

## Consolidated Financial Results for the Third Quarter ended December 31, 2012 (Japanese Accounting Standard)

Company Name: LIXIL GROUP CORPORATION

Code Number: 5938

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Scheduled date of issue of quarterly financial report: February 8, 2013

Date of scheduled payment of dividends: -

Preparation of supplementary materials for quarterly financial results: Yes

Information meeting for quarterly financial results to be held: Yes (For investment analysts and institutional investors)

Stock Listings: Tokyo, Osaka, Nagoya

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(Amounts less than one million yen are omitted.)

### 1. Consolidated financial results for the Q3 of FY Ending March 2013 (April 1, 2012 through December 31, 2012)

(1) Consolidated Operating Results (% indicate changes from the figures of corresponding period of the previous fiscal year)

	Net sales		Operating income		Recurring profit	
	Million yen	%	Million yen	%	Million yen	%
<b>FY 2013 Q3</b>	<b>1,056,672</b>	<b>11.5</b>	<b>37,993</b>	<b>112.4</b>	<b>38,331</b>	<b>141.3</b>
FY 2012 Q3	947,462	5.9	17,887	-49.7	15,883	-55.8

  

	Net income		Net income per share	
	Million yen	%	-basic	-diluted
<b>FY 2013 Q3</b>	<b>7,729</b>	<b>-4.0</b>	<b>26.58</b>	<b>-</b>
FY 2012 Q3	8,050	-53.7	28.03	-

(Note) Comprehensive income FY 2013 Q3 11,056 million yen (-%)

FY 2012 Q3 -581 million yen (-%)

### (2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Million yen	Million yen	%	Yen
<b>FY 2013 Q3</b>	<b>1,417,957</b>	<b>538,243</b>	<b>37.2</b>	<b>1,815.08</b>
FY 2012	1,481,063	538,776	35.7	1,817.34

(Reference) Equity capital at end of period

FY 2013 Q3 527,746 million yen FY 2012 528,413 million yen

### 2. Cash dividends

	Dividends per share				
	End of Q1	End of Q2	End of Q3	End of period	For the year
	Yen	Yen	Yen	Yen	Yen
FY 2012	-	20.00	-	20.00	40.00
FY 2013	-	20.00	-		
FY 2013 (forecast)				20.00	40.00

(Note) Revision of cash dividend forecast during this period: None

### 3. Consolidated forecast for the fiscal year ending March 2013 (April 1, 2012 through March 31, 2013)

(% indicate changes from the figures of corresponding period of the previous fiscal year)

	Net sales		Operating income		Recurring profit		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
<b>FY 2013</b>	<b>1,460,000</b>	<b>13.1</b>	<b>54,000</b>	<b>201.4</b>	<b>53,000</b>	<b>228.7</b>	<b>13,000</b>	<b>595.8</b>	<b>44.71</b>

(Note) Revision of consolidated operating performance forecast from those announced recently: None

#### 4. Others

(1) Changes in significant subsidiaries during this quarter: None

Newly consolidated company: None

Excluded company: None

(2) Application of special accounting methods for presenting quarterly consolidated financial statements: None

(3) Changes in accounting policies, accounting estimation and restatements

1. Changes due to revisions in accounting standards: Yes

2. Changes other than the above: None

3. Changes to accounting estimates: Yes

4. Restatement of accounts: None

(4) Outstanding shares (common shares)

i) Number of shares outstanding at end of period (including treasury stocks)

Nine months ended December 31, 2012	313,054,255 shares	FY ended March 31, 2012	313,054,255 shares
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ii) Number of treasury stock at end of period

Nine months ended December 31, 2012	22,297,331 shares	FY ended March 31, 2012	22,292,314 shares
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iii) Average number of shares outstanding during the period

Nine months ended December 31, 2012	290,759,676 shares
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Nine months ended December 31, 2011	287,214,633 shares
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Note: Indication of quarterly review procedures implementation status

This quarterly financial results report is exempt from quarterly review procedures under Japan's Financial Instruments and Exchange Law.

