



## Consolidated Financial Results for the First Quarter ended June 30, 2013 (Japanese Accounting Standard)

Company Name: LIXIL Group Corporation

Code Number: 5938

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Scheduled date of issue of quarterly financial report: August 9, 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 and Nagoya

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(Amounts less than one million yen are omitted.)

### 1. Consolidated financial results for the Q1 of FY Ending March 2014 (April 1 through June 30, 2013)

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

	Net sales		Operating income		Ordinary income	
	Million yen	%	Million yen	%	Million yen	%
<b>FY 2014 Q1</b>	<b>348,419</b>	<b>6.8</b>	<b>9,195</b>	<b>180.3</b>	<b>13,614</b>	<b>269.1</b>
FY 2013 Q1	326,186	20.0	3,280	88.5	3,689	28.3

(Reference) Comprehensive income

FY 2014 Q1 21,347 million yen (267.9%)

FY 2013 Q1 5,802 million yen (-73.4%)

	Net income		Net income per share	
	Million yen	%	-basic yen	-diluted yen
<b>FY 2014 Q1</b>	<b>8,936</b>	<b>733.3</b>	<b>30.73</b>	<b>30.64</b>
FY 2013 Q1	1,072	(95.3)	3.69	-

### (2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Million yen	Million yen	%	Yen
<b>FY 2014 Q1</b>	<b>1,498,822</b>	<b>577,215</b>	<b>38.1</b>	<b>1,966.04</b>
FY 2013	1,465,689	566,312	38.3	1,930.02

(Reference) Equity capital at end of period

FY 2014 Q1 571,625 million yen

FY 2013 561,160 million yen

### 2. Cash dividends

	Dividends per share				
	End of Q1	End of Q2	End of Q3	End of Q4	For the year
	Yen	Yen	Yen	Yen	Yen
FY 2013	-	20.00	-	20.00	40.00
FY 2014	-				
FY 2014 (forecast)		20.00	-	20.00	40.00

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

### 3. Consolidated forecast for the fiscal year ending March 2014 (April 1, 2013 through March 31, 2014)

(% 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
Q2 (6 months)	730,000	6.9	23,000	67.1	23,000	84.4	13,000	-	44.71
FY 2014	1,570,000	9.3	70,000	38.7	70,000	31.9	39,000	82.7	134.13

(Note) Revision of consolidated operating performance forecast during this period: None

#### 4. Others

- (1) Changes in significant subsidiaries, which affected the scope of consolidation during this period: None
- (2) Application of simplified financial accounting methods and special accounting methods for presenting quarterly consolidated financial statements: None
- (3) Changes in accounting principle, procedure and disclosure regarding quarterly consolidated financial statements applied.
1. Changes due to revisions in accounting standards: None
  2. Changes other than the above: Yes
  3. Changes to accounting estimates: None
  4. Restatement of accounts: None
- (4) Outstanding shares (common shares)
- i) Number of shares outstanding at end of period (including treasury stocks)

Three months ended June 30, 2013	313,054,255 shares	FY ended March 31, 2013	313,054,255 shares
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  - ii) Number of treasury stock at end of period

Three months ended June 30, 2013	22,304,310 shares	FY ended March 31, 2013	22,300,227 shares
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  - iii) Weighted-average number of shares outstanding over period

Three months ended June 30, 2013	290,752,095 shares		
Three months ended June 30, 2012	290,761,391 shares		

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; 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 at the website of the Company.

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## 1. Performance and financial position

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

Japanese economy for the three months of the fiscal year ending March 2014 was on a recovery trend due to the improvement in consumer spending and corporate sentiment, supported by the positive effects of monetary and fiscal policies implemented by the government. As for housing investment, detached housing starts resulted in 241 thousand units (up by 11.8% y/y) showing stable growth.

Under such environment, LIXIL Group drove various measures based on its Medium-Term Business Plan LIXIL G-15, such as Japan core business shift, global expansion, leverage of distribution scale, development of peripheral businesses, and improvement of operational efficiency to achieve profitable growth. As part of the above mentioned, the Group made an agreement to acquire total shares of ASD Americas Holding Corp. in this quarter.

