NSG GROUP

ANNUAL REPORT 2014

FISCAL YEAR ENDED 31 MARCH 2014

‘MAKING A DIFFERENCE TO OUR WORLD THROUGH GLASS TECHNOLOGY’

THE NSG GROUP IS ONE OF THE WORLD'S LARGEST MANUFACTURERS OF GLASS AND GLAZING PRODUCTS FOR THE ARCHITECTURAL, AUTOMOTIVE AND TECHNICAL GLASS SECTORS.

With around 27,000 permanent employees, we have principal operations in 30 countries and sales in over 130.

Geographically, over a third of our sales are in Europe, around a third in Japan and the rest primarily in North and South America, South East Asia and China. We operate in three main sectors:

Architectural supplies glass for buildings and Solar Energy applications.

Automotive serves the original equipment, aftermarket replacement and specialized transport glazing markets.

Technical Glass products include very thin glass for displays, lenses and light guides for printers, and glass fiber, used in battery separators and engine timing belts.

Cover photographs
Top: Durham University Business School, United Kingdom
Pilkington Planar™ glass systems

Bottom left: NSG Ultra Fine Flat (UFF®) glass is used for touch screens on mobile phones and tablet pcs.

Bottom right: Fitted in the Mercedes SLK, Pilkington Sundym™ allows vehicle glazing to be switched from dark to tinted at the touch of a button.

FINANCIAL HIGHLIGHTS

Revenue Millions of yen	Trading profit* Millions of yen
606,095 2013: 521,346	**22,452** 2013: 8,986

Loss before taxation Millions of yen	Loss for the period Millions of yen
(16,401) 2013: (31,096)	**(16,485)** 2013: (33,455)

Total assets Millions of yen	Number of employees Permanent
925,175 2013: 885,436	**27,079** 2013: 27,932

* Operating profit before exceptional items and the amortization of intangible assets arising on the acquisition of Pilkington plc.

OPERATIONAL HIGHLIGHTS

- Annual results delivered, consistent with forecast
- Major restructuring activities now successfully completed and savings achieved
- Market conditions broadly stable
- Profit improvement reflects operational cost savings

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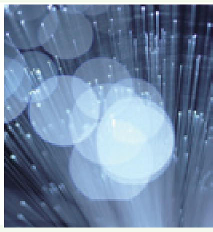


BUSINESS OVERVIEW

WE OPERATE THREE BUSINESS LINES: ARCHITECTURAL, SUPPLYING GLASS FOR THE WORLD'S BUILDINGS AND SOLAR ENERGY; AUTOMOTIVE, PRODUCING GLASS AND GLAZING SYSTEMS FOR VEHICLES WORLDWIDE; AND TECHNICAL GLASS IN NICHE SECTORS.

Architectural

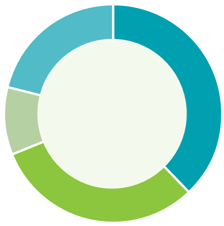
A leader in architectural glazing and Solar Energy products

Financial year in review

- Results were significantly better than the previous year due mainly to the effects of the Group's restructuring program.
- Revenues improved due to the translational impact of a weaker Japanese yen.

Revenue by region

Financial Year 2014



Europe	38%
Japan	31%
North America	10%
Rest of World	21%

Financial highlights by business

Millions of yen

	2014	2013
Revenue	**240,606**	215,739
Operating profit*	**10,951**	303
Net trading assets	**150,007**	142,594
Capital expenditure	**4,642**	10,742

* Before exceptional items.

40%

Contribution to Group revenue

Automotive

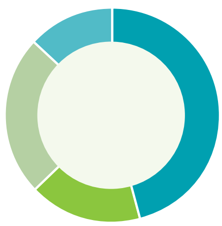
Supplying every major vehicle manufacturer in the world

Financial year in review

- Revenues improved from the previous year due mainly to the translational impact of a weaker Japanese yen.
- Market conditions generally improved from the previous year.

Revenue by region

Financial Year 2014



Europe	46%
Japan	17%
North America	24%
Rest of World	13%

Financial highlights by business

Millions of yen

	2014	2013
Revenue	**305,114**	245,022
Operating profit*	**11,154**	4,755
Net trading assets	**168,738**	153,609
Capital expenditure	**10,742**	13,491

* Before exceptional items.

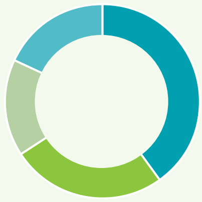
50%

Contribution to Group revenue

Consolidated revenue

By business

By region



Technical Glass

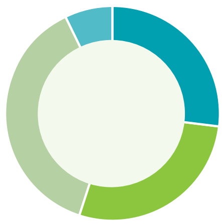
World leader in thin display glass and optical devices for office machinery

Financial year in review

- Revenues were similar to the previous year as yen translation gains offset volume reductions.
- Profits fell slightly but remain at a satisfactory level.

Revenue by sector

Financial Year 2014



Financial highlights by business

Millions of yen

	2014	2013
Revenue	**59,355**	59,404
Operating profit*	**5,898**	6,719
Net trading assets	**48,310**	45,199
Capital expenditure	**14,120**	1,699

* Before exceptional items.

10%

Contribution to Group revenue

Other

Financial year in review

- 'Other' segment covers corporate costs, consolidation adjustments, certain small businesses not included in the segments covered above and the amortization of other intangible assets related to the acquisition of Pilkington plc.
- Operating costs increased due to the non-recurrence of certain one-off gains experienced in FY2013.

Financial highlights by business

Millions of yen

	2014	2013
Revenue	**1,020**	1,181
Operating costs*	**(13,436)**	(9,831)
Net trading assets	**561**	1,818
Capital expenditure	**2,066**	84

* Before exceptional items.

<1%

Contribution to Group revenue

TO OUR SHAREHOLDERS

WE AIM TO BE THE GLOBAL LEADER IN INNOVATIVE HIGH-PERFORMANCE GLASS AND GLAZING SOLUTIONS, CONTRIBUTING TO ENERGY CONSERVATION AND GENERATION, WORKING SAFELY AND ETHICALLY.

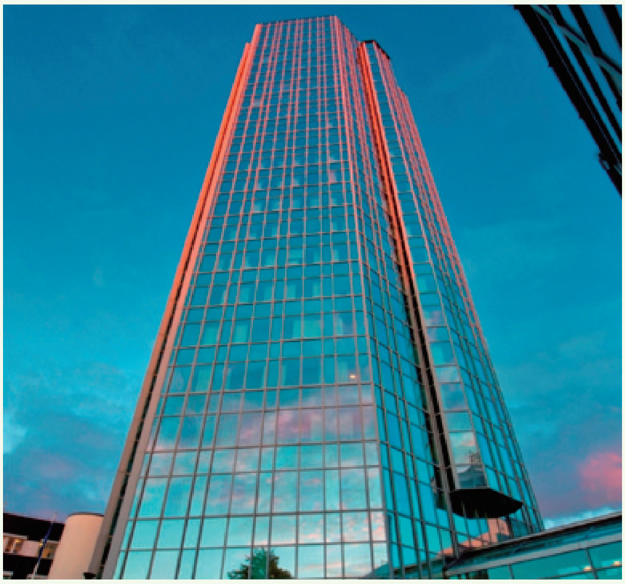
"On behalf of the NSG Group, I thank you for your continued support. Conditions in the Group's major architectural and automotive glass markets improved from the previous year.

Activity levels in Europe remain at low levels, although conditions gradually strengthened towards the end of the year. Markets in Japan improved, with higher demand ahead of planned increases in indirect taxation. North American markets also showed further growth.

Overall, technical glass markets were mixed with improvements in some areas and reductions in others.

We will further accelerate the recovery of our profitability in-line with our new 4 year medium-term plan"

Seiichi Asaka Chairman of the Board **Keiji Yoshikawa** President and CEO



Trade Center in Halmstad, Sweden, Pilkington Suncool™ Silver 50/30

Business results

Operating results in the Architectural business were significantly better than the previous year due mainly to the effects of the Group's restructuring program. Revenues improved due to the translational impact of a weaker Japanese yen.

In the Automotive business, revenues also increased from the previous year due mainly to the translational impact of a weaker Japanese yen. Market conditions generally improved from the previous year.

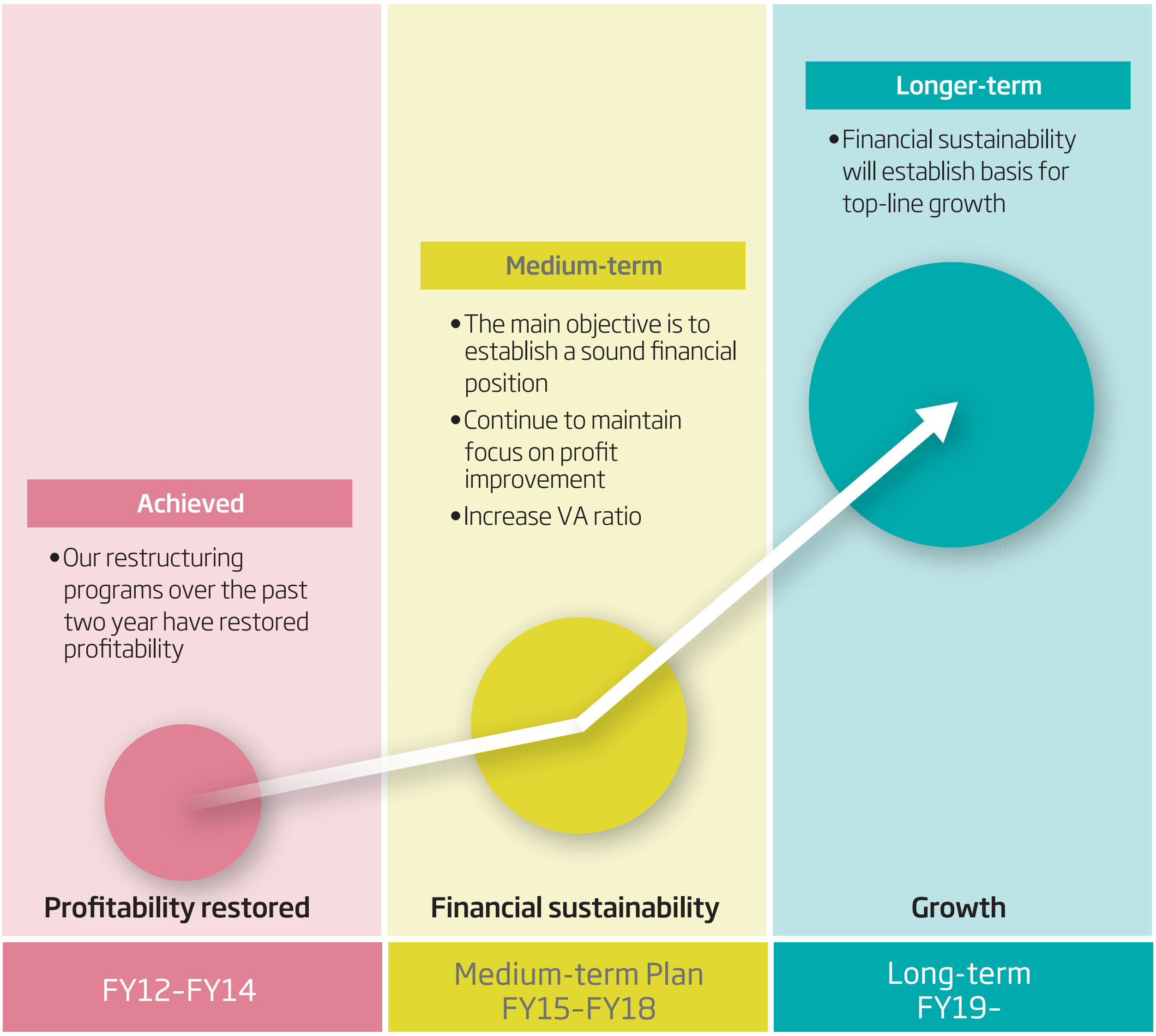
Revenues in the Technical Glass business were similar to the previous year as yen translation gains offset volume reductions. Profits fell slightly but remain at a satisfactory level.

Underlying profitability will continue to benefit from the Group's restructuring action.

Long-term Strategic Vision and Medium-term Plan (MTP)

The Group has announced its Medium-term Plan (MTP), covering the financial period to 31 March 2018. Our strategic vision, which is the foundation for the MTP, is to transform the NSG Group into a VA Glass Company. We believe that the Group, through the MTP, will be able to create shareholder value by focusing on producing innovative and technologically advanced glass products and thus improving financial performance.

Our 3-phase strategy



FY15: Year to 31 March 2015

Dividend policy

The Group's dividend policy is to secure dividend payments based on sustainable business results. As a consequence of the current market conditions faced by the Group, and the loss recorded for the year, the directors do not recommend a dividend for the year to 31 March 2014.

We recognize the importance of dividends to our shareholders and anticipate resuming dividend payments when the financial performance of the Group allows.

The Board

In March 2014, the Group announced the following changes in the Group's Board membership as follows.

George Olcott has served as an external director of the Board since June 2008. Since he has completed the full six year term permitted for an external director, as stipulated in our internal rules, he will now retire. The Group has appointed Mr. Günter Zorn as his successor. We take this opportunity to thank Mr. Olcott for his contribution during his tenure with the Group.

Following the above-mentioned changes in Board membership, Günter Zorn will be a member of each Board Committee.

Following the 148th Ordinary General Meeting of Shareholders, held on 27 June 2014, the above appointments were formally confirmed. The Board now comprises eight directors, of which four are independent external directors. All of the Group's Board committees are chaired by an independent external director.

Corporate Governance

In June 2014, we announced that the Group's Nomination Committee had revised the independence criteria for external directors. The Company originally developed and adopted criteria, where external directors' relationships with the NSG Group itself, its directors, officers and/or major shareholders shall be considered, taking into account appropriate relevant rules and regulations of foreign jurisdictions as well as the criteria set by the Tokyo Stock Exchange. Meeting the criteria is a key part of the qualification process to become a candidate for an external directorship at NSG.

Amid growing expectations to enhance corporate governance with more emphasis on the role of external directors, the Group has revised the criteria by adding more specific and quantitative indicators, in order to provide a clearer view on what is "independence" for NSG's external directors.

Under the revised criteria, an external director will cease to be independent if at any time during the past 3 years, any of the following criteria is met by the external director, his/her close relatives or any organization to which the external director or his/her close relatives belongs/has belonged to:

- Any transaction with any company within the NSG Group that results in a receipt or payment in excess of one percent of the either party's consolidated sales;
- Receipt of money or a monetary equivalent equal to or exceeding JPY 10 million, excluding director's fees and
- Engagement or involvement in the audit of the NSG Group as part of the Group's Independent Auditors.

The Group's four current external directors fully meet the independence criteria.

Corporate governance is a key element in the operational agenda of NSG Group. The Group adopts a Company with Committees structure, under which we intend and seek to introduce additional safeguards for shareholders, increase the transparency of management, and enhance corporate governance by separating the functions of execution and oversight, with the role of the external directors strengthened.

These changes build on initiatives taken by the Group over the past few years to further strengthen corporate governance. We believe these developments mark further progress towards the achievement of the advanced level of corporate governance we regard as key to the sustainable growth of the Group.

In December 2013, it was announced that NSG Group was ranked sixth, among 120 participating companies, in the 2013 Japanese Corporate Governance index conducted by the Japan Corporate Governance Research Institute, Inc. The survey covered companies listed in the 1st tier of the Tokyo Stock Exchange.

The NSG Group is committed to continually improve the level and performance of the Group's corporate governance.

Sustainability

We deliver products and services of unique value to the markets we serve that contribute to improving living standards, to people's safety and wellbeing and to the generation and conservation of energy.

We aim to achieve our sustainability objectives by balancing the needs of all our stakeholders, managing the environmental impacts of our activities, developing our people, encouraging innovation in processes and products, working in harmony with the communities in which we operate and encouraging our customers, contractors and suppliers to do the same.

Our policies underline the contribution our products can make to addressing climate change. We are also committed to improving our own energy usage and resource management. Our FY2014 greenhouse gas emissions reduced by 7% to 4.2 million tonnes by improving capacity utilization and energy usage. We aim to make a positive environmental contribution to the value chains in which we operate, while benefiting from the growing international demand for our products that help save and generate energy. Glass has an important contribution to make in helping to reduce greenhouse gas emissions. We work with stakeholders in the framing of policies and regulations to help improve energy efficiency through the use of glass.

Over the past year, we made further progress in embedding the principles of sustainability within the NSG Group. In 2012, we took the decision to join the UN Global Compact and to support the advancement of its 10 principles. We consider these to be a natural extension of our Code of Conduct, which defines our commitment to social and environmental responsibility.

Our principal Sustainability targets and the progress we have made so far towards their attainment are covered in our 2013 Sustainability Report and on our website.

Employees

Our management philosophy, 'people are the most important asset of our company', is deeply rooted in the 400-year-old Sumitomo Spirit to which we subscribe. It has therefore been a cause of great regret that the initiatives we have had to take over the past two years required significant headcount reductions.

Following the recent reductions, the Group now has around 27,000 permanent employees, operating in 30 countries and speaking over 25 languages. Around 43 percent of Group employees work in Europe, 17 percent in Japan, 16 percent in North America and just over 24 percent in the rest of Asia and South America.

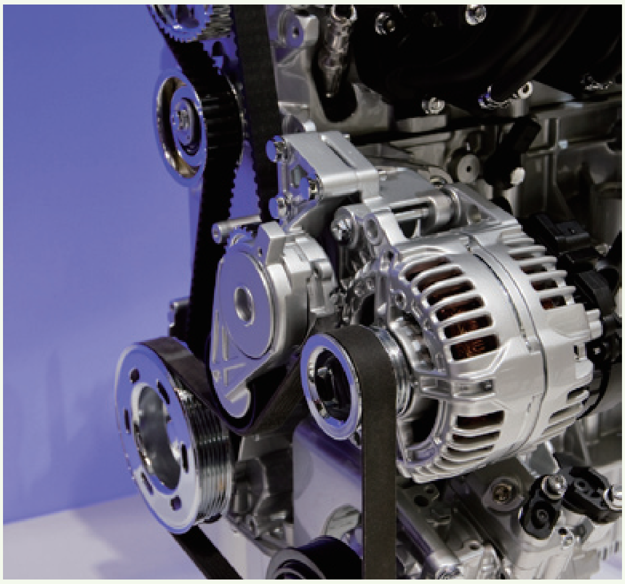
Our policy is to put the best person in each job, regardless of nationality or region. We have identified specific challenges in attracting and retaining talent, particularly in emerging markets, and we are already putting in place measures to address these. Employee engagement is being given a high priority, with continuing training for managers and supervisors in communication skills and additional briefings to keep employees informed of developments. We continue to promote the health and wellbeing of our people.

Safety

Safety at work is a priority for the Group. Our safety programs emphasize the importance of individuals taking personal responsibility and of appropriate safe behavior. All injuries at work are regarded as unnecessary and avoidable. We require full reporting of all incidents, no matter how minor, and appropriate investigation to ensure we learn from all such incidents.

The Significant Injury Rate (SIR) is our primary reactive indicator. This records injuries requiring medical treatment or the reallocation of duties to allow an individual to continue working, expressed as a rate per 200,000 hours.

Over the past year, we had 131 Significant Injuries (60 of them resulting in time lost from work). The SIR for FY2014 of 0.39 represents a 19 percent improvement in safety performance compared to FY2013 on a like for like basis, excluding a subsidiary disposed in FY2014. Safety strategy remains the same with a focus on both improving the effectiveness of our safety programs and our level of proactive employee involvement as a means of continuing to change our safety culture.



NSG advanced glass cord is used in a new generation of engine timing belts.

Management principles

The fundamental principles of the Group's basic management policy are ensuring open and fair business dealings, adhering to corporate ethical standards, and contributing to the resolution of global environmental issues; all aimed at establishing a company with a spirit of innovation and a global presence, maximizing value for all stakeholders.

In all our actions, we will not lose sight of our core Values and Principles, with Safety and Quality remaining top priorities. We aim to be a sustainable company in all senses of the word. Good management of our people, our resources, our communities and our environment also makes good business sense.

Prospects

Successful restructuring has restored the Group's profitability, helping create a more agile, leaner, lower cost organization. NSG is well-positioned to capitalize on improvements in the global economy, with a balanced global footprint and business mix.

Management, through the announcement of the MTP, is confident of increasing shareholder value by focusing on producing more innovative and technologically advanced glass products. We aim to increase the proportion of sales of these value-added products and services over the next four years, thus improving financial performance and leading to a more financially sustainable Group.

We remain optimistic about the longer-term future of the NSG Group as we operate in a good industry with positive prospects.

The NSG Group kindly requests the steadfast understanding and input of all our shareholders.

Seiichi Asaka

Chairman of the Board

Keiji Yoshikawa

President and CEO

REVIEW OF OPERATIONS

PROFITABILITY HAS BENEFITED FROM IMPROVED LEVELS OF CAPACITY UTILIZATION AND REDUCED OVERHEADS. MANAGEMENT IS COMMITTED TO IMPROVING PROFITABILITY FURTHER AS PART OF OUR MEDIUM-TERM PLAN TO INCREASE VALUE-ADDED SALES.

"In FY2014, conditions in the Group's major markets were broadly stable with certain markets remaining subdued and others showing signs of improvement. Profitability has improved from the previous year, mainly due to the effect of the Group's restructuring program.

31 March 2014 marks the end of our major restructuring program announced two years ago. All of the major initiatives have now been successfully completed and delivered, with benefits being realized as expected.

The Group expects a gradual improvement in market conditions during FY2015."

Clemens Miller Chief Operating Officer

Restructuring and profit improvement initiatives

31 March 2014 marks the end of our major restructuring program announced two years ago. All of the major initiatives have now been successfully completed, with benefits being realized as expected.

These actions have led to a significant reduction in the Group's manufacturing capacity, particularly in Europe. As a result of the capacity reductions and also the focus on overhead costs, we have seen an improvement in the Group's results for the period to 31 March 2014.

Architectural

Representing 40 percent of Group sales, revenues improved due to the translational impact of a weaker Japanese yen while operating results were significantly better due mainly to the effects of the Group's restructuring program.

In Europe, economic difficulties continued to depress construction and refurbishment activity. FY2014 market volumes were stable, but remain at a low level. Local currency revenues fell from the previous year, with the Group's architectural volumes falling following the mothballing of under-utilized facilities. The Group's restructuring actions generated an improved level of asset utilization, enabling a strong improvement in profitability.

In Japan, the prospects for architectural markets continue to be positive, with a further increase in new housing starts from the previous year. This will take some time to be translated into a significant increase in demand for glass products, however, with labor shortages generating delays in construction activities. Revenues in Japan were slightly ahead of the previous year, although profitability fell with an increase in energy costs.

In North America, architectural glass markets continued to improve, mainly due to increases in private residential construction. The Group's revenues and profits improved from the previous year. Volumes were similar to the previous year, with strengthening domestic demand offsetting reduced dispatches of Solar Energy glass. Domestic price levels were above the previous year.

In the rest of the world, revenues and profits improved from the previous year. Market conditions in South America and South East Asia improved, with increased demand.

Gemeentehuis Lansingerland, Netherlands
Pilkington Insulight™ Sun with Pilkington Suncool™ 50/25,
Pilkington Pyrodur®

Automotive

In Automotive (50 percent of Group sales) revenues improved from the previous year due mainly to the translational impact of a weaker Japanese yen. Market conditions generally improved from the previous year.

European cumulative light-vehicle sales remain at a low level, and were similar to the previous year. Volumes improved gradually through the year however, with fourth quarter volume gains tentatively indicating a market recovery. In the Original Equipment (OE) sector, the Group's cumulative local currency revenues were slightly ahead of the previous year. Profits improved due mainly to cost savings arising from the Group's restructuring program. Results in the Automotive Glass Replacement (AGR) business also improved due to increased demand.

In Japan, OE volumes were stronger than the previous year, with the weaker yen providing support for vehicle exports. Domestic vehicle demand improved through the year, ahead of the increase in consumption tax planned for April 2014. The Group's revenues and profits were ahead of the previous year. AGR markets were stable.

In North America, revenues and profitability improved. OE market volumes were ahead of the previous year and the AGR business benefited from increased demand following harsh winter weather conditions.

In the rest of the world, revenues improved due to increased volumes, although volume growth in South America stalled towards the end of the year.

The Honda VEZEL in Japan utilizes the Group's value-added glass.
Picture courtesy Honda Motor Co., Ltd. All Rights Reserved.

Technical Glass

Our Technical Glass business (10 percent of Group sales) maintains leading positions in niche specialist markets, in terms of both market share and technological superiority.

Revenues were similar to the previous year as yen translation gains offset volume reductions. Profits fell slightly but remain at a satisfactory level.

Revenues from thin glass for displays decreased, due partly to the disposal of the Group's LCD component assembly business early in the year. Sales of thin glass for smart phones and tablet devices decreased due to a line repair. Demand for components used in multi-function printers improved from the previous year. Volumes of glass cord used in engine timing belts also improved, with increased demand for vehicles using relatively small, fuel-efficient engines incorporating the Group's products.

Research and Development

The NSG Group continues its strong investment in R&D and recognizes that innovation is a critical part of the Group's recovery and future growth in difficult economic and market conditions. R&D costs amounted to JPY 7,880 million for the year ended 31 March 2014.

Outlook

The Group expects a further, gradual improvement in market conditions during FY2015. European markets are expected to continue to slowly recover, although will still be significantly below pre-recession levels. Increased levels of indirect taxation are likely to affect automotive markets in Japan negatively, although architectural markets should benefit from positive construction lead indicators experienced during FY2014.

Volumes in the North America and Rest of the World geographies are likely to increase, although volumes in South America are expected to be relatively weak in the near term. Technical glass markets are expected to be similar to FY2014.

The Group's underlying profitability will continue to benefit from the Group's restructuring actions implemented in the past two years.

Clemens Miller
Chief Operating Officer

CHIEF FINANCIAL OFFICER'S REVIEW

THE FULL YEAR RESULTS REFLECT BROADLY STABLE MARKET CONDITIONS. PROFITABILITY HAS IMPROVED FROM THE PREVIOUS YEAR, DUE MAINLY TO THE EFFECT OF THE GROUP'S RESTRUCTURING PROGRAM.

"Profitability has improved mainly as a result of the Group's restructuring actions which delivered ¥10,300 million of savings during the year, exceeding the forecast amount announced last year.

The Group's underlying cash flows continue to improve and we have delivered a positive cash performance despite the significant costs of restructuring during the past two years. Cash flows have benefitted from our improved trading profits, further significant reductions in working capital and careful management of capital expenditure."

Mark Lyons Chief Financial Officer

Results for the year

Revenue

Revenue increased by 16 percent from ¥521,346 million to ¥606,095 million, although, this is mainly due to the translational impact of a weaker Japanese yen. At constant exchange rates, revenues increased by 2%.

Trading profit

Trading profit (before amortization and exceptional items) increased from a profit of ¥8,986 million to a profit of ¥22,452 million. After charging amortization costs arising on the acquisition of Pilkington plc, operating profit before exceptional items increased from a profit of ¥1,946 million to a profit of ¥14,567 million. After charging exceptional items, operating profits improved from a loss of ¥17,258 million to a profit of ¥734 million.

Exceptional items

The Group has separately disclosed exceptional items in its income statement. These costs are analyzed in a note to the Annual Financial Statements and comprise transactions that are of a material, non-routine nature. The Group has included the costs of its restructuring program in this category.

