Flash Report

LIXIL GROUP CORPORATION

June 22, 2016

Consolidated Financial Results for the Fiscal Year Ended March 31, 2016 (International Financial Reporting Standards)

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(Amounts less than one million yen are rounded)

1. Consolidated Financial Results for the FY Ended March 2016 (April 1, 2015 through March 31, 2016)

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

	Revenue		Operating profit		Profit before tax		Profit for the year		Profit for the year attributable to owners of the parent		Total comprehensive income for the year	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY 2016	**1,890,450**	**10.8**	**39,011**	**-18.8**	**-7,087**	**-**	**-26,671**	**-**	**-25,605**	**-**	**-47,615**	**-**
FY 2015	1,705,427	-	48,041	-	59,564	-	30,716	-	30,864	-	30,660	-

	Basic earnings per share	Diluted earnings per share	Return on equity attributable to owners of the parent	Ratio of profit before tax to total assets	Ratio of operating profit to revenue
	Yen	Yen	%	%	%
FY 2016	**-89.33**	**-89.33**	**-4.6**	**-0.4**	**2.1**
FY 2015	105.80	104.59	5.3	3.2	2.8

(Reference) Share of profit of associates and joint ventures accounted for using the equity method
FY 2016 -931 million yen FY 2015 1,080 million yen

(Reference) Core earnings
FY 2016 70,069 million yen (35.5%) FY 2015 51,722 million yen (-%)
Core earnings is the amount calculated by deducting cost of sales and selling, general and administrative expenses from the revenue

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent to total assets	Equity attributable to owners of the parent per share
	Million yen	Million yen	Million yen	%	Yen
FY 2016	**2,130,120**	**537,308**	**524,806**	**24.6**	**1,828.84**
FY 2015	1,915,427	590,855	583,747	30.5	2,038.56

(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 2016	**121,085**	**19,122**	**-154,403**	**129,646**
FY 2015	98,563	-119,041	46,618	147,708

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 2015	-	30.00	-	30.00	60.00	17,387	56.7	3.0
FY 2016	-	30.00	-	30.00	60.00	17,210	-	3.1
FY 2017 (forecast)	-	30.00	-	30.00	60.00		**61.5**	

3. Consolidated Forecast for the FY Ending March 2017 (April 1, 2016 through March 31, 2017)

(% indicate changes from the figures of corresponding period of the previous fiscal year)

	Revenue		Operating profit		Profit before tax		Profit for the year		Profit for the year attributable to owners of the parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
FY 2017 1H	905,000	-	24,500	-	20,000	-	12,500	-	11,000	-	38.38
FY 2017	1,880,000	-0.6	56,000	43.5	51,000	-	30,500	-	28,000	-	97.56

(Reference) Core earnings
FY 2017 1H 30,500 million yen (-%) FY 2017 73,000 million yen (4.2%)

(Note) The increase / decrease rate for FY 2017 1H compared to the same quarter of the previous year are omitted

4. Others

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 has been completed at the time of disclosure of this report.

Note: Appropriate use of business forecasts, other special items
(Voluntary adoption of IFRS)
LIXIL Group has began adoption of International Financial Reporting Standards (IFRS) from consolidated financial statements of securities report for the FY ended March 2015.
This consolidated financial results and the supporting data is arbitrarily disclosing the main financial information based on IFRS from securities report announced on June 22, 2016.
In addition, consolidated financial results for the fiscal year ended March 31, 2016 (Japanese Standards) has already been announced on May 9, 2016.

(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.

5. Consolidated Financial Statements

(1) Consolidated Statement of Financial Position

(Unit: millions of yen)

	As of March 31, 2015	End of this FY (As of March 31, 2016)
ASSETS:		
CURRENT ASSETS:		
Cash and cash equivalents	147,708	129,646
Trade and other receivables	376,484	386,281
Inventories	218,028	211,855
Construction contract assets	126,147	92,920
Income tax receivable	5,491	4,008
Other financial assets	108,004	30,004
Other current assets	20,813	21,607
Subtotal	1,002,675	876,321
Non-current assets held for sale	530	8,897
Total current assets	**1,003,205**	**885,218**
NON-CURRENT ASSETS:		
Property, plant and equipment	528,946	546,575
Goodwill and other intangible assets	145,157	501,325
Investment property	11,151	7,922
Investments accounted for using the equity method	25,108	25,606
Other financial assets	130,905	90,048
Deferred tax assets	46,242	51,125
Other non-current assets	24,713	22,301
Total non-current assets	**912,222**	**1,244,902**
Total assets	**¥ 1,915,427**	**¥ 2,130,120**

