LIXIL GROUP CORPORATION

May 7, 2014

Consolidated Financial Results for the Fiscal Year Ended March 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
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Contact: Takashi Tsutsui, Executive Officer & Executive Vice President, Investor Relations
Scheduled date of the ordinary general meeting of shareholders: June 20, 2014
Scheduled date of dividend payment: June 4, 2014
Scheduled date of issue of financial report: June 23, 2014
Preparation of supplementary materials for quarterly financial results: Yes
Information meeting for 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 FY Ended March 2014 (April 1, 2013 through March 31, 2014)

(1) Consolidated Operating Results (% indicate changes from the figures of corresponding period of the previous fiscal year)

	Net sales		Operating income		Recurring profit	
	Million yen	%	Million yen	%	Million yen	%
FY 2014	**1,628,658**	**13.4**	**69,079**	**36.8**	**74,937**	**41.2**
FY 2013	1,436,395	11.2	50,485	181.8	53,063	229.1

(Note) Comprehensive income FY 2014 75,116 million yen (67.3%)
FY 2013 44,896 million yen (-%)

	Net income		Net income per share		Return on equity	Ratio of recurring profit to total assets	Ratio of operating profit to net sales
	Million yen	%	-basic	-diluted			
			yen	yen	%	%	%
FY 2014	**44,755**	**109.7**	**153.93**	**153.17**	**7.6**	**4.6**	**4.2**
FY 2013	21,347	-	73.42	-	3.9	3.6	3.5

(Reference) Share of profit of entities accounted for using equity method
FY 2014 2,045 million yen FY 2013 13 million yen

(Reference) Net income excluding amortization of goodwill
FY 2014 50,090 million yen (88.3%) FY 2013 26,595 million yen (216.1%)

(Reference) Net income per share excluding amortization of goodwill
FY 2014 172.28 yen (88.4%) FY 2013 91.47 yen (213.1%)

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY 2014	**1,810,097**	**625,599**	**34.1**	**2,123.22**
FY 2013	1,465,689	566,312	38.3	1,930.02

(Reference) Equity capital at end of period
FY 2014 617,290 million yen FY 2013 561,160 million yen

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
FY 2014	**83,532**	**-218,332**	**153,144**	**139,038**
FY 2013	28,431	-12,396	-31,752	114,661

2. Cash dividends

	Dividends per share					Total amount of cash dividends (annual)	Dividend payout ratio (consolidated)	Ratio of total dividends to net assets (consolidated)
	End of Q1	End of Q2	End of Q3	End of period	For the year			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY 2013	-	20.00	-	20.00	40.00	11,630	54.5	2.1
FY 2014	-	25.00	-	30.00	55.00	15,990	35.7	2.7
FY 2015 (forecast)	-	30.00	-	30.00	60.00		**35.6**	

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
FY 2015 1H	835,000	12.6	31,000	19.4	31,500	8.8	19,000	6.9	65.35
FY 2015	1,760,000	8.1	80,000	15.8	815,000	8.8	49,000	9.5	168.54

(Reference) Net income excluding amortization of goodwill (forecast)
FY 2015 1H 23,500 million yen (14.4%) FY 2015 58,000 million yen (15.8%)

(Reference) Net income per share excluding amortization of goodwill (forecast)
FY 2015 1H 80.83 yen (14.4%) FY 2015 199.49 yen (15.8%)

4. Others

(1) Changes in significant subsidiaries during this fiscal year: Yes
Newly consolidated company: 1 (Name of the company) ASD Americas Holding Corp.
Excluded company: None

(2) 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

(3) Outstanding shares (common shares)
i) Number of shares outstanding at end of period (including treasury stocks)

FY ended March 31, 2014	313,054,255 shares	FY ended March 31, 2013	313,054,255	shares

ii) Number of treasury stock at end of period

FY ended March 31, 2014	22,321,128 shares	FY ended March 31, 2013	22,300,227	shares

iii) Average number of shares outstanding during the period

FY ended March 31, 2014	290,744,529 shares	FY ended March 31, 2013	290,758,530	shares

Note: Indication of review procedures implementation status
This financial results report is exempt from 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 and 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 has been posted on TDnet and the Company's website.

5. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Unit: million yen)

	End of previous FY (As of March 31, 2013)	End of this FY (As of March 31, 2014)
Assets:		
Current assets	**Y 785,624**	**Y 942,532**
Cash & deposits	116,946	162,996
Notes and accounts receivable-trade	387,451	487,221
Securities	7,269	1,999
Merchandise and finished goods	115,143	129,369
Work in process	17,094	16,984
Raw materials and supplies	40,797	45,453
Other inventories	16,524	19,048
Short-term loans receivable	10,655	6,228
Deferred tax assets	24,293	25,539
Other	54,914	53,177
Allowance for doubtful accounts	-5,468	-5,476
Noncurrent assets	**680,064**	**867,565**
Property, plant and equipment	**464,913**	**489,535**
Buildings & structures	480,125	491,721
Accumulated depreciation	-306,487	-311,649
Buildings and structures, net	173,637	180,072
Machinery, equipment and vehicles	314,411	324,308
Accumulated depreciation	-247,244	-246,780
Machinery, equipment and vehicles, net	67,166	77,527
Land	188,802	188,662
Leased assets	15,759	15,138
Accumulated depreciation	-7,791	-6,966
Leased assets, net	7,967	8,171
Construction in progress	12,799	19,982
Other	92,052	95,789
Accumulated depreciation	-77,511	-80,670
Other, net	14,540	15,118
Intangible assets	**79,840**	**140,086**
Goodwill	34,588	79,971
Other	45,251	60,115
Investments and other assets	**135,311**	**237,943**
Investment securities	52,963	169,520
Long-term loans receivable	3,111	2,896
Net defined benefit asset	-	1,863
Deferred tax assets	32,927	22,351
Other	63,745	57,250
Allowance for doubtful accounts	-17,436	-15,938
Assets	**Y 1,465,689**	**Y 1,810,097**

(Unit: million yen)

	End of previous FY (As of March 31, 2013)	End of this FY (As of March 31, 2014)
Liabilities:		
Current liabilities	**Y 551,108**	**Y 719,248**
Notes and accounts payable - trade	201,076	235,799
Short-term loans payable	91,778	207,198
Current portion of bonds	5,000	15,000
Lease obligations	3,428	3,030
Accrued expenses	70,330	82,243
Income taxes payable	7,612	11,082
Provision for bonuses	19,494	21,173
Allowance for loss on factory restructuring	372	-
Reserve for loss on showroom integration	1,540	909
Asset retirement obligations	689	281
Other	149,785	142,530
Noncurrent liabilities	**348,268**	**465,250**
Bonds payable	35,000	70,000
Long-term loans payable	226,209	289,026
Lease obligations	5,863	6,256
Provision for retirement benefits	12,749	-
Provision for directors' retirement benefits	276	79
Net defined benefit liability	-	25,016
Deferred tax liabilities	18,407	22,914
Negative goodwill	185	61
Asset retirement obligations	6,149	6,615
Other	43,427	45,278
Liabilities	**899,377**	**1,184,498**
Net assets:		
Shareholders' equity		
Capital stock	68,121	68,121
Capital surplus	261,366	261,366
Retained earnings	259,851	286,384
Treasury shares	-41,753	-41,806
Shareholders' equity	547,585	574,065
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	11,009	13,184
Deferred gains or losses on hedges	714	1,756
Foreign currency translation adjustment	1,850	28,283
Valuation and translation adjustments	13,574	43,224
Subscription rights to shares	**676**	**2,534**
Minority interests	**4,475**	**5,774**
Net assets	**566,312**	**625,599**
Liabilities and net assets	**Y 1,465,689**	**Y 1,810,097**

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated statements of income

(Unit: million yen)

