FY 2013 2nd Quarter Consolidated Financial Results <IFRS>

31 October 2012

(English translation of the Japanese original)

Listed Company Name:	Nippon Sheet Glass Co., Ltd.	Stock Exchange Listing: Tokyo, Osaka	
Code Number	5202	(URL http://www.nsg.com)	
Representative:	Representative Executive Director, President and CEO	Name:	Keiji Yoshikawa
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Submission of quarterly report to MOF: 2 November 2012 Payment of dividends starts from: N/A
Quarterly result presentation papers: Yes
Quarterly result presentation meeting: Yes
(For institutional investors)

1. Consolidated business results for FY 2013 Quarter 2 (From 1 April 2012 to 30 September 2012)

(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 2013	260,678	(9.7)	(11,107)	-	(17,666)	-	(16,558)	-	(16,937)	-	(39,829)	-
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)	-

	Earnings per share - basic	Earnings per share - diluted
Q2 FY 2013	¥ (18.77)	¥ (18.77)
Q2 FY 2012	¥ 6.35	¥ 6.32

(2) Changes in financial position

	Total assets	Total equity	Total shareholders' equity	Total shareholders' equity ratio
	¥ millions	¥ millions	¥ millions	%
FY 2013 Quarter 2	797,191	128,971	120,280	15.1
FY 2012 Full year	848,752	170,535	161,313	19.0

2. Dividends

	Dividends per share				
	Q1	Q2	Q3	Q4	Annual
FY 2012 (Actual)	-	¥ 3.00	-	¥ 1.50	¥ 4.50
FY 2013 (Actual)	-	¥0.00	-	-	-
FY 2013 (Forecast)	-	-	-	¥ 0.00	¥ 0.00

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

3. Forecast for FY 2013 (From 1 April 2012 to 31 March 2013)

	Revenue		Operating profit/(loss)		Profit/(loss) before taxation		Profit/(loss) for the period		Profit /(loss) attributable to owners of the parent		Earnings per share - basic
	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%	¥
Full year	530,000	(4.0)	(18,000)	-	(30,000)	-	(27,000)	-	(28,000)	-	(31.03)

Note: There have been no 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, 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 2012 and 903,550,999 shares as of 31 March 2012
(ii) Number of shares held as treasury stock at the end of the period:
1,180,770 shares as at 30 September 2012 and 1,200,613 shares as at 31 March 2012
(iii) Average number of shares in issue during the period, after deducting shares held as treasury stock:
902,354,393 shares for the period ending 30 September 2012 and 902,141,608 shares for the period ending 30 September 2011

<u>Status of quarterly review procedures taken by external auditors for the quarterly results</u>

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.

<u>Explanation for the appropriate usage of performance projections and other special items</u>

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, most of the Group's main Architectural and Automotive markets continued to be challenging, particularly in Europe. Volumes were below the previous year, although the second quarter was similar to the first quarter, with no further significant declines experienced. Solar Energy volumes were stable but significantly below the same period of the previous year. Technical glass markets were relatively strong.

In Europe, Architectural markets were weak, as economic uncertainty continued to affect levels of public, commercial, and residential construction. Volumes, whilst still at a low level, were similar to the first quarter. Prices improved towards the end of the quarter, with increases realized across several territories. Automotive markets were also challenging, with low levels of consumer demand in most major markets leading to reductions in vehicle production when compared to the previous year. Calendar year-to-date vehicle sales for Western Europe are approximately seven percent below the previous year. Exports of premium vehicles continued to provide some support to production levels. Automotive Glass Replacement (AGR) demand also fell from the previous year, as consumers postponed replacing damaged windshields where possible. In Technical glass markets, volumes of glass cord for engine timing belts were below the previous year, consistent with conditions experienced in the Automotive business.

