NSG GROUP

ANNUAL FINANCIAL STATEMENTS

FISCAL YEAR ENDED 31 MARCH 2012

‘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 AUTOMOTIVE, BUILDING PRODUCTS AND SPECIALTY GLASS SECTORS.

With around 29,500 permanent employees, we have principal operations in 29 countries and sales in over 130. Geographically, just under half our sales are in Europe, around a third are in Japan and the rest are primarily in North and South America, South East Asia and China.

We operate in three main sectors:

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

Building Products supplies glass for architectural and Solar Energy applications.

Specialty 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

1. The Group has adopted International Financial Reporting Standards (IFRS) for the first time this financial year (commencing on 1 April 2011 and ending on 31 March 2012), and so the annual consolidated financial statements for the year are the first ones prepared in conformity with IFRS. Only the comparative data for the prior year has been restated under IFRS. The change from JGAAP to IFRS precludes comparisons with prior years.
2. The change to IFRS also means that the Group is publishing more detail on its performance than in previous years. To minimize the size of the relevant documents, the Group has decided to split its financial reporting between two documents – the Annual Report and a second document, the current document, Annual Financial Statements. The former is also available as a download 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	(Loss)/profit before taxation
Millions of yen	Millions of yen
552,223	**(4,822)**
2011: 577,069	2011: 15,306

(Loss)/profit for the period	Total assets
Millions of yen	Millions of yen
(1,749)	**848,752**
2011: 15,815	2011: 889,420

Cash dividends	Number of employees
Yen	Permanent
4.50	**29,702**
2011: 6.00	2011: 29,340

OPERATIONAL HIGHLIGHTS

- New management team's primary and immediate objective is profit improvement
- Restructuring programs and efficiency enhancements will continue and accelerate
- Reduction of final dividend for FY2012 and removal of dividend for FY2013 reflects the current level of business performance
- FY2013 forecast reflects impact of initial restructuring actions.

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CHIEF FINANCIAL OFFICER'S REVIEW

THE FULL YEAR RESULTS REFLECT WEAK MARKET CONDITIONS, WHICH HAVE PREVENTED INCREASED INPUT COSTS BEING PASSED ON TO THE GROUP'S CUSTOMERS.

> "The challenging market conditions faced by many of the Group's businesses continued through the year, particularly in Europe, which forms a significant proportion of the Group's revenues.
>
> Against this background, the Group will accelerate and expand its restructuring activities to ensure that profits can still be generated, despite the external environment."

Mark Lyons
Chief Financial Officer

Results for the year

The challenging market conditions faced by many of the Group's businesses continued through the year, particularly in Europe, which forms a significant proportion of the Group's revenues.

Against this background, the Group will accelerate and expand its restructuring activities to ensure that profits can still be generated, despite the external environment.

The results for the year are presented using International Financial Reporting Standards (IFRS), which the Group has adopted from the beginning of FY2012. The comparative results for the previous year have been restated so that they are also presented using IFRS.

Revenue

Revenue decreased by 4 percent from ¥577,069 million to ¥552,223 million. The reduction was due to the translational impact of the further strengthening of the Japanese yen. At constant exchange rates, revenues were similar to the previous year.

Operating profit

Operating profit before amortization and exceptional items fell from a profit of ¥30,500 million to a profit of ¥14,904 million. After charging amortization costs arising on the acquisition of Pilkington plc, operating profit before exceptional items fell from a profit of ¥22,867 million to a profit of ¥7,716 million. After charging exceptional items, operating profits fell from ¥22,867 million to a profit of ¥4,386 million.

	Millions of yen	
	2012	2011
Revenue	**552,223**	577,069
Operating profit before amortization and exceptional items	**14,904**	30,500
Amortization arising on acquisition of Pilkington plc	**(7,188)**	(7,633)
Operating profit before exceptional items	**7,716**	22,867
Exceptional items	**(3,330)**	–
Operating profit	**4,386**	22,867
Finance costs (net)	**(14,323)**	(16,274)
Share of profit of joint ventures and associates	**5,115**	8,713
Profit before taxation	**(4,822)**	15,306
Taxation	**3,073**	509
Profit for the period	**(1,749)**	15,815
Profit attributable to non-controlling interests	**1,066**	3,385
Profit attributable to owners of the parent	**(2,815)**	12,430
Net income/(loss) per share – basic (yen)	**(3.12)**	15.65
Net income/(loss) per share – diluted (yen)	**(3.12)**	15.17

Operating profit – Building Products

Volumes in the Group's building products markets were generally weak. For the year as a whole, Solar Energy volumes were similar to the previous year, but weakened markedly during the third and fourth quarters.

In the Building Products business line, Europe represents 42 percent of sales, Japan 34 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, profits improved as cost savings and higher selling prices offset increased input costs. Sales prices declined during the fourth quarter, as weakening demand contributed to increasing levels of overcapacity.

In Japan, downstream volumes improved, offsetting a reduction in upstream demand, caused mainly by a fall in dispatches of Solar Energy products. Profits improved, due to the higher downstream volumes.

In North America, local currency profits were similar to the previous year. Dispatches of Solar Energy products were higher than the previous year, although demand from residential and commercial markets fell.

In the Rest of the World, underlying profits (excluding the effect in the previous year of a gain on settlement of an insurance claim in Chile) fell. Profits in South East Asia and China fell, with overcapacity in China contributing to a weak pricing environment. Results in South America were robust, with some volume growth experienced.

The Building Products business achieved sales of ¥239,440 million (FY2011: ¥248,648 million) and an operating profit before exceptional items of ¥9,135 million (FY2011: ¥13,828 million).

Operating profit – Automotive

In the Automotive business, revenues and profits fell from the previous year, due to the impact of the March 2011 Japan earthquake, increases in input costs of materials, and the high level of demand volatility during the year.

In the Automotive business line, Europe represents 47 percent of sales, Japan 18 percent, and North America 20 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, profits declined, due to increasing input costs, start-up costs on new facilities, and high levels of demand volatility. Improving demand generated by vehicle exports was offset by weak domestic demand. Results in the Automotive Glass Replacement (AGR) business were relatively robust, despite lower demand.

In Japan, profits increased from the previous year. Demand recovered during the second quarter of the year as vehicle manufacturers returned to normal levels of production following the March 2011 earthquake, and has continued to improve since, with relatively strong market conditions experienced during the fourth quarter.

Profits decreased in North America. Vehicle inventories held by manufacturers and dealers fell during the year, offsetting relatively strong consumer demand. Profits were also affected by increased input costs. Market conditions improved during the fourth quarter. AGR profitability was maintained, although demand was relatively weak.

In the Rest of the World, results were impacted by high levels of demand volatility, increased input costs, and the start-up of new lines in Brazil.

The Automotive business recorded sales of ¥251,229 million (FY2011: ¥264,031 million) and an operating profit before exceptional items of ¥5,123 million (FY2011: ¥11,937 million).

Operating profit – Specialty Glass

Profits in Specialty Glass fell from the previous year. The Group experienced a growth in demand in sectors such as smart phones and tablet personal devices, where our UFF (Ultra Fine Flat) glass is used within the construction of touch panels, although there were some signs of market weakness during the fourth quarter. Volumes of components used in multi-function printers, were similar to the previous year. Exporters of multi-function printers and similar products continued to suffer from the strength of the Japanese yen. Sales of glass cord for engine timing belts were slightly below the previous year, in line with conditions experienced in the European automotive business.

The Specialty Glass business recorded sales of ¥60,167 million (FY2011: ¥62,925 million) and an operating profit before exceptional items of ¥6,942 million FY2011: (¥7,697 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 in this category, the costs of the first stages of the restructuring program announced on 2 February 2012.

Joint ventures and associates

The Group's share of joint ventures and associates profits decreased from ¥8,713 million to ¥5,115 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 improved, however, at the Group's Building Products joint venture in Russia.

Interest expenses

Net interest expenses decreased. During the previous year the Group redeemed its Type A preferred shares, which carried a coupon rate of interest that was relatively high compared to the Group's other sources of debt.

Taxation

The tax rate on losses before taxation, excluding the Group's share of net profits of joint ventures and associates, is 31 percent (FY2011: a tax credit on profits of 8 percent). The tax credit 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 credit consists of a current taxation charge of ¥5,311 million and a deferred taxation credit of ¥8,384 million.

Non-controlling interests

Profits attributable to non-controlling interests decreased from ¥3,385 million to ¥1,066 million. This was due to a reduction in profitability of the Group's operations with non-controlling interests and also the high level of recorded profits at Vidrios Lirquén, in Chile, during the previous year, following the settlement of the Group's insurance claim arising from an earthquake that struck the region in February 2010.

CHIEF FINANCIAL OFFICER'S REVIEW CONTINUED

Earnings per share

Basic (undiluted) earnings per share decreased from a net profit per share of ¥15.65 to a net loss per share of ¥3.12.

Dividends

The Group's dividend policy is to secure dividend payments based on sustainable business results. As a consequence of the deterioration in business performance, the final dividend for FY2012 will be reduced to ¥1.50 per share. Including an interim dividend of ¥3.00 per share paid earlier in the year, the full year dividend payable in respect of the year to 31 March 2012 is therefore ¥4.50 per share. The Group expects to record a loss in the year to 31 March 2013, and consequently has decided that a dividend will not be paid with respect to FY2013. 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	
	2012	2011
Operating cash flows before financial items	**8,436**	49,479
Interest received less interest paid	**(12,815)**	(14,909)
Income taxes paid	**(5,535)**	(8,855)
Net cash (used in)/provided by operating activities	**(9,914)**	25,715
Capital expenditure (net of disposals)	**(26,641)**	(29,673)
Acquisitions less divestments	**(3,468)**	(1,206)
Other investing cash flows	**3,782**	5,773
Net cash flows before dividends and financing	**(36,241)**	609

Operating cash flows before financial items decreased from ¥49,479 million to ¥8,436 million due to the decreased level of Group profitability and an increase in working capital levels during the year. Interest paid decreased following the redemption of preferred shares during the previous year. Taxation payments also fell due largely to the decreased level of profitability. As a result, net cash provided by operating activities reduced from an inflow of ¥25,715 million to an outflow of ¥9,914 million.

Capital expenditure, net of disposals, decreased from ¥29,673 million to ¥26,641 million. The Group will continue to manage capital expenditure at below the level of depreciation over the course of FY2013 and FY2014.

Funding and liquidity

Net debt

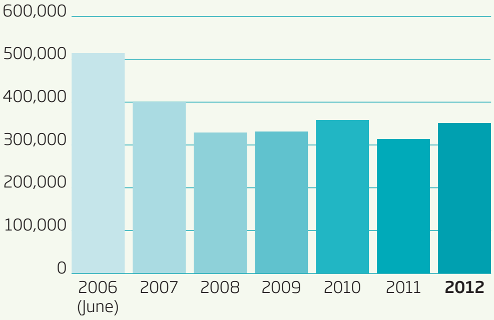
Net financial indebtedness increased by ¥38,024 million from 31 March 2011 to ¥351,155 million at the period end. Increases in indebtedness were caused primarily by the low level of profitability in the period and increases in working capital. Currency movements generated a reduction in net debt of approximately ¥6,030 million over the period. Gross debt was ¥398,212 million at the period end.

The chart below shows how net debt has decreased following the acquisition of Pilkington plc in June 2006.

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

Net debt

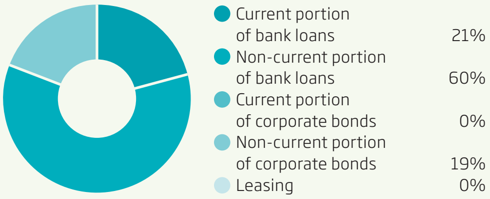
Millions of yen



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 2012.

Debt sources

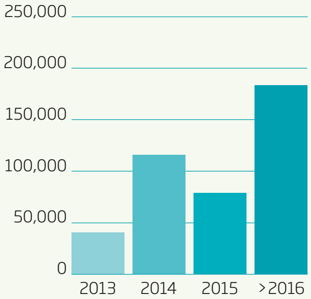


The Group refinances borrowings well before their due date and ensures that any uncommitted or short-term borrowings are supported by undrawn committed facilities. The Group aims to obtain its funding from a variety of sources and access markets globally as and when they are available to it.

The Group seeks to deal with relationship banks who 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 2012.

Committed facility maturities

Millions of yen



As at 31 March 2012 the Group had undrawn committed forward start facilities of ¥30,000 million, maturing in FY2019, which were arranged to refinance loans maturing in FY2013. In addition, at 31 March 2012 the Group had access to committed undrawn revolving credit facilities of ¥70,000 million, ¥40,000 of which mature in FY2015 and the remainder mature in FY2016 and FY2017.

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

Shareholders' equity (net assets)

Total equity at the end of March 2012 was ¥170,535 million, representing a decrease of ¥56,042 million from the end of March 2011. This was partly due to the translational effect on net assets of the strength of the Japanese yen and partly due to an increase in the Group's retirement benefit obligations following a reduction in discount rates used to evaluate such liabilities during the year.

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 29 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 10 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.

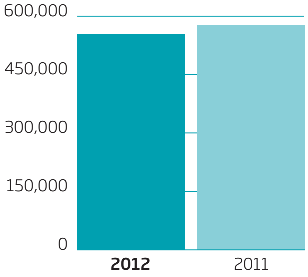
Mark Lyons
Chief Financial Officer

FINANCIAL SUMMARY

Period ended 31 March	2012	2011
		Millions of yen
Revenue	**552,223**	577,069
Operating profit before exceptional items	**7,716**	22,867
(Loss)/profit before taxation	**(4,822)**	15,306
(Loss)/profit for the period	**(1,749)**	15,815
(Loss)/profit attributable to owners of the parent	**(2,815)**	12,430
Earnings per share attributable to owners of the parent:		
Basic	**(3.12)**	15.65
Diluted	**(3.12)**	15.17
Cash dividends (yen per share)	**4.50**	6.00
Total assets	**848,752**	889,420
Total shareholders' equity	**161,313**	216,232
Number of permanent employees	**29,702**	29,340

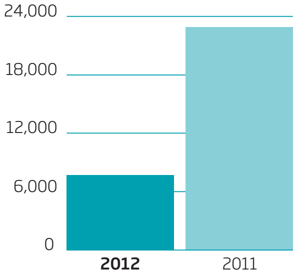
Revenue

Millions of yen



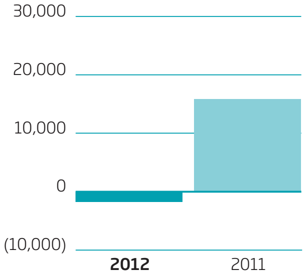
Operating profit before exceptional items

Millions of yen



(Loss)/profit for the period

Millions of yen



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 2012, 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 consolidated subsidiaries at 31 March 2012, and their consolidated financial performance and cash flows for the year then ended in conformity with International Financial Reporting Standards.

