The following is an English translation of the Notice of Convocation of the 75th Annual General Meeting of Shareholders of LIXIL Group Corporation (the "Company") to be held on June 22, 2017. The Company provides this translation for your reference and convenience only and without any warranty as to its accuracy or otherwise. If there is any discrepancy between the Japanese version and the English translation, the Japanese version shall prevail.

(Securities Code 5938)
June 6, 2017

To Our Shareholders

LIXIL Group Corporation
2-1-1 Ojima, Koto-ku, Tokyo
Kinya Seto
Director, Representative Executive Officer and President

Notice of Convocation of
the 75th Annual General Meeting of Shareholders

You are cordially invited to attend the 75th Annual General Meeting of Shareholders of LIXIL Group Corporation (the "Company"), the details of which are as follows:

If you are unable to attend the meeting, you can exercise your voting rights by either of the following methods. Please review the "Reference Materials for General Meeting of Shareholders," which follows this notice, and exercise your voting rights.

[Exercise of voting rights in writing]
When exercising your voting rights in writing, please indicate, on the enclosed "Voting Card," as to whether you approve or disapprove of the proposal. Please send the Voting Card back so that we receive it by no later than 3 P.M. (Japan time) on Wednesday, June 21, 2017.

[Exercise of voting rights via the Internet, etc.]
When exercising your voting rights via the Internet, etc., please see the "Instructions on the Exercise of Voting Rights Via the Internet, etc." (page 3) which follows this notice, and indicate whether you approve or disapprove of the proposal by no later than 3 P.M. (Japan time) on Wednesday, June 21, 2017.

1. Date and Time: June 22, 2017 (Thursday) at 10 A.M. (Japan time)
(Reception opens at 9 A.M. (Japan time))

2. Venue: 1-6-1 Yokoami, Sumida-ku, Tokyo
3rd Floor, KFC Hall, KOKUSAI Fashion Center Building

Please note that we will no longer be providing gifts to attendees from this Annual General Meeting of Shareholders going forward.
Thank you for your understanding.

3. Purpose of the meeting:

Reporting Matters:
1) Reporting the contents of the business report, the contents of the consolidated financial statements and the results of the audits of the consolidated financial statements conducted by the Accounting Auditors and the Audit Committee for the 75th Fiscal Year (from April 1, 2016 to March 31, 2017).
2) Reporting the contents of the financial statements for the 75th Fiscal Year (from April 1, 2016 to March 31, 2017).

Resolution Matter
Proposal: Election of 10 Directors

END OF NOTICE

- Upon attendance, please use the enclosed Voting Card as an attendance slip and submit it to the receptionist.
- Any amendments to the Reference Documents for the General Meeting of Shareholders, business report, financial statements or consolidated financial statements will be posted on the Company's website on the Internet (http://www.lixil.com/jp/).
- Please note that we will be wearing light clothing (Cool Biz) on the day of the meeting. We kindly ask that you

also attend the meeting in light clothing.

Disclosure via the Internet

The following items are posted on the Company's Internet website based on the laws and regulations as well as Article 16 of the Company's articles of incorporation, thus are not indicated (as attachments) on the Notice of Convocation of the 75th Annual General Meeting of Shareholders.

(1) Notes to consolidated financial statements (2) Notes to nonconsolidated financial statements

URL: http://www.lixil.com/jp/

The consolidated financial statements and nonconsolidated financial statements audited by the Accounting Auditors and the Audit Committee are the statements indicated (as attachments) on the Notice of Convocation of the 75th Annual General Meeting of Shareholders and the Notes to consolidated financial statements and Notes to nonconsolidated financial statements posted on the aforementioned Company's website.

Instructions on the Exercise of Voting Rights via the Internet, etc.

When exercising your voting rights via the Internet, etc., please confirm the following matters and exercise your voting rights.

1. Website for exercising voting rights
   (1) Voting rights can be exercised via the Internet only by accessing the website for exercising voting rights designated by the Company (http://www.evote.jp/) ("Website") from personal computers, smart phones or mobile phones (i mode, EZweb, Yahoo! Keitai)*. (However, this service is unavailable from 2 A.M. to 5 A.M., Japan time, every day.)
   * "i mode" is a trademark or a registered trademark of NTT DOCOMO, INC., "EZweb" is a trademark or a registered trademark of KDDI CORPORATION and "Yahoo!" is a trademark or a registered trademark of U.S. Yahoo! Inc.
   (2) Please be aware that voting rights may not be exercised by personal computers or smart phones depending on your environment for the usage of the Internet such as if a firewall, etc., is used, antivirus software is set, a proxy server is used or if TLS encrypted communication is not specified, etc., for the Internet connection.
   (3) Please use the service of i mode, EZweb or Yahoo! Keitai when exercising your voting rights through a mobile phone. In addition, in order to ensure security, the Website is not compatible with models that are unable to perform TLS encrypted communications or models that are unable to transmit mobile phone information.
   (4) Voting rights can be exercised via the Internet until June 21, 2017 (Wednesday) at 3 P.M. (Japan time). Please exercise your vote ahead of time and contact the help desk if you have any questions.

2. Method of exercising voting rights via the Internet
   (1) Please enter your vote on the Website (http://www.evote.jp/) in accordance with the instructions on the screen using the "Login ID" and the "Tentative Password" specified in the Voting Card.
   (2) Please be aware that in order to prevent any unauthorized access (impersonation) or falsification of the contents of the exercised voting rights by anyone else, we will ask you to change the "Tentative Password" on the Website.
   (3) We will notify you of a new "Login ID" and a new "Tentative Password" each time upon convocation of a General Meeting of Shareholders.
   (4) Any costs incurred upon accessing the Website (internet access fee and the like) will be borne by you. Furthermore, if you are using mobile phones and the like, packet communication fees and other fees needed for using mobile phones and the like will also be borne by you.

3. Handling of voting rights when a voting right is exercised more than once
   (1) When a voting right is exercised more than once in writing and via the Internet, the contents of the voting rights exercised via the Internet will be effective.
   (2) If a voting right is exercised more than once via the Internet, the contents of the last vote will be effective. In addition, if a voting right is exercised more than once on a personal computer, smart phone, and/or mobile phone, only the contents of the last vote will be effective.

4. The platform of electronic exercise of voting rights for institutional investors
   With respect to nominee shareholders of management investment banks, etc. (including standing proxies), if such a shareholder has applied in advance for the use of the platform of the electronic exercise of voting rights for institutional investors operated by ICJ, Inc., such shareholder may use such platform in addition to exercising its voting rights via the Internet mentioned above, as a method of exercising voting rights by electromagnetic means for any General Meeting of Shareholders of the Company.

For inquiries regarding the system for exercising voting rights via the Internet, etc. Mitsubishi UFJ Trust and Banking Corporation Transfer Agent Division (helpdesk) Telephone No.: 0120-173-027 (available from 9 A.M. to 9 P.M., Japan time, toll-free)

END OF INSTRUCTIONS

Reference Materials for General Meeting of Shareholders

Proposals and Reference Items

Proposal Election of 10 Directors
All current members of the Board of Directors (12) will resign upon expiration of their term of office as of the close of this General Meeting of Shareholders. Therefore, based on the decision of the Nomination Committee, the shareholders are requested to elect 10 directors. All of the five candidates for outside director satisfy the independence criteria prescribed by the Company (see page 16).

Candidate number	Name	Position and responsibility in the Company	
1	Yoichiro Ushioda	Director, Chairman of the Board and Nomination Committee Member	Reappointment/Non-executive
2	Kinya Seto	Director, Representative Executive Officer, President and CEO	Reappointment
3	Yoshizumi Kanamori	Director, Audit Committee Member and Compensation Committee Member	Reappointment/Non-executive
4	Yoshinobu Kikuchi	Director and Compensation Committee Member	Reappointment/Non-executive
5	Keiichiro Ina	Director	Reappointment/Non-executive
6	Tsutomu Kawaguchi	Director and Chairperson of the Audit Committee	Reappointment/Outside/Independent
7	Main Kohda (real name: Tokuko Sawa)	Director and Compensation Committee Member	Reappointment/Outside/Independent
8	Barbara Judge	Director and Compensation Committee Member	Reappointment/Outside/Independent
9	Hirokazu Yamanashi	Director, Chairperson of the Compensation Committee and Nomination Committee Member	Reappointment/Outside/Independent
10	Hiroto Yoshimura		New Appointment/ Outside/Independent

Non-executive: Candidates who are Internal directors (directors other than "outside directors" as provided for in Article 2,Item 15 of the Companies Act) who do not concurrently serve as executive officers, presidents, vice presidents, senior managing operating officers, managing operating officers, corporate directors, operating officers, employees, executive directors or other officers executing the business of the Company or the Company's subsidiaries.

Outside: "Candidates for outside director" as provided for in Article 2, Paragraph 3, Item 7 of the Enforcement Regulations of the Companies Act.

Independent: Candidates who are to be reported as independent officers to the domestic stock exchanges on which the Company is listed if the election of these Candidates is approved at this General Meeting of Shareholders.

Reappointment / Non-executive

Yoichiro Ushioda

(December 21, 1953)

Candidate Number

1

[Number of shares of the Company owned by the candidate]
9,376,220

[Area of responsibility (committee)]
Nomination Committee Member

Brief personal profile, position and responsibility in the Company, and important concurrently-held positions

Apr. 1977	Joined the Company
Dec. 1980	Director and General Manager, Sales Planning Department
May 1984	Managing Director and Senior Manager, Product Division
Nov. 1986	Senior Managing Director in charge of public relations, human resources, business improvement administration, total quality control and production
Jun. 1990	Director and Vice President in charge of overseas businesses and product designs (Representative Director)
Sep. 1992	Director and Vice President (Representative Director)
Jun. 1993	Director and Vice President, Senior Manager, Accounting Division (Representative Director)
Nov. 2000	Director and Vice President in charge of accounting and finance (Representative Director)
Oct. 2001	Director and Vice President
Jun. 2003	Director
Nov. 2006	Director and Chairman and CEO (Representative Director)
Nov. 2006	Director and Chairman and CEO, TOSTEM CORPORATION (currently LIXIL Corporation) (Representative Director)
Apr. 2009	Director and President, TOSTEM CORPORATION
Jun. 2011	Director, Representative Executive Officer and Chairman, CEO and Chairperson of the Nomination Committee of the Company
Aug. 2011	Director, Representative Executive Officer and Chairman and Chairperson of the Nomination Committee
Aug. 2011	Director and Chairman, LIXIL Corporation (Representative Director)
Jun. 2012	Director, Chairman of the Board and Nomination Committee Member of the Company (current position)

Reasons for nominating Mr. Ushioda as a candidate for the role of the Director

Mr. Yoichiro Ushioda has a wealth of experience and knowledge working in the important departments of the Company's group (the "Group") and has a deep understanding of the businesses and management of the Group overall. He is making an effort to strengthen the governance system with the future in mind through, among other things, leading the commencement of the Company's transition into the company with committees (current company with nomination committee, etc.). Based on the foregoing, it is expected that the Company's governance will be pursued further and the Board of Directors' supervisory function will be maintained and strengthened. For these reasons, the Company recommends him as a Director candidate.

Reappointment

Kinya Seto

(June 25, 1960)

Candidate Number

2

[Number of shares of the Company owned by the candidate]
99,000

[Important concurrently-held positions]
Director, President and CEO, LIXIL Corporation
Director of GraceA Co., Ltd.

