

Flash Report**LIXIL GROUP CORPORATION**

February 2, 2015

Consolidated Financial Results for the Third Quarter ended December 31, 2014 (Japanese Accounting Standard)

Company Name: LIXIL GROUP CORPORATION Stock Listings: Tokyo, Nagoya
 Code Number: 5938 URL: <http://www.lixil-group.co.jp/e/ir/default.htm>
 Representative: Yoshiaki Fujimori, President & CEO Telephone: +81-3-6268-8806
 Contact: Takashi Tsutsui, Executive Officer & Executive Vice President, Investor Relations
 Scheduled date of issue of quarterly financial report: February 6, 2015
 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)

(Amounts less than one million yen are omitted.)

1. Consolidated financial results for the Q3 of FY Ending March 2015 (April 1 through December 31, 2014)

(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 2015 Q3	1,220,812	5.1	34,162	-32.9	34,009	-39.4
FY 2014 Q3	1,161,577	9.9	50,934	34.1	56,075	46.3

(Reference) Comprehensive income

FY 2015 Q3 27,497 million yen (-51.5%) FY 2014 Q3 56,710 million yen (412.9%)

	Net income		Net income per share	
	Million yen	%	-basic yen	-diluted yen
FY 2015 Q3	19,813	-46.3	67.71	67.47
FY 2014 Q3	36,880	377.1	126.85	126.33

(Reference) Net income excluding amortization of goodwill

FY 2015 Q3 27,454 million yen (-31.2%) FY 2014 Q3 39,902 million yen (251.5%)

(Reference) Net income per share excluding amortization of goodwill

FY 2015 Q3 93.82 yen (-31.6%) FY 2014 Q3 137.24 million yen (251.5%)

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY 2015 Q3	1,839,870	640,507	34.2	2,146.78
FY 2014	1,810,097	625,599	34.1	2,123.22

(Reference) Equity capital at end of period

FY 2015 Q3 629,783 million yen FY 2014 Q3 617,290 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 2014	-	25.00	-	30.00	55.00
FY 2015	-	30.00	-		
FY 2015 (forecast)				30.00	60.00

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

3. Consolidated Forecast for the Fiscal Year Ending March 2015 (April 1, 2014 through March 31, 2015)

(% 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
	1,660,000-	1.9-	53,000-	-23.3-	53,000-	-29.3-	24,500-	-45.3-	83.72-
FY 2015	1,675,000	2.8	60,000	-13.1	60,000	-19.9	31,000	-30.7	105.93

(Note) Revision of consolidated operating performance forecast from those announced recently: Yes

(Reference) Net income excluding amortization of goodwill (forecast)

FY 2015 36,500 million yen (-27.1%) - 43,000 million yen (-14.2%)

(Reference) Net income per share excluding amortization of goodwill (forecast)

FY 2015 124.73 yen (-27.6%) - 146.94 yen (-14.7%)

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 due to revisions in accounting standards other than the above: None
 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, 2014	313,054,255 shares	FY ended March 31, 2014	313,054,255 shares
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 - ii) Number of treasury stock at end of period

Nine months ended December 31, 2014	19,691,647 shares	FY ended March 31, 2014	22,321,128 shares
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 - iii) Weighted-average number of shares outstanding over period

Nine months ended December 31, 2014	292,640,466 shares
Nine months ended December 31, 2013	290,747,500 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

(Cautionary statements with respect to forward-looking statements)

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 has been posted on TDnet and the Company's website.

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

(Unit: million yen)

	End of previous FY (As of March 31, 2014)	End of Q3 (As of December 31, 2014)
Assets:		
Current assets	Y 942,532	Y 959,402
Cash & deposits	162,996	169,990
Notes and accounts receivable-trade	487,211	450,525
Securities	1,999	-
Merchandise and finished goods	129,369	163,062
Work in process	16,984	20,181
Raw materials and supplies	45,453	47,606
Other inventories	19,048	20,071
Short-term loans receivable	6,228	6,556
Deferred tax assets	25,539	20,179
Other	53,177	65,622
Allowance for doubtful accounts	-5,476	-4,392
Non-current assets	867,565	880,467
Property, plant and equipment	489,535	500,204
Buildings & structures	491,721	503,112
Accumulated depreciation	-311,649	-320,982
Buildings and structures, net	180,072	182,130
Machinery, equipment and vehicles	324,308	344,316
Accumulated depreciation	-246,780	-258,436
Machinery & equipment and vehicles, net	77,527	85,880
Land	188,662	189,714
Leased assets	15,138	15,053
Accumulated depreciation	-6,966	-8,412
Leased assets, net	8,171	6,640
Construction in progress	19,982	18,804
Other	95,789	100,862
Accumulated depreciation	-80,670	-83,828
Other, net	15,118	17,034
Intangible assets	140,086	142,818
Goodwill	79,971	49,735
Other	60,115	93,082
Investments and other assets	237,943	237,444
Investment securities	169,520	169,983
Long-term loans receivable	2,896	2,708
Net defined benefit asset	1,863	3,175
Deferred tax assets	22,351	19,877
Other	57,250	57,325
Allowance for doubtful accounts	-15,938	-15,625
Total assets	Y 1,810,097	Y 1,839,870