Ernst & Young ShinNihon LLC

29 June 2012
Tokyo, Japan

CONSOLIDATED INCOME STATEMENT

Nippon Sheet Glass Company Limited and consolidated subsidiaries
For the period ended 31 March 2012

	Note	Millions of yen 2012	 2011
Revenue	2	**552,223**	577,069
Cost of sales		**(420,033)**	(423,508)
Gross profit		**132,190**	153,561
Other income	3	**7,932**	15,934
Distribution costs		**(49,457)**	(52,634)
Administrative expenses		**(66,156)**	(70,741)
Other expenses	4	**(16,793)**	(23,253)
Operating profit before exceptional items		**7,716**	22,867
Exceptional items	6	**(3,330)**	–
Operating profit	2	**4,386**	22,867
Finance income	8	**2,423**	2,249
Finance expenses	8	**(16,746)**	(18,523)
Share of post tax-profits of joint ventures and associates accounted for using the equity method		**5,115**	8,713
(Loss)/profit before taxation		**(4,822)**	15,306
Taxation	9	**3,073**	509
(Loss)/profit for the period		**(1,749)**	15,815
Profit attributable to non-controlling interests		**1,066**	3,385
(Loss)/profit attributable to owners of the parent		**(2,815)**	12,430
		(1,749)	15,815
Earnings per share attributable to owners of the parent:			
Basic earnings per share	35	**(3.12)**	15.65
Diluted earnings per share	35	**(3.12)**	15.17

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 2012

	Note	Millions of yen 2012	 2011
(Loss)/profit for the period		**(1,749)**	15,815
Other comprehensive income:			
Foreign currency translation adjustments		**(18,707)**	(21,869)
Post-retirement benefits, net of taxation	26	**(24,454)**	(3,968)
Revaluation of available-for-sale investments		**313**	(87)
Cash flow hedges – fair value gains/(losses), net of taxation		**(1,432)**	3,595
Share of other comprehensive income of joint ventures and associates accounted for using the equity method		**(2,909)**	(1,433)
Other comprehensive income for the period, net of taxation		**(47,189)**	(23,762)
Total comprehensive income for the period		**(48,938)**	(7,947)
Attributable to non-controlling interests		**633**	2,527
Attributable to owners of the parent		**(49,571)**	(10,474)
		(48,938)	(7,947)

CONSOLIDATED BALANCE SHEET

Nippon Sheet Glass Company Limited and consolidated subsidiaries
As at 31 March 2012

	Note	2012	2011	At the IFRS transition date 1 April 2010
				Millions of yen
Assets				
Non-current assets				
Goodwill	11	**105,018**	114,432	122,743
Intangible assets	12	**87,475**	102,026	118,302
Property, plant and equipment	13	**260,597**	272,177	283,667
Investment property	14	**675**	911	2,131
Investments accounted for using the equity method	15	**50,359**	49,420	44,651
Trade and other receivables	16	**6,676**	11,518	8,791
Financial assets				
available-for-sale investments	17	**9,156**	9,167	10,517
derivative financial instruments	18	**1,356**	2,111	1,249
Deferred tax assets	19	**61,248**	50,155	55,169
Tax receivables		**1,130**	772	–
		583,690	612,689	647,220
Current assets				
Inventories	20	**106,112**	100,345	97,933
Construction work-in-progress	21	**576**	632	1,076
Trade and other receivables	16	**109,493**	107,985	117,265
Financial assets				
available-for-sale investments	17	**3**	231	–
derivative financial instruments	18	**2,354**	3,034	1,966
Cash and cash equivalents	22	**43,346**	60,906	79,796
Tax receivables		**2,090**	2,704	–
		263,974	275,837	298,036
Assets included in disposal group held for sale	23	**1,088**	894	163
		265,062	276,731	298,199
Total assets		**848,752**	889,420	945,419

CONSOLIDATED BALANCE SHEET CONTINUED

	Note	2012	2011	At the IFRS transition date 1 April 2010
				Millions of yen
Liabilities and equity				
Current liabilities				
Financial liabilities				
borrowings	24	**110,375**	56,375	80,448
derivative financial instruments	18	**2,363**	2,205	6,378
Trade and other payables	25	**109,269**	119,896	115,945
Taxation liabilities		**3,477**	2,975	6,023
Provisions	27	**14,896**	20,692	23,144
Deferred income	28	**2,493**	2,615	3,071
		242,873	204,758	235,009
Non-current liabilities				
Financial liabilities				
borrowings	24	**283,565**	318,678	349,470
derivative financial instruments	18	**1,909**	1,925	4,276
Trade and other payables	25	**1,151**	914	5
Deferred tax liabilities	19	**37,849**	44,918	53,671
Taxation liabilities		**1,600**	2,674	–
Retirement benefit obligations	26	**87,306**	70,899	81,186
Provisions	27	**15,733**	12,893	15,729
Deferred income	28	**6,231**	5,184	6,168
		435,344	458,085	510,505
Total liabilities		**678,217**	662,843	745,514
Capital and reserves attributable to the owners of the parent				
Called up share capital	30	**116,449**	116,449	96,147
Capital surplus	31	**127,511**	127,510	107,566
Retained earnings	32	**30,793**	63,475	59,413
Retained earnings (translation adjustment at the IFRS transition date)		**(68,048)**	(68,048)	(68,048)
Other reserves	33	**(45,392)**	(23,154)	(4,241)
Total shareholders' equity		**161,313**	216,232	190,837
Non-controlling interests		**9,222**	10,345	9,068
Total equity		**170,535**	226,577	199,905
Total liabilities and equity		**848,752**	889,420	945,419

The financial statements on pages 08 to 66 were approved by the directors on 29 June 2012

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 2012

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 2010	**96,147**	**107,566**	**59,413**	**(68,048)**	**(4,241)**	**190,837**	**9,068**	**199,905**
Profit for the period	–	–	12,430	–	–	**12,430**	3,385	**15,815**
Other comprehensive income	–	–	(3,967)	–	(18,937)	**(22,904)**	(858)	**(23,762)**
Total comprehensive income	–	–	8,463	–	(18,937)	**(10,474)**	2,527	**(7,947)**
Transactions with owners								
stock options	–	–	–	–	42	**42**	–	**42**
dividends paid	–	–	(4,711)	–	–	**(4,711)**	(1,290)	**(6,001)**
Issue of ordinary shares	20,302	20,302	–	–	–	**40,604**	–	**40,604**
Share issuance costs	–	(370)	–	–	–	**(370)**	–	**(370)**
Reserves of new subsidiaries	–	–	421	–	–	**421**	–	**421**
Issuance and purchase of treasury stock	–	12	–	–	(18)	**(6)**	–	**(6)**
Changes in shareholdings of subsidiaries	–	–	(111)	–	–	**(111)**	40	**(71)**
Balance at 31 March 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**

CONSOLIDATED STATEMENT OF CASH FLOWS

Nippon Sheet Glass Company Limited and consolidated subsidiaries
For the period ended 31 March 2012

		Millions of yen	
	Note	**2012**	2011
Cash flows from operating activities			
Cash generated from operations	34	**8,436**	49,479
Interest paid		**(14,527)**	(16,858)
Interest received		**1,712**	1,949
Income tax paid		**(5,535)**	(8,855)
Net cash (used in)/generated from operating activities		**(9,914)**	25,715
Cash flows from investing activities			
Dividends received from joint ventures and associates		**3,618**	4,251
Purchase of joint ventures and associates		**(3,735)**	(1,093)
Proceeds on disposal of joint ventures and associates		**–**	236
Purchase of subsidiaries (net of cash acquired)		**–**	(463)
Proceeds on disposal of subsidiaries (net of cash disposed)		**–**	94
Purchases of property, plant and equipment		**(27,896)**	(29,874)
Proceeds on disposal of property, plant and equipment		**2,890**	1,708
Purchase of intangible assets		**(1,635)**	(1,529)
Proceeds on disposal of intangible assets		**–**	22
Purchase of available-for-sale investments		**(12)**	(10)
Proceeds on disposal of available-for-sale investments		**279**	30
Loans to joint ventures, associates and third parties, net		**(576)**	1,621
Other		**740**	(99)
Net cash used in investing activities		**(26,327)**	(25,106)
Cash flows from financing activities			
Dividends paid to shareholders		**(5,411)**	(4,710)
Dividends paid to non-controlling interests		**(1,811)**	(1,290)
Issue of share capital		**–**	40,237
Repayment of borrowings		**(47,742)**	(106,982)
Proceeds from borrowings		**70,775**	65,523
Others		**51**	(23)
Net cash generated from/(used in) financing activities		**15,862**	(7,245)
Decrease in cash and cash equivalents (net of bank overdrafts)		**(20,379)**	(6,636)
Cash and cash equivalents (net of bank overdrafts) at the beginning of the period		**46,491**	55,995
Effect of foreign exchange rate changes		**(1,315)**	(2,868)
Cash and cash equivalents (net of bank overdrafts) at the end of the period	22	**24,797**	46,491

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 building products and automotive applications. In addition, the Group has a number of discreet specialty glass businesses, operating in high technology areas. The parent company of the Group, Nippon Sheet Glass Company Limited is domiciled in Japan and has shares publicly traded on the Tokyo and Osaka Stock Exchanges.

Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS).

The Group has adopted IFRS for the first time this financial period (commencing on 1 April 2011 and ending on 31 March 2012), and so the annual consolidated financial statements for the period are the first ones prepared in accordance with IFRS. The date of transition of the Group to IFRS is 1 April 2010. An explanation of how the first time adoption of, and the transition to, IFRS has affected the Group's financial position, business results and cash flows are provided in note 41.

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 period beginning on or after 1 April 2013. The Group has elected not to adopt early the standards as described below, and has not yet quantified the effect of these standards on its accounts:

IAS 19, 'Employee benefits' was amended in June 2011, and this amendment will be 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, with a net interest charge that is calculated by applying the relevant territory specific discount rates to the net defined benefit liabilities in that territory.

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 'Financial instruments: recognition and measurement'.

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.

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.

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.

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.

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).

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.

1. Summary of significant accounting policies continued

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.

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 includes 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.

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.

1. Summary of significant accounting policies continued

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 or ten years).

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

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

(d) Research and development

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

(e) Intangible assets created on acquisition

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

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

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

Impairment of assets

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized when the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

A number of significant assumptions and estimates are involved in forecasting future cash flows, including market growth rates, 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.

1. Summary of significant accounting policies continued

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 re-evaluates this designation at every reporting date.

(a) Financial assets 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 in this category are classified as current assets 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 currently hold any investments in this category.

(d) Available-for-sale investments

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

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

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

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

Inventories

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

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

Construction work-in-progress

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

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

Trade and other receivables

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

1. Summary of significant accounting policies continued

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 at cost and are depreciated 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.

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 and the unrecognized portion of past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

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

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.

1. Summary of significant accounting policies continued

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. Benefits falling due more than 12 months after the balance sheet date are discounted to present value.

(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 for environmental restoration, restructuring costs and legal claims are recognized when the Group has a present legal or constructive obligation as a result of a past event when it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Restructuring provisions mainly include lease termination penalties and employee termination payments. 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 collectibility 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.

(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 instalments.

(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 instalments.

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.

1. Summary of significant accounting policies continued

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.

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 officers (Riji) 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 co-ordinated plan to dispose of such a business line or geographical area. Additionally, a subsidiary acquired exclusively with a view to resale is a discontinued operation.

1. Summary of significant accounting policies continued

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.

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 10 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 ¥2,000 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.

1. Summary of significant accounting policies continued

(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 Building Products segment engages in the manufacturing and sale of flat glass and various interior and exterior glazing products within commercial and residential markets. It also includes glass for the Solar Energy sector.

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

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

The Other segment covers corporate costs, consolidation adjustments, certain small businesses not included in the segments covered above, and the amortization of other intangible assets related to the acquisition of Pilkington plc.

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

The segmental results for the periods ended 31 March 2012 and 2011 are as follows:

					Millions of yen
					2012
	Building Products	Automotive	Specialty 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**
Segmental result before amortization arising from acquisition of Pilkington plc	**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)**

					Millions of yen
					2011
	Building Products	Automotive	Specialty Glass	Other	Total
Revenue					
External revenue	248,648	264,031	62,925	1,465	577,069
Inter-segmental revenue	14,521	924	161	5,215	20,821
Total revenue	263,169	264,955	63,086	6,680	597,890
Segmental result before amortization arising from acquisition of Pilkington plc	13,828	11,937	7,697	(2,962)	30,500
Amortization arising from acquisition of Pilkington plc	–	–	–	(7,633)	(7,633)
Operating profit before exceptional items	13,828	11,937	7,697	(10,595)	22,867
Exceptional items					–
Operating profit					22,867
Finance costs – net					(16,274)
Share of post-tax profit from joint ventures and associates					8,713
Profit before taxation					15,306
Taxation					509
Profit for the period					15,815

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
					2012
	Building Products	**Automotive**	**Specialty Glass**	**Other**	**Total**
Depreciation (note 13)	**(12,562)**	**(13,065)**	**(2,926)**	**(422)**	**(28,975)**
Amortization (note 12)	**(820)**	**(1,246)**	**(39)**	**(7,647)**	**(9,752)**
Write back of property, plant and equipment (note 13)	**16**	**41**	**–**	**–**	**57**
Profit/(loss) on sale of property, plant and equipment (note 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 for bad and doubtful debts (note 16)	**258**	**(1)**	**(92)**	**32**	**197**
Amortization of deferred income (note 28)	**280**	**1,856**	**–**	**161**	**2,297**

					Millions of yen
					2011
	Building Products	Automotive	Specialty Glass	Other	Total
Depreciation (note 13)	(13,475)	(13,942)	(3,243)	(398)	(31,058)
Amortization (note 12)	(1,012)	(1,143)	(73)	(8,083)	(10,311)
Write back/(impairment) of property, plant and equipment (note 13)	(624)	(425)	15	(133)	(1,167)
Reversal of impairment losses on associates (note 15)	–	–	–	1,020	1,020
Profit/(loss) on sale of property, plant and equipment (note 34)	(283)	305	(48)	26	–
Research and development expenditure	(3,791)	(4,004)	(2,023)	(1,046)	(10,864)
Operating lease rentals					
plant and equipment	(1,116)	(1,533)	(45)	(83)	(2,777)
property	(1,007)	(2,813)	(162)	(686)	(4,668)
Net charge for bad and doubtful debts (note 16)	(584)	23	(221)	(62)	(844)
Amortization of deferred income (note 28)	294	2,106	–	164	2,564

Segmental net trading assets at 31 March 2012, 2011 and the transition date and capital expenditure for the periods then ended are as follows:

					Millions of yen
					2012
	Building Products	**Automotive**	**Specialty 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**

					Millions of yen
					2011
	Building Products	Automotive	Specialty Glass	Other	Total
Segmental net trading assets	161,243	165,345	48,986	758	376,332
Capital expenditure (including intangibles)	14,146	17,456	1,849	309	33,760

					Millions of yen
					1 April 2010
	Building Products	Automotive	Specialty Glass	Other	Total
Segmental net trading assets	180,742	169,698	48,237	7,677	406,354

2. Segmental information continued

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).