Brief personal profile, position and responsibility in the Company, and important concurrently-held positions

Apr. 1983	Joined Sumitomo Corporation
Jul. 1990	Project Manager for Special Steel Products, Sumitomo Corporation of America (currently Sumitomo Corporation of Americas), Detroit Office
Jul. 1992	Vice President, Precision Bar Service, INC.
May 1997	Representative Director and President, Iron Dynamics Process International LLC
Sep. 1999	Business Planning Dept., Iron & Steel Division, No.1 e-Commerce Team Head and Manager, Sumitomo Corporation
Oct. 2000	Director, MonotaRO Co., Ltd.
Jun. 2001	Representative Director and President, MonotaRO Co., Ltd.
Mar. 2006	Director, Representative Executive Officer and President, MonotaRO Co., Ltd.
Nov. 2010	Director, Zoro Tools, Inc. (currently Zoro, Inc.)
Aug. 2011	Representative Director and President, K-engine Corp.
Mar. 2012	Representative Director and President, Grainger Asia Pacific Co., Ltd.
Mar. 2012	Director, Representative Executive Officer and Chairman, MonotaRO Co., Ltd.
Apr. 2012	Vice President in charge of Asia Pacific, W. W. Grainger, Inc.
Oct. 2013	Senior Vice President in charge of Online Business, W. W. Grainger, Inc.
Dec. 2013	CEO, GWW UK Online Ltd. (current Razor Occam, Ltd.)
Mar. 2014	Director and Chairman, MonotaRO Co., Ltd. (current position)
Jan. 2016	Representative Executive Officer and COO of the Company
Jan. 2016	Director, President and CEO (Representative Director), LIXIL Corporation
Mar. 2016	Director, President and CEO (Representative Director) and LIXIL Water Technology CEO, LIXIL Corporation
May 2016	Director, GraceA Co., Ltd. (Representative Director) (current position)
Jun. 2016	Director, Representative Executive Officer, President and CEO of the Company (current position)
Nov. 2016	Director, President and CEO (Representative Director), LIXIL Water Technology CEO and LIXIL Housing Technology CEO, LIXIL Corporation (current position)

Reasons for nominating Mr. Kinya Seto as a candidate for the role of the Director

Mr. Kinya Seto has demonstrated his abilities through his deep involvement in the decision-making in relation to important business execution of the Group with his strong leadership and making use of his extensive experience and wealth of knowledge as a business manager of multiple corporations. As such, it is expected that he will be able to fulfill his responsibilities of explanation to the Board of Directors as a Representative Executive Officer and contribute to the strengthening of the Company's governance system through his involvement as a Director in the decision-making on important management matters. For these reasons, the Company recommends him as a Director candidate.

Reappointment / Non-executive

Yoshizumi Kanamori

(January 23, 1954)

Candidate Number

3

[Number of shares of the Company owned by the candidate]
8,000

[Area of Responsibility]
Audit Committee Member and Compensation Committee Member

Brief personal profile, position and responsibility in the Company, and important concurrently-held positions

Apr. 1977	Joined the Company
May 1995	General Manager, Planning Management Department, Accounting Division
Jun. 2000	Operating Officer and General Manager, Accounting Department, Accounting Division
Oct. 2001	Operating Officer and Manager, Accounting Supervisory Group
May 2004	Operating Officer and Manager, Strategy Planning Office
Feb. 2007	Operating Officer and General Manager, Accounting and Finance Department and Strategy Planning Office
Jun. 2007	Director in charge of accounting and finance
Feb. 2010	Director in charge of accounting
Apr. 2010	Director, Senior Managing Operating Officer and CFO
Apr. 2011	Director, Senior Managing Operating Officer and CFO in charge of accounting and finance
Apr. 2011	Director, Senior Managing Operating Officer and CFO, LIXIL Corporation
Jun. 2011	Director, Executive Officer and Senior Managing Officer in charge of accounting and finance and CFO of the Company
Nov. 2011	Director and Senior Managing Operating Officer, LIXIL Corporation
Jun. 2012	Director, LIXIL VIVA Corporation
Apr. 2014	Director, Executive Officer and Senior Managing Officer in charge of finance of the Company
Jun. 2016	Director, LIXIL VIVA Corporation (Audit and Supervisory Committee Member) (current position)
Jun. 2016	Director, Audit Committee Member and Compensation Committee Member of the Company (current position)

Reasons for nominating Mr. Yoshizumi Kanamori as a candidate for the role of the Director

Mr. Yoshizumi Kanamori has been involved in the work and management of accounting and finance, etc., and has a wealth of experience and knowledge. Currently, he gives accurate comments from time to time as a non-executive Director, demonstrates his abilities as an Audit Committee Member and a Compensation Committee Member, and is making an effort to strengthen the Company's governance system. Based on the foregoing, it is expected that the Board of Directors' supervisory function will be maintained and strengthened through supervision of the Executive Officers' duties. For these reasons, the Company recommends him as a Director candidate.

Reappointment / Non-executive

Yoshinobu Kikuchi

(April 28, 1945)

Candidate Number

4

[Number of shares of the Company owned by the candidate]
21,100

[Area of responsibility (committee)]
Compensation Committee Member

Brief personal profile, position and responsibility in the Company, and important concurrently-held positions

Jan. 1969	Joined the Company
Dec. 1991	Manager, General Affairs Division of Personnel Planning and General Affairs Department
Nov. 1992	Manager, General Affairs Department of Residential Building Materials Division
Nov. 1998	Manager, Personnel Planning and General Affairs Department and Sales Personnel Planning and General Affairs Department
Jun. 1999	Managing Operating Officer and Manager, Personnel Planning and General Affairs Department
Oct. 2001	Managing Operating Officer and Manager, Personnel Planning Supervisory Group
Jan. 2005	Managing Operating Officer and Manager, Personnel Planning and General Affairs Supervisory Group and Corporate Planning Supervisory Group
Feb. 2007	Managing Operating Officer and Manager, Personnel Planning and General Affairs Department and Business Fostering Department
Jun. 2007	Director and Manager, Personnel Planning and General Affairs Department and Business Fostering Department
Apr. 2008	Director in charge of personnel, general and legal affairs
Apr. 2009	Director, Vice President and Operating Officer, TOSTEM CORPORATION (currently LIXIL Corporation)
Jun. 2010	Vice President and Operating Officer, Housing, Real Estate and Other Business CEO in charge of personnel planning of the Company
Apr. 2011	Executive Vice President and Operating Officer in charge of personnel planning, LIXIL Corporation
Jun. 2011	Executive Officer, Vice President in charge of personnel planning, general affairs, legal affairs and real estate of the Company
Apr. 2012	Executive Officer and Vice President in charge of real estate
Apr. 2012	Vice President and Operating Officer, LIXIL Corporation
Jun. 2012	Director and Chairperson of the Audit Committee of the Company
Jun. 2016	Director and Compensation Committee Member of the Company (current position)
Jun. 2016	Director, Comany Inc. (Outside Director) (current position)

Reasons for nominating Mr. Yoshinobu Kikuchi as a candidate for the role of the Director

Mr. Yoshinobu Kikuchi has been involved in the work and management of human resources and general affairs etc., for many years, and has a wealth of experience and knowledge. Currently, he gives accurate comments from time to time as a non-executive Director, has demonstrated his abilities as a Compensation Committee Member and is making an effort to strengthen the Company's governance system. Based on the foregoing, it is expected that the Board of Directors' supervisory function will be maintained and strengthened through supervision of the Executive Officers' duties. For these reasons, the Company recommends him as a Director candidate.

Reappointment / Non-executive

Candidate Number

Keiichiro Ina

(March 24, 1949)

5

[Number of shares of the Company owned by the candidate]
318,500

Brief personal profile, position and responsibility in the Company, and important concurrently-held positions

Apr. 1974	Joined Ina Seito Co., Ltd. (currently LIXIL Corporation)
Jan. 1998	Director and General Manager, Aqua Business, Housing-related Division, Ina Seito Co., Ltd.
Oct. 2001	Director of the Company
Apr. 2003	Director of the Company in charge of audit, IR and public relations and accounting and finance
Jul. 2006	Director of the Company in charge of IR and public relations
Apr. 2008	Director of the Company in charge of CSR
Jun. 2009	Director of the Company (current position)

Reasons for nominating Mr. Keiichiro Ina as a candidate for the role of the Director

Mr. Keiichiro Ina has been involved in the work and management of IR and public relations etc., for many years and has a wealth of experience and knowledge. Currently, as a non-executive Director, he utilizes his experience, has demonstrated his abilities and is making an effort to strengthen the Company's governance system. Based on the foregoing, it is expected that the Board of Directors' supervisory function will be maintained and strengthened through supervision of the Executive Officers' duties. For these reasons, the Company recommends him as a candidate for the role of a Director.

Reappointment / Outside / Independent

Tsutomu Kawaguchi

(September 28, 1946)

Candidate Number

6

[Number of shares of the Company owned by the candidate]
0

[Area of responsibility (committee)]
Chairperson of the Audit Committee

[Term of office served as at the end of this General Meeting of Shareholders]
6 years

Brief personal profile, position and responsibility in the Company, and important concurrently-held positions

Feb. 1971	Joined Chuo Audit Corporation
Mar. 1974	Registered as a certified public accountant
Jul. 1979	Partner, Chuo Audit Corporation
Mar. 1983	Representative Partner, Chuo Audit Corporation
Apr. 2002	Visiting Professor, Chuo University
Aug. 2007	Representative Partner, Grant Thornton Taiyo ASG Audit Corporation (currently Grant Thornton Taiyo ASG)
Jul. 2010	Auditor (Outside Auditor), FreeBit Co., Ltd. (current position)
Jun. 2011	Director (Outside Director) and Chairperson of the Audit Committee of the Company
Jun.2012	Director (Outside Director) and Audit Committee Member of the Company
Jun. 2014	Director (Outside Director), VINX CORP. (current position)
Mar. 2015	Director (Outside Director), Cybernet Systems Co., Ltd.
Jun. 2016	Director (Outside Director) and Chairperson of the Audit Committee of the Company (current position)

Reasons for nominating Mr. Tsutomu Kawaguchi as a candidate for the role of the Outside Director
Mr. Tsutomu Kawaguchi has specialized knowledge and extensive experience in finance and accounting gained as a certified public accountant, and currently fulfills his role as an Outside Director in a proper manner, principally in supervising decision-making on important management matters and business execution. It is for these reasons that the Company recommends him as an Outside Director candidate.

Reasons for determining that Mr. Tsutomu Kawaguchi is able to appropriately perform the duties as an Outside Director
Although Mr. Tsutomu Kawaguchi has never been directly involved in corporate management, he is well versed in corporate accounting as a certified public accountant and has sufficient insight into the supervision of corporate management. The Company has therefore determined that he will properly perform his duties as an Outside Director.

Reappointment / Outside / Independent

Candidate Number

Main Kohda

(real name: Tokuko Sawa)

(April 25, 1951)

7

[Number of shares of the Company owned by the candidate]
0

[Area of responsibility (committee)]
Compensation Committee Member

[Term of office served as at the end of this General Meeting of Shareholders]
4 years

Brief personal profile, position and responsibility in the Company, and important concurrently-held positions

Sep. 1995	Started to work independently and work continuously up to the present date as a writer
Jan. 2003	Member of the Fiscal System Council, Ministry of Finance (Japan)
Apr. 2004	Visiting professor, Faculty of Economics, Shiga University
Mar. 2005	Member of the Council for Transport Policy, Ministry of Land, Infrastructure, Transport and Tourism
Nov. 2006	Member of the Tax Commission, Cabinet Office, Government of Japan
Jun. 2010	Member of the Board of Governors, Japan Broadcasting Corporation
Jun. 2012	Director (Outside Director), JAPAN TOBACCO INC. (current position)
Jun. 2013	Director (Outside Director) and Compensation Committee Member of the Company (current position)
Jun. 2016	Director (Outside Director) , Japan Exchange Group, Inc. (current position)

Reasons for nominating Ms. Main Kohda as a candidate for the role of the Outside Director

In addition to her profound knowledge of international finance, Ms. Main Kohda has deep insight and objective perspective as a writer and has wide-range of experiences as a member of the councils for Ministry of Finance and Ministry of Land, Infrastructure, Transport and Tourism. She currently fulfills her role as an Outside Director in a proper manner, principally in supervising decision-making on important management matters and business execution. It is for these reasons that the Company recommends her as an Outside Director candidate.

