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 (Code Number: 5201; TSE 1st section)
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Consolidated Financial Results for the Six Months ended June 30, 2017 (IFRS basis)

(Fractions less than one million yen are rounded off.)

1. Financial Results for the six months ended June 30, 2017 (January 1 through June 30, 2017)

(1) Consolidated operating results

	For the six months ended June 30, 2017		For the six months ended June 30, 2016	
	Millions of yen	%	Millions of yen	%
Net sales	689,989	10.4	624,949	(5.1)
Operating profit	49,286	23.6	39,884	16.5
Profit before tax	48,860	32.8	36,782	(33.5)
Profit for the period	42,301	45.2	29,128	(17.7)
Profit for the period attributable to owners of the parent	37,540	38.9	27,030	(20.5)
Total comprehensive income for the period	41,170	—	(118,496)	—
Basic earnings per share (yen)	163.29		116.90	
Diluted earnings per share (yen)	162.50		116.43	

*The Company consolidated its common shares at a ratio of five shares to one share on the effective date of July 1, 2017.

Accordingly, the basic earnings per share and the diluted earnings per share are calculated on the assumption that the consolidation of shares is conducted at the beginning of the preceding fiscal year.

(2) Consolidated financial position

	FY2017 second quarter (as of June 30, 2017)	FY2016 (as of December 31, 2016)
Total assets (millions of yen)	2,065,627	1,981,451
Total equity(millions of yen)	1,209,343	1,168,743
Equity attributable to owners of the parent (millions of yen)	1,112,851	1,095,438
Equity attributable to owners of the parent ratio (%)	53.9	55.3

2. Dividends

(Unit: yen)

	FY2016	FY2017	FY2017 (forecast)
End of first quarter	—	—	—
End of second quarter	9.00	10.00	—
End of third quarter	—	—	—
End of fiscal year	9.00	—	50.00
Total	18.00	—	—

Note: Revision of the forecast during this quarter: No

*The Company consolidated its common shares at a ratio of five shares to one share on the effective date of July 1, 2017.

Accordingly, figures for year-end dividends per share for fiscal year 2017 are amounts that take into account the consolidation of shares, and total annual dividends are shown as “-.” The scheduled year-end dividends per share for fiscal year 2017 without taking into account the consolidation of shares are 10 yen, and annual dividends per share are 20 yen.

For information, refer to "Appropriate Use of Forecasts and Other Information and Other Matters"

3. Forecast for FY2017 (January 1 through December 31, 2017)

	Full year	
	Millions of yen	%
Net sales	1,450,000	13.1
Operating profit	115,000	19.4
Profit before tax	103,000	52.4
Profit for the year	74,000	38.7
Profit for the year attributable to owners of the parent	64,000	34.9
Basic earnings per share (yen)	279.30	

Note : Revision of the forecast for FY2017 consolidated operating results from the latest official forecast: Yes

The forecast for the basic earnings per share in the year ending December 31, 2017 includes the impact of the consolidation of shares. For information, refer to "Appropriate Use of Forecasts and Other Information and Other Matters"

*Notes

(1) Changes in significant subsidiaries during the period: Yes (Company name: Vinythai Public Company Limited)

Note: For details, please refer to "2. Condensed Interim Consolidated Financial Statements (IFRS) (5) Notes to the Condensed Interim Consolidated Financial Statements, Changes in Significant Subsidiaries during the Period" on page 14.

(2) Changes in Accounting Policies and Changes in Accounting Estimates

- i. Changes in accounting policies required by IFRS: Yes
- ii. Changes in accounting policies other than "i" above: No
- iii. Changes in accounting estimates: No

Note: For details, please refer to "2. Condensed Interim Consolidated Financial Statements (IFRS) (5) Notes to the Condensed Interim Consolidated Financial Statements, Changes in Accounting Policies" on page 14.

(3) Number of shares issued (common stock)

- i. Number of shares issued (including treasury stock) at the end of the period
 - FY2017 second quarter (as of June 30, 2017): 235,177,781
 - FY2016 (as of December 31, 2016): 237,341,181
- ii. Number of treasury stock at the end of the period
 - FY2017 second quarter (as of June 30, 2017): 6,032,631
 - FY2016 (as of December 31, 2016): 6,069,471
- iii. Average number of shares issued during the period
 - For the six months ended June 30, 2017: 229,898,363
 - For the six months ended June 30, 2016: 231,236,911

Note: The Company consolidated its common shares at a ratio of five shares to one share on the effective date of July 1, 2017. Accordingly, the shares issued (including treasury stock) at end of term, the treasury stock and the average shares outstanding during the period are calculated on the assumption that the consolidation of shares is conducted at the beginning of the preceding fiscal year.

