Frequent Q&A

（on Slide 9）

Q：Please tell us the breakdown of intangible assets between those subject to amortization and those not.

A: Many of the intangible assets are amortized. Pilkington brand, which is not regularly amortized, represents approximately 30% of the total intangible assets.

Q：How do you test the Pilkington brand for impairment?

A：We first allocate intangibles, goodwill, fixed tangibles and working capital among the Group's businesses and get the asset value of each business. Then we calculate the present value of the future cash flows each business expects to derive. If the present value of the future cash flow is less than the asset value, we allocate impairment losses first to goodwill and then to the other assets.

Assumptions we use in impairment tests such as discount rate will be disclosed in the notes to our IFRS-based FY2012 financial statements.

（on Slide 31 and 18）

Q： With regard to the immediate recognition of retirement benefit obligations, please tell us the breakdown by country/region. How does it link to the deferred tax assets shown in slide 18? What tax rate do you use?

A: We have major defined benefit pension schemes in the US, UK, Germany and Japan. Actuarial differences arose because of our relatively conservative mortality rate assumption and a reduction of discount rate. On JPY 25 billion of previously unrecognized liability (in slide 31), we record approx. JPY 7 billion deferred tax. So we can say that the tax rate used in the calculation of the deferred tax assets is roughly 30%.

Q: What is the impact of immediate recognition of actuarial gains and losses in full to the Group's comprehensive income in FY2012?

A: It will be reflected in the Group's comprehensive income through "other comprehensive income". But actuarial gains and losses can vary from period to period because of market volatility in asset values and discount rate. We can't predict how much actuarial gains and losses will arise in FY2012.

Q: I would like to make sure that I understand correctly. Immediate recognition of actuarial gains and losses will have an impact on the Group’s comprehensive income. Does it mean, if an actuarial loss is incurred, there will be a reduction in net assets on the balance sheet.

A: That’s right. For example, as shown in Slide 31, in FY2010 we have JPY 25 billion of previously unrecognized liability. By immediately recognizing this actuarial liability, the Group’s net assets are reduced by JPY 18 billion, after recording deferred taxation of JPY 7 billion. The increase in the pension deficit in FY2010 arose primarily because of reductions in discount rates applied to the Group’s pension liabilities. Over the last few years we have also adopted more conservative longevity assumptions, increasing the accounting value of pension liabilities.

（on Slide 37）

Q：About testing of goodwill and Pilkington brand for impairment. What criteria do you use for judging the potential impairment? What is the likelihood that impairment losses will be incurred? What is the timing of your planned impairment tests?

A: Impairment tests are performed separately for each business. Because there is still enough headroom and our business is improving, we do not foresee any impairment losses. The Group performs impairment tests at least once a year at the financial year end in March, at which time we have some budget and business outlook for the next year. When we see any indication of impairment due to unexpected situation or events, impairment test is done on an ad hoc basis.

(on slide 40)

Q：Is there any impact on the Group's cash flow from the deferred tax charges?

A: There is no overall impact on our cash position. Deferred tax is purely an accounting matter.

End.