The review procedure is not completed at the time of disclosure of this report.

Note: Appropriate use of business forecasts and other special items

Performance forecast and other forward-looking statements contained in this report are based on information currently available and on certain assumptions deemed rational at the time of this report's release. Due to various circumstances, however, actual results may differ significantly from such statements.

Note: Regarding presentation material to supplement the financial results' announcement

Presentation material has been posted on the Company's website.

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## 1. Performance and financial position

### (1) Qualitative information regarding the consolidated operating results

Japanese economy for the Q3 of the fiscal year ending March 2013 is in a severe condition due to the slowdown of global economy although it showed signs of recovery with the demand of reconstruction from the Great East Japan Earthquake and other factors.

As for housing investment, detached housing starts showed recovery due to reconstruction of houses hit by the earthquake and effects of low interest rate and tax system.

Against such a backdrop, the LIXIL Group promoted various measures based on its new medium-term management vision including strengthening its competitiveness in the domestic market, aggressively developing business overseas, and proceeding with structural reform of business operation systems.

As a result, the Group increased its consolidated net sales of the Q3 for the fiscal year ending March 2013 to 156,672 million yen (up by 11.5% y/y) partly due to newly consolidated subsidiaries during the previous fiscal year. Since there were no costs that existed during the previous fiscal year accompanying five-company integration, and also due to our cost reduction measures and the various expense cuts, operating income increased to 37,993 million yen (up by 112.4 % y/y) and recurring profit increased to 38,331 million yen (up by 141.3 % y/y) offsetting cost increase accompanying decrease in selling price. Net loss of 7,729 million yen (down by 4.0% y/y), however, was recorded since there was an early retirement related loss for the purpose of reconstructing operating foundations partly offset by the gains in insurance income from Thai floods.

Results by business segments were as follows.

#### **[Metal building material business]**

Sales increased by 25.5% year-on-year to 471,975 million yen due to new consolidation and other factors during the previous fiscal year. Although there were effects of cost increase accompanying decrease in selling price, operating income of 16,929 million yen (up by 137.4% y/y) was recorded. Operating income increase was due to the cutting of SG&A and the backlash of temporary cost increase during the previous fiscal year.

#### **[Plumbing fixtures business]**

Sales increased by 0.8% year-on-year to 276,875 million yen due to the effects of newly consolidated subsidiaries in the previous fiscal year. Operating income increased by 52.0% year-on-year to 13,433 million yen, as a result of cutting various expenses, after five-company integration, offsetting selling price decrease.

#### **[Other building materials and equipment business]**

Sales increased by 3.6% year-on-year to 138,305 million yen and operating income increased by 869.6% year-on-year to 4,967 million yen, due to sales expansion activities and backlash of influence of the earthquake during the previous fiscal year offsetting the sales decrease caused by the change in scope of consolidation.

#### **[Distribution and retail business]**

With the growth of new format stores, sales increased by 5.5% year-on-year to 134,791 million yen. Operating income increased by 68.3% year-on-year to 1,477 million yen due to the measures of improvement of gross margin ratio although there were forward looking investment for opening new stores.

#### **[Housing, real estate, and other business]**

Sales decreased by 2.3% year-on-year to 44,129 million yen due to intense sales competition but operating income increased by 34.5% year-on-year to 3,677 million yen due to the measures of improvement of gross margin ratio.

Figures of segment sales and operating income or loss are calculated before deducting eliminations and common use.

(2) Qualitative information on consolidated financial position

Total assets at the end of Q3 of the fiscal year ending March 2013 decreased by 63,105 million yen from the end of previous fiscal year to 1,417,957 million yen. This was due to the decrease in cash and cash equivalents resulting from the repayment of debts and the impact from the sale of subsidiaries in spite of the increase of the inventory assets caused by seasonal factors and the increase of tangible fixed assets caused by investment of equipment. Net assets were 538,243 million yen, and the capital adequacy ratio was 37.2%.

