FY 2020 1st Quarter Consolidated Financial Results <IFRS>

1 August 2019

(English translation of the Japanese original)

Listed Company Name: Nippon Sheet Glass Company, Limited
Code Number: 5202
Stock Exchange Listing: Tokyo
(URL: http://www.nsg.com)

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Submission of quarterly report to MOF: 5 August 2019
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 2020 1st Quarter (From 1 April to 30 June 2019)

(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	%
1Q FY 2020	147,066	(7.2)	8,817	(9.0)	5,194	(44.4)	3,055	(49.2)	2,891	(46.6)	(4,896)	-
1Q FY 2019	158,414	9.1	9,690	12.6	9,347	102.4	6,017	125.2	5,416	131.2	(4,800)	-

	Earnings per share - basic
1Q FY 2020	¥ 18.55
1Q FY 2019	¥ 53.79

Note: Operating profit in the above table is defined as being operating profit stated before exceptional items.

(2) Changes in financial position

	Total assets	Total equity	Total shareholders' equity	Total shareholders' equity ratio
	¥ millions	¥ millions	¥ millions	%
FY 2020 1st Quarter	784,079	115,879	106,226	13.5
FY 2019 Full year	761,869	132,506	123,760	16.2

2. Dividends

	Dividends per share				
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Annual
FY 2019 (Actual)	-	¥ 10.00	-	¥ 20.00	¥ 30.00
FY 2020 (Actual)	-				
FY 2020 (Forecast)		¥ 0.00	-	¥ 20.00	¥ 20.00

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 A Shares" for information regarding dividends on Class A shares, which are unlisted and have different rights from common shares.

3. Forecast for FY 2020 (From 1 April 2019 to 31 March 2020)

	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	310,000	0.6	17,000	(4.8)	-	-	-	-	-	-	-
Full year	620,000	1.2	35,000	(5.0)	19,000	(16.4)	12,000	(16.5)	11,000	(17.2)	94.40

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.
- Forecast of basic earnings per share for FY2020 is calculated by dividing the profit attributable to owners of the parent after deducting dividends and redemption premium paid to holders of class A shares, by 90,574,981 shares.
- For further details, please refer to the prospects section on page 7.

4. Other items

(1) Changes in status of principle subsidiaries --- No

(2) 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 --- Yes
  (ii) Changes due to other reasons ---No
  (iii) Changes in accounting estimates --- No

  Note:
  • For further details, please refer to the changes in accounting policy section on pages 8.

(3) Numbers of shares outstanding (common stock)
  (i) Number of shares issued at the end of the period, including shares held as treasury stock: 90,598,399 shares as of 30 June 2019 and 90,593,399 shares as at 31 March 2019
  (ii) Number of shares held as treasury stock at the end of the period: 19,112 shares as at 30 June 2019 and 18,418 shares as at 31 March 2019
  (iii) Average number of shares in issue during the period, after deducting shares held as treasury stock: 90,577,154 shares for the period ending 30 June 2019 and 90,476,582 shares for the period ending 30 June 2018

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 Europe, Asia and the Americas, 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.

(For Reference) Dividends for Class A Shares

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

	Dividends per share				
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total
Class A Shares					
FY2019 (Actual)	-	¥ 27,575.30	-	¥ 27,424.70	¥ 55,000.00
FY2020 (Actual)	-				
FY2020 (Forecast)		¥ 0.00	-	¥ 55,000.00	¥ 55,000.00

(Note) Number of Class A Shares in issue are 30,000 shares. 40,000 Class A Shares were originally issued on 31 March 2017. On 7 December 2018, the Company acquired and then retired a total of 5,000 Class A shares. On 6 June 2019, the Company acquired and then retired a total of 5,000 Class A shares. The forecast of dividends, for class A shares that have dividend record dates belonging to FY2020, is ¥ 1,700 million.

[Attachments]

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1. Narratives about financial results

(1) Business Performance

(a) Background to Results

The Group's markets were generally stable during the first quarter of the year, with marginal declines in some areas offset by growth in others.

European Architectural markets remained stable. European Automotive Original Equipment (OE) markets reflected a reduction in light-vehicle sales, and Automotive Glass Replacement markets (AGR) also experienced a decline in volumes. In Asia, domestic architectural volumes were similar to the previous year in Japan and positive elsewhere. Solar energy glass demand increased. Automotive markets in Asia were at similar levels to the previous year. In the Americas, domestic architectural markets in the U.S were impacted by construction delays arising from adverse weather during the quarter, although the underlying economic background continues to be favorable. Demand for solar energy glass increased. Automotive OE markets experienced a slight weakening of light-vehicle sales, and AGR volumes declined somewhat. Markets in South America benefitted from a further recovery of light-vehicle sales in Brazil. The Group's Technical Glass markets were mixed, with improvements in some areas offsetting weakness in others.

