FY 2012 3rd Quarter Consolidated Financial Results <IFRS> 2 February 2012
(English translation of the Japanese original)

Listed Company Name:	Nippon Sheet Glass Co., Ltd.	Stock Exchange Listing: Tokyo, Osaka	
Code Number	5202	(URL http://www.nsg.com)	
Representative:	Representative Executive Officer, President and CEO	Name:	Craig Naylor
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Submission of quarterly report to MOF: 6 February 2012 Payment of dividends starts from: -
Quarterly result presentation papers: Yes
Quarterly result presentation meeting: Yes
(Teleconference for institutional investors only)

1. Consolidated business results for FY 2012 Quarter 3 (From 1 April 2011 to 31 December 2011)

(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	%
Q3 FY 2012	420,782	(3.5)	6,487	(69.4)	1,261	(91.8)	2,202	(82.4)	1,288	(85.9)	(67,440)	-
Q3 FY 2011	435,888	-	21,170	-	15,379	-	12,508	-	9,128	-	(26,177)	-

	Earnings per share - basic	Earnings per share - diluted
Q3 FY 2012	¥ 1.43	¥ 1.43
Q3 FY 2011	¥ 12.02	¥ 11.63

(2) Changes in financial position

	Total assets	Total equity	Total shareholders' equity	Total shareholders' equity ratio
	¥ millions	¥ millions	¥ millions	%
FY 2012 Quarter 3	780,564	152,652	143,865	18.4
FY 2011 Full year	889,420	226,577	216,232	24.3

2. Dividends

	Dividends per share				
	Q1	Q2	Q3	Q4	Annual
FY 2011 (Actual)	-	¥ 3.00	-	¥ 3.00	¥ 6.00
FY 2012 (Actual)	-	¥ 3.00	-	-	-
FY 2012 (Forecast)	-	-	-	¥ 3.00	¥ 6.00

3. Forecast for FY 2012 (From 1 April 2011 to 31 March 2012)

	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	-	4,000	-	(5,000)	-	(2,000)	-	(3,000)	-	(3.33)

Note: There have been changes to the forecast results this quarter.
For further details, please refer to the prospects section on page 8.

4. Other items

(a) Changes in status of principal subsidiaries --- No

(b) Changes implemented to the accounting policies, estimates, and assumptions related to the preparation of consolidated financial statements

(i) Changes due to revisions in accounting standards under IFRS--- No
(ii) Changes due to other reasons --- No
(iii) Changes in accounting estimates -- No

(c) Number of shares outstanding (common stock)

(i) Number of shares issued at the end of the period, including shares held as treasury stock:
903,550,999 shares as of 31 December 2011 and 903,550,999 shares as of 31 March 2011
(ii) Number of shares held as treasury stock at the end of the period:
1,231,816 shares as at 31 December 2011 and 1,404,087 shares as at 31 March 2011
(iii) Average number of shares in issue during the period, after deducting shares held as treasury stock:
902,194,940 shares for the period ending 31 December 2011 and 759,458,478 shares for the period ending 31 December 2010

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

These quarterly consolidated financial results are out of scope for independent review by the external auditors based on the Financial Instrument and Exchange Law of Japan (MOF). The review procedures for the statutory submission to the Ministry of Finance are still ongoing as of the date of announcement of the quarter consolidated financial results.

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

The projections contained in this document are based on information currently available to the Group and certain assumptions considered reasonable. Hence, the actual results may differ. The major factors that may affect the results are the economic environment in major markets (such as Japan, Europe, North and South America, Asia, etc.), product supply/demand shifts, fluctuations in currency exchange and interest rates, as well as price changes in primary fuels and raw materials. Please refer to the section entitled "Prospects" on page 8 for qualitative information such as assumptions used for the projections.

[Attachments]

Table of contents in the attachments (including mandatory disclosure items)

1 Narratives about financial results

(1) Business Performance and Financial Standing
(2) Financial Condition
(3) Prospects

2 Other information

(1) Changes in status of principal subsidiaries
(2) Changes in accounting policies, estimates, and assumptions

3 Consolidated financial statements

(1) (a) Condensed consolidated income statement
(b) Condensed consolidated statement of comprehensive income
(2) Condensed consolidated balance sheet
(3) Condensed consolidated statement of changes in equity
(4) Condensed consolidated statement of cash flow
(5) Notes regarding going concern
(6) Notes to the condensed consolidated financial statements
(7) First-time adoption of International Financial Reporting Standards (IFRS)

1 Narratives about financial results

(1) Business Performance and Financial Standing

(a) Background to Results

During the third quarter of the year, conditions in the Group's main markets became increasingly challenging, reflecting falling levels of consumer confidence. Volumes in the Group's building products markets were generally weak. Solar energy volumes fell and were below previous expectations across each of the Group's main geographic markets. In automotive markets, volumes fell from previous quarters as consumers postponed spending decisions against a deteriorating economic outlook. Specialty glass markets performed better, although also suffered from the general economic environment.

In Europe, conditions in building products markets were similar to the previous quarter. Automotive volumes weakened in line with reduced light vehicle sales. The falling sales in domestic markets continued to be mitigated by robust exports of premium vehicles by leading European manufacturers. Activity in the European automotive glass replacement (AGR) market fell as high oil prices reduced the number of miles driven. Year-on-year third-quarter volumes also fell as winter weather conditions have so far been more benign than in the previous year, with a resulting reduction in glass breakages. Volumes of glass cord fell in line with conditions in automotive markets.

In Japan, building products market volumes continued to improve slowly, and benefited from the transition to the new Eco-point program. Overall volumes though are still at a low level and new housing starts remain subdued. Automotive light vehicle sales were relatively robust during the quarter, as vehicle manufacturers recovered lost production from earlier in the year. Cumulative market volumes were still below the previous year however, which had been boosted by government subsidies until September 2010 Vehicle production levels were impacted by the floods in Thailand to a limited extent. In the Group's specialty glass markets, underlying demand continued to be relatively strong in areas such as consumer electronics.

The North American economy continued to experience low levels of economic activity. Both residential housing starts and levels of commercial construction activity remain at historically low levels, although the Group's exposure to these markets is limited. The Group's North American Building Products assets service mainly value added product markets, and these were relatively stable during the quarter. Sales of new vehicles were above the previous year's levels, although Japanese vehicle manufacturers were adversely affected by a slow recovery from the March 2011 Japan earthquake and the Thailand floods. As in Europe, volumes in the AGR market fell, as higher oil prices caused a reduction in the number of miles driven.

In the rest of the world, the Group's building products markets in South America were stable. Automotive markets in South America weakened during the third quarter with vehicle manufacturers taking extended holiday shutdowns to reduce inventory levels in response to slowing sales. Market conditions in South East Asia were difficult, with weak volumes and a pricing environment impacted by significant over-capacity in China.

(b) Review by Business Segment

The Group's business lines cover three core product sectors: Building Products, Automotive, and Specialty Glass.

Building Products, representing 44 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 supplies glass for the Solar Energy sector.

Automotive, with 45 percent of Group sales, supplies a wide range of automotive glazing for new vehicles and for replacement markets.

Specialty Glass, representing 11 percent of Group sales, comprises a number of discrete businesses, including the manufacture and sale of very thin glass for small displays, lenses and light guides for printers, as well as glass fiber products, such as battery separators and glass components for engine timing belts.

The table below shows a summary of cumulative results by business line. All figures are presented using IFRS. Figures for Q3 FY2011 have been restated from JGAAP, as presented last year, to IFRS.

JPY millions	Revenue		Operating profit	
	Q3 FY12	**Q3 FY11**	**Q3 FY12**	**Q3 FY11**
Building Products	186,782	189,369	8,759	14,477
Automotive	187,249	198,292	3,179	10,202
Specialty Glass	45,704	47,081	5,507	6,247
Other Operations	1,047	1,146	(10,958)	(9,756)
Total	420,782	435,888	6,487	21,170

Building Products Business

In the Building Products (BP) business, profitability fell from the previous year. Cumulative dispatches of solar energy products increased from the previous year but volumes of other products fell. Increased input costs, particularly for energy and energy related materials were partly offset by higher price levels in most regions. Market conditions became increasingly challenging during the third quarter with declining volumes of solar energy glass and a weakening pricing environment.

The cumulative profit for the previous year includes a gain of approximately ¥ 3,300 million, being the income statement effect of settling the Group's insurance claim arising from the February 2010 earthquake in Chile. Profits have fallen compared to the previous quarter as dispatches for solar energy glass have declined and selling prices have been weak.