In Japan, Architectural markets remain at a relatively low level, although construction demand continued to improve during the quarter. Automotive markets were strong with eco-car subsidies and new model launches contributing to improving levels of consumer demand. AGR markets were also positive compared to the previous year, although softened during the second quarter. Technical glass markets were robust, with relatively strong demand for consumer electronics devices, printers, and scanners.

In North America, architectural markets improved slightly during the second quarter, but are still significantly below the level of 2008. Market volumes in Automotive continued to improve and are significantly above the previous year. AGR markets experienced weak demand.

In the rest of the world, the Group's architectural and automotive markets in South America were challenging, with declining demand, although in Brazil, sales of new vehicles improved during the second quarter. Market conditions in South East Asia were also difficult, with a weak pricing environment reflecting continued imports of glass from China.

(b) Review by Business Segment

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

Architectural, representing 41 percent of Group sales for the first two quarters, 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 47 percent of Group sales, supplies a wide range of automotive glazing for new vehicles and for replacement markets.

Technical Glass, representing 12 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, and glass fiber products, including battery separators and glass components for engine timing belts.

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

JPY millions	Revenue		Operating profit before exceptional items	
	Q2 FY13	Q2 FY12	Q2 FY13	Q2 FY12
Architectural	108,139	128,440	(2,617)	8,083
Automotive	121,057	128,181	2,677	3,725
Technical Glass	30,812	31,253	3,238	3,855
Other Operations & Eliminations	670	669	(4,330)	(6,471)
Total	260,678	288,543	(1,032)	9,192

Architectural Business

The Architectural business was loss-making during the first two quarters, following a reduction in volumes from the previous year's levels. Results improved during the second quarter as volumes stabilized and cost savings from the Group's restructuring program began to be realized. Solar Energy dispatches, as anticipated, were significantly below the previous year.

In Europe, representing 39 percent of the Group's Architectural sales, revenues and profits fell from the previous year. Excluding Solar Energy dispatches, Architectural volumes fell by approximately 10 percent from first two quarters of the previous year, and 5 percent from the rate towards the end of the previous year. This has resulted in overcapacity and a weak pricing environment. Prices, which were at historically low levels, recovered slightly towards the end of the second quarter, with the implementation of price increases in several markets. On 14 May 2012, the Group announced its intention to keep one of the two furnaces of its Gladbeck float plant in Germany out of operation until at least the end of calendar year 2012. This followed the completion of a planned cold repair of that line. On 6 July 2012, the Group announced its intention to put the Architectural float furnace at Porto Marghera, Venice, Italy, on 'hot-hold'. This means that the furnace will be kept in an active state from which it can be restarted at short notice when market conditions permit.

Revenues in Japan, representing 33 percent of Architectural sales, were below the previous year, with flat domestic markets and reduced dispatches of Solar Energy glass. Architectural volumes showed signs of recovery during the second quarter.

In North America, representing 8 percent of Architectural sales, revenues and profits were below the previous year. Dispatches of Solar Energy glass fell. Domestic residential and commercial volumes were largely flat but also showed signs of recovery during the second quarter. On 6 July 2012, the Group announced that one of the two float lines at the Group's plant in Laurinburg, USA, will be idled. It is intended that production will recommence on this line when market conditions permit.

In the rest of the world, revenues improved from the previous year with a full period of sales generated by the Group's Solar Energy float line in Vietnam, which commenced production during the previous year. Volumes in South America were similar to the previous year. Market conditions in South East Asia were challenging, and the Group's Solar Energy rolled line in China experienced weak second quarter demand.

The Architectural business achieved revenues of ¥ 108,139 million and an operating loss of ¥ 2,617 million.

Automotive Business

In the Automotive business, revenues fell from the previous year, due largely to a significant decline in volumes in Europe. This was partly offset by strong demand in Japan, where the first two quarters of the previous year had been affected by the March 2011 earthquake.

