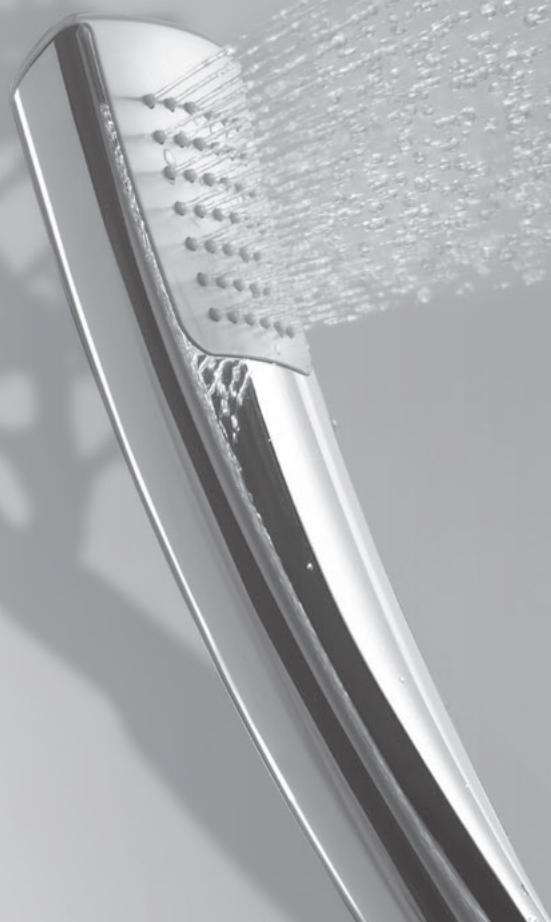


TOTO

TOTO CORPORATE REPORT 2013

Financial & ESG Section



TOTO CORPORATE REPORT 2013 Financial & ESG Section

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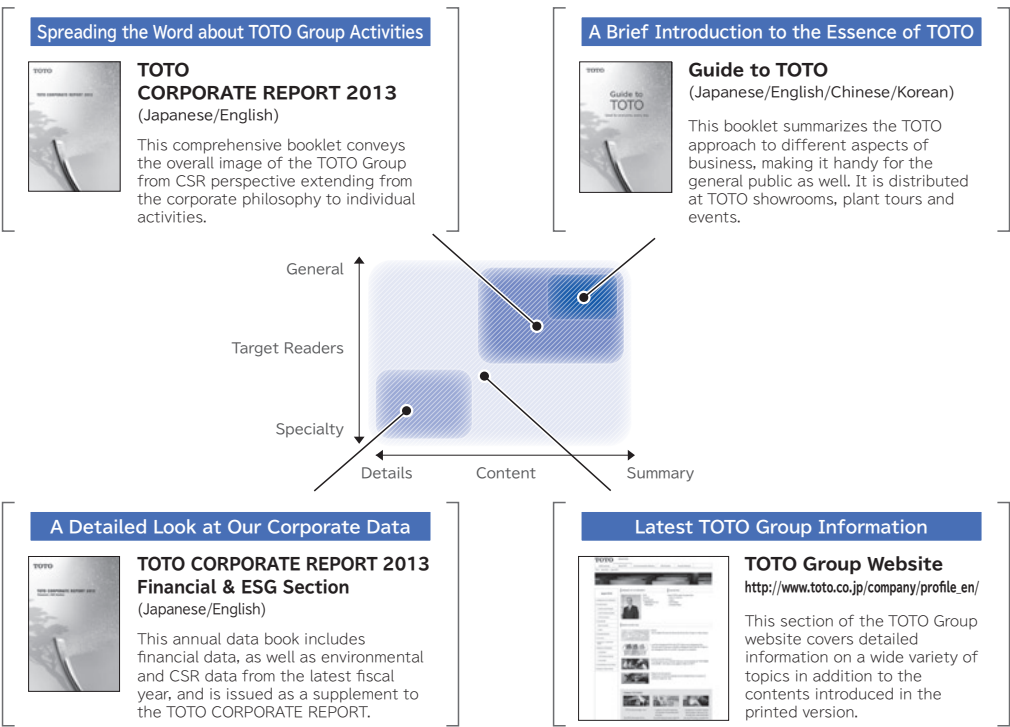
Notation of Years

Years stated in this *TOTO CORPORATE REPORT 2013 Financial & ESG Section* are the years ending March 31 of each year or are as of March 31.

Forward-Looking Statements

This report contains forward-looking statements, including information about business plans, earnings forecasts and strategies. Such statements reflect estimates and assumptions based on information available at the time of writing. The accuracy of such statements is inherently uncertain because it is affected by future macroeconomic trends and business environment developments, including consumption trends and competitive challenges.

Overview of TOTO Group Communication Tools



Six-Year Summary of Selected Financial Data

TOTO LTD. and Consolidated Subsidiaries

Year ended March 31,	2008	2009	2010	2011	2012	2013	2013
	Millions of yen						Thousands of U.S. dollars (Note 3)
Net sales	¥501,060	¥464,505	¥421,929	¥433,558	¥452,686	¥476,275	\$5,064,062
Cost of sales	330,782	311,765	275,639	273,259	286,803	303,231	3,224,147
Cost of sales ratio	66.0%	67.1%	65.3%	63.0%	63.4%	63.7%	—
Gross profit	170,278	152,740	146,290	160,299	165,883	173,044	1,839,915
Selling, general and administrative (SG&A) expenses	147,555	146,174	139,700	146,285	147,103	149,667	1,591,356
SG&A ratio	29.4%	31.5%	33.1%	33.7%	32.5%	31.4%	—
Operating income	22,723	6,566	6,590	14,014	18,780	23,377	248,559
Operating margin	4.5%	1.4%	1.6%	3.2%	4.1%	4.9%	—
Income (loss) before income taxes and minority interests	15,853	(14,470)	5,296	8,119	15,642	22,477	238,990
Net income (loss)	13,240	(26,261)	879	5,115	9,270	16,957	180,298
Capital investment	24,191	16,297	11,607	26,214	32,253	19,934	211,951
R&D costs	12,001	13,087	13,113	15,606	16,643	15,983	169,942
R&D costs ratio to net sales	2.4%	2.8%	3.1%	3.6%	3.7%	3.4%	—
Cash flow ^{*1}	2,490	(311)	6,698	(4,066)	(15,491)	22,496	239,192
Total assets	¥451,744	¥388,645	¥378,266	¥379,215	¥377,073	¥408,455	\$4,342,956
Return on assets ^{*2}	2.9%	-6.2%	0.2%	1.3%	2.5%	4.3%	—
Total current assets	210,126	187,690	180,150	184,204	181,555	205,486	2,184,860
Total noncurrent assets	241,618	200,955	198,116	195,011	195,518	202,969	2,158,096
Net property, plant and equipment	157,925	133,168	125,047	121,212	125,085	127,601	1,356,736
Total investments and other assets	83,693	67,787	73,069	73,799	70,433	75,368	801,360
Total liabilities	¥220,214	¥203,751	¥189,717	¥199,051	¥191,492	¥195,044	\$2,073,833
Total current liabilities	160,297	146,789	138,491	128,043	132,871	149,210	1,586,497
Total long-term liabilities	59,917	56,962	51,226	71,008	58,621	45,834	487,336
Net assets ^{*3}	231,530	184,894	188,549	180,164	185,581	213,411	2,269,123
Return on equity ^{*2}	5.8%	-12.9%	0.5%	2.8%	5.0%	8.8%	—
	Yen						U.S. dollars (Note 3)
Basic net income (loss) per share	¥38.21	¥ (75.80)	¥ 2.54	¥ 14.86	¥ 27.10	¥ 49.45	\$ 0.53
Net assets per share ^{*3}	652.84	520.36	530.35	513.51	525.60	602.22	6.40
Cash dividends per share applicable to the year	14.00	10.00	10.00	10.00	10.00	14.00	0.15

*1. Cash flow = Net increase (decrease) in cash and cash equivalents.
 *2. ROA = Net income/Total assets (yearly average). ROE = Net income/Net assets (yearly average).
 *3. Effective the fiscal year ended March 31, 2007, the Company has adopted a new accounting standard for the presentation of net assets in the balance sheet and the related implementation guidance.

Management’s Discussion and Analysis of Operations

■Market Environment

During the consolidated accounting period (April 1, 2012 to March 31, 2013) under review, the Japanese economy remained sluggish for a time as a result of the global economic slowdown but regained strength thanks to a weaker yen and higher stock prices due to the effects of the government’s economic and fiscal policies.

The domestic housing industry market is also continuing on a recovery trend, thanks to the government’s various home ownership support policies, low interest rates and other factors.

Amid this business environment, the TOTO Group continued to promote activities in the domestic and overseas housing equipment and new business domain segments based on our “TOTO V-Plan 2017,” our long-term management plan in our centenary of fiscal 2017, and our three-year mid-term management plan which has started in fiscal 2012.

■Business Results

[Net Sales]

Consolidated net sales for the year ended March 31, 2013 amounted to ¥476.2 billion, an increase of 5.2% from the previous term.

Looking at sales by business segment, in new building construction the domestic housing equipment business did well as the number of new dwellings grew thanks to the recovery in housing starts. In addition, construction of public buildings such as commercial buildings of various types, hospitals, facilities for seniors and so forth, was also strong. In the remodeling area, private home remodeling demand grew, as did remodeling in public buildings, with many commercial buildings and schools remodeling their toilet facilities. As a result, segment sales stood at ¥386.8

billion, a year-on-year increase of 3.0%.

In the overseas housing equipment business, the global economy is slowly recovering from the slowdown set off by the European debt crisis. Against this background, we are pursuing steady growth strategies in this business segment based on our TOTO V-Plan 2017 and our mid-term management plan, focusing our attention on economic and social trends in individual countries and regions. Segment sales were ¥75.1 billion, up 20.0% from the previous term.

In new business domains, sales stood at ¥14.1 billion, down 2.5% from the previous term due to a decline in sales and profits in the ceramics business as the adjustment phase in the semiconductor market continues and in the green building materials business as a result of home builders changing their product lineup of outdoor finishing materials.

[Operating Income]

Consolidated operating income amounted to ¥23.3 billion, up 24.5%, due primarily to company-wide cost reduction efforts and business restructuring based on TOTO V-Plan 2017. The operating income to sales ratio was up 0.8 percentage point to 4.9%.

[Net Income]

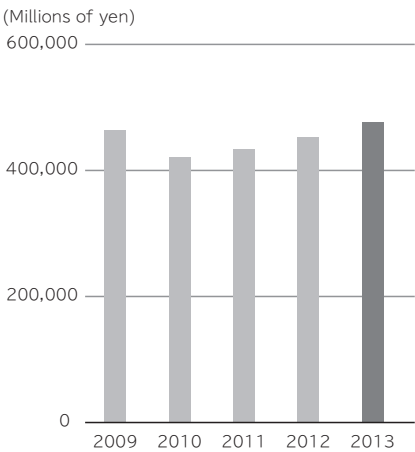
TOTO posted net income of ¥16.9 billion due to the recording of extraordinary losses that included business restructuring expenses and impairment losses.

■Financial Position

As of March 31, 2013, consolidated total assets amounted to ¥408.4 billion, up ¥31.4 billion from the end of the previous fiscal year-end.

Current assets increased ¥2.39 billion to ¥205.4 billion compared with ¥181.5 billion at the end of the previous

Net Sales



Sales Growth by Segment

Segment	Results (YoY)
Domestic housing equipment business	3.0%
Overseas housing equipment business	20.0%
New business domains	-2.5%
Total	5.2%

fiscal year-end. This mainly reflected an increase of ¥13.5 billion in marketable securities and an increase of ¥990 million in cash and deposits.

Total noncurrent assets increased ¥740 million to ¥202.9 billion compared with ¥195.5 billion at the end of the previous fiscal year-end. Key factors were an increase of ¥700 million in investment marketable securities, an increase of ¥450 million in machinery and equipment and a decrease of ¥300 million in the construction-in-progress account.

Consolidated total liabilities increased ¥350 million to ¥195.0 billion compared with ¥191.4 billion at the end of the previous fiscal year-end. This was mainly attributable to an increase of ¥18.2 billion in short-term bank loans, an increase of ¥510 million in notes and accounts receivable trade, a decrease of ¥11.1 billion in long-term bank loans and a decrease of ¥10.0 billion in corporate debentures redeemable within one year.

Total net assets as of March 31, 2013 amounted to ¥213.4 billion, up ¥27.8 billion from ¥185.5 billion at the end of the previous fiscal year-end. This was due primarily to an overall increase in retained earnings owing to the recording of ¥16.9 billion in net income, an increase of ¥700 million in translation adjustments, an increase of ¥590 million in valuation adjustments of other marketable securities and a decrease in retained earnings of ¥370 million due to dividend payouts.

The equity ratio (net assets minus minority interests, divided by total assets) increased 2.9 percentage points year-on-year to 50.6%. Net assets per share based on the weighted-average number of shares outstanding during the fiscal year under review were ¥602.22.

R&D Costs

The R&D Division conducts R&D into products suited to the characteristics of a particular region based on “Only

One” technologies developed in Japan and a Five-Polar global structure with the aim to be a truly global company as stated in TOTO V-Plan 2017.

In order to meet diverse needs, we pursue R&D that promotes the efficient production of a wide array of products.

At the same time, we are designing components that make assembly easier and creating platforms for parts and materials to reduce costs and shorten production lead-times.

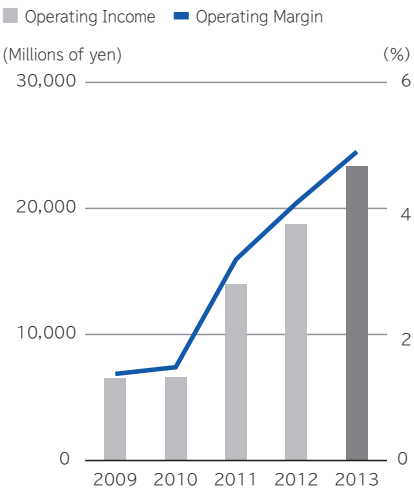
In aging societies, demand for comfortable and safe products and spaces that are easier to use is on the rise.

The TOTO Group implements Universal Design (UD) with the objective of designing products that are comfortable and safe to use for everyone irrespective of differences in age, gender, physical condition, nationality, language, knowledge or experience. The TOTO Universal Design Research Center leads the way in developing comfortable and safe products that are easier to use, through repeated dialogue between product developers and surveyed customers, observation and testing.

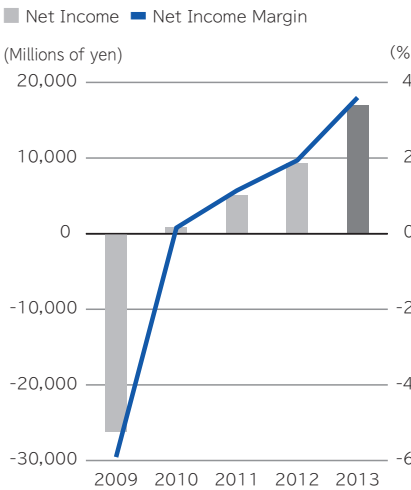
New ceramic power generation cells (solid oxide fuel cells [SOFCs]) which are being developed as power generation modules for fuel cells are gaining attention as a form of next-generation energy that reduces energy consumption and contributes significantly to a reduction in carbon dioxide. Up until now, TOTO has been conducting R&D that applies accumulated ceramic technology. We specialize in the development of power generation modules with exceptional power generating performance and durability, and are conducting ongoing verification testing toward swift commercialization.

Consolidated R&D costs for the year under review totaled ¥15.9 billion. By business segment, R&D expenses totaled ¥12.1 billion in the domestic housing equipment business and ¥500 million in the overseas housing

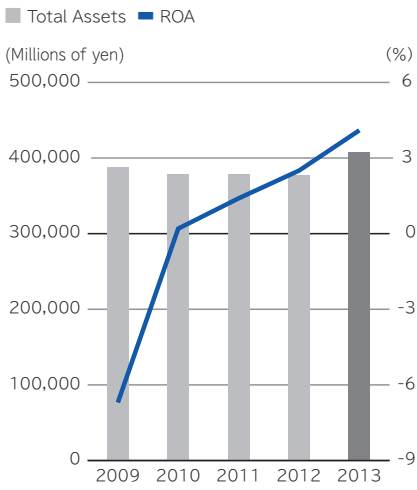
Operating Income/Operating Margin



Net Income (Loss)/Net Income (Loss) Margin



Total Assets/ROA



equipment business.

The ceramic business of the new business domains spent ¥1.1 billion on R&D while the environmental building materials business spent ¥300 million. A total of ¥1.7 billion was unallocated to a specific business.

■Capital Investment and Depreciation

A basic policy of the TOTO Group is to continue creating and providing an enriched and more comfortable lifestyle and culture built on plumbing products. In the fiscal year under review, the Group's capital investment totaled ¥19.9 billion.

Capital investment by business segment was as follows.

In the domestic housing equipment business, capital investment totaled ¥15.2 billion, including outlays for the introduction and renewal of production equipment, molds for new products and rearrangement of showroom displays.

In the overseas housing equipment business, capital investment mainly for the introduction and renewal of production equipment and molds for new products totaled ¥200 million in the United States, ¥1.7 billion in China and ¥1.5 billion in Asia and Oceania.

In new business domains, capital investment mainly for the introduction and renewal of production equipment totaled ¥400 million in the ceramic business.

Other capital investment totaled ¥500 million overall, including outlays for the purchase of R&D equipment.

The major facilities completed in the fiscal year under review included the move and renovation of the Tokyo Branch Office showroom and so forth. All necessary funds were provided internally.

Depreciation and amortization for the fiscal year under review amounted to ¥19.5 billion, up ¥1.2 billion.

■Cash Flows

Cash flows in the year ended March 31, 2013 were as follows.

[Net Cash Provided by Operating Activities]

Net cash provided by operating activities amounted to ¥44.4 billion. This was due to an increase in cash resulting from income before income taxes and minority interests of ¥22.4 billion and depreciation and amortization of ¥19.5 billion, as well as an increase in cash resulting from an increase in trade payables of ¥4.6 billion and a decrease in cash due to a drop of ¥2.6 billion for accounts payable.

[Net Cash Used in Investing Activities]

Net cash used in investing activities decreased to ¥22.9 billion. This was due mainly to an outlay of ¥21.2 billion for purchases of property, plant and equipment and ¥2.8 billion for purchases of intangible fixed assets.

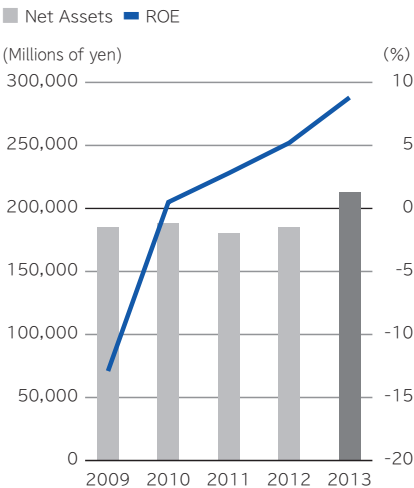
[Net Cash Used in Financing Activities]

Net cash used in financing activities decreased to ¥2.1 billion.

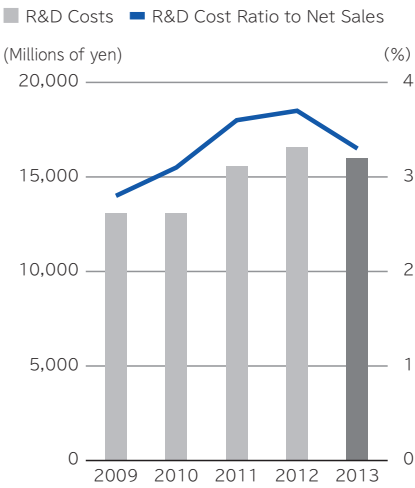
This was due to a decrease in cash resulting mainly from the redemption of commercial paper in the amount of ¥25.0 billion and outlays of ¥10 billion for redemption of corporate debentures, and to an increase in cash resulting mainly from proceeds from issuance of commercial paper in the amount of ¥30.0 billion.

Consolidated cash and cash equivalents at the end of the fiscal year increased by ¥22.4 billion to ¥55.7 billion compared with ¥33.2 billion at the end of the previous term.

Net Assets/ROE



R&D Costs/R&D Cost Ratio to Net Sales



Business Risk

The following is a list of some of the major risk factors that could potentially impact the TOTO Group’s business performance and financial position. The risks described below do not constitute the entire range of risks that should be considered when investing in the Company’s stock.

Forward-looking statements are based on assumptions made by the Group’s management from information available on March 31, 2013.

[1. Risks Related to Operating Environment]

1) Changes in Economic Situation

Demand for TOTO’s products and services may be affected by general economic trends in the countries or regions in which they are sold. Economic downturns and resulting declines in demand in TOTO’s markets worldwide may thus adversely affect the Group’s business, financial condition and operating results.

