NSG GROUP

ANNUAL FINANCIAL STATEMENTS

FISCAL YEAR ENDED 31 MARCH 2013

'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 28,000 permanent employees, we have principal operations in 30 countries and sales in over 130.

Geographically, just 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.

Important notes about this document

The NSG Group adopted International Financial Reporting Standards (IFRS) for the first time in FY2012 (commencing on 1 April 2011 and ending on 31 March 2012). The change to IFRS has meant that the Group is publishing more detail on its performance than in previous years. Consequently, we decided to split our financial reporting between two documents: the Annual Report and the Annual Financial Statements. Both documents are available as downloads from our website at www.nsg.com. In order to obtain a full understanding of the performance of the Group, both documents should be consulted.

FINANCIAL HIGHLIGHTS

Revenue	Trading profit*
Millions of yen	Millions of yen
521,346	**8,986**
2012: 552,223	2012: 14,904

Loss before taxation	Loss for the period
Millions of yen	Millions of yen
(29,068)	**(31,939)**
2012: (4,822)	2012: (1,749)

Total assets	Number of employees
Millions of yen	Permanent
885,436	**27,932**
2012: 848,752	2012: 29,702

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

OPERATIONAL HIGHLIGHTS

- Results reflect low levels of activity in the Group's major markets
- Challenging market conditions persist, but signs of improvement in some areas
- Profit improvement program ahead of target
- Significant improvement in cash flow performance
- Management will continue to focus on returning the Group to profitability.

CONTENTS

Financial and operational highlights 01
Chief Financial Officer's review 02
Additional information 06
Financial summary 09
Independent auditor's report 10
Consolidated income statement 11
Consolidated statement of comprehensive income 12
Consolidated balance sheet 13
Consolidated statement of changes in equity 15
Consolidated statement of cash flows 16
Notes to the consolidated financial statements 17
Note number:
1. Summary of significant accounting policies 17
2. Segmental information 26
3. Other income 28
4. Other expenses 29
5. Net foreign exchange gains and losses 29
6. Exceptional items 29
7. Employee benefit expense 30
8. Finance income and expenses 31
9. Income tax 31
10. Dividends 32
11. Goodwill 33
12. Intangible assets 34
13. Property, plant and equipment 36
14. Investment property 37
15. Investments accounted for using the equity method 37
16. Trade and other receivables 41
17. Available-for-sale investments 42
18. Derivative financial instruments 43
19. Deferred income tax 45
20. Inventories 47
21. Construction work-in-progress 47
22. Cash and cash equivalents 47
23. Assets held for sale 48
24. Borrowings 48
25. Trade and other payables 51
26. Pensions and other post-employment benefits 51
27. Provisions 56
28. Deferred income 57
29. Share-based payments 57
30. Called up share capital 58
31. Capital surplus 59
32. Retained earnings 59
33. Other reserves 59
34. Cash flow from operating activities 60
35. Earnings per share 61
36. Contingencies 62
37. Commitments 62
38. Acquisitions and disposals of subsidiaries and businesses 62
39. Related party transactions 63
40. Post-balance sheet events 64
Corporate data 65

CHIEF FINANCIAL OFFICER'S REVIEW

THE FULL YEAR RESULTS REFLECT THE LOW LEVELS OF ACTIVITY EXPERIENCED IN THE GROUP'S MAJOR MARKETS, ALTHOUGH SIGNS OF IMPROVEMENT HAVE BEEN SEEN IN SOME AREAS.

"The Group's businesses continued to face challenging market conditions during the year, experiencing low levels of activity, particularly in Europe, which forms a significant proportion of the Group's revenues.

The Group's focus on cash generation has led to a significant improvement in cash flow performance, despite the challenging trading environment.

The acceleration of the Group's restructuring activities and profit improvement program produced cost savings of ¥10,000 million in FY2013 – approximately double the benefit previously estimated."

Mark Lyons
Chief Financial Officer

Results for the year

The Group's businesses continued to face challenging market conditions during the year, with low levels of activity, particularly in Europe, which forms a significant proportion of the Group's revenues.

Against this background, the Group has accelerated its restructuring activities and profit improvement program. This program has produced cost savings of ¥10,000 million in FY2013, being approximately double the benefit previously estimated.

The results for the year are presented using International Financial Reporting Standards (IFRS), which the Group has adopted from the beginning of FY2012.

Revenue

Revenue decreased by 6 percent from ¥552,223 million to ¥521,346 million. The reduction was due to the challenging market conditions experienced in the Group's major markets.

Trading profit

Trading profit (before amortization and exceptional items) fell from a profit of ¥14,904 million to a profit of ¥8,986 million. After charging amortization costs arising on the acquisition of Pilkington plc, operating profit before exceptional items fell from a profit of ¥7,716 million to a profit of ¥1,946 million. After charging exceptional items, operating profits fell from a profit of ¥4,386 million to a loss of ¥17,258 million.

		Millions of yen
	2013	2012
Revenue	**521,346**	552,223
Trading profit	**8,986**	14,904
Amortization arising on acquisition of Pilkington plc	**(7,040)**	(7,188)
Operating profit before exceptional items	**1,946**	7,716
Exceptional items	**(19,204)**	(3,330)
Operating (loss)/profit	**(17,258)**	4,386
Finance costs (net)	**(14,060)**	(14,323)
Share of profit of joint ventures and associates	**2,250**	5,115
Loss before taxation	**(29,068)**	(4,822)
Taxation	**(2,871)**	3,073
Loss for the period	**(31,939)**	(1,749)
Profit attributable to non-controlling interests	**869**	1,066
Loss attributable to owners of the parent	**(32,808)**	(2,815)
Net loss per share – basic (yen)	**(36.36)**	(3.12)
Net loss per share – diluted (yen)	**(36.36)**	(3.12)

Operating profit – Architectural

Architectural volumes were significantly below the levels of FY2012, but were relatively stable at low levels by the end of the year. Solar Energy dispatches, as anticipated, were significantly below the previous year.

In the Architectural business line, Europe represents 38 percent of sales, Japan 33 percent, and North America 9 percent. The rest arises in other areas of the world including South America, South East Asia, and China.

In Europe, revenues and profits fell from the previous year. Losses narrowed during the year, however, as restructuring actions significantly reduced the Group's European cost base. Excluding Solar Energy dispatches, cumulative Architectural volumes fell by approximately 12.5 percent from the previous year, leading to industry-wide over-capacity and a weak pricing environment.

In Japan, revenues were below the previous year, with improving domestic markets being more than offset by reduced dispatches of Solar Energy glass. Underlying conditions in construction markets continued to improve gradually, with new housing starts being approximately 5 percent higher than the previous year.

In North America, revenues and profits were below the previous year. Dispatches of Solar Energy products fell, more than offsetting improving domestic construction markets.

In the Rest of the World, the Group's Architectural markets in South America continued to grow, albeit relatively slowly. Architectural markets in South East Asia improved during the fourth quarter, while the Group's Solar Energy rolled line in China experienced weak demand throughout the year.

The Architectural business achieved sales of ¥215,739 million (FY2012: ¥239,440 million) and an operating profit before exceptional items of ¥303 million (FY2012: ¥9,135 million).

Operating profit – Automotive

In the Automotive business, revenues fell from the previous year, due largely to a significant decline in European volumes. This was partly offset by relatively strong demand in Japan, where the previous year had been affected by the March 2011 earthquake, and also in North America.

In the Automotive business line, Europe represents 43 percent of sales, Japan 19 percent, and North America 23 percent. The rest arises in other areas of the world including South America, South East Asia, and China.

In the European Original Equipment (OE) sector, revenues and profits fell from the previous year, as light vehicle demand fell to its lowest level for more than 15 years. Results in the Automotive Glass Replacement (AGR) business were similar to the previous year, with reduced demand being offset by an increasing proportion of sales of higher value-added products.

In Japan, cumulative OE revenues and profits were higher than the previous year. Following the March 2011 earthquake, which significantly affected the start of the previous year, market volumes have improved steadily. AGR revenues and profits were similar to the previous year.

In North America, OE revenues improved from the previous year, due to increased volumes. However, profitability remains weak. AGR revenues and profits fell, with reduced market demand.

In the Rest of the World, local currency revenues were generally similar to the previous year. Profitability improved slightly, but is still at a low level.

The Automotive business recorded sales of ¥245,022 million (FY2012 ¥251,229 million) and an operating profit before exceptional items of ¥4,755 million (FY2012 ¥5,123 million).

Operating profit – Technical Glass

Profits in Technical Glass fell slightly from the previous year. The Group experienced stable demand in sectors such as smart phones and tablet devices, where the Group's UFF® (Ultra Fine Flat) glass is used within the construction of touch panels. Volumes of components used in multi-function printers were similar to the previous year, but softened in the final quarter as exporters of multi-function printers and similar products continue to suffer from a decline in consumer demand. Sales of glass cord for engine timing belts fell in Europe, consistent with the conditions experienced in the European automotive business.

The Technical Glass business recorded sales of ¥59,404 million (FY2012: ¥60,167 million) and an operating profit before exceptional items of ¥6,719 million (FY2012: ¥6,942 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 also included the costs of its restructuring program in this category.

Joint ventures and associates

The Group's share of joint ventures and associates profits decreased from ¥5,115 million to ¥2,250 million. Profits at Cebrace, the Group's joint venture in Brazil, fell, as did profits in the Group's joint ventures and associates in China. Profits at the Group's Architectural joint venture in Russia were similar to the previous year.

Interest expenses

Net interest expenses were similar to the previous year.

Taxation

The Group has a tax charge for the financial year to 31 March 2013 equivalent to 9.17 percent of the loss before taxation for the period, after excluding the Group's share of net profits of joint ventures and associates (FY2012: a tax credit of 30.93 percent on a loss for the period). 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 and applying the prevailing statutory tax rate and tax law in that territory. The tax charge consists of a current taxation charge of ¥3,810 million and a deferred taxation credit of ¥939 million.

Non-controlling interests

Profits attributable to non-controlling interests decreased from ¥1,066 million to ¥869 million. This was due to a reduction in 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 decreased from a net loss per share of ¥3.12 to a net loss per share of ¥36.36.

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 2013. 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

Millions of yen	**2013**	2012
Operating cash flows before financial items	**32,796**	8,436
Interest received less interest paid	**(12,572)**	(12,815)
Income taxes paid	**(6,011)**	(5,535)
Net cash generated from/(used in) operating activities	**14,213**	(9,914)
Capital expenditure (net of disposals)	**(24,420)**	(26,641)
Acquisitions less divestments	**10,349**	(3,468)
Other investing cash flows	**7,030**	3,782
Net cash flows before dividends and financing	**7,172**	(36,241)

The Group's focus on cash generation has led to a significant improvement in cash flow performance, despite the challenging trading environment.

Operating cash flows before financial items increased from ¥8,436 million to ¥32,796 million, due mainly to the decrease in working capital levels during the year. Interest and taxation payments were similar to the previous year. As a result, net cash generated by operating activities improved from an outflow of ¥9,914 million to an inflow of ¥14,213 million.

Capital expenditure, net of disposals, decreased from ¥26,641 million to ¥24,420 million. The Group will continue to manage capital expenditure at below the level of depreciation during FY2014.

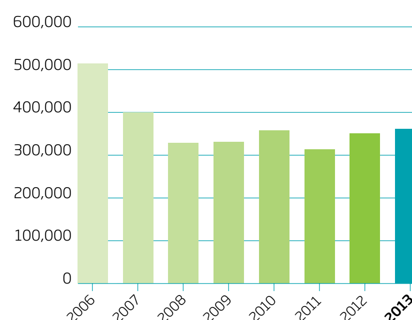
Funding and liquidity

Net debt

Net financial indebtedness increased by ¥9,693 million from 31 March 2012 to ¥360,848 million at the period end. Increases in indebtedness were caused primarily by the low overall level of profitability, and expenditure on the Group's restructuring program. Currency movements generated an increase in net debt of approximately ¥8,840 million over the period. Gross debt was ¥447,849 million at the period end.

The chart below shows the level of net debt at each period end following the acquisition of Pilkington plc in June 2006.

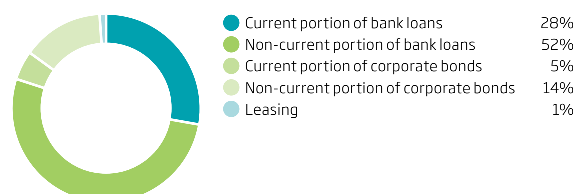
Net debt
Millions of yen



Sources of finance

The Group is financed by a combination of cash flows from operations, bank loans and corporate bonds. The chart below analyzes the Group's sources of debt at 31 March 2013.

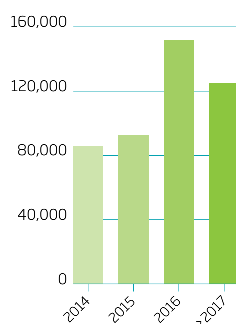
Debt sources



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 chart below shows the maturity of the Group's committed facilities as at 31 March 2013.

Committed facility maturities
Millions of yen



As at 31 March 2013 the Group had undrawn committed facilities of ¥33,800 million, with various maturities. The above table does not include the ¥70,000 million facility announced on 28 March 2013, as this facility was not available to be drawn at the balance sheet date.

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 2013 was ¥155,453 million, representing a decrease of ¥15,082 million from the end of March 2012. This was mainly due to the loss recorded in the period.

Treasury management

The Group has a global treasury function appropriate for the global nature of our business. The treasury function is responsible for the provision of the Group's liquidity management and for the management of the Group's interest, commodity and foreign exchange risks, operating within policies and authority limits set by the Board of Directors. The Board approves a set of financial counterparties noted for their strong credit standing. Treasury operations are reviewed annually by the Group Internal Audit Function, to ensure compliance with the Group's policies.

Risk management – foreign exchange and interest rates

The Group has major manufacturing operations in 30 countries and sales in around 130 countries. Assets are hedged where appropriate by matching the currency of borrowings to the net assets.

The Group borrows in a variety of currencies, principally, but not limited to, Japanese yen, euro, US dollars and sterling, at both fixed and floating rates of interest, using derivatives where appropriate to generate the desired effective currency and interest rate exposure. The financial instruments used for this purpose are principally interest rate swaps and forward foreign exchange contracts. Material foreign exchange transactions are hedged when reasonably certain, usually through the use of foreign exchange forward contracts.

The Group does not engage in speculative trading of financial instruments or derivatives. However, risks arise in these transactions if the expected cash flow does not arise or if the highly rated financial counterparty does not perform its obligations under the contract. The policies require immediate cancellation of any derivative that is found to be no longer required.