Reappointment / Outside / Independent

Barbara Judge

(December 28, 1946)

Candidate Number

8

[Number of shares of the Company owned by the candidate]
0

[Area of responsibility (committee)]
Compensation Committee Member

[Term of office served as at the end of this General Meeting of Shareholders]
2 years

[Important concurrently-held positions]
Chairman, United Kingdom Institute of Directors

Brief personal profile, position and responsibility in the Company, and important concurrently-held positions

Sep. 1969	Attorney, Paul, Weiss, Rifkind, Wharton and Garrison
Feb. 1973	Attorney, Kaye, Scholer, Fierman, Hays and Handler
Sep. 1980	Commissioner, US Securities and Exchange Commission
Dec. 1983	Mainboard Executive Director, Samuel Montagu & Co. Ltd.
Oct. 1987	Senior Vice President and Group Head, Bankers Trust Company
Sep. 1990	Managing Director, Cramer Rosenthal McGlynn Inc.
Jan. 1993	Main Board Executive Director, News International plc
Apr. 1994	Deputy Chairman, Friends Provident plc
Mar. 1996	Chairman, Whitworths Group Ltd. and Scotia Haven Group
Jan. 2000	Founder and Chairman, Private Equity Investor plc
Mar. 2000	Outside Director, Portmeirion Group PLC (current position)
Sep. 2002	Director, United Kingdom Atomic Energy Authority
Jul. 2004	Chairman, United Kingdom Atomic Energy Authority
Mar. 2007	Outside Director, NV Bekaert SA
Sep. 2007	Outside Director, Magna International Inc (current position)
May 2010	Chairman, United Kingdom Pension Protection Fund
May 2015	Chairman, United Kingdom Institute of Directors (current position)
June.2015	Director of the Company (Outside Director)
Jun. 2016	Director (Outside Director) and Compensation Committee Member of the Company (current position)
Aug. 2016	Chairman, LoopUp Group Plc (current position)

Reasons for nominating Ms. Barbara Judge as a candidate for the role of the Outside Director

Ms. Barbara Judge reflects a global viewpoint in the Board of Directors of the Company based on her years of extensive experience and knowledge in companies and official positions. Currently, she fulfils her role as an Outside Director sufficiently by supervising decision-making on important management matters and business execution. It is for these reasons that the Company recommends her as an Outside Director candidate.

Reappointment / Outside / Independent

Hirokazu Yamanashi

(April 18, 1954)

Candidate Number

9

[Number of shares of the Company owned by the candidate]
0

[Area of responsibility (committee)]
Chairperson of the Compensation Committee and Nomination Committee Member

[Term of office served as at the end of this General Meeting of Shareholders]
1 year

[Important concurrently-held positions]
Director (Representative Director), Hirokazu Yamanashi Office Corporation

Brief personal profile, position and responsibility in the Company, and important concurrently-held positions

Apr. 1978	Joined Fuji Photo Film Co., Ltd. (currently FUJIFILM Holdings Corporation)
Jan. 1990	Joined McKinsey & Company
Jul. 1995	Principal (Partner), McKinsey & Company
Jul. 2003	Director (Senior Partner), McKinsey & Company
Apr. 2014	Advisor in charge of Internal Affairs, AEON CO, LTD.
Apr. 2014	Executive Officer and Senior Managing Director in charge of Internal Affairs, AEON CO, LTD.
Feb. 2015	Executive Officer in charge of Corporate Planning, AEON CO, LTD.
Feb. 2015	Executive Officer in charge of Corporate Planning and E-Money Business, AEON CO, LTD.
Mar. 2016	Executive Officer, AEON CO, LTD.
May 2016	Director (Representative Director), Hirokazu Yamanashi Office Corporation (current position)
Jun. 2016	Director (Outside Director), Chairperson of the Compensation Committee and Nomination Committee Member of the Company (current position)

Reasons for nominating Mr. Hirokazu Yamanashi as a candidate for the role of the Outside Director

Mr. Hirokazu Yamanashi has specialized experience and knowledge gained through his business consultancy work and extensive experience and knowledge gained from being in charge of internal affairs and serving as an executive officer in charge of business planning of a listed company. The Company believes that these experiences and knowledge will be reflected in the Board of Directors of the Company and that he will fulfil his role as the Outside Director sufficiently in the decision-making on important management matters of the Company and supervising business execution. For these reasons, the Company recommends him as an Outside Director candidate.

New Appointment / Outside / Independent

Hiroto Yoshimura

(November 6, 1948)

Candidate Number

10

[Number of shares of the Company owned by the candidate]
0

Brief personal profile, position and responsibility in the Company, and important concurrently held positions

Jul. 1971	Joined National Police Agency
Jan. 1991	Chief, Criminal Investigation Section, Osaka Prefectural Police Headquarters
Feb. 1995	Chief, Kagoshima Prefectural Police Headquarters
Jan. 1997	Chief, Criminal Investigation Section, Tokyo Metropolitan Police Department
Jan. 1999	General Councilor, Secretariat of Director-General, National Police Agency
Sep. 2001	Superintendent, Criminal Investigation Bureau, National Police Agency
Aug. 2002	Chief, Secretariat of Director-General, National Police Agency
Aug. 2004	Assistant Director-General, National Police Agency
Aug. 2007	Director-General, National Police Agency (resigned in June 2009)
Dec. 2010	President, Police Personnel Mutual Aid Association (resigned in November 2016)

Reasons for nominating Mr. Hiroto Yoshimura as a candidate for the role of the Outside Director

Mr. Hiroto Yoshimura has a wealth of experience working in police administrative organizations, as well as extensive experience in personnel and organizational reform and compliance expertise, which can be expected to further strengthen the functions of the Board of Directors of the Company. For these reasons, the Company recommends him as an Outside Director candidate.

Reasons for determining that Mr. Hiroto Yoshimura is able to appropriately perform the duties as an Outside Director

Although Mr. Hiroto Yoshimura has never been directly involved in corporate management, he has wealth of experience in the management and operation of police administrative organizations and sufficient expertise to supervise corporate management. The Company has therefore determined that he will properly perform his duties as an Outside Director.

Notes:

1. The respective candidates and the Company do not share any special interests.

2. The Company has set forth in Article 30, Paragraph 2 of the current Articles of Incorporation that the Company may enter into an agreement with each Outside Director which limits the liability for damages of each Outside Director to the Company. Pursuant to this provision, the Company has entered into such liability limitation agreements with Mr. Tsutomu Kawaguchi, Ms. Main Kohda, Ms. Barbara Judge and Mr. Hirokazu Yamanashi respectively, and if the election of Mr. Tsutomu Kawaguchi, Ms. Main Kohda, Ms. Barbara Judge and Mr. Hirokazu Yamanashi is approved at this General Meeting of Shareholders, the Company will continue its liability limitation agreements with Mr. Hidehiko Sato, Mr. Tsutomu Kawaguchi, Ms. Main Kohda and Ms. Barbara Judge. Furthermore, if the election of Mr. Hiroto Yoshimura is approved at this General Meeting of Shareholders, the Company will enter into a liability limitation agreement of similar content with him.
   The content of such agreements can be summarized as follows:
   - If any liability for damages to the Company arises as a result of an Outside Director's negligence in performing his or her duties, such Outside Director shall be liable to the Company up to the higher of 10 million yen or any amount prescribed by applicable laws and regulations.
   - The aforementioned limitation of liability is applicable only if such Outside Director has acted in good-faith and has not been grossly negligent in performing his or her duties which have caused the liability.

3. The Company has notified each domestic stock exchange on which the Company is listed, of the names of Mr. Tsutomu Kawaguchi, Ms. Main Kohda, Ms. Barbara Judge and Mr. Hirokazu Yamanashi as independent officers, and if the election of Mr. Tsutomu Kawaguchi, Ms. Main Kohda, Ms. Barbara Judge and Mr. Hirokazu Yamanashi is approved at this General Meeting of Shareholders, the Company will continue the notifications of Mr. Tsutomu Kawaguchi, Ms. Main Kohda, Ms. Barbara Judge and Mr. Hirokazu Yamanashi as independent officers. In addition, if the election of Mr. Hiroto Yoshimura is approved at this General Meeting of Shareholders, the Company will notify each relevant stock exchange of Mr. Hiroto Yoshimura as an independent officer.
   Each of Mr. Tsutomu Kawaguchi, Ms. Main Kohda, Ms. Barbara Judge, Mr. Hirokazu Yamanashi and Mr. Hiroto Yoshimura satisfies the independence criteria prescribed by the Company (next page).

[Reference] Independence criteria of an Outside Director of the Company

The Company prescribes below criteria for the purpose of securing of independence of an Outside Director.

1. The Company considers an outside director to be independent unless he or she is:

(1) A shareholder, or an executing person of such shareholder (an executing person means an "executing person" provided in Article 2, Paragraph 3, Item 6 of the Ordinance for Enforcement of the Companies Act; the same shall apply hereafter in this page), who holds 10% or more of the voting rights of the Company;

(2) An executive officer of a company of which the Company holds 10% or more of the voting rights;

(3) A business partner whose transactions with the Group exceed an amount of 2% or more of the consolidated gross revenue of either the Group or such business partner in a fiscal year, or an executive officer of such business partner:

(4) A financial institution or other major creditor which is essential for the financing of the Group and on which such financing is irreplaceably dependent on, or an executing person thereof;

(5) A member, partner or employee of the audit firm or tax accountant firm which is an accounting auditor or accounting advisor of the Group;

(6) A person receiving a donation or subsidy of 10 million yen or more from the Group in a fiscal year, or if the person receiving the donation or subsidy is a corporation, partnership or other organization (the "Juridical Persons, etc."), an executing person of the Juridical Persons, etc. receiving a donation or subsidy of more than 2% of the consolidated gross revenues of such Juridical Persons, etc. from the Group in a fiscal year;

(7) A person receiving monetary payments or other financial assets of 10 million yen or more from the Group as a lawyer, accountant, tax accountant, consultant or other professional advisor, besides the director compensation, or if a person receiving such financial assets is a juridical person, partnership or other organization such as a legal professional corporation, law firm, audit corporation, tax accountant corporation or consulting firm (the "Law Firm, etc."), a person belonging to the Law Firm, etc. receiving monetary payments or other financial assets of more than 2% of the Law Firm, etc.'s annual gross revenues from the Group;

(8) A person whose spouse, a relative within the second degree of kinship or a relative who lives with such person corresponds to any of subsections (1) through (7) of this paragraph;

(9) A person who corresponded to any of subsections (1) through (8) of this paragraph in the past five years; or

(10) An executing person of a company to which an executing person (meaning an executive director, executive officer, operating officer, manager or other employees, notwithstanding subsection (1) in this paragraph) of the Group serves as an officer of such company.

2. The Board of Directors shall monitor on an ongoing basis whether persons serving as outside directors continue to satisfy the criteria set forth in the preceding paragraph.

END OF PROPOSAL

(Attached Documents)

Business Report for the 75th Fiscal Year
(From April 1, 2016 to March 31, 2017)

1. Matters regarding the current state of the Company Group
   (1) Business developments and their results

This consolidated fiscal year, the globally expanding LIXIL Group has started preparing its consolidated financial statements based on the International Financial Reporting Standards ("IFRS") instead of the Japanese accounting standards that it has used to date, with the aim of facilitating international comparisons of its financial information in capital markets in order to provide more effective information to stakeholders. Figures for the previous consolidated fiscal year have been recalculated as IFRS figures for comparison to this year's performance.

The Japanese economy has shown signs of gradual recovery this fiscal year thanks to government economic policies combined with strong growth overseas. Residential investment overall has been slowing down somewhat despite continued low interest rates on home loans, due to decreased investment in apartments. Nevertheless, the number of new housing developments grew by double digits for rental properties, and overall grew 5.8% on year to 974,000 properties.

The European economy, driven by American growth, continues to grow strongly despite uncertainty due to geopolitical risks, while in China, growth has decreased slightly but remains sturdy thanks to expanded infrastructure investment and increased exports due to the falling yuan and other factors.

In this context, the LIXIL Group has been implementing strategies to further grow and enhance its business and building a dynamic organizational structure. Specifically, we have increased our focus on the remodeling market as a domestic growth business and further improved efficiency in our existing domestic businesses, while in our overseas businesses we have worked steadily to maximize group-wide synergies.

Revenue has decreased to 1,786,447 million yen this consolidated fiscal year (down 5.5% on year) due to the exchange rate effects and the removal of some subsidiaries from the consolidated accounts due to sale, and other factors including a decrease in domestic demand in response to the end of the Eco-House Points system last year. However, strategies such as our focus on the remodeling market, combined with the positive boost from strong performance of our overseas business, meant that, discounting the above-mentioned effects of the exchange rate and business sell-off, revenue was virtually the same as the previous year. Television advertising and other promotional spending increased, but due to higher sales of high-gross-margin products such as the Grohe line, and partly due to reduced costs in both Japan and overseas markets and other factors, operating income grew 26.0% on year to 88,312 million yen. The scope of our key systems in Japan was partially revised and idle assets were impaired, but these were balanced by an increase in operating income such that operating profit increased by 73.1% on year to 67,535 million yen and profit for the year attributable to owners of the parent was 4,253 million yen (compared to a 2,565 million yen loss attributable to owners of the parent for the previous year), representing a significant increase on the previous year and the Company's best figure to date.

