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Corporate Name: AGC Inc.
 (Code Number: 5201; TSE 1st section)
 (URL: <http://www.agc.com>)
 President & CEO: Takuya Shimamura
 Contact: Kazumi Tamaki, General Manager,
 Corporate Communications & Investor Relations Division
 (Tel: +81-3-3218-5603)

Consolidated Financial Results for the Fiscal Year ended December 31, 2018 (IFRS basis)

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

1. Financial Results for FY2018 (January 1 through December 31, 2018)

(1) Consolidated Operating Results

(Percentage figures show year-on-year changes.)

	FY2018 (Jan. through Dec. 2018)		FY2017 (Jan. through Dec. 2017)	
	millions of yen	%	millions of yen	%
Net sales	1,522,904	4.1	1,463,532	14.1
Operating profit	120,555	0.8	119,646	24.3
Profit before tax	128,404	12.2	114,424	69.4
Profit for the year	101,991	28.6	79,297	48.6
Profit for the year attributable to owners of the parent	89,593	29.4	69,225	45.9
Total comprehensive income for the year	15,923	-	145,468	455.4
Basic earnings per share (yen)	399.51		302.12	
Diluted earnings per share (yen)	397.58		300.65	
Profit ratio to equity attributable to owners of the parent (%)	7.7		6.1	
Ratio of profit for the year to total assets (%)	5.8		5.4	
Ratio of operating profit to net sales (%)	7.9		8.2	

Reference: Share of profit of associates and joint ventures accounted for using equity method -FY2018; 1,463 million yen -FY2017; 1,753 million yen

*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 previous fiscal year.

(2) Consolidated Financial Position

	FY2018 (as of December 31, 2018)	FY2017 (as of December 31, 2017)
Total assets (millions of yen)	2,235,776	2,228,560
Total equity (millions of yen)	1,253,604	1,289,895
Equity attributable to owners of the parent (millions of yen)	1,137,204	1,184,034
Equity attributable to owners of the parent ratio (%)	50.9	53.1
Equity attributable to owners of the parent per share (yen)	5,141.43	5,239.70

(3) Consolidated Cash Flows

	FY2018 (Jan. through Dec. 2018)	FY2017 (Jan. through Dec. 2017)
Cash flows from operating activities (millions of yen)	189,287	203,504
Cash flows from investing activities (millions of yen)	(194,450)	(209,560)
Cash flows from financing activities (millions of yen)	8,657	(18,720)
Cash and cash equivalents at the end of the year (millions of yen)	123,503	126,417

2. Dividends

	(Base date)	FY2017	FY2018	FY2019(forecast)
Dividend per share	End of the first quarter (yen)	-	-	-
	End of the second quarter (yen)	10.00	55.00	60.00
	End of the third quarter (yen)	-	-	-
	End of the fiscal year (yen)	55.00	60.00	60.00
	Full fiscal year (yen)	-	115.00	120.00
Total dividend distribution (full fiscal year) (millions of yen)		23,885	25,720	-
Payout ratio (consolidated) (%)		34.8	28.8	34.0
Ratio of dividend distribution to equity attributable to owners of the parent (consolidated) (%)		2.1	2.2	-

*The Company consolidate 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 11 yen, and annual dividends per share are 21 yen.

3. Forecast for FY2019 (January 1 through December 31, 2019)

(Percentage figures show year-on-year changes.)

	First half		Full fiscal year	
	millions of yen	%	millions of yen	%
Net sales	775,000	4.0	1,600,000	5.1
Operating profit	50,000	(17.1)	125,000	3.7
Profit before tax	-	-	118,000	(8.1)
Profit for the year	-	-	89,000	(12.7)
Profit for the year attributable to owners of the parent	-	-	78,000	(12.9)
Basic earnings per share (yen)			352.64	

(Note) The forecast for the six months ending June 30, 2019 consists of forecast net sales and operating profit only.

***Notes**

(1) Changes in significant subsidiaries during the period: Yes (Company name:AGC Flat Glass Philippines, Inc.)

(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 "(5) Notes to the Consolidated Financial Statements, 2) Changes in Accounting Policies" on page 16.

(3) Number of Shares Issued (ordinary shares)

i . Number of shares issued (including treasury shares) at the end of the period	
-FY2018 (as of December 31, 2018):	227,441,381
-FY2017 (as of December 31, 2017):	235,177,781
ii . Number of treasury shares at the end of the period	
-FY2018 (as of December 31, 2018):	5,944,972
-FY2017 (as of December 31, 2017):	9,204,032
iii . Average number of shares issued during the period	
-FY2018 (Jan. through Dec. 2018):	224,259,309
-FY2017 (Jan. through Dec. 2017):	229,134,775

(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 average shares outstanding during the period are calculated on the assumption that the consolidation of shares is conducted at the beginning of the previous fiscal year.

