

**Consolidated Financial Results for the First Half Ended September 30, 2019  
(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 issue of quarterly financial report: November 13, 2019

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)

Stock Listings: Tokyo, Nagoya

URL: <http://www.lixil.com/en/investor/>

Telephone: +81-3-6268-8806

Schedule date of payment of dividends: November 29, 2019

(Amounts less than one million yen are rounded)

**1. Consolidated Financial Results for the H1 of FY Ending March 2020 (April 1 through September 30, 2019)**

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

	Revenue		Core earnings		Operating profit		Profit before tax		Profit for the quarter		Profit for the quarter attributable to owners of the parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
<b>FYE 2020 H1</b>	<b>925,502</b>	<b>4.2</b>	<b>34,465</b>	<b>149.9</b>	<b>32,071</b>	<b>118.1</b>	<b>40,821</b>	<b>193.5</b>	<b>25,189</b>	-	<b>23,135</b>	-
FYE 2019 H1	888,196	-0.2	13,790	-66.1	14,708	-2.5	13,910	12.5	-6,780	-	-8,629	-

	Total comprehensive income for the quarter		Basic earnings per share		Diluted earnings per share	
	Million yen	%	Yen	Yen	Yen	Yen
<b>FYE 2020 H1</b>	<b>5,503</b>	-	<b>79.75</b>	<b>72.31</b>		
FYE 2019 H1	-887	-	-29.76	-29.76		

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

(2) Consolidated Financial Position

	Total assets		Total equity		Equity attributable to owners of the parent		Ratio of equity attributable to owners of the parent to total assets	
	Million yen	Million yen	Million yen	Million yen	Million yen	Million yen	%	%
<b>FYE 2020 H1</b>	<b>2,117,342</b>	<b>561,958</b>	<b>561,958</b>	<b>527,508</b>	<b>527,508</b>	<b>24.9</b>		<b>24.9</b>
FYE 2019	2,059,544	567,167	567,167	533,656	533,656	25.9		25.9

**2. Cash Dividends**

	Dividends per share				
	End of Q1	End of Q2	End of Q3	End of period	For the year
FYE 2019	—	35.00	—	35.00	70.00
FYE 2020	—	35.00	—	35.00	70.00
FYE 2020 (forecast)	—	—	—	35.00	70.00

Note: Revision of dividends forecast during this period: No

**3. Consolidated Forecast for the FY Ending March 2020 (April 1, 2019 through March 31, 2020)**

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

	Revenue		Core earnings		Operating profit		Profit before tax	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
<b>FYE 2020</b>	<b>1,850,000</b>	<b>0.9</b>	<b>47,000</b>	<b>267.2</b>	<b>38,000</b>	<b>-</b>	<b>44,000</b>	<b>-</b>

	Profit for the year		Profit for the year attributable to owners of the parent		Basic earnings per share	
	Million yen	%	Million yen	%	Yen	Yen
<b>FYE 2020</b>	<b>17,600</b>	<b>-</b>	<b>15,000</b>	<b>-</b>	<b>51.71</b>	<b>51.71</b>

Note: Revision of consolidated operating performance forecast after the recent announcement: No

**\* Notes**

(1) Changes in significant subsidiaries, which affected the scope of consolidation during this period: No

Newly consolidated company: None

Excluded company: None

(2) Changes in accounting policies and accounting estimate

(i) Changes in accounting policies required by IFRS: Yes

(ii) Other changes: None

(iii) Changes in accounting estimate: None

(3) Outstanding stocks (Common stocks)

(i) Outstanding stocks including treasury stocks	(September 30, 2019)	313,319,159 shares	(FY ended March 31, 2019)	313,319,159 shares
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(ii) Treasury stocks	(September 30, 2019)	23,216,075 shares	(FY ended March 31, 2019)	23,224,165 shares
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(iii) Average stocks during three months (Apr - Sep)	(September 30, 2019)	290,101,422 shares	(September 30, 2018)	289,925,227 shares
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\* This quarterly 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.