(Unit: millions of yen)

	As of March 31, 2015	End of this FY (As of March 31, 2016)
LIABILITIES:		
CURRENT LIABILITIES		
Trade and other payables	330,954	342,832
Bonds and borrowings	225,156	325,660
Construction contract liabilities	29,889	28,014
Income tax payable	12,065	18,045
Other financial liabilities	19,834	17,569
Provisions	445	2,236
Other current liabilities	97,506	117,550
Subtotal	715,849	851,906
Liabilities directly associated with the assets held for sale	-	10,572
Total current liabilities	**715,849**	**862,478**
NON-CURRENT LIABILITIES		
Bonds and borrowings	482,523	501,399
Other financial liabilities	35,755	30,790
Net defined benefit liabilities	26,171	81,098
Provisions	7,313	7,144
Deferred tax liabilities	27,022	81,045
Other non-current liabilities	29,939	28,858
Total non-current liabilities	**608,723**	**730,334**
Total liabilities	**1,324,572**	**1,592,812**
EQUITY:		
Share capital	68,121	68,121
Capital reserves	261,166	261,024
Treasury shares	-56,205	-54,898
Other components of equity	39,022	22,791
Retained earnings	271,643	227,768
Equity attributable to owners of the parent	583,747	524,806
Non-controlling interests	7,108	12,502
Total equity	**590,855**	**537,308**
Total liabilities and equity	**Y 1,915,427**	**Y 2,130,120**

(2) Consolidated Statements of Profit or Loss and Comprehensive Income

Consolidated Statement of Profit or Loss

(Unit: millions of yen)

	FY ended March 31, 2015	FY ended March 31, 2016
REVENUE	**Y 1,705,427**	**Y 1,890,450**
COST OF SALES	-1,250,189	-1,348,849
Gross profit	455,238	541,601
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	-403,516	-471,532
OTHER INCOME	15,263	23,216
OTHER EXPENSES	-18,944	-54,274
Operating profit	48,041	39,011
FINANCE INCOME	30,608	16,620
FINANCE COSTS	-20,165	-25,980
SHARE OF PROFIT (LOSS) OF ASSOCIATES AND JOINT VENTURES	1,080	-931
IMPAIRMENT LOSS ON INVESTMENT IN ASSOCIATES	-	-7,869
LOSS RELATED TO GUARANTEE OBLIGATIONS	-	-27,938
Profit (loss) before tax	59,564	-7,087
INCOME TAX EXPENSES	-28,848	-19,584
Profit (loss) for the year	30,716	-26,671
PROFIT (LOSS) FOR THE YEAR ATTRIBUTABLE TO:		
Owners of the parent	30,864	-25,605
Non-controlling interests	-148	-1,066
Profit (loss) for the year	30,716	-26,671
EARNINGS PER SHARE		
Basic (yen per share)	105.80	-89.33
Diluted (yen per share)	104.59	-89.33

Consolidated Statement of Comprehensive Income

(Unit: millions of yen)

	FY ended March 31, 2015	FY ended March 31, 2016
PROFIT (LOSS) FOR THE YEAR	**Y 30,716**	**Y -26,671**
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified subsequently to profit or loss		
Remeasurements of defined benefit pension plans	1,259	-1,101
Share of other comprehensive income of associates and joint ventures	-9,325	-
Total items that will not be reclassified subsequently to profit or loss	-8,066	-1,101
Items that may be reclassified subsequently to profit or loss		
Net fair value gain (loss) on available-for-sale financial assets	1,081	402
Net fair value gain (loss) on hedging instruments entered into for cash flow hedges	-4,549	1,988
Exchange differences on translation of foreign operations	16,967	-29,830
Share of other comprehensive income of associates and joint ventures	-5,489	7,597
Total items that may be reclassified subsequently to profit or loss	8,010	-19,843
Other comprehensive income, net of tax	-56	-20,944
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	30,660	-47,615
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR ATTRIBUTABLE TO:		
Owners of the parent	29,904	-43,494
Non-controlling interests	756	-4,121
Total comprehensive income for the year	**Y 30,660**	**Y -47,615**

(3) Consolidated Statement of Changes in Equity

(Unit: millions of yen)