2) Currency Exchange Rate Fluctuations

Foreign exchange rate fluctuations may adversely affect the TOTO Group’s business, financial condition and operating results because the Group conducts international business transactions, while production, sales and other operating activities overseas are handled in foreign currencies. In addition, the assets and liabilities of overseas consolidated subsidiaries are translated into yen on the consolidated balance sheets.

3) Decrease in Stock Value

The TOTO Group holds stocks as part of its investment securities. If the book value of such stocks drops significantly, this would cause the Company to record losses on the valuation of the stock, which may adversely affect the Group’s business, financial condition and operating results.

4) Interest Rate Fluctuations

TOTO is exposed to interest rate fluctuation risks, which

may affect its operational costs, interest expenses, interest income and the value of financial assets and liabilities. Accordingly, interest rate fluctuations may adversely affect the Group’s business, financial condition and operating results.

5) Changes in Market Environment

Drastic fluctuations in demand in housing-related fields, in which the TOTO Group conducts its main business activities, may adversely affect the Group’s business, financial condition and operating results.

[2. Risks Related to TOTO’s Business Activities]

1) Competition in the Industry

The TOTO Group develops, produces and markets a broad range of products and services, and therefore faces many different types of competitors. Although the Group will implement various measures to maintain and strengthen competitiveness going forward, it may not be able to maintain a dominant position in the market in the future.

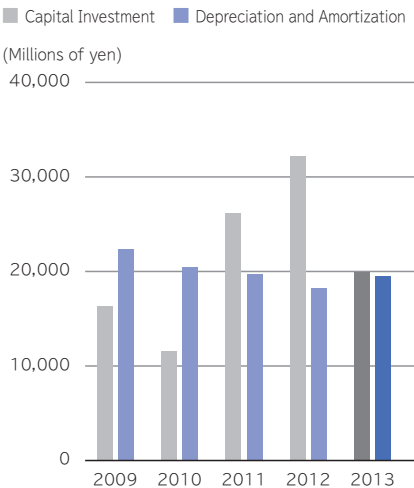
2) Rapid Declines in Product Prices

The TOTO Group works aggressively to develop high value added products and reduce costs. However, the Group is also subject to fierce competition in markets worldwide, and if downward pressure on prices outweighs corporate efforts, this may seriously affect the ability of the Group to secure profits.

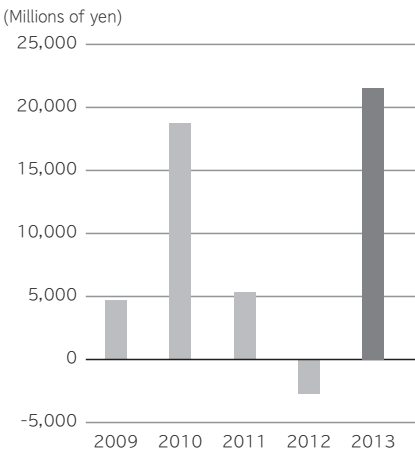
3) Barriers to International Business Operations

One of the TOTO Group’s business strategies is business expansion in overseas markets. In these markets, TOTO may face various political, economic and legal barriers such as currency exchange risk, political instability, economic uncertainty, religious and cultural differences, barriers related to business practices, revisions to regulations regarding, for example, investment, international money transfer, import/export and foreign currency exchange, as well as changes in tax systems, which may affect the

Capital Investment/Depreciation and Amortization



Free Cash Flow



Group’s business, financial condition and operating results.

4) Importance of Technological Innovation

Technological innovation driving development of new technologies and products is critical to enable sustained growth and enhance competitiveness of the TOTO Group. Inability to respond suitably to changing market needs in the future may affect the future growth and profitability of the Group.

5) Corporate Acquisition and Business Alliances with Other Companies

The TOTO Group develops its business by forming alliances and making investments in other companies that include corporate acquisition and capital participation in order to increase business efficiency and reinforce competitiveness. While such partnerships are crucial to the TOTO Group’s goal of introducing new products and services, the Group may not be able to successfully collaborate or achieve expected synergies with its partners. In addition, if these partners change their business strategies, the TOTO Group may have difficulty maintaining these relationships or equity investments.

6) Procurement of Materials, etc.

The TOTO Group’s manufacturing operations depend on obtaining materials and parts of high quality and in a stable and timely manner. For that purpose, the Company promotes procurement activities after selecting suppliers that it can trust. However, if a supplier ceases supply, or there is a sudden increase in industry demand, or changes in the supply and demand situation, purchase prices may rise steeply. In such cases, it may be difficult for the TOTO Group to substitute one supplier for another, increase the number of suppliers or change one part or material for another in a timely manner, which may adversely affect the Group’s business, financial condition and operating results.

7) Risks Related to Information Systems

The TOTO Group is supported by information and telecommunications systems in almost all of its operations. In addition, such systems are becoming increasingly complex and sophisticated each year. Although the TOTO Group undertakes various measures to improve the reliability of these systems as well as upgrades them to enable the ongoing execution of its operations, external factors such as a terrorist attack, natural disaster or computer hacking as well as human error or a computer virus could create problems in the systems or cause them to break down. A resulting temporary disruption to operations may adversely affect the Group’s business, financial condition and operating results.

8) Financial Condition of Distributors, etc.

Distributors of the TOTO Group purchase their products and services on payment terms that may not provide for immediate payment. If distributors from whom the Group has substantial accounts receivable encounter financial difficulties and are unable to make payments on time, the Group’s business, financial condition and operating results may be adversely affected.

9) Obtaining Capable Human Resources

Human resources are the TOTO Group’s most valuable asset.

Although we do our utmost to recruit and train talented personnel on a global scale, this task is becoming more difficult year by year.

Inability to recruit or retain capable individuals could adversely affect the Group’s business, financial condition and operating results.

[3. Risks Related to the TOTO Group’s Mid- to Long-Term Management Plan]

1) Achieving Objectives of Mid- to Long-Term Management Plan

The TOTO Group is implementing “TOTO V-Plan 2017” with the aim to be a truly global company in our centenary of fiscal 2017. Despite executing various measures to achieve the goals of this plan, the Group may not be successful in achieving all targets or in realizing the expected benefits because of various factors including, among other conditions, further deterioration of the business environment.

2) Business Structural Reforms

In order to drive sustained growth and further enhance profitability, the TOTO Group promotes the selection and concentration of business and works towards more efficient management of operations. Expenses may increase in the process of implementing business reorganization or business structural reforms, however, which may adversely affect the Group’s business, financial condition and operating results.

[4. Risks Related to Legal Restrictions and Litigation]

1) Product Defects

The TOTO Group pays particular attention to ensuring product quality based on strict, independent quality standards. The occurrence of defects in TOTO products, however, could make the Group liable for damages, caused either directly or indirectly by the defect, which are not covered by product and liability insurance, whereby the Group could incur significant expense for undertaking countermeasures. Negative publicity concerning these problems could also lead to a decline in the TOTO Group’s brand image and the loss of customers, which may adversely affect the Group’s business, financial condition and operating results.

2) Protection of Intellectual Property Rights

The TOTO Group strives to protect its intellectual property rights concerning the products and technologies it develops in order to secure a competitive edge in business. However, patents may not be granted or may not be of sufficient scope or in force duration to provide the TOTO Group with adequate protection. Third parties may also develop technologies that are protected by intellectual property rights, which make such technologies unavailable or available only on terms unfavorable to the Group. Litigation may also be necessary to enforce the Group’s intellectual property rights or to defend against intellectual property infringement claims brought against the Group by third parties. In such cases, the TOTO Group may incur significant expenses for such lawsuits. Furthermore, the Group may be prohibited

from using certain important technologies or be liable for significant damages in cases where the Group is found to be in violation of intellectual property rights of other parties.

3) Changes in Accounting Standards and Tax Systems

Introduction of new accounting standards or tax systems, or changes thereof, may have an adverse effect on the TOTO Group's operating results and financial condition. In addition, due to revisions to tax systems or if tax authorities have different opinions from the Company's tax declarations, the TOTO Group may need to make larger tax payments than estimated.

4) Environmental Laws and Regulations

The TOTO Group is subject to environmental laws and regulations such as those relating to air pollution, water pollution, soil and groundwater contamination, handling and elimination of harmful substances and waste management. Although the Group pays close attention to these laws and regulations in conducting its business activities, an increase in expenses related to environmental preservation or the payment of compensation for past, present or future business activities may adversely affect the TOTO Group's business, financial condition and operating results.

5) Regulations Related to Climate Change

Laws and other regulations are being strengthened in order to minimize climate change, including streamlining of energy consumption and measures to combat global warming worldwide. New tax burdens and increased expenses incurred in responding to changes to materials, fuel or facilities in business activities in line with tighter regulations may adversely affect the Group's business, financial condition and operating results.

6) Information Leaks

In the normal course of business, the TOTO Group possesses confidential information mainly about customers regarding credit worthiness and other information, as well as confidential information about companies and other third parties. Although the Group pays close attention to protecting this confidential information and works to the best of its ability to appropriately manage said information so that it is not leaked, such information may be leaked due to an unforeseen event. If such is the case, it may result in significant expense to compensate for the damage and adversely affect the TOTO Group's business activities and brand image. Moreover, there is a risk that the TOTO Group's trade secrets may be illegally leaked to a third party, which may adversely affect the Group's business, financial condition and operating results.

7) Other Laws and Regulations, etc.

The TOTO Group is subject to governmental laws and regulations in Japan and other countries and regions in which it conducts its business. The business activities of the TOTO Group may be restricted as these laws and regulations tighten and licensing procedures become stricter, whereby expenses may increase in order to comply with stipulated laws and regulations. In addition, if the TOTO Group responds in an inappropriate manner or is in gross violation of a regulation, the Group's business and brand image may

be adversely affected.

[5. Risks Related to Disasters or Other Unpredictable Events]

TOTO Group's business facilities are located in Japan and other parts of the world. If a natural disaster such as a major earthquake or tsunami, a typhoon or a flood occurs or there is any other calamity such as a cyber attack, war or a terrorist attack, infrastructure including power supply may be suspended, leading to general confusion. In addition, should a major industrial accident occur or a highly pathogenic influenza strain become a pandemic, this could significantly impact valuable human resources in addition to damaging the TOTO Group's facilities, which may cause partial or substantial disruption to the Group's business operations.

As a result, the TOTO Group could incur significant expense to shift business locations and repair damaged facilities, which may adversely affect the Group's business, financial condition and operating results.

[6. Risks Related to Rumors]

The TOTO Group strives to respond swiftly and appropriately in case misconduct has been discovered such as legal violations. However, if a malicious rumor regarding the Group spreads through the media or via the Internet, trust from society will decline whether such rumors are based on fact or not, which may adversely affect the Group's business, financial condition and operating results.

[7. Other Risks]

1) Pension Plans

TOTO and certain Group companies have contributory, funded benefit pension plans. A decline in interest rates may cause a decrease in the discount rate on benefit obligations. A decrease in the value of stocks may also affect the return on plan assets. As a result, the actuarial loss may increase, leading to an increase in future net periodic benefit costs of these pension plans.

2) Impairment Loss on Fixed Assets

The TOTO Group periodically calculates future cash flows from the assets it holds, and recognizes and measures impairment losses in accordance with accounting standards related to the impairment of fixed assets. As a result, the Group may record impairment losses on fixed assets, which may adversely affect the Group's financial condition and operating results.

3) Deferred Tax Assets

The calculation of deferred tax assets is based on various forecasts and assumptions, including future taxable income. Actual results may differ from forecasts and assumptions due mainly to deterioration in business conditions or the results of tax inspections. Accordingly, in case it is deemed difficult to recover all or part of deferred tax assets based on forecasts and assumptions of future taxable income, the value of such deferred tax assets will be written down, which may adversely affect the Group's financial condition and operating results.

Consolidated Financial Statements

Consolidated Balance Sheet TOTO LTD. and Consolidated Subsidiaries

Years ended March 31, 2012 and 2013

	Millions of yen		Thousands of U.S. dollars (Note 3)
Assets	2012	2013	2013
Current assets:			
Cash and cash equivalents (Note 17)	¥ 33,224	¥ 55,720	\$ 592,451
Short-term investments (Note 17)	697	1,620	17,225
Notes and accounts receivable:			
Trade (Note 17)	84,502	83,984	892,972
Allowance for doubtful receivables	(429)	(356)	(3,785)
	84,073	83,628	889,187
Inventories (Note 4)	50,713	51,020	542,477
Deferred tax assets (Note 8)	4,433	5,257	55,896
Other current assets	8,415	8,241	87,624
Total current assets	181,555	205,486	2,184,860
Property, plant and equipment:			
Land	36,579	34,838	370,420
Buildings and structures	161,540	161,159	1,713,546
Machinery and equipment	134,205	141,788	1,507,581
Construction in progress	9,885	6,844	72,770
Other	68,391	72,040	765,976
	410,600	416,669	4,430,293
Accumulated depreciation	(285,515)	(289,068)	(3,073,557)
Property, plant and equipment, net	125,085	127,601	1,356,736
Investments and other assets:			
Investment securities (Notes 17 and 18)	29,525	34,958	371,696
Investments in unconsolidated subsidiaries and affiliates	5,413	7,045	74,907
Long-term loans receivable	76	58	616
Guaranty money deposited	5,831	6,919	73,567
Deferred tax assets (Note 8)	14,219	11,393	121,138
Goodwill	62	—	—
Other	15,307	14,995	159,436
Total investments and other assets	70,433	75,368	801,360
Total assets	¥377,073	¥408,455	\$4,342,956

	Millions of yen		Thousands of U.S. dollars (Note 3)
Liabilities and net assets	2012	2013	2013
Current liabilities:			
Notes and accounts payable:			
Trade (Note 17)	¥ 56,390	¥ 61,518	\$ 654,099
Property and equipment	4,665	3,800	40,404
	61,055	65,318	694,503
Short-term bank loans (Notes 5 and 17)	7,839	10,891	115,800
Current portion of long-term debt and finance lease obligations (Note 5)	12,882	18,042	191,834
Commercial paper (Note 5)	10,000	15,000	159,490
Other accounts payable	6,372	4,109	43,690
Accrued income taxes (Note 8)	1,221	1,719	18,278
Accrued expenses	20,639	22,362	237,767
Provision for directors' bonuses	82	138	1,467
Provision for loss on inspection and repair of products	99	57	606
Provision for loss on business restructuring	779	207	2,201
Other current liabilities (Note 8)	11,903	11,367	120,861
Total current liabilities	132,871	149,210	1,586,497
Long-term liabilities:			
Long-term debt and finance lease obligations (Notes 5 and 17)	22,034	10,855	115,417
Provision for retirement benefits for employees (Note 9)	34,193	32,183	342,190
Other (Note 8)	2,394	2,796	29,729
Total long-term liabilities	58,621	45,834	487,336
Contingent liabilities (Note 16)			
Net assets:			
Shareholders' equity (Notes 6 and 22):			
Common stock without par value			
Authorized —1,400,000,000 shares			
Issued — 371,662,595 shares in 2012, and 371,662,595 shares in 2013	35,579	35,579	378,299
Capital surplus	29,431	29,436	312,982
Retained earnings	149,169	162,357	1,726,284
Less treasury stock, at cost; 29,211,597 shares in 2012 and 28,370,255 shares in 2013	(16,722)	(16,255)	(172,834)
Total shareholders' equity	197,457	211,117	2,244,731
Accumulated other comprehensive loss:			
Net unrealized holding gains (losses) on securities	(2,666)	3,311	35,205
Deferred losses on hedges	(47)	—	—
Translation adjustments	(14,752)	(7,690)	(81,765)
Total accumulated other comprehensive loss	(17,465)	(4,379)	(46,560)
Share subscription rights (Note 7)	453	523	5,561
Minority interests	5,136	6,150	65,391
Total net assets (Note 14)	185,581	213,411	2,269,123
Total liabilities and net assets	¥377,073	¥408,455	\$4,342,956

See notes to consolidated financial statements.

Consolidated Statement of Income TOTO LTD. and Consolidated Subsidiaries

Years ended March 31, 2012 and 2013

		Millions of yen	Thousands of U.S. dollars (Note 3)
	2012	2013	2013
Net sales	¥452,686	¥476,275	\$5,064,062
Cost of sales	286,803	303,231	3,224,147
Gross profit	165,883	173,044	1,839,915
Selling, general and administrative expenses (Note 10)	147,103	149,667	1,591,356
Operating income	18,780	23,377	248,559
Other income (expenses):			
Interest and dividend income	1,428	1,706	18,139
Interest expense	(382)	(281)	(2,988)
Loss on sales and disposal of property, plant and equipment, net	(375)	(528)	(5,614)
Gain on sales of investment securities, net	48	82	872
Loss on devaluation of securities	(12)	(5)	(53)
Foreign exchange (loss) gain, net	(401)	562	5,977
Sales discounts	(972)	(1,051)	(11,175)
Loss on impairment of fixed assets (Note 11)	(2,343)	(882)	(9,378)
Loss on devaluation of memberships	(5)	—	—
Equity in earnings of unconsolidated subsidiaries and affiliates	1,037	1,674	17,799
Compensation income	—	522	5,550
Loss on business restructuring (Note 12)	(908)	(2,837)	(30,165)
Provision of allowance for doubtful receivables	—	(428)	(4,551)
Loss on natural disaster	(692)	(61)	(649)
Other, net	439	627	6,667
Income before income taxes and minority interests	15,642	22,477	238,990
Income taxes (Note 8):			
Current	2,706	4,290	45,614
Deferred	2,847	574	6,103
	5,553	4,864	51,717
Income before minority interests	10,089	17,613	187,273
Minority interests	(819)	(656)	(6,975)
Net income (Note 14)	¥ 9,270	¥ 16,957	\$ 180,298

See notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income TOTO LTD. and Consolidated Subsidiaries

Years ended March 31, 2012 and 2013

		Millions of yen	Thousands of U.S. dollars (Note 3)
	2012	2013	2013
Income before minority interests	¥10,089	¥17,613	\$187,273
Other comprehensive income (loss)			
Net unrealized holding gains (losses) on securities	(52)	5,977	63,552
Deferred gains (losses) on hedges	(48)	47	500
Translation adjustments	(1,360)	7,360	78,256
Other comprehensive income (loss) on equity method companies	(334)	441	4,688
Total other comprehensive income (loss) (Note 13)	(1,794)	13,825	146,996
Comprehensive income	¥ 8,295	¥31,438	\$334,269
Total comprehensive income attributable to:			
Shareholders of TOTO LTD.	¥ 7,540	¥30,043	\$319,436
Minority interests	¥ 755	¥ 1,395	\$ 14,833

See notes to consolidated financial statements.