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

	Millions of yen		
	2012	2011	1 April 2010
Segmental net trading assets for reportable segments	**373,570**	376,332	406,354
Add back trade and other payables	**110,054**	120,401	114,829
Exchange and other timing adjustments	**5,488**	4,185	(5,043)
Unallocated:			
Goodwill	**105,018**	114,432	122,743
Intangible assets	**72,758**	85,919	99,802
Financial receivables	**9,734**	8,757	13,223
Investments accounted for using the equity method	**50,359**	49,420	44,651
Financial assets – available-for-sale investments	**9,159**	9,398	10,517
Financial assets – derivative financial instruments	**3,710**	5,145	3,215
Deferred tax assets	**61,248**	50,155	55,169
Assets held for sale	**1,088**	894	163
Tax receivables	**3,220**	3,476	–
Cash and cash equivalents	**43,346**	60,906	79,796
Total assets per the balance sheet	**848,752**	889,420	945,419

Secondary reporting format – by revenue category and geographical location

	Millions of yen	
	2012	2011
Analysis of revenue by category		
Sale of glass and glass-related products	**525,327**	549,247
Sales of services	**2,168**	2,404
Royalty and licensing income	**1,295**	1,089
Engineering contracts	**6,187**	5,544
Other sundry sales	**17,246**	18,785
	552,223	577,069

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

	Millions of yen	
	2012	2011
Revenue		
Japan	**149,117**	152,615
Europe	**214,003**	226,607
North America	**68,026**	74,186
Rest of World	**121,077**	123,661
	552,223	577,069

The total of non-current assets other than financial instruments and deferred tax assets located in Japan is ¥44,958 million (2011: ¥47,672 million, 2010: ¥53,938 million), UK ¥253,291 million (2011: ¥274,258 million, 2010: ¥296,312 million) and the total of these non-current assets located in other countries is ¥205,875 million (2011: ¥217,036 million, 2010: ¥221,244 million). No individual customer accounts for more than 10 percent of total revenues of the Group.

3. Other income

	Millions of yen	
	2012	2011
Dividend income on available-for-sale assets	**145**	159
Gains on settlement of insurance proceeds	**174**	7,176
Profit on disposals	**1,916**	–
Other	**5,697**	8,599
	7,932	15,934

4. Other expenses

	Note	2012	2011
		Millions of yen	
Amortization of intangibles	12	**(9,752)**	(10,311)
Write back/(impairment) of property, plant and equipment	13	**57**	(1,167)
Reversal of impairment losses on associates	15	**–**	1,020
Impairment of intangible assets	12	**(44)**	(186)
Impairment of available-for-sale investments	17	**(40)**	(127)
Research and development costs written off in the period (excluding that capitalized or amortized)		**(531)**	(606)
Bad debts written off		**(479)**	(429)
Doubtful debt provision increase	16	**(927)**	(1,794)
Reversal of previously held doubtful debt provision	16	**1,124**	950
Float tank repair costs		**(54)**	(51)
Net foreign exchange on other expense items		**85**	(425)
Decrease in fair value of investment properties	14	**(71)**	(439)
Other operating expenses		**(6,161)**	(9,688)
		(16,793)	(23,253)

5. Net foreign exchange losses

The net exchange losses charged to the income statement are as follows:

	2012	2011
	Millions of yen	
Net foreign exchange on cost of sales	**(98)**	(445)
Net foreign exchange on other income items	**(29)**	(619)
Net foreign exchange on distribution costs	**(3)**	–
Net foreign exchange on administrative expenses	**(179)**	140
Net foreign exchange on other expenses	**85**	(425)
Net foreign exchange included within operating profit	**(224)**	(1,349)

6. Exceptional items

	2012	2011
	Millions of yen	
Exceptional items (gains):		
Gain on reduction of UK pension liabilities	**4,309**	–
Gain on dilution of shares in associate (note 15)	**1,393**	–
Other	**132**	–
	5,834	–
Exceptional items (losses):		
Impairments of tangible assets	**(2,148)**	–
Impairment of goodwill (note 11)	**(177)**	
Impairment of investment in associates (note 15)	**(1,941)**	–
Restructuring costs, including employee termination payments	**(2,804)**	–
Settlement of litigation matters	**(2,094)**	–
	(9,164)	–
	(3,330)	–

The gain on reduction of UK pension liabilities relates 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 dilution of shares in an associate arises following a placing of shares by China Glass Holdings Ltd in which the Group did not participate.

Impairments of tangible assets are mainly generated from the write down of unprofitable or redundant assets to their realizable value.

The Group has impaired its investment in China Glass Holdings Ltd in order to equate the carrying value with the market value of the company at the balance sheet date.

Redundancy and restructuring costs have been incurred where the Group has communicated detailed restructuring plans to affected employees.

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

	Millions of yen	
	2012	2011
Wages and salaries	**(115,187)**	(118,214)
Redundancy and termination benefits	**(2,286)**	(2,229)
Social security costs	**(12,805)**	(12,758)
Share options granted to directors and employees (note 29)	**(67)**	(55)
Pension costs:		
defined contribution schemes	**(7,397)**	(7,258)
defined benefit schemes	**(3,167)**	(3,287)
Other short-term employee benefits	**(5,593)**	(6,322)
	(146,502)	(150,123)

Key management compensation (included above) comprises:

	Millions of yen	
	2012	2011
Salaries and short-term employee benefits	**(801)**	(778)
Annual bonus	**–**	(472)
Compensation for loss of office	**(203)**	–
Share options granted	**(41)**	(34)
Post-employment benefits	**(98)**	(121)
Long-term incentive plan	**–**	(151)
	(1,143)	(1,556)

Key management compensation comprises the remuneration of those 24 (2011: 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

		Millions of yen	
	Note	**2012**	2011
Finance income			
Interest income		**1,873**	1,887
Foreign exchange transaction gains		**140**	107
Fair value gains on financial instruments – interest rate swaps		**410**	255
		2,423	2,249
Finance expenses			
Interest expense – bank and other borrowings		**(14,594)**	(13,784)
Dividend on non-equity preference shares due to minority shareholders		**(225)**	(233)
Foreign exchange transaction losses		**(56)**	(735)
Fair value losses on financial instruments – interest rate swaps		**(163)**	–
Other interest and similar charges		**(54)**	(1,884)
		(15,092)	(16,636)
Unwinding of discounts on provisions	27	**(263)**	(265)
Retirement benefit obligations:			
expected return on plan assets	26	**11,553**	11,875
interest costs on pension scheme liabilities	26	**(12,944)**	(13,497)
		(16,746)	(18,523)

9. Income tax

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

	Note	Millions of yen 2012	2011
Current tax			
charge for the period		**(4,427)**	(5,767)
adjustment in respect of prior periods		**(884)**	637
		(5,311)	(5,130)
Deferred tax			
credit for the period		**5,708**	3,743
adjustment in respect of prior periods		**1,378**	417
adjustment in respect of rate changes		**1,298**	1,479
	19	**8,384**	5,639
		3,073	509

The tax 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 10.67 percent (2011: 50.52 percent). 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 2012 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 40.69 percent (2011: 40.69%) and this consists of corporate income tax, inhabitants' taxes and enterprise tax.

The tax credit 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 2012	2011
(Loss)/profit before taxation	**(4,822)**	15,306
Deduct share of post-tax profits of joint ventures and associates	**(5,115)**	(8,713)
(Loss)/profit before tax of Group companies	**(9,937)**	6,593
Tax credit calculated at the statutory tax rates applicable to profits/(losses) in the respective countries	**1,061**	(3,331)
Expenses not deductible for tax purposes	**(1,714)**	(5,162)
Income not subject to tax	**2,375**	4,983
Non taxable gains/(non-deductible losses) on hedging derivative contracts	**(310)**	(148)
Other items giving rise to local tax adjustments	**(692)**	1,866
Adjustment to tax in respect of prior periods		
current tax	**(884)**	637
deferred tax	**1,378**	417
Adjustment to tax as a result of changes in tax rates	**1,298**	1,479
Tax losses and other temporary differences for which no deferred tax asset is recognized	**1,163**	2,109
Other local, non-corporate and withholding taxes suffered	**(602)**	(2,341)
Total taxation credit – continuing operations	**3,073**	509

At the balance sheet date, legislation had been substantively enacted which would reduce the main rate of UK corporation tax from 26 percent to 24 percent with effect from 1 April 2012. This reduction is reflected in the Group's deferred tax balances as at 31 March 2012 (see note 19). The effect of the rate reduction has been to reduce the Group's overall deferred tax liability in the UK by ¥494 million. This reduction is reflected in a credit to the Group's consolidated income statement of ¥1,584 million and a charge to the Group's consolidated statement of comprehensive income of ¥1,090 million.

Further reductions to the main rate of corporation tax were also announced in the March 2012 UK Budget Statement, to ultimately reduce the rate to 22 percent from 1 April 2014. The reduction from 24 percent to 23 percent has been included in Finance Bill 2012, to have effect from 1 April 2013. The reduction from 23 percent to 22 percent is expected to be enacted separately, in the Finance Bill 2013. These changes had not been substantively enacted at the balance sheet date and, therefore, are not reflected in these financial statements.

If the remaining 2 percent reduction in the UK corporation tax rate were applied to the Group's deferred tax balances at 31 March 2012, the effect would be to reduce the overall deferred tax liability by ¥494 million, with a reduction of ¥247 million recognized in the financial statements for each of the periods ended 31 March 2013 and 2014, upon each successive 1 percent rate change becoming enacted or substantively enacted. It is anticipated that, in each period, the reduction will give rise to a deferred tax credit of ¥792 million in the Group's consolidated income statement and a deferred tax charge of ¥545 million in the Group's consolidated statement of comprehensive income.

10. Dividends

	Millions of yen	
	2012	2011
Dividends on ordinary shares declared and paid during the period		
Final dividend for the period ended 31 March 2011: 3 yen per share (2010: 3 yen per share)	**2,705**	2,005
Interim dividend for the period ended 31 March 2012: 3 yen per share (2011: 3 yen per share)	**2,706**	2,705
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 2012: 1.5 yen per share (2011: 3 yen per share)	**1,354**	2,706

11. Goodwill

	Millions of yen	
	2012	2011
Cost		
At 1 April	**114,432**	122,743
Exchange differences	**(9,236)**	(9,751)
Acquisition of subsidiaries (note 38)	**–**	1,440
At 31 March	**105,196**	114,432
Accumulated impairment		
At 1 April	**–**	–
Exchange difference	**1**	–
Impairment charge in the period	**177**	–
At 31 March	**178**	–
Net book amount at 31 March	**105,018**	114,432
Net book amount at 1 April 2010	**–**	122,743

The additions in the period to 31 March 2011 relates mainly to goodwill arising as a result of the Group acquiring 100 percent control of Taicang Pilkington China Glass Special Glass Limited, subsequently renamed Pilkington Solar (Taicang) Limited, which is now accounted for as a subsidiary.

Impairments in the period have been charged wholly to exceptional items, see note 6. Impairment charges for the period ended 31 March 2012, relate to the closure of the Group's facility in Lahti, Finland.

The Group does not amortize goodwill. In accordance with IAS 36 'Impairment of assets', the goodwill has been tested for impairment at 31 March 2012 and 2011 and no impairment provision was deemed necessary, except as set out above. To perform this test, at 31 March 2012 and 2011, the directors compared the carrying value of each cash-generating unit, including the value of goodwill allocated to that unit, 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 the Group's financial budgets and plans, covering a three-year period. The future operating cash flows were extrapolated beyond this three-year period to 2019 (2011: to 2018) with perpetuity thereafter. This is the maximum period for which management believe could be predicted with an acceptable level of confidence.

A general growth rate of nil percent each year (2011: 5 percent each year) has been applied to the extrapolated cash flows for each cash-generating unit for the financial years from FY2016 to FY2019. 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 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	
	2012	2011
Building Products Europe	**35,617**	38,467
Building Products Japan	**12**	12
Building Products North America	**5,846**	6,036
Building Products Rest of World	**6,905**	7,550
Automotive Europe	**35,465**	39,133
Automotive North America	**9,199**	9,497
Automotive Rest of World	**11,012**	12,702
Others	**962**	1,035
Total	**105,018**	114,432

11. Goodwill continued

The key assumptions used in this process are as follows:

Assumption	**Value**
Financial years used for discounted cash flow calculations	Financial years 2013 to 2019 with perpetuity thereafter
Pre-tax discount rate used	7.4% to 9.4%

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.

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. Automotive Europe had an immaterial amount of headroom, calculated using a discount rate of 7.4 percent. Using a discount rate of 7.8 percent for this cash-generating unit would result in a material shortfall of value in use compared to the net asset value, including goodwill, of that unit, and consequently a resulting impairment of goodwill.

The directors have reviewed the impairment calculations for this and all other cash-generating units at the respective period-ends and are satisfied that no impairment was necessary at the balance sheet date.

12. Intangible assets

					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**

					Millions of yen
					2011
	Trademarks and licenses	Development costs	Computer software	Other	Total
Cost					
At 1 April 2010	358	7,587	27,630	146,040	181,615
Exchange differences	(6)	(357)	(368)	(9,198)	(9,929)
Arising on acquisition of new subsidiaries	–	–	39	254	293
Additions	(24)	1,169	312	72	1,529
Disposals	(1)	(851)	(2,449)	(50)	(3,351)
At 31 March 2011	327	7,548	25,164	137,118	170,157
Accumulated amortization and impairment					
At 1 April 2010	263	2,542	18,815	41,693	63,313
Exchange differences	(3)	(132)	(166)	(2,328)	(2,629)
Amortization charge for the period	22	934	1,451	7,904	10,311
Impairment charge in the period	–	181	–	5	186
Disposals	–	(851)	(2,177)	(22)	(3,050)
At 31 March 2011	282	2,674	17,923	47,252	68,131
Net book amount					
At 31 March 2011	45	4,874	7,241	89,866	102,026
At 1 April 2010	95	5,045	8,815	104,347	118,302

All amortization and impairments have been charged to other expenses, please see note 4.