In Europe, representing 43 percent of the Group's BP sales, cumulative revenues were similar to the previous year. Profits were also similar to the previous year, as cost savings and higher selling prices offset increased input costs. Sales prices declined during the quarter however, as weakening demand contributed to increasing levels of over-capacity.

Revenues in Japan, representing 34 percent of BP sales, were also similar to the previous year. Downstream revenues and volumes increased from the previous year. Upstream revenues and volumes declined due to reduced deliveries of solar energy products. Profits fell due to higher input costs and lower sales prices.

In North America, representing 9 percent of BP sales, cumulative revenues and profits were higher than the previous year, with an improving product mix. Solar volumes were higher than the previous quarter although demand from residential and commercial markets reduced.

In the rest of the world, cumulative revenues were similar to the previous year, whilst underlying profits, excluding the effect of the previous year gain on settlement of an insurance claim in Chile, fell. Revenues and profits in South East Asia and China fell, with over-capacity in China contributing to a weak pricing environment. Results in South America were robust, with some volume growth experienced.

The Building Products business achieved sales of ¥ 186,782 million and an operating profit of ¥ 8,759 million.

Automotive Business

In the Automotive business, revenues and profits fell from the previous year due to the impact of the March 2011 Japan earthquake, increases in input costs of materials, and the high level of demand volatility during the year. The financial impact of the earthquake was less than previously expected, as many of the Group's customers were able to recover production levels more quickly than had been anticipated. The cumulative profit shortfall of ¥ 3,200 million, arising directly from the Japan earthquake, is approximately ¥ 2,000 million less than the Group had expected. The difference compared to expectations arises primarily in Japan.

Europe represents 47 percent of the Group's Automotive sales. In the European Original Equipment (OE) sector, revenues were slightly below the previous year, as improving demand generated from vehicle exports was offset by weak domestic demand. Profits declined due to increasing input costs, start-up costs on new facilities, and demand volatility, arising from the effects of the Japan earthquake on the availability of components to European car manufacturers. Demand stabilized following the effects of the earthquake, but then fell during the third quarter with declining levels of consumer confidence. Results in the Automotive Glass Replacement (AGR) business were relatively robust despite lower demand.

In Japan, representing 17 percent of the Group's Automotive sales, both revenues and profits were slightly below last year, as customers reduced their production levels during the first quarter in response to component shortages, following the Japan earthquake. Demand recovered during the second quarter as vehicle manufacturers returned to normal levels of production. Third quarter demand was also positive, although cumulatively, volumes are still below the levels of the previous year.

In North America, representing 20 percent of the Group's Automotive sales, OE revenues and profits were below the previous year. Vehicle inventories held by manufacturers and dealers fell, offsetting relatively strong consumer demand. In addition, the Group has a high relative exposure to Japanese manufacturers in the North American market. These vehicle manufacturers suffered disproportionately from component shortages, arising firstly from the Japan earthquake, and then secondly from the floods in Thailand. Consequently these manufacturers had to restrict vehicle production levels during the period. Profits were also affected by increased input costs. AGR profitability was maintained, although demand showed signs of weakening during the third quarter.

In the rest of the world, revenues, expressed in US dollars, increased, with a growth in year-on-year volumes in South America, although the third quarter saw a marked reduction in demand. OE manufacturers have been impacted by growth in low cost imports and took additional holidays to reduce their inventory levels. As a result, closure days were taken to manage the Group's production in line with the reduced demand.

The Automotive business recorded sales of ¥ 187,249 million and an operating profit of ¥ 3,179 million.

Specialty Glass Business

Revenues in Specialty Glass fell from the previous year. The Group experienced a growth in demand in sectors such as LCDs for smart phones and Personal Digital Assistants (PDAs), where the Group's UFF (Ultra Fine Flat) glass is used within the construction of touch panels, although demand fell during the third quarter. Volumes of SELFOC Lens Array® (SLA®) equipment, used in multi function printers, were affected by reduced demand. Exporters of multi-function printers and similar products continued to suffer from the strength of the Japanese yen. Sales of glass cord for engine timing belts fell during the third quarter in line with conditions experienced in the European automotive business.

The Specialty Glass business recorded sales of ¥ 45,704 million and an operating profit of ¥ 5,507 million.

Other Operations

This segment covers corporate costs, consolidation adjustments, certain small businesses not included in the segments covered above, and the amortization of other intangible assets related to the acquisition of Pilkington plc. Operating losses incurred in Other Operations and Eliminations increased from the previous year, which included some non-recurring gains.

Consequently, this segment recorded sales of ¥ 1,047 million and an operating loss of ¥ 10,958 million.

Joint Ventures and Associates

The Group's share of joint ventures and associates profits was below the previous year. Profits at Cebrace, the Group's joint venture in Brazil fell, due mainly to reduced sales prices. Improving profitability at the Group's Building Products joint venture in Russia was offset by reduced profits in the Group's joint ventures and associates in China.

The Group's cumulative share of joint ventures and associates profits after tax was ¥ 5,160 million (Q3 FY11 ¥ 6,791 million).

(2) Financial condition

Total assets at the end of December 2011 were ¥ 780,564 million, representing a decrease of ¥ 108,856 million from the end of March 2011. The Group has adopted "Net Debt" (interest–bearing debt minus cash and cash equivalents) as a Key Performance Indicator for its financial performance. The table below shows the movement of "Net Debt" following the acquisition of Pilkington in June 2006.

		Net Debt
		JPY million
FY2007 Quarter 1	30 June 2006	514,097
FY2007 Full year	31 March 2007	400,203
FY2008 Full year	31 March 2008	328,479
FY2009 Full year	31 March 2009	331,343
FY2010 Full year	31 March 2010	357,562
FY2011 Full year	31 March 2011	313,131
FY2012 Quarter 3	31 December 2011	343,487

Following the adoption of IFRS, the Group has amended its definition of net debt to include its previously issued Type A preferred shares, derivative financial assets and liabilities, and also non-controlling interests in certain of the Groups subsidiaries in Germany, entitled to fixed dividend payments. The figures in the above table from 31 March 2010 have been amended consistent with this revised definition. Figures prior to this date have not been amended. The most significant difference relates to the treatment of Type A preferred shares of ¥ 30,000 million, which were issued in the year to 31 March 2010 and then redeemed in the year to 31 March 2011. The total impact of this change in definition was to increase net debt at 31 March 2010 by ¥ 42,916 million, and to increase net debt at 31 March 2011 by ¥ 3,965 million.

Net financial indebtedness increased by ¥ 30,356 million from 31 March 2011 to ¥ 343,487 million at the period end. Increases in indebtedness were caused primarily by increases in working capital and increased levels of capital expenditure in line with the Group's strategic investments detailed further below. Cash outflows from operating activities were ¥ 14,732 million. Cash outflows from investing activities were ¥ 25,721 million, including capital expenditure on property, plant, and equipment of ¥ 25,980 million. As a result, total cash outflows before financing were ¥ 40,453 million. Currency movements generated a reduction in net debt of approximately ¥ 18,620 million over the period. Gross debt was ¥ 380,916 million at the period end. On 13 May 2011, the Group repaid its zero-coupon convertible bonds with stock acquisition rights, for the gross issuance amount of ¥ 23,000 million. On

28 July 2011, the Group issued a new domestic bond totaling ¥ 20,000 million, with a maturity date of 28 July 2016.

(3) Prospects

The forecast of sales, operating profit, profit before taxation, profit for the period, profit attributable to owners of the parent and earnings per share is set out on page 2. This forecast has been amended from that issued on 2 November 2011.

While the operating performance in the first half of the year was in line with the Group's expectations, market conditions in many of the Group's main markets became increasingly challenging during the third quarter. Global economic uncertainty has led to a decline in volumes of many of the Group's core products. Consumers, faced with a deteriorating economic outlook, have increasingly sought to postpone significant spending decisions. Excess glass manufacturing capacity in China has resulted in exports from China into South East Asia and beyond, causing an erosion of price levels in those markets. Volumes of solar energy glass, whilst still growing over the medium-term, slowed markedly during the third quarter. The strengthening Japanese yen continues to have a negative translational impact on the Group's published results, as well as causing a reduction in demand for exports from Japan containing the Group's glass.

The Group does not expect to experience a significant improvement in market conditions during the remainder of the current financial year.

Increasing purchase prices, particularly with respect to energy costs, are continuing to affect the Group's financial results. The Group actively hedges the increases in such costs using derivatives, but these techniques cannot protect the Group from increased input costs indefinitely. The Group intends to mitigate the impact of increasing input costs with further improvements in efficiencies, and, where possible, increasing sales prices.