NSG's after glass replacement (AGR) hub in Gothenburg, Sweden. The new hub utilizes space saving narrow aisles.

Joint ventures and associates

The Group's share of joint ventures and associates profits decreased from ¥2,250 million to ¥1,002 million. Profits at Cebrace, the Group's joint venture in Brazil, improved due to increased demand levels. Start-up losses at the Group's associate in Colombia, and losses sustained by the Group's joint venture in Russia, offset the improved Cebrace profits. Profitability at the Group's Architectural joint ventures and associates in China improved from the previous year.

Interest expenses

Net interest expenses increased compared to the previous year as a result of the increased cost of the Group's borrowings.

Taxation

The Group has a tax charge for the financial period to 31 March 2014 equivalent to 0.48 per cent of the loss before taxation, excluding the Group's share of net profits of joint ventures and associates (31 March 2013 – a tax charge on losses of 7.07 per cent). The tax charge consists of a current taxation charge of ¥4,498 million and a deferred taxation credit of ¥4,414 million.

Non-controlling interests

Profits attributable to non-controlling interests increased from ¥869 million to ¥1,145 million. This was due to improved profitability of the Group's operations with non-controlling interests, which operate mainly in the Architectural business unit.

Earnings per share

Basic (undiluted) earnings per share increased from a net loss per share of ¥38.04 to a net loss per share of ¥19.53.

Dividends

The Group's dividend policy is to secure dividend payments based on sustainable business results. As a consequence of the current market conditions faced by the Group, and the loss recorded for the year, the directors do not recommend a dividend for the year to 31 March 2014. The Group recognizes the importance of dividends to its shareholders and anticipates resuming dividend payments when the financial performance of the Group allows.

Cash flows

The Group's focus on cash generation has led to a significant improvement in cash flow performance, despite the significant costs of restructuring. Cash flows have benefitted from the improved trading profits, further significant reductions in working capital and careful management of capital expenditure.

Cash inflows from operating activities were ¥ 17,880 million. Cash outflows from investing activities were ¥17,106 million, including capital expenditure on property, plant, and equipment of ¥ 25,686 million. As a result, total cash inflows before financing were ¥ 774 million.

Funding and liquidity

Net debt

Net financial indebtedness increased by ¥ 18,264 million from 31 March 2013 to ¥ 379,112 million at the period end. The increase in indebtedness arose mainly as a result of exchange differences generated by the weakening Japanese yen. Currency movements generated an increase in net debt of approximately ¥ 15,980 million over the period. Gross debt was ¥ 455,303 million at the period end. As of 31 March 2014, the Group had un-drawn, committed facilities of ¥ 14,600 million.

Sources of finance

The Group is financed by a combination of cash flows from operations, bank loans and corporate bonds. The Group aims to refinance borrowings well before their due date and ensures that any uncommitted or short-term borrowings are supported by undrawn committed facilities. The Group aims to obtain its funding from a variety of sources and access markets globally as and when they are available to it.

The Group seeks to deal with relationship banks that are able to support its businesses worldwide with the services it requires and at the same time provide, where necessary, appropriate levels of credit.

The Group has obtained long-term investment grade credit ratings from two rating agencies. The current ratings are BBB- from JCR and BB+ from R&I.

Shareholders' equity (net assets)

Total equity at the end of March 2014 was ¥174,498 million, representing an increase of ¥19,045 million from the end of March 2013. Foreign exchange gains, generated by the weakening Japanese yen, more than offset the loss recorded for the year.

Mark Lyons

Chief Financial Officer

Project "The step on the Void" - France l'Aiguille du Midi.Pilkington Optiwhite™ 12mm, toughened, heat soak tested and laminated by a French glazier with interlayer Sentry Glass type. Photo © Joelle Bozon.

LONG-TERM STRATEGIC VISION AND MEDIUM-TERM PLAN

THE IMPLEMENTATION OF NSG GROUP'S NEW LONG-TERM STRATEGIC VISION AND MEDIUM-TERM PLAN WILL ACCELERATE THE RECOVERY OF PROFITABILITY.

Long-term Strategic Vision

The NSG Group's new vision is to become a VA Glass Company.

The growth sector within the glass and glazing markets is for more value-added (VA) products containing greater complexity and functionality. The Group already has a wide range of VA products, not only in our Technical Glass business unit but also in our Architectural and Automotive units.

Our aim as a VA Glass Company is to:

- Consolidate our trusted reputation as a glass specialist
- Work closely with our customers in a range of global industries to deliver unique value through our products and services
- Transform our flat glass business, moving from a traditional business model towards one increasingly focused on VA

By transforming ourselves into a VA Glass Company, we will become a more profitable and financially stronger business, with a lighter asset base, while reducing the cyclical nature of the business at the same time.

Medium-term Plan: April 2014 to March 2018

The next 4 years are critical to the establishment of the Group as a "VA Glass Company". The priority being to enhance our financial and operational performance while we shift to selling more value-added products as described in our new long term vision.

Financial Targets and FY2018 Expectations

FY2018 Main Financial Targets

Net Debt/EBITDA : **3x**

Return on Sales : **8%***

*Operating Profit before amortization and exceptional items

Glass growth assumptions

Devloped economies : **slow recovery**

Emerging markets : **moderate growth**

FY2018 projected outcomes (JPY bn)

	FY2018	FY2014
Revenues:	>=670	606
Trading Profit*:	60*	22
EBITDA:	100	54
Net Debt:	300	379
ROE:	>=10%	

*Operating Profit before amortization and exceptional items

Execution

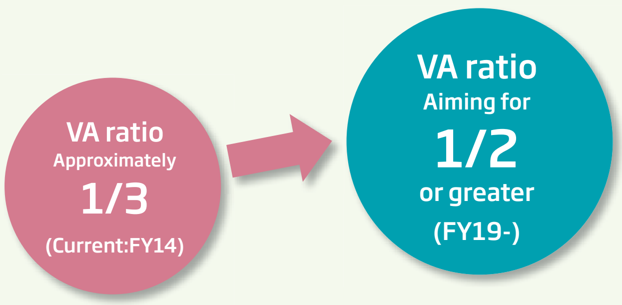
Operational performance will focus on our shift to selling a greater proportion of value-added products, fully utilizing our existing capacity and consolidating our reputation for manufacturing excellence.

Financial performance will be focused on increasing our operating profit and the generation of free cash flows to reduce net debt and financing costs to create a more financially stable Group.

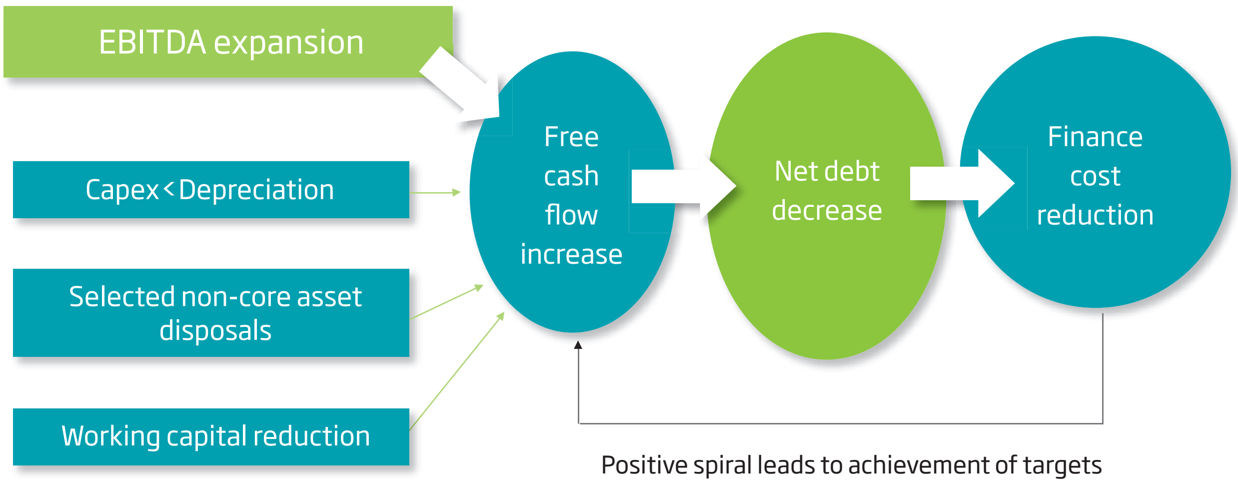
Accelerating shift to VA products

Proportion of VA products in total sales

Architectual Glass+Automotive Glass (OE)+Technical Glass



Financial strategy

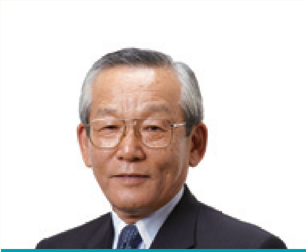


Focus by Strategic Business Unit (SBU)

In Architectural and Automotive, the main focus will be on profitability improvement. In Technical Glass the aim is to grow with the existing businesses and develop new products, with a focus on R&D.

Architectural	Automotive	Technical Glass
Europe: Meet advanced functionality needs. **Japan:** Meet demand for eco-glass for energy efficiency building regulations. **North America:** Exploit online coating technology, expand into non-architectural markets. **Rest of World:** Regional driven approach.	**Europe:** Load remaining facilities with recovering demand. Benefit from advanced, integrated facility in Poland. **Japan:** Promote UV cut and IR cut products. Cooperate with leading OEMs in developing advanced glazing. **North America:** Improve operational performance to increase returns from ongoing high demand. **Rest of World:** Absorb market growth through fully utilizing existing capacity.	**Display:** Thin glass market continues to grow with expansion of touch panel applications. **Information device:** Growing office-use printer market. **Functional products:** Increasing share of glass cord reinforced belts used in automotive engines. Enhanced separators for higher performance batteries.
Value-added products		
• Glass for photovoltaics • Vacuum glazing • Low-E+Solar control coatings • Fire protection glass	• Solar control, super UV+IR cut • Integrated functionality for safety and comfort • Complicated styling • AGR	• Thin glass for touch panels • Optical devices for LED printers • Glass cord for timing belts in oil • Battery separators for idling start and stop system • Glass flake for anticorrosion paint

BOARD OF DIRECTORS



Seiichi Asaka
External Director
Chairman of the Board

Keiji Yoshikawa
Director
Representative Executive Officer
President and CEO

Clemens Miller
Director
Representative Executive Officer
Executive Vice President
Chief Operating Officer

Mark Lyons
Director
Representative Executive Officer
Executive Vice President
Chief Financial Officer

Kenichi Morooka
Director
Executive Officer
Executive Vice President

Sumitaka Fujita
External Director

Hiroshi Komiya
External Director

Günter Zorn
External Director

Nomination Committee
Seiichi Asaka*
Sumitaka Fujita
Hiroshi Komiya
Günter Zorn
Keiji Yoshikawa
Kenichi Morooka

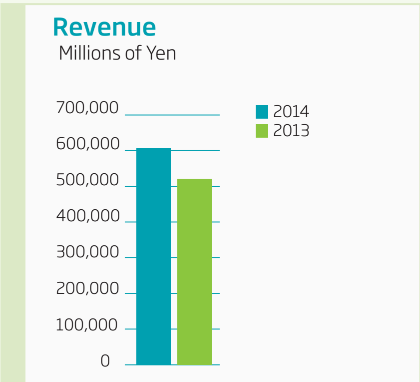
Audit Committee
Sumitaka Fujita*
Seiichi Asaka
Hiroshi Komiya
Günter Zorn

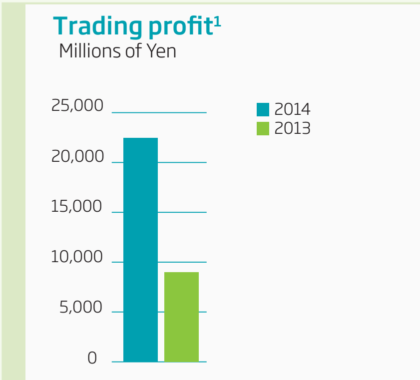
Compensation Committee
Hiroshi Komiya*
Sumitaka Fujita
Seiichi Asaka
Günter Zorn
Keiji Yoshikawa
Kenichi Morooka

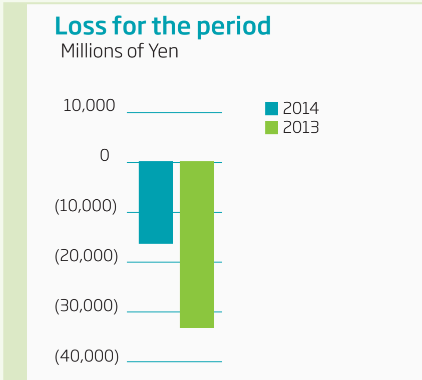
*Committee Chairman

FINANCIAL SUMMARY

Period ended 31 March	2014	2013 (restated[2])
		Millions of yen
Revenue	**606,095**	521,346
Trading profit[1]	**22,452**	8,986
Loss before taxation	**(16,401)**	(31,096)
Loss for the period	**(16,485)**	(33,455)
Loss attributable to owners of the parent	**(17,630)**	(34,324)
Earnings per share attributable to owners of the parent (yen)		
Basic	**(19.53)**	(38.04)
Diluted	**(19.53)**	(38.04)
Total assets	**925,175**	885,436
Total shareholders' equity	**164,986**	145,031
Number of permanent employees	**27,079**	27,932







1: Operating profit before exceptional items and the amortization of intangible assets arising on the acquisition of Pilkington plc.
2: Certain amounts shown have been restated due to the adoption of new accounting standards. Pease refer to note 1.2 and note 41 for more information. Restated amounts are indicated throughout these accounts where appropriate.

ADDITONAL INFORMATION

This information does not form part of the audited consolidated financial statements of the Nippon Sheet Glass Co., Ltd. and is provided purely for the information of investors.

Business and other risks

The Group regularly reviews the principal financial and operating risk factors considered relevant to its current business activities and financial position. An updated analysis of the principal financial and operating risk factors facing the Group is presented below.

There were no material issues or events occurring during the year that cast doubt on the ability of the Group to continue to operate as a going concern for the foreseeable future.

Economic conditions

The majority of the Group's products are sold in the Japanese, European and North American markets, with these markets representing 26 percent, 40 percent and 16 percent, respectively, of net sales for the year ended 31 March 2014.

The majority of sales made outside of these three areas are in emerging markets such as South America. The Group expects that its growth in emerging markets is likely to exceed its growth in more mature markets, and therefore the proportion of Group sales recorded in such markets is likely to increase in the future. Such markets may be considered to have a more significant level of risk than the more mature markets in which the Group operates.

Changes in the business environments of the Group's customers might affect the Group's business, and if economic conditions or particular business environments in these regions of the Group's major markets and emerging markets deteriorate, this could have a significant negative effect on the Group's financial performance and financial position.

Europe represents the largest region for Group revenues. The economic downturn in Europe has affected demand for the Group's products in this region. European volumes are expected to improve during FY2015, and then continue to recover thereafter, although there can be no assurance that this will be the case.

Dependency on certain specified industries and sectors

The Group's Architectural and Automotive business together account for 90 percent of Group revenues for the year ended 31 March 2014. In FY2014, the Group's Architectural and Automotive business accounted for 40 percent and 50 percent of sales to external customers respectively. The products to external customers are principally provided to customers in the construction, housing and automotive industries. These industries have continued to be negatively affected by the global economic conditions experienced during the year to 31 March 2014.

The Group is working to increase its revenues generated from value-added glass products that generate higher than average margins, and are typically sold into markets with significant growth prospects. Such products would normally have a lower level of cyclical volatility than commodity products, and are therefore less likely to be effected by deteriorating economic conditions. However there can be no assurance that such products will continue to enjoy higher than average margins, or that the markets for such products will continue to grow at higher than average rates. In addition, technological advances by other glass manufacturers in these areas could lead to an increased level of competition with a resulting erosion of profit margins for value-added products.

The Automotive business is also working to diversify its customer base. In recent years there has been a significant level of consolidation in the automotive industry, leading to increased purchasing power for the Group's automotive customers. If such consolidation continues then this could mean that the Group's automotive customer base becomes more concentrated.

Competition

The Group competes with domestic and overseas glass product manufacturers. The Group also competes with material manufacturers of various plastic, metal and other materials used in the Architectural, Automotive and/or IT sectors. Although the Group endeavors to ensure a competitive edge in the provision of original technologies and products in these markets, if the Group is unable to ensure a competitive advantage due to changes in market needs or due to the emergence of a manufacturer providing low-cost products, or due to a manufacturer with a solid customer base and a high level of name recognition, or if our competitors receive governmental subsidies which are not available to us, there could be an adverse effect on the Group's financial performance and financial position.

Development of new products and technological innovation

The Group focuses on developing original technologies and products in its existing business fields and on developing new products in non-exploited business fields. The new product development process could require considerable time and expenses, and the Group might be requested to invest considerable amounts of capital and resources before achieving revenues from the sale of new products. Should any competitor launch a similar product in the target market earlier than the Group, or if alternative technologies and products are preferred by the market, the previous investment in the Group's product development might not produce the profits initially expected. Should the Group be unable to predict or respond to an anticipated technological innovation and/or succeed in the development of a new product that sufficiently meets customers' needs, such failure in product development or technological innovation could adversely affect the Group's businesses, financial performance and financial position.

Funds necessary for future business operations

The Group might have to raise additional funds to 1) launch new products, 2) conduct business or R&D projects, 3) extend manufacturing capacity, 4) acquire a supplementary business, technology or service, 5) implement cost-saving initiatives and restructuring projects, or 6) repay maturing debt. If such funds cannot be raised under the intended conditions or at all, the Group might not be able to invest in the expansion, development or reinforcement of any product or service, capitalize on an opportunity for business development, or ensure higher competitiveness to its competitors, or the Group's financial position could be negatively affected.

Overseas operations

The Group has many production facilities in numerous areas around the world including Japan, and the rest of Asia, Europe, North America, and South America.

In particular, the Group is working to expand operations in emerging markets, such as South America, Eastern Europe and China, and if economic growth slows in one or more of these markets it could also adversely affect the Group's financial performance and financial position.

The Group has joint venture operations, investments, alliances and other operations in China, South America and other areas. The Group believes that the stakes it holds in these operations are an important part of its strategy to expand its manufacturing capacities in these regions. However, there is no assurance that the Group will be able to effectively execute these strategies through these arrangements. In addition, the Group could face unexpected losses from these investments if it becomes difficult to continue an operation as a result of disagreements with its joint venture partners or other partners regarding business operation policy or for other reasons.

Risk involved in the suspension of production

The Group undertakes regular anti-disaster inspections and maintenance of facilities in order to minimize the potential adverse effects that might be caused by the suspension of production activity. Nevertheless, the potential adverse effects on production facilities due to a natural disaster (including an earthquake, an electric power outage or any other type of event that causes a suspension of the Group's or of its customers' production) cannot always be prevented or mitigated. In some cases, certain types of products manufactured at a Group facility might not be able to be produced by another facility. Consequently, in case that production activity is suspended at a facility due to an earthquake or any other similar event, the possibility of considerably reduced production capacity for certain specific product(s) could adversely affect the Group's financial performance and financial position. The Group insures against such events but there can be no guarantee that such insurance will fully compensate the Group in all circumstances.

Fluctuations in foreign exchange and interest rates

The Group has manufacturing operations in 30 countries and sales in around 130 countries. Consequently, the Group is exposed to the risk of fluctuations in foreign exchange and interest rates associated with those countries. In addition, as the assets and liabilities denominated in local currencies are translated into yen when consolidated financial statements are prepared, the Group might be exposed to the risk of fluctuations in foreign exchange rates. Furthermore, fluctuations in interest rates might affect the values of interest expenses, interest income or financial assets and liabilities. Although the Group aims to hedge these risks, such fluctuations in foreign exchange and interest rates could adversely affect the Group's businesses, financial performance and financial position.

Changes in supply of raw materials and fuel, and distribution of products

Specific raw materials, such as silica sand and soda ash, and fuels, such as fuel oil and natural gas, are critical to the glass manufacturing process. Fluctuations in the cost of supplying raw materials and fuel may adversely affect the Group's financial performance and financial condition. The Group uses commodity derivatives and swap contracts to hedge the effect of fluctuations in the market prices for raw materials and fuel. However, there can be no assurance that such measures can eliminate the impact of increases in the prices of raw materials and fuel.

The Group has entered into purchase agreements with selected suppliers of raw materials and fuel for medium and long-term fixed prices. The Group also sells its products through third-party distributors in addition to its own distribution channels. If, for some reason, the Group's relationship with a major supplier or distributor ended, or such suppliers failed to perform their contractual obligations, the Group may have to enter into agreements with less favorable terms and conditions, or the supply of raw materials and the distribution of products may be impeded. This may result in the Group's financial performance and financial condition being adversely affected.

Retirement Benefit Obligations

The Group operates numerous corporate pension plans and healthcare benefit plans for retiring employees. In the event of large fluctuations in the market value of the Group's pension assets, discount rates used to calculate pension liabilities, or mortality assumptions used in the calculation of pension liabilities, the Group may be obliged to contribute additional funds into the schemes.

While providing appropriate retirement benefit plans for our employees, the Group regularly reviews its retirement benefit obligations in order to reduce the risk to the Group. In recent years the Group has taken actions such as reducing the risk profile of assets within asset backed schemes, hedging longevity risks of certain groups of pensioners, and capping pensionable salaries for certain groups of active employees. However, there can be no assurance that such actions will be completely effective in eliminating the risk of increasing cash outflows into the Group's pension schemes in the future.

Legal restrictions

Foreign subsidiaries and affiliates of the Group are subject to local regulations relative to investment, imports and exports, fair competition rules, regulations for environmental conservation, and other laws regarding business transactions, labor, intellectual property rights, income tax, currency control and so forth of the respective countries and regions where they operate. Any change to these laws and regulations or operation thereof could adversely affect the Group's financial performance and financial position through limitation of the Group's business activities or imposition of expenses to be disbursed regarding legal compliance or penalty fees to the Group by reason of infringement of any of the relevant laws and regulations.

Business strategies

The Group's business strategies are affected by a variety of factors, including the economic environment, the price of raw materials, foreign exchange rates, and the development and provision of new technologies and products. However, there can be no assurances that, under these conditions, the Group's business plan will be successful, or that the intended results of the business strategies through the success of the strategy will be achieved. Furthermore, it is possible that the proposed execution of the Group's business plan will not be delivered, or that the intended effects will not be realized.

The Group acquired Pilkington plc in June 2006, a company with a significant presence in Europe. If the financial performance in Europe underperforms compared to the Group's expectations at the time of acquisition, or if some or all of the synergies cannot be achieved as planned, the Group could be required to recognize impairment charges on the goodwill or other intangible assets, which may have an adverse effect on the Group's financial performance and financial condition.

The Group invests intensively in shifting from relatively low margin products to value-added products which require advanced technology in order to keep its competitive advantages. However, there can be no assurance that the Group can succeed in development of higher technology earlier than its competitors, or, as a result, can ensure higher competitiveness than its competitors.

Intellectual property rights

Patents and other intellectual property rights are an important competitive factor in the Group's operation. However, there can be no assurance that the Group will always be successful in adequately protecting our intellectual property rights. In addition, we conduct our operations globally, which increases the risk of disputes between us and third parties over intellectual property rights. Any such infringements or disputes could have a negative impact on the Group's business, financial performance and financial condition.

Civil liability

If individuals are injured as a result of defects in the Group's products, the Group could be subject to claims for damages based on product liability. In addition, the occurrence of the claim could negatively affect the Group's reputation.

The Group strives to ensure that its products are of the highest quality. However, if unexpected quality problems occur, the Group may need to conduct a major recall. If this happens, the Group's reputation may be harmed and its financial performance and financial position may be adversely affected.

Environmental laws and regulations

The Group is subject to a variety of environmental laws and regulations. Although the Group makes efforts to implement a variety of measures in regard to product development and manufacturing process in order to have a beneficial environmental impact and comply with the relevant laws and regulations, there can be no assurance that the Group can achieve expected results through those measures. Also, any change to these laws and regulations or operation there of could adversely affect the Group's financial performance and financial position through limitation of the Group's business activities or imposition of expenses to be disbursed regarding legal compliance or penalty fees to the Group by reason of infringement of any of the relevant laws and regulations.

Evaluation and impairment of balance sheet assets

The Group has a considerable value of assets included on its balance sheet that must be tested annually for impairment. Such assets include, but are not limited to, goodwill and intangible assets arising on the acquisition of Pilkington plc, and deferred taxation assets arising largely from historic taxable losses generated in certain territories. The Group has previously evaluated such assets and concluded that no material impairments have been necessary. However, there can be no assurance that the same conclusion will follow similar impairment testing exercises conducted in the future. In particular, if the performance of the Group in the future does not improve to the extent that has been assumed in previous impairment tests, then impairments of such assets in the future will be more likely.

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Nippon Sheet Glass Company Limited

We have audited the accompanying consolidated financial statements of Nippon Sheet Glass Company Limited and its consolidated subsidiaries, which comprise the consolidated balance sheet as at 31 March, 2014, the consolidated income statement, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended and notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Nippon Sheet Glass Company Limited and its consolidated subsidiaries as at 31 March, 2014, and their consolidated financial performance and cash flows for the year then ended in conformity with International Financial Reporting Standards.

