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LIXIL GROUP CORPORATION

May 7, 2018

Consolidated Financial Results for the Fiscal Year Ended March 31, 2018 (International Financial Reporting Standards)

Company Name: LIXIL GROUP CORPORATION
Code Number: 5938
Representative: Kinya Seto, President & CEO
Contact: Kayo Hirano, Senior Manager of Investor Relations Office
Scheduled date of ordinary general meeting of shareholders: June 21, 2018
Scheduled date of issue of Security report: June 22, 2018

Stock Listings: Tokyo, Nagoya
URL: http://www.lixil.com/en/investor/
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Schedule date of payment of dividends: June 6 , 2018

Preparation of supplementary materials for quarterly financial results: Yes
Information meeting for quarterly financial results to be held: Yes (For investment analysts and institutional investors)

(Amounts less than one million yen are rounded)

1. Consolidated Financial Results for the FY Ended March 2018 (April 1, 2017 through March 31, 2018)

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

	From Continuing Operations									
	Revenue		Core earnings		Operating profit		Profit before tax		Profit for the year	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FYE 2018	**1,664,817**	**1.9**	**75,319**	**-16.1**	**80,949**	**16.9**	**89,997**	**27.6**	**68,450**	**42.7**
FYE 2017	1,633,229	—	89,781	—	69,251	—	70,514	—	47,976	—

	Including Discontinued Operations							
	Profit for the year		Profit for the year attributable to owners of the parent		Total comprehensive income for the year		Basic earnings per share	Diluted earnings per share
	Million yen	%	Million yen	%	Million yen	%	Yen	Yen
FYE 2018	**56,662**	**35.2**	**54,581**	**28.4**	**69,273**	**82.9**	**189.13**	**170.90**
FYE 2017	41,898	—	42,503	—	37,880	—	148.01	134.10

	Including Discontinued Operations		From Continuing Operations	
	Ratio of equity attributable to owners of the parent	Total assets Earning Ratio before tax	Revenue Core earnings ratio	Revenue Operating profit ratio
	%	%	%	%
FYE 2018	**9.4**	**3.1**	**4.5**	**4.9**
FYE 2017	7.9	3.2	5.5	4.2

Reference: Share of profit of associates and joint ventures accounted for using the equity method
FYE 2018 699 million yen FYE 2017 -480 million yen

Note: Core earnings is calculated by deducting the cost of sales and selling, general and administrative (SGA) expenses from revenue

Note: The rates of change for revenue, core earnings, operating profit, profit before tax, and profit for the year from continuing operations compared to the same reporting period of the previous financial year are omitted.

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent to total assets	Equity attributable to owners of the parent per share
	Million yen	Million yen	Million yen	%	Yen
FYE 2018	**2,107,131**	**649,573**	**616,897**	**29.3**	**2,128.77**
FYE 2017	2,042,165	559,431	547,244	26.8	1,902.18

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
FYE 2018	**116,362**	**-52,606**	**-43,843**	**138,751**
FYE 2017	132,531	-58,052	-79,899	121,563

2. Cash Dividends

	Dividends per share					Total amount of cash dividends (annual)	Dividend payout ratio (consolidated)	Ratio of total dividends to net assets (consolidated)
	End of Q1	End of Q2	End of Q3	End of period	For the year			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FYE 2017	—	30.00	—	30.00	60.00	17,244	40.5	3.2
FYE 2018	—	30.00	—	35.00	65.00	18,791	34.4	3.2
FYE 2019 (forecast)	—	35.00	—	35.00	70.00		40.6	

3. Consolidated Forecast for the FY Ending March 2019 (April 1, 2018 through March 31, 2019)

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

	Revenue		Core earnings		Operating profit		Profit before tax		Profit for the year		Profit for the year attributable to owners of the parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
FYE 2019 H1	837,000	3.3	45,000	10.7	43,000	13.9	42,000	14.9	29,000	112.2	28,000	118.0	96.62
FYE 2019	1,710,000	2.7	85,000	12.9	78,000	-3.6	75,000	-16.7	52,000	-8.2	50,000	-8.4	172.54

*** Notes**

(1) Changes in significant subsidiaries, which affected the scope of consolidation during this period: Yes
Newly consolidated company: None
Excluded company: 1 (Company Name) GraceA Corporation
The Company mergered GraceA Corporation to be as an dissolving company by absorption method .
The company has become the surviving company and GraceA dissolved.

(2) Changes in accounting policies and accounting estimate
(i) Changes in accounting policies required by IFRS: None
(ii) Other changes: None
(iii) Changes in accounting estimate: None

(3) Outstanding stocks (Common stocks)

(i) Outstanding stocks including treasury stocks	(FY ended March 31, 2018)	313,054,255 shares	(FY ended March 31, 2017)	313,054,255 shares
(ii) Treasury stocks	(FY ended March 31, 2018)	23,264,114 shares	(FY ended March 31, 2017)	25,361,045 shares
(iii) Average stocks during the fiscal year	(FY ended March 31, 2018)	288,593,477 shares	(FY ended March 31, 2017)	287,154,694 shares

* This financial results report is exempt from review procedures under Japan's Financial Instruments and Exchange Law.