12. Intangible assets continued

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

							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**

							Millions of yen
							2011
	Customer relationships	Know-how	Pilkington brand	Other brands	Developed technology	Other	Total
Cost							
At 1 April 2010	26,765	41,176	42,710	5,270	22,535	364	138,820
Exchange differences	(1,496)	(2,567)	(2,813)	(285)	(1,390)	(15)	(8,566)
At 31 March 2011	25,269	38,609	39,897	4,985	21,145	349	130,254
Accumulated amortization and impairment							
At 1 April 2010	6,644	15,441	8,008	1,977	6,824	124	39,018
Exchange differences	(364)	(855)	(527)	(97)	(388)	(5)	(2,236)
Amortization charge for the period	1,623	3,753	–	488	1,658	31	7,553
At 31 March 2011	7,903	18,339	7,481	2,368	8,094	150	44,335
Net book amount							
At 31 March 2011	17,366	20,270	32,416	2,617	13,051	199	85,919
At 1 April 2010	20,121	25,735	34,702	3,293	15,711	240	99,802

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 ¥3,609 million (2011: ¥3,947 million). Amortization charged in the period on these other intangible assets amounted to ¥325 million (2011: ¥351 million) and impairments on these other intangible assets amounts to ¥23 million (2011: ¥5 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.

13. Property, plant and equipment

	Millions of yen		
	2012		
	Land and buildings	Plant, equipment and vehicles	Total
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**

	Millions of yen		
	2011		
	Land and buildings	Plant, equipment and vehicles	Total
Cost			
At 1 April 2010	184,636	422,935	607,571
Exchange differences	(4,606)	(18,620)	(23,226)
Transferred to assets held for sale	(862)	–	(862)
Additions	2,680	29,551	32,231
Additions from new subsidiaries	1,480	3,893	5,373
Disposals	(1,789)	(5,766)	(7,555)
At 31 March 2011	181,539	431,993	613,532
Accumulated depreciation and impairment			
At 1 April 2010	82,003	241,901	323,904
Exchange differences	(756)	(7,526)	(8,282)
Charge for the period	4,168	26,890	31,058
Impairment losses arising in the period	747	420	1,167
Eliminated on disposals	(1,338)	(5,154)	(6,492)
At 31 March 2011	84,824	256,531	341,355
Net book amount			
At 31 March 2011	96,715	175,462	272,177
At 1 April 2010	102,633	181,034	283,667

The carrying amount of the Group's land and buildings includes ¥1,094 million (2011: ¥1,055 million, 2010: ¥1,070 million) and the Group's plant, equipment and vehicles includes ¥1,326 million (2011: ¥2,321 million, 2010: ¥3,288 million) in respect of assets held under finance leases.

Land and buildings includes assets with a carrying amount of ¥1,094 million (2011: ¥1,203 million, 2010: ¥79 million), and plant and machinery with a carrying amount of ¥2,304 million (2011: ¥4,892 million, 2010: ¥20,116 million), are subject to specific charges to secure Group borrowings.

Of the additions in the period, ¥60 million were financed by new finance leases (2011: ¥107 million).

Depreciation charged in the period all relates to continuing operations, this has been charged to cost of sales ¥24,789 million (2011: ¥27,091 million), distribution costs ¥1,451 million (2011: ¥1,060 million) and administrative expenses ¥2,735 million (2011: ¥2,907 million).

Impairments in the period have been credited to other expenses ¥57 million (2011: charge of ¥1,167 million), see note 4, and charged to exceptional items ¥2,118 million (2011: nil), see note 6.

Property, plant and equipment includes ¥2,677 million (2011: ¥1,093 million, 2010: ¥1,486 million) in respect of assets in the course of construction.

14. Investment property

	Millions of yen	
	2012	2011
Fair value		
At 1 April	**911**	2,131
Exchange differences	**(49)**	(56)
Net reduction in fair value	**(46)**	(439)
Disposals	**(141)**	(725)
At 31 March	**675**	911

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 gain of ¥25 million and a loss of ¥71 million (2011: a loss of ¥439 million), see 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 ¥187 million (2011: ¥199 million). Direct operating expenses arising on the investment properties in the period amounted to ¥77 million (2011: ¥55 million).

There were no investment property commitments at 31 March 2012, 2011 or 1 April 2010.

15. Investments accounted for using the equity method

						Millions of yen
			2012			2011
	Joint ventures	**Associates**	**Total**	Joint ventures	Associates	Total
At 1 April	**30,280**	**19,140**	**49,420**	27,229	17,422	44,651
Exchange differences	**(3,525)**	**714**	**(2,811)**	(863)	(844)	(1,707)
Additions	**9,275**	**381**	**9,656**	1,057	2,775	3,832
Disposals	**–**	**–**	**–**	438	(3,275)	(2,837)
Gain on dilution of shares in associate	**–**	**1,393**	**1,393**	–	–	–
Reclassification of financial receivables	**(6,855)**	**–**	**(6,855)**	–	–	–
Impairment (losses)/reversal of impairment	**–**	**(1,941)**	**(1,941)**	–	1,020	1,020
Share of profits	**997**	**500**	**1,497**	2,419	2,042	4,461
At 31 March	**30,172**	**20,187**	**50,359**	30,280	19,140	49,420

The main addition to associated undertakings in the period ended 31 March 2012, as shown in the table above, comprises an additional investment of ¥319 million in Columbia.

Additions to joint ventures in the period include an additional investment in Pilkington Glass LLC the Group's joint venture undertaking in Russia amounting to ¥7,150 million.

The Group also established 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 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 (see note 6).

The reclassification of financial receivables in the period 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 the period 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 (see note 6).

15. Investments accounted for using the equity method continued

During the period ended 31 March 2011, the Group completed a share exchange transaction with China Glass Holdings Limited, under which the Group acquired 100 percent control of Taicang Pilkington China Glass Special Glass Limited. Under the terms of the share exchange agreement, the Group acquired the 50 percent stake owned by China Glass Holdings in Taicang Pilkington China Glass Special Glass Limited. In return, the Group sold to China Glass Holdings 14.68 percent of the issued share capital of JV Investments Limited. The original 50 percent holding is shown as a disposal of a Joint Venture in the period ended 31 March 2011. This is a positive figure because Taicang Pilkington China Glass Special Glass Limited had negative net assets at the date of the transaction. Accordingly, upon completion of the transaction NSG Group now owns 100 percent of Taicang Pilkington China Glass Special Glass Limited, renamed Pilkington Solar (Taicang) Limited, and is now accounted for as a subsidiary (see note 38 re acquisitions). Following this transaction, the Group then owned 25.46 percent of JV Investments Limited.

Subsequent to this the Group entered into an agreement with China Glass Holdings Limited to dispose of 22.52 percent of its 25.46 percent shareholding in JV Investments Limited in exchange for shares in China Glass Holdings Limited. The remaining 2.94 percent was sold for cash.

The additions to associates in the period ended 31 March 2011 related to the additional shares in China Glass Holdings Limited plus related goodwill.

In the period ended 31 March 2011, the Group reversed impairment losses of ¥1,020 million in respect of China Glass Holdings Limited which had been charged in the period ended 31 March 2009. This has been credited to other expenses (see note 4).

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
Flovetro SpA	50.0%	Italy	Glass manufacturing
Pilkington Glass LLC	50.0%	Russia	Glass manufacturing
Jiangsu Pilkington SYP Glass Co Limited	59.7%	China	Glass manufacturing
Tianjin SYP Pilkington Co Limited	51.3%	China	Glass manufacturing

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. The results for the period ended 31 March 2012 for Flovetro SpA cover a 15-month period (from 1 January 2011 to 31 March 2012). Previously this company accounted to 31 December but in April 2012, the Group acquired the remaining 50 percent shareholding in Flovetro SpA. Therefore it has included its results up to the date of becoming a subsidiary.

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

					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

15. Investments accounted for using the equity method continued

					Millions of yen
					2011
	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Net assets
Cebrace	22,599	5,670	5,276	4,860	18,133
Flovetro SpA	1,795	1,349	1,587	954	603
Pilkington Glass LLC	8,333	2,254	6,768	1,277	2,542
Jiangsu Pilkington SYP Glass Co Limited	4,867	1,715	2,504	1,878	2,200
Others	5,422	141	1,760	12	3,791
	43,016	11,129	17,895	8,981	27,269

								Millions of yen
								2011
	Revenue	Expenses	Profit/(loss)	Finance expense	Tax	Profit/(loss) after tax	Dividends	Retained profit/(loss)
Cebrace	20,511	(12,320)	8,191	(106)	(2,800)	5,285	(3,666)	1,619
Flovetro SpA	764	(663)	101	(28)	(7)	66	–	66
Pilkington Glass LLC	4,661	(3,683)	978	(456)	208	730	–	730
Jiangsu Pilkington SYP Glass Co Limited	2,869	(2,624)	245	(192)	–	53	–	53
Others	–	(7)	(7)	(40)	–	(47)	(2)	(49)
	28,805	(19,297)	9,508	(822)	(2,599)	6,087	(3,668)	2,419

					Millions of yen
					2010
	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Net assets
Cebrace	22,003	4,312	5,749	3,742	16,824
Flovetro SpA	2,049	1,886	1,908	1,458	569
Pilkington Glass LLC	9,251	1,413	3,396	5,333	1,935
Jiangsu Pilkington SYP Glass Co Limited	5,179	2,095	2,451	2,519	2,304
Others	8,513	889	3,561	2,196	3,645
	46,995	10,595	17,065	15,248	25,277

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 2012	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
FMC Wyoming Corporation	6.25%	United States	Mining and soda ash manufacturing
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.

The Group holds 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. The Group also owns 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 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 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**

Millions of yen

	Total 2011			NSG Group share 2011		
	Total assets	Total liabilities	Net assets	Total assets	Total liabilities	Net assets
Shanghai Yaohua Pilkington Glass Co Limited	71,178	45,333	25,845	13,818	8,801	5,017
Flachglas Wernberg GmbH	11,014	7,263	3,751	5,397	3,559	1,838
FMC Wyoming Corporation	40,081	10,196	29,885	2,505	637	1,868
China Glass Holdings Limited	63,159	44,385	18,774	16,990	11,940	5,050
Others	8,666	5,635	3,031	2,248	1,483	765
	194,098	112,812	81,286	40,958	26,420	14,538

Millions of yen

	Total 2011		NSG Group share 2011	
	Total revenue	Total post-tax profits/(losses)	Total revenue	Total post-tax profits/(losses)
Shanghai Yaohua Pilkington Glass Co Limited	28,431	2,474	5,459	480
Flachglas Wernberg GmbH	15,110	(276)	7,114	(135)
FMC Wyoming Corporation	51,501	7,948	3,219	497
China Glass Holdings Limited	17,687	4,227	4,758	1,137
Others	39,025	2,493	10,177	647
	151,754	16,866	30,727	2,626

Millions of yen

	Total 2010			NSG Group share 2010		
	Total assets	Total liabilities	Net assets	Total assets	Total liabilities	Net assets
Shanghai Yaohua Pilkington Glass Co Limited	67,867	42,748	25,119	13,175	8,299	4,876
Flachglas Wernberg GmbH	11,246	6,826	4,420	5,511	3,345	2,166
FMC Wyoming Corporation	47,292	14,001	33,291	2,956	875	2,081
China Glass Holdings Limited	24,329	16,621	7,708	7,274	4,970	2,304
Others	44,735	34,410	10,325	16,561	12,926	3,635
	195,469	114,606	80,863	45,477	30,415	15,062

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 ¥12,881 million at 31 March 2012 (2011: ¥26,839 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 ¥5,428 million at 31 March 2012 (2011: ¥14,661 million).

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

16. Trade and other receivables

			Millions of yen
	2012	2011	1 April 2010
Trade receivables	**93,748**	95,013	98,465
Less provision for impairment of receivables	**(4,975)**	(5,924)	(6,115)
Trade receivables – net	**88,773**	89,089	92,350
Amounts due from customers for contract work (note 21)	**1,593**	1,682	1,407
Amounts owed by related parties (trading) (note 39)	**1,742**	1,388	808
Loans to related parties (note 39)	**4,080**	2,926	5,284
Other receivables	**13,530**	16,073	20,155
Prepayments and accrued income	**6,451**	8,345	6,052
	116,169	119,503	126,056
Current	**109,493**	107,985	117,265
Non-current	**6,676**	11,518	8,791
	116,169	119,503	126,056

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 Building Products, Automotive AGR, or Specialty 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 customers, net of related provisions, was ¥29,672 million (2011: ¥29,195 million, 2010 ¥32,242 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 2012, trade receivables at nominal value of ¥4,975 million, (2011: ¥5,924 million, 2010: ¥6,115 million) were impaired and fully provided for. Movements in the provision for impairment of receivables were as follows:

		Millions of yen
	2012	2011
At 1 April	**(5,924)**	(6,115)
Exchange differences	**221**	227
Charge for the period (note 4)	**(927)**	(1,794)
Unused amounts reversed (note 4)	**1,124**	950
Utilized	**531**	808
At 31 March	**(4,975)**	(5,924)

As at 31 March, the ageing analysis of current trade and other receivables (excluding prepayments and accrued income) is as follows:

						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
2012	**103,729**	**92,647**	**6,152**	**1,147**	**3,315**	**468**
2011	101,705	92,942	5,733	2,282	151	597
1 April 2010	114,133	106,445	4,988	1,174	391	1,135

17. Available-for-sale investments

Millions of yen

	2012	2011	1 April 2010
At 1 April	**9,398**	10,517	
Exchange differences	**(107)**	(59)	
Acquisitions	**12**	10	
Additions from new subsidiaries	**–**	73	
Disposals	**(266)**	(1,083)	
Impairment in the period to the income statement (note 4)	**(40)**	(127)	
Revaluation surplus transferred to equity (note 33)	**151**	(254)	
Gain on investments reclassified as subsidiaries transferred to reserves	**–**	321	
Fair value adjustment on impairment of investments	**11**	–	
At 31 March	**9,159**	9,398	10,517
Current	**3**	231	–
Non-current	**9,156**	9,167	10,517
	9,159	9,398	10,517

The disposal in the period ended 31 March 2012 relates to UK Government gilts which were redeemed in August 2011.

Available-for-sale financial assets include the following:

Millions of yen

	2012	2011	1 April 2010
UK Government gilts	**3,162**	3,145	3,175
Listed equities	**2,337**	2,476	2,930
Unlisted shares	**3,107**	3,127	3,689
Bond funds	**369**	396	425
Other	**184**	254	298
	9,159	9,398	10,517

18. Derivative financial instruments

Millions of yen

	2012		2011		1 April 2010	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Interest rate swaps						
not qualifying as hedges	**41**	**164**	168	509	394	1,336
cash flow hedges	**171**	**876**	455	1,279	283	3,322
Forward foreign exchange contracts						
not qualifying as hedges	**7**	**11**	78	65	–	–
cash flow hedges	**408**	**277**	491	503	571	887
net investment hedges	**448**	**567**	455	481	175	1,905
Energy hedges						
cash flow hedges	**2,635**	**2,377**	3,498	1,293	1,792	3,204
	3,710	**4,272**	5,145	4,130	3,215	10,654
Current	**2,354**	**2,363**	3,034	2,205	1,966	6,378
Non-current	**1,356**	**1,909**	2,111	1,925	1,249	4,276
	3,710	**4,272**	5,145	4,130	3,215	10,654
Maturity						
within one year	**2,354**	**2,363**	3,034	2,205	1,966	6,378
between one and two years	**1,030**	**1,002**	1,406	1,506	662	1,262
between two and three years	**207**	**234**	418	328	494	2,436
between three and four years	**99**	**148**	181	83	37	530
between four and five years	**20**	**525**	100	8	51	48
over five years	**–**	**–**	6	–	5	–
	3,710	**4,272**	5,145	4,130	3,215	10,654

Of the above financial instruments, gross cash flows are exchanged for forward foreign exchange contracts only. The contractual liabilities are ¥113,197 million falling due within one year and ¥3,539 million falling due between one and two years.

