joint venture in Brazil, were similar to the previous year. Results at the Group's associate in Colombia improved, with the previous year including costs associated with the start up of this company's float glass facility. The Group's share of its associates' profits in China was similar to the previous year. Losses widened at the Group's joint venture in Russia however.

The Group's share of joint ventures and associates profit after tax was ¥ 397 million (Q2 FY14 profit of ¥ 382 million).

(2) Financial condition

Total assets at the end of September 2014 were ¥ 930,009 million, representing an increase of ¥ 4,834 million from the end of March 2014. Total equity was ¥ 189,576 million, representing an increase of ¥ 15,078 million, due to the profit recorded for the period and the translational impact of a weakening of the Japanese yen.

Net financial indebtedness increased by ¥ 10,796 million from 31 March 2014 to ¥ 389,908 million at the period end. The increase in indebtedness arose from the continued low level of underlying profitability and seasonally negative working capital cash flow movements during the first quarter. Currency movements generated a decrease in net debt of approximately ¥ 1,880 million over the period. Gross debt was ¥ 462,989 million at the period end. As of 30 September 2014, the Group had un-drawn, committed facilities of ¥ 26,000 million.

Cash outflows from operating activities were ¥ 910 million. Cash outflows from investing activities were ¥ 11,031 million, including capital expenditure on property, plant, and equipment of ¥ 15,594 million. As a result, total cash outflows before financing were ¥ 11,941 million.

(3) Prospects

The full year forecast of sales, operating profit, profit before taxation, profit for the period, profit attributable to owners of the parent and earnings per share is set out on page 2. This forecast has not been amended from that first issued on 15 May 2014.

The Group expects a further, gradual improvement in market conditions during the remainder of FY2015. European markets are expected to continue to slowly recover, although they will still be significantly below pre-recession levels. Increased levels of indirect taxation are likely to affect markets in Japan, particularly in the architectural sector. Volumes in the North America and Rest of the World geographies are likely to increase, although volumes in South America are expected to be relatively weak in the near term. Technical glass markets are expected to be similar to FY2014. Underlying profitability will continue to benefit from the Groups' restructuring actions.

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

2 Other information

(1) Changes in status of principal subsidiaries

There was no change.

(2) Changes in accounting principles, practices and presentations

There were no 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

¥ millions			
	Note	Cumulative Quarter 2 FY15 For the period 1 April 2014 to 30 September 2014	Cumulative Quarter 2 FY14 For the period 1 April 2013 to 30 September 2013
Revenue	(6)-(a)	309,477	302,162
Cost of sales		(234,931)	(231,190)
Gross profit		74,546	70,972
Other income		1,497	3,212
Distribution costs		(29,278)	(29,159)
Administrative expenses		(32,916)	(31,903)
Other expenses		(7,756)	(8,173)
Operating profit before exceptional items	(6)-(a)	6,093	4,949
Exceptional items	(6)-(b)	13,161	(6,050)
Operating profit/(loss)		19,254	(1,101)
Finance income	(6)-(c)	1,047	1,508
Finance expenses	(6)-(c)	(10,371)	(10,848)
Share of post-tax profit of joint ventures and associates accounted for using the equity method		397	382
Profit/(loss) before taxation		10,327	(10,059)
Taxation	(6)-(d)	(2,470)	(471)
Profit/(loss) for the period		7,857	(10,530)
Profit attributable to non-controlling interests		401	524
Profit/(loss) attributable to owners of the parent		7,456	(11,054)
		7,857	(10,530)
Earnings per share attributable to owners of the parent	(6)-(e)		
Basic		8.26	(12.25)
Diluted		8.24	(12.25)

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

	¥ millions	
	Cumulative Quarter 2 FY15 For the period 1 April 2014 to 30 September 2014	Cumulative Quarter 2 FY14 For the period 1 April 2013 to 30 September 2013
Profit/(loss) for the period	7,857	(10,530)
Other comprehensive income:		
Items that will not be reclassified to profit or loss:		
Re-measurement of retirement benefit obligations (net of taxation)	-	(133)
Sub total	-	(133)
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation adjustments	7,853	19,966
Revaluation of available-for-sale investments	92	(247)
Cash flow hedges:		
- fair value losses, net of taxation	(118)	(784)
Sub total	7,827	18,935
Total other comprehensive income for the period, net of taxation	7,827	18,802
Total comprehensive income for the period	15,684	8,272
Attributable to non-controlling interests	312	297
Attributable to owners of the parent	15,372	7,975
	15,684	8,272