(Notification of office relocation)

Following our company's relocation, our phone number will be changed.

( Before November 8 ) TEL +81-3-6268-8806

( After November 11 ) TEL +81-3-6706-7001

**4. Consolidated Financial Statements**

## (1) Consolidated Statement of Financial Position

(Unit: millions of yen)

	As of March 31, 2019	End of H1 (As of September 30, 2019)
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	Y 141,421	Y 100,396
Trade and other receivables	401,651	366,353
Inventories	234,646	243,555
Contract assets	59,019	61,148
Income taxes receivable	4,824	528
Other financial assets	12,612	15,011
Other current assets	26,216	23,340
Subtotal	880,389	810,331
Assets held for sale	11,391	-
<b>Total current assets</b>	<b>891,780</b>	<b>810,331</b>
<b>NON-CURRENT ASSETS:</b>		
Property, plant and equipment	552,759	507,588
Right of use assets	-	201,248
Goodwill and other intangible assets	457,082	435,575
Investment property	6,750	7,607
Investments accounted for using the equity method	12,204	10,106
Other financial assets	90,233	101,250
Deferred tax assets	38,374	36,274
Other non-current assets	10,362	7,363
<b>Total non-current assets</b>	<b>1,167,764</b>	<b>1,307,011</b>
<b>Total assets</b>	<b>Y 2,059,544</b>	<b>Y 2,117,342</b>

(Unit: millions of yen)

	As of March 31, 2019	End of H1 (As of September 30, 2019)
<b>LIABILITIES AND EQUITY</b>		
<b>LIABILITIES:</b>		
<b>CURRENT LIABILITIES</b>		
Trade and other payables	Y 392,357	Y 355,756
Bonds and borrowings	367,974	330,363
Lease liabilities	-	35,374
Contract liabilities	60,761	56,413
Income taxes payable	8,609	13,042
Other financial liabilities	7,247	6,825
Provisions	7,966	6,294
Other current liabilities	88,700	78,006
Subtotal	933,614	882,073
Liabilities directly associated with the assets held for sale	5,038	-
<b>Total current liabilities</b>	<b>938,652</b>	<b>882,073</b>
<b>NON-CURRENT LIABILITIES</b>		
Bonds and borrowings	357,984	294,223
Lease liabilities	-	182,601
Other financial liabilities	29,323	30,570
Net defined benefit liabilities	85,853	91,233
Provisions	11,638	13,770
Deferred tax liabilities	60,572	53,788
Other non-current liabilities	8,355	7,126
<b>Total non-current liabilities</b>	<b>553,725</b>	<b>673,311</b>
<b>Total liabilities</b>	<b>1,492,377</b>	<b>1,555,384</b>
<b>EQUITY:</b>		
Share capital	68,418	68,418
Capital surplus	277,584	277,800
Treasury shares	-48,899	-48,871
Other components of equity	14,458	553
Retained earnings	222,095	229,608
Equity attributable to owners of the parent	533,656	527,508
Non-controlling interests	33,511	34,450
<b>Total equity</b>	<b>567,167</b>	<b>561,958</b>
<b>Total liabilities and equity</b>	<b>Y 2,059,544</b>	<b>Y 2,117,342</b>

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

## Consolidated Statement of Profit or Loss

(Unit: millions of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Revenue	<b>Y</b> 888,196	<b>Y</b> 925,502
Cost of sales	-620,234	-636,703
<b>GROSS PROFIT</b>	267,962	288,799
Selling, general and administrative expenses	-254,172	-254,334
Other income	8,175	7,650
Other expenses	-7,257	-10,044
<b>OPERATING PROFIT</b>	14,708	32,071
Finance income	3,734	4,012
Finance costs	-4,255	-6,208
Share of profit (loss) of associates and joint ventures accounted for using the equity method	-277	-31
Profit from disposal of share of associates	-	10,977
<b>PROFIT BEFORE TAX</b>	13,910	40,821
Income tax expenses	-20,690	-15,632
<b>PROFIT (LOSS) FOR THE QUARTER</b>	-6,780	25,189
Profit for the quarter attributable to:		
Owners of the parent	-8,629	23,135
Non-controlling interests	1,849	2,054
<b>PROFIT (LOSS) FOR THE QUARTER</b>	-6,780	25,189
Earnings per share		
Basic (yen per share)	-29.76	79.75
Diluted (yen per share)	-29.76	72.31

