



FY 2018 1st Quarter Consolidated Financial Results <IFRS> 4 August 2017

(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: 8 August 2017 Payment of dividends start from: N/A
Quarterly result presentation papers: Yes
Quarterly result presentation meeting: Yes (Teleconference for institutional investors)

1. Consolidated business results for FY 2018 Quarter 1 (From 1 April to 30 June 2017)

(1) Consolidated business results

	Revenue		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	%
Q1 FY 2018	146,890	(2.4)	8,762	23.1	4,775	(55.3)	2,835	(35.2)	2,506	(35.8)	8,274	-
Q1 FY 2017	150,531	(7.2)	7,117	128.6	10,675	-	4,378	-	3,905	-	(43,052)	-

	Earnings per share - basic	
Q1 FY 2018	¥	22.76
Q1 FY 2017	¥	43.22

Note:

- Operating profit in the above table is defined as being operating profit stated before exceptional items.
- Effective as from 1 October 2016, the Company conducted a share consolidation in which every ten common shares were consolidated into one share. Basic earnings per share are calculated under the assumption that this share consolidation was conducted on 1 April 2016.

(2) Changes in financial position

	Total assets	Total equity	Total shareholders' equity	Total shareholders' equity ratio
	¥ millions	¥ millions	¥ millions	%
FY 2018 Quarter 1	779,565	140,709	132,261	17.0
FY 2017 Full year	790,192	133,708	124,146	15.7

2. Dividends

	Dividends per share				
	Q1	Q2	Q3	Q4	Annual
FY 2017 (Actual)	-	¥ 0.00	-	¥ 0.00	¥ 0.00
FY 2018 (Actual)	-	-	-	-	-
FY 2018 (Forecast)	-	-	-	-	-

- Note:
- There have been no changes to the forecast dividends this quarter.
 - The above table shows dividends on common shares. Please refer to "(Reference) Dividends for Class Shares" for information regarding dividends on class shares, which are unlisted and have different rights from common shares.
 - The Group has a policy in its Article of Incorporation, to pay dividends to shareholders as of 30 September and 31 March, but forecast has not been established yet.

3. Forecast for FY 2018 (From 1 April 2017 to 31 March 2018)

	Revenue		Operating profit		Profit before taxation		Profit for the period		Profit attributable to owners of the parent		Earnings per share - basic	
	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%	¥	¥
Half year	290,000	0.1	16,500	22.3	-	-	-	-	-	-	-	-
Full year	600,000	3.3	36,000	20.6	17,000	15.2	10,000	37.1	8,000	42.7	68.62	68.62

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

4. Other items

- (a) Changes in status of principle subsidiaries --- No
- (b) Changes implemented to the accounting policies, practice and presentations related to the preparation of quarterly consolidated financial statements
- (i) Changes due to revisions in accounting standards under IFRS --- No
- (ii) Changes due to other reasons --- No
- (iii) Changes in accounting estimates --- No
- (c) Numbers of shares outstanding (common stock)
- (i) Number of shares issued at the end of the period, including shares held as treasury stock: 90,397,899 shares as of 30 June 2017 and 90,365,699 shares as of 31 March 2017
- (ii) Number of shares held as treasury stock at the end of the period: 12,136 shares as at 30 June 2017 and 11,489 shares as at 31 March 2017
- (iii) Average number of shares in issue during the period, after deducting shares held as treasury stock: 90,374,823 shares for the period ending 30 June 2017 and 90,340,991 shares for the period ending 30 June 2016

Note:

- Effective as from 1 October 2016, the Company conducted a share consolidation in which every ten common shares were consolidated into one share. Number of shares presented above were calculated under the assumption that this share consolidation was conducted on 1 April 2016.

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

This document (Tanshin) is out of scope for quarterly review by the external auditors.

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

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

(For Reference) Dividends for Class Shares

Dividends per share related to Class Shares with different rights from those of common shares are as follows.

