FY 2020 3rd Quarter Consolidated Financial Results <IFRS>

30 January 2020

(English translation of the Japanese original)

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

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Submission of quarterly report to MOF: 3 February 2020
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 3rd Quarter (From 1 April to 31 December 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	%
3Q FY 2020	425,828	(7.3)	18,031	(29.9)	5,315	(69.0)	1,911	(83.3)	1,235	(88.3)	(6,503)	-
3Q FY 2019	459,469	3.2	25,715	(0.9)	17,129	22.3	11,412	-	10,518	-	(4,443)	-

	Earnings per share - basic
3Q FY 2020	¥ (8.89)
3Q FY 2019	¥ 98.11

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 3rd Quarter	809,206	116,274	104,299	12.9
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)			-	¥ 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	%	¥
Full year	560,000	(8.6)	21,000	(43.0)	3,000	(86.8)	(2,000)	-	(3,000)	-	(60.17)

Note:
- There have been changes to the forecast results this quarter.
- Forecast of basic earnings per share for FY 2020 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 90,583,233 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: 90,603,899 shares as of 31 December 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: 20,666 shares as at 31 December 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: 90,581,168 shares for the period ending 31 December 2019 and 90,490,447 shares for the period ending 31 December 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 us and certain assumptions that we consider to be reasonable. Hence the actual results may differ. The major factors that may affect the results include but are not limited to the economic and competitive environment in major markets, product supply and demand shifts, currency exchange and interest rate fluctuations, changes in supply of raw materials and fuel and changes and laws and regulations.

(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)				¥ 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 experienced increasingly difficult trading conditions in its core markets during the third quarter of the year, with a further slow-down in vehicle production and ~~demand exacerbated by~~ increasing supplies of architectural glass ~~across several core markets~~, particularly in Europe.

In European architectural markets, new capacity has not been absorbed by increases in demand, leading to price erosion during the third quarter. In Automotive, European light-vehicle build fell despite flat domestic demand, as vehicle manufacturers reduced inventory during the third quarter and continued to experience a decline in vehicle exports. In Asia, domestic architectural demand in Japan was below the previous year and other Asian markets have been impacted by excess capacity leading to reduced prices. Volumes of glass for solar energy continued to improve however. Automotive markets in Japan, which had benefitted from robust vehicle sales during the first two quarters, weakened significantly after the consumption tax increase on 1 October. In the Americas, domestic architectural markets in the U.S. reflected a slowdown in construction activity and increasing supplies of glass leading to a further erosion of prices. As in Asia, demand for solar energy glass increased from the previous year. OE markets were stable, with light vehicle sales being similar to the previous year. 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.

Group revenues fell by seven percent to ¥ 425,828 million (3Q FY2019 ¥ 459,469 million), mainly affected by the translational impact of foreign exchange movements, but also by the difficult market conditions facing the Group in many areas. At constant exchange rates, revenues would have fallen by three percent. The Group recorded a trading profit (before exceptional items and amortization relating to the acquisition of Pilkington) of ¥ 19,417 million (3Q FY2019 ¥ 27,189 million). Operating profits were ¥ 18,031 million (3Q FY2019 ¥ 25,715 million). The profit attributable to owners of the parent declined to ¥ 1,235 million (3Q FY2019 ¥ 10,518 million) due mainly to the reduced operating profit and also the non-recurence of a one-off gain recognized by a Joint Venture during 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 42 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 51 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.

Other operations includes 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.

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

¥ millions	Revenue		Operating profit	
	3rd Quarter FY 2020	3rd Quarter FY 2019	3rd Quarter FY 2020	3rd Quarter FY 2019
Architectural	180,144	186,716	13,963	18,346
Automotive	214,598	235,009	5,256	9,106
Technical Glass	30,196	36,718	5,444	6,440
Other Operations	890	1,026	(6,632)	(8,177)
Total	425,828	459,469	18,031	25,715

Architectural Business

The Architectural business recorded revenues of ¥ 180,144 million (3Q FY2019: ¥ 186,716 million) and an operating profit of ¥ 13,963 million (3Q FY2019: ¥ 18,346 million).