[Reference]

(1) Non-Consolidated Operating Results

(Percentage figures show year-on-year changes.)

	FY2018 (Jan. through Dec. 2018)		FY2017 (Jan. through Dec. 2017)	
	millions of yen	%	millions of yen	%
Net sales	542,004	9.3	496,067	2.7
Operating income	12,535	(43.6)	22,214	(27.8)
Ordinary income	54,079	29.4	41,789	(15.2)
Net income	51,970	29.3	40,190	66.4
Net income per share -basic (yen)	231.74		175.40	
Net income per share -fully diluted (yen)	230.62		174.55	

(Notes) 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 Net income per share -basic and the Net income per share -fully diluted are calculated on the assumption that the consolidation of shares is conducted at the beginning of the previous fiscal year.

(2) Non-Consolidated Financial Position

	FY2018 (as of December 31, 2018)	FY2017 (as of December 31, 2017)
Total assets (millions of yen)	1,338,966	1,334,415
Total net assets (millions of yen)	614,185	643,271
Equity ratio (%)	45.7	48.0
Equity per share (yen)	2,765.58	2,835.14

Reference: Total Shareholders' Equity at -FY2018; 611,703 million yen

-FY2017; 640,667 million yen

(Notes) The AGC (the "Company") has applied the "Partial Amendments to Accounting Standard for Tax Effect Accounting" and relevant Guidances effective from the beginning of the fiscal year ending December 31, 2018. The results for the fiscal year ended December 31, 2017 are those after retrospective application.

*This consolidated financial statement is outside the scope of annual audit procedure.

*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 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 page 5 and 6.

*Supplementary Materials for the Financial Results

Supplementary materials are available on our website.

(Attached Documents)

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Qualitative Information and Financial Statements

1. Operating Results

(1) Analysis of Operating Results

Operating results for FY2018

During the fiscal year ended December 31, 2018, the global economy surrounding the AGC Group maintained a moderate recovery, but the impact of trade and other problems became apparent around the end of the fiscal year. In Japan, the economy continued a trend of moderate recovery thanks to factors such as the government's economic policies, and the United States also continued its economic recovery along with increased consumer spending and other factors. Countries such as Russia and Brazil maintained a trend of recovery. On the other hand, the growth rate in Europe slowed from the second half of the fiscal year, and negative signs appeared for consumer spending in China.

Under such a business environment, due to increased volume of shipments in each business section as well as consolidation of companies acquired in the first quarter of 2017, the AGC Group posted net sales of 1,522.9 billion yen, up 59.4 billion yen, or a 4.1% increase, from the previous fiscal year. Operating profit increased by 0.9 billion yen, or a 0.8% increase, year-on-year to 120.6 billion yen due to the increase of raw material and fuel prices and other factors. Profit before tax was 128.4 billion yen, up 14.0 billion yen, or a 12.2% increase, year-on-year, mainly due to an improvement in Other income and expenses. Profit for the year attributable to owners of the parent was 89.6 billion yen, up 20.4 billion yen, or a 29.4% increase mainly due to the decrease in income tax expenses from the previous fiscal year.

Overview by reportable segment

(Unit: billions of yen)

	Net sales		Operating profit	
	FY2018	FY2017	FY2018	FY2017
Glass	757.5	735.1	22.5	27.1
Electronics	252.6	262.4	24.0	27.3
Chemicals	484.4	437.6	71.1	63.7
Ceramics/Other	79.0	75.4	2.8	1.4
Corporate or elimination	(50.6)	(47.0)	0	0.1
Total	1,522.9	1,463.5	120.6	119.6

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

- Glass

Sales of architectural glass increased year-on-year, mainly because shipments of architectural glass remained favorable in Europe and the impact of appreciation in the value of Euro, even though all shares in AGC Flat Glass Philippines, Inc. were transferred and it was removed from the scope of consolidation and shipments declined in Japan and Asia. In the automotive glass business, the AGC Group's shipments increased in Japan, Asia, and Europe and the Euro appreciated in value. Consequently, sales increased from the previous fiscal year.

As a result, net sales from the Glass Operations for the fiscal year were 757.5 billion yen, up 22.3 billion yen, or a 3.0% increase from the previous fiscal year. However, operating profit was 22.5 billion yen, down 4.5 billion yen, or a 16.8% decrease mainly due to the increase of raw material and fuel prices, and logistic costs.

- Electronics

Shipments of LCD glass substrate increased slightly, and the range of decline in selling prices shrunk. Shipments of specialty glass for display applications increased from the previous fiscal year. Shipments of cover glass for car-mounted displays increased from the previous fiscal year. For electronic materials, shipments of optoelectronic materials decreased from the previous fiscal year, but shipments of semiconductor-related products increased.