Exposure to interest rate fluctuations on borrowings is managed by borrowing on either a fixed or floating basis and entering into interest rate swaps or forward rate agreements. The policy objective is to have a target proportion, currently 30 percent to 70 percent of forecast net borrowings, hedged at all times for a period of greater than one year. Foreign exchange contracts and interest rate swaps are transacted in such a way as to ensure deferral hedge accounting on some transactions.

Risk management – commodities

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 for energy 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.

The financial instruments used for this purpose are energy swaps and are trades with highly rated financial counterparties. Risks arise in these transactions if the expected cash flow does not arise or if the highly rated financial counterparty does not perform its obligations under the contract. The policies require immediate cancellation of any derivative that is found to be no longer required.

Commodity hedging is transacted in order to ensure effectiveness of the hedge, therefore the Group usually benefits from deferral hedge accounting on all transactions.

Fair values of financial instruments

Financial instruments are shown on the balance sheet at the fair value on the balance sheet date. Fair values of derivatives are calculated with reference to forward exchange rates, interest rates or commodity prices in the financial markets on the balance sheet date. Expected future cash flows on these contracts are discounted to the balance sheet date. Where an instrument is tradable in the financial markets we use this market price as the fair value. Fair values are expected to change throughout the life of the instrument, such that this valuation is only relevant at the balance sheet date and may not equate to an actual price at which the instrument can be sold.

Cash and deposits

The Group invests cash balances and short-term money market balances with a selected group of credit-worthy financial institutions. Cash and deposits are short term and are used for the day-to-day operation of the business. Interest accrues on cash balances at market interest rates, therefore the fair value of our cash and deposits equates to the balance sheet value.

Corporate governance and risk management

The Group has an established system of internal controls. These controls have been thoroughly documented and tested during the year, as part of the Group's ongoing J-SOX compliance program.

Mark Lyons
Chief Financial Officer

ADDITIONAL INFORMATION

Background
Due to the share offering made during the year ended 31 March 2011, it is a requirement that the business risks associated with investing in the shares of Nippon Sheet Glass Company Limited are disclosed. This information does not form part of the audited consolidated financial statements of the Nippon Sheet Glass Company Limited 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 30 percent, 37 percent and 15 percent, respectively, of net sales for the year ended 31 March 2013.

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 results of operations and financial position.

Europe represents the largest region for Group revenues. The current economic downturn in Europe has affected demand for the Group's products in this region. This situation is expected to continue during the year to 31 March 2014. The Group expects a gradual recovery in European volumes over the longer term, although there can be no assurance that this will be the case. Similarly, there can be no assurance that the current economic situation in Europe will not deteriorate further over the near term.

Dependency on certain specified industries and sectors
The Group's Architectural and Automotive business together account for 89 percent of Group revenues for the year ended 31 March 2013. In FY2013, the Group's Architectural and Automotive business accounted for 42 percent and 47 percent of net 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 2013.

The Group is working to increase its revenues generated from value-added coated glass that can be used in photovoltaic (Solar Energy) unit glass for solar cells, and from value-added coated glass that can be used to conserve energy in buildings. Demand for such products is impacted partly by government incentives and government legislation. In recent years, certain governments around the world have provided incentives that have encouraged the construction of Solar Energy generation facilities and have passed legislation mandating the use of low-emissivity glass in buildings.

Recently government incentives to encourage installation of Solar Energy generation capacity have reduced or been removed in some areas of the world as governments have looked to seek savings in their budgets. There can be no assurance that this trend will not continue.

In the Automotive business the Group is working to expand its sales of high value-added products and its presence in emerging markets, and is also working at the same time 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 results of operations 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 sales 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, results of operations and financial position.

Funds necessary for future business operations

The Group might have additionally to raise 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 1) invest in the expansion, development or reinforcement of any product or service, 2) capitalize on an opportunity for business development, or 3) 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, elsewhere in 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 results of operations 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 joint ventures. 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 the 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 results of operations 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 in markets related to the Group. 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, results of operations 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 results of operations 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 results of operations 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 also regularly reviews its retirement benefit obligations in order to reduce the risk to the Group. However, due to the scale of such retirement benefit plans and recent economic conditions, there is no assurance that the evaluations will be consistent with actual results, and it is possible that the Group will not be able to sufficiently reduce its risk regarding its obligation to contribute additional funds.

During the year to 31 March 2013, the Group continued to take steps to reduce its retirement obligations risk. In the UK, the Group came to an agreement with employees that future salary increases will not be pensionable within the main UK pension scheme. Such actions reduce the risk that the Group will have to increase its future contributions into this scheme, but do not altogether eliminate this possibility.

During the year, high-quality corporate and government bond yields continued to fall. As the Group uses such rates to assess the value of retirement benefit obligations, the value of these liabilities increased with a lower level of discounting applied. The Group does not expect further significant falls in high-quality bond yields, although there can be no assurance that this will be the case.

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 results of operations 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 results of operations in Europe underperform 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 results of operations and financial condition.

The Group invests intensively in shifting from relatively low-margin products to high value-added products which require advanced technology in order to keep its competitive advantages. Also, in order to meet the increasing demand for Solar Energy products, the Group invests constantly in R&D activities related to such sectors, and also invests intensively in shifting some of the existing Architectural plants for glass into facilities for solar cells and related products. 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, results of operations 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 performance and financial position may be adversely affected.

Environmental laws and regulations

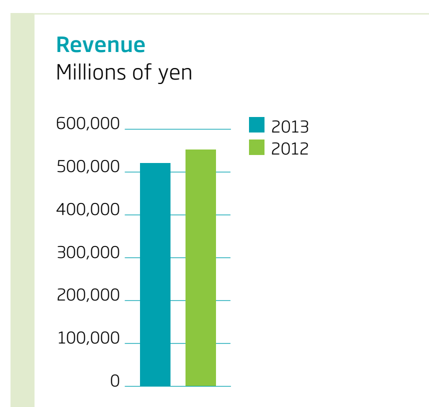
The Group is subject to a variety of environmental laws and regulations. Although the Group makes efforts to implement a variety of measures in regard to product development and manufacturing process in order to have a beneficial environmental impact and comply with the relevant laws and regulations, 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 thereof could adversely affect the Group's results of operations 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.

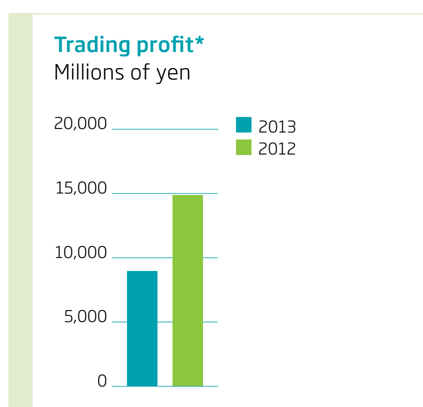
Evaluation and impairment of balance sheet assets

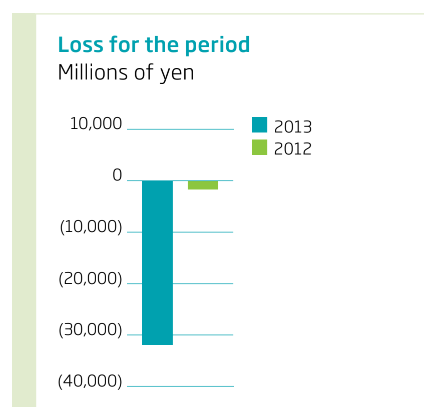
The Group has a considerable value of assets included on its balance sheet that must be tested annually for impairment. Such assets include, but are not limited to, goodwill and intangible assets arising on the acquisition of Pilkington plc, and deferred taxation assets arising largely from historic 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. Such impairments are not expected to have a material detrimental effect on the Group's ability to service debt or pay dividends to shareholders.

FINANCIAL SUMMARY

Period ended 31 March	2013	2012
		Millions of yen
Revenue	**521,346**	552,223
Trading profit*	**8,986**	14,904
Loss before taxation	**(29,068)**	(4,822)
Loss for the period	**(31,939)**	(1,749)
Loss attributable to owners of the parent	**(32,808)**	(2,815)
Earnings per share attributable to owners of the parent		
Basic	**(36.36)**	(3.12)
Diluted	**(36.36)**	(3.12)
Cash dividends (yen per share)	**–**	4.50
Total assets	**885,436**	848,752
Total shareholders' equity	**145,031**	161,313
Number of permanent employees	**27,932**	29,702







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

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 2013, 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 2013, and their consolidated financial performance and cash flows for the year then ended in conformity with International Financial Reporting Standards.

Ernst & Young ShinNihon LLC

28 June 2013
Tokyo, Japan

CONSOLIDATED INCOME STATEMENT

Nippon Sheet Glass Company Limited and consolidated subsidiaries
For the period ended 31 March 2013

	Note	2013	2012
			Millions of yen
Revenue	2	**521,346**	552,223
Cost of sales		**(404,027)**	(420,033)
Gross profit		**117,319**	132,190
Other income	3	**7,915**	7,932
Distribution costs		**(50,784)**	(49,457)
Administrative expenses		**(60,592)**	(66,156)
Other expenses	4	**(11,912)**	(16,793)
Operating profit before exceptional items		**1,946**	7,716
Exceptional items	6	**(19,204)**	(3,330)
Operating (loss)/profit	2	**(17,258)**	4,386
Finance income	8	**1,823**	2,423
Finance expenses	8	**(15,883)**	(16,746)
Share of post-tax profits of joint ventures and associates accounted for using the equity method		**2,250**	5,115
Loss before taxation		**(29,068)**	(4,822)
Taxation	9	**(2,871)**	3,073
Loss for the period		**(31,939)**	(1,749)
Profit attributable to non-controlling interests		**869**	1,066
Loss attributable to owners of the parent		**(32,808)**	(2,815)
		(31,939)	(1,749)
Earnings per share attributable to owners of the parent:			
Basic earnings per share	35	**(36.36)**	(3.12)
Diluted earnings per share	35	**(36.36)**	(3.12)

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Nippon Sheet Glass Company Limited and consolidated subsidiaries
For the period ended 31 March 2013

	Note	2013	2012
		Millions of yen	
Loss for the period		**(31,939)**	(1,749)
Other comprehensive income:			
Foreign currency translation adjustments		**26,188**	(18,707)
Post-retirement benefits, net of taxation	26	**(6,581)**	(24,454)
Revaluation of available-for-sale investments		**(35)**	313
Cash flow hedges – fair value gains/(losses), net of taxation		**435**	(1,432)
Share of other comprehensive income of joint ventures and associates accounted for using the equity method		**(1,318)**	(2,909)
Other comprehensive income for the period, net of taxation		**18,689**	(47,189)
Total comprehensive income for the period		**(13,250)**	(48,938)
Attributable to non-controlling interests		**1,707**	633
Attributable to owners of the parent		**(14,957)**	(49,571)
		(13,250)	(48,938)

CONSOLIDATED BALANCE SHEET

Nippon Sheet Glass Company Limited and consolidated subsidiaries
As at 31 March 2013

	Note	2013	2012
		Millions of yen	
Assets			
Non-current assets			
Goodwill	11	**116,768**	105,018
Intangible assets	12	**84,496**	87,475
Property, plant and equipment	13	**267,983**	260,597
Investment property	14	**635**	675
Investments accounted for using the equity method	15	**45,063**	50,359
Trade and other receivables	16	**14,208**	6,676
Financial assets			
available-for-sale investments	17	**6,742**	9,156
derivative financial instruments	18	**1,362**	1,356
Deferred tax assets	19	**51,797**	61,248
Tax receivables		**2,306**	1,130
		591,360	583,690
Current assets			
Inventories	20	**100,790**	106,112
Construction work-in-progress	21	**428**	576
Trade and other receivables	16	**101,242**	109,493
Financial assets			
available-for-sale investments	17	**652**	3
derivative financial instruments	18	**2,168**	2,354
Cash and cash equivalents	22	**83,472**	43,346
Tax receivables		**2,686**	2,090
		291,438	263,974
Assets held for sale or included in a disposal group held for sale	23	**2,638**	1,088
		294,076	265,062
Total assets		**885,436**	848,752

CONSOLIDATED BALANCE SHEET CONTINUED

	Note	2013	2012
		Millions of yen	
Liabilities and equity			
Current liabilities			
Financial liabilities			
borrowings	24	**152,585**	110,375
derivative financial instruments	18	**1,744**	2,363
Trade and other payables	25	**113,780**	109,269
Taxation liabilities		**3,371**	3,477
Provisions	27	**17,982**	14,896
Deferred income	28	**2,914**	2,493
		292,376	242,873
Liabilities included in a disposal group held for sale	23	**666**	–
		293,042	242,873
Non-current liabilities			
Financial liabilities			
borrowings	24	**291,793**	283,565
derivative financial instruments	18	**1,727**	1,909
Trade and other payables	25	**1,049**	1,151
Deferred tax liabilities	19	**23,641**	37,849
Taxation liabilities		**1,295**	1,600
Retirement benefit obligations	26	**89,760**	87,306
Provisions	27	**18,620**	15,733
Deferred income	28	**9,056**	6,231
		436,941	435,344
Total liabilities		**729,983**	678,217
Capital and reserves attributable to the owners of the parent			
Called up share capital	30	**116,449**	116,449
Capital surplus	31	**127,511**	127,511
Retained earnings	32	**(11,275)**	30,793
Retained earnings (translation adjustment at the IFRS transition date)		**(68,048)**	(68,048)
Other reserves	33	**(19,606)**	(45,392)
Total shareholders' equity		**145,031**	161,313
Non-controlling interests		**10,422**	9,222
Total equity		**155,453**	170,535
Total liabilities and equity		**885,436**	848,752

The financial statements on pages 11 to 64 were approved by the directors on 28 June 2013

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 Company Limited and consolidated subsidiaries
For the period ended 31 March 2013

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 2011	**116,449**	**127,510**	**63,475**	**(68,048)**	**(23,154)**	**216,232**	**10,345**	**226,577**
(Loss)/profit for the period	–	–	(2,815)	–	–	**(2,815)**	1,066	**(1,749)**
Other comprehensive income	–	–	(24,454)	–	(22,302)	**(46,756)**	(433)	**(47,189)**
Total comprehensive income	–	–	(27,269)	–	(22,302)	**(49,571)**	633	**(48,938)**
Transactions with owners								
Stock options	–	–	–	–	67	**67**	–	**67**
Dividends paid	–	–	(5,413)	–	–	**(5,413)**	(1,811)	**(7,224)**
Issuance and purchase of treasury stock	–	1	–	–	(3)	**(2)**	–	**(2)**
Incorporation of new subsidiaries	–	–	–	–	–	**–**	55	**55**
Balance at 31 March 2012	**116,449**	**127,511**	**30,793**	**(68,048)**	**(45,392)**	**161,313**	**9,222**	**170,535**
(Loss)/profit for the period	–	–	(32,808)	–	–	**(32,808)**	869	**(31,939)**
Other comprehensive income	–	–	(7,899)	–	25,750	**17,851**	838	**18,689**
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**