The first-quarter results were in line with the Group's financial forecast. Group revenues fell by seven percent to ¥ 147,066 million (Q1 FY19 ¥ 158,414 million), affected by the translational impact of a strengthened Yen. At constant exchange rates, revenues would have fallen by two percent. The Group recorded a trading profit (before exceptional items and amortization relating to the acquisition of Pilkington) of ¥ 9,288 million (Q1 FY19 ¥ 10,188 million). Operating profits were ¥ 8,817 million (Q1 FY19 ¥ 9,690 million). The profit attributable to owners of the parent declined to ¥ 2,891 million (Q1 FY19 ¥ 5,416 million) mostly due to there being no repetition of the exceptional credit recorded during the first quarter of the previous year.

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

Technical Glass, representing 7 percent of Group sales, comprises several discrete businesses, including the manufacture and sale of very thin glass used as cover glass for 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	
	1st Quarter FY 2020	1st Quarter FY 2019	1st Quarter FY 2020	1st Quarter FY 2019
Architectural	59,899	61,369	5,715	5,323
Automotive	76,825	84,289	3,984	4,855
Technical Glass	10,105	12,398	1,842	1,847
Other Operations	237	358	(2,724)	(2,335)
Total	147,066	158,414	8,817	9,690

Architectural Business

The Architectural business recorded revenues of ¥ 59,899 million (Q1 FY2019: ¥ 61,369 million) and an operating profit of ¥ 5,715 million (Q1 FY2019: ¥ 5,323 million).

Architectural revenues fell from the previous year due to the translational impact of a strengthened Yen. Profits improved as an increase in solar energy glass volumes more than offset an increase in input costs.

In Europe, representing 39 percent of the Group's architectural sales, revenues fell, partly as a result of restructuring projects concluded during the previous year. Profits were supported by cost savings and manufacturing improvements which offset reduced volumes and increasing input prices.

In Asia, representing 37 percent of the Group's architectural sales, revenues and profits both improved with increased dispatches of solar energy glass. Revenues from conventional architectural glass in Japan remained stable, and profitability benefitted from further progress of the Group's profit improvement project. Revenues in South East Asia were affected by weaker prices despite increased volumes.

In the Americas, representing 24 percent of the Group's architectural sales, profits were ahead of the previous year. While domestic market conditions in North America were more challenging than the previous year, with increased flat glass supply and short-term disruptions to demand caused by adverse weather conditions, sales of glass for solar energy improved. In South America, the Group recorded improved local currency results.

Automotive Business

The Automotive business recorded sales of ¥ 76,825 million (Q1 FY2019: ¥ 84,289 million) and an operating profit of ¥ 3,984 million (Q1 FY2019: ¥ 4,855 million).

In the Automotive business, revenues and profits were below the previous year, due to a decline in new car production in Europe.

Europe represents 43 percent of the Group's automotive sales. Revenues and profits fell in the Group's original equipment (OE) and Automotive Glass Replacement (AGR) businesses due mainly to a reduction in volumes.

In Asia, representing 23 percent of the Group's automotive sales, revenues and profits increased from the previous year. In Japan, revenues increased with an improvement in OE sales volumes from the previous year.

In the Americas, representing 34 percent of the Group's automotive sales, local currency revenues were similar to the previous year, although profits increased, driven mainly by improvements in North America. In North America, despite OE volumes being similar to the previous year, profits strengthened, benefitting from further manufacturing efficiency improvements. Results in the AGR business were slightly ahead of the previous year. Profitability in South America was similar to the previous year.

Technical Glass Business

The Technical Glass business recorded revenues of ¥ 10,105 million (Q1 FY2019: ¥ 12,398 million) and an operating profit of ¥ 1,842 million (Q1 FY2019: ¥ 1,847 million).

Revenues fell in the Technical Glass business due partly to a business disposal, although profits were unchanged from the previous year.

In the fine glass business, continued cost reduction efforts provided a strong foundation for a further improvement in results. In the information devices business, demand for glass components used in printers and scanners declined. Demand for glass cord used in engine timing belts fell, reflecting conditions in the automotive sector generally. Metashine® product sales were similar to the previous year, with demand continuing to be relatively strong in both the car paint and cosmetic fields. Results in the battery separator business remained solid.

Other Operations and Eliminations

The Other Operations and Eliminations recorded revenues of ¥ 237 million (Q1 FY2019: ¥ 358 million) and operating costs of ¥ 2,724 million (Q1 FY2019: ¥ 2,335 million).

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 higher than the previous year due to an expansion of the Business Innovation Centre established during the second quarter of the previous year.

Joint Ventures and Associates

The Group's share of joint ventures and associates profits after tax was ¥ 479 million (Q1 FY2019: ¥ 456 million).

The Group's share of joint ventures and associate's profits was flat, with each of the Group's joint ventures and associates recording results that were broadly similar to the previous year.

(2) Financial Condition

Total assets at the end of June 2019 were ¥ 784,079 million, representing an increase of ¥ 22,210 million from the end of March 2019. The increase in assets was caused by the recognition of Right-of-Use assets, within Property, Plant & Equipment, as a result of the adoption of IFRS16 "Leases". Total equity was ¥ 115,879 million, representing a decrease of ¥ 16,627 million from the March 2019 figure of ¥ 132,506 million. Total equity fell mainly as a result of the strengthened yen when compared to many of the Group's currencies, together with the acquisition and cancellation of Class A shares during the period.