Europe represents 42 percent of the Group's Automotive sales. In the European Original Equipment (OE) sector, revenues and profits fell from the previous year, due to reduced demand. Results in the Automotive Glass Replacement (AGR) business also fell, with reduced demand being partly offset by an increasing proportion of sales of higher value-added products.

In Japan, representing 20 percent of the Group's Automotive sales, revenues and profits were higher than the previous year. Following the March 2011 earthquake, which significantly impacted the start of the previous year, market volumes improved steadily during FY2012, and demand remained strong during the first two quarters of FY2013.

In North America, representing 23 percent of the Group's Automotive sales, OE revenues improved from the previous year, due to increased volumes. AGR revenues fell however, with reduced market demand.

In the rest of the world, revenues and profits both fell, due mainly to challenging market conditions in South America, although consumer demand improved during the second quarter.

The Automotive business recorded sales of ¥ 121,057 million and an operating profit of ¥ 2,677 million.

Technical Glass Business

Revenues in the Technical Glass Business were similar to the previous year, although profits showed a moderate decline. Demand for thin glass for displays remains stable, with end-customer demand in sectors such as smart phones and tablet devices generally positive. Demand for components used in multi-function printers improved. Demand for glass cord used in engine timing belts increased in Japan but fell in Europe, consistent with market conditions experienced in the Automotive business.

The Technical Glass business recorded revenues of ¥ 30,812 million and an operating profit of ¥ 3,238 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 losses incurred in Other Operations and Eliminations fell from the previous year due to cost savings and some non-recurring gains.

Consequently, this segment recorded revenues of ¥ 670 million and operating costs of ¥ 4,330 million.

Joint Ventures and Associates

The Group's share of joint ventures and associates profits fell as these business experienced market conditions similar to the Group's Architectural subsidiary businesses. Profits at Cebrace, the Group's joint venture in Brazil, fell, due to reduced volumes and prices. Profitability at the Group's Architectural joint ventures and associates in China also fell.

The Group's share of joint ventures and associates profits after tax was ¥ 200 million (Q2 FY12 profit of ¥ 4,255 million).

(2) Financial condition

Total assets at the end of September 2012 were ¥ 797,191 million, representing a decrease of ¥ 51,561 million from the end of March 2012. The Group has adopted "Net Debt" (interest–bearing debt minus cash and cash equivalents) as a Key Performance Indicator for its level of indebtedness. The table below shows the movement of "Net Debt" following the acquisition of Pilkington in September 2006.

		Net Debt
		JPY million
FY2007 Quarter 1	30 September 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 Full year	31 March 2012	351,155
FY2013 Quarter 2	30 September 2012	360,991

Net financial indebtedness increased by ¥ 9,836 million from 31 March 2012 to ¥ 360,991 million at the period end. Increases in indebtedness were caused primarily by the low overall level of profitability. Cash outflows from operating activities were ¥ 2,617 million. Included within this were cash inflows from reductions in working capital of ¥ 2,369 million, representing the first stages of the Group's actions to reduce working capital. Cash outflows from investing activities were ¥ 14,914 million, including capital expenditure on property, plant, and equipment of ¥ 15,713 million. As a result, total cash outflows before financing were ¥ 17,531 million. Currency movements generated a reduction in net debt of approximately ¥ 11,700 million over the period. Gross debt was ¥ 414,542 million at the period end.

As at 30 September 2012 the Group had un-drawn committed forward start facilities of ¥30,000 million, maturing in FY2019, which were arranged to refinance loans maturing in FY 2013. In addition, at 30 September 2012 the Group had access to committed un-drawn revolving credit facilities of ¥12,000 million which mature in FY 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 not been amended from that announced on 2 August 2012.

