

Flash Report**LIXIL GROUP CORPORATION****August 7, 2015**

Consolidated Financial Results for the First Quarter ended June 30, 2015 (Japanese Accounting Standard)

Company Name: LIXIL GROUP CORPORATION
 Code Number: 5938
 Representative: Yoshiaki Fujimori, President & CEO
 Contact: Takashi Tsutsui, Executive Officer & Executive Vice President, Investor Relations
 Scheduled date of issue of quarterly financial report: August 13, 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 Q1 of FY Ending March 2016 (April 1 through June 30, 2015)

(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 2016 Q1	400,630	5.0	6,349	31.6	5,360	18.9
FY 2015 Q1	381,484	9.5	4,823	-47.5	4,509	-66.9

(Note) Comprehensive income

FY 2016 Q1 -46,584 million yen (-%) FY 2015 Q1 -2,376 million yen (-%)

	Profit (loss) attributable to owners of parent		Earnings per share	
			-basic	-diluted
	Million yen	%	yen	yen
FY 2016 Q1	-32,915	-	-114.94	-
FY 2015 Q1	41	-99.5	0.14	0.14

(Reference) Net income excluding amortization of goodwill

FY 2016 Q1 -31,399 million yen (-%)

FY 2015 Q1 3,277 million yen (-68.1%)

(Reference) Net income per share excluding amortization of goodwill

FY 2016 Q1 -109.65 yen (-%)

FY 2015 Q1 11.24 yen (-68.3%)

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY 2016 Q1	2,157,110	635,754	25.5	1,923.66
FY 2015	1,875,249	613,651	32.1	2,104.27

(Reference) Equity capital at end of period

FY 2016 Q1 550,859 million yen

FY 2015 602,563 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	-	30.00	-	30.00	60.00
FY 2015	-	-	-	-	-
FY 2016 (forecast)	-	30.00	-	30.00	60.00

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

3. Consolidated Forecast for the Fiscal Year Ending March 2016 (April 1, 2015 through March 31, 2016)

(% 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
Q2 (6 months)	880,000	10.5	20,000	50.6	18,000	41.5	-18,000	-	-62.86
FY 2016	1,870,000	11.7	52,000	0.6	52,000	-10.1	3,000	-86.4	10.48

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

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

FY 2016 1H -11,500 million yen (-%)

FY 2016 17,000 million yen (-47.8%)

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

FY 2016 1H -40.16 yen (-%)

FY 2016 59.37 yen (-46.8%)

(Reference) Consolidated Forecast of the IFRS

Net sales 1,930,000 million yen Core earning 75,000 million yen

Profit attributable to owners of parent 22,500 million yen

Operating income 40,000 million yen

4. Others

- (1) Changes in significant subsidiaries, which affected the scope of consolidation during this period: Yes
 Newly consolidated company 5 (Name of the company) GraceA Co., Ltd., Grace B S.a r.l., GROHE Group S.a r.l., Grohe AG, Grohe Luxembourg Four S.A.
- (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: Yes
 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) | | | |
| Three months ended June 30, 2015 | 313,054,255 shares | FY ended March 31, 2015 | 313,054,255 shares |
| ii) Number of treasury stock at end of period | | | |
| Three months ended June 30, 2015 | 26,695,010 shares | FY ended March 31, 2015 | 26,702,156 shares |
| iii) Weighted-average number of shares outstanding over period | | | |
| Three months ended June 30, 2015 | 286,355,496 shares | | |
| Three months ended June 30, 2014 | 291,774,045 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. As for the business forecast, please refer to the news release "Announcement Regarding the Revision of the Forecast on Business Performance for the Fiscal Year Ending March 2016" on August 7, 2015.