As a result, net sales from the Electronics Operations for the fiscal year were 252.6 billion yen, down 9.7 billion yen, or a 3.7% decrease, from the previous fiscal year, and operating profit was 24.0 billion yen, down 3.3 billion yen, or a 12.0% decrease from the previous fiscal year.

- Chemicals

Sales of chlor-alkali products and urethane products increased from the previous fiscal year mainly because of the increase in selling prices for caustic soda in Japan and Southeast Asia and the consolidation of Vinythai Public Company Limited in March 2017. In the categories of fluorine products and specialty products, sales increased from the previous fiscal year because shipments of fluorine products, including fluoropolymers for use in semiconductor-related products, remained firm. In the life science category, sales increased from the previous fiscal year due to consolidation of CMC Biologics (now AGC Biologics) in February 2017, and an increase in shipments.

As a result, net sales from the Chemicals Operations for the fiscal year were 484.4 billion yen, up 46.7 billion yen or a 10.7% increase from the previous fiscal year. Operating profit was 71.1 billion yen, up 7.5 billion yen, or a 11.7% increase from the previous fiscal year.

(2) Qualitative Information Regarding Consolidated Financial Position

Overview of financial conditions

(Unit: billions of yen)

	FY2018	FY2017	Change
Total assets	2,235.8	2,228.6	7.2
Total liabilities	982.2	938.7	43.5
Total equity	1,253.6	1,289.9	(36.3)

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

- Total assets

Total assets as of the end of the fiscal year under review were 2,235.8 billion yen, up 7.2 billion yen and remained at the same level as the end of the previous fiscal year.

- Total liabilities

Total liabilities as of the end of the fiscal year under review were 982.2 billion yen, up 43.5 billion yen from the end of the previous fiscal year. This increase was mainly due to an increase in interest-bearing debt.

- Total equity

Total equity as of the end of the fiscal year under review was 1,253.6 billion yen, down 36.3 billion yen from the end of the previous fiscal year. This decrease was mainly due to a decrease in exchange differences on translation of foreign operations affected by the appreciation of the yen compared to the end of the previous fiscal year.

Overview of cash flows

(Unit: billions of yen)

	FY2018	FY2017	Change
Cash flows from operating activities	189.3	203.5	(14.2)
Cash flows from investing activities	(194.5)	(209.6)	15.1
Cash flows from financing activities	8.7	(18.7)	27.4
Cash & cash equivalents as of end of period	123.5	126.4	(2.9)

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

The free cash flow for the fiscal year under review, which is the sum of cash flows from operating activities and investing activities, was negative 5.2 billion yen (negative 6.1 billion yen in the previous year) mainly due to an increase in capital investment. Cash & cash equivalents as of the end of the period (net cash) decreased 2.9 billion yen or 2.3% from the end of the previous year to 123.5 billion yen mainly due to payment of dividends and acquisition of treasury shares in financing activities.

- Cash flows from operating activities

Net cash from operating activities for the fiscal year under review was 189.3 billion yen, down 14.2 billion yen or 7.0% from the previous year.

- Cash flows from investing activities

Net cash from investing activities for the fiscal year under review was 194.5 billion yen, down 15.1 billion yen or 7.2% from the previous year. This decrease was mainly due to purchase of property, plant and equipment and purchase of subsidiaries.

- Cash flows from financing activities

Net cash from financing activities for the fiscal year under review was 8.7 billion yen (expenditure of 18.7 billion yen in the previous year). This increase was mainly due to proceeds from borrowing or issuing long-term interest-bearing debt, in spite of dividends paid and acquisition of treasury shares.

- Cash flow indices

	FY2017	FY2018
Equity attributable to owners of the parent ratio (%)	53.1	50.9
Equity attributable to owners of the parent ratio based on market value (%)	49.5	33.9
Number of years for debt redemption	2.4	2.9
Interest coverage ratio	26.0	20.9

(Notes) Equity attributable to owners of the parent ratio (%): Total equity attributable to owners of the parent / Total Assets

Equity attributable to owners of the parent ratio based on market value (%): Total market capitalization / Total Assets

Number of years for debt redemption: Interest-bearing debts/operating cash flows

Interest coverage ratio: Operating cash flows/interest payment

- All indices were computed using consolidated financial figures.
- Total market capitalization was computed based on the closing stock price at period-end multiplied by number of outstanding shares at period-end (after deducting treasury shares).
- Operating cash flows represent cash flows from operating activities on the consolidated statements of cash flows.
- Interest-bearing debts represent all debts on the consolidated financial position for which interest is paid. In addition, interest payment represents amount of interest paid on the consolidated statements of cash flows.