On 2 February 2012, the Group announced a program of actions, including capacity rationalization and headcount reduction, designed to improve profitability and enhance operational efficiencies. The measures are intended to protect the business in the short term and also to re-establish profit growth from FY2013 onwards. The implementation of the program will be managed by Keiji Yoshikawa, Representative Executive Officer and Executive Vice President of the Company. The total cash investment will be ¥ 25,000 million, with an expected recurring annual cash benefit of ¥ 20,000 million. The Group is currently in the process of evaluating the related non-cash costs.

On 4 November 2010, the Group issued details of its Strategic Management Plan, covering the financial years FY2012 to FY2014. The long-term strategy set out in this plan is still valid, although the Group will respond to market conditions as appropriate, by delaying investments, and where necessary, removing manufacturing capacity.

2 Other information

(1) <u>Changes in status of principal subsidiaries</u>

There was no change.

(2) <u>Changes in accounting policies, estimates, and assumptions</u>

There was no change.

3 Consolidated Financial Statements

(1). (a) Condensed consolidated income statement

¥ millions

	Note	**Cumulative Quarter 3 FY12 For the period 1 April 2011 to 31 December 2011**	Cumulative Quarter 3 FY11 For the period 1 April 2010 to 31 December 2010
Revenue	(6)-(e)	**420,782**	435,888
Cost of sales		**(317,862)**	(315,605)
Gross profit		**102,920**	120,283
Other income		**5,174**	14,504
Distribution costs		**(37,444)**	(40,825)
Administrative expenses		**(51,197)**	(55,669)
Other expenses		**(12,966)**	(17,123)
Operating profit	(6)-(e)	**6,487**	21,170
Finance income	(6)-(f)	**1,959**	1,610
Finance expenses	(6)-(f)	**(12,345)**	(14,192)
Share of post-tax profit of joint ventures and associates accounted for using the equity method		**5,160**	6,791
Profit before taxation		**1,261**	15,379
Taxation	(6)-(g)	**941**	(2,871)
Profit for the period		**2,202**	12,508
Profit attributable to non-controlling interests		**914**	3,380
Profit attributable to owners of the parent		**1,288**	9,128
		2,202	12,508
Earnings per share attributable to owners of the parent	(6)-(h)		
Basic		**1.43**	12.02
Diluted		**1.43**	11.63

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

(2) Condensed consolidated balance sheet

¥ millions

	Quarter 3 FY12 as at 31 December 2011	FY11 as at 31 March 2011	FY10 as at 1 April 2010
ASSETS			
Non-current assets			
Goodwill	**93,001**	114,432	122,743
Intangible assets	**81,944**	102,026	118,302
Property, plant and equipment	**243,051**	272,177	283,667
Investment property	**735**	911	2,131
Investments accounted for using the equity method	**44,004**	49,420	44,651
Trade and other receivables	**13,323**	12,290	8,791
Financial assets:			
- Available-for-sale investments	**8,522**	9,167	10,517
- Derivative financial instruments	**566**	2,111	1,249
Deferred tax assets	**50,497**	50,155	55,169
	535,643	612,689	647,220
Current assets			
Inventories	**101,214**	100,345	97,933
Construction work-in-progress	**762**	632	1,076
Trade and other receivables	**101,823**	110,689	117,265
Financial assets:			
- Available-for-sale investments	**2**	231	-
- Derivative financial instruments	**2,868**	3,034	1,966
Cash and cash equivalents	**37,429**	60,906	79,796
	244,098	275,837	298,036
Assets held for sale	**823**	894	163
	244,921	276,731	298,199
Total Assets	**780,564**	889,420	945,419

(2) Condensed consolidated balance sheet continued

¥ millions

	Quarter 3 FY12 as at 31 December 2011	FY11 as at 31 March 2011	FY10 as at 1 April 2010
LIABILITIES AND EQUITY			
Current liabilities			
Financial liabilities:			
- Borrowings	**41,993**	56,375	80,448
- Derivative financial instruments	**3,583**	2,205	6,378
Trade and other payables	**96,039**	122,871	121,968
Provisions	**8,994**	20,692	23,144
Deferred income	**2,255**	2,615	3,071
	152,864	204,758	235,009
Non-current liabilities			
Financial liabilities:			
- Borrowings	**336,870**	318,678	349,470
- Derivative financial instruments	**1,903**	1,925	4,276
Trade and other payables	**1,240**	3,588	5
Deferred tax liabilities	**36,563**	44,918	53,671
Retirement benefit obligations	**77,002**	70,899	81,186
Provisions	**16,710**	12,893	15,729
Deferred income	**4,760**	5,184	6,168
	475,048	458,085	510,505
Total liabilities	**627,912**	662,843	745,514
Equity			
Capital and reserves attributable to the Company's equity shareholders			
Called up share capital	**116,449**	116,449	96,147
Capital surplus	**127,511**	127,510	107,566
Retained earnings	**41,855**	63,475	59,413
Retained earnings (Translation adjustment at the IFRS transition date)	**(68,048)**	(68,048)	(68,048)
Other reserves	**(73,902)**	(23,154)	(4,241)
Total shareholders' equity	**143,865**	216,232	190,837
Non-controlling interests	**8,787**	10,345	9,068
Total equity	**152,652**	226,577	199,905
Total liabilities and equity	**780,564**	889,420	945,419

(3) Condensed consolidated statement of changes in equity

	Share Capital	Capital surplus	Retained earnings	Retained earnings (Translation adjustment at the IFRS transition date)	Other reserves	**Total shareholders equity**	Non-controlling interests	**Total equity**
At 1 April 2011	116,449	127,510	63,475	(68,048)	(23,154)	**216,232**	10,345	**226,577**
Total Comprehensive Income			(16,204)		(50,815)	**(67,019)**	(421)	**(67,440)**
Dividends paid			(5,413)			**(5,413)**	(1,192)	**(6,605)**
Conversion of stock options					(5)	**(5)**		**(5)**
Net disposal of treasury stock		1	(3)		72	**70**		**70**
Incorporation of new subsidiaries							55	**55**
At 31 December 2011	**116,449**	**127,511**	**41,855**	**(68,048)**	**(73,902)**	**143,865**	**8,787**	**152,652**

¥ million

	Share Capital	Capital surplus	Retained earnings	Retained earnings (Translation adjustment at the IFRS transition date)	Other reserves	**Total shareholders equity**	Non-controlling interests	**Total equity**
At 1 April 2010	96,147	107,566	59,413	(68,048)	(4,241)	**190,837**	9,068	**199,905**
Total Comprehensive Income			9,128		(38,126)	**(28,998)**	2,821	**(26,177)**
Dividends paid			(4,711)			**(4,711)**	(1,313)	**(6,024)**
Reserves of new subsidiaries			421			**421**		**421**
Issuance of common stock	20,302	19,935				**40,237**		**40,237**
Net issuance, purchase & disposal of treasury stock		2			42	**44**		**44**
Transfers between reserves			(8)			**(8)**	8	**-**
At 31 December 2010	**116,449**	**127,503**	**64,243**	**(68,048)**	**(42,325)**	**197,822**	**10,584**	**208,406**

(4) Condensed consolidated statement of cash flows

¥ millions

	Note	**Cumulative Quarter 3 FY12 For the period 1 April 2011 to 31 December 2011**	Cumulative Quarter 3 FY11 For the period 1 April 2010 to 31 December 2010
Cash flows from operating activities			
Cash generated from operations	(6)-(k)	**(1,381)**	29,608
Interest paid		**(10,037)**	(12,318)
Interest received		**1,279**	1,225
Tax paid		**(4,593)**	(6,975)
Net cash outflows from operating activities		**(14,732)**	11,540
Cash flows from investing activities			
Dividends received from joint ventures and associates		**459**	3,965
Purchase of joint ventures and associates		**(1,410)**	(482)
Purchase of subsidiaries (net of cash disposed)		**-**	(514)
Proceeds on disposal of subsidiaries (net of cash)		**-**	94
Purchases of property, plant and equipment		**(25,980)**	(18,821)
Proceeds on disposal of property, plant and equipment		**2,529**	965
Purchases of intangible assets		**(1,006)**	(933)
Purchase of available-for-sale investments		**(4)**	(6)
Proceeds from available-for-sale investments		**276**	21
Loans with joint ventures, associates & third parties		**(735)**	1,666
Others		**150**	480
Net cash outflows from investing activities		**(25,721)**	(13,565)
Cash flows from financing activities			
Dividends paid to shareholders		**(5,381)**	(4,676)
Dividends paid to non-controlling interests		**(1,192)**	(1,312)
Issue of share capital		**-**	40,237
Repayment of borrowings		**(38,978)**	(87,270)
Proceeds from borrowings		**68,449**	57,123
Others		**52**	(10)
Net cash in/(out)flows from financing activities		**22,950**	4,092
(Decrease)/increase in cash and cash equivalents (net of bank overdrafts)		**(17,503)**	2,067
Cash and cash equivalents (net of bank overdrafts) at beginning of period	(6)-(l)	**46,491**	55,995
Effect of foreign exchange rate changes		**(3,669)**	(3,536)
Cash and cash equivalents (net of bank overdrafts) at end of period	(6)-(l)	**25,319**	54,526

(5) Notes regarding going concern

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

(6) Notes to the condensed consolidated financial statements

(a) Reporting entity

Nippon Sheet Glass Company, Limited and its consolidated subsidiaries (the Group) is a world leader in the supply of flat glass for building products and automotive applications. In addition, the Group has a number of discreet specialty glass businesses, operating in high technology areas. The parent company of the Group, Nippon Sheet Glass Company, Limited is domiciled in Japan and has shares publicly traded in Tokyo and Osaka.