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 Balance Sheets**

(Unit: million yen)

	As of March 31, 2015	End of Q1 (As of June 30, 2015)
Assets:		
Current assets	Y 1,005,974	Y 967,314
Cash and deposits	257,288	163,304
Notes and accounts receivable-trade	443,855	441,450
Merchandise and finished goods	139,666	165,561
Work in process	20,155	25,270
Raw materials and supplies	47,492	54,466
Other inventories	20,307	21,247
Short-term loans receivable	6,325	6,495
Deferred tax assets	17,960	19,432
Other	57,883	78,028
Allowance for doubtful accounts	-4,959	-7,943
Noncurrent assets	869,274	1,189,795
Property, plant and equipment	502,129	528,707
Buildings and structures	503,849	512,258
Accumulated depreciation	-324,230	-327,308
Buildings and structures, net	179,619	184,949
Machinery, equipment and vehicles	358,862	370,587
Accumulated depreciation	-261,200	-263,088
Machinery, equipment and vehicles, net	97,661	107,498
Land	188,560	191,389
Leased assets	15,609	14,784
Accumulated depreciation	-8,889	-8,105
Leased assets, net	6,719	6,678
Construction in progress	11,345	14,061
Other	103,744	110,440
Accumulated depreciation	-85,522	-86,309
Other, net	18,222	24,130
Intangible assets	147,365	511,711
Goodwill	49,461	209,036
Other	97,904	302,675
Investments and other assets	219,778	149,376
Investment securities	149,496	71,143
Long-term loans receivable	2,954	3,099
Deferred tax assets	18,070	25,972
Net defined benefit asset	7,220	7,481
Other	56,745	88,819
Allowance for doubtful accounts	-14,709	-47,139
Total assets	Y 1,875,249	Y 2,157,110

(Unit: million yen)

	As of March 31, 2015	End of Q1 (As of June 30, 2015)
Liabilities:		
Current liabilities	Y 685,991	Y 795,022
Notes and accounts payable - trade	232,971	249,657
Short-term loans payable	176,025	243,927
Lease obligations	2,955	3,135
Accrued expenses	78,519	80,054
Income taxes payable	12,752	10,249
Provision for bonuses	20,771	31,711
Allowance for loss on factory restructuring	257	257
Asset retirement obligations	445	533
Other	161,293	175,496
Noncurrent liabilities	575,605	726,333
Bonds payable	70,000	70,000
Convertible bond-type bonds with subscription rights to shares	120,000	120,000
Long-term loans payable	277,801	298,377
Lease obligations	5,892	6,052
Deferred tax liabilities	26,735	85,300
Provision for directors' retirement benefits	91	65
Net defined benefit liability	23,386	81,531
Asset retirement obligations	6,879	6,766
Other	44,817	58,239
Total liabilities	1,261,597	1,521,355
Net assets:		
Shareholders' equity		
Capital stock	68,121	68,121
Capital surplus	261,712	261,719
Retained earnings	264,570	223,093
Treasury shares	-56,204	-56,191
Total Shareholders' equity	538,199	496,744
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	14,226	15,290
Deferred gains or losses on hedges	-512	-2,476
Foreign currency translation adjustment	50,650	41,300
Total accumulated other comprehensive income	64,364	54,115
Subscription rights to shares	3,498	3,787
Non-controlling interests	7,589	81,108
Total net assets	613,651	635,754
Total liabilities and net assets	Y 1,875,249	Y 2,157,110

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated statements of income

(Unit: million yen)