	Dividends per share				
	Q1	Q2	Q3	Q4	Total
Class A Shares					
FY2017 (Actual)	-	-	-	-	-
FY2018 (Actual)	-	-	-	-	-
FY2018 (Forecast)	-	-	-	-	-

(Note) Number of Class A Shares issued are 40,000 shares. The Class A Shares were issued on 31 March 2017. Forecast of dividends, that have dividend record dates belonging to FY2018, has not been established yet.

[Attachments]

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1. Narratives about financial results

(1) Business Performance

(a) Background to Results

The first quarter of the year saw stable market conditions across most regions. European Architectural markets continued to be strong with high levels of demand leading to a robust pricing environment, whilst Automotive markets benefitted from a further recovery in light-vehicle sales. Architectural markets in Japan saw reduced number of non-residential construction starts, although automotive markets fared better with an improving level of vehicle sales. Architectural markets in North America continued to be positive, and, in automotive, light vehicle sales remain at a good level despite some modest reductions from the previous year. Automotive markets in South America improved somewhat during the quarter, although are still at a low level. Technical glass markets strengthened with growing demand in many of the Group's product areas.

Revenues declined slightly from the first quarter of the previous year. Profitability improved however, and the Group recorded a trading profit (before exceptional items and amortization relating to the acquisition of Pilkington) of ¥ 9,254 million (Q1 FY17 ¥ 8,899 million). Operating profits improved by 23 percent to ¥ 8,762 million (Q1 FY17 ¥ 7,117 million) due to the improved trading profit and a reduction in amortization of intangible assets. The profit attributable to owners of the parent was ¥ 2,506 million (Q1 FY17 ¥ 3,905 million).

(b) Review by Business Segment

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

Architectural, representing 39 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 53 percent of Group sales, supplies a wide range of automotive glazing for new vehicles and for replacement markets.

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

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

¥ millions	Revenue		Operating profit	
	Q1 FY 2018	Q1 FY 2017	Q1 FY 2018	Q1 FY 2017
Architectural	57,335	59,916	5,966	6,479
Automotive	77,567	78,481	4,126	3,714
Technical Glass	11,746	12,024	1,072	68
Other Operations	242	110	(2,402)	(3,144)
Total	146,890	150,531	8,762	7,117

Architectural Business

Architectural revenues and profits fell from the previous year due to reduced volumes in North America and the Rest of World, partly offset by results in Europe, which continued to strengthen.

In Europe, representing 39 percent of the Group's architectural sales, markets continued to be positive with previous capacity reductions and improving demand leading to a robust pricing environment. The Group's revenues were flat with a consistently high level of utilization of the Group's available capacity, whilst profits improved with increased market prices.

In Japan, representing 26 percent of the Group's architectural sales, revenues were flat, with both volumes and prices being broadly similar to the previous year's levels. Profitability was negatively impacted by one-off factors including an increase in quality-related provisions, although this is not expected to recur during later quarters.

In North America, representing 14 percent of the Group's architectural sales, revenues and profits were below the previous year's levels. Available capacity has been temporarily reduced whilst the Ottawa facility is repaired as announced on 12 May 2017. In addition, sales of solar energy glass have slowed during a period of re-tooling at a major customer.

In the rest of the world, domestic markets were generally improved from the previous year, although revenues were also impacted by re-tooling at a major customer. Profitability was adversely affected by a cold repair in Vietnam which was completed during the quarter.

The Architectural business recorded revenues of ¥ 57,335 million and an operating profit of ¥ 5,966 million.

Automotive Business

In the Automotive business, revenues were slightly below the previous year. Profits improved due to an improving performance in Europe.

Europe represents 44 percent of the Group's automotive sales. The Group's original equipment (OE) volumes were similar to previous year, although profits benefitted with further cost reductions. Profits also improved in the Automotive Glass Replacement (AGR) business.

In Japan, representing 18 percent of the Group's automotive sales, revenues improved from the previous year, consistent with increasing light-vehicle sales. OE profits were similar to the previous year, whereas AGR profits improved.