Architectural revenues fell from the previous year, mainly due to the translational impact of foreign exchange movements. Currency effects, together with the impact of increasingly challenging market conditions also led to a reduction in reported profits.

In Europe, representing 37 percent of the Group's architectural sales, revenues fell, due to lower volumes and restructuring projects concluded during the previous year, together with the impact of foreign exchange movements. Prices weakened significantly during the third quarter, reflecting recent capacity additions in the region. Profits also fell in line with the weakening prices, lower volumes, and currency effects.

In Asia, representing 40 percent of the Group's architectural sales, revenues improved with increased dispatches of solar energy glass. Revenues from conventional architectural glass in Japan remained stable, and underlying profitability in Japan was also positive, although reported profits were hit by a one-off inventory valuation adjustment in an earlier quarter.

In the Americas, representing 23 percent of the Group's architectural sales, revenues and profits were below the previous year. Domestic market conditions in North America were more challenging than the previous year, with increased flat glass supply causing an erosion of market prices. Sales of glass for solar energy improved however. In South America, the Group recorded improved local currency results despite the uncertain economic environment.

Automotive Business

The Automotive business recorded sales of ¥ 214,598 million (3Q FY2019: ¥ 235,009 million) and an operating profit of ¥ 5,256 million (3Q FY2019: ¥ 9,106 million).

In the Automotive business, revenues and profits were below the previous year due to the translational impact of foreign exchange movements, together with a decline in new car production in Europe.

Europe represents 42 percent of the Group's automotive sales. Revenues and profits fell, due mainly to a reduction in volumes as a result of declining light-vehicle build levels.

In Asia, representing 24 percent of the Group's automotive sales, revenues were similar to the previous year, whilst profits declined. In Japan, revenues were similar to the previous year, with an improvement in sales volumes during the first two quarters followed by a reduction during the third quarter after the imposition of increased sales taxes from 1 October 2019. Profits fell from the previous year, being impacted by raw glass cost increases and the reduction of volumes during the third quarter.

In the Americas, representing 34 percent of the Group's automotive sales, revenues fell, largely due to the translational impact of foreign exchange movements. In North America, despite OE volumes being similar to the previous year, profits strengthened, benefitting from further manufacturing efficiency improvements. Profitability in South America was similar to the previous year.

Technical Glass Business

The Technical Glass business recorded revenues of ¥ 30,196 million (3Q FY2019: ¥ 36,718 million) and an operating profit of ¥ 5,444 million (3Q FY2019: ¥ 6,440 million).

Revenues fell in the Technical Glass business as, while one business showed further improvement, others experienced weak market conditions. P~~due to weak market conditions experienced by some businesses, and p~~rofits also declined due to the challenging market conditions in some areas.

In the fine glass business, continued cost reduction efforts and a better sales mix 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. Results in the battery separator business remained stable.

Joint Ventures and Associates

The Group's share of joint ventures and associates' profits after tax was ¥ 1,242 million (3Q FY2019: ¥ 4,928 million).

The Group's share of joint ventures and associate's profits was below the previous year, due mainly to the non-recurrence of a one-off gain recorded during the second quarter of the previous year at Cebrace, the Group's architectural joint venture in Brazil, following the conclusion of a legal challenge regarding the calculation of sales-based taxes.

(2) Financial Condition

Total assets at the end of December 2019 were ¥ 809,206 million, representing an increase of ¥ 47,337 million from the end of March 2019. The increase in assets was largely 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 ¥ 116,274 million, representing a decrease of ¥ 16,232 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 ¥ 93,742 million from 31 March 2019 to ¥ 411,443 million at the period end. The increase in indebtedness arose from the adoption of IFRS16, and also from increases in working capital. Gross debt was ¥ 458,204 million at the period end. As of 31 December 2019, the Group had un-drawn, committed facilities of ¥ 59,704 million.

