Financial Announcement for Year Ended March 31, 2007

May 11, 2007

Name	**TOLI Corporation**	Stock Exchange	Tokyo Securities Exchange and Osaka Securities Exchange; First Section
Code number	7971	URL	http://www.toli.co.jp

Representative of Company	(Position)	President and Representative Director	(Name) Kenji Kashihara	
Official responsible for any inquiry	(Position)	General Manager of Accounting and Finance Department	(Name) Jun Suzuki	TEL: (06) 6494 - 1534
Planned date for regular general meeting of shareholders		June 28, 2007	Dividend payment start date	June 29, 2007
Planned date for submission of financial statements		June 28, 2007		

(Amounts of less than 1 million yen are rounded off)

1. Consolidated performance for year ended March 2007 (April 1, 2006 - March 31, 2007)

(1) Consolidated results (% shows change from previous term.)

	Net sales		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Year ended March 2007	100,936	4.7	2,200	(26.5)	2,128	(22.2)	1,619	3.5
Year ended March 2006	96,375	1.8	2,995	5.1	2,736	6.7	1,565	9.3

	Net income per share		Diluted net income per share		Return on equity	Return on total asset	Operating profit on sales
	yen	sen	yen	sen	%	%	%
Year ended March 2007	25	44	—		6.0	2.7	2.2
Year ended March 2006	23	78	—		6.1	3.6	3.1

(For reference) investment gain or loss under equity method Year ended March 2007 29 million yen Year ended March 2006 17 million yen

(2) Consolidated assets

	Total assets	Net assets	Capital-to-asset ratio	Net asset per share	
	million yen	million yen	%	yen	sen
Year ended March 2007	78,034	27,340	34.8	428	12
Year ended March 2006	77,537	27,207	35.1	425	52

(For reference) Shareholders' equity Year ended March 2007 27,131 million yen Year ended March 2006 27,207 million yen

(3) State of consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Term-end balance of cash and cash equivalents
	million yen	million yen	million yen	million yen
Year ended March 2007	1,501	(784)	(1,382)	4,398
Year ended March 2006	3,196	(174)	(3,092)	5,062

2. Dividend payments

	Dividend per share						Total dividend (for year)	Dividend payout ratio (Consolidated)	Dividend ratio to net asset (Consolidated)
(Date of record)	End of midterm		End of year		For the year				
	yen	sen	yen	sen	yen	sen	million yen	%	%
Year ended March 2006	—		7	00	7	00	447	29.4	1.8
Year ended March 2007	—		7	00	7	00	443	27.5	1.6
Year ending March 2008 (proejction)	—		7	00	7	00	—	34.1	—

3. Consolidated forecasts for year ending March 2008 (April 1, 2007 - March 31, 2008)

(% shows change from previous year and from previous interim term.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share	
	million yen	%	million yen	%	million yen	%	million yen	%	yen	sen
Midterm	48,000	4.4	350	101.4	250	2.7	100	77.1	1	58
Full year	103,000	2.0	2,600	18.1	2,500	17.5	1,300	(19.7)	20	51

4. Other matters

(1) Significant changes to subsidiaries during the current term (changes for a specified subsidiary accompanying a change in the scope of consolidation): None

(2) Change in accounting principles, procedures, or statement methods, etc. pertaining to the presentation of consolidated financial statements (matters reported under the heading of "Changes to the basis of presenting consolidated financial statements")

1) Changes accompanying revision to accounting standards, etc.: Yes

2) Changes other than 1) above: None

Note: For more details, please refer to "Changes to the basis of presenting consolidated financial statements" on page 19.

(3) Number of shares outstanding (Ordinary stock)

1) Number of shares outstanding at end of year (including treasury stock)
Year ended March 2007 66,829,249 shares Year ended March 2006 66,829,249 shares

2) Number of treasury stock at end of year
Year ended March 2007 3,454,779 shares Year ended March 2006 2,953,450 shares

Note: For the number of shares that forms the basis of calculation for net income per share (consolidated), please refer to the "Per share data" stated on page 25.

(For reference) Outline of Company-specific business performance

1. Company-specific business performance for year ended March 2007 (April 1, 2006 - March 31, 2007)

(1) Company-specific management performance (% shows change from previous term.)