In North America, representing 27 percent of the Group's automotive sales, revenues and profits fell from the previous year, as a consequence of a fall in market volumes. AGR results were similar to the previous year.

In the rest of the world, market conditions in South America showed some signs of improvement.

The Automotive business recorded sales of ¥ 77,567 million and an operating profit of ¥ 4,126 million.

Technical Glass Business

Revenues in the Technical Glass business were similar to the previous year, although profits improved with increased volumes in some areas and a positive contribution from cost savings.

Losses narrowed further in the display business, with improvements in prices for some products. Demand for components used in multi-function printers which fell during the previous year showed some improvement during the first quarter. Volumes of glass cord used in engine timing belts were robust, consistent with strengthening automotive markets. Battery separator volumes increased with results continuing to improve in this area.

The Technical Glass business recorded revenues of ¥ 11,746 million and an operating profit of ¥ 1,072 million.

Other Operations and Eliminations

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

Consequently, this segment recorded revenues of ¥ 242 million and operating costs of ¥ 2,402 million.

Joint Ventures and Associates

The Group's share of joint ventures and associates profits represented an improvement from the previous year. Profits increased slightly at Cebrace, the Group's joint venture in Brazil. Results also benefitted from the reclassification in the previous year of a loss-making Chinese associate to assets held at fair value through other comprehensive income.

The Group's share of joint ventures and associates profits after tax was ¥ 367 million (Q1 FY17 loss of ¥ 32 million).

(2) Financial Condition

Total assets at the end of June 2017 were ¥ 779,565 million, representing a decrease of ¥ 10,627 million from the end of March 2017. Total equity was ¥ 140,709 million, representing an increase of ¥ 7,001 million due to the profit for the period and the translational impact of a weakening Japanese Yen.

Net financial indebtedness increased by ¥ 18,683 million from 31 March 2017 to ¥ 331,937 million at the period end. The increase in indebtedness arose mainly from seasonal increases in working capital and also translational differences arising from the weakening Yen. Currency movements generated an increase in net debt of approximately ¥ 5,460 million over the period. Gross debt was ¥ 389,744 million at the period end. As of 30 June 2017, the Group had un-drawn, committed facilities of ¥ 73,022 million.

Cash outflows from operating activities were ¥ 5,065 million. Cash outflows from investing activities were ¥ 6,605 million, including capital expenditure on property, plant, and equipment of ¥ 7,093 million. As a result, free cash flow was an outflow of ¥ 11,670 million.

(3) Prospects

The forecast of revenue, operating profit, profit before taxation, profit for the period, profit attributable to owners of the parent and earnings per share for the year to 31 March 2018 is set out on page 1. The forecast of revenue, operating profit, profit before taxation, profit for the period and profit attributable to owners of the parent have not been amended from that issued on 12 May 2017. The forecast of earnings per share has been shown after considering the effect of dividends related to Class A shares.

The Group expects to see a further recovery in profitability during FY2018. Architectural and Automotive markets are expected to experience a continued modest recovery. The Group also expects a further improvement in VA contribution generally, with growth in some areas compensating for a temporary reduction of demand in others. A further improvement in profitability is expected in the Technical Glass business, with improved costs and increased sales of VA products.

Taking account of the above factors, the Group expects to record an improvement in operating profitability in FY2018.

Exceptional costs will reflect restructuring expenditure necessary to achieve additional improvements in operational efficiency and overall cost reductions. In addition, exceptional costs will include costs incurred at the Ottawa facility prior to re-start following a cold repair as announced on 12 May 2017. Financial costs will fall following the repayment of debt during March 2017.

Based on our Long-term Strategic Vision to transform the NSG Group into a VA Glass Company, the Group

launched the Medium-term Plan ("MTP") starting in FY2015. The key objectives of the MTP are: to achieve financial sustainability; and to start the transformation into a VA Glass Company. The two financial targets were Net financial debt / EBITDA of 3X and Operating return on sales of greater than 8%. The Group also envisions a Return on Equity (ROE) of greater than 10% to be achieved under the MTP. From FY2018, the Group entered Phase 2 of the MTP, re-doubling its efforts to ensure the achievement of these targets by FY2020. The Group will focus on the four key measures under MTP Phase 2: "Drive VA No.1 Strategy"; "Establish growth drivers"; "Business culture innovation" and "Enhancement of Global Management", in order to achieve the targets, as well as to expedite the stabilization of its financial base and growth strategy.