	Equity attributable to owners of the parent						
				Other components of equity			
	Share capital	Capital reserves	Treasury shares	Exchange differences on translation of foreign operations	Remeasurements of defined benefit pension plans	Net fair value gain on available-for-sale financial assets	Net fair value gain (loss) on hedging instruments entered into for cash flow hedges
BALANCE AS OF APRIL 1, 2014	**68,121**	**261,367**	**-41,807**	**14,183**	**-**	**13,297**	**629**
Profit (loss) for the year	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	16,063	1,259	1,081	-4,549
Total comprehensive income for the year	-	-	-	16,063	1,259	1,081	-4,549
Purchase of treasury shares	-	-	-20,033	-	-	-	-
Disposal of treasury shares	-	0	1	-	-	-	-
Issue of convertible bond-type bonds with subscription rights to shares	-	-	-	-	-	-	-
Share-based payment transactions	-	345	5,634	-	-	-	-
Dividends	-	-	-	-	-	-	-
Changes in parent's ownership interests in subsidiaries without a loss of control	-	572	-	-	-	-	-
Changes associated with the loss of control of subsidiaries	-	-1,118	-	-	-	-	-
Transfers from other components of equity to retained earnings	-	-	-	-	-1,259	-	-
Total transactions with owners	-	-201	-14,398	-	-1,259	-	-
BALANCE AS OF MARCH 31, 2015	**68,121**	**261,166**	**-56,205**	**30,246**	**-**	**14,378**	**-3,920**
Profit (loss) for the year	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-26,776	-1,101	402	1,989
Total comprehensive income for the year	-	-	-	-26,776	-1,101	402	1,989
Purchase of treasury shares	-	-	-98	-	-	-	-
Disposal of treasury shares	-	0	1	-	-	-	-
Share-based payment transactions	-	79	1,404	-	-	-	-
Dividends	-	-	-	-	-	-	-
Changes in parent's ownership interests in subsidiaries without a loss of control	-	-221	-	-	-	-	-
Changes associated with obtainment of control of subsidiaries	-	-	-	-	-	-	-
Changes associated with the loss of control of subsidiaries	-	-	-	-	-	-	-
Transfers from other components of equity to retained earnings	-	-	-	-	1,101	-	-
Total transactions with owners	-	-142	1,307	-	1,101	-	-
BALANCE AS OF MARCH 31, 2016	**68,121**	**261,024**	**-54,898**	**3,470**	**-**	**14,780**	**-1,931**

(Unit: millions of yen)

	Equity attributable to owners of the parent					Non-controlling interests	Total equity
	Other components of equity			Retained earnings (losses)	Total		
	Share of other comprehensive income of associates and joint ventures accounted for using the equity method	Other	Total				
BALANCE AS OF APRIL 1, 2014	**-1,853**	**2,534**	**28,790**	**266,364**	**582,835**	**5,425**	**588,260**
Profit (loss) for the year	-	-	-	30,864	30,864	-148	30,716
Other comprehensive income	-14,814	-	-960	-	-960	904	-56
Total comprehensive income for the year	-14,814	-	-960	30,864	29,904	756	30,660
Purchase of treasury shares	-	-	-	-	-20,033	-	-20,033
Disposal of treasury shares	-	-	-	-	1	-	1
Issue of convertible bond-type bonds with subscription rights to shares	-	2,163	2,163	-	2,163	-	2,163
Share-based payment transactions	-	963	963	-	6,942	-	6,942
Dividends	-	-	-	-17,519	-17,519	-17	-17,536
Changes in parent's ownership interests in subsidiaries without a loss of control	-	-	-	-	572	1,494	2,066
Changes associated with the loss of control of subsidiaries	-	-	-	-	-1,118	-550	-1,668
Transfers from other components of equity to retained earnings	9,325	-	8,066	-8,066	-	-	-
Total transactions with owners	9,325	3,126	11,192	-25,585	-28,992	927	-28,065
BALANCE AS OF MARCH 31, 2015	**-7,342**	**5,660**	**39,022**	**271,643**	**583,747**	**7,108**	**590,855**
Profit (loss) for the year	-	-	-	-25,605	-25,605	-1,066	-26,671
Other comprehensive income	7,597	-	-17,889	-	-17,889	-3,055	-20,944
Total comprehensive income for the year	7,597	-	-17,889	-25,605	-43,494	-4,121	-47,615
Purchase of treasury shares	-	-	-	-	-98	-	-98
Disposal of treasury shares	-	-	-	-	1	-	1
Share-based payment transactions	-	557	557	21	2,061	-	2,061
Dividends	-	-	-	-17,190	-17,190	-198	-17,388
Changes in parent's ownership interests in subsidiaries without a loss of control	-	-	-	-	-221	2,065	1,844
Changes associated with obtainment of control of subsidiaries	-	-	-	-	-	6,923	6,923
Changes associated with the loss of control of subsidiaries	-	-	-	-	-	725	725
Transfers from other components of equity to retained earnings	-	-	1,101	-1,101	-	-	-
Total transactions with owners	-	557	1,658	-18,270	-15,447	9,515	-5,932
BALANCE AS OF MARCH 31, 2016	**255**	**6,217**	**22,791**	**227,768**	**524,806**	**12,502**	**537,308**