Cash flows were as follows:

During the Q3 for the fiscal year ending March 2013, cash flow from operating activities amounted to an outflow of 3,002 million yen, a decrease of 26,681 million yen year-on-year.

The main reasons were a fluctuation of allowance for loss on disaster (Thai floods) and provision for retirement benefits, and an increase of working capitals although income before income taxes improved.

Investing activities provided net cash of 15,974 million yen from the liquidation of short-term managed assets such as time deposits, and proceeds from the sale of investments in subsidiaries, although there were capital expenditures. Net inflow increased by 103,643 million yen compared to the same period of the previous fiscal year.

Financing activities used net cash of 36,032 million yen for dividend payment as well as for the repayment and procurement of interest-bearing debts. Net outflow increased by 123,400 million yen compared to the same period of the previous fiscal year.

As a result, cash and cash equivalents including the impact from exchange rate fluctuations for the Q3 ending March, 2013 decreased by 23,358 million yen from the same period of the previous fiscal year to 103,992 million yen.

(3) Qualitative information regarding the consolidated financial forecasts

We have not revised our full-year forecasts from those announced on November 5th 2012.

## 2. Others

(1) Changes in significant subsidiaries during this quarter:

Not applicable.

Since all shares of LIXIL Nittan Co., Ltd. was transferred during Q1, the company and its two subsidiaries has been excluded from the scope of consolidation.

(2) Changes in accounting principle, procedure and disclosure regarding quarterly consolidated financial statements applied:

Changes in accounting principle, due to difficulty of distinguishing procedure and disclosure regarding quarterly consolidated financial statements applied.

From Q1 onward, LIXIL Group Co., Ltd. and its domestic consolidated subsidiaries have changed the depreciation method of noncurrent assets acquired on and after April 1, 2012 due to changes in corporation tax law.

The effect of this change to profit and loss is minimal.

**3. Consolidated Financial Statements****(1) Consolidated Quarterly Balance Sheets**

(Unit: million yen)

	End of previous FY (As of March 31, 2012)	End of Q3 (As of December 31, 2012)
<b>Assets:</b>		
<b>Current assets</b>	<b>Y 831,723</b>	<b>Y 767,081</b>
Cash & deposits	175,103	106,889
Notes and accounts receivable-trade	365,590	360,875
Short-term investment securities	2,698	1,999
Merchandise and finished goods	112,288	128,454
Work in process	18,037	16,750
Raw materials and supplies	42,061	40,885
Other inventories	15,665	16,144
Short-term loans receivable	17,955	13,723
Deferred tax assets	28,326	30,377
Other	61,354	56,099
Allowance for doubtful accounts	-7,355	-5,118
<b>Noncurrent assets</b>	<b>649,339</b>	<b>650,876</b>
<b>Property, plant and equipment</b>	<b>443,552</b>	<b>451,104</b>
Buildings & structures	462,901	466,878
Accumulated depreciation	-298,992	-303,560
Building and structures, net	163,908	163,318
Machinery, equipment and vehicles	296,353	305,000
Accumulated depreciation	-245,235	-246,026
Machinery, equipment and vehicles, net	51,118	58,974
Land	194,942	188,737
Lease assets	15,403	14,704
Accumulated depreciation	-6,593	-6,441
Lease assets, net	8,810	8,263
Construction in progress	13,572	19,915
Other	87,978	89,355
Accumulated depreciation	-76,778	-77,459
Other, net	11,200	11,896
<b>Intangible assets</b>	<b>73,617</b>	<b>70,406</b>
Goodwill	47,182	32,087
Other	26,435	38,318
<b>Investments and other assets</b>	<b>132,168</b>	<b>129,366</b>
Investment securities	41,396	46,762
Long-term loans receivable	3,937	3,127
Deferred tax assets	35,659	33,574
Other	69,480	64,396
Allowance for doubtful accounts	-18,306	-18,495
<b>Total assets</b>	<b>Y 1,481,063</b>	<b>Y 1,417,957</b>