*Appropriate use of business forecasts; other special items
(Cautionary statements with respect to forward-looking statements)
Performance forecast and other forward-looking statements contained in this report are based on information currently available and on certain assumptions deemed rational at the time of this report's release. Due to various circumstances, however, actual results may differ significantly from such statements.

Note: Regarding presentation material to supplement the financial results announcement has been posted on TDnet and the Company's website.

4. Consolidated Financial Statements

(1) Consolidated Statement of Financial Position

(Unit: millions of yen)

	As of March 31, 2017	End of this year (As of March 31, 2018)
ASSETS:		
CURRENT ASSETS:		
Cash and cash equivalents	121,563	138,751
Trade and other receivables	391,256	343,289
Inventories	204,581	217,904
Construction contract assets	92,431	10,880
Income tax receivables	3,144	906
Other financial assets	12,217	5,577
Other current assets	23,718	15,261
Subtotal	848,910	732,568
Assets held for sale	873	180,208
Total current assets	**849,783**	**912,776**
NON-CURRENT ASSETS:		
Property, plant and equipment	538,137	542,330
Goodwill and other intangible assets	474,315	476,639
Investment property	7,143	7,787
Investments accounted for using the equity method	23,913	12,086
Other financial assets	95,277	102,566
Deferred tax assets	45,162	44,852
Other non-current assets	8,435	8,095
Total non-current assets	**1,192,382**	**1,194,355**
Total assets	**Y 2,042,165**	**Y 2,107,131**

(Unit: millions of yen)

	As of March 31, 2017	End of this year (As of March 31, 2018)
LIABILITIES:		
CURRENT LIABILITIES		
Trade and other payables	350,477	338,964
Bonds and borrowings	251,326	242,990
Construction contract liabilities	33,288	1,107
Income tax payables	10,578	12,819
Other financial liabilities	7,291	1,568
Provisions	1,516	367
Other current liabilities	122,709	98,875
Subtotal	777,185	696,690
Liabilities directly associated with the assets held for sale	-	127,457
Total current liabilities	**777,185**	**824,147**
NON-CURRENT LIABILITIES		
Bonds and borrowings	508,582	444,920
Other financial liabilities	29,108	32,444
Net defined benefit liabilities	73,809	78,269
Provisions	6,909	7,179
Deferred tax liabilities	73,437	62,698
Other non-current liabilities	13,704	7,901
Total non-current liabilities	**705,549**	**633,411**
Total liabilities	**1,482,734**	**1,457,558**
EQUITY:		
Share capital	68,121	68,121
Capital reserves	260,901	277,753
Treasury shares	-53,362	-48,984
Other components of equity	14,860	27,210
Retained earnings	256,724	292,797
Equity attributable to owners of the parent	547,244	616,897
Non-controlling interests	12,187	32,676
Total equity	**559,431**	**649,573**
Total liabilities and equity	**¥ 2,042,165**	**¥ 2,107,131**

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

Consolidated Statement of Profit or Loss

(Unit: millions of yen)

	FY ended March 31, 2017	FY ended March 31, 2018
Continuing operations		
Revenue	Y 1,633,229	Y 1,664,817
Cost of sales	-1,081,703	-1,101,278
GROSS PROFIT	551,526	563,539
Selling, general and administrative expenses	-461,745	-488,220
Other income	13,237	26,067
Other expenses	-33,767	-20,437
OPERATING PROFIT	69,251	80,949
Finance income	12,077	13,476
Finance costs	-10,334	-16,745
Share of profit (loss) of associates and joint ventures accounted for using the equity method	-480	699
Profit from disposal of share of associates	-	11,618
PROFIT BEFORE TAX	70,514	89,997
Income tax expenses	-22,538	-21,547
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS	47,976	68,450
Discontinued operations		
LOSS FOR THE YEAR FROM DISCONTINUED OPERATIONS	-6,078	-11,788
PROFIT FOR THE YEAR	41,898	56,662
Profit (loss) for the year attributable to:		
Owners of the parent	42,503	54,581
Non-controlling interests	-605	2,081
PROFIT FOR THE YEAR	41,898	56,662
Earnings per share		
Basic (yen per share)		
Continuing operations	168.90	230.04
Discontinued operations	-20.89	-40.91
Total	148.01	189.13
Diluted (yen per share)		
Continuing operations	152.91	207.71
Discontinued operations	-18.81	-36.81
Total	134.10	170.90

Consolidated Statement of Comprehensive Income

(Unit: millions of yen)