CONSOLIDATED STATEMENT OF CASH FLOWS

Nippon Sheet Glass Company Limited and consolidated subsidiaries
For the period ended 31 March 2013

	Note	2013	2012
		Millions of yen	
Cash flows from operating activities			
Cash generated from operations	34	**32,796**	8,436
Interest paid		**(14,279)**	(14,527)
Interest received		**1,707**	1,712
Income tax paid		**(6,011)**	(5,535)
Net cash generated from/(used in) operating activities		**14,213**	(9,914)
Cash flows from investing activities			
Dividends received from joint ventures and associates		**5,788**	3,618
Purchase of joint ventures and associates		**–**	(3,735)
Proceeds on disposal of joint ventures and associates		**7,546**	–
Purchase of subsidiaries (net of cash acquired)		**(1,292)**	–
Proceeds on disposal of subsidiaries and businesses (net of cash disposed)		**905**	–
Purchases of property, plant and equipment		**(25,553)**	(27,896)
Proceeds on disposal of property, plant and equipment		**2,908**	2,890
Purchase of intangible assets		**(1,805)**	(1,635)
Proceeds on disposal of intangible assets		**30**	–
Purchase of available-for-sale investments		**(8)**	(12)
Proceeds on disposal of available-for-sale investments		**3,198**	279
Loans to joint ventures, associates and third parties, net		**671**	(576)
Other		**571**	740
Net cash used in investing activities		**(7,041)**	(26,327)
Cash flows from financing activities			
Dividends paid to shareholders		**(1,360)**	(5,411)
Dividends paid to non-controlling interests		**(441)**	(1,811)
Repayment of borrowings		**(92,430)**	(47,742)
Proceeds from borrowings		**122,178**	70,775
Others		**(2)**	51
Net cash generated from financing activities		**27,945**	15,862
Increase/(decrease) in cash and cash equivalents (net of bank overdrafts)		**35,117**	(20,379)
Cash and cash equivalents (net of bank overdrafts) at the beginning of the period		**24,797**	46,491
Effect of foreign exchange rate changes		**5,408**	(1,315)
Decrease due to transfers to assets held for sale		**(149)**	–
Cash and cash equivalents (net of bank overdrafts) at the end of the period	22	**65,173**	24,797

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 Company Limited (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 Company Limited is incorporated and domiciled in Japan and has shares publicly traded on the Tokyo and Osaka Stock Exchanges. 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 2013 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:

IAS 19, 'Employee benefits' was amended in June 2011, and this amendment is effective from the Group's financial period commencing 1 April 2013. The impact on accounting for the Group's retirement benefit obligations will be to replace interest cost and expected return on plan assets, currently calculated and disclosed separately, with a net interest charge that will be calculated by applying the relevant territory specific discount rates to the net defined benefit liabilities in that territory. The standard is not expected to have a material effect on the Group's net asset position, and therefore any amendment to charges within finance costs is expected to be offset by an equivalent amendment to gains and losses recognized within the Statement of Comprehensive Income. When presenting results during FY2014, the Group will re-present its comparative results for FY2013. The adoption of these changes to IAS 19 is expected to result in an increase in finance expenses for FY2014 of ¥2,800 million, and an increase to finance expenses in FY2013, when restated, of ¥2,000 million.

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities and will be effective from the Group's financial period commencing 1 April 2015. 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.

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 and is effective from the Group's financial period commencing 1 April 2013. The adoption of this standard is not expected to result in a material difference to the Group's net assets or financial performance.

IFRS 11, 'Joint arrangements' replaces IAS 31 'Interests in Joint Ventures' and SIC 13 'Jointly controlled entities – non-monetary contributions by venturers', and is effective from the Group's financial period commencing 1 April 2013. 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 is not expected to result in a material difference to the Group's net assets or financial performance.

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. It is effective from the Group's financial period commencing 1 April 2013. The adoption of this standard is not expected to result in a material difference to the Group's net assets or financial performance.

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. It is effective from the Group's financial period commencing 1 April 2013. The adoption of this standard is not expected to result in a material difference to the Group's net assets or financial performance.

Consolidation
(a) Subsidiaries
Subsidiaries are all entities over which the Group has the power to govern 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 that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries 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).

1. Summary of significant accounting policies continued

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.

(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. 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 but does not control, generally accompanying a shareholding of between 20 and 49 percent of the voting rights. Investments in associates are accounted for by the equity method of accounting and are initially recognized at cost. 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.

1. Summary of significant accounting policies continued

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.

1. Summary of significant accounting policies continued

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, revenue 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.

1. Summary of significant accounting policies continued

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.

1. Summary of significant accounting policies continued

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.

Finance costs and income, representing the unwinding of the discount applied to pension liabilities, and the expected returns on pension assets, are recorded within finance costs in the income statement.

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.

Past service costs are recognized immediately in the income statement, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortized on a straight-line basis over the vesting period.

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 employees and retirees. 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 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 contract total revenue, the expected loss is recognized as an expense immediately in the income statement.

1. Summary of significant accounting policies continued

(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 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 over equal annual installments.

Emission rights

The difference between the emission rights granted 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 remeasured 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.

1. Summary of significant accounting policies continued

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 value of interest rate swaps is calculated as the present value of the estimated future cash flows.

The fair value of forward foreign exchange contracts is determined using forward exchange market rates at the balance sheet date. The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values.

The fair value of financial liabilities is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

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 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 debt market prices, foreign currency exchange rates, credit risks, energy prices, liquidity 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, interest rate risk, energy price risk, credit 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.

1. Summary of significant accounting policies continued

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.

(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 ¥2,300 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 directors approve a variety of assumptions used in the calculation of the scheme assets and liabilities. These assumptions are subject to a degree of uncertainty and the directors take advice from professional actuaries before approving such assumptions.

(d) Provisions

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

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

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 2013 and 2012 are as follows:

					Millions of yen
					2013
	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					**(14,060)**
Share of post-tax profit from joint ventures and associates					**2,250**
Loss before taxation					**(29,068)**
Taxation					**(2,871)**
Loss for the period					**(31,939)**

					Millions of yen
					2012
	Architectural	Automotive	Technical Glass	Other	Total
Revenue					
External revenue	239,440	251,229	60,167	1,387	552,223
Inter-segmental revenue	13,710	385	217	5,384	19,696
Total revenue	253,150	251,614	60,384	6,771	571,919
Trading profit	9,135	5,123	6,942	(6,296)	14,904
Amortization arising from acquisition of Pilkington plc	–	–	–	(7,188)	(7,188)
Operating profit before exceptional items	9,135	5,123	6,942	(13,484)	7,716
Exceptional items					(3,330)
Operating profit					4,386
Finance costs – net					(14,323)
Share of post-tax profit from joint ventures and associates					5,115
Loss before taxation					(4,822)
Taxation					3,073
Loss for the period					(1,749)

2. Segmental information continued

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.

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 remeasuring 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
						2013
	Note	**Architectural**	**Automotive**	**Technical Glass**	**Other**	**Total**
Depreciation	13	**(10,619)**	**(13,008)**	**(2,447)**	**(726)**	**(26,800)**
Amortization	12	**(454)**	**(819)**	**(35)**	**(8,447)**	**(9,755)**
Write back/(impairment) of property, plant and equipment	13	**33**	**(37)**	**–**	**(4)**	**(8)**
Profit/(loss) on sale of property, plant and equipment	34	**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	28	**243**	**2,093**	**–**	**242**	**2,578**

						Millions of yen
						2012
	Note	Architectural	Automotive	Technical Glass	Other	Total
Depreciation	13	(12,562)	(13,065)	(2,926)	(422)	(28,975)
Amortization	12	(820)	(1,246)	(39)	(7,647)	(9,752)
Write back of property, plant and equipment	13	16	41	–	–	57
Profit/(loss) on sale of property, plant and equipment	34	240	1,122	(205)	–	1,157
Research and development expenditure		(2,113)	(3,295)	(1,804)	(744)	(7,956)
Operating lease rentals						
plant and equipment		(1,236)	(1,674)	(49)	(96)	(3,055)
property		(916)	(2,758)	(146)	(622)	(4,442)
Net (charge)/credit for bad and doubtful debts	16	258	(1)	(92)	32	197
Amortization of deferred income	28	280	1,856	–	161	2,297

Segmental net trading assets at 31 March 2013 and 2012 and capital expenditure for the periods then ended are as follows:

					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**

					Millions of yen
					2012
	Architectural	Automotive	Technical Glass	Other	Total
Segmental net trading assets	160,915	165,908	47,364	(617)	373,570
Capital expenditure (including intangibles)	14,137	18,818	1,532	194	34,681

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	
	2013	2012
Segmental net trading assets for reportable segments	**343,220**	373,570
Add back trade and other payables	**114,576**	110,054
Exchange and other timing adjustments	**28,752**	5,488
Unallocated:		
Goodwill	**116,768**	105,018
Intangible assets	**71,501**	72,758
Financial receivables	**11,733**	9,734
Investments accounted for using the equity method	**45,063**	50,359
Financial assets – available-for-sale investments	**7,394**	9,159
Financial assets – derivative financial instruments	**3,530**	3,710
Deferred tax assets	**51,797**	61,248
Assets held for sale	**2,638**	1,088
Tax receivables	**4,992**	3,220
Cash and cash equivalents	**83,472**	43,346
Total assets per the balance sheet	**885,436**	848,752

Secondary reporting format – by revenue category and geographical location

	Millions of yen	
	2013	2012
Analysis of revenue by category		
Sale of glass and glass-related products	**495,786**	525,327
Sales of services	**2,213**	2,168
Royalty and licensing income	**1,679**	1,295
Engineering contracts	**5,479**	6,187
Other sundry sales	**16,189**	17,246
	521,346	552,223

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

	Millions of yen	
	2013	2012
Revenue		
Japan	**143,615**	149,117
Europe	**190,365**	214,003
North America	**74,220**	68,026
Rest of World	**113,146**	121,077
	521,346	552,223

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 ¥32,049 million (2012: ¥44,958 million), UK ¥264,868 million (2012: ¥253,291 million) and the total of these non-current assets located in other countries is ¥218,028 million (2012: ¥205,875 million).

3. Other income

	Millions of yen	
	2013	2012
Dividend income on available-for-sale assets	**164**	145
Gains on settlement of insurance proceeds	**–**	174
Profit on disposals	**987**	1,916
Other	**6,764**	5,697
	7,915	7,932

4. Other expenses

	Note	2013	2012
		Millions of yen	
Amortization of intangibles	12	**(9,755)**	(9,752)
(Impairment)/write back of property, plant and equipment	13	**(8)**	57
Impairment of intangible assets	12	**–**	(44)
Impairment of available-for-sale investments	17	**(7)**	(40)
Research and development costs written off in the period (excluding that capitalized or amortized)		**(373)**	(531)
Bad debts written off		**(624)**	(479)
Doubtful debt provision increase	16	**(1,367)**	(927)
Reversal of previously held doubtful debt provision	16	**1,545**	1,124
Float tank repair costs		**(209)**	(54)
Net foreign exchange on other expense items		**(184)**	85
Decrease in fair value of investment properties	14	**(85)**	(71)
Other		**(845)**	(6,161)
		(11,912)	(16,793)

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 ¥67 million (2012: a loss of ¥224 million).

6. Exceptional items

	Note	2013	2012
		Millions of yen	
Exceptional Items (gains):			
Reduction of pension liabilities	26	**5,568**	4,309
Gain on disposal of an associate		**5,346**	–
Gain on disposal of available-for-sale investments		**1,614**	–
Gain on EU fine recalculation		**1,470**	–
Gain on dilution of shares in associate	15	**–**	1,393
Gain on disposal of a subsidiary or business		**794**	–
Gain on joint venture dilution		**326**	–
Gain on acquisition of a subsidiary		**187**	–
Others		**519**	132
		15,824	5,834
Exceptional Items (losses):			
Restructuring costs, including employee termination payments		**(22,676)**	(2,804)
Impairments of non-current assets	11, 12, 13, 17	**(9,052)**	(2,325)
Loss on disposal or scrapping of non-current assets		**(1,671)**	–
Impairments of investment in associates	15	**–**	(1,941)
Settlement of litigation matters		**(1,332)**	(2,094)
Others		**(297)**	–
		(35,028)	(9,164)
		(19,204)	(3,330)

The reduction in pension liabilities arises in the UK, where employees have accepted a change to their terms and conditions, whereby pensionable salaries in the Group's main UK defined benefit pension scheme will be 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 arises on this amendment, as actuarial assumptions used in calculating the Group's defined benefit pension obligations, include an assumption of future pensionable salary increases. This change enables the Group to reduce further its future pension liability risk.

The previous period gain in this category also related to the UK, and related to a change in the scheme rules of the Group's main UK pension scheme, whereby future inflationary increases in pensions in payment will be based on a measure of inflation that is anticipated to result in a reduced level of future inflation-based increases in pensions payable.

The gain on disposal of an associate relates 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 assets, arises on the disposal of various available-for-sale assets in Japan.

6. Exceptional items continued

The gain on EU fine recalculation arises 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 relates 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 period gain on dilution of shares in an associate arose following a placing of shares by China Glass Holdings Ltd in which the Group did not participate.

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

The gain on joint venture dilution arises on a refinancing of the Group's joint venture in Russia, where new investors have 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 gain on subsidiary acquisition arises on the acquisition of the shares of Flovetro SpA, see Note 38, Acquisitions and disposals of subsidiaries and businesses.

Restructuring costs arise in a variety of locations around the world. The majority of the costs included in this category are closure costs relating to the Group's previously announced restructuring program, and the Group has announced the permanent or temporary closure of several facilities during the period. In addition, this category also includes the cost of maintaining idle facilities during the period.

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

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

The previous period impairment of an investment in an associate related to the Group's investment in China Glass Holdings Ltd in order to equate the carrying value with the market value of the company as at 31 March 2012.

In both the current and previous periods, the settlement of litigation matters 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 competition law.