(2) Condensed quarterly consolidated balance sheet

	¥ millions	
	Quarter 2 FY15 as of 30 September 2014	FY14 as of 31 March 2014
ASSETS		
Non-current assets		
Goodwill	136,169	135,826
Intangible assets	82,173	86,999
Property, plant and equipment	288,288	289,389
Investment property	714	644
Investments accounted for using the equity method	40,392	50,070
Trade and other receivables	16,029	17,234
Financial assets:		
- Available-for-sale investments	29,193	6,743
- Derivative financial instruments	878	893
Deferred tax assets	57,295	55,571
	651,131	643,369
Current assets		
Inventories	113,490	109,167
Construction work-in-progress	1,105	982
Trade and other receivables	87,189	94,466
Financial assets:		
- Available-for-sale investments	3	94
- Derivative financial instruments	1,613	1,434
Cash and cash equivalents	70,590	73,864
	273,990	280,007
Assets held for sale	4,888	1,799
	278,878	281,806
Total Assets	930,009	925,175
LIABILITIES AND EQUITY		
Current liabilities		
Financial liabilities:		
- Borrowings	152,155	119,954
- Derivative financial instruments	2,106	1,514
Trade and other payables	122,562	130,368
Provisions	12,260	19,179
Deferred income	2,905	3,027
	291,988	274,042
Liabilities related to assets held for sale	353	332
	292,341	274,374

(2) Condensed quarterly consolidated balance sheet continued

	¥ millions	
	Quarter 2 FY15 as of 30 September 2014	FY14 as of 31 March 2014
Non-current liabilities		
Financial liabilities:		
- Borrowings	306,962	331,839
- Derivative financial instruments	1,766	1,996
Trade and other payables	578	2,410
Deferred tax liabilities	22,201	23,190
Retirement benefit obligations	88,417	90,591
Provisions	18,324	16,477
Deferred income	9,844	9,800
	448,092	476,303
Total liabilities	740,433	750,677
Equity		
Capital and reserves attributable to the Company's equity shareholders		
Called up share capital	116,449	116,449
Capital surplus	127,513	127,511
Retained earnings	(20,261)	(27,717)
Retained earnings (Translation adjustment at the IFRS transition date)	(68,048)	(68,048)
Other reserves	24,784	16,791
Total shareholders' equity	180,437	164,986
Non-controlling interests	9,139	9,512
Total equity	189,576	174,498
Total liabilities and equity	930,009	925,175

(3) Condensed quarterly consolidated statement of changes in equity

¥ millions

Quarter 2 FY2015	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 2014	116,449	127,511	(27,717)	(68,048)	16,791	164,986	9,512	174,498
Total comprehensive income	-	-	7,456	-	7,916	15,372	312	15,684
Dividends paid	-	-	-	-	-	-	(685)	(685)
Stock options	-	-	-	-	78	78	-	78
Issuance & purchase of treasury stock	-	2	-	-	(1)	1	-	1
At 30 September 2014	116,449	127,513	(20,261)	(68,048)	24,784	180,437	9,139	189,576

¥ millions

Quarter 2 FY2014	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 2013	116,449	127,511	(11,275)	(68,048)	(19,606)	145,031	10,422	155,453
Total comprehensive income	-	-	(11,187)	-	19,162	7,975	297	8,272
Dividends paid	-	-	-	-	-	-	(278)	(278)
Stock options	-	-	-	-	(6)	(6)	-	(6)
Issuance & purchase of treasury stock	-	3	-	-	1	4	-	4
At 30 September 2013	116,449	127,514	(22,462)	(68,048)	(449)	153,004	10,441	163,445