(Unit: million yen)

	End of previous FY (As of March 31, 2012)	End of Q3 (As of December 31, 2012)
<b>Liabilities:</b>		
<b>Current liabilities</b>	<b>Y 621,563</b>	<b>Y 526,046</b>
Notes and accounts payable - trade	214,427	194,308
Short-term loans payable	140,367	82,779
Current portion of bonds	30,145	70
Commercial papers	-	3,000
Lease obligations	3,741	3,560
Accrued expenses	77,063	76,020
Income taxes payable	5,539	5,058
Provision for bonuses	18,979	10,454
Allowance for loss on factory restructuring	910	251
Reserve for loss on showroom integration	1,451	1,581
Provision for loss on disaster	9,574	-
Asset retirement obligations	644	485
Other	118,718	148,474
<b>Noncurrent liabilities</b>	<b>320,723</b>	<b>353,667</b>
Bonds payable	20,000	40,000
Long-term loans payable	203,352	228,381
Lease obligations	7,004	6,134
Provision for retirement benefits	31,910	12,953
Provision for directors' retirement benefits	638	315
Allowance for loss on factory restructuring	92	92
Deferred tax liabilities	13,097	17,811
Negative goodwill	308	215
Asset retirement obligations	5,937	6,097
Other	38,381	41,666
<b>Total liabilities</b>	<b>942,286</b>	<b>879,714</b>
<b>Net assets:</b>		
<b>Shareholders' equity</b>		
Capital stock	68,121	68,121
Capital surplus	261,366	261,366
Retained earnings	250,281	246,233
Treasury stock	-41,739	-41,748
Total shareholders' equity	538,029	533,973
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	4,721	7,161
Deferred gains or losses on hedges	203	734
Foreign currency translation adjustment	-14,540	-14,122
Total accumulated other comprehensive income	-9,615	-6,226
<b>Subscription rights to shares</b>	-	486
<b>Minority interests</b>	<b>10,362</b>	<b>10,010</b>
<b>Total net assets</b>	<b>538,776</b>	<b>538,243</b>
<b>Total liabilities and net assets</b>	<b>Y 1,481,063</b>	<b>Y 1,417,957</b>

(2) Consolidated Quarterly Statements of Income and Comprehensive Income  
(Nine-months results)

(Unit: million yen)

	Nine months ended December 31, 2011	Nine months ended December 31, 2012
<b>Net Sales</b>	<b>Y 947,462</b>	<b>Y 1,056,672</b>
<b>Cost of Sales</b>	<b>662,473</b>	<b>754,260</b>
Gross profit	284,988	302,411
<b>Selling, General &amp; Administrative Expenses</b>	<b>267,101</b>	<b>264,417</b>
Operating income	17,887	37,993
<b>Non-Operating Income</b>	<b>11,839</b>	<b>12,164</b>
Interest income	1,312	1,372
Dividends income	1,085	778
Rent income	4,887	5,165
Amortization of negative goodwill	92	92
Foreign exchange gains	-	418
Gain on valuation of derivatives	219	-
Other	4,240	4,337
<b>Non-Operating Expenses</b>	<b>13,842</b>	<b>11,826</b>
Interest expenses	3,042	3,653
Equity in losses of affiliates	84	12
Foreign exchange losses	3,408	-
Cost of lease revenue	3,591	3,521
Loss on valuation of derivatives	-	410
Other	3,715	4,228
Ordinary income	15,883	38,331
<b>Extraordinary income</b>	<b>1,782</b>	<b>13,644</b>
Gain on sales of noncurrent assets	647	495
Gain on sales of investment securities	16	7
Gain on sales of subsidiaries and affiliates' stocks	-	2,372
Gain on step acquisitions	1,118	-
Gain on negative goodwill	-	34
Insurance income	-	9,628
Gain on transition to a defined contribution pension plan	-	1,106
<b>Extraordinary Loss</b>	<b>34,134</b>	<b>40,454</b>
Loss on sales and retirement of noncurrent assets	1,635	2,473
Loss on valuation of investment securities	216	3
Loss on valuation of stocks of subsidiaries and affiliates	917	88
Loss on sales of investment securities	2	0
Loss on factory restructurings	358	247
Loss on showroom integration	314	922
Impairment loss	11,152	2,778
Loss on disaster	19,536	1,254
Early retirement related loss	-	32,684
<b>Income (loss) before income taxes and minority interests</b>	<b>-16,468</b>	<b>11,521</b>
<b>Income taxes-current</b>	<b>6,351</b>	<b>7,585</b>
<b>Income taxes-deferred</b>	<b>-28,655</b>	<b>-3,752</b>
<b>Total income taxes</b>	<b>-22,303</b>	<b>3,832</b>
<b>Income before minority interests</b>	<b>5,835</b>	<b>7,688</b>
<b>Minority interests in loss</b>	<b>-2,215</b>	<b>-40</b>
Net income	8,050	7,729