(b) Basis of preparation

The condensed quarterly consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) pursuant to the provision of article 93 of "Regulations Concerning Terminology, Forms, and Method for Preparing Financial Statements" (Cabinet Ordinance No. 64, issued in 2007). The condensed quarterly financial statements are based on IAS 34, Interim Financial Reporting. The Company meets the requirement of the provision of article 1-2-1 I to Ni (3) of "Regulations on Quarterly Consolidated Financial Statements". The Company meets the status of a qualified company for filing the financial statements in IFRS "Tokutei-kaisha" of the provision.

The Group has adopted IFRS for the first time this financial year (commencing on 1 April 2011 and ending on 31 March 2012), and so the annual consolidated financial statements for the year are the first ones prepared in conformity with IFRS. The date of transition of the Group to IFRS is 1 April 2010. An explanation of how the first time adoption of, and the transition to, IFRS has affected the Group's financial position, business results and cash flows is provided in Note 7.

The consolidated financial statements have been prepared on a historical cost basis, except for investment property, derivative financial instruments and available-for-sale investments that have been measured at fair value.

The financial statements are presented in Japanese yen and are rounded to the nearest million yen (¥m) except where otherwise indicated.

(c) Principal accounting policies

The Group applies the principal accounting policies to the financial information consistently throughout all the periods, including the consolidated balance sheet on the date of transition to IFRS, presented in the condensed quarterly financial statements.

The principal accounting policies under IFRS, which the group adopted, are stated in the Consolidated financial statements section of the report for the quarter ended 30 June 2011.

(d) Critical accounting estimates and assumptions

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will not usually be equal to the resulting actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Estimated impairment of goodwill and intangible assets

The Group tests, on an annual basis, whether goodwill or intangible assets have suffered any impairment, in accordance with the accounting policy.

(d) Critical accounting estimates and assumptions continued

(ii) Income taxes

The Group is subject to income taxes in numerous jurisdictions worldwide. During the normal course of business, there are a significant number of transactions where the final tax determination is uncertain. The Group recognizes liabilities for anticipated tax audit issues based on an estimate of both the value of any additional taxes that may be due and the likelihood that the final tax audit outcome may result in such additional liabilities. In arriving at the total liability to be provided, significant judgment is required. Where the final tax outcome of these matters is different from the amounts provided, any difference is recorded in the year in which that final outcome is known.

(iii) Post-retirement benefits

The Group has a variety of post-retirement benefit schemes in various countries in which it operates. Where such schemes are in the nature of a defined benefit arrangement, the directors approve a variety of assumptions used in the calculation of the scheme assets and liabilities. These assumptions are subject to a degree of uncertainty and the directors take advice from professional actuaries before approving such assumptions.

(iv) Provisions

If appropriate, the directors seek professional advice regarding the valuation of provisions.

(e) Segmental information

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

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

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

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

The segmental results for the period ended 31 December 2011 were as follows:

¥ millions

Cumulative Quarter 3 FY12 For the period 1 April 2011 to 31 December 2011	Building Products	Automotive	Specialty Glass	Other Operations	Total
Revenue					
External revenue	**186,782**	**187,249**	**45,704**	**1,047**	**420,782**
Inter-segmental revenue	**10,045**	**369**	**183**	**4,128**	**14,725**
Total revenue	**196,827**	**187,618**	**45,887**	**5,175**	**435,507**
Segmental result before amortization arising from the acquisition of Pilkington plc	**8,759**	**3,179**	**5,507**	**(5,484)**	**11,961**
Amortization arising from the acquisition of Pilkington plc				**(5,474)**	**(5,474)**
Operating profit	**8,759**	**3,179**	**5,507**	**(10,958)**	**6,487**
Finance costs – net					**(10,386)**
Share of post tax profit from joint ventures and associates					**5,160**
Profit before taxation					**1,261**
Taxation					**941**
Profit for the period from continuing operations					**2,202**

(e) Segmental information continued

The segmental results for the period ended to 31 December 2010 were as follows:

¥ millions

Cumulative Quarter 3 FY11 For the period 1 April 2010 to 31 December 2010	**Building Products**	**Automotive**	**Specialty Glass**	**Other Operations**	**Total**
Revenue					
External revenue	189,369	198,292	47,081	1,146	435,888
Inter-segmental revenue	10,398	821	138	3,769	15,126
Total revenue	199,767	199,113	47,219	4,915	451,014
Segmental result before amortization arising from the acquisition of Pilkington plc	14,477	10,202	6,247	(4,038)	26,888
Amortization arising from the acquisition of Pilkington plc				(5,718)	(5,718)
Operating profit	14,477	10,202	6,247	(9,756)	21,170
Finance costs – net					(12,582)
Share of post tax profit from joint ventures and associates					6,791
Profit before taxation					15,379
Taxation					(2,871)
Profit for the period from continuing operations					12,508

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

¥ millions

	Building Products	**Automotive**	**Specialty Glass**	**Other Operations**	**Total**
Net trading assets	**163,549**	**173,516**	**48,333**	**428**	**385,826**
Capital expenditure (including intangibles)	**7,911**	**15,616**	**865**	**127**	**24,519**

The segmental assets at 31 December 2010 and capital expenditure for the period ended 31 December 2010 were as follows:

¥ millions

	Building Products	**Automotive**	**Specialty Glass**	**Other Operations**	**Total**
Net trading assets	166,003	168,056	51,172	162	385,393
Capital expenditure (including intangibles)	6,863	8,781	752	144	16,540

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

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

(f) Finance income and expenses

	Cumulative Quarter 3 FY12 For the period 1 April 2011 to 31 December 2011	Cumulative Quarter 3 FY11 For the period 1 April 2010 to 31 December 2010
	¥ millions	¥ millions
Finance income		
Interest income	**1,445**	1,256
Foreign exchange transaction gains		
Fair value gains on financial instruments	**100**	76
- interest rate swaps	**414**	278
	1,959	1,610
Finance expenses		
Interest expense:	**(10,610)**	(10,307)
- bank and other borrowings		
Dividend on non-equity preference shares due to minority shareholders	**(175)**	(180)
Foreign exchange transaction losses	**(87)**	(412)
Fair value losses on financial instruments		
- interest rate swaps	**(172)**	-
Other interest and similar charges	**(54)**	(1,806)
	(11,098)	(12,705)
Unwinding discounts on provisions	**(199)**	(215)
Post-retirement benefits - finance costs less finance income	**(1,048)**	(1,272)
	(12,345)	(14,192)

(g)Taxation

The tax rate on profits before taxation, excluding the Group's share of net profits of joint ventures and associates, is a tax credit of 24 per cent in the 9 months to 31 December 2011 (31 December 2010 – tax charge 33 per cent). The tax credit is based on the estimated effective rate for the year to 31 March 2012, adjusted for certain non-recurring items.

(h) Earnings per share

(i) Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the parent by the weighted average number of ordinary shares in issue during the year excluding ordinary shares purchased by the company and held as treasury shares.

