



Consolidated Financial Results for the Third Quarter ended December 31, 2013 (Japanese Accounting Standard)

Company Name: LIXIL Group Corporation

Code Number: 5938

Representative: Yoshiaki Fujimori, President and CEO

Contact: Takashi Tsutsui, Executive Officer and Vice President, Investor Relations

Scheduled date of issue of quarterly financial report: February 7, 2014

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

URL: <http://www.lixil-group.co.jp/e/ir/default.htm>

Telephone: +81-3-6268-8806

(Amounts less than one million yen are omitted.)

1. Consolidated financial results for the Q3 of FY Ending March 2014 (April 1 through December 31, 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	%
FY 2014 Q3	1,161,577	9.9	50,934	34.1	56,075	46.3
FY 2013 Q3	1,056,672	11.5	37,993	112.4	38,331	141.3

	Net income		Net income per share	
	Million yen	%	-basic yen	-diluted yen
FY 2014 Q3	36,880	377.1	126.85	126.33
FY 2013 Q3	7,729	(4.0)	26.58	-

(Note) Comprehensive income

FY 2014 Q3 56,710 million yen (412.9%) FY 2013 Q3 11,056 million yen (-%)

(Reference) Net income excluding the effect of amortization of goodwill

FY 2014 Q3 39,902 million yen (251.5%) FY 2013 Q3 11,351 million yen (13.1%)

Net income per share excluding the effect of amortization of goodwill

FY 2014 Q3 137.24 million yen (251.5%) FY 2013 Q3 39.04 yen (11.7%)

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY 2014 Q3	1,702,518	606,442	35.2	2,061.84
FY2013	1,465,689	566,312	38.3	1,930.02

(Reference) Equity capital at end of period

FY 2014 Q3 599,454 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	-	25.00	-		
FY 2014 (forecast)				30.00	55.00

(Note) Revision of cash dividend forecast from those announced recently: Yes

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		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
FY 2014	1,600,000	11.4	70,000	38.7	71,500	34.7	44,500	108.5	153.05

(Note) Revision of consolidated operating performance forecast during this period: Yes

(Reference) Net income excluding the effect of amortization of goodwill

FY 2014 (Forecast) 49,000 million yen (83.9%)

Net income per share excluding the effect of amortization of goodwill

FY 2014 (Forecast) 168.53 yen (83.9%)

4. Others

(1) Changes in significant subsidiaries, which affected the scope of consolidation during this period: Yes

Newly consolidated company: 1 (Name of the company) ASD Americas Holding Corp

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: 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):

Nine months ended December 31, 2013	313,054,255 shares	FY ended March 31, 2013	313,054,255 shares
-------------------------------------	--------------------	-------------------------	--------------------

ii) Number of treasury stock at end of period

Nine months ended December 31, 2013	22,316,785 shares	FY ended March 31, 2013	22,300,227 shares
-------------------------------------	-------------------	-------------------------	-------------------

iii) Weighted-average number of shares outstanding during the period

Nine months ended December 31, 2013	290,747,500 shares
-------------------------------------	--------------------

Nine months ended December 31, 2012	290,759,676 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 is posted at TDnet and the website of the Company.

Contents

1. Performance and financial position	--- 2
(1) Qualitative information regarding consolidated operating results	--- 2
(2) Qualitative information regarding consolidated financial position	--- 3
(3) Qualitative information regarding consolidated financial forecasts	--- 3
2. Others	--- 3
(1) Changes in significant subsidiaries during this quarter	--- 3
3. Consolidated financial statements	--- 4
(1) Consolidated quarterly balance sheets	--- 4
(2) Consolidated quarterly statements of income	--- 6
(3) Consolidated quarterly statements of comprehensive income	--- 7
(4) Consolidated quarterly statements of cash flows	--- 8
(5) Notes on premise of going concern	---10
(6) Segment information	---10
(7) Notes to significant changes in equity	---10

1. Performance and financial position

(1) Qualitative information regarding consolidated operating results

Japanese economy for the nine months of the third quarter of the fiscal year ending March 2014 was on a moderate 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 770 thousand units (up by 12.7% y/y) maintaining 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, expansion of core adjacencies, and operational excellence to achieve profitable growth. As part of the above mentioned, the Group acquired total shares of ASD Americas Holding Corp. and entered into a stock sale and purchase agreement through joint investment to acquire shares of GROHE Group S.à r.l.