(3) Forecast for FY2019

Operating forecast for FY2019

(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
FY 2019 (January 1 through December 31, 2019)	1,600.0	125.0	118.0	89.0	78.0
FY 2018 (January 1 through December 31, 2018)	1,522.9	120.6	128.4	102.0	89.6
Change (%)	5.1%	3.7%	(8.1%)	(12.7%)	(12.9%)

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

The global economy in 2019 is expected to maintain moderate recovery on the whole. However, there are concerns that the rate of growth will slow, impacted by such factors as policy issues and trade problems.

Under such a business environment, the shipments of architectural glass are expected to continue increasing moderately in many regions from the previous fiscal year. Shipments in the automotive glass business are expected to remain firm.

Shipments of LCD glass substrates are expected to increase from the previous fiscal year and the range of decline in selling prices is expected to shrink. Shipments of specialty glass for display applications are expected to increase from the previous fiscal year. In the category of electronic materials, shipments of both optoelectronic materials and semiconductor-related products are expected to increase from the previous fiscal year.

In the Chemicals business, shipments of life science products are expected to increase dramatically from the previous fiscal year. Shipments of chlor-alkali products in Southeast Asia and fluorine products are also expected to remain favorable.

Taking into account the above factors, net sales of the AGC Group for the fiscal year ending December 31, 2019 are forecasted to be 1,600.0 billion yen, up 77.1 billion yen, or a 5.1% increase from the previous fiscal year, and operating profit is forecasted to be 125.0 billion yen, up 4.4 billion yen, or a 3.7% increase from the previous fiscal year. Profit before tax will be 118.0 billion yen, down 10.4 billion yen from the previous fiscal year, and profit for the year attributable to owners of the parent is estimated to be 78.0 billion yen, down 11.6 billion yen from the previous fiscal year. The average exchange rates assumed for the fiscal year ending December 31, 2019 are 110 yen to the U.S. dollar and 125 yen to the Euro.

Forecast of financial conditions for FY2019

Regarding cash flows from operating activities, profit before tax is expected to decrease by 10.4 billion yen to 118.0 billion yen as compared with that for the fiscal year ended December 31, 2018. Depreciation expenses are expected to be 140.0 billion yen, up 18.3 billion yen from the previous fiscal year.

Of the cash flows from investing activities, capital expenditures are expected to decrease 0.6 billion yen year-on-year to 230.0 billion yen.

As for financing activities, the AGC Group will repay and borrow interest-bearing debts and increase borrowings, in addition to dividend payments in accordance with the Group's dividend policy.

(4) Allocation and Distribution of Profits and Dividends

The AGC Group continues to strive to proactively return profits to shareholders, aiming at the consolidated total shareholders return of 50% or more, including the annual dividend payment per share maintained at the current term's expected payment amount or more and the acquisition of treasury shares, while giving comprehensive consideration to the Group's consolidated business results and future investment plans, among others. The AGC Group will also allocate retained earnings to R&D, capital investment as well as merger and acquisition activities, to strengthen its financial position and improve its corporate value.

In consideration of the Group's financial results for the fiscal year under review, the current business environment and future business developments, the Group paid an interim dividend of 55 yen per share and plans to pay a year-end dividend of 60 yen for FY 2018. The Company consolidated its common shares at a ratio of five shares to one share on the effective date of July 1, 2017.

With regard to dividend payments for the fiscal year ending December 31, 2019, the total full year dividend payout is scheduled to be 60 yen per share for interim dividend, and 60 yen per share for year-end dividend in light of the Group's financial forecasts.

[Important notes with regard to the forecast]

The above prospective results reflect the judgment of the Group's management on the basis of currently available information and, as such, contain risks and uncertainties. For this reason, investors are recommended 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. Basic Policy for adopting Accounting Standards

The AGC Group adopted International Financial Reporting Standards (IFRS) for its consolidated financial statements, starting with the annual financial statements for the fiscal year ending December 31, 2013, with the aim of increasing international comparability of financial information, offering greater convenience for domestic or foreign investors and enhancing the efficiency of the Group's management.