Cash outflows from operating activities were ¥ 4,592 million. Cash outflows from investing activities were ¥ 44,658 million, including capital expenditure on property, plant, and equipment of ¥ 44,956 million. Capital expenditure increased as the construction of strategic investment projects in the U.S., Vietnam and Argentina progressed as planned. As a result, free cash flow was an outflow of ¥ 49,250 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.

The Group has revised its full-year forecast for the current financial period to 31 March 2020 as set out in the table below:

(JPY millions)

	Revenue	Operating profit	Profit before taxation	Profit for the period	Profit attributable to owners of parent	Earnings per share - basic
Previous forecast (A)	570,000	29,000	10,000	4,000	3,000	¥ 6.07
Revised forecast (B)	560,000	21,000	3,000	(2,000)	(3,000)	¥ (60.17)
Change (B-A)	(10,000)	(8,000)	(7,000)	(6,000)	(6,000)	¥ (66.24)
Change (%)	(1.75)	(27.6)	(70.0)	-	-	-
Ref: FY2019	612,789	36,855	22,730	14,378	13,287	¥ 115.16

Please refer to the separately issued announcement entitled "Revision of Forecast for Full Year FY2020" for a further explanation of the Group's financial forecast.

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 31 December 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 applied to lease liabilities recognized in the statement of financial position at 1 April 2019 (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) Other

The Group considers that the deteriorating condition of certain key markets, and the resulting reduction in profitability during the third quarter of the year, is an indicator of potential impairment of goodwill held on the Group's balance sheet. This goodwill has therefore been tested for impairment, and the Group has not concluded that an impairment is required as at the balance sheet date. The Group will continue to monitor this during the final quarter of the year and will perform a comprehensive impairment test as at the year-end date in line with IFRS requirements, considering the Group's latest expectations of medium-term profitability and cash-flows, as well as any changes in current prevailing market conditions, discount rates etc.

3. Consolidated financial statements and their notes

(1) (a) Condensed quarterly consolidated income statement

¥ millions

	Note	**3rd Quarter For the period 1 April to 31 December 2019**	3rd Quarter For the period 1 April to 31 December 2018
Revenue	(6)-(a)	**425,828**	459,469
Cost of sales		**(320,027)**	(336,383)
Gross profit		**105,801**	123,086
Other income		**864**	1,122
Distribution costs		**(38,107)**	(42,715)
Administrative expenses		**(46,590)**	(51,197)
Other expenses		**(3,937)**	(4,581)
Operating profit	(6)-(a)	**18,031**	25,715
Exceptional items	(6)-(b)	**(4,400)**	(3,267)
Operating profit after exceptional items		**13,631**	22,448
Finance income	(6)-(c)	**2,477**	1,657
Finance expenses	(6)-(c)	**(12,035)**	(11,904)
Share of post-tax profit of joint ventures and associates accounted for using the equity method		**1,242**	4,928
Profit before taxation		**5,315**	17,129
Taxation	(6)-(d)	**(3,404)**	(5,717)
Profit for the period		**1,911**	11,412
Profit attributable to non-controlling interests		**676**	894
Profit attributable to owners of the parent		**1,235**	10,518
		1,911	11,412
Earnings per share attributable to owners of the parent			
Basic	(6)-(e)	**(8.89)**	98.11
Diluted	(6)-(e)	**(8.89)**	70.00