7. Employee benefit expense

	Note		Millions of yen
		2013	2012
Wages and salaries		**(111,398)**	(115,187)
Redundancy and termination benefits		**(11,478)**	(2,286)
Social security costs		**(11,276)**	(12,805)
Share options granted to directors and employees	29	**(32)**	(67)
Pension costs, excluding those classed as exceptional items			
defined contribution schemes		**(8,018)**	(7,397)
defined benefit schemes		**(2,930)**	(3,167)
Other short-term employee benefits		**(5,698)**	(5,593)
		(150,830)	(146,502)

Key management compensation (included above) comprises:

		Millions of yen
	2013	2012
Salaries and short-term employee benefits	**(744)**	(801)
Compensation for loss of office	**–**	(203)
Share options granted	**(24)**	(41)
Post-employment benefits	**(78)**	(98)
	(846)	(1,143)

Key management compensation comprises the remuneration of those 26 (2012: 24) 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.

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	2013	2012
		Millions of yen	
Finance income			
Interest income		**1,624**	1,873
Foreign exchange transaction gains		**126**	140
Fair value gains on financial instruments – interest rate swaps		**73**	410
		1,823	2,423
Finance expenses			
Interest expense – bank and other borrowings		**(13,130)**	(14,594)
Dividend on non-equity preference shares due to minority shareholders		**(220)**	(225)
Foreign exchange transaction losses		**(242)**	(56)
Fair value losses on financial instruments – interest rate swaps		**–**	(163)
Other interest and similar charges		**(864)**	(54)
		(14,456)	(15,092)
Unwinding of discounts on provisions	27	**(285)**	(263)
Retirement benefit obligations:			
expected return on plan assets	26	**10,695**	11,553
interest costs on pension scheme liabilities	26	**(11,837)**	(12,944)
		(15,883)	(16,746)

9. Income tax

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

	Note	2013	2012
		Millions of yen	
Current tax			
charge for the period		**(3,722)**	(4,427)
adjustment in respect of prior periods		**(88)**	(884)
		(3,810)	(5,311)
Deferred tax			
credit for the period		**(315)**	5,708
adjustment in respect of prior periods		**560**	1,378
adjustment in respect of rate changes		**694**	1,298
	19	**939**	8,384
		(2,871)	3,073

The tax (charge)/credit for the period 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 18.39 percent (2012: 10.67 percent tax credit). The tax rate is different to the prior period 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 reduced their corporate income tax rates during the period and any such reductions that have been enacted or substantively enacted at 31 March 2013 are reflected in the weighted average tax rate. None of these rate reductions is significant enough, on its own, to have a material impact on the weighted average tax rate. For reference, the applicable tax rate in Japan is 38.01 percent (2012: 40.69 percent) 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	
	2013	2012
Loss before taxation	**(29,068)**	(4,822)
Deduct share of post-tax profits of joint ventures and associates	**(2,250)**	(5,115)
Loss before tax of Group companies	**(31,318)**	(9,937)
Tax credit calculated at the statutory tax rates applicable to profits/(losses) in the respective countries	**5,759**	1,061
Expenses not deductible for tax purposes	**(3,512)**	(1,714)
Income not subject to tax	**3,650**	2,375
Non-deductible losses on hedging derivative contracts	**(15)**	(310)
Other items giving rise to local tax adjustments	**1,406**	(692)
Adjustment to tax in respect of prior periods		
current tax	**(88)**	(884)
deferred tax	**560**	1,378
Adjustment to tax as a result of changes in tax rates	**694**	1,298
Tax losses and other temporary differences for which no deferred tax asset is recognized	**(11,062)**	1,163
Other local, non-corporate and withholding taxes suffered	**(263)**	(602)
Total taxation (charge)/credit – continuing operations	**(2,871)**	3,073

At the balance sheet date, legislation had been substantively enacted which would reduce the main rate of UK corporation tax from 24 percent to 23 percent with effect from 1 April 2013. This reduction is reflected in the Group's deferred tax balances as at 31 March 2013 (see Note 19). The effect of the rate reduction has been to reduce the Group's overall deferred tax liability in the UK by ¥237 million. This reduction is reflected in a credit to the Group's consolidated income statement of ¥929 million and a charge to the Group's consolidated statement of comprehensive income of ¥692 million.

Further reductions to the main rate of corporation tax were also announced in the March 2013 UK Budget Statement, to ultimately reduce the rate to 20 percent from 1 April 2015. The reduction from 23 percent to 21 percent with effect from 1 April 2014 and from 21 percent to 20 percent with effect from 1 April 2015, have been included in Finance Bill 2013, but these changes have not been substantively enacted at the balance sheet date and, therefore, are not reflected in these financial statements.

If the remaining 3 percent reduction in the UK corporation tax rate were applied to the Group's deferred tax balances at 31 March 2013, the effect would be to reduce the overall deferred tax liability by ¥712 million, with the reduction recognized in the financial statements for the period ended 31 March 2014, following enactment of the Finance Bill 2013. It is anticipated that the reduction will give rise to a deferred tax credit of ¥2,788 million in the Group's consolidated income statement and a deferred tax charge of ¥2,076 million in the Group's consolidated statement of other comprehensive Income.

10. Dividends

	Millions of yen	
	2013	2012
Dividends on ordinary shares declared and paid during the period		
Final dividend for the period ended 31 March 2012: 1.5 yen per share (2011: 3 yen per share)	**1,354**	2,705
Interim dividend for the period ended 31 March 2013: nil yen per share (2012: 3 yen per share)	**–**	2,706
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 2013: nil yen per share (2012: 1.5 yen per share)	**–**	1,354

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 NSG 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.

11. Goodwill

	Millions of yen	
	2013	2012
Cost		
At 1 April	**105,196**	114,432
Exchange differences	**11,772**	(9,236)
At 31 March	**116,968**	105,196
Accumulated impairment		
At 1 April	**178**	–
Exchange difference	**22**	1
Impairment charge in the period	**–**	177
At 31 March	**200**	178
Net book amount at 31 March	**116,768**	105,018

In accordance with IAS 36, the goodwill has been tested for impairment at 31 March 2013. To perform this test, at 31 March 2013 and 2012, 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 2 percent each year (2012: nil percent each year) has been applied to the cash flows included within the perpetuity. 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	
	2013	2012
Architectural Europe	**39,747**	35,617
Architectural Japan	**12**	12
Architectural North America	**6,840**	5,846
Architectural Rest of World	**7,222**	6,905
Automotive Europe	**39,813**	35,465
Automotive North America	**10,761**	9,199
Automotive Rest of World	**11,320**	11,012
Others	**1,053**	962
Total	**116,768**	105,018

The key assumptions used in this process are as follows:

Assumption	**Value**
Financial years used for discounted cash flow calculations	Financial years 2014 to 2017 with perpetuity thereafter
Perpetuity growth rate	2.0%
Pre-tax discount rate used	7.3% to 9.3%

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 2013. The impairment charged during the previous year was as a consequence of the Group's decision to close its Automotive facility at Lahti, Finland and was included in exceptional items, Note 6.

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.

11. Goodwill continued

The cash-generating unit with the least amount of headroom was Automotive North America. An increase in the discount rate of more than 2 percent would have resulted in this cash-generating unit not having any residual headroom. Above this level, each additional 1 percent increase in the discount rate with respect to Automotive North America would have resulted in an impairment of ¥2,655 million.

The cash-generating unit that would first run out of residual headroom in response to an increase in the discount rate, is Architectural Europe. An increase in the discount rate of 1.5 percent would result in this cash-generating unit not having any residual headroom. Above this level, each additional 1 percent increase in the discount rate with respect to Architectural Europe would have resulted in an impairment of ¥15,408 million.

An increase in the discount rate of 2 percent would also result in the Automotive Europe cash-generating unit not having any residual headroom. Above this level, each additional 1 percent increase in the discount rate with respect to Automotive Europe would have resulted in an impairment of ¥14,357 million.

12. Intangible assets

					Millions of yen
					2013
	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**

					Millions of yen
					2012
	Trademarks and licenses	Development costs	Computer software	Other	Total
Cost					
At 1 April 2011	327	7,548	25,164	137,118	170,157
Exchange differences	(4)	(148)	(317)	(9,147)	(9,616)
Additions	–	1,193	311	131	1,635
Disposals	(5)	–	(1,324)	(109)	(1,438)
At 31 March 2012	318	8,593	23,834	127,993	160,738
Accumulated amortization and impairment					
At 1 April 2011	282	2,674	17,923	47,252	68,131
Exchange differences	(3)	(31)	(150)	(3,057)	(3,241)
Amortization charge for the period	17	826	1,396	7,513	9,752
Impairment charge in the period	–	21	–	23	44
Disposals	(2)	–	(1,316)	(105)	(1,423)
At 31 March 2012	294	3,490	17,853	51,626	73,263
Net book amount					
At 31 March 2012	24	5,103	5,981	76,367	87,475

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 ¥240 million (2012: ¥nil million), see Note 6, and other expenses ¥nil million (2012: ¥44 million), Note 4.

12. Intangible assets continued

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 ¥2,026 million (2012: ¥nil 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
							2013
	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**

							Millions of yen
							2012
	Customer relationships	Know-how	Pilkington brand	Other brands	Developed technology	Other	Total
Cost							
At 1 April 2011	25,269	38,609	39,897	4,985	21,145	349	130,254
Exchange differences	(1,924)	(2,626)	(2,530)	(394)	(1,454)	(8)	(8,936)
At 31 March 2012	23,345	35,983	37,367	4,591	19,691	341	121,318
Accumulated amortization and impairment							
At 1 April 2011	7,903	18,339	7,481	2,368	8,094	150	44,335
Exchange differences	(546)	(1,226)	(474)	(189)	(526)	(2)	(2,963)
Amortization charge for the period	1,541	3,577	–	461	1,580	29	7,188
At 31 March 2012	8,898	20,690	7,007	2,640	9,148	177	48,560
Net book amount							
At 31 March 2012	14,447	15,293	30,360	1,951	10,543	164	72,758

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 ¥3,428 million (2012 ¥3,609 million). Amortization charged in the period on these other intangible assets amounted to ¥415 million (2012: ¥325 million) and impairments on these other intangible assets amounts to ¥231 million (2012: ¥23 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.

		Millions of yen
	2013	2012
Architectural Europe	**16,158**	14,764
Architectural North America	**2,883**	2,544
Automotive Europe	**8,320**	7,601
Automotive North America	**4,067**	3,589
Automotive Rest of World	**1,909**	1,862
Total	**33,337**	30,360

13. Property, plant and equipment

	Land and buildings	Plant, equipment and vehicles	Total
			Millions of yen 2013
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	**3,351**	**4,857**	**8,208**
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**

	Land and buildings	Plant, equipment and vehicles	Total
			Millions of yen 2012
Cost			
At 1 April 2011	181,539	431,993	613,532
Exchange differences	(3,846)	(13,432)	(17,278)
Transferred to assets held for sale	(4,314)	(124)	(4,438)
Additions	3,993	29,053	33,046
Disposals	(1,356)	(9,305)	(10,661)
At 31 March 2012	176,016	438,185	614,201
Accumulated depreciation and impairment			
At 1 April 2011	84,824	256,531	341,355
Exchange differences	(657)	(5,480)	(6,137)
Charge for the period	3,831	25,144	28,975
Impairment losses arising in the period	1,018	1,043	2,061
Transferred to assets held for sale	(3,457)	(124)	(3,581)
Eliminated on disposals	(681)	(8,388)	(9,069)
At 31 March 2012	84,878	268,726	353,604
Net book amount			
At 31 March 2012	91,138	169,459	260,597

The carrying amount of the Group's land and buildings includes ¥1,182 million (2012: ¥1,094 million) and the Group's plant, equipment and vehicles includes ¥649 million (2012: ¥1,326 million) in respect of assets held under finance leases.

Land and buildings includes assets with a carrying amount of ¥1,182 million (2012: ¥1,094 million), and plant and machinery with a carrying amount of ¥1,720 million (2012: ¥2,304 million), are subject to specific charges to secure Group borrowings.

Of the additions in the period, ¥43 million were financed by new finance leases (2012: ¥60 million).

Capitalized borrowing costs have been included within additions of land and buildings; ¥31 million (2012: ¥56 million), and plant and equipment additions ¥147 million (2012: ¥10 million).

Depreciation charged in the period all relates to continuing operations. This has been charged to cost of sales ¥22,448 million (2012: ¥24,789 million), distribution costs ¥1,420 million (2012: ¥1,451 million), administrative expenses ¥1,900 million (2012: ¥2,735 million), and exceptional items of ¥1,032 million (2012: ¥nil).

Impairments in the period have been charged to exceptional items ¥8,200 million (2012: charge of ¥2,118 million), Note 6, and other expenses ¥8 million (2012: credit of ¥57 million), Note 4.

Property, plant and equipment includes ¥1,038 million (2012: ¥2,677 million) in respect of assets in the course of construction.

14. Investment property

	Millions of yen	
	2013	2012
Fair value		
At 1 April	**675**	911
Exchange differences	**45**	(49)
Net reduction in fair value	**(85)**	(46)
Disposals	**–**	(141)
At 31 March	**635**	675

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 net reduction in fair value consists of a loss of ¥85 million (2012: a gain of ¥25 million and a loss of ¥71 million), Note 4.

The property rental income earned by the Group from its investment properties, all of which are leased out under operating leases, amounted to ¥184 million (2012: ¥187 million). Direct operating expenses arising on the investment properties in the period amounted to ¥122 million (2012: ¥77 million).

There Group has no restrictions on the realizability of its investment properties and there were no commitments at 31 March 2013 or 2012.

15. Investments accounted for using the equity method

						Millions of yen
			2013			2012
	Joint ventures	**Associates**	**Total**	Joint ventures	Associates	Total
At 1 April	**30,172**	**20,187**	**50,359**	30,280	19,140	49,420
Exchange differences	**857**	**2,367**	**3,224**	(3,525)	714	(2,811)
Additions	**–**	**–**	**–**	9,275	381	9,656
Disposals	**–**	**(1,980)**	**(1,980)**	–	–	–
Gain on dilution of shares in associate	**–**	**–**	**–**	–	1,393	1,393
Gain on dilution of shares in joint ventures	**3,123**	**–**	**3,123**	–	–	–
Reclassification as a subsidiary	**(423)**	**–**	**(423)**	–	–	–
Reclassification of financial receivables	**(4,384)**	**–**	**(4,384)**	(6,855)	–	(6,855)
Impairment losses arising in the period	**–**	**–**	**–**	–	(1,941)	(1,941)
Other comprehensive income of joint ventures and associates	**(1,351)**	**33**	**(1,318)**	–	–	–
Share of profits, after dividends	**(3,294)**	**(244)**	**(3,538)**	997	500	1,497
At 31 March	**24,700**	**20,363**	**45,063**	30,172	20,187	50,359

There were no additions to associated undertakings in the period ended 31 March 2013 (2012 – mainly comprises an additional investment of ¥319 million in Columbia).