Net financial indebtedness increased by ¥ 70,610 million from 31 March 2019 to ¥ 388,311 million at the period end. The increase in indebtedness arose from the adoption of IFRS16, and from seasonal increases in working capital. Currency movements generated a decrease in net debt of approximately ¥ 700 million over the period. Gross debt was ¥ 428,909 million at the period end. As of 30 June 2019, the Group had un-drawn, committed facilities of ¥ 59,313 million.

Cash outflows from operating activities were ¥ 10,101 million. Cash outflows from investing activities were ¥ 16,677 million, including capital expenditure on property, plant, and equipment of ¥ 19,131 million. Capital expenditure increased as the construction of strategic investment projects in the U.S., Vietnam and Argentina progress as planned. As a result, free cash flow was an outflow of ¥ 26,778 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 2020 is set out on page 2. The forecast of earnings per share has been shown after considering the effect of dividends and redemption premium related to Class A shares.

Revenues in FY2020 are expected to be similar to FY2019, with a further improvement in VA sales to offset an adverse impact from more challenging market conditions, especially for automotive applications, and the translational effect of a strong Yen. Profitability will be modestly impacted by an increase in input costs, particularly relating to energy costs, and the costs of inputs that are partly energy related, such as raw materials and logistics costs. The Group will take actions towards attaining the annual forecast by driving strong efficiency and cost improvement initiatives.

In Architectural, markets are expected to be generally stable although profitability will reflect an increase in input costs. Sales of glass for solar energy are expected to increase.

Automotive markets in Europe will be subdued, reflecting generally weak consumer confidence. North American markets are expected to be slightly below FY2019 levels, although South American markets will benefit from a further improvement in vehicle sales in Brazil. Markets in Japan are likely to be similar to the previous year.

Results in the Technical Glass business will reflect challenging market conditions in some areas, offset by an improvement in others.

Prospects for the years after FY2020 are expected to be positive, with further improvements in VA sales and an incremental impact from the Group's strategic investments, contributing to further improvements in the Group's financial performance. Furthermore, the Group's key step-change actions will provide the foundation to profit growth from FY2021 and onwards.

2. Other information

(1) Changes in status of principle subsidiaries

There was no change.

(2) Changes in accounting principles, practices and presentations

The principal accounting policies applied to the condensed quarterly consolidated financial statements for the period ended 30 June 2019 are the same as the ones applied to the consolidated financial statements for the year ended 31 March 2019 except for the items below.

Adoption of IFRS 16 'Leases'

The Group has adopted IFRS 16 'Leases' from the Group's financial period commencing 1 April 2019. This new standard addresses the principles for the recognition and measurement of leases, and replaces IAS 17 'Leases' and IFRIC 4 'Determining whether an Agreement contains a Lease'. The Group has adopted this new standard retrospectively with the cumulative effect of initial application recognized in the opening balance sheet on 1 April 2019. The values for the comparative period are based on IAS 17 rules and are presented as previously reported.

Leases that were previously classified as operating leases in accordance with IAS 17 are recognized to conform with IFRS 16 rules using the recognition and measurement requirements and exemptions as set out below:

Right-of-use asset	Right-of-use assets recognized by the Group as a lessee at 1 April 2019 are measured at cost, generally corresponding with the discounted remaining lease payments due as at that date. Subsequent acquisitions of right-of-use assets will be measured at the discounted value of future lease payments as adjusted by initial direct costs, prepaid lease payments, and estimates of future dismantling or clean-up costs. Right-of-use assets are presented as 'Property, plant and equipment' in the Group's consolidated balance sheet. Depreciation is charged on a straight-line basis over the shorter of the lease term or remaining estimated life of the asset.
Lease liability	Lease liabilities recognized by the Group as a lessee at 1 April 2019 are measured at the present value of future lease payments at that date, using the practical expedient to apply consistent discount rates to portfolios of leases with similar characteristics. For leases contracted after 1 April 2019, the discount rate used is the interest rate implicit in the lease, equating the future lease payments with the present value of the leased asset. Where this cannot be readily determined the Group will use its incremental borrowing rate, as adjusted to take account of factors such as the term and currency of the lease, the financial position of the NSG Group lessee, and the security inherently provided to the lessor in a lease arrangement. Lease liabilities are presented as 'Borrowings' in the Group's consolidated balance sheet. Lease liabilities are subsequently measured based on the effective interest method, and interest expenses will be charged to the income statement.
Practical expedients used upon initial application of IFRS 16	The Group has used the following practical expedients as permitted upon initial application of IFRS 16, at 1 April 2019: Right-of-use assets and lease liabilities are not recognized for leases where the lease term ends within 12 months of the date of initial application. Hindsight is used in determining the lease term if the contract contains options to extend or terminate the lease.

The Group has applied IFRS 16 to contracts that were previously identified as leases when applying IAS 17 without reassessing whether a contract is, or contains, a lease at 1 April 2019. The Group has not applied this standard to contracts that were not identified as containing a lease when applying IAS 17.

The Group has also elected not to recognize right-of-use assets and lease liabilities for short-term leases with terms within 12 months, and leases for which the underlying asset is of low value. In such cases, the Group will recognize the payments associated with those leases as an expense on a straight-line basis over the lease term.