The market conditions faced by the Group during the second quarter, whilst challenging, were similar to the group's expectations. Economic uncertainty in Europe, which accounts for approximately 40 percent of the Group's revenues, has led to a decline in volumes of many of the Group's core products in that region. Consumers, faced with a deteriorating economic outlook, have sought to postpone significant spending decisions. Excess glass manufacturing capacity in China has resulted in exports from China into South East Asia and beyond, causing an erosion of price levels in those markets. Volumes of Solar Energy glass, whilst still growing over the medium-term, declined during the third and fourth quarters of FY2012 and have since been stable at significantly reduced levels. The strong 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. The Group does not expect to experience a significant improvement in market conditions during the remainder of the financial year, although operating results are expected to improve, as cost savings, arising from the Group's restructuring program are increasingly realized.

The Group has announced a series of actions to improve profitability in the current challenging environment. On 2 February 2012, the Group announced a program of capacity rationalization and headcount reduction, with a total cash cost of ¥25,000 million and recurring cash benefits of ¥20,000 million. On 10 May 2012, the Group announced an acceleration of this program such that it would be completed within two years rather than three as originally anticipated.

In order to align supply and demand, the Group has subsequently announced further capacity reductions that were not included in the original restructuring program announcement. On 14 May 2012, the Group announced its intention to keep one of the two furnaces at its Gladbeck float plant in Germany out of operation until at least the end of calendar year 2012. This followed the completion of a planned cold repair of that line. On 6 July 2012, the Group announced its intention to put its Architectural float furnace at Porto Marghera, Venice, Italy, on 'hot-hold'. This means that the furnace will be kept in an active state from which it can be restarted at short notice when market conditions permit. Also on 6 July 2012, the Group announced that one of the two float lines at the Group's plant in Laurinburg, USA, would be idled.

Following the above announcements, together with other planned actions not yet separately announced, the Group announced on 2 August 2012 that total annualized restructuring benefits, originally expected to be ¥ 20,000 million per year, are now anticipated to be ¥ 25,000 million per year. Total restructuring costs of ¥ 25,000 million are not expected to change, however non-cash impairments are expected to increase from ¥ 3,000 million to ¥ 9,000 million, due to the anticipated additional plant closures.

2 Other information

(1) Changes in status of principal subsidiaries

There was no change.

(2) Changes in accounting principles, practices and presentations

There was no change

3 Consolidated Financial Statements

(1). (a) Condensed quarterly consolidated income statement

¥ millions

	Note	**Cumulative Quarter 2 FY13 For the period 1 April 2012 to 30 September 2012**	Cumulative Quarter 2 FY12 For the period 1 April 2011 to 30 September 2011
Revenue	(6)-(a)	**260,678**	288,543
Cost of sales		**(203,847)**	(212,814)
Gross profit		**56,831**	75,729
Other income		**2,928**	2,686
Distribution costs		**(24,485)**	(26,198)
Administrative expenses		**(29,350)**	(34,990)
Other expenses		**(6,956)**	(8,035)
Operating profit before exceptional items	(6)-(a)	**(1,032)**	9,192
Exceptional items	(6)-(b)	**(10,075)**	-
Operating profit	(6)-(a)	**(11,107)**	9,192
Finance income	(6)-(c)	**904**	1,141
Finance expenses	(6)-(c)	**(7,663)**	(8,207)
Share of post-tax profit of joint ventures and associates accounted for using the equity method		**200**	4,255
Profit before taxation		**(17,666)**	6,381
Taxation	(6)-(d)	**1,108**	(75)
Profit for the period		**(16,558)**	6,306
Profit attributable to non-controlling interests		**379**	579
Profit attributable to owners of the parent		**(16,937)**	5,727
		(16,558)	6,306
Earnings per share attributable to owners of the parent	(6)-(e)		
Basic		**(18.77)**	6.35
Diluted		**(18.77)**	6.32