	FY ended March 31, 2017	FY ended March 31, 2018
PROFIT FOR THE YEAR	**Y 41,898**	**Y 56,662**
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified subsequently to profit or loss		
Remeasurements of defined benefit pension plans	3,521	-1,331
Total items that will not be reclassified subsequently to profit or loss	3,521	-1,331
Items that may be reclassified subsequently to profit or loss		
Net fair value gain on available-for-sale financial assets	1,828	5,913
Net fair value gain (loss) on hedging instruments entered into for cash flow hedges	1,012	2,549
Exchange differences on translation of foreign operations	-8,464	3,748
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	-1,915	1,732
Total items that may be reclassified subsequently to profit or loss	-7,539	13,942
Other comprehensive income, net of tax	-4,018	12,611
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	37,880	69,273
Total comprehensive income for the yeer attributable to:		
Owners of the parent	38,338	66,594
Non-controlling interests	-458	2,679
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**Y 37,880**	**Y 69,273**

(3) Consolidated Statement of Changes in Equity

(Unit: millions of yen)

	Equity attributable to owners of the parent						
				Other components of equity			
	Share capital	Capital reserves	Treasury shares	Exchange differences on translation of foreign operations	Remeasurements of defined benefit pension plans	Net fair value gain on available-for-sale financial assets	Net fair value gain (loss) on hedging instruments entered into for cash flow hedges
BALANCE AS OF APRIL 1, 2016	**68,121**	**261,024**	**-54,898**	**3,470**	**-**	**14,780**	**-1,931**
Profit for the quarter	-	-	-	-	-	-	-
Other comprehensive income (loss)	-	-	-	-8,613	3,521	1,828	1,014
Total comprehensive income (loss) for the quarter	-	-	-	-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	-	-	-	-	-	-	-
Cumulative income or expense recognized in other comprehensive income relating to disposal group classified as held for sale	-	-	-	-	-	-	-
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**
BALANCE AS OF APRIL 1, 2017	**68,121**	**260,901**	**-53,362**	**-5,143**	**-**	**16,608**	**-917**
Profit for the quarter	-	-	-	-	-	-	-
Other comprehensive income (loss)	-	-	-	3,664	-1,331	5,913	1,494
Total comprehensive income for the quarter	-	-	-	3,664	-1,331	5,913	1,494
Purchase of treasury shares	-	-	-31	-	-	-	-
Disposal of treasury shares	-	0	66	-	-	-	-
Share-based payment transactions	-	1,119	4,343	-	-	-	-
Dividends	-	-	-	-	-	-	-
Cumulative income or expense recognized in other comprehensive income relating to disposal group classified as held for sale	-	-	-	-5,704	-	-	-215
Changes in parent's ownership interests in subsidiaries without loss of control	-	15,733	-	-	-	-	-17
Changes associated with obtaining control of subsidiaries	-	-	-	-	-	-	-
Changes associated with loss of control of subsidiaries	-	-	-	-	-	-	-
Transfers from other components of equity to retained earnings	-	-	-	-	1,331	-	-
Total transactions with owners	-	16,852	4,378	-5,704	1,331	-	-232
BALANCE AS OF MARCH 31, 2018	**68,121**	**277,753**	**-48,984**	**-7,183**	**-**	**22,521**	**345**

(Unit: millions of yen)

	Equity attributable to owners of the parent						Non-controlling interests	Total equity
	Other components of equity				Retained earnings (losses)	Total		
	Share of other comprehensive income of associates and joint ventures accounted for using the equity method	Cumulative income or expense recognized in other comprehensive income relating to disposal group classified as held for sale	Other	Total				
BALANCE AS OF APRIL 1, 2016	255	**-**	**6,217**	**22,791**	**227,768**	**524,806**	**12,502**	**537,308**
Profit for the quarter	-	-	-	-	42,503	42,503	-605	41,898
Other comprehensive income (loss)	-1,915	-	-	-4,165	-	-4,165	147	-4,018
Total comprehensive income (loss) for the quarter	-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
Cumulative income or expense recognized in other comprehensive income relating to disposal group classified as held for sale	-	-	-	-	-	-	-	-
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**
BALANCE AS OF APRIL 1, 2017	**-1,660**	**-**	**5,972**	**14,860**	**256,724**	**547,244**	**12,187**	**559,431**
Profit for the quarter	-	-	-	-	54,581	54,581	2,081	56,662
Other comprehensive income (loss)	1,732	541	-	12,013	-	12,013	598	12,611
Total comprehensive income for the quarter	1,732	541	-	12,013	54,581	66,594	2,679	69,273
Purchase of treasury shares	-	-	-	-	-	-31	-	-31
Disposal of treasury shares	-	-	-	-	-	66	-	66
Share-based payment transactions	-	-	-977	-977	104	4,589	-	4,589
Dividends	-	-	-	-	-17,281	-17,281	-78	-17,359
Cumulative income or expense recognized in other comprehensive income relating to disposal group classified as held for sale	-	5,919	-	-	-	-	-	-
Changes in parent's ownership interests in subsidiaries without loss of control	-	-	-	-17	-	15,716	20,962	36,678
Changes associated with obtaining control of subsidiaries	-	-	-	-	-	-	384	384
Changes associated with loss of control of subsidiaries	-	-	-	-	-	-	-3,458	-3,458
Transfers from other components of equity to retained earnings	-	-	-	1,331	-1,331	-	-	-
Total transactions with owners	-	5,919	-977	337	-18,508	3,059	17,810	20,869
BALANCE AS OF MARCH 31, 2018	**72**	**6,460**	**4,995**	**27,210**	**292,797**	**616,897**	**32,676**	**649,573**