Ernst & Young ShinNihon LLC
30 June 2014
Tokyo, Japan

CONSOLIDATED INCOME STATEMENT

Nippon Sheet Glass Co., Ltd and consolidated subsidiaries
For the period ended 31 March 2014

	Note	2014	2013 (restated)
		Millions of yen	
Revenue	2	**606,095**	521,346
Cost of sales		**(459,821)**	(404,027)
Gross profit		**146,274**	117,319
Other income	3	**7,205**	7,915
Distribution costs		**(57,677)**	(50,784)
Administrative expenses		**(66,619)**	(60,592)
Other expenses	4	**(14,616)**	(11,912)
Operating profit before exceptional items	2	**14,567**	1,946
Exceptional items	6	**(13,833)**	(19,204)
Operating profit/(loss)	2	**734**	(17,258)
Finance income	8	**3,338**	1,823
Finance expenses	8	**(21,475)**	(17,911)
Share of post tax-profits of joint ventures and associates accounted for using the equity method	15	**1,002**	2,250
Loss before taxation		**(16,401)**	(31,096)
Taxation	9	**(84)**	(2,359)
Loss for the period		**(16,485)**	(33,455)
Profit attributable to non-controlling interests	43	**1,145**	869
Loss attributable to owners of the parent		**(17,630)**	(34,324)
		(16,485)	(33,455)
Earnings per share attributable to owners of the parent:			
Basic earnings per share (yen)	36	**(19.53)**	(38.04)
Diluted earnings per share (yen)	36	**(19.53)**	(38.04)

There were no revenues or costs incurred during the period with respect to discontinued operations.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Nippon Sheet Glass Co., Ltd and consolidated subsidiaries
For the period ended 31 March 2014

	Note	2014	2013 (restated)
		Millions of yen	
Loss for the period		**(16,485)**	(33,455)
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Re-measurement of retirement benefit obligations (net of taxation)	27	**445**	(5,065)
Share of other comprehensive income of joint ventures and associates accounted for using the equity method		**602**	(1,318)
Sub total		**1,047**	(6,383)
Items that may be reclassified to profit or loss:			
Foreign currency translation adjustments		**35,525**	26,188
Revaluation of available-for-sale investments		**(571)**	(35)
Cash flow hedges – fair value gains, net of taxation		**59**	435
Sub total		**35,013**	26,588
Other comprehensive income for the period, net of taxation		**36,060**	20,205
Total comprehensive income for the period		**19,575**	(13,250)
Attributable to non-controlling interests		**(110)**	1,707
Attributable to owners of the parent		**19,685**	(14,957)
		19,575	(13,250)

CONSOLIDATED BALANCE SHEET

Nippon Sheet Glass Co., Ltd and consolidated subsidiaries
As at 31 March 2014

	Note	2014	2013
		Millions of yen	
Assets			
Non-current assets			
Goodwill	11	**135,826**	116,768
Intangible assets	12	**86,999**	84,496
Property, plant and equipment	13	**289,389**	267,983
Investment property	14	**644**	635
Investments accounted for using the equity method	15	**50,070**	45,063
Trade and other receivables	16	**15,615**	14,208
Financial assets			
available-for-sale investments	17	**6,743**	6,742
derivative financial instruments	18	**893**	1,362
Deferred tax assets	20	**55,571**	51,797
Tax receivables		**1,619**	2,306
		643,369	591,360
Current assets			
Inventories	21	**109,167**	100,790
Construction work-in-progress	22	**982**	428
Trade and other receivables	16	**92,523**	101,242
Financial assets			
available-for-sale investments	17	**94**	652
derivative financial instruments	18	**1,434**	2,168
Cash and cash equivalents	23	**73,864**	83,472
Tax receivables		**1,943**	2,686
		280,007	291,438
Assets held for sale or included in a disposal group held for sale	24	**1,799**	2,638
		281,806	294,076
Total assets		**925,175**	885,436

	Note	2014	2013
			Millions of yen
Liabilities and equity			
Current liabilities			
Financial liabilities			
borrowings	25	**119,954**	152,585
derivative financial instruments	18	**1,514**	1,744
Trade and other payables	26	**127,858**	113,780
Taxation liabilities		**2,510**	3,371
Provisions	28	**19,179**	17,982
Deferred income	29	**3,027**	2,914
		274,042	292,376
Liabilities included in a disposal group held for sale	24	**332**	666
		274,374	293,042
Non-current liabilities			
Financial liabilities			
borrowings	25	**331,839**	291,793
derivative financial instruments	18	**1,996**	1,727
Trade and other payables	26	**573**	1,049
Deferred tax liabilities	20	**23,190**	23,641
Taxation liabilities		**1,837**	1,295
Retirement benefit obligations	27	**90,591**	89,760
Provisions	28	**16,477**	18,620
Deferred income	29	**9,800**	9,056
		476,303	436,941
Total liabilities		**750,677**	729,983
Capital and reserves attributable to the owners of the parent			
Called up share capital	31	**116,449**	116,449
Capital surplus	32	**127,511**	127,511
Retained earnings	33	**(27,717)**	(11,275)
Retained earnings (translation adjustment at the IFRS transition date)		**(68,048)**	(68,048)
Other reserves	34	**16,791**	(19,606)
Total shareholders' equity		**164,986**	145,031
Non-controlling interests	43	**9,512**	10,422
Total equity		**174,498**	155,453
Total liabilities and equity		**925,175**	885,436

The financial statements on pages 20 to 79 were approved by the directors on 30 June 2014

Directors

Keiji Yoshikawa
Representative Executive Officer
President and CEO

Mark Lyons
Representative Executive Officer
Chief Financial Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Nippon Sheet Glass Co., Ltd and consolidated subsidiaries
For the period ended 31 March 2014

Millions of yen

	Called up 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
Balance at 1 April 2012	**116,449**	**127,511**	**30,793**	**(68,048)**	**(45,392)**	**161,313**	**9,222**	**170,535**
(Loss)/profit for the period	–	–	(34,324)	–	–	**(34,324)**	869	**(33,455)**
Other comprehensive income	–	–	(6,383)	–	25,750	**19,367**	838	**20,205**
Total comprehensive income	–	–	(40,707)	–	25,750	**(14,957)**	1,707	**(13,250)**
Transactions with owners								
Stock options	–	–	–	–	38	**38**	–	**38**
Dividends paid	–	–	(1,354)	–	–	**(1,354)**	(436)	**(1,790)**
Issuance and purchase of treasury stock	–	(7)	–	–	(2)	**(9)**	–	**(9)**
Acquisition of additional investments in subsidiaries	–	–	–	–	–	**–**	(71)	**(71)**
Transfer from retained earnings to capital surplus	–	7	(7)	–	–	**–**	–	**–**
Balance at 31 March 2013	**116,449**	**127,511**	**(11,275)**	**(68,048)**	**(19,606)**	**145,031**	**10,422**	**155,453**
(Loss)/profit for the period	–		(17,630)	–	–	**(17,630)**	1,145	**(16,485)**
Other comprehensive income	–	–	1,047	–	36,268	**37,315**	(1,255)	**36,060**
Total comprehensive income	–	–	(16,583)	–	36,268	**19,685**	(110)	**19,575**
Transactions with owners								
Stock options	–	–	–	–	135	**135**	–	**135**
Dividends paid	–	–	–	–	–	**–**	(646)	**(646)**
Issuance and purchase of treasury stock	–	(7)	–	–	(6)	**(13)**	–	**(13)**
Acquisition of additional investments in subsidiaries	–	–	148	–	–	**148**	(154)	**(6)**
Transfer from retained earnings to capital surplus	–	7	(7)	–	–	**–**	–	**–**
Balance at 31 March 2014	**116,449**	**127,511**	**(27,717)**	**(68,048)**	**16,791**	**164,986**	**9,512**	**174,498**

CONSOLIDATED STATEMENT OF CASH FLOWS

Nippon Sheet Glass Co., Ltd and consolidated subsidiaries
For the period ended 31 March 2014

	Note	2014	2013
		Millions of yen	
Cash flows from operating activities			
Cash generated from operations	35	**37,508**	32,796
Interest paid		**(18,830)**	(14,279)
Interest received		**2,877**	1,707
Income tax paid		**(3,675)**	(6,011)
Net cash generated from operating activities		**17,880**	14,213
Cash flows from investing activities			
Dividends received from joint ventures and associates		**3,199**	5,788
Purchase of joint ventures and associates		**(22)**	–
Proceeds on disposal of joint ventures and associates		**3**	7,546
Purchase of subsidiaries (net of cash acquired)		**(122)**	(1,292)
Proceeds on disposal of subsidiaries and businesses (net of cash disposed)		**1,097**	905
Purchases of property, plant and equipment		**(25,686)**	(25,553)
Proceeds on disposal of property, plant and equipment		**3,292**	2,908
Purchase of intangible assets		**(1,717)**	(1,805)
Proceeds on disposal of intangible assets		**25**	30
Purchase of available-for-sale investments		**(16)**	(8)
Proceeds on disposal of available-for-sale investments		**996**	3,198
Loans to joint ventures, associates and third parties, net		**1,371**	671
Other		**474**	571
Net cash used in investing activities		**(17,106)**	(7,041)
Cash flows from financing activities			
Dividends paid to shareholders		**(13)**	(1,360)
Dividends paid to non-controlling interests		**(646)**	(441)
Repayment of borrowings		**(154,359)**	(92,430)
Proceeds from borrowings		**134,280**	122,178
Others		**(6)**	(2)
Net cash generated from financing activities		**(20,744)**	27,945
(Decrease)/increase in cash and cash equivalents (net of bank overdrafts)		**(19,970)**	35,117
Cash and cash equivalents (net of bank overdrafts) at the beginning of the period	23	**65,173**	24,797
Effect of foreign exchange rate changes		**7,090**	5,408
Decrease due to transfer to assets held for sale		**–**	(149)
Cash and cash equivalents (net of bank overdrafts) at the end of the period	23	**52,293**	65,173

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1.1 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Reporting entity
Nippon Sheet Glass Co., Ltd (the Company) and its consolidated subsidiaries (the Group) is a world leader in the supply of flat glass for architectural and automotive applications. In addition, the Group has a number of discreet technical glass businesses, operating in high technology areas. The parent company of the Group, Nippon Sheet Glass Co., Ltd is incorporated and domiciled in Japan and has shares publicly traded on the Tokyo Stock Exchange. The registered office is located at Sumitomo Fudosan Mita Twin Building West Wing, 5-27, Mita 3-chome, Minato-ku, Tokyo, 108-6321, Japan.

Basis of preparation
The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

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.

IFRS standards not relevant for this financial period
Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Group's annual accounting periods beginning on or after 1 April 2014 and are considered to be relevant to the Group's primary financial statements. The Group has elected not to adopt early the standards as described below:

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities and the Group expects this standard to be effective from the Group's financial period commencing 1 April 2018. This new standard will replace certain elements of IAS 39. The Group has not yet calculated the impact of the adoption of this new standard.

IFRS15 `Revenue from Contracts with Customers` addresses the recognition of revenues and will be effective from the Group's financial period commencing 1 April 2017. This new standard will replace IAS 18 `Revenue' and IAS 11 `Construction Contracts'. The Group has not yet calculated the impact of the adoption of this new standard.

Consolidation
(a) Subsidiaries
Subsidiaries are all entities over which the Group has the power to control the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights arising from equity share options that are currently exercisable or convertible, are considered when assessing whether the Group controls another entity. Subsidiaries where the Group controls more that 50 percent of the voting rights are fully consolidated from the date on which control is transferred to the Group. They are consolidated until the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any assets or liabilities resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired, and liabilities and contingent liabilities assumed, in a business combination are measured initially at their fair values at the acquisition date.

The excess of the consideration transferred, the amount of any non-controlling interest, based upon the appropriate share of the acquiree's net asset value, and the acquisition-date fair value of any previous equity interest in the acquiree, over the fair value of the Group's share of the identifiable net assets acquired, is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized immediately in the consolidated income statement (see Intangible Assets – Goodwill).

Inter-company transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. All Group companies use a common set of accounting policies, and are consolidated using a common accounting reference date of 31 March.

(b) Non-controlling interests, joint ventures and associates
Non-controlling interests
Changes in the Group's ownership interests in subsidiaries, arising from transactions between the Group and non-controlling interests, that do not result in a change in the Group's control over a subsidiary, are treated as equity transactions and therefore do not result in goodwill, or in gains and losses in the income statement.

Joint ventures
A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity, which is then subject to joint control. In the Group, all such jointly controlled activities are undertaken through jointly controlled entities with the Group entitled to a share of the net assets of the jointly controlled entity. Consequently, the Group considers each of its joint arrangements to be joint ventures rather than joint operations. The Group considers that it has no other material contractual arrangements with its joint venture partners, other than the joint venture agreement itself. The Group accounts for its interest in these jointly controlled entities by the equity method of accounting, as described in relation to associates below.

Associates
Associates are all entities over which the Group has significant influence, generally accompanying a shareholding of between 20 and 49 percent of the voting rights. Significant influence is the power to participate in the financial and operating policy decisions of an investee, but is not control or joint control over these policies. Investments in associates are accounted for by the equity method of accounting and are initially recognized at cost. The Group considers that it has no material contractual arrangements with the other investors in each of the Group's associated entities, other than those which arise in the normal course of business. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition (see Intangible Assets– Goodwill).

The Group's share of its associates' post-acquisition profits or losses is recognized in the income statement, and its share of post-acquisition movements in reserves is recognized in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Accounting for joint ventures and associates
Joint ventures and associates are accounted for on the basis of audited accounts, or where these are not available, on the basis of unaudited management accounts prepared up to the Group's accounting date. Where it is not practicable to obtain such accounts, audited accounts or unaudited management accounts prepared to an accounting date not more than three months prior to the Group's accounting date are used. Where appropriate, the financial statements of joint ventures and associates are adjusted to conform to the Group's accounting policies.

Segment reporting
The chief operating decision-making body in the Group is the Board of Directors. The Group reports the results of its operating segments externally in a manner consistent with its internal reporting to the Board of Directors. The Board of Directors is responsible for allocating resources to, and assessing the performance of, the Group's operating segments.

Foreign currency translation
(a) Functional and presentation currency
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in Japanese yen which is the Company's functional and the Group's presentation currency.

(b) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in equity.

(c) Group companies
The results and financial position of all the Group entities with a functional currency different from the Group's presentation currency (none of which has the currency of a hyperinflationary economy) are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognized in the exchange translation reserve, a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to the exchange translation reserve within shareholders' equity. When a foreign operation is sold, such exchange differences are recognized in the income statement as part of the gain or loss on sale.

Exchange differences recognized prior to 31 March 2010 are included in a separate reserve within retained earnings called 'Retained earnings (translation adjustment at the IFRS transition date)'. Exchange differences arising on or after 1 April 2010 are recognized within a separate exchange reserve.

Goodwill, intangibles and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Property, plant and equipment
Land and buildings comprise mainly the Group's manufacturing facilities. Land is shown at historical cost. All property (excluding land) and plant and equipment are stated at historical cost less accumulated depreciation and impairment. Historical cost comprises all expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Borrowing costs are capitalized with respect to material capital expenditure projects, using the Group's marginal cost of borrowing over the period of construction of the asset. Borrowing costs are depreciated over the useful economic life of the asset to which they relate.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost less their residual values over their estimated useful lives, as follows:

Freehold buildings	3 to 50 years
Long leasehold buildings	over the life of the lease
Float glass tanks	10 to 15 years
Glass-making plant	25 years
Glass-processing plant	15 years
Other plant and equipment	5 to 20 years
Vehicles	5 years

The assets' residual values and useful lives are reviewed to take account of technological changes, intensity of use over their lives and market requirements, and adjusted if appropriate, at each balance sheet date. In the event of impairment, an asset's carrying amount is written down immediately to its recoverable amount (see Impairment of Assets).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount. These are included in the income statement.

Investment property
Investment property principally comprises land, office buildings and small industrial units, and those parts of other properties not occupied by the Group, which are held for long-term rental yields. Investment properties are initially recognized at cost and are thereafter carried at fair value,

representing open-market value determined annually by discounted cash flows or by the use of external valuers. Changes in fair value are recorded in the income statement as part of other income and expense.

Intangible assets

(a) Goodwill

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. Each of those cash-generating units represents the Group's investments in each region of operation by each primary reporting segment (see Impairment of Assets).

(b) Trademarks and licenses

Trademarks and licenses are shown at historical cost. Trademarks and licenses have a definite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost of trademarks and licenses over their estimated useful lives (over a maximum of twenty years).

(c) Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives (five to ten years).

Costs associated with developing or maintaining computer software programs are recognized as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, which are seen to generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Computer software development costs recognized as assets are amortized over their estimated useful lives (not exceeding ten years).

(d) Research and development

Research expenditure is recognized as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products or processes which will be used internally within the Group) are recognized as intangible assets when it is probable that the project will be commercially successful and technologically feasible or will give rise to internally improved processes, and costs can be measured reliably. Other development expenditure is recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period. Development costs with a finite useful life that have been capitalized, are amortized from the date when the product or use of the process becomes available for commercial production on a straight-line basis over the period of its expected benefit, not exceeding five years (products) and twenty years (processes).

(e) Intangible assets created on acquisition

The intangible assets identified on acquisition of the Pilkington Group as part of the fair valuing of the net assets acquired include customer relationships, know-how, license agreements, the Pilkington brand name and other brands, in-process research and development and developed technology. These have been capitalized and are amortized over the estimated life of each category of intangible asset and are amortized on a straight-line basis over the period of their expected benefit to the Group as follows:

Customer relationships	Up to 20 years
Know-how	10 years
License agreements	11 years
Pilkington brand name*	Nil
Other brands	10 years
Research and development	Up to 20 years
Developed technology	Up to 15 years

*The Pilkington brand name has been assigned an indefinite useful life and is therefore not subject to routine amortization, but is instead tested annually for impairment.

Impairment of assets

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized when the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). A number of significant assumptions and estimates are involved in forecasting future cash flows, including market growth rates, sales volumes and market prices. Forecasts of future cash flows are based on best estimates of future revenues and operating expenses using historical trends, market conditions and industry trends. These assumptions are subject to review by management and the Board of Directors. The future forecasts are adjusted by an appropriate discount rate derived from the cost of capital plus a risk premium at the date of the evaluation. The discount rate based on the pre-tax weighted average cost of capital used in calculating the recoverable value, is set at a rate appropriate to each territory, consistent with the rates used to assess the potential impairment of goodwill, detailed in note 11.

Investments

The Group classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale investments. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and reevaluates this designation at every reporting date.

(a) Financial assets/liabilities at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorized as held for trading unless they are designated as hedges. Assets/liabilities in this category are classified as current assets/liabilities if they are either held for trading or are expected to be realized within 12 months of the balance sheet date.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for maturities greater than 12 months after the balance sheet date and these are classified as non-current assets. Loans and receivables are included in trade and other receivables in the balance sheet (see Trade receivables).

(c) Held-to-maturity investments
Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. The Group does not hold any investments in this category.

(d) Available-for-sale investments
Available-for-sale investments are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date. They are initially recognized at fair value plus transaction costs and thereafter at fair value.

Purchases and sales of investments are recognized on the trade date, the date on which the Group commits to purchase or sell the asset. Investments are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale investments and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortized cost using the effective interest method. Realized and unrealized gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the income statement in the period in which they arise. Unrealized gains and losses arising from changes in the fair value of non-monetary securities classified as available-for-sale are recognized in the fair value reserve within equity. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains and losses from investment securities.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's-length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost would be considered in determining whether the securities are impaired. If any such evidence exists for available-for-sale investments, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss, is removed from equity and recognized in the income statement.

Inventories
Inventories are stated at the lower of cost and net realizable value. Cost is mainly determined using the first-in, first-out (FIFO) method. The cost of finished goods and work-in-progress comprises design costs, raw materials, direct labor, other direct costs and related production overheads (based on normal operating capacity). Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Costs of inventories include the transfer from equity of any gains/losses on qualifying cash flow hedges relating to purchases of raw materials.

Inventories carried in the balance sheet are reviewed on a regular basis and, in the case of any inventories which are slow moving, or where the Group considers that it is unlikely to recover the cost of such inventory through subsequent sale, appropriate provisions are made to impair the inventory to its estimated net realizable value.

Construction work-in-progress
Construction work-in-progress is represented by engineering construction contracts for the building, construction and delivery of float glass lines or other assets for third-party customers. Profits are recognized where revenue and contract costs can be reliably estimated and are based on the stage of completion of the contract. Where the outcome cannot be estimated reliably, revenue is only recognized to the extent that it is probable that the contract costs incurred will be recoverable. Where it is probable that the contract costs will exceed the total contract revenue, the expected loss is recognized as an expense immediately in the income statement.

The stage of completion on construction contracts is assessed at regular intervals by the engineering project team and is based on an analysis of construction progress made, order fulfillment, costs incurred and technical completion at the balance sheet date.

Trade and other receivables
Trade and other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of trade. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The movement in the provision is recognized in the income statement.

Cash and cash equivalents
Cash and cash equivalents include cash in hand, deposits held on call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

Trade and other payables
Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Borrowings
Borrowings consist of bonds payable, loans payable, lease obligations and non-controlling interests entitled to receive a fixed share dividend. Borrowings are recognized initially at fair value. Borrowing transaction costs are expensed in the income statement over the period to the maturity of the related financial liability. Borrowings are subsequently stated at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method.

Non-equity preference shares are classified as liabilities and are measured in the balance sheet at their most recent redemption price. The dividends on these preference shares are recognized in the income statement as interest expense.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Leases
Assets held under finance leases (in which a significant proportion of the risks and rewards of ownership are retained by the Group) are included in property, plant and equipment and intangible assets at cost and are depreciated/amortized over the shorter of the lease term or their useful economic life. Obligations under finance leases, net of finance charges in respect of future periods, are included as appropriate under borrowings due within or after one year. Finance charges are allocated to accounting periods over the lease term to reflect a constant rate of interest on the remaining balance of the obligations.

Where a lease is identified as an operating lease (is a lease other than a finance lease), any payments made thereunder (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Taxation
Current income taxes for the current period are measured based on the amount expected to be paid to, or recovered from, local taxation authorities.

Deferred income tax is provided in full, using the liability method and without discounting, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profits will be available, against which the temporary differences can be utilized. Deferred income tax is provided on temporary differences arising on investments in subsidiaries 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. Deferred taxation liabilities are not recognized on timing differences arising from the initial recognition of goodwill. The Group offsets deferred tax assets and liabilities if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred tax asset and liability related to the same taxable entity or group of entities and the same taxation authority.

Employee benefits
(a) Pension obligations
Group companies operate various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Group has both defined benefit and defined contribution plans.

The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Current service costs, representing the additional liability accrued as a result of employee's services undertaken during the period, are charged to operating costs within the income statement.

Past service costs are recognized immediately in the income statement.

Finance costs are calculated by applying territory specific discount rates to the net defined benefit obligation in that region.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are taken through the statement of comprehensive income to equity in accordance with IAS 19 'Employee Benefits'.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expenses when they are due.

Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

(b) Other post-employment retirement obligations
Group companies in the USA and the UK provide post-retirement healthcare benefits to certain retired employees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using an accounting methodology similar to that for defined benefit pension plans.

Actuarial gains and losses arising from experience adjustments, and changes in actuarial assumptions, are charged or credited to the statement of comprehensive income in accordance with IAS 19. These obligations are valued annually by independent qualified actuaries.

(c) Termination benefits
Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal, or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

(d) Profit-sharing, bonus and management incentive plans
The Group recognizes a liability and an expense for bonus schemes, which take into consideration the attainment of profit and cash flow targets. The Group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Provisions
Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the income statement net of any reimbursement. Provisions are not recognized for future losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

All provisions, where the time value of money is material with a settlement date exceeding 12 months, are discounted and carried at their discounted value. The discount is unwound through a charge to finance costs each period until the provision is settled. Discount rates are based on rates applicable in each relevant territory where the provision is carried, consistent with risks specific to the liability.

Revenue recognition
Revenue comprises the fair value for the sale of goods and services, net of value-added or similar sales-based taxes, rebates and discounts and after eliminating sales within the Group. Revenue is recognized as follows:

(a) Sales of goods
Sales of goods are recognized when a Group entity has delivered products to the customer, the customer has accepted the products and collectability of the related receivables is reasonably assured.

Where a product is sold with a right of return, accumulated experience is used to estimate and provide for such returns at the time of sale.

(b) Sales of services
Sales of services are recognized in the accounting period in which the services are rendered, by reference to completion of the specific transaction, and assessed on the basis of the actual service provided as a proportion of the total services to be provided.

(c) Engineering revenue
Engineering revenue is recognized on engineering construction contracts for the building, construction and supply of float glass lines for third-party customers.

Profits are recognized on such long-term contracts where revenue and contract costs can be reliably estimated and are based on the estimated stage of completion of the contract. Where the outcome of the contract cannot be estimated reliably, revenue is only recognized to the extent that it is probable that the contract costs incurred will be recoverable. In circumstances where it is probable that the total contract costs will exceed the total contract revenue, the expected loss is recognized as an expense immediately in the income statement.

(d) Interest income
Interest income is recognized on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount (i.e. the estimated future cash flow discounted at the original effective interest rate of the instrument), and continues unwinding the discount as interest income. Interest income on impaired loans is recognized either as cash is collected or on a cost-recovery basis as conditions warrant.

(e) Royalty income
Royalty income is recognized on an accruals basis in accordance with the substance of the relevant agreements.

(f) Dividend income
Dividend income is recognized when the right to receive payment is established.

Exceptional Items
The Group discloses certain gains or losses in the income statement as exceptional items if this is necessary to gain a fair understanding of the Group's operating performance. Exceptional items would usually be material in value and/or would be of a non-recurring nature. Charges resulting from the Group's profit improvement program are included within exceptional items.

Deferred income
(a) Government grants
The Group recognizes government grants at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognized as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to property, plant and equipment, the fair value is credited to deferred income and released to the income statement over the expected useful life of the relevant asset by equal annual installments.

(b) Other deferred income
The Group recognizes other deferred income including customers' contributions to automotive tooling costs at their fair value. The income is recognized in the income statement over the periods necessary to match the write-off of the asset to which the deferred income relates, by equal annual installments.

Emission rights
Emissions rights granted are recognized on a systematic basis over the period to which they relate. The difference between the emission rights granted and recognized at the balance sheet date, and CO_2 emitted is recorded as an asset or liability at fair value at each balance sheet date.

Borrowing costs
Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of these assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognized in the consolidated income statement in the period in which they are incurred.

Accounting for derivative financial instruments and hedging activities
Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and, if so, the nature of the item being hedged and the effectiveness of the hedging arrangement. The Group designates certain derivatives as hedges of the changes in fair value of recognized assets or liabilities or a firm commitment (fair value hedges), hedges of exposure to variability in cash flows associated with an asset or liability or arising from highly probable forecast transactions (cash flow hedges), and hedges of net investments in foreign operations (net investment hedges).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents, both at hedge inception and on an ongoing basis, its assessment of whether the derivatives used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

(a) Fair value hedge
Changes in the fair value of derivatives, designated and qualifying as fair value hedges, are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability, attributable to the hedged risk.

(b) Cash flow hedge
The effective portion of changes in the fair value of derivatives, designated and qualifying as cash flow hedges, is recognized in equity. The gain or loss relating to the ineffective portion is recognized immediately in the income statement.

Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item affects profit or loss (for instance, when the forecast sale that is hedged takes place). However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory) or a liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

(c) Net investment hedge
Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognized in equity, the gain or loss relating to the ineffective portion is recognized immediately in the income statement.

Gains and losses accumulated in equity are included in the income statement when the foreign operation is disposed of.

(d) Derivatives that do not qualify for hedge accounting
Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instruments, not qualifying for hedge accounting, are recognized immediately in the income statement.

Fair value estimation

The fair value of financial instruments traded in active markets (such as derivatives and available-for-sale investments) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price. The appropriate quoted market price for financial liabilities is the current offer price.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date.

The fair values of foreign exchange contracts are determined using forward exchange market rates at the balance sheet date. The fair values of interest rate swaps are calculated as the present value of the estimated future cash flows based on observable yield curves at the balance sheet date. The fair values of commodity hedges are determined by using forward market prices at the balance sheet date.

The fair value of financial liabilities is determined using cash flows discounted using a rate based on credit risk factors and the relevant currency swap rate for the specific maturity, plus a margin.

Share capital

Ordinary shares are classified as equity. Mandatory redeemable preference shares are classified as liabilities.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Treasury shares

Treasury shares represent the Group's interests in its own equity instruments, and are included within shareholders' funds. Treasury shares are measured at their cost.

Share based payments

The Group operates a number of equity settled, share-based payment plans, under which the entity receives services from directors, executive officers, senior corporate officers and corporate officers as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of options is calculated using the Black-Scholes model. In accordance with IFRS 2 'Share-based Payment', the resulting cost is recognized in the income statement over the vesting period of the options, being the period in which the services are received. The value of the charge is adjusted to reflect expected and actual levels of vesting options, except where the failure to vest is as a result of not meeting a market condition. All plans are classified as equity settled.

Discontinued operations and assets held for sale

Discontinued operations include components of the Group that have been disposed of (through sale or abandonment) or are classified as held for sale and represent a major line of the Group's business or geographical area of operations or represent a part of a single coordinated plan to dispose of such a business line or geographical area.

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. This condition is regarded as met only when the sale is highly probable and the non-current asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to be completed within one year.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a minority interest in its former subsidiary after the sale.

Assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Property, plant and equipment and intangible assets classified as held for sale are not depreciated or amortized after classification as held for sale.