As a result, the Group increased its consolidated net sales of the Q1 for the fiscal year ending March 2014 to 348,419 million yen (up by 6.8% y/y) due to the favorable market conditions and the absence of the temporary cost burdens imposed by the Thai floods in the previous fiscal year. These factors were able to more than offset the cost increase caused by yen depreciation. The Group also showed significant increase in profits. Operating income increased to 9,195 million yen (up by 2.8 times y/y), recurring profit increased to 13,614 million yen (up by 3.7 times y/y), and net profit increased to 8,936 million yen (up by 8.3 times y/y).

Results by business segments were as follows.

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

Sales increased by 5.9% year-on-year to 152,340 million yen due to the absence of restriction of supply and the temporary cost burdens by the Thai floods in the same period of the previous year and the increase in overseas sales.

For the same reasons, operating income increased to 5,092 million yen (operating loss was 281 million yen in the previous year).

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

With the expansion activity of new products, sales increased by 4.6% year-on-year to 89,044 million yen.

However, operating income decreased by 17.6% year-on-year to 2,246 million yen due to the price decline caused by intensified market competition.

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

Sales increased by 10.4% year-on-year to 46,627 million yen and operating income increased by 8.7% year-on-year to 384 million yen. This is because of expansion of product-offerings, sales promotion activities and other efforts progressed successfully.

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

With the efforts of continuously opening new stores and improving store efficiency, sales increased

by 8.1% year-on-year to 48,183 million yen, and operating income increased by 2.1 times year-on-year to 1,149 million yen.

#### **[Housing, real estate, and others]**

Sales increased by 14.2% year-on-year to 14,984 million yen, and operating income increased by 56.8% year-on-year to 1,266 million yen due to enhanced order receiving and sales activities.

Figures for segment sales and operating income or loss are calculated before eliminating intersegment transactions and corporate allocation. As a result, total consolidated net sales and operating income do not equal the sum of the respective segment figures.

(2) Qualitative information regarding consolidated financial position

Total assets at the end of June 30, 2013 increased by 33,133 million yen from the end of previous fiscal year to 1,498,822 million yen. This was due to an increase in cash and cash equivalents caused by an increase of cash reserve and an increase of inventories caused by the seasonal factors. Net assets were 577,215 million yen. The capital adequacy ratio was 38.1%.

Cash flow was as follows:

During the three months ended June 30, 2013, cash flows from operating activities amounted to an inflow of 14,166 million yen, an increase of 13,113 million yen year-on-year. This was due to the improvement of net income before income taxes and minority interests for the quarter, a fluctuation of allowance and insurance income, which offset an increase of working capital.

Investing activities used net cash of 4,899 million yen due to capital expenditures, liquidation of short-term investments. Net outflow increased by 29,612 million yen compared to the same period of the previous fiscal year.

Financing activities provided net cash of 4,723 million yen as a result of dividend payment and repayment and raising of interest-bearing debt. Net inflow increased by 35,906 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 three months ended June 30, 2013 increased by 16,211 million yen from the end of previous fiscal year to 130,873 million yen.

(3) Qualitative information regarding consolidated financial forecasts

The company did not revise its forecasts from those announced on May 7, 2013.

**2. Consolidated financial statements****(1) Consolidated quarterly balance sheets**

(Unit: million yen)