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

¥ millions

	Cumulative Quarter 2 FY13 For the period 1 April 2012 to 30 September 2012	Cumulative Quarter 2 FY12 For the period 1 April 2011 to 30 September 2011
Profit for the period	**(16,558)**	6,306
Other comprehensive income:		
Foreign currency translation adjustments	**(22,691)**	(41,976)
Retirement benefit obligations, net of taxation	**-**	(16,924)
Revaluation of available-for-sale investments	**(3)**	43
Cash flow hedges, net of taxation	**(577)**	(2,317)
Other comprehensive income for the period, net of taxation	**(23,271)**	(61,174)
Total comprehensive income for the period	**(39,829)**	(54,868)
Attributable to non-controlling interests	**(117)**	(638)
Attributable to owners of the parent	**(39,712)**	(54,230)
	(39,829)	(54,868)

(2) Condensed quarterly consolidated balance sheet

¥ millions

	Quarter 2 FY13 as of 30 September 2012	FY12 as of 31 March 2012
ASSETS		
Non-current assets		
Goodwill	**94,421**	105,018
Intangible assets	**76,688**	87,475
Property, plant and equipment	**247,041**	260,597
Investment property	**626**	675
Investments accounted for using the equity method	**44,281**	50,359
Trade and other receivables	**12,262**	7,806
Financial assets:		
- Available-for-sale investments	**8,069**	9,156
- Derivative financial instruments	**657**	1,356
Deferred tax assets	**58,317**	61,248
	542,362	583,690
Current assets		
Inventories	**97,724**	106,112
Construction work-in-progress	**862**	576
Trade and other receivables	**101,852**	111,583
Financial assets:		
- Available-for-sale investments	**519**	3
- Derivative financial instruments	**2,027**	2,354
Cash and cash equivalents	**50,867**	43,346
	253,851	263,974
Assets held for sale	**978**	1,088
	254,829	265,062
Total Assets	**797,191**	848,752
LIABILITIES AND EQUITY		
Current liabilities		
Financial liabilities:		
- Borrowings	**174,444**	110,375
- Derivative financial instruments	**1,934**	2,363
Trade and other payables	**101,830**	112,746
Provisions	**12,810**	14,896
Deferred income	**2,146**	2,493
	293,164	242,873

(2) Condensed quarterly consolidated balance sheet continued

¥ millions

	Quarter 2 FY13 as of 30 September 2012	FY12 as of 31 March 2012
Non-current liabilities		
Financial liabilities:		
- Borrowings	**236,270**	283,565
- Derivative financial instruments	**1,894**	1,909
Trade and other payables	**1,060**	2,751
Deferred tax liabilities	**34,085**	37,849
Retirement benefit obligations	**78,609**	87,306
Provisions	**16,511**	15,733
Deferred income	**6,627**	6,231
	375,056	435,344
Total liabilities	**668,220**	678,217
Equity		
Capital and reserves attributable to the Company's equity shareholders		
Called up share capital	**116,449**	116,449
Capital surplus	**127,516**	127,511
Retained earnings	**12,502**	30,793
Retained earnings (Translation adjustment at the IFRS transition date)	**(68,048)**	(68,048)
Other reserves	**(68,139)**	(45,392)
Total shareholders' equity	**120,280**	161,313
Non-controlling interests	**8,691**	9,222
Total equity	**128,971**	170,535
Total liabilities and equity	**797,191**	848,752

(3) Condensed quarterly consolidated statement of changes in equity

¥ 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 2012	116,449	127,511	30,793	(68,048)	(45,392)	**161,313**	9,222	**170,535**
Total Comprehensive Income			(16,937)		(22,775)	**(39,712)**	(117)	**(39,829)**
Dividends paid			(1,354)			**(1,354)**	(414)	**(1,768)**
Stock options					16	**16**		**16**
Issuance & purchase of treasury stock		5			12	**17**		**17**
At 30 September 2012	**116,449**	**127,516**	**12,502**	**(68,048)**	**(68,139)**	**120,280**	**8,691**	**128,971**

¥ 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 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**