(Unit: million yen)

	End of previous FY (As of March 31, 2014)	End of Q3 (As of December 31, 2014)
Liabilities:		
Current liabilities	Y 719,248	Y 684,806
Notes and accounts payable - trade	235,799	236,886
Short-term loans payable	207,198	131,266
Current portion of bonds	15,000	-
Commercial papers	-	15,000
Lease obligations	3,030	2,881
Accrued expenses	82,243	83,154
Income taxes payable	11,082	8,742
Provision for bonuses	21,173	11,902
Asset retirement obligations	281	499
Other	143,439	194,473
Non-current liabilities	465,250	514,555
Bonds payable	70,000	70,000
Long-term loans payable	289,026	335,660
Lease obligations	6,256	5,691
Provision for directors' retirement benefits	79	88
Net defined benefit liability	25,016	24,411
Deferred tax liabilities	22,914	27,874
Negative goodwill	61	-
Asset retirement obligations	6,615	6,846
Other	45,278	43,983
Total liabilities	1,184,498	1,199,362
Net assets:		
Shareholders' equity		
Capital stock	68,121	68,121
Capital surplus	261,366	261,678
Retained earnings	286,384	286,868
Treasury shares	-41,806	-36,887
Total shareholders' equity	574,065	579,780
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	13,184	12,832
Deferred gains or losses on hedges	1,756	-259
Foreign currency translation adjustment	28,283	37,430
Total accumulated other comprehensive income	43,224	50,003
Subscription rights to shares	2,534	3,146
Minority interests	5,774	7,576
Total net assets	625,599	640,507
Total liabilities and net assets	Y 1,810,097	Y 1,839,870

(2) Consolidated quarterly statements of income

(Unit: million yen)

	Nine months ended December 31, 2013	Nine months ended December 31, 2014
Net sales	Y 1,161,577	Y 1,220,812
Cost of sales	836,828	886,405
Gross profit	324,748	334,406
Selling, general & administrative expenses	273,814	300,244
Operating income	50,934	34,162
Non-operating income	16,000	17,310
Interest income	1,277	1,622
Dividend income	1,246	1,501
Rent income	4,995	5,208
Amortization of negative goodwill	92	61
Share of profit of entities accounted for using equity method	1,551	-
Foreign exchange gains	2,686	2,012
Gain on valuation of derivatives	-	989
Other	4,149	5,912
Non-operating expenses	10,859	17,463
Interest expenses	3,108	4,102
Share of loss of entities accounted for using equity method	-	6,061
Cost of lease revenue	3,326	3,376
Loss on valuation of derivatives	382	-
Other	4,042	3,922
Ordinary income	56,075	34,009
Extraordinary income	2,436	12,108
Gain on sales of non-current assets	1,045	275
Gain on sales of investment securities	1,390	10,649
Gain on sales of subsidiaries and associates	0	65
Gain on change in equity	-	1,117
Extraordinary loss	2,887	4,556
Loss on sales and retirement of non-current assets	1,258	940
Loss on valuation of shares of subsidiaries and associates	-	68
Loss on sales of investment securities	-	11
Loss on sales of shares of subsidiaries and associates	10	187
Loss on factory restructurings	423	1,426
Impairment loss	1,195	1,343
Adjustment of goodwill amortization and other	-	505
Loss on transition to a defined contribution pension plan	-	72
Income before income taxes and minority interests	55,625	41,561
Income taxes - current	9,476	14,125
Income taxes - deferred	9,572	6,952
Total income taxes	19,048	21,077
Income before minority interests	36,576	20,483
Minority interests in income (loss)	-304	669
Net income	Y 36,880	Y 19,813

(3) Consolidated quarterly statements of comprehensive income

(Unit: million yen)

