May 21, 2015

LIXIL Group Corporation
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JOYOU AG Management Board Contemplates Commencement of Insolvency Proceedings

LIXIL Group Corporation ("LIXIL") today announces that its subsidiary, Joyou AG ("JOYOU") which is listed on the Frankfurt Stock Exchange, on May 20, 2015 (German time) filed a notice titled: "Notice of loss pursuant to Section 92 (1) of the German Stock Corporation Act / Postponement of publication of the financial report Q1 2015 / Examination of obligation to file for insolvency." In this announcement, JOYOU states, "The management board is currently reviewing whether, based on the status of the ongoing investigations, the management board is required to file an application for the opening of insolvency proceedings."

This announcement by JOYOU has triggered the LIXIL disclosure today.

The content of the announcement JOYOU published in Germany on May 20, 2015 (German time) is as follows:

"The management board of Joyou AG (the "Company") notifies that based on the current status of the ongoing investigations at subsidiaries of the Company, in the exercise of proper judgment, it must be assumed that a loss of half of the registered share capital has occurred. This loss is mainly due to expected extraordinary write-down on the shareholding in Hong Kong Zhongyu Sanitary Technology Ltd. For this reason, the management board of the Company will convene an extraordinary shareholders' meeting without undue delay and notify the shareholders' meeting of

the loss of half of the registered share capital pursuant to Section 92(1) of the German Stock Corporation Act.

"The Company also announces that it will postpone the publication of its quarterly financial report for the first quarter of 2015, previously scheduled to be published on May 22, 2015.

"The management board is currently reviewing whether, based on the status of the ongoing investigations, the management board is required to file an application for the opening of insolvency proceedings."

Based on the information currently available, LIXIL believes it is in the best interests of transparency and timely disclosure to make this information available immediately. In the event JOYOU determines to file to commence insolvency proceedings, we will disclose the financial impact of JOYOU's insolvency to LIXIL's financials as soon as it is available.

Background to the announcement

The JOYOU Supervisory Board announced on April 27 that it had ordered a special audit into the financial situation of JOYOU. On May 3 JOYOU (German time) announced in Germany that the interim results of its current audit at subsidiaries of JOYOU AG showed that there were substantial deviations in revenue figures, the amount of indebtedness and the amount of available cash compared to the relevant amounts reported by JOYOU in its financial reports for 2014. Such deviations may possibly lead to the net assets, financial and profit situation of JOYOU having been presented too positively in the JOYOU financial reports 2014. The extent of the deviations is currently being investigated by legal counsel and forensic accounting experts.

LIXIL is currently working in tandem with JOYOU to investigate the facts relating to JOYOU's financial information in order to confirm the financial impact on LIXIL and publish LIXIL's annual financial statements for the fiscal year ended March 31, 2015. LIXIL will continue to conduct a broader investigation, assisted by outside counsel and forensic accounting experts, to gain a better understanding of the root causes for the current circumstances and identify and design appropriate remedial actions. LIXIL will disclose the findings of this investigation.

We will monitor JOYOU's decisions closely to assess as soon as possible the impact of any determination made by JOYOU on LIXIL's financial results for the fiscal year ended March 31, 2015. A new schedule for the announcement of the financial results for the fiscal year ended March 31, 2015 will be announced as soon as it is determined. LIXIL

plans to hold its Annual General Meeting of Shareholders in late June as scheduled.

LIXIL takes its responsibility for compliance, integrity, and transparency very seriously. It offers its deepest apologies to shareholders, investors, and other relevant parties for any inconvenience or concerns recent developments at JOYOU may have caused.

Implications to LIXIL Financial Results if JOYOU does follow through with insolvency proceedings

If JOYOU files an application to commence insolvency proceedings, LIXIL will work with the auditors of LIXIL and GROHE Group S.à r.l. to assess the financial impact of such development on LIXIL's financial statements. We expect that if JOYOU determines to file such application, there will be an impact on LIXIL's consolidated financial statements for the fiscal years ended March 31, 2014 and 2015.

LIXIL indirectly owns, through GROHE Group S.à r.l., shares in JOYOU. Although LIXIL disclosed on May 7, 2015 that LIXIL's share of the goodwill, etc. for JOYOU was JPY10 billion, in the event JOYOU determines to file to commence insolvency proceedings, LIXIL may post a loss with respect to the equity value of the JOYOU shares, which was recognized as investment securities of approximately JPY25 billion on LIXIL's consolidated financial statements at the time of the acquisition.

In addition, in the event JOYOU determines to file an application for commencement of insolvency proceedings, LIXIL may post a loss of up to approximately JPY16 billion on certain guarantees with respect to the liabilities of a JOYOU subsidiary.

The losses described above, if recognized, are expected to be reported as share of loss of entities accounted for using the equity method.

Accordingly, the share of profit of entities accounted for using the equity method for JOYOU of JPY900 million, which was reported as non-operating income in 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) would have to be restated.

We note that, in the event JOYOU determines to file to commence insolvency proceedings, the impact on LIXIL's consolidated financial statements may not be limited to (but including, for example, the costs of the investigation) the amounts described above. If JOYOU files an application for commencement of insolvency proceedings, we will disclose the financial impact to LIXIL's financials as soon as they are available.

Profile of Subsidiary

(1)	Name of the company	JOYOU AG
(2)	Headquarters	Gasstr. 18, Haus 6A, 22761 Hamburg, Germany
(3)	Representative	Gerald Mulvin (Interim CEO)
(4)	Major Business	Design, production and sale of faucets and other sanitary-ware products
(5)	Capital	EUR 23,967 thousands
(6)	Established	1988
(7)	Major shareholders	JOYOU GROHE Holdings AG (65.1%) GROHE Group S.à r.l. (7.2%)
(8)	Relationship between LIXIL Group and the company	LIXIL indirectly owns a 72.3% voting interest in JOYOU. One director of LIXIL Corporation, our consolidated subsidiary, is also a member of the supervisory board of JOYOU. There are sales and supply agreements between LIXIL's subsidiaries and JOYOU's subsidiaries.

* Due to the ongoing investigations into JOYOU, JOYOU's latest operational results and financial conditions are not described in this profile.