(4) Consolidated Statement of Cash Flows

(Unit: millions of yen)

	FY ended March 31, 2017	FY ended March 31, 2018
OPERATING ACTIVITIES:		
Profit before tax from Continued operations	**Y** 70,514	**Y** 89,997
Loss before tax from Discontinued operations	-4,507	-24,897
Profit before tax	66,007	65,100
Depreciation and amortization	60,701	64,661
Impairment losses	17,279	6,261
Loss recognized on the measurement to fair value less costs to sell of the disposal group constituting the discontinued operation	-	-21,867
Interest and dividend income	-3,136	-3,249
Interest expense	8,829	5,425
Share of loss (profit) of associates and joint ventures accounted for using the equity method	480	-699
Profit from disposal of share of associates	-	-11,618
Loss (profit) on sale and disposal of property, plant and equipment	2,119	1,959
Decrease (increase) in trade and other receivables	-10,730	-5,222
Decrease (increase) in inventories	4,214	-15,526
Increase (decrease) in trade and other payables	13,917	20,157
Increase (decrease) in net defined benefit liabilities	580	2,214
Other	15,953	45,087
Subtotal	176,213	152,683
Interest received	1,925	1,467
Dividends received	2,609	1,607
Interest paid	-17,258	-7,530
Income taxes paid	-30,953	-31,865
Payments for investigation expense	-5	-
Net cash flows from operating activities	**Y 132,531**	**Y 116,362**

(Unit: millions of yen)

		FY ended March 31, 2017		FY ended March 31, 2018
INVESTING ACTIVITIES:				
(Increase) decrease in time deposits		9,537		1,471
Purchase of property, plant and equipment		-52,403		-60,768
Proceeds from sale of property, plant and equipment		2,521		2,041
Purchase of intangible assets		-15,812		-9,185
Proceeds from sale of investment property		2,173		8,025
Payments for acquisition of subsidiaries		-		-12,211
Payments for sale of subsidiaries		-12,297		-
Proceeds from sale of subsidiaries		7,212		7,611
Decrease (increase) in short-term loans receivable		-174		-1,581
Payments for long-term loans receivable		-183		-161
Proceeds from collection of long-term loans receivable		1,188		156
Payments for acquisition of other investments		-280,629		-260,012
Proceeds from sale and redemption of investments		282,540		269,970
Other		-1,725		2,038
Net cash flows from investing activities	**Y**	**-58,052**	**Y**	**-52,606**
FINANCING ACTIVITIES:				
Dividends paid		-17,222		-17,281
Dividends paid to non-controlling interests		-57		-78
Increase in short-term borrowings and commercial paper		1,673		-2,000
Repayment of short-term borrowings		-43,950		-
Proceeds from long-term borrowings		54,050		23,947
Repayment of long-term borrowings		-108,790		-79,702
Proceeds from issuance of bonds		34,850		-
Redemption of bonds		-		-10,000
Proceeds from non-controlling interests for additional shares		140		9,609
Proceeds from sale of interests in a subsidiary to non-controlling interests		-		32,392
Payments for acquisition of interests in a subsidiary from non-controlling interests		-		-2,859
Other		-593		2,129
Net cash flows from financing activities	**Y**	**-79,899**	**Y**	**-43,843**
INCREASE IN CASH AND CASH EQUIVALENTS		-5,420		19,913
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		129,646		121,563
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES		-2,663		2,487
CASH AND CASH EQUIVALENTS INCLUDED IN ASSETS HELD FOR SALE		-		-5,212
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**Y**	**121,563**	**Y**	**138,751**

(5) Notes related to Going Concern Assumptions

Not applicable.

(6) Notes on Changes in Presentation

Income (loss) from discontinued operations, net of tax, is presented below net income for continuing operations in the consolidated statements of profit or loss and comprehensive income, revenue, income (loss), and other items for discontinued operations have been reclassified to loss from discontinued operations in the consolidated statement of profit or loss and comprehensive income and the consolidated statement of cash flows for the year ended March 31, 2017 and March 31, 2018. Cash flows from operating activities, investing activities, and financial activities are presented in the total amount of continuing operations and discontinued operations cash flows in the consolidated statement of cash flows.

(7) Description of Reportable Segments

LIXIL Group Corporation's (the "Company") reportable segments are those for which discrete financial information is available and regular evaluation by the Board of Directors is being performed in order to decide how resources are allocated and performance is assessed.