The disposal in the year of associated undertakings of ¥1,980 million relates to the sale of the Group's shareholding in FMC Wyoming Corporation, a soda ash mining company based in the US. See also Note 38, Acquisitions and disposals of subsidiaries and businesses and Note 6, Exceptional items.

There were no additions to joint ventures in the period ended 31 March 2013. The additions in the period ended 31 March 2012 related to an additional investment in Pilkington Glass LLC, the Group's joint venture undertaking in Russia, amounting to ¥7,150 million and the establishment of a new joint venture undertaking in China (together with Shanghai Yaohua Pilkington Glass Co Limited) called Tianjin SYP Pilkington (TSYPP). The value of the Group's investment amounted to ¥2,125 million and the Group's direct shareholding is 43 percent.

The gain on dilution of shares in joint ventures in the year to 31 March 2013 of ¥3,123 million arises as a result of the restructuring of Pilkington Glass LLC, the Group's joint venture undertaking in Russia. A new group, SP Glass Holdings BV, was formed comprising Pilkington Glass LLC and the STiS group of companies. The other major joint venture partner has an option to purchase from the Group 15 percent of the shares in the joint venture undertaking, exercisable in 2016. This option has been taken into account in calculating the Group's proportionate shareholding, which has therefore reduced from 50 percent to 35 percent, resulting in the gain on dilution.

In addition, loans with Pilkington Glass LLC of ¥4,384 million, which had been reclassified from financial receivables in the year to 31 March 2010, were classified back to financial receivables in the year as these are due for repayment, also in 2016.

The share of other comprehensive income of joint ventures and associates in the year to 31 March 2013 of ¥1,318 million relates to items, other than exchange, which are taken directly to retained earnings, Note 32.

The 2012 gain on dilution of shares in associates of ¥1,393 million arises as a result of the decrease of the Group's shareholding in China Glass Holdings Limited, which reduced from 28.8 percent at 31 March to 25.17 percent, due to additional investment in China Glass Holdings Limited by other shareholders at a subscription price higher than the net asset value per share of the company. This has been credited to exceptional items, Note 6.

15. Investments accounted for using the equity method continued

The reclassification of financial receivables in 2012 of ¥6,855 million relates to loans due from Pilkington Glass LLC. This was reclassified from financial receivables to investments during the period ended 31 March 2010. During the period ended 31 March 2012 this was reclassified back to financial receivables. This loan has now been repaid.

The impairment in 2012 of ¥1,941 million relates to the Group's investment in China Glass Holdings Limited. The carrying value at 31 March 2012 was written down to the market value of the Group's shareholding as quoted on the Hong Kong Stock Exchange at 31 March 2012. This has been charged to exceptional items, Note 6.

Joint ventures

The Group's interests in its principal 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)	50.0%	Brazil	Glass manufacturing
SP Glass Holdings BV	35.0%	Netherlands/Russia	Glass manufacturing
Jiangsu Pilkington SYP Glass Co Limited	59.7%	China	Glass manufacturing
Tianjin SYP Pilkington Co Limited	51.3%	China	Glass manufacturing

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.

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 19.4132 percent interest in Shanghai Yaohua Pilkington Glass Co Limited, which it treats as an associate. Therefore, the Group's proportionate share of the equity is 59.7 percent.

Tianjin SYP Pilkington Co Limited is a 43 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 19.4132 percent interest in Shanghai Yaohua Pilkington Glass Co Limited, which it treats as an associate. Therefore, the Group's proportionate share of the equity is 51.3 percent.

Of the principal joint ventures above, all accounting dates are coterminous with that of the Group, except for SP Glass Holdings BV, which has an accounting reference date of 31 December.

The Group's proportionate share of the net assets and results of joint ventures was as follows:

	Millions of yen				
	2013				
	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Net assets
Cebrace	**28,794**	**6,026**	**10,616**	**11,290**	**12,914**
SP Glass Holdings BV	**7,304**	**3,224**	**2,523**	**1,182**	**6,823**
Jiangsu Pilkington SYP Glass Co Limited	**5,032**	**1,927**	**1,750**	**3,498**	**1,711**
Others	**1,342**	**590**	**–**	**699**	**1,233**
	42,472	**11,767**	**14,889**	**16,669**	**22,681**

	Millions of yen							
	2013							
	Revenue	Expenses	Profit/(loss)	Finance expense	Tax	Profit/(loss) after tax	Dividends	Retained profit/(loss)
Cebrace	**21,560**	**(18,481)**	**3,079**	**(786)**	**(843)**	**1,450**	**(5,046)**	**(3,596)**
SP Glass Holdings BV	**5,882**	**(4,836)**	**1,046**	**(175)**	**(159)**	**712**	**–**	**712**
Jiangsu Pilkington SYP Glass Co Limited	**2,396**	**(2,584)**	**(188)**	**(222)**	**–**	**(410)**	**–**	**(410)**
Others	**–**	**(3)**	**(3)**	**5**	**(1)**	**1**	**(1)**	**–**
	29,838	**(25,904)**	**3,934**	**(1,178)**	**(1,003)**	**1,753**	**(5,047)**	**(3,294)**

15. Investments accounted for using the equity method continued

	Millions of yen				
	2012				
	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Net assets
Cebrace	27,221	6,386	7,770	9,265	16,572
Flovetro SpA*	1,490	1,260	1,243	1,073	434
Pilkington Glass LLC	7,854	2,171	2,886	2,630	4,509
Jiangsu Pilkington SYP Glass Co Limited	4,737	1,744	2,337	2,251	1,893
Others	980	363	–	280	1,063
	42,282	11,924	14,236	15,499	24,471

	Millions of yen							
	2012							
	Revenue	Expenses	Profit/(loss)	Finance expense	Tax	Profit/(loss) after tax	Dividends	Retained profit/(loss)
Cebrace	23,856	(18,261)	5,595	(139)	(1,945)	3,511	(2,883)	628
Flovetro SpA*	452	(513)	(61)	(46)	(19)	(126)	–	(126)
Pilkington Glass LLC	4,870	(3,724)	1,146	(367)	144	923	–	923
Jiangsu Pilkington SYP Glass Co Limited	2,411	(2,546)	(135)	(210)	–	(345)	–	(345)
Others	–	(36)	(36)	(47)	–	(83)	–	(83)
	31,589	(25,080)	6,509	(809)	(1,820)	3,880	(2,883)	997

* All the shares in Flovetro SpA not previously owned by the Group were acquired on the 2 April 2012. See Note 38, Acquisitions and disposals of subsidiaries and businesses.

Associates

The Group's interest in its principal 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 2013	Country of operation and incorporation	Principal activity
Shanghai Yaohua Pilkington Glass Co Limited	19.4132%	China	Glass manufacturing
Flachglas Wernberg GmbH	49%	Germany	Glass manufacturing and processing
China Glass Holdings Limited	25.17%	China/Bermuda	Glass manufacturing and processing

Although the Group's shareholding in Shanghai Yaohua Pilkington Glass Co Limited amounts to 19.4132 percent of the issued ordinary share capital, it is treated as an associate because of the significant influence due to the representation by one Group employee on the Board and through the provision of technical assistance to the business.

At 31 March 2012, the Group held 6.25 percent of the non-voting ordinary shares of FMC Wyoming Corporation that are entitled to a share of the profits of the company and also owned 20 percent of the ordinary shares entitled to voting rights, but not entitled to a share of profits, enabling the Group to exert a significant influence on the company. The Group disposed of its entire interest in FMC Wyoming Corporation on 28 March 2013. See Note 6, Exceptional items and Note 38, Acquisitions and disposals of subsidiaries and businesses, for details of the disposal.

The accounting date for each of the principal associates is 31 December, which is the date to which each of the associates, noted above, draws up its annual accounts.

15. Investments accounted for using the equity method continued

The Group's proportionate share of the net assets and results of its principal associates are as follows:

						Millions of yen
	Total 2013			NSG Group share 2013		
	Total assets	**Total liabilities**	**Net assets**	**Total assets**	**Total liabilities**	**Net assets**
Shanghai Yaohua Pilkington Glass Co Limited	**82,737**	**50,892**	**31,845**	**16,062**	**9,880**	**6,182**
Flachglas Wernberg GmbH	**10,827**	**7,164**	**3,663**	**5,305**	**3,510**	**1,795**
China Glass Holdings Limited	**85,408**	**53,978**	**31,430**	**21,497**	**13,586**	**7,911**
Others	**34,173**	**23,311**	**10,862**	**14,516**	**10,084**	**4,432**
	213,145	**135,345**	**77,800**	**57,380**	**37,060**	**20,320**

				Millions of yen
	Total 2013		NSG Group share 2013	
	Total revenue	**Total post-tax profits/(losses)**	**Total revenue**	**Total post-tax profits/(losses)**
Shanghai Yaohua Pilkington Glass Co Limited	**25,262**	**744**	**4,870**	**144**
Flachglas Wernberg GmbH	**15,188**	**229**	**7,442**	**112**
China Glass Holdings Limited	**33,609**	**(2,288)**	**8,459**	**(576)**
FMC Wyoming Corporation*	**73,302**	**11,842**	**4,581**	**740**
Others	**19,197**	**293**	**6,130**	**77**
	166,558	**10,820**	**31,482**	**497**

* FMC Wyoming Corporation was disposed of on 28 March 2013. See Note 6, Exceptional items, and Note 38, Acquisitions and disposals of subsidiaries and businesses.

						Millions of yen
	Total 2012			NSG Group share 2012		
	Total assets	Total liabilities	Net assets	Total assets	Total liabilities	Net assets
Shanghai Yaohua Pilkington Glass Co Limited	73,361	46,239	27,122	14,242	8,976	5,266
Flachglas Wernberg GmbH	9,803	6,692	3,111	4,803	3,279	1,524
FMC Wyoming Corporation	41,705	12,306	29,399	2,607	769	1,838
China Glass Holdings Limited	77,831	48,251	29,580	19,590	12,145	7,445
Others	20,775	10,926	9,849	8,130	4,054	4,076
	223,475	124,414	99,061	49,372	29,223	20,149

				Millions of yen
	Total 2012		NSG Group share 2012	
	Total revenue	Total post-tax profits/(losses)	Total revenue	Total post-tax profits/(losses)
Shanghai Yaohua Pilkington Glass Co Limited	24,644	956	4,742	185
Flachglas Wernberg GmbH	15,217	(360)	7,164	(176)
FMC Wyoming Corporation	52,898	8,894	3,306	556
China Glass Holdings Limited	36,357	2,241	9,151	564
Others	18,791	386	5,816	106
	147,907	12,117	30,179	1,235

The market value of the Group's share in Shanghai Yaohua Pilkington Glass Co Limited, which is quoted on the Shanghai Stock Exchange, amounted to ¥11,109 million at 31 March 2013 (2012: ¥12,881 million).

The market value of the Group's share in China Glass Holdings Limited, which is quoted on the Hong Kong Stock Exchange, amounted to ¥4,933 million at 31 March 2013 (2012: ¥5,428 million).

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.

16. Trade and other receivables

	Note	2013	2012
		Millions of yen	
Trade receivables		**87,988**	93,748
Less provision for impairment of receivables		**(4,903)**	(4,975)
Trade receivables – net		**83,085**	88,773
Amounts due from customers for contract work	21	**1,643**	1,593
Amounts owed by related parties (trading)	39	**1,227**	1,742
Loans to related parties	39	**8,231**	4,080
Other receivables		**14,796**	13,530
Prepayments and accrued income		**6,468**	6,451
		115,450	116,169
Current		**101,242**	109,493
Non-current		**14,208**	6,676
		115,450	116,169

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 ¥20,892 million (2012: ¥29,672 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 2013, trade receivables at nominal value of ¥4,903 million (2012: ¥4,975 million) were impaired and fully provided for. Movements in the provision for impairment of receivables were as follows:

	Note	2013	2012
		Millions of yen	
At 1 April		**(4,975)**	(5,924)
Exchange differences		**(374)**	221
Charge for the period	4	**(1,367)**	(927)
Unused amounts reversed	4	**1,545**	1,124
Utilized		**268**	531
At 31 March		**(4,903)**	(4,975)

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.

	Millions of yen					
			Past due but not impaired			
	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
2013	**95,341**	**88,933**	**4,455**	**1,006**	**154**	**793**
2012	103,729	92,647	6,152	1,147	3,315	468

17. Available-for-sale investments

	Note	2013	2012
		Millions of yen	
At 1 April		**9,159**	9,398
Exchange differences		**298**	(107)
Acquisitions		**8**	12
Disposals		**(2,144)**	(266)
Impairment in the period to the income statement	4, 6	**(337)**	(40)
Revaluation surplus transferred to equity	33	**275**	151
Fair value adjustment on impairment of investments		**139**	11
Transferred to assets held for sale		**(4)**	–
At 31 March		**7,394**	9,159
Current		**652**	3
Non-current		**6,742**	9,156
		7,394	9,159

The disposal in the period ended 31 March 2013 relates to the sale of listed shares (2012: UK Government gilts which were redeemed in August 2011). Impairments in the period have been charged to exceptional items ¥330 million (2012: ¥nil million), Note 6, and other expenses ¥7 million (2012: ¥40 million), Note 4.

Available-for-sale financial assets include the following:

	2013	2012
	Millions of yen	
UK Government gilts	**3,543**	3,162
Listed equities	**143**	2,337
Unlisted shares	**3,144**	3,107
Bond funds	**415**	369
Other	**149**	184
	7,394	9,159

18. Derivative financial instruments

	2013		2012	
Millions of yen	**Assets**	**Liabilities**	Assets	Liabilities
Interest rate swaps				
not qualifying as hedges	**–**	**232**	41	164
cash flow hedges	**101**	**1,139**	171	876
Forward foreign exchange contracts				
not qualifying as hedges	**125**	**77**	7	11
cash flow hedges	**365**	**182**	408	277
net investment hedges	**688**	**664**	448	567
Energy hedges				
cash flow hedges	**2,251**	**1,177**	2,635	2,377
	3,530	**3,471**	3,710	4,272
Current	**2,168**	**1,744**	2,354	2,363
Non-current	**1,362**	**1,727**	1,356	1,909
	3,530	**3,471**	3,710	4,272
Maturity				
within one year	**2,168**	**1,744**	2,354	2,363
between one and two years	**696**	**350**	1,030	1,002
between two and three years	**430**	**330**	207	234
between three and four years	**170**	**1,026**	99	148
between four and five years	**66**	**19**	20	525
over five years	**–**	**2**	–	–
	3,530	**3,471**	3,710	4,272

Of the above financial instruments, gross cash flows are exchanged for forward foreign exchange contracts only. The contractual liabilities are ¥97,830 million falling due within one year and ¥29 million falling due between one and two years.