	For the FY ended March 31, 2013	For the FY ended March 31, 2014
Net Sales	**Y 1,436,395**	**Y 1,628,658**
Cost of Sales	**1,033,331**	**1,180,823**
Gross profit	403,064	447,834
Selling, General & Administrative Expenses	**352,579**	**378,754**
Operating income	50,485	69,079
Non-Operating Income	**19,649**	**23,091**
Interest income	1,870	2,430
Dividend income	798	1,331
Rent income	6,886	6,718
Amortization of negative goodwill	123	123
Share of profit of entities accounted for using equity method	13	2,045
Foreign exchange gains	4,181	4,750
Other	5,774	5,691
Non-Operating Expenses	**17,071**	**17,234**
Interest expenses	4,762	4,677
Cost of lease revenue	4,686	4,499
Loss on valuation of derivatives	764	353
Other	6,857	7,703
Ordinary income	53,063	74,937
Extraordinary income	**23,486**	**2,953**
Gain on sales of noncurrent assets	645	1,061
Gain on sales of investment securities	1,493	1,818
Gain on sales of shares of subsidiaries and associates	2,372	0
Gain on extinguishment of tie-in shares	-	72
Gain on bargain purchase	34	-
Insurance income	17,833	-
Gain on transition to a defined contribution pension plan	1,106	-
Extraordinary Losses	**44,004**	**5,001**
Loss on sales and retirement of non-current assets	3,583	2,536
Loss on valuation of investment securities	4	10
Loss on valuation of shares of subsidiaries and associates	724	156
Loss on sales of shares of subsidiaries and associates	1	10
Loss on factory restructurings	387	423
Loss on showroom integration	1,206	247
Impairment loss	4,002	1,615
Loss on disaster	1,409	-
Early retirement related loss	32,684	-
Income before income taxes	32,545	72,889
Income taxes-current	**10,520**	**14,409**
Income taxes-deferred	**815**	**13,751**
Income taxes	**11,336**	**28,160**
Income before minority interests	**21,208**	**44,728**
Minority interests in loss	**-138**	**-27**
Net income	**Y 21,347**	**Y 44,755**

Consolidated statements of comprehensive income

(Unit: million yen)

	For the FY ended March 31, 2013	For the FY ended March 31, 2014
Income before minority interests	**Y 21,208**	**Y 44,728**
Other comprehensive income		
Valuation difference on available-for-sale securities, net of tax	6,455	2,111
Deferred gains on hedges, net of tax	509	1,047
Foreign currency translation adjustment, net of tax	16,673	28,177
Share of other comprehensive income of entities accounted for using equity method	49	-949
Other comprehensive income	23,687	30,387
Comprehensive income	44,896	75,116
Comprehensive income attributable to owners of parent	44,561	74,345
Comprehensive income attributable to minority interests	335	770

(3) Consolidated Statements of Changes in Net Assets
For the FY ended March 31, 2013 (April 1, 2012 through March 31, 2013)

(Unit: million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Shareholders' equity
Net assets at beginning of period	68,121	261,366	250,281	-41,739	538,029
Changes of items during period					
Dividends of surplus			-11,630		-11,630
Net income			21,347		21,347
Change of scope of consolidation			-146		-146
Purchase of treasury shares				-15	-15
Disposal of treasury shares		-0		1	1
Net changes of items other than shareholders' equity					
Total changes of items during period	—	-0	9,569	-14	9,555
Net assets at end of period	68,121	261,366	259,851	-41,753	547,585

	Accumulated other comprehensive income				Subscription rights to shares	Minority interests	Net assets
	Valuation difference on available-for-sale securities	Deferred gains on hedges	Foreign currency translation adjustment	Valuation and translation adjustments			
Net assets at beginning of period	4,721	203	-14,540	-9,615	—	10,362	538,776
Changes of items during period							
Dividends of surplus							-11,630
Net income							21,347
Change of scope of consolidation							-146
Purchase of treasury shares							-15
Disposal of treasury shares							1
Net changes of items other than shareholders' equity	6,288	510	16,391	23,190	676	-5,886	17,980
Total changes of items during period	6,288	510	16,391	23,190	676	-5,886	27,535
Net assets at end of period	11,009	714	1,850	13,574	676	4,475	566,312

For the FY ended March 31, 2014 (April 1, 2013 through March 31, 2014)

(Unit: million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Shareholders' equity
Net assets at beginning of period	68,121	261,366	259,851	-41,753	547,585
Cumulative effects of changes in accounting policies			-4,822		-4,822
Restated balance	68,121	261,366	255,029	-41,753	542,763
Changes of items during period					
Dividends of surplus			-13,083		-13,083
Net income			44,755		44,755
Change of scope of consolidation			-283		-283
Decrease by merger			-32		-32
Purchase of treasury shares				-53	-53
Disposal of treasury shares		0		0	0
Net changes of items other than shareholders' equity					
Total changes of items during period	—	0	31,354	-52	31,302
Net assets at end of period	68,121	261,366	286,384	-41,806	574,065