Consolidated Statement of Changes in Net Assets TOTO LTD. and Consolidated Subsidiaries

Millions of yen

	Shareholders' equity					Accumulated other comprehensive loss						
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity	Net unrealized holding gains (losses) on securities	Deferred losses on hedges	Translation adjustments	Total accumulated other comprehensive loss	Share subscription rights	Minority interests	Total net assets
Balance at April 1, 2011	¥35,579	¥29,429	¥143,356	¥(17,284)	¥191,080	¥(2,614)	¥1	¥(13,130)	¥(15,743)	¥370	¥4,457	¥180,164
Net income	—	—	9,270	—	9,270	—	—	—	—	—	—	9,270
Cash dividends paid	—	—	(3,417)	—	(3,417)	—	—	—	—	—	—	(3,417)
Purchases of treasury stock	—	—	—	(23)	(23)	—	—	—	—	—	—	(23)
Disposition of treasury stock	—	2	—	585	587	—	—	—	—	—	—	587
Change of scope of consolidation	—	—	(40)	—	(40)	—	—	—	—	—	—	(40)
Net changes in items other than those in shareholders' equity	—	—	—	—	—	(52)	(48)	(1,622)	(1,722)	83	679	(960)
Balance at March 31, 2012	¥35,579	¥29,431	¥149,169	¥(16,722)	¥197,457	¥(2,666)	¥(47)	¥(14,752)	¥(17,465)	¥453	¥5,136	¥185,581
Balance at April 1, 2012	¥35,579	¥29,431	¥149,169	¥(16,722)	¥197,457	¥(2,666)	¥(47)	¥(14,752)	¥(17,465)	¥453	¥5,136	¥185,581
Net income	—	—	16,957	—	16,957	—	—	—	—	—	—	16,957
Cash dividends paid	—	—	(3,769)	—	(3,769)	—	—	—	—	—	—	(3,769)
Purchases of treasury stock	—	—	—	(138)	(138)	—	—	—	—	—	—	(138)
Disposition of treasury stock	—	5	—	605	610	—	—	—	—	—	—	610
Net changes in items other than those in shareholders' equity	—	—	—	—	—	5,977	47	7,062	13,086	70	1,014	14,170
Balance at March 31, 2013	¥35,579	¥29,436	¥162,357	¥(16,255)	¥211,117	¥ 3,311	¥—	¥ (7,690)	¥ (4,379)	¥523	¥6,150	¥213,411

Thousands of U.S. dollars (Note 3)

	Shareholders' equity					Accumulated other comprehensive loss						
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity	Net unrealized holding gains (losses) on securities	Deferred losses on hedges	Translation adjustments	Total accumulated other comprehensive loss	Share subscription rights	Minority interests	Total net assets
Balance at April 1, 2012	\$378,299	\$312,929	\$1,586,061	\$(177,799)	\$2,099,490	\$(28,347)	\$(500)	\$(156,853)	\$(185,700)	\$4,817	\$54,609	\$1,973,216
Net income	—	—	180,298	—	180,298	—	—	—	—	—	—	180,298
Cash dividends paid	—	—	(40,075)	—	(40,075)	—	—	—	—	—	—	(40,075)
Purchases of treasury stock	—	—	—	(1,467)	(1,467)	—	—	—	—	—	—	(1,467)
Disposition of treasury stock	—	53	—	6,432	6,485	—	—	—	—	—	—	6,485
Net changes in items other than those in shareholders' equity	—	—	—	—	—	63,552	500	75,088	139,140	744	10,782	150,666
Balance at March 31, 2013	\$378,299	\$312,982	\$1,726,284	\$(172,834)	\$2,244,731	\$ 35,205	\$ —	\$ (81,765)	\$ (46,560)	\$5,561	\$65,391	\$2,269,123

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows TOTO LTD. and Consolidated Subsidiaries

Years ended March 31, 2012 and 2013

		Millions of yen	Thousands of U.S. dollars (Note 3)
	2012	2013	2013
Operating activities			
Income before income taxes and minority interests	¥15,642	¥22,477	\$238,990
Depreciation and amortization	18,348	19,509	207,432
Loss on impairment of fixed assets	2,343	882	9,378
Interest and dividend income	(1,428)	(1,706)	(18,139)
Interest expense	382	281	2,988
Provision for directors' bonuses	51	56	595
Provision for loss on inspection and repair of products	(49)	(42)	(447)
Provision for loss on business restructuring	(131)	(572)	(6,081)
Provision for loss on natural disaster	(262)	—	—
Employees' retirement benefits paid, net of provision	(2,362)	(2,037)	(21,658)
Loss on sales and disposal of property, plant and equipment, net	375	528	5,614
Gain on sales of investment securities, net	(48)	(82)	(872)
Loss on devaluation of securities	12	5	53
Loss on devaluation of memberships	5	—	—
Compensation income	—	(522)	(5,550)
Notes and accounts receivable	(8,331)	1,341	14,258
Inventories	(4,036)	1,743	18,533
Notes and accounts payable	(807)	4,651	49,452
Other	2,124	(591)	(6,284)
Subtotal	21,828	45,921	488,262
Interest and dividend income received	2,055	2,208	23,476
Interest expense paid	(371)	(266)	(2,828)
Proceeds from compensation	—	522	5,550
Income taxes paid	(3,834)	(3,887)	(41,329)
Net cash provided by operating activities	19,678	44,498	473,131
Investing activities			
Purchases of property, plant and equipment	(19,962)	(21,252)	(225,965)
Proceeds from sales of property, plant and equipment	788	1,135	12,068
(Increase) decrease in marketable and investment securities	(135)	1,800	19,139
Decrease (increase) in time deposits	977	(823)	(8,751)
Other	(4,115)	(3,831)	(40,733)
Net cash used in investing activities	(22,447)	(22,971)	(244,242)
Financing activities			
(Decrease) increase in bank loans	(6,518)	6,618	70,367
Proceeds from issuance of commercial paper	30,000	30,000	318,979
Redemption of commercial paper	(32,000)	(25,000)	(265,817)
Cash dividends paid	(3,417)	(3,769)	(40,075)
Purchases of treasury stock	(23)	(138)	(1,467)
Redemption of bonds	—	(10,000)	(106,326)
Proceeds from stock issuance to minority shareholders	—	368	3,913
Other	(206)	(258)	(2,743)
Net cash used in financing activities	(12,164)	(2,179)	(23,169)
Effect of exchange rate changes on cash and cash equivalents	(558)	3,148	33,472
Net (decrease) increase in cash and cash equivalents	(15,491)	22,496	239,192
Cash and cash equivalents at beginning of the year	46,498	33,224	353,259
Increase due to inclusion of subsidiaries in consolidation	2,217	—	—
Cash and cash equivalents at end of the year	¥33,224	¥55,720	\$592,451

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements TOTO LTD. and Consolidated Subsidiaries

March 31, 2013

1. Basis of Preparation

TOTO LTD. (the “Company”) and its domestic subsidiaries maintain their books of account in conformity with the financial accounting standards of Japan, and its foreign subsidiaries maintain their books of account in conformity with those of their countries of domicile.

The accompanying consolidated financial statements have been compiled from the consolidated financial statements prepared by the Company as required under the Financial Instruments and Exchange Law of Japan and, therefore, have been prepared in accordance with accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards.

Certain amounts in the prior year’s financial statements have been reclassified to conform to the current year’s presentation.

2. Summary of Significant Accounting Policies

(a) Principles of consolidation and accounting for investments in unconsolidated subsidiaries and affiliates

The accompanying consolidated financial statements include the accounts of the Company and any significant companies controlled directly or indirectly by the Company. Significant companies over which the Company exercises significant influence in terms of their operating and financial policies have been included in the consolidated financial statements by the equity method. As of March 31, 2013, the numbers of consolidated subsidiaries and affiliates accounted for the equity method were 54 and 6 (55 and 6 in 2012). All significant intercompany balances and transactions have been eliminated in consolidation.

Investments in unconsolidated subsidiaries and affiliates not accounted for by the equity method are carried at cost.

Certain foreign subsidiaries are consolidated on the basis of fiscal periods ending December 31, which differ from that of the Company; however, the significant effect of the difference in fiscal periods has been properly adjusted in consolidation.

Goodwill, which represents the difference between the cost and the underlying equity in the net assets at fair value at the date of acquisition, is amortized principally over a period of five years.

(b) Cash equivalents

All highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents.

(c) Securities

In general, securities other than those of subsidiaries and affiliates are classified into three categories: trading, held-to-maturity or other securities. Securities held by the Company and its consolidated subsidiaries are all classified as other securities. Marketable securities classified as other securities are carried at fair value with changes in unrealized holding gain or loss, net of the applicable income taxes, included directly in net assets. Non-marketable securities classified as other securities are carried at cost. Cost of securities sold is determined by the moving average method.

(d) Derivatives

Derivatives are stated based on a fair value method.

(e) Inventories

Finished products, semifinished products and work in process

Stated at cost, determined by the first-in, first-out method (In cases where the profitability has declined, the book value is reduced accordingly.)

Raw materials and supplies

Stated at cost, determined by the gross average cost method (In cases where the profitability has declined, the book value is reduced accordingly.)

Contracts in progress

Stated at cost, determined by the specific identification method (In cases where the profitability has declined, the book value is reduced accordingly.)

(f) Allowance for doubtful receivables

The allowance for doubtful receivables is provided for possible bad debt at the amount estimated based on the past bad debt experience for normal receivables plus uncollectible amounts determined by reference to the collectability of individual accounts for doubtful receivables.

(g) Provision for directors’ bonuses

Provision for directors’ bonuses are provided at an estimated amount of bonuses to be paid to directors and corporate auditors for the current year’s services subsequent to the balance sheet date.

(h) Provision for loss on inspection and repair of products

Provision for loss on inspection and repair of products is provided at an amount based on the cost estimated to be incurred for activities related to the inspection and repair of products subsequent to the balance sheet date.

(i) Provision for loss on business restructuring

Provision for loss on business restructuring is provided at an amount based on the cost estimated to be incurred for activities related to the business restructuring subsequent to the balance sheet date.

(j) Depreciation and amortization

Depreciation of property, plant and equipment (except for leased assets) of the Company and its domestic consolidated subsidiaries is mainly calculated by the declining-balance method at rates based on the estimated useful lives of the respective assets. Depreciation method applied in foreign consolidated subsidiaries is mainly calculated by the straight-line method over the estimated useful lives of the respective assets. The useful lives of property, plant and equipment are summarized as follows:

Buildings and structures 3 to 50 years

Machinery and equipment 4 to 15 years

Significant renewals and additions are capitalized at cost. Maintenance and repairs are charged to income.

Computer software for internal use is amortized over the useful lives (five years).

For lease transactions that do not transfer ownership and start from April 1, 2008, leased assets are depreciated over their useful lives using the straight-line method with a zero residual value.

(Accounting Change)

(Changes in depreciation method)

In accordance with an amendment to the Corporation Tax Law of Japan effective April 1, 2012, the Company and its domestic consolidated subsidiaries have changed their depreciation method for property, plant and equipment acquired on or after April 1, 2012, other than certain buildings, to reflect the methods prescribed in the amended Corporation Tax Law. As a result of this change, operating income and income before income taxes and minority interests increased by ¥433 million (\$4,604 thousand) for the year ended March 31, 2013.

The effect of this change on segment information is explained in Note 21.

(k) Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into yen at the exchange rates prevailing at the balance sheet date. All revenues and expenses associated with foreign currencies are translated at the rates of exchange prevailing when such transactions were made. The resulting exchange gains and losses are credited or charged to income.

The revenue and expense accounts of the foreign subsidiaries are translated into yen at the rates of exchange in effect at the balance sheet date. Except for the components of net assets excluding minority interests, the balance sheet accounts are also translated into yen at the rates of exchange in effect at the balance sheet date. The components of net assets excluding minority interests are translated at their historical exchange rates.

(l) Research and development costs

Research and development costs are charged to income as incurred.

(m) Income taxes

Deferred tax assets and liabilities are determined based on the differences between financial reporting and the tax bases of the assets and liabilities and are measured using the enacted tax rates and laws which will be in effect when the differences are expected to reverse.

(n) Provision for Retirement benefits

Provision for retirement benefits for employees are provided mainly at an amount calculated based on the retirement benefit obligation and the fair value of the pension plan assets at the balance sheet dates, as adjusted for unrecognized actuarial gain or loss and unrecognized prior service cost. The retirement benefit obligation is attributed to each period by the straight-line method over the estimated years of service of the eligible employees. Actuarial gain and loss are amortized in the year following the year in which the gain or loss is recognized primarily by the straight-line method principally over 16 years. Prior service cost is amortized by the straight-line method principally over 16 years.

(o) Hedge accounting

1) Hedge accounting

The Company has adopted deferral hedge accounting.

2) Hedging instruments and hedged items

Hedging instruments: Commodity swaps

Hedged items: Procurement dealings of raw materials

3) Policy of hedging

The Company enters into derivatives transactions to hedge raw material price fluctuation risk.

4) Evaluation of hedge effectiveness

Hedge effectiveness is evaluated by comparing the cumulative changes in cash flows or fair values from the hedging instruments with those from the hedged items.

(p) Adoption of the consolidated tax return system

The Company and its wholly owned domestic subsidiaries adopt the consolidated tax return system of Japan.

(q) Accounting standards issued but not yet effective

•“Accounting Standard for Retirement Benefits” (Accounting Standards Board of Japan (ASBJ) Statement No. 26; May 17, 2012)

•“Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No. 25; May 17, 2012)

1) Summary

The accounting standard was amended mainly focusing on how actuarial gains and losses and past service costs should be accounted for, how retirement benefit obligations and current service costs should be determined, and the enhancement of disclosures.

2) Planned date of application

The Company will apply this accounting standard from the end of the fiscal year ended March 31, 2014. However, the Company will apply amendments relating to determination of retirement benefit obligation and current service costs from the beginning of the fiscal year ended December 31, 2015.

3) Effect of adoption of the accounting standard

The impact of the adoption of this accounting standard is currently under assessment.

3. U.S. Dollar Amounts

The translation of yen amounts into U.S. dollar amounts is included solely for convenience, as a matter of arithmetic computation only, at the rate of ¥94.05 = US\$1.00, the exchange rate prevailing on March 31, 2013. The translation should not be construed as a representation that yen have been, could have been, or could in the future be, converted into U.S. dollars at the above or any other rate.

4. Inventories

Inventories at March 31, 2012 and 2013 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2012	2013	2013
Finished products and semifinished products	¥31,215	¥31,172	\$331,440
Work in process and contracts in progress	9,002	9,010	95,800
Raw materials and supplies	10,496	10,838	115,237
	¥50,713	¥51,020	\$542,477

5. Short-Term Bank Loans, Commercial Paper, Long-Term Debt and Finance Lease Obligations

Short-term bank loans generally represent overdrafts and notes. The weighted average annual interest rates applicable to such short-term loans outstanding at March 31, 2012 and 2013 were 0.4% and 0.3%, respectively. Commercial paper is due within one year with annual interests of 0.1% as of March 31, 2012 and 2013.

Long-term debt at March 31, 2012 and 2013 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2012	2013	2013
1.4% unsecured bonds due 2012	¥10,000	¥ —	\$ —
Bank loans maturing through 2022 at interest rates ranging from 0.46% to 0.87%:			
Secured	—	—	—
Unsecured	24,696	28,735	305,529
Finance lease obligations	¥ 220	¥ 162	\$ 1,722
	34,916	28,897	307,251
Less current portion	12,882	18,042	191,834
	¥22,034	¥10,855	\$115,417

The aggregate annual maturities of long-term debt subsequent to March 31, 2013 are summarized as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2014	¥17,974	\$191,111
2015	1,468	15,609
2016	3,430	36,470
2017	3,529	37,523
2018	114	1,212
2019 and thereafter	2,220	23,604
	¥28,735	\$305,529

The aggregate annual maturities of finance lease obligations subsequent to March 31, 2013 are summarized as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2014	¥ 68	\$ 723
2015	46	489
2016	21	223
2017	15	160
2018	7	74
2019 and thereafter	5	53
	¥162	\$1,722

6. Capital Surplus and Retained Earnings

The Corporation Law of Japan (the “Law”) provides that an amount equal to 10% of the amount to be disbursed as a distribution of earnings be appropriated to a legal reserve until the total of such reserve and the capital surplus account equals

25% of the common stock account. The legal reserve amounted to ¥8,291 million (\$88,155 thousand) as of both March 31, 2012 and 2013.

The Law provides that neither capital surplus nor the legal reserve is available for dividends, but both may be used to reduce or eliminate a deficit by resolution of the shareholders or may be transferred to common stock by resolution of the Board of Directors. The Law also provides that if the total amount

of capital surplus and the legal reserve exceeds 25% of the amount of common stock, the excess may be distributed to the shareholders either as a return of capital or as dividends subject to the approval of the shareholders.

Under the Law, however, such distributions can be made at any time by resolution of the shareholders or by the Board of Directors if certain conditions are met.

7. Stock Options

Stock option plan	2007 Stock option	2008 Stock option	2009 Stock option	2010 Stock option	2011 Stock option	2012 Stock option
Number of individuals covered by the plan:						
• Directors	14	14	14	13	12	12
• Corporate auditors	2	2	2	2	—	—
• Officers	16	16	15	18	—	—
Total	32	32	31	33	12	12
Type and numbers of shares to be issued upon exercise of stock subscription rights	Common stock 168,000 shares	Common stock 167,000 shares	Common stock 162,000 shares	Common stock 166,000 shares	Common stock 178,000 shares	Common stock 199,000 shares
Grant date	August 17, 2007	July 18, 2008	July 17, 2009	July 20, 2010	July 20, 2011	July 20, 2012
Exercise period	August 18, 2007 ~ August 17, 2037	July 19, 2008 ~ July 18, 2038	July 18, 2009 ~ July 17, 2039	July 21, 2010 ~ July 20, 2040	July 21, 2011 ~ July 20, 2041	July 21, 2012 ~ July 20, 2042
Non-vested stock options (Number of shares):						
Outstanding at March 31, 2012	—	—	—	—	—	—
Granted	—	—	—	—	—	199,000 shares
Forfeited	—	—	—	—	—	—
Vested	—	—	—	—	—	199,000 shares
Outstanding at March 31, 2013	—	—	—	—	—	—
Vested stock options (Number of shares):						
Outstanding at March 31, 2012	162,000 shares	159,000 shares	159,000 shares	166,000 shares	178,000 shares	—
Vested	—	—	—	—	—	199,000 shares
Exercised	20,000	6,000	3,000	—	—	—
Forfeited	—	—	—	—	—	—
Outstanding at March 31, 2013	142,000 shares	153,000 shares	156,000 shares	166,000 shares	178,000 shares	199,000 shares
Exercise price (yen)	¥ 1	¥ 1	¥ 1	¥ 1	¥ 1	¥ 1
Weighted average exercise price (yen)	¥737	¥802	¥837	¥ —	¥ —	¥ —
Fair value per stock at the grant date (yen)	¥804	¥531	¥491	¥444	¥484	¥459

Stock option expenses included in selling, general and administrative expenses for the years ended March 31, 2012 and 2013 amounted to ¥83 million and ¥90 million (\$957 thousand), respectively. The fair value of options granted is estimated using the Black-scholes option pricing model with the following weighted average assumptions.

	2012 stock options
Expected volatility	35.591%
Expected holding period	15 years
Expected dividend	¥10/per share
Risk-free rate	1.248%

8. Income Taxes

Income taxes applicable to the Company and its domestic consolidated subsidiaries comprised corporation tax, enterprise tax and inhabitants' taxes which, in the aggregate, resulted in statutory tax rates of 40.4% and 37.7% for 2012 and 2013, respectively. Income taxes of the foreign consolidated subsidiaries are based generally on the tax rates applicable in their countries of incorporation.

The effective tax rates reflected in the consolidated statement of income differ from the statutory tax rate for the year ended March 31, 2012 and 2013 for the following reasons:

	2012	2013
Statutory tax rate	40.4%	37.7%
Effect of:		
Expenses not deductible for income tax purposes	1.2	1.2
Dividend income deductible for income tax purposes	(2.0)	(0.6)
Per capita taxes	1.4	1.1
Different tax rates applied to foreign subsidiaries	(14.1)	(7.1)
Change in valuation allowance	—	(12.2)
Other, net	(3.0)	1.5
Adjustments in deferred tax assets and liabilities due to the change in tax rate	11.6	—
Effective tax rates	35.5%	21.6%

The significant components of deferred tax assets and liabilities as of March 31, 2012 and 2013 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2012	2013	2013
Deferred tax assets:			
Accrued bonus	¥ 2,920	¥ 3,223	\$ 34,269
Retirement allowances	12,139	11,322	120,383
Net operating loss carry forwards	12,095	9,824	104,455
Other	12,979	15,870	168,740
Total gross deferred tax assets	40,133	40,239	427,847
Valuation allowance	(20,969)	(21,320)	(226,688)
Total deferred tax assets	19,164	18,919	201,159
Deferred tax liabilities:			
Net unrealized holding gains on securities	—	(1,178)	(12,525)
Reserve under Special Taxation Measures Law	(116)	(112)	(1,191)
Other	(970)	(1,253)	(13,323)
Total deferred tax liabilities	(1,086)	(2,543)	(27,039)
Net deferred tax assets	¥18,078	¥16,376	\$174,120

9. Retirement Benefit Plans

The Company and its domestic consolidated subsidiaries have defined benefit plans, such as company pension fund plans (cash balance plan), lump-sum payment plans, and other types of defined benefit plans covering substantially all employees who are entitled to lump-sum or annuity payments, the amounts of which are determined by reference to their basic rates of pay, length of service, and the conditions under which termination occurs.

The following table sets forth the funded and accrued status of the plans, and the amounts recognized in the consolidated balance sheet as of March 31, 2012 and 2013 for the Company's and the consolidated subsidiaries' defined benefit plans:

	Millions of yen		Thousands of U.S. dollars
	2012	2013	2013
Retirement benefit obligation	¥(146,335)	¥(145,406)	\$ (1,546,050)
Plan assets at fair value	85,832	96,259	1,023,488
Unfunded retirement benefit obligation	(60,503)	(49,147)	(522,562)
Unrecognized actuarial loss	28,422	18,838	200,298
Unrecognized prior service cost	(1,525)	(1,259)	(13,387)
Net retirement benefit obligation	(33,606)	(31,568)	(335,651)
Prepaid pension cost	587	615	6,539
Provision for retirement benefits for employees	¥ (34,193)	¥ (32,183)	\$ (342,190)

The components of retirement benefit expenses for the years ended March 31, 2012 and 2013 are outlined as follows:

	Millions of yen		Thousands of U.S. dollars
	2012	2013	2013
Service cost	¥4,700	¥4,676	\$49,718
Interest cost	3,579	3,559	37,842
Expected return on plan assets	(2,862)	(2,951)	(31,377)
Amortization of actuarial loss	2,672	2,774	29,495
Amortization of prior service cost	(268)	(265)	(2,818)
Total	¥7,821	¥7,793	\$82,860

The assumptions used in the accounting for the above plans are as follows:

	2012	2013
Discount rate	2.5%	2.5%
Expected return on plan assets	3.5%	3.5%

10. Research and Development Costs

Research and development costs included in selling, general and administrative expenses for the years ended March 31, 2012 and 2013 amounted to ¥16,643 million and ¥15,983 million (\$169,942 thousand), respectively.

11. Loss on impairment of fixed assets

The Company recognized loss on impairment of fixed assets for the following assets for the years ended March 31, 2012 and 2013.