Gains and losses in equity on forward foreign exchange contracts as of 31 March 2012 will be released to the income statement at various dates up to 14 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 2012 were ¥98,843 million (2011: ¥107,222 million, 2010: ¥114,763 million). At 31 March 2012, the fixed interest rates on interest rate swaps vary from 0.995 percent to 6.7113 percent (2011: 1.043 percent to 6.7113 percent, 2010: 1.043 percent to 6.7113 percent) and the main floating rates are TIBOR, EURIBOR and LIBOR.

18. Derivative financial instruments continued

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 2012 was ¥111,744 million (2011: ¥91,811 million, 2010: ¥127,427 million). The fair value of the derivatives as at 31 March 2012 was a gain of ¥267 million (2011: a gain of ¥27 million, 2010: a gain of ¥1,702 million). The foreign exchange gain of ¥4,131 million (2011: a gain of ¥2,787 million, 2010: a gain of ¥488 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.

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
				2012
	Level 1	Level 2	Level 3	Total
Available-for-sale investments (note 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
				2011
	Level 1	Level 2	Level 3	Total
Available-for-sale investments (note 17)				
UK Government gilts	3,145	–	–	3,145
listed equities	2,476	–	–	2,476
unlisted equities	–	3,127	–	3,127
bond funds	396	–	–	396
other	–	–	254	254
Derivative assets (above)				
interest rate swaps	–	623	–	623
forward foreign exchange contracts	–	1,024	–	1,024
energy hedges	–	3,498	–	3,498

				Millions of yen
				1 April 2010
	Level 1	Level 2	Level 3	Total
Available-for-sale investments (note 17)				
UK Government gilts	3,175	–	–	3,175
listed equities	2,930	–	–	2,930
unlisted equities	–	3,689	–	3,689
bond funds	425	–	–	425
other	–	–	298	298
Derivative assets (above)				
interest rate swaps	–	677	–	677
forward foreign exchange contracts	–	746	–	746
energy hedges	–	1,792	–	1,792

18. Derivative financial instruments continued

				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**

				Millions of yen
				2011
	Level 1	Level 2	Level 3	Total
Derivative liabilities (above)				
interest rate swaps	–	1,788	–	1,788
forward foreign exchange contracts	–	1,049	–	1,049
energy hedges	–	1,293	–	1,293

				Millions of yen
				1 April 2010
	Level 1	Level 2	Level 3	Total
Derivative liabilities (above)				
interest rate swaps	–	4,658	–	4,658
forward foreign exchange contracts	–	2,792	–	2,792
energy hedges	–	3,204	–	3,204

During the periods ended 31 March 2012 and 2011, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of the Level 3 fair value measurements.

19. Deferred income tax

			Millions of yen
	2012	2011	1 April 2010
Deferred tax assets	**61,248**	50,155	55,169
Deferred tax liabilities	**37,849**	44,918	53,671
Net deferred tax asset	**23,399**	5,237	1,498

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

		Millions of yen
	2012	2011
At 1 April	**5,237**	1,498
Exchange differences	**1,360**	(1,048)
Credit to the income statement for the period (note 9)	**8,384**	5,639
Deferred tax of new subsidiaries	**–**	3
Deferred tax of former subsidiaries	**–**	(16)
Credit/(charge) to other comprehensive income for the period	**8,418**	(839)
At 31 March	**23,399**	5,237

The credit (2011: charge) to other comprehensive income in the period comprises a credit to the hedging reserve of ¥737 million (2011: a charge of ¥1,576 million), note 33, and a credit to the fair value reserve of ¥178 million (2011: a credit of ¥168 million), note 33. The Group also has a credit to other comprehensive income in respect of retirement benefit obligations in retained earnings of ¥7,502 million (2011: a credit of ¥570 million), note 26.

19. Deferred income tax continued

The following movement in the Group's deferred tax assets and liabilities took place during the periods ended 31 March 2012 and 31 March 2011:

					Millions of yen
					2012
	Tax losses	Fair value losses	Defined benefit obligations and provisions	Other	Total
Deferred tax assets					
At 1 April 2011	**19,951**	**547**	**21,810**	**7,847**	**50,155**
Exchange differences	**(655)**	**(35)**	**(421)**	**(276)**	**(1,387)**
(Charge)/credit to the income statement in the period (note 9)	**3,476**	**(106)**	**16**	**1,236**	**4,622**
(Charge)/credit to other comprehensive income for the period	**–**	**(47)**	**7,502**	**403**	**7,858**
At 31 March 2012	**22,772**	**359**	**28,907**	**9,210**	**61,248**

					Millions of yen
					2011
	Tax losses	Fair value losses	Defined benefit obligations and provisions	Other	Total
Deferred tax assets					
At 1 April 2010	19,767	1,197	28,202	6,003	55,169
Exchange differences	(1,587)	(86)	(2,263)	(238)	(4,174)
(Charge)/credit to the income statement in the period (note 9)	1,776	(585)	(4,688)	3,061	(436)
Deferred tax of new subsidiaries	–	–	–	3	3
Deferred tax of former subsidiaries	(5)	–	(11)	–	(16)
(Charge)/credit to other comprehensive income for the period	–	21	570	(982)	(391)
At 31 March 2011	19,951	547	21,810	7,847	50,155

The Group assesses its ability to utilize tax losses in future periods based on Board-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 2012, the Group has tax losses which it is able to carry forward of ¥122,740 million (2011: ¥101,380 million), in respect of which it is recognizing a deferred tax asset of ¥22,772 million (2011: ¥19,951 million).

A significant part of this deferred tax asset arises in the USA and a deferred tax asset of ¥10,100 million (2011: ¥10,049 million) has been recognized based on Board-approved financial forecasts and taking into account the date of expiry of tax losses under US tax laws.

A deferred tax asset of ¥2,789 million (2011: ¥365 million) has been recognized in respect of tax losses arising in Japan, based on the Board-approved financial forecast. Further tax losses of ¥3,932 million (2011: ¥12,539 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 FY2013 and FY2021.

A further ¥4,831 million (2011: ¥7,618 million) of the deferred tax asset relates to tax losses arising in the UK, based on the Board-approved financial forecasts. These tax losses are not subject to time expiry. Further tax losses of ¥17,154 million (2011: nil) 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 ¥5,052 million (2011: ¥1,919 million), in respect of tax losses arising in other territories, is being recognized in full, based on Board-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 ¥22,410 million (2011: ¥20,730 million), with ¥7,117 million subject to time expiry under local tax laws. The balance of unrecognized tax losses, of ¥15,293 million, is not subject to time expiry.

The deferred tax asset in respect of provisions includes a deferred tax asset of ¥21,671 million (2011: ¥15,212 million) in respect of the Group's retirement benefit obligations. This arises mainly in the USA, where a deferred tax asset of ¥9,938 million (2011: ¥9,951 million) is being recognized, and the UK, where a deferred tax asset of ¥6,448 million (2011: ¥2,732 million) is being recognized.

19. Deferred income tax continued

	Accelerated tax depreciation	Fair value gains	Provisions	Other	Total
					Millions of yen
					2012
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 (note 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**

	Accelerated tax depreciation	Fair value gains	Provisions	Other	Total
					Millions of yen
					2011
Deferred tax liabilities					
At 1 April 2010	20,144	32,138	207	1,182	53,671
Exchange differences	(1,174)	(1,876)	(20)	(56)	(3,126)
Credit to the income statement in the period (note 9)	(748)	(3,838)	(167)	(1,322)	(6,075)
Charge/(credit) to other comprehensive income for the period	–	(1,172)	–	1,620	448
At 31 March 2011	18,222	25,252	20	1,424	44,918

Deferred taxation provided on unremitted earnings of joints ventures and associates at 31 March 2012, was ¥179 million (2011: ¥109 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

			Millions of yen
	2012	2011	1 April 2010
Raw materials	**35,013**	31,569	32,309
Work-in-progress	**15,830**	13,313	9,299
Finished goods	**55,269**	55,463	56,325
	106,112	100,345	97,933

The cost of inventories recognized as an expense and included in cost of sales amounted to ¥295,059 million (2011: ¥305,371 million) and includes the write down of inventories totaling ¥581 million (2011: ¥723 million).

The carrying amount of inventories carried at fair value less cost to sell (net realizable value) amount to ¥29,055 million (2011: ¥19,008 million, 2010: ¥14,445 million).

The amount of inventory written down and expensed through the income statement in the period amounted to ¥581 million (2011: ¥723 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 nil (2011: nil).

21. Construction work-in-progress

			Millions of yen
	2012	2011	1 April 2010
Contract costs incurred plus recognized profits less recognized losses	**10,804**	9,862	11,866
Less amounts invoiced	**(10,228)**	(9,230)	(10,790)
	576	632	1,076
Contracts in progress at 31 March			
Amounts due from contract customers included in trade and other receivables (note 16)	**1,593**	1,682	1,407
	1,593	1,682	1,407

Advances received from customers for contract work, included in the above summary, amounted to ¥671 million (2011: ¥707 million, 2010: ¥664 million).

At 31 March 2012, 2011 and 1 April 2010 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.

21. Construction work-in-progress continued

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

	Millions of yen	
	2012	2011
Contract revenue	**6,187**	5,544
Contract costs	**(4,226)**	(3,622)
Gross profit	**1,961**	1,922
Profit before tax	**1,734**	1,722

22. Cash and cash equivalents

	Millions of yen		
	2012	2011	1 April 2010
Cash at bank and in hand	**36,491**	46,336	55,250
Short-term deposits	**6,855**	14,570	24,546
	43,346	60,906	79,796

The effective interest rate on the Group's short-term bank deposits was 1.34 percent (2011: 1.64 percent) with an average maturity of 12 days (2011: 10 days).

The Group's cash flow statement includes the following:

	Millions of yen		
	2012	2011	1 April 2010
Cash and cash equivalents	**43,346**	60,906	79,796
Bank overdrafts (note 24)	**(18,549)**	(14,415)	(23,801)
	24,797	46,491	55,995

The short-term deposits noted above, which constitute cash equivalents, are represented by deposit account balances principally in Japan, the UK, the USA, Vietnam, 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 ¥2,000 million (2011: ¥1,742 million; 2010: ¥1,773 million).

23. Assets held for sale

	Millions of yen		
	2012	2011	1 April 2010
Assets held for sale	**1,088**	894	163

The assets held for sale at 31 March 2012 mainly related to land and buildings held by NSG Co., Ltd in Ibaraki, Japan, (2011: land held in the UK, 2010: disposal of an equity method investment). These assets held for sale were surplus to the Group's requirements and the Group was confident a sale would be completed within 12 months.

24. Borrowings

a. Borrowings and net debt

	2012	2011	1 April 2010
			Millions of yen
Current			
Bank overdrafts (note 22)	**18,549**	14,415	23,801
Bank borrowings	**90,792**	14,792	44,326
Other long-term loans	**261**	25,225	10,072
Finance lease liabilities	**542**	1,694	1,984
Non-equity non-controlling interest preference shares	**231**	249	265
	110,375	56,375	80,448
Non-current			
Bank borrowings	**195,311**	264,342	261,947
Other long-term loans	**83,639**	48,885	80,000
Finance lease liabilities	**647**	1,179	2,980
Non-equity non-controlling interest preference shares	**3,968**	4,272	4,543
	283,565	318,678	349,470
Total borrowings	**393,940**	375,053	429,918

Group borrowings include secured liabilities of ¥1,189 million (2011: ¥2,746 million, 2010: ¥34,151 million). Borrowings are secured by fixed and floating charges over certain assets of undertakings in the Group.

Summary of net debt

	2012	2011	1 April 2010
			Millions of yen
Financial liabilities			
borrowings	**393,940**	375,053	429,918
derivative financial instruments (note 18)	**4,272**	4,130	10,654
Financial assets			
derivative financial instruments (note 18)	**(3,710)**	(5,145)	(3,215)
Cash and cash equivalents (note 22)	**(43,346)**	(60,906)	(79,796)
Net debt	**351,156**	313,132	357,561

Net debt includes energy hedges within derivative financial instruments.