At the date of initial application of IFRS 16, the Group recognized right-of-use assets of ¥34,288 million and lease liabilities of ¥34,289 million, in both cases representing an increase of ¥34,220 million on the IAS 17 value. The difference of ¥1 million is due to the assets and liabilities accounted for as finance leases when applying IAS17 which now have been reclassified as leases without any amendment to their 31 March 2019 value.

The ongoing income statement impact is likely to be relatively immaterial and will involve operating lease rental costs being replaced with a depreciation charge on right-of-use assets and a finance charge on lease liabilities.

Repayments of capitalized lease balances will now be shown as financing cash flows, whereas previously these were shown as operating cash flows.

The difference between the lease liabilities recognized in the Group's balance sheet at the date of initial application of IFRS 16, and the operating lease commitments in accordance with IAS 17 as at 31 March 2019 which were disclosed in the Group's FY2019 consolidated financial statements, are as follows:

¥ million

IAS 17 Operating lease commitments as at 31 March 2019, as disclosed in the Group's FY2019 consolidated financial statements	29,884
Effect of discounting using the Group's weighted-average incremental borrowing rate (4.3%) as at 1 April 2019	(4,743)
IAS 17 Operating lease commitments as at 31 March 2019, discounted using the Group's weighted-average incremental borrowing rate (4.3%)	25,141
IAS 17 finance lease liabilities as at 31 March 2019	69
Leases excluded from IAS 17 disclosures due to cancellation clauses in the underlying lease agreements and new leases identified during IFRS 16 implementation, less short-term and low-value leases excluded from IFRS 16 lease liability	9,079
Lease liabilities recognized in the Group's balance sheet at 1 April 2019	34,289

The value of finance lease liabilities recognized on adoption of IFRS16 as at 1 April 2019, is greater than the Group's previous estimation as disclosed in its FY2019 consolidated financial statements, due to the identification of additional leases after the date of publication of those financial statements.

Adoption of IFRIC 23 "Uncertainty over Income Tax Treatments"

IFRIC 23 "Uncertainty over Income Tax Treatments" clarifies the recognition and measurement guidance contained within IAS 12 "Income Taxes" with respect to uncertain tax treatments. An uncertain tax treatment is any tax treatment, applied in local tax filings, where there is uncertainty whether the local tax authority will accept that tax treatment according to local laws. This new interpretation is effective from the Group's financial period commencing 1 April 2019. The Group has adopted this new interpretation retrospectively with the cumulative effect of initial application recognized in the opening balance sheet on 1 April 2019. The values for the comparative period do not include the impact of adopting this new interpretation and are as previously reported.

The adoption of IFRIC 23 has caused the Group to decrease its deferred tax assets by ¥1,191 million, decrease its deferred tax liability by ¥68 million, increase its trade and other payables by ¥1,780 million and decrease its retained earnings by ¥2,903 million for uncertain tax positions at 1 April 2019. The ongoing income statement impact is not expected to be material.

3. Consolidated financial statements and their notes

(1) (a) Condensed quarterly consolidated income statement

¥ millions

	Note	**1st Quarter For the period 1 April to 30 June 2019**	1st Quarter For the period 1 April to 30 June 2018
Revenue	(6)-(a)	**147,066**	158,414
Cost of sales		**(108,482)**	(116,145)
Gross profit		**38,584**	42,269
Other income		**514**	652
Distribution costs		**(12,976)**	(14,530)
Administrative expenses		**(15,830)**	(16,912)
Other expenses		**(1,475)**	(1,789)
Operating profit	(6)-(a)	**8,817**	9,690
Exceptional items	(6)-(b)	**(629)**	2,356
Operating profit after exceptional items		**8,188**	12,046
Finance income	(6)-(c)	**624**	953
Finance expenses	(6)-(c)	**(4,097)**	(4,108)
Share of post-tax profit of joint ventures and associates accounted for using the equity method		**479**	456
Profit before taxation		**5,194**	9,347
Taxation	(6)-(d)	**(2,139)**	(3,330)
Profit for the period		**3,055**	6,017
Profit attributable to non-controlling interests		**164**	601
Profit attributable to owners of the parent		**2,891**	5,416
		3,055	6,017
Earnings per share attributable to owners of the parent	(6)-(e)		
Basic		**18.55**	53.79
Diluted		**18.42**	34.07

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

¥ millions

	Note	**1st Quarter For the period 1 April to 30 June 2019**	1st Quarter For the period 1 April to 30 June 2018
Profit for the period		**3,055**	6,017
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Re-measurement of retirement benefit obligations (net of taxation)		**(70)**	(735)
Revaluation of Assets held at Fair Value through Other Comprehensive Income – equity investments (net of taxation)		**(971)**	(2,519)
Sub-total		**(1,041)**	(3,254)
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation adjustments		**(7,051)**	(8,967)
Revaluation of Assets held at Fair Value through Other Comprehensive Income – other investments (net of taxation)		**20**	(4)
Cash flow hedges:			
- fair value gains, net of taxation		**(974)**	1,408
Hyperinflation adjustment	(6)-(j)	**1,095**	-
Sub-total		**(6,910)**	(7,563)
Total other comprehensive income for the period, net of taxation		**(7,951)**	(10,817)
Total comprehensive income for the period		**(4,896)**	(4,800)
Attributable to non-controlling interests		**487**	(191)
Attributable to owners of the parent		**(5,383)**	(4,609)
		(4,896)	(4,800)