*This interim consolidated financial statement is outside the scope of quarterly review procedures.

*Appropriate Use of Forecast and Other Information and Other Matters

The above forecast is based on information available to the Company at the time of publication of this document and contains assumptions concerning uncertainties which might affect the AGC Group's future financial results. It is not intended to be a guarantee of future events, and may differ from actual results for various reasons. For matters concerning the above forecast, please see "(3) Explanation of the Forecast for Operating Results" in "1. Qualitative Information Regarding Financial Statements" in Attached Documents on page 4.

*Supplementary Materials for the Quarterly Financial Results

Supplementary materials are available on our website.

*Dividend outlook and forecast for operating results after the consolidation of shares

The Company consolidated its common shares at the ratio of five shares to one share on the effective date of July 1, 2017, following approval of a proposal for the consolidation of shares at the 92nd Ordinary General Meeting of Shareholders held on March 30, 2017. Accordingly, the dividend outlook and forecast for operating results in the year ending December 31, 2017 excluding the impact of the consolidation of shares are as follows.

1. Dividend outlook for the year ending December, 2017

Dividends per share: Interim 10 yen (Note 1), Year-end 10 yen (Note 2)

2. Forecast for operating results in the year ending December 31, 2017

Basic earnings per share 55.86 yen

Notes:

1. The interim dividend will be paid out based on the number of shares before the consolidation of shares.

2. Represents the dividend amount excluding the impact of the consolidation of shares.

3. The annual dividend for the year ending December 31, 2017 (excluding the impact of the consolidation of shares) is 20 yen per share.

(Attached Documents)

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1. Qualitative Information Regarding Financial Statements

(1) Explanation of Operating Results

(i) Overview of consolidated business results for the six months ended June 30, 2017

During the six months ended June 30, 2017, the global economic environment surrounding the Company and its consolidated subsidiaries (hereinafter collectively referred to as the “AGC Group” or simply as the “Group”) remained on a gradual recovery track on the whole. In Japan, the economy showed a gradual upward trend thanks to factors such as economic measures taken by the government. The European economy made a gradual recovery and the United States continued its economic recovery along with increased consumer spending and other factors. The economy was picking up in Russia, Brazil, China and other emerging countries.

Under such a business environment, due to such a reason as the increased volume of shipments at each business section as well as the consolidation of the companies acquired in 2017, the AGC Group posted net sales of 690.0 billion yen, up 65.0 billion yen, or a 10.4% increase, from the corresponding period of the previous year, operating profit increased by 9.4 billion yen, or 23.6 % increase, year-on-year to 49.3 billion yen, and profit before tax was 48.9 billion yen, a 12.1 billion yen or 32.8% increase on a year-on-year basis. Profit for the period attributable to owners of the parent was 37.5 billion yen, a 10.5 billion yen or 38.9% increase on a year-on-year basis.

(ii) Overview by reportable segment for the six months ended June 30, 2017

- Glass

Sales of architectural glass increased on a year-on-year basis, mainly because shipments of architectural glass remained favorable in North America and selling prices increased in Europe as compared to the same period of the previous year. In the automotive glass business, shipments increased as overall auto production remained favorable. Consequently, the AGC Group’s sales increased from the same period of the previous fiscal year.

As a result, net sales from the Glass Operations for the six months ended June 30, 2017 were 357.0 billion yen, up 13.9 billion yen or a 4.1% increase from the same period of the previous fiscal year. Operating profit was 14.0 billion yen, down 1.9 billion yen or a 11.7% decrease from the same period of the previous fiscal year, mainly due to the increase of raw materials and fuel prices despite the price hike of architectural glass in Europe.

- Electronics

Regarding LCD glass substrates, the selling prices decreased but shipments increased from the same period of the previous fiscal year. Shipments of specialty glass for display applications decreased from the same period of the previous fiscal year. Shipments of cover glass for car-mounted displays continued to expand. Regarding electronic materials, shipments of optoelectronics materials and semiconductor-related products increased from the same period of the previous fiscal year.