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

¥ millions

	Note	**3rd Quarter For the period 1 April to 31 December 2019**	3rd Quarter For the period 1 April to 31 December 2018
Profit for the period		**1,911**	11,412
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Re-measurement of retirement benefit obligations (net of taxation)		**(201)**	(1,530)
Revaluation of Assets held at Fair Value through Other Comprehensive Income – equity investments (net of taxation)		**(1,058)**	(2,050)
Sub-total		**(1,259)**	(3,580)
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation adjustments		**(8,765)**	(15,271)
Revaluation of Assets held at Fair Value through Other Comprehensive Income – other investments (net of taxation)		**48**	(5)
Cash flow hedges:			
- fair value gains, net of taxation		**(1,701)**	447
Hyperinflation adjustment	(6)-(j)	**3,263**	2,554
Sub-total		**(7,155)**	(12,275)
Total other comprehensive income for the period, net of taxation		**(8,414)**	(15,855)
Total comprehensive income for the period		**(6,503)**	(4,443)
Attributable to non-controlling interests		**874**	430
Attributable to owners of the parent		**(7,377)**	(4,873)
		(6,503)	(4,443)

(2) Condensed quarterly consolidated balance sheet

¥ millions

	3rd Quarter as at 31 December 2019	FY 2019 as at 31 March 2019
ASSETS		
Non-current assets		
Goodwill	**105,485**	107,349
Intangible assets	**51,193**	53,790
Property, plant and equipment	**295,524**	241,506
Investment property	**365**	371
Investments accounted for using the equity method	**18,896**	18,294
Retirement benefit asset	**27,886**	27,557
Contract assets	**543**	1,047
Trade and other receivables	**12,469**	14,888
Financial assets:		
- Assets held at Fair Value through Other Comprehensive Income	**18,917**	18,640
- Derivative financial instruments	**202**	435
Deferred tax assets	**30,757**	32,411
	562,237	516,288
Current assets		
Inventories	**124,310**	119,645
Contract assets	**3,561**	1,645
Trade and other receivables	**70,170**	65,715
Financial assets:		
- Derivative financial instruments	**667**	966
Cash and cash equivalents	**45,892**	52,406
	244,600	240,377
Assets held for sale	**2,369**	5,204
	246,969	245,581
Total assets	**809,206**	761,869

(2) Condensed quarterly consolidated balance sheet continued

¥ millions

	3rd Quarter as at 31 December 2019	FY 2019 as at 31 March 2019
LIABILITIES AND EQUITY		
Current liabilities		
Financial liabilities:		
- Borrowings	**56,923**	41,054
- Derivative financial instruments	**2,490**	1,132
Trade and other payables	**110,411**	130,509
Contract liabilities	**4,992**	3,780
Provisions	**8,632**	13,880
Deferred income	**661**	1,191
	184,109	191,546
Liabilities related to assets held for sale	**415**	1,432
	184,524	192,978
Non-current liabilities		
Financial liabilities:		
- Borrowings	**397,650**	328,598
- Derivative financial instruments	**1,141**	724
Trade and other payables	**3,448**	2,889
Contract liabilities	**7,031**	590
Deferred tax liabilities	**17,566**	18,469
Retirement benefit obligations	**63,633**	66,177
Provisions	**13,804**	14,184
Deferred income	**4,135**	4,754
	508,408	436,385
Total liabilities	**692,932**	629,363
Equity		
Capital and reserves attributable to the Company's equity shareholders		
Called up share capital	**116,591**	116,588
Capital surplus	**155,206**	160,953
Retained earnings	**(44,077)**	(40,530)
Retained earnings (Translation adjustment at the IFRS transition date)	**(68,048)**	(68,048)
Other reserves	**(55,373)**	(45,203)
Total shareholders' equity	**104,299**	123,760
Non-controlling interests	**11,975**	8,746
Total equity	**116,274**	132,506
Total liabilities and equity	**809,206**	761,869