2. Consolidated financial statements and their notes

(1) (a) Condensed quarterly consolidated income statement

	Note	Quarter 1 For the period 1 April to 30 June 2017	Quarter 1 For the period 1 April to 30 June 2016 (restated)
Revenue	(6)-(a)	146,890	150,531
Cost of sales		(107,153)	(111,078)
Gross profit		39,737	39,453
Other income		364	643
Distribution costs		(13,238)	(13,498)
Administrative expenses		(16,189)	(16,176)
Other expenses		(1,912)	(3,305)
Operating profit	(6)-(a)	8,762	7,117
Exceptional items	(6)-(b)	(441)	7,833
Operating profit after exceptional items	(6)-(a)	8,321	14,950
Finance income	(6)-(c)	242	523
Finance expenses	(6)-(c)	(4,155)	(4,766)
Share of post-tax profit/(loss) of joint ventures and associates accounted for using the equity method		367	(32)
Profit before taxation		4,775	10,675
Taxation	(6)-(d)	(1,940)	(6,297)
Profit for the period		2,835	4,378
Profit attributable to non-controlling interests		329	473
Profit attributable to owners of the parent		2,506	3,905
		2,835	4,378
Earnings per share attributable to owners of the parent	(6)-(e)		
Basic		22.76	43.22
Diluted		15.80	43.16

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

¥ millions

	Quarter 1 For the period 1 April to 30 June 2017	Quarter 1 For the period 1 April to 30 June 2016
Profit for the period	2,835	4,378
Other comprehensive income:		
Items that will not be reclassified to profit or loss:		
Re-measurement of retirement benefit obligations (net of taxation)	(672)	(779)
Revaluation of Assets held at Fair Value through Other Comprehensive Income – equity investments (net of taxation)	(3,703)	(10,515)
Sub-total	(4,375)	(11,294)
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation adjustments	9,797	(37,052)
Revaluation of Assets held at Fair Value through Other Comprehensive Income – other investments (net of taxation)	(47)	132
Cash flow hedges: - fair value gains, net of taxation	64	784
Sub-total	9,814	(36,136)
Total other comprehensive income for the period, net of taxation	5,439	(47,430)
Total comprehensive income for the period	8,274	(43,052)
Attributable to non-controlling interests	159	(353)
Attributable to owners of the parent	8,115	(42,699)
	8,274	(43,052)

(7) Condensed quarterly consolidated balance sheet

¥ millions

	Quarter 1 as at 30 June 2017	FY 2017 as at 31 March 2017
ASSETS		
Non-current assets		
Goodwill	111,810	105,972
Intangible assets	58,453	56,288
Property, plant and equipment	249,849	245,157
Investment property	557	523
Investments accounted for using the equity method	13,274	13,773
Retirement benefit asset	21,478	19,227
Trade and other receivables	15,373	18,440
Financial assets:		
- Assets held at Fair Value through Other Comprehensive Income	23,193	26,568
- Derivative financial instruments	228	248
Deferred tax assets	41,928	41,622
	536,143	527,818
Current assets		
Inventories	110,180	105,514
Construction work-in-progress	740	625
Trade and other receivables	74,269	69,654
Financial assets:		
- Assets held at Fair Value through Other Comprehensive Income	627	572
- Derivative financial instruments	449	963
Cash and cash equivalents	57,130	84,920
	243,395	262,248
Assets held for sale	27	126
	243,422	262,374
Total assets	779,565	790,192