As a result, net sales from the Electronics Operations for the six months ended June 30, 2017 were 122.4 billion yen, up 0.8 billion yen or a 0.7% increase from the same period of the previous fiscal year, and operating profit was 9.1 billion yen, down 0.5 billion yen or a 5.5% decrease from the same period of the previous fiscal year.

- Chemicals

Sales of chlor-alkali products and urethane materials increased from the same period of the previous fiscal year mainly because of increased shipments from the demand increase in Indonesia and the consolidation of Vinythai Public Company Limited acquired in 2017. In the categories of fluorine products and specialty products, sales increased from the same period of the previous fiscal year resulting from the consolidation of CMC Biologics acquired in 2017 and robust shipments of existing chemical products.

As a result, net sales from the Chemicals Operations for the six months ended June 30, 2017 were 196.7 billion yen, up 49.5 billion yen or a 33.6% increase from the same period of the previous fiscal year, and operating profit was 26.0 billion yen, up 10.8 billion yen or a 70.9% increase from the same period of the previous fiscal year.

The following table shows major products in each reportable segment.

Reportable segment	Main products
Glass	Float flat glass, Figured glass, Polished wired glass, Low-E glass, Decorative glass, Fabricated glass for architectural use (Heat Insulating/shielding glass, Disaster-resistant/Security glass, Fire-resistant glass, etc.), Automotive glass, etc.
Electronics	LCD glass substrates, Specialty glass for display applications, Cover glass for car-mounted displays, Display related materials, Glass for solar power system, Fabricated glass for industrial use, Semiconductor process materials, Optoelectronics materials, Lighting glass products, Laboratory use ware, etc.
Chemicals	Polyvinyl chloride, Vinyl chloride monomer, Caustic soda, Urethane, Fluorinated resins, Water and oil repellents, Gases, Solvents, Pharmaceutical and agrochemical intermediates and active ingredients, Iodine-related products, etc.

In addition to the above products, the AGC Group also handles ceramics products, logistics/financial services, etc.

(2) Explanation of Financial Position

- Total assets

Total assets as of the end of the second quarter under review were 2,065.6 billion yen, up 84.2 billion yen from the end of the previous fiscal year. Total assets increased mainly because of an increase in goodwill and property, plant and equipment due to the acquisition of CMC Biologics and Vinythai Public Company Limited.

- Total liabilities

Total liabilities as of the end of the second quarter under review were 856.3 billion yen, up 43.6 billion yen from the end of the previous fiscal year. This increase was mainly due to the acquisition of CMC Biologics and Vinythai Public Company Limited and issuing corporate bond.

- Total equity

Total equity as of the end of the second quarter under review was 1,209.3 billion yen, up 40.6 billion yen from the end of the previous fiscal year. Total equity increased mainly because of greater retained earnings resulting from net profit and an increase in non-controlling interests due to the acquisition of Vinythai Public Company Limited.

(3) Explanation of the Forecast for Operating Results

(Unit: billions of yen)

	Net Sales	Operating profit	Profit before tax	Profit for the year	Profit for the year attributable to owners of the parent
Forecast for FY2017 announced on February 7, 2017 (A)	1,350.0	105.0	93.0	72.0	66.0
Revised forecast for FY 2017 (B)	1,450.0	115.0	103.0	74.0	64.0
(B-A)	100.0	10.0	10.0	2.0	(2.0)
Actual results for FY 2016 (C) (January 1 through December 31, 2016)	1,282.6	96.3	67.6	53.4	47.4
(B - C) / C (%)	13.1	19.4	52.4	38.7	34.9

Note: Figures are rounded to the nearest 100 million yen.

In 2017, the world economy is expected to maintain moderate growth on the whole, but there is uncertainty over its future outlook as affected by national policies around the world and other factors.

Under such a business environment, the shipments of architectural glass are expected to continue to be favorable. In the automotive glass business, shipments are projected to remain favorable as a whole as markets in some emerging countries such as Russia and Brazil, are picking up.

Regarding LCD glass substrates, shipments are likely to increase from the previous year and the range of price decline is expected to shrink. Shipments of specialty glass for display applications are expected to increase from the previous year. The shipments of cover glass for car-mounted displays will continue to expand. In the category of electronics materials, shipments of optoelectronics materials and semiconductor-related products are expected to increase from the previous fiscal year.