Note: Operating income is calculated by deducting cost of sales and selling,

general and administrative expenses from revenue.

The overall conditions for each business sector are as follows. In connection with the corporate reorganization of July 1, 2016, the Tile Business, which had been included in the Housing Technology Business, has been recategorized into the Water Technology Business, effective retroactively to the start of this consolidated fiscal year. Therefore, comparisons with the previous consolidated fiscal year have been made by rearrangements based on the business categories after the changes. The revenue for each business is before accounting for inter-business transactions, and operating income is before deduction of company-wide expenses.

[Water Technology Business]

In the Water Technology Business, revenue decreased by 1.6% on year to 662,408 million yen due to exchange rate effects and other factors despite efforts to increase sales of the Satis and Preas integrated toilets, which use new Aqua Ceramic materials to stay "one hundred years clean as new," growth in Asia, America, Europe and other markets, and the release of the first Grohe shower-toilet, Sensia Arena. However, gross margins improved thanks to group-wide synergy effects and an improved product mix, leading to a 18.6% on year increase in operating income to 65,071 million yen.

[Housing Technology Business]

In the Housing Technology Business, while we promoted sales through the sales of "Thermos L," a high-performance hybrid window which realized super insulation by combining the best of both aluminum and resin, revenue decreased 3.9% on year to 544,128 million yen, due in part to demand structure changes and the sale of some consolidated subsidiaries. However, operating income increased 3.2% on year to 39,212 million yen as a result of improved gross margins due to cost reductions.

[Building Technology Business]

In the Building Technology Business, we focused on selectively accepting orders to increase gross margins and other strategies including cost reduction, such that while revenue decreased significantly to 263,598 million yen (a 20.6% decrease on year) due to exchange rate effects and the sale of some consolidated subsidiaries in the last consolidated fiscal year, profitability was still achieved—operating income was 3,846 million yen, compared to a 5,621 million yen operating loss in the previous year.

[Kitchen Technology Business]

In the Kitchen Technology Business, our plan to use television advertisements and other promotion to increase sales of medium-to-high-end products, such as the beautifully designed and delightful-to-use integrated kitchen "RICHELLE SI," led to a 2.4% on year increase in revenue to 114,735 million yen, which combined with cost reductions brought a 250% on-year increase in operating income to 4,318 million yen.

[Distribution and Retail Business]

In the Distribution and Retail Business, our establishment of new stores such as "SUPER VIVA HOME Atsugi Minami Inter," which is a new model store which actualizes "problem solving for housing and living" and "assortment of products to respond to professional customers," enhancement of the home improvement store business and other strategies meant that although revenue decreased 6.8% on year to

17,205 million yen due to the effects of a partial business transfer in the previous fiscal year, operating income increased 1.8% on year to 7,304 million yen.

[Housing and Services Business]

In the Housing and Services Business, due to our focus on increasing sales of new air-sealed, highly insulated homes such as the ZEH (net zero-energy house) "ce･si･bo EX-H Limited" and home refurbishments under the "Shinchiku Mitai" brand, and also due to the devaluation of real estate for sale in the previous fiscal year, revenue increased 8.2% on year to 64,381 million yen and operating income increased 16.8% on year to 4,413 million yen.

Revenue and operating income by business

Business Category	2016 Consolidated Fiscal Year (April 1, 2015 to March 31, 2016)		2017 Consolidated Fiscal Year (April 1, 2016 to March 31, 2017)		Year-on-year increase/decrease	
	Revenue	Operating Income	Revenue	Operating Income	Revenue	Operating Income
	million yen	million yen	million yen	million yen	%	%
Water Technology Business	673,280	54,854	662,408	65,071	(1.6)	18.6
Housing Technology Business	566,062	37,992	544,128	39,212	(3.9)	3.2
Building Technology Business	331,992	(5,621)	263,598	3,846	(20.6)	-
Kitchen Technology Business	112,065	1,750	114,735	4,318	2.4	146.7
Distribution and Retail Business	184,461	7,175	172,005	7,304	(6.8)	1.8
Housing and Services Business etc.	59,500	3,777	64,381	4,413	8.2	16.8
Deletion or Common throughout Company	(36,910)	(29,858)	(34,808)	(35,852)	-	-
Total	1,890,450	70,069	1,786,447	88,312	(5.5)	26.0

(2) Status of capital investment

The amount of capital investment for this consolidated fiscal year is 78,477 million yen. Most of the amount was for the investment in new products and new stores such as SUPER VIVA HOME, and the remainder was for streamlining and investment in the maintenance and renewal of facilities.

(3) Status of financial arrangements

In this consolidated fiscal year, 54,050 million yen was procured through long-term loans and 35,000 million yen through issuing straight bonds, for appropriation to acquiring GraceA Co., Ltd. and refinancing funds for consolidated subsidiaries.

(4) Status of acquisition or disposal of shares, other equity, or share option of other companies

In this consolidated fiscal year, LIXIL Corporation concluded a share transfer agreement with Development Bank of Japan Inc. dated September 30, 2016 to acquire all of that company's shares in GraceA Co., Ltd., as a result of which GraceA Co., Ltd.,

its wholly-owned subsidiary GraceB S.à r.l., and its subsidiary Grohe Group S.à r.l. became wholly-owned subsidiaries of the Company.

(5) Changes in status of assets and income/losses

International Financial Reporting Standards (IFRS)

Category	2014 Consolidated Fiscal Year (April 1, 2013 to March 31, 2014)	2015 Consolidated Fiscal Year (April 1, 2014 to March 31, 2015)	2016 Consolidated Fiscal Year (April 1, 2015 to March 31, 2016)	2017 Consolidated Fiscal Year (April 1, 2016 to March 31, 2017)
Revenue (million yen)	1,670,845	1,705,427	1,890,450	1,786,447
Ordinary income (million yen)	76,306	51,722	70,069	88,312
Operating profit (yen)	71,316	48,041	39,011	67,535
Profit/loss for the year attributable to owners of the parent (million yen)	(7,894)	30,864	(25,605)	42,503
Basic profit/loss per share (yen)	(27.15)	105.80	(89.33)	148.01
Total assets (million yen)	1,792,826	1,915,427	2,130,120	2,042,165
Equity attributable to owners of the parent (million yen)	582,835	583,747	524,806	547,244
Equity attributable to owners of the parent per share (yen)	2,004.71	2,038.56	1,828.84	1,902.18
Equity ratio attributable to owners of the parent (%)	32.5	30.5	24.6	26.8

Notes:
1. The Company has started using the International Financial Reporting Standards ("IFRS") this consolidated fiscal year under Article 120 (1) of the Rules of Corporate Accounting. We have also included the IFRS figures for the 2014, 2015 and 2016 consolidated fiscal years for reference.
2. Operating income is calculated by deducting cost of sales and selling, general and administrative expenses from revenue.

(6) Issues to be dealt with

The LIXIL Group is focusing on creating an efficient, mobile, simple organizational structure in order to further grow and enhance its business, and taking the following steps to respond to new challenges in a changing environment.

1) Improving business efficiency

We are working to create an efficient, simple organizational structure with fast decision-making, in order to rapidly respond to environmental changes and achieve continued enhancement of corporate value. We also aim to create further innovation by fostering an entrepreneurial spirit and a bottom-up organizational culture.

2) Pursuing synergies

We are working to maximize group-wide synergies to make use of global management resources and achieve further growth. We will accelerate post-M&A synergy processes such as global supply chain optimization and enhanced product development collaboration while strengthening governance.

3) Responding to new technologies

In Japan and overseas, advanced computerization has brought new customer needs and changes to purchasing behavior that require rapid responses. We are investing in improving our design, engineering and product development capabilities, including the protection of our intellectual property, which is the source of our competitiveness, and focusing on user-oriented approaches that make use of digital technology and smart products.

4) Focusing on the remodeling market

In Japan, which is our main market, new housing projects are trending downward, increasing the importance of enhancing our efforts in the housing stock market. Although future growth in the remodeling market is predicted, structural challenges such as shortage of experienced workers must be addressed, and new remodeling demand must be created; our strategies include increasing our range of easy and short-term install products that improve home, functionality and enhancing our service systems.

(7) Principal business

The Company Group, with its corporate philosophy, "We contribute to improving comfort and lifestyles of the people in the world through superior products and services," is developing business activities such as the Water Technology Business, Housing Technology Business, Building Technology Business, Kitchen Technology Business, Distribution and Retail Business, and Housing and Services Business etc. as the main businesses as well as other services related services. The principal products and goods, etc. of each business is as follows:

Business Category	Business Breakdown (principal products and goods, etc.)	
Water Technology Business	Plumbing fixtures	(sanitation equipment, shower toilets, water faucet clasps, hand wash basin, bathtub, integrated baths, showers, sinks, countertops, residential and office building exterior tiles, interior tiles, etc.)
Housing Technology Business	Metal building materials	(sashes for residences, front doors, various shutters, gates, carports, handrails, bridge railing, protection against tides, water retaining boards, smoke insulation screens, etc.)
	Wood interior building materials	(window frames, fixture materials, interior building materials, etc.)
	Other building materials	(siding, stone, roofing materials etc.)
	Interior fabrics	(curtains, etc.)
	Others	(solar power systems, etc.)
Building Technology Business	Metal building materials	(curtain wall, sashes for buildings and stores, etc.)
Kitchen Technology Business	Kitchen	(integrated kitchens, etc.)
Distribution and Retail Business	Home improvement stores	(living supplies, do-it-yourself supplies, construction materials, etc.)
	Comprehensive building materials center	(construction materials, tools, metallic materials, etc.)
Housing and Services Business etc.	Housing solutions	(development of franchise chains of engineering work shops, building contractor, home defect liability insurance, ground surveying and improvements, etc.)
	Real estate	(land, buildings, real estate, development support of real-estate business, etc.)
	Assisted-living condominium business	(assisted-living condominiums)
	Financial service business	(home loans, etc.)

(8) Status of principal subsidiaries

Company Name	Capital	Voting rights ownership (%)of the Company	Principal Business
LIXIL Corporation	34,600 million yen	100	Manufacturing and sales of metal building materials, plumbing fixtures
LIXIL VIVA CORPORATION	20,000 million yen	100	Sales of living supplies, do-it-yourself supplies, construction materials
LIXIL Total Hanbai Corporation	75 million yen	100	Sales of metal building materials
LIXIL Total Service Corporation	100 million yen	100	Sales of plumbing facilities
Kawashima Selkon Textiles Co., Ltd.	9,382 million yen	100	Manufacturing and sales of interior fabric
LIXIL Group Finance Corporation	3,475 million yen	100	Financial services business
GraceA Co., Ltd.	103,893 million yen	100	Holding company of Grohe Group
Grohe Group S.à r.l.	57,143,000 EUR	100	Intermediate holding company of Grohe Group
Permasteelisa S.p.A.	6,900,000 EUR	100	Manufacturing and sales of curtain walls
ASD Holding Corp.	300,933,000 USD	100	Holding company of the American Standard's North American business
A-S CHINA PLUMBING PRODUCTS Ltd.	24,907,000 USD	100	Holding company for American Standard's China business
TOSTEM THAI Co., Ltd.	2,767 million THB	100	Manufacturing and sales of metal building materials
LIXIL INTERNATIONAL Pte. Ltd.	274,417,000 USD	100	Supply chain controlling company for Asian region
LIXIL GLOBAL MANUFACTURING VIETNAM Co., Ltd.	40,700,000 USD	100	Manufacturing and sales of metal building materials
LIXIL Manufacturing (Dalian) Corporation	43,500,000 USD	100	Manufacturing and sales of wood interior building materials

Notes:

1. Voting rights ownership includes indirect ownership by subsidiaries.
2. LIXIL Viva Corporation ("LIXIL Viva") listed on the first section of the Tokyo Stock Exchange on April 12, 2017. As part of the listing, the Company made a secondary offering of part of its shares of LIXIL Viva's common stock, and LIXIL Viva raised funds through a new share offering. As a result, the Company's ownership of LIXIL Viva became 52% of the voting rights.
3. LIXIL Total Service Corporation is now a principle subsidiary of the LIXIL Group due to its rising importance as a result of higher sales.
4. GraceA Co., Ltd. is now a principle subsidiary of the LIXIL Group following LIXIL Corporation's acquisition of additional shares in GraceA Co., Ltd. from Development Bank of Japan, Inc. on September 30, 2016, which resulted in GraceA Co., Ltd. becoming a

wholly-owned subsidiary of the Company.