3. Consolidated Financial Statements (IFRS)

(1) Consolidated Statements of Financial Position

(Unit: millions of yen)

	FY2017 (as of December 31, 2017)	FY2018 (as of December 31, 2018)
Assets		
Current assets		
Cash and cash equivalents	126,417	123,503
Trade receivables	260,497	260,111
Inventories	261,708	277,014
Other receivables	43,774	50,836
Income tax receivables	5,570	4,531
Other current assets	24,554	17,199
Total current assets	722,522	733,196
Non-current assets		
Property, plant and equipment	1,060,601	1,108,934
Goodwill	78,757	89,076
Intangible assets	58,038	56,645
Investments accounted for using equity method	39,575	35,245
Other financial assets	234,896	179,081
Deferred tax assets	23,157	20,140
Other non-current assets	11,011	13,455
Total non-current assets	1,506,038	1,502,580
Total assets	2,228,560	2,235,776

(Unit: millions of yen)

	FY2017 (as of December 31, 2017)	FY2018 (as of December 31, 2018)
Liabilities and equity		
Liabilities		
Current liabilities		
Trade payables	159,489	156,594
Short-term interest-bearing debt	73,666	67,281
Long-term interest-bearing debt due within one year	63,629	71,897
Other payables	127,580	143,202
Income tax payables	12,210	8,775
Provisions	1,893	929
Other current liabilities	16,819	14,417
Total current liabilities	455,288	463,098
Non-current liabilities		
Long-term interest-bearing debt	351,789	402,601
Deferred tax liabilities	59,492	34,989
Post-employment benefit liabilities	50,585	61,478
Provisions	10,045	8,049
Other non-current liabilities	11,463	11,954
Total non-current liabilities	483,376	519,074
Total liabilities	938,665	982,172
Equity		
Share capital	90,873	90,873
Capital surplus	101,420	94,368
Retained earnings	735,653	773,760
Treasury shares	(43,629)	(28,821)
Other components of equity	299,716	207,023
Total equity attributable to owners of the parent	1,184,034	1,137,204
Non-controlling interests	105,860	116,399
Total equity	1,289,895	1,253,604
Total liabilities and equity	2,228,560	2,235,776

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

(Unit: millions of yen)

	FY2017 (Jan. 1 through Dec. 31, 2017)	FY2018 (Jan. 1 through Dec. 31, 2018)
Net sales	1,463,532	1,522,904
Cost of sales	(1,060,587)	(1,103,106)
Gross profit	402,945	419,797
Selling, general and administrative expenses	(285,051)	(300,706)
Share of profit (loss) of associates and joint ventures accounted for using equity method	1,753	1,463
Operating profit	119,646	120,555
Other income	6,979	15,174
Other expenses	(12,711)	(13,230)
Business profit	113,915	122,499
Finance income	8,262	16,050
Finance costs	(7,752)	(10,145)
Net finance costs	509	5,905
Profit before tax	114,424	128,404
Income tax expenses	(35,127)	(26,412)
Profit for the year	79,297	101,991
Attributable to:		
Owners of the parent	69,225	89,593
Non-controlling interests	10,071	12,398
Earnings per share		
Basic earnings per share (yen)	302.12	399.51
Diluted earnings per share (yen)	300.65	397.58

(Consolidated Statements of Comprehensive Income)

(Unit: millions of yen)

	FY2017 (Jan. 1 through Dec. 31, 2017)	FY2018 (Jan. 1 through Dec. 31, 2018)
Profit for the year	79,297	101,991
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)	12,388	(5,050)
Net gain (loss) on revaluation of financial assets measured at FVTOCI ^(Note)	17,207	(25,256)
Share of other comprehensive income of associates and joint ventures accounted for using equity method	(70)	76
Total	29,525	(30,230)
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	367	(535)
Exchange differences on translation of foreign operations	36,301	(55,361)
Share of other comprehensive income of associates and joint ventures accounted for using equity method	(23)	58
Total	36,645	(55,838)
Other comprehensive income, net of tax	66,170	(86,068)
Total comprehensive income for the year	145,468	15,923
Attributable to:		
Owners of the parent	135,090	6,629
Non-controlling interests	10,377	9,293

(Note) FVTOCI: Fair Value Through Other Comprehensive Income

(3) Consolidated Statements of Changes in Equity
FY2017 (Jan. 1 through Dec. 31, 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 year	-	-	69,225	-	-	-
Other comprehensive income	-	-	-	-	12,626	17,223
Total comprehensive income for the year	-	-	69,225	-	12,626	17,223
Transactions with owners						
Dividends	-	-	(21,864)	-	-	-
Acquisition of treasury shares	-	-	-	(25,069)	-	-
Disposal of treasury shares	-	-	(126)	383	-	-
Cancellation of treasury shares	-	-	(10,315)	10,315	-	-
Transfer from other components of equity to retained earnings	-	-	7,843	-	-	(7,843)
Share-based payment transactions	-	182	-	-	-	-
Others (business combinations and others)	-	-	-	-	-	-
Total transactions with owners	-	182	(24,463)	(14,369)	-	(7,843)
Balance as of December 31, 2017	90,873	101,420	735,653	(43,629)	(32,480)	105,270