	As of March 31, 2013	End of Q1 (As of June 30, 2013)
<b>Assets:</b>		
<b>Current assets</b>	<b>Y 785,624</b>	<b>Y 813,531</b>
Cash & deposits	116,946	131,772
Notes and accounts receivable-trade	387,451	386,592
Securities	7,269	1,999
Merchandise and finished goods	115,143	129,988
Work in process	17,094	16,617
Raw materials and supplies	40,797	41,003
Other inventories	16,524	15,614
Short-term loans receivable	10,655	9,481
Deferred tax assets	24,293	30,741
Other	54,914	54,806
Allowance for doubtful accounts	-5,468	-5,085
<b>Noncurrent assets</b>	<b>680,064</b>	<b>685,290</b>
<b>Property, plant and equipment</b>	<b>464,913</b>	<b>472,622</b>
Buildings & structures	480,125	486,374
Accumulated depreciation	-306,487	-312,715
Buildings and structures, net	173,637	173,659
Machinery, equipment and vehicles	314,411	322,595
Accumulated depreciation	-247,244	-252,447
Machinery & equipment and vehicles, net	67,166	70,147
Land	188,802	189,489
Lease assets	15,759	16,705
Accumulated depreciation	-7,791	-8,746
Lease assets, net	7,967	7,958
Construction in progress	12,799	16,544
Other	92,052	94,357
Accumulated depreciation	-77,511	-79,535
Other, net	14,540	14,822
<b>Intangible assets</b>	<b>79,840</b>	<b>82,567</b>
Goodwill	34,588	34,854
Other	45,251	47,713
<b>Investments and other assets</b>	<b>135,311</b>	<b>130,100</b>
Investment securities	52,963	56,153
Long-term loans receivable	3,111	3,065
Deferred tax assets	32,927	27,338
Other	63,745	61,237
Allowance for doubtful accounts	-17,436	-17,695
<b>Total assets</b>	<b>Y 1,465,689</b>	<b>Y 1,498,822</b>

(Unit: million yen)

	As of March 31, 2013	End of Q1 (As of June 30, 2013)
<b>Liabilities:</b>		
<b>Current liabilities</b>	<b>Y 551,108</b>	<b>Y 570,838</b>
Notes and accounts payable - trade	201,076	199,401
Short-term loans payable	91,778	111,804
Current portion of bonds	5,000	5,000
Lease obligations	3,428	3,436
Accrued expenses	70,330	69,534
Income taxes payable	7,612	4,476
Provision for bonuses	19,494	30,025
Allowance for loss on factory restructuring	372	739
Reserve for loss on showroom integration	1,540	1,212
Asset retirement obligations	689	665
Other	149,785	144,542
<b>Noncurrent liabilities</b>	<b>348,268</b>	<b>350,768</b>
Bonds payable	35,000	35,000
Long-term loans payable	226,209	224,156
Lease obligations	5,863	5,733
Net defined benefit liability	—	18,359
Provision for retirement benefits	12,749	—
Provision for directors' retirement benefits	276	211
Deferred tax liabilities	18,407	18,627
Negative goodwill	185	154
Asset retirement obligations	6,149	6,248
Other	43,427	42,277
<b>Total liabilities</b>	<b>899,377</b>	<b>921,607</b>
<b>Net assets:</b>		
<b>Shareholders' equity</b>		
Capital stock	68,121	68,121
Capital surplus	261,366	261,366
Retained earnings	259,851	257,833
Treasury stock	-41,753	-41,763
Total shareholders' equity	547,585	545,558
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	11,009	13,438
Deferred gains or losses on hedges	714	865
Foreign currency translation adjustment	1,850	11,763
Total accumulated other comprehensive income	13,574	26,067
<b>Subscription rights to shares</b>	<b>676</b>	<b>1,093</b>
<b>Minority interests</b>	<b>4,475</b>	<b>4,496</b>
<b>Total net assets</b>	<b>566,312</b>	<b>577,215</b>
<b>Total liabilities and net assets</b>	<b>Y 1,465,689</b>	<b>Y 1,498,822</b>

## (2) Consolidated quarterly statements of income

(Unit: million yen)