For the year ended March 31, 2012:

Location	Classification	Type of assets
Kitakyusyu, Fukuoka Prefecture	Power generating facilities and the other	Buildings, Machinery and equipment, and the other
Kawasaki, Kanagawa Prefecture	Welfare facilities	Land, Buildings, and the other
Minoh, Osaka Prefecture	Welfare facilities	Land, Buildings, and the other
Osaka, Osaka Prefecture	Sales office	Land, Buildings, and the other
Naganohara, Agatsuma, Gunma Prefecture and the other	Welfare facilities	Buildings and the other

The Company mainly has classified the fixed assets by management accounting unit such as product category which controls its revenue and expenditure continuously.

The book values of above assets were written down to recoverable amounts due to following reasons; Management decision on withdrawal has been made or the market values of idle assets have fallen and no future use has been planned. The Company recorded a loss on impairment of fixed assets of ¥2,343 million, the breakdown of which is as follows; "Land" —¥1,566 million, "Buildings" —¥428 million, "Machinery and equipment" —¥12 million, and "Other" —¥337 million.

The recoverable amounts for assets in Kawasaki, Kanagawa Prefecture, Minoh, Osaka Prefecture, and Osaka, Osaka Prefecture were measured by net realizable amounts based on cataract prices. The recoverable amounts for other than above assets were measured as zero.

For the year ended March 31, 2013:

Location	Classification	Type of assets
Konan, Shiga Prefecture	Welfare facilities	Buildings and the other
Chigasaki, Kanagawa Prefecture	Welfare facilities and the other	Buildings, Machinery and equipment, and the other
Naraha, Futaba, Fukushima Prefecture	Manufacturing facilities of ceramic products and the other	Land, Buildings, Machinery and equipment, and the other

The Company mainly has classified the fixed assets by management accounting unit such as product category which controls its revenue and expenditure continuously.

The book values of above assets were written down to recoverable amounts due to following reasons; Management decision on withdrawal has been made or the market values of idle assets have fallen and no future use has been planned. The Company recorded a loss on impairment of fixed assets of ¥882 million (\$9,378 thousand), the breakdown of which is as follows; "Land" —¥160 million (\$1,701 thousand), "Buildings" —¥358 million

(\$3,806 thousand), “Machinery and equipment” –¥185 million (\$1,967 thousand), and “Other” –¥179 million (\$1,904 thousand).
The recoverable amounts were measured as zero.

12. Loss on business restructuring

For the year ended March 31, 2012:

The Company recorded a loss on business restructuring, the breakdown of which is mainly as follows; a loss related to the reorganization in Tokyo Metropolitan area–¥482 million, a loss related to the review of the stock level of repair parts–¥154 million, a loss related to the reorganization in Environmental Products business–¥123 million, and a loss related to the review of the production system of bathtubs–¥84 million.

The component of the loss was mainly loss on impairment for fixed assets and loss on disposal of inventories.
(Loss on impairment for fixed assets)

Location	Classification	Type of assets
Shinjuku, Tokyo and others	Office and the other	Buildings and the other
Konan, Shiga Prefecture	Manufacturing facilities of bathtubs and the other	Buildings, Machinery and equipment, and the other

The Company mainly has classified the fixed assets by management accounting unit such as product category which controls its revenue and expenditure continuously.

The book values of above assets were written down to recoverable amounts for the assets to be retired due to the reorganization in the Tokyo Metropolitan area and the review of its production system.

These losses on impairment (¥552 million) are included in “Loss on business restructuring”, the breakdown of which is as follows; “Buildings” –¥177 million, “Machinery and equipment” –¥23 million, and “Other” –¥352 million.

The recoverable amounts were measured as zero.

For the year ended March 31, 2013:

The Company recorded a loss on business restructuring, the breakdown of which is as follows; a loss related to the reorganization in Tokyo Metropolitan area–¥2,008 million (\$21,350 thousand), a loss related to the review of the production system of metal faucet fittings–¥129 million (\$1,372 thousand), a loss related to the review of the production system of sanitary ware–¥650 million (\$6,911 thousand), a loss related to the review of the production system of ceramic products–¥50 million (\$532 thousand).

The component of the loss was mainly loss on impairment for fixed assets.
(Loss on impairment for fixed assets)

Location	Classification	Type of assets
Shinjuku, Tokyo and others	Office and the other	Land, Buildings, and the other
Kitakyusyu, Fukuoka Prefecture	Manufacturing facilities of metal faucet fittings and the other	Buildings, Machinery and equipment, and the other
Oita, Oita Prefecture	Manufacturing facilities of metal faucet fittings and the other	Buildings, Machinery and equipment, and the other
Kitakyusyu, Fukuoka Prefecture	Manufacturing facilities of sanitary ware and the other	Buildings, Machinery and equipment, and the other
Nakatsu, Oita Prefecture	Manufacturing facilities of sanitary ware and the other	Buildings, Machinery and equipment, and the other

The Company mainly has classified the fixed assets by management accounting unit such as product category which controls its revenue and expenditure continuously.

The book values of above assets were written down to

recoverable amounts for the assets to be retired due to the reorganization in the Tokyo Metropolitan area and the review of its production system.

These losses on impairment (¥2,757 million(\$29,314 thousand)) are included in “Loss on business restructuring”, the breakdown of which is as follows; “Land” –¥714 million (\$7,592 thousand), “Buildings” –¥1,374 million (\$14,609 thousand), “Machinery and equipment” –¥476 million (\$5,061 thousand), and “Other” –¥193 million (\$2,052 thousand).

The recoverable amounts for assets in Shinjuku, Tokyo and others were measured by net realizable amounts based on cataract prices. The recoverable amounts for other than above assets were measured as zero.

13. Other Comprehensive Income

Other comprehensive income related to reclassification adjustments and tax effects allocated to each component of other comprehensive income for the year ended March 31, 2012 and 2013 are summarized as follows :

	Millions of yen		Thousands of U.S. dollars
	2012	2013	2013
Net unrealized holding gains (losses) on securities			
Amount arising during the year	¥ (5)	¥ 7,214	\$ 76,704
Reclassification adjustment	(47)	(82)	(872)
Before tax effect	(52)	7,132	75,832
Tax effect	0	(1,155)	(12,280)
Net unrealized holding gains (losses) on securities	(52)	5,977	63,552
Deferred gains (losses) on hedges			
Amount arising during the year	(345)	273	2,903
Asset acquisition cost adjustment	268	(198)	(2,105)
Before tax effect	(77)	75	798
Tax effect	29	(28)	(298)
Deferred gains (losses) on hedges	(48)	47	500
Translation adjustments			
Amount arising during the year	(1,360)	7,360	78,256
Other comprehensive income (loss) on equity method companies			
Amount arising during the year	(334)	441	4,688
Total other comprehensive income (loss)	¥(1,794)	¥13,825	\$146,996

14. Amounts Per Share

Basic net income per share is computed based on the net income available for distribution to shareholders of common stock and the weighted average number of shares of common stock outstanding during the year, and diluted net income per share is computed based on the net income available for distribution to the shareholders and the weighted average number of shares of common stock outstanding during each year after giving effect to the dilutive potential of shares of common stock to be issued upon the conversion of convertible bonds.

Amounts per share of net assets is computed based on net assets excluding minority interests and the number of shares of common stock outstanding at the year end.

Cash dividends per share represent the cash dividends declared as applicable to the respective years, together with the interim cash dividends paid.

	yen		U.S. dollars
	2012	2013	2013
Net income:			
Basic	¥27.10	¥49.45	\$0.53
Diluted	27.05	49.32	0.52
Net assets	525.60	602.22	6.40
Cash dividends applicable to the year	10.00	14.00	0.15

15. Leases

(a) Finance leases

Finance leases commencing on or before March 31, 2008 continue to be accounted for in the same manner as operating leases.

The following pro forma amounts represent the acquisition costs (including the interest portion), accumulated depreciation and net book value of the leased property as of March 31, 2012 and 2013 which would have been reflected in the consolidated balance sheet if finance lease accounting had been applied to the finance leases currently accounted for as operating leases:

	Millions of yen		Thousands of U.S. dollars
	2012	2013	2013
Acquisition costs:			
Buildings and structures	¥ 783	¥ 783	\$ 8,325
Machinery and equipment	73	20	213
Other assets	1,775	1,618	17,204
	¥2,631	¥2,421	\$25,742
Accumulated depreciation:			
Buildings and structures	¥ 424	¥ 473	\$ 5,029
Machinery and equipment	69	19	202
Other assets	1,602	1,517	16,130
	¥2,095	¥2,009	\$21,361
Net book value:			
Buildings and structures	¥ 359	¥ 310	\$ 3,296
Machinery and equipment	4	1	11
Other assets	173	101	1,074
	¥ 536	¥ 412	\$ 4,381

Lease payments relating to finance leases accounted for as operating leases amounted to ¥222 million and ¥187 million (\$1,988 thousand) for the years ended March 31, 2012 and 2013, respectively. The depreciation expense of the leased assets computed by the declining-balance method (except buildings, which are depreciated by the straight-line method) over the respective lease terms amounted to ¥154 million and ¥102 million (\$1,085 thousand) for the years ended March 31, 2012 and 2013, respectively.

Future minimum lease payments (including the interest portion thereon) subsequent to March 31, 2013 for finance leases accounted for as operating leases are summarized as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2014	¥162	\$1,723
2015 and thereafter	457	4,859
Total	¥619	\$6,582

(b) Operating leases

Future minimum operating lease payments subsequent to March 31, 2013 for non-cancelable operating leases are summarized as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2014	¥ 818	\$ 8,697
2015 and thereafter	2,451	26,061
Total	¥3,269	\$34,758

16. Contingent Liabilities

The Company and its consolidated subsidiaries had the following contingent liabilities at March 31, 2013:

	Millions of yen	Thousands of U.S. dollars
Repurchase obligation for notes receivable securitized	¥3,155	\$33,546
Trade notes receivable endorsed	1	11

17. Financial Instruments

Overview

(1) Policy for financial instruments

The Company and its consolidated subsidiaries (collectively, the "Group") manage temporary cash surpluses mainly through short-term deposits. Further, the Group raises funds through bank loans. It is the Group's policy to use derivatives only for the purpose of reducing risks associated with fluctuations in raw materials prices. The Group does not enter into derivative transactions for speculative or trading purposes.

(2) Types of financial instruments and related risk

Trade receivables –notes and accounts receivable– are exposed to credit risk in relation to customers.

Investment securities and investment in affiliates are exposed to market risk. These are composed of mainly the shares of common stock of other companies with which the Group has business relationships.

Substantially all trade payables –notes and accounts payable– have payment due dates within one year. Short-term loans are raised mainly in connection with business activities, while long-term loans are used primarily to capital investment. These are exposed to liquidity risk.

Regarding derivatives, the Company enters into commodity swap transactions to hedge raw material price fluctuations risk.

Information regarding the method of hedge accounting, hedging instruments and hedged items, hedging policy, and the assessment of the effectiveness of hedging activities is explained in Note 2 (o).

(3) Risk management for financial instruments

(a) Monitoring of credit risk (the risk that customers or counterparties may default)

In accordance with the internal policies of the Group for managing credit risk arising from receivables, each related division monitors due dates and outstanding balances by individual customer. In addition, the Group is making efforts to identify and mitigate risks of bad debts from customers who are having financial difficulties. The Group also believes that the credit risk of derivatives is insignificant as it enters into derivative transactions only with financial institutions which have a high credit rating.

(b) Monitoring of market risks (the risks arising from fluctuations in stock prices and others)

For investment securities, the Group periodically reviews the fair values of such financial instruments and the financial position of the issuers.

In conducting derivative transactions, the division in charge of each derivative transaction follows the internal policies and carries out the derivative transactions with internal authority's approvals.

(c) Monitoring of liquidity risk (the risk that the Group may not be able to meet its obligations on scheduled due dates)

Based on the report from each division, the Group prepares and updates its cash flow plans on a timely basis to manage liquidity risk.

(4) Supplementary explanation of the estimated fair value of financial instruments

The fair value of financial instruments is based on their

quoted market price, if available. When there is no quoted market price available, fair value is reasonably estimated. Since various assumptions and factors are reflected in estimating the fair value, different assumptions and factors could result in different fair value. In addition, the notional amounts of derivatives in Note 19 Derivative Transactions are not necessarily indicative of the actual market risk involved in derivative transactions.

Estimated Fair Value of Financial Instruments

Carrying value of financial instruments on the consolidated balance sheet as of March 31, 2012 and 2013 and estimated fair value are shown in the following table. The following table does not include financial instruments for which it is extremely difficult to determine the fair value. (Please refer to Note 2 below).

Millions of yen			
As of March 31, 2012	Carrying Value	Estimated Fair Value	Unrealized Gain (loss)
Assets			
1) Cash and cash equivalents	¥ 33,224	¥ 33,224	¥ —
2) Short-term investments	697	697	—
3) Notes and accounts receivable	84,502	84,502	—
4) Investment securities	28,603	28,603	—
Total Assets	¥147,026	¥147,026	¥ —
Liabilities			
1) Notes and accounts payable	¥ 56,390	¥ 56,390	¥ —
2) Short-term bank loans	7,839	7,839	—
3) Long-term bank loans *1	24,696	24,722	(26)
Total Liabilities	¥ 88,925	¥ 88,951	¥(26)
Derivatives*2	¥ (75)	¥ (75)	¥ —

Millions of yen			
As of March 31, 2013	Carrying Value	Estimated Fair Value	Unrealized Gain (loss)
Assets			
1) Cash and cash equivalents	¥ 55,720	¥ 55,720	¥ —
2) Short-term investments	1,620	1,620	—
3) Notes and accounts receivable	83,984	83,984	—
4) Investment securities	34,035	34,035	—
Total Assets	¥175,359	¥175,359	¥ —
Liabilities			
1) Notes and accounts payable	¥ 61,518	¥ 61,518	¥ —
2) Short-term bank loans	10,891	10,891	—
3) Long-term bank loans *1	28,735	28,746	(11)
Total Liabilities	¥101,144	¥101,155	¥(11)

Thousands of U.S. dollars			
As of March 31, 2013	Carrying Value	Estimated Fair Value	Unrealized Gain (loss)
Assets			
1) Cash and cash equivalents	\$ 592,451	\$ 592,451	\$ —
2) Short-term investments	17,225	17,225	—
3) Notes and accounts receivable	892,972	892,972	—
4) Investment securities	361,882	361,882	—
Total Assets	\$1,864,530	\$1,864,530	\$ —
Liabilities			
1) Notes and accounts payable	\$654,099	\$ 654,099	\$ —
2) Short-term bank loans	115,800	115,800	—
3) Long-term bank loans *1	305,529	305,646	(117)
Total Liabilities	\$1,075,428	\$1,075,545	\$(117)

*1 "Long-term bank loans" includes the current portion of long-term bank loans.
*2 The value of assets and liabilities arising from derivatives is shown at net value with the amount in parentheses representing net liability position.

Notes
1) Methods to determine the estimated fair value of financial instruments and other matters related to securities and derivative transactions

Cash and cash equivalents, Short-term investments and Notes and accounts receivable

Short-term investments include time deposits with maturities of over three months.

Since these items are settled in a short period of time, their carrying value approximates fair value.

Investment securities

The fair value of stocks is based on quoted market prices. For information on securities classified by holding purpose, please refer to Note 18 Securities of the notes to the consolidated financial statements.

Notes and accounts payable and Short-term bank loans

Since these items are settled in a short period of time, their carrying value approximates fair value.

Long-term bank loans

The fair value of long-term bank loans is based on the present value of the total of principal and interest discounted by the interest rate to be applied if similar new borrowings were entered into. The fair value of long-term bank loans with floating interest rates is nearly equal to the carrying value as the market rate is reflected in a short period of time.

Derivative transactions

Please refer to Note 19 Derivative Transactions of the notes to the consolidated financial statements.

2) Financial instruments for which it is extremely difficult to determine the fair value

	Millions of yen		Thousands of U.S. dollars
	2012	2013	2013
Unlisted stocks	¥922	¥923	\$9,814

Because no quoted market price is available and it is extremely difficult to determine the fair value, the above financial instruments are not included in the preceding table.

3) Redemption schedule for receivables and securities with maturities at March 31, 2012 and 2013

As of March 31, 2012	Millions of yen			
	Due in One Year or Less	Due after One Year through Five Years	Due after Five Years through Ten Years	Due after Ten Years
Cash and cash equivalents	¥33,056	¥ —	¥ —	¥ —
Short-term investments	697	—	—	—
Notes and accounts receivable	84,502	—	—	—
Investment securities				
Other securities				
Bonds (corporate bonds)	—	10	—	—
Bonds (other)	—	20	—	—
Total	¥118,255	¥30	¥ —	¥ —

As of March 31, 2013	Millions of yen			
	Due in One Year or Less	Due after One Year through Five Years	Due after Five Years through Ten Years	Due after Ten Years
Cash and cash equivalents	¥55,587	¥ —	¥ —	¥ —
Short-term investments	1,620	—	—	—
Notes and accounts receivable	83,984	—	—	—
Investment securities				
Other securities				
Bonds (corporate bonds)	—	10	—	—
Bonds (other)	—	20	—	—
Total	¥141,191	¥30	¥ —	¥ —

Thousands of U.S. dollars				
	Due in One Year or Less	Due after One Year through Five Years	Due after Five Years through Ten Years	Due after Ten Years
As of March 31, 2013				
Cash and cash equivalents	\$ 591,037	\$ —	\$ —	\$ —
Short-term investments	17,225	—	—	—
Notes and accounts receivable	892,972	—	—	—
Investment securities				
Other securities				
Bonds (corporate bonds)	—	106	—	—
Bonds (other)	—	213	—	—
Total	\$1,501,234	\$319	\$—	\$—

18. Securities

As of March 31, 2012

a) Information regarding securities classified as other securities is as follows:

Millions of yen			
	Carrying value	Acquisition cost	Gross unrealized holding gains (losses)
March 31, 2012			
Securities whose carrying value exceeds their acquisition cost:			
Equity securities	¥ 4,917	¥ 3,691	¥ 1,226
Subtotal	¥ 4,917	¥ 3,691	¥ 1,226
Securities whose acquisition cost exceeds their carrying value:			
Equity securities	¥23,656	¥27,538	¥(3,882)
Bonds (corporate bonds)	10	10	—
Bonds (other)	20	20	—
Subtotal	¥23,686	¥27,568	¥(3,882)
Total	¥28,603	¥31,259	¥(2,656)

b) Information regarding sales of securities classified as other securities is as follows:

2012		Millions of yen
Proceeds from sales		¥58
Gains on sales		48

As of March 31, 2013

a) Information regarding securities classified as other securities is as follows:

Millions of yen			
	Carrying value	Acquisition cost	Gross unrealized holding gains (losses)
March 31, 2013			
Securities whose carrying value exceeds their acquisition cost:			
Equity securities	¥26,675	¥20,953	¥ 5,722
Subtotal	¥26,675	¥20,953	¥ 5,722
Securities whose acquisition cost exceeds their carrying value:			
Equity securities	¥ 7,330	¥ 8,552	¥(1,222)
Bonds (corporate bonds)	10	10	—
Bonds (other)	20	20	—
Subtotal	¥ 7,360	¥ 8,582	¥(1,222)
Total	¥34,035	¥29,535	¥ 4,500

Thousands of U.S. dollars			
	Carrying value	Acquisition cost	Gross unrealized holding gains (losses)
March 31, 2013			
Securities whose carrying value exceeds their acquisition cost:			
Equity securities	\$283,626	\$222,786	\$ 60,840
Subtotal	\$283,626	\$222,786	\$ 60,840
Securities whose acquisition cost exceeds their carrying value:			
Equity securities	\$ 77,937	\$ 90,930	\$(12,993)
Bonds (corporate bonds)	106	106	—
Bonds (other)	213	213	—
Subtotal	\$ 78,256	\$ 91,249	\$(12,993)
Total	\$361,882	\$314,035	\$ 47,847

b) Information regarding sales of securities classified as other securities is as follows:

2013	Millions of yen	Thousands of U.S. dollars
Proceeds from sales	¥1,843	\$19,596
Gains on sales	82	872

19. Derivative Transactions

Summarized below is the notional amounts and the estimated fair value of the derivative instruments outstanding at March 31, 2012, for which deferral hedged accounting has been applied.

Millions of yen		2012
Commodity swap transactions, accounted for as part of accounts payable		
Notional amount		
Maturing within one year		¥1,272
Maturing after one year		—
Fair value		(75)

Note: Calculation of fair value is based on the discounted cash flows and others.

20. Business Combination

(Transaction under common control)

(a) Overview of the transaction

1) Business and nature of business subject to the transaction

Business:

The business related to the manufacture of ceramic products at the Nakatsu No.2 Plant of the Company

Nature of business:

Manufacturing of the ceramic products

2) Date of the business combination

April 1, 2012

3) Legal form of the business combination

The business combination is a spin-off with the Company as the transferor and TOTO Fine Ceramics Ltd., a subsidiary of the Company, as the transferee

4) Company name after the transaction

TOTO Fine Ceramics Ltd. (A consolidated subsidiary of the Company)

5) Other

The Company will improve product quality and bolster cost competitiveness by raising the technical level of TOTO Fine Ceramics Ltd. through the exchange of human resources and technologies by transferring the business related to the manufacture of ceramic products at the Nakatsu No.2 Plant of the Company to TOTO Fine Ceramics Ltd.