(4) Condensed quarterly consolidated statement of cash flows

¥ millions

	Note	Cumulative Quarter 2 FY15 for the period 1 April 2014 to 30 September 2014	Cumulative Quarter 2 FY14 for the period 1 April 2013 to 30 September 2013
Cash flows from operating activities			
Cash generated from operations	(6)-(g)	9,138	11,016
Interest paid		(9,020)	(9,234)
Interest received		954	1,333
Tax paid		(1,982)	(1,345)
Net cash (outflows)/inflows from operating activities		(910)	1,770
Cash flows from investing activities			
Dividends received from joint ventures and associates		147	57
Purchase of joint ventures and associates		(183)	(21)
Purchase of subsidiaries and businesses (net of cash disposed)		(489)	(6)
Proceeds on disposal of subsidiaries and businesses		144	1,230
Purchases of property, plant and equipment		(15,594)	(9,221)
Proceeds on disposal of property, plant and equipment		5,104	1,966
Purchases of intangible assets		(549)	(650)
Proceeds on disposal of intangible assets		22	-
Purchase of available-for-sale investments		(3)	(3)
Proceeds from available-for-sale investments		3	795
Loans advanced to joint ventures, associates & third parties		(839)	(445)
Loans repaid from joint ventures, associates & third parties		567	906
Others		639	384
Net cash outflows from investing activities		(11,031)	(5,008)
Cash flows from financing activities			
Dividends paid to shareholders		(6)	(6)
Dividends paid to non-controlling interests		(685)	(279)
Repayment of borrowings		(56,122)	(76,462)
Proceeds from borrowings		66,769	63,870
Others		(2)	(1)
Net cash inflows/(outflows) from financing activities		9,954	(12,878)
Decrease in cash and cash equivalents (net of bank overdrafts)		(1,987)	(16,116)
Cash and cash equivalents (net of bank overdrafts) at beginning of period	(6)-(h)	52,293	65,173
Effect of foreign exchange rate changes		1,167	4,589
Decrease in cash and cash equivalents from changes in scope of consolidation		-	(139)
Cash and cash equivalents (net of bank overdrafts) at end of period	(6)-(h)	51,473	53,507

(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 Group Results**(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 the 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 period ended 30 September 2014 were as follows:

	¥ millions				
Cumulative Quarter 2 FY15 For the period 1 April 2014 to 30 September 2014	Architectural	Automotive	Technical Glass	Other Operations	Total
Revenue					
External revenue	123,935	155,744	29,182	616	309,477
Inter-segmental revenue	11,646	1,276	18	2,548	15,488
Total revenue	135,581	157,020	29,200	3,164	324,965
Trading profit	5,752	3,854	2,431	(1,760)	10,277
Amortization arising from the acquisition of Pilkington plc	-	-	-	(4,184)	(4,184)
Operating profit before exceptional items	5,752	3,854	2,431	(5,944)	6,093
Exceptional items					13,161
Operating profit after exceptional items					19,254
Finance costs – net					(9,324)
Share of post tax profit from joint ventures and associates					397
Profit before taxation					10,327
Taxation					(2,470)
Profit for the period from continuing operations					7,857

(a) Segmental information continued

The segmental results for the period ended 30 September 2013 were as follows:

	¥ millions				
Cumulative Quarter 2 FY14	Architectural	Automotive	Technical	Other	Total
For the period 1 April 2013 to			Glass	Operations	
30 September 2013					
Revenue					
External revenue	119,519	152,085	30,128	430	302,162
Inter-segmental revenue	8,585	1,033	48	2,643	12,309
Total revenue	128,104	153,118	30,176	3,073	314,471
Trading profit	4,414	4,637	2,959	(2,824)	9,186
Amortization arising from the acquisition of Pilkington plc				(4,237)	(4,237)
Operating profit before exceptional items	4,414	4,637	2,959	(7,061)	4,949
Exceptional items					(6,050)
Operating loss after exceptional items					(1,101)
Finance costs – net					(9,340)
Share of post tax profit from joint ventures and associates					382
Loss before taxation					(10,059)
Taxation					(471)
Loss for the period from continuing operations					(10,530)