As a result, the Group increased its consolidated net sales of the Q3 for the fiscal year ending March 2014 to 1,161,577 million yen (up by 9.9% y/y) due to the favorable market conditions. In terms of profit, operating income increased to 50,934 million yen (up by 34.1% y/y) mainly due to sales growth which offset impact from foreign exchange and price hike of materials. Ordinary income increased to 56,075 million yen (up by 46.3% y/y) supported by foreign exchange gains and equity in earnings of affiliates. Net income achieved high level of 36,880 million yen (up by 4.8 times y/y) due to the special factors such as early retirement related loss and others recorded in the same period of the previous fiscal year.

Results by business segments were as follows.

[Metal building material business]

Sales increased by 10.5% year-on-year to 521,325 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 24,562 million yen (up by 45.1% y/y).

[Plumbing fixtures business]

With improvement of product mix and sales increase including the impact from newly consolidated companies and others, sales increased by 9.4% year-on-year to 303,013 million yen, and operating income increased by 19.5% year-on-year to 16,051 million yen, offsetting the price decline caused by intensified market condition.

[Other building materials and equipment business]

With the expansion of product offerings and sales promotion activities, which progressed successfully, sales increased by 10.1% year-on-year to 152,298 million yen, and operating income increased by 27.3% year-on-year to 6,322 million yen, offsetting the price hike of materials.

[Distribution and retail business]

With the efforts of enforcing the renovation business, continuously opening new stores, and improving store efficiency, sales increased by 7.9% year-on-year to 145,483 million yen, and operating income increased by 2.1 times year-on-year to 3,078 million yen.

[Housing, real estate, and other business]

Sales increased by 7.1% year-on-year to 47,265 million yen, and operating income increased by 22.2% year-on-year to 4,493 million yen due to enhanced order receiving and sales activities.

Figures for segment sales and operating income are calculated before eliminating intersegment transactions and corporate allocation.

(2) Qualitative information regarding the consolidated financial position

Total assets at December 31, 2013 increased by 236,829 million yen from the end of previous fiscal year to 1,702,518 million yen. This was due to the effects from new consolidation, the increase in accounts receivable and inventories caused by seasonal factors, and temporary increase of securities and cash & deposits due to issuance of bonds. Net assets were 606,442 million yen. The capital adequacy ratio was 35.2%.

Cash flow was as follows:

During the nine months ended December 31, 2013, cash flows from operating activities amounted to an inflow of 46,582 million yen, an increase of 49,584 million yen year-on-year.

This was due to the absence of losses from Thai flood, early retirement and change of pension plan recorded at the same period of the previous fiscal year in addition to the improvement of net income before income taxes and minority interests and fluctuation of accrued revenue and expenses etc.

Investing activities used net cash of 119,507 million yen due to capital expenditures, stock acquisition of subsidiaries with change in consolidation and short-term asset management. Net outflow increased by 135,482 million yen compared to the same period of the previous fiscal year.

Financing activities provided net cash of 90,706 million yen as a result of raise, redemption and repayment of interest-bearing debt which offset dividend payment. Net inflow increased by 126,739 million yen compared to the same period of the previous fiscal year.

As a result, cash and cash equivalents including the impact from foreign exchange rate fluctuations for the nine months ended December 31, 2013 increased by 21,077 million yen from the end of previous fiscal year to 135,739 million yen.