(Note) FVTOCI: Fair Value Through Other Comprehensive Income

FY2017 (Jan. 1 through Dec. 31, 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 year	-	-	-	69,225	10,071	79,297
Other comprehensive income	323	35,691	65,864	65,864	306	66,170
Total comprehensive income for the year	323	35,691	65,864	135,090	10,377	145,468
Transactions with owners						
Dividends	-	-	-	(21,864)	(2,802)	(24,667)
Acquisition of treasury shares	-	-	-	(25,069)	-	(25,069)
Disposal of treasury shares	-	-	-	256	-	256
Cancellation of treasury shares	-	-	-	-	-	-
Transfer from other components of equity to retained earnings	-	-	(7,843)	-	-	-
Share-based payment transactions	-	-	-	182	-	182
Others (business combinations and others)	-	-	-	-	24,980	24,980
Total transactions with owners	-	-	(7,843)	(46,494)	22,177	(24,316)
Balance as of December 31, 2017	548	226,377	299,716	1,184,034	105,860	1,289,895

	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, 2018	90,873	101,420	735,653	(43,629)	(32,480)	105,270
Impact of change in accounting policy	-	-	(244)	-	-	-
Restated balance as of January 1, 2018	90,873	101,420	735,408	(43,629)	(32,480)	105,270
Changes in equity						
Comprehensive income						
Profit for the year	-	-	89,593	-	-	-
Other comprehensive income	-	-	-	-	(5,287)	(25,252)
Total comprehensive income for the year	-	-	89,593	-	(5,287)	(25,252)
Transactions with owners						
Dividends	-	-	(24,858)	-	-	-
Acquisition of treasury shares	-	-	-	(21,521)	-	-
Disposal of treasury shares	-	-	(91)	308	-	-
Cancellation of treasury shares	-	-	(36,021)	36,021	-	-
Changes in ownership interests in subsidiaries that do not result in loss of control	-	159	-	-	-	-
Transfer from other components of equity to retained earnings	-	-	9,729	-	-	(9,729)
Share-based payment transactions	-	129	-	-	-	-
Others (business combinations and others)	-	(7,340)	-	-	-	-
Total transactions with owners	-	(7,051)	(51,242)	14,808	-	(9,729)
Balance as of December 31, 2018	90,873	94,368	773,760	(28,821)	(37,767)	70,288

(Note) FVTOCI: Fair Value Through Other Comprehensive Income

FY2018 (Jan. 1 through Dec. 31, 2018)

(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, 2018	548	226,377	299,716	1,184,034	105,860	1,289,895
Impact of change in accounting policy	-	-	-	(244)	-	(244)
Restated balance as of January 1, 2018	548	226,377	299,716	1,183,790	105,860	1,289,650
Changes in equity						
Comprehensive income						
Profit for the year	-	-	-	89,593	12,398	101,991
Other comprehensive income	(444)	(51,978)	(82,964)	(82,964)	(3,104)	(86,068)
Total comprehensive income for the year	(444)	(51,978)	(82,964)	6,629	9,293	15,923
Transactions with owners						
Dividends	-	-	-	(24,858)	(2,423)	(27,282)
Acquisition of treasury shares	-	-	-	(21,521)	-	(21,521)
Disposal of treasury shares	-	-	-	216	-	216
Cancellation of treasury shares	-	-	-	-	-	-
Changes in ownership interests in subsidiaries that do not result in loss of control	-	-	-	159	(230)	(71)
Transfer from other components of equity to retained earnings	-	-	(9,729)	-	-	-
Share-based payment transactions	-	-	-	129	-	129
Others (business combinations and others)	-	-	-	(7,340)	3,900	(3,440)
Total transactions with owners	-	-	(9,729)	(53,215)	1,245	(51,969)
Balance as of December 31, 2018	103	174,399	207,023	1,137,204	116,399	1,253,604

(4) Consolidated Statements of Cash Flows

(Unit: millions of yen)