	Three months ended June 30, 2014	Three months ended June 30, 2015
Net Sales	Y 381,484	Y 400,630
Cost of Sales	276,759	292,250
Gross profit	104,724	108,380
Selling, General & Administrative Expenses	99,901	102,030
Operating income	4,823	6,349
Non-Operating Income	5,697	13,135
Interest income	530	559
Dividend income	1,028	941
Rent income	1,745	1,784
Amortization of negative goodwill	30	-
Foreign exchange gains	748	7,769
Other	1,613	2,081
Non-Operating Expenses	6,012	14,125
Interest expenses	1,437	1,303
Cost of lease revenue	1,107	1,182
Share of loss of entities accounted for using equity method	2,700	255
Loss on valuation of derivatives	29	10,212
Other	736	1,172
Ordinary income	4,509	5,360
Extraordinary income	18	405
Gain on sales of non-current assets	18	200
Gain on sales of investment securities	-	204
Extraordinary Losses	1,003	39,996
Loss on sales and retirement of non-current assets	238	322
Loss on valuation of investment securities	-	8
Loss on sales of shares of subsidiaries and associates	186	2
Loss on factory restructurings	-	338
Loss on investment to associates and other	-	33,017
Loss on step acquisitions	-	6,306
Adjustment of goodwill amortization and other	505	-
Loss on transition to a defined contribution pension plan	72	-
Income (loss) before income taxes and minority interests	3,524	-34,230
Income taxes-current	3,625	6,431
Income taxes-deferred	-82	-7,851
Total income taxes	3,542	-1,419
Loss	-17	-32,810
Profit (loss) attributable to non-controlling interests	-58	104
Profit (loss) attributable to owners of parent	41	-32,915

Consolidated statements of comprehensive income

(Unit: million yen)

	Three months ended June 30, 2014	Three months ended June 30, 2015
Loss	Y -17	Y -32,810
Other comprehensive income		
Valuation difference on available-for-sale securities	3,500	1,063
Deferred gains or losses on hedges	-685	-1,964
Foreign currency translation adjustment	-5,178	-12,873
Share of other comprehensive income of entities accounted for using equity method	3	0
Total other comprehensive income	-2,359	-13,773
Comprehensive income	-2,376	-46,584
Comprehensive income attributable to owners of parent	-2,154	-43,164
Comprehensive income attributable to non-controlling interests	-221	-3,420

(4) Consolidated Statements of Cash Flows

(Unit: million yen)

	Three months ended June 30, 2014	Three months ended June 30, 2015
Cash flows from operating activities:		
Income (loss) before income taxes and minority interests	Y 3,524	Y -34,230
Depreciation	11,545	12,381
Amortization of negative goodwill	-30	-
Amortization of goodwill	1,727	1,515
Increase (decrease) in allowance for doubtful accounts	-1,047	35,372
Increase in net defined benefit liability	37	582
Increase in asset for retirement benefits	-294	-240
Interest and dividend income	-1,559	-1,500
Interest expenses	1,437	1,303
Foreign exchange losses (gains)	-1,199	2,940
Share of loss of entities accounted for using equity method	2,700	255
Loss (gain) on sales and valuation of investment securities	186	-193
Loss on sales and retirement of non-current assets	220	122
Loss on step acquisitions	-	6,306
Decrease in notes and accounts receivable-trade	46,482	19,473
Increase in inventories	-20,668	-12,538
Decrease in notes and accounts payable-trade	-21,015	-1,300
Other, net	3,141	5,800
Subtotal	25,189	36,048
Interest and dividend income received	1,665	1,632
Interest expenses paid	-1,438	-1,325
Income taxes paid	-9,115	-10,065
Guarantee obligations paid	-	-33,017
Net cash provided by (used in) operating activities	16,300	-6,727
Cash flows from investing activities:		
Decrease in time deposits	10,455	89,947
Purchase of securities	-51,999	-83,999
Proceeds from sales and redemption of securities	52,000	83,999
Purchase of property, plant and equipment and intangible assets	-14,198	-13,008
Proceeds from sales of property, plant and equipment and intangible assets	143	473
Purchase of investment securities	-100	-34
Proceeds from sales and redemption of investment securities	-	363
Proceeds from sales of shares of subsidiaries	24	-
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	-12,444
Decrease (increase) in short-term loans receivable	433	-204
Payments of long-term loans receivable	-101	-23
Collection of long-term loans receivable	47	41
Other payments	-528	-1,500
Other proceeds	41	181
Net cash used in investing activities	Y -3,782	Y 63,790

(Unit: million yen)