## Consolidated Statement of Comprehensive Income

(Unit: millions of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
<b>PROFIT (LOSS) FOR THE QUARTER</b>	<b>Y -6,780</b>	<b>Y 25,189</b>
<b>OTHER COMPREHENSIVE INCOME</b>		
Items that will not be reclassified subsequently to profit or loss		
Net gain (loss) on revaluation of financial assets measured through other comprehensive income	-3,136	728
Remeasurements of defined benefit pension plans	-	-5,349
Total items that will not be reclassified subsequently to profit or loss	-3,136	-4,621
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	9,850	-13,794
Net fair value gain (loss) on hedging instruments entered into for cash flow hedges	-795	-1,265
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	-26	-6
Total items that may be reclassified subsequently to profit or loss	9,029	-15,065
Other comprehensive income, net of tax	5,893	-19,686
<b>TOTAL COMPREHENSIVE INCOME FOR THE QUARTER</b>	<b>-887</b>	<b>5,503</b>
Total comprehensive income for the quarter attributable to:		
Owners of the parent	-2,773	3,711
Non-controlling interests	1,886	1,792
<b>TOTAL COMPREHENSIVE INCOME FOR THE QUARTER</b>	<b>Y -887</b>	<b>Y 5,503</b>

## (3) Consolidated Statement of Changes in Equity

(Unit: millions of yen)

	Equity attributable to owners of the parent							
	Share capital	Capital surplus	Treasury shares	Other components of equity				
				Net fair value gain (loss) on available-for-sale financial assets	Net gain (loss) on revaluation of financial assets measured through other comprehensive income	Remeasurements of defined benefit pension plans	Exchange differences on translation of foreign operations	Net fair value gain (loss) on hedging instruments entered into for cash flow hedges
<b>BALANCE AS OF APRIL 1, 2018</b>	<b>68,121</b>	<b>277,753</b>	<b>-48,984</b>	<b>22,521</b>	-	-	<b>-7,183</b>	<b>345</b>
Cumulative effects of changes in accounting policies	-	-	-	<b>-22,521</b>	<b>17,891</b>	-	-	-
<b>RESTATED BALANCE AS OF APRIL 1, 2018</b>	<b>68,121</b>	<b>277,753</b>	<b>-48,984</b>	-	<b>17,891</b>	-	<b>-7,183</b>	<b>345</b>
Profit (loss) for the quarter	-	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-3,136	-	9,695	542
Total comprehensive income for the quarter	-	-	-	-	-3,136	-	9,695	542
Purchase of treasury shares	-	-	-9	-	-	-	-	-
Disposal of treasury shares	-	0	0	-	-	-	-	-
Share-based payment transactions	297	-178	84	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-
Reclassification to a non-current asset or disposal group classified as held for sale	-	-	-	-	-80	-	(0)	-
Reclassification from a non-current asset or disposal group classified as held for sale	-	-	-	-	-	-	5,269	-28
Changes in parent's ownership interests in subsidiaries without loss of control	-	-25	-	-	-	-	-	-
Changes associated with obtaining control of subsidiaries	-	-	-	-	-	-	-	-
Transfers from other components of equity to retained earnings	-	-	-	-	380	-	-	-
Total transactions with owners	297	-203	75	-	300	-	5,269	-28
<b>BALANCE AS OF SEPTEMBER 30, 2018</b>	<b>68,418</b>	<b>277,550</b>	<b>-48,909</b>	-	<b>15,055</b>	-	<b>7,781</b>	<b>859</b>
<b>BALANCE AS OF APRIL 1, 2019</b>	<b>68,418</b>	<b>277,584</b>	<b>-48,899</b>	-	<b>12,112</b>	-	<b>-2,659</b>	<b>234</b>
Cumulative effects of changes in accounting policies	-	-	-	-	-	-	-	-
<b>RESTATED BALANCE AS OF APRIL 1, 2019</b>	<b>68,418</b>	<b>277,584</b>	<b>-48,899</b>	-	<b>12,112</b>	-	<b>-2,659</b>	<b>234</b>
Profit (loss) for the quarter	-	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	754	-5,349	-13,562	-1,252
Total comprehensive income for the quarter	-	-	-	-	754	-5,349	-13,562	-1,252
Purchase of treasury shares	-	-	-5	-	-	-	-	-
Disposal of treasury shares	-	-0	0	-	-	-	-	-
Share-based payment transactions	-	205	33	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-
Reclassification to a non-current asset or disposal group classified as held for sale	-	-	-	-	273	-	-	-
Changes in parent's ownership interests in subsidiaries without loss of control	-	11	-	-	-	-	-	-
Transfers from other components of equity to retained earnings	-	-	-	-	296	5,349	-	-
Total transactions with owners	-	216	28	-	569	5,349	-	-
<b>BALANCE AS OF SEPTEMBER 30, 2019</b>	<b>68,418</b>	<b>277,800</b>	<b>-48,871</b>	-	<b>13,435</b>	-	<b>-16,221</b>	<b>-1,018</b>