The group is managed based on six reportable segments consisting of the Water Technology business, Housing Technology business, Building Technology business, Kitchen Technology business, Distribution and Retail business and Housing and Services business, and reporting the performance of their respective business units to the Board of Executive Officers or Directors.

The Water Technology business includes manufacturing and sales of sanitary earthenware, faucets, bathroom fixtures and others. The Housing Technology business includes manufacturing and sales of window sashes, doors, shutters, interior building materials and others. The Building Technology business includes manufacturing and sales of curtain walls. The Kitchen Technology business includes manufacturing and sales of system kitchen units and others. The Distribution and Retail business includes daily necessities, DIY materials, building materials and others. The Housing and Services business includes proposals for housing solutions, sales and management of real estate, management of assisted living condominiums, and others.

As described in Notes (12) Discontinued Operations, the Company signed off on a share transfer agreement to sell 100% of the shares of Permasteelisa S.p.A.("Permasteelisa"). All the revenue, income (loss), and other items of Permasteelisa and its subsidiaries are classified to the discontinued operations in the consolidated financial statements from the beginning of the year ended March 31, 2017. Therefore, the revenue and segment profit of Permasteelisa and its subsidiaries, which was originally included in Building Technology Business has been reclassified to the discontinued operations in in segment information for the year ended March 31, 2017.

(8) Methods of Measurement for the Amounts of Revenue, Profit (Loss) and Other Items for Each Reportable Segment

The accounting policies of each reportable segment are consistent with those for the preparation of consolidated financial statements. Profit or loss for reportable segments is presented on the basis of core earnings. Intersegment revenue or transfers are based on market prices.

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

For the FY ended March 31, 2017 (April 1, 2016 through March 31, 2017)

(Unit: millions of yen)

	Reportable Segments					
	Water Technology Business	Housing Technology Business	Building Technology Business	Kitchen Technology Business	Distribution & Retail Business	Housing & Services Business
Revenue						
Revenue from external customers	Y 648,588	Y 536,635	Y 110,296	Y 103,276	Y 171,993	Y 62,441
Intersegment revenue or transfers	13,820	7,493	84	11,459	12	1,940
Total	662,408	544,128	110,380	114,735	172,005	64,381
Segment profit (Note 1)	65,071	39,212	5,429	4,318	7,304	4,413
Other income						
Other expenses						
Operating profit						
Finance income						
Finance costs						
Share of profit (loss) of associates and joint ventures accounted for using the equity method						
Profit from disposal of share of associates						
Profit before tax from continuing operations						
Other items						
Depreciation and amortization	26,299	21,458	858	2,044	5,191	802
Impairment losses	1,845	4,352	409	606	360	533
Share of profit (loss) of associates and joint ventures	-11	286	-	-	-1,648	893
Investments accounted for using the equity method	9,001	3,831	-	-	2,755	8,326
Capital expenditures	27,628	25,979	3,727	5,997	12,857	627

(Unit: millions of yen)

	Total	Reconciliations (Note 2)	Consolidated
Revenue			
Revenue from external customers	Y 1,633,229	-	Y 1,633,229
Intersegment revenue or transfers	34,808	-34,808	-
Total	1,668,037	-34,808	1,633,229
Segment profit (Note 1)	125,747	-35,966	89,781
Other income			13,237
Other expenses			-33,767
Operating profit			69,251
Finance income			12,077
Finance costs			-10,334
Share of profit (loss) of associates and joint ventures accounted for using the equity method			-480
Profit from disposal of share of associates			-
Profit before tax from continuing operations			70,514
Other items			
Depreciation and amortization	56,652	8	56,660
Impairment losses	8,105	9,172	17,277
Share of profit (loss) of associates and joint ventures	-480	-	-480
Investments accounted for using the equity method	23,913	-	23,913
Capital expenditures	76,815	3	76,818

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

2. Segment profit (loss) reconciliations are expenses for all group companies that are not allocated to reportable segments. Expenses for all group companies are those mainly associated with the Company's and its consolidated subsidiary LIXIL Corporation's administrative departments, including human resources, general affairs, accounting and others. The content of impairment losses includes impairment losses on software in progress, which is described in Note (11) Notes on Consolidated Statement of Profit or Loss.