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
				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**

				Millions of yen
				2011
	Less than one year	One to five years	Over five years	Total
Total borrowings	288,984	63,367	22,702	375,053
Effect of interest rate swaps	(66,086)	66,086	–	–
	222,898	129,453	22,702	375,053

				Millions of yen
				1 April 2010
	Less than one year	One to five years	Over five years	Total
Total borrowings	339,700	59,138	31,080	429,918
Effect of interest rate swaps	(72,053)	72,053	–	–
	267,647	131,191	31,080	429,918

24. Borrowings continued

b. Interest rate exposure continued

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

					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**

					Interest rate %
					2011
	yen	£	US$	euro	Other
Bank overdrafts	–	0.34	–	2.81	4.43
Bank borrowings	2.07	0.45	1.84	3.77	4.78
Other long-term loans	1.29	–	–	–	–
Finance lease obligations	5.04	–	–	4.06	4.00

					Interest rate %
					1 April 2010
	yen	£	US$	euro	Other
Bank overdrafts	0.80	0.72	–	1.58	3.14
Bank borrowings	2.15	–	1.80	5.70	1.25
Other long-term loans	3.93	–	–	–	–
Finance lease obligations	4.21	–	4.21	4.05	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
	2012		2011		1 April 2010	
	Carrying amounts	**Fair values**	Carrying amounts	Fair values	Carrying amounts	Fair values
Bank borrowings	**195,311**	**195,311**	264,342	264,342	261,947	261,947
Other long-term loans	**83,639**	**71,899**	48,885	50,783	80,000	79,736
Finance lease obligations	**647**	**647**	1,179	1,179	2,980	2,980
Non-equity non-controlling interest preference shares	**3,968**	**3,968**	4,272	4,272	4,543	4,543
	283,565	**271,825**	318,678	320,576	349,470	349,206

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.

d. Currency of borrowings

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

			Millions of yen
	2012	2011	1 April 2010
Japanese yen	**204,169**	200,079	267,734
Sterling	**15,213**	34,104	42,120
Euro	**99,112**	62,267	61,922
US dollar	**32,755**	30,046	16,430
Swedish krona	**7,234**	9,466	9,464
Polish zloty	**13,149**	13,365	16,521
Other currencies	**22,308**	25,726	15,727
	393,940	375,053	429,918

24. Borrowings continued

e. Maturity profile of committed borrowings

The Group has the following undrawn borrowing facilities:

			Millions of yen
	2012	2011	1 April 2010
Floating rate expiring after one year	**100,046**	77,000	93,131

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

			Millions of yen
	2012	2011	1 April 2010
Within one year	**110,375**	56,375	80,448
One to two years	**119,342**	87,190	40,543
Two to three years	**39,788**	131,161	89,976
Three to four years	**69,746**	34,915	123,330
Four to five years	**30,532**	49,176	38,377
After five years	**24,157**	16,236	57,244
	393,940	375,053	429,918

f. Finance leases

The finance lease liabilities are analyzed as follows:

			Millions of yen
	2012	2011	1 April 2010
Finance lease liabilities – minimum lease payments			
not later than one year	**549**	1,694	1,990
later than one year and not later than five years	**575**	1,058	2,569
later than five years	**75**	121	418
Future finance charges on finance leases	**(10)**	–	(13)
Present value of finance lease liabilities	**1,189**	2,873	4,964

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

			Millions of yen
	2012	2011	1 April 2010
Not later than one year	**542**	1,694	1,984
Later than one year and not later than five years	**575**	1,045	2,677
Later than five years	**72**	134	303
	1,189	2,873	4,964

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

			Millions of yen
	2012	2011	1 April 2010
Trade payables	**66,979**	73,420	68,898
Amounts owed to related parties (trading) (note 39)	**2,114**	2,389	1,552
Loans from related parties	**215**	250	952
Social security and other taxes	**5,729**	6,261	5,681
Other payables	**24,347**	24,182	23,682
Accruals	**11,036**	14,308	15,185
	110,420	120,810	115,950
Current	**109,269**	119,896	115,945
Non-current	**1,151**	914	5
	110,420	120,810	115,950

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 1,746 employees, 3,083 deferred members and 11,378 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. For the calendar years 2009, 2010 and 2011, it was agreed with the PSS Trustee that the total increase in employer contributions (compared to what employer contributions would have been had they remained at 10.5 percent) will be no less than ¥524 million.

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

(a) Under a separate agreement with the Trustee of the PSS drawn up at the time of the Pilkington acquisition, the Group is required to fund any deficit arising on an IAS 19 accounting basis in equal installments over seven years.

(b) Following the actuarial valuation as at 31 December 2008, 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.

According to the statement of funding principles agreed with the PSS Trustee as part of the 31 December 2008 actuarial valuation, deficit contributions are required until such time as the PSS is no longer in deficit, on a basis to be agreed with the Trustee. 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 may be 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 2012 is ¥20,397 million (2011: ¥5,293 million, 2010: ¥3,962 million).

Statutory 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 ¥8,384 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:

			Millions of yen
	2012	2011	1 April 2010
Pension and early retirement benefits	**65,186**	48,811	58,504
Post-retirement healthcare benefits	**21,983**	21,949	22,538
Long service arrangements	**137**	139	144
Non-current	**87,306**	70,899	81,186

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

						Millions of yen
			2012			2011
	Operating profit	**Finance costs**	**SoCI***	Operating profit	Finance costs	SoCI*
Pension and early-retirement benefits	**(1,214)**	**450**	**31,399**	3,224	448	2,666
Post-retirement healthcare benefits	**57**	**936**	**557**	57	1,169	1,872
Long service arrangements	**14**	**5**	**–**	7	5	–
Deferred taxation (note 19)	**–**	**–**	**(7,502)**	–	–	(570)
At 31 March	**(1,143)**	**1,391**	**24,454**	3,288	1,622	3,968

* 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, outside the income statement, in the statement of comprehensive income.

26. Pensions and other post-employment benefits continued

The amounts recognized in the balance sheet are determined as follows:

Millions of yen

	Pension and early-retirement benefits				Post-retirement healthcare
	Japan	UK	Rest of world	2012	2012
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

Millions of yen

	Pension and early-retirement benefits				Post-retirement healthcare
	Japan	UK	Rest of world	2011	2011
Present value of the funded benefit obligation	31,474	174,016	27,444	232,934	–
Fair value of assets of the plans	(26,392)	(172,739)	(18,779)	(217,910)	–
Deficit in the funded plans	5,082	1,277	8,665	15,024	–
Present value of the unfunded benefit obligation	–	3,476	25,018	28,494	21,949
Balance sheet adjustment required under IFRIC 14	–	5,293	–	5,293	–
Liability in the balance sheet	5,082	10,046	33,683	48,811	21,949

Millions of yen

	Pension and early-retirement benefits				Post-retirement healthcare
	Japan	UK	Rest of world	1 April 2010	1 April 2010
Present value of the funded benefit obligation	32,191	177,681	31,184	241,056	–
Fair value of assets of the plans	(26,446)	(172,896)	(19,321)	(218,663)	–
Deficit in the funded plans	5,745	4,785	11,863	22,393	–
Present value of the unfunded benefit obligation	–	3,392	28,688	32,080	22,538
Balance sheet adjustment required under IFRIC 14	–	3,962	69	4,031	–
Liability in the balance sheet	5,745	12,139	40,620	58,504	22,538

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

Millions of yen

	Pension and early-retirement benefits				Post-retirement healthcare
	Japan	UK	Rest of world	2012	2012
Current service cost	1,195	1,435	255	2,885	57
Past service cost/(credit)	39	(4,309)	–	(4,270)	–
Settlement and curtailment 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

Millions of yen

	Pension and early-retirement benefits				Post-retirement healthcare
	Japan	UK	Rest of world	2011	2011
Current service cost	1,240	1,515	311	3,066	57
Settlement and curtailment losses	–	158	–	158	–
Operating profit charge	1,240	1,673	311	3,224	57
Expected return on plan assets	(757)	(9,844)	(1,274)	(11,875)	–
Interest cost on pension scheme liabilities	619	9,132	2,572	12,323	1,169
Finance costs – charge	(138)	(712)	1,298	448	1,169
Total income statement charge	1,102	961	1,609	3,672	1,226

Including charges with respect to long service arrangements, of the total credit to operating profit of ¥1,143 million (2011: charge of ¥3,288 million), a charge of ¥1,487 million (2011: ¥1,569 million) is included in cost of sales, ¥86 million (2011: ¥83 million) is included within distribution costs, ¥1,593 million (2011: ¥1,636 million) is included within administrative expenses, and a credit of ¥4,309 million (2011: nil) is included within exceptional items.

26. Pensions and other post-employment benefits continued

The actual return on the various plan assets was a gain of ¥13,434 million (2011: ¥12,913 million). The Group expects to contribute ¥10,926 million to pension plans during the next financial period and ¥1,664 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	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)**

Millions of yen

	Pension and early-retirement benefits				Post-retirement healthcare
	Japan	UK	Rest of world	2011	2011
Actual return less expected return on plan assets	(654)	1,235	457	1,038	–
Experience gains/(losses) arising on schemes' liabilities	126	(41)	491	576	(1,818)
Changes in the assumptions underlying the present value of the schemes' liabilities	(228)	(3,114)	489	(2,853)	(54)
Change in balance sheet adjustment required under IFRIC 14	–	(1,490)	63	(1,427)	–
	(756)	(3,410)	1,500	(2,666)	(1,872)

From the adoption of IFRS on 1 April 2010, the cumulative amount of actuarial losses recognized in the statement of comprehensive income amounts to ¥17,315 million (2011: ¥3,111 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 2010	**32,191**	**181,073**	**59,872**	**273,136**	**22,538**
Current service cost	1,240	1,515	311	3,066	57
Interest cost on the schemes' liabilities	619	9,132	2,572	12,323	1,169
Members' contributions	–	626	–	626	–
Settlements and curtailments	–	158	–	158	–
Actuarial (gains)/losses	102	3,155	(980)	2,277	1,872
Benefits paid	(2,678)	(10,438)	(4,439)	(17,555)	(1,401)
Exchange differences	–	(7,729)	(4,874)	(12,603)	(2,286)
At 31 March 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 and curtailments	–	171	–	171	–
Actuarial (gains)/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**

The liability shown in the balance sheet at 31 March 2012 of ¥87,169 million comprises the liability of ¥66,772 million as shown above, together with the IFRIC 14 adjustment of ¥20,397 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:

					Millions of yen
	Pension and early-retirement benefits				Post-retirement healthcare
	Japan	UK	Rest of world	Total	Total
At 1 April 2010	**26,446**	**172,896**	**19,321**	**218,663**	**–**
Members' contributions	–	626	–	626	–
Settlements and curtailments	–	158	–	158	–
Actuarial gains/(losses)	(654)	1,235	457	1,038	–
Benefits paid	(2,678)	(10,438)	(4,439)	(17,555)	(1,401)
Employer's contributions	2,521	5,774	4,145	12,440	1,401
Expected return on assets	757	9,844	1,274	11,875	–
Exchange differences	–	(7,356)	(1,979)	(9,335)	–
At 31 March 2011	**26,392**	**172,739**	**18,779**	**217,910**	**–**
Members' contributions	–	595	–	595	–
Settlements and curtailments	–	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**	**–**

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

									%
	2012			2011			1 April 2010		
	Japan	**UK**	**Rest of world**	Japan	UK	Rest of world	Japan	UK	Rest of world
Discount rate	**1.70%**	**4.70%**	**4.10%**	1.90%	5.60%	5.00%	2.00%	5.50%	5.00%
Future salary increases	**2.20%**	**3.50%**	**2.50%**	2.00%	3.80%	2.50%	2.00%	4.00%	2.50%
Future pension increases	**–**	**1.10%**	**2.00%**	–	1.60%	2.00%	–	1.20%	2.00%
Price inflation	**0.25%**	**3.30%**	**2.25%**	0.25%	3.60%	2.25%	0.25%	3.70%	2.25%
Long-term increase in healthcare costs	**–**	**4.00%**	**5.00%**	–	4.00%	5.00%	–	4.00%	5.00%

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 Trustee. Future improvements in mortality have been allowed for at a rate of 1 percent per annum, subject to an overlay of 60 percent (male)/80 percent (female) of the PA92 'Long Cohort' improvement factors. Expected future lifetimes of pensioners using this mortality basis are shown below:

	31 March 2012
	Years
Expected future lifetime of a current pensioner aged 60	
Men	**26.4**
Women	**28.6**
Expected future lifetime, at aged 60, of a future pensioner aged 60 in 20 years time	
Men	**27.8**
Women	**29.9**

26. Pensions and other post-employment benefits continued

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

						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.

						Millions of yen
						2011
		Japan		UK		Rest of world
	Values	Expected return %	Values	Expected return %	Values	Expected return %
Domestic government bonds	8,600	1.90%	33,351	4.20%	–	–
Domestic corporate bonds	–	–	44,881	5.20%	9,105	5.00%
Overseas bonds	539	2.40%	27,323	4.70%	–	–
Domestic equities	3,219	6.00%	8,121	8.20%	6,930	8.20%
Overseas equities	1,513	6.00%	48,201	8.20%	2,396	8.20%
Property	–	–	7,062	8.20%	–	–
Cash	–	–	3,427	5.90%	348	0.30%
Other	12,521	1.20%	373	0.30%	–	–
	26,392	2.30%	172,739	6.00%	18,779	6.50%

						Millions of yen
						1 April 2010
		Japan		UK		Rest of world
	Values	Expected return %	Values	Expected return %	Values	Expected return %
Domestic government bonds	18,822	2.00%	30,938	4.30%	–	–
Domestic corporate bonds	–	–	41,933	5.30%	5,073	5.00%
Overseas bonds	655	2.50%	27,034	4.80%	–	–
Domestic equities	4,017	6.00%	16,037	8.30%	10,237	8.30%
Overseas equities	1,921	6.00%	46,735	8.30%	3,523	8.30%
Property	–	–	4,617	8.30%	–	–
Cash	–	–	6,246	0.60%	488	0.30%
Other	1,031	0.20%	(644)	0.00%	–	–
	26,446	2.90%	172,896	6.10%	19,321	7.20%

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

26. Pensions and other post-employment benefits continued

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 2.2%

A 1 percent reduction in healthcare cost trend rates would result in an increase in the benefit obligation of ¥68 million and an increase in the interest and service costs of ¥4 million. A 1 percent increase in healthcare cost trend rates would result in a decrease in the benefit obligation of ¥123 million and a decrease in the interest and service costs of ¥7 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				Post-retirement healthcare
	Japan	UK	Rest of world	2012	2012
Fair value of the schemes' assets	**27,212**	**178,514**	**19,166**	**224,892**	**–**
Defined benefit obligations					
funded	**(32,137)**	**(180,385)**	**(27,457)**	**(239,979)**	**–**
unfunded	**–**	**(3,869)**	**(25,833)**	**(29,702)**	**(21,983)**
Deficit in schemes	**(4,925)**	**(5,740)**	**(34,124)**	**(44,789)**	**(21,983)**
Experience gains/(losses) on the schemes' liabilities	**(387)**	**(1,361)**	**177**	**(1,571)**	**1,347**
Experience gains/(losses) on the schemes' assets	**(95)**	**1,708**	**267**	**1,880**	**–**

					Millions of yen
	Pension and early-retirement benefits				Post-retirement healthcare
	Japan	UK	Rest of world	2011	2011
Fair value of the schemes' assets	26,392	172,739	18,779	217,910	–
Defined benefit obligations					
funded	(31,474)	(174,016)	(27,444)	(232,934)	–
unfunded	–	(3,476)	(25,018)	(28,494)	(21,949)
Deficit in schemes	(5,082)	(4,753)	(33,683)	(43,518)	(21,949)
Experience gains/(losses) on the schemes' liabilities	126	(41)	491	576	(1,818)
Experience gains/(losses) on the schemes' assets	(654)	1,235	457	1,038	–

27. Provisions

				Millions of yen
				2012
	Warranty and litigation	Redundancy and restructuring	Other	Total
At 1 April	**5,097**	**2,232**	**26,256**	**33,585**
Exchange differences	**(254)**	**(39)**	**(581)**	**(874)**
Charged to the income statement				
charged to provisions	**173**	**3,168**	**10,311**	**13,652**
effect of discounting	**–**	**–**	**263**	**263**
Released to the income statement in the period	**(383)**	**(483)**	**(3,098)**	**(3,964)**
Utilized in the period	**(1,459)**	**(1,584)**	**(8,990)**	**(12,033)**
At 31 March	**3,174**	**3,294**	**24,161**	**30,629**
Maturity profile 2012				
Current	**990**	**3,020**	**10,886**	**14,896**
Non-current	**2,184**	**274**	**13,275**	**15,733**
	3,174	**3,294**	**24,161**	**30,629**

27. Provisions continued

	Millions of yen			
	2011			
	Warranty and litigation	Redundancy and restructuring	Other	Total
At 1 April	7,225	3,485	28,163	38,873
Exchange differences	(322)	(198)	(1,318)	(1,838)
Charged to the income statement				
charged to provisions	520	3,545	12,299	16,364
effect of discounting	–	–	265	265
Released to the income statement in the period	(1,280)	(436)	(3,111)	(4,827)
Provisions of new subsidiaries	–	–	229	229
Provisions of former subsidiaries	–	–	(37)	(37)
Utilized in the period	(1,046)	(4,164)	(10,234)	(15,444)
At 31 March	5,097	2,232	26,256	33,585
Maturity profile 2011				
Current	1,495	1,742	17,455	20,692
Non-current	3,602	490	8,801	12,893
	5,097	2,232	26,256	33,585
Maturity profile 1 April 2010				
Current	2,811	3,273	17,060	23,144
Non-current	4,414	212	11,103	15,729
	7,225	3,485	28,163	38,873

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.