	Three months ended June 30, 2014	Three months ended June 30, 2015
Cash flows from financing activities:		
Increase (decrease) in short-term bank loans and commercial papers	-43,404	41,445
Increase in liquidation of receivables of trade among the consolidated companies	3,998	4,003
Repayments of long-term loans payable	-24,959	-145,327
Proceeds from long-term loans payable	54,519	50,000
Repayments of lease obligations	-734	-763
Proceeds from disposal of treasury shares	3,534	23
Purchase of treasury shares	-4	-7
Cash dividends paid	-8,721	-8,590
Dividends paid to non-controlling interests	-17	-
Net cash provided by used in financing activities	-15,789	-59,217
Effect of exchange rate change on cash and cash equivalents	-715	-1,347
Net decrease in cash and cash equivalents	-3,987	-3,502
Cash and cash equivalents at beginning of period	139,038	160,377
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	67	223
Decrease in cash and cash equivalents due to change in fiscal period of consolidated subsidiaries	-2,896	-715
Cash and cash equivalents at end of period	Y 132,223	Y 156,383

(5) Notes on Premise of Going Concern

Not applicable.

(6) Notes to Significant Changes in Equity

Change in the financial year end date of a consolidated subsidiary

Among consolidated subsidiaries, TOSTEM THAI Co., Ltd. with the financial year end date of February 28 had been adjusted in the past for important transactions between February 28 and the consolidated financial statement closing date of March 31. However, we have changed TOSTEM THAI Co., Ltd.'s financial year end date to March 31 from this first quarter in order to disclose more appropriate financial information and correspond with IFRS (the international financial report standard). A profit and loss for one month from March 1, 2015 to March 31, 2015 is recorded directly in the retained earnings.

(7) Segment Information

Business Segment Information

For the Three months ended June 30, 2014 (April 1 through June 30, 2014)

(Unit: million yen)

	Reportable segments					
	Water Technology Business	Housing Technology Business	Building Technology Business	Kitchen Technology Business	Distribution and Retail Business	Housing and Services Business
Sales						
Revenues from external customers	Y 89,710	Y 142,745	Y 62,990	Y 22,797	Y 49,376	Y 13,864
Transactions with other segments	3,564	2,156	177	2,653	0	211
Net sales	93,275	144,901	63,168	25,450	49,376	14,075
Operating income (loss)	4,136	7,932	-2,854	-1,895	2,220	1,081
(Reference) Operating income (loss) before amortization of goodwill and purchase price allocation	4,668	8,151	-1,398	-1,714	2,220	1,154

(Unit: million yen)

	Total	Reconciling items	Per quarterly consolidated financial statements
Sales			
Revenues from external customers	Y 381,484	-	Y 381,484
Transactions with other segments	8,763	-8,763	-
Net sales	390,248	-8,763	381,484
Operating income (loss)	10,621	-5,798	4,823
(Reference) Operating income (loss) before amortization of goodwill and purchase price allocation	13,082	-8,258	4,823

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

For the Three months ended June 30, 2015 (April 1 through June 30, 2015)

(Unit: million yen)

	Reportable segments					
	Water Technology Business	Housing Technology Business	Building Technology Business	Kitchen Technology Business	Distribution and Retail Business	Housing and Services Business
Sales						
Revenues from external customers	Y 98,731	Y 137,215	Y 76,013	Y 22,487	Y 51,726	Y 14,455
Transactions with other segments	3,431	2,067	19	2,729	0	302
Net sales	102,163	139,282	76,033	25,217	51,726	14,757
Operating income (loss)	6,295	8,963	-5,049	-83	2,712	1,195
(Reference) Operating income (loss) before amortization of goodwill and purchase price allocation	6,717	9,177	-3,646	120	2,712	1,228

(Unit: million yen)

	Total	Reconciling items	Per uarterly consolidated financial statements
Sales			
Revenues from external customers	Y 400,630	-	Y 400,630
Transactions with other segments	8,551	-8,551	-
Net sales	409,182	-8,551	400,630
Operating income (loss)	14,035	-7,685	6,349
(Reference) Operating income (loss) before amortization of goodwill and purchase price allocation	16,311	-9,961	6,349