(4) Condensed quarterly consolidated statement of cash flows

¥ millions

	Note	**Cumulative Quarter 2 FY13 for the period 1 April 2012 to 30 September 2012**	Cumulative Quarter 2 FY12 for the period 1 April 2011 to 30 September 2011
Cash flows from operating activities			
Cash generated from operations	(6)-(h)	**6,545**	(2,957)
Interest paid		**(6,908)**	(6,930)
Interest received		**917**	854
Tax paid		**(3,171)**	(2,902)
Net cash outflows from operating activities		**(2,617)**	(11,935)
Cash flows from investing activities			
Dividends received from joint ventures and associates		**446**	456
Purchase of joint ventures and associates		**(112)**	(1,255)
Purchase of subsidiaries (net of cash disposed)		**(1,188)**	-
Purchases of property, plant and equipment		**(15,713)**	(17,374)
Proceeds on disposal of property, plant and equipment		**1,690**	1,866
Purchases of intangible assets		**(704)**	(613)
Proceeds on disposal of intangible assets		**30**	-
Purchase of available-for-sale investments		**(3)**	(2)
Proceeds from available-for-sale investments		**33**	279
Loans with joint ventures, associates & third parties		**503**	(2,890)
Others		**104**	152
Net cash outflows from investing activities		**(14,914)**	(19,381)
Cash flows from financing activities			
Dividends paid to shareholders		**(1,352)**	(2,705)
Dividends paid to non-controlling interests		**(418)**	(454)
Repayment of borrowings		**(16,748)**	(37,722)
Proceeds from borrowings		**53,261**	59,520
Others		**(1)**	(3)
Net cash inflows from financing activities		**34,742**	18,636
Increase/(decrease) in cash and cash equivalents (net of bank overdrafts)		**17,211**	(12,680)
Cash and cash equivalents (net of bank overdrafts) at beginning of period	(6)-(i)	**24,797**	46,491
Effect of foreign exchange rate changes		**(1,361)**	(3,069)
Cash and cash equivalents (net of bank overdrafts) at end of period	(6)-(i)	**40,647**	30,742

(5) Notes regarding going concern

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

(6) Notes to the Group Results

(a) Segmental information

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

From the first quarter, the names of the business segments were changed to Architectural, Automotive and Technical Glass, which were previously Building Products, Automotive and Specialty Glass, respectively.

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 growing 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 2012 were as follows:

¥ millions

Cumulative Quarter 2 FY13 For the period 1 April 2012 to 30 September 2012	**Architectural**	**Automotive**	**Technical Glass**	**Other Operations**	**Total**
Revenue					
External revenue	**108,139**	**121,057**	**30,812**	**670**	**260,678**
Inter-segmental revenue	**6,245**	**328**	**89**	**2,525**	**9,187**
Total revenue	**114,384**	**121,385**	**30,901**	**3,195**	**269,865**
Segmental result before amortization arising from the acquisition of Pilkington plc	**(2,617)**	**2,677**	**3,238**	**(975)**	**2,323**
Amortization arising from the acquisition of Pilkington plc	**-**	**-**	**-**	**(3,355)**	**(3,355)**
Operating profit before exceptional items	**(2,617)**	**2,677**	**3,238**	**(4,330)**	**(1,032)**
Exceptional items					**(10,075)**
Operating profit after exceptional items					**(11,107)**
Finance costs – net					**(6,759)**
Share of post tax profit from joint ventures and associates					**200**
Profit before taxation					**(17,666)**
Taxation					**1,108**
Profit for the period from continuing operations					**(16,558)**

(a) Segmental information continued

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	Architectural	Automotive	Technical 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

The segmental assets at 30 September 2012 and capital expenditure for the period ended 30 September 2012 were as follows:

¥ millions

	Architectural	Automotive	Technical Glass	Other Operations	Total
Net trading assets	**153,295**	**161,126**	**45,329**	**2,500**	**362,250**
Capital expenditure (including intangibles)	**6,972**	**7,778**	**573**	**76**	**15,399**