	Cumulative Quarter ended 31st December 2011	Cumulative Quarter ended 31st December 2010
	¥ millions	¥ millions
Profit attributable to owners of the parent	**1,288**	9,128
	Thousands	Thousands
Weighted average number to ordinary shares in issue	**902,195**	759,458

(h) Earnings per share continued

	¥	¥
Basic earnings per share	**1.43**	12.02

(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. The Company has two categories of dilutive potential ordinary shares; convertible debt and share options. All convertible debt has been redeemed during the current financial year. The convertible debt is assumed to have been converted into ordinary shares, and the net profit is adjusted to eliminate the interest expense less the tax effect. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to the outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	Cumulative Quarter ended 31st December 2011	Cumulative Quarter ended 31st December 2010
	¥ millions	¥ millions
Earnings		
Profit attributable to owners of the parent	**1,288**	9,128
Interest expense on convertible debt (net of tax)	**-**	245
Profit used to determine diluted earnings per share	**1,288**	9,373

	Thousands	Thousands
Weighted average number to ordinary shares in issue	**902,195**	759,458
Adjustment for;		
- Assumed conversion of convertible debt	**-**	44,983
- Share options	**1,851**	1,620
Weighted average number of ordinary shares for diluted earnings per share	**904,046**	806,061

	¥	¥
Diluted earnings per share	**1.43**	11.63

(i) Dividends paid and proposed

	Cumulative Quarter ended 30th December 2011	Cumulative Quarter ended 30th December 2010
	¥ millions	¥ millions
Dividends on ordinary shares declared and paid during the period:		
Final dividend for the year ended 31 March 2011 ¥ 3 per share (2010: ¥ 3 per share)	**2,705**	2,005
Interim dividend for the year ended 31 March 2012 ¥ 3 per share (2011: ¥ 3 per share)	**2,676**	2,671

(j) Exchange rates

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

	Cumulative Quarter 3 FY12 31 December 2011		Year ended 31 March 2011		Cumulative Quarter 3 FY11 31 December 2010	
	Average	**Closing**	Average	Closing	Average	Closing
GBP	**127**	**119**	133	134	134	128
US dollar	**79**	**76**	85	83	87	83
Euro	**110**	**99**	113	118	114	108

(k) Cash flows generated from operations

	Cumulative Quarter 3 FY12 For the period 1 April 2011 to 31 December 2011	Cumulative Quarter 3 FY11 For the period 1 April 2010 to 31 December 2010
	¥ millions	¥ millions
Profit /(loss) for the period from continuing operations	**2,202**	12,508
Adjustments for:		
Taxation	**(941)**	2,871
Depreciation	**21,836**	23,075
Amortization	**7,299**	7,856
Impairment	**83**	359
Profit on sale of property, plant and equipment	**(1,111)**	(397)
Profit on sale of subsidiaries	**-**	4
Grants and deferred income released	**391**	(779)
Finance income	**(1,959)**	(1,610)
Finance expenses	**12,345**	14,192
Share of profit from joint ventures and associates	**(5,160)**	(6,791)
Other items	**941**	(2,294)
Operating cash flows before movement in provisions and working capital	**35,926**	48,994
Decrease in provisions and retirement benefit obligations	**(14,808)**	(13,197)
Changes in working capital:		
- inventories	**(11,600)**	(5,645)
- construction work-in-progress	**(232)**	25
- trade and other receivables	**2,327**	4,054
- trade and other payables	**(12,994)**	(4,623)
Net change in working capital	**(22,499)**	(6,189)
Cash flows generated from operations	**(1,381)**	29,608

(l) Cash and cash equivalents

	As at 31 March 2011	As at 31 March 2010
	¥ millions	¥ millions
Cash and cash equivalents	**60,906**	79,796
Bank overdrafts	**(14,415)**	(23,801)
	46,491	55,995

	As at 31 December 2011	As at 31 December 2010
	¥ millions	¥ millions
Cash and cash equivalents	**37,429**	63,589
Bank overdrafts	**(12,110)**	(9,063)
	25,319	54,526

(m) Post-retirement benefits

Due to the level of volatility in global debt and equity markets, the Group has performed a revaluation, on a roll-forward basis, of its material retirement benefit obligations at the end of September 2011. This revaluation involved updating period-end scheme asset values and recalculating scheme liabilities based on appropriate discount and inflation rates prevailing at the end of September 2011. Other factors, such as changes in longevity, were not considered. The effect of this revaluation, together with subsequent movements during the third quarter, has been an increase in retirement benefit obligations of ¥ 23,075 million, gross of related deferred taxation, and ¥ 17,492 million, net of related deferred taxation. A summary of the main changes in assumptions used is set out below.

	As at 31 December 2011	As at 31 March 2011
	%	%
UK discount rate	**5.2**	5.6
UK government bond yield (15 years)	**3.21**	4.47
UK inflation	**3.2**	3.6
US discount rate (pension)	**4.0**	5.0
US discount rate (medical)	**4.1**	5.1
Canada discount rate	**5.0**	5.5
Eurozone discount rates (range)	**4.4 – 4.7**	4.5 – 5.2
Japan discount rate	**1.7**	1.9

(n) Contingent Liabilities

Guarantees
At 31 December 2011, the Group has guaranteed, in the ordinary course of business ¥1,980 million in respect of joint ventures and associates.

Claims
Following the European Commission's decision announced on 12 November 2008 to impose a fine on the Group for alleged breaches of European competition laws, certain of the Group's Automotive customers have communicated to the Group their intention to pursue the Group for damages arising from the alleged activities. The Group intends to defend itself against such claims and notes that it is still pursuing an appeal against the European Commission fine. The Group considers that it is too early to judge the probable future outcome of these claims and as such cannot determine that such claims will probably result in an outflow of economic benefits to the claimants. Consequently the Group has not established any provisions in its balance sheet with respect to these claims.

(o) Subsequent events

On 2 February 2012, the Group announced a program of actions, including capacity rationalization and headcount reduction, designed to improve profitability and enhance operational efficiencies. The measures are intended to protect the business in the short term and also to re-establish profit growth from FY2013 onwards. The total cash investment will be ¥ 25,000 million, with an expected recurring annual cash benefit of ¥ 20,000 million. The Group is currently in the process of evaluating the related non-cash costs.

(7) First-time adoption of International Financial Reporting Standards

Up to 31 March 2011, the Group prepared its consolidated financial statements under Japanese Generally Accepted Accounting Principles (JGAAP).

The Group has adopted IFRS for the first time this financial year commencing on 1 April 2011. The condensed consolidated financial statements of the Group for this second quarter of the year have been prepared in accordance with IAS 34.

(7) First-time adoption of International Financial Reporting Standards continued

The Group has made various adjustments, to the previously prepared and reported financial data under JGAAP, necessary for the transition to IFRS. An explanation of how the first time adoption of and the related adjustments for the transition to IFRS has affected the Group's financial position, business results and cash flows is provided below.

(a) Exemptions to retrospective application of IFRS

IFRS1 "First time adoption of IFRS" ("IFRS1") stipulates that a company, which adopts IFRS for the first time, should apply IFRS retrospectively to prior periods. However, IFRS allows an exemption on the retrospective application of the standards to some accounting areas, and the Group has used the exemption option for the following areas.

- Business combinations – the provisions of IFRS 3 'Business Combinations' are applied prospectively from 1 April 2010. No adjustments have been made to acquisitions made prior to the date of IFRS transition.
- Cumulative translation differences relating to net investments in overseas subsidiaries, joint ventures and associates that arose prior to 1 April 2010 have been set to zero and will not be included in any subsequent calculation of profit or loss on disposal.

(b) Changes to the Group's principal accounting policies on transition from JGAAP to IFRS

The following is a summary of the most significant changes to the Group's principal accounting policies on transition to IFRS.

Research and development

Research expenditure continues to be charged in the income statement in the year as it is incurred. Development costs are charged in the income statement in the year in which they are incurred unless such costs meet the recognition criteria of IAS 38 'Intangible Assets'. Where such criteria are met, either in respect of new products or in respect of improved processes, the resulting intangible assets are capitalized and amortized over their useful economic lives, over periods not exceeding five years (products) and 20 years (processes).

Under JGAAP, all research and development expenditure was charged to the income statement as incurred.

Goodwill

Under IFRS, goodwill arising on acquisition is capitalized and subject to annual impairment review. Under JGAAP, goodwill was amortized over its estimated useful life.

At both 1 April 2010 and 31 March 2011, the Group undertook impairment reviews of the goodwill asset carried in the balance sheet. No impairment was deemed necessary at either date.

On adoption of IFRS, negative goodwill carried in the JGAAP balance sheet was removed and credited to reserves.

Employee benefits

The Group accounts for defined benefit pension schemes, leaving indemnity arrangements, post-retirement healthcare and life insurance benefits, phased retirement arrangements (in Germany only) and long service benefits under IAS 19. Obligations are measured at discounted present value and plan assets (for funded schemes, principally in the UK, USA and Japan) are recorded at fair value.