(b) Basis of accounting treatment

This transaction was accounted for as transaction under common control in accordance with "Accounting Standard for

Business Combinations” (ASBJ Statement No. 21; December 26, 2008) and “Guidance on the Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10; December 26, 2008).

21. Segment Information

For the years ended March 31, 2012 and 2013:

The reportable segments of the Group are components for which discrete financial information is available and whose operating results are regularly reviewed by the Board of Directors to make decisions about resource allocation and to assess performance.

The Group produces and sells housing equipment and conducts a new domain business, which mainly includes environmental products (tiles, etc) and ceramics products.

The Company has classified the housing equipment business geographically into “Domestic” and “Overseas” areas. The “Overseas” area is composed of the geographical segments in accordance with the organizational make-up of production and sales, and divided into four reportable segments; “Americas” (U.S.A., Mexico, others), “China”, “Asia-Oceania” (Singapore, Vietnam, Malaysia, Taiwan, Thailand, India, others), and “Europe” (Germany, others).

The housing equipment business mainly produces sanitary ware, toilet seats with bidet functions, unit bathrooms, metal faucet fittings, system kitchens and lavatories.

The new domain business is divided into two reportable

segments: “Environmental Products” and “Ceramics Products”. “Environmental Products” mainly produces photocatalysts (Hydrotec) and tiles.

“Ceramics Products” mainly produces electrostatic chucks, components for optical communications and large precision ceramic products.

The accounting policies of the reportable segments are substantially the same as those described in the significant accounting policies in Note 2. The reportable segment performance is evaluated based on operating income or loss.

Intersegment sales are recorded at the same prices used in transactions with third parties.

(Changes in depreciation method)

As described in Note 2 (j), in accordance with an amendment to the Corporation Tax Law of Japan effective April 1, 2012, the Company and its domestic consolidated subsidiaries have changed their depreciation method for property, plant and equipment acquired on or after April 1, 2012, other than certain buildings, to reflect the methods prescribed in the amended Corporation Tax Law. As a result of this change, segment income increased by ¥370 million (\$3,934 thousand) for “Domestic Housing Equipment Business” segment and segment loss decreased by ¥12 million (\$128 thousand), ¥8 million (\$85 thousand), ¥43 million (\$457 thousand) for “Environmental Products” segment, “Ceramics Products” segment and “Adjustments and eliminations” for the year ended March 31, 2013, respectively.

Millions of yen

	Reportable segments					
	Domestic Housing Equipment Business	Overseas Housing Equipment Business				Total
		Americas	China	Asia-Oceania	Europe	
Year ended March 31, 2012						
Sales, income or loss and assets by reportable segments						
Net sales						
Sales to third parties	¥375,440	¥14,916	¥33,779	¥11,956	¥1,958	¥62,609
Inter-segment sales and transfers	10,494	15	9,633	9,304	43	18,995
Total	¥385,934	¥14,931	¥43,412	¥21,260	¥2,001	¥81,604
Segment income (loss)	¥17,268	¥ (648)	¥ 7,291	¥ 1,168	¥ (783)	¥ 7,028
Segment assets	¥226,538	¥14,556	¥43,543	¥25,176	¥2,087	¥85,362
Other items						
Depreciation and amortization	¥ 14,386	¥ 492	¥ 1,387	¥ 618	¥ 135	¥ 2,632
Investment in equity-method affiliate	¥ —	¥ —	¥572	¥ 4,730	¥ —	¥ 5,302
Increase in tangible fixed assets and intangible fixed assets	¥ 17,483	¥ 557	¥ 2,277	¥ 4,016	¥ 73	¥ 6,923

Millions of yen

	Reportable segments							
	New Domain Business			Total	Others	Total	Adjustments and eliminations	Consolidated
	Environ-mental Products	Ceramics Products	Total					
Year ended March 31, 2012								
Sales, income or loss and assets by reportable segments								
Net sales								
Sales to third parties	¥ 9,134	¥ 5,333	¥14,467	¥452,516	¥ 170	¥452,686	¥ —	¥452,686
Inter-segment sales and transfers	996	56	1,052	30,541	601	31,142	(31,142)	—
Total	¥10,130	¥ 5,389	¥15,519	¥483,057	¥ 771	¥483,828	¥(31,142)	¥452,686
Segment income (loss)	¥ (1,560)	¥(1,394)	¥ (2,954)	¥ 21,342	¥ 77	¥ 21,419	¥ (2,639)	¥ 18,780
Segment assets	¥ 7,336	¥ 8,626	¥15,962	¥327,862	¥8,065	¥335,927	¥ 41,146	¥377,073
Other items								
Depreciation and amortization	¥ 219	¥ 616	¥ 835	¥ 17,853	¥ 166	¥ 18,019	¥ 329	¥ 18,348
Investment in equity-method affiliate	¥ —	¥ —	¥ —	¥ 5,302	¥ —	¥ 5,302	¥ —	¥ 5,302
Increase in tangible fixed assets and intangible fixed assets	¥ 142	¥ 541	¥ 683	¥ 25,089	¥ 2	¥ 25,091	¥ 454	¥ 25,545

Notes: “Others” include businesses not included in the reportable segments, which mainly include the property rental business.

Millions of yen

	Reportable segments					
	Domestic Housing Equipment Business	Overseas Housing Equipment Business				
		Americas	China	Asia-Oceania	Europe	Total
Year ended March 31, 2013						
Sales, income or loss and assets by reportable segments						
Net sales						
Sales to third parties	¥386,860	¥17,885	¥40,439	¥14,130	¥2,665	¥ 75,119
Inter-segment sales and transfers	9,527	12	10,667	11,338	28	22,045
Total	¥396,387	¥17,897	¥51,106	¥25,468	¥2,693	¥ 97,164
Segment income (loss)	¥ 21,678	¥ 330	¥ 7,869	¥ 826	¥ (907)	¥ 8,118
Segment assets	¥220,125	¥16,516	¥54,082	¥35,710	¥2,052	¥108,360
Other items						
Depreciation and amortization	¥ 14,976	¥ 596	¥ 1,693	¥ 915	¥ 119	¥ 3,323
Investment in equity-method affiliate	¥ —	¥ —	¥ 648	¥ 6,291	¥ —	¥ 6,939
Increase in tangible fixed assets and intangible fixed assets	¥ 14,416	¥ 276	¥ 2,874	¥ 4,586	¥ 53	¥ 7,789

Millions of yen

	Reportable segments						Adjustments and eliminations	Consolidated
	New Domain Business			Total	Others	Total		
	Environ-mental Products	Ceramics Products	Total					
Year ended March 31, 2013								
Sales, income or loss and assets by reportable segments								
Net sales								
Sales to third parties	¥ 8,892	¥ 5,218	¥14,110	¥476,089	¥ 186	¥476,275	¥ —	¥476,275
Inter-segment sales and transfers	926	10	936	32,508	518	33,026	(33,026)	—
Total	¥ 9,818	¥ 5,228	¥15,046	¥508,597	¥ 704	¥509,301	¥(33,026)	¥476,275
Segment income (loss)	¥(1,515)	¥(2,085)	¥ (3,600)	¥ 26,196	¥ 95	¥ 26,291	¥ (2,914)	¥ 23,377
Segment assets	¥ 7,738	¥ 8,114	¥15,852	¥344,337	¥6,410	¥350,747	¥ 57,708	¥408,455
Other items								
Depreciation and amortization	¥ 210	¥ 562	¥ 772	¥ 19,071	¥ 130	¥ 19,201	¥ 308	¥ 19,509
Investment in equity-method affiliate	¥ —	¥ —	¥ —	¥ 6,939	¥ —	¥ 6,939	¥ —	¥ 6,939
Increase in tangible fixed assets and intangible fixed assets	¥ 784	¥ 420	¥ 1,204	¥ 23,409	¥ —	¥ 23,409	¥ 256	¥ 23,665

Thousands of U.S. dollars

Thousands of US dollars						
	Domestic Housing Equipment Business	Reportable segments				
		Overseas Housing Equipment Business				Total
		Americas	China	Asia-Oceania	Europe	
Year ended March 31, 2013						
Sales, income or loss and assets by reportable segments						
Net sales						
Sales to third parties	\$4,113,344	\$190,165	\$429,974	\$150,239	\$28,336	\$798,714
Inter-segment sales and transfers	101,297	128	113,418	120,553	298	234,397
Total	\$4,214,641	\$190,293	\$543,392	\$270,792	\$28,634	\$1,033,111
Segment income (loss)	\$230,494	\$3,509	\$83,668	\$8,783	\$(9,644)	\$86,316
Segment assets	\$2,340,510	\$175,609	\$575,035	\$379,692	\$21,818	\$1,152,154
Other items						
Depreciation and amortization	\$159,234	\$6,337	\$18,001	\$9,729	\$1,265	\$35,332
Investment in equity-method affiliate	\$—	\$—	\$6,890	\$66,890	\$—	\$73,780
Increase in tangible fixed assets and intangible fixed assets	\$153,280	\$2,935	\$30,558	\$48,761	\$564	\$82,818

Thousands of U.S. dollars

Year ended March 31, 2013	Reportable segments							Adjustments and eliminations	Consolidated
	New Domain Business			Total	Total	Others	Total		
	Environ-mental Products	Ceramics Products	Total						
Sales, income or loss and assets by reportable segments									
Net sales									
Sales to third parties	\$ 94,545	\$ 55,481	\$ 150,026	\$ 5,062,084	\$ 1,978	\$ 5,064,062	\$ —	\$ 5,064,062	
Inter-segment sales and transfers	9,846	106	9,952	345,646	5,508	351,154	(351,154)	—	
Total	\$ 104,391	\$ 55,587	\$ 159,978	\$ 5,407,730	\$ 7,486	\$ 5,415,216	\$ (351,154)	\$ 5,064,062	
Segment income (loss)	\$ (16,108)	\$ (22,169)	\$ (38,277)	\$ 278,533	\$ 1,010	\$ 279,543	\$ (30,984)	\$ 248,559	
Segment assets	\$ 82,275	\$ 86,273	\$ 168,548	\$ 3,661,212	\$ 68,155	\$ 3,729,367	\$ 613,589	\$ 4,342,956	
Other items									
Depreciation and amortization	\$ 2,233	\$ 5,976	\$ 8,209	\$ 202,775	\$ 1,383	\$ 204,158	\$ 3,274	\$ 207,432	
Investment in equity-method affiliate	\$ —	\$ —	\$ —	\$ 73,780	\$ —	\$ 73,780	\$ —	\$ 73,780	
Increase in tangible fixed assets and intangible fixed assets	\$ 8,336	\$ 4,466	\$ 12,802	\$ 248,900	\$ —	\$ 248,900	\$ 2,722	\$ 251,622	

Notes: "Others" include businesses not included in the reportable segments, which mainly include the property rental business.

Geographical information

Net sales to third parties by geographical countries or areas for the year ended March 31, 2012 and 2013 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2012	2013	2013
Japan	¥386,628	¥398,034	\$4,232,153
Americas	16,603	19,639	208,814
China	34,316	41,100	437,002
Other foreign countries	15,139	17,502	186,093
Consolidated	¥452,686	¥476,275	\$5,064,062

At March 31, 2012 and 2013, property, plant and equipment by geographical countries or areas are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2012	2013	2013
Japan	¥101,317	¥ 96,450	\$1,025,518
Americas	3,671	3,724	39,596
China	11,786	14,343	152,504
Asia-Oceania	8,068	12,869	136,831
Other foreign countries	243	215	2,287
Consolidated	¥125,085	¥127,601	\$1,356,736

Impairment loss on fixed assets by reportable segments for the year ended March 31, 2012 and 2013 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2012	2013	2013
Reportable segments			
Domestic Housing Equipment Business	¥2,895	¥2,883	\$30,654
Overseas Housing Equipment Business			
Americas	—	—	—
China	—	—	—
Asia-Oceania	—	—	—
Europe	—	—	—
Total	¥ —	¥ —	\$ —
New Domain Business			
Environmental Products	—	—	—
Ceramics Products	—	756	8,038
Total	¥ —	¥ 756	\$ 8,038
Reportable segments total	¥2,895	¥3,639	\$38,692
Others	—	—	—
Total	¥2,895	¥3,639	\$38,692
Adjustments and eliminations	—	—	—
Consolidated	¥2,895	¥3,639	\$38,692

22. Subsequent Events

a) The following distribution of retained earnings of the Company, which has not been reflected in the accompanying consolidated financial statements for the year ended March 31, 2013, was approved at a meeting of the Board of Directors held on May 20, 2013 and became effective June 6, 2013:

	Millions of yen	Thousands of U.S. dollars
Cash dividends (¥8.00 — \$0.085 per share)	¥2,768	\$29,431

b) Cancellation of capital and sales alliances
At the meeting of its Board of Directors held on May 29, 2013, the Company resolved to cancel its capital and sales alliances with The Siam Cement Public Company Limited ("SCC") in Thailand.

1) Reason for the cancellation
The Company and SCC recently decided to cancel their capital and sales alliances to pave the way for pursuing the value of their respective brands in a different manner. Even after the cancellation of the alliance, however, the two companies will continue to trade products on an OEM basis and will maintain favorable relationships with each other.

2) Details of the cancellation
All capital and sales alliances for joint-venture firms to manufacture and sell sanitary ware and metal faucet fittings in Thailand will be terminated.

With this termination, all shares held by the Company in two joint-venture firms between the Company and SCC –Siam Sanitary Ware Co., Ltd., a manufacturer and seller of sanitary ware, and The Siam Sanitary Fittings Co., Ltd., a manufacturer and seller of metal faucet fittings– will be sold to SCC.

TOTO Asia Oceania Pte.Ltd. ("TAC"), a controller and seller, which is a wholly owned subsidiary of the Company in Singapore, will purchase all shares held by SCC in TOTO Manufacturing (Thailand) Co., Ltd. ("TMT"), a manufacturer and seller of sanitary ware and metal faucet fitting, a joint-venture firm between TAC and SCC, and make TMT be a its wholly owned subsidiary.

3) The name of the former alliance partner
The Siam Cement Public Company Limited

4) Schedule for the cancellation
July 2, 2013: Cancellation of the capital and sales alliances



Ernst & Young ShinNihon LLC

Independent Auditor's Report

The Board of Directors
TOTO LTD.

We have audited the accompanying consolidated financial statements of TOTO LTD. and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2013, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the 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. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls 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. 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.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of TOTO LTD. and consolidated subsidiaries as at March 31, 2013, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Convenience Translation

We have reviewed the translation of these consolidated financial statements into U.S. dollars, presented for the convenience of readers, and, in our opinion, the accompanying consolidated financial statements have been properly translated on the basis described in Note 3.

Ernst & Young ShinNihon LLC

June 27, 2013

Fukuoka, Japan

Environmental Data

The TOTO GREEN CHALLENGE Vision

The TOTO Group promotes comprehensive environmental conservation activities through all of its corporate activities in the three key areas of “Products and services”, “Manufacturing” and “Social contribution” and four domains.

As the foundation of these activities, TOTO also strives to stimulate “Human Resource Development” to encourage employees to show more interest in and sensitivity towards the environment.

Aims of TOTO GREEN CHALLENGE (by Fiscal 2017)

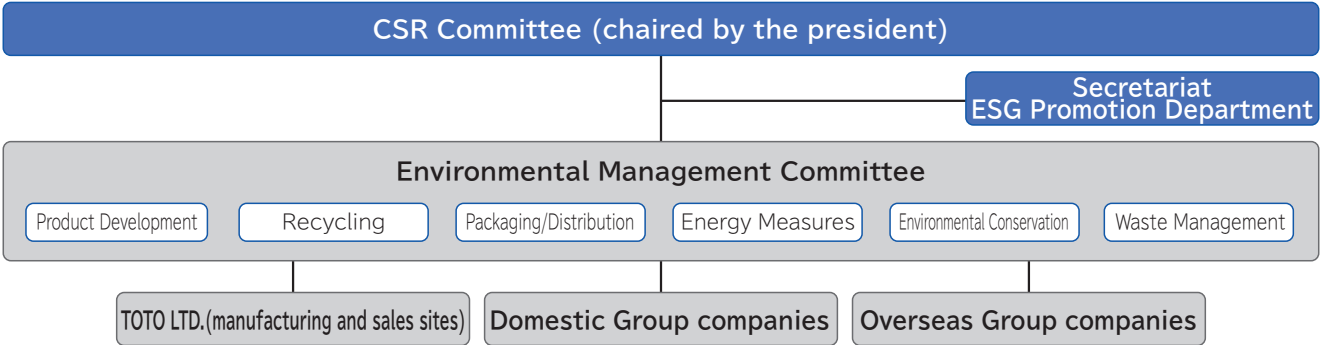
TOTO GREEN CHALLENGE			
Three key perspectives Four domains	Products and services	Manufacturing	Social contribution
Prevent global warming	· Develop the world’s top water- and energy-saving technologies and aim to provide products that can reduce CO ₂ emitted from plumbing equipment in the home by over 50% (compared to March 1991 levels)	· Reduce CO ₂ emissions globally in production, logistics and sales promotion activities [Domestic] Reduce by 45% (compared to March 1991 levels) [Overseas] Reduce by 2% per basic unit of output a year [Domestic logistics] Reduce by 1% per basic unit of output a year	Promote environmental contribution activities that involve society as we work for biodiversity
Respect the value of resources	· Aim for products and services with global standard recycling-oriented design	· Aim for zero emissions at business sites worldwide · Aim to establish recycling technologies for core products and a system for recycling	
Provide safety and security without hazard to the earth	· Aim to provide safe and secure products that satisfy global standards for chemical substances in products · Promote global use of Hydrotec’s air purification capability (remove NOx)	· Maintain zero violations of environmental laws and regulations at business sites worldwide	
Contribute to biodiversity	· We realize sustainable resource use through CSR procurement of materials in each country with consideration to the preservation of biodiversity. These activities, inclusive of our supply chain, are highly acclaimed by our stakeholders, and help us fulfill our responsibility as a global enterprise.		
Human Resource Development			
TOTO promotes to have more awareness for each employee through realization of “TOTO GREEN CHALLENGE” based on activities in the three key perspectives of “Products and services”, “Manufacturing” and “Social contribution”.			

Environmental Management System

The TOTO Group has adopted the following system to advance environmental conservation activities.

The CSR Committee, chaired by the Company’s president, meets twice a year to formulate basic policies for environmental conservation activities and deliberate on key environmental challenges. Subcommittees are formed based on the results of these discussions to develop policies regarding specific CSR items. Each subcommittee is effectively linked to help advance activities. Domestic and overseas companies work together to formulate and promote concrete action plans.

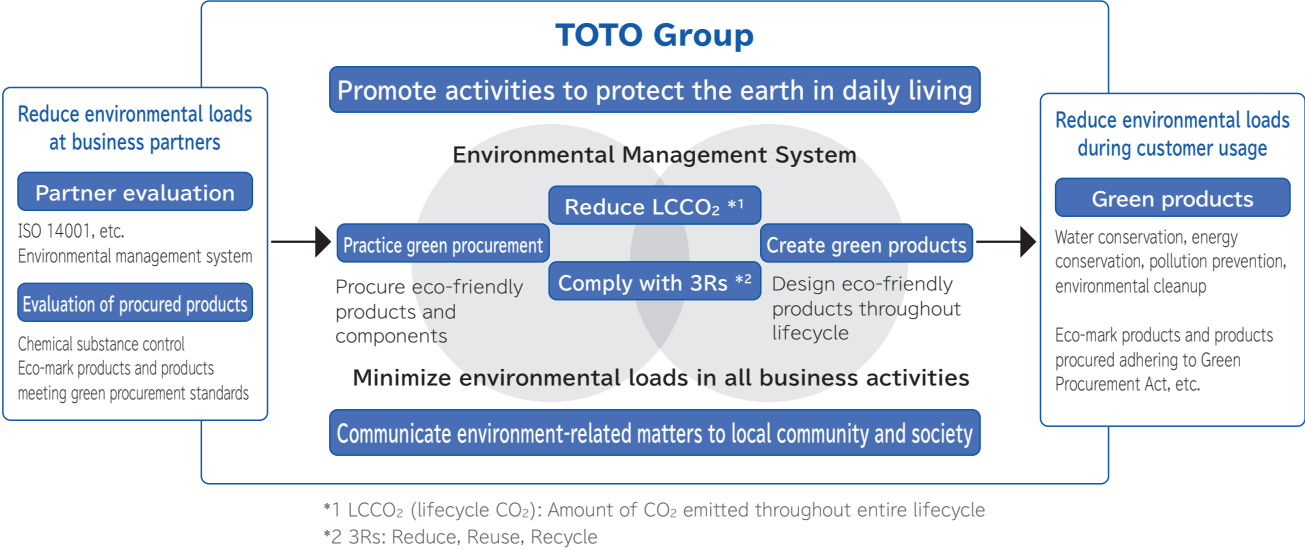
TOTO is dedicated to implementing ISO 14001 environmental management standards and is constantly striving to enhance its environmental management system through the PDCA (Plan, Do, Check, Act) cycle. Ongoing improvements at each business site and voluntary environmental activities are also implemented.