The segmental assets at 31 September 2011 and capital expenditure for the period ended 30 September 2011 were as follows:

¥ millions

	Architectural	Automotive	Technical 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

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 FY13 for the period 1 April 2012 to 30 September 2012	Cumulative Quarter 2 FY12 for the period 1 April 2011 to 30 September 2011
	¥ millions	¥ millions
Exceptional Items (gains):		
Gain on joint venture dilution	**326**	-
Gain on acquisition of a subsidiary	**276**	-
Others	**60**	-
	662	-
Exceptional Items (losses):		
Restructuring costs, including employee termination payments	**(6,686)**	-
Impairments of non-current assets	**(3,815)**	-
Settlement of litigation matters	**(192)**	-
Others	**(44)**	-
	(10,737)	-
	(10,075)	-

The gain on joint venture dilution arises on a refinancing of the Group's joint venture in Russia, where new investors have injected equity into the joint venture at a subscription price in excess of the accounting net asset value per share prior to the subscription.

The gain on subsidiary acquisition arises on the acquisition of the shares of Flovetro SpA, see note K, business combinations.

Restructuring costs arise in a variety of locations around the world and relate the Group's program to reduce costs as previously announced.

The impairments arising during the period relate principally to the Group's architectural facility in Venice, Italy.

Settlement of litigation matters relates to a variety of legal claims settled during the period.

(c) Finance income and expenses

	Cumulative Quarter 2 FY13 for the period 1 April 2012 to 30 September 2012	Cumulative Quarter 2 FY12 for the period 1 April 2011 to 30 September 2011
	¥ millions	¥ millions
Finance income		
Interest income	**782**	1,001
Foreign exchange transaction gains	**51**	71
Fair value gains on financial instruments		
- interest rate swaps	**71**	69
	904	1,141
Finance expenses		
Interest expense:		
- bank and other borrowings	**(6,684)**	(7,029)
Dividend on non-equity preference shares due to minority shareholders	**(106)**	(119)
Foreign exchange transaction losses	**(171)**	(167)
Other interest and similar charges	**-**	(54)
	(6,961)	(7,369)
Unwinding discounts on provisions	**(146)**	(133)
Retirement benefit obligations		
- finance costs less finance income	**(556)**	(705)
	(7,663)	(8,207)

(d) Taxation

The tax rate on losses before taxation, excluding the Group's share of net profits of joint ventures and associates, is 6.2 per cent in the period ended 30 September 2012 (30 September 2011 – 4 per cent tax rate on profits before taxation). The tax charge for the period is based on the estimated effective rate for the year to 31 March 2013.

(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 30th September 2012	Cumulative Quarter ended 30th September 2011
	¥ millions	¥ millions
Profit attributable to owners of the parent	**(16,937)**	5,727
	Thousands	Thousands
Weighted average number to ordinary shares in issue	**902,354**	902,142

(e) Earnings per share continued

	¥	¥
Basic earnings per share	**(18.77)**	6.35

(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.

	Cumlative Quarter ended 30th September 2012	Cumlative Quarter ended 30th September 2011
	¥ millions	¥ millions
Earnings		
Profit attributable to owners of the parent	**(16,937)**	5,727
Interest expense on convertible debt (net of tax)	**-**	54
Profit used to determine diluted earnings per share	**(16,937)**	5,781
	Thousands	Thousands
Weighted average number to ordinary shares in issue	**902,354**	902,142
Adjustment for;		
- Assumed conversion of convertible debt	**-**	10,570
- Share options	**-**	1,794
Weighted average number of ordinary shares for diluted earnings per share	**902,354**	914,506
	¥	¥
Diluted earnings per share	**(18.77)**	6.32