5. LIXIL INTERNATIONAL Pte. Ltd. conducted a capital increase on July 15, 2016.
6. Including those listed above, there are 215 consolidated subsidiaries of the Company.
7. The status of the specified wholly owned subsidiary as of last day of this consolidated fiscal year is as follows:

Name of specified wholly owned subsidiary	LIXIL Corporation
Address of specified wholly owned subsidiary	2-1-1 Ojima, Koto-ku, Tokyo
Company's book value of the shares of specified wholly owned subsidiary	489,055 million yen
Total asset amount of the Company	714,842 million yen

(9) Principal hubs, etc.

Company Name	Trade Name ・ Location	
LIXIL Group Corporation (the Company)	Head Office Business Office of Principal Office	2-1-1 Ojima, Koto-ku, Tokyo 36th Floor, Kasumigaseki Building, 3-2-5 Kasumigaseki, Chiyoda-ku, Tokyo
LIXIL Corporation	Head Office	Koto-ku, Tokyo
	Sales Office	Hokkaido Branch Tohoku Branch (Miyagi) Kita Kanto Branch (Tokyo) Tokyo Branch Chubu Branch (Aichi) Kansai Branch (Osaka) Chushikoku Branch (Hiroshima) Kyushu Branch (Fukuoka) LIXIL Showroom Tokyo LIXIL Showroom Osaka
	Factory	Sukagawa Factory (Fukushima) Maebashi Factory (Gunma) Shimotsuma Factory (Ibaraki) Iwai Factory (Ibaraki) Tsuchiura Factory (Ibaraki) Ishige Factory (Ibaraki) Fukaya Factory (Saitama) Oyabe Factory (Toyama) Chita Factory (Aichi) Enokido Factory (Aichi) Tokoname Higashi Factory (Aichi) Uenomidori Factory (Mie) Hisai Factory (Mie) Ariake Factory (Kumamoto)
	Other Offices	Kasumigaseki Building (Tokyo) Tokoname Building (Aichi)
LIXIL VIVA CORPORATION	Head Office	Urawa-ku, Saitama-shi, Saitama
LIXIL Total Hanbai Corporation	Head Office	Koto-ku, Tokyo
LIXIL Total Service Corporation	Head Office	Koto-ku, Tokyo
Kawashima Selkon Textiles Co., Ltd.	Head Office	Sakyo-ku, Kyoto-shi, Kyoto
LIXIL Group Finance Corporation	Head Office	Koto-ku, Tokyo
GraceA Co., Ltd.	Head Office	Koto-ku, Tokyo
Grohe Group S.à r.l.	Head Office	Luxembourg
Permasteelisa S.p.A.	Head Office	Italy
ASD Holding Corp.	Head Office	United States of America
A-S CHINA PLUMBING PRODUCTS Ltd.	Head Office	British Cayman Islands
TOSTEM THAI Co., Ltd.	Factory	Thailand
LIXIL INTERNATIONAL Pte. Ltd.	Head Office	Singapore
LIXIL GLOBAL MANUFACTURING VIETNAM Co., Ltd.	Factory	Vietnam
LIXIL Manufacturing (Dalian) Corporation	Factory	China

(10) Status of employees

Business Category	Number of Employees	Comparison increase/decrease with end of previous consolidated fiscal year
Water Technology Business	27,747	627 increase
Housing Technology Business	18,953	1,128 decrease
Building Technology Business	7,296	301 decrease
Kitchen Technology Business	1,379	58 decrease
Distribution and Retail Business	1,371	20 increase
Housing and Services Business etc.	1,328	423 decrease
Sector common throughout the Company	1,174	22 decrease
Total	59,248	1,285 increase

Notes:

1. The number of employees is the number of employed staff, and does not include the number of part-time or temporary staff.
2. The number of employees listed as "Sector common throughout the Company" is of those employees in the management department who cannot be categorized into a specific business category.
3. The number of employees in the Housing and Services Business etc. has decreased by 423 compared to the end of previous consolidated fiscal year, but this is mainly due to JIO Corporation becoming an affiliated company accounted for by the equity-method through a share transfer.

(11) Status of principal lenders

Lender	Outstanding Loan Amount
	(million yen)
Sumitomo Mitsui Banking Corporation	102,023
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	89,234
Mizuho Bank, Ltd.	55,942
Mitsubishi UFJ Trust and Banking Corporation	23,875
Sumitomo Mitsui Trust Bank, Limited	20,500

Notes:

In addition to those above, there is a total of 70,500 million yen in syndicated loans managed by Development Bank of Japan Inc. and The Bank of Tokyo-Mitsubishi UFJ, Ltd., respectively.

(12) Basic policies regarding dividend distribution, etc. of retained earnings

The Company standardizes on the preservation of a healthy financial strength and has as its policies, to maintain a 30% or higher dividend payout ratio at the consolidated base regarding cash dividends, and to flexibly perform the acquisition of treasury stocks. With regard to this fiscal year, the year-end cash dividend per share was 30 yen (60 yen for the year, including the midterm cash dividend).

2. Matters regarding the current state of the company

(1) Matters regarding stock

1) Total number of authorized shares: 1,300,000,000 shares

2) Total number of issued shares: 287,738,493 shares
(excluding 25,315,762 shares of treasury stock)

3) Number of shares in 1 unit: 100 shares

4) Capital Stock: 68,121,499,340 yen

5) Total number of shareholders: 42,844

6) Top 10 shareholders:

Shareholder Name	Number of shares held	Ratio of shareholdings
	(thousand shares)	%
The Master Trust Bank of Japan, Ltd. (Trust Account)	※ 10,179	3.54
Japan Trustee Services Bank, Ltd. (Trust Account)	※ 9,840	3.42
State Street Bank Client Omnibus OM04 (Standing Proxy The Hongkong and Shanghai Banking Corporation Limited Tokyo Branch)	9,779	3.40
The Nomura Trust & Banking Co., Ltd. (Trust Account)	※ 8,896	3.09
LIXIL Employee Stock Ownership	6,789	2.36
The Dai-ichi Life Insurance Company, Limited (Standing Proxy Trust & Custody Services Bank, Ltd.)	6,561	2.28
The Bank of Tokyo - Mitsubishi UFJ, Ltd.	5,798	2.02
MSCO Customer Securities (Standing Proxy Morgan Stanley MUFG Securities Co., Ltd.)	5,554	1.93
Sumitomo Mitsui Banking Corporation	5,543	1.93
Japan Trustee Services Bank, Ltd. Trust Account 5	※ 5,356	1.86

Notes:

1. The Company possesses 25,315 thousand treasury stocks but has been excluded from the top 10 shareholders above.
2. The ratio of shareholdings has been calculated after deducting treasury stocks.
3. The ※ symbols are for those involved in the trust business.
4. The 8,896 thousand shares of The Nomura Trust & Banking Co., Ltd. (Trust Account) are the trust property entrusted by Yoichiro Ushioda, and based on the trust agreement, he reserves the authority to direct with regard to the exercising the voting right.

(2) Matters regarding stock acquisition rights, etc.

1) The outline of the contents of the stock acquisition rights issued as the consideration of the execution of duties held by company officers at the end of this fiscal year.

	The 4th Stock Acquisition Rights	The 5th Stock Acquisition Rights
Day of the resolution of issuance	April 17, 2012	April 15, 2013
Number of stock acquisition rights	2,956	9,100
Class and number of shares to be issued or transferred upon exercising stock acquisition rights	ordinary shares 2,95600 shares (100 shares per 1 stock acquisition right)	ordinary shares 910,000 shares (100 shares per 1 stock acquisition right)
Amount to be paid in upon exercising stock acquisition rights	30,900 yen per stock acquisition right	51,200 yen per stock acquisition right
Value of properties to be contributed upon exercising stock acquisition rights	168,200 yen per stock acquisition right	236,500 yen per stock acquisition right
Period during which such right can be exercised	May 10, 2014 to May 9, 2019	May 10, 2015 to May 9, 2020
Number of holders and number of the acquired stock acquisition rights		
Directors (excluding Outside Directors)	2 people 1,558	4 people 4,600
Outside Directors	2 people 269	
Executive Officers	3 people 1,129	2 people 400
		5 people 4,100

	The 7th Stock Acquisition Rights	The 8th Stock Acquisition Rights
Day of the resolution of issuance	May 7, 2014	November 25, 2014
Number of stock acquisition rights	6,500	420
Class and number of shares to be issued or transferred upon exercising stock acquisition rights	ordinary shares 650,000 shares (100 shares per 1 stock acquisition right)	ordinary shares 42,000 shares (100 shares per 1 stock acquisition right)
Amount to be paid in upon exercising stock acquisition rights	39,500 yen per stock acquisition right	4,6800 yen per stock acquisition right
Value of properties to be contributed upon exercising stock acquisition rights	281,900 yen per stock acquisition right	252,700 yen per stock acquisition right
Period during which such right can be exercised	May 24, 2016 to May 23, 2021	December 13, 2016 to December 12, 2021
Number of holders and number of the acquired stock acquisition rights		
Directors (excluding Outside Directors)	4 people 2,840	
Outside Directors	3 people 600	
Executive Officers	6 people 3,060	1 person 420

	The 9th Stock Acquisition Rights
Day of the resolution of issuance	September 20, 2016
Number of stock acquisition rights	3,000
Class and number of shares to be issued	ordinary shares

or transferred upon exercising stock acquisition rights	300,000 shares (100 shares per 1 stock acquisition right)
Amount to be paid in upon exercising stock acquisition rights	43,300 yen per stock acquisition right
Value of properties to be contributed upon exercising stock acquisition rights	225,300 yen per stock acquisition right
Period during which such right can be exercised	October 8, 2018 to October 7, 2023
Number of holders and number of the acquired stock acquisition rights Directors (excluding Outside Directors) Outside Directors Executive Officers	 1 person 3,000

Notes:

The number of holders and the number of the stock acquisition rights for the three Directors who concurrently serve as Executive Officers are included and indicated with the number of holders and the number of the acquired stock acquisition rights of Executive Officers.

2) Other stock acquisition rights

Outline of stock acquisition rights attached to convertible bond-type bonds with stock acquisition rights issued based on the resolution of the Board of Executive Officers Meeting held on February 16, 2015

(a) Stock acquisition rights attached to Euro-yen convertible bond-type bonds with stock acquisition rights due 2020

Total number of stock acquisition rights attached to bonds	Sum of 6,000 and the number of units, which is the total amount of the face value of the bonds regarding substitute bond certificates with share acquisition rights divided by 10 million yen
Class and number of shares that are for the purpose of stock acquisition rights	Ordinary shares of the Company The number of the ordinary shares of the Company that the Company will deliver from the exercise of the share acquisition rights will be the number, which is the total amount of the face value of the bonds regarding the exercise request divided by the conversion price; provided that fractions less than one share will be rounded off and adjustments by cash will not be made.
Money to be paid in exchange for stock acquisition rights	Payment of money is not required in exchange for the stock acquisition rights
Conversion price	3,880 yen
Period to exercise stock acquisition rights	From March 18, 2015 until February 19, 2020 (local time of the location where the exercise request is accepted)

(b) Stock acquisition rights attached to Euro-yen convertible bond-type bonds with stock acquisition rights due 2022

Total number of stock acquisition rights attached to bonds	Sum of 6,000 and the number of units, which is the total amount of the face value of the bonds regarding substitute bond certificates with share acquisition rights divided by 10 million yen
Class and number of shares that are for the purpose of stock acquisition rights	Ordinary shares of the Company The number of the ordinary shares of the Company that the Company will deliver from the exercise of the share acquisition rights will be the number, which is the total amount of the face value of the bonds regarding the exercise request divided by the conversion price; provided that fractions less than one share will be rounded off and adjustments by cash will not be made.
Money to be paid in exchange for stock acquisition rights	Payment of money is not required in exchange for the stock acquisition rights
Conversion price	3,800 yen
Period to exercise stock acquisition rights	From March 18, 2015 until February 18, 2022 (local time of the location where the exercise request is accepted)