Note: Operating income (loss) 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

August 7, 2015
LIXIL Group Corporation

LIXIL Delivers Solid Sales and Strong Operating Profit in Q1

LWT sales and profit growth across all brands and regions; LHT and LKT profit increased substantially

Tokyo, Japan – LIXIL Group Corporation (“LIXIL Group”), a global leader in housing and building materials products and services, today announced earnings for the first quarter of the financial year ending March 31, 2016. On a consolidated basis over the quarter under JGAAP, sales rose 5% year-on-year to ¥400.6 billion, while operating profit reached ¥6.3 billion, a 32% increase year-on-year.

Summary of technology business performance on IFRS basis:

LIXIL Water Technology (LWT), which consists of leading global brands, LIXIL, INAX, GROHE, and American Standard recorded sales growth across all major brands and regions, reaching \$1,261 million, an increase of 14% year-on-year. Core earnings (operating profit under JGAAP) were \$132 million, an increase of 32% year on year. The business returned a 10% margin for the quarter. Solid renovation related sales contributed to performance in Japan, along with strong demand for the SPAGE bathroom range. American Standard Brands’ DXV, a flagship portfolio of luxury bath and faucet products also proved popular over the quarter.

LIXIL Housing Technology (LHT), a proven leader in Japan, saw sales growth for its housing renovation products and continued reduction in production costs as well as sales and general administrative expenses. This resulted in a 17% increase in core earnings year-on-year to ¥10.8 billion, reflecting an 8% margin. New housing starts showed signs of a turnaround and promise for further improvement, although the domestic income tax hike in April 2014 is still impacting this business. As a result, LHT recorded sales of ¥142.0 billion, a decrease of 4% year-on-year.

LIXIL Building Technology (LBT), which includes Permasteelisa, Tostem, and Shinnikkei and other brands, saw sales increase by 6% to €546 million year-on-year. Permasteelisa Group itself recorded a 7% year-on-year increase in sales and an 8% increase in core earnings. However, this was offset by losses relating to certain projects in Asia as well as a seasonal deficit in Japan, resulting in LBT recording a core earnings loss of €1 million for the quarter.

LIXIL Kitchen Technology (LKT) recorded a drop in sales of 3% year-on-year, to ¥25.6 billion. However, the business benefited from increased sales of premium and mid-range products, cost savings, as well as a turnaround following the impact of snow damage in the previous year, resulting in LKT returning to profitability with ¥0.1 billion in core earnings.

Due to an extraordinary loss related to guarantees associated with the liabilities of JOYOU, however, LIXIL Group recorded a net loss of ¥32.9 billion for the quarter (JGAAP).

Based on performance during Q1, LIXIL revised its forecasts upwards for the first half of fiscal 2016. Based on JGAAP, LIXIL's sales forecast increased from ¥870 billion to ¥880 billion, an 11% increase year-on-year, operating profit forecast increased from ¥9.5 billion to ¥20 billion, an increase of 51% year-on-year, and recurring profit forecast increased from ¥9.5 billion to ¥18 billion, an increase of 42% year-on-year.

LIXIL Group President & CEO, Yoshiaki Fujimori commented, "While we continue to work through the impact of recent issues in the Chinese market, we are delighted to see a strong showing in the first quarter in both the Japanese domestic business, with a strong performance from LIXIL Housing Technology, and our global business, with LIXIL Water Technology seeing increased sales from the entire brand portfolio. LIXIL Kitchen Technology returned to profitability and Permasteelisa was driving LIXIL Building Technology performance. Based on these encouraging results from across our technology businesses, we are confident our efforts to provide a broad range of solutions in the building space, by leveraging the prowess of Japanese technology globally, will deliver positive value to our shareholders, customers and employees. We can see a path to continued growth, which is reflected in us revising upwards our forecasts for the first half of the fiscal year."

-Ends-

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, 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 150 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 1.7 trillion JPY in consolidated sales in FY March 2015.