	FY2017 (Jan. 1 through Dec. 31, 2017)	FY2018 (Jan. 1 through Dec. 31, 2018)
Cash flows from operating activities		
Profit before tax	114,424	128,404
Depreciation and amortization	128,226	121,668
Interest and dividend income	(8,159)	(11,550)
Interest expenses	7,228	9,351
Share of profit (loss) of associates and joint ventures accounted for using equity method	(1,753)	(1,463)
Loss (gain) on sale or disposal of non-current assets	2,890	1,183
Decrease (increase) in trade receivables	(3,566)	(4,972)
Decrease (increase) in inventories	(22,929)	(24,731)
Increase (decrease) in trade payables	11,528	2,752
Others	(15,740)	1,370
Subtotal	212,149	222,012
Interest and dividends received	9,030	12,218
Interest paid	(7,836)	(9,073)
Income taxes paid	(9,839)	(35,870)
Net cash from operating activities	203,504	189,287
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(157,227)	(211,370)
Proceeds from sale of property, plant and equipment	7,149	17,843
Purchase of other financial assets	(4,984)	(7,316)
Proceeds from sale and redemption of other financial assets	27,720	26,394
Purchase of subsidiaries	(79,173)	(19,456)
Proceeds from sale of shares of subsidiaries	-	3,860
Others	(3,044)	(4,405)
Net cash used in investing activities	(209,560)	(194,450)
Cash flows from financing activities		
Changes in short-term interest-bearing debt	29,657	(3,524)
Proceeds from borrowing or issuing long-term interest-bearing debt	83,944	138,156
Repayment or redemption of long-term interest-bearing debt	(82,189)	(80,237)
Proceeds from non-controlling interests	-	3,790
Acquisition of treasury shares	(25,069)	(21,521)
Dividends paid	(21,864)	(24,858)
Dividends paid to non-controlling interests	(2,802)	(2,423)
Others	(395)	(723)
Net cash used in financing activities	(18,720)	8,657
Effect of exchange rate changes on cash and cash equivalents	3,868	(6,407)
Net increase (decrease) in cash and cash equivalents	(20,907)	(2,913)
Cash and cash equivalents at beginning of year	147,325	126,417
Cash and cash equivalents at end of year	126,417	123,503

(5) Notes to the Consolidated Financial Statements

1) Basis of Preparations

The Group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), based on the stipulations of Article 93 of the Ordinance on Consolidated Financial Statements. The Group's consolidated financial statements satisfy all of the requirements for a "Specified Company" prescribed by Article 1-2 of the Ordinance on Consolidated Financial Statements.

2) Changes in Accounting Policies

The significant accounting policies adopted for the Group's consolidated financial statements are the same as those for the consolidated financial statements for the fiscal year ended December 31, 2017, with the exception of the items described below.

Beginning from the fiscal year 2018, the Group has adopted IFRS 15 "Revenue from Contracts with Customers". When applying IFRS 15, as a transition measure the Group applies this standard retrospectively with the cumulative effects of initially applying this standard recognized at the date of initial application.

In accordance with the adoption of IFRS 15, revenue is recognized based on the following five-step model.

Step 1: Identify the contract with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when the entity satisfies a performance obligation

The Group sells a range of products including architectural glass, automotive glass, glass substrates for displays, electronic materials, chlor-alkali & urethane, fluorochemicals & specialty chemicals, and life science products. Because customers obtain control over the products at the time of delivery, for sales of these products the performance obligation is judged to have been satisfied and revenue is therefore recognized upon delivery of the products. For revenue associated with construction works such as the installation of architectural glass, revenue is recognized according to the progress toward completion of the performance obligation. Measurement of progress toward completion is performed according to the input method based on the costs incurred, etc.

Furthermore, revenue is measured at the consideration promised in contracts with customers, less discounts, rebates, returned products, and other items.

When consideration is received from a customer prior to fulfillment of the performance obligation, the amount is recognized as a contract liability.

As a result of identifying the contracts with customers and the performance obligations in the contracts and calculating the value of the transactions based on the five-step model indicated above, for certain transactions a difference in the measurement of the consideration received from customers arises compared with the revenue is that would have been recognized based on the previous accounting standard.

As a result, compared with the application of the former accounting standard, in the consolidated statements of financial position for the beginning of fiscal year 2018, trade receivables decreased by 524 million yen, deferred tax assets increased by 280 million yen, and retained earnings decreased by 244 million yen. For the end of fiscal year 2018, trade receivables decreased by 289 million yen, deferred tax assets increased by 208 million yen, and retained earnings and other components of equity decreased by 55 million yen and 25 million yen, respectively.

Moreover, in the consolidated statements of profit or loss for the fiscal year ended December 31, 2018, net sales increased by 259 million yen, and income tax expenses increased by 70 million yen.

With the exception of the standards described above, the following are the accounting standards applied by the Group from fiscal year 2018, in compliance with each transitional provision. The effect of the application of the following standards on the Group's consolidated financial statements is immaterial.

IFRS	Title	Summaries of new IFRS and amendments
IFRS 2 (Amended in June 2016)	Share-based Payment	Clarifications of classification and measurement of share-based payment transactions
IFRS 9 (Amended in July 2014)	Financial Instruments	Changes in classification and measurement of financial instruments, and introduction of impairment requirements based on a forward-looking expected loss impairment model
IFRIC 22	Foreign Currency Transactions and Advance Consideration	Clarification of exchange rate to use on initial recognition of the related assets, expenses or income, when an entity has received or paid advance consideration in a foreign currency

3) Significant Accounting Policies

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

4) 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 had four in-house companies by product and service: Building & Industrial Glass, Automotive, Electronics and Chemicals. 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 reports 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, Optoelectronic 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.