In the Chemicals business, the companies that the Company decided to acquire in the previous year have become consolidated in the AGC Group's financial statements. Regarding shipments of chemical-related products, chlor-alkali products are expected to increase as capacity expansion at manufacturing facilities in Indonesia will contribute to the business performance throughout the year, and fluorine products and life science products will remain favorable.

As the operating results of the Chemicals business are expected to exceed the initial forecast, the Company has revised its operating results forecasts for fiscal 2017, ending December 31, 2017. As a result, net sales of the AGC Group for the fiscal year ending December 31, 2017 are forecasted to be 1,450.0 billion yen, up 167.4 billion yen or a 13.1% increase from a year earlier, and operating profit is forecasted to be 115.0 billion yen, up 18.7 billion yen or a 19.4% increase year on year. Profit before tax will be 103.0 billion yen, up 35.4 billion yen or a 52.4% increase from the previous fiscal year, and profit for the year attributable to owners of the parent is estimated to be 64.0 billion yen, up 16.6 billion yen or a 34.9% increase from the previous fiscal year.

Average exchange rates assumed for the fiscal year ending December 31, 2017 are 110 yen to the U.S. dollar and 120 yen to the Euro.

[Important notes with regard to the forecast]

The above prospective results reflect the assumptions of the Group's management on the basis of currently available information and, as such, contain risks and uncertainties. For this reason, investors are advised not to base investment decisions solely on these prospective results. Please note that actual results may materially differ from the projection due to such various factors as business and market environment the Group is active in, currency exchange rate fluctuations, and others.

2. Condensed Interim Consolidated Financial Statements (IFRS)

(1) Condensed Interim Consolidated Statements of Financial Position

(Unit: millions of yen)

	FY2016 (as of December 31, 2016)	FY2017 second quarter (as of June 30, 2017)
Assets		
Current assets		
Cash and cash equivalents	147,325	98,130
Trade receivables	241,476	243,707
Inventories	227,284	247,930
Other receivables	37,972	36,628
Income tax receivables	7,201	5,052
Other current assets	12,176	18,221
Total current assets	673,436	649,671
Non-current assets		
Property, plant and equipment	937,869	985,674
Goodwill	34,859	95,997
Intangible assets	27,400	28,770
Investments accounted for using equity method	36,889	46,745
Other financial assets	232,216	217,408
Deferred tax assets	29,421	31,372
Other non-current assets	9,358	9,986
Total non-current assets	1,308,015	1,415,955
Total assets	1,981,451	2,065,627

(Unit: millions of yen)

	FY2016 (as of December 31, 2016)	FY2017 second quarter (as of June 30, 2017)
Liabilities and equity		
Liabilities		
Current liabilities		
Trade payables	137,590	137,228
Short-term interest-bearing debt	36,689	47,267
Long-term interest-bearing debt due within one year	66,669	74,091
Other payables	110,829	136,503
Income tax payables	10,173	8,714
Provisions	4,259	2,811
Other current liabilities	11,279	12,657
Total current liabilities	377,490	419,274
Non-current liabilities		
Long-term interest-bearing debt	330,609	327,376
Deferred tax liabilities	22,110	21,675
Post-employment benefit liabilities	66,865	67,110
Provisions	10,701	8,604
Other non-current liabilities	4,929	12,242
Total non-current liabilities	435,216	437,008
Total liabilities	812,707	856,283
Equity		
Share capital	90,873	90,873
Capital surplus	101,237	101,263
Retained earnings	690,890	711,127
Treasury shares	(29,259)	(28,765)
Other components of equity	241,696	238,352
Total equity attributable to owners of the parent	1,095,438	1,112,851
Non-controlling interests	73,305	96,491
Total equity	1,168,743	1,209,343
Total liabilities and equity	1,981,451	2,065,627

(2) Condensed Interim Consolidated Statements of Profit or Loss and Consolidated Statements of Comprehensive Income

(Condensed Interim Consolidated Statements of Profit or Loss)

(Unit: millions of yen)

