[This is an English translation of the original text written in Japanese]

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LIXIL Group Corporation
Kinya Seto
Representative Executive Officer and President (First Section of TSE/NSE, code 5938)

(Contact):
Kayo Hirano
Senior Manager, Investor Relations Office
(+81-3-6268-8806)

Recognition of losses from discontinued operations due to transfer of shares of Permasteelisa S.p.A

LIXIL Group Corporation (hereinafter "LIXIL Group") announced that it has decided to transfer 100% of shares of Permasteelisa S.p.A. (hereinafter "Permasteelisa") held by its subsidiary, LIXIL Corporation (hereinafter "LIXIL"), to Grandland Holdings Group Limited (hereinafter "Grandland") on August 21, 2017.
Herewith, we announce that LIXIL recognized impairment loss on the valuation of shares of Permasteelisa S.p.A. in its standalone financial statements, and the LIXIL Group recognized losses from discontinued operations in its consolidated financial statements for the first half of the fiscal year ending March 31, 2018 (from April 1, 2017 to September 30, 2017).

1. Loss on valuation of shares of an affiliated company (Standalone financial reporting of LIXIL)
   The book value of the shares of Permasteelisa S.p.A held by LIXIL was written down to the expected selling amount, which resulted in the recognition of JPY 37.5 billion of loss on valuation of shares.
   The impairment loss on affiliate shares was eliminated as a consolidation adjustment on the LIXIL Group's consolidated financial statements. As such, the recognized loss does not impact the LIXIL Group's financial results.

2. Loss from discontinued operations (Consolidated financial reporting of LIXIL Group)

Regarding the “estimated impact on profits (approximately 10.0 billion yen)”, which is described in “Announcement Regarding Revision of the Forecast on Business Performance for the Fiscal Year Ending March 2018 due to the 100% share transfer of Permasteelisa S.p.A.”, dated August 21, 2017, assets and liabilities related to Permasteelisa S.p.A and its subsidiaries were measured at fair value, which was determined based on an expected sales price in accordance with International Accounting Standards (IFRS) 5 “Non-current Assets Held for Sale and Discontinued Operations”. Hereby, a post-tax loss of JPY 11.0 billion was recognized and presented under loss from discontinued operations in the Consolidated Statement of Profit or Loss and Comprehensive Income for the second quarter reporting period ended September 30, 2017.

Further details of the recognized loss are disclosed in the flash report titled “Consolidated Financial Results for the First Half Ended September 30, 2017 (International Financial Reporting Standards).”

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