Consolidated quarterly statements of comprehensive income  
(Nine-months results)

(Unit: million yen)

	Nine months ended December 31, 2011	Nine months ended December 31, 2012
<b>Income before minority interests</b>	5,835	7,688
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	-1,323	2,578
Deferred gains or losses on hedges	-486	521
Foreign currency translation adjustment	-4,600	267
Share of other comprehensive income of associates accounted for using equity method	-6	-
Total other comprehensive income	-6,416	3,367
<b>Comprehensive income</b>	-581	11,056
Comprehensive income attributable to owners of the parent	1,530	11,141
Comprehensive income attributable to minority interests	-2,111	-85

## (3) Consolidated Quarterly Statements of Cash Flows

(Unit: million yen)

	Nine months ended December 31, 2011	Nine months ended December 31, 2012
<b>Operating Activities:</b>		
Income (loss) before income taxes and minority interests	-Y 16,468	Y 11,521
Depreciation and amortization	28,720	32,329
Impairment loss	11,152	2,778
Early retirement related loss	-	32,684
Amortization of negative goodwill	-92	-92
Gain on negative goodwill	-	-34
Amortization of goodwill	2,075	3,748
Decrease in allowance for doubtful accounts	-1,348	-1,909
Increase (decrease) in allowance for loss on factory restructuring	151	-658
Increase (decrease) in Reserve for Loss on showroom integration	-558	130
Increase (decrease) in provision for loss on disaster	8,896	-9,216
Decrease in provision for retirement benefits	-842	-15,382
Increase in prepaid pension costs	328	4,125
Insurance income	-	-9,628
Interest and dividends income	-2,397	-2,150
Interest expenses	3,042	3,653
Foreign exchange losses (gains)	-20	207
Equity in losses of affiliates	84	12
Loss (gain) on sales and valuation of investment securities	1,120	-2,286
Loss on sales and retirement of noncurrent assets	988	1,978
Gain on step acquisitions	-1,118	-
Decrease in notes and accounts receivable-trade	9,592	3,177
Increase in inventories	-36,268	-18,348
Increase (decrease) in notes and accounts payable-trade	16,627	-16,946
Other, net	10,354	10,064
Subtotal	34,017	29,757
Payments for extra retirement payments ,etc.	-	-32,192
Proceeds from insurance income	-	9,628
Interest and dividends income received	2,311	2,079
Interest expenses paid	-3,034	-3,720
Income taxes paid	-9,615	-8,555
Net cash provided by (used in) operating activities	23,678	-3,002
<b>Investing Activities:</b>		
Decrease in time deposits	2,979	44,792
Purchase of short-term investment securities	-78,998	-270,936
Proceeds from sales and redemption of securities	80,999	271,637
Purchase of property, plant and equipment and intangible assets	-32,031	-41,546
Proceeds from sales of property, plant and equipment and intangible assets	1,706	1,674
Purchase of investment securities	-4,171	-1,438
Proceeds from sales and redemption of investment securities	3,038	217
Proceeds from sales of investments in subsidiaries	-	10,482
Purchase of investments in subsidiaries resulting in change in scope of consolidation	-57,038	-
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	36	-
Decrease (increase) in short-term loans receivable	-2,397	2,727
Payments of long-term loans receivable	-273	-314
Collection of long-term loans receivable	1,263	823
Other payments	-4,400	-3,088
Other proceeds	1,619	942
Net cash provided by (used in) investing activities	-87,669	15,974