	For the six months ended June 30, 2016 (Jan. 1 through June. 30, 2016)	For the six months ended June 30, 2017 (Jan. 1 through June. 30, 2017)
Net sales	624,949	689,989
Cost of sales	(461,363)	(504,235)
Gross profit	163,585	185,753
Selling, general and administrative expenses	(124,223)	(137,696)
Share of profit (loss) of associates and joint ventures accounted for using equity method	522	1,229
Operating profit	39,884	49,286
Other income	2,183	1,839
Other expenses	(4,548)	(3,108)
Business profit	37,519	48,017
Finance income	3,097	4,326
Finance costs	(3,834)	(3,483)
Net finance costs	(737)	842
Profit before tax	36,782	48,860
Income tax expenses	(7,653)	(6,558)
Profit for the period	29,128	42,301
Attributable to:		
Owners of the parent	27,030	37,540
Non-controlling interests	2,098	4,760
Earnings per share		
Basic earnings per share (yen)	116.90	163.29
Diluted earnings per share (yen)	116.43	162.50

(Condensed Interim Consolidated Statements of Comprehensive Income)

(Unit: millions of yen)

	For the six months ended June 30, 2016 (Jan. 1 through June. 30, 2016)	For the six months ended June 30, 2017 (Jan. 1 through June. 30, 2017)
Profit for the period	29,128	42,301
Other comprehensive income		
Components of other comprehensive income that will not be reclassified to profit or loss, net of tax		
Remeasurement of the net defined benefit liability (asset)	(12,905)	1,031
Net gain (loss) on revaluation of financial assets measured at FVTOCI ^(Note)	(33,268)	(2,170)
Share of other comprehensive income of associates and joint ventures accounted for using equity method	32	(23)
Total	(46,141)	(1,161)
Components of other comprehensive income that may be reclassified to profit or loss, net of tax		
Net gain (loss) in fair value of cash flow hedges	1,439	(623)
Exchange differences on translation of foreign operations	(102,944)	699
Share of other comprehensive income of associates and joint ventures accounted for using equity method	20	(44)
Total	(101,483)	31
Other comprehensive income, net of tax	(147,625)	(1,130)
Total comprehensive income for the period	(118,496)	41,170
Attributable to:		
Owners of the parent	(113,782)	37,701
Non-controlling interests	(4,713)	3,468

(Note) FVTOCI: Fair Value Through Other Comprehensive Income

(3) Condensed Interim Consolidated Statements of Changes in Equity
For the six months ended June 30, 2016

(Unit: millions of yen)

	Equity attributable to owners of the parent					
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity	
					Remeasurement of net defined benefit liability (asset)	Net gain (loss) on revaluation of financial assets measured at FVTOCI (Note)
Balance as of January 1, 2016	90,873	100,802	663,874	(29,576)	(35,003)	91,408
Changes in equity						
Comprehensive income						
Profit for the period	-	-	27,030	-	-	-
Other comprehensive income	-	-	-	-	(12,935)	(33,251)
Total comprehensive income for the period	-	-	27,030	-	(12,935)	(33,251)
Transactions with owners						
Dividends	-	-	(10,404)	-	-	-
Acquisition of treasury shares	-	-	-	(6)	-	-
Disposal of treasury shares	-	-	(120)	282	-	-
Changes in ownership interests in subsidiaries that do not result in loss of control	-	16	-	-	-	-
Transfer from other components of equity to retained earnings	-	-	226	-	-	(226)
Share-based payment transactions	-	(113)	-	-	-	-
Others (business combinations and others)	-	-	-	-	-	-
Total transactions with owners	-	(96)	(10,298)	275	-	(226)
Balance as of June 30, 2016	90,873	100,705	680,607	(29,300)	(47,938)	57,929

(Note) FVTOCI: Fair Value Through Other Comprehensive Income

For the six months ended June 30, 2016

(Unit: millions of yen)

	Equity attributable to owners of the parent			Total	Non-controlling interests	Total equity
	Other components of equity		Total			
	Net gain (loss) in fair value of cash flow hedges	Exchange differences on translation of foreign operations				
Balance as of January 1, 2016	(2,563)	214,357	268,198	1,094,172	69,594	1,163,767
Changes in equity						
Comprehensive income						
Profit for the period	-	-	-	27,030	2,098	29,128
Other comprehensive income	1,460	(96,087)	(140,813)	(140,813)	(6,811)	(147,625)
Total comprehensive income for the period	1,460	(96,087)	(140,813)	(113,782)	(4,713)	(118,496)
Transactions with owners						
Dividends	-	-	-	(10,404)	(412)	(10,816)
Acquisition of treasury shares	-	-	-	(6)	-	(6)
Disposal of treasury shares	-	-	-	161	-	161
Changes in ownership interests in subsidiaries that do not result in loss of control	-	-	-	16	(419)	(402)
Transfer from other components of equity to retained earnings	-	-	(226)	-	-	-
Share-based payment transactions	-	-	-	(113)	-	(113)
Others (business combinations and others)	-	-	-	-	(1)	(1)
Total transactions with owners	-	-	(226)	(10,346)	(832)	(11,179)
Balance as of June 30, 2016	(1,103)	118,269	127,157	970,042	64,048	1,034,090

