

Flash Report**LIXIL GROUP CORPORATION****November 2, 2015**

Consolidated Financial Results for the First Half Ended September 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: November 6, 2015
 Date of scheduled payment of dividends: November 27, 2015
 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, Nagoya

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

Telephone: +81-3-6268-8806

(Amounts less than one million yen are omitted)

1. Consolidated Financial Results for the 1H of FY Ending March 2016 (April 1 through September 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 1H	877,415	10.2	32,044	141.2	26,559	108.8
FY 2015 1H	796,178	7.4	13,283	-48.8	12,720	-56.1

(Note) Comprehensive income

FY 2016 1H -28,234 million yen (-%)

FY 2015 1H -1,328 million yen (-%)

	Profit attributable to owners of parent		Earnings per share	
	Million yen	%	-basic	-diluted
FY 2016 1H	-22,878	-	-79.87	-
FY 2015 1H	3,415	-80.8	11.68	11.64

(Reference) Profit attributable to owners of parent excluding amortization of goodwill

FY 2016 1H -16,884 million yen (-%)

FY 2015 1H 9,794 million yen (-52.3%)

(Reference) Earnings per share excluding amortization of goodwill

FY 2016 1H -58.94 yen (-%)

FY 2015 1H 33.50 yen (-52.6%)

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY 2016 1H	2,155,097	658,496	26.3	1,973.54
FY 2015	1,875,249	613,651	32.1	2,104.27

(Reference) Equity capital at end of period

FY 2016 1H 565,737 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 2015	-	30.00	-	30.00	60.00
FY 2016	-	30.00	-	-	-
FY 2016 (forecast)	-	-	-	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		Profit attributable to owners of parent		Earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
FY 2016	1,855,000	10.9	62,000	20.0	57,000	-1.5	5,000	-77.3	17.45

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

(Reference) Profit attributable to owners of parent excluding amortization of goodwill (forecast)

FY 2016 17,919 million yen (-81.8%)

(Reference) Earnings per share excluding amortization of goodwill (forecast)

FY 2016 62.51 yen (-44.0%)

(Reference) Consolidated Forecast of the IFRS

Net sales 1,910,000 million yen Core earnings 85,000 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.

Excluded company: None

(2) Application of special accounting methods for presenting quarterly consolidated financial statements: None

(3) Changes in accounting principle, accounting estimation and restatement

1. Changes due to revisions in accounting standards: Yes

2. Changes 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)

Six months ended September 30, 2016	313,054,255 shares	FY ended March 31, 2015	313,054,255 shares
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ii) Number of treasury stock at end of period

Six months ended September 30, 2016	26,392,372 shares	FY ended March 31, 2015	26,702,156 shares
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iii) Average number of shares outstanding during the period

Six months ended September 30, 2016	286,444,928 shares	Six months ended September 30, 2015	292,354,772 shares
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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)

	As of March 31, 2015	End of 1H (As of September 30, 2015)
Assets:		
Current assets	Y 1,005,974	Y 936,631
Cash and deposits	257,288	145,313
Notes and accounts receivable-trade	443,855	453,203
Merchandise and finished goods	139,666	167,061
Work in process	20,155	23,648
Raw materials and supplies	47,492	51,164
Other inventories	20,307	20,624
Short-term loans receivable	6,325	6,585
Deferred tax assets	17,960	16,962
Other	57,883	61,027
Allowance for doubtful accounts	-4,959	-8,959
Non-current assets	869,274	1,218,466
Property, plant and equipment	502,129	526,490
Buildings and structures	503,849	513,711
Accumulated depreciation	-324,230	-329,018
Buildings and structures, net	179,619	184,693
Machinery, equipment and vehicles	358,862	371,913
Accumulated depreciation	-261,200	-265,025
Machinery, equipment and vehicles, net	97,661	106,887
Land	188,560	191,308
Leased assets	15,609	16,416
Accumulated depreciation	-8,889	-8,349
Leased assets, net	6,719	8,066
Construction in progress	11,345	12,551
Other	103,744	109,794
Accumulated depreciation	-85,522	-86,812
Other, net	18,222	22,981
Intangible assets	147,365	534,400
Goodwill	49,461	209,587
Other	97,904	324,812
Investments and other assets	219,778	157,575
Investment securities	149,496	73,382
Long-term loans receivable	2,954	3,159
Deferred tax assets	18,070	26,483
Net defined benefit asset	7,220	7,570
Other	56,745	87,324
Allowance for doubtful accounts	-14,709	-40,343
Total assets	Y 1,875,249	Y 2,155,097

(Unit: million yen)