The entire TOTO Group implements and makes continuous improvements to the PDCA cycle for its environmental management system.

TOTO's Environmental Conservation Activities

The TOTO Group promotes activities to reduce environmental impact in all business processes.



Development of Eco-friendly Products

Plumbing-related products are used daily by a diverse array of people. That means even minimal usage daily is cumulative in nature and can have a major impact on the environment.

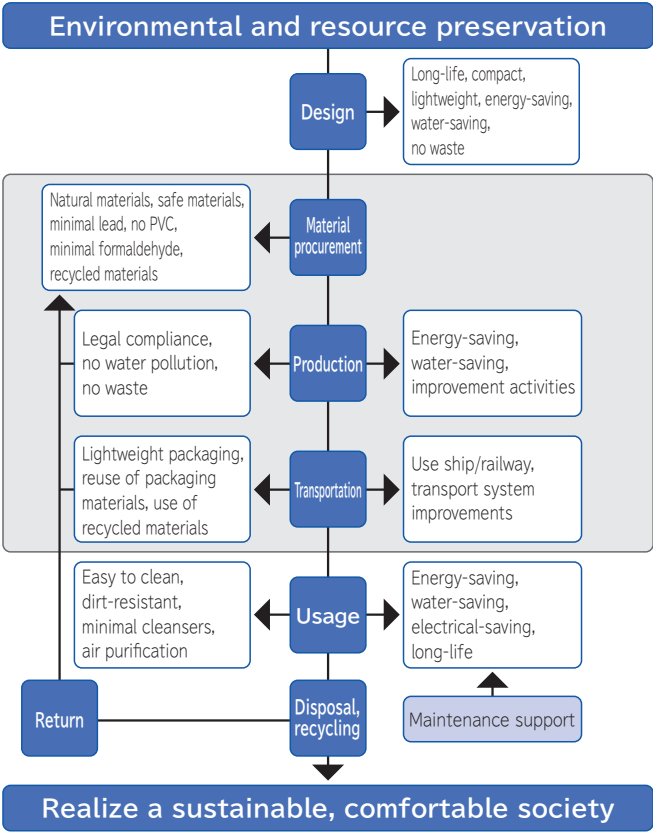
For this reason, the TOTO Group actively promotes the development of products that protect the environment in daily life without users realizing it. We develop eco-friendly products, or “TOTO green products,” based on independent product and environmental assessment criteria, which include calculating CO₂ emissions using lifecycle assessments* from the product planning and design stages.

Product and Environmental Assessment

LCCO ₂ (Lifecycle CO ₂)	
Energy-saving	
Water-saving	
Pollution prevention	
Environmental purification	
3Rs	
Reduce	• Weight saving
Reuse	• Resource recycling
Recycle	• Decomposability
	• Material indication

*A lifecycle assessment quantifies and objectively evaluates the impact of a product on the environment in every stage of its life from the gathering of materials to production, transportation, usage and disposal

Lifecycle Assessment for TOTO Green Products



■Global Environmental Action Plan

The 8th Global Environmental Action Plan results of fiscal 2012 activities achieved all targets except for two items. For example, domestic manufacturing CO₂ emissions were reduced by 42.3% versus the target of a 40% reduction (compared to emissions in fiscal 1990), and in social contribution activities the total number of Green Volunteer participants for social

8th Global Environmental Action Plan (April 2012–March 2015) and Results for the Year Ended March 2013

Key perspectives	Domains	Control items (KPI)	March 2015 targets Final year targets of 8th Global Environmental Action Plan	Year ending March 2014 targets
Products and services	Prevent global warming	Reduction rate of CO ₂ during product usage* ¹	Reduce by 45% (versus March 1991 levels)	Reduce by 44% (versus March 1991 levels)
	Respect the value of resources	Rate of progress in 3R design plan for new products* ²	100%	66%
	Provide safety and security without hazard to the earth	Number of cases of legal violations related to chemical substances contained in products	0	0
Manufacturing	Prevent global warming	Reduction rate of domestic CO ₂ emissions	Reduce by 42% (versus March 1991 levels)	Reduce by 41% (versus March 1991 levels)
		Reduction rate of overseas CO ₂ emissions basic unit	Reduce by 6% (versus March 2012 levels)	Reduce by 2% (versus last year levels)
		Reduction rate of domestic transportation fuel per basic unit of amounts transferred	Reduce by 5% (versus March 2010 levels)	Reduce by 4% (versus March 2010 levels)
		Rate of progress in reduction plan of overseas transportation fuel* ²	100%	66%
	Respect the value of resources	Reduction rate of waste per basic unit of production at domestic production sites	Reduce by 3% (versus March 2012 levels)	Reduce by 2% (versus March 2012 levels)
		Rate of progress in recycling plan* ²	100%	66%
	Provide safety and security without hazard to the earth	Number of cases of violations of environmental laws	0	0
Social contribution	Contribute to biodiversity	Rate of progress in green procurement plan* ²	100%	66%
	• Prevent global warming • Respect the value of resources • Provide safety and security without hazard to the earth • Contribute to biodiversity	Number of Green Volunteer participants (TOTO Group employees + stakeholders)	40,000	35,000
		Number of trees planted (cumulative)	25,000	22,500

*1 Reduction rate of CO₂ during product usage: CO₂ reduction rate of major products each year versus emissions during product usage of major products for the four plumbing spaces announced in 1990. TOTO used a CO₂ conversion factor for calculating electric power

of 0.378kg CO₂/kWh in accordance with the Law Concerning the Promotion of Measures to Cope with Global Warming.
*2 Rate of progress: rate of progress of plan that assumes 100% as the benchmark for achieving the TOTO Group plan by March 2015

■Overview of Fiscal 2012 (April 2012–March 2013) Activities

[Initiatives to Reduce CO₂ Emissions during Use of Domestic Core Products]

We are promoting an overall reduction in CO₂ emissions for the four major plumbing spaces of the home. We have expanded use of the Air in Shower in bathroom spaces and the Eco-Single water faucet in kitchen and washroom spaces. Also, we have provided a full range of 3.8L toilet bowls for use in toilet spaces. Through these and similar means, in fiscal 2012 (from April 2011 to March 2013) we achieved a 43% reduction (over fiscal 1990) in CO₂ emissions during use in these four areas.

[Initiatives for 3Rs Design in New Products]

We are promoting the development of 3Rs (reduce, reuse, recycle) products in order to encourage resource recycling and reduce the environmental load. Our product designers undergo basic e-learning training in how to design products with the 3Rs in mind so as to improve their basic knowledge of the 3Rs and apply it to new product designs.

[Initiatives Related to Chemical Substances Contained in Products]

We are working to strengthen governance regarding chemical substances contained in our products. In fiscal 2012, as part of a systematic reappraisal of our Rules for Quality Management, we integrated the three separate sets of rules for management of chemical substances in products into a single compendium. By continuing oversight of information on chemical substances in products both in Japan and abroad and taking appropriate measures, we have maintained our zero infraction rate.

[Initiatives to Reduce Domestic CO₂ Emissions]

We are taking measures to reduce CO₂ emissions across all of our business activities. In Japan, we achieved a 42.3% reduction in CO₂

emissions versus the target figure of a 40% reduction compared to fiscal 1990 through energy-saving and CO₂ reduction activities throughout the TOTO Group. This was accomplished by changing over to high-efficiency air conditioners and light fixtures and through energy-saving measures at all our business sites. Where energy-saving measures requested by the government are concerned, we have continued making use of our experience so far and have achieved reductions beyond the requested levels.

[Initiatives to Reduce Overseas CO₂ Emissions]

Similarly to what we are doing in Japan, we have also been taking measures to reduce CO₂ emissions across all of our business activities in other countries. However, emissions for the Group as a whole overseas fell by only 0.3% per basic unit of production and we were unable to meet this target. We intend to further expand implementation of effective measures in all our overseas locations to continue our CO₂ emissions reduction activities.

[Initiatives to Reduce Domestic Use of Fuel for Transport]

We are continuing measures to reduce domestic use of fuel for transport as one measure to lower CO₂ emissions by continuing and increasing the loading rate on trunk routes and consolidated shipping. In fiscal 2012, we used purpose-built racks to make loads lighter and more compact and expand joint distribution with other companies. We also achieved greater fuel efficiency by shifting to smaller delivery vehicles and in some cases allowing shippers to dispatch delivery vehicles themselves. Thanks to these efforts, results significantly exceeded our target reduction rate for transport fuel per basic unit of production.

[Initiatives to Reduce Overseas Use of Fuel for Transport]

We are taking the same measures as in Japan to promote the reduction of fuel used for transport in other countries. This fiscal year,

contribution activities reached 32,818 versus the target figure of 30,000. The target not achieved was reduction rate of overseas CO₂ emissions and number of trees planted (cumulative) in social contribution. We will accelerate our efforts to achieve our target this fiscal year.

	Year ended March 2013 targets	Results for the year ended March 2013	Evaluation
	Reduce by 43%	Reduce by 43%	○
	33%	33%	○
	0	0	○
	Reduce by 40%	Reduce by 42.3%	○
	Reduce by 2%	Reduce by 0.3%	×
	Reduce by 3%	Reduce by 6.2%	○
	33%	33%	○
	Reduce by 1%	Reduce by 7.9%	○
	33%	33%	○
	0	0	○
	33%	33%	○
	30,000	32,000	○
	20,000	17,000	×

Evaluation: ◎ Achieved mid-term targets (March 2015 targets)
 ○ Achieved March 2013 targets
 × Did not achieve March 2013 targets

we are experimenting with lighter, more compact pallets to improve the loading rate for maritime shipping containers. We also began a detailed study of shipping formats and routes used in each country, and based on the results of this survey we are also taking steps to reduce fuel use for transport abroad.

[Initiatives to Reduce Waste Discharged from Domestic Production Sites]

We are promoting activities to curb the amount of waste discharged in order to reduce our environmental load. Continuing from the preceding year, we have again assigned priority to crushed ceramic sanitary ware and sludge (clay), which account for approximately 40% of waste. We are also pursuing reduction in the volume of waste paper (used paper and cardboard), scrap wood, and waste plastic, which account for approximately 35% of waste, at all of our business sites, and have achieved our targets. We have kept track of progress and exchanged information by holding waste reduction conferences and other such events with the aim of gearing up these activities.

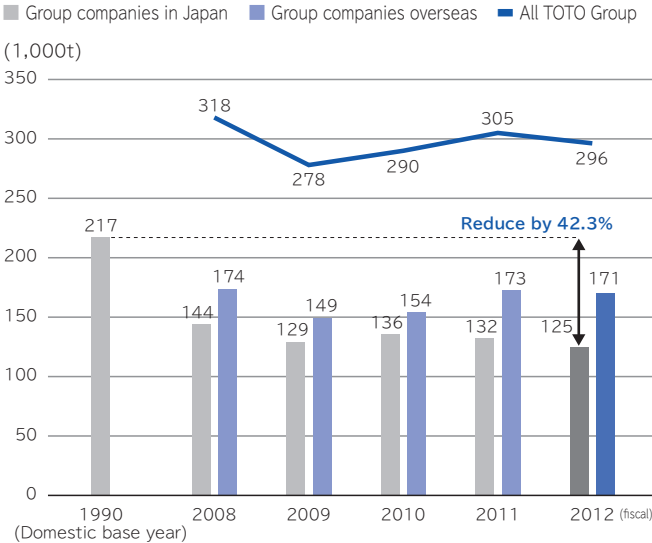
[Initiatives Related to Recycling]

We are engaging in measures to develop new recycling applications for plant waste in order to promote recycling of resources and reduction of our environmental load. We are also proceeding with a study of the arrangements for recovering and processing used products. With regard to ceramic sanitary ware, we have pursued studies on the possibility of using crushed ceramic ware (scherben) from plants for unshaped refractories and as aggregates for use in roadbed materials and as aggregates with heat-reducing properties. With the goal of recycling the materials from used Washlet products, we have conducted studies on treatment processes, assurance of hygiene and other relevant aspects.

[Initiatives Regarding Environmental Laws and Regulations]

We are engaged in measures to reduce our environmental load and

CO₂ Reduction at TOTO Group Companies



*TOTO aims to reduce CO₂ emissions in Japan by 45% (versus March 1991 level) by March 2018.
 *TOTO uses a coefficient under the Law Concerning the Promotion of Measures to Cope with Global Warming for the CO₂ conversion factor for domestic business operations (note: electric power uses the coefficient 0.378kg CO₂/kWh) and the coefficient from the 2005 GHG Protocol for overseas business. Estimates are utilized for certain past data.

proactively prevent pollution. Our environmental management system is based not only on compliance with laws and regulations but also on setting values for voluntary control standards to prevent infractions. We have maintained a zero infraction record promoting horizontal sharing of hazardous incidents that could lead to statutory infractions, strengthening environmental audits, making environmental risk management status visible and other such measures.

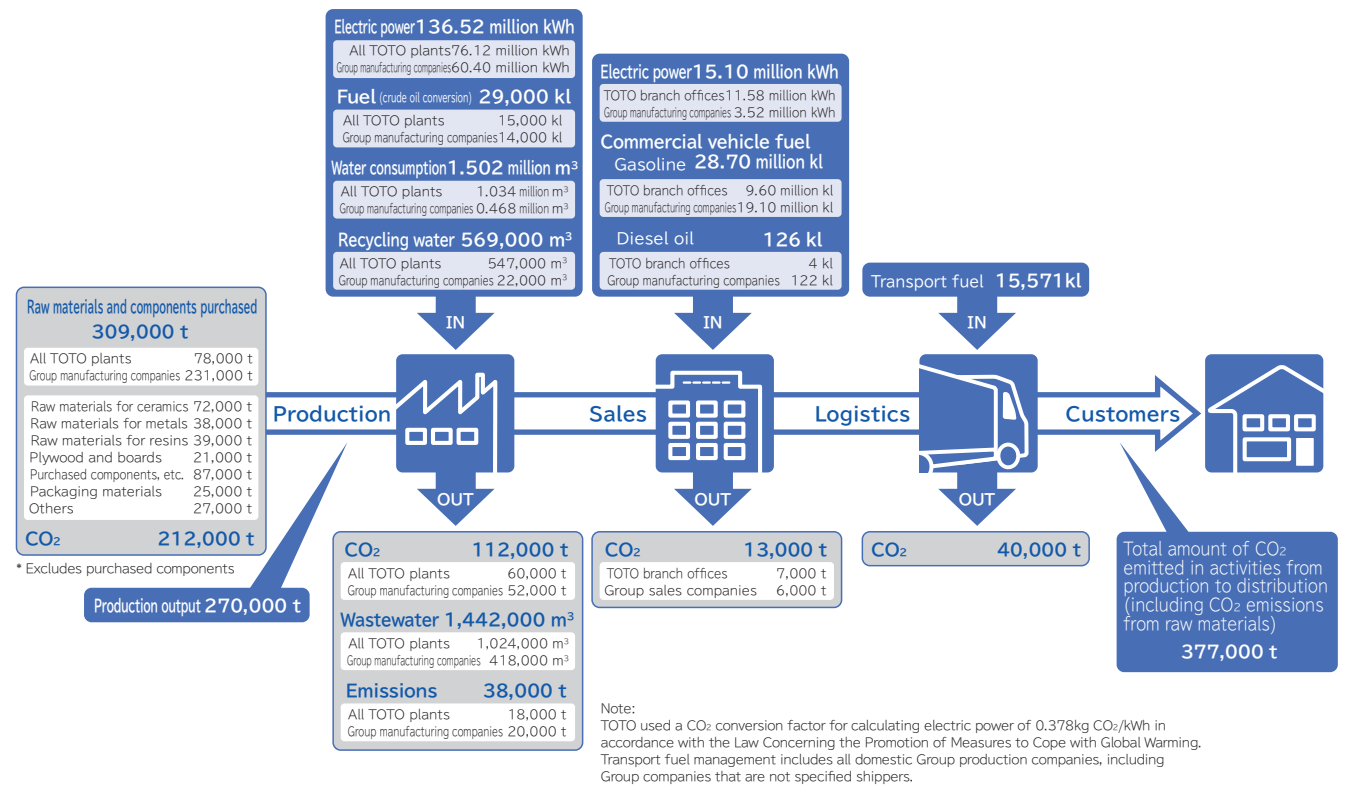
[Initiatives for Green Procurement]

We promote procurement of environmentally friendly parts and other materials in order to contribute to the achievement of a recycling-based society that is safe and secure. We are developing guidelines for green procurement that includes concern for biodiversity, and we have formulated targets and plans that are presently underway for addressing the priority issues of wood and ceramic material procurement.

[Initiatives for Social Contribution]

We renamed our volunteer activities for contributing to the global environment in fiscal 2011 and which we have been pursuing since then as “Green Volunteers” activities. We instituted a system whereby each business site appointed a promotion headquarters which suggested opportunities for volunteering. As a result, Green Volunteer activities now take place throughout Japan and volunteers can participate wherever they are in the country. The adoption of an award system in fiscal 2012 further encouraged employees to participate, and we reached our target figure of 30,000 participants. We will continue increasing the number of occasions and ways in which employees and local community members can engage in volunteer activities together and develop closer relationships. The number of acorn trees planted did not reach the target level, but we will renew our efforts in this area under the 8th Global Environmental Action Plan.

■ Overview of Environmental Loads(Scope of Reporting for the Year Ended March 2013: TOTO and Domestic Group Companies)



■ Environmental Accounting
(Scope of Reporting for the Year Ended March 2013: TOTO and Domestic Group Companies)

TOTO practices environmental accounting that utilizes a corporate operating manual created based on the Japanese Ministry of the Environment guidelines.

■ Investment for the applicable period: ¥19.93 billion ■ Total R&D costs: ¥15.98 billion

(¥ million)

Environmental conservation costs					Economic benefits	Environmental conservation benefits
Category	Major initiatives	Investment	Cost	Total		
①Costs by business area						
Pollution prevention costs	Prevention of air, water and soil contamination, etc.	3.1	361.0	364.1	0.0	—
Environmental conservation costs	Prevention of global warming, energy conservation, etc.	610.8	182.2	793.0	0.0	Energy Reduction (CO ₂ conversion) 3,211t
Resource recycling costs	Efficient use of resources, reduction of waste, recycling, etc.	0.0	527.5	527.5	155.2	Quantity of recycling water 569,000m ³
②Upstream and downstream costs	Green procurement	0.0	0.4	0.4	7.2	9,000 uniforms were made from recycled fiber that came from 25,000 discarded plastic bottles.
	Product transport, etc.	0.0	161.1	161.1	145.7	—
③Management costs	Environmental management system, environmental education, afforestation, etc.	2.7	255.4	258.1	0.0	—
④R&D costs	R&D of environmentally friendly products, etc.	10.7	141.0	151.7	0.0	—
⑤Social activity costs	Nature conservation, afforestation, donation to organizations, etc.	0.0	45.0	45.0	0.0	—
⑥Environmental damage costs	Reserve for environmental damage, etc.	0.0	0.6	0.6	0.0	—
Total		627.3	1,674.2	2,301.5	308.1	

- Concerning calculation of environmental conservation costs and effects
- 1. Results are recorded monthly in conjunction with the monthly accounting system.
- 2. Economic benefits with minimal basis for calculation, including assumed profits, have been excluded.
- 3. Depreciation expenses are included in investment amounts and have therefore been omitted from environmental conservation costs to avoid duplication.
- 4. Development costs within R&D expenditures for TOTO green products were excluded from the scope of reporting in order to avoid overestimation.

Social Data

Human Resources/Safety Related Data

Employee Composition

By Organization (as of March 2013)

TOTO	24%	Overseas Group companies
44%		32%
Domestic Group companies		

By Employment Type (as of March 2013)

On-site affiliate, contracted company			
Regular staff	Contract staff	7%	21%
56%	16%		
Temporary staff			

*Data for "by employment type" refers to domestic TOTO Group companies.

Employee Composition by Region (as of March 2013)

Japan	68.1%
China	17.5%
Asia and Oceania	10.9%
The Americas	3.2%
Europe	0.3%

*Data for TOTO Group

Age and Length of Service

	March 2011		March 2012		March 2013	
	Male	Female	Male	Female	Male	Female
Average age	44.0	38.1	44.0	38.6	44.3	39.0
Average length of service (years)	18.9	12.3	18.5	12.3	18.7	12.7

*Data for regular/contract employees of TOTO LTD.

Number of New Graduate Recruits

	Year ended March 2012		Year ended March 2013		Year ending March 2014	
	Male	Female	Male	Female	Male	Female
TOTO LTD.	84	36	98	32	89	33
Domestic Group companies	62	24	48	27	58	25
Total	146	60	146	59	147	58

*TOTO Group (Japan)

Employee Turnover Rate

	March 2011	March 2012	March 2013
Employee turnover rate	1.0%	1.2%	1.2%

*Data for regular employees of TOTO LTD.

Promoting a Good Work-Life Balance

Work Hours (year ended March 2013)

Standard working hours per year	1,894.86 hours per person
Hours actually worked per year	1,915.49 hours per person
Average overtime hours per month	13.8 hours per person
Number of paid holidays taken per year	13.5 days per person

*Data for regular employees of TOTO LTD.