For the six months ended June 30, 2017

(Unit: millions of yen)

	Equity attributable to owners of the parent					
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity	
					Remeasurement of net defined benefit liability (asset)	Net gain (loss) on revaluation of financial assets measured at FVTOCI (Note)
Balance as of January 1, 2017	90,873	101,237	690,890	(29,259)	(45,106)	95,891
Changes in equity						
Comprehensive income						
Profit for the period	-	-	37,540	-	-	-
Other comprehensive income	-	-	-	-	992	(2,169)
Total comprehensive income for the period	-	-	37,540	-	992	(2,169)
Transactions with owners						
Dividends	-	-	(10,407)	-	-	-
Acquisition of treasury shares	-	-	-	(10,024)	-	-
Disposal of treasury shares	-	-	(85)	202	-	-
Cancellation of treasury shares	-	-	(10,315)	10,315	-	-
Transfer from other components of equity to retained earnings	-	-	3,505	-	-	(3,505)
Share-based payment transactions	-	26	-	-	-	-
Others (business combinations and others)	-	-	-	-	-	-
Total transactions with owners	-	26	(17,303)	493	-	(3,505)
Balance as of June 30, 2017	90,873	101,263	711,127	(28,765)	(44,114)	90,216

(Note) FVTOCI: Fair Value Through Other Comprehensive Income

For the six months ended June 30, 2017

(Unit: millions of yen)

	Equity attributable to owners of the parent			Total	Non-controlling interests	Total equity
	Other components of equity		Total			
	Net gain (loss) in fair value of cash flow hedges	Exchange differences on translation of foreign operations				
Balance as of January 1, 2017	225	190,686	241,696	1,095,438	73,305	1,168,743
Changes in equity						
Comprehensive income						
Profit for the period	-	-	-	37,540	4,760	42,301
Other comprehensive income	(665)	2,004	161	161	(1,292)	(1,130)
Total comprehensive income for the period	(665)	2,004	161	37,701	3,468	41,170
Transactions with owners						
Dividends	-	-	-	(10,407)	(2,208)	(12,615)
Acquisition of treasury shares	-	-	-	(10,024)	-	(10,024)
Disposal of treasury shares	-	-	-	117	-	117
Cancellation of treasury shares	-	-	-	-	-	-
Transfer from other components of equity to retained earnings	-	-	(3,505)	-	-	-
Share-based payment transactions	-	-	-	26	-	26
Others (business combinations and others)	-	-	-	-	21,926	21,926
Total transactions with owners	-	-	(3,505)	(20,288)	19,717	(570)
Balance as of June 30, 2017	(440)	192,690	238,352	1,112,851	96,491	1,209,343

(4) Condensed Interim Consolidated Statements of Cash Flows

(Unit: millions of yen)