	Accumulated other comprehensive income				Subscription rights to shares	Minority interests	Net assets
	Valuation difference on available-for-sale securities	Deferred gains on hedges	Foreign currency translation adjustment	Valuation and translation adjustments			
Net assets at beginning of period	11,009	714	1,850	13,574	676	4,475	566,312
Cumulative effects of changes in accounting policies							-4,822
Restated balance	11,009	714	1,850	13,574	676	4,475	561,489
Changes of items during period							
Dividends of surplus							-13,083
Net income							44,755
Change of scope of consolidation							-283
Decrease by merger							-32
Purchase of treasury shares							-53
Disposal of treasury shares							0
Net changes of items other than shareholders' equity	2,174	1,042	26,432	29,650	1,858	1,298	32,807
Total changes of items during period	2,174	1,042	26,432	29,650	1,858	1,298	64,109
Net assets at end of period	13,184	1,756	28,283	43,224	2,534	5,774	625,599

(4) Consolidated Statements of Cash Flows

(Unit: million yen)

	For the FY ended March 31, 2013	For the FY ended March 31, 2014
Operating Activities:		
Income before income taxes	**Y 32,545**	**Y 72,889**
Depreciation	44,735	49,167
Impairment loss	4,002	1,615
Early retirement related loss	32,684	-
Amortization of negative goodwill	-123	-123
Gain on bargain purchase	-34	-
Amortization of goodwill	5,406	6,574
Decrease in allowance for doubtful accounts	-2,413	-2,209
Decrease in allowance for loss on factory restructuring	-630	-372
Increase (decrease) in reserve for loss on showroom integration	89	-631
Decrease in provision for loss on disaster	-9,574	-
Decrease in provision for retirement benefits	-16,120	-
Decrease in debt for retirement benefits	-	-933
Decrease in prepaid pension costs	3,316	-
Decrease in asset for retirement benefits	-	473
Insurance income	-17,833	-
Interest and dividend income	-2,669	-3,762
Interest expenses	4,762	4,677
Foreign exchange losses (gains)	74	-765
Share of profit of entities accounted for using equity method	-13	-2,045
Gain on sales and valuation of investment securities	-3,134	-1,640
Loss on sales and retirement of non-current assets	2,937	1,474
Increase in notes and accounts receivable-trade	-14,533	-52,172
Increase in inventories	-2,476	-3,258
Increase (decrease) in notes and accounts payable-trade	-16,216	13,259
Other, net	13,223	9,443
Subtotal	58,003	91,660
Payments for extra retirement payments, etc.	-32,420	-
Proceeds from insurance income	14,511	4,013
Interest and dividend income received	2,550	3,642
Interest expenses paid	-4,854	-4,521
Income taxes paid	-9,358	-11,263
Net cash provided by operating activities	28,431	83,532
Investing Activities:		
Decrease (increase) in time deposits	45,650	-21,085
Purchase of securities	-305,424	-253,009
Proceeds from sales and redemption of securities	301,587	258,416
Purchase of property, plant and equipment and intangible assets	-63,667	-65,293
Proceeds from sales of property, plant and equipment and intangible assets	2,361	3,989
Purchase of investment securities	-4,154	-115,346
Proceeds from sales and redemption of investment securities	2,683	5,141
Proceeds from sales of shares of subsidiaries	10,482	-
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	-33,273
Decrease in short-term loans receivable	5,508	3,832
Payments of long-term loans receivable	-365	-303
Collection of long-term loans receivable	1,306	2,382
Other payments	-10,171	-5,566
Other proceeds	1,805	1,782
Net cash used in investing activities	**Y -12,396**	**Y -218,332**

(Unit: million yen)