	Three months ended June 30, 2012	Three months ended June 30, 2013
<b>Net sales</b>	<b>Y 326,186</b>	<b>Y 348,419</b>
<b>Cost of sales</b>	<b>235,575</b>	<b>250,453</b>
Gross profit	90,611	97,966
<b>Selling, general &amp; administrative expenses</b>	<b>87,330</b>	<b>88,771</b>
Operating income	3,280	9,195
<b>Non-operating income</b>	<b>4,024</b>	<b>7,684</b>
Interest income	510	480
Dividends income	511	774
Rent income	1,696	1,640
Amortization of negative goodwill	30	30
Equity in earnings of affiliates	-	55
Foreign exchange gains	-	2,962
Other	1,275	1,740
<b>Non-operating expenses</b>	<b>3,616</b>	<b>3,264</b>
Interest expenses	1,222	1,029
Equity in losses of affiliates	3	-
Foreign exchange losses	17	-
Cost of lease revenue	1,084	1,131
Loss on valuation of derivatives	105	120
Other	1,183	982
Ordinary income	3,689	13,614
<b>Extraordinary income</b>	<b>2,474</b>	<b>20</b>
Gain on sales of noncurrent assets	173	20
Gain on sales of investment securities	2	-
Gain on sales of subsidiaries and affiliates' stocks	2,263	0
Gain on bargain purchase	34	-
<b>Extraordinary loss</b>	<b>3,410</b>	<b>741</b>
Loss on sales and retirement of noncurrent assets	1,091	318
Loss on valuation of investment securities	3	-
Loss on valuation of stocks of subsidiaries and affiliates	53	-
Loss on factory restructurings	247	423
Loss on showroom integration	749	-
Impairment loss	2	-
Loss on disaster	1,260	-
<b>Income before income taxes and minority interests</b>	<b>2,752</b>	<b>12,893</b>
<b>Income taxes - current</b>	<b>4,365</b>	<b>3,727</b>
<b>Income taxes - deferred</b>	<b>-2,262</b>	<b>504</b>
<b>Total income taxes</b>	<b>2,103</b>	<b>4,232</b>
<b>Income before minority interests</b>	<b>649</b>	<b>8,661</b>
<b>Minority interests in loss</b>	<b>-422</b>	<b>-274</b>
Net income	Y 1,072	Y 8,936



## (3) Consolidated quarterly statements of comprehensive income

(Unit: million yen)

	Three months ended June 30, 2012	Three months ended June 30, 2013
<b>Income before minority interests</b>	<b>Y 649</b>	<b>Y 8,661</b>
<b>Other comprehensive income</b>	5,153	12,685
Valuation difference on available-for-sale securities	-1,314	2,440
Deferred gains or losses on hedges	51	155
Foreign currency translation adjustment	6,416	10,100
Share of other comprehensive income of associates accounted for using equity method	-	-11
<b>Comprehensive income</b>	5,802	21,347
Comprehensive income attributable to owners of the parent	6,366	21,381
Comprehensive income attributable to minority interests	<b>Y -563</b>	<b>Y -34</b>

## (4) Consolidated quarterly statements of cash flows

(Unit: million yen)

	Three months ended June 30, 2012	Three months ended June 30, 2013
<b>Operating activities:</b>		
Income before income taxes and minority interests	Y 2,752	Y 12,893
Depreciation and amortization	9,898	11,186
Impairment loss	2	-
Amortization of negative goodwill	-30	-30
Gain on bargain purchase	-34	-
Amortization of goodwill	1,268	1,382
Decrease in allowance for doubtful accounts	-954	-330
Increase in allowance for loss on factory restructuring	68	367
Increase (decrease) in reserve for loss on showroom integration	393	-328
Decrease in provision for loss on disaster	-6,704	-
Decrease in debt for retirement benefits	-	-83
Increase in provision for retirement benefits	109	-
Increase in asset for retirement benefits	-	-175
Decrease in prepaid pension costs	208	-
Interest and dividends income	-1,021	-1,254
Interest expenses	1,222	1,029
Foreign exchange losses (gains)	-200	222
Equity in losses (earnings) of affiliates	3	-55
Gain on sales and valuation of investment securities	-2,208	-0
Loss on sales and retirement of noncurrent assets	917	298
Decrease in notes and accounts receivable - trade	30,011	13,478
Increase in inventories	-9,212	-11,241
Decrease in notes and accounts payable - trade	-16,492	-5,836
Other, net	-3,083	-3,098
Subtotal	6,916	18,424
Proceeds from insurance income	-	2,490
Interest and dividends income received	989	1,278
Interest expenses paid	-1,166	-1,025
Income taxes paid	-5,687	-7,001
<b>Net cash provided by operating activities</b>	<b>1,052</b>	<b>14,166</b>
<b>Investment activities:</b>		
Decrease in time deposits	40,651	1,504
Purchase of securities	-129,033	-46,998
Proceeds from sales and redemption of securities	114,672	52,524
Purchase of property, plant and equipment and intangible assets	-12,986	-11,940
Proceeds from sales off property, plant and equipment and intangible assets	697	260
Purchase of investment securities	-1,418	-12
Proceeds from sales and redemption of investment securities	139	0
Proceeds from sales of investments in subsidiaries	10,482	-
Decrease in short-term loans receivable	2,081	661
Payments of long-term loans receivable	-184	-52
Collection of long-term loans receivable	225	102
Other payments	-1,016	-1,012
Other proceeds	403	64
<b>Net cash provided by (used in) investment activities</b>	<b>Y 24,713</b>	<b>Y -4,899</b>