(2) Condensed quarterly consolidated balance sheet

¥ millions

	1st Quarter as at 30 June 2019	FY 2019 as at 31 March 2019
ASSETS		
Non-current assets		
Goodwill	**105,850**	107,349
Intangible assets	**52,392**	53,790
Property, plant and equipment	**283,544**	241,506
Investment property	**364**	371
Investments accounted for using the equity method	**18,633**	18,294
Retirement benefit asset	**26,344**	27,557
Contract assets	**679**	1,047
Trade and other receivables	**12,687**	14,888
Financial assets:		
- Assets held at Fair Value through Other Comprehensive Income	**17,062**	18,640
- Derivative financial instruments	**298**	435
Deferred tax assets	**30,337**	32,411
	548,190	516,288
Current assets		
Inventories	**124,423**	119,645
Contract assets	**2,880**	1,645
Trade and other receivables	**65,694**	65,715
Financial assets:		
- Derivative financial instruments	**613**	966
Cash and cash equivalents	**39,687**	52,406
	233,297	240,377
Assets held for sale	**2,592**	5,204
	235,889	245,581
Total assets	**784,079**	761,869

(2) Condensed quarterly consolidated balance sheet continued

¥ millions

	1st Quarter as at 30 June 2019	FY 2019 as at 31 March 2019
LIABILITIES AND EQUITY		
Current liabilities		
Financial liabilities:		
- Borrowings	**60,725**	41,054
- Derivative financial instruments	**1,438**	1,132
Trade and other payables	**115,700**	130,509
Contract liabilities	**3,688**	3,780
Provisions	**13,406**	13,880
Deferred income	**928**	1,191
	195,885	191,546
Liabilities related to assets held for sale	**397**	1,432
	196,282	192,978
Non-current liabilities		
Financial liabilities:		
- Borrowings	**365,783**	328,598
- Derivative financial instruments	**963**	724
Trade and other payables	**3,335**	2,889
Contract liabilities	**422**	590
Deferred tax liabilities	**18,358**	18,469
Retirement benefit obligations	**64,327**	66,177
Provisions	**14,413**	14,184
Deferred income	**4,317**	4,754
	471,918	436,385
Total liabilities	**668,200**	629,363
Equity		
Capital and reserves attributable to the Company's equity shareholders		
Called up share capital	**116,589**	116,588
Capital surplus	**155,204**	160,953
Retained earnings	**(43,444)**	(40,530)
Retained earnings (Translation adjustment at the IFRS transition date)	**(68,048)**	(68,048)
Other reserves	**(54,075)**	(45,203)
Total shareholders' equity	**106,226**	123,760
Non-controlling interests	**9,653**	8,746
Total equity	**115,879**	132,506
Total liabilities and equity	**784,079**	761,869

(3) Condensed quarterly consolidated statement of changes in equity

¥ millions

1st Quarter FY 2020	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 2019	116,588	160,953	(40,530)	(68,048)	(45,203)	**123,760**	8,746	**132,506**
Adoption of new standards	-	-	(3,576)	-	-	**(3,576)**	-	**(3,576)**
At 1 April 2019 (after adjustment)	116,588	160,953	(44,106)	(68,048)	(45,203)	**120,184**	8,746	**128,930**
Total Comprehensive Income	-	-	3,487	-	(8,870)	**(5,383)**	487	**(4,896)**
Dividends paid	-	-	(2,822)	-	-	**(2,822)**	(161)	**(2,983)**
Stock options	1	1	-	-	(1)	**1**	-	**1**
Purchase of treasury stock	-	-	-	-	(5,751)	**(5,751)**	-	**(5,751)**
Retirement of treasury stock	-	(5,750)	-	-	5,750	**-**	-	**-**
Equity transaction with non-controlling interests	-	-	(3)	-	-	**(3)**	581	**578**
At 30 June 2019	**116,589**	**155,204**	**(43,444)**	**(68,048)**	**(54,075)**	**106,226**	**9,653**	**115,879**

¥ millions

1st Quarter FY 2019	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 2018	116,546	166,661	(51,350)	(68,048)	(28,617)	**135,192**	8,523	**143,715**
Total Comprehensive Income	-	-	4,681	-	(9,290)	**(4,609)**	(191)	**(4,800)**
Dividends paid	-	-	(3,609)	-	-	**(3,609)**	(246)	**(3,855)**
Stock options	6	7	-	-	(13)	**-**	-	**-**
Purchase of treasury stock	-	-	-	-	(1)	**(1)**	-	**(1)**
At 30 June 2018	**116,552**	**166,668**	**(50,278)**	**(68,048)**	**(37,921)**	**126,973**	**8,086**	**135,059**