(Unit: million yen)

	Nine months ended December 31, 2011	Nine months ended December 31, 2012
<b>Financing Activities:</b>		
Increase (decrease) in short-term bank loans and commercial papers	54,903	-56,163
Increase in liquidation of receivables of trade among the consolidated companies	21,288	13,999
Repayment of long-term loans payable	-8,025	-19,650
Proceeds from long-term loans payable	34,336	50,602
Repayments of lease obligations	-2,807	-3,010
Redemption of bonds	-70	-30,075
Proceeds from issuance of bonds	-	19,904
Proceeds from disposal of treasury stock	1	0
Purchase of treasury stock	-800	-9
Cash dividends paid	-11,450	-11,630
Cash dividends paid to minority shareholders	-7	-0
Net cash provided by (used in) financing activities	87,367	-36,032
<b>Effect of exchange rate change on cash and cash equivalents</b>	-859	-466
<b>Net increase (decrease) in cash and cash equivalents</b>	22,517	-23,526
<b>Cash and cash equivalents at beginning of period</b>	92,329	127,350
<b>Increase in cash and cash equivalents from newly consolidated subsidiary</b>	486	160
<b>Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation</b>	4,896	-
<b>Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries</b>	-	7
<b>Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation</b>	-31	-
<b>Cash and cash equivalents at end of period</b>	120,198	103,992

- (4) Notes on premise of going concern  
Not applicable.

- (5) Segment information  
Business Segment Information

(Unit: million yen)

	For the nine months ended December 31, 2011 (April 1, 2011 through December 31, 2011)							
	Metal building material business	Plumbing fixtures business	Other building materials and equipment business	Distribution and retail business	Housing and real estate business	Total	Adjustment	Consolidation
I. Net sales								
(1) Net sales to outside customers	Y 372,648	Y 271,941	Y 131,832	Y 126,860	Y 44,179	Y 947,462	-	Y947,462
(2) Inter-segment sales of products	3,374	2,626	1,634	861	991	9,487	-9,487	-
Total	376,022	274,567	133,466	127,722	45,170	956,950	-9,487	947,462
Segment income (loss) / Operating income (loss)	7,131	8,835	512	877	2,733	20,090	-2,203	17,887

(Unit: million yen)

	For the nine months ended December 31, 2012 (April 1, 2012 through December 31, 2012)							
	Metal building material business	Plumbing fixtures business	Other building materials and equipment business	Distribution and retail business	Housing and real estate business	Total	Adjustment	Consolidation
I. Net sales								
(1) Net sales to outside customers	Y 468,797	Y 273,996	Y 136,412	Y 134,107	Y 43,358	Y 1,056,672	-	Y 1,056,672
(2) Inter-segment sales of products	3,178	2,878	1,893	684	770	9,405	-9,405	-
Total	471,975	276,875	138,305	134,791	44,129	1,066,077	-9,405	1,056,672
Segment income (loss)/ Operating income (loss)	16,929	13,433	4,967	1,477	3,677	40,485	-2,491	37,993

- (6) Notes to significant changes in equity  
Not applicable.