Gains and losses in equity on forward foreign exchange contracts as of 31 March 2013 will be released to the income statement at various dates up to 13 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 2013 were ¥69,075 million (2012: ¥98,843 million). At 31 March 2013, the fixed interest rates on interest rate swaps vary from 0.375 percent to 2.051 percent (2012: 0.995 percent to 6.7113 percent) 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 2013 was ¥204,791 million (2012: ¥111,744 million). The fair value of the derivatives as at 31 March 2013 was a gain of ¥9 million (2012: a gain of ¥267 million). The foreign exchange loss of ¥2,468 million (2012: a gain of ¥4,131 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 33.

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

18. Derivative financial instruments continued

Fair value hierarchy
The table below analyses financial instruments carried at fair value 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).

					Millions of yen
					2013
	Note	**Level 1**	**Level 2**	**Level 3**	**Total**
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**
Derivative assets (above)					
interest rate swaps		**–**	**101**	**–**	**101**
forward foreign exchange contracts		**–**	**1,178**	**–**	**1,178**
energy hedges		**–**	**2,251**	**–**	**2,251**

					Millions of yen
					2012
	Note	Level 1	Level 2	Level 3	Total
Available-for-sale investments	17				
UK Government gilts		3,162	–	–	3,162
listed equities		2,337	–	–	2,337
unlisted equities		–	3,107	–	3,107
bond funds		369	–	–	369
other		–	–	184	184
Derivative assets (above)					
interest rate swaps		–	212	–	212
forward foreign exchange contracts		–	863	–	863
energy hedges		–	2,635	–	2,635

				Millions of yen
				2013
	Level 1	**Level 2**	**Level 3**	**Total**
Derivative liabilities (above)				
interest rate swaps	**–**	**1,371**	**–**	**1,371**
forward foreign exchange contracts	**–**	**923**	**–**	**923**
energy hedges	**–**	**1,177**	**–**	**1,177**

				Millions of yen
				2012
	Level 1	Level 2	Level 3	Total
Derivative liabilities (above)				
interest rate swaps	–	1,040	–	1,040
forward foreign exchange contracts	–	855	–	855
energy hedges	–	2,377	–	2,377

During the periods ended 31 March 2013 and 2012, there were no transfers between Level 1 and Level 2 fair value measurements. Any fair movements on available-for-sale investments classified as Level 3 are recognized in the fair value reserve through the statement of comprehensive income.

19. Deferred income tax

	Millions of yen	
	2013	2012
Deferred tax assets	**51,797**	61,248
Deferred tax liabilities	**(23,641)**	(37,849)
Net deferred tax asset	**28,156**	23,399

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

	Note	Millions of yen	
	Note	**2013**	2012
At 1 April		**23,399**	5,237
Exchange differences		**3,101**	1,360
Credit to the income statement for the period	9	**939**	8,384
Deferred tax transferred to assets held for sale		**(7)**	–
Deferred tax of new subsidiaries		**27**	–
Credit to other comprehensive income for the period		**697**	8,418
At 31 March		**28,156**	23,399

The credit (2012: credit) to other comprehensive income in the period comprises a charge to the hedging reserve of ¥329 million (2012: a credit of ¥737 million), Note 33, and a credit to the fair value reserve of ¥105 million (2012: a credit of ¥178 million), Note 33. The Group also has a credit to other comprehensive income in respect of retirement benefit obligations in retained earnings of ¥921 million (2012: a credit of ¥7,502 million), Note 26.

At 31 March 2013, the Group has further amended its analysis of deferred tax assets and liabilities to show separately the offset of deferred tax assets and liabilities relating to income taxes levied by the same taxation authority.

The following movement in the Group's deferred tax assets and liabilities took place during the periods ended 31 March 2013 and 31 March 2012:

		Millions of yen 2013						
	Note	**Property, plant and equipment**	**Tax losses**	**Fair value losses**	**Defined benefit obligations**	**Provisions**	**Other**	**Total**
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)**	**(2,432)**	**(283)**	**(266)**	**(3,610)**
Deferred tax of new subsidiaries		**–**	**–**	**–**	**17**	**–**	**31**	**48**
(Charge)/credit to other comprehensive income for the period		**–**	**–**	**27**	**921**	**450**	**(284)**	**1,114**
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**

		Millions of yen 2012						
	Note	Property, plant and equipment	Tax losses	Fair value losses	Defined benefit obligations	Provisions	Other	Total
Deferred tax assets								
At 1 April 2011		1,201	19,951	547	15,213	6,597	6,646	50,155
Exchange differences		(6)	(655)	(35)	153	(574)	(270)	(1,387)
(Charge)/credit to the income statement in the period	9	1,388	3,476	(106)	(1,197)	1,213	(152)	4,622
(Charge)/credit to other comprehensive income for the period		–	–	(47)	7,502	–	403	7,858
At 31 March 2012		2,583	22,772	359	21,671	7,236	6,627	61,248

19. Deferred income tax continued

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 2013, the Group has tax losses which it is able to carry forward of ¥158,198 million (2012: ¥122,740 million), in respect of which it is recognizing a deferred tax asset of ¥24,072 million (2012: ¥22,772 million).

A significant part of this deferred tax asset arises in the USA and a deferred tax asset of ¥11,263 million (2012: ¥10,100 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 ¥1,703 million (2012: ¥2,789 million) has been recognized in respect of tax losses arising in Japan, based on the management-approved financial forecast. Further tax losses of ¥13,071 million (2012: ¥3,932 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 FY2014 and FY2022.

A further ¥5,084 million (2012: ¥4,831 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 ¥38,874 million (2012: ¥17,154 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 ¥6,022 million (2012: ¥5,052 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 ¥27,663 million (2012: ¥22,410 million), with ¥7,741 million subject to time expiry under local tax laws. The balance of unrecognized tax losses, of ¥19,923 million, is 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 ¥10,792 million (2012: ¥9,938 million) is being recognized, and the UK, where a deferred tax asset of ¥5,657 million (2012: ¥6,448 million) is being recognized.

						Millions of yen
						2013
	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	23	**–**	**–**	**–**	**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**

						Millions of yen
						2012
	Note	Property, plant and equipment	Fair value gains	Provisions	Other	Total
Deferred tax liabilities						
At 1 April 2011		18,222	25,252	20	1,424	44,918
Exchange differences		(980)	(1,710)	–	(57)	(2,747)
Charge/(credit) to the income statement in the period	9	(1,615)	(3,446)	996	303	(3,762)
Credit to other comprehensive income for the period		–	(204)	(15)	(341)	(560)
At 31 March 2012		15,627	19,892	1,001	1,329	37,849

Deferred taxation provided on unremitted earnings of joints ventures and associates at 31 March 2013, was ¥182 million (2012: ¥179 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.

20. Inventories

	2013	2012
	Millions of yen	
Raw materials	**30,589**	35,013
Work-in-progress	**16,535**	15,830
Finished goods	**53,666**	55,269
	100,790	106,112

The cost of inventories recognized as an expense and included in cost of sales amounted to ¥295,102 million (2012: ¥295,059 million) and includes the write-down of inventories totaling ¥452 million (2012: ¥581million) 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) amounts to ¥20,024 million (2012: ¥29,055 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 ¥93 million (2012: nil). The reversal of previous write-downs relates to an increase in the net realizable value at the end of the period.

21. Construction work-in-progress

	Note	2013	2012
		Millions of yen	
Contract costs incurred plus recognized profits less recognized losses		**10,703**	10,804
Less amounts invoiced		**(10,275)**	(10,228)
		428	576
Contracts in progress at 31 March			
Amounts due from contract customers included in trade and other receivables	16	**1,643**	1,593
		1,643	1,593

Advances received from customers for contract work, included in the above summary, amounted to ¥403 million (2012: ¥671 million).

At 31 March 2013 and 2012 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:

	2013	2012
	Millions of yen	
Contract revenue	**5,479**	6,187
Contract costs	**(3,663)**	(4,226)
Gross profit	**1,816**	1,961
Profit before tax	**1,583**	1,734

22. Cash and cash equivalents

	2013	2012
	Millions of yen	
Cash at bank and in hand	**48,361**	36,491
Short-term deposits	**35,111**	6,855
	83,472	43,346

The effective interest rate on the Group's short-term bank deposits was 0.97 percent (2012: 1.34 percent) with an average maturity of seven days (2012: 12 days).

The Group's cash flow statement includes the following:

	Note	2013	2012
		Millions of yen	
Cash and cash equivalents		**83,472**	43,346
Bank overdrafts	24	**(18,299)**	(18,549)
		65,173	24,797

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

The cash and cash equivalent balances held by the Group's subsidiaries which are not generally available for use elsewhere amounted to ¥1,906 million (2012: ¥2,000 million).

23. Assets held for sale

	Note	2013	2012
		Millions of yen	
Assets held for sale within a disposal group held for sale			
Intangible assets	12	**32**	–
Property, plant and equipment		**1,864**	1,088
Deferred taxation	19	**7**	–
Trade receivables		**73**	–
Inventories		**509**	–
Securities	17	**4**	–
Cash and cash equivalents		**149**	–
		2,638	1,088
Liabilities held for sale within a disposal group held for sale			
Provisions	27	**274**	–
Payables		**392**	–
		666	–
Net assets held for sale		**1,972**	1,088

Assets and liabilities held within a disposal group mainly comprise a business within the Technical Glass business unit. This business is not considered core to the Group's business strategy and is expected to be disposed of within the next 12 months. The Group expects to dispose of this business for a price higher than the book value of the assets and liabilities and has therefore not processed an impairment of these assets. Losses attributable to shareholders in the current financial period of this business were ¥426 million.

The other assets held for sale at 31 March 2012 mainly related to land and buildings held by NSG Co., Ltd in Ibaraki, Japan. These assets held for sale were surplus to the Group's requirements and the majority were disposed of during the period-ended 31 March 2013.

24. Borrowings

a. Borrowings and net debt

	Note	2013	2012
		Millions of yen	
Current			
Bank overdrafts	22	**18,299**	18,549
Bank borrowings		**111,601**	90,792
Other long-term loans		**21,463**	261
Finance lease liabilities		**969**	542
Non-equity non-controlling interest preference shares		**253**	231
		152,585	110,375
Non-current			
Bank borrowings		**223,236**	195,311
Other long-term loans		**62,463**	83,639
Finance lease liabilities		**1,751**	647
Non-equity non-controlling interest preference shares		**4,343**	3,968
		291,793	283,565
Total borrowings		**444,378**	393,940

Group borrowings include secured liabilities of ¥2,720 million (2012: ¥1,189 million). Borrowings are secured by fixed and floating charges over certain assets of undertakings in the Group.

Summary of net debt

	Note	2013	2012
		Millions of yen	
Financial liabilities			
borrowings		**444,378**	393,940
derivative financial instruments	18	**3,471**	4,272
Financial assets			
derivative financial instruments	18	**(3,530)**	(3,710)
Cash and cash equivalents	22	**(83,472)**	(43,346)
Net debt		**360,847**	351,156

Net debt includes energy hedges within derivative financial instruments.

24. 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:

	Millions of yen			
	2013			
	Less than one year	**One to five years**	**Over five years**	**Total**
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**

	Millions of yen			
	2012			
	Less than one year	One to five years	Over five years	Total
Total borrowings	275,963	113,778	4,199	393,940
Effect of interest rate swaps	(43,667)	43,667	–	–
	232,296	157,445	4,199	393,940

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

	Interest rate %				
	2013				
	Yen	**£**	**US$**	**Euro**	**Other**
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**

	Interest rate %				
	2012				
	Yen	£	US$	Euro	Other
Bank overdrafts	0.67	1.10	0.01	2.66	4.25
Bank borrowings	2.08	2.39	1.92	2.59	4.16
Other long-term loans	1.66	–	–	–	–
Finance lease obligations	7.60	–	–	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 percent 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:

	Millions of yen			
	2013		2012	
	Carrying amounts	**Fair values**	Carrying amounts	Fair values
Bank borrowings	**223,236**	**223,236**	195,311	195,311
Other long-term loans	**62,463**	**57,986**	83,639	71,899
Finance lease obligations	**1,751**	**1,751**	647	647
Non-equity non-controlling interest preference shares	**4,343**	**4,343**	3,968	3,968
	291,793	**287,316**	283,565	271,825

The above fair values are based on cash flows discounted using a rate based on the relevant currency swap rate for the specific maturity, plus a margin.

The directors consider that the fair value of other long-term assets and liabilities equates to book value, except for bonds issued in quoted markets, where the fair value equates to the quoted market price.

24. Borrowings continued

d. Currency of borrowings

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

	Millions of yen	
	2013	2012
Japanese yen	**251,777**	204,169
Sterling	**14,692**	15,213
Euro	**103,036**	99,112
US dollar	**33,534**	32,755
Swedish krona	**1,848**	7,234
Polish zloty	**16,247**	13,149
Other currencies	**23,244**	22,308
	444,378	393,940

e. Maturity profile of committed borrowings

The Group has the following undrawn borrowing facilities:

	Millions of yen	
	2013	2012
Floating rate		
maturing within one year	**25,000**	–
maturing after one year	**8,783**	100,046

The above table does not include the ¥70,000 million facility as announced on 28 March 2013, as this facility was not available to be drawn at the balance sheet date.

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

	Millions of yen	
	2013	2012
Within one year	**152,585**	110,375
One to two years	**90,523**	119,342
Two to three years	**106,102**	39,788
Three to four years	**42,243**	69,746
Four to five years	**1,068**	30,532
After five years	**51,857**	24,157
	444,378	393,940

f. Finance leases

The finance lease liabilities are analyzed as follows:

	Millions of yen	
	2013	2012
Finance lease liabilities – minimum lease payments		
not later than one year	**970**	549
later than one year and not later than five years	**794**	575
later than five years	**959**	75
Future finance charges on finance leases	**(3)**	(10)
Present value of finance lease liabilities	**2,720**	1,189

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

	Millions of yen	
	2013	2012
Not later than one year	**969**	542
Later than one year and not later than five years	**1,750**	575
Later than five years	**1**	72
	2,720	1,189

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 under finance leases. Interest rates are fixed at the contract date. The majority of the Group's leases are subject to floating rate interest rates and all leases are on a fixed repayment basis.