3. Revenue, income (loss), and other items from discontinued operations are not presented in the reporting above.

For the FY ended March 31, 2018 (April 1, 2017 through March 31, 2018)

(Unit: millions of yen)

	Reportable Segments					
	Water Technology Business	Housing Technology Business	Building Technology Business	Kitchen Technology Business	Distribution & Retail Business	Housing & Services Business
Revenue						
Revenue from external customers	Y 701,506	Y 525,965	Y 106,826	Y 107,133	Y 173,506	Y 49,881
Intersegment revenue or transfers	14,355	9,239	145	12,817	14	2,417
Total	715,861	535,204	106,971	119,950	173,520	52,298
Segment profit (Note 1)	67,673	27,525	3,418	6,160	6,938	2,535
Other income						
Other expenses						
Operating profit						
Finance income						
Finance costs						
Share of profit (loss) of associates and joint ventures accounted for using the equity method						
Profit from disposal of share of associates						
Profit before tax from continuing operations						
Other items						
Depreciation and amortization	27,718	24,473	972	2,396	5,588	674
Impairment losses	4,751	1,024	155	2	262	67
Share of profit (loss) of associates and joint ventures	-13	169	-	-	-606	1,149
Investments accounted for using the equity method	452	4,077	-	-	2,149	5,408
Capital expenditures	34,495	24,038	2,480	4,580	7,306	945

(Unit: millions of yen)

	Total	Reconciliations (Note 2)	Consolidated
Revenue			
Revenue from external customers	Y 1,664,817	-	Y 1,664,817
Intersegment revenue or transfers	38,987	-38,987	-
Total	1,703,804	-38,987	1,664,817
Segment profit (Note 1)	114,249	-38,930	75,319
Other income			26,067
Other expenses			-20,437
Operating profit			80,949
Finance income			13,476
Finance costs			-16,745
Share of profit (loss) of associates and joint ventures accounted for using the equity method			699
Profit from disposal of share of associates			11,618
Profit before tax from continuing operations			89,997
Other items			
Depreciation and amortization	61,821	3	61,824
Impairment losses	6,261	-	6,261
Share of profit (loss) of associates and joint ventures	699	-	699
Investments accounted for using the equity method	12,086	-	12,086
Capital expenditures	73,844	11	73,855

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

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

3. Revenue, income (loss), other items from discontinued operations are not presented in the reporting above.

(10) Notes on Assets Held for Sale and Liabilities Directly Associated with Assets Held for Sale

(Unit: millions of yen)

	As of March 31, 2017	End of this year (As of March 31, 2018)
Assets held for sale		
Property, plant and equipment	873	-
Assets related to discontinued operations (Note)	-	180,208
Total	**¥ 873**	**¥ 180,208**
Liabilities directly associated with assets held for sale		
Liabilities related to discontinued operations (Note)	-	127,457
Total	**¥ -**	**¥ 127,457**

Note: Major items classified to assets held for sale and liabilities directly associated with assets held for sale consist of Permasteelisa S.p.A and its subsidiaries. The reclassification of assets and liabilities to assets held for sale and liabilities directly associated with assets held for sale was based on the decision to sell the shares of these subsidiaries during the year ended March 31, 2018.
Details of the assets and liabilities related to discontinued operations are as described in "(12) Discontinued Operations" section of the notes.

(11) Notes on Consolidated Statement of Profit or Loss

For the FY ended March 31, 2017 (April 1, 2016 through March 31, 2017)

About impairment losses

The Company recorded 17,277 million yen of impairment losses as other expenses on the consolidated statements of profit or loss for the year ended March 31, 2017. Details of impaired assets are as follows:

Category	Segment	Component and Amount (Millions of yen)	
Upgrading core IT systems	-	Software in progress	9,172

The Company recognized impairment losses for software in progress because the scope of implementation was modified by LIXIL Corporation, a consolidated subsidiary of the Company which is currently developing the core IT system. The carrying amounts of relevant assets were written down to their recoverable amounts, and related impairment losses were recorded as other expenses in the consolidated statement of profit or loss.

The recoverable amount for core IT system accounted for as software in progress, which will not be used for business purposes in the future, has been written down to zero.

For the FY ended March 31, 2018 (April 1, 2017 through March 31, 2018)

About impairment losses

Impairment loss of 6,261 million yen is reported under Other expenses in the Consolidated Statement of Profit or Loss and Comprehensive Income for the year ended March 31, 2018. Details of impaired assets are as follows:

Category	Segment	Component and Amount (Millions of yen)	
Manufacturing facilities for faucets, etc.	Water Technology Business	Machinery and vehicles	985
		Goodwill	1,311
		Customer-related assets	272
		Trademarks	1,957
		Other	71
		Total	4,596

Manufacturing facilities for faucets, etc., mainly recognized on the consolidation date of Grohe Dawn Watertech Holdings Propriety Limited since April 2015, were written down to the recoverable amount measured at fair value less cost of disposal. This is because initially anticipated earnings are no longer expected. The loss is recorded as Other Expenses in the consolidation statement of profit and loss.

Manufacturing facilities for faucets, etc., are measured at the asset's fair value, less costs to sell, determined by discounting future cash flows at a discount rate of 13.8%. The recoverable amount for goodwill is measured at zero.

About profit from disposal of share of associates

During the consolidated fiscal year under review, LIXIL Corporation (LIXIL), a consolidated subsidiary of the Company, transferred a portion of the shares in Fukui Computer Holdings Inc.,(Fukui) and subsequently posted a gains on share transfer. As of the end of the year ended March 31, 2018, LIXIL continues to hold shares representing 10% of the total number of issued and outstanding shares of Fukui. The stocks are evaluated at fair value and the difference from the book value of the equity method is recorded as gains on valuation. 11,618 million yen of gains on disposal of interests in affiliated companies in the consolidated statement of profit or loss for the year ended March 31, 2018 is the sum of gains on share transfer and gains on valuation.

