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**Announcement of Estimated Amount of Losses from Insolvency of JOYOU AG  
and Revision of Forecast on Business Performance for the Year Ended March 2015**

LIXIL Group Corporation (“LIXIL”) today announces the estimated amount of losses arising from the application for the commencement of insolvency proceedings of its subsidiary, Joyou AG (“JOYOU”), and revision of forecast on business performance for the year ended March 2015 (from April 1, 2014 to March 31, 2015) from those announced on February 2, 2015.

**1. Estimated amount of Losses from Insolvency of JOYOU and Amendment to Consolidated Statement of Income for the Fiscal Year Ended March 2014**

**a) Estimated amount of Losses from Insolvency of JOYOU for the Fiscal Years Ended March 2014 and March 2015**

JOYOU filed on May 22, 2015 (German time) an application for the commencement of insolvency proceedings with the competent local court of Hamburg in Germany. LIXIL hereby announces the estimated amount of its losses arising from the application for the commencement of insolvency. Although JOYOU and its subsidiaries newly became consolidated subsidiaries of LIXIL since April 1, 2015, as a result of JOYOU's application for the commencement of insolvency proceedings, we will not include JOYOU and its subsidiaries in its scope of consolidated subsidiaries for the current fiscal year ending March 2016 because they are no longer significant.

Losses	Period	Items	Amount
			Million yen
i) Impairment of the equity value of the JOYOU shares at the time of the acquisition (Note 1)	FY ended March 2014	Extraordinary loss	23,804
ii) Restatement of share of profit of entities accounted for using equity method for JOYOU (Note 2)	FY ended March 2015	Non-operating expenses	299
iii) Expenses for the investigation into JOYOU and others	FY ended March 2015	Extraordinary loss	1,200
iv) Impairment of the equity value of the JOYOU share at the time of the additional acquisition (Note 3)	FY ended March 2015	Extraordinary loss	7,869
Total			33,172

The loss amounts described in the items i), ii) and iv) were fixed. The items iii) and iv) were not included in the announcement on May 21, 2015.

(Note 1) LIXIL indirectly owns, through GROHE Group S.à r.l., shares in JOYOU and, as announced on May 21, 2015, is expected to post a loss with respect to the full amount of the equity value of the JOYOU shares, which was recognized as investment securities of approximately JPY23.8 billion at the time of the acquisition in January 2014.

(Note 2) Although LIXIL announced on May 21, 2015 that the share of profit of entities accounted for using the equity method for JOYOU in the LIXIL's Q3 results (from April to December 2014) for the fiscal year ended March 31, 2015 (corresponding to the profit of JOYOU from January to September 2014) was approximately JPY 900 million, the fixed amount of the share of profit of entities accounted for using the equity method for JOYOU, which was reported as the non-operating income in LIXIL's consolidated statement of income for the same period, is approximately JPY299 million and such amount will be restated in full.

(Note 3) LIXIL acquired 12.5 percent of the shares of GROHE Group S.à r.l. on April 1, 2015 and, thereby, indirectly acquired additional shares of JOYOU. LIXIL is expected to post an extraordinary loss with respect to the full amount of the equity value of such JOYOU's shares, which was recognized as investment securities of approximately JPY 7.9 billion.

#### **b) Estimated amount of Possible Losses for the Fiscal Year Ended March 2016**

LIXIL announced on May 21, 2015 that LIXIL may post a loss of up to approximately JPY16 billion on certain guarantee which LIXIL provided with respect to the liabilities of a JOYOU subsidiary. However, as a result of recent developments of discussion with relevant parties with respect to our share of loss, LIXIL may post a loss of up to approximately JPY33 billion (negative effect of JPY22 billion on the net income after tax) for the fiscal year ending March 31, 2016.

At the time of its announcement on May 21, 2015, LIXIL reasonably believed that it

would bear 50% (approx. JPY16 billion; 50% is the shareholding ratio of LIXIL) of the total loss (approx. JPY33 billion) on the guarantee based on the fact that a back-up guarantee for the payment obligation under the LIXIL's guarantee was provided by GraceA (which is an entity jointly controlled by LIXIL and the joint investment partner as of March 31, 2015) at the consent of the joint investment partner. However, as a result of careful discussion with the the joint investment partner and other parties, and after taking into consideration, among others, the fact that GraceA newly became a consolidated subsidiary of LIXIL in April 2015 as well as economic benefit of overall LIXIL group such as maintenance of LIXIL's future financing capacity, LIXIL decided that the back-up guarantee was amended and instead provided by LIXIL Corporation, which is a direct parent of GraceA and a consolidated subsidiary of LIXIL.

**c) Amendment to Consolidated Statement of Income for the Fiscal Year ended March 2014**

LIXIL also intends to make amendments to its consolidated statements of income for the fiscal year ended March 2014 as follows.

	Net sales	Operating profit	Recurring profit	Net income
Before amendment	Million yen 1,628,658	Million yen 69,079	Million yen 74,937	Million yen 44,755
After amendment	1,628,658	69,079	74,937	20,952
Difference	—	—	—	-23,804

**2. Revision of Forecast on Business Performance for the Year Ended March 2015**

**a) Revision of consolidated forecast for the full year of the fiscal year ended March 31, 2015**

(April 1, 2014 through March 31, 2015)

	Net sales	Operating profit	Recurring profit	Net income	Net income per share
	Million yen	Million yen	Million yen	Million yen	Yen
Previous full-year forecast (A)	1,660,000- 1,675,000	53,000- 60,000	53,000- 60,000	24,500- 31,000	83.72- 105.93
Revised full-year forecast (B)	1,673,000	51,500	57,500	22,000	75.41
Change (B-A)	13,000- -2,000	-1,500- -8,500	4,500- -2,500	-2,500- -9,000	-8.31- -30.52
Change (%)	0.8- -0.1	-2.8- -14.2	8.5- -4.2	-10.2- -29.3	-9.9- -28.8

(Note) There was disposal of treasury stock due to exercise of stock option in current fiscal

year. As for the net income per share of the consolidated forecast, such disposal of treasury stock is put into consideration for the number of shares excluding treasury stocks used in the calculation.

#### **b) Reasons for the Revision**

Please refer to the “Announcement of Business Outline for Fiscal Year Ended March 31, 2015” announced on May 7, 2015 for the reason of revisions to the net sales and operating profit described above. The revision to the recurring profit was mainly due to foreign exchange gain by yen depreciation. The revision to the net income was mainly due to a loss arising from the insolvency of JOYOU

#### **c) Future Outlook**

Forecast of the dividends per share for the fiscal year ended March 31, 2015, which is currently 30 yen, has not been changed. The financial results for the fiscal year ended March 31, 2015 and amendments to the financial results for the fiscal year ended March 31, 2014 will be announced on June 8, 2015. The consolidated forecast for the fiscal year ending March 31, 2016 will be announced together with the results for the fiscal year ended March 31, 2015. LIXIL plans to hold its Annual General Meeting of Shareholders on June 26, 2015.

Note: Statements made above are forward-looking statements. LIXIL cautions that a number of factors could cause actual results to differ materially from those discussed in the forward-looking statements.