Operating and financing costs are recognized separately in the income statement. Operating costs primarily comprise current service cost, being the increase in retirement obligations caused by the rendering of services by employees during the year. Finance costs include the unwinding of discount applied to retirement benefit obligations, and the expected annual return on assets held within funded retirement benefit plans.

Actuarial gains and losses caused by changes in actuarial assumptions, together with experience gains and losses on scheme assets, are recognized in other comprehensive income.

In JGAAP, current service costs and financing costs related to retirement benefit obligations were both recognized within operating costs. Actuarial gains and losses, together with experience gains and losses on scheme assets, were not recognized in the period in which they arose, but were subsequently charged to operating costs over a period not exceeding the remaining service lives of the employee members. The Group previously used 5 years for this purpose.

(7) First-time adoption of International Financial Reporting Standards continued

Joint ventures and associates

The Group's share of the profit less losses of joint ventures and associates is included in the income statement on the equity accounting basis, presented as Nippon Sheet Glass Co., Ltd's share of post-tax profit/loss of joint ventures and associates accounted for using the equity method. The carrying value of joint ventures and associates in the Group balance sheet is calculated by reference to Nippon Sheet Glass Co., Ltd's equity in the net assets of such joint ventures and associates, as shown in the most recently available accounts, adjusted where appropriate to align them with the Group's policies.

The basic policy for recognizing joint ventures and associates' financial results is similar in both IFRS and JGAAP. However, using the definitions of significant influence in IFRS, the Group has recognized some additional investments as associates in IFRS when compared to JGAAP.

Deferred taxation

Deferred taxation is provided in full on the liability basis on temporary differences arising between the tax bases of assets and liabilities and their carrying amount in the consolidated balance sheet.

Deferred taxation is provided on temporary differences arising on the un-remitted profits of investments in subsidiaries, joint ventures and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Financial instruments

Financial liabilities are recognized with respect to contractual obligations to pay cash to another entity, either on settlement of the principal amount or with respect to interest charges.

The Group's preferred shares, outstanding during part of the financial year to 31 March 2011, are therefore included in the opening balance sheet at 1 April 2010 as financial liabilities.

(c) Reconciliations from JGAAP to IFRS

As required by IFRS 1 'First-time adoption of International Financial Reporting Standards', the following reconciliations and explanations are disclosed:

- Reconciliation of the profit for the 9 months ended 31 December 2010 and the year ended 31 March 2011, and the comprehensive income for the year to 31 March 2011 as between JGAAP and IFRS (see (d) below).
- An explanation of the key accounting changes resulting in adjustments to the previously reported JGAAP profits for the 9 months ended 30th September 2010 and for the year ended 31st March 2011 (see (e) below).
- Reconciliation of shareholders' equity at 1st April 2010, 31st December 2010 and 31st March 2011 as between JGAAP and IFRS (see (f) below).
- Cash flow statement – explanation of the key changes between JGAAP and IFRS (see (g) below).

(7) First-time adoption of International Financial Reporting Standards continued
(d) Reconciliation of profit and comprehensive income

Reconciliation of the profit for the 9 months ended 31 December 2010 as between JGAAP and IFRS

	As reported under JGAAP	Effect of transition to IFRS	IFRS
	¥ millions	¥ millions	¥ millions
Continuing operations			
Revenue	435,725	163	435,888
Cost of sales	(313,344)	(2,261)	(315,605)
Gross Profit	122,381	(2,098)	120,283
Other income*		14,504	14,504
Distribution costs*		(40,825)	(40,825)
Administrative expenses*		(55,669)	(55,669)
Other expenses*		(17,123)	(17,123)
Selling, general and administrative expenses	(109,993)	109,993	-
Operating profit	12,388	8,782	21,170
Finance income*		1,610	1,610
Finance expenses*		(14,192)	(14,192)
Share of post-tax profit of affiliates	6,345	446	6,791
Non-operating items excluding share of post-tax profit of affiliates	(11,350)	11,350	-
Extraordinary items	(981)	981	-
Profit/(loss) before taxation	6,402	8,977	15,379
Taxation	(1,353)	(1,518)	(2,871)
Profit/(loss) for the period	5,049	7,459	12,508
Profit/(loss) attributable to non-controlling interests	3,380	-	3,380
Profit/(loss) attributable to owners of the parent	1,669	7,459	9,128

*Not reported under JGAAP

(7) First-time adoption of International Financial Reporting Standards continued

Reconciliation of the profit for the year ended 31 March 2011 as between JGAAP and IFRS

	As reported under JGAAP	Effect of transition to IFRS	IFRS
	¥ millions	¥ millions	¥ millions
Continuing operations			
Revenue	577,212	(143)	**577,069**
Cost of sales	(420,931)	(2,577)	**(423,508)**
Gross Profit	156,281	(2,720)	**153,561**
Other income*		15,934	**15,934**
Distribution costs*		(52,634)	**(52,634)**
Administrative expenses*		(70,741)	**(70,741)**
Other expenses*		(23,253)	**(23,253)**
Selling, general and administrative expenses	(141,929)	141,929	**-**
Operating profit	14,352	8,515	**22,867**
Finance income*		2,249	**2,249**
Finance expenses*		(18,523)	**(18,523)**
Share of post-tax profit of affiliates	8,107	606	**8,713**
Non-operating items excluding share of post-tax profit of affiliates	(14,729)	14,729	**-**
Extraordinary items	(4,370)	4,370	**-**
Profit/(loss) before taxation	3,360	11,946	**15,306**
Taxation	1,682	(1,173)	**509**
Profit/(loss) for the period	5,042	10,773	**15,815**
Profit/(loss) attributable to non-controlling interests	3,381	4	**3,385**
Profit/(loss) attributable to owners of the parent	1,661	10,769	**12,430**

*Not reported under JGAAP

Reconciliation of the comprehensive income for the year ended 31 March 2011 as between JGAAP and IFRS

	As reported under JGAAP	Effect of transition to IFRS	IFRS
	¥ millions	¥ millions	¥ millions
Profit for the year	5,042	10,773	**15,815**
Other comprehensive income, net of tax			
Valuation difference on available for sale securities	(176)	89	**(87)**
Deferred gains or losses on hedges	4,132	(537)	**3,595**
Foreign currency translation adjustments	(22,771)	902	**(21,869)**
Retirement benefit obligations		(3,968)	**(3,968)**
Share of other comprehensive income of affiliates accounted for using equity method	(1,433)	-	**(1,433)**
Total: Other comprehensive income, net of tax	(20,248)	(3,514)	**(23,762)**
Total comprehensive income	(15,206)	7,259	**(7,947)**
Total comprehensive income attributable to:			
Non-controlling interests	2,523	4	**2,527**
Owners of the parent	(17,729)	7,255	**(10,474)**

A reconciliation of comprehensive income as at December 2010 is not provided, as the Group did not disclose comprehensive income using J GAAP during the previous year's third quarter ended 31 December 2010.

(7) First-time adoption of International Financial Reporting Standards continued

(e) Explanation of key accounting changes

An explanation of the key accounting changes, resulting in adjustments to the reported JGAAP profits is shown below:

Revenue

Revenue from the sale of goods was recognized upon shipment under JGAAP whereas under IFRS, revenue from the sale of goods is recognized when the risks and rewards of ownership have transferred to the customer. Consequently, revenue has risen by ¥163 million in the 9 months ended 31 December 2010 and ¥143 million for the full year.

Operating Profit

Operating profits have increased as follows:

	¥ millions	
	9 months ended 31 December 2010	Year ended 31 March 2011
Operating profit as reported under JGAAP	**12,388**	**14,352**
Goodwill amortization (note I)	6,394	8,429
Retirement benefit obligations (note II)	4,277	5,642
Float tank assets (note III)	(266)	(354)
Development costs capitalized less amounts impaired (note IV)	107	236
Other items	64	112
Reallocations (note V)	(1,794)	(5,550)
Operating profit as reported under IFRS	**21,170**	**22,867**

I. Goodwill and intangible assets with an indefinite useful life were routinely amortized to the income statement in JGAAP. Under IFRS, such assets are instead subjected to an annual test of impairment.

II. In JGAAP, actuarial gains and losses arising on the Group's various retirement benefit schemes, have been charged to operating profit over a period of five years, commencing the year after the gain or loss first arose. The Group's IFRS treatment for such gains and losses is to recognize the asset or liability in full within the balance sheet when they arise, with a corresponding charge or credit in the Statement of Comprehensive Income.