(Unit: millions of yen)

	Equity attributable to owners of the parent					Non-controlling interests	Total equity
	Other components of equity			Retained earnings (losses)	Total		
	Accumulated other comprehensive income relating to a non-current asset or disposal group classified as held for sale	Other	Total				
<b>BALANCE AS OF APRIL 1, 2018</b>	<b>6,460</b>	<b>5,067</b>	<b>27,210</b>	<b>292,797</b>	<b>616,897</b>	<b>32,676</b>	<b>649,573</b>
Cumulative effects of changes in accounting policies	-	-	-4,630	5,580	950	-118	832
<b>RESTATED BALANCE AS OF APRIL 1, 2018</b>	<b>6,460</b>	<b>5,067</b>	<b>22,580</b>	<b>298,377</b>	<b>617,847</b>	<b>32,558</b>	<b>650,405</b>
Profit (Loss) for the quarter	-	-	-	-8,629	-8,629	1,849	-6,780
Other comprehensive income	-1,219	-26	5,856	-	5,856	37	5,893
Total comprehensive income for the quarter	-1,219	-26	5,856	-8,629	-2,773	1,886	-887
Purchase of treasury shares	-	-	-	-	-9	-	-9
Disposal of treasury shares	-	-	-	-	0	-	0
Share-based payment transactions	-	-124	-124	139	218	-	218
Dividends	-	-	-	-10,143	-10,143	-955	-11,098
Reclassification to a non-current asset or disposal group classified as held for sale	80	-	-	-	-	-	-
Reclassification from a non-current asset or disposal group classified as held for sale	-5,241	-	-	-	-	-	-
Changes in parent's ownership interests in subsidiaries without loss of control	-	-	-	-	-25	-9	-34
Changes associated with obtaining control of subsidiaries	-	-	-	-	-	218	218
Transfers from other components of equity to retained earnings	-	-	380	-380	-	-	-
Total transactions with owners	-5,161	-124	256	-10,384	-9,959	-746	-10,705
<b>BALANCE AS OF SEPTEMBER 30, 2018</b>	<b>80</b>	<b>4,917</b>	<b>28,692</b>	<b>279,364</b>	<b>605,115</b>	<b>33,698</b>	<b>638,813</b>
<b>BALANCE AS OF APRIL 1, 2019</b>	<b>22</b>	<b>4,749</b>	<b>14,458</b>	<b>222,095</b>	<b>533,656</b>	<b>33,511</b>	<b>567,167</b>
Cumulative effects of changes in accounting policies	-	-	-	58	58	103	161
<b>RESTATED BALANCE AS OF APRIL 1, 2019</b>	<b>22</b>	<b>4,749</b>	<b>14,458</b>	<b>222,153</b>	<b>533,714</b>	<b>33,614</b>	<b>567,328</b>
Profit (Loss) for the quarter	-	-	-	23,135	23,135	2,054	25,189
Other comprehensive income	-9	-6	-19,424	-	-19,424	-262	-19,686
Total comprehensive income for the quarter	-9	-6	-19,424	23,135	3,711	1,792	5,503
Purchase of treasury shares	-	-	-	-	-5	-	-5
Disposal of treasury shares	-	-	-	-	0	-	0
Share-based payment transactions	-	-386	-386	378	230	-	230
Dividends	-	-	-	-10,153	-10,153	-1,025	-11,178
Reclassification to a non-current asset or disposal group classified as held for sale	-273	-	-	-	-	-	-
Changes in parent's ownership interests in subsidiaries without loss of control	-	-	-	-	11	69	80
Transfers from other components of equity to retained earnings	260	-	5,905	-5,905	-	-	-
Total transactions with owners	-13	-386	5,519	-15,680	-9,917	-956	-10,873
<b>BALANCE AS OF SEPTEMBER 30, 2019</b>	<b>-</b>	<b>4,357</b>	<b>553</b>	<b>229,608</b>	<b>527,508</b>	<b>34,450</b>	<b>561,958</b>