	For the six months ended June 30, 2016 (Jan. 1 through June. 30, 2016)	For the six months ended June 30, 2017 (Jan. 1 through June. 30, 2017)
Cash flows from operating activities		
Profit before tax	36,782	48,860
Depreciation and amortization	61,837	62,652
Interest and dividend income	(3,065)	(4,103)
Interest expenses	3,068	3,387
Share of profit (loss) of associates and joint ventures accounted for using equity method	(522)	(1,229)
Loss (gain) on sale or disposal of non-current assets	236	972
Decrease (increase) in trade receivables	7,394	8,476
Decrease (increase) in inventories	(4,072)	(15,098)
Increase (decrease) in trade payables	(214)	(7,369)
Others	9,670	(2,371)
Subtotal	111,114	94,176
Interest and dividends received	2,948	4,597
Interest paid	(3,862)	(3,998)
Income taxes paid	(10,471)	(5,110)
Net cash from operating activities	99,728	89,664
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(56,612)	(56,798)
Proceeds from sale of property, plant and equipment	2,707	2,444
Purchase of other financial assets	(2,851)	(3,400)
Proceeds from sale and redemption of other financial assets	3,209	11,995
Purchase of subsidiaries	-	(76,661)
Others	(168)	119
Net cash used in investing activities	(53,715)	(122,300)
Cash flows from financing activities		
Changes in short-term interest-bearing debt	7,566	3,297
Proceeds from borrowing or issuing long-term interest-bearing debt	10,370	41,679
Repayment or redemption of long-term interest-bearing debt	(27,233)	(37,991)
Payment from purchase of shares in subsidiaries from non- controlling interests	(402)	-
Acquisition of treasury shares	(6)	(10,024)
Dividends paid	(10,404)	(10,407)
Dividends paid to non-controlling interests	(412)	(2,208)
Others	(455)	(372)
Net cash used in financing activities	(20,977)	(16,026)
Effect of exchange rate changes on cash and cash equivalents	(4,097)	(531)
Net increase (decrease) in cash and cash equivalents	20,938	(49,194)
Cash and cash equivalents at the beginning of the period	104,831	147,325
Cash and cash equivalents at the end of the period	125,770	98,130

(5) Notes to the Condensed Interim Consolidated Financial Statements

(Changes in Significant Subsidiaries during the Period)

During the six months ended June 30, 2017, the Company acquired shares of Vinythai Public Company Limited from Solvay, and has included it in the scope of consolidation.

(Changes in Accounting Policies)

The significant accounting policies adopted for the Group's condensed interim consolidated financial statements are the same as those for the consolidated financial statements for the fiscal year ended December 31, 2016, with the exception of the items described below.

The following are the accounting standards applied by the Group from the fiscal year 2017, in compliance with each transitional provision. The effect of the application of these standards on the Group's condensed interim consolidated financial statements is immaterial.

IFRS	Title	Summaries of new IFRS and amendments
IAS 7 (amended in January 2016)	Statement of Cash Flows	Additional disclosure of changes in liabilities arising from financing activities
IAS 12	Income Taxes	Clarification of recognition of deferred tax assets related unrealized loss

"Operating profit" in the Group's condensed interim consolidated statements of profit or loss is an indicator that facilitates continuous comparisons and evaluations of the Group's business performance. Main items of "other income" and "other expenses" are foreign exchange gains and losses, gains on sale of non-current assets, losses on disposal of non-current assets, impairment losses and expenses for restructuring programs. "Business profit" includes all income and expenses before finance income, finance costs and income tax expenses.

The Group calculated income tax expenses for the six months ended June 30, 2017, based on the estimated average annual effective tax rate.

(Changes in Accounting Estimates)

In preparing the Group's condensed interim consolidated financial statements, judgments, estimates and assumptions are made that affect the reported amounts of assets, liabilities, income and expenses. Therefore accounting estimates could differ from actual results.

Estimates and assumptions that have a significant effect on the amounts recognized in the Group's condensed interim consolidated financial statements are in principle the same as the fiscal year 2016.

Estimates and their assumptions are reviewed continuously. The effect of reviewing estimates and assumptions are recognized in the period in which those estimates and assumptions were reviewed and in future periods.

(Segment Information)

The Group's reportable segments are components of the Group for which discrete financial information is available, and whose operating results are reviewed regularly by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess performance.

The Group in the past had three in-house companies by product and service: Glass, Electronics and Chemicals. However, to better focus on market aspects, on January 1, 2017 the Group split Glass Company into two entities: "Building & Industrial Glass Company" and "Automotive Company." As a result, four in-house companies constitute the Group.

Each in-house company operates worldwide, formulating comprehensive domestic and overseas strategies for its products and services.

Building & Industrial Glass and Automotive share the same float glass manufacturing facilities (glass melting furnace) etc., which are the largest assets and situated the highest upstream in the supply chain. The two in-house companies share assets and liabilities, and ratio of utilization is influenced by fluctuations of demand and supply. Considering these situations, it is difficult to divide financial statements for the two in-house companies. Therefore, the Group prepares the financial statements of Building & Industrial Glass and Automotive as the Glass segment. In addition, decisions on assigning management resources are closely tied to the results of each business and inseparable from their performance evaluation. Therefore, with the participation of presidents of both in-house companies, the Group has established a "Glass Segment Council," which primarily functions to maintain synergies and maximize overall production in the Glass segment, and collaborates to maximize profits for the Group. Based on these circumstances, the Group continues to report the Glass segment as one.