(3) Condensed quarterly consolidated statement of changes in equity

¥ millions

3rd 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	-	-	2,854	-	(10,231)	**(7,377)**	874	**(6,503)**
Dividends paid	-	-	(2,822)	-	-	**(2,822)**	(520)	**(3,342)**
Stock options	3	3	-	-	63	**69**	-	**69**
Purchase of treasury stock	-	-	-	-	(5,752)	**(5,752)**	-	**(5,752)**
Retirement of treasury stock	-	(5,750)	-	-	5,750	**-**	-	**-**
Equity transaction with non-controlling interests	-	-	(3)	-	-	**(3)**	2,875	**2,872**
At 31 December 2019	**116,591**	**155,206**	**(44,077)**	**(68,048)**	**(55,373)**	**104,299**	**11,975**	**116,274**

¥ millions

3rd 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**
Hyperinflation adjustment	-	-	891	-	-	**891**	692	**1,583**
At 1 April 2018 (after hyoerinflation adjustment)	116,546	166,661	(50,459)	(68,048)	(28,617)	**136,083**	9,215	**145,298**
Total Comprehensive Income	-	-	10,531	-	(15,404)	**(4,873)**	430	**(4,443)**
Dividends paid	-	-	(5,669)	-	-	**(5,669)**	(472)	**(6,141)**
Stock options	26	26	-	-	50	**102**	-	**102**
Purchase of treasury stock	-	-	-	-	(5,753)	**(5,753)**	-	**(5,753)**
Retirement of treasury stock		(5,750)			5,750	-		-
Equity transaction with non-controlling interests	-	-	-	-	-	**-**	(411)	**(411)**
At 31 December 2018	**116,572**	**160,937**	**(45,597)**	**(68,048)**	**(43,974)**	**119,890**	**8,762**	**128,652**

(4) Condensed quarterly consolidated statement of cash flow

¥ millions

	Note	**3rd Quarter For the period 1 April to 31 December 2019**	3rd Quarter For the period 1 April to 31 December 2018
Cash flows from operating activities			
Cash flows generated from operations	(6)-(h)	**6,265**	14,346
Interest paid		**(8,750)**	(8,778)
Interest received		**2,342**	1,633
Tax paid		**(4,449)**	(4,405)
Net cash (outflows)/inflows from operating activities		**(4,592)**	2,796
Cash flows from investing activities			
Dividends received from joint ventures and associates		**82**	370
Purchase of joint ventures and associates		**(9)**	-
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		**(44,956)**	(19,272)
Proceeds on disposal of property, plant and equipment		**215**	335
Purchases of intangible assets		**(982)**	(1,091)
Proceeds on disposal of intangible assets		**11**	-
Purchase of assets held at FVOCI		**(1,664)**	(1,439)
Proceeds on disposal of assets held at FVOCI		**9**	10
Loans advanced to joint ventures, associates and third parties		**(1,395)**	(399)
Loans repaid from joint ventures, associates and third parties		**1,037**	342
Others		**1,173**	-
Net cash outflows from investing activities		**(44,658)**	(21,144)
Cash flows from financing activities			
Dividends paid to owners of the parent		**(2,816)**	(5,641)
Dividends paid to non-controlling interests		**(520)**	(472)
Repayment of borrowings		**(25,876)**	(91,169)
Proceeds from borrowings		**73,263**	97,128
Purchase of treasury stock		**(5,752)**	(5,753)
Others		**2,873**	(411)
Net cash inflows/(outflows) from financing activities		**41,172**	(6,318)
Decrease in cash and cash equivalents (net of bank overdrafts)		**(8,078)**	(24,666)
Cash and cash equivalents (net of bank overdrafts) at beginning of period	(6)-(i)	**50,292**	62,799
Effect of foreign exchange rate changes		**(1,224)**	(3,200)
Hyperinflation adjustment	(6)-(j)	**1,660**	1,245
Cash and cash equivalents (net of bank overdrafts) at end of period	(6)-(i)	**42,650**	36,178

(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.