	Net sales		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Year ended March 2007	58,905	5.6	1,203	(44.5)	1,214	(41.4)	801	(35.0)
Year ended March 2006	55,804	1.4	2,170	13.4	2,070	28.0	1,231	40.4

	Net income per share		Diluted net income per share	
	yen	sen	yen	sen
Year ended March 2007	12	58	—	
Year ended March 2006	18	77	—	

(2) Company-specific financial state

	Total assets	Net assets	Capital-to-asset ratio	Net asset per share	
	million yen	million yen	%	yen	sen
Year ended March 2007	63,450	22,974	36.2	362	52
Year ended March 2006	62,035	23,773	38.3	371	90

(For reference) Shareholders' equity Year ended March 2007 22,974 million yen Year ended March 2006 —million yen

2. Company-specific business performance projection for year ending March 2008 (April 1, 2007 - March 31, 2008)

(% shows change from previous year and from previous interim term.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share	
	million yen	%	million yen	%	million yen	%	million yen	%	yen	sen
Interim results	28,500	6.1	200	—	200	32.0	100	(36.9)	1	58
Full-year results	61,500	4.4	1,700	41.2	1,600	31.8	900	12.3	14	20

* The performance projections were established based on the information available as of the time of writing, and actual business performance figures may differ from the projections due to various factors.
For matters pertaining to the business performance projections, please refer to page 4 of the attached document.

1 Management performance

(1) Discussion and analysis of the management performance

(Unit: million yen)

Item	Net sales	Ordinary income	Net income
Current term results	100,936	2,128	1,619
Previous term results	96,375	2,736	1,565
Change [Compared with previous term]	4,561 [4.7%]	(608) [(22.2%)]	54 [3.5%]

Driven by strong corporate earnings, a sustained increase in capital spending in the private sector was seen during the Company's current fiscal year, and further improvements were achieved in the employment and income situations in Japan. Consumer spending was also solid, demonstrating that the economy was on a stable recovery track. Looking at the general operating environment surrounding the interior decoration industry, solid construction investments in the private sector supported the recovery in the construction market in Japan, but there have also been uncertain factors including the rising cost of materials caused by high crude oil prices, a shift in demand towards inexpensive products, and intensifying competition in light of the fact that distribution channels have become more diversified.

The current term was the first year of the Company's medium-term business plan, "GROW UP 2008." The Company steadily promoted measures based on the three key strategic themes of bolstering sales capability, improving the frontline capability for technological developments, and raising Group-wide business management efficiency, striving to increase earnings capabilities in business operations and to enhance corporate value.

As a result, net sales came to 100,936 million yen (a 4.7% year-on-year increase). With regard to income, the Company sought to increase profit through comprehensive cost cutting achieved by improving manufacturing processes and through business activities focused on cost effectiveness. However, with the rise in materials procurement costs, the result of sustained high crude oil price levels, considerably affecting the Company's income situation, ordinary profit came to 2,128 million yen (22.2% year-on-year decrease). With a decrease in income tax payment following the completion of the liquidation process for a consolidated subsidiary and other factors, net income was 1,619 million yen (3.5% year-on-year increase).

Shown below is the business performance according to segment for each business area.

(Unit: million yen)

	Net sales			Operating income		
	Current term	Previous term	Change	Current term	Previous term	Change
Vinyl chloride-based business	34,684	33,164	1,519	3,089	3,780	(690)
Textile products business	31,715	28,014	3,701	254	558	(303)
Other businesses	34,536	35,196	(659)	430	200	229
Total	100,936	96,375	4,561	3,774	4,539	(764)
Elimination	—	—	—	(1,574)	(1,543)	(30)
Total	100,936	96,375	4,561	2,200	2,995	(794)

Vinyl chloride-based products business

Net sales for the Company's vinyl chloride-based products business rose 4.6% compared with the previous term, to 34,684 million yen, and operating profit came to 3,089 million yen (compared with 3,780 million yen for the previous term). Aided by solid demand for apartment building construction, especially in major urban areas, a substantial change made to our product lineup for vinyl chloride-based products in August 2006 proved successful, with good sales results for the NS series, the slip-retardant PVC floor sheet for open corridors.

Sales of TERA STONE and TERA WOOD, our faux stone and wood printed-tile products, continued to grow with their outstanding designs highly valued by customers for wide-ranging applications in stores and houses. FASOLPLUS, with beautiful marble-like patterns and excellent durability, also achieved strong sales, thanks to the rich variation of colors made available. As a result, sales for the vinyl chloride-based products business surpassed the figure for the previous term.