Thus, the Group has three reportable segments: Glass, Electronics, and Chemicals.

The main products of each reportable segment are as follows.

Reportable segment	Main products
Glass	Float flat glass, Figured glass, Polished wired glass, Low-E glass, Decorative glass, Fabricated glass for architectural use (Heat Insulating/shielding glass, Disaster-resistant/Security glass, Fire-resistant glass, etc.), Automotive glass, etc.
Electronics	LCD glass substrates, Specialty glass for display applications, Cover glass for car-mounted displays, Display related materials, Glass for solar power system, Fabricated glass for industrial use, Semiconductor process materials, Optoelectronics materials, Lighting glass products, Laboratory use ware, etc.
Chemicals	Polyvinyl chloride, Vinyl chloride monomer, Caustic soda, Urethane, Fluorinated resins, Water and oil repellents, Gases, Solvents, Pharmaceutical and agrochemical intermediates and active ingredients, Iodine-related products, etc.

For the six months ended June 30, 2016 (January 1 through June 30, 2016)

(Unit: millions of yen)

	Reportable segments			Ceramics/ Other	Total	Adjustments	Amount reported on condensed interim consolidated statements of profit or loss
	Glass	Electronics	Chemicals				
Sales to external customers	342,597	121,004	146,738	14,608	624,949	-	624,949
Inter-segment sales or transfers	474	604	470	20,305	21,855	(21,855)	-
Total sales	343,072	121,608	147,209	34,914	646,804	(21,855)	624,949
Segment profit (loss) (Operating profit)	15,811	9,644	15,210	(651)	40,015	(131)	39,884
Profit for the period	-	-	-	-	-	-	29,128

The amounts of inter-segment sales or transfers are primarily based on market prices and manufacturing cost.
“Ceramics/Other” mainly handles ceramics products, logistics and financial services.

For the six months ended June 30, 2017 (January 1 through June 30, 2017)

(Unit: millions of yen)

	Reportable segments			Ceramics/ Other	Total	Adjustments	Amount reported on condensed interim consolidated statements of profit or loss
	Glass	Electronics	Chemicals				
Sales to external customers	356,602	121,530	195,804	16,052	689,989	-	689,989
Inter-segment sales or transfers	411	873	890	17,696	19,871	(19,871)	-
Total sales	357,013	122,403	196,694	33,748	709,861	(19,871)	689,989
Segment profit (loss) (Operating profit)	13,959	9,110	25,995	113	49,178	107	49,286
Profit for the period	-	-	-	-	-	-	42,301

The amounts of inter-segment sales or transfers are primarily based on market prices and manufacturing cost.
“Ceramics/Other” mainly handles ceramics products, logistics and financial services.

(Notes to Other Income and Other Expenses)

Other Income

(Unit: millions of yen)

	For the six months ended June 30, 2016 (Jan. 1 through June. 30, 2016)	For the six months ended June 30 2017 (Jan. 1 through June. 30, 2017)
Foreign exchange gain	523	-
Gains on sale of non-current assets	798	405
Others	861	1,434
Total	2,183	1,839

Other Expenses

(Unit: millions of yen)

	For the six months ended June 30, 2016 (Jan. 1 through June. 30, 2016)	For the six months ended June 30, 2017 (Jan. 1 through June. 30, 2017)
Foreign exchange loss	-	(986)
Losses on disposal of non-current assets	(1,035)	(1,377)
Expenses for restructuring programs	(472)	(255)
Others	(3,040)	(488)
Total	(4,548)	(3,108)

(Notes on Significant Subsequent Events)

No items to report

(Others)

Refund for withholding tax

AGC's subsidiary in Singapore has claimed a refund for part of the withholding tax related to the dividend paid by AGC's subsidiary in Taiwan under the Double Taxation Avoidance Agreement between Taiwan and Singapore. The withholding tax was paid to the Taiwan Government from 2014 to 2016. This claim was accepted and the AGC Group received notification of the tax refund on March 10, 2017. The amount of tax refund received was 5,947 million yen, and therefore the income tax expenses in the fiscal year 2017 has decreased.