FY2017 (Jan.1 through Dec.31, 2017)

(Unit: millions of yen)

	Reportable segments			Ceramics/ Other	Total	Adjustments	Amount reported on consolidated financial statements
	Glass	Electronics	Chemicals				
Sales to external customers	733,953	260,626	435,145	33,807	1,463,532	-	1,463,532
Inter-segment sales or transfers	1,166	1,765	2,459	41,607	46,998	(46,998)	-
Total sales	735,119	262,391	437,605	75,415	1,510,531	(46,998)	1,463,532
Segment profit (loss) (Operating profit)	27,064	27,334	63,671	1,428	119,499	147	119,646
Profit for the year	-	-	-	-	-	-	79,297
Other items							
Depreciation and amortization	45,413	51,346	29,440	2,136	128,336	(110)	128,226
Capital expenditure	63,794	48,004	50,521	2,817	165,139	(43)	165,095
Investments accounted for using equity method	31,715	2,022	3,047	2,790	39,575	-	39,575

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.

FY2018 (Jan.1 through Dec.31, 2018)

(Unit: millions of yen)

	Reportable segments			Ceramics/ Other	Total	Adjustments	Amount reported on consolidated financial statements
	Glass	Electronics	Chemicals				
Sales to external customers	756,160	250,285	482,097	34,361	1,522,904	-	1,522,904
Inter-segment sales or transfers	1,296	2,361	2,253	44,669	50,581	(50,581)	-
Total sales	757,457	252,646	484,350	79,030	1,573,485	(50,581)	1,522,904
Segment profit (loss) (Operating profit)	22,522	24,041	71,138	2,818	120,520	34	120,555
Profit for the year	-	-	-	-	-	-	101,991
Other items							
Depreciation and amortization	46,958	41,149	32,507	1,171	121,786	(118)	121,668
Capital expenditure	89,031	79,527	60,955	1,216	230,730	(132)	230,598
Investments accounted for using equity method	27,177	2,146	3,051	2,870	35,245	-	35,245

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.

5) Notes to Consolidated Statements of Profit or Loss

Other Income

(Unit: millions of yen)

	FY2017 (Jan. 1 through Dec. 31, 2017)	FY2018 (Jan. 1 through Dec. 31, 2018)
Foreign exchange gain	-	4,928
Gains on sale of non-current assets	2,773	4,143
Reversal of provisions for restructuring programs	917	1,250
Gain on sale of shares of subsidiaries	-	1,607
Others	3,288	3,243
Total	6,979	15,174

Other Expenses

(Unit: millions of yen)

	FY2017 (Jan. 1 through Dec. 31, 2017)	FY2018 (Jan. 1 through Dec. 31, 2018)
Foreign exchange loss	(986)	-
Losses on disposal of non-current assets	(5,664)	(5,327)
Impairment losses	(2,885)	(743)
Expenses for restructuring programs	(1,992)	(3,607)
Others	(1,183)	(3,551)
Total	(12,711)	(13,230)

6) Earnings Per Share

Basic earnings per share

Basic earnings per share and the basis for calculating basic earnings per share are as follows:

	FY2017 (Jan. 1 through Dec. 31, 2017)	FY2018 (Jan. 1 through Dec. 31, 2018)
Profit for the year attributable to owners of the parent (millions of yen)	69,225	89,593
Weighted average number of ordinary shares outstanding (thousands of shares)	229,134	224,259
Basic earnings per share (yen)	302.12	399.51

Notes: Effective July 1, 2017, the Company consolidated its common shares at a ratio of five shares to one share. Basic earnings per share are calculated on the assumption that the consolidation of shares have been conducted at the beginning of the previous fiscal year.

Diluted earnings per share

Diluted earnings per share and the basis for calculating diluted earnings per share are as follows:

	FY2017 (Jan. 1 through Dec. 31, 2017)	FY2018 (Jan. 1 through Dec. 31, 2018)
Profit for the year attributable to owners of the parent (millions of yen)	69,225	89,593
Adjustments to profit or loss used to calculate diluted earnings per share (millions of yen)	-	-
Profit or loss used to calculate diluted earnings per share (millions of yen)	69,225	89,593

Weighted average number of ordinary shares outstanding (thousands of shares)	229,134	224,259
Effects of dilutive potential ordinary shares		
Stock options based on subscription rights (thousands of shares)	1,117	1,087
Diluted weighted average number of ordinary shares outstanding (thousands of shares)	230,252	225,346

Diluted earnings per share (yen)	300.65	397.58
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Notes: Effective July 1, 2017, the Company consolidated its common shares at a ratio of five shares to one share. Diluted earnings per share are calculated on the assumption that the consolidation of shares have been conducted at the beginning of the previous fiscal year.

7) Notes on Significant Subsequent Events

No items to report