	As of March 31, 2015	End of 1H (As of September 30, 2015)
Liabilities:		
Current liabilities	Y 685,991	Y 776,617
Notes and accounts payable - trade	232,971	254,263
Short-term loans payable	176,025	199,025
Lease obligations	2,955	3,050
Accrued expenses	78,519	83,535
Income taxes payable	12,752	12,327
Provision for bonuses	20,771	22,054
Allowance for loss on factory restructuring	257	708
Asset retirement obligations	445	306
Other	161,293	201,344
Non-current liabilities	575,605	719,983
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	293,451
Lease obligations	5,892	6,950
Deferred tax liabilities	26,735	93,894
Provision for directors' retirement benefits	91	68
Net defined benefit liability	23,386	74,104
Asset retirement obligations	6,879	6,790
Other	44,817	54,722
Total liabilities	1,261,597	1,496,600
Net assets:		
Shareholders' equity		
Capital stock	68,121	68,121
Capital surplus	261,712	261,723
Retained earnings	264,570	233,130
Treasury shares	-56,204	-55,555
Total shareholders' equity	538,199	507,420
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	14,226	14,685
Deferred gains or losses on hedges	-512	-4,588
Foreign currency translation adjustment	50,650	48,219
Total accumulated other comprehensive income	64,364	58,316
Subscription rights to shares	3,498	3,851
Non-controlling interests	7,589	88,908
Total net assets	613,651	658,496
Total liabilities and net assets	Y 1,875,249	Y 2,155,097

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated quarterly statements of income

(Unit: million yen)

	Six months ended September 30, 2014	Six months ended September 30, 2015
Net sales	Y 796,178	Y 877,415
Cost of sales	579,958	626,963
Gross profit	216,219	250,451
Selling, general & administrative expenses	202,936	218,407
Operating income	13,283	32,044
Non-operating income	10,239	15,032
Interest income	1,101	923
Dividend income	1,101	974
Rent income	3,446	3,523
Amortization of negative goodwill	61	-
Foreign exchange gains	1,629	5,994
Other	2,897	3,616
Non-operating expenses	10,801	20,517
Interest expenses	2,741	3,221
Cost of lease revenue	2,202	2,279
Share of loss of entities accounted for using equity method	3,725	19
Loss on valuation of derivatives	350	7,052
Investigation fee	-	4,509
Other	1,782	3,435
Ordinary income	12,720	26,559
Extraordinary income	4,308	910
Gain on sales of non-current assets	161	700
Gain on sales of investment securities	3,011	206
Gain on sales of shares of subsidiaries and associates	17	2
Gain on change in equity	1,117	-
Extraordinary losses	3,446	40,427
Loss on sales and retirement of non-current assets	674	804
Loss on valuation of investment securities	-	2,565
Loss on valuation of shares of subsidiaries and associates	-	164
Loss on sales of shares of subsidiaries and associates	187	2
Loss on factory restructurings	1,415	1,354
Impairment loss	591	1,112
Loss on investment to associates and other	-	28,118
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	13,582	-12,958
Income taxes-current	8,139	11,516
Income taxes-deferred	2,054	-4,307
Total income taxes	10,193	7,208
Profit (loss)	3,388	-20,166
Profit (loss) attributable to non-controlling interests	-26	2,711
Profit (loss) attributable to owners of parent	3,415	-22,878

Consolidated quarterly statements of comprehensive income

(Unit: million yen)

	Six months ended September 30, 2014	Six months ended September 30, 2015
Profit (loss)	Y 3,388	Y -20,166
Other comprehensive income		
Valuation difference on available-for-sale securities	2,146	424
Deferred gains or losses on hedges	-636	-3,969
Foreign currency translation adjustment	-4,570	-4,450
Share of other comprehensive income of entities accounted for using equity method	-1,656	-73
Total other comprehensive income	-4,717	-8,067
Comprehensive income	-1,328	-28,234
Comprehensive income attributable to owners of parent	-1,108	-28,925
Comprehensive income attributable to non-controlling interests	-219	690

(4) Consolidated Quarterly Statements of Cash Flows

(Unit: million yen)