(3) Matters regarding company directors and officers

1) Directors

Position	Name	Area of Responsibility	Status of Important Concurrently-held Positions
Director Chairman	Yoichiro Ushioda	Nomination Committee Member	
Director	Kinya Seto		Representative Director, Director, President and CEO, LIXIL Corporation Representative Director and Director, GraceA Co., Ltd.
Director	Yoshizumi Kanamori	Audit Committee Member, Compensation Committee Member	
Director	Yoshinobu Kikuchi	Compensation Committee Member	
Director	Ryuichi Kawamoto		
Director	Toshio Iue		
Director	Keiichiro Ina		
Director	Hidehiko Sato	Nomination Committee Member, Audit Committee Member	
Director	Tsutomu Kawaguchi	Audit Committee Member	
Director	Main Kohda	Compensation Committee Member	
Director	Barbara Judge	Compensation Committee Member	Chairman, United Kingdom Institute of Directors
Director	Hirokazu Yamanashi	Nomination Committee Member, Compensation Committee Member	Director (Representative Director), Hirokazu Yamanashi Office Corporation

Notes:

1. Directors Kinya Seto, Ryuichi Kawamoto and Toshio Iue concurrently hold the positions of Executive Officers.
2. Directors Hidehiko Sato, Tsutomu Kawaguchi, Main Kohda, Barbara Judge and Hirokazu Yamanashi are Outside Directors as prescribed in Article 2, Item 15 of the Companies Act. In addition, Directors Fumio Sudo, Hidehiko Sato, Tsutomu Kawaguchi, Main Kohda, Barbara Judge and Hirokazu Yamanashi have been designated as independent officers based on the provisions of each domestic stock exchange that the Company is listed, and each stock exchange has been notified.
3. Director Tsutomu Kawaguchi, who is an Audit Committee Member, is licensed as a certified public accountant and has considerable knowledge regarding financial affairs and accounting.
4. The Company has elected Yoshimizu Kanamori as a full-time Audit Committee Member in order to continuously and effectively receive reports from hearings to Executive Officers, etc. and the internal audit department, etc., understand information from audits of subsidiaries, etc., and attend various meetings.

2) Executive Officers

Position	Name	Area of Responsibility / Status of Important Concurrently-held Positions
Executive Officer and President (Representative Executive Officer)	Kinya Seto	
Executive Officer and Vice President (Representative Executive Officer)	Ryuichi Kawamoto	Technology, Quality and Manufacturing
Executive Officer and Vice President	Yosuke Yagi	Human Resources and General Affairs
Executive Officer and Vice President	Sachio Matsumoto	Accounting, Finance and M&A Representative Director and Director, LIXIL Corporation
Executive Officer and Vice President	Toshio Iue	Strategy
Executive Officer and Vice President	Haruo Shirai	Domestic Sales
Executive Officer and Senior Managing Officer	Laurence William Bates	Legal Affairs
Executive Officer and Senior Managing Officer	Hwa Jin Song Montesano	Public Affairs, IR, PR and Corporate Responsibility
Executive Officer and Senior Managing Officer	Harumi Matsumura	Human Resources, and General Affairs and Housing Service Business Representative Director, Director and President, LIXIL Living Solution Corporation

Notes:

1. At the Board of Directors' Meeting held on June 15, 2016, both Kinya Seto and Ryuichi Kawamoto were elected as and assumed the positions of Representative Executive Officer. In addition, at the same Board of Directors' Meeting, Kinya Seto was elected as and assumed the position of Executive Officer and President.
2. Harumi Matsumura assumed the position of Executive Officer and Senior Managing Officer as of November 22, 2016.
3. Yosuke Yagi resigned from the position of Executive Officer and Vice President on December 31, 2016.
4. On April 1, 2017, Harumi Matsumura's areas of responsibility were changed to Human Resources and General Affairs, and Harumi Matsumura resigned from the position of Representative Director of LIXIL Living Solution Corporation to become a non-representative director of that company.

3) Compensation Committee policies regarding the decision involved in the calculation method of the compensation, etc. for Directors and Executive Officers

a. Basic policies for compensation, etc.

The Company's compensation system for Directors and Executive Officers operates on a fair compensation structure that leads each Director and Executive Officer to be motivated to execute his or her duties in order to realize the management policies in responding to shareholder mandates.

(a) Clarify the Company's and the individual's responsibilities for business results, and institute a mechanism that reasonably rewards compensation for the achievement of objectives as motivation to achieve.

(b) In addition to "stock price-related compensation such as stock options" that can reflect the results of increased company value in compensation, utilize a "mid- to long-term cash plan" to incentivize the achievement of mid-term business plans for Directors and Executive Officers in charge of executing business.

(c) Make a "results-related compensation system" that reasonably reflects the consolidated business results of the group.

(d) Perform a comparative evaluation with external objective indices in the Compensation Committee and manage in accordance with the duties and results in order to secure objectivity and transparency of the compensation system for Directors and Executive Officers.

(e) Aim for a level that secures and draws over the long-term global human resources that is necessary and promising for the continual growth of the Company.

b. Compensation structure

In the compensation structure for Directors and Executive Officers, the compensation for "Directors" who govern and "Executive Officers" who are responsible for executing duties is a system of separate structures that reflect the different roles. In addition, if a Director position is concurrently held with an Executive Officer position, the compensation system for Executive Officers applies.

[Compensation structure for Directors and Executive Officers]

(a) Compensation structure for Directors

The compensation for Directors is structured on a basic compensation and stock options.

(b) Compensation structure for Executive Officers

The compensation for Executive Officers is structured on a basic compensation, a results-related compensation that reflects each of the results of a single fiscal year and mid- to long-term and stock options.

In addition, utilize incidental allowances, Tax Equalization and the like that are generally applied globally as Expatriate Packages for recruited personnel of foreign nationalities.

[Content of compensation, etc. by type]

(a) Basic compensation

The basic compensation is maintained at a reasonable level in accordance with comparisons with external objective indices, as fixed compensation by position. In addition, with regard to the basic compensation for Executive Officers, the mechanism rewards the achievement of objectives as a method that fluctuates in accordance with the achievement level of the department's results within a certain range.

(b) Results-related compensation

Utilize a short-term results-related compensation reflecting the results of a single fiscal year and a mid- to long-term results-related compensation that rewards the achievement of mid-term business plans and conduct operations where the execution of business of each Executive Officer does not lean towards only short-term results.

The results-related compensation of a single fiscal year is distributed once per year as a bonus in connection with the results of the fiscal year.

The results-related compensation of the mid- to long-term is distributed after the end of the subject period on the condition that the mid-term business plan is achieved to a certain extent that is determined in advance.

(c) Stock options

Stock options are determined based on company results and position, etc., as a mid- to long-term incentive from the view of the shareholder.

(d) Other

Compensation for the difference in compensation of the previous position and additional benefits such as cost of living assistance and medical insurance assistance as expatriates may be paid to recruited personnel.

4) Total amount of compensation, etc. of Directors and Executive Officers for this fiscal year

Category	Number of People	Amount of Compensation, etc.
		(million yen)
Director	10	282
Executive Officer	13	1,393
Total	23	1,675

Notes:

1. The amount of compensation, etc. above indicates the amount that includes the compensation, etc. paid for by the Company's subsidiaries, in addition to the compensation, etc. that is paid for by the Company. The amount of the above compensation, etc. paid by the Company is 1,563 million yen (277 million yen for the ten Directors and 1,286 million yen for the 13 Executive Officers).
2. The amount of compensation, etc. and the number of the 3 Directors who concurrently serve as Executive Officers at the end of this fiscal year are included and indicated with the amount of compensation, etc. and the number of the Executive Officers. The amount of compensation, etc. paid during the concurrent appointment and the number of the 3 Directors who concurrently served as Executive Officers during this fiscal year are also included in the amount of compensation, etc. and indicated with the number of the Executive Officers.
3. The results-related compensation for a single fiscal year booked in this fiscal year and the mid- and long-term results-related compensation of 452 million yen (for 12 people) are included in the amount of compensation, etc. for Executive Officers.
4. The compensation by stock option of 78 million yen (15 million yen for 7 Directors (4 million yen for 4 Outside Directors included), 63 million yen for 11 Executive Officers) booked in this fiscal year is included in the amount of compensation, etc. for Directors and Executive Officers.

5) Matters regarding Outside Directors

a. Status of main activities of each Outside Director

Category	Name	Status of Main Activities
Director	Hidehiko Sato	Has attended all 16 Board of Directors' Meetings and 17 of 18 Audit Committee meetings held this fiscal year; has accordingly made remarks necessary for discussing bills, etc. based on his abundant experience in the Police Agency and his high level of insight and wide knowledge and viewpoint of compliance.
Director	Tsutomu Kawaguchi	Has attended all 16 Board of Directors' Meetings and all 18 Audit Committee meetings held this fiscal year; has accordingly made remarks necessary for discussing bills, etc. based on his professional insight and abundant experience regarding financial affairs and accounting obtained through his work as a certified public accountant.
Director	Main Kohda	Has attended 15 of 16 Board of Directors' Meetings held this fiscal year; has accordingly made remarks necessary for discussing bills, etc. based on her deep insight and objective viewpoint as an author in addition to her high vision on international finance.
Director	Barbara Judge	Has attended all 15 of 16 Board of Directors' Meetings held this fiscal year; has accordingly made remarks necessary for discussing bills, etc. from a global perspective based on her abundant experience and insight in business and public service for many years.
Director	Hirokazu Yamanashi	Was elected at the Annual General Meeting of Shareholders held on June 15, 2016; has attended all 12 Board of Directors' Meetings held since assuming office on the same date; has accordingly made remarks necessary for discussing agenda, etc. based on his professional experience and insight as a management consultant and abundant experience and insight as an executive officer in charge of internal affairs and business planning of a listed company.

b. Overview of the content of the agreement limiting liability

The Company has instituted provisions regarding agreements limiting the liability of Outside Directors in the Articles of Incorporation. Based on the Articles of Incorporation, the Company has entered into agreements limiting liability with all of the Outside Directors, and its overview is as follows:

(Agreements limiting the liability of Outside Directors)

With respect to liability for damages from neglecting his or her duties, after entering into this agreement, an Outside Director is liable for the higher amount of either 10 million yen or an amount prescribed by law and regulations where such duties are performed in good faith and there is no gross negligence.

c. Total amount of compensation, etc. of Outside Directors and Outside Auditors for this fiscal year

Category	Number of People	Amount of Compensation, etc.
		(million yen)
Directors	6	81

(4) Matters regarding the Accounting Auditor

1) Name: Deloitte Touche Tohmatsu LLC

2) Amount of compensation , etc. of Accounting Auditor

Amount of compensation, etc. involved in audit certification services that the Company should pay	57 million yen
Total amount of money and other profits on property that the Company and Company's subsidiaries should pay	694 million yen

Notes:

1. In the audit agreement between the Company and the Accounting Auditor, the amount of auditing compensation for the audit based on the "Companies Act" and audit based on the "Financial Instruments and Exchange Act" are not distinguished, and because they substantively cannot be distinguished, the total amount of such is stated in the amount of compensation, etc.
2. The Audit Committee made its decision of agreement with respect to the amount of compensation of Accounting Auditors, etc. upon conducting necessary verifications as to whether or not the contents of the audit plan of the Accounting Auditors, the status of execution of duties of the Accounting Auditors and calculation basis of the compensation estimate, etc. are appropriate.
3. Of the principal subsidiaries of the Company, Grohe Group S.à r.l., Permasteelisa S.p.A., ASD Holding Corp., A-S CHINA PLUMBING PRODUCTS Ltd., TOSTEM THAI Co., Ltd., LIXIL INTERNATIONAL Pte. Ltd., LIXIL GLOBAL MANUFACTURING VIETNAM Co., Ltd. and LIXIL Manufacturing (Dalian) Corporationhave been audited by certified public accountants or auditing firms other than the Company's Accounting Auditor.

3) Content of non-auditing services

The content of non-auditing services is advisory and guidance services regarding the International Financial Reporting Standards (IFRS), etc.

4) Policy to determine dismissal or refusal to reappoint Accounting Auditors

If circumstances arise that are reasonably suspicious so that the fairness with regard to the work performed by the Accounting Auditor cannot be secured, the policy at the Company provides for the dismissal or refusal to reappoint such Accounting Auditor.