25. Trade and other payables

	Note	2013	2012
		Millions of yen	
Trade payables		**69,830**	66,979
Amounts owed to related parties (trading)	39	**997**	2,114
Loans from related parties		**190**	215
Social security and other taxes		**5,157**	5,729
Other payables		**26,374**	24,347
Accruals		**12,281**	11,036
		114,829	110,420
Current		**113,780**	109,269
Non-current		**1,049**	1,151
		114,829	110,420

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

26. 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.

All the pension schemes are unfunded except for those in Japan, the UK, the USA and Canada. 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.

The largest pension scheme is in the UK. This scheme, the Pilkington Superannuation Scheme (PSS), covers 1,462 employees, 3,153 deferred members and 11,201 pensioners. This scheme was closed to new members with effect from 30 September 2008.

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.

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.

In addition to the regular contributions above, the Group has agreed the following:

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 ¥3,013 million payable for the first seven years of that period.

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 2013 is ¥17,414 million (2012: ¥20,397 million).

Statutory benefit increases, for pension accrued after April 1997, are included as obligations of the PSS. Non-statutory or discretionary increases can be awarded by the Trustee only if the scheme funds allow. These latter increases are therefore only valued in the IAS 19 liabilities to the extent that the scheme's assets can cover them (and the pension increase assumption is chosen to reflect this). At present the scheme assets exceed the IAS 19 liabilities without any allowance for discretionary increases by approximately ¥9,746 million. However, after allowance for non-statutory increases the net balance sheet liability reported (before IFRIC 14) for the PSS is ¥nil.

The Group also operates post-retirement healthcare and life insurance benefits for employees, retirees and their dependants 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 for:

	2013	2012
	Millions of yen	
Pension and early-retirement benefits	**66,520**	65,186
Post-retirement healthcare benefits	**23,092**	21,983
Long service arrangements	**148**	137
Non-current	**89,760**	87,306

26. Pensions and other post-employment benefits continued

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

	Note	2013 Operating profit	2013 Finance costs	2013 SoCI*	2012 Operating profit	2012 Finance costs	2012 SoCI*
							Millions of yen
Pension and early-retirement benefits		**(2,533)**	**314**	**8,827**	(1,214)	450	31,399
Post-retirement healthcare benefits		**66**	**824**	**(1,325)**	57	936	557
Long service arrangements		**3**	**4**	**–**	14	5	–
Deferred taxation	19	**–**	**–**	**(921)**	–	–	(7,502)
At 31 March		**(2,464)**	**1,142**	**6,581**	(1,143)	1,391	24,454

* Statement of comprehensive income

The Group has adopted a policy of recognizing all actuarial gains and losses for all its defined benefit plans in the period in which they occur in the statement of comprehensive income.

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

	Pension and early-retirement benefits Japan	UK	Rest of world	2013	Post-retirement healthcare 2013
					Millions of yen
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 required under IFRIC 14	**–**	**17,414**	**–**	**17,414**	**–**
Liability in the balance sheet	**3,412**	**24,133**	**38,975**	**66,520**	**23,092**

	Pension and early-retirement benefits Japan	UK	Rest of world	2012	Post-retirement healthcare 2012
					Millions of yen
Present value of the funded benefit obligation	32,137	180,385	27,457	239,979	–
Fair value of assets of the plans	(27,212)	(178,514)	(19,166)	(224,892)	–
Deficit in the funded plans	4,925	1,871	8,291	15,087	–
Present value of the unfunded benefit obligation	–	3,869	25,833	29,702	21,983
Balance sheet adjustment required under IFRIC 14	–	20,397	–	20,397	–
Liability in the balance sheet	4,925	26,137	34,124	65,186	21,983

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

	Pension and early-retirement benefits Japan	UK	Rest of world	2013	Post-retirement healthcare 2013
					Millions of yen
Current service cost	**1,138**	**1,349**	**250**	**2,737**	**66**
Past service cost	**–**	**–**	**122**	**122**	**–**
Settlements, curtailments and terminations losses/(gains)	**(175)**	**(5,219)**	**2**	**(5,392)**	**–**
Operating profit charge/(credit)	**963**	**(3,870)**	**374**	**(2,533)**	**66**
Expected return on plan assets	**(742)**	**(8,890)**	**(1,063)**	**(10,695)**	**–**
Interest cost on pension scheme liabilities	**512**	**8,402**	**2,095**	**11,009**	**824**
Finance costs – charge	**(230)**	**(488)**	**1,032**	**314**	**824**
Total income statement charge	**733**	**(4,358)**	**1,406**	**(2,219)**	**890**

	Pension and early-retirement benefits Japan	UK	Rest of world	2012	Post-retirement healthcare 2012
					Millions of yen
Current service cost	1,195	1,435	255	2,885	57
Past service cost/(credit)	39	(4,309)	–	(4,270)	–
Settlements, curtailments and terminations losses	–	171	–	171	–
Operating profit charge/(credit)	1,234	(2,703)	255	(1,214)	57
Expected return on plan assets	(620)	(9,802)	(1,132)	(11,554)	–
Interest cost on pension scheme liabilities	577	9,068	2,359	12,004	936
Finance costs – charge	(43)	(734)	1,227	450	936
Total income statement charge	1,191	(3,437)	1,482	(764)	993

26. Pensions and other post-employment benefits continued

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 was 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 credit to operating profit of ¥2,464 million (2012: credit of ¥1,143 million), a charge of ¥1,386 million (2012: charge of ¥1,487 million) is included in cost of sales, a charge of ¥97 million (2012: charge of ¥86 million) is included within distribution costs, a charge of ¥1,447 million (2012: charge of ¥1,593 million) is included within administrative expenses, and a credit of ¥5,394 million (2012: credit of ¥4,309 million) is included within exceptional items.

The actual return on the various plan assets was a gain of ¥25,574 million (2012: gain of ¥13,434 million). The Group expects to contribute ¥10,814 million to pension plans during the next financial period and ¥1,600 million to post-retirement healthcare plans.

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

					Millions of yen
	Pension and early-retirement benefits				**Post-retirement healthcare**
	Japan	**UK**	**Rest of world**	**2013**	**2013**
Actual return less expected return on plan assets	**785**	**13,547**	**547**	**14,879**	**–**
Experience gains/(losses) arising on schemes' liabilities	**166**	**(3,683)**	**87**	**(3,430)**	**2,160**
Changes in the assumptions underlying the present value of the schemes' liabilities	**(996)**	**(19,883)**	**(3,616)**	**(24,495)**	**(835)**
Change in balance sheet adjustment required under IFRIC 14	**–**	**4,219**	**–**	**4,219**	**–**
	(45)	**(5,800)**	**(2,982)**	**(8,827)**	**1,325**

					Millions of yen
	Pension and early-retirement benefits				Post-retirement healthcare
	Japan	UK	Rest of world	2012	2012
Actual return less expected return on plan assets	(95)	1,708	267	1,880	–
Experience gains/(losses) arising on schemes' liabilities	(387)	(1,361)	177	(1,571)	1,347
Changes in the assumptions underlying the present value of the schemes' liabilities	(700)	(11,781)	(4,586)	(17,067)	(1,904)
Change in balance sheet adjustment required under IFRIC 14	–	(14,641)	–	(14,641)	–
	(1,182)	(26,075)	(4,142)	(31,399)	(557)

From the adoption of IFRS on 1 April 2010, the cumulative amount of actuarial losses recognized in the statement of comprehensive income amounts to ¥29,036 million (2012: ¥17,315 million), excluding the changes in the IFRIC 14 adjustments.

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 2011	**31,474**	**177,492**	**52,462**	**261,428**	**21,949**
Current service cost	1,195	1,435	255	2,885	57
Interest cost on the schemes' liabilities	577	9,068	2,359	12,004	936
Members' contributions	–	595	–	595	–
Past service cost	39	(4,309)	–	(4,270)	–
Settlements, curtailments and terminations	–	171	–	171	–
Actuarial losses	1,087	13,142	4,409	18,638	557
Benefits paid	(2,235)	(9,775)	(4,041)	(16,051)	(1,161)
Internal transfers	–	–	75	75	–
Exchange differences	–	(3,565)	(2,229)	(5,794)	(355)
At 31 March 2012	**32,137**	**184,254**	**53,290**	**269,681**	**21,983**
Current service cost	1,138	1,349	250	2,737	66
Interest cost on the schemes' liabilities	512	8,402	2,095	11,009	824
Members' contributions	–	585	–	585	–
Past service cost	–	–	122	122	–
Settlements, curtailments and terminations	(175)	(5,219)	2	(5,392)	–
Actuarial losses	830	23,566	3,529	27,925	(1,325)
Benefits paid	(3,293)	(10,968)	(3,956)	(18,217)	(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**

The liability shown in the balance sheet at 31 March 2013 of ¥89,612 million comprises the liability of ¥72,198 million as shown above, together with the IFRIC 14 adjustment of ¥17,414 million.

26. Pensions and other post-employment benefits continued

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

	Pension and early-retirement benefits				Post-retirement healthcare (Millions of yen)
	Japan	UK	Rest of world	Total	Total
At 1 April 2011	**26,392**	**172,739**	**18,779**	**217,910**	**–**
Members' contributions	–	595	–	595	–
Settlements, curtailments and terminations	–	171	–	171	–
Actuarial gains/(losses)	(95)	1,708	267	1,880	–
Benefits paid	(2,235)	(9,775)	(4,041)	(16,051)	(1,161)
Employer's contributions	2,530	6,775	3,331	12,636	1,161
Expected return on assets	620	9,802	1,132	11,554	–
Exchange differences	–	(3,501)	(302)	(3,803)	–
At 31 March 2012	**27,212**	**178,514**	**19,166**	**224,892**	**–**
Members' contributions	–	585	–	585	–
Settlements, curtailments and terminations	–	558	–	558	–
Actuarial gains	785	13,547	547	14,879	–
Benefits paid	(3,293)	(10,968)	(3,956)	(18,217)	(1,151)
Employer's contributions	2,291	4,600	3,313	10,204	1,151
Expected return on assets	742	8,890	1,063	10,695	–
Exchange differences	–	14,942	2,639	17,581	–
At 31 March 2013	**27,737**	**210,668**	**22,772**	**261,177**	**–**

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

%	**2013**			2012		
	Japan	**UK**	**Rest of world**	Japan	UK	Rest of world
Discount rate	**1.40%**	**4.20%**	**3.50%**	1.70%	4.70%	4.10%
Future salary increases	**2.20%**	**3.70%***	**2.50%***	2.20%	3.50%	2.50%
Future pension increases	**–**	**0.70%**	**2.00%**	–	1.10%	2.00%
Price inflation	**0.25%**	**3.40%**	**2.20%**	0.25%	3.30%	2.25%
Long-term increase in healthcare costs	**–**	**3.70%**	**5.00%**	–	4.00%	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 2011 Core Projections with a long-term rate of mortality improvements of 1.00 percent per annum. Expected future lifetimes of pensioners using this mortality basis are shown below:

	31 March 2013 Years
Expected future lifetime of a current pensioner aged 60	
Men	**26.1**
Women	**28.5**
Expected future lifetime, at age 60, of a future pensioner aged 60 in 20 years time	
Men	**26.8**
Women	**29.7**

26. Pensions and other post-employment benefits continued

Expected rates of return on the schemes' assets and the related values are:

	Millions of yen 2013					
	Japan		UK		Rest of world	
	Values	Expected return %	Values	Expected return %	Values	Expected return %
Domestic government bonds	**8,687**	**1.50%**	**62,759**	**3.10%**	**–**	**–**
Domestic corporate bonds	**–**	**–**	**73,614**	**4.00%**	**15,209**	**3.30%**
Overseas bonds	**466**	**1.70%**	**–**	**–**	**–**	**–**
Domestic equities	**4,263**	**6.30%**	**7,382**	**8.30%**	**5,402**	**7.70%**
Overseas equities	**1,881**	**6.30%**	**49,438**	**8.30%**	**1,981**	**7.70%**
Property	**–**	**–**	**8,880**	**7.30%**	**–**	**–**
Cash	**–**	**–**	**11,373**	**0.50%**	**110**	**0.40%**
Other	**12,440**	**1.10%**	**(2,778)***	**4.20%**	**70**	**0.00%**
	27,737	**2.40%**	**210,668**	**4.80%**	**22,772**	**5.10%**

* Note: includes ¥2,820 million negative asset in respect of the longevity swap transaction carried out during 2012.

	Millions of yen 2012					
	Japan		UK		Rest of world	
	Values	Expected return %	Values	Expected return %	Values	Expected return %
Domestic government bonds	7,752	1.70%	44,192	2.80%	–	–
Domestic corporate bonds	–	–	77,858	4.20%	10,947	3.70%
Overseas bonds	629	2.20%	–	–	–	–
Domestic equities	4,533	6.90%	6,664	8.10%	5,940	8.10%
Overseas equities	2,207	6.90%	42,437	8.10%	2,060	8.10%
Property	–	–	8,048	7.10%	–	–
Cash	–	–	1,641	1.00%	81	0.60%
Other	12,091	1.20%	(2,326)*	4.70%	138	0.00%
	27,212	2.80%	178,514	5.00%	19,166	5.50%

* Note: includes ¥2,358 million negative asset in respect of the longevity swap transaction carried out during 2012.

The expected return on assets assumption has been derived by considering the appropriate return for each of the main asset classes listed above. The yields assumed on bond investments are based on expected long-term returns on the assets held in each category. The assumed return on equities reflects an allowance for the expected outperformance of equities over bonds in the long term.

The above expected rates of return will not be reflected in the Group's income statement for FY2014 due to the amendments to IAS 19, effective for the Group from 1 April 2013. Please see Note 1 for details of the financial impact of this amendment.

The overall return is a weighted average across the individual asset classes across all schemes.

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 PSS DBO to changes in each of these assumptions is set out below:

Assumption	Change in assumption	Impact on scheme liabilities
Discount rate	Increase/decrease by 0.5%	Decrease/increase by 6.2%/6.9%
Inflation rate	Increase/decrease by 0.5%	Increase/decrease by 3.2%/3.0%
Rate of mortality	Increase life expectancy by one year	Increase by 4.3%

A 1 percent reduction in healthcare cost trend rates would result in a decrease in the benefit obligation of ¥931 million and a decrease in the interest and service costs of ¥38 million. A 1 percent increase in healthcare cost trend rates would result in an increase in the benefit obligation of ¥349 million and an increase in the interest and service costs of ¥17 million. The above trend rate sensitivities take into account the fact that increases in employer costs are subject to an annual cap.