## (4) Consolidated Statement of Cash Flows

(Unit: millions of yen)

	Six months ended September 30, 2018		Six months ended September 30, 2019	
<b>OPERATING ACTIVITIES:</b>				
Profit before tax	<b>Y</b>	13,910	<b>Y</b>	40,821
Depreciation and amortization		34,483		52,794
Impairment losses		1,297		2,609
Profit recognized on the remeasurement of the disposal group held for sale		-2,040		-
Interest and dividend income		-1,569		-1,549
Interest expense		2,621		3,246
Share of loss (profit) of associates and joint ventures accounted for using the equity method		277		31
Profit from disposal of share of associates		-		-10,977
Loss (gain) on disposal of property, plant and equipment		887		469
Decrease (increase) in trade and other receivables		12,629		30,640
Decrease (increase) in inventories		-23,224		-12,394
Increase (decrease) in trade and other payables		-8,395		-24,596
Increase (decrease) in net defined benefit liabilities		1,047		8,914
Other		-3,253		-20,871
Subtotal		28,670		69,137
Interest received		588		527
Dividends received		951		1,016
Interest paid		-2,349		-2,761
Income taxes paid		-16,430		-7,622
<b>Net cash generated by operating activities</b>	<b>Y</b>	<b>11,430</b>	<b>Y</b>	<b>60,297</b>

(Unit: millions of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
<b>INVESTING ACTIVITIES:</b>		
Decrease (increase) in time deposits	Y -893	Y 716
Purchase of property, plant and equipment	-26,998	-27,250
Proceeds from disposal of property, plant and equipment	320	375
Purchase of intangible assets	-3,855	-4,855
Proceeds from disposal of investment property	301	796
Proceeds from sale of subsidiaries	-	12,811
Decrease (increase) in short-term loans receivable	-325	-910
Payments for long-term loans receivable	-51	-294
Proceeds from collection of long-term loans receivable	63	315
Payments for acquisition of other investments	-125,354	-120,027
Proceeds from sale and redemption of investments	125,595	133,408
Other	-1,146	-2,546
<b>Net cash used in investing activities</b>	<b>Y -32,343</b>	<b>-7,461</b>
<b>FINANCING ACTIVITIES:</b>		
Dividends paid	-10,143	-10,153
Dividends paid to non-controlling interests	-955	-1,025
Increase (decrease) in short-term borrowings and commercial paper	40,587	2,251
Proceeds from long-term borrowings	22,800	6,000
Repayment of long-term borrowings	-49,160	-50,974
Redemption of bonds	-	-20,000
Lease liabilities paid	-	-18,761
Proceeds from stock issuance to non-controlling interests	218	-
Payments for acquisition of interests in subsidiaries from non-controlling interests	-34	-
Other	-1,718	-1,345
<b>Net cash generated by financing activities</b>	<b>Y 1,595</b>	<b>-94,007</b>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>-19,318</b>	<b>-41,171</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>138,751</b>	<b>141,421</b>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	302	-1,513
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS INCLUDED IN ASSETS CLASSIFIED HELD FOR SALE	3,720	1,659
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>Y 123,455</b>	<b>100,396</b>