	Nine months ended December 31, 2013	Nine months ended December 31, 2014
Income before minority interests	Y 36,576	Y 20,483
Other comprehensive income	20,134	7,013
Valuation difference on available-for-sale securities	5,716	-392
Deferred gains or losses on hedges	827	-1,945
Foreign currency translation adjustment	13,558	7,988
Share of other comprehensive income of entities accounted for using equity method	31	1,363
Comprehensive income	56,710	27,497
Comprehensive income attributable to owners of parent	56,497	26,592
Comprehensive income attributable to minority interests	213	905

(4) Consolidated quarterly statements of cash flows

(Unit: million yen)

	Nine months ended December 31, 2013	Nine months ended December 31, 2014
Operating activities:		
Income before income taxes and minority interests	Y 55,625	Y 41,561
Depreciation	35,692	36,404
Impairment loss	1,195	1,343
Amortization of negative goodwill	-92	-61
Amortization of goodwill	4,449	4,876
Increase (decrease) in allowance for doubtful accounts	21	-1,276
Decrease in allowance for loss on factory restructuring	-344	-
Increase (decrease) in debt for retirement benefits	-477	399
Increase in asset for retirement benefits	-544	-615
Interest and dividends income	-2,524	-3,124
Interest expenses	3,108	4,102
Foreign exchange losses (gains)	-145	1,818
Share of loss (profit) of entities accounted for using equity method	-1,551	6,061
Gain on sales and valuation of investment securities	-1,380	-10,447
Loss on sales and retirement of non-current assets	212	664
Gain on change in equity	-	-1,117
Decrease (increase) in notes and accounts receivable - trade	-27,366	60,036
Increase in inventories	-21,510	-30,779
Increase (decrease) in notes and accounts payable - trade	17,551	-388
Other, net	-8,728	-11,458
Subtotal	53,188	98,001
Proceeds from insurance income	4,008	-
Interest and dividends income received	2,511	3,192
Interest expenses paid	-2,996	-4,254
Income taxes paid	-10,129	-19,680
Net cash provided by operating activities	46,582	77,258
Investment activities:		
Increase in time deposits	-2,105	-2,216
Purchase of securities	-170,997	-217,915
Proceeds from sales and redemption of securities	136,404	219,915
Purchase of property, plant and equipment and intangible assets	-47,655	-42,757
Proceeds from sales of property, plant and equipment and intangible assets	3,635	717
Purchase of investment securities	-11,426	-9,300
Proceeds from sales and redemption of investment securities	4,488	13,325
Proceeds from sales of shares of subsidiaries	-	98
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-32,311	-
Decrease (increase) in short-term loans receivable	1,275	-140
Payments of long-term loans receivable	-268	-334
Collection of long-term loans receivable	2,307	317
Other payments	-4,397	-3,386
Other proceeds	1,543	186
Net cash used in investing activities	Y -119,507	Y -41,491

(Unit: million yen)

	Nine months ended December 31, 2013	Nine months ended December 31, 2014
Financing activities:		
Increase (decrease) in short-term bank loans and commercial papers	Y 9,447	Y -21,266
Increase (decrease) in liquidation of receivables of trade among the consolidated companies	-9,987	19,000
Repayments of long-term loans payable	-19,621	-55,279
Proceeds from long-term loans payable	96,957	54,519
Repayments of lease obligations	-3,193	-2,457
Redemption of bonds	-19,698	-15,000
Proceeds from issuance of bonds	49,789	-
Proceeds from share issuance to minority shareholders	137	1,999
Proceeds from disposal of treasury shares	0	4,438
Purchase of treasury shares	-40	-23
Cash dividends paid	-13,083	-17,519
Cash dividends paid to minority shareholders	-0	-17
Net cash provided by (used in) financing activities	90,706	-31,605
Effect of exchange rate change on cash and cash equivalents	2,925	1,346
Net increase in cash and cash equivalents	20,706	5,507
Cash and cash equivalents at beginning of period	114,661	139,038
Increase in cash and cash equivalents from newly consolidated subsidiaries	6	182
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	371	69
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	-7	-
Decrease in cash and cash equivalents due to change in fiscal period of consolidated subsidiaries	-	-2,896
Cash and cash equivalents at end of period	Y 135,739	Y 141,902

(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)

	Nine months ended December 31, 2013 (April 1 through December 31, 2013)				
	Japan				
	Metal building material business	Plumbing fixtures business	Other building materials and equipment business	Distribution and retail business	Housing and real estate business
Net sales					
(1) Net sales to outside customers	Y 386,826	Y 259,717	Y 147,235	Y 145,417	Y 46,533
(2) Inter-segment sales of products	2,365	3,200	1,543	66	732
Total	371,192	262,917	148,779	145,483	47,265
Operating income (loss)	31,178	20,195	7,383	3,362	4,665
Other items					
(1) Share of profit (loss) of entities accounted for using equity method	-	-	-	-	1,553
(2) Investments to entities accounted for using equity method	-	-	-	-	5,149
(Reference) Operating income before amortization of goodwill and purchase price allocation	31,396	20,195	8,026	3,362	4,665