The segmental assets at 30 September 2014 and capital expenditure for the period ended 30 September 2014 were as follows:

	¥ millions				
	Architectural	Automotive	Technical	Other	Total
			Glass	Operations	
Net trading assets	157,868	164,461	50,158	5,319	377,806
Capital expenditure (including intangibles)	4,594	5,162	2,740	578	13,074

The segmental assets at 30 September 2013 and capital expenditure for the period ended 30 September 2013 were as follows:

	¥ millions				
	Architectural	Automotive	Technical	Other	Total
			Glass	Operations	
Net trading assets	160,177	170,870	44,706	4,682	380,435
Capital expenditure (including intangibles)	1,408	5,407	4,593	264	11,672

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

	Cumulative Quarter 2 FY15 for the period 1 April 2014 to 30 September 2014 ¥ millions	Cumulative Quarter 2 FY14 for the period 1 April 2013 to 30 September 2013 ¥ millions
Exceptional Items (gains):		
Gain on reclassification of investments	13,349	-
Gain on disposal of non-current assets	4,469	-
Gain on disposal of available-for-sale investments	-	166
Reversal of impairment of non-current assets	9	-
Other gains	204	63
	18,031	229
Exceptional Items (losses):		
Restructuring costs, including employee termination payments	(4,153)	(4,727)
Impairments of non-current assets	(560)	(888)
Settlement of litigation matters	(157)	(291)
Other losses	-	(373)
	(4,870)	(6,279)
	13,161	(6,050)

The gain on reclassification of investments relates to the Group's interests in Shanghai Yaohua Pilkington Glass Group Co., Ltd (SYP). The Group owns a shareholding in SYP of 15.18 percent. Previously the Group has carried this investment in its balance sheet as an affiliated company using the equity method of accounting. Following a decrease in the level of the Group's management involvement with SYP, the Group is no longer able to exert a significant influence over SYP. IAS 28 "Investments in Associates and Joint Ventures" contains a rebuttable presumption that a shareholding of less than 20 percent does not enable an investor to exert significant influence over an investee. Previously the Group has been able to rebut this presumption due to the level of its management involvement with SYP. As a consequence of this change, the Group is no longer able to rebut this presumption in IAS 28. The Group is therefore required to record its investment in SYP at fair value, and reclassify it as an available-for-sale asset on the Group's balance sheet. The gain in the table above includes a credit, of ¥ 926 million, arising on the recycling to the income statement of items relating to SYP previously posted to reserves using the Statement of Comprehensive Income.

The gain on disposal of non-current assets arises on the sale and lease-back of land at Itami City, Hyogo Prefecture, Japan, as announced on 26 September 2014.

The gain on disposal of available-for-sale investments in the previous year related to the disposal of an investment in Japan

Restructuring costs arise in a variety of locations around the world. It also includes the cost of maintaining idle facilities.

The impairment of non-current assets relates to property, plant and equipment in Japan.

The impairments arising in the previous year mainly relates to the Group's Architectural facilities in Cowley Hill, UK and Halmstad, Sweden.

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

	Cumulative Quarter 2 FY15 for the period 1 April 2014 to 30 September 2014	Cumulative Quarter 2 FY14 for the period 1 April 2013 to 30 September 2013
	¥ millions	¥ millions
Finance income		
Interest income	962	1,370
Foreign exchange transaction gains	85	138
	<u>1,047</u>	<u>1,508</u>
Finance expenses		
Interest expense:		
- bank and other borrowings	(8,621)	(8,550)
Dividend on non-equity preference shares due to minority shareholders	(140)	(136)
Foreign exchange transaction losses	(20)	(379)
	<u>(8,781)</u>	<u>(9,065)</u>
Unwinding discounts on provisions	(93)	(188)
Retirement benefit obligations		
- net finance charge	(1,497)	(1,595)
	<u>(10,371)</u>	<u>(10,848)</u>

(d) Taxation

The tax charge on profits before taxation, excluding the Group's share of net profits of joint ventures and associates, is a rate of 24.9 per cent in the period ended 30 September 2014 (30 September 2013: tax charge on losses at a rate of 4.5 per cent). The tax charge for the period is based on the estimated effective rate for the year to 31 March 2015.