Litigation provisions are established where the Group has received a specific claim and where the Group believes that it is not probable that it will avoid an outflow of resources in order to settle the claim. Litigation provisions are generally expected to be utilized within the next financial period.

Redundancy and restructuring provisions relate to provisions set up in Building Products amounting to ¥1,313 million (2011: ¥721 million, 2010: ¥1,662 million), Automotive ¥1,671 million (2011: ¥1,467 million, 2010: ¥1,458 million), Specialty Glass nil (2011: ¥32 million, 2010: ¥241 million) and Other operations ¥310 million (2011: ¥12 million, 2010: ¥124 million). Redundancy and restructuring provisions are established based on restructuring programs that have been communicated 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.

Other provisions relate principally to a provision of ¥847 million (2011: ¥912 million, 2010: ¥625 million) to cover a potential fine arising from the Netherlands Competition Authority with respect to the Group's Building Products trading activities in the Netherlands, environmental provisions of ¥6,342 million (2011: ¥6,735 million, 2010: ¥7,401 million), provisions for claims ¥4,551 million (2011: ¥1,476 million, 2010: ¥2,124 million), provision for payments to former minority shareholders in Germany ¥321 million (2011: ¥339 million, 2010: ¥353 million), and onerous lease and rental provisions of ¥1,791 million (2011: ¥1,823 million, 2010: ¥1,702 million). Other provisions are expected to be utilized mainly within one year, but some are expected to be utilized over a longer period of time as required due to the nature of the provision.

28. Deferred income

	Millions of yen		
	2012	2011	1 April 2010
Deferred income	**6,012**	5,962	7,268
Government grants	**2,712**	1,837	1,971
	8,724	7,799	9,239
Current	**2,493**	2,615	3,071
Non-current	**6,231**	5,184	6,168
	8,724	7,799	9,239

	Millions of yen	
	2012	2011
At 1 April	**7,799**	9,239
Exchange differences	**(417)**	(633)
Deferred income receivable	**3,639**	1,757
Released to income statement	**(2,297)**	(2,564)
At 31 March	**8,724**	7,799

Deferred income comprises of customer contributions to automotive tooling costs ¥5,315 million (2011: ¥5,024 million, 2010: ¥6,390 million) and other deferred income of ¥697 million (2011: ¥938 million, 2010: ¥878 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, executive officers and officers (Riji) 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	
	2012	2011
Total expenses arising from share-based payment transactions (note 7)	**67**	55

There have been no cancellations or modifications to any of the plans during 2012 or 2011.

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:

	2012		2011	
	Weighted average exercise price yen/share	**Options ('000 shares)**	Weighted average exercise price yen/share	Options ('000 shares)
At 1 April	**201**	**3,097**	221	2,811
Granted	**1**	**528**	1	394
Exercised	**1**	**(226)**	1	(108)
At 31 March	**183**	**3,399**	201	3,097

Out of the 3,399 outstanding options (2011: 3,097 options), 1,531 options (2011: 1,757 options) were exercisable. Options exercised in 2012 resulted in 226,000 shares (2011: 108,000 shares) being transferred at a price of 1 yen each (2011: 1 yen each). The related weighted average share price at the time of exercise was 165 yen (2011: 236 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	2012 Shares '000	2011 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	**188**	215
2008 Stock Options (ii)	27 September 2038	1	**329**	422
2009 Stock Options (ii)	30 September 2039	1	**665**	771
2010 Stock Options (ii)	30 September 2040	1	**394**	394
2011 Stock Options (ii)	14 October 2041	1	**528**	–
			3,399	3,097

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.

	2011 plan	2010 plan
Share price at grant date (yen)	**169**	182
Exercise price (yen)	**1**	1
Expected volatility of the share price (note i)	**42.4%**	44.4%
Expected remaining life of the option (note ii)	**8 years**	8 years
Expected dividend (note iii)	**6 yen/share**	6 yen/share
Risk-free interest rate (note iv)	**0.732%**	0.724%

Notes:

i. The volatility of the share price for the 2012 and 2011 plans are estimated by taking into account the actual share prices for eight years (from 16 October 2003 to 14 October 2011) and eight years (from 1 October 2002 to 30 September 2010), respectively.

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 an officer (Riji) had ended.

iii. Expected dividends for the periods ended 31 March 2012 and 2011 are based on the actual dividends for the periods ended 31 March 2011 and 2010, respectively.

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		
	2012	2011	1 April 2010
Authorized	**1,775,000,000**	1,775,000,000	1,775,000,000
Ordinary shares of no par value each	**903,550,999**	903,550,999	669,550,999
Ordinary shares held as treasury stock	**1,200,613**	1,404,087	1,427,080

			Millions of yen	
	2012		2011	
	Number of shares	Value	Number of shares	Value
Issued and fully paid ordinary shares				
At 1 April	903,550,999	116,449	669,550,999	96,147
Issues with respect of international and domestic placement of new shares	–	–	234,000,000	20,302
At 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

	Millions of yen	
	2012	2011
At 1 April	**127,510**	107,566
Arising on issue of ordinary shares (note 30)	**–**	20,302
Share issuance costs	**–**	(370)
Issuance and purchase of treasury stock	**1**	12
At 31 March	**127,511**	127,510

32. Retained earnings

		Millions of yen	
	Note	**2012**	2011
At 1 April		**63,475**	59,413
(Loss)/profit for the period		**(2,815)**	12,430
Retirement benefit obligations	26	**(31,956)**	(4,538)
Deferred taxation on retirement benefit obligations	19, 26	**7,502**	570
Dividends paid		**(5,413)**	(4,711)
Reserves of new subsidiaries		**–**	421
Changes in shareholdings of subsidiaries		**–**	(110)
At 31 March		**30,793**	63,475
Retained earnings (translation adjustment at the IFRS transition date)		**(68,048)**	(68,048)
Total retained earnings at 31 March		**(37,255)**	(4,573)

33. Other reserves

						Millions of yen
						2012
	Hedging reserve	**Fair value reserve**	**Exchange translation reserve**	**Treasury stock**	**Stock subscription rights**	**Total**
At 1 April 2011	**(1,565)**	**738**	**(22,445)**	**(563)**	**681**	**(23,154)**
Currency translation differences	**–**	**–**	**(25,314)**	**–**	**–**	**(25,314)**
Gain on net investment hedges (note 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 (note 19)	**737**	**–**	**–**	**–**	**–**	**737**
Available-for-sale investments						
fair value gains in the period	**–**	**151**	**–**	**–**	**–**	**151**
transferred to income statement	**–**	**(16)**	**–**	**–**	**–**	**(16)**
deferred tax on fair value gains in the period (note 19)	**–**	**178**	**–**	**–**	**–**	**178**
Purchase of Treasury stock	**–**	**–**	**–**	**(6)**	**–**	**(6)**
Disposal of Treasury stock	**–**	**–**	**–**	**3**	**–**	**3**
Share-based payments	**–**	**–**	**–**	**91**	**(24)**	**67**
At 31 March 2012	**(2,997)**	**1,051**	**(43,628)**	**(475)**	**657**	**(45,392)**

33. Other reserves continued

						Millions of yen
						2011
	Hedging reserve	Fair value reserve	Exchange translation reserve	Treasury stock	Stock subscription rights	Total
At 1 April 2010	(5,160)	824	–	(589)	684	(4,241)
Currency translation differences	–	–	(25,232)	–	–	(25,232)
Gain on net investment hedges (note 18)	–	–	2,787	–	–	2,787
Cash flow hedges						
fair value gains in the period	6,540	–	–	–	–	6,540
transferred to income statement	(1,369)	–	–	–	–	(1,369)
deferred tax on fair value gains in the period (note 19)	(1,576)	–	–	–	–	(1,576)
Available-for-sale investments						
fair value losses in the period	–	(254)	–	–	–	(254)
deferred tax on fair value gains in the period (note 19)	–	168	–	–	–	168
Purchase of Treasury stock	–	–	–	(21)	–	(21)
Disposal of Treasury stock	–	–	–	2	–	2
Share-based payments	–	–	–	45	(3)	42
At 31 March 2011	(1,565)	738	(22,445)	(563)	681	(23,154)

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 ¥43,628 million (2011: ¥22,445 million, 2010: nil).

Of the fair value gains (losses) of cash flow hedges transferred to the income statement of ¥1,019 million (2011: ¥1,369 million), ¥156 million (2011: ¥747 million) is charged to finance cost, ¥96 million (2011: ¥103 million) is credited to other income and ¥959 million (2011: ¥725 million) is charged to cost of sales.

Of the fair value gains (losses) of available-for-sale investments transferred to the income statement of ¥16 million (2011: nil), ¥27 million (2011: nil) is credited to other income and ¥11 million (2011: nil) is charged to other expenses.

34. Cash flow from operating activities

		Millions of yen
	2012	2011
(Loss)/profit for the period from continuing operations	**(1,749)**	15,815
Adjustments for		
taxation (note 9)	**(3,073)**	(509)
depreciation (note 13)	**28,975**	31,058
amortization (note 12)	**9,752**	10,311
profit on sale of property, plant and equipment	**(1,157)**	–
impairments	**4,430**	2,174
profit on sale of subsidiaries, joint ventures and associates	**–**	(694)
deemed disposal of share of associates	**(1,393)**	–
grants and deferred income received/(released) (note 28)	**1,342**	(807)
finance income (note 8)	**(2,423)**	(2,249)
finance expense (note 8)	**16,746**	18,523
share of profit from joint ventures and associates (note 15)	**(5,115)**	(8,713)
other	**(534)**	(1,888)
Operating cash flows before movement in provisions and working capital	**45,801**	63,021
Decrease in provisions/retirement benefit obligations	**(17,392)**	(14,657)
Changes in working capital:		
inventories	**(9,320)**	(6,485)
construction work-in-progress	**21**	398
trade and other receivables	**512**	(152)
trade and other payables	**(11,186)**	7,354
Net change in working capital	**(19,973)**	1,115
At 31 March	**8,436**	49,479

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					
	2012					
	Property, plant and equipment	**Joint ventures and associates**	**Available-for-sale investments**	**Assets held for sale**	**Subsidiary 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**

	Millions of yen					
	2011					
	Property, plant and equipment	Joint ventures and associates	Available-for-sale investments	Assets held for sale	Subsidiary undertakings	Total
Net book amount	1,708	(454)	1,083	211	90	2,638
Profit/(loss) on sale	–	690	(1,053)	(148)	4	(507)
Proceeds from sale	1,708	236	30	63	94	2,131

See note 38 for details of non-cash transactions in the period.

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	
	2012	2011
Profit attributable to owners of the parent	**(2,815)**	12,430
Weighted average number of shares (thousands)	**902,230**	794,129
Basic earnings per share	**(3.12)**	15.65

Diluted

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

	Millions of yen	
	2012	2011
Profit attributable to owners of the parent	**(2,815)**	12,430
Interest expense on convertible debt (net of tax)	**–**	325
Profit used to determine diluted earnings per share	**(2,815)**	12,755
Weighted average number of ordinary shares in issue (thousands)	**902,230**	794,129
Adjusted for:		
assumed conversion of convertible debt (thousands)	**–**	44,983
share options (thousands)	**–**	1,671
Weighted average number of ordinary shares for diluted earnings per share (thousands)	**902,230**	840,783
Diluted earnings per share	**(3.12)**	15.17

Diluted earnings per share for the period ended 31 March 2012 does not include stock options and convertible bonds due to the anti-dilutive effect caused by the loss during the period.

36. Contingencies

The Group has the following contingencies:

Guarantees

At 31 March 2012, the Group has 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. At 31 March 2011, the Group was contingently liable for guarantees in respect of joint ventures amounting to ¥2,057 million and other entities amounting to ¥290 million. At 1 April 2010, the Group was contingently liable for guarantees in respect of joint ventures amounting to ¥2,937 million and other entities amounting to ¥785 million.

Claims

Following the European Commission's decision announced on 12 November 2008 to impose a fine on the Group for alleged breaches of European competition laws, certain of the Group's Automotive customers have communicated to the Group their intention to pursue the Group for damages arising from the alleged activities. The Group intends to defend itself against such claims and notes that it is still pursuing an appeal against the European Commission fine. To cover the cost of defense as well as any potential financial impact as may result from the resolution of certain cases the Group has made a provision for amounts that may be payable. The costs provided to meet these claims are included in the total value of exceptional items (note 6) and provisions (note 27). 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		
	2012	2011	1 April 2010
Property, plant and equipment	**4,882**	2,335	923

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
	2012		2011		1 April 2010	
	Property	**Plant and equipment**	Property	Plant and equipment	Property	Plant and equipment
Not later than one year	**1,120**	**1,035**	767	1,301	1,293	806
Later than one year and not later than five years	**6,192**	**3,483**	4,950	2,390	5,475	1,708
Later than five years	**6,546**	**2,266**	5,114	2,326	6,678	1,221
	13,858	**6,784**	10,831	6,017	13,446	3,735

38. Acquisitions and disposals of subsidiaries and businesses

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

During the period ended 31 March 2011, the Group made the following acquisition:

Pilkington Solar (Taicang) Limited

The Group completed a share exchange transaction on 16 April 2010, with China Glass Holdings Limited, under which the Group acquired 100 percent control of Taicang Pilkington China Glass Special Glass Limited.

Under the terms of the share exchange agreement, the Group acquired the 50 percent stake owned by China Glass Holdings in Taicang Pilkington China Glass Special Glass Limited. In return, the Group sold to China Glass Holdings 14.68 percent of the issued share capital of JV Investments Limited.