Financial risk management

Financial risk factors

The Group's multinational operations and debt financing expose it to a variety of financial risks that include the effects of changes in, foreign currency exchange rates, credit risks, energy prices, liquidity, debt market prices and interest rates. The Group has in place a risk management program that seeks to limit the effects on the financial performance of the Group by using financial instruments.

Financial risk management is carried out by a central treasury department (Group Treasury) under policies approved by the Board of Directors. Group Treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, credit risk, energy price risk,interest rate risk, use of derivative and non-derivative financial instruments, and investing excess liquidity.

(a) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the euro, sterling and US dollar. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations.

To manage their foreign exchange risk arising from future commercial transactions and recognized assets and liabilities, companies in the Group use forward contracts, transacted with Group Treasury. Foreign exchange risk arises when future commercial transactions and recognized assets and liabilities are denominated in a currency that is not the entity's functional currency. Group Treasury is responsible for managing the net position in each foreign currency by using external forward currency contracts.

Each subsidiary designates contracts with Group Treasury as fair value hedges or cash flow hedges, as appropriate.

External foreign exchange contracts are designated at Group level as hedges of foreign exchange risks on specific assets, liabilities or future transactions on a gross basis.

The Group's risk management policy is to hedge forecast transactions creating the foreign currency exposure provided that such forecast transactions are reasonably certain.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

All other things being equal, a 1% increase in the value of the yen would lead to a decrease in total equity of ¥4,000 million (2013: ¥3,000 million). Based on the financial results for the year to 31 March 2014, a 1% increase in the value of the yen would result in a decrease in the loss for the period of ¥150 million (2013: ¥350 million).

(b) Credit risk

The Group has no significant concentrations of credit risk other than in relation to the receivables due from automotive original equipment manufacturers. It has policies in place to ensure that sales of products are made to customers with an appropriate credit history. Derivative counterparties are limited to high credit quality financial institutions. The Group has policies that limit the amount of credit exposure to any financial institution.

(c) Energy price risks

The Group consumes significant amounts of energy and is exposed to energy price risk arising from this consumption, principally of oil and gas.

The Group's risk management policy is to hedge between 20 percent and 100 percent of anticipated purchases for the subsequent 12 months and between 10 percent and 80 percent for the next four years.

(d) Liquidity risk

Prudent liquidity risk management policies maintain sufficient cash and cash equivalents and availability of funding through committed credit facilities. Due to the dynamic nature of the underlying businesses, Group Treasury aims to maintain flexibility in funding by keeping a substantial portion of committed credit lines undrawn.

(e) Cash flow and fair value interest rate risk

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's interest rate risk arises primarily from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. Group policy is to maintain approximately 30 to 70 percent of net borrowings in fixed rate instruments. All other things being equal, a 1 percent increase in interest rates would result in an increase in annual interest costs on financial balances of ¥2,354 million.

The Group manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. Under the interest rate swaps, the Group agrees with other parties to exchange, at specific intervals, the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts.

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 under the circumstances.

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 period are discussed below.

(a) Estimated impairment of goodwill and intangible assets

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

(b) 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 period in which that final outcome is known.

(c) 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 Group uses a variety of assumptions in the calculation of the scheme assets and liabilities. These assumptions are subject to a degree of uncertainty and the Group takes advice from professional actuaries before finalizing such assumptions.

(d) Provisions

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

1.2 Changes in accounting policies and disclosures

In accordance with IAS 8, `Accounting Policies, Changes in Accounting Estimates and Errors', the comparative period primary financial statements have been restated following the implementation of the accounting standards set out below.

IAS 19 `Employee Benefits' was amended in June 2011. The impact on the Group's retirement benefit obligations is to replace interest cost and expected return on plan assets, previously calculated separately, with a net interest charge that is calculated by applying a territory specific discount rate to the net defined benefit liability in that territory. The amended standard is not anticipated to have a material effect on the Group's net defined benefit liabilities. The increase in finance costs arising from the adoption of the amended standard is expected to be offset by an equivalent amendment to gains and losses recorded within the statement of comprehensive income. The Group has retrospectively adopted the amendments to IAS 19 and has therefore restated its comparative FY2013 financial results. The increase in finance costs within the restated FY2013 income statement is offset by an amendment to gains and losses within the statement of comprehensive income. Consequently, no amendment arises in the closing FY2013 balance sheet. The impact of adopting the amendments to IAS 19 is summarized in note 41.

IFRS 10, 'Consolidated Financial Statements' identifies the concept of control as the determining factor in whether a subsidiary company should be consolidated within the Group's financial statements. The standard provides additional guidance to assist in the determination of control. The adoption of this standard has not resulted in any changes to the Group's financial performance or net assets.

IFRS 11, 'Joint Arrangements' has replaced IAS 31 'Interests in Joint Ventures'. This standard deals with how a joint arrangement, of which two or more parties have joint control, should be classified. The adoption of this standard has not resulted in any changes to the Group's financial performance or net assets.

IFRS 12, 'Disclosures of Interests In Other Entities' includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The adoption of this standard has not resulted in any changes to the Group's financial performance or net assets , although the disclosure requirements contained within this standard have been applied to the relevant disclosure notes.

IFRS 13, 'Fair Value Measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value, and a single source of fair value measurement and disclosure requirements for use across IFRS. The adoption of this standard has not resulted in any material changes to the Group's financial performance or net assets, although the disclosure requirements contained within this standard have been applied to the relevant disclosure notes.

2. Segmental information

Primary reporting format – by business line
The Group is organized on a worldwide basis into the following principal primary operating segments:

The Architectural segment engages in the manufacturing and sale of flat glass and various interior and exterior glazing products within commercial and residential markets. It also includes glass for the solar energy sector.

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

The Technical Glass segment 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 Other 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.

No operating segments have been aggregated to form the above reportable operating segments.

The segmental results for the periods ended 31 March 2014 and 2013 are as follows:

					Millions of yen
					2014
	Architectural	**Automotive**	**Technical Glass**	**Other**	**Total**
Revenue					
External revenue	**240,606**	**305,114**	**59,355**	**1,020**	**606,095**
Inter-segmental revenue	**15,494**	**2,147**	**89**	**5,411**	**23,141**
Total revenue	**256,100**	**307,261**	**59,444**	**6,431**	**629,236**
Trading profit	**10,951**	**11,154**	**5,898**	**(5,551)**	**22,452**
Amortization arising from acquisition of Pilkington plc	**–**	**–**	**–**	**(7,885)**	**(7,885)**
Operating profit before exceptional items	**10,951**	**11,154**	**5,898**	**(13,436)**	**14,567**
Exceptional items					**(13,833)**
Operating profit					**734**
Finance costs – net					**(18,137)**
Share of post-tax profit from joint ventures and associates					**1,002**
Loss before taxation					**(16,401)**
Taxation					**(84)**
Loss for the period					**(16,485)**

					Millions of yen
					2013 (restated)
	Architectural	Automotive	Technical Glass	Other	Total
Revenue					
External revenue	215,739	245,022	59,404	1,181	521,346
Inter-segmental revenue	13,074	1,145	149	4,946	19,314
Total revenue	228,813	246,167	59,553	6,127	540,660
Trading profit	303	4,755	6,719	(2,791)	8,986
Amortization arising from acquisition of Pilkington plc	–	–	–	(7,040)	(7,040)
Operating profit before exceptional items	303	4,755	6,719	(9,831)	1,946
Exceptional items					(19,204)
Operating loss					(17,258)
Finance costs – net					(16,088)
Share of post-tax profit from joint ventures and associates					2,250
Loss before taxation					(31,096)
Taxation					(2,359)
Loss for the period					(33,455)

The Group uses a number of methods to calculate the price of intra-group transactions depending upon the business sector and geographic location. This is largely dependent on local custom and regulations. Usual methods include reference to external market prices or to manufacturing costs plus an appropriate margin.

2. Segmental information continued

No significant changes were made in the method of pricing intra-group transactions in the period.

Finance costs include results from cash flow hedges of interest-bearing borrowings that have been reported in the income statement during the period. They also include gains and losses from the re-measuring of interest rate derivatives designated as fair value hedges. Unallocated costs represent corporate Group expenses.

Other information in respect of items (charged) or credited within operating profit, excluding exceptional items, in the income statement are as follows:

						Millions of yen
						2014
	Note	Architectural	Automotive	Technical Glass	Other	Total
Depreciation	13	(11,342)	(15,388)	(1,950)	(838)	(29,518)
Amortization	12	(356)	(610)	(38)	(9,326)	(10,330)
Impairment of property, plant and equipment	13	(113)	(44)	(128)	(1,485)	(1,770)
Reversal of prior period impairments of property, plant and equipment	13	109	–	–	–	109
Profit/(loss) on sale of property, plant and equipment	35	823	(14)	(261)	43	591
Research and development expenditure		(2,743)	(2,811)	(1,086)	(1,240)	(7,880)
Operating lease rentals						
plant and equipment		(1,179)	(2,325)	(63)	(161)	(3,728)
property		(898)	(3,816)	(149)	(498)	(5,361)
Net (charge)/credit for bad and doubtful debts	16	(291)	129	(30)	(1)	(193)
Amortization of deferred income	29	141	3,142	42	216	3,541

						Millions of yen
						2013
	Note	Architectural	Automotive	Technical Glass	Other	Total
Depreciation	13	(10,085)	(12,510)	(2,447)	(726)	(25,768)
Amortization	12	(454)	(819)	(35)	(8,447)	(9,755)
Impairment of property, plant and equipment	13	–	(37)	–	(4)	(41)
Reversal of prior period impairments of property, plant and equipment	13	33	–	–	–	33
Profit/(loss) on sale of property, plant and equipment	35	295	786	(382)	211	910
Research and development expenditure		(2,527)	(2,832)	(1,255)	(653)	(7,267)
Operating lease rentals						
plant and equipment		(1,231)	(2,017)	(66)	(143)	(3,457)
property		(878)	(3,027)	(178)	(616)	(4,699)
Net credit for bad and doubtful debts	16	23	66	3	86	178
Amortization of deferred income	29	243	2,093	–	242	2,578

Segmental net trading assets at 31 March 2014 and 2013 and capital expenditure for the periods then ended are as follows:

					Millions of yen
					2014
	Architectural	Automotive	Technical Glass	Other	Total
Segmental net trading assets	150,007	168,738	48,310	561	367,616
Capital expenditure (including intangibles)	4,642	10,743	14,120	2,066	31,571

					Millions of yen
					2013
	Architectural	Automotive	Technical Glass	Other	Total
Segmental net trading assets	142,594	153,609	45,199	1,818	343,220
Capital expenditure (including intangibles)	10,742	13,491	1,669	84	25,986

Segmental 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 (excluding financial receivables) and trade and other payables (excluding financial payables).

Capital expenditure comprises additions to property, plant and equipment, note 13, and intangible assets, note 12.

2. Segmental information continued

Segmental net trading assets are reconciled to total assets as follows:

	Millions of yen	
	2014	2013
Segmental net trading assets for reportable segments	**367,616**	343,220
Add back trade and other payables	**128,300**	114,576
Exchange and other timing adjustments	**13,779**	28,752
Unallocated:		
Goodwill	**135,826**	116,768
Intangible assets – arising from acquisition of Pilkington plc	**73,749**	71,501
Financial receivables	**11,875**	11,733
Investments accounted for using the equity method	**50,070**	45,063
Financial assets - available-for-sale investments	**6,837**	7,394
Financial assets - derivative financial instruments	**2,327**	3,530
Deferred tax assets	**55,571**	51,797
Assets held for sale	**1,799**	2,638
Tax receivables	**3,562**	4,992
Cash and cash equivalents	**73,864**	83,472
Total assets per the balance sheet	**925,175**	885,436

Secondary reporting format – by revenue category and geographical location

	Millions of yen	
	2014	2013
Analysis of revenue by category		
Sale of glass and glass-related products	**582,987**	495,786
Sales of services	**2,839**	2,213
Royalty and licensing income	**919**	1,679
Engineering contracts	**5,138**	5,479
Other sundry sales	**14,212**	16,189
	606,095	521,346

The Group's revenue from its external customers based on the geographical location of those customers is as follows:

	Millions of yen	
	2014	2013
Revenue		
Japan	**146,184**	143,615
Europe	**238,269**	190,365
North America	**96,448**	74,220
Rest of World	**125,194**	113,146
	606,095	521,346

No individual customer accounts for more than 10 percent of total revenues of the Group.

The total of non-current assets, other than financial instruments, deferred tax assets, trade and tax receivables, located in Japan is ¥33,784 million (2013: ¥32,049 million), UK ¥303,825 million (2013: ¥264,868 million) and the total of these non-current assets located in other countries is ¥225,319 million (2013: ¥218,028 million).

3. Other income

	Millions of yen	
	2014	2013
Dividend income on available-for-sale assets	**121**	164
Gains on settlements of insurance proceeds	**610**	–
Profit on disposals	**2,051**	987
Other	**4,423**	6,764
	7,205	7,915

4. Other expenses

	Note	2014	2013
			Millions of yen
Amortization of intangibles	12	**(10,330)**	(9,755)
Impairment of property, plant and equipment	13	**(1,770)**	(41)
Reversal of prior period impairments of property, plant and equipment	13	**109**	33
Impairment of available-for-sale investments	17	**(3)**	(7)
Research and development costs written off in the period (excluding that capitalized or amortized)		**(743)**	(373)
Bad debts written back/(written off)		**490**	(624)
Doubtful debt provision increase	16	**(1,308)**	(1,367)
Reversal of previously held doubtful debt provision	16	**1,115**	1,545
Float tank repair costs		**(203)**	(209)
Net foreign exchange on other expense items		**92**	(184)
Decrease in fair value of investment properties	14	**(87)**	(85)
Redundancy and restructuring		**(408)**	–
Loss on disposal		**(763)**	(596)
Other		**(807)**	(249)
		(14,616)	(11,912)

5. Net foreign exchange gains and losses

The net foreign exchange differences on operating items charged to the income statement in the year amounted to a gain of ¥392 million (2013: a gain of ¥67 million).

6. Exceptional items

	Note	2014	2013 (restated)
			Millions of yen
Exceptional Items (gains):			
Gain on dilution of shares in associate		**2,056**	–
Reversal of impairment of non-current assets	13	**1,227**	–
Reduction of pension liabilities	27	**1,098**	5,568
Gain on disposal of an associate		**–**	5,346
Gain on disposal of available-for-sale investments		**335**	1,614
Gain on EU fine recalculation		**–**	1,470
Gain on disposal of a subsidiary or business		**–**	794
Gain on joint venture dilution		**–**	326
Gain on acquisition of a subsidiary		**–**	187
Others		**802**	519
		5,518	15,824
Exceptional Items (losses):			
Restructuring costs, including employee termination payments		**(15,927)**	(22,676)
Impairments of non-current assets	11,12,13,17	**(2,034)**	(9,052)
Settlement of litigation matters		**(572)**	(1,332)
Loss on disposal or scrapping of non-current assets		**(240)**	(1,671)
Others		**(578)**	(297)
		(19,351)	(35,028)
		(13,833)	(19,204)

The gain on dilution of shares in associates relates to a placing of new shares by each of two of the Group's associated entities, Shanghai Yaohua Pilkington Glass Co Ltd (China) and Holding Concorde SA (Colombia), in which the Group did not participate.

The reversal of impairment of non-current assets relates to automotive and architectural assets impaired during the previous year, mainly in Sweden. These have now either been given an alternative use elsewhere in the Group, or are anticipated to have an alternative use elsewhere in the Group, resulting in a reversal of previous impairments based on a value-in-use calculation using discount rates as set out in note 11.

The reduction in pension liabilities arises at a UK subsidiary, where employees have accepted a change to their terms and conditions, whereby pensionable salaries in the subsidiary's pension scheme will be capped at their level on 1 January 2014.

6. Exceptional items continued

The previous year reduction in pension liabilities also arose in the UK, where employees in the Group's main UK defined benefit pension scheme accepted a change to their terms and conditions, whereby pensionable salaries were capped at their level on 30 April 2013. Future salary increases for employees who are members of this scheme, will become pensionable in the Group's UK defined contribution pension scheme. An accounting gain arose on this amendment, as actuarial assumptions used in calculating the Group's defined benefit pension obligations, include an assumption of future pensionable salary increases.

Both of these changes enable the Group to further reduce its future pension liability risk.

The previous year gain on disposal of an associate related to the sale of the Group's shareholding in FMC Wyoming Corporation as announced on 28 March 2013.

The gain on disposal of available-for-sale investments relates to the disposal of investments in Japan.

The previous year gain on disposal of available-for-sale investments, arose on the disposal of various investments in Japan.

The previous year gain on EU fine recalculation arose from a partial refund of the fine paid following the European Commission's decision announced on 12 November 2008, resulting from an alleged breach of European competition laws by the Group. This refund related to errors made by the European Commission in calculating the size of the fine to be imposed on the Group, and is not connected to the Group's appeal against this fine which is still proceeding.

The previous year gain on disposal of a subsidiary or business arose from the Group's disposal of its Fire Protection glass business in North America.

The gain on joint venture dilution recorded during the previous year related to a refinancing of the Group's joint venture in Russia, where new investors injected equity into the joint venture at a subscription price in excess of the accounting net asset value per share prior to the subscription.

The previous year gain on subsidiary acquisition arose on the acquisition of the shares of Flovetro SpA, see note 39, business combinations.

Restructuring costs arose in a variety of locations around the world. It also includes the cost of maintaining idle facilities, principally in Europe. The costs incurred during the year include the costs arising from the Group's decision to mothball its' float line at Cowley Hill, St Helens, UK. This action was part of the Group's ongoing restructuring program, which was also responsible for the restructuring costs incurred in the previous year.

The impairments arising during the period mainly relate to the Group's Architectural facilities in Cowley Hill, UK, and Halmstad, Sweden.

The impairments arising during the previous year related principally to the Group's architectural float lines in Venice, Italy and Halmstad, Sweden.

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

The loss on disposal or scrapping of non-current assets relates to a variety of disposals, principally in China, Japan, and the Philippines.

The previous year loss on disposal or scrapping of non-current assets related mainly to the scrapping of an unused software system.

7. Employee benefit expense

			Millions of yen
	Note	2014	2013
Wages and salaries		**(124,262)**	(111,398)
Redundancy and termination benefits		**(3,707)**	(11,478)
Social security costs		**(13,400)**	(11,276)
Share options granted to directors and employees	30	**(127)**	(32)
Pension costs, excluding those classed as exceptional items			
defined contribution schemes		**(8,374)**	(8,018)
defined benefit schemes		**(2,904)**	(2,930)
Other short-term employee benefits		**(7,911)**	(5,698)
		(160,685)	(150,830)

Key management compensation (included above) comprises:

		Millions of yen
	2014	2013
Salaries and short-term employee benefits	**(1,301)**	(918)
Compensation for loss of office	**(224)**	–
Share options granted	**(127)**	(32)
Post-employment benefits	**(135)**	(78)
Long-term incentive plan	**(60)**	–
	(1,847)	(1,028)

7. Employee benefit expense continued

Key management compensation comprises the remuneration of those 32 (2013: 32) key employees who have responsibility for planning, controlling and directing the activities of the Group and includes all the members of the Group's Executive Board and corporate and senior corporate officers. This note has been restated compared to the prior year to include non-executive directors of the Group's Board.

Included within key management remuneration are post-employment benefits based on the IFRS operating cost charge in respect of service costs.

Defined benefit scheme costs exclude exceptional gains as disclosed in Note 6.

8. Finance income and expenses

	Note	2014	2013 (restated)
			Millions of yen
Finance income			
Interest income		**2,929**	1,624
Foreign exchange transaction gains		**409**	126
Fair value gains on financial instruments – interest rate swaps		**–**	73
		3,338	1,823
Finance expenses			
Interest expense – bank and other borrowings		**(15,724)**	(13,130)
Dividend on non-equity preference shares due to minority shareholders		**(274)**	(220)
Foreign exchange transaction losses		**(88)**	(242)
Other interest and similar charges		**(1,892)**	(864)
		(17,978)	(14,456)
Unwinding of discounts on provisions	28	**(293)**	(285)
Retirement benefit obligations - net finance charge	27	**(3,204)**	(3,170)
		(21,475)	(17,911)

9. Income tax

The analysis of the tax charge for the period is as follows:

	Note	2014	2013 (restated)
			Millions of yen
Current tax			
charge for the period		**(4,437)**	(3,722)
adjustment in respect of prior periods		**(61)**	(88)
		(4,498)	(3,810)
Deferred tax			
credit for the period		**1,675**	197
adjustment in respect of prior periods		**(44)**	560
adjustment in respect of rate changes		**2,783**	694
	20	**4,414**	1,451
		(84)	(2,359)

The tax charge for the year is calculated as the sum of the total current and deferred tax charge or credit arising in each territory in which the Group operates. The Group's weighted average tax rate (after deducting the Group's share of post-tax profits of joint ventures and associates) is 20.86 per cent (2013: 18.81 per cent). The tax rate is different to the prior year because of changes in the mix of profits and losses realized by the Group in each of the territories in which it operates and differences in tax rates across each of those territories. A number of countries have changed their corporate income tax rates during the year and any such changes that have been enacted or substantively enacted at 31 March 2014 are reflected in the weighted average tax rate. None of these rate changes are significant enough, on their own, to have a material impact on the weighted average tax rate. For reference, the applicable tax rate in Japan is 38.01% (2013: 38.01%) and this consists of corporate income tax, inhabitants' taxes and enterprise tax.

9. Income Tax continued

The tax charge for the period differs from the tax credit that would be anticipated by applying the weighted average tax rate to the Group's loss before tax. The differences are explained as follows:

	Millions of yen	
	2014	2013 (restated)
Loss before taxation	**(16,401)**	(31,096)
Deduct share of post-tax profits of joint ventures and associates	**(1,002)**	(2,250)
Loss before tax of Group companies	**(17,403)**	(33,346)
Tax credit calculated at the statutory tax rates applicable to profits/(losses) in the respective countries	**3,630**	6,271
Expenses not deductible for tax purposes	**(2,359)**	(3,512)
Income not subject to tax	**1,687**	3,650
Non-deductible losses on hedging derivative contracts	**(100)**	(15)
Other items giving rise to local tax adjustments	**210**	1,406
Adjustment to tax in respect of prior periods		
current tax	**(61)**	(88)
deferred tax	**(44)**	560
Adjustment to tax as a result of changes in tax rates	**2,783**	694
Tax losses and other temporary differences for which no deferred tax asset is recognized	**(5,468)**	(11,062)
Other local, non-corporate and withholding taxes suffered	**(362)**	(263)
Total taxation charge – continuing operations	**(84)**	(2,359)

At the balance sheet date, legislation had been enacted which would reduce the main rate of UK corporation tax from 23% to 21% with effect from 1 April 2014 and from 21% to 20% with effect from 1 April 2015. This reduction is reflected in the Group's deferred tax balances for the period to 31 March 2014. The effect of the rate reduction has been to reduce the Group's overall deferred tax liability in the UK by ¥912 million. This reduction is reflected in a credit to the Group's income statement of ¥3,078 million and a charge to the Group's statement of other comprehensive income of ¥2,166 million.

10. Dividends

	Millions of yen	
	2014	2013
Dividends on ordinary shares declared during the period		
Final dividend for the period ended 31 March 2013: nil yen per share (2012: 1.5 yen per share)	**–**	1,354
Interim dividend for the period ended 31 March 2014: nil yen per share (2013: nil yen per share)	**–**	–
Dividends on ordinary shares declared after the end of the reporting period and not recognized as a liability:		
Final dividend for the period ended 31 March 2014: nil yen per share (2013: nil yen per share)	**–**	–

11. Goodwill

	Millions of yen	
	2014	2013
Cost		
At 1 April	**116,968**	105,196
Exchange differences	**19,104**	11,772
Additions	**6**	–
Disposals	**(6)**	–
At 31 March	**136,072**	116,968
Accumulated impairment		
At 1 April	**200**	178
Exchange difference	**46**	22
Impairment charge in the period	**6**	–
Disposals	**(6)**	–
At 31 March	**246**	200
Net book amount at 31 March	**135,826**	116,768

The impairments in the period have all been charged to exceptional items, see note 6.

11. Goodwill continued

In accordance with IAS 36, the goodwill has been tested for impairment at 31 March 2014. To perform this test, at 31 March 2014 and 2013, the directors compared the carrying value of each cash-generating unit, including the value of goodwill allocated to that unit and intangible assets, to the value in use of each cash-generating unit. The value in use for this purpose is considered to be the capitalized current value of the future cash flows of each cash-generating unit as calculated by discounting the projected future operating cash flows of each cash-generating unit, using the discount rates in the table below. The projected future operating cash flows were based on management-approved financial forecasts, covering a four-year period with perpetuity thereafter. This is the maximum period for which management believe operating cash flows could be predicted with an acceptable level of confidence.

A general growth rate of two percent each year has been applied to the cash flows included within the perpetuity for cash generating units in Europe and North America (2013: two percent each year). A general growth rate of between 3.35 and 4.35 percent has been applied to the cash flows included within the perpetuity for cash generating units in other areas (2013: two percent each year). The pre-tax discount rate is determined by adding an appropriate risk factor onto the Group's weighted average cost of capital for each cash-generating unit.

The goodwill included in the balance sheet with an indefinite useful life has been allocated to cash-generating units as set out in the table below, for the purposes of testing the goodwill for potential impairment.

	Millions of yen	
	2014	2013
Architectural Europe	**48,974**	39,747
Architectural Japan	**12**	12
Architectural North America	**7,775**	6,840
Architectural Rest of World	**5,741**	7,222
Automotive Europe	**48,814**	39,813
Automotive North America	**12,231**	10,761
Automotive Rest of World	**11,033**	11,320
Others	**1,246**	1,053
Total	**135,826**	116,768

The key assumptions used in this process are as follows:

Assumption	**Value**
Financial years used for discounted cash flow calculations	Financial years 2015 to 2018 with perpetuity thereafter
Perpetuity growth rate	2.0% to 4.35%
Pre-tax discount rate used	7.38% to 11.38%

Other key assumptions include glass prices, growth in market volumes, and input prices. Glass prices are projected using current trends and expectations of demand and supply movements in the period covered. Growth in market volumes is estimated with reference to general GDP growth in each territory and specific factors pertaining to the glass industry in that market including for example changes in regulatory environment. Input prices are estimated based on recent negotiations with suppliers and also generally available industry forecasts.

As a result of this test, the directors are satisfied that no goodwill impairment is necessary as at 31 March 2014.

The key sensitivity in the impairment test described above is the selection of the discount rate. If discount rates greater than the rates quoted above were used, there would be a reduction in the headroom for each cash-generating unit.

The cash-generating unit with the least amount of headroom was Automotive Rest of World. An increase in the discount rate of more than half of one percent could have resulted in this cash-generating unit not having any residual headroom. Above this level, each additional one percent increase in the discount rate with respect to Automotive Rest of World, would have resulted in an impairment of ¥5,250 million.

The cash-generating unit that would first run out of residual headroom, in response to an increase in the discount rate, is also Automotive Rest of World.

An increase in the discount rate of one percent would also result in the Architectural Europe cash-generating unit not having any residual headroom. Above this level, each additional one percent increase in the discount rate with respect to Architectural Europe, would have resulted in an impairment of ¥16,320 million.

The sensitivities above consider the impact of future increases in discount rates in isolation.