The history of experience gains and losses is as follows:

	Millions of yen		
	Pension and early-retirement benefits		
	2013	2012	2011
Fair value of the schemes' assets	**261,177**	224,892	217,910
Present value of defined benefit obligations			
Funded	**(274,591)**	(239,979)	(232,934)
Unfunded	**(35,692)**	(29,702)	(28,494)
Deficit in schemes	**(49,106)**	(44,789)	(43,518)
Experience gains/(losses) on the schemes' liabilities	**(3,430)**	(1,571)	576
Experience gains on the schemes' assets	**14,879**	1,880	1,038

26. Pensions and other post-employment benefits continued

	Millions of yen		
	Post-retirement healthcare		
	2013	2012	2011
Present value of defined benefit obligations	**(23,092)**	(21,983)	(21,949)
Deficit in schemes	**(23,092)**	(21,983)	(21,949)
Experience gains/(losses) arising on the schemes' liabilities	**2,160**	1,347	(1,818)

27. Provisions

The Group has amended its analysis of provisions during the year to show an increased level of detail of the Group's major classes of provisions.

	Millions of yen						
	2013						
	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 ¥6,525 million, Automotive ¥2,038 million, Technical Glass ¥558 million and Other Operations ¥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.

Environmental provisions cover the cost of remediating environmental issues where the Group has a constructive or legal obligation to do so. At 31 March 2013, ¥919 million of this provision was recorded in Architectural, ¥86 million was recorded in Automotive, ¥149 million was recorded in Technical Glass and ¥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 ¥4,198 million, cumulative leave provisions of ¥3,127 million, onerous lease and rental provisions of ¥2,114 million and a provision of ¥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.

28. Deferred income

	Millions of yen	
	2013	2012
Deferred income	**7,830**	6,012
Government grants	**4,140**	2,712
	11,970	8,724
Current	**2,914**	2,493
Non-current	**9,056**	6,231
	11,970	8,724

	Millions of yen	
	2013	2012
At 1 April	**8,724**	7,799
Exchange differences	**1,062**	(417)
Deferred income receivable	**4,762**	3,639
Released to income statement	**(2,578)**	(2,297)
At 31 March	**11,970**	8,724

Deferred income comprises of customer contributions to automotive tooling costs ¥7,269 million (2012: ¥5,315 million) and other deferred income of ¥561 million (2012: ¥697 million). 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, principally arising in Automotive, relate to automotive capital expenditure in certain regions of Italy. 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.

29. Share-based payments

The Group operates a number of equity settled, share-based payment plans, under which the entity receives services from Directors, an Executive Officer, or a Corporate Officer 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	**2013**	2012
Total expenses arising from share-based payment transactions	7	**32**	67

There have been no cancellations or modifications to any of the plans during 2013 or 2012.

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:

	2013		2012	
	Weighted average exercise price yen/share	**Options ('000 shares)**	Weighted average exercise price yen/share	Options ('000 shares)
At 1 April	**183**	**3,399**	201	3,097
Granted	**1**	**1,509**	1	528
Exercised	**1**	**(265)**	1	(226)
At 31 March	**134**	**4,643**	183	3,399

Out of the 4,643 outstanding options (2012: 3,399 options), 1,599 options (2012: 1,531 options) were exercisable. Options exercised in 2013 resulted in 265,000 shares (2012: 226,000 shares) being transferred at a price of 1 yen each (2012: 1 yen each). The related weighted average share price at the time of exercise was 107 yen (2012: 165 yen) per share.

29. Share-based payments continued

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	2013 Shares '000	2012 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	**118**	188
2008 Stock Options (ii)	27 September 2038	1	**293**	329
2009 Stock Options (ii)	30 September 2039	1	**572**	665
2010 Stock Options (ii)	30 September 2040	1	**364**	394
2011 Stock Options (ii)	14 October 2041	1	**492**	528
2012 Stock Options (ii)	28 September 2042	1	**1,509**	–
			4,643	3,399

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	2012 plan	2011 plan
Share price at grant date (yen)		**55**	169
Exercise price (yen)		**1**	1
Expected volatility of the share price	i	**43.5%**	42.4%
Expected remaining life of the option	ii	**9 years**	8 years
Expected dividend	iii	**5.5yen/share**	6yen/share
Risk-free interest rate	iv	**0.66%**	0.732%

Notes:
i. The volatility of the share price for the 2012 plan is estimated by taking into account the actual share prices for nine years (from 1 October 2003 to 28 September 2012 (2011 plan: eight years (from 16 October 2003 to 14 October 2011)).
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, or a Corporate Officer had ended.
iii. Expected dividends for the period ended 31 March 2013 are based on the actual dividends paid in the nine-year period between 31 March 2004 and 31 March 2013 (2011 plan: based on the actual dividends for the period ended 31 March 2011).
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.

30. Called up share capital

	Number of shares 2013	2012
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	**963,765**	1,200,613

Millions of yen	2013 Number of shares	2013 Value	2012 Number of shares	2012 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.

31. Capital surplus

	Note	2013	2012
		Millions of yen	
At 1 April		**127,511**	127,510
Issuance and purchase of treasury stock		**(7)**	1
Transfer from retained earnings to capital surplus	32	**7**	–
At 31 March		**127,511**	127,511

32. Retained earnings

	Note	2013	2012
		Millions of yen	
At 1 April		**30,793**	63,475
Loss for the period		**(32,808)**	(2,815)
Retirement benefit obligations	26	**(7,502)**	(31,956)
Deferred taxation on retirement benefit obligations	19, 26	**921**	7,502
Share of comprehensive income of affiliates		**(1,318)**	–
Dividends paid		**(1,354)**	(5,413)
Transfer from retained earnings to capital surplus	31	**(7)**	–
At 31 March		**(11,275)**	30,793
Retained earnings (translation adjustment at the IFRS transition date)		**(68,048)**	(68,048)
Total retained earnings at 31 March		**(79,323)**	(37,255)

Nippon Sheet Glass Company Limited 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.

33. Other reserves

	Note	Hedging reserve	Fair value reserve	Exchange translation reserve	Treasury stock	Stock subscription rights	Total
		Millions of yen 2013					
At 1 April		**(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	19	**(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	19	**–**	**105**	**–**	**–**	**–**	**105**
Purchase of treasury stock		**–**	**–**	**–**	**(3)**	**–**	**(3)**
Disposal of treasury stock		**–**	**–**	**–**	**1**	**–**	**1**
Share-based payments		**–**	**–**	**–**	**103**	**(65)**	**38**
At 31 March		**(2,562)**	**1,016**	**(18,278)**	**(374)**	**592**	**(19,606)**

33. Other reserves continued

	Note	Hedging reserve	Fair value reserve	Exchange translation reserve	Treasury stock	Stock subscription rights	Total
							Millions of yen 2012
At 1 April		(1,565)	738	(22,445)	(563)	681	(23,154)
Currency translation differences		–	–	(25,314)	–	–	(25,314)
Gain on net investment hedges	18	–	–	4,131	–	–	4,131
Cash flow hedges							
fair value gains in the period		(1,150)	–	–	–	–	(1,150)
transferred to income statement		(1,019)	–	–	–	–	(1,019)
deferred tax on fair value gains in the period	19	737	–	–	–	–	737
Available-for-sale investments							
fair value gains in the period	17	–	151	–	–	–	151
transferred to income statement		–	(16)	–	–	–	(16)
deferred tax on fair value gains in the period	19	–	178	–	–	–	178
Purchase of treasury stock		–	–	–	(6)	–	(6)
Disposal of treasury stock		–	–	–	3	–	3
Share-based payments		–	–	–	91	(24)	67
At 31 March		(2,997)	1,051	(43,628)	(475)	657	(45,392)

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 ¥18,278 million (2012: ¥43,628 million).

Of the fair value gains/(losses) of cash flow hedges transferred to the income statement of ¥34 million (2012: ¥1,019 million), ¥62 million is credited (2012: ¥156 million is charged) to finance costs, ¥24 million (2012: ¥nil million) is charged to other expenses, ¥nil million (2012: ¥96 million) is credited to other income and ¥72 million (2012: ¥959 million) is charged to cost of sales.

Of the fair value gains/(losses) of available-for-sale investments transferred to the income statement of ¥415 million (2012: ¥16 million), ¥nil million (2012: ¥27 million) is credited to other income, ¥nil million (2012: ¥11 million) is charged to other expenses and ¥415 million (2012: ¥nil million) is credited to exceptional items.

34. Cash flow from operating activities

	Note	2013	2012
		Millions of yen	
Loss for the period from continuing operations		**(31,939)**	(1,749)
Adjustments for			
taxation	9	**2,871**	(3,073)
depreciation	13	**26,800**	28,975
amortization	12	**9,755**	9,752
impairments		**9,099**	4,430
profit on sale of property, plant and equipment		**(910)**	(1,157)
profit on sale of subsidiaries, joint ventures, associates and businesses		**(6,146)**	–
deemed disposal of share of associates		**–**	(1,393)
grants and deferred income received	28	**2,184**	1,342
finance income	8	**(1,823)**	(2,423)
finance expense	8	**15,883**	16,746
share of profit from joint ventures and associates		**(2,250)**	(5,115)
other		**(1,227)**	(534)
Operating cash flows before movement in provisions and working capital		**22,297**	45,801
Decrease in provisions/retirement benefit obligations		**(11,229)**	(17,392)
Changes in working capital:			
inventories		**6,398**	(9,320)
construction work-in-progress		**180**	21
trade and other receivables		**14,061**	512
trade and other payables		**1,089**	(11,186)
Net change in working capital		**21,728**	(19,973)
At 31 March		**32,796**	8,436

34. Cash flow from operating activities continued

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

	Millions of yen					
	2013					
	Property, plant and equipment	**Joint ventures and associates**	**Available-for-sale investments**	**Assets held for sale**	**Subsidiary and other business undertakings**	**Total**
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**

	Millions of yen					
	2012					
	Property, plant and equipment	Joint ventures and associates	Available-for-sale investments	Assets held for sale	Subsidiary and other business undertakings	Total
Net book amount	1,733	–	266	707	–	2,706
Exchange gains recycled from reserves	–	–	(27)	–	–	(27)
Profit on sale	1,157	–	40	136	–	1,333
Proceeds from sale	2,890	–	279	843	–	4,012

There were no non-cash transactions in the period ended 31 March 2013 or 31 March 2012.

35. 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.

	Millions of yen	
	2013	2012
Loss attributable to owners of the parent	**(32,808)**	(2,815)
Weighted average number of shares (thousands)	**902,383**	902,230
Basic earnings per share (yen)	**(36.36)**	(3.12)

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	
	2013	2012
Loss attributable to owners of the parent	**(32,808)**	(2,815)
Loss used to determine diluted earnings per share	**(32,808)**	(2,815)
Weighted average number of ordinary shares in issue (thousands)	**902,383**	902,230
Adjusted for:		
share options (thousands)	**–**	–
Weighted average number of ordinary shares for diluted earnings per share (thousands)	**902,383**	902,230
Diluted earnings per share (yen)	**(36.36)**	(3.12)

Diluted earnings per share for the period ended 31 March 2013 and 2012 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.

36. Contingencies

The Group has the following contingencies:

Guarantees

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

At 31 March 2012, the Group guaranteed, in the ordinary course of business, ¥1,910 million in respect of joint ventures. This guarantee was cancelled on 27 April 2012. In addition, the Group guaranteed ¥230 million in respect of other entities.

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, see Note 27, Provisions. 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.

37. Commitments

Capital commitments

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

	Millions of yen	
	2013	2012
Property, plant and equipment	**661**	4,882

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			
	2013		2012	
	Property	**Plant and equipment**	Property	Plant and equipment
Not later than one year	**2,161**	**894**	1,120	1,035
Later than one year and not later than five years	**6,623**	**2,800**	6,192	3,483
Later than five years	**8,902**	**1,768**	6,546	2,266
	17,686	**5,462**	13,858	6,784

38. Acquisitions and disposals of subsidiaries and businesses

Acquisitions

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.

During the period ended 31 March 2012, the Group did not make any material acquisitions of subsidiaries or businesses.

Disposals

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.

The Group did not have any material disposals during the period ended 31 March 2012.

39. 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 Company Limited and its subsidiaries.

Sales of goods and services

	Millions of yen	
	2013	2012
Sales of goods		
Joint ventures	**1,084**	1,335
Associates	**1,536**	1,653
Sales of services		
Joint ventures	**1,229**	1,139
Associates	**118**	191
	3,967	4,318

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 2013, these amounted to ¥1,229 million, of which the majority related to Pilkington Glass LLC (2012: ¥1,003 million, of which the majority related to Taicang SYP Pilkington Co Limited).

Purchase of goods and services

	Millions of yen	
	2013	2012
Purchase of goods		
Joint ventures	**9,867**	13,878
Associates	**846**	1,161
Purchase of services		
Joint ventures	**–**	29
Associates	**3,555**	4,340
	14,268	19,408

Goods are purchased from joint ventures by Nippon Sheet Glass Company Limited'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.

Technical assistance and license agreements to

	Millions of yen	
	2013	2012
Joint ventures	**373**	274

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

		Millions of yen	
	Note	**2013**	2012
Receivables from related parties	16		
Joint ventures		**1,047**	1,489
Associates		**180**	253
		1,227	1,742
Payables to related parties	25		
Joint ventures		**8**	1,210
Associates		**989**	904
		997	2,114

In relation to the receivables from related parties there are no provisions against their non-recovery either in 2013 or 2012. Similarly, there were no receivable balances from related parties, joint ventures or associates written off during the period.

39. Related party transactions continued

Loans to related parties

					Millions of yen
		2013	2012	**2013**	2012
	Note	Joint ventures		Associates	
At 1 April		**3,952**	2,796	**128**	130
Exchange differences		**615**	(191)	**14**	(7)
Reclassification from investments accounted for using the equity method	15	**4,384**	–	**–**	–
Loans advanced in period		**–**	4,426	**–**	56
Loan repayments received		**(1,399)**	(3,282)	**15**	(22)
Interest charged/(received)		**520**	203	**2**	(29)
At 31 March	16	**8,072**	3,952	**159**	128

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 2013 or 2012.

At 31 March 2013, the Group has guaranteed in the ordinary course of business ¥nil million (2012: ¥1,910 million) in respect of joint ventures and associates.

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

40. 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)	27,932
Number of shares	Authorized: 1,775,000,000 Issued: 903,550,999
Number of shareholders	86,959
Paid-in capital	¥116,449 million
Stock listing	Tokyo (Code: 5202)
Independent auditors	Ernst & Young ShinNihon LLC
Transfer agent	Sumitomo Mitsui Trust Bank, Limited 4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo, Japan

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