At the date of the transaction, Taicang Pilkington China Glass Special Glass Limited had negative net assets amounting to ¥882 million. These comprised property, plant and equipment of ¥5,267 million, other intangible assets of ¥259 million, inventory of ¥399 million, receivables of ¥939 million, cash and cash equivalents of ¥114 million, payables of ¥1,977 million and borrowings of ¥5,883 million. Theoretical cash paid for the acquisition (which was represented by the value of the 14.68 percent of JV Investments Limited less the value of the 50 percent of Taicang already owned) amounted to ¥558 million. Goodwill arising as a result of this transaction amounted to ¥1,440 million.

Upon completion of the transaction the Group now owns 100 percent of the company which was subsequently renamed Pilkington Solar (Taicang) Limited. This is now accounted for as a subsidiary. The revenue and profit after tax of Pilkington Solar (Taicang) Limited included in the Group's statement of comprehensive income for the period ended 31 March 2011 amounted to ¥5,047 million and ¥834 million respectively.

Disposals

The Group did not have any material disposals during the period ended 31 March 2012 or 2011.

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	
	2012	2011
Sales of goods		
Joint ventures	**1,335**	1,083
Associates	**1,653**	6,376
Sales of services		
Joint ventures	**1,139**	10
Associates	**191**	115
	4,318	7,584

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 2012, these amounted to ¥1,003 million, of which the majority related to Taicang SYP Pilkington Co Limited (2011: nil).

Purchase of goods and services

	Millions of yen	
	2012	2011
Purchase of goods		
Joint ventures	**13,878**	12,755
Associates	**1,161**	952
Purchase of services		
Joint ventures	**29**	20
Associates	**4,340**	4,436
	19,408	18,163

Goods are purchased from joint ventures by Nippon Sheet Glass Company Limited's subsidiaries as follows:

Cebrace – on normal trading conditions at market prices. Payments are made on 37-day terms from the invoice date.
Flovetro – at cost plus 2 percent with payment on 120-day terms, which is normal for Italy.

Technical assistance and license agreements to

	Millions of yen	
	2012	2011
Joint ventures	**274**	294
Associates	**–**	5
	274	299

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		
	2012	2011	1 April 2010
Receivables from related parties			
Joint ventures	**1,489**	737	721
Associates	**253**	651	87
	1,742	1,388	808
Payables to related parties			
Joint ventures	**1,210**	1,544	1,496
Associates	**904**	845	56
	2,114	2,389	1,552

In relation to the receivables from related parties there are no provisions against their non-recovery either in 2012, 2011 or at 1 April 2010. 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
	Joint ventures		Associates	
	2012	2011	**2012**	2011
At 1 April	**2,796**	5,176	**130**	108
Exchange differences	**(191)**	(267)	**(7)**	(8)
Reclassification as subsidiaries	**–**	(1,462)	**–**	–
Loans advanced in period	**4,426**	–	**56**	–
Loan repayments received	**(3,282)**	(623)	**(22)**	(8)
Interest charged/(received)	**203**	(28)	**(29)**	38
At 31 March	**3,952**	2,796	**128**	130

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 2012, 2011 or 1 April 2010.

At 31 March 2012, the Group has guaranteed in the ordinary course of business ¥1,910 million (2011: ¥2,057 million, 2010: ¥2,937 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.

41. First-time adoption of International Financial Reporting Standards

These are the Group's first consolidated financial statements prepared in accordance with IFRS. Up to 31 March 2011, the Group prepared its consolidated financial statements under Japanese Generally Accepted Accounting Principles (JGAAP).

The Group has adopted IFRS for the first time this financial period commencing on 1 April 2011.

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

Exemptions to retrospective application of IFRS

IFRS 1 'First-time adoption of IFRS' ('IFRS 1') stipulates that a company adopting IFRS for the first time, should apply IFRS retrospectively to prior periods. However, IFRS allows an exemption on the retrospective application of the standards to some accounting areas, and the Group has used the exemption option for the following areas.

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

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

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

Research and development

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

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

41. First-time adoption of International Financial Reporting Standards continued

Goodwill

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

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

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

Employee benefits

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

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

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

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

Joint ventures and associates

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

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

Deferred taxation

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

Financial instruments

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

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

Reconciliations from JGAAP to IFRS

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

- Reconciliation of the profit for the period ended 31 March 2011, and the comprehensive income for the period ended 31 March 2011 as between JGAAP and IFRS.
- An explanation of the key accounting changes resulting in adjustments to the previously reported JGAAP profits for the period ended 31 March 2011.
- Reconciliation of shareholders' equity at 1 April 2010 and 31 March 2011 as between JGAAP and IFRS.
- Cash flow statement – explanation of the key changes between JGAAP and IFRS.

41. First-time adoption of International Financial Reporting Standards continued

Reconciliation of profit and comprehensive income

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

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

* Not reported under JGAAP.

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

			Millions of yen
	As reported under JGAAP	Effect of transition to IFRS	IFRS
Profit for the period	5,042	10,773	**15,815**
Other comprehensive income:			
Foreign currency translation adjustments	(22,771)	902	**(21,869)**
Retirement benefit obligations, net of taxation		(3,968)	**(3,968)**
Revaluation of available-for-sale investments	(176)	89	**(87)**
Cash flow hedges – fair value gains/(losses), net of taxation	4,132	(537)	**3,595**
Share of other comprehensive income of joint ventures and associates accounted for using equity method	(1,433)	–	**(1,433)**
Other comprehensive income for the period, net of taxation	(20,248)	(3,514)	**(23,762)**
Total comprehensive income for the period	(15,206)	7,259	**(7,947)**
Attributable to non-controlling interests	2,523	4	**2,527**
Attributable to owners of the parent	(17,729)	7,255	**(10,474)**

Explanation of key accounting changes

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

Revenue

Revenue from the sale of goods was recognized upon shipment under JGAAP whereas under IFRS, revenue from the sale of goods is recognized when the risks and rewards of ownership have transferred to the customer. Consequently, revenue has decreased by ¥143 million for the period ended 31 March 2011.

41. First-time adoption of International Financial Reporting Standards continued

Operating profit

Operating profits have increased as follows:

	Millions of yen Period ended 31 March 2011
Operating profit as reported under JGAAP	**14,352**
Goodwill amortization (note i)	8,429
Retirement benefit obligations (note ii)	5,642
Float tank assets (note iii)	(354)
Development costs capitalized less amounts impaired (note iv)	236
Other items	112
Reallocations (note v)	(5,550)
Operating profit as reported under IFRS	**22,867**

i. Goodwill and intangible assets with an indefinite useful life were routinely amortized to the income statement in JGAAP. Under IFRS, such assets are instead subjected to an annual test of impairment.
ii. In JGAAP, actuarial gains and losses arising on the Group's various retirement benefit schemes, have been charged to operating profit over a period of five years, commencing the period after the gain or loss first arose. The Group's IFRS treatment for such gains and losses is to recognize the asset or liability in full within the balance sheet when they arise, with a corresponding charge or credit in the Statement of Comprehensive Income.
iii. The IFRS income statement reflects the depreciation of float tank assets across the Group. The JGAAP income statement reflected an accrual for future float tank asset repairs in Japan, and depreciation of historic cost asset repairs elsewhere in the Group. The impact of moving to IFRS therefore represents the difference between accruing for future repairs, and the depreciation arising on historic repair costs, in Japan.
iv. Under IFRS qualifying development expenditure is recognized as an asset and amortized over its useful life but charged directly to the income statement under JGAAP.
v. Other non-operating items, excluding share of post-tax profits of affiliates and finance income and expenses, and extraordinary items charged below operating profit under JGAAP are included within operating profit under IFRS. This amended treatment is included within reallocations.

Profit attributable to owners of the parent

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

	Millions of yen Period ended 31 March 2011
Profit attributable to owners of the parent under JGAAP	**1,661**
Adjustment to operating profit, excluding reallocations (see above)	14,065
Finance costs (notes i, ii and iii)	(1,768)
Share of post-tax profit of affiliates (note iv)	606
Share issuance costs (note v)	366
Dividend from investments now classified as equity method (note vi)	(513)
Investment property valuation (note vii)	(317)
Impairment of capitalized development costs and other impairments (note viii)	(285)
Losses on disposals (note ix)	(204)
Taxes (notes x, xi, and xii)	(1,173)
Others	(8)
Profit attributable to owners of the parent under IFRS	**12,430**

i. The Group's type A preferred shares, outstanding during part of the period ended 31 March 2011, are treated as a financial liability in IFRS. Consequently, the dividend is recognized within financial costs rather than as a charged to equity. As a result, financial costs have increased by ¥1,558 million in the period.
ii. Interest arising on the notional discount on convertible bonds, representing the equity component of the embedded conversion feature, is recognized within financial costs in IFRS. Consequently financial costs have increased by ¥325 million in the period.
iii. Bond issuance costs were charged to the income statement as incurred in JGAAP. In IFRS such costs are amortized over the period to the maturity of the bond. As a result, finance costs have decreased by ¥115 million for the period ended 31 March 2011.
iv. Share of post-tax profit of affiliates has increased due to an increase of the scope of affiliates in IFRS. Some entities that under IFRS are now recognized as investments in associates, were previously classified as long-term financial assets in JGAAP, based on their materiality. All investments, over which the Group can exercise significant influence over the financial and operating policies, are now classified as investments in associates under IFRS.
v. Share issuance costs have been posted directly to capital surplus in IFRS, whereas these costs were charged to the income statement in JGAAP.
vi. Dividends received from long-term financial assets are accounted for as dividend income in the income statement. To the extent that certain investment included within long-term financial assets in JGAAP have now been classified as investments in associates in IFRS, such dividend income is no longer recognized in the income statement, and is instead replaced by the Group's share of the associates' profit as noted above.
vii. Certain investment properties yielding a rental income have been held at historic cost in JGAAP, but have now been re-valued to their fair value in IFRS.
viii. IFRS impairment adjustments include the impairment of capitalized development cost and also certain other impairment adjustments. The impairment of capitalized development costs increased by ¥181 million for the period ended 31 March 2011. Other impairment adjustments increased by ¥104 million in the period.
ix. Losses on disposals have been recognized in IFRS based on the difference between the proceeds received and the carrying amount of the asset in IFRS. To the extent that this carrying amount differed from the equivalent JGAAP value, the resulting profit on disposal is also different.
x. Taxation arising on actuarial gains or losses was amortized into the income statement in JGAAP in line with the treatment of such gains and losses. However, in IFRS, actuarial gains or losses, together with any related taxation effects, are included in other comprehensive income. Taxation credits, relating to the treatment of actuarial gains or losses, reduced by ¥1,465 million in the period.
xi. The deferred tax credit resulting from the amortization of intangible assets has reduced in IFRS to the extent that some intangible assets have been assigned an indefinite useful life in IFRS and are therefore not subjected to routine amortization. The taxation credit relating to the amortization of intangible assets decreased by ¥355 million in the period.
xii. Taxation adjustments, relating to other income statement items, resulted in a decreased taxation charge of ¥647 million in the period.

41. First-time adoption of International Financial Reporting Standards continued

Total comprehensive income attributable to owners of the parent

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

	Millions of yen
	Period ended 31 March 2011
Total comprehensive income attributable to owners of the parent under JGAAP	**(17,729)**
Adjustment to profit attributable to owners of the parent (see above)	10,769
Retirement benefit obligations (note i)	(3,968)
Foreign currency translation adjustments (note ii)	902
Deferred gains and losses on hedges (note iii)	(537)
Valuation differences on available for sale securities (note iv)	89
Total comprehensive income attributable to owners of the parent under IFRS	**(10,474)**

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

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

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

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

Reconciliation of JGAAP and IFRS shareholders' equity

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

						Millions of yen
						1 April 2010
	Non-current asset	Current assets	Current liabilities	Non-current liabilities	Non-controlling interests	Shareholders' equity
As reported under JGAAP	**636,275**	**297,446**	**(235,134)**	**(458,656)**	**(8,942)**	**230,989**
Retirement benefit obligations (note i)				(25,036)		(25,036)
Financial liabilities (notes ii, iii, and iv)			(1,048)	(29,621)		(30,669)
Preferred share interest accrual (note v)			(1,381)			(1,381)
Treatment of float tank repairs (note vi)	1,902			10,560		12,462
Deferred taxation (note vii)	6,773			(2,190)		4,583
Development costs (note viii)	5,046					5,046
Pilkington brand (note viii)						–
Financial derivatives (note ix)		153	(25)			128
Holiday pay provisions (note x)			(2,988)			(2,988)
Negative goodwill (note xi)	90					90
Available-for-sale investments at fair value (note xii)	(3,893)					(3,893)
Factoring of receivables (note xiii)		1,048				1,048
Investment property (note xiv)	756					756
Other items	(126)	(51)	5		(126)	(298)
Reclassifications (note xv)	397	(397)	5,562	(5,562)		–
As reported under IFRS	**647,220**	**298,199**	**(235,009)**	**(510,505)**	**(9,068)**	**190,837**

41. First-time adoption of International Financial Reporting Standards continued

Millions of yen

31 March 2011

	Non-current asset	Current assets	Current liabilities	Non-current liabilities	Non-controlling interests	Shareholders' equity
As reported under JGAAP	**593,722**	**274,866**	**(201,450)**	**(440,264)**	**(10,217)**	**216,657**
Retirement benefit obligations (note i)				(22,302)		(22,302)
Financial liabilities (notes ii, iii and iv)			(575)			(575)
Preferred share interest accrual (note v)						–
Treatment of float tank repairs (note vi)	1,791	(647)		10,961		12,105
Deferred taxation (note vii)	6,013			(2,886)		3,127
Development costs (note viii)	4,874					4,874
Pilkington brand (note viii)	1,995					1,995
Financial derivatives (note ix)						–
Holiday pay provisions (note x)			(2,976)			(2,976)
Goodwill and negative goodwill (note xi)	6,742					6,742
Available-for-sale investments at fair value (note xii)	(4,125)	231				(3,894)
Factoring of receivables (note xiii)		629				629
Investment property (note xiv)	10					10
Other items	123	(278)	3	120	(128)	(160)
Reclassifications (note xv)	1,544	1,930	240	(3,714)		–
As reported under IFRS	**612,689**	**276,731**	**(204,758)**	**(458,085)**	**(10,345)**	**216,232**

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

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

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

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

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

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

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

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

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

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

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

xi. Negative goodwill, previously held on the balance sheet and amortized over its expected useful life in JGAAP, has been removed from non-current assets in the IFRS balance sheet in accordance with IFRS 3. Positive goodwill has not been amortized routinely from 1 April 2010.

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

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

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

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

41. First-time adoption of International Financial Reporting Standards continued

Reconciliation of cash flow

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

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)	29,702
Number of shares	Authorized: 1,775,000,000 Issued: 903,550,999
Number of shareholders	88,228
Paid-in capital	¥116,449 million
Stock listing	Tokyo and Osaka (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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