(Information per share)

	FY ended March 31, 2017	FY ended March 31, 2018
	Million yen	Million yen
Profit for the year attributable to owners of the parent from continuing operations	48,499	66,388
Profit for the year attributable to owners of the parent from discontinued operations	-5,996	-11,807
Profit of the year attributable to owners of the parent	42,503	54,581
Profit adjusted for the effect of dilution from continuing operations	240	241
Profit adjusted for the effect of dilution from discontinued operations	-	-
Diluted profit (loss) for the year	42,743	54,822
	Shares	Shares
Weighted-average number of ordinary shares outstanding	287,154,694	288,593,477
Increase in weighted-average number of ordinary shares due to dilution		
Increase from stock options	338,139	938,736
Increase of convertible bonds with stock acquisition rights	31,253,390	31,253,390
Diluted weighted-average number of ordinary shares	318,746,223	320,785,603
	Yen	Yen
Basic earnings per share		
Continuing operations	168.90	230.04
Discontinued operations	-20.89	-40.91
Total	148.01	189.13
Diluted earnings per share		
Continuing operations	152.91	207.71
Discontinued operations	-18.81	-36.81
Total	134.10	170.90
Diluted potential ordinary shares not included in the calculation of diluted earnings per share because their inclusion would have been anti-dilutive	5th stock options (ordinary shares: 4,150 thousand shares) 7th stock options (ordinary shares: 3,422 thousand shares) 8th stock options (ordinary shares: 42 thousand shares)	-

(12) Discontinued Operations

For the FY ended March 31, 2018 (April 1, 2017 through March 31, 2018)

Transfer of Shares of Permasteelisa S.p.A.

The Company resolved at the Board of Directors Meeting held on August 21, 2017 that it has decided to sell 100% of the shares of Permasteelisa S.p.A held by its 100% subsidiary LIXIL Corporation ("LIXIL") to Grandland Holdings Group Limited ("Grandland"), and signed off on a share transfer agreement on the same date. This share transfer is subject to regulatory approvals. Because the Company is considering that there is a high probability in receiving the approval, all the revenue, income (loss), and other items of Permasteelisa and its subsidiaries are classified to the discontinued operations in the consolidated financial statements.

① Main reason for the transfer

The Company is focused on optimizing its business portfolio in line with broader steps to enhance operational efficiency and strengthen financial conditions. The transaction is also in line with LIXIL's ongoing efforts to simplify the business structure, enabling further synergies and efficiencies through enhanced integration.

Permasteelisa is a world leader in the engineering, project management, manufacturing and installation of curtain walls and interior systems, and has positioned high-end curtain walls at the core of its business. Permasteelisa has established a solid position in markets around the world including Europe, Asia and North America.

However, there are many differences between Permasteelisa and LIXIL's businesses in terms of management, especially in its cycle of businesses and the types and range of risks. For this reason, we concluded a contract for the share transfer of Permasteelisa to Grandland, which is a leading high-quality and service oriented architectural decoration enterprise in China.

② Name of the transferee company and date of share transfer

Name of the transferee company	Grandland Holdings Group Limited
Date of share transfer	Share will be transferred as soon as the regulatory approvals are received from related countries.

③ Name of the transferred company, major business and segment

Name	Permasteelisa S.p.A.
Major Business	Design and build architectural envelopes, interiors and complex forms
Segment	Building Technology Business

④ Overview of the transfer

Number of shares held before the transfer	25,613,544 shares (Voting right ratio: 100%)
Number of shares transferred	25,613,544 shares
Number of shares held after the transfer	0 share (0%)
Consideration received	168 million euros (Notes 1 and 2) (21,875 million yen , The amount is converted at 1 Euro ＝ 130.52 Yen.)
Relationship with the LIXIL Group after the share transfer (Note 3)	80 million euros will be loaned by LIXIL to Grandland on the date of share transfer. The final maturity date is 5 years from the date of the share transfer.

Notes: 1. 25 million euros (3,224 million yen) was received as a part of the sales price in August 2017. The amount is reported under "other" of cashflows from investing activities in consolidated statement of cash flows for the year ended March 31, 2018.

2. The ultimate sales price of the shares will be determined at the date of share transfer after the adjustments on the changes occurred by the date of share transfer in the assumption of the items in the negotiation. 81 million euros out of the sales price are presented under accounts receivables-other at the date of the share transfer, and the amount will be collected depending on a progression of the collection of a part of construction costs.

3. In addition to the loans from LIXIL to Grandland described above, there is a possibility that the LIXIL Group may recognize a loss due to results of certain legal disputes and/or collectability of construction cost payments on certain construction projects (contingent liabilities). The maximum amount of the loss is estimated to be around 220 million euros (or around 29 billion yen) as of the year end reporting period ended March 31, 2018.