Textile products business

Sales for the textile products business increased 13.2% compared with previous term, to 31,715 million yen, but the operating profit was 254 million yen (compared with 558 million yen for previous term). For the carpet business, our tiled carpet products enjoyed brisk demand in new buildings and in rooms with renewal work, especially offices in the Tokyo metropolitan area. In October 2006, RARECLOUD V and CORENTE V, which comprise the VARY series, were launched, and their characteristics of helping to create refreshing space designs with relative freedom by overcoming the limitations of conventional square-type tile design led to good sales results. DIA・CARPET CO., LTD., a consolidated subsidiary, was established and started sales operations in December 2006. With sales of this new company contributing to an increase in sales, overall sales for the business surpassed the figure for the previous term.

For the curtain business, TOLI BELENT curtains and the accompanying comprehensive catalog went on sale in July 2006. Based on the theme of hotel-like high-grade quality and a cozy feeling, the BELENT curtains aimed to achieve excellent design quality and comfort with an uncompromising approach. However, preferences for inexpensive products in the overall market and intensifying competition as distribution channels became more diversified meant that business conditions remained harsh, and sales declined from the year-ago level.

Other businesses

Sales for other businesses came to 34,536 million yen, producing a year-on-year decrease of 1.9%, but the operating profit was 430 million yen (compared with 200 million yen for the previous term).

For wallpaper material products, the TOLI WALL VS 2006-2008 series was launched in June 2006, with the characteristic embossed designs highlighting the feel of the materials. Total sales for vinyl wallpaper products rose from the previous term, mainly for apartment building market. In the market for stores, offices and welfare facilities, solid sales results were achieved for WOOD DECO, a wainscot-like wallpaper product, and REAL DECO, a wallpaper product with a genuine woody feel. However, with the general rise in demand for mass-produced, inexpensive products in the wallpaper market and a decline in the purchase and sales figures at our sales subsidiaries, among other factors, total sales for other businesses were below the level of the previous term.

(Outlook for the next term)

Turning to consider the economic outlook, the potential for rising interest rates and a slowdown in the U.S. economy are causes for concern, although it is expected that extensive capital investments in the private sector and the continuing solid recovery in consumer spending would help sustain moderate growth for the Japanese economy. In the interior decoration industry, however, there are concerns that the materials cost levels may remain high or even rise, that demand may continue to shift to inexpensive products, and that further diversification of distribution channels may lead to tougher competition in the market.

In this environment, the Company plans to steadily implement action plans based on the three key strategic themes set out in the Company's medium-term business plan, GROW UP 2008. By improving our sales capability, development capability and organizational power through these efforts, the Group will strive to bolster its earning capacity.

For the next term (fiscal year ending March 31, 2008), the second year in our current medium-term business plan, we expect consolidated net sales of 103,000 million yen, consolidated operating profit of 2,600 million yen, consolidated ordinary profit of 2,500 million yen, and consolidated net income of 1,300 million yen.

(2) Discussion and analysis of the financial situation

(Unit: million yen)

Item	Current term	Previous term	Change
Cash flows from operating activities	1,501	3,196	(1,694)
Cash flows from investing activities	(784)	(174)	(609)
Cash flows from financing activities	(1,382)	(3,092)	1,710
Increase in cash and cash equivalents	(664)	(70)	(593)
Term-end balance of cash and cash equivalents	4,398	5,062	(664)

Cash flows from operating activities in the current term resulted in a net cash inflow of 1,501 million yen (compared with 3,196 million yen for the previous term). A decline was recorded in comparison with the previous term because of a decrease in income before corporation tax and an increase in corporation tax payments, among other factors.

Cash flows from investing activities resulted in a net cash outflow of -784 million yen (compared with a cash outflow of -174 million yen for previous term). This result reflected a decrease in income on the sale of tangible fixed assets.

Cash flows from financing activities resulted in a net cash outflow of -1,382 million yen (compared with an outflow -3,092 million yen for previous term). The outflow was smaller than in the previous term because of a decrease in outlays for the repayment of short-term borrowings and an increase in loans payable for long-term debt.

As a result of the above, the term-end balance of cash and cash equivalents on a consolidated basis decreased 664 million yen, to 4,398 million yen (compared with 5,062 million yen for the previous term).

Cash flow indexes for the Group are shown below.