	For the FY ended March 31, 2013	For the FY ended March 31, 2014
Financing Activities:		
Increase (decrease) in short-term bank loans and commercial papers	**Y -54,136**	**Y 65,789**
Increase (decrease) in liquidation of receivables of trade among the consolidated companies	19,001	-21,993
Repayments of long-term loans payable	-21,375	-21,904
Proceeds from long-term loans payable	50,613	123,748
Repayments of lease obligations	-3,969	-4,582
Redemption of bonds	-30,145	-24,698
Proceeds from issuance of bonds	19,904	49,789
Proceeds from share issuance to minority shareholders	-	138
Proceeds from disposal of treasury shares	1	0
Purchase of treasury shares	-15	-53
Cash dividends paid	-11,630	-13,083
Cash dividends paid to minority shareholders	-1	-6
Net cash provided by (used in) financing activities	-31,752	153,144
Effect of exchange rate change on cash and cash equivalents	2,860	5,483
Net increase (decrease) in cash and cash equivalents	-12,856	23,828
Cash and cash equivalents at beginning of period	127,350	114,661
Increase in cash and cash equivalents from newly consolidated subsidiary	160	13
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	7	542
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	-	-7
Cash and cash equivalents at end of period	**Y 114,661**	**Y 139,038**

(5) Segment information

[A] Business Segment Information

(Unit: million yen)

	For the FY ended March 31, 2013 (April 1, 2012 through March 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	Consolidation
I. Net sales								
(1) Net sales to outside customers	Y 647,588	Y 370,439	Y 185,429	Y 174,675	Y 58,262	Y 1,436,395	-	Y 1,436,395
(2) Inter-segment sales of products	4,192	3,886	2,575	764	1,010	12,428	-12,428	-
Total	651,780	374,325	188,005	175,439	59,272	1,448,823	-12,428	1,436,395
Segment income / Operating income	23,914	17,007	7,571	274	4,947	53,715	-3,230	50,485
Segment assets	666,008	319,028	155,159	153,267	67,115	1,360,579	105,110	1,465,689
Other items								
Depreciation	20,668	12,869	5,578	5,033	567	44,717	18	44,735
Investments to entities accounted for using equity method	-	-	-	-	1,747	1,747	-	1,747
Capital expenditure	34,723	23,005	5,738	9,760	542	73,771	23	73,794

Note 1: Adjustment amounts

1) Within segment income, -3,230 million yen unallocated general operating expenses included in "Adjustment" amounts column are expenses mainly incurred by the administrative departments at the head office of the Company such as personnel, general affairs and accounting department.

2) Within segment assets, 105,110 million yen unallocated assets included in "Adjustment" amounts column are mainly surplus funds (cash deposits, others) and long-term investments (investments in securities) held by the parent company or a financial service subsidiary, and other assets related to the administrative departments at the head office of the Company.

Note 2: Segment income has been adjusted to operating income noted on the consolidated income statement.

(Unit: million yen)

	For the FY ended March 31, 2014 (April 1, 2013 through March 31, 2014)							
	Metal building material business	Plumbing fixtures business	Other building materials and equipment business	Distribution and retail business	Housing and real estate business	Total	Adjustment	Consolidation
I. Net sales								
(1) Net sales to outside customers	Y 728,592	Y 434,487	Y 207,381	Y 194,988	Y 63,208	Y 1,628,658	-	Y 1,628,658
(2) Inter-segment sales of products	3,211	4,017	2,293	66	1,006	10,595	-10,595	-
Total	731,804	438,054	209,675	195,055	64,214	1,639,254	-10,595	1,628,658
Segment income / Operating income	33,549	20,367	10,057	3,847	5,742	73,565	-4,485	69,079
Segment assets	777,088	528,580	155,681	161,188	72,300	1,694,839	115,257	1,810,097
Other items								
Depreciation	22,006	16,489	4,960	5,156	530	49,143	24	49,167
Investments to entities accounted for using equity method	-	102,878	-	-	5,712	108,590	-	108,590
Capital expenditure	34,047	16,053	5,765	7,829	616	64,312	8	64,320

Note 1: Adjustment amounts

1) Within segment income, -4,485 million yen unallocated general operating expenses included in "Adjustment" amounts column are expenses mainly incurred by the administrative departments at the head office of the Company such as personnel, general affairs and accounting department.

2) Within segment assets, 115,257 million yen unallocated assets included in "Adjustment" amounts column are mainly surplus funds (cash deposits, others) and long-term investments (investments in securities) held by the parent company or a financial service subsidiary, and other assets related to the administrative departments at the head office of the Company.

Note 2: Segment income has been adjusted to operating income noted on the consolidated income statement.