⑤ Assets and Liabilities related to discontinued operations

(Unit: millions of yen)

	End of this year (As of March 31, 2018)
Assets related to discontinued operations	
Cash and cash equivalents	5,212
Trade and other receivables	55,511
Inventories	4,167
Construction contract assets	61,200
Property, plant and equipment	12,135
Goodwill and other intangible assets (Note)	19,690
Deferred tax assets	6,715
Other financial assets (current)	3,265
Other current assets	11,326
Other assets	987
Total	**Y 180,208**
Liabilities related to discontinued operations	
Trade and other payables	38,041
Bonds and borrowings (current)	16,110
Construction contract liabilities	25,416
Income tax payables	2,670
Net defined benefit liabilities	3,661
Deferred tax liabilities	9,848
Other financial liabilities (current)	1,054
Other current liabilities	27,953
Other liabilities	2,704
Total	**Y 127,457**

Notes: 1. Goodwill and other intangible assets include customer-related assets and technology-based intangible assets, which were recognized through the purchase price allocation at the acquisition date. The book value of goodwill was 20,724 million yen immediately before the reclassification of all the assets and liabilities of Permasteelisa and its subsidiaries, which was reevaluated at the fair value after the deduction of selling costs. The recognized loss due to the reevaluation is presented under loss for the fiscal year ended March 31, 2018 from discontinued operations.

2. Details of the assets and liabilities of Permasteelisa and its subsidiaries on the consolidated financial statements for the year ended March 31, 2017 are as follows:

(Unit: millions of yen)

	As of March 31, 2017
Assets	
Cash and cash equivalents	4,694
Trade and other receivables	58,444
Inventories	4,445
Construction contract assets	83,384
Property, plant and equipment	11,808
Goodwill and other intangible assets (Note)	38,033
Deferred tax assets	5,510
Other financial assets (current)	2,331
Other current assets	10,836
Other assets	1,693
Total	**Y 221,178**
Liabilities	
Trade and other payables	36,259
Bonds and borrowings (current)	20,392
Construction contract liabilities	32,291
Income tax payables	1,087
Net defined benefit liabilities	3,407
Deferred tax liabilities	9,758
Other financial liabilities (current)	2,523
Other current liabilities	37,639
Other liabilities	4,908
Total	**Y 148,264**

⑥ Operating results from discontinued operations

(Unit: millions of yen)

	FY ended March 31, 2017	FY ended March 31, 2018
Revenue	Y 153,218	Y 164,527
Loss recognized on the measurement to fair value less costs to sell of the disposal group constituting discontinued operations (Note)	-	-21,867
Other profit and loss	-157,725	-167,557
Profit before tax from Discontinued operations	-4,507	-24,897
Income tax expenses		
Income tax expenses from operations	-1,571	-727
Income tax expenses from the loss recognized on the measurement to fair value less costs to sell or on the disposal of the disposal group constituting the discontinued operation (Note)	-	13,836
Total of Income tax expenses	-1,571	13,109
Loss for the year from discontinued operations	-6,078	-11,788

Note: The 8,103 million yen loss (net of tax) recognized for the fiscal year ended March 31, 2018, is the measured fair value less the cost to sell or the cost on the disposal of entities constituting discontinued operations.

⑦ Cash flows from discontinued operations

(Unit: millions of yen)

	FY ended March 31, 2017	FY ended March 31, 2018
OPERATING ACTIVITIES	**Y** -5,341	**Y** 11,395
INVESTING ACTIVITIES (Note)	-1,700	1,671
FINANCING ACTIVITIES	4,793	-6,059
Total	**Y** -2,248	**Y** 7,007

Note: 25 million euros (3,224 million yen) which was received as a part of the sales price, is included in investing activities for the year ended March 31, 2018.

5. Other

Changes of Directors and Executive Officers (As of June 21, 2018)

(1) New candidates for appointment as Director

Haruo Shirai (Currently Executive Officer and Executive Vice President, Domestic Subsidiaries, LIXIL Group Corporation)
Ryuichi Kawamoto (Currently Representative Executive Officer and Executive Vice President, Production Optimization, LIXIL Group Corporation)

(2) New candidates for appointment as Representative Executive Officer

Sachio Matsumoto (Currently Executive Officer and Executive Vice President, Finance, Treasury, and M&A and Chief Financial Officer, LIXIL Group Corporation)

(3) New candidates for appointment as Executive Officer

Yutaka Nakamura as Executive Officer and Senior Managing Director

(4) Stepping down from the Executive Officers Committee

Ryuichi Kawamoto (Currently Representative Executive Officer and Executive Vice President, Production Optimization, LIXIL Group Corporation)
Haruo Shirai (Currently Executive Officer and Executive Vice President, Domestic Subsidiaries, LIXIL Group Corporation)