(3) Qualitative information regarding the forecast of consolidated operating performance

Full year forecast was revised for incorporating equity in earnings of affiliates and the extraordinary income which were determined during the third quarter. Along with the revision of the forecast on business performance, forecast on year-end dividend payment was also revised.

For more details, please refer to "The Revision of the Forecast on Business Performance and Dividend Payment for the Fiscal Year Ending March 2014" that were announced today (February 3, 2014).

2. Others

(1) Changes in significant subsidiaries during this quarter:

Since total shares of ASD Americas Holding Corp. was acquired during the second quarter, the company and its 19 subsidiaries have been added to the scope of consolidation.

3. Consolidated financial statements

(1) Consolidated quarterly balance sheets

(Unit: million yen)

	End of previous FY (As of March 31, 2013)	End of Q3 (As of December 31, 2013)
Assets:		
Current assets	Y 785,624	Y 946,876
Cash & deposits	116,946	140,418
Notes and accounts receivable-trade	387,451	454,811
Securities	7,269	41,999
Merchandise and finished goods	115,143	148,188
Work in process	17,094	17,003
Raw materials and supplies	40,797	42,494
Other inventories	16,524	19,036
Short-term loans receivable	10,655	8,761
Deferred tax assets	24,293	22,323
Other	54,914	57,104
Allowance for doubtful accounts	-5,468	-5,264
Noncurrent assets	680,064	755,641
Property, plant and equipment	464,913	481,293
Buildings & structures	480,125	489,893
Accumulated depreciation	-306,487	-313,926
Buildings and structures, net	173,637	175,966
Machinery, equipment and vehicles	314,411	321,291
Accumulated depreciation	-247,244	-245,780
Machinery & equipment and vehicles, net	67,166	75,511
Land	188,802	188,565
Lease assets	15,759	16,857
Accumulated depreciation	-7,791	-8,758
Lease assets, net	7,967	8,098
Construction in progress	12,799	18,988
Other	92,052	95,451
Accumulated depreciation	-77,511	-81,290
Other, net	14,540	14,161
Intangible assets	79,840	130,831
Goodwill	34,588	75,808
Other	45,251	55,023
Investments and other assets	135,311	143,516
Investment securities	52,963	70,552
Long-term loans receivable	3,111	2,966
Deferred tax assets	32,927	27,274
Other	63,745	60,686
Allowance for doubtful accounts	-17,436	-17,964
Total assets	Y 1,465,689	Y 1,702,518

(Unit: million yen)

	End of previous FY (As of March 31, 2013)	End of Q3 (As of December 31, 2013)
Liabilities:		
Current liabilities	Y 551,108	Y 652,482
Notes and accounts payable - trade	201,076	233,554
Short-term loans payable	91,778	140,712
Current portion of bonds	5,000	20,000
Lease obligations	3,428	3,215
Accrued expenses	70,330	79,338
Income taxes payable	7,612	6,932
Provision for bonuses	19,494	11,434
Allowance for loss on factory restructuring	372	28
Reserve for loss on showroom integration	1,540	974
Asset retirement obligations	689	303
Other	149,785	155,988
Noncurrent liabilities	348,268	443,593
Bonds payable	35,000	70,000
Long-term loans payable	226,209	269,906
Lease obligations	5,863	6,028
Provision for retirement benefits	12,749	—
Provision for directors' retirement benefits	276	95
Net defined benefit liability	—	24,586
Deferred tax liabilities	18,407	21,255
Negative goodwill	185	92
Asset retirement obligations	6,149	6,496
Other	43,427	45,132
Total liabilities	899,377	1,096,075
Net assets:		
Shareholders' equity		
Capital stock	68,121	68,121
Capital surplus	261,366	261,366
Retained earnings	259,851	278,509
Treasury stock	-41,753	-41,794
Total shareholders' equity	547,585	566,202
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	11,009	16,755
Deferred gains or losses on hedges	714	1,537
Foreign currency translation adjustment	1,850	14,958
Total accumulated other comprehensive income	13,574	33,251
Subscription rights to shares	676	2,050
Minority interests	4,475	4,936
Total net assets	566,312	606,442
Total liabilities and net assets	Y 1,465,689	Y 1,702,518