(4) Condensed quarterly consolidated statement of cash flow

¥ millions

	Note	**1st Quarter For the period 1 April to 30 June 2019**	1st Quarter For the period 1 April to 30 June 2018
Cash flows from operating activities			
Cash flows generated from operations	(6)-(h)	**(4,846)**	486
Interest paid		**(2,433)**	(2,286)
Interest received		**411**	930
Tax paid		**(3,233)**	(3,181)
Net cash outflows from operating activities		**(10,101)**	(4,051)
Cash flows from investing activities			
Dividends received from joint ventures and associates		**30**	303
Proceeds on disposal of subsidiaries		**1,950**	-
Decrease in cash and cash equivalents resulting from change in scope of consolidation		**(129)**	-
Purchases of property, plant and equipment		**(19,131)**	(6,397)
Proceeds on disposal of property, plant and equipment		**8**	54
Purchases of intangible assets		**(285)**	(386)
Proceeds on disposal of intangible assets		**3**	-
Purchase of assets held at FVOCI		**(3)**	(3)
Loans advanced to joint ventures, associates and third parties		**(222)**	(161)
Loans repaid from joint ventures, associates and third parties		**292**	3
Others		**810**	1
Net cash outflows from investing activities		**(16,677)**	(6,586)
Cash flows from financing activities			
Dividends paid to owners of the parent		**(2,747)**	(3,351)
Dividends paid to non-controlling interests		**(156)**	(236)
Repayment of borrowings		**(4,861)**	(48,669)
Proceeds from borrowings		**27,724**	53,000
Purchase of treasury stock		**(5,751)**	(1)
Others		**589**	-
Net cash inflows from financing activities		**14,798**	743
Decrease in cash and cash equivalents (net of bank overdrafts)		**(11,980)**	(9,894)
Cash and cash equivalents (net of bank overdrafts) at beginning of period	(6)-(i)	**50,292**	62,799
Effect of foreign exchange rate changes		**(1,103)**	(1,896)
Hyperinflation adjustment	(6)-(j)	**363**	-
Cash and cash equivalents (net of bank overdrafts) at end of period	(6)-(i)	**37,572**	51,009

(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 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 several discrete businesses, including the manufacture and sale of very thin glass used as cover glass for 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.

External revenue is disaggregated into three categories; Europe, Asia which includes Japan, and Americas which comprises of North and South Americas.

The Group's revenues comprise sales of glass recognized at a point in time and sales of services recognized over time. Sales of services recognized over time are immaterial and are therefore not disclosed separately at interim periods.

(a) Segmental information continued

The segmental results for the first quarter to 30 June 2019 were as follows:

¥ millions

1st Quarter FY 2020 For the period 1 April 2019 to 30 June 2019	**Architectural**	**Automotive**	**Technical Glass**	**Other Operations**	**Total**
Total revenue	**64,035**	**77,336**	**11,255**	**1,104**	**153,730**
Inter-segmental revenue	**(4,136)**	**(511)**	**(1,150)**	**(867)**	**(6,664)**
External revenue	**59,899**	**76,825**	**10,105**	**237**	**147,066**
Disaggregation of external revenue by geographical regions:					
Europe	***23,234***	***33,488***	***1,683***	***61***	***58,466***
Asia	***22,424***	***17,411***	***8,022***	***176***	***48,033***
Americas	***14,241***	***25,926***	***400***	***-***	***40,567***
Trading profit	**5,715**	**3,984**	**1,842**	**(2,253)**	**9,288**
Amortization arising from the acquisition of Pilkington plc	**-**	**-**	**-**	**(471)**	**(471)**
Operating profit	**5,715**	**3,984**	**1,842**	**(2,724)**	**8,817**
Exceptional items	**(699)**	**(816)**	**971**	**(85)**	**(629)**
Operating profit after exceptional items					**8,188**
Finance costs – net					**(3,473)**
Share of post-tax profit from joint ventures and associates					**479**
Profit before taxation					**5,194**
Taxation					**(2,139)**
Profit for the period from continuing operations					**3,055**

(a) Segmental information continued

The segmental results for the 1st quarter to 30 June 2018 were as follows:

¥ millions

1st Quarter FY 2019 For the period 1 April 2018 to 30 June 2018	**Architectural**	**Automotive**	**Technical Glass**	**Other Operations**	**Total**
Total revenue	65,865	84,765	12,411	1,149	164,190
Inter-segmental revenue	(4,496)	(476)	(13)	(791)	(5,776)
External revenue	61,369	84,289	12,398	358	158,414
Disaggregation of external revenue by geographical regions:					
Europe	*24,992*	*40,307*	*2,131*	*215*	*67,645*
Asia	*21,118*	*16,720*	*9,863*	*143*	*47,844*
Americas	*15,259*	*27,262*	*404*	-	*42,925*
Trading profit	5,323	4,855	1,847	(1,837)	10,188
Amortization arising from the acquisition of Pilkington plc	-	-	-	(498)	(498)
Operating profit	5,323	4,855	1,847	(2,335)	9,690
Exceptional items	(118)	(86)	2,643	(83)	2,356
Operating profit after exceptional items					12,046
Finance costs – net					(3,155)
Share of post-tax profit from joint ventures and associates					456
Profit before taxation					9,347
Taxation					(3,330)
Profit for the period from continuing operations					6,017

The segmental assets at 30 June 2019 and capital expenditure for the first quarter ended 30 June 2019 were as follows:

¥ millions

	Architectural	**Automotive**	**Technical Glass**	**Other Operations**	**Total**
Net trading assets	**156,821**	**167,359**	**35,062**	**10,278**	**369,520**
Capital expenditure (including intangibles)	**6,821**	**2,385**	**170**	**8,803**	**18,179**

The segmental assets at 30 June 2018 and capital expenditure for the first quarter ended 30 June 2018 were as follows:

¥ millions

	Architectural	**Automotive**	**Technical Glass**	**Other Operations**	**Total**
Net trading assets	144,019	140,437	34,499	7,770	326,725
Capital expenditure (including intangibles)	1,745	2,076	118	93	4,032

Net trading assets consist of property, plant and equipment, investment property, intangible assets excluding those arising from a business combination, inventories, trade and other receivables and trade and other payables, contract assets and liabilities.

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

(b) Exceptional items

¥ millions

	1st Quarter For the period 1 April to 30 June 2019	1st Quarter For the period 1 April to 30 June 2018
Exceptional items (gains):		
Gain on disposal of subsidiary	**973**	-
Reversal of impairment of non-current assets	**-**	2,686
	973	2,686
Exceptional items (losses):		
Restructuring costs, including employee termination payments	**(800)**	(196)
Suspension of facilities	**(511)**	-
Impairment of non-current assets	**(175)**	(67)
Settlement of litigation matters	**(116)**	(67)
	(1,602)	(330)
	(629)	2,356

The gain on disposal of a subsidiary relates to the sale of Nippon Sheet Glass Environment Amenity Co., Limited, a subsidiary operating within the Technical Glass business.

The prior year reversal of impairment of non-current assets related to a float line in Vietnam. This line was previously mothballed after being impaired during the year to 31 March 2016. The Group is in the process of converting this line from its former status as thin-glass line into a solar-energy line.

Restructuring costs principally include the cost of compensating redundant employees for the termination of their contracts of employment. In both the current and previous years, the costs relate to several relatively minor projects in various locations. The current year cost also includes the cost of maintaining idle facilities, principally in Automotive Europe.

The suspension of facilities mainly relates to a short-term suspension of the Group's Architectural facility in Laurinburg, U.S.A., due to a power failure in the local area.

The current year impairment of non-current assets relates to assets in Architectural Japan.

The previous year impairment of non-current assets related to assets in Architectural Europe.

The settlement of litigation matters relates to legal claims arising as a result of transactions that were previously recorded as exceptional items.

(c) Finance income and expenses

¥ millions

	Note	**1st Quarter For the period 1 April to 30 June 2019**	1st Quarter For the period 1 April to 30 June 2018
Finance income			
Interest income		**268**	950
Foreign exchange transaction gains		**356**	3
		624	953
Finance expenses			
Interest expense:			
- bank and other borrowings		**(3,293)**	(3,836)
Dividend on non-equity preference shares due to minority shareholders		**(62)**	(66)
Foreign exchange transaction losses		**(291)**	(11)
		(3,646)	(3,913)
Unwinding discounts on provisions		**(51)**	(51)
Retirement benefit obligations			
- net finance charge		**(105)**	(144)
Loss on net monetary position	6-(j)	**(295)**	-
		(4,097)	(4,108)

(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 45.4 percent in the first quarter to 30 June 2019 (30 June 2018 - a rate of 37.5 percent). The tax charge for the quarter is based on the estimated effective rate for the year to 31 March 2020.

(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 and redemption premium paid to holders of 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 2019	Quarter ended 30 June 2018
	¥ millions	¥ millions
Profit attributable to owners of the parent	**2,891**	5,416
Adjustment for;		
- Dividends on Class A shares	**(461)**	(549)
- Redemption premium paid on Class A shares	**(750)**	-
Profit used to determine basic earnings per share	**1,680**	4,867
	Thousands	Thousands
Weighted average number to ordinary shares in issue	**90,577**	90,476
	¥	¥
Basic earnings per share	**18.55**	53.79

(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 2019	Quarter ended 30 June 2018
	¥ millions	¥ millions
Earnings		
Profit attributable to owners of the parent	**2,891**	5,416
Adjustment for;		
- Dividends on Class A shares	**(461)**	-
- Redemption premium paid on Class A shares	**(750)**	-
Profit used to determine diluted earnings per share	**1,680**	5,416
	Thousands	Thousands
Weighted average number to ordinary shares in issue	**90,577**	90,476
Adjustment for:		
- Share options	**635**	925
- Class A shares	**-**	67,572
Weighted average number of ordinary shares for diluted earnings per share	**91,212**	158,973
	¥	¥
Diluted earnings per share	**18.42**	34.07

As at 30 June 2019, there are 52,225 thousand shares of Class A shares that are anti-dilutive, which are not included in the calculation of diluted earnings per share. There were no anti-dilutive shares as at 30 June 2018.