(5) System to ensure the adequacy of business and summary of the operation status of such system

1) System to ensure the adequacy of business

The main contents of the system regarding internal controls and risk management are as follows.:

a. System to ensure that the performance of duties by Executive Officers and employees and Directors and employees of the Company's subsidiaries complies with the laws and regulations and the Articles of Incorporation

The Company and the Company's subsidiaries (the "Group") will establish guidelines for actions as a code of ethics for the entire group, and will conduct a read-through and an oath to comply for all employees including officers once per year. In addition, the Company will institute a common whistle-blowing system for the Group's employees can directly make reports to the Company's Legal Affairs department or outside lawyers.

Furthermore, the Company does not acknowledge nor has any relationship with anti-societal forces. In order to prevent damages by

anti-societal forces, the Company will deal with the pressures as an organization and approach them with a firm attitude.

b. System regarding the storage and management of information involving the performance of duties by Executive Officers

The Company will retain and manage written documents, etc. based on the laws and regulations and internal company rules. Based on the rules, Directors and Audit Committee Members may access those written documents, etc. at any time.

In addition, information security management rules and personal information protection policies are established with regard to handling the management of information.

c. System for rules and others regarding the management of the Group's risk of loss

The Group has established and is managing risk management rules, etc. and along with constantly observing the risks it carries, the Risk Management Department confirms and gives guidance on the status of its handling through risk management meetings, etc.

In addition, the Company has it periodically report the status of the Group's risks as well as requests the attendance of the Group and receives reports at the quarterly performance review meeting, etc. Furthermore, with respect to the business continuity plan, the Group executes the BCP (Business Continuity Plan) Manual and instruction and training based on such manual.

d. System to ensure that the performance of duties of Executive Officers of the Company and the Directors, etc. of the Company's subsidiaries are carried out efficiently

The Board of Directors of the Company establish the division of duties of the Executive Officers and clarify the areas that each Executive Officer will be responsible for. In addition, a board of Executive Officers attended by all Executive Officers will be convened regularly and will conduct flexible decision-making involved in basic and important matters regarding the execution of duties. Furthermore, various committees will be set up as subordinate bodies of the board of Executive Officers and will evaluate the entire group's business strategies and investment items and attempt to expedite the decision-making.

In addition, a medium-term business plan and a short-term plan covering the entire Group will be established. The work for such establishment will value the autonomous business judgment and independence of the Company's subsidiaries and support their decisions.

e. Other systems to ensure the adequacy of the Group's business operations

The Company values the autonomy of the operations of the group companies and will periodically receive reports of the business conditions and conduct authorizations of important matters.

In addition, in order to ensure the accuracy and adequacy of the consolidated financial statements, an internal control system will be maintained and operated appropriately.

f. Directors and employees who should assist with the duties of the Audit Committee

The Company will have at least one employee support the duties of the Audit Committee office.

In addition, Directors who should support the Audit Committee will not be placed.

g. Independence from the Executive Officers of the Directors and employees in (f.) above and matters regarding securing the effectiveness of instructions of Audit Committee Members to such employees

The appointments, transfers, evaluations, etc. of such employees will be discussed in advance by the Audit Committee Members and the Personnel Department Head. In addition, instructions that are necessary for auditing services from the Audit Committee and Audit Committee Members to such employees will be properly handled by each department to ensure the effectiveness of such instructions.

h. System for Executive Officers and employees of the Company to report to the Audit Committee, and other systems regarding reporting to the Audit Committee

If an Executive Officer discovers a fact that is likely to cause significant damages to the company, he/she will immediately report it to an Audit Committee Member.

When an Audit Committee Member receives an important report, opinion or document from an Executive Officer or an Accounting Auditor or someone else, he/she will report it to the Audit Committee.

Representative Executive Officers and Audit Committee Members will periodically exchange opinions regarding findings from an audit. In addition, the Legal Affairs Department will periodically report to the Audit Committee regarding the status of whistle-blowing.

Audit Committee Members will attend regular Board of Directors' Meetings and receive reports on the status of the Executive Officers' periodic execution of duties at the Board of Directors' Meeting.

Executive Officers and employees will report to the Audit Committee Member the status of the execution of duties through hearings, etc. of the Audit Committee.

i. System for the Company's subsidiaries' Directors, Auditors, members executing business, persons to perform the duties of Article 598, Paragraph 1 of the Companies Act and employees and those who receive reports from such persons to report to the Audit Committee of the Company.

The Company will regularly hold quarterly performance review meetings, etc. attended by the Company's Audit Committee Members, the subsidiaries' Directors and Auditors, etc. and endeavor for the sharing of important information for business, as well as require the subsidiaries to attend and report to extraordinary Audit Committee meetings of the Company if important events occur at the Company's subsidiaries.

j. System to ensure that a person reporting to the Company's Audit Committee does not receive unfair treatment on the grounds of having made such report

Set forth in the Group's whistle-blowing system operation rules that directors, officers and employees of the Company Group can directly make a report to the Compliance Committee of which the person representing the Company's Audit Committee Member is a constituent member and make that method of directly reporting, etc. widely known within the Group. In addition, expressly state the prohibition of dismissals and other disadvantageous treatments due to having made such report or other report to the Audit Committee.

k. Matters concerning the policy regarding the procedures for pre-payment or repayment of expenses arising with respect to the execution of the duties of the Audit Committee of the Company and other disposition of expenses or

liabilities arising with respect to the execution of such duties

When the Audit Committee makes a claim for the repayment of expenses under Article 404 of the Companies Act is made against the Company with respect to its execution of duties, the Company will bear such expenses upon deliberation in the department in charge. In addition, a budget of a certain amount will be established every year to disburse the expenses for execution of such duties.

l. Other systems to ensure that the audit by the Audit Committee is carried out effectively

The Audit Committee will periodically receive reports regarding the contents of the audit from the Company's Accounting Auditors and the Company's internal audit department, along with periodically convening the Group's Board of Auditors with the Auditors of each group company and attempting to work together.

2) Operation status of system to ensure adequacy of business

The Company endeavors for the maintenance of an internal control system and its appropriate operation under the above policy. The principal initiatives thought to be important for internal controls implemented in this fiscal year are as follows:

a. Initiatives concerning compliance

Make additions or changes to the languages into which the LIXIL Group Code of Conduct is translated and ensure that it is widely known by implementing its distribution, instruction and training. In addition, along with aiming for the establishment of a global compliance policy and training and education relating thereto, the effects of the various compliance measures and activities are regularly confirmed in the Compliance Committee.

b. Initiatives concerning the management of the risk of loss

The status of the system of the new fiscal year and review of expected risks are reported through risk management meetings, etc., and with respect to crises and disasters, the understanding of and status of handling the occurred risk are timely reported and confirmed. In addition, a global crisis management system has been established and the crisis management guidelines have been reviewed to clarify the group's fundamental crisis management policy.

c. Initiatives concerning appropriateness and efficiency of executing duties

Board of Directors' Meetings are held at least once every month and important matters are deliberated and reports on principal execution status are received. In addition, decisions on execution, etc. have been carrying out the efficient execution of business based on the rules concerning duties and authority.

d. Initiatives concerning the Audit Committee audits

The Audit Committee members will attend important meetings such as Board of Directors' Meetings and Board of Executive Officers' Meetings and are receiving reports regarding information that is necessary for audits as necessary.

In addition, reports are received and cooperation is made through periodic meetings of the group Audit Committee, Accounting Auditors Information Exchange Meetings, Representative Executive Officer Opinion Exchange Meetings, etc.

(6) Basic policy regarding governance of a stock company

As the Company believes it to be desirable for many of the shareholders to possess shares for the mid- to long-term, it is striving to implement measures that can be supported by shareholders by improving business results and increasing the business value. As such, no particular defensive measures against hostile takeovers have been established.

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Consolidated Statement of Financial Position

(As of March 31, 2017)

(Millions of yen)

ASSETS			LIABILITIES AND EQUITY		
Account	2017	(Reference) 2016	Account	2017	(Reference) 2016
CURRENT ASSETS	**849,783**	**885,218**	**CURRENT LIABILITIES**	**777,185**	**862,478**
Cash and cash equivalents	121,563	129,646	Trade and other payables	350,477	342,832
Trade and other receivables	391,256	386,281	Bonds and borrowings	251,326	325,660
Inventories	204,581	211,855	Construction contract liabilities	33,288	28,014
Construction contract assets	92,431	92,920	Income tax payables	10,578	18,045
Income tax receivables	3,144	4,008	Other financial liabilities	7,291	17,569
Other financial assets	12,217	30,004	Provisions	1,516	2,236
Other current assets	23,718	21,607	Other current liabilities	122,709	117,550
Subtotal	848,910	876,321	Subtotal	777,185	851,906
Assets held for sale	873	8,897	Liabilities directly associated with the assets held for sale	—	10,572
NON-CURRENT ASSETS	**1,192,382**	**1,244,902**	**NON-CURRENT LIABILITIES**	**705,549**	**730,334**
Property, plant and equipment	538,137	546,575	Bonds and borrowings	508,582	501,399
Goodwill and other intangible assets	474,315	501,325	Other financial liabilities	29,108	30,790
Investment property	7,143	7,922	Net defined benefit liabilities	73,809	81,098
Investments accounted for using the equity method	23,913	25,606	Provisions	6,909	7,144
Other financial assets	95,277	90,048	Deferred tax liabilities	73,437	81,045
Deferred tax assets	45,162	51,125	Other non-current liabilities	13,704	28,858
Other non-current assets	8,435	22,301			
			TOTAL LIABILITIES	**1,482,734**	**1,592,812**
			EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	**547,244**	**524,806**
			Share capital	68,121	68,121
			Capital surplus	260,901	261,024
			Treasury shares	(53,362)	(54,898)
			Other components of equity	14,860	22,791
			Retained earnings	256,724	227,768
			NON-CONTROLLING INTERESTS	**12,187**	**12,502**
			TOTAL EQUITY	**559,431**	**537,308**
TOTAL ASSETS	**2,042,165**	**2,130,120**	**TOTAL LIABILITIES AND EQUITY**	**2,042,165**	**2,130,120**

Consolidated Statement of Profit or Loss

(Year Ended March 31, 2017)

(Millions of yen)

Account	2017		(Reference) 2016	
REVENUE		**1,786,447**		**1,890,450**
COST OF SALES		**(1,222,861)**		**(1,348,849)**
GROSS PROFIT		**563,586**		**541,601**
Selling, general and administrative expenses	(475,274)		(471,532)	
Other income	13,394		23,216	
Other expenses	(34,171)	(496,051)	(54,274)	(502,590)
OPERATING PROFIT		**67,535**		**39,011**
Finance income	9,641		16,620	
Finance costs	(10,689)		(25,980)	
Share of loss of associates and joint ventures accounted for using the equity method	(480)		(931)	
Impairment loss on investment in associates	–		(7,869)	
Loss related to guarantee obligations	–	(1,528)	(27,938)	(46,098)
PROFIT (LOSS) BEFORE TAX		**66,007**		**(7,087)**
Income tax expenses		(24,109)		(19,584)
PROFIT (LOSS) FOR THE YEAR		**41,898**		**(26,671)**
Profit (Loss) for the year attributable to:				
Owners of the parent		42,503		(25,605)
Non-controlling interests		(605)		(1,066)
PROFIT (LOSS) FOR THE YEAR		41,898		(26,671)

Consolidated Statement of Changes in Equity

(Year Ended March 31, 2017)

(Millions of yen)

	Equity attributable to owners of the parent						
				Other components of equity			
	Share capital	Capital surplus	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, 2016	68,121	261,024	(54,898)	3,470	—	14,780	(1,931)
Profit for the year							
Other comprehensive income				(8,613)	3,521	1,828	1,014
Total comprehensive income for the year	—	—	—	(8,613)	3,521	1,828	1,014
Purchase of treasury shares			(25)				
Disposal of treasury shares		1	200				
Share-based payment transactions		62	1,361				
Dividends							
Changes in parent's ownership interests in subsidiaries without loss of control		(186)					
Changes associated with obtaining control of subsidiaries							
Changes associated with loss of control of subsidiaries							
Transfers from other components of equity to retained earnings					(3,521)		
Total transactions with owners	—	(123)	1,536	—	(3,521)	—	—
Balance as of March 31,2017	68,121	260,901	(53,362)	(5,143)	—	16,608	(917)