(1) Condensed quarterly consolidated balance sheet continued

¥ millions

	Quarter 1 as at 30 June 2017	FY 2017 as at 31 March 2017
LIABILITIES AND EQUITY		
Current liabilities		
Financial liabilities:		
- Borrowings	81,025	78,417
- Derivative financial instruments	2,712	1,393
Trade and other payables	116,273	126,591
Provisions	15,671	14,091
Deferred income	2,862	2,733
	218,543	223,225
Non-current liabilities		
Financial liabilities:		
- Borrowings	304,525	317,981
- Derivative financial instruments	1,482	1,595
Trade and other payables	449	1,979
Deferred tax liabilities	15,504	15,005
Retirement benefit obligations	73,474	70,826
Provisions	15,796	16,903
Deferred income	9,083	8,970
	420,313	433,259
Total liabilities	638,856	656,484
Equity		
Capital and reserves attributable to the Company's equity shareholders		
Called up share capital	116,486	116,463
Capital surplus	166,601	166,578
Retained earnings	(57,812)	(59,646)
Retained earnings (Translation adjustment at the IFRS transition date)	(68,048)	(68,048)
Other reserves	(24,966)	(31,201)
Total shareholders' equity	132,261	124,146
Non-controlling interests	8,448	9,562
Total equity	140,709	133,708
Total liabilities and equity	779,565	790,192

(2) Condensed quarterly consolidated statement of changes in equity

¥ millions

Quarter 1 FY 2018	Called up share capital	Capital surplus	Retained earnings	Retained earnings (Translation on adjustment at the IFRS translation date)	Other reserves	Total share holders' equity	Non-controlling interests	Total equity
At 1 April 2017	116,463	166,578	(59,646)	(68,048)	(31,201)	124,146	9,562	133,708
Total Comprehensive Income			1,834	-	6,281	8,115	159	8,274
Dividends paid				-		-	(1,273)	(1,273)
Stock options	23	23		-	(46)	-	-	-
At 30 June 2017	116,486	166,601	(57,812)	(68,048)	(24,966)	132,261	8,448	140,709

¥ millions

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

(3) Condensed quarterly consolidated statement of cash flow

¥ millions

	Note	Quarter 1 For the period 1 April to 30 June 2017	Quarter 1 For the period 1 April to 30 June 2016
Cash flows from operating activities			
Cash generated from operations	(6)-(g)	(1,075)	1,473
Interest paid		(2,770)	(2,060)
Interest received		215	496
Tax paid		(1,435)	(1,912)
Net cash outflows from operating activities		(5,065)	(2,003)
Cash flows from investing activities			
Dividends received from joint ventures and associates		573	1
Purchases of property, plant and equipment		(7,093)	(7,816)
Proceeds on disposal of property, plant and equipment		236	8,580
Purchases of intangible assets		(351)	(312)
Proceeds on disposal of intangible assets		9	1
Purchase of assets held at FVOCI		(2)	(2)
Proceeds on disposal of assets held at FVOCI		72	-
Loans advanced to joint ventures, associates and third parties		(122)	(119)
Loans repaid from joint ventures, associates and third parties		74	1
Others		(1)	(2)
Net cash inflows/(outflows) from investing activities		(6,605)	332
Cash flows from financing activities			
Dividends paid to non-controlling interests		(1,257)	(260)
Repayment of borrowings		(37,671)	(5,089)
Proceeds from borrowings		19,644	10,901
Net cash inflows/(outflows) from financing activities		(19,284)	5,552
Increase/(decrease) in cash and cash equivalents (net of bank overdrafts)		(30,954)	3,881
Cash and cash equivalents (net of bank overdrafts) at beginning of period	(6)-(h)	79,808	46,162
Effect of foreign exchange rate changes		1,017	(4,605)
Cash and cash equivalents (net of bank overdrafts) at end of period	(6)-(h)	49,871	45,438

(4) 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.