## (5) Notes related to Quarterly Financial Statements

## (Notes related to Going Concern Assumptions)

Not applicable.

## (Notes on Changes in Accounting Policies)

The significant accounting policies adopted for the quarterly consolidated financial statements are the same as those for the consolidated financial statements for the year ended March 31, 2019, with the exception of the items described below. LIXIL Group Corporation (the "Company") and its subsidiaries (the "Group") have adopted following the new accounting standards from the beginning of the consolidated fiscal year beginning on April 1, 2019.

IFRS Standard	Name of standard	Description of new standards and amendments
IFRS 16	Leases	New requirements in accounting for lease contracts

Due to the mandatory adoption of International Financial Reporting Standard 16 "Leases" (issued in January 2016) ("IFRS 16") from the fiscal year beginning on April 1, 2019, the Group has retrospectively applied the standard in accordance with transitional measures. The Group has applied this Standard to its leases retrospectively with the cumulative effect of initially applying this Standard at the date of initial application.

As a result of this adoption, the Group as a lessee does not classify its leases as either operating leases or finance leases. It also recognizes right-of-use assets representing the right to use an underlying asset over the lease term and lease liabilities representing payments for the right to use an underlying asset for the lease term for all leases in the consolidated statement of financial position for the six-month reporting period ended September 30, 2019. However, the Group does not apply the requirements of IFRS 16 to short-term leases and leases for which the underlying asset is of low value.

By applying IFRS 16, the amount of "Lease assets" included in "Property, plant and equipment" of assets in the consolidated statement of financial position for the year ended March 31, 2019, has been presented as "Right-of-use assets", and the amount of "Lease obligations" included in "Bonds and borrowings" of liabilities in the consolidated statement of financial position for the year ended March 31, 2019, has been presented as "Lease liabilities" in the consolidated statement of financial position for the six-month reporting period ended September 30, 2019. Cash flows related to leases classified as Operating Leases were represented as "Net cash generated by operating activities" on the Consolidated Statement of Cash Flows for the six-month reporting period ended September 30, 2018. However, from the six-month reporting period ended September 30, 2019, the payments of the principal portion of Lease Liabilities, excluding leases that were not included in the assessment of lease liabilities such as short-term leases and leases for which the underlying asset is of low value, are classified to "Net cash generated by financing activities". In addition, payments of interest of the Lease liabilities are also classified to "Net cash generated by operating activities" respectively. These lease liabilities have been measured at the present value of the remaining lease payments discounted using the lessee's incremental borrowing rate at the date of initial application. The weighted-average of the lessee's incremental borrowing rate is 0.8%.

For the leases that the Group as a lessee previously classified as finance leases under IAS 17, the carrying amounts of "Lease assets" and "Lease obligations" based on IAS 17 before the date of the initial application of IFRS 16 (March 31, 2019) are the carrying amounts of "Right-of-use assets" and "Lease liabilities" at the date of the initial application of IFRS 16.

As a result, the impact at the beginning of the six-month reporting period ended September 30, 2019, comprises a decrease in "Property, plant and equipment", which was ¥30,381 million, an increase in "Right-of-use assets" and "Investment property", which were ¥195,037 million and ¥1,686 million respectively, a decrease in "Bonds and borrowings", which was ¥36,433 million, and an increase in "Lease liabilities", which was ¥202,775 million.