The segmental results for the third quarter to 31 December 2019 were as follows:

¥ millions

3rd Quarter FY 2020 For the period 1 April 2019 to 31 December 2019	**Architectural**	**Automotive**	**Technical Glass**	**Other Operations**	**Total**
Total revenue	**190,636**	**215,876**	**32,460**	**3,625**	**442,597**
Inter-segmental revenue	**(10,492)**	**(1,278)**	**(2,264)**	**(2,735)**	**(16,769)**
External revenue	**180,144**	**214,598**	**30,196**	**890**	**425,828**
Disaggregation of external revenue by geographical regions:					
Europe	***66,332***	***90,683***	***5,092***	***284***	***162,391***
Asia	***71,684***	***51,105***	***24,043***	***606***	***147,438***
Americas	***42,128***	***72,810***	***1,061***	***-***	***115,999***
Trading profit	**13,963**	**5,256**	**5,444**	**(5,246)**	**19,417**
Amortization arising from the acquisition of Pilkington plc	**-**	**-**	**-**	**(1,386)**	**(1,386)**
Operating profit	**13,963**	**5,256**	**5,444**	**(6,632)**	**18,031**
Exceptional items	**(275)**	**(3,480)**	**866**	**(1,511)**	**(4,400)**
Operating profit after exceptional items					**13,631**
Finance costs – net					**(9,558)**
Share of post-tax profit from joint ventures and associates					**1,242**
Profit before taxation					**5,315**
Taxation					**(3,404)**
Profit for the period from continuing operations					**1,911**

(a) Segmental information continued

The segmental results for the third quarter to 31 December 2018 were as follows:

¥ millions

3rd Quarter FY 2019 For the period 1 April 2018 to 31 December 2018	**Architectural**	**Automotive**	**Technical Glass**	**Other Operations**	**Total**
Total revenue	199,634	236,425	37,994	3,652	477,705
Inter-segmental revenue	(12,918)	(1,416)	(1,276)	(2,626)	(18,236)
External revenue	186,716	235,009	36,718	1,026	459,469
Disaggregation of external revenue by geographical regions:					
Europe	*72,739*	*104,712*	*5,850*	*446*	*183,747*
Asia	*69,751*	*52,297*	*29,701*	*580*	*152,329*
Americas	*44,226*	*78,000*	*1,167*	-	*123,393*
Trading profit	18,346	9,106	6,440	(6,703)	27,189
Amortization arising from the acquisition of Pilkington plc	-	-	-	(1,474)	(1,474)
Operating profit	18,346	9,106	6,440	(8,177)	25,715
Exceptional items	(1,973)	(3,222)	3,307	(1,379)	(3,267)
Operating profit after exceptional items					22,448
Finance costs – net					(10,247)
Share of post-tax profit from joint ventures and associates					4,928
Profit before taxation					17,129
Taxation					(5,717)
Profit for the period from continuing operations					11,412

The segmental assets at 31 December 2019 and capital expenditure for the third quarter ended 31 December 2019 were as follows:

¥ millions

	Architectural	**Automotive**	**Technical Glass**	**Other Operations**	**Total**
Net trading assets	**158,720**	**164,043**	**36,762**	**13,503**	**373,028**
Capital expenditure (including intangibles)	**26,763**	**9,179**	**960**	**9,191**	**46,093**

The segmental assets at 31 December 2018 and capital expenditure for the third quarter ended 31 December 2018 were as follows:

¥ millions

	Architectural	**Automotive**	**Technical Glass**	**Other Operations**	**Total**
Net trading assets	147,402	140,255	33,923	7,650	329,230
Capital expenditure (including intangibles)	7,653	9,023	642	321	17,639

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

	3rd Quarter For the period 1 April to 31 December 2019	3rd Quarter For the period 1 April to 31 December 2018
Exceptional items (gains):		
Gain on disposal of subsidiary	**973**	-
Reversal of impairment of non-current assets	**122**	2,717
Exchange gain on business closure	**-**	698
Settlement of litigation matters	**-**	256
Other items	**3**	-
	1,098	3,671
Exceptional items (losses):		
Restructuring costs, including employee termination payments	**(3,814)**	(1,967)
Suspension of facilities	**(1,243)**	(410)
Impairment of non-current assets	**(230)**	(2,750)
Settlement of litigation matters	**(211)**	(168)
Retirement benefit obligations – past service cost	**-**	(1,395)
Other items	**-**	(248)
	(5,498)	(6,938)
	(4,400)	(3,267)

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 reversal of impairment of non-current assets to an asset in Architectural North America.