12. Intangible assets

Millions of yen

	Trademarks and licenses	Development costs	Computer software	Other	Total
Cost					
At 1 April 2013	333	10,626	12,444	139,768	163,171
Exchange differences	62	2,532	775	18,698	22,067
Additions	–	1,136	579	2	1,717
Disposals	–	–	(43)	(50)	(93)
At 31 March 2014	395	14,294	13,755	158,418	186,862
Accumulated amortization and impairment					
At 1 April 2013	317	5,079	8,440	64,839	78,675
Exchange differences	18	1,142	793	8,594	10,547
Amortization charge for the period	52	1,490	574	8,214	10,330
Impairment charge in the period	–	379	–	–	379
Disposals	–	–	(43)	(25)	(68)
At 31 March 2014	387	8,090	9,764	81,622	99,863
Net book amount at 31 March 2014	8	6,204	3,991	76,796	86,999

Millions of yen

	Trademarks and licenses	Development costs	Computer software	Other	Total
Cost					
At 1 April 2012	318	8,593	23,834	127,993	160,738
Exchange differences	9	798	552	11,684	13,043
Additions	6	1,235	421	142	1,804
Transferred to assets held for sale	–	–	(29)	(8)	(37)
Disposals	–	–	(12,334)	(43)	(12,377)
At 31 March 2013	333	10,626	12,444	139,768	163,171
Accumulated amortization and impairment					
At 1 April 2012	294	3,490	17,853	51,626	73,263
Exchange differences	7	395	403	5,540	6,345
Amortization charge for the period	16	1,185	1,099	7,455	9,755
Impairment charge in the period	–	9	–	231	240
Transferred to assets held for sale	–	–	(5)	–	(5)
Disposals	–	–	(10,910)	(13)	(10,923)
At 31 March 2013	317	5,079	8,440	64,839	78,675
Net book amount at 31 March 2013	16	5,547	4,004	74,929	84,496

12. Intangible assets continued

Amortization charged in the period all relates to continuing operations, this has been charged to other expenses, note 4. Impairments in the period have been charged to exceptional items ¥379 million (2013: ¥240million), see note 6.

Development costs represent internally generated intangible assets. Computer software represents the acquisition cost of purchasing software plus internal costs to implement the usage of that software. Trademarks and licenses and other intangible assets represent the acquisition cost of those assets.

The carrying amount of the Group's computer software includes ¥1,592 million (2013: ¥2,026 million) held under finance leases.

'Other' intangibles include the following amounts recognized on the acquisition of the Pilkington Group in June 2006:

Millions of yen

	Customer relationships	Know-how	Pilkington brand	Other brands	Developed technology	Other	Total
Cost							
At 1 April 2013	**25,259**	**39,304**	**41,030**	**4,934**	**21,504**	**367**	**132,398**
Exchange differences	**3,241**	**5,759**	**6,448**	**474**	**3,222**	**78**	**19,222**
At 31 March 2014	**28,500**	**45,063**	**47,478**	**5,408**	**24,726**	**445**	**151,620**
Accumulated amortization and impairment							
At 1 April 2013	**11,370**	**26,530**	**7,693**	**3,330**	**11,749**	**225**	**60,897**
Exchange differences	**1,568**	**4,098**	**1,209**	**341**	**1,823**	**50**	**9,089**
Amortization charge for the period	**1,310**	**4,296**	**–**	**520**	**1,721**	**38**	**7,885**
At 31 March 2014	**14,248**	**34,924**	**8,902**	**4,191**	**15,293**	**313**	**77,871**
Net book amount at 31 March 2014	**14,252**	**10,139**	**38,576**	**1,217**	**9,433**	**132**	**73,749**

Millions of yen

	Customer relationships	Know-how	Pilkington brand	Other brands	Developed technology	Other	Total
Cost							
At 1 April 2012	23,345	35,983	37,367	4,591	19,691	341	121,318
Exchange differences	1,914	3,321	3,663	343	1,813	26	11,080
At 31 March 2013	25,259	39,304	41,030	4,934	21,504	367	132,398
Accumulated amortization and impairment							
At 1 April 2012	8,898	20,690	7,007	2,640	9,148	177	48,560
Exchange differences	967	2,331	686	249	1,047	17	5,297
Amortization charge for the period	1,505	3,509	–	441	1,554	31	7,040
At 31 March 2013	11,370	26,530	7,693	3,330	11,749	225	60,897
Net book amount at 31 March 2013	13,889	12,774	33,337	1,604	9,755	142	71,501

In addition to the other intangible assets recognized on the acquisition of the Pilkington Group, the Group also has intangible assets relating to customer relationships recognized on smaller acquisitions and other intangible assets, amounting to ¥ 3,047 million (2013: ¥3,428 million). Amortization charged in the period on these other intangible assets amounted to ¥329 million (2013: ¥415 million) and impairments on these other intangible assets amounts to ¥nil million (2013: ¥231 million).

The Pilkington Brand has been assigned an indefinite useful life and is therefore not subject to routine amortization. This brand has a long history in an established industry, with a significant share of the worldwide glass market. These factors, together with the scale of the business, contribute to the brand's durability. The Group intends to use the Pilkington brand indefinitely. All other intangible assets have finite lives, as set out in note 1.

The Pilkington Brand included in the intangible assets on the balance sheet has been allocated to cash generating units as set out in the table below, for the purposes of testing for potential impairment. The testing has been carried out as part of the exercise to test goodwill for potential impairment. See note 11, goodwill, for details of the assumptions used in this testing.

12. Intangible assets continued

	2014	2013
	Millions of yen	
Architectural Europe	**19,114**	16,158
Architectural North America	**3,201**	2,883
Automotive Europe	**9,840**	8,320
Automotive North America	**4,516**	4,067
Automotive Rest of World	**1,905**	1,909
Total	**38,576**	33,337

13. Property, plant and equipment

	Land and buildings	Plant, equipment and vehicles	Total
			Millions of yen
Cost			
At 1 April 2013	**184,283**	**479,384**	**663,667**
Exchange differences	**9,860**	**46,725**	**56,585**
Transferred to assets held for sale	**(2,154)**	**(199)**	**(2,353)**
Additions	**2,959**	**26,894**	**29,853**
Disposals	**(5,892)**	**(10,674)**	**(16,566)**
At 31 March 2014	**189,056**	**542,130**	**731,186**
Accumulated depreciation and impairment			
At 1 April 2013	**92,425**	**303,259**	**395,684**
Exchange differences	**2,106**	**26,541**	**28,647**
Charge for the period	**3,553**	**26,528**	**30,081**
Impairment losses arising in the period	**2,299**	**985**	**3,284**
Reversal of impairment losses from prior periods	**(306)**	**(1,030)**	**(1,336)**
Transferred to assets held for sale	**(462)**	**(235)**	**(697)**
Eliminated on disposals	**(3,563)**	**(10,303)**	**(13,866)**
At 31 March 2014	**96,052**	**345,745**	**441,797**
Net book amount at 31 March 2014	**93,004**	**196,385**	**289,389**

	Land and buildings	Plant, equipment and vehicles	Total
			Millions of yen
Cost			
At 1 April 2012	176,016	438,185	614,201
Exchange differences	7,590	30,925	38,515
Transferred to assets held for sale	(1,766)	(3,591)	(5,357)
Acquisition of new subsidiaries	756	2,561	3,317
Additions	3,168	21,014	24,182
Disposals	(1,481)	(9,710)	(11,191)
At 31 March 2013	184,283	479,384	663,667
Accumulated depreciation and impairment			
At 1 April 2012	84,878	268,726	353,604
Exchange differences	2,236	17,861	20,097
Charge for the period	3,398	23,402	26,800
Impairment losses arising in the period	3,410	5,080	8,490
Reversal of impairment losses from prior periods	(59)	(223)	(282)
Transferred to assets held for sale	(680)	(3,173)	(3,853)
Eliminated on disposals	(758)	(8,414)	(9,172)
At 31 March 2013	92,425	303,259	395,684
Net book amount at 31 March 2013	91,858	176,125	267,983

13. Property, plant and equipment continued

The carrying amount of the Group's land and buildings includes ¥1,308 million (2013: ¥1,182 million) and the Group's plant, equipment and vehicles includes ¥398 million (2013: ¥649million) in respect of assets held under finance leases.

Land and buildings includes assets with a carrying amount of ¥1,334 million (2013: ¥1,182 million), and plant and machinery with a carrying amount of ¥3,682 million (2013: ¥1,720 million), are subject to specific charges to secure Group borrowings.

Of the additions in the period, ¥98 million were financed by new finance leases (2013: ¥43 million).

Capitalized borrowing costs have been included within additions of land and buildings, ¥nil million (2013: ¥31 million), and plant and equipment additions ¥164 million (2013: ¥147 million). The average rate used to calculate borrowing costs capitalized during the year was 3.57%.

Depreciation charged in the period all relates to continuing operations, this has been charged to cost of sales ¥25,905 million (2013: ¥22,448 million), distribution costs ¥1,649 million (2013: ¥1,420 million), administrative expenses ¥1,964 million (2013: ¥1,900 million), and exceptional items of ¥563 million (2013: ¥1,032 million).

Impairments in the period have been charged to exceptional items ¥1,514 million (2013: ¥8,449 million), note 6, and other expenses ¥1,770 million (2013: ¥41 million), note 4. The reversal of previous period impairments have been credited to exceptional items ¥1,227 million (2013: ¥249 million), note 6, and other expenses ¥109 million (2013: ¥33 million), note 4.

Property, plant and equipment includes ¥1,191 million (2013: ¥1,038 million) in respect of assets in the course of construction.

14. Investment property

		Millions of yen	
	Note	**2014**	2013
Fair value			
At 1 April		**635**	675
Exchange differences		**96**	45
Net reduction in fair value	4	**(87)**	(85)
At 31 March		**644**	635

Investment property principally comprises land, office buildings and small industrial units, and those parts of other properties not occupied by the Group, which are held for long-term rental yields. Investment properties are initially recognized at cost and are thereafter carried at fair value, representing open-market value determined annually by discounted cash flows or by the use of external valuers. Changes in fair value are recorded in the income statement as part of other income and other expenses.

The property rental income earned by the Group from its investment properties, all of which are leased out under operating leases, amounted to ¥222 million (2013: ¥184 million). Direct operating expenses arising on the investment properties in the period amounted to ¥154 million (2013: ¥122 million).

The Group has no restrictions on the realizability of its investment properties and there were no commitments at 31 March 2014 or 2013.

Fair value measurement disclosures for investment properties are provided in note 19.

15. Investments accounted for using the equity method.

Joint ventures
The Group's interests in its material joint ventures, all of which are unlisted, are as follows:

Name	**Proportion of issued ordinary shares held**	**Country of operation and incorporation**	**Principal activity**
Cebrace Cristal Plano Limitada (Cebrace)	50%	Brazil	Glass manufacturing
SP Glass Holdings BV	50%	Netherlands/Russia	Glass manufacturing
Jiangsu Pilkington SYP Glass Co Limited	50%	China	Glass manufacturing

There were no additions to joint ventures in the period-ended 31 March 2014 (31 March 2013 – none).

The Group has legal ownership of 50 percent of the issued share capital of SP Glass Holdings BV, but, due to the existence of call options held by one of the Group's joint venture partners over part of the Group's shareholding, the Group accounts for this investment using a beneficial shareholding percentage of 35 percent.

15. Investments accounted for using the equity method continued

Jiangsu Pilkington SYP Glass Co Limited is a 50 percent joint venture with Shanghai Yaohua Pilkington Glass Co Limited. In addition, Pilkington International Holdings BV, a subsidiary of NSG UK Enterprises Limited, holds a 15.1841 percent interest in Shanghai Yaohua Pilkington Glass Co Limited, which it treats as an associate. Therefore, the Group's proportionate economic interest in the entity is 57.59 percent.

Of the joint ventures above, Cebrace and Jiangsu Pilkington SYP Glass Co Limited report to an accounting date coterminous with that of the Group, but SP Glass Holdings BV reports to 31 December, being its local statutory accounting date.

The balance sheet values of the Group's material joint ventures are as follows:

					Millions of yen
					2014
	Cebrace	**SP Glass Holdings BV**	**Jiangsu Pilkington SYP Glass Co Limited**	**Others**	**Total**
Current assets	**12,962**	**5,541**	**4,455**	**1,699**	**24,657**
Non-current assets	**53,908**	**25,316**	**10,003**	**5,907**	**95,134**
Current liabilities	**(19,846)**	**(4,270)**	**(7,988)**	**(963)**	**(33,067)**
Non-current liabilities	**(22,421)**	**(7,402)**	**(2,992)**	**(100)**	**(32,915)**
Total equity	**24,603**	**19,185**	**3,478**	**6,543**	**53,809**
NSG Group interest in total equity of joint venture	**12,302**	**6,715**	**1,739**	**2,765**	**23,521**
Goodwill	**–**	**3,470**	**–**	**–**	**3,470**
Historic impairments of goodwill	**–**	**(1,108)**	**–**	**–**	**(1,108)**
Carrying amount of the Group's investment	**12,302**	**9,077**	**1,739**	**2,765**	**25,883**
The total equity above includes:					
Cash and cash equivalents	**1,065**	**1,542**	**678**	**203**	**3,488**
Current financial liabilities	**(11,448)**	**(1,119)**	**(3,832)**	**–**	**(16,399)**
Non-current financial liabilities	**(13,009)**	**(6,288)**	**(2,992)**	**(2)**	**(22,291)**

					Millions of yen
					2013
	Cebrace	SP Glass Holdings BV	Jiangsu Pilkington SYP Glass Co Limited	Others	Total
Current assets	12,051	9,210	3,854	1,469	26,584
Non-current assets	57,587	20,868	10,064	3,120	91,639
Current liabilities	(22,579)	(3,377)	(6,997)	(1,627)	(34,580)
Non-current liabilities	(21,231)	(7,207)	(3,499)	–	(31,937)
Total equity	25,828	19,494	3,422	2,962	51,706
NSG Group interest in total equity	12,914	6,823	1,711	1,232	22,680
Goodwill	–	2,933	–	–	2,933
Historic impairments of goodwill	–	(913)	–	–	(913)
Carrying amount of the Group's investment	12,914	8,843	1,711	1,232	24,700
The total equity above includes:					
Cash and cash equivalents	593	6,031	252	595	7,471
Current financial liabilities	(14,805)	–	(3,588)	(2)	(18,395)
Non-current financial liabilities	(12,814)	(5,014)	(3,499)	–	(21,327)

The Group considers that for all joint ventures accounted for using the equity method the balance sheet value approximates the fair value of the Group's investment. Current and non-current financial liabilities exclude trade and other payables as well as provisions.

The Group has no unrecognized commitments, relating to any of its joint ventures, which would result in a future outflow of economic resources from the Group.

15. Investments accounted for using the equity method continued

The key income statement and comprehensive income figures of the Group's material joint ventures are as follows:

	Cebrace	SP Glass Holdings BV	Jiangsu Pilkington SYP Glass Co Limited	Others	Total
					Millions of yen
					2014
Revenue	**53,837**	**20,125**	**6,955**	**1,666**	**82,583**
Profit/(loss) for the period from continuing operations	**5,147**	**(1,708)**	**(305)**	**(516)**	**2,618**
Other comprehensive income	**–**	**190**	**–**	**(58)**	**132**
Total comprehensive income	**5,147**	**(1,518)**	**(305)**	**(574)**	**2,750**
NSG Group's share of profit/(loss) for the period	**2,574**	**(598)**	**(153)**	**(221)**	**1,602**
Dividends received by NSG Group	**(3,089)**	**–**	**–**	**(1)**	**(3,090)**
The profit/(loss) for the period includes the following:					
Depreciation and amortization	**(4,727)**	**(1,599)**	**(1,114)**	**(5)**	**(7,445)**
Interest expense	**(2,768)**	**(923)**	**(399)**	**(20)**	**(4,110)**
Taxation	**(2,655)**	**87**	**–**	**–**	**(2,568)**

	Cebrace	SP Glass Holdings BV	Jiangsu Pilkington SYP Glass Co Limited	Others	Total
					Millions of yen
					2013
Revenue	53,254	16,805	4,793	–	74,852
Profit/(loss) for the period from continuing operations	2,900	2,035	(819)	2	4,118
Other comprehensive income	–	(3,862)	–	–	(3,862)
Total comprehensive income	2,900	(1,827)	(819)	2	256
NSG Group's share of profit/(loss) for the period	1,450	712	(409)	–	1,753
Dividends received by NSG Group	(5,046)	–	–	(1)	(5,047)
The profit/(loss) for the period includes the following:					
Depreciation and amortization	(3,861)	(978)	(912)	–	(5,751)
Interest income	–	–	–	10	10
Interest expense	(1,570)	(497)	(444)	–	(2,511)
Taxation	(1,686)	(455)	–	(2)	(2,143)

Associates

The Group's interest in its material associates, all of which are unlisted, except for Shanghai Yaohua Pilkington Glass Co Limited and China Glass Holdings Limited, is as follows:

Name	Proportion of issued ordinary shares held at 31 March 2014	Country of operation and incorporation	Principal activity
Shanghai Yaohua Pilkington Glass Co Limited	15.18%	China	Glass manufacturing
Flachglas Wernberg GmbH	49%	Germany	Glass manufacturing and processing
China Glass Holdings Limited	25.17%	China/Bermuda	Glass manufacturing and processing
Holding Concorde SA	23.80%	Columbia	Glass manufacturing and processing

The Group's shareholding in Shanghai Yaohua Pilkington Glass Co Limited (SYP) amounts to 15.18 per cent of the issued ordinary share capital of that company. The Group considers SYP to be an associated entity as it is able to exert significant influence due to the close relationship between the Group and SYP through the operation of two joint ventures, through the provision of technical assistance to SYP, and by the representation of one NSG Group employee on the board of SYP.

The accounting date for each of the principal associates listed above, except for Holding Concorde SA, is 31 December, which is the date to which each draws up its annual accounts. Holding Concorde SA reports to 31 March.

15. Investments accounted for using the equity method continued

On 30 December 2013, the Group's associated entity in China, Shanghai Yaohua Pilkington Glass Co Limited, issued a placing of new shares in which the Group did not participate. As a result, the Group's shareholding in this entity reduced to 15.18 percent (2013: 19.4132 percent). The new interest percentage has been applied to the Group's share of net assets at the end of the period. On 26 March 2014, the Group's associated entity in Colombia, Holding Concorde SA, also issued a placing of new shares in which the Group did not participate. As a result, the Group's shareholding reduced to 23.8 percent (2013: 49 percent). The Group also has a minority interest shareholding in a subsidiary of Holding Concorde SA, resulting in an effective economic interest of 24.98 percent in the consolidated net assets of Holding Concorde SA at the balance sheet date.

The balance sheet values of the Group's material associates are as follows:

	Millions of yen					
	2014					
	Shanghai Yaohua Pilkington Glass Co Limited	Flachglas Wernberg GmbH	China Glass Holdings Limited	Holding Concorde SA	Others	Total
Current assets	44,648	4,921	25,500	3,691	4,662	83,422
Non-current assets	59,730	7,269	65,795	23,411	4,542	160,747
Current liabilities	(29,912)	(4,187)	(46,793)	(4,703)	(3,412)	(89,007)
Non-current liabilities	(21,407)	(3,345)	(8,548)	(8,611)	(1,940)	(43,851)
Total equity	53,059	4,658	35,954	13,788	3,852	111,311
NSG Group interest in total equity	8,057	2,283	9,050	3,444	1,306	24,140
Goodwill	–	–	2,645	–	–	2,645
Historic impairments of goodwill	–	–	(2,598)	–	–	(2,598)
Carrying amount of the Group's investment	8,057	2,283	9,097	3,444	1,306	24,187

	Millions of yen					
	2013					
	Shanghai Yaohua Pilkington Glass Co Limited	Flachglas Wernberg GmbH	China Glass Holdings Limited	Holding Concorde SA	Others	Total
Current assets	32,142	4,223	24,963	2,117	5,024	68,469
Non-current assets	50,595	6,604	60,446	21,634	5,397	144,676
Current liabilities	(24,372)	(3,703)	(46,456)	(4,129)	(3,812)	(82,472)
Non-current liabilities	(26,521)	(3,461)	(7,522)	(12,927)	(1,940)	(52,371)
Total equity	31,844	3,663	31,431	6,695	4,669	78,302
NSG Group interest in total equity	6,182	1,795	7,911	3,281	1,151	20,320
Goodwill	–	–	2,392	–	–	2,392
Historic impairments of goodwill	–	–	(2,349)	–	–	(2,349)
Carrying amount of the Group's investment	6,182	1,795	7,954	3,281	1,151	20,363

The market value of the Group's shareholding in Shanghai Yaohua Pilkington Glass Co Limited, which is quoted on the Shanghai Stock Exchange, amounted to ¥19,644 million at 31 March 2014 (2013: ¥11,109 million). The market value of the Group's shareholding in China Glass Holdings Limited, which is quoted on the Hong Kong Stock Exchange, amounted to ¥5,013 million at 31 March 2014 (2013: ¥4,933 million). The inputs used to determine the fair value of these investments are consistent with level 1 inputs as described in note 19.

The Group considers that for all other investments accounted for using the equity method the balance sheet value approximates the fair value of the Group's investment.

The key income statement and comprehensive income figures of the Group's material associates are as follows:

	Millions of yen					
	2014					
	Shanghai Yaohua Pilkington Glass Co Limited	Flachglas Wernberg GmbH	China Glass Holdings Limited	Holding Concorde SA	Others	Total
Revenue	32,279	19,009	45,108	8,069	16,414	120,879
Profit/(loss) for the period from continuing operations	1,917	309	1,334	(3,277)	394	677
Other comprehensive income	–	–	(3)	914	–	911
Total comprehensive income	1,917	309	1,331	(2,363)	394	1,588
NSG Group's share of profit/(loss) for the period	372	151	336	(1,606)	147	(600)
Dividends received by NSG Group	(52)	–	–	–	(57)	(109)

15. Investments accounted for using the equity method continued

	Shanghai Yaohua Pilkington Glass Co Limited	Flachglas Wernberg GmbH	China Glass Holdings Limited	Holding Concorde SA	Others*	Total
						Millions of yen
						2013
Revenue	25,262	15,188	33,609	3,950	88,549	166,558
Profit/(loss) for the period from continuing operations	744	229	(2,288)	(137)	12,272	10,820
Other comprehensive income	23	–	264	(392)	477	372
Total comprehensive income	767	229	(2,024)	(529)	12,749	11,192
NSG Group's share of profit/(loss) for the period	144	112	(576)	(67)	884	497
Dividends received by NSG Group	(34)	–	(42)	–	(666)	(742)

* Included in Others is FMC Wyoming Corporation which was disposed of on 28 March 2013. See note 6, exceptional items, and note 39, acquisitions and disposals of subsidiaries and businesses.

16. Trade and other receivables

	Note	2014	2013
		Millions of yen	
Trade receivables		**74,294**	87,988
Less provision for impairment of receivables		**(4,331)**	(4,903)
Trade receivables – net		**69,963**	83,085
Amounts due from customers for contract work	22	**966**	1,643
Amounts owed by related parties (trading)	40	**2,142**	1,227
Loans to related parties	40	**8,095**	8,231
Other receivables		**22,790**	14,796
Prepayments and accrued income		**4,182**	6,468
		108,138	115,450
Current		**92,523**	101,242
Non-current		**15,615**	14,208
		108,138	115,450

The directors consider that the carrying amount of trade and other receivables approximates to their fair value.

There is no particular concentration of credit risk relating to Architectural, Automotive AGR, or Technical Glass balances, as these operations have a large number of customers. There is, however, a concentration of credit risk within the Automotive OE balances where the Group is supplying Automotive manufacturers worldwide. The Automotive OE business customers constitute the majority of the major global car manufacturers. Due to the nature of the industry with a relatively small number of large customers, there is therefore a higher credit risk concentration. Total amounts owed by Automotive OE customers, net of related provisions, were ¥23,306 million (2013: ¥20,892 million). This risk is managed through the monitoring of aged receivables, analysis of the cost effectiveness of insuring receivables and through general credit collection procedures.

Receivable balances are impaired on a case by case basis when there is evidence to suggest that the value may not be collectable. Overdue balances may not be impaired when there is good reason to expect that the receivable would still be collected.

As at 31 March 2014, trade receivables at nominal value of ¥4,331 million, (2013: ¥4,903 million) were impaired and fully provided for. Movements in the provision for impairment of receivables were as follows:

	Note	2014	2013
		Millions of yen	
At 1 April		**(4,903)**	(4,975)
Exchange differences		**(555)**	(374)
Charge for the period	4	**(1,308)**	(1,367)
Unused amounts reversed	4	**1,115**	1,545
Utilized		**1,320**	268
At 31 March		**(4,331)**	(4,903)

As at 31 March, the ageing analysis of current trade and other receivables (excluding prepayments and accrued income) is below. All non-current trade and other receivables (excluding prepayments and accrued income) is considered neither past due nor impaired.

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16. Trade and other receivables continued

			Past due but not impaired			
Millions of yen	Total	Neither past due nor impaired	Less than 3 months overdue	Between 3 and 6 months overdue	Between 6 and 12 months overdue	More than 12 months overdue
2014	**88,870**	**83,068**	**3,140**	**1,093**	**1,046**	**523**
2013	95,341	88,933	4,455	1,006	154	793

17. Available-for-sale investments

Millions of yen	Note	2014	2013
At 1 April		**7,394**	9,159
Exchange differences		**799**	298
Acquisitions		**16**	8
Transferred from former subsidiaries		**29**	–
Disposals		**(1,413)**	(2,144)
Impairment in the period to the income statement	4, 6	**(4)**	(337)
Revaluation surplus transferred to equity	34	**16**	275
Fair value adjustment on impairment of investments		**–**	139
Transferred to assets held for sale	24	**–**	(4)
At 31 March		**6,837**	7,394
Current		**94**	652
Non-current		**6,743**	6,742
		6,837	7,394

The disposal in the period ended 31 March 2014 relates to the sale of listed shares (2013- relates to the sale of listed shares). Impairments in the period have been charged to exceptional items ¥1 million (2013: ¥330 million), note 6, and other expenses ¥3 million (2013: ¥7 million), note 4.

Available-for-sale financial assets include the following:

Millions of yen	2014	2013
UK Government gilts	**3,539**	3,543
Listed equities	**161**	143
Unlisted shares	**2,481**	3,144
Bond funds	**498**	415
Other	**158**	149
	6,837	7,394

Fair value measurement disclosures for available-for-sale investments are provided in note 19.

18. Derivative financial instruments

	2014		2013	
				Millions of yen
	Assets	Liabilities	Assets	Liabilities
Interest rate swaps				
not qualifying as hedges	–	198	–	232
cash flow hedges	58	930	101	1,139
Forward foreign exchange contracts				
not qualifying as hedges	123	10	125	77
cash flow hedges	140	203	365	182
net investment hedges	151	625	688	664
Energy hedges				
cash flow hedges	1,855	1,544	2,251	1,177
	2,327	3,510	3,530	3,471
Current	1,434	1,514	2,168	1,744
Non-current	893	1,996	1,362	1,727
	2,327	3,510	3,530	3,471
Maturity				
within one year	1,434	1,514	2,168	1,744
between one and two years	491	666	696	350
between two and three years	246	1,123	430	330
between three and four years	137	169	170	1,026
between four and five years	19	38	66	19
over five years	–	–	–	2
	2,327	3,510	3,530	3,471

Of the above financial instruments, gross cash flows are exchanged for forward foreign exchange contracts only. The contractual liabilities are ¥114,220 million falling due within one year.

Gains and losses in equity on forward foreign exchange contracts as of 31 March 2014 will be released to the income statement at various dates up to 8 months from the balance sheet date. Fair values are calculated with reference to market prices discounted to current value.

