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

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LIXIL Group Corporation
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Progress Update on Transfer of Consolidated Subsidiary (Share Transfer)

LIXIL Group Corporation (hereinafter "LGC") announced on August 21, 2017 that it has decided to transfer 100% of shares of Permasteelisa S.p.A. (headquarters: Italy, hereinafter "Permasteelisa") held by its subsidiary, LIXIL Corporation, to Grandland Holdings Group Limited (hereinafter "Grandland"), a leading Chinese architectural design and construction company.

Since the date of our agreement on the share transfer, LGC and Grandland have been making best efforts to proceed with various measures to close the transaction as early as possible. However, LGC today announces that it has received official notification from the Committee on Foreign Investment in the United States ("CFIUS") which makes it clear that it has been unable to secure approval for the originally planned transfer of shares of Permasteelisa to Grandland.

Based on receipt of the notification, LGC is now considering future options.

Impact on LGC's financial reporting

LGC adopted International Financial Reporting Standards ("IFRS") starting from the fiscal year ended March 2016. Therefore, related to the conclusion of this share transfer agreement contract, based on IFRS No. 5 ("Non-Current Assets Held for Sale and Discontinued Operations"), given a condition that the asset (or disposal group) must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal groups) and its sale must be highly probable, assets and liabilities held by Permasteelisa have been classified as assets and liabilities held for sale. In addition to profit and loss after tax resulting from Permasteelisa's operations and profits and losses from the share transfer, these assets and liabilities held for sale have been listed separately as profit and loss for discontinued operations since the second quarter of the fiscal year ended March 2018.

However, since it became clear that the necessary approval has not been secured, the assets and liabilities held by Permasteelisa will cease to classify the assets and liabilities for sale. Similarly, profit and loss from Pemasteelisa's operations will be included in profit and loss from continuing operation from the second quarter of the fiscal year

ending March 2019. This changes in the accounting treatment and presentation will also be applied to the comparison period of the reporting period.

Expecting impact from the changes in the accounting and presentation on the second quarter of the fiscal year ending March 2019, LGC's consolidated financial statement of income is as follows:

(Unit：JPY billion)

	Profit and losses from Permasteelisa's business operations	Reversal of deferred tax asset, which was recongnized in FYE2018	Reversal of accruals, which was reported based on an assumption that the share transfer will be made	Total
Revenue	77.5			77.5
Core earnings	△5.0			△5.0
Other income and losses	0		2.5	2.5
Operating income	△5.0		2.5	△2.5
Financial income and losses	△1.0		1.0	0
Profit(loss) before tax	△6.0		3.5	△2.5
Tax expenses	△0.5	△14.0		△14.5
Net profit for H1attritutable to the owners of the parent	△6.5	△14.0	3.5	△17.0

(Note) Deferred tax asset was allowed to recongnize when the sale was decided.

In segment reporting, profit and losses from Permateelisa will be reported under Building Technology (LBT), which is the same reporting segment as before Permasteelisa was classified to Discontinued Operations.

The changes in accounting treatment and presentation will not affect LGC's cashflows.

LIXIL will disclose key status updates in a timely manner.

End