Percentage of Paid Holidays Taken

	Year ended March 2011	Year ended March 2012	Year ended March 2013
Percentage of paid holidays taken	73.8%	75.5%	73.5%

*Data for regular/contract employees of TOTO LTD.

Number of People Using Reduced Work Hour and Leave Systems

	March 2011		March 2012		March 2013	
	Male	Female	Male	Female	Male	Female
Childcare leave	2	152	1	167	2	170
Reduced work hours for childcare	2	167	2	200	1	245
Nursing care leave	0	3	1	1	1	2
Reduced work hours for nursing care	1	2	1	4	0	3
Volunteer leave	50	6	127	12	25	5

*Data for regular/contract employees of TOTO LTD.

Promoting Diversity in the Workplace

	March 2011	March 2012	March 2013
Re-employed*1	73	73	121
Number of persons with disabilities/ rate of said persons employed*2	225 1.89%	227 1.90%	242 2.12%
Number of foreign nationals employed*1	11	11	16
	Year ended March 2012	Year ended March 2013	Year ending March 2014
Percentage of female managers*3	3.7%	3.9%	4.6%

*1 Data for regular/contract employees of TOTO LTD.

*2 Data for fiscal 2010 is for the TOTO Group (including 6 Group companies that applied the special affiliate company system), and for fiscal 2011 is for the TOTO Group in Japan

*3 Data for regular employees of TOTO LTD.

Promoting Safety and Health

Domestic Accident Frequency/Severity Rate

		Year ended March 2009	Year ended March 2010	Year ended March 2011	Year ended March 2012	Year ended March 2013
Accident frequency rate*1	All industries	1.75	1.62	1.61	1.62	1.59
	All manufacturing sectors	1.12	0.99	0.98	1.05	1.00
	TOTO Group	0.51	0.25	0.16	0.16	0.12
Accident severity rate*2	All industries	0.10	0.09	0.09	0.11	0.10
	All manufacturing sectors	0.10	0.08	0.09	0.08	0.10
	TOTO Group	0.012	0.002	0.011	0.003	0.004

*1 Accident frequency rate: number of persons affected by accidents per 1 million working hours

*2 Accident severity rate: number of lost days per 1,000 working hours

Lost Time Injury Frequency for Overseas Business Group

Year ended March	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Lost time injury frequency	1.71	0.93	0.71	0.49	0.38	0.51	0.12	0.26	0.31	0.15

Governance Data

■ Corporate Governance

The TOTO Group considers that an essential aspect of corporate management is ensuring the satisfaction of stakeholders and ongoing expansion of corporate value by improving objectivity and transparency in management and clarifying management responsibility. To realize this, for matters requiring management decisions, TOTO recognizes the importance of systematizing “who makes the decision, on what and where” as well as “what checks are implemented” in a fair and honest manner.

TOTO has adopted the Audit & Supervising Board system and been promoting more efficient and effective decision-making, supervision, and business execution, with the aim of continuously increasing corporate value.

Directors and the Board of Directors

The Board of Directors, which consists of all directors, makes decisions from the most appropriate company-wide, group-wide and stakeholder perspectives and conducts mutual supervision of the duties of directors.

So as to avoid bias toward solely on what is best for respective divisions, directors are careful to take the most appropriate company-wide, group-wide and stakeholder perspectives into account when making decisions. Directors other than the Chairman of the Board of Directors or outside directors concurrently hold positions as executive officers in order to perform their own business duties as well (directors and executive officers). The term of office of directors is one year, which is designed to make their responsibility clear.

TOTO invites outside directors, well versed in management of leading companies respected for their management practices to which the TOTO Group aspires, in order to receive advice and suggestions on general management issues based on their in-depth knowledge.

Audit & Supervisory Board Members and the Audit & Supervisory Board

The Audit & Supervisory Board, which consists of all Audit & Supervisory Board Members, oversees the duties of directors from the perspectives of legality and appropriateness.

The Audit & Supervisory Board Members attend the Board of Directors’ meetings and other important meetings to state their opinions as required and visit each business site to conduct operating audits in line with the relevant auditing policies.

In addition, The Audit & Supervisory Board members regularly exchange opinions with representative directors to ensure the effectiveness of audits. TOTO calls upon outside members of Audit & Supervisory Board specializing in such matters as corporate finance and legal issues, or having deep insight and extensive experience in relation to corporate management to evaluate decisions made by the Board of Directors and monitor directors’ execution of their duties from an objective and fair perspective.

Independent Directors

Since all outside directors and outside members of Audit & Supervisory Board are invited to join the Board as personnel who can effectively make decisions independent of the management of TOTO and all other specific stakeholders, we designate all outside directors and outside members of Audit & Supervisory Board as independent directors.

We nominate candidate outside directors and outside members of Audit & Supervisory Board who fully satisfy the Nominating Advisory Committee’s Requirements for Independent Directors, the satisfaction of which is set out by TOTO as a mandatory requirement.

Compensation Advisory Committee

The Compensation Advisory Committee has been set up to confirm that the process to determine base compensation, annual bonuses, and the stock-compensation type stock options for directors, and their allocation balance are in line with the Articles of Incorporation, the resolutions of the General Meeting of Shareholders, and the Basic Policy on Compensation for Directors, in order to contribute to the ensuring of the appropriateness and objectivity of compensation for directors

through its activities.

The Committee consists of the Chairperson and members, inviting four outside members including one independent director and one internal director without the right of representation, all of whom have been appointed by the Board of Directors. The chairperson is elected from among the outside members. The majority of Committee members must be outside members.

Nominating Advisory Committee

The Nominating Advisory Committee has been established to help ensure the objectivity and transparency of TOTO’s management through activities such as deliberation on and confirmation of the appointment of TOTO’s Board of Directors and Audit & Supervisory Board Members. The Committee shall make reports to the Board of Directors on proposals to the Shareholders’ Meeting related to the appointment and dismissal of directors and Audit & Supervisory Board Members, including outside directors and outside member of Audit & Supervisory Board.

The Committee consists of Representative Directors and at least one Independent Director who has been appointed by the Board of Directors. The chairperson shall be the President and Representative Director of TOTO.

Special Committee

The Special Committee has been established with the introduction of the Policy for Dealing with Large-Scale Acquisitions of TOTO’s Shares (Takeover Defense Measures; the “Plan”). The purpose of the Special Committee is to make recommendations for the implementation or non-implementation of countermeasures under the Plan in response to the Board of Directors’ inquiries. In order to ensure the fairness and neutrality of the Board of Directors’ decisions, the Committee consists of the outside directors of TOTO and the outside member of Audit & Supervisory Board of TOTO, and may include external experts (such as lawyers, certified public accountants and academic experts).

Internal Audits

The Internal Audit Office, which is independent of the operational divisions and reports directly to the President, examines whether TOTO and the Group companies are performing their operations appropriately and efficiently in compliance with laws and ordinances, the Articles of Incorporation, the corporate philosophy, and internal regulations.

Executive Officer System

To implement decisions made by the Board of Directors effectively and efficiently, TOTO has introduced an executive officer system.

Management Committee

TOTO makes important decisions regarding its operations through deliberations at meetings of the Management Committee, which comprises directors who are also executive officers. The meetings of the committee are, in principle, held twice a month.

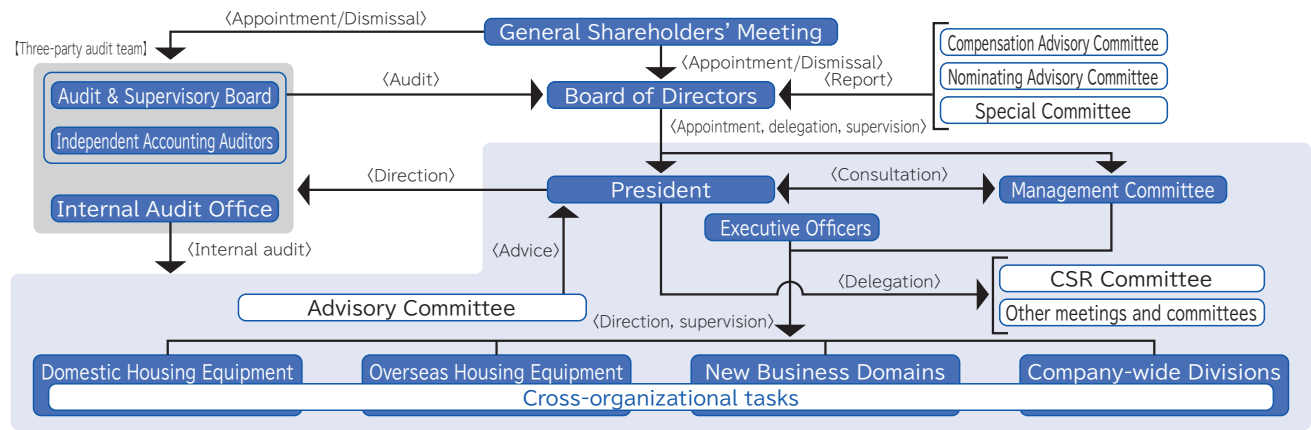
Advisory Committee

The Advisory Committee, consisting of several external experts, has been set up as an advisory body for the President to obtain multidisciplinary and objective advice on overall management.

Business Operation

TOTO has introduced an executive officer system to increase the speed and efficiency of business operation, accelerate decision-making on management tasks, and clarify management responsibilities. An Advisory Committee set up as an advisory body to the President, provides multi-faceted and objective advice on general management through external experts. Various company-wide committees and meetings have been established and given the authority to delegate when quick decisions are required from the most appropriate company-wide perspective.

Systems Diagram for Corporate Governance and Business Operations



Compensation for Directors and Audit & Supervisory Board Members

The compensation for directors and Audit & Supervisory Board members is shown below:

Classification	Number of officers (person)	Total amount of compensation by type (millions of yen)			Total amount of compensation (millions of yen)
		Base compensation	Bonus	Stock-compensation type stock options	
Directors	15	439	185	90	714
(Outside Directors included above)	(2)	(10)	—	—	(10)
Audit & Supervisory Board members	4	45	—	—	45
(Outside members of Audit & Supervisory Board included above)	(2)	(14)	—	—	(14)
Total	19	485	185	90	760

(Note)

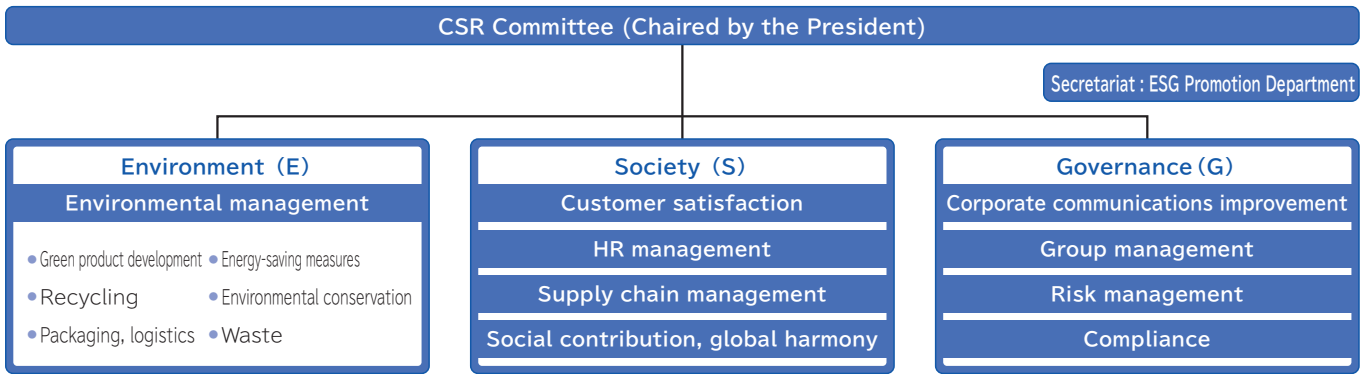
1. The total amount of compensation approved at a shareholders' meeting is shown below.
(Approved at the 145th ordinary general meeting of shareholders held on June 29, 2011)
- | | | |
|--|----------------------------------|---|
| ①Base compensation | Director | Up to 500 million yen per annum (including an amount up to 30 million yen in total for outside directors) |
| | Audit & Supervisory Board member | Up to 150 million yen per annum |
| ②Bonus | Director | Up to 0.8% of the previous business year's consolidated operating profits |
| ③Stock-compensation type stock options | Director | Up to 200 million yen or 200 units per annum |
2. The employee salaries of director-employees are not included in the amount of compensation for directors.

CSR Management

[Organizational Structure]

In fiscal 2004, the TOTO Group kicked off a Corporate Social Responsibility (CSR) Committee, with the President as the Committee Chairman, and the Committee has been managing CSR matters. The CSR Committee is separated into three fields: Environment, Society, and Governance. Sub-committees for each field establish company-wide plans for their areas

Organizational Structure of CSR Committee



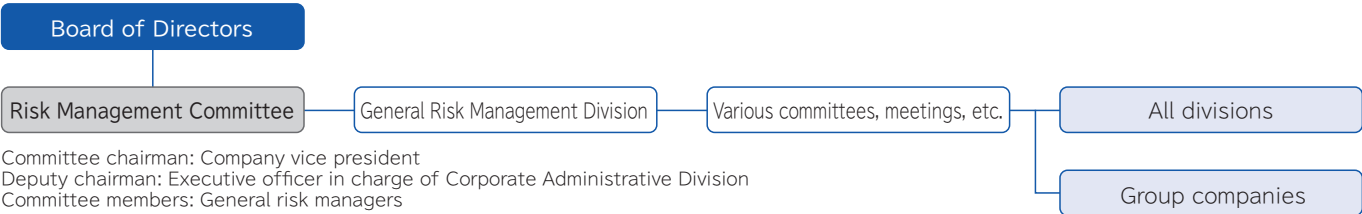
Risk Management

[System of Promotion]

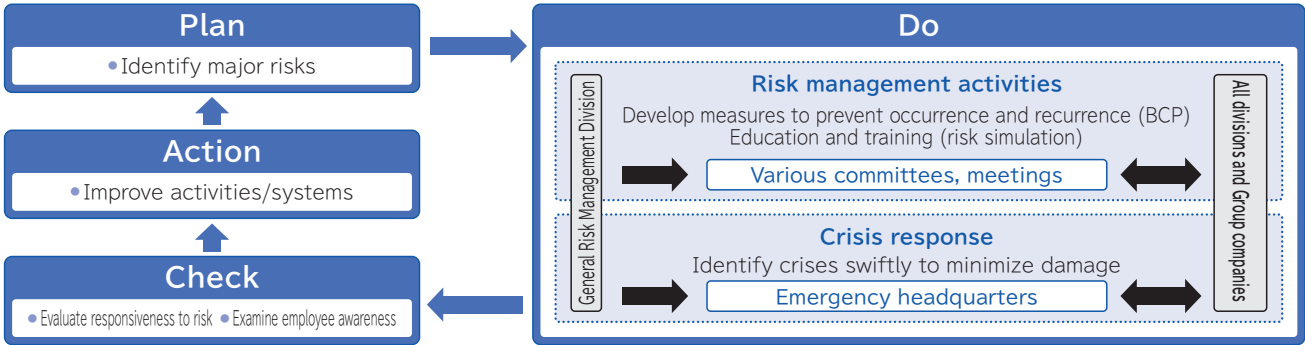
The TOTO Group strives to eliminate all possible hindrances to the implementation of its management policies in order to win the confidence of society through the fulfillment of its corporate social responsibilities. If an incident should occur, maximum efforts will be made to minimize its impact on stakeholders and to restore the confidence of related parties by developing appropriate preventive measures.

Our Risk Management Committee, chaired by the vice president, has as its members the executive officers overseeing major risks and division heads as members. In accordance with risk management rules, the Risk Management Supervising Division General Manager appointed to oversee risk management works with all divisions and Group companies through various committees and meetings to prevent risks and enhance the Group's risk management response capabilities.

Risk Management Promotion System



Risk Management Action Cycle



[Major Risks in Year Ending March 2014]

Every year, major risks that could have a significant impact on stakeholders are identified and a general manager of the risk management supervision division is appointed for each risk in order to take preventive measures. Each major risk is worked out on a matrix evaluating

degree of impact and frequency of occurrence from the viewpoints of damage to the brand, impact on personnel and financial consequences. Risks scoring high in risk points are flagged as priority risks and monitored by the Risk Management Committee, and risk mitigation activities are promoted throughout the entire Group.

Principle Major Risks Beginning this fiscal year, risks for the fiscal year will be shown.

Risk of disaster or accident	Large-scale earthquakes	Management risk	Violation of intellectual property rights	Management risk	Incidents involving business partners, or bankruptcy thereof	Political, economic, social risk	Rumors
	Typhoons, storms		Environmental contamination		Procurement of key components		Spread of infectious disease
	Fires, explosions		Waste disposal		Restriction/failure of power supply		
	Traffic accidents		Product liability	Environmental regulation risk	Environmental regulations ^{*1}	Political, economic, social risk	
	Industrial accidents		Product recalls		Climate change regulations ^{*1}		
IT-related risk	Unauthorized access	Management risk	Breach of compliance	Political, economic, social risk	Country risk ^{*2}		
	Breakdown, stoppage		Workforce management and labor issues ^{*2}		Changes in rules and regulations, systems		
	Information leaks		Credit exposure management		Exchange rate and interest rate fluctuations		
	Personal information leaks		Customer response		Changes in tax system, accounting standards		

*1 : Changed in fiscal 2012
*2 : Changed in fiscal 2013

TOTO Group Global Network (as of July 2013)

Domestic Business Sites

Business sites (8 locations)

Headquarters	(Fukuoka Prefecture)
Shiodome Bldg.	(Tokyo)
Kokura No. 1 Plant	(Fukuoka Prefecture)
Kokura No. 2 Plant	(Fukuoka Prefecture)
Kokura No. 3 Plant	(Fukuoka Prefecture)
Shiga Plant	(Shiga Prefecture)
Shiga No. 2 Plant	(Shiga Prefecture)
Chigasaki Plant	(Kanagawa Prefecture)

Sales sites (13 locations)

Hokkaido Branch	(Hokkaido Prefecture)
Tohoku Branch	(Miyagi Prefecture)
Shinetsu Branch	(Niigata Prefecture)
Kita-Kanto Branch	(Saitama Prefecture)
Higashi-Kanto Branch	(Chiba Prefecture)
Tokyo Branch	(Tokyo)
Yokohama Branch	(Kanagawa Prefecture)
Chubu Branch	(Aichi Prefecture)
Hokuriku Branch	(Ishikawa Prefecture)
Kansai Branch	(Osaka Prefecture)
Chugoku Branch	(Hiroshima Prefecture)
Shikoku Branch	(Kagawa Prefecture)
Kyushu Branch	(Fukuoka Prefecture)

Domestic Group Companies

● Manufacturing

TOTO AQUA TECHNO LTD.

Manufacture of faucets, electric water tanks, handrails and bathroom heating and ventilation units

TOTO WASHLET TECHNO LTD.

Manufacturing of Washlet and other products

TOTO OKITSUMO COATINGS LTD.

Manufacturing and sales of coating materials and coatings for organic, inorganic and metal materials

TOTO SANITECHNO LTD.

Manufacturing and sales of sanitary ware

TOTO HIGH LIVING LTD.

Manufacturing and sales of modular kitchens and bathroom vanity units

TOTO BATH CREATE LTD.

Manufacturing and sales of unit bathrooms

TOTO FINE CERAMICS LTD.

Production of new ceramic products

TOTO PLATECHNO LTD.

Production and sales of artificial marble countertops, heated toilet seats, plastic bathtubs and other plastic components

TOTO MATERIA LTD.

Production and sales of tile products

SUNAQUA TOTO LTD.

Manufacturing and sales of fittings for water faucets, etc.

● Sales

TOTO AQUAIR LTD.

Remodeling consultation, design, construction and sales of nonresidential equipment

TOTO EXCERA LTD.

Sales and installation of tile building materials, paints and coating materials

TOTO MTEC LTD.

Sales of residential equipment

TOTO ENGINEERING LTD.

Construction, sales, design and contracting of residential equipment

TOTO Hokkaido Sales LTD.

Sales of residential equipment

TOTO Tohoku Sales LTD.

Sales of residential equipment

TOTO Chubu Sales LTD.

Sales of residential equipment

TOTO Kansai Sales LTD.

Sales of residential equipment

TOTO Chugoku Sales LTD.

Sales of residential equipment

TOTO Shikoku Sales LTD.

Sales of residential equipment

TOTO Kyusyu Sales LTD.

Sales of residential equipment

CERA TRADING LTD.

Import and sales of overseas plumbing equipment

TOTO REMODEL SERVICE LTD.

Design and construction of remodeling for houses and shops

● Services, Support, Others

TOTO INFOM LTD.

Management of information system and network

TOTO EXPERT LTD.

Temporary personnel service

TOTO BUSINETZ LTD.

Personnel affairs and benefits administration services, real estate leasing

TOTO FINANCE LTD.