The notional principal amounts of the outstanding interest rate swap contracts at 31 March 2014 were ¥65,512 million (2013: ¥69,075 million). At 31 March 2014, the fixed interest rates on interest rate swaps vary from 0.2575 percent to 2.051 per cent (2013: 0.375 percent to 2.051 per cent) and the main floating rates are TIBOR, EURIBOR and LIBOR.

The Group designates a portion of its currency denominated borrowings and derivatives as hedges of the net investment in the Group's overseas subsidiaries. The fair value of these borrowings as at 31 March 2014 was ¥86,303 million (2013: ¥204,791 million). The fair value of the derivatives as at 31 March 2014 was a loss of ¥475 million (2013: a gain of ¥9 million). The foreign exchange gain of ¥1,051 million (2013: a loss of ¥2,468 million) on translation of the borrowings and derivatives to yen at the balance sheet date was recognized in the exchange translation reserve in shareholders' equity, note 34.

Fair value measurement disclosures for derivative assets and liabilities are provided in note 19.

Financial risk management

An explanation of the Group's financial instrument risk management objectives, policies and strategies is set out in the financial risk management section in note 1 Accounting policies.

19. Fair value measurement

Fair value hierarchy

For those assets and liabilities included in the consolidated balance sheet at fair value, the table below provides the fair value measurement of the Group's assets and liabilities by valuation method. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: inputs for the asset or liability that are not based upon market data (unobservable inputs).

Assets and liabilities included in the balance sheet at amortized cost, have fair value disclosures included within the relevant disclosure note for that balance sheet item, where required by IFRS13 or other relevant standards.

19. Fair value measurement continued

	Note	Level 1	Level 2	Level 3	Total
					Millions of yen
					2014
Investment Properties	14				
Rental properties		–	–	644	644
		–	–	644	644
Available-for-sale investments	17				
UK Government gilts		3,539	–	–	3,539
listed equities		161	–	–	161
unlisted equities		–	–	2,481	2,481
bond funds		498	–	–	498
other		–	–	158	158
		4,198	–	2,639	6,837
Derivative assets	18				
interest rate swaps		–	58	–	58
forward foreign exchange contracts		–	414	–	414
energy hedges		–	1,855	–	1,855
		–	2,327	–	2,327

	Note	Level 1	Level 2	Level 3	Total
					Millions of yen
					2013
Investment Properties	14				
Rental properties		–	–	635	635
		–	–	635	635
Available-for-sale investments	17				
UK Government gilts		3,543	–	–	3,543
listed equities		143	–	–	143
unlisted equities		–	–	3,144	3,144
bond funds		415	–	–	415
other		–	–	149	149
		4,101	–	3,293	7,394
Derivative assets	18				
interest rate swaps		–	101	–	101
forward foreign exchange contracts		–	1,178	–	1,178
energy hedges		–	2,251	–	2,251
		–	3,530	–	3,530

	Note	Level 1	Level 2	Level 3	Total
					Millions of yen
					2014
Derivative liabilities	18				
interest rate swaps		–	1,128	–	1,128
forward foreign exchange contracts		–	838	–	838
energy hedges		–	1,544	–	1,544
		–	3,510	–	3,510

	Note	Level 1	Level 2	Level 3	Total
					Millions of yen
					2013
Derivative liabilities	18				
interest rate swaps		–	1,371	–	1,371
forward foreign exchange contracts		–	923	–	923
energy hedges		–	1,177	–	1,177
		–	3,471	–	3,471

19. Fair value measurement continued

Investment properties

Investment properties are valued either by reference to future expected rental receipts or by reference to a recently obtained valuation prepared by a qualified valuation professional. Gains or losses arising on the fair value of investment properties are recognized in operating profit, see note 14. The sensitivity of the fair value of investment properties is subject to rental yields and fluctuation of property prices in the relevant markets.

Available-for-sale investments

UK government gilts, listed equities, and bond funds are valued based on quoted market prices obtained by the Group at the balance sheet date. Unlisted equities and other available-for sale investments are valued using a variety of different techniques including future projected cash flows and net asset values of the underlying investments. Those classified in level 3 of the fair value hierarchy are subject to a variety of sensitivities and as these investments comprise mainly Japanese trading companies, economic growth projections in Japan are the main sensitivity influencing the valuation. The Group has not quantified the impact of the change in GDP growth rates for these investments, included within level 3, as any reasonable movement would not have a material impact.

Gains and losses arising on the fair value of available-for-sale investments are posted either to operating profit or are recognized directly within the statement of comprehensive income, depending on the nature of the change in the fair value, see note 17.

Derivatives

The fair values of foreign exchange contracts are determined using forward exchange market rates at the balance sheet date. The fair values of interest rate swaps are calculated as the present value of the estimated future cash flows based on observable yield curves at the balance sheet date. The fair values of commodity hedges are determined by using forward market prices at the balance sheet date.

Gains and losses arising on the fair value of net derivative assets and liabilities have been recognized as follows. A loss of ¥50 million was recognized in operating profit (2013: gain of ¥1 million). A further loss of ¥344 million was recognized directly in the statement of comprehensive income (2013: gain of ¥798 million).

Transfers between levels

The Group determines whether a transfer between levels in the hierarchy has occurred by reassessing categorization at the end of each reporting period. During the periods ended 31 March 2014 and 2013, there were no transfers between Level 1 and Level 2 fair value measurements.

There have been no changes in the valuation techniques in either the current or prior year.

A reconciliation of movements in available-for-sale investments included in the above hierarchy based on level 3 valuation techniques is as follows:

	Millions of yen
	2014
At 1 April	**3,293**
Acquisitions	**29**
Disposals	**(742)**
Movements in fair value recognized in comprehensive income	**38**
Exchange differences recognized in other comprehensive income	**21**
At 31 March	**2,639**

Management have assessed that cash and short-term deposits, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturity of these instruments.

20. Deferred income tax

	Millions of yen	
	2014	2013
Deferred tax assets	**55,571**	51,797
Deferred tax liabilities	**(23,190)**	(23,641)
Net deferred tax asset	**32,381**	28,156

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20. Deferred income tax continued

The movement for the period in the net deferred tax asset is as follows:

	Note	2014	2013
		Millions of yen	
At 1 April		**28,156**	23,399
Exchange differences		**3,622**	3,101
Credit to the income statement for the period	9	**4,414**	1,451
Deferred tax transferred to assets held for sale		**301**	(7)
Deferred tax of new subsidiaries		**–**	27
Deferred tax of former subsidiaries		**(5)**	–
(Charge)/credit to other comprehensive income for the period		**(4,107)**	185
At 31 March		**32,381**	28,156

The charge (2013: credit) to other comprehensive income in the period comprises a credit to the hedging reserve of ¥456 million (2013: a charge of ¥329 million), note 34, and a credit to the fair value reserve of ¥248 million (2013: a credit of ¥105 million), note 34. The Group also has a credit to other comprehensive income in respect of retirement benefit obligations in retained earnings of ¥4,811 million (2013: a credit of ¥409 million), note 27.

The following movement in the Group's deferred tax assets and liabilities took place during the periods ended 31 March 2014 and 31 March 2013:

	Note	Property, plant and equipment	Tax losses	Fair value losses	Defined benefit obligations	Provisions	Other	Total
								Millions of yen
Deferred tax assets								
At 1 April 2013		**3,444**	**24,072**	**414**	**22,209**	**8,002**	**6,681**	**64,822**
Exchange differences		**427**	**2,840**	**43**	**3,503**	**27**	**840**	**7,680**
(Charge)/credit to the income statement in the period	9	**163**	**951**	**(15)**	**(187)**	**632**	**(1,381)**	**163**
Deferred tax of former subsidiaries		**–**	**–**	**–**	**–**	**(5)**	**–**	**(5)**
Charge to assets held for sale		**–**	**–**	**–**	**–**	**(24)**	**(6)**	**(30)**
(Charge)/credit to other comprehensive income for the period		**–**	**–**	**–**	**(4,811)**	**64**	**464**	**(4,283)**
Gross deferred tax assets		**4,034**	**27,863**	**442**	**20,714**	**8,696**	**6,598**	**68,347**
Offset of deferred tax assets and liabilities relating to income taxes levied by the same taxation authority		**(20)**	**(7,142)**	**(440)**	**(485)**	**(4,429)**	**(260)**	**(12,776)**
At 31 March 2014		**4,014**	**20,721**	**2**	**20,229**	**4,267**	**6,338**	**55,571**

	Note	Property, plant and equipment	Tax losses	Fair value losses	Defined benefit obligations	Provisions	Other	Total
								Millions of yen (restated)
Deferred tax assets								
At 1 April 2012		2,583	22,772	359	21,671	7,236	6,627	61,248
Exchange differences		632	2,153	33	2,032	599	573	6,022
(Charge)/credit to the income statement in the period	9	229	(853)	(5)	(1,920)	(283)	(266)	(3,098)
Deferred tax of new subsidiaries		–	–	–	17	–	31	48
(Charge)/credit to other comprehensive income for the period		–	–	27	409	450	(284)	602
Gross deferred tax assets		3,444	24,072	414	22,209	8,002	6,681	64,822
Offset of deferred tax assets and liabilities relating to income taxes levied by the same taxation authority		(124)	(6,295)	(396)	(464)	(5,051)	(695)	(13,025)
At 31 March 2013		3,320	17,777	18	21,745	2,951	5,986	51,797

The Group assesses its ability to utilize tax losses in future periods based on management-approved financial forecasts. This takes account of the Group's medium and long-term strategic and financial plans and the expected future economic outlook. The ability to utilize tax losses in future periods also takes account of material tax adjusting items and the period (if any) in which tax losses might expire under local tax laws. The Group's ability to utilize its tax losses is re-assessed annually.

At 31 March 2014, the Group has tax losses which it is able to carry forward of ¥220,532 million (2013: ¥158,198 million), in respect of which it is recognizing a deferred tax asset of ¥27,863 million (2013: ¥24,072 million).

20. Deferred income tax continued

A significant part of this deferred tax asset arises in the USA and a deferred tax asset of ¥14,943 million (2013: ¥11,263 million) has been recognized based on Management-approved financial forecasts and taking into account the date of expiry of tax losses under US tax laws.

A deferred tax asset of ¥4,989 million (2013: ¥1,703 million) has been recognized in respect of tax losses arising in Japan, based on the management-approved financial forecast. Further tax losses of ¥4,336 million (2013: ¥13,071 million) are being carried forward in Japan and the Group does not consider it probable that there will be sufficient future taxable profits against which these losses may be utilized and no deferred tax asset is being recognized. These tax losses are subject to time expiry between FY2015 and FY2023.

A further ¥1,457 million (2013: ¥5,084 million) of the deferred tax asset relates to tax losses arising in the UK, based on the management-approved financial forecasts. These tax losses are not subject to time expiry. Further tax losses of ¥78,060 million (2013: ¥38,874 million) are being carried forward in the UK and the Group does not consider it probable that there will be sufficient future taxable profits against which these losses may be utilized and no deferred tax asset is being recognized.

A deferred tax asset of ¥6,474 million (2013: ¥6,022 million), in respect of tax losses arising in other territories, is being recognized in full, based on management-approved financial forecasts.

In addition to tax losses in Japan and the UK on which no deferred tax asset is being recognized, the Group has considered it appropriate not to recognize a deferred tax asset in respect of other tax losses of ¥47,600 million (2013: ¥27,663 million), with ¥12,476 million subject to time expiry under local tax laws. The balance of unrecognized tax losses, of ¥35,124 million, are not subject to time expiry.

The deferred tax asset in respect of Group's retirement benefit obligations arises mainly in the USA, where a deferred tax asset of ¥9,431 million (2013: ¥10,792 million) is being recognized, the UK, where a deferred tax asset of ¥4,928 million (2013: ¥5,657 million) is being recognized and in Germany, where a deferred tax asset of ¥4,355 million (2013: ¥3,397 million) is being recognized.

Millions of yen

	Note	Property, plant and equipment	Fair value gains	Provisions	Other	Total
Deferred tax liabilities						
At 1 April 2013		**15,672**	**18,946**	**601**	**1,447**	**36,666**
Exchange differences		**1,515**	**2,451**	**7**	**86**	**4,059**
Charge/(credit) to the income statement in the period	9	**(30)**	**(4,090)**	**14**	**(145)**	**(4,251)**
Transfer to assets held for sale	24	**(325)**	**–**	**–**	**(7)**	**(332)**
Charge/(credit) to other comprehensive income for the period		**–**	**(230)**	**62**	**(8)**	**(176)**
Gross deferred tax liabilities		**16,832**	**17,077**	**684**	**1,373**	**35,966**
Offset of deferred tax assets and liabilities relating to income taxes levied by the same taxation authority		**(9,319)**	**(1,861)**	**(563)**	**(1,033)**	**(12,776)**
At 31 March 2014		**7,513**	**15,216**	**121**	**340**	**23,190**

Millions of yen

	Note	Property, plant and equipment	Fair value gains	Provisions	Other	Total
Deferred tax liabilities						
At 1 April 2012		15,627	19,892	1,001	1,329	37,849
Exchange differences		1,376	1,491	3	51	2,921
Charge/(credit) to the income statement in the period	9	(1,352)	(2,359)	(839)	1	(4,549)
Deferred tax of new subsidiaries		21	–	–	–	21
Transfer to assets held for sale	24	–	–	–	7	7
Charge/(credit) to other comprehensive income for the period		–	(78)	436	59	417
Gross deferred tax liabilities		15,672	18,946	601	1,447	36,666
Offset of deferred tax assets and liabilities relating to income taxes levied by the same taxation authority		(9,005)	(2,233)	(581)	(1,206)	(13,025)
At 31 March 2013		6,667	16,713	20	241	23,641

Deferred taxation provided on unremitted earnings of joints ventures and associates at 31 March 2014, was ¥181 million (2013: ¥182 million). This reflects local withholding and other taxes which would be suffered if these earnings were repatriated and which would not be creditable against local corporation tax.

Fair value gains principally relate to the recognition of intangible assets on acquisition of the Pilkington Group by NSG UK Enterprises Limited.

21. Inventories

	2014	2013
	Millions of yen	
Raw materials	**32,514**	30,589
Work-in-progress	**17,152**	16,535
Finished goods	**59,501**	53,666
	109,167	100,790

The cost of inventories recognized as an expense and included in cost of sales amounted to ¥348,654 million (2013: ¥295,102 million) and includes the write down of inventories totaling ¥2,268 million (2013: ¥452million) and the reversal of inventory write-downs made in previous periods.

The carrying amount of inventories carried at fair value less cost to sell (net realizable value) amount to ¥16,257 million (2013: ¥20,024 million).

The amount of the reversal of inventory write-downs made in previous periods and credited to the income statement in the period amounted to ¥984 million (2013: ¥93 million). The reversal of previous write-downs relates to an increase in the net realizable value at the end of the period.

During the current financial year the Group changed its methodology used to calculate inventory provisions to reflect a more accurate forward looking estimation. The impact during the year-ended 31 March 2014 was to reduce inventory provisions by ¥1,440 million. The effect of this change in future periods is not expected to be material.

22. Construction work-in-progress

	Note	2014	2013
		Millions of yen	
Contract costs incurred plus recognized profits less recognized losses		**5,952**	10,703
Less amounts invoiced		**(4,970)**	(10,275)
		982	428
Contracts in progress at 31 March			
Amounts due from contract customers included in trade and other receivables	16	**966**	1,643
		966	1,643

Advances received from customers for contract work, included in the above summary, amounted to ¥544 million (2013: ¥403 million).

At 31 March 2014 and 2013 there were no amounts included in trade and other receivables arising from construction contracts which are due for settlement after more than 12 months.

There are no material amounts of construction work in progress held by customers as retentions.

The Group's income statement included the following results in respect of engineering contracts:

	2014	2013
	Millions of yen	
Contract revenue	**5,138**	5,479
Contract costs	**(3,984)**	(3,663)
Gross profit	**1,154**	1,816
Profit before tax	**866**	1,583

23. Cash and cash equivalents

	2014	2013
	Millions of yen	
Cash at bank and in hand	**55,303**	48,361
Short-term deposits	**18,561**	35,111
	73,864	83,472

The effective interest rate on the Group's short-term bank deposits was 2.45 per cent (2013: 0.97per cent) with an average maturity of 12 days (2013: 7 days).

The short-term deposits noted above, which constitute cash equivalents, are represented by deposit account balances principally in the UK, Argentina and Chile.

The Group's cash flow statement includes the following:

	Note	2014	2013
		Millions of yen	
Cash and cash equivalents		**73,864**	83,472
Bank overdrafts	25	**(21,571)**	(18,299)
		52,293	65,173

24. Assets held for sale

	Note	2014	2013
			Millions of yen
Assets held for sale within a disposal group held for sale			
Property, plant and equipment	13	**1,799**	1,864
Inventories		**–**	509
Cash and cash equivalents		**–**	149
Trade receivables		**–**	73
Intangible assets	12	**–**	32
Deferred taxation	20	**–**	7
Securities	17	**–**	4
		1,799	2,638
Liabilities held for sale within a disposal group held for sale			
Deferred taxation	20	**332**	–
Payables		**–**	392
Provisions	28	**–**	274
		332	666
Net assets held for sale		**1,467**	1,972

In the period ended 31 March 2014 assets and liabilities held within a disposal group mainly comprise of excess property, plant and equipment within the European and North American architectural businesses that are surplus to the Group's requirements and is expected to be disposed of within the next 12 months.

In the period ended 31 March 2013 assets and liabilities held within a disposal group mainly comprised a business within the Technical Glass business unit. Losses attributable to shareholders in the financial period ended 31 March 2013 of this business were ¥426 million. This business was sold during the period ended 31 March 2014.

25. Borrowings

a. Borrowings and net debt

	Note	2014	2013
			Millions of yen
Current			
Bank overdrafts	23	**21,571**	18,299
Bank borrowings		**94,391**	111,601
Other long-term loans		**2,843**	21,463
Finance lease liabilities		**860**	969
Non-equity non-controlling interest preference shares		**289**	253
		119,954	152,585
Non-current			
Bank borrowings		**265,682**	223,236
Other long-term loans		**60,038**	62,463
Finance lease liabilities		**1,032**	1,751
Non-equity non-controlling interest preference shares		**5,087**	4,343
		331,839	291,793
Total borrowings		**451,793**	444,378

Group borrowings include secured liabilities of ¥10,014 million (2013: ¥2,720 million). Borrowings are secured by fixed and floating charges over certain assets of undertakings in the Group. The secured liabilities in the above table also include the ¥8,554 million (2013: ¥nil million) of liabilities from sale and leaseback contracts taken out during the year on assets held by the Group.

Summary of net debt

	Note	2014	2013
			Millions of yen
Financial liabilities			
borrowings		**451,793**	444,378
derivative financial instruments	18	**3,510**	3,471
Financial assets			
derivative financial instruments	18	**(2,327)**	(3,530)
Cash and cash equivalents	23	**(73,864)**	(83,472)
Net debt		**379,112**	360,847

Net debt includes energy hedges within derivative financial instruments.

25. Borrowings continued

b. Interest rate exposure

The exposure of the Group's borrowings to interest rate changes and the contractual re-pricing dates are as follows:

	Less than one year	One to five years	Over five years	Total
				Millions of yen
				2014
Total borrowings	**365,914**	**80,792**	**5,087**	**451,793**
Effect of interest rate swaps	**(50,632)**	**50,632**	**–**	**–**
	315,282	**131,424**	**5,087**	**451,793**

	Less than one year	One to five years	Over five years	Total
				Millions of yen
				2013
Total borrowings	340,840	83,942	19,596	444,378
Effect of interest rate swaps	(39,149)	39,149	–	–
	301,691	123,091	19,596	444,378

The effective interest rates at the balance sheet date on the Group's principal currency borrowings were as follows:

	Yen	£	US$	Euro	Other
					Interest rate %
					2014
Bank overdrafts	**0.67**	**1.00**	**–**	**1.59**	**1.18**
Bank borrowings	**2.30**	**–**	**2.52**	**3.02**	**5.60**
Other long-term loans	**1.47**	**–**	**–**	**–**	**–**
Finance lease obligations	**4.10**	**–**	**–**	**4.00**	**10.00**

	Yen	£	US$	Euro	Other
					Interest rate %
					2013
Bank overdrafts	0.69	1.00	–	1.78	2.23
Bank borrowings	2.00	–	2.04	3.10	6.84
Other long-term loans	1.66	–	–	–	–
Finance lease obligations	3.93	–	–	4.00	4.00

The non-equity non-controlling interest preference shares relate to Pilkington Deutschland AG and Dahlbusch AG with the right to a dividend of 3.65 and 3.09 per cent of nominal value respectively in perpetuity.

c. Fair values of borrowings

The carrying amounts and fair values of the Group's non-current borrowings are as follows:

	2014 Carrying amounts	2014 Fair values	2013 Carrying amounts	2013 Fair values (restated)
				Millions of yen
Bank borrowings	**265,682**	**240,873**	223,236	223,236
Other long-term loans	**60,038**	**56,815**	62,463	57,986
Finance lease obligations	**1,032**	**1,032**	1,751	1,751
Non-equity non-controlling interest preference shares	**5,087**	**5,087**	4,343	4,343
	331,839	**303,807**	291,793	287,316

The above fair values are based on cash flows discounted using a rate based on credit risk factors and the relevant currency swap rate for the specific maturity, plus a margin. This methodology is consistent with hierarchy level 2 inputs as set out in note 19.

25. Borrowings continued

d. Currency of borrowings

The Group's total borrowings are denominated in the following currencies:

	Millions of yen	
	2014	2013
Japanese yen	**262,937**	251,777
Euro	**96,558**	103,036
Sterling	**44,004**	14,692
Polish zloty	**18,882**	16,247
US dollar	**15,548**	33,534
Swedish krona	**2,007**	1,848
Other currencies	**11,857**	23,244
	451,793	444,378

e. Maturity profile of committed borrowings

The Group has the following undrawn borrowing facilities:

	Millions of yen	
	2014	2013
Floating rate		
maturing within one year	**6,000**	25,000
maturing after one year	**8,600**	8,783

The overall maturity profile of the Group's borrowings is as follows:

	Millions of yen	
	2014	2013
Within one year	**119,954**	152,585
One to two years	**158,229**	90,523
Two to three years	**93,035**	106,102
Three to four years	**20,825**	42,243
Four to five years	**54,663**	1,068
After five years	**5,087**	51,857
	451,793	444,378

f. Finance leases

The finance lease liabilities are analyzed as follows:

	Millions of yen	
	2014	2013
Finance lease liabilities – minimum lease payments		
not later than one year	**861**	970
later than one year and not later than five years	**1,034**	794
later than five years	**–**	959
Future finance charges on finance leases	**(3)**	(3)
Present value of finance lease liabilities	**1,892**	2,720

The maturity of the present value of finance lease liabilities is as follows:

	Millions of yen	
	2014	2013
Not later than one year	**860**	969
Later than one year and not later than five years	**1,032**	1,750
Later than five years	**–**	1
	1,892	2,720

The fair value of the Group's non-current finance lease liabilities equates to book value.

It is the Group's policy to lease certain of its plant and equipment and intangible assets under finance leases. Interest rates are fixed at the contract date. The majority of the Group's leases are subject to fixed interest rates and all leases are on a fixed repayment basis.

26. Trade and other payables

	Note	2014	2013
			Millions of yen
Trade payables		**81,834**	69,830
Amounts owed to related parties (trading)	40	**3,988**	997
Loans from related parties		**120**	190
Social security and other taxes		**5,282**	5,157
Other payables		**24,702**	26,374
Accruals		**12,505**	12,281
		128,431	114,829
Current		**127,858**	113,780
Non-current		**573**	1,049
		128,431	114,829

The directors consider that the carrying amount of trade and other payables approximates to their fair value.

27. Pensions and other post-employment benefits

The Group operates a number of defined benefit pension arrangements, together with related arrangements, which are required to be disclosed as post-employment or other long-term benefits under IAS 19. The defined benefit pension arrangements cover schemes operating in Japan, the UK, Germany, Austria, the USA, Canada and Sweden and there are leaving indemnity arrangements in Italy, Austria and France, together with phased retirement (Altersteilzeit) and long service arrangements in Germany.

The defined benefit pension schemes are closed with the exception of those in Japan, Canada and Sweden. The German and UK defined benefit pension schemes are closed to new members but continuing employees accrue pension rights covering their current employment. Although benefits are accruing in the UK plans, the definition of pensionable salary has been 'frozen' so that benefits no longer increase in line with salary increases.

All the pension schemes are unfunded except for those in Japan, the UK, the USA and Canada. The assets of the funded schemes are generally held in separately administered trusts, either as specific assets or as a proportion of a general fund, or are insurance contracts. Pension scheme assets held in trust are governed by local regulations and practice in each country. Responsibility for governance of the schemes - including investment decisions and contribution schedules – lies either with the Group or jointly with the Group and the board of trustees.

Through its defined benefit pension schemes, the Group is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility	The liabilities are calculated using a discount rate set with reference to corporate bond yields; if assets underperform this yield, this will create a deficit. All funded schemes hold a significant proportion of growth assets, which are expected to outperform corporate bonds in the long-term while providing volatility and risk in the short-term. The allocation to growth assets is monitored regularly to ensure it remains appropriate and in line with the Group's long-term strategy to manage the schemes.
Changes in bond yields	A decrease in corporate bond yields will increase the scheme liabilities, although this will be partially offset by an increase in the value of the schemes' bond holdings.
Inflation risk	Much of the UK schemes' benefit obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect against extreme inflation). The majority of the assets are either unaffected by or loosely correlated with inflation, meaning that an increase in inflation will also increase the deficit.
Life expectancy	The majority of the plans' obligations are to provide benefits for the life of the member, and in some cases, their spouse on death of the member, so increases in life expectancy will result in an increase in the liabilities. Some of the longevity risk in the main UK plan is hedged with a longevity swap which was put in place in 2012.

Pension plan assets are invested in different asset classes in order to maintain a balance between risk and return. The main plans use government and corporate bonds as well as cash as liability matching assets. The remainder of the asset classes are used as return seeking assets. Investments are well diversified to limit the financial effect of the failure of any individual investment.

The largest pension scheme is in the UK. This scheme, the Pilkington Superannuation Scheme (PSS), covers 1,167 employees, 3,190 deferred members and 11,116 pensioners. The scheme was closed to new members with effect from 30 September 2008. This scheme is subject to applicable UK employment laws and is governed by a Board of Trustees. The Board of Trustees consists of seven member nominated directors and seven employer nominated directors. Of the employer nominated directors, two are independent and five are current or former employees of the Group. The Board of Trustees is responsible for the overall governance of the scheme and the management of its assets.

Prior to 1 January 2009, employer contributions under the PSS's governing trust deed were fixed at 10.5 percent of pensionable salary for active members. However, with effect from that date, employer contributions are now levied at 16 percent of pensionable salary for active members accruing on a 1/60th basis, and 12.5 percent for active members accruing on a 1/80th basis.

A formal funding valuation of the scheme's liabilities is carried out using a prudent basis, as agreed between the Trustee and the Group, every three years. If the funding valuation reveals a deficit the Trustee agree with the Group a plan for recovering that deficit. Following the actuarial valuation as at 31 December 2011, the Group has agreed a funding plan which is intended to cover the funding deficit arising from that valuation over a period of 10 years, with annual deficit contributions of £23 million (¥3,657 million at FY2014 exchange rates) payable for the first 7 years of that period.