(4) Consolidated Statement of Cash Flows

(Unit: millions of yen)

	FY ended March 31, 2015	FY ended March 31, 2016
OPERATING ACTIVITIES:		
Profit (loss) before tax	**Y 59,564**	**Y -7,087**
Depreciation and amortization	50,404	62,205
Impairment losses	4,253	19,701
Interest and dividend income	-4,531	-3,053
Interest expense	5,975	13,544
Share of (profit) loss of associates and joint ventures	-1,080	931
Impairment loss on investment in associates	-	7,869
Loss related to guarantee obligations	-	27,938
(Gains) losses on sale and disposal of property, plant and equipment, intangible assets and investment property	2,833	-4,599
Investigation expense	-	5,687
Decrease in trade and other receivables	24,619	12,135
(Increase) decrease in inventories	-4,754	18,086
Increase in trade and other payables	-11,069	-10,401
Increase in net defined benefit liabilities	-489	-1,758
Other	-3,120	41,550
Subtotal	122,605	182,748
Interest received	3,135	2,241
Dividends received	1,039	998
Interest paid	-6,068	-7,230
Income taxes paid	-22,148	-24,052
Guarantee obligations paid	-	-33,018
Claim for indemnities received	-	5,080
Payments for investigation expense	-	-5,682
Net cash flows from operating activities	**Y 98,563**	**Y 121,085**
INVESTING ACTIVITIES:		
Increase (decrease) in time deposits	-63,139	82,781
Purchase of property, plant and equipment	-48,558	-50,656
Proceeds from sale of property, plant and equipment	1,497	16,755
Purchase of intangible assets	-12,896	-21,427
Proceeds from sale of investment property	1,927	1,027
Payments for acquisition of subsidiary	-	-12,534
Payments for sale of subsidiary	-253	-3,178
Proceeds from sale of subsidiary	120	327
Increase in short-term loans receivable	-486	-1,075
Payments for long-term loans receivable	-495	-123
Proceeds from collection of long-term loans receivable	297	185
Payments for acquisition of other investments	-315,197	-279,965
Proceeds from sale and redemption of investments	321,729	290,110
Other	-3,587	-3,105
Net cash flows from investing activities	**Y -119,041**	**Y 19,122**

(Unit: millions of yen)

	FY ended March 31, 2015	FY ended March 31, 2016
FINANCING ACTIVITIES:		
Dividends paid	Y -17,519	Y -17,190
Dividends paid to non-controlling interests	-17	-198
(Decrease) increase in short-term borrowings and commercial paper	-15,198	1,162
Proceeds from long-term borrowings	55,480	83,976
Repayment of long-term borrowings	-64,604	-219,230
Proceeds from issuance of bonds	119,973	-
Redemption of bonds	-15,000	-
Proceeds from stock issuance to non-controlling interests	2,000	-
Other	-18,497	-2,923
Net cash flows from financing activities	**46,618**	**-154,403**
INCREASE IN CASH AND CASH EQUIVALENTS	26,140	-14,196
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	118,652	147,708
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	2,916	-3,803
CASH AND CASH EQUIVALENTS INCLUDED IN ASSETS HELD FOR SALE	-	-63
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**Y 147,708**	**Y 129,646**

(5) Notes on Premise of Going Concern

Not applicable.

(6) Basis of preparation

The Company has began voluntary adoption of International Financial Reporting Standards (IFRS) from consolidated financial statements of secuities report for the FY ended March 2015.

Regarding differences arising reconciliations from Japanese GAAP to IFRS, please refer to "42. First-time adoption, Note to Consolidated Financial Statements"of supplementary data book (IFRS) of Annual Report 2015.

http://www.lixil.com/en/investor/ar2015/pdf/LIXIL_AR2015_databook_IFRS_e.pdf

(7) Information about Revenue, Income(Loss) and Other Items by Business Segment

For the FY ended March 31, 2015 (April 1, 2014 through March 31, 2015)

(Unit: millions of yen)