III. The IFRS income statement reflects the depreciation of float tank assets across the Group. The JGAAP income statement reflected an accrual for future float tank asset repairs in Japan, and depreciation of historic cost asset repairs elsewhere in the Group. The impact of moving to IFRS therefore represents the difference between accruing for future repairs, and the depreciation arising on historic repair costs, in Japan.

IV. Under IFRS, qualifying development expenditure is recognized as an asset and amortized over its useful life but charged directly to the income statement under JGAAP.

V. Other non-operating items, excluding share of post-tax profits of affiliates and finance income and expenses, and extraordinary items charged below operating profit under JGAAP are included within operating profit under IFRS. This amended treatment is included within reallocations.

(7) First-time adoption of International Financial Reporting Standards continued

Profit attributable to owners of the parent

The profit for the year attributable to owners of the parent has increased as follows:

	9 months ended 31 December 2010 (¥ millions)	Year ended 31 March 2011 (¥ millions)
Profit attributable to owners of the parent under JGAAP	**1,669**	**1,661**
Adjustment to operating profit, excluding reallocations (see above)	10,576	14,065
Finance costs (notes I, II and III)	(1,805)	(1,768)
Share of post-tax profit of affiliates (note IV)	446	606
Share issuance costs (note V)	366	366
Dividend from investments now classified as equity method (note VI)	(269)	(513)
Investment property valuation (note VII)	-	(317)
Impairment of capitalized development costs and other impairments (note VIII)	(341)	(285)
Losses on disposals (note IX)	4	(204)
Taxes (notes X, XI, and XII)	(1,518)	(1,173)
Others	-	(8)
Profit attributable to owners of the parent under IFRS	**9,128**	**12,430**

I. The Group's type A Preferred shares, outstanding during part of the year to 31 March 2011, are treated as a financial liability in IFRS. Consequently, the dividend is recognized within financial costs rather than as a charged to equity. As a result, financial costs have increased by ¥1,683 million in the 9 months ended 31 December 2010 and ¥1,558 million in the full year.

II. Interest arising on the notional discount on convertible bonds, representing the equity component of the embedded conversion feature, is recognized within financial costs in IFRS. Consequently, financial costs have increased by ¥244 million in the 9 months ended 31 December 2010 and ¥325 million in the full year.

III. Bond issuance costs were charged to the income statement as incurred in JGAAP. In IFRS, such costs are amortized over the period to the maturity of the bond. As a result, finance costs have decreased by ¥122 million in the 9 months ended 31 December 2010 and ¥115 million for the full year to 31 March 2011.

IV. Share of post-tax profit of affiliates has increased due to an increase of the scope of affiliates in IFRS. Some entities that under IFRS are now recognized as investments in associates, were previously classified as long-term financial assets in JGAAP, based on their materiality. All investments, over which the Group can exercise significant influence over the financial and operating policies, are now classified as investments in associates under IFRS.

V. Share issuance costs have been posted directly to capital surplus in IFRS, whereas these costs were charged to the income statement in JGAAP.

VI. Dividends received from long-term financial assets are accounted for as dividend income in the income statement. To the extent that certain investments included within long-term financial assets in JGAAP have been now classified as investments in associates in IFRS, such dividend income is no longer recognized in the income statement, and is instead replaced by the Group's share of the associates' profit as noted above.

VII. Certain investment properties, yielding a rental income have been held at historic cost in JGAAP, but have now been re-valued to their fair value in IFRS.

VIII. IFRS impairment adjustments include the impairment of capitalized development cost and also certain other impairment adjustments. The impairment of capitalized development costs increased by ¥183 million for the 9 months ended 31 December 2010, and ¥181 million for the full year to 31 March 2011. Other impairment adjustments increased by ¥158 million for the 9 months ended 31 December 2010, and ¥104 million in the full year.

IX. Losses on disposals have been recognized in IFRS based on the difference between the proceeds received and the carrying amount of the asset in IFRS. To the extent that this carrying amount differed from the equivalent

(7) First-time adoption of International Financial Reporting Standards continued

X. Taxation arising on actuarial gains or losses was amortized into the income statement in JGAAP in line with the treatment of such gains and losses. However, in IFRS, actuarial gains or losses, together with any related taxation effects, are included in other comprehensive income. Taxation credits, relating to the treatment of actuarial gains or losses, reduced by ¥1,107 million for the 9 months ended 31 December 2010, and by ¥1,465 million for the full year.

XI. The deferred tax credit resulting from the amortization of intangible assets has reduced in IFRS to the extent that some intangible assets have been assigned an indefinite useful life in IFRS and are therefore not subjected to routine amortization. The taxation credit relating to the amortization of intangible assets decreased by ¥323 million in the 9 months ended 31 December 2010 and ¥355 million in the full year.

XII. Taxation adjustments, relating to other income statement items, resulted in an increased taxation charge of ¥88 million in the 9 months ended 31 December 2010 and a decreased taxation charge of ¥647 million in the full year.

Total comprehensive income attributable to owners of the parent

Total comprehensive income attributable to owners of the parent for the year to 31 March 2011 has increased as follows:

	¥ millions Year ended 31 March 2011
Total comprehensive income attributable to owners of the parent under JGAAP	**(17,729)**
Adjustment to profit attributable to owners of the parent (see above)	10,769
Retirement benefit obligations (note I)	(3,968)
Foreign currency translation adjustments (note II)	902
Deferred gains & losses on hedges (note III)	(537)
Valuation differences on available for sale securities (note IV)	89
Total comprehensive income attributable to owners of the parent under IFRS	**(10,474)**

A reconciliation of comprehensive income as at December 2010 is not provided, as the Group did not disclose comprehensive income using J GAAP during the previous year's period ending 31 December 2010.

I. In IFRS, actuarial gains and losses have been recognized, as they arise, in the balance sheet with the net gain or loss being recognized in comprehensive income. Such gains and losses include those arising on the revaluation of assets within the Group's retirement benefit schemes, and the revaluation of liabilities following changes in appropriate discount rates. In JGAAP, the Group recognized such gains or losses in the income statement over a five-year period, commencing in the year following the year in which the gains or losses initially arose.

II. Foreign currency translation adjustments have been amended to reflect the currency translation effects of other JGAAP to IFRS adjustments.

III. Deferred gains and losses on hedges reflects the treatment of certain losses within comprehensive income for IFRS purposes, when such losses had previously been including in the income statement in JGAAP.

IV. Valuation differences on available for sale securities arising in IFRS are different to those arising in JGAAP as the Group has reclassified certain investments as affiliated entities for IFRS purposes.

(7) First-time adoption of International Financial Reporting Standards continued

(f) Reconciliation of JGAAP and IFRS shareholders' equity

The tables below set out the amendments to non-current assets, current assets, current liabilities, non-current liabilities, minority interests, and shareholders' equity as a result of the above key accounting changes as at the 1 April 2010, 31 December 2010, and 31 March 2011.

¥ millions
1 April 2010

	Non-current asset	Current assets	Current liabilities	Non-current liabilities	Non-controlling interests	Shareholders' equity
As reported under JGAAP	636,275	297,446	(235,134)	(458,656)	(8,942)	230,989
Retirement benefit obligations (note I)				(25,036)		(25,036)
Financial liabilities (notes II, III, and IV)			(1,048)	(29,621)		(30,669)
Preferred share interest accrual (note V)			(1,381)			(1,381)
Treatment of float tank repairs (note VI)	1,902			10,560		12,462
Deferred taxation (note VII)	6,773			(2,190)		4,583
Development costs (note VIII)	5,046					5,046
Pilkington brand (note VIII)						-
Financial derivatives (note IX)		153	(25)			128
Holiday pay provisions (note X)			(2,988)			(2,988)
Negative goodwill (note XI)	90					90
Available-for-sale investments at fair value (note XII)	(3,893)					(3,893)
Factoring of receivables (note XIII)		1,048				1,048
Investment property (note XIV)	756					756
Other items	(126)	(51)	5		(126)	(298)
Reclassifications (note XV)	397	(397)	5,562	(5,562)		-
As reported under IFRS	**647,220**	**298,199**	**(235,009)**	**(510,505)**	**(9,068)**	**190,837**