27. Pensions and other post-employment benefits continued

The Group cannot gain any economic benefits from these contributions by means of a refund or reduction in future contributions. Therefore under IFRIC 14 'IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction', an adjustment is required such that the overall balance sheet liability is at least equal to the present value of expected deficit contributions. The calculated IFRIC 14 adjustment as at 31 March 2014 is ¥17,955 million (2013: ¥17,414 million).

Statutory benefit increases, for pension accrued after April 1997, are included as obligations of the PSS. According to the scheme rules, non-statutory or discretionary increases can be awarded by the Trustee under certain circumstances. However, following the latest scheme funding valuation, the trustee and the Group signed a memorandum of understanding which included a number of conditions that would need to be met before any non-statutory increases would be awarded. Taking into account these conditions, the Group's best estimate for future non-statutory benefit increases is zero as at 31 March 2014, and therefore no allowance has been made for non-statutory increases in the DBO calculation at 31 March 2014. As at 31 March 2013, the DBO included an allowance for non-statutory increases of approximately ¥9,746 million.

The scheme's Statement of Investment Principles sets out the investment objectives and asset allocation policy adopted by the Trustee. This policy is linked to a 'de-risking' plan that was agreed with the Group as part of the 2011 valuation. Under this plan the amount of return-seeking assets as a proportion of the total is reduced as the funding position improves. The current benchmark is 19% return-seeking 81% liability matching assets.

The Group operates a number of defined benefit pension plans in Japan. These plans are of cash balance design and generally provide lump sums at retirement. The plans are governed by the Japanese Ministry of Health, Labour and Welfare in accordance with the Defined Benefit Corporate Pension Law. They are subject to minimum funding requirements stipulated in law, which requires the plan sponsor to pay additional contributions to achieve a minimum funding level within a certain time scale if the plan does not hold sufficient assets. The largest Japanese plan covers employees of Nippon Sheet Glass Co., Ltd. The latest valuation for this plan was carried out as at 31 March 2013, and showed a deficit of approximately ¥1 billion. The Group is currently paying contributions which are intended to remove this deficit over 2 years 8 months from the valuation date. The investment strategy is determined by the company and current strategic allocation is approximately 22% equity, 33% bonds and 45% insurance products.

The Group also operates post-retirement healthcare and life insurance benefits for employees, retirees and their dependents in the USA and for retirees in the UK. The method of accounting, assumptions and the frequency of actuarial valuations are similar to those used for defined benefit pension schemes.

Balance sheet obligations are as follows:

	Millions of yen	
	2014	2013
Pension and early-retirement benefits	**67,765**	66,520
Post-retirement healthcare benefits	**22,660**	23,092
Long service arrangements	**166**	148
Non-current	**90,591**	89,760

(Charges)/credits in the income statement and statement of comprehensive income are as follows:

							Millions of yen
		2014			2013 (restated)		
	Note	**Operating profit**	**Finance costs**	**SoCI***	Operating profit	Finance costs	SoCI*
Pension and early-retirement benefits		**(2,707)**	**(2,325)**	**2,934**	2,533	(2,342)	(6,799)
Post-retirement healthcare benefits		**(76)**	**(876)**	**2,322**	(66)	(824)	1,325
Long service arrangements		**(3)**	**(3)**	**–**	(3)	(4)	–
Deferred taxation	20	**–**	**–**	**(4,811)**	–	–	409
At 31 March		**(2,786)**	**(3,204)**	**445**	2,464	(3,170)	(5,065)

* Statement of comprehensive income

Excluding long service arrangements, the amounts recognized in the balance sheet are determined as follows:

					Millions of yen
					2014
	Pension and early-retirement benefits				**Post-retirement healthcare**
	Japan	**UK**	**Rest of world**	**Total**	**Total**
Present value of the funded benefit obligation	**31,741**	**242,057**	**31,075**	**304,873**	**–**
Fair value of assets of the plans	**(30,129)**	**(247,721)**	**(25,718)**	**(303,568)**	**–**
Deficit in the funded plans	**1,612**	**(5,664)**	**5,357**	**1,305**	**–**
Present value of the unfunded benefit obligation	**–**	**4,702**	**36,689**	**41,391**	**22,660**
Unrecognized asset due to the asset ceiling	**–**	**7,114**	**–**	**7,114**	**–**
Balance sheet adjustment in respect of minimum funding requirements (IFRIC 14)	**–**	**17,955**	**–**	**17,955**	**–**
Liability in the balance sheet	**1,612**	**24,107**	**42,046**	**67,765**	**22,660**

27. Pensions and other post-employment benefits continued

	Millions of yen				
	2013				
	Pension and early-retirement benefits				Post-retirement healthcare
	Japan	UK	Rest of world	Total	Total
Present value of the funded benefit obligation	31,149	212,776	30,666	274,591	–
Fair value of assets of the plans	(27,737)	(210,668)	(22,772)	(261,177)	–
Deficit in the funded plans	3,412	2,108	7,894	13,414	–
Present value of the unfunded benefit obligation	–	4,611	31,081	35,692	23,092
Balance sheet adjustment in respect of minimum funding requirements (IFRIC 14)	–	17,414	–	17,414	–
Liability in the balance sheet	3,412	24,133	38,975	66,520	23,092

The weighted average duration of the pension obligations across all plans was 13 years as at 31 March 2014.

Excluding long service arrangements, the amounts recognized in the income statement are as follows:

	Millions of yen				
	2014				
	Pension and early-retirement benefits				**Post-retirement healthcare**
	Japan	**UK**	**Rest of world**	**Total**	**Total**
Current service cost	**(1,169)**	**(1,102)**	**(419)**	**(2,690)**	**(76)**
Past service (cost)/credit	**–**	**615**	**(4)**	**611**	**–**
Settlements and terminations losses	**–**	**(423)**	**(11)**	**(434)**	**–**
Administration expenses	**(14)**	**(10)**	**(170)**	**(194)**	**–**
Operating profit charge	**(1,183)**	**(920)**	**(604)**	**(2,707)**	**(76)**
Net interest on the net defined benefit liability	**(30)**	**(939)**	**(1,356)**	**(2,325)**	**(876)**
Finance costs – charge	**(30)**	**(939)**	**(1,356)**	**(2,325)**	**(876)**
Total income statement charge	**(1,213)**	**(1,859)**	**(1,960)**	**(5,032)**	**(952)**

	Millions of yen				
	2013				
	Pension and early-retirement benefits				Post-retirement healthcare
	Japan	UK	Rest of world	Total	Total
Current service cost	(1,138)	(1,336)	(250)	(2,724)	(66)
Past service (cost)/credit	175	5,777	(122)	5,830	–
Settlements and terminations losses	–	(558)	(2)	(560)	–
Administration expenses	–	(13)	–	(13)	–
Operating profit (charge)/credit	(963)	3,870	(374)	2,533	(66)
Net interest on the net defined benefit liability	(61)	(998)	(1,283)	(2,342)	(824)
Finance costs – charge	(61)	(998)	(1,283)	(2,342)	(824)
Total income statement (charge)/credit	(1,024)	2,872	(1,657)	191	(890)

In September 2013 the Group communicated to active employees participating in the NGF (Europe) plan in the UK that the salary used in the calculation of their pension benefits would be frozen from 1 January 2014. This change to the terms and conditions of participation in the scheme were accepted by the active employees in December 2013. This results in a curtailment gain of ¥1,098 million being recognized in the 2014 income statement under exceptional items, note 6.

In February 2013 the Group communicated to active employees participating in the PSS that the salary used in the calculation of their pension benefits would be frozen from 30 April 2013. This change to the terms and conditions of participation in the scheme were accepted by the active employees in March 2013. This results in a curtailment gain of ¥5,568 million being recognized in the 2013 income statement under exceptional items, note 6.

Including charges with respect to long service arrangements, of the total charge to operating profit of ¥2,786 million (2013: credit of ¥2,464 million), a charge of ¥1,320 million (2013: charge of ¥1,386 million) is included in cost of sales, a charge of ¥62 million (2013: charge of ¥97 million) is included within distribution costs, a charge of ¥1,596 million (2013: a charge of ¥1,447 million) is included within administrative expenses, and a credit of ¥192 million (2013: and a credit of ¥5,394 million) is included within exceptional items.

The actual return on the various plan assets was a gain of ¥4,207 million (2013 restated: gain of ¥25,575 million). The Group expects to contribute ¥11,946 million to pension plans during the next financial period and ¥1,662 million to post-retirement healthcare plans.

27. Pensions and other post-employment benefits continued

The (charges)/credits recognized in the statement of comprehensive income during the period are as follows:

	Millions of yen				
	2014				
	Pension and early-retirement benefits				Post-retirement healthcare
	Japan	UK	Rest of world	Total	Total
Actual return less interest income on plan assets recognized in the income statement	**1,852**	**(9,462)**	**647**	**(6,963)**	**–**
Experience gains/(losses) arising on schemes' liabilities	**(1,065)**	**36**	**686**	**(343)**	**1,236**
Changes in the financial assumptions underlying the present value of the schemes' liabilities	**(61)**	**11,872**	**(218)**	**11,593**	**848**
Changes in the demographic assumptions underlying the present value of the schemes' liabilities	**–**	**800**	**239**	**1,039**	**238**
Change in unrecognized asset due to the asset ceiling	**–**	**(6,043)**	**–**	**(6,043)**	**–**
Change in balance sheet adjustment required under IFRIC 14	**–**	**3,651**	**–**	**3,651**	**–**
	726	**854**	**1,354**	**2,934**	**2,322**

	Millions of yen				
	2013 (restated)				
	Pension and early-retirement benefits				Post-retirement healthcare
	Japan	UK	Rest of world	Total	Total
Actual return less interest income on plan assets recognized in the income statement	1,076	14,147	799	16,022	–
Experience gains/(losses) arising on schemes' liabilities	166	(3,683)	16	(3,501)	2,160
Changes in the financial assumptions underlying the present value of the schemes' liabilities	(996)	(15,150)	(3,545)	(19,691)	(830)
Changes in the demographic assumptions underlying the present value of the schemes' liabilities	–	(4,733)	–	(4,733)	(5)
Change in balance sheet adjustment required under IFRIC 14	–	5,104	–	5,104	–
	246	(4,315)	(2,730)	(6,799)	1,325

The movements in the present value of the defined benefit obligations recognized in the balance sheet are as follows:

	Millions of yen				
	Pension and early-retirement benefits				Post-retirement healthcare
	Japan	UK	Rest of world	Total	Total
At 1 April 2012	**32,137**	**184,254**	**53,290**	**269,681**	**21,983**
Current service cost	1,138	1,336	250	2,724	66
Interest cost on the schemes' liabilities	512	8,402	2,095	11,009	824
Members' contributions	–	585	–	585	–
Plan amendments	–	(5,567)	122	(5,445)	–
Curtailments	(175)	(210)	–	(385)	–
Settlements and terminations	–	558	2	560	–
Actuarial (gains)/losses	830	23,566	3,529	27,925	(1,325)
Benefits paid	(3,293)	(10,955)	(3,956)	(18,204)	(1,151)
Acquisitions	–	–	45	45	–
Exchange differences	–	15,418	6,370	21,788	2,695
At 31 March 2013	**31,149**	**217,387**	**61,747**	**310,283**	**23,092**
Current service cost	1,169	1,102	419	2,690	76
Interest cost on the schemes' liabilities	429	9,505	2,280	12,214	876
Members' contributions	–	576	–	576	–
Plan amendments	–	(1,098)	–	(1,098)	–
Curtailments	–	483	4	487	–
Settlements and terminations	–	423	11	434	–
Actuarial (gains)/losses	1,126	(12,708)	(707)	(12,289)	(2,322)
Benefits paid	(2,132)	(13,979)	(4,772)	(20,883)	(1,536)
Exchange differences	–	45,068	8,782	53,850	2,474
At 31 March 2014	**31,741**	**246,759**	**67,764**	**346,264**	**22,660**

27. Pensions and other post-employment benefits continued

The movements in the fair value of assets recognized in the balance sheet are as follows:

					Millions of yen
	Pension and early-retirement benefits				Post-retirement healthcare
	Japan	UK	Rest of world	Total	Total
At 1 April 2012	**27,212**	**178,514**	**19,166**	**224,892**	**–**
Members' contributions	–	585	–	585	–
Settlements and terminations	–	558	–	558	–
Return on plan assets (excluding amount included in interest income)	1,076	14,147	799	16,022	–
Benefits paid	(3,293)	(10,955)	(3,956)	(18,204)	(1,151)
Expenses paid	–	(13)	–	(13)	–
Employer's contributions	2,291	4,600	3,313	10,204	1,151
Interest income on assets	451	8,290	812	9,553	–
Exchange differences	–	14,942	2,638	17,580	–
At 31 March 2013	**27,737**	**210,668**	**22,772**	**261,177**	**–**
Members' contributions	–	576	–	576	–
Settlements and terminations	–	423	–	423	–
Return on plan assets (excluding amount included in interest income)	1,852	(9,462)	647	(6,963)	–
Benefits paid	(2,132)	(13,979)	(4,772)	(20,883)	(1,536)
Expenses paid	(14)	(10)	(170)	(194)	–
Employer's contributions	2,287	5,380	3,871	11,538	1,536
Interest income on assets	399	9,847	924	11,170	–
Exchange differences	–	44,278	2,446	46,724	–
At 31 March 2014	**30,129**	**247,721**	**25,718**	**303,568**	**–**

The movements in the unrecognized asset due to the asset ceiling are as follows:

					Millions of yen
	Pension and early-retirement benefits				Post-retirement healthcare
	Japan	UK	Rest of world	Total	Total
At 1 April 2012	**–**	**–**	**–**	**–**	**–**
Interest on the unrecognized asset	–	–	–	–	–
Other changes in the unrecognized asset	–	–	–	–	–
Exchange differences	–	–	–	–	–
At 31 March 2013	**–**	**–**	**–**	**–**	**–**
Interest on the unrecognized asset	–	572	–	572	–
Other changes in the unrecognized asset	–	6,043	–	6,043	–
Exchange differences	–	499	–	499	–
At 31 March 2014	**–**	**7,114**	**–**	**7,114**	**–**

The movements in the additional liability required under IFRIC 14 are as follows:

					Millions of yen
	Pension and early-retirement benefits				Post-retirement healthcare
	Japan	UK	Rest of world	Total	Total
At 1 April 2012	**–**	**20,397**	**–**	**20,397**	**–**
Interest on the additional IFRIC 14 liability	–	886	–	886	–
Other changes in the additional IFRIC 14 liability	–	(5,104)	–	(5,104)	–
Exchange differences	–	1,235	–	1,235	–
At 31 March 2013	**–**	**17,414**	**–**	**17,414**	**–**
Interest on the additional IFRIC 14 liability	–	709	–	709	–
Other changes in the additional IFRIC 14 liability	–	(3,651)	–	(3,651)	–
Exchange differences	–	3,483	–	3,483	–
At 31 March 2014	**–**	**17,955**	**–**	**17,955**	**–**

27. Pensions and other post-employment benefits continued

The movements in the net liability recognized in the balance sheet are as follows:

					Millions of yen
	Pension and early-retirement benefits				Post-retirement healthcare
	Japan	UK	Rest of world	Total	Total
At 1 April 2012	**(4,925)**	**(26,137)**	**(34,124)**	**(65,186)**	**(21,983)**
Total (charge)/credit recognized in the income statement	(1,024)	2,872	(1,657)	191	(890)
Total (charge)/credit recognized in other comprehensive income	246	(4,315)	(2,730)	(6,799)	1,325
Acquisitions	–	–	(45)	(45)	–
Employer's contributions	2,291	4,600	3,313	10,204	1,151
One off employer contributions for financing terminations	–	558	–	558	–
Exchange differences	–	(1,711)	(3,732)	(5,443)	(2,695)
At 31 March 2013	**(3,412)**	**(24,133)**	**(38,975)**	**(66,520)**	**(23,092)**
Total (charge)/credit recognized in the income statement	(1,213)	(1,859)	(1,960)	(5,032)	(952)
Total (charge)/credit recognized in other comprehensive income	726	854	1,354	2,934	2,322
Employer's contributions	2,287	5,380	3,871	11,538	1,536
One off employer contributions for financing terminations	–	423	–	423	–
Exchange differences	–	(4,772)	(6,336)	(11,108)	(2,474)
At 31 March 2014	**(1,612)**	**(24,107)**	**(42,046)**	**(67,765)**	**(22,660)**

The principal actuarial assumptions (calculated as weighted averages over the various Group plans) were as follows:

						%
			2014			2013
	Japan	**UK**	**Rest of world**	Japan	UK	Rest of world
Discount rate	**1.40%**	**4.20%**	**3.60%**	1.40%	4.20%	3.50%
Future salary increases	**2.20%**	**–**	**2.50%**	2.20%	3.70%*	2.50%*
Future pension increases	**–**	**0.70%**	**2.00%**	–	0.70%	2.00%
Price inflation	**0.25%**	**3.40%**	**2.10%**	0.25%	3.40%	2.20%
Long-term increase in healthcare costs	**–**	**3.70%**	**5.00%**	–	3.70%	5.00%

* The weighted average future salary increases exclude frozen salaried plans; UK PSS and US salaried plan.

The Group uses appropriate mortality tables in each geographical location. The mortality assumptions used for the valuation of the PSS (which accounts for over 70 percent of the Group's total Defined Benefit Obligation) are based on the 'SAPS' standard UK mortality tables, with an adjustment to reflect actual mortality experience of members of that scheme based on recent experience investigations carried out by the scheme's Trustees. Future improvements in mortality have been allowed for in line with the CMI 2013 Core Projections with a long-term rate of mortality improvements of 1.25 percent per annum. Expected future lifetimes of pensioners using this mortality basis are shown below:

	31 March 2014
	Years
Expected future lifetime of a current pensioner aged 60	
- Men	**26.4**
- Women	**28.7**
Expected future lifetime, at age 60, of a future pensioner aged 60 in 20 years time.	
- Men	**27.6**
- Women	**30.3**

27. Pensions and other post-employment benefits continued

The composition and fair value of the schemes' assets are:

						Millions of yen 2014
	Japan		UK		Rest of world	
	Quoted	Unquoted	Quoted	Unquoted	Quoted	Unquoted
Domestic government bonds	9,325	–	111,889	–	–	–
Domestic corporate bonds	–	–	80,237	–	19,990	–
Overseas bonds	1,677	–	–	–	60	–
Domestic equities	5,446	–	4,976	–	3,569	–
Overseas equities	2,229	–	32,938	4,822	1,585	–
Property	–	–	221	9,217	–	–
Cash	226	–	151	6,943	389	–
Other	–	11,226	55	(3,728)*	125	–
	18,903	11,226	230,467	17,254	25,718	–

* Note: this is a negative asset in respect of the longevity swap transaction carried out during 2012.

						Millions of yen 2013
	Japan		UK		Rest of world	
	Quoted	Unquoted	Quoted	Unquoted	Quoted	Unquoted
Domestic government bonds	8,687	–	62,759	–	–	–
Domestic corporate bonds	–	–	73,614	–	15,209	–
Overseas bonds	466	–	–	–	–	–
Domestic equities	4,263	–	7,382	–	5,402	–
Overseas equities	1,881	–	45,293	4,145	1,981	–
Property	–	–	166	8,714	–	–
Cash	–	–	121	11,252	110	–
Other	–	12,440	42	(2,820)*	70	–
	15,297	12,440	189,377	21,291	22,772	–

* Note: this is a negative asset in respect of the longevity swap transaction carried out during 2012

The principal assumptions used to determine the Defined Benefit Obligation (DBO) are the discount rate, inflation rate and the mortality basis. The sensitivity of the DBO to changes in each of these assumptions is set out below for the material plans in UK and Japan :

Assumption	**Change in assumption**	**Impact on scheme liabilities (%)** Japan	**UK**
Discount rate	Increase/decrease by 0.5%	Decrease/increase by 5.2% / 5.7%	Decrease/increase by 6.2% / 6.9%
Inflation rate	Increase/decrease by 0.5%	n/a	Increase/decrease by 3.2%/3.0%
Mortality	Increase life expectancy by one year	n/a	Increase by 4.3%

A one percent reduction in healthcare cost trend rates would result in a decrease in the benefit obligation of ¥820 million and a decrease in the interest and service costs of ¥40 million. A one percent increase in healthcare cost trend rates would result in an increase in the benefit obligation of ¥334 million and an increase in the interest and service costs of ¥18 million. The above trend rate sensitivities take into account the fact that increases in employer costs are subject to an annual cap.

The above sensitivity analyses are generally based on a change in one assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and some changes of the assumptions may be correlated. Where relevant, the inflation sensitivity above includes changes to any inflation linked pension increases.

When calculating the sensitivity of the DBO to significant assumptions the same method has been applied as when calculating the pension liability recognized in the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to previous periods.

28. Provisions

Millions of yen

	Warranty	Redundancy and restructuring	Bonus	Environmental	Claims and litigation	Other	Total
At 1 April 2013	630	9,341	2,301	6,416	7,630	10,284	36,602
Exchange differences	83	1,281	242	645	980	569	3,800
Charged to the income statement							
Charged to provisions	33	6,328	9,988	551	1,578	786	19,264
Effect of discounting	–	–	–	220	–	73	293
Transferred to assets held for sale	–	–	(4)	–	157	(6)	147
Provisions of new subsidiaries	–	–	–	–	–	–	–
Released to the income statement in the period	(141)	(181)	(372)	(1,060)	(631)	(3,203)	(5,588)
Utilized in the period	(143)	(9,482)	(5,419)	(312)	(2,872)	(634)	(18,862)
At 31 March 2014	462	7,287	6,736	6,460	6,842	7,869	35,656
Current	229	5,576	6,465	597	3,026	3,286	19,179
Non–Current	233	1,711	271	5,863	3,816	4,583	16,477
	462	7,287	6,736	6,460	6,842	7,869	35,656

Millions of yen

	Warranty	Redundancy and restructuring	Bonus	Environmental	Claims and litigation	Other	Total
At 1 April 2012	1,040	3,294	2,290	6,343	6,684	10,978	30,629
Exchange differences	39	928	41	654	646	317	2,625
Charged to the income statement							
Charged to provisions	62	16,116	5,861	–	2,467	708	25,214
Effect of discounting	–	–	–	193	–	92	285
Transferred to assets held for sale	–	–	(20)	–	(314)	60	(274)
Provisions of new subsidiaries	–	7	–	–	164	–	171
Released to the income statement in the period	(304)	(96)	(386)	(422)	(673)	(1,245)	(3,126)
Utilized in the period	(207)	(10,908)	(5,485)	(352)	(1,344)	(626)	(18,922)
At 31 March 2013	630	9,341	2,301	6,416	7,630	10,284	36,602
Current	365	7,734	2,099	336	4,228	3,220	17,982
Non–Current	265	1,607	202	6,080	3,402	7,064	18,620
	630	9,341	2,301	6,416	7,630	10,284	36,602

Warranty provisions are created where the Group has given a guarantee to cover the reliability and performance of products over an extended period. Warranty provisions are calculated based on historical claims levels. Future claim levels could be different to historical claims, although changes in claims levels are not expected to have a material effect on the amounts provided. Warranty provisions are expected to be utilized over the warranty periods granted, resulting in an average period of utilization of less than three years.

Redundancy and restructuring provisions relate to provisions set up in Architectural amounting to ¥5,565 million (2013: ¥6,525 million), Automotive ¥1,240 million (2013: ¥2,038 million), Technical Glass ¥434 million (2013: ¥558 million) and Other Operations ¥48 million (2013: ¥220 million). Redundancy and restructuring provisions are established when the Group has a detailed formal plan and has announced that plan to the employees affected. The eventual outcome of such restructuring programs is unlikely to be materially different to the amounts provided as the provision is calculated based on specific data on the number of employees affected and related employment termination costs. Redundancy and restructuring provisions are expected to be utilized mainly within the next financial period.

Bonus provisions are established on the accrued expected payment with respect to bonus schemes offered to employees. These are calculated with reference to the performance of the Group in comparison to the metrics within the bonus scheme. Where this relates to expectations of future performance, the Group compares its estimates of expected future performance with the metrics of the bonus scheme, to calculate an expected future bonus payment.

28. Provisions continued

Environmental provisions cover the cost of remediating environmental issues where the Group has a constructive or legal obligation to do so. At the 31 March 2014, ¥873 million (2013: ¥919 million), of this provision was recorded in Architectural, ¥86 million (2013: ¥86 million), was recorded in Automotive, ¥382 million (2013: ¥149 million), was recorded in Technical Glass and ¥5,119 million (2013: ¥5,262 million), was recorded in Other Operations. The environmental provision in Other Operations relates primarily to historic liabilities in North America.

Claims and litigation provisions cover a variety of claims and potential settlements. Included in this category are historic employee and public liability issues, some of which are the subject of litigation. Where appropriate this provision includes an element of Incurred But Not Reported (IBNR) liabilities. Also included in this category are claims from certain Automotive customers 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. The Group intends to defend itself against such claims and notes that it is still pursuing an appeal against the European Commission fine.

Other provisions relate principally to immaterial pension provisions of ¥3,898 million (2013: ¥4,198 million), cumulative leave provisions of ¥3,164 million (2013: ¥3,127 million), onerous lease and rental provisions of ¥370 million (2013: ¥2,114 million) and a provision of ¥nil million (2013: ¥486 million) to cover a potential fine arising from the Netherlands Competition Authority with respect to the Group's Architectural trading activities in the Netherlands.

29. Deferred income

	Millions of yen	
	2014	2013
Deferred income	**7,785**	7,830
Government grants	**5,042**	4,140
	12,827	11,970
Current	**3,027**	2,914
Non-current	**9,800**	9,056
	12,827	11,970

		Millions of yen	
	Note	**2014**	2013
At 1 April		**11,970**	8,724
Exchange differences		**1,753**	1,062
Deferred income receivable		**2,645**	4,762
Released to income statement	2	**(3,541)**	(2,578)
At 31 March		**12,827**	11,970

Deferred income comprises of customer contributions to automotive tooling costs ¥7,304 million (2013: ¥7,269 million) and other deferred income of ¥481 million (2013: ¥561million). The former principally comprises income received from automotive customers, whereby the tool (carried in property, plant and equipment within non-current assets) is depreciated over the same period as the related deferred income is amortized to the income statement.

Government grants mainly arise in the European Architectural and Automotive businesses and relate to capital expenditure grants in the UK, Italy, Germany and Poland. Government grants are recognized in the income statement on a straight-line basis over the period of the grant. There are no unfulfilled conditions or contingencies relating to government grants recognized as deferred income.

30. Share based payments

The Group operates a number of equity settled, share-based payment plans, under which the entity receives services from Directors, Executive Officers, Senior Corporate Officers or Corporate Officers as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of options is calculated using the Black-Scholes model. In accordance with IFRS 2 'Share-based Payment', the resulting cost is recognized in the income statement over the vesting period of the options, being the period in which the services are received. The value of the charge is adjusted to reflect expected and actual levels of vesting options, except where the failure to vest is as a result of not meeting a market condition. All plans are classified as equity settled.

The expense recognized for compensation type share options received during the period is shown below:

		Millions of yen	
	Note	**2014**	2013
Total expenses arising from share-based payment transactions	7	**127**	32

There have been no cancellations or modifications to any of the plans during 2014 or 2013.