(Unit: million yen)

	Nine months ended December 31, 2013 (April 1 through December 31, 2013)						
	Global				Total	Adjustment amounts	Consolidation
	Asia business	Curtain wall business	ASB business	Other business			
Net sales							
(1) Net sales to outside customers	Y 43,091	Y 143,581	Y 7,173	-	Y 1,161,577	-	Y 1,161,577
(2) Inter-segment sales of products	23,631	-	-	-	31,540	-31,540	-
Total	66,723	143,581	7,173	-	1,193,118	-31,540	1,161,577
Operating income (loss)	-100	-2,534	131	-	64,282	-13,347	50,934
Other items							
(1) Share of profit (loss) of entities accounted for using equity method	-	-1	-	-	1,551	-	1,551
(2) Investments to entities accounted for using equity method	-	-	-	-	5,149	-	5,149
(Reference) Operating income before amortization of goodwill and purchase price allocation	971	1,794	297	-	70,710	-19,775	50,934

Note: Operating income before amortization of goodwill and purchase price allocation is segment income (loss) excluding amortization of goodwill and intangible assets accrued from business combination.

(Unit: million yen)

	Nine months ended December 31, 2014 (April 1 through December 31, 2014)				
	Japan				
	Metal building material business	Plumbing fixtures business	Other building materials and equipment business	Distribution and retail business	Housing and real estate business
Net sales					
(1) Net sales to outside customers	Y 363,529	Y 247,640	Y 139,452	Y 152,381	Y 43,289
(2) Inter-segment sales of products	2,002	3,065	1,528	-	809
Total	365,532	250,706	140,981	152,381	44,098
Operating income (loss)	25,336	13,107	4,801	6,503	3,209
Other items					
(1) Share of profit (loss) of entities accounted for using equity method	-	-	-	-	150
(2) Investments to entities accounted for using equity method	-	-	-	-	5,814
(Reference) Operating income before amortization of goodwill and purchase price allocation	25,336	13,107	5,443	6,503	3,291

(Unit: million yen)

	Nine months ended December 31, 2014 (April 1 through December 31, 2014)						
	Global				Total	Adjustment amounts	Consolidation
	Asia business	Curtain wall business	ASB business	Other business			
Net sales							
(1) Net sales to outside customers	Y 51,434	Y 150,590	Y 72,494	-	Y 1,220,812	-	Y 1,220,812
(2) Inter-segment sales of products	24,407	1,419	-	-	33,232	-33,232	-
Total	75,841	152,009	72,494	-	1,254,045	-33,232	1,220,812
Operating income (loss)	1,629	-1,203	-69	-	53,314	-19,151	34,162
Other items							
(1) Share of profit (loss) of entities accounted for using equity method	-	-	-	-6,212	-6,061	-	-6,061
(2) Investments to entities accounted for using equity method	-	-	-	107,227	113,041	-	113,041
(Reference) Operating income before amortization of goodwill and purchase price allocation	2,656	3,049	1,003	-	60,391	-26,229	34,162

Note: Operating income before amortization of goodwill and purchase price allocation is segment income (loss) excluding amortization of goodwill and intangible assets accrued from business combination.



PRESS RELEASE

For Immediate Release

February 2, 2015
LIXIL Group Corporation

LIXIL Q3 Results: Domestic Japanese Market Challenging; Businesses in International Markets Deliver Steady Growth

Tokyo, Japan, February 2, 2015 - LIXIL Group Corporation ("LIXIL Group"), the global leader in housing and building materials products and services, today announced earnings for the nine month period ending December 31, 2014. On a consolidated basis over the nine months, sales rose 5.1% to ¥1,220 billion year-on-year, while operating profit fell 32.9% to ¥34.2 billion. This result was due to a greater than expected decline in the Japanese domestic housing materials business caused by the rise in consumption tax from 5% to 8% at the start of this current fiscal year. This resulted in a 25.3% fall in income before tax, to ¥41.6 billion, which corresponded to a 31.6% fall in earnings per share, excluding amortization of goodwill, to ¥94.