(2) Consolidated quarterly statements of income

(Unit: million yen)

	Nine months ended December 31, 2012	Nine months ended December 31, 2013
Net sales	Y 1,056,672	Y 1,161,577
Cost of sales	754,260	836,828
Gross profit	302,411	324,748
Selling, general & administrative expenses	264,417	273,814
Operating income	37,993	50,934
Non-operating income	12,164	16,000
Interest income	1,372	1,277
Dividends income	778	1,246
Rent income	5,165	4,995
Amortization of negative goodwill	92	92
Equity in earnings of affiliates	-	1,551
Foreign exchange gains	418	2,686
Other	4,337	4,149
Non-operating expenses	11,826	10,859
Interest expenses	3,653	3,108
Equity in losses of affiliates	12	-
Cost of lease revenue	3,521	3,326
Loss on valuation of derivatives	410	382
Other	4,228	4,042
Ordinary income	38,331	56,075
Extraordinary income	13,644	2,436
Gain on sales of noncurrent assets	495	1,045
Gain on sales of investment securities	7	1,390
Gain on sales of subsidiaries and affiliates' stocks	2,372	0
Gain on negative goodwill	34	-
Insurance income	9,628	-
Gain on transition to a defined contribution pension plan	1,106	-
Extraordinary loss	40,454	2,887
Loss on sales and retirement of noncurrent assets	2,473	1,258
Loss on valuation of investment securities	3	-
Loss on valuation of stocks of subsidiaries and affiliates	88	-
Loss on sales of investment securities	0	-
Loss on sales of stocks of subsidiaries and affiliates	-	10
Loss on factory restructurings	247	423
Loss on showroom integration	922	-
Impairment loss	2,778	1,195
Loss on disaster	1,254	-
Early retirement related loss	32,684	-
Income before income taxes and minority interests	11,521	55,625
Income taxes - current	7,585	9,476
Income taxes - deferred	-3,752	9,572
Total income taxes	3,832	19,048
Income before minority interests	7,688	36,579
Minority interests in loss	-40	-304
Net income	Y 7,729	Y 36,880

(3) Consolidated quarterly statements of comprehensive income

(Unit: million yen)

	Nine months ended December 31, 2012	Nine months ended December 31, 2013
Income before minority interests	Y 7,688	Y 36,576
Other comprehensive income	3,367	20,134
Valuation difference on available-for-sale securities	2,578	5,716
Deferred gains or losses on hedges	521	827
Foreign currency translation adjustment	267	13,558
Share of other comprehensive income of associates accounted for using equity method	-	31
Comprehensive income	11,056	56,710
Comprehensive income attributable to owners of the parent	11,141	56,497
Comprehensive income attributable to minority interests	-85	213

(4) Consolidated quarterly statements of cash flows

(Unit: million yen)