The prior year reversal of impairment of non-current assets related to a float line in Vietnam. This line had previously been 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.

The prior year exchange gain on business closure relates to gains previously posted to reserves using the Statement of Comprehensive Income which have now been recycled to retained earnings through the income statement having been realized following the closure of a technical Glass business in China.

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 projects in various locations.

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, and also includes a short-term suspension of the Group's Architectural facility in Chiba, Japan as a result of Typhoon damages.

The suspension of facilities in the prior year included the cost of repair to a float line in Japan required as a direct result of typhoon damage during the third quarter.

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 both Architectural and Automotive Europe as a consequence of restructuring projects in those businesses.

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

The prior year past service cost on retirement benefit obligations related to a court ruling in the U.K. regarding Guaranteed Minimum Pensions (GMP's). Following this judgement, U.K. pension schemes are required to equalize benefits in excess of the GMP as between male and female scheme members for the period between 1990 and 1997. GMP's represent an element of the Group's pension liability which was designed to substitute for pension benefits that would otherwise have been provided by the state, with the state-provided pension benefits being unequal between men and women resulting in inequality of the scheme-provided benefit. The exceptional item recognized consists of a gross charge of ¥ 2,146 million and a credit with respect to taxation on pension surplus of ¥ 751 million.

(c) Finance income and expenses

¥ millions

	3rd Quarter For the period 1 April to 31 December 2019	3rd Quarter For the period 1 April to 31 December 2018
Finance income		
Interest income	**2,299**	1,619
Foreign exchange transaction gains	**178**	38
	2,477	1,657
Finance expenses		
Interest expense:		
- bank and other borrowings	**(10,453)**	(9,877)
Dividend on non-equity preference shares due to minority shareholders	**(181)**	(194)
Foreign exchange transaction losses	**(138)**	(15)
	(10,772)	(10,086)
Unwinding discounts on provisions	**(150)**	(154)
Retirement benefit obligations		
- net finance charge	**(318)**	(430)
Loss on net monetary position	**(795)**	(1,234)
	(12,035)	(11,904)

(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 83.6 percent in the third quarter to 31 December 2019 (31 December 2018 - a rate of 46.9 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 31 December 2019	Quarter ended 31 December 2018
	¥ millions	¥ millions
Profit attributable to owners of the parent	**1,235**	10,518
Adjustment for;		
- Dividends on Class A shares	**(1,290)**	(1,640)
- Redemption premium paid on Class A shares	**(750)**	-
Profit used to determine basic earnings per share	**(805)**	8,878
	Thousands	Thousands
Weighted average number to ordinary shares in issue	**90,581**	90,490
	¥	¥
Basic earnings per share	**(8.89)**	98.11

(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 31 December 2019	Quarter ended 31 December 2018
	¥ millions	¥ millions
Profit attributable to owners of the parent	**1,235**	10,518
Adjustment for;		
- Dividends on Class A shares	**(1,290)**	-
- Redemption premium paid on Class A shares	**(750)**	-
Profit used to determine diluted earnings per share	**(805)**	10,518
	Thousands	Thousands
Weighted average number to ordinary shares in issue	**90,581**	90,490
Adjustment for:		
- Share options	**-**	633
- Class A shares	**-**	59,126
Weighted average number of ordinary shares for diluted earnings per share	**90,581**	150,249
	¥	¥
Diluted earnings per share	**(8.89)**	70.00

Diluted earnings per share for the period do not include stock options and Class A shares due to the anti-dilutive effect caused by the profits and the loss during the period.