¥ millions
31 December 2010

	Non-current asset	Current assets	Current liabilities	Non-current liabilities	Non-controlling interests	Shareholders' equity
As reported under JGAAP	563,676	264,708	(168,526)	(431,213)	(10,459)	218,186
Retirement benefit obligations (note I)				(18,707)		(18,707)
Financial liabilities (notes II, III, and IV)			(728)	(20,200)		(20,928)
Preferred share interest accrual (note V)			(463)			(463)
Treatment of float tank repairs (note VI)	1,336			10,860		12,196
Deferred taxation (note VII)	5,080			(2,421)		2,659
Development costs (note VIII)	4,528					4,528
Pilkington brand (note VIII)	1,404					1,404
Financial derivatives (note IX)						-
Holiday pay provisions (note X)			(3,041)			(3,041)
Goodwill and negative goodwill (note XI)	4,750					4,750
Available-for-sale investments at fair value (note XII)	(4,236)					(4,236)
Factoring of receivables (note XIII)		863				863
Investment property (note XIV)	756					756
Other items	(126)	(16)		122	(125)	(145)
Reclassifications (note XV)	374	(388)		14		-
As reported under IFRS	**577,542**	**265,167**	**(172,758)**	**(461,545)**	**(10,584)**	**197,822**

(7) First-time adoption of International Financial Reporting Standards continued

¥ millions
31 March 2011

	Non-current asset	Current assets	Current liabilities	Non-current liabilities	Non-controlling interests	Shareholders' equity
As reported under JGAAP	593,722	274,866	(201,450)	(440,264)	(10,217)	216,657
Retirement benefit obligations (note I)				(22,302)		(22,302)
Financial liabilities (notes II, III, and IV)			(575)			(575)
Preferred share interest accrual (note V)						-
Treatment of float tank repairs (note VI)	1,791	(647)		10,961		12,105
Deferred taxation (note VII)	6,013			(2,886)		3,127
Development costs (note VIII)	4,874					4,874
Pilkington brand (note VIII)	1,995					1,995
Financial derivatives (note IX)						-
Holiday pay provisions (note X)			(2,976)			(2,976)
Goodwill and negative goodwill (note XI)	6,742					6,742
Available-for-sale investments at fair value (note XII)	(4,125)	231				(3,894)
Factoring of receivables (note XIII)		629				629
Investment property (note XIV)	10					10
Other items	123	(278)	3	120	(128)	(160)
Reclassifications (note XV)	1,544	1,930	240	(3,714)		-
As reported under IFRS	**612,689**	**276,731**	**(204,758)**	**(458,085)**	**(10,345)**	**216,232**

Explanations of the key accounting changes, which have resulted in adjustments to the JGAAP shareholders' equity are as follows:

I. Retirement benefit obligations relating to defined benefit pension schemes in Japan, the UK and the USA, post-retirement healthcare liabilities in the UK and the USA, provisions for leaving indemnities in various European countries and the phased retirement provision (Germany), have been provided in accordance with IAS 19. Where schemes are backed by assets held outside the businesses, then these have been valued and compared with the actuarially determined valuation of the obligations, resulting in a net surplus or deficit for each scheme, recognized in full in the balance sheet. Previously, under JGAAP, such surpluses and deficits were not fully recognized due to the policy of amortizing actuarial gains and losses in the balance sheet over a five-year period commencing the year following the actuarial gain or loss.

II. The Group's type A preferred shares, outstanding during part of the year to 31 March 2011, are accounted for as a financial liability under IFRS, in that they commit to Group to an obligation to pay cash to the holders of the preferred shares in the future. As a result, those preferred shares are included within non-current liabilities in the IFRS balance sheet, together with a current liability relating to unpaid dividends accrued. The value of such shares as at 1 April 2010 and 31 December 2010 was ¥30,000 million. As announced on 16 September 2010 and 3 February 2011, the Group acquired for cancellation during FY2011 all of the preferred shares that had been outstanding on 31 March 2010. As a result, this difference between the Group's JGAAP and IFRS financial liabilities on 31 March 2011 was nil.

III. The Group had outstanding at the opening balance sheet date, JPY 23,000 million of zero coupon convertible bonds due 13 May 2011. The Group has retrospectively applied IFRS accounting to these bonds. This involves determining how much of a discount would have been applied to those bonds, when issued in 2004, if they had carried no conversion feature. That discount element is then considered to be the equity component of the bonds, and is therefore classed as such within shareholders equity. The discount is unwound with a charge to interest costs over the life of the bond, and the adjustment represents the discount still to be unwound. The discount still to be unwound, reflected as an adjustment to non-current liabilities, on 1 April 2010 was ¥379 million. The discount still to be unwound, reflected as an adjustment to current liabilities on 31 December 2010 and on 31 March 2011 was ¥135 million and ¥54 million respectively.

(7) First-time adoption of International Financial Reporting Standards continued

IV. In Japan, the Group enters into a factoring arrangement with financial institutions whereby it receives cash early with respect to promissory notes received from certain customers. The Group still retains a residual interest in a portion of those promissory notes in that, in the event of non-payment from the customer, the Group is obligated to fund a certain part of the financial institutions loss. This residual interest is grossed up in the opening balance sheet by recognizing an asset and a corresponding liability, to the extent of the Group's continuing residual interest. The value of this adjustment, reflected in current liabilities was ¥1,048 million on 1 April 2010, ¥863 million on 31 December 2010, and ¥629 million on 31 March 2011.

V. Current liabilities in IFRS include the accrued dividend due on the Group's type A preferred shares outstanding during part of the year to 31 March 2011. As this dividend was an equity transaction in JGAAP, such an accrual was not made in advance of the dividend payment.

VI. The JGAAP treatment for float tank assets in Japan has been to provide in advance for future cold repair costs, with the costs then being charged to that provision as incurred during the repair. As a result, the majority of cold repair costs have not previously been capitalized on the balance sheet as they have instead been charged to the provision. The IFRS treatment is to capitalize such costs when incurred and then to depreciate the resulting asset over the useful life. This is typically between 12 and 15 years for NSG Group float lines. Future repairs of float tank assets are not provided for in advance under IFRS, as the Group has no legal or constructive obligation to make such a repair. This IFRS treatment has been applied retrospectively in the opening balance sheet.

VII. The adjustments to deferred taxation assets arise as a result of amendments to other balance sheet items such as retirement benefit obligation and holiday pay provision etc. The adjustments to deferred taxation liabilities arise mostly as a result of amendments to other balance sheet items such as capitalized development costs and increased fair value of investments etc.

VIII. The capitalization rules under IAS 38 have resulted in qualifying development costs being capitalized and the resultant adjustment credited to shareholders' equity. Under JGAAP, such costs were charged to the profit and loss account as incurred. The intangible asset value of the Pilkington Brand was amortized routinely to the income statement in JGAAP but is not amortized routinely in IFRS, due to it having an indefinite useful life.

IX. Certain relatively minor interest rate swaps were previously accounted for under JGAAP using a simplified methodology, which did not involve the recognition of their fair value on the opening balance sheet. Under IFRS, those derivative contracts have been fair valued and included in assets or liabilities as appropriate on the opening balance sheet. The Group changed the treatment of the minor interest rate swap to normal derivative accounting for the year ended 31 March 2011.

X. Accrued holiday pay rights in Japan had previously not been recognized as a monetary liability in JGAAP, consistent with usual custom and accounting practice in Japan. Provisions within current liabilities have increased with respect to the potential future cash outflows arising.

XI. Negative goodwill, previously held on the balance sheet and amortized over its expected useful life in JGAAP, has been removed from non-current assets in the IFRS balance sheet in accordance with IFRS3. Positive goodwill has not been amortized routinely from 1 April 2010.

XII. Available-for-sale investments have been fair valued and the adjustment credited to reserves. Certain investments classified as available-for-sale in JGAAP have been classified as associates accounted for using the equity method in IFRS, but still included within non-current assets. Such investments have been valued at the Group's share of net assets of the associate.

XIII. Certain receivables in Japan have been sold to financial institutions under arrangements where the Group still retains a residual interest in those receivables, as noted above. Therefore, the residual interest has been added back into trade receivables in the IFRS balance sheet.

XIV. Certain investment properties, yielding a rental income have been held at historic cost in JGAAP, but have now been re-valued to their fair value in IFRS.

XV. Reclassifications relate mainly to the IFRS treatment of deferred taxation balances as non-current.

(7) First-time adoption of International Financial Reporting Standards continued

(g) Reconciliation of Cash flow

There were no material differences except certain reclassifications between the consolidated cash flow statement under IFRS and the consolidated cash flow statement under JGAAP. There was a reclassification relating to the cash dividend payment to the shareholders of the preferred shares. The Group's preferred shares, which were outstanding during part of previous financial year, were accounted for as a capital surplus in JGAAP and the cash dividend payment to the shareholders was therefore included within financing activities in the cash flow statement. In IFRS, the preferred shares are accounted for as a financial liability and the cash dividend payment is therefore reclassified into operating activities. The amount of the cash payment was ¥2,318 million in the full year.