(5) Notes to the condensed quarterly consolidated financial statements**(a) Segmental information**

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

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

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

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

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

The segmental results for the first quarter to 30 June 2017 were as follows:

	¥ millions				
Quarter 1 FY 2018 For the period 1 April to 30 June 2017	Architectural	Automotive	Technical Glass	Other Operations	Total
Revenue					
External revenue	57,335	77,567	11,746	242	146,890
Inter-segmental revenue	4,926	523	10	1,019	6,478
Total revenue	62,261	78,090	11,756	1,261	153,368
Trading profit	5,966	4,126	1,072	(1,910)	9,254
Amortization arising from the acquisition of Pilkington plc	-	-	-	(492)	(492)
Operating profit	5,966	4,126	1,072	(2,402)	8,762
Exceptional items	(291)	(288)	3	135	(441)
Operating profit after exceptional items					8,321
Finance costs – net					(3,913)
Share of post-tax profit from joint ventures and associates					367
Profit before taxation					4,775
Taxation					(1,940)
Profit for the period from continuing operations					2,835

(a) Segmental information continued

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

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

The segmental assets at 30 June 2017 and capital expenditure for the first quarter ended 30 June 2017 were as follows:

	¥ millions				
	Architectural	Automotive	Technical Glass	Other Operations	Total
Net trading assets	134,489	145,122	41,241	5,944	326,796
Capital expenditure (including intangibles)	1,767	2,377	252	51	4,447

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

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

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

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

(b) Exceptional items

¥ millions

	Quarter 1 For the period 1 April to 30 June 2017	Quarter 1 For the period 1 April to 30 June 2016
Exceptional items (gains):		
Gain on settlement of insurance proceeds	997	-
Gain on disposal of non-current assets	-	7,675
Gain from exit of business	-	855
Gain on disposal of investments in associates	-	745
Other items	37	-
	1,034	9,275
Exceptional items (losses):		
Suspension of facilities	(1,072)	-
Impairment of non-current assets	(202)	(667)
Restructuring costs, including employee termination payments	(182)	(735)
Settlement of litigation matters	(19)	(40)
	(1,475)	(1,442)
	(441)	7,833

The gain on settlement of insurance proceeds relates to insurance monies received following the Tornado that struck the Group's plant at Ottawa, Illinois, U.S.A, on 28 February 2017.

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

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

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

The suspension of facilities relates to the Group's decision to proceed with an expedited repair of the furnace at Ottawa, Illinois, U.S.A. as announced on 12 May 2017.

The impairment of non-current assets relates largely to assets in Automotive North America. The previous year impairment related mainly to assets in Architectural Europe.

Restructuring costs principally include the cost of compensating redundant employees for the termination of their contracts of employment. The current year costs relate to a number of relatively minor projects in various locations. The previous year cost related to restructuring activities in Architectural Europe and Technical Glass in Vietnam.

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

(c) Finance income and expenses

¥ millions

	Quarter 1 For the period 1 April to 30 June 2017	Quarter 1 For the period 1 April to 30 June 2016
Finance income		
Interest income	234	505
Foreign exchange transaction gains	8	18
	242	523
Finance expenses		
Interest expense:		
- bank and other borrowings	(3,780)	(4,508)
Dividend on non-equity preference shares due to minority shareholders	(61)	(61)
Foreign exchange transaction losses	(8)	(32)
	(3,849)	(4,601)
Unwinding discounts on provisions	(55)	(54)
Retirement benefit obligations		
- net finance charge	(251)	(111)
	(4,155)	(4,766)

(d) Taxation

The tax charge on the profit before taxation, excluding the Group's share of net results of joint ventures and associates, is a rate of 44.0 percent in the first quarter to 30 June 2017 (30 June 2016: tax charge on profit at a rate of 58.8 percent). The tax charge for the quarter is based on the estimated effective rate for the year to 31 March 2018.

(e) Earnings per share**(i) Basic**

Basic earnings per share is calculated by dividing the profit attributable to owners of the parent, after deducting dividends related to Class A shares, by the weighted average number of ordinary shares in issue during the year. The dividends related to Class A shares are calculated by the dividend rate defined in the terms and conditions of the shares. The weighted average number of ordinary shares excludes ordinary shares purchased by the company and held as treasury shares.