Financing and accounting services for group companies

TOTO MAINTENANCE LTD.

After service and maintenance of TOTO products

TOTO LOGICOM LTD.

Freight transportation service

Overseas

■ U.S.A.

TOTO AMERICAS HOLDINGS, INC.

Holding company

TOTO U.S.A., INC.

Manufacturing and sales of sanitary ware
Sales offices: New York, Boston, West Hollywood (Los Angeles), Chicago

■ Mexico

TOTO MEXICO, S.A. DE C.V.

Manufacturing and sales of sanitary ware

■ Brazil

TOTO Do Brasil Distribuição e Comércio, Ltda.

Sales of TOTO products

■ China

TOTO (CHINA) CO., LTD.

Holding company and sales of TOTO products
Sales offices: Beijing, Nanjing, Shanghai, Chongqing, Guangzhou, Xiamen, Shenzhen

BEIJING TOTO CO., LTD.

Manufacturing of sanitary ware

TOTO (BEIJING) CO., LTD.

Manufacturing of sanitary ware

TOTO DALIAN CO., LTD.

Manufacturing of faucets

NANJING TOTO CO., LTD.

Manufacturing of enameled cast-iron and acrylic bathtubs

TOTO (SHANGHAI) CO., LTD.

Manufacturing of sanitary equipment-related products

TOTO EASTCHINA CO., LTD.

Manufacturing of sanitary ware

TOTO (GUANGZHOU) CO., LTD.

Manufacturing of sanitary equipment-related products

TOTO (FUJIAN) CO., LTD.

Manufacturing, processing and assembling of sanitary ware, bathtubs and faucets

TOTO (H.K.) LTD.

Sales of TOTO products

VORETO (XIAMEN) PLUMBING TECHNOLOGY CO., LTD.

Manufacturing of plastic products

NITTAI NINGBO CERAMICS CO., LTD.

Manufacturing tiles

ICOT HONG KONG LTD.

Manufacturing and sales of tile materials and other products

■ Singapore

TOTO ASIA OCEANIA PTE. LTD.

Regional headquarters and sales of TOTO products

TOTO ASIA OCEANIA SINGAPORE BRANCH

Sales of TOTO products

■ United Arab Emirates

TOTO ASIA OCEANIA DUBAI BRANCH

Sales of TOTO products

■ India

TOTO INDIA INDUSTRIES PVT. LTD.

Sales of TOTO products
Sales offices: Delhi

■ Philippines

TOTO ASIA OCEANIA MANILA BRANCH

Sales of TOTO products

■ Thailand

TOTO Manufacturing (Thailand) Co., Ltd.

Manufacturing of sanitary ware and assembling of faucets

■ Vietnam

TOTO VIETNAM CO., LTD.

Manufacturing and sales of sanitary ware, etc.
Sales offices: Hanoi, Ho Chi Minh, Da Nang

■ Malaysia

TOTO MALAYSIA SDN. BHD.

Manufacturing of Washlet

■ Indonesia

P.T. SURYA TOTO INDONESIA

Manufacturing and sales of sanitary ware, faucets, etc.

■ Germany

TOTO Europe GmbH

Regional headquarters and sales of TOTO products

TOTO Germany GmbH

Manufacturing of toilet seats

■ U.K.

TOTO Europe GmbH LONDON BRANCH

Sales of TOTO products

■ Taiwan

TAIWAN TOTO CO., LTD.

Manufacturing and sales of sanitary ware, etc.
Sales offices: Taichung, Miaoli, Kaohsiung

■ Korea

TOTO KOREA LTD.

Sales of TOTO products

■ France

TOTO Europe GmbH PARIS BRANCH

Sales of TOTO products

Stock Information (as of March 31, 2013)

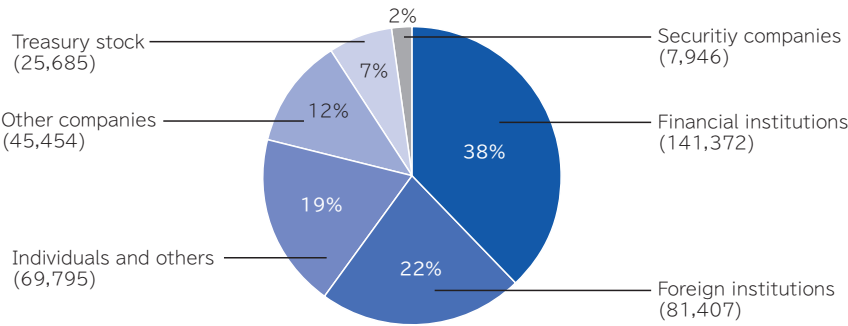
Stock Exchange Listings	Tokyo, Nagoya and Fukuoka
Number of Shares	Authorized: 1,400,000,000 Issued: 371,662,595
Number of Shareholders	28,871
Transfer Agent	Mitsubishi UFJ Trust and Banking Corporation

Major Shareholders

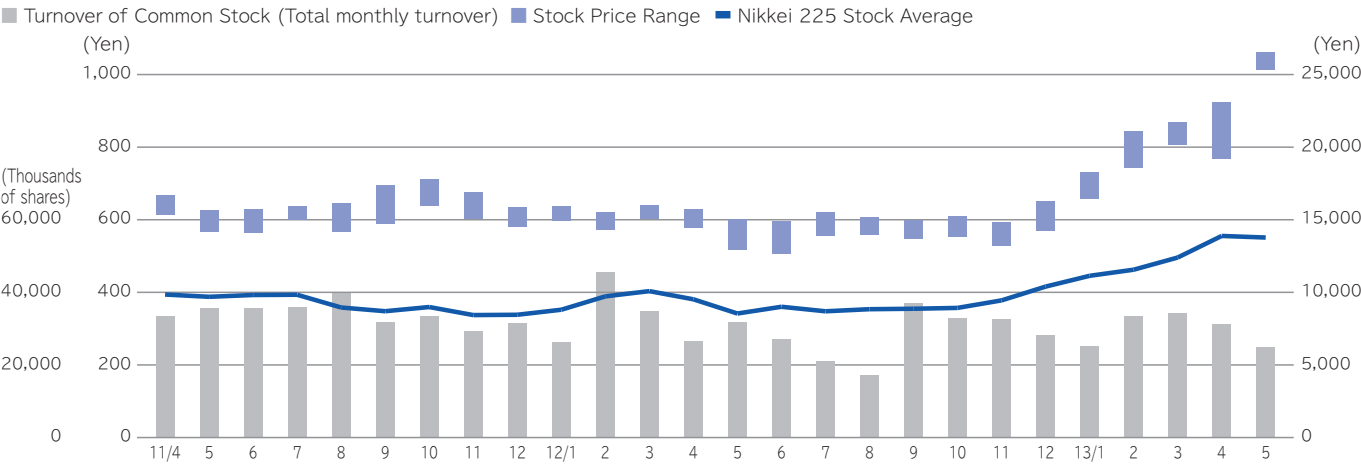
	Shares held (thousands)	Percentage of shares held
TOTO LTD.	25,685	6.91%
Meiji Yasuda Life Insurance Company	20,716	5.57%
The Master Trust Bank of Japan, Ltd. (Trust Account)	18,393	4.95%
Japan Trustee Services Bank, Ltd. (Trust Account)	17,512	4.71%
Nippon Life Insurance Company	13,483	3.63%
TOTO employee stock ownership	6,594	1.77%
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	6,175	1.66%
NCT Trust and Banking Corporation (Trust Account)	5,947	1.60%
SSBT OD05 OMNIBUS ACCOUNT-TREATY CLIENTS	5,901	1.59%
Tokio Marine & Nichido Fire Insurance Co., Ltd.	5,772	1.55%

Composition of Shareholders

(thousands)



Changes in Stock Price and Trading Volume



Corporate Data

(as of March 31, 2013)

Corporate Data

■ Company Name	TOTO LTD.
■ Establishment	May 15, 1917
■ Capital	¥35,579 million
■ Headquarters	1-1, Nakashima 2-chome, Kokurakita-ku, Kitakyushu, Fukuoka, Japan
■ Number of Employees	24,921 (consolidated) 8,173 (non-consolidated)
■ TOTO Group and Affiliates	62 companies (including 60 consolidated subsidiaries) Japan: 31 companies Overseas: 29 companies
■ Main Businesses	<ul style="list-style-type: none">● Residential Equipment Sanitary ware (toilet basins, urinals, sinks, washbasins, etc.) System toilets, toilet seats (e.g., Washlet, etc.) Plumbing accessories, etc. Bathtubs, Unit bathrooms Fittings (various faucets, drain fittings, etc.) Modular kitchens, bathroom vanity units Marbright artificial marble counters Bathroom ventilation, heating and drying systems Welfare equipment, etc.● New Business Domain Products Green Building Materials (tiles, Hydrotect coating materials, etc.), ceramics (precision ceramics, optical components, etc.)

Board of Directors

(as of June 27, 2013)

Board of Directors

Representative Director, Chairman of the Board	Teruo Kise
President, Representative Director	Kunio Harimoto
Representative Director, Executive Vice President	Akio Hasunuma
Representative Director, Executive Vice President	Tatsuhiko Saruwatari
Director, Senior Managing Executive Officer	Hiromichi Tabata
Director, Senior Managing Executive Officer	Kiyoshi Furube
Director, Senior Managing Executive Officer	Madoka Kitamura
Director, Managing Executive Officer	Shunji Yamada
Director, Managing Executive Officer	Noriaki Kiyota
Director, Managing Executive Officer	Yuji Ebisumoto
Director, Managing Executive Officer	Nozomu Morimura
Outside Director	Kazumoto Yamamoto
Outside Director	Hiroki Ogawa
Audit & Supervisory Board Member, Standing	Youzou Hirota
Audit & Supervisory Board Member, Standing	Motohiro Oniki
Audit & Supervisory Board Member, Outside	Masamichi Takemoto
Audit & Supervisory Board Member, Outside	Akira Katayanagi

GRI Guidelines Reference

GRI Sustainability Reporting Guidelines (Version 3) was used as a reference in creating this report and the TOTO Group website.

*The following list shows the page numbers containing information related to these guidelines. The following abbreviations are used for the main and supplemental publications:

CR: TOTO CORPORATE REPORT 2013
FE: TOTO CORPORATE REPORT 2013 Financial & ESG Section

Section	Indicator	Publications	Website (Japanese only)
1. Strategy and Analysis			
1.1	Statement from the most senior decisionmaker of the organization (e.g., CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy	CR: P3-6	CSR
1.2	Description of key impacts, risks, and opportunities	FE: P3-8, P35	CSR
2. Organizational Profile			
2.1	Name of the organization	CR: P13-14 FE: P38	About TOTO
2.2	Primary brands, products, and/or services	CR: P13-14 FE: P38	About TOTO
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures	CR: P13-14 FE: P36	About TOTO
2.4	Location of organization's headquarters	CR: P13-14 FE: P38	About TOTO
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report	CR: P13-14 FE: P36	About TOTO
2.6	Nature of ownership and legal form	CR: P13-14 FE: P38	About TOTO
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries)	CR: P13-14, P17, P21-22 FE: P9-26, P36	About TOTO
2.8	Scale of the reporting organization, including: ·Number of employees ·Net sales (for private sector organizations) or net revenues (for public sector organizations) ·Total capitalization broken down in terms of debt and equity (for private sector organizations) ·Quantity of products or services provided	CR: P3-6, P13-14 FE: P9-26, P38	About TOTO IR
2.9	Significant changes during the reporting period regarding size, structure, or ownership including: ·The location of, or changes in operations, including facility openings, closings, and expansions ·Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations)	FE: P3-8, P9-26	IR
2.10	Awards received in the reporting period		About TOTO
3. Report Parameters			
Report Profile			
3.1	Reporting period (e.g., fiscal/calendar year) for information provided	CR: P1-2 FE: P1	
3.2	Date of most recent previous report (if any)	June 2012	June 2012
3.3	Reporting cycle (annual, biennial, etc.)	CR: P1-2	
3.4	Contact point for questions regarding the report or its contents	CR & FE: back cover	Public Relations Office
Report Scope and Boundary			
3.5	Process for defining report content, including: · Determining materiality · Prioritizing topics within the report · Identifying stakeholders the organization expects to use the report	CR: P1-2	

3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers)	CR: P1-2	
3.7	State any specific limitations on the scope or boundary of the report	CR: P1-2	
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations	CR: P3-6, P13-14	IR
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the indicators and other information in the report	CR: P1-2	
3.10	Explanation of the effect of any restatements of information provided in earlier reports, and the reasons for such restatement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods)	Additional information will be released as necessary according to the item	Additional information will be released as necessary according to the item
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report		IR
GRI Content Index			
3.12	Table identifying the location of the Standard Disclosures in the report	This page	CSR
Assurance			
3.13	Policy and current practice with regard to seeking external assurance for the report. If not included in the assurance report accompanying the sustainability report, explain the scope and basis of any external assurance provided. Also explain the relationship between the reporting organization and the assurance provider(s)	CR: P36	CSR
4. Governance, Commitments, and Engagement			
Governance			
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight	FE: P33-34	CSR
4.2	Indicate whether the Chair of the highest governance body is also an executive officer (and, if so, their function within the organization's management and the reasons for this arrangement)	FE: P38	About TOTO
4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members	FE: P33-34	CSR
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	FE: P33-34	CSR
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance)	FE: P33-34	CSR
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided	FE: P33-34	CSR

4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics	FE: P33-34	CSR
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation	CR: P7	About TOTO
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles	FE: P33-35	CSR
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance	FE: P33-34	CSR

Commitments to External Initiatives

4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization	CR: P27-28 FE: P3-8, P35	CSR
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses	CR: P3-6	CSR
4.13	Memberships in associations (such as industry associations) and/or national/ international advocacy organizations in which the organization: <ul style="list-style-type: none"> Has positions in governance bodies Participates in projects or committees Provides substantive funding beyond routine membership dues Views membership as strategic 		CSR

Stakeholder Engagement

4.14	List of stakeholder groups engaged by the organization	CR: P27-28	CSR
4.15	Basis for identification and selection of stakeholders with whom to engage	CR: P27-28	About TOTO
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	CR: P27-28	CSR
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting	CR: P27-28	CSR

5. Management Approach and Performance Indicators

Economic

Disclosure on Management Approach

	Goals and Performance	FE: P3-8	IR
	Policy	FE: P3-8	IR
	Additional Contextual Information	FE: P3-8	IR

Aspect: Economic Performance

EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments	FE: P2-26	IR
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	CR: P11-12, P19-20 FE: P3-8, P27-31	Environment
EC3	Coverage of the organization's defined benefit plan obligations		IR
EC4	Significant financial assistance received from government		

Aspect: Market Presence			
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation		
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation	CR: P33-34	CSR
EC7	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation	CR: P31	CSR

Aspect: Indirect Economic Impacts

EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement	CR: P19-20, P25-26, P35	CSR
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts	FE: P31	Environment

Environmental

Disclosure on Management Approach

	Goals and performance	FE: P27-31	Environment
	Policy	FE: P27-30	Environment About TOTO
	Organizational responsibility	FE: P27, P33-34	CSR Environment
	Training and awareness	CR: P32	CSR Environment
	Monitoring and follow-up	FE: P27, P33-34	CSR Environment
	Additional contextual information	CR, FE	

Aspect: Materials

EN1	Materials used by weight or volume	FE: P31	Environment
EN2	Percentage of materials used that are recycled input materials		Environment

Aspect: Energy

EN3	Direct energy consumption by primary energy source	FE: P29-31	Environment
EN4	Indirect energy consumption by primary source	FE: P29-31	Environment
EN5	Energy saved due to conservation and efficiency improvements	FE: P31	Environment
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives	CR: P11-12, P19-20 FE: P27-31	Environment
EN7	Initiatives to reduce indirect energy consumption and reductions achieved	CR: P23-24 FE: P27-31	Environment

Aspect: Water

EN8	Total water withdrawal by source	FE: P31	Environment
EN9	Water sources significantly affected by withdrawal of water		
EN10	Percentage and total volume of water recycled and reused	FE: P31	Environment

Aspect: Biodiversity

EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas		Environment
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	CR: P20	Environment
EN13	Habitats protected or restored	CR: P20, P34	CSR

Section	Indicator	Publications	Website (Japanese only)
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity	CR: P11, P20, P34 FE: P27, P29-30	Environment
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk		Environment
Aspect: Emissions, Effluents, and Waste			
EN16	Total direct and indirect greenhouse gas emissions by weight	CR: P19 FE: P29-31	Environment
EN17	Other relevant indirect greenhouse gas emissions by weight	FE: P29-31	Environment
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	CR: P19 FE: P29-31	Environment
EN19	Emissions of ozone-depleting substances by weight	No emission	
EN20	NO, SO, and other significant air emissions by type and weight		Environment
EN21	Total water discharge by quality and destination		Environment
EN22	Total weight of waste by type and disposal method	FE: P29-31	Environment
EN23	Total number and volume of significant spills	FE: P29-31	Environment
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally	No transported waste shipped internationally	
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff		Environment
Aspect: Products and Services			
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	CR: P11-12, P19 FE: P29-31	Environment
EN27	Percentage of products sold and their packaging materials that are reclaimed by category		
Aspect: Compliance			
EN28	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations	FE: P29-30	Environment
Aspect: Transport			
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce	FE: P31	Environment
Aspect: Overall			
EN30	Total environmental protection expenditures and investments by type	FE: P31	Environment
Labor Practices and Decent Work			
Disclosure on Management Approach			
	Goals and performance	CR: P31-32 FE: P32	CSR
	Policy	CR: P31-32	CSR
	Organizational responsibility	FE: P33-34	CSR
	Training and awareness	CR: P31-32	CSR
	Monitoring and follow-up	CR: P31-34	CSR
	Additional contextual information	CR: P31-32	CSR
Aspect: Employment			
LA1	Total workforce by employment type, employment contract, and region	FE: P32	CSR

LA2	Total number and rate of employee turnover by age group, gender, and region	FE: P32	
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations	FE: P32	CSR
Aspect: Labor/Management Relations			
LA4	Percentage of employees covered by collective bargaining agreements		IR
LA5	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements		
Aspect: Occupational Health and Safety			
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs		CSR
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region		CSR
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases	CR: P31-32	CSR
LA9	Health and safety topics covered in formal agreements with trade unions		CSR
Aspect: Training and Education			
LA10	Average hours of training per year per employee by employee category		CSR
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings		CSR
LA12	Percentage of employees receiving regular performance and career development reviews		
Aspect: Diversity and Equal Opportunity			
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity	FE: P32	CSR
LA14	Ratio of basic salary of men to women by employee category		
Human Rights			
Disclosure on Management Approach			
	Goals and performance		CSR
	Policy		About TOTO
	Organizational responsibility	FE: P33-34	CSR
	Training and awareness	CR: P27	CSR
	Monitoring and follow-up	CR: P27, P33-34	CSR
	Additional contextual information	CR, FE	
Aspect: Investment and Procurement Practices			
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening		
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken	CR: P33-34	CSR
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained		CSR
Aspect: Non-Discrimination			
HR4	Total number of incidents of discrimination and actions taken		

Aspect: Freedom of Association and Collective Bargaining			
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights	CR: P33-34	CSR
Aspect: Child Labor			
HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor	CR: P33-34	CSR
Aspect: Forced and Compulsory Labor			
HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor	CR: P33-34	CSR
Aspect: Security Practices			
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations		CSR
Aspect: Indigenous Rights			
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken		
Society			
Disclosure on Management Approach			
	Goals and performance	CR: P11-12, P15-20	CSR
	Policy	CR: P3-6	CSR
	Organizational responsibility	FE: P33-34	CSR
	Training and awareness	CR: P27	CSR
	Monitoring and follow-up	CR: P27	CSR
	Additional contextual information	CR, FE	
Aspect: Community			
SO1	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting	CR: P19-20, P35	CSR
Aspect: Corruption			
SO2	Percentage and total number of business units analyzed for risks related to corruption	FE: P35	CSR
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures	CR: P27	CSR
SO4	Actions taken in response to incidents of corruption	CR: P27	CSR
Aspect: Public Policy			
SO5	Public policy positions and participation in public policy development and lobbying		News Release
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country		
Aspect: Anti-Competitive Behavior			
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes		CSR
Aspect: Compliance			
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations		Environment
Product Responsibility			
Disclosure on Management Approach			
	Goals and performance	CR: P29-30	CSR

	Policy	CR: P29-30	About TOTO CSR
	Organizational responsibility	FE: P33-34	CSR
	Training and awareness	CR: P29-30	CSR
	Monitoring and follow-up	CR: P29-30	CSR
	Additional contextual information	CR, FE	
Aspect: Customer Health and Safety			
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures	CR: P29-30	CSR
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes	CR: P30	TOTO Top Page
Aspect: Product and Service Labeling			
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements	CR: P11-12	Environment
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes		
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	CR: P29-30	CSR
Aspect: Marketing Communications			
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship		About TOTO
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes		
Aspect: Customer Privacy			
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data		
Aspect: Compliance			
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	CR: P29-30	CSR



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