	Year ended March 2004	Year ended March 2005	Year ended March 2006	Year ended March 2007
Capital-to-asset ratio (%)	30.1	32.0	35.1	34.8
Capital-to-asset ratio on market value basis (%)	25.6	26.9	36.0	27.7
Number of years for debt repayment (year)	3.5	4.2	4.1	8.4
Interest coverage ratio	16.8	14.3	16.6	8.8

Note: Capital-to-asset ratio: Shareholders' equity / Total assets
Capital-to-asset ratio on market value basis: Market capitalization for stock / Total assets
Number of years for debt repayment: Interest bearing debt / Cash flows from operating activities
Interest coverage ratio: Cash flows from operating activities / Interest payment

1. Each of the indexes above was calculated based on the financial data on a consolidated basis.
2. Market capitalization for stock was calculated as follows: Term-end closing price for shares x Term-end number of shares outstanding (after deduction for treasury stock).
3. For the Cash flows from operating activities, the data for cash flows from operating activities as stated in the Consolidated statements of cash flows was used. Interest bearing debt covers all types of debt with interest payment among the debt stated in the Consolidated balance sheet. For interest payments, the data for interest paid as shown in the Consolidated statements of cash flows was used.

(3) Basic policy regarding dividend payment, and dividend payments for the current term and next term

TOLI understands that returning profits to our shareholders is an important mission for the Company, and our basic policy is to continue paying dividends in line with the Company's performance using a stable approach. To this end, we believe that it is necessary to bolster our management and to sustain high growth. We also believe it is important to ensure that we have sufficient retained earnings to reinforce the Company's financial structures and to make capital investments. Accordingly, the Company makes decisions on dividend payments by taking into consideration the overall management environment with a medium - and long-term outlook, as well as considering the Company's financial situation for each fiscal term.

For the fiscal year under review, we plan to pay a term-end dividend of ¥7 per share. For the next term also, we plan to pay a term-end dividend of ¥7 per share.