	Six months ended September 30, 2014	Six months ended September 30, 2015
Operating Activities:		
Income (loss) before income taxes and minority interests	Y 13,582	Y -12,958
Depreciation	23,642	27,688
Impairment loss	591	1,112
Amortization of negative goodwill	-61	-
Amortization of goodwill	3,465	5,070
Increase (decrease) in allowance for doubtful accounts	-966	29,372
Increase in allowance for loss on factory restructuring	-	451
Increase (decrease) in net defined benefit liability	293	-10,274
Increase in asset for retirement benefits	-443	-352
Interest and dividend income	-2,203	-1,897
Interest expenses	2,741	3,221
Foreign exchange losses (gains)	-1,097	1,873
Share of loss of entities accounted for using equity method	3,725	19
Loss (gain) on sales and valuation of investment securities	-2,841	2,522
Loss on sales and retirement of non-current assets	513	103
Gain on change in equity	-1,117	-
Loss on step acquisitions	-	6,306
Investigation fee	-	4,509
Decrease in notes and accounts receivable-trade	61,569	19,490
Increase in inventories	-21,164	-4,181
Decrease in notes and accounts payable-trade	-24,758	-269
Other, net	-2,415	-615
Subtotal	53,055	71,192
Interest and dividend income received	2,291	2,660
Interest expenses paid	-2,751	-3,043
Income taxes paid	-12,929	-12,228
Guarantee obligations paid	-	-33,017
Suspense receipt from claim for indemnities	-	4,899
Payments for investigation fee	-	-4,105
Net cash provided by operating activities	39,665	26,356
Investing Activities:		
Decrease in time deposits	16,089	83,881
Purchase of securities	-166,293	-156,999
Proceeds from sales and redemption of securities	152,602	156,999
Purchase of property, plant and equipment and intangible assets	-27,961	-29,485
Proceeds from sales of property, plant and equipment and intangible assets	368	2,565
Purchase of investment securities	-120	-273
Proceeds from sales and redemption of investment securities	3,974	375
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	113	-246
Payments of long-term loans receivable	-245	-313
Collection of long-term loans receivable	172	95
Other payments	-2,302	-2,005
Other proceeds	126	5,073
Net cash provided by (used in) investing activities	Y -23,450	Y 47,221

(Unit: million yen)

	Six months ended September 30, 2014	Six months ended September 30, 2015
Financing Activities:		
Increase (decrease) in short-term bank loans and commercial papers	-32,739	3,730
Increase in liquidation of receivables of trade among the consolidated companies	16,996	19,004
Repayments of long-term loans payable	-40,241	-163,200
Proceeds from long-term loans payable	54,519	50,000
Repayments of lease obligations	-1,730	-1,872
Redemption of bonds	-15,000	-
Proceeds from share issuance to non-controlling shareholders	1,999	-
Proceeds from disposal of treasury shares	4,232	567
Purchase of treasury shares	-13	-14
Cash dividends paid	-8,721	-8,590
Dividends paid to non-controlling interests	-17	-
Net cash used in financing activities	-20,715	-100,376
Effect of exchange rate change on cash and cash equivalents	-1,059	-575
Net decrease in cash and cash equivalents	-5,559	-27,374
Cash and cash equivalents at beginning of period	139,038	160,377
Increase in cash and cash equivalents resulting from newly consolidated subsidiary	182	-
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 130,833	Y 132,512

(5) Notes on Premise of Going Concern

Not applicable.

(6) Notes to Significant Changes in Equity

Not applicable.

(7) Segment Information

Business Segment Information

For the six months ended September 30, 2014 (April 1 through September 30, 2014)

(Unit: million yen)

	Reportable segments					
	Water Technology Business	Housing Technology Business	Building Technology Business	Kitchen Technology Business	Distribution and Retail Business	Housing Services Business
Sales						
Revenues from external customers	Y 185,780	Y 290,662	Y 145,749	Y 47,335	Y 97,891	Y 28,758
Transactions with other segments	9,526	4,569	377	5,739	0	535
Net sales	195,307	295,231	146,126	53,074	97,892	29,294
Operating income (loss)	9,158	16,494	-2,044	-2,968	3,545	1,929
(Reference)						
Operating income (loss) before amortization of goodwill and purchase price allocation	10,245	16,922	849	-2,612	3,545	2,093

(Unit: million yen)

	Total	Reconciling items	Per quarterly consolidated financial statements
Sales			
Revenues from external customers	Y 796,178	-	Y 796,178
Transactions with other segments	20,748	-20,748	-
Net sales	816,926	-20,748	796,178
Operating income (loss)	26,116	-12,832	13,283
(Reference)			
Operating income (loss) before amortization of goodwill and purchase price allocation	31,045	-17,761	13,283

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 six months ended September 30, 2015 (April 1 through September 30, 2015)

(Unit: million yen)

	Reportable segments					
	Water Technology Business	Housing Technology Business	Building Technology Business	Kitchen Technology Business	Distribution and Retail Business	Housing Services Business
Sales						
Revenues from external customers	Y 256,586	Y 281,096	Y 161,502	Y 47,354	Y 101,490	Y 29,383
Transactions with other segments	8,475	5,799	24	5,834	0	755
Net sales	265,062	286,896	161,527	53,189	101,490	30,138
Operating income (loss)	26,315	18,888	-4,928	196	4,386	2,487
(Reference)						
Operating income (loss) before amortization of goodwill and purchase price allocation	29,763	19,316	-2,132	609	4,386	2,545

(Unit: million yen)

	Total	Reconciling items	Per quarterly consolidated financial statements
Sales			
Revenues from external customers	Y 877,415	-	Y 877,415
Transactions with other segments	20,889	-20,889	-
Net sales	898,304	-20,889	877,415
Operating income (loss)	47,338	-15,293	32,044
(Reference)			
Operating income (loss) before amortization of goodwill and purchase price allocation	54,489	-22,445	32,044