The following is a reconciliation of non-cancellable operating lease contracts applying IAS 17 as of March 31, 2019, and lease liabilities recognized in the condensed consolidated statement of financial position at the date of initial application.

(Unit: millions of yen)

Non-cancellable operating lease contracts as of March 31, 2019	¥	115,629
Cancellable operating lease contracts, etc as of March 31, 2019		50,713
Finance lease obligations (current liabilities) as of March 31, 2019 (note)		3,380
Finance lease obligations (non-current liabilities) as of March 31, 2019 (note)		33,053
Total (lease liabilities recognized on April 1, 2019)	¥	202,775

(note) Finance lease obligations are included in "Bonds and borrowings" in Consolidated Statement of Financial Position for the year ended March 31, 2019.

The Group applies the following practical expedients made available under transitional measures for the adoption of IFRS 16.

- The Group does not reassess whether a contract is or contains a lease at the date of initial application of IFRS 16.
- A single discount rate is applied to portfolios of leases with reasonably similar characteristics.
- Initial direct costs are excluded from the measurement of right-of-use assets at the date of initial application.
- The Group used hindsight when calculating term of the lease which contains the options to extend or terminate.

## (Segment Information)

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

For the six months ended September 30, 2018 (April 1 through September 30, 2018)

(Unit: millions of yen)

	Reportable Segments				
	Water Technology business	Housing Technology business	Building Technology business	Distribution & Retail business	Housing & Services business
Revenue					
Revenue from external customers	Y 393,229	Y 252,124	Y 130,221	Y 87,842	Y 24,780
Intersegment revenue or transfers	8,769	4,889	71	4	1,400
Total	401,998	257,013	130,292	87,846	26,180
Segment profit (Loss) (Note 1)	25,572	4,616	-3,723	4,737	1,363
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					

(Unit: millions of yen)

	Total	Reconciliations ( Note 2 )	Consolidated
Revenue			
Revenue from external customers	Y 888,196	-	Y 888,196
Intersegment revenue or transfers	15,133	-15,133	-
Total	903,329	-15,133	888,196
Segment profit (Loss) (Note 1)	32,565	-18,775	13,790
Other income			8,175
Other expenses			-7,257
Operating profit			14,708
Finance income			3,734
Finance costs			-4,255
Share of profit (loss) of associates and joint ventures accounted for using the equity method			-277
Profit from disposal of share of associates			-
Profit before tax			13,910

Notes: 1. Segment profit is core earnings which are defined as revenue less cost of sales and selling, general and administrative expenses.

2. Segment profit 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 administrative departments, including human resources, general affairs, accounting and other departments of the Company and its consolidated subsidiary, LIXIL Corporation.

For the six months ended September 30, 2019 (April 1 through September 30, 2019)

(Unit: millions of yen)

	Reportable Segments				
	Water Technology business	Housing Technology business	Building Technology business	Distribution & Retail business	Housing & Services business
Revenue					
Revenue from external customers	Y 402,541	Y 274,666	Y 127,543	Y 95,202	Y 25,550
Intersegment revenue or transfers	8,283	4,422	54	0	1,237
Total	410,824	279,088	127,597	95,202	26,787
Segment profit (loss) (Note 1)	33,326	18,211	-4,212	5,261	1,773
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					

(Unit: millions of yen)

	Total	Reconciliations ( Note 2 )	Consolidated
Revenue			
Revenue from external customers	Y 925,502	-	Y 925,502
Intersegment revenue or transfers	13,996	-13,996	-
Total	939,498	-13,996	925,502
Segment profit (loss) (Note 1)	54,359	-19,894	34,465
Other income			7,650
Other expenses			-10,044
Operating profit			32,071
Finance income			4,012
Finance costs			-6,208
Share of profit (loss) of associates and joint ventures accounted for using the equity method			-31
Profit from disposal of share of associates			10,977
Profit before tax			40,821

Notes: 1. Segment profit (loss) is core earnings which are defined as 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 administrative departments, including human resources, general affairs, accounting and other departments of the Company and its consolidated subsidiary, LIXIL Corporation.