	Quarter ended 30 June 2017	Quarter ended 30 June 2016
	¥ millions	¥ millions
Profit attributable to owners of the parent	2,506	3,905
Adjustment for;		
- Dividends on class A shares	(449)	-
Profit used to determine basic earnings per share	2,057	3,905
	Thousands	Thousands
Weighted average number to ordinary shares in issue	90,375	90,341
	¥	¥
Basic earnings per share	22.76	43.22

Effective as from October 1, 2016, the Company conducted a share consolidation in which every ten common shares were consolidated into one share. Basic earnings per share is calculated under the assumption that this share consolidation was conducted on April 1, 2016.

(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 and exercise of put options, attached to Class A shares, for which the consideration is common shares. As for 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 deducted from the number of shares that would have been issued assuming the exercise of the share options. As for Class A shares, a calculation is performed to determine the number of shares that would have been issued, assuming a conversion to common shares that is most advantageous for holders of the class shares. Conversion of Class A shares to common shares is reflected in the diluted earnings per share, using the factor applied to the case where the put options are exercised from 1 July 2022 onward, if the conversion has dilutive effect.

	Quarter ended 30 June 2017	Quarter ended 30 June 2016
	¥ millions	¥ millions
Earnings		
Profit attributable to owners of the parent	2,506	3,905
Profit used to determine diluted earnings per share	2,506	3,905
	Thousands	Thousands
Weighted average number to ordinary shares in issue	90,375	90,341
Adjustment for:		
- Share options	653	143
- Class A shares	67,572	-
Weighted average number of ordinary shares for diluted earnings per share	158,600	90,484
	¥	¥
Diluted earnings per share	15.80	43.16

Effective as from October 1, 2016, the Company conducted a share consolidation in which every ten common shares were consolidated into one share. Diluted earnings per share is calculated under the assumption that this share consolidation was conducted on April 1, 2016.

(f) Exchange rates

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

	Quarter 1 FY 2018 30 June 2017		Year ended 31 March 2017		Quarter 1 FY 2017 30 June 2016	
	Average	Closing	Average	Closing	Average	Closing
GBP	142	146	142	139	155	138
US dollar	111	112	108	111	108	103
Euro	122	128	119	119	122	114

(g) Cash flows generated from operations

¥ millions

Note	Quarter 1 For the period 1 April to 30 June 2017	Quarter 1 For the period 1 April to 30 June 2016
Profit for the period from continuing operations	2,835	4,378
Adjustments for:		
Taxation	1,940	6,297
Depreciation	6,682	6,779
Amortization	1,024	2,346
Impairment	223	727
Reversal of impairments	(2)	(44)
Gain on sale of property, plant and equipment	(194)	(7,833)
Gain from exit of business	-	(855)
Gain on disposal of investments in associates	-	(745)
Grants and deferred income	(262)	251
Finance income	(242)	(523)
Finance expenses	4,155	4,766
Share of (profit)/loss from joint ventures and associates	(367)	32
Other items	(71)	(621)
Operating cash flows before movement in provisions and working capital	15,721	14,955
Decrease in provisions and retirement benefit obligations	(2,893)	(2,367)
Changes in working capital:		
- inventories	(1,836)	(1,985)
- construction work-in-progress	(73)	(120)
- trade and other receivables	(5,590)	(5,634)
- trade and other payables	(6,404)	(3,376)
Net change in working capital	(13,903)	(11,115)
Cash flows generated from operations	(1,075)	1,473

(h) Cash and cash equivalents

¥ millions

	As at 31 March 2017	As at 31 March 2016
Cash and cash equivalents	84,920	55,074
Bank overdrafts	(5,112)	(8,912)
	79,808	46,162

¥ millions

	As at 30 June 2017	As at 30 June 2016
Cash and cash equivalents	57,130	55,898
Bank overdrafts	(7,259)	(10,460)
	49,871	45,438

(6) Significant subsequent events

There were no significant subsequent events.