	Nine months ended December 31, 2012	Nine months ended December 31, 2013
Operating activities:		
Income before income taxes and minority interests	Y 11,521	Y 55,625
Depreciation and amortization	32,329	35,692
Impairment loss	2,778	1,195
Early retirement related loss	32,684	-
Amortization of negative goodwill	-92	-92
Gain on negative goodwill	-34	-
Amortization of goodwill	3,748	4,449
Increase (decrease) in allowance for doubtful accounts	-1,909	21
Decrease in allowance for loss on factory restructuring	-658	-344
Increase (decrease) in reserve for loss on showroom integration	130	-566
Decrease in provision for loss on disaster	-9,216	-
Decrease in provision for retirement benefits	-15,382	-
Decrease in debt for retirement benefits	-	-477
Decrease in prepaid pension costs	4,125	-
Increase in asset for retirement benefits	-	-544
Insurance income	-9,628	-
Interest and dividends income	-2,150	-2,524
Interest expenses	3,653	3,108
Foreign exchange losses (gains)	207	-145
Equity in losses (earnings) of affiliates	12	-1,551
Gain on sales and valuation of investment securities	-2,286	-1,380
Loss on sales and retirement of noncurrent assets	1,978	212
Decrease (increase) in notes and accounts receivable - trade	3,177	-27,366
Increase in inventories	-18,348	-21,510
Increase (decrease) in notes and accounts payable - trade	-16,946	17,551
Other, net	10,064	-8,162
Subtotal	29,757	53,188
Payments for extra retirement payments ,etc.	-32,192	-
Proceeds from insurance income	9,628	4,008
Interest and dividends income received	2,079	2,511
Interest expenses paid	-3,720	-2,996
Income taxes paid	-8,555	-10,129
Net cash provided by (used in) operating activities	-3,002	46,582
Investment activities:		
Decrease (increase) in time deposits	44,792	-2,105
Purchase of short-term investment securities	-270,936	-170,997
Proceeds from sales and redemption of securities	271,637	136,404
Purchase of property, plant and equipment and intangible assets	-41,546	-47,655
Proceeds from sales of property, plant and equipment and intangible assets	1,674	3,635
Purchase of investment securities	-1,438	-11,426
Proceeds from sales and redemption of investment securities	217	4,488
Proceeds from sales of investments in subsidiaries	10,482	-
Purchase of investments in subsidiaries resulting in change in scope of consolidation	-	-32,311
Decrease in short-term loans receivable	2,727	1,275
Payments of long-term loans receivable	-314	-268
Collection of long-term loans receivable	823	2,307
Other payments	-3,088	-4,397
Other proceeds	942	1,543
Net cash provided by (used in) investment activities	Y 15,974	Y -119,507

(Unit: million yen)

	Nine months ended December 31, 2012	Nine months ended December 31, 2013
Financing activities:		
Increase (decrease) in short-term bank loans and commercial papers	Y -56,163	Y 9,447
Increase (decrease) in liquidation of receivables of trade among the consolidated companies	13,999	-9,987
Repayment of long-term loans payable	-19,650	-19,621
Proceeds from long-term loans payable	50,602	96,957
Repayments of lease obligations	-3,010	-3,193
Redemption of bonds	-30,075	-19,698
Proceeds from issuance of bonds	19,904	49,789
Proceeds from stock issuance to minority shareholders	-	137
Proceeds from disposal of treasury stock	0	0
Purchase of treasury stock	-9	-40
Cash dividends paid	-11,630	-13,083
Net cash provided by (used in) financing activities	-36,032	90,706
Effect of exchange rate change on cash and cash equivalents	-466	2,925
Net increase (decrease) in cash and cash equivalents	-23,526	20,706
Cash and cash equivalents at beginning of period	127,350	114,661
Increase in cash and cash equivalents from newly consolidated subsidiaries	160	6
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	7	371
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	-	-7
Cash and cash equivalents at end of period	Y 103,992	Y 135,739

(5) Notes on premise of going concern

Not applicable.

(6) Notes to significant changes in equity

Not applicable.

(7) Segment information

Business Segment Information

(Unit: million yen)

	For the nine months ended December 31, 2012 (April 1 through December 31, 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 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
Operating income (loss)	16,929	13,433	4,967	1,477	3,677	40,485	-2,491	37,993

	For the nine months ended December 31, 2013 (April 1 through December 31, 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 518,977	Y 300,054	Y 150,594	Y 145,417	Y 46,533	Y 1,161,577	-	Y 1,161,577
(2) Inter-segment sales of products	2,348	2,958	1,704	66	732	7,809	-7,809	-
Total	151,325	303,013	152,298	145,483	47,265	1,169,387	-7,809	1,161,577
Operating income (loss)	24,562	16,051	6,322	3,078	4,493	54,509	-3,574	50,934