30. Share based payments continued

Each share option entitles the recipient to acquire one thousand shares of common stock. Movements in the number of stock compensation-type stock options outstanding and their related weighted average exercise price are as follows:

	2014		2013	
	Weighted average exercise price yen/share	**Options ('000 shares)**	Weighted average exercise price yen/share	Options ('000 shares)
At 1 April	**134**	**4,643**	183	3,399
Granted	**1**	**1,442**	1	1,509
Exercised	**1**	**(251)**	1	(265)
At 31 March	**107**	**5,834**	134	4,643

Out of the 5,834 outstanding options (2013: 4,643 options), 2,432 options (2013: 1,599 options) were exercisable. Options exercised in 2014 resulted in 251,000 shares (2013: 265,000 shares) being transferred at a price of 1 yen each (2013: 1 yen each). The related weighted average share price at the time of exercise was 129 yen (2013: 107 yen) per share.

Share options outstanding at the end of the period have the following expiry date and exercise prices:

Stock option	Expiry date	Exercise price in yen/share	**2014 Shares '000**	2013 Shares '000
2004 Stock Options (i)	28 June 2014	418	**455**	455
2005 Stock Options (i)	28 June 2015	466	**495**	495
2006 Stock Options (i)	28 June 2016	578	**345**	345
2007 Stock Options (ii)	28 September 2037	1	**81**	118
2008 Stock Options (ii)	27 September 2038	1	**231**	293
2009 Stock Options (ii)	30 September 2039	1	**481**	572
2010 Stock Options (ii)	30 September 2040	1	**303**	364
2011 Stock Options (ii)	14 October 2041	1	**492**	492
2012 Stock Options (ii)	28 September 2042	1	**1,509**	1,509
2013 Stock Options (ii)	15 October 2043	1	**1,442**	–
			5,834	4,643

Conditions for vesting of stock options

(i) Those who hold these stock options must remain employees from the grant date of the option to the vesting date in order to be able to exercise the options except for holders' mandatory retirement, end of tenure or for other due reasons.

(ii) There are no vesting conditions for these stock options.

Method for estimating the fair value per share of stock options

The fair value of options granted during the period is determined using the Black-Scholes valuation model and the significant inputs into the model are listed below.

	Note	**2013 plan**	2012 plan
Share price at grant date (yen)		**124**	55
Exercise price (yen)		**1**	1
Expected volatility of the share price	(i)	**47.8%**	43.5%
Expected remaining life of the option	(ii)	**8 years**	9 years
Expected dividend	(iii)	**5.1yen/share**	5.5yen/share
Risk-free interest rate	(iv)	**0.51%**	0.66%

Notes:
(i) The volatility of the share price for the 2013 plan is estimated by taking into account the actual share prices for eight years (from 17 October 2005 to 15 October 2013 (2012 plan: nine years (from 1 October 2003 to 28 September 2012)).
(ii) The expected remaining life of the option is estimated reflecting the actual conditions of the option, taking into account that any person to whom the stock options were allotted may exercise the stock options five years after the holders' tenure as a Director, an Executive Officer, Senior Corporate Officer or a Corporate Officer had ended.
(iii) Expected dividends for the period ended 31 March 2014 is based on the actual dividends paid in the eight year period between 31 March 2006 and 31 March 2014 (2012 plan: based on the actual dividends paid in the nine year period between 31 March 2004 and 31 March 2013).
(iv) The risk-free interest rate represents the yield on Government bonds for the period that corresponds to the expected remaining life of each option.

31. Called up share capital

		Number of shares
	2014	2013
Authorized	**1,775,000,000**	1,775,000,000
Ordinary shares of no par value each	**903,550,999**	903,550,999
Ordinary shares held as treasury stock	**758,952**	963,765

				Millions of yen
		2014		2013
	Number of shares	**Value**	Number of shares	Value
Issued and fully paid ordinary shares				
At 1 April and 31 March	**903,550,999**	**116,449**	903,550,999	116,449

Capital management

The Group manages its capital in such a way as to improve its financial strength consistent with its strategy. The directors will consider this position on an ongoing basis in line with the Group's performance.

32. Capital surplus

			Millions of yen
	Note	**2014**	2013
At 1 April		**127,511**	127,511
Issuance and purchase of treasury stock		**(7)**	(7)
Transfer from retained earnings to capital surplus	33	**7**	7
At 31 March		**127,511**	127,511

33. Retained earnings

			Millions of yen
	Note	**2014**	2013 (restated)
At 1 April		**(11,275)**	30,793
Loss for the period		**(17,630)**	(34,324)
Retirement benefit obligations	27	**5,256**	(5,474)
Deferred taxation on retirement benefit obligations	20, 27	**(4,811)**	409
Share of comprehensive income of joint ventures and associates		**602**	(1,318)
Dividends paid		**–**	(1,354)
Acquisition of additional investments in subsidiaries		**148**	–
Transfer from retained earnings to capital surplus	32	**(7)**	(7)
At 31 March		**(27,717)**	(11,275)
Retained earnings (translation adjustment at the IFRS transition date)		**(68,048)**	(68,048)
Total retained earnings at 31 March		**(95,765)**	(79,323)

Nippon Sheet Glass Co., Ltd is subject to The Corporation Law of Japan (the Law). The Law provides that an amount equal to 10 percent of the amount to be disbursed as distributions of capital surplus (other than the capital reserve) and retained earnings (other than the legal reserve) be transferred to the capital reserve and the legal reserve, respectively, until the sum of the capital reserve and the legal reserve equals 25 percent of the capital stock account. Such distributions can be made at any time by resolution of the shareholders, or by the Board of Directors if certain conditions are met.

34. Other reserves

Millions of yen

	Note	Hedging reserve	Fair value reserve	Exchange translation reserve	Treasury stock	Stock subscription rights	Total
At 1 April 2013		**(2,562)**	**1,016**	**(18,278)**	**(374)**	**592**	**(19,606)**
Currency translation differences		**–**	**–**	**35,794**	**–**	**–**	**35,794**
Gain on net investment hedges	18	**–**	**–**	**1,051**	**–**	**–**	**1,051**
Cash flow hedges							
fair value loss in the period		**(409)**	**–**	**–**	**–**	**–**	**(409)**
transferred to income statement		**(53)**	**–**	**–**	**–**	**–**	**(53)**
deferred tax on fair value loss in the period	20	**456**	**–**	**–**	**–**	**–**	**456**
Available-for-sale investments							
fair value gains in the period	17	**–**	**16**	**–**	**–**	**–**	**16**
transferred to income statement		**–**	**(835)**	**–**	**–**	**–**	**(835)**
deferred tax on fair value gains in the period	20	**–**	**248**	**–**	**–**	**–**	**248**
Purchase of treasury stock		**–**	**–**	**–**	**(6)**	**–**	**(6)**
Share based payments		**–**	**–**	**–**	**95**	**40**	**135**
At 31 March 2014		**(2,568)**	**445**	**18,567**	**(285)**	**632**	**16,791**

Millions of yen

	Note	Hedging reserve	Fair value reserve	Exchange translation reserve	Treasury stock	Stock subscription rights	Total
At 1 April 2012		(2,997)	1,051	(43,628)	(475)	657	(45,392)
Currency translation differences		–	–	27,818	–	–	27,818
Loss on net investment hedges	18	–	–	(2,468)	–	–	(2,468)
Cash flow hedges							
fair value gains in the period		798	–	–	–	–	798
transferred to income statement		(34)	–	–	–	–	(34)
deferred tax on fair value gains in the period	20	(329)	–	–	–	–	(329)
Available-for-sale investments							
fair value gains in the period	17	–	275	–	–	–	275
transferred to income statement		–	(415)	–	–	–	(415)
deferred tax on fair value gains in the period	20	–	105	–	–	–	105
Purchase of treasury stock		–	–	–	(3)	–	(3)
Disposal of treasury stock		–	–	–	1	–	1
Share based payments			–	–	103	(65)	38
At 31 March 2013		(2,562)	1,016	(18,278)	(374)	592	(19,606)

Hedging reserve

This reserve is used to record the portion of the gain or loss on a hedging instrument that is determined to be an effective hedge.

Fair value reserve

This reserve records fair value changes on available-for-sale investments.

Exchange translation reserve

This reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries and the effect of hedging foreign net investments in foreign operations.

The total currency translation differences and the net investment hedge shown in the exchange translation reserve amount to a credit of ¥18,567 million (2013: ¥18,278 million).

Of the net fair value losses of cash flow hedges transferred to the income statement of ¥53 million (2013: ¥34 million of losses), ¥101 million is charged (2013: ¥62 million is credited) to finance costs, ¥nil million is charged (2013: ¥24 million charged) to other expenses, ¥185 million is credited (2013: ¥nil million) to other income and ¥137 million is charged (2013: ¥72 million charged) to cost of sales.

Of the net fair value gains of available for sale investments transferred to the income statement of ¥835 million (2013: ¥415 million), ¥301 million is credited (2013: ¥nil million) to other income and, ¥534 million is credited (2013: ¥415 million credited) to exceptional items.

35. Cash flow from operating activities

	Note	2014	2013 (restated)
		Millions of yen	
Loss for the period from continuing operations		**(16,485)**	(33,455)
Adjustments for			
taxation	9	**84**	2,359
depreciation	13	**30,081**	26,800
amortization	12	**10,330**	9,755
impairments		**3,593**	9,099
reversal of impairment of non-current assets	6, 13	**(1,227)**	(282)
profit on sale of property, plant and equipment		**(591)**	(910)
loss/(profit) on sale of subsidiaries, joint ventures, associates and businesses		**57**	(6,146)
deemed disposal of share of associate		**(2,056)**	–
movement in grants and deferred income	29	**(896)**	2,184
finance income	8	**(3,338)**	(1,823)
finance expense	8	**21,475**	17,911
share of profit from joint ventures and associates		**(1,002)**	(2,250)
other		**(1,777)**	(945)
Operating cash flows before movement in provisions and working capital		**38,248**	22,297
Decrease in provisions/retirement benefit obligations		**(15,911)**	(11,229)
Changes in working capital:			
inventories		**1,176**	6,398
construction work-in-progress		**(437)**	180
trade and other receivables		**8,424**	14,061
trade and other payables		**6,008**	1,089
Net change in working capital		**15,171**	21,728
At 31 March		**37,508**	32,796

In the cash flow statement, proceeds from the sale of property, plant and equipment, joint ventures and associates and investments are as follows:

	Property, plant and equipment	**Joint ventures and associates**	**Available-for-sale investments**	**Assets held for sale**	**Subsidiary and other business undertakings**	**Total**
					Millions of yen	**2014**
Net book amount	**2,701**	**3**	**1,413**	**381**	**1,155**	**5,653**
Exchange gains	**–**	**–**	**(835)**	**–**	**(1)**	**(836)**
Profit/(loss) on sale	**591**	**–**	**418**	**93**	**(57)**	**1,045**
Proceeds from sale	**3,292**	**3**	**996**	**474**	**1,097**	**5,862**

	Property, plant and equipment	Joint ventures and associates	Available-for-sale investments	Assets held for sale	Subsidiary and other business undertakings	Total
					Millions of yen	2013
Net book amount	1,998	1,980	2,141	743	111	6,973
Exchange (gains)/losses recycled from reserves	–	220	(557)	–	–	(337)
Profit/(loss) on sale	910	5,346	1,614	(172)	794	8,492
Proceeds from sale	2,908	7,546	3,198	571	905	15,128

There were no non-cash transactions in the period ended 31 March 2014 or 31 March 2013.

36. Earnings per share

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 period excluding ordinary shares purchased by the company and held as treasury shares.

	2014	2013 (restated)
	Millions of yen	
Loss attributable to owners of the parent	**(17,630)**	(34,324)
Weighted average number of shares (thousands)	**902,618**	902,383
Basic earnings per share (yen)	**(19.53)**	(38.04)

36. Earnings per share continued

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 conversion of 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.

	Millions of yen	
	2014	2013
Loss attributable to owners of the parent	**(17,630)**	(34,324)
Loss used to determine diluted earnings per share	**(17,630)**	(34,324)
Weighted average number of ordinary shares in issue (thousands)	**902,618**	902,383
Adjusted for;		
share options (thousands)	**–**	–
Weighted average number of ordinary shares for diluted earnings per share (thousands)	**902,618**	902,383
Diluted earnings per share (yen)	**(19.53)**	(38.04)

Diluted earnings per share for the period ended 31 March 2014 and 2013 does not include stock options due to the anti-dilutive effect caused by the loss during the period.

There have been no significant transactions involving ordinary shares or potential ordinary shares between the reporting date and the authorization of these financial statements.

37. Contingencies

The Group has the following contingencies:

Guarantees

At 31 March 2014, the Group has guaranteed, in the ordinary course of business, ¥nil million in respect of other entities (2013: ¥60 million).

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. To cover the cost of defense as well as any potential financial impact as may result from the resolution of certain cases the Group has made a provision for amounts that may be payable. In certain other cases, the Group considers that it is too early to judge the probable future outcome of the claim and as such cannot determine that the claim will probably result in an outflow of economic benefits to the claimants.

38. Commitments

Capital commitments

Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	Millions of yen	
	2014	2013
Property, plant and equipment	**1,240**	661

Operating lease commitments

The Group leases various property, plant and equipment under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights. The lease expenditure charged to the income statement during the period is disclosed in note 2.

The future aggregate minimum lease payments under non-cancellable operating leases which fall due are as follows:

	Millions of yen			
	2014		2013	
	Property	**Plant and equipment**	Property	Plant and equipment
Not later than one year	**2,401**	**1,181**	2,161	894
Later than one year and not later than five years	**6,137**	**4,227**	6,623	2,800
Later than five years	**9,599**	**290**	8,902	1,768
	18,137	**5,698**	17,686	5,462

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39. Acquisitions and disposals of subsidiaries and businesses

Acquisitions

During the period ended 31 March 2014, the Group did not make any material acquisitions of subsidiaries or businesses.

On 2 April 2012, the Group acquired the remaining 50 percent interest in Flovetro SpA that it did not already own. Previously this had been accounted for as a joint venture with the Group owning 50 percent of the issued share capital. Flovetro SpA is a float glass manufacturing entity supplying flat glass to the Group's Automotive business in Europe.

Under the terms of the acquisition, the Group paid cash of ¥407 million to St Gobain, the Group's former joint venture partner in this company. The book value of the Group's joint venture investment at the acquisition date was ¥407 million, and the Group processed a gain on revaluation of this investment to fair value of ¥94 million. The total fair value of the acquisition was therefore ¥908 million.

The fair value of assets acquired consisted of property, plant and equipment of ¥3,216 million, inventories of ¥724 million, receivables of ¥1,556 million, financial liabilities of ¥2,640 million, trade payables of ¥874 million, overdrawn cash balances of ¥812 million, and other net liabilities of ¥169 million. Total net assets acquired were therefore ¥1,001 million.

Negative goodwill arising on this transaction therefore amounted to ¥93 million and was recognized as a gain during the period. Including the revaluation gain on the previous joint venture investment, the total gain recognized in the consolidated income statement as an exceptional item was ¥187 million, see note 6.

The impact of this acquisition on the Group's income statement for the full-year and for the portion of the year since the acquisition is not presented as the amount is immaterial. The acquired entity has been fully integrated into the Group's existing businesses and a significant proportion of its manufacturing output is sold internally within the Group.

Disposals

The Group did not have any material disposals during the period ended 31 March 2014.

On the 28 March 2013 the Group disposed of its interest in FMC Wyoming Corporation, a miner of soda ash which is a basic material for the manufacture of glass. This investment was disposed following an increased level of diversification of raw material sources for the Group in recent years. The proceeds have been used to reduce net debt.

40. Related party transactions

During the period, the Group entered into the following transactions with related parties, who are not members of the Group. Related parties have been identified as those businesses that act as joint ventures or had an associate relationship with Nippon Sheet Glass Co., Ltd and its subsidiaries.

Sales of goods and services

	Millions of yen	
	2014	2013
Sales of goods		
Joint ventures	**410**	1,084
Associates	**1,850**	1,536
Sales of services		
Joint ventures	**2,002**	1,229
Associates	**162**	118
	4,424	3,967

Goods and services are sold to joint ventures and associates on normal commercial terms, applicable to third parties. Additionally, services are provided through the supply of on-line coating technology by Group Engineering to joint ventures. In 2014, these amounted to ¥2,002 million, of which the majority related to SP Glass Holdings BV (2013: ¥1,229 million of which the majority related to SP Glass Holdings BV).

Purchase of goods and services

	Millions of yen	
	2014	2013
Purchase of goods		
Joint ventures	**10,614**	9,867
Associates	**969**	846
Purchase of services		
Associates	**3,612**	3,555
	15,195	14,268

Goods are purchased from joint ventures by Nippon Sheet Glass Co., Ltd's subsidiaries as follows:

Cebrace – on normal trading conditions at prices agreed by both joint venture parties. Payments are made on 37 day terms from the invoice date.

40. Related party transactions continued

Technical assistance and license agreements to

	2014	2013
	Millions of yen	
Joint ventures	**224**	373

The Group has technical assistance agreements and license agreements with related parties. These agreements cover income received in respect of the use of technology and intellectual property used in the manufacture of float and automotive glass.

In addition, there is income in respect of royalties on patents, the provision of technical support and the use by the related party of know-how.

Royalties and fees are calculated as a percentage of the sales value or on the number of pieces produced (piece rates) depending upon the nature of the license and the normal commercial practice in that area. Agreements with related parties are made on commercial terms similar or identical to those with other licensees.

Period-end balances arising from sales and purchases of goods and services, technical assistance and license agreements

	Note	2014	2013
		Millions of yen	
Receivables from related parties	16		
Joint ventures		**1,949**	1,047
Associates		**193**	180
		2,142	1,227
Payables to related parties	26		
Joint ventures		**2.972**	8
Associates		**1,016**	989
		3,988	997

In relation to the receivables from related parties there are no provisions against their non-recovery either in 2014 or 2013. Similarly, there were no receivable balances from related parties, joint ventures or associates written off during the period.

Loans to related parties

	Note	2014	2013	2014	2013
					Millions of yen
		Joint Ventures		Associates	
At 1 April		**8,072**	3,952	**159**	128
Exchange differences		**1,037**	615	**29**	14
Reclassification from investments accounted for using the equity method		**–**	4,384	**–**	–
Loans advanced in period		**–**	–	**71**	–
Loan repayments (received)/charged		**(1,679)**	(1,399)	**(71)**	15
Interest charged		**476**	520	**1**	2
At 31 March	16	**7,906**	8,072	**189**	159

The loans to joint ventures and associates are unsecured.

Commitments and contingencies
There were no material commitments and contingencies of joint ventures and associates at 31 March 2014 or 2013.

At 31 March 2014 and 31 March 2013, the Group has not made any guarantees in the ordinary course of business in respect of joint ventures and associates.

Key management compensation
Details of the key management compensation are disclosed in note 7.

41. Restatement of comparative data

As described on in note 1 Accounting policies, the Group has restated its comparative results following its adoption of the amended version of IAS 19. The table below sets out the adjustments made to FY2013 comparative data, and the impact of this amendment on the current year financial statements.

	Millions of yen	
	2014	2013
As at 1 April		
Changes in total shareholders' equity	**–**	–
Changes in total equity	**–**	–
As at 31 March		
Increase in finance expenses	**2,722**	2,028
Increase in loss before taxation	**2,722**	2,028
Decrease in taxation charge	**616**	512
Increase in loss for the period	**2,105**	1,516
Decrease in retirement benefit obligations charge within the statement of comprehensive income, net of taxation	**2,105**	1,516
Increase in total comprehensive loss for the period	**–**	–
Change in total shareholders' equity	**–**	–
Change in total equity	**–**	–
Increase in loss per share attributable to owners of the parent (basic) - yen	**2.33**	1.68
Increase in loss per share attributable to owners of the parent (diluted) - yen	**2.33**	1.68

42. Group information

The consolidated financial statements of the Group include over 230 subsidiaries, joint ventures and associates. The following list of subsidiary undertakings comprises those companies that principally affect the financial statements of the Group. All subsidiary undertakings account to 31 March each year. Details of joint ventures and associates can be found in note 15.

Name	Proportion of issued ordinary shares held	Country of operation and incorporation	Principal activity
Japan			
NSG Building Products Co, Ltd.	100%	Japan	Architectural
Thanxs Corporation Co, Ltd.	92.5%	Japan	Architectural
NSG Win-Tec Co. Ltd.	99.3%	Japan	Architectural
Nanox Co, Ltd.	100%	Japan	Technical Glass
Europe			
Pilkington United Kingdom Ltd.	100%	UK	Architectural
Pilkington Automotive Ltd.	100%	UK	Automotive
Pilkington Technology Management Ltd.	100%	UK	Architectural and Automotive
NGF Europe Limited	100%	UK	Technical Glass
Pilkington Deutschland AG	96.3%	Germany	Architectural
Pilkington Automotive Deutschland GmbH	100%	Germany	Automotive
Pilkington Austria GmbH	100%	Austria	Architectural
Pilkington Norge AS	100%	Norway	Architectural
Pilkington Floatglas AB	100%	Sweden	Architectural
Pilkington Automotive Finland OY	100%	Finland	Automotive
Pilkington International Glass Poland Sp.Zo.o.	100%	Poland	Architectural
Pilkington Automotive Poland Sp.Zo.o.	100%	Poland	Automotive
Pilkington Polska Sp.Zo.o.	100%	Poland	Architectural
Pilkington Italia SpA	100%	Italy	Architectural and Automotive
North America			
Pilkington North America Inc.	100%	USA	Architectural and Automotive
L-N Safety Glass SA de CV	100%	Mexico	Automotive
Rest of the World			
Vidrieria Argentina S.A.	51%	Argentina	Architectural
Vidrios Lirquen S.A.*	51.6%	Chile	Architectural
Pilkington Automotive Argentina S.A.	100%	Argentina	Automotive
Pilkington Brasil Limitada.	100%	Brazil	Architectural and Automotive
Guilin Pilkington Safety Glass Co. Ltd.	100%	China	Automotive
Pilkington Solar (Taicang) Ltd.	100%	China	Architectural
Suzhou NSG Electronics Co. Ltd.	100%	China	Technical Glass
NSG Hong Kong Co. Ltd.	100%	Hong Kong	Technical Glass
Malaysian Sheet Glass Sdn. Bhd.	100%	Malaysia	Architectural and Automotive
Vietnam Float Glass Co. Ltd.	55%	Vietnam	Architectural
NSG Vietnam Glass Industries Ltd.	100%	Vietnam	Architectural
Holding and financing companies			
NSG Holding (Europe) Ltd.	100%	UK	Holding company
NSG UK Enterprises Ltd.	100%	UK	Holding company
Pilkington Group Ltd.	100%	UK	Holding company

*: Vidrios Lirquen S.A. is owned 51.6% by a 51% owned subsidiary of Pilkington Group Limited.

42. Group information continued

Parent company

The parent company of the Group, Nippon Sheet Glass Co., Ltd is incorporated and domiciled in Japan and has shares publicly traded on the Tokyo Stock Exchanges.

Restrictions on accessing the assets of subsidiaries

The ability of NSG UK Enterprises Ltd, a significant subsidiary company of the Group, to pay cash dividends to its immediate parent company, and ultimately therefore to Nippon Sheet Glass Co., Ltd, is restricted by the external banking agreements entered into by NSG UK Enterprises Ltd , such that NSG UK Enterprises Ltd is only able to pay cash dividends to its immediate parent, to the extent that such a dividend would not cause it to be in breach of its banking covenants.

The cash and cash equivalent balances held by the Group's subsidiaries which are not generally available for use elsewhere amounted to ¥2,635 million (2013: ¥1,906 million).

43. Non-controlling interests

Name	Non-controlling shareholding	Country of operation and incorporation	Principal activity
Vidrieria Argentina S.A.	49%	Argentina	Architectural
Vidrios Lirquen S.A.*	48.4%	Chile	Architectural

*: Vidrios Lirquen S.A. is owned 51.6% by a 51% owned subsidiary of Pilkington Group Limited.

	Millions of yen	
	2014	2013
Accumulated balances of material non-controlling interests		
Vidrieria Argentina S.A.	**3,337**	3,532
Vidrios Lirquen S.A.*	**4,264**	4,556
Others	**1,911**	2,334
Total	**9,512**	10,422
Profit/(loss) for the period allocated to material non-controlling interests		
Vidrieria Argentina S.A.	**1,081**	920
Vidrios Lirquen S.A.*	**161**	100
Others	**(97)**	(151)
Total	**1,145**	869

The summarized financial information of these subsidiaries is provided below. This information is based upon amounts before intra-company eliminations.

Summarized income statements

	Millions of yen			
	2014		2013	
	Vidrieria Argentina S.A	**Vidrios Lirquen S.A**	Vidrieria Argentina S.A.	Vidrios Lirquen S.A
Revenue	**16,941**	**6,469**	14,466	5,524
Profit for the period from continuing operations	**2,205**	**218**	1,878	135
Total comprehensive income	**1,041**	**(79)**	1,809	118
Dividends paid to non-controlling interests	**(96)**	**(156)**	–	(416)

43. Non-controlling interests continued

Summarized statements of financial position

Millions of yen

	2014		2013	
	Vidrieria Argentina S.A	**Vidrios Lirquen S.A**	Vidrieria Argentina S.A.	Vidrios Lirquen S.A
Current assets	**9,048**	**3,452**	8,141	3,203
Non-current assets	**3,000**	**4,403**	3,779	4,934
Current liabilities	**(4,546)**	**(1,472)**	(3,683)	(1,385)
Non-current liabilities	**(693)**	**(597)**	(1,028)	(570)
Total equity	**6,809**	**5,786**	7,209	6,182
Attributable to owners of the parent	**3,473**	**1,522**	3,676	1,626
Attributable to non-controlling interests	**3,336**	**4,264**	3,533	4,556

Summarized cash flow statements

Millions of yen

	2014		2013	
	Vidrieria Argentina S.A	**Vidrios Lirquen S.A**	Vidrieria Argentina S.A.	Vidrios Lirquen S.A
Cash flows from operating activities	**813**	**399**	2,444	(106)
Cash flows from investing activities	**(282)**	**(86)**	(1,263)	118
Cash flows from financing activities	**17**	**(156)**	132	(416)
Increase/(decrease) in cash and cash equivalents (net of bank overdrafts)	**548**	**157**	1,313	(404)
Cash and cash equivalents (net of bank overdrafts) at the beginning of the period	**2,132**	**1,239**	809	1,453
Effect of foreign exchange rates	**(734)**	**(65)**	9	189
Cash and cash equivalents (net of bank overdrafts) at the end of the period	**1,946**	**1,331**	2,131	1,238

44. Post-balance sheet events

There have been no post balance sheet events.

CORPORATE DATA

Company name	Nippon Sheet Glass Co., Ltd.
Head office	Sumitomo Fudosan Mita twin Building West Wing, 5-27, Mita 3-chome, Minato-ku, Tokyo 108-6321, Japan Telephone: +81-3-5443-9500
Established	22 November 1918
Number of permanent employees(consolidated)	27,079
Number of shares	Authorized: 1,775,000,000 Issued: 903,550,999
Number of shareholders	69,786
Paid-in capital	¥116,449 million
Stock listing	Tokyo (Code: 5202)
Independent auditors	Ernst & Young Shin Nihon LLC
Transfer agent	Sumitomo Mitsui Trust Bank, Limited 4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo, Japan

FURTHER INFORMATION

The following information is available from our corporate website: www.nsg.com
- Shareholder information
- Global operations and workforce

In addition to this report, we produce a regular flow of publications intended to provide current and potential investors with as much information about the Group, the industries in which we operate and the organization, strategy, targets and progress of the Group. All of this information is available from our website.

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