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

November 2, 2015
LIXIL Group Corporation

LIXIL Operating Profit Reaches Record H1 High

Strong overseas performance at LWT; Better than expected renovation sales in Japan; Full-year OP forecast revised upwards

Tokyo, Japan – LIXIL Group Corporation (“LIXIL Group”), a global leader in housing and building materials, products and services, today announced earnings for the first half of the financial year ending March 31, 2016. On a consolidated basis, over the six months ended September 30, 2015, sales under JGAAP rose 10% year-on-year to ¥877.4 billion, driven by factors including the sales impact from GROHE consolidation and a 10% year-on-year increase in renovation sales in Japan. Operating profit under JGAAP reached ¥32.0 billion, a 141% increase year-on-year, surpassing the revised forecast by ¥12.0 billion (and the initial forecast by ¥22.5 billion). The OP margin was 3.7%. Based on consolidated management accounts under IFRS, sales amounted to ¥933.3 billion and core earnings¹ to ¥41.2 billion, representing a margin of 4.4%.

Technology Business Highlights²

LIXIL Water Technology (LWT), which consists of leading global brands, LIXIL, INAX, GROHE, and American Standard recorded sales growth in every region: a 9% increase in the Americas, 17% increase in EMEA (including GROHE Dawn Watertech for the first time from the current financial year); 9% increase in Asia Pacific (which included a 7% growth in the China market), and a 6% increase in Japan. In Japan, the increase in sales was led by renovation sales that were up 12%, while the new SPAGE system bathroom continued to see strong demand. LWT sales reached \$2,538 million, an increase of 8% year-on-year. Core earnings were \$260 million, an increase of 31% year-on-year, representing a 10% margin for the first half.

LIXIL Housing Technology (LHT), a leader in its field in Japan, demonstrated strong resiliency with core earnings up 27% to ¥22.8 billion, representing a margin of 8%, despite a 3% decline in sales to ¥292.4 billion. A strong contributor to core earnings growth was the continued reduction in production costs and sales of higher margin products. In addition, window systems saw solid sales continuing from Q1 with a tailwind from the Housing Eco-point³ program, while the high-quality hybrid window, “SAMOS X” won the 2015 Good Design Award.

¹ Note: Core earnings in IFRS = Revenues – Cost of Sales – SG&A; same as OP in JGAAP

From the Financial Report for the fiscal year ending March 2016 LIXIL Group will switch to IFRS.

² Based on management accounts on IFRS basis

³ Housing Eco-point: a Japanese Ministry of Land, Infrastructure, Transport and Tourism program to encourage eco-friendly new houses and renovations

LIXIL Building Technology (LBT), which includes Permasteelisa, Tostem, and Shinnikkei, saw sales increase by 9% to €1,196 million year-on-year. Permasteelisa itself recorded a 10% year-on-year increase in sales but a 5% decrease in core earnings. Sales growth was centered in North America and the UK, with profit improvement to be realized upon further progress of newly acquired higher margin projects. LBT Japan saw demand recover in urban areas and the business turned profitable in H1, however overall core earnings were impacted by losses at Shanghai Meite, where large development projects in China were halted or delayed. LBT recorded core earnings of €18 million for H1, a 10% decrease year-on-year.

LIXIL Kitchen Technology (LKT) recorded a 1% drop in sales year-on-year, to ¥53.9 billion. While sales grew slightly at LKT Japan, in line with the increase in renovations, overall sales edged down due to weak demand in regional cities in China. Core earnings moved back into black at ¥0.9 billion, versus a loss in H1 of the previous fiscal year due to the impact of snow damage.

LIXIL Group President & CEO, Yoshiaki Fujimori commented, "In line with our strategy, our international businesses are emerging as clear growth engines for LIXIL Group. In the Japanese market, we continue to see a growing focus on the active use of housing stock resulting in changing renovation market trends, an area where we will continue to focus our resources. Across all our technology businesses, rigorous financial management and better cost management have contributed to this exceptional result, with core earnings reaching a record H1 high for the company."

Other Considerations

Due to an extraordinary loss related to guarantees associated with the liabilities of JOYOU, LIXIL Group recorded a net loss of ¥22.9 billion for the first half. This loss was ameliorated by a partial recovery of ¥4.9 billion from JOYOU.

Based on the H1 results, LIXIL Group revised its forecasts for the full year of fiscal 2016. As a result of the spin-off of the Ken Depot business, LIXIL Group's sales forecast under JGAAP decreased from ¥1.870 trillion to ¥1.855 trillion, although this still represents an 11% increase year-on-year. The full year OP forecast increased from ¥52 billion to ¥62 billion, an increase of 20% year-on-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 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 2015.