(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, 2016	255	6,217	22,791	227,768	524,806	12,502	537,308
Profit for the year			—	42,503	42,503	(605)	41,898
Other comprehensive income	(1,915)		(4,165)		(4,165)	147	(4,018)
Total comprehensive income for the year	(1,915)	—	(4,165)	42,503	38,338	(458)	37,880
Purchase of treasury shares			—		(25)		(25)
Disposal of treasury shares			—		201		201
Share-based payment transactions		(245)	(245)	137	1,315		1,315
Dividends			—	(17,219)	(17,219)	(57)	(17,276)
Changes in parent's ownership interests in subsidiaries without loss of control			—		(186)	197	11
Changes associated with obtaining control of subsidiaries			—		—	3	3
Changes associated with loss of control of subsidiaries			—	14	14		14
Transfers from other components of equity to retained earnings			(3,521)	3,521	—		—
Total transactions with owners	—	(245)	(3,766)	(13,547)	(15,900)	143	(15,757)
Balance as of March 31,2017	(1,660)	5,972	14,860	256,724	547,244	12,187	559,431

Nonconsolidated Balance Sheet

(As of March 31, 2017)

(Millions of yen)

ASSETS		LIABILITIES	
Account	Amount	Account	Amount
CURRENT ASSETS	**181,057**	**CURRENT LIABILITIES**	**11,121**
Cash and deposits	22	Current portion of bonds	10,000
Receivables	527	Accrued expenses	434
Income taxes receivable	1,264	Income taxes payable	5
Short-term loans receivable	178,342	Provision for bonuses	62
Deferred tax assets	879	Other current liabilities	618
Other current assets	20		
NON-CURRENT ASSETS	**533,784**	**NON-CURRENT LIABILITIES**	**217,368**
PROPERTY, PLANT AND EQUIPMENT	**6**	Bonds	95,000
Buildings	3	Convertible bond-type bonds with subscription rights to shares	120,000
Tools, furniture and fixtures	3	Deferred tax liabilities	2,298
		Other non-current liabilities	69
INTANGIBLE ASSETS	**0**	**TOTAL LIABILITIES**	**228,489**
		EQUITY	
INVESTMENTS AND OTHER ASSETS	**533,777**	**EQUITY**	**477,829**
Investment securities	13,840	**SHARE CAPITAL**	**68,121**
Investments in subsidiaries and associates	519,916	**CAPITAL SURPLUS**	**323,069**
Long-term prepaid expenses	2	Legal capital surplus	12,182
Guarantee deposits	18	Other capital surplus	310,887
		RETAINED EARNINGS	**139,934**
		Legal retained earnings	4,847
		Other retained earnings	135,086
		General reserve	110,000
		Retained earnings brought forward	25,086
		TREASURY SHARES	**(53,295)**
		VALUATION AND TRANSLATION ADJUSTMENTS	**4,710**
		Valuation difference on available-for-sale securities	4,710
		SUBSCRIPTION RIGHTS TO SHARES	**3,811**
		TOTAL EQUITY	**486,352**
TOTAL ASSETS	**714,841**	**TOTAL LIABILITIES AND EQUITY**	**714,841**

Nonconsolidated Statement of Income

(Year Ended March 31, 2017)

(Millions of yen)

Account	Amount	
OPERATING REVENUE		
Dividends from subsidiaries and associates	5,816	5,816
OPERATING EXPENSES		
General and administrative expenses	898	898
OPERATING INCOME		**4,918**
NON-OPERATING INCOME		
Interest income	705	
Dividend income	374	
Guarantee fee income	131	
Other non-operating income	41	1,252
NON-OPERATING EXPENSES		
Interest on bonds	309	
Bond issuance cost	149	
Other non-operating expenses	74	533
ORDINARY INCOME		**5,637**
EXTRAORDINARY INCOME		
Gain on sale of investment securities	608	
Gain on sale of investments in subsidiaries and associates	92	
Gain on reversal of subscription rights to shares	137	838
EXTRAORDINARY LOSS		
Loss on valuation of investment securities	38	
Loss on valuation of investments in subsidiaries and associates	62	100
INCOME BEFORE INCOME TAXES		**6,375**
Income taxes － Current	(20)	
Income taxes － Deferred	(879)	(900)
NET INCOME		**7,275**

Nonconsolidated Statement of Changes in Equity

(Year Ended March 31, 2017)

(Millions of yen)

	Equity							
	Share capital	Capital surplus			Retained earnings			
		Legal capital surplus	Other capital surplus	Total	Legal retained earnings	Other Retained earnings		Total
						General reserve	Retained earnings brought forward	
Balance as of April 1, 2016	68,121	12,182	310,824	323,006	4,847	140,000	5,032	149,880
Changes during the year								
Dividends							(17,221)	(17,221)
Reversal of general reserve						(30,000)	30,000	―
Net income							7,275	7,275
Purchase of treasury shares								
Disposal of treasury shares			0	0				
Exercise of subscription rights to shares			62	62				
Net changes of items other than shareholders' equity								
Total changes during the year	―	―	62	62	―	(30,000)	20,053	(9,946)
Balance as of March 31, 2017	68,121	12,182	310,887	323,069	4,847	110,000	25,086	139,934

(Millions of yen)

	Equity		Valuation and translation adjustments		Subscription rights to shares	Total equity
	Treasury shares	Total	Valuation difference on available-for-sale securities	Total		
Balance as of April 1, 2016	(54,831)	486,177	3,171	3,171	4,056	493,404
Changes during the year						
Dividends		(17,221)				(17,221)
Reversal of general reserve		–				–
Net income		7,275				7,275
Purchase of treasury shares	(25)	(25)				(25)
Disposal of treasury shares	200	201				201
Exercise of subscription rights to shares	1,360	1,422				1,422
Net changes of items other than shareholders' equity			1,539	1,539	(245)	1,294
Total changes during the year	1,536	(8,347)	1,539	1,539	(245)	(7,052)
Balance as of March 31, 2017	(53,295)	477,829	4,710	4,710	3,811	486,352

(TRANSLATION)

INDEPENDENT AUDITOR'S REPORT

May 11, 2017

To the Board of Directors of
LIXIL Group Corporation:

Deloitte Touche Tohmatsu LLC

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant: Koji Inagaki

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant: Yasuhiro Katsushima

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant: Yutaka Hamaguchi

Pursuant to the fourth paragraph of Article 444 of the Companies Act, we have audited the consolidated financial statements, namely, the consolidated statement of financial position as of March 31, 2017 of LIXIL Group Corporation (the "Company") and its consolidated subsidiaries, and the related consolidated statements of profit or loss and changes in equity for the fiscal year from April 1, 2016 to March 31, 2017, and the related notes.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting, which allows companies to prepare consolidated financial statements with omission of a part of disclosures required under International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit Opinion

In our opinion, the consolidated financial statements referred to above, prepared with the omission of a part of disclosures required under International Financial Reporting Standards pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting, present fairly, in all material respects, the financial position of LIXIL Group Corporation and its consolidated subsidiaries as of March 31, 2017, and the results of their operations for the year then ended.

Interest

Our firm and the engagement partners do not have any interest in the Company for which disclosure is required under the provisions of the Certified Public Accountants Act.

The above represents a translation, for convenience only, of the original report issued in the Japanese language.

(TRANSLATION)

INDEPENDENT AUDITOR'S REPORT

May 11, 2017

To the Board of Directors of
LIXIL Group Corporation:

Deloitte Touche Tohmatsu LLC

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant: Koji Inagaki

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant: Yasuhiro Katsushima

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant: Yutaka Hamaguchi

Pursuant to the first item, second paragraph of Article 436 of the Companies Act, we have audited the nonconsolidated financial statements, namely, the nonconsolidated balance sheet as of March 31, 2017 of LIXIL Group Corporation (the "Company"), and the related nonconsolidated statements of income and changes in equity for the 75th fiscal year from April 1, 2016 to March 31, 2017, and the related notes and the accompanying supplemental schedules.

Management's Responsibility for the Nonconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of these nonconsolidated financial statements and the accompanying supplemental schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of nonconsolidated financial statements and the accompanying supplemental schedules that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these nonconsolidated financial statements and the accompanying supplemental schedules based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the nonconsolidated financial statements and the accompanying supplemental schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the nonconsolidated financial statements and the accompanying supplemental schedules. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the nonconsolidated financial statements and the accompanying supplemental schedules, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the nonconsolidated financial statements and the accompanying supplemental schedules in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the nonconsolidated financial statements and the accompanying supplemental schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit Opinion

In our opinion, the nonconsolidated financial statements and the accompanying supplemental schedules referred to above present fairly, in all material respects, the financial position of LIXIL Group Corporation as of March 31, 2017, and the results of its operations for the year then ended in accordance with accounting principles generally accepted in Japan.

Interest

Our firm and the engagement partners do not have any interest in the Company for which disclosure is required under the provisions of the Certified Public Accountants Act.

The above represents a translation, for convenience only, of the original report issued in the Japanese language.

Audit Report

The Audit Committee has audited the performance of duties by the Directors and Executive Officers for the 75th fiscal year from April 1, 2016 to March 31, 2017, and we report the methods and results of the audit as follows:

1. Methods and content of the audit

The Audit Committee received periodic reports from the Directors, Executive Officers and employees, etc., requested further explanations as necessary, and voiced its opinions, with regard to the content of the resolutions of the Board of Directors regarding the matters set forth in Article 416, Paragraph 1, Item 1, Parts (b) and (e) of the Companies Act and the construction and operating conditions of the established system (internal control system) based on such resolutions; and executed the audit through the following methods:

(a) attended important meetings, received reports on matters regarding the execution of their duties from the Directors and Executive Officers, etc., requested further explanations as necessary, inspected important approval documents, etc., and investigated the status of the business operations and assets of the head office and principal place of business in accordance with the policies and division of duties, etc. established by the Audit Committee and upon coordination with the company's internal auditing department and internal control governing department. With respect to the subsidiary companies, the Audit Committee took steps to facilitate communications and the exchange of information with the Directors and Auditors, etc. of the subsidiary companies and received reports on the business operations from the subsidiary companies as necessary.

(b) while monitoring and verifying that the Accounting Auditor has maintained its independence and conducted appropriate audits, the Audit Committee received reports from the Accounting Auditor regarding the execution of its duties and requested further explanations as necessary. Furthermore, the Audit Committee received notification from the Accounting Auditor that it was taking steps to prepare the "system for ensuring proper execution of duties" (as set forth in the items of Article 131 of the Rules of Company Accounting) in accordance with the "Quality Control Standards for Audits" (adopted by the Business Accounting Council on October 28, 2005), etc., requesting further explanations as necessary.

Based on the above methods, the Audit Committee examined the business reports and the annexed detailed statements thereof, financial statements (balance sheet, statement of income, statement of changes in equity, and notes to non-consolidated financial statements) and the annexed detailed statements thereof, and consolidated financial statements (consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of changes in equity, and notes to consolidated financial statements) relating to the fiscal year under review.

2. Results of the audit

(1) Results of the audit of business reports, etc.:

In our opinion:

(a) The business report and annexed detailed statements accurately present the state of the company pursuant to the laws and regulations and the Articles of Incorporation;

(b) Neither improper actions in execution of duties by the Directors and Executive Officers, nor material facts violating the laws and ordinances or the Articles of Incorporation were found;

(c) The contents of the resolutions adopted by the Board of Directors regarding the internal control system were appropriate, and no matters that would need to be pointed out regarding the contents of the business report on such internal control system, along

with the execution of duties by the Directors and Executive Officers, were found.

(2) Results of the audit of financial statements and annexed detailed statements
In our opinion, the audit methods used and the results reported by Deloitte Touche Tohmatsu LLC, the Accounting Auditor, are appropriate and reasonable.

(3) Results of the audit of consolidated financial statements
In our opinion, the audit methods used and the results reported by Deloitte Touche Tohmatsu LLC, the Accounting Auditor, are appropriate and reasonable.

May 18, 2017

Audit Committee, LIXIL Group Corporation
Audit Committee Member: Tsutomu Kawaguchi
Audit Committee Member: Hidehiko Sato
Audit Committee Member: Yoshizumi Kanamori

(Note) Among the Audit Committee Members, Tsutomu Kawaguchi and Hidehiko Sato are Outside Directors, as prescribed in Article 2, Item 15, and Article 400, Paragraph 3 of the Companies Act.