To provide relief to the local housing sector which has been severely impacted by the effects of the increase in consumption tax, the Japanese government recently instituted a stimulus package including the 'Eco Points' Program and other measures. While these policy measures are expected to improve market conditions over time, indicators suggest that the Japanese market continues to contract in Q4, resulting in the revision of the Group's full year forecast downward; operating profit forecast was revised to the range of ¥60-53 billion from the ¥80-67 billion range forecast, which had been reaffirmed in the first half results announcement on November 4, 2014.

While the domestic market continued to decline in the third quarter, overseas existing businesses demonstrated steady growth over the period of 8%, with Asia Pacific and China doing particularly well. Permasteelisa Group is also performing well, doubling its market share in curtain walls in the highly lucrative US market. Although currently not consolidated, GROHE Group grew sales by 6% and continues to maintain a high level of profitability, including at its subsidiary JOYOU.

LIXIL Group President & CEO, Yoshiaki Fujimori, said, "While the 2014 Q3 results are somewhat disappointing financially, this has been a year of transition for the LIXIL Group as we get ready to become a truly global company, and I am excited about our future. In 2015, following expected regulatory approvals, we will implement our new Technology Company model, and much of our progress to date has been to lay the groundwork for this shift. We expect the Japanese market to improve in 2015 with the Government's stimulus package. Given that LIXIL outperformed the market in the renovation sector for the last nine months despite difficult market conditions, we look forward to improvements in our domestic financial performance with the new business model."

LIXIL Group made significant improvements in free cash flow of ¥108.7 billion year-on-year. Of this, ¥60.2 billion reflected improvements in working capital. This was underpinned by the increased focus on cash management, with LIXIL Group on target to make savings of ¥100 billion by 2016 through strong cash flow management and operational efficiency, reducing its cash conversion cycle from 90.3 days to 55 days by 2017. In addition, other new activities include securitization of receivables, sales and securitization of assets and sales of investment securities, have added ¥100 billion in the Fiscal Year ending March 2015.

Mr. Fujimori continued, “I am also extremely pleased with the innovations we have made in how we engage with our customers, giving them greater choice in their housing and building decisions. Our newly renovated showroom in the high fashion Minami Aoyama district of Tokyo which now showcases GROHE and Jaxson products is a great example of how we are accelerating synergies to serve our customers better.”

The LIXIL Group was recognized by the Minister of State for Special Missions on January 9, 2015 with a prestigious award for its substantial achievements in delivering an ambitious gender diversity agenda for its workforce. The Group’s diversity agenda is one of several key strategic pillars in the Group’s overall plan to build a single, global corporate culture to operate as “One LIXIL” in mindset as well as in processes and systems. In 2014, the Group introduced the new LIXIL Values which are expected to become the common denominator of all LIXIL employees regardless of where they work and live.

Summary of consolidated third quarter results (¥ billion, except where stated)

	March 15 Q3 (3 months)	March 14 Q3 (3 months)	Change (%)	March 15 Q3 (9 months)	March 14 Q3 (9 months)	Change (%)
Sales	42.5	42.0	1.1	1,220.8	1,161.6	5.1
Operating Profit	20.9	25.0	-16.4	34.2	50.9	-32.9
Recurring Profit	20.9	27.1	-22.8	34.0	56.1	-39.4
Income before taxes	27.6	28.9	-4.3	41.6	55.6	-25.3
Earnings per share (EPS) (¥)	59	67	-11.7	94	137	-31.6

Contact

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About LIXIL

LIXIL is the global leader in housing and building materials products and services. The foundation of LIXIL's success is our constant investment in technological innovation to improve the way we live. Delivering core strengths in water, housing, building and kitchen technologies, our brand portfolio businesses LIXIL, GROHE, JOYOU, American Standard Brands and Permasteelisa are leaders in the industries and regions in which they operate. LIXIL produces some of the world's most fundamental and innovative products and services, and our solutions are an integral part of some of the world's most iconic and cutting-edge living and working spaces. Operating in more than 130 countries, and employing more than 80,000 people, we bring together function, quality and design to make people's lives better, and more delightful - wherever they are.

About LIXIL Group

LIXIL Group Corporation (TSE Code: 5938) is the listed holding company containing LIXIL Corporation, LIXIL VIVA CORPORATION and LIXIL Housing Research Institute, Ltd.. The Group is involved in a broad spectrum of housing-related businesses, ranging from the manufacture and sales of building materials and housing equipment to the operation of home centers and a network of homebuilding franchises, and comprehensive real estate service. Led by President and CEO Yoshiaki Fujimori, the Group posted 1.6 trillion JPY in consolidated sales in FY March 2014.