(f) Dividends

	Quarter ended 31 December 2019 ¥ millions	Quarter ended 31 December 2018 ¥ 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
Interim dividend for the year ended 31 March 2020 ¥ 0 per share (2019 ¥ 10 per share)	**-**	905

	Quarter ended 31 December 2019 ¥ millions	Quarter ended 31 December 2018 ¥ millions
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
Interim dividend for the year ended 31 March 2020 ¥ 0 per share (2019 ¥ 27,575.30 per share)	**-**	1,103
The daily pro-rated preferred dividend for the partial acquisition during FY2020 ¥10,068.30 per share (2018: ¥10,246.60 per share)	**50**	51

(g) Exchange rates

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

	Quarter ended 31 December 2019		Year ended 31 March 2019		Quarter ended 31 December 2018	
	Average	**Closing**	Average	Closing	Average	Closing
GBP	**138**	**144**	146	144	146	141
US dollar	**109**	**109**	111	111	111	111
Euro	**121**	**122**	129	124	129	127
Argentine peso	**-**	**1.82**	-	2.53	-	2.93

(h) Cash flows generated from operations

¥ millions

	3rd Quarter for the period 1 April 2019 to 31 December 2019	3rd Quarter for the period 1 April 2018 to 31 December 2018
Profit for the period from continuing operations	**1,911**	11,412
Adjustments for:		
Taxation	**3,404**	5,717
Depreciation	**23,153**	18,277
Amortization	**2,685**	2,764
Impairment	**670**	2,843
Reversal of impairments	**(122)**	(2,717)
Loss/(gain) on sale of property, plant and equipment	**22**	(50)
Gain on sale of a subsidiary	**(973)**	-
Exchange gain on business closure	**-**	(698)
Grants and deferred income	**(1,092)**	404
Finance income	**(2,477)**	(1,657)
Finance expenses	**12,035**	11,904
Share of profit from joint ventures and associates	**(1,242)**	(4,928)
Other items	**(844)**	(810)
Operating cash flows before movement in provisions and working capital	**37,130**	42,461
Decrease in provisions and retirement benefit obligations	**(7,785)**	(9,552)
Changes in working capital:		
- inventories	**(7,288)**	(11,976)
- trade and other receivables	**(9,278)**	1,171
- trade and other payables	**(12,542)**	(9,524)
- contract balances	**6,028**	1,766
Net change in working capital	**(23,080)**	(18,563)
Cash flows generated from operations	**6,265**	14,346

(i) Cash and cash equivalents

¥ millions

	As at 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 at 31 December 2019	As at 31 December 2018
Cash and cash equivalents	**45,892**	40,933
Bank overdrafts	**(3,242)**	(4,755)
	42,650	36,178

(j) Hyperinflationary accounting adjustments

As from the second quarter of FY 2019, 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	13.574
31 March 2007	103.9	13.069
31 March 2008	120.2	11.292
31 March 2009	128.7	10.546
31 March 2010	146.5	9.266
31 March 2011	165.5	8.202
31 March 2012	186.7	7.269
31 March 2013	211.1	6.429
31 March 2014	265.6	5.111
31 March 2015	305.7	4.440
31 March 2016	390.6	3.475
31 March 2017	467.2	2.905
31 March 2018	596.1	2.277
31 March 2019	970.9	1.398
30 April 2019	1,012.9	1.340
31 May 2019	1,043.9	1.300
30 June 2019	1,075.2	1.262
31 July 2019	1,095.8	1.239
31 August 2019	1,139.1	1.192
30 September 2019	1,206.2	1.125
31 October 2019	1,245.9	1.089
30 November 2019	1,298.9	1.045
31 December 2019	1,357.4	1.000

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.