(f) Dividends

	Quarter ended 30 June 2019	Quarter ended 30 June 2018
	¥ millions	¥ millions
Dividends on ordinary shares declared and paid during the period:		
Final dividend for the year ended 31 March 2019 ¥ 20 per share (2018: ¥ 20 per share)	**1,811**	1,809
Dividends on Class A shares declared and paid during the period:		
Final dividend for the year ended 31 March 2019 ¥ 27,424.70 per share (2018: ¥ 45,000 per share)	**960**	1,800
The daily pro-rated preferred dividend for the partial acquisition during FY2020 ¥10,068.30 per share (2018: ¥0 per share)	**50**	-

(g) Exchange rates

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

	1st Quarter FY20 30 June 2019		Year ended 31 March 2019		1st Quarter FY19 30 June 2018	
	Average	**Closing**	Average	Closing	Average	Closing
GBP	**141**	**137**	146	144	149	145
US dollar	**109**	**108**	111	111	110	111
Euro	**124**	**123**	129	124	131	128
Argentine peso	**-**	**2.53**	-	2.53	4.70	3.94

(h) Cash flows generated from operations

¥ millions

	1st Quarter for the period 1 April 2019 to 30 June 2019 ¥ millions	1st Quarter for the period 1 April 2018 to 30 June 2018 ¥ millions
Profit for the period from continuing operations	**3,055**	6,017
Adjustments for:		
Taxation	**2,139**	3,330
Depreciation	**7,784**	6,096
Amortization	**908**	934
Impairment	**555**	99
Reversal of impairments	**-**	(2,659)
Gain on sale of property, plant and equipment	**6**	30
Gain on sale of a subsidiary	**(973)**	-
Grants and deferred income	**(643)**	(72)
Finance income	**(624)**	(953)
Finance expenses	**4,097**	4,108
Share of profit from joint ventures and associates	**(479)**	(456)
Other items	**(289)**	(344)
Operating cash flows before movement in provisions and working capital	**15,536**	16,130
Decrease in provisions and retirement benefit obligations	**(958)**	(2,657)
Changes in working capital:		
- inventories	**(6,351)**	(2,723)
- trade and other receivables	**(5,264)**	(7,070)
- trade and other payables	**(6,647)**	(4,295)
- contract balances	**(1,162)**	1,101
Net change in working capital	**(19,424)**	(12,987)
Cash flows generated from operations	**(4,846)**	486

(i) Cash and cash equivalents

¥ millions

	As of 31 March 2019	As at 31 March 2018
Cash and cash equivalents	**52,406**	64,801
Bank overdrafts	**(2,114)**	(2,002)
	50,292	62,799

¥ millions

	As of 30 June 2019	As of 30 June 2018
Cash and cash equivalents	**39,687**	53,243
Bank overdrafts	**(2,115)**	(2,234)
	37,572	51,009

(j) Hyperinflationary accounting adjustments

As from Q2 FY2019, the wholesale price index in Argentina indicated that cumulative 3-year inflation had exceeded 100 percent. Consequently, the Group has concluded that its subsidiaries in Argentina, each of which has the Argentine Peso as a functional currency, are currently operating in a hyperinflationary environment. The Group has therefore applied accounting adjustments to the underlying financial results and position of its subsidiaries in Argentina as required by IAS 29 'Financial Reporting in Hyperinflationary Economies'.

As required by IAS 29, the Group's consolidated financial statements will include the results and financial position of its Argentinian subsidiaries, restated in terms of the measuring unit current at the period end date.

For the restatement of results and financial positions of its Argentinian subsidiaries, the Group will apply the conversion coefficient derived from the Internal Wholesales Price Index (IPIM) published by Instituto Nacional de Estadística y Censos de la República Argentina (INDEC). IPIM and corresponding conversion coefficients from June 2006 are presented below.

Balance sheet date	Internal Wholesales Price Index (IPIM) (30 June 2006 = 100)	Conversion coefficient
30 June 2006	100.0	10.752
31 March 2007	103.9	10.352
31 March 2008	120.2	8.944
31 March 2009	128.7	8.354
31 March 2010	146.5	7.339
31 March 2011	165.5	6.497
31 March 2012	186.7	5.758
31 March 2013	211.1	5.092
31 March 2014	265.6	4.048
31 March 2015	305.7	3.517
31 March 2016	390.6	2.752
31 March 2017	467.2	2.301
31 March 2018	596.1	1.804
31 March 2019	970.9	1.107
30 April 2019	1,012.9	1.061
31 May 2019	1,043.9	1.030
30 June 2019	1,075.2	1.000

(j) Hyperinflationary accounting adjustments continued

The Group's subsidiaries in Argentina will restate their non-monetary items held at historical cost, namely property, plant and equipment, by applying the conversion coefficient based on when the items were initially recognized. Monetary items and non-monetary items held at current cost will not be restated, as they are expressed in terms of the measuring unit current at the period end date. The effect of inflation on the net monetary position of the Group's Argentinian subsidiaries is presented in the finance expenses section of the income statement.

The Argentinian subsidiaries' income statement and cash flow statement will also be restated, applying the conversion coefficient for the current financial year as shown in the above table.

For the purpose of consolidation, the results and financial position of the Group's Argentinian subsidiaries are translated using the closing exchange rates at the period end date. Comparative financial statements are not restated based on IAS 21 'The Effects of Changes in Foreign Exchange Rates' para 42(b).

(7) Significant subsequent events

There were no significant subsequent events.