(Unit: million yen)

	Three months ended June 30, 2012	Three months ended June 30, 2013
<b>Financing activities:</b>		
Increase (decrease) in short-term bank loans and commercial papers	Y -43,310	Y 2,217
Increase (decrease) in liquidation of receivables of trade among the consolidated companies	1	-4,997
Repayment of long-term loans payable	-1,161	-5,669
Proceeds from long-term loans payable	20,000	20,000
Repayments of lease obligations	-896	-1,002
Proceeds from disposal of treasury stock	0	0
Purchase of treasury stock	-2	-9
Cash dividends paid	-5,815	-5,815
Cash dividends paid to minority shareholders	-0	-0
<b>Net cash provided by (used in) financing activities</b>	<b>-31,183</b>	<b>4,723</b>
<b>Effect of exchange rate change on cash and cash equivalents</b>	<b>1,448</b>	<b>1,850</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>-3,969</b>	<b>15,841</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>127,350</b>	<b>114,661</b>
<b>Increase in cash and cash equivalents from newly consolidated subsidiary</b>	<b>0</b>	<b>6</b>
<b>Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries</b>	<b>7</b>	<b>371</b>
<b>Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation</b>	<b>-</b>	<b>-7</b>
<b>Cash and cash equivalents at end of period</b>	<b>Y 123,388</b>	<b>Y 130,873</b>

## (5) Notes on premise of going concern

Not applicable.

## (6) Segment information

## Business Segment Information

(Unit: million yen)

	Three months ended June 30, 2012 (April 1 through June 30, 2012)							
	Metal building material business	Plumbing fixtures business	Other building materials and equipment business	Distribution and retail business	Housing, real estate and other business	Total	Adjustment amounts	Consolidation
I. Net sales								
(1) Net sales to outside customers	Y 142,915	Y 84,267	Y 41,763	Y 44,393	Y 12,848	Y 326,186	-	Y 326,186
(2) Inter-segment sales of products	981	847	459	194	267	2,750	-2,750	-
Total	143,896	85,114	42,222	44,587	13,116	328,936	-2,750	326,186
Operating income (loss)	-281	2,724	353	538	807	4,143	-862	3,280

	Three months ended June 30, 2013 (April 1 through June 30, 2013)							
	Metal building material business	Plumbing fixtures business	Other building materials and equipment business	Distribution and retail business	Housing and real estate business	Total	Adjustment amounts	Consolidation
I. Net sales								
(1) Net sales to outside customers	Y 151,207	Y 88,192	Y 46,149	Y 48,121	Y 14,749	Y 348,419	-	Y 348,419
(2) Inter-segment sales of products	1,133	852	478	62	235	2,761	-2,761	-
Total	152,340	89,044	46,627	48,183	14,984	351,181	-2,761	348,419
Operating income (loss)	5,092	2,246	384	1,149	1,266	10,140	-944	9,195

## (7) Notes to significant changes in equity

Not applicable.