	Reportable Segments					
	Water Technology Business	Housing Technology Business	Building Technology Business	Kitchen Technology Business	Distribution & Retail Business	Housing & Services Business
Revenue						
Revenue from external customers	Y 397,049	Y 603,404	Y 347,368	Y 102,602	Y 194,408	Y 60,596
Intersegment revenue or transfers	17,518	12,625	852	12,392	-	1,690
Total	414,567	616,029	348,220	114,994	194,408	62,286
Segment profit (loss) (Note1)	26,049	34,729	5,747	-1,525	6,514	4,459
Other income						
Other expenses						
Operating profit (loss)						
Finance income						
Finance costs						
Share of profit (loss) of associates and joint ventures						
Profit (loss) before tax						
Other items						
Depreciation and amortization	13,909	23,704	4,910	1,908	5,121	668
Impairment losses	296	1,481	94	66	979	1,337
Share of (profit) loss of associates and joint ventures	1,286	-828	-	0	-	622
Investments accounted for using the equity method	13,395	4,618	-	0	-	7,095
Capital expenditures	17,587	35,866	4,678	1,877	2,725	895

(Unit: millions of yen)

	Total	Reconciliations (Note 2)	Consolidated
Revenue			
Revenue from external customers	Y 1,705,427	-	Y 1,705,427
Intersegment revenue or transfers	45,077	-45,077	-
Total	1,750,504	-45,077	1,705,427
Segment profit (loss) (Note1)	75,973	-24,251	51,722
Other income			15,263
Other expenses			-18,944
Operating profit (loss)			48,041
Finance income			30,608
Finance costs			-20,165
Share of profit (loss) of associates and joint ventures			1,080
Profit (loss) before tax			59,564
Other items			
Depreciation and amortization	50,220	184	50,404
Impairment losses	4,253	-	4,253
Share of (profit) loss of associates and joint ventures	1,080	-	1,080
Investments accounted for using the equity method	25,108	-	25,108
Capital expenditures	63,628	197	63,825

Notes: 1. Segment profit (loss) is core earnings which are carried at revenue less cost of sales and selling, general and administrative expenses.

2. Segment profit (loss) reconciliations are expenses for all group companies that are not allocated to reportable segments. Expenses for all group companies are those mainly associated with the Company's and its consolidated subsidiary LIXIL Corporation's administrative departments, including human resources, general affairs, accounting and others.

For the FY ended March 31, 2016 (April 1, 2015 through March 31, 2016)

(Unit: millions of yen)

	Reportable Segments					
	Water Technology Business	Housing Technology Business	Building Technology Business	Kitchen Technology Business	Distribution & Retail Business	Housing & Services Business
Revenue						
Revenue from external customers	Y 619,362	Y 592,724	Y 331,943	Y 100,205	Y 184,461	Y 61,755
Intersegment revenue or transfers	18,334	11,924	49	11,860	0	1,992
Total	637,696	604,648	331,992	112,065	184,461	63,747
Segment profit (loss) (Note1)	52,079	40,305	-5,621	1,750	7,175	4,258
Other income						
Other expenses						
Operating profit (loss)						
Finance income						
Finance costs						
Share of profit (loss) of associates and joint ventures						
Impairment loss on investment in associates						
Loss related to guarantee obligations						
Profit (loss) before tax						
Other items						
Depreciation and amortization	24,790	24,241	5,309	2,162	5,098	599
Impairment losses	141	5,362	10,113	3,454	631	-
Share of (profit) loss of associates and joint ventures	825	-190	-	-	-1,366	-200
Investments accounted for using the equity method	10,703	3,750	-	-	4,403	6,750
Capital expenditures	20,327	44,576	4,550	5,399	16,132	759

(Unit: millions of yen)

	Total	Reconciliations (Note 2)	Consolidated
Revenue			
Revenue from external customers	Y 1,890,450	-	Y 1,890,450
Intersegment revenue or transfers	44,159	-44,159	-
Total	1,934,609	-44,159	1,890,450
Segment profit (loss) (Note1)	99,946	-29,877	70,069
Other income			23,216
Other expenses			-54,274
Operating profit (loss)			39,011
Finance income			16,620
Finance costs			-25,980
Share of profit (loss) of associates and joint ventures			-931
Impairment loss on investment in associates			-7,869
Loss related to guarantee obligations			-27,938
Profit (loss) before tax			-7,087
Other items			
Depreciation and amortization	62,199	6	62,205
Impairment losses	19,701	-	19,701
Share of (profit) loss of associates and joint ventures	-931	-	-931
Investments accounted for using the equity method	25,606	-	25,606
Capital expenditures	91,743	2	91,745

Notes: 1. Segment profit (loss) is core earnings which are carried at revenue less cost of sales and selling, general and administrative expenses.

2. Segment profit (loss) reconciliations are expenses for all group companies that are not allocated to reportable segments. Expenses for all group companies are those mainly associated with the Company's and its consolidated subsidiary LIXIL Corporation's administrative departments, including human resources, general affairs, accounting and others.