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

(f) Dividends paid

	Cumlative Quarter ended 30th September 2012	Cumlative Quarter ended 30th September 2011
	¥ millions	¥ millions
Dividends on ordinary shares declared and paid during the period:		
Final dividend for the year ended 31 March 2012 ¥ 1.5 per share (2011: ¥ 3 per share)	**1,352**	2,705
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 2013 ¥ nil per share (2012: ¥ 3 per share)	**-**	2,706

(g) Exchange rates

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

	Cumulative Quarter 2 FY13 30 September 2012		Year ended 31 March 2012		Cumulative Quarter 2 FY12 30 September 2011	
	Average	**Closing**	Average	Closing	Average	Closing
GBP	**126**	**126**	126	131	129	119
US dollar	**80**	**78**	79	82	80	77
Euro	**101**	**100**	109	109	113	103

(h) Cash flows generated from operations

	Cumulative Quarter 2 FY13 for the period 1 April 2011 to 30 September 2012	Cumulative Quarter 2 FY12 for the period 1 April 2011 to 30 September 2011
	¥ millions	¥ millions
Profit /(loss) for the period from continuing operations	**(16,558)**	6,306
Adjustments for:		
Taxation	**(1,108)**	75
Depreciation	**12,835**	14,837
Amortization	**4,632**	4,952
Impairment	**3,925**	28
Gain on sale of property, plant and equipment	**(567)**	(947)
Grants and deferred income released	**665**	(243)
Finance income	**(904)**	(1,141)
Finance expenses	**7,663**	8,207
Share of profit from joint ventures and associates	**(200)**	(4,255)
Other items	**(1,199)**	(360)
Operating cash flows before movement in provisions and working capital	**9,184**	27,459
Decrease in provisions and retirement benefit obligations	**(5,008)**	(9,647)
Changes in working capital:		
- inventories	**3,830**	(8,705)
- construction work-in-progress	**(319)**	(478)
- trade and other receivables	**1,105**	(1,611)
- trade and other payables	**(2,247)**	(9,975)
Net change in working capital	**2,369**	(20,769)
Cash flows generated from operations	**6,545**	(2,957)

(i) Cash and cash equivalents

	As of 31 March 2012	As of 31 March 2011
	¥ millions	¥ millions
Cash and cash equivalents	**43,346**	60,906
Bank overdrafts	**(18,549)**	(14,415)
	24,797	46,491

	As of 30 September 2012	As of 30 September 2011
	¥ millions	¥ millions
Cash and cash equivalents	**50,867**	40,672
Bank overdrafts	**(10,220)**	(9,930)
	40,647	30,742

(j) Contingent Liabilities

Guarantees
At 30 September 2012, the Group has guaranteed, in the ordinary course of business ¥230 million in respect of other entities.

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.

(k) Business Combinations

On 2 April 2012, the Group acquired the remaining 50 percent interest in Flovetro SpA that it did not already own. Previously this had been accounted for as a joint venture with the Group owning 50 percent of the issued share capital. Flovetro SpA is a float glass manufacturing entity supplying flat glass to the Group's Automotive business in Europe.

Under the terms of the acquisition, the Group paid cash of JPY 407m to St Gobain, the Group's former joint venture partner in this company. The book value of the Group's joint venture investment at the acquisition date was JPY 407m, and the Group processed a gain on revaluation of this investment to fair value on JPY 138m. The total fair value of the acquisition was therefore JPY 952m.

The fair value of assets acquired consisted of property, plant, & equipment of JPY 3,216m, inventories of JPY 724m, receivables of JPY 1,556m, financial liabilities of JPY (2,640)m, trade payables of JPY (874)m, overdrawn cash balances of JPY (812)m, and other net liabilities of JPY (80)m. Total net assets acquired were therefore JPY 1,090m.

Negative goodwill arising on this transaction therefore amounted to JPY 138m and was recognized as a gain during the period. Including the revaluation gain on the previous joint venture investment, the total gain recognized in the consolidated income statement as an exceptional item was JPY 276m.

(7) Significant subsequent events

There were no significant subsequent events.