(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.

	Cumulative Quarter ended 30 September 2014	Cumulative Quarter ended 30 September 2013
	¥ millions	¥ millions
Profit/(loss) attributable to owners of the parent	7,456	(11,054)
	Thousands	Thousands
Weighted average number to ordinary shares in issue	902,838	902,588
	¥	¥
Basic earnings per share	8.26	(12.25)

(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 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 30 September 2014	Cumulative Quarter ended 30 September 2013
	¥ millions	¥ millions
Earnings		
Profit/(loss) attributable to owners of the parent	7,456	(11,054)
Profit/(loss) used to determine diluted earnings per share	7,456	(11,054)
	Thousands	Thousands
Weighted average number to ordinary shares in issue	902,838	902,588
Adjustment for:		
- Share options	2,168	-
Weighted average number of ordinary shares for diluted earnings per share	905,006	902,588
	¥	¥
Diluted earnings per share	8.24	(12.25)

Diluted earnings per share for the period ended 30 September 2013 does not include stock options due to the anti-dilutive effect caused by the loss during the period.

(f) Exchange rates

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

	Cumulative Quarter 2 FY15 30 September 2014		Year ended 31 March 2014		Cumulative Quarter 2 FY14 30 September 2013	
	Average	Closing	Average	Closing	Average	Closing
GBP	173	178	159	171	153	158
US dollar	103	109	100	103	99	98
Euro	140	139	134	141	131	132

(g) Cash flows generated from operations

	Cumulative Quarter 2 FY15 for the period 1 April 2014 to 30 September 2014 ¥ millions	Cumulative Quarter 2 FY14 for the period 1 April 2013 to 30 September 2013 ¥ millions
Profit/(loss) for the period from continuing operations	7,857	(10,530)
Adjustments for:		
Taxation	2,470	471
Depreciation	15,099	15,099
Amortization	5,473	5,456
Impairment	892	912
Reversal of Impairment	(37)	-
Gain on sale of property, plant and equipment	(4,449)	(153)
(Gain)/loss on sale of subsidiaries, joint ventures, associates and businesses	(26)	56
Gain on reclassification of investments	(13,349)	-
Grants and deferred income	(158)	(552)
Finance income	(1,047)	(1,508)
Finance expenses	10,371	10,848
Share of profit from joint ventures and associates	(397)	(382)
Other items	(225)	(179)
Operating cash flows before movement in provisions and working capital	22,474	19,538
Decrease in provisions and retirement benefit obligations	(11,128)	(9,981)
Changes in working capital:		
- inventories	(2,973)	(1,194)
- construction work-in-progress	(100)	(262)
- trade and other receivables	6,002	(550)
- trade and other payables	(5,137)	3,465
Net change in working capital	(2,208)	1,459
Cash flows generated from operations	9,138	11,016

(h) Cash and cash equivalents

	As of 31 March 2014	As of 31 March 2013
	¥ millions	¥ millions
Cash and cash equivalents	73,864	83,472
Bank overdrafts	(21,571)	(18,299)
	52,293	65,173

	As of 30 September	As of 30 September
	2014	2013
	¥ millions	¥ millions
Cash and cash equivalents	70,590	69,263
Bank overdrafts	(19,117)	(15,756)
	51,473	53,507

(i) Contingent Liabilities**Claims**

Following the European Commission's decision announced on 12 November 2008 to impose a fine on the Group for alleged breaches of European competition laws, certain of the Group's Automotive customers have communicated to the Group their intention to pursue the Group for damages arising from the alleged activities. The Group intends to defend itself against such claims and notes that it is still pursuing an appeal against the European Commission fine. To cover the cost of defense as well as any potential financial impact as may result from the resolution of certain cases the Group has made a provision for amounts that may be payable. In certain other cases, the Group considers that it is too early to judge the probable future outcome of the claim and as such cannot determine that the claim will probably result in an outflow of economic benefits to the claimants.

(7) Significant subsequent events

There were no significant subsequent events.