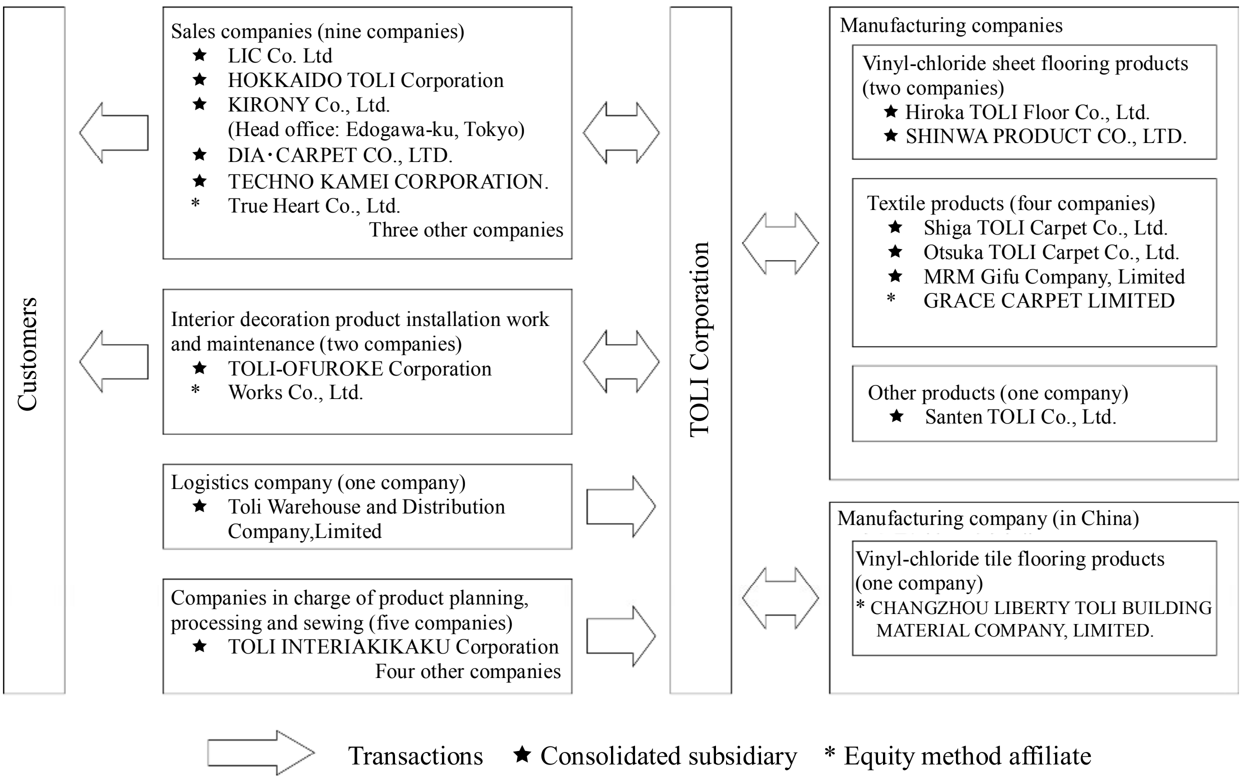
2 The TOLI Group

The TOLI Group consists of a total of 26 companies, including 20 subsidiaries and five affiliates, which are engaged in the manufacture, purchase and sale of interior design products centered around interior decoration products. These businesses consist of the following three business areas: the vinyl-chloride based products business, which deals in vinyl-chloride based tiles and sheet flooring, the textiles products business, dealing in carpets and curtains, and other businesses, dealing in wallpaper products and adhesives, among other products. The companies that form our Group can be broadly categorized into manufacturing companies organized according to business area and sales and logistics companies involved with all the business areas. The business types overlap the business segments.

For production sites in the vinyl-chloride based products business, the Company, Hiroka TOLI Floor Co., Ltd., SHINWA PRODUCT Co., Ltd. and CHANGZHOU LIBERTY TOLI BUILDING MATERIAL COMPANY LIMITED are engaged in the manufacturing of vinyl-chloride tiles and vinyl-chloride sheet flooring products, among other products. For the textile products business, carpets are manufactured and processed by Shiga TOLI Carpet Co., Ltd., Otsuka TOLI Carpet Co., Ltd., MRM Gifu Company, Limited and GRACE CARPET LIMITED. TOLI INTERIAKIKAKU Corporation and other companies are engaged in the planning and sewing of curtain products. Among other businesses, Santen TOLI Co., Ltd. manufactures wallpaper products, while the Company manufactures adhesive products. In related business, TOLI-OFUROKE Corporation and Works Co., Ltd. are engaged in the installation work and maintenance for interior decoration products.

The sales companies, which include LIC Co. Ltd, HOKKAIDO TOLI Corporation, KIRONY Co., Ltd. (Head office: Edogawa-ku, Tokyo) and DIA・CARPET CO., LTD., undertake operations related to the purchase and sale of interior decoration products, while handling our products and merchandise in all areas as the Company's distributors. Toli Warehouse and Distribution Company, Limited is in charge of inventory management and delivery operations for the products and merchandise in all of the Company's business areas.

Shown below are the roles and business relations of the companies in the TOLI Group.



Note: The following changes were made to Group companies during the current term.

KIRONY Co., Ltd. (Head office: Edogawa-ku, Tokyo) was established in April 2006 and became a consolidated subsidiary of the Company.

DIA・CARPET CO., LTD. was established in December 2006 and became a consolidated subsidiary of the Company.

The shares of MRM Gifu Company, Limited were acquired by the Company in December 2006, and MRM Gifu Company, Limited became a consolidated subsidiary of the Company.

The liquidation process of KIRONY Co., Ltd. (Head office: Minato-ku, Tokyo) was completed in March 2007, and the company was excluded from consolidation.

3. Management policy

(1) Basic management policy

The TOLI Group operates based on the following three management principles: “We will contribute to improving lifestyles and culture through our interior decoration business;” “Customer-first thinking is our code of conduct;” and “We seek to become the leader in the total interior business.” With “Everything is for the customer” as our action guideline, we aim to provide products and services that can bring quality to every kind of residential, commercial and other space that people encounter in their daily lives, including houses and residential buildings, office buildings, schools, medical and welfare facilities and commercial facilities. Through these activities, we seek to continually raise our corporate value. We will strictly observe all laws and ordinances, and we will always conduct ourselves as a good corporate citizen, fulfilling our responsibility toward society, for example by preserving the global environment. Our goal is to be a corporate group that society will trust, with great expectations.

(2) Operating targets

The management goal for the TOLI Group is to be a true leader in the interior decoration industry, and to earn the trust and support of our customers. To achieve this goal, we will improve operational efficiency throughout the Group, to bolster our earnings foundations and to increase asset efficiency. This will enable us to maintain consistent earnings and maximize shareholder value. The medium-term operating targets for the Company are ordinary profit of 5 billion yen on a consolidated basis.

(3) The Company’s medium-term business management strategy

The TOLI Group is currently in the process of implementing GROW UP 2008, a medium-term business plan that covers the fiscal years from 2006 until 2008. to achieve its targets in the medium and longer terms, individual numerical targets, such as consolidated operating profit on sales of 5% or higher and Consolidated ROA (return on asset) of 6% or higher, are set as a part of the GROW UP 2008 plan, and we are committed to achieving these individual targets.

To achieve our goal of sustained, high growth for the Group, all companies in the Group will work as one to execute each of the necessary tasks, guided by the following three key strategic themes.

1) Bolstering sales capability

We will clearly allocate specific roles to the Company and the sales companies in the Group, carrying out action programs based on the sales strategies for each of the categorized areas. Through these activities, we will strive to not only reinforce our profit base on the contract market, a traditional area of strength for the Group, but also to maximize the Group’s sales strength in the small-lot order market, by further drawing on our unique characteristics.

2) Improve frontline capabilities for technological development

TOLI plans to focus its management resources on the development of new technologies in the vinyl chloride-based products business and the tiled carpet business, both core businesses for the Company, to develop next-generation products and products with a high value-added component that distinguishes them from other products. The Company will also step up cross-organizational collaborative activities among its different business areas, including sheet flooring, carpets, curtains and wallpaper materials, capitalizing on its strengths as a comprehensive interior decoration manufacturer. A major aim with this initiative is to further reinforce the functions to establish effective marketing strategies.

3) Raise group-wide business management efficiency

To establish powerful and resilient management characteristics, the Group will take steps to reinforce and bolster the efficiency of indirect departments across the Group; enhancing the competitiveness of the carpet business; reorganizing the curtain business; and establishing new logistics strategies, among other measures. By pursuing individual financial strategies based on the mid-term business target, the Group aims to achieve and maintain optimum structures and conditions on a Group-wide basis, and to increase the speed of the decision-making processes based on the most timely and useful information. We will strive to raise the Company’s earning capacity through these measures.

To effectively execute the key strategies described above, the Company will aim to reinforce the organizational basis of business management, from the perspectives focusing on the system for fostering and developing talent, better information-handling and planning capability, and the corporate governance structure.

(4) Challenges that the Company should address

1) Consolidate the management foundations by executing the medium-term business plan

TOLI has adopted GROW UP 2008, its medium-term business plan, and has been taking steps to achieve its key strategic goals. As a comprehensive interior decoration manufacturer and an industry leader, the Group is well aware of its mission in society and its responsibilities. We will strive to offer a rich lineup of products to satisfy wide-ranging needs, and we will actively implement sales promotion measures, so that we can make useful suggestions on more pleasant and enjoyable lifestyles to customers. By steadily executing the medium-term business plan, we aim to overcome the challenges that stem from uncertainties in the business environment, which include the rising costs of key materials resulting from high crude oil prices, and intensifying competition. We believe that an significant challenge for us is to bolster the foundations of our business to establish more powerful and resilient structures, and to accelerate the pace of growth.

2) Achieve at the earliest possible stage specific results from initiatives to bolster the Group's carpet business operations

In December 2006, TOLI took over the carpet business of Mitsubishi Rayon Carpet Co., Ltd., and also made a manufacturing company in Yoro-gun, Gifu Prefecture (MRM Gifu Company, Limited) part of the Group. The Company also established a joint venture sales company (DIA・CARPET CO., LTD.; Head office in Minato-ku, Tokyo) with Mitsubishi Rayon Co., Ltd., and this new venture has already commenced sales operations. Going forward, we seek to develop attractive products by blending the expertise and technologies possessed by each of the joint partners. We will also establish an efficient production structure that draws on economies of scale, and will increase sales by bolster our ability to supply products as quickly as possible, enhancing the earning power of the operations.

3) Establish a strong structure for legal compliance

The TOLI Group recognizes that action to ensure legal compliance is one of the most critical issues in business management. To ensure that we can retain the trust and the support of the community, we will continue our efforts to improve the awareness of all Company officials and employees of the need to strictly observe laws and ordinances and to always act in accordance with ethical standards. For instance, we will be stepping up our initiatives to ensure legal compliance in daily work. With the General Legal Department established in April 2007 acting as the main office, a compliance project is underway. The project team will assume a central role in establishing and reinforcing a legal compliance structure capable of taking rapid action to deal with any revisions to laws and regulations and other related moves.

(5) Other important matters for corporate management

No applicable item exists.

4. Consolidated financial statements

(1) Consolidated Balance Sheets

		Previous consolidated fiscal year (March 31, 2006)		Current consolidated fiscal year (March 31, 2007)		Change
Item	Note number	Amount (million yen)	Ratio (%)	Amount (million yen)	Ratio (%)	Amount (million yen)
Assets						
I Current assets						
1 Cash and deposits	*1	3,409		3,651		242
2 Notes and accounts receivable	*7	29,404		31,243		1,838
3 Securities		1,657		858		(798)
4 Inventories		7,761		9,082		1,321
5 Deferred tax assets		597		780		182
6 Other current assets		3,199		2,752		(446)
Allowance for doubtful receivables		(183)		(168)		15
Total current assets		45,845	59.1	48,200	61.8	2,355
II Fixed assets						
(1) Tangible Fixed Assets						
1 Buildings and structures	*1	6,117		5,964		(152)
2 Machinery and vehicles	*1	3,109		3,069		(40)
3 Equipment		527		438		(88)
4 Land	*1	8,778		8,739		(38)
5 Construction in progress		39		79		39
(Total tangible fixed assets)		18,572	24.0	18,290	23.4	(281)
(2) Intangible assets						
1 Software		1,706		1,511		(195)
2 Goodwill		—		239		239
3 Other intangible assets		91		65		(26)
(Total intangible assets)		1,797	2.3	1,815	2.3	17
(3) Investments and other assets						
1 Marketable securities and other investment securities	*1 *2	8,863		6,975		(1,888)
2 Long-term loans receivable		435		412		(23)
3 Deferred tax assets		—		563		563
4 Other assets	*2	3,156		2,665		(490)
Allowance for doubtful receivables		(1,132)		(890)		242
(Total investments and other assets)		11,322	14.6	9,727	12.5	(1,595)
Total fixed assets		31,692	40.9	29,833	38.2	(1,858)
Total assets		77,537	100.0	78,034	100.0	496

		Previous consolidated fiscal year (March 31, 2006)		Current consolidated fiscal year (March 31, 2007)		Change
Item	Note number	Amount (million yen)	Ratio (%)	Amount (million yen)	Ratio (%)	Amount (million yen)
Liabilities						
I Current liabilities						
1 Notes and accounts payable	*1 *7	27,021		29,201		2,179
2 Short-term borrowings	*1	705		600		(105)
3 Current portion of long-term debt		2,663		3,145		481
4 Bonds for redemption within current year		500		1,000		500
5 Accrued corporation tax		1,241		414		(826)
6 Accrued expenses		1,823		1,707		(115)
7 Reserve for bonuses payable		719		794		74
8 Reserve for bonuses payable to members of the board and corporate auditors		—		14		14
9 Other current liabilities		659		781		121
Total current liabilities		35,334	45.5	37,658	48.3	2,324
II Fixed Liabilities						
1 Bonds		1,000		—		(1,000)
2 Long-term borrowings	*1	6,445		6,200		(245)
3 Reserve for retirement allowance		5,340		4,866		(474)
4 Reserve for severance indemnities to directors and corporate auditors		294		325		30
5 Guarantee deposits received		1,577		1,604		27
6 Deferred tax liabilities		32		1		(30)
7 Consolidation adjustments		39		—		(39)
8 Other long-term liabilities		61		37		(23)
Total long-term liabilities		14,790	19.1	13,035	16.7	(1,755)
Total liabilities		50,124	64.6	50,693	65.0	568
Minority interests in consolidated subsidiaries						
Minority interests in consolidated subsidiaries		205	0.3	—	—	—
Shareholders' equity						
I Capital stock		6,855	8.9	—	—	—
II Capital surplus		6,468	8.3	—	—	—
III Unappropriated retained earnings		10,932	14.1	—	—	—
IV Unrealized gain (loss) on securities		3,699	4.8	—	—	—
V Equity adjustment from foreign currency translation		7	0.0	—	—	—
VI Treasury stock	*3	(756)	(1.0)	—	—	—
Total shareholders' equity		27,207	35.1	—	—	—
Total liabilities, minority interests in consolidated subsidiaries and shareholders' equity		77,537	100.0	—	—	—

		Previous consolidated fiscal year (March 31, 2006)		Current consolidated fiscal year (March 31, 2007)		Change
Item	Note number	Amount (million yen)	Ratio (%)	Amount (million yen)	Ratio (%)	Amount (million yen)
Net assets						
I Shareholders' equity						
1 Paid in Capital		—	—	6,855	8.8	—
2 Capital surplus		—	—	6,468	8.3	—
3 Earned Surplus		—	—	12,077	15.5	—
4 Treasury stock		—	—	(911)	(1.2)	—
Total shareholders' equity		—	—	24,490	31.4	—
II Unrealized gain (loss) and translation gain (loss)						
1 Unrealized gain (loss) on securities		—	—	2,624	3.4	—
2 Equity adjustment from foreign currency translation		—	—	16	0.0	—
Total unrealized gain (loss) and translation gain (loss)		—	—	2,640	3.4	—
III Minority interests in consolidated subsidiaries		—	—	209	0.2	—
Total net assets		—	—	27,340	35.0	—
Total liabilities and net assets		—	—	78,034	100.0	—

(2) Consolidated Statements of Income

	Item	Note number	Previous consolidated fiscal year (From April 1, 2005 until March 31, 2006) Amount (million yen)		Ratio (%)	Current consolidated fiscal year (From April 1, 2006 until March 31, 2007) Amount (million yen)		Ratio (%)	Change Amount (million yen)	
I	Net sales			96,375	100.0		100,936	100.0		4,561
II	Cost of sales			70,092	72.7		74,775	74.1		4,682
	Gross profit			26,282	27.3		26,161	25.9		(120)
III	Selling and administrative expenses			23,287	24.2		23,960	23.7		673
	Operating income			2,995	3.1		2,200	2.2		(794)
IV	Non-operating income									
1	Interest income		17			21			4	
2	Dividend income		27			55			28	
3	Equity in earnings of subsidiary		17			29			11	
4	Other income		425	488	0.5	428	535	0.5	3	47
V	Non-operating expenses									
1	Interest expense		193			173			(19)	
2	Other expenses		552	746	0.8	434	607	0.6	(118)	(138)
	Ordinary income			2,736	2.8		2,128	2.1		(608)
VI	Extraordinary income									
1	Gain on sale of fixed assets	*1	522			3			(518)	
2	Gain on sale of investment securities		351			264			(87)	
3	Adjustment for allowance for doubtful receivables		35			44			9	
4	Compensation for delay in operations of new system		241	1,149	1.2	—	312	0.3	(241)	(837)
VII	Extraordinary loss									
1	Loss on sale of fixed assets	*2	154			2			(152)	
2	Loss on disposal of fixed assets	*3	31			43			12	
3	Impairment loss	*4	147			—			(147)	
4	Write-down of investment securities		2			84			82	
5	Write-down of membership, etc.		4			32			28	
6	Loss from bad debts		—			22			22	
7	Loss on business restructuring	*5	104			235			130	
8	Surcharge	*6	267	711	0.7	—	420	0.4	(267)	(290)
	Income before income taxes			3,175	3.3		2,019	2.0		(1,155)
	Corporation tax, local inhabitants taxes, and enterprise taxes		1,552			541			(1,010)	
	Prior period adjustment		—			(70)			(70)	
	Prior period refund		—			(25)			(25)	
	Deferred corporation tax		39	1,592	1.7	(40)	404	0.4	(80)	(1,187)
	Minority interests in consolidated subsidiaries (brackets denote losses)			17	0.0		(4)	(0.0)		(22)
	Net income			1,565	1.6		1,619	1.6		54

(3) Consolidated Statement of Retained Earnings

	Item	Note number	Previous consolidated fiscal year (From April 1, 2005 until March 31, 2006) Amount (million yen)	
	Capital surplus			
I	Balance of capital surplus at beginning of year			6,468
II	Increase in capital surplus			
	Surplus from sale of treasury stock		0	0
III	Balance of capital surplus at end of year			6,468
	(Retained earnings)			
I	Balance of retained earnings at beginning of year			9,708
II	Increase in retained earnings			
	Net income		1,565	1,565
III	Decrease in retained earnings			
	Cash dividends		323	
	Bonuses to directors and corporate auditors		17	341
IV	Balance of retained earnings at end of year			10,932

(4) Consolidated Statement of Changes in Shareholders' Equity, etc.

Current consolidated fiscal year (From April 1, 2006 until March 31, 2007)

	Shareholders' equity				
	Paid in Capital	Capital surplus	Earned Surplus	Treasury stock	Total shareholders' equity
Balance as of March 31, 2006 (million yen)	6,855	6,468	10,932	(756)	23,500
Change in amount during consolidated fiscal year					
Dividend payment from retained earnings (Note)			(447)		(447)
Bonuses to directors and corporate auditors (Note)			(27)		(27)
Net income			1,619		1,619
Purchases of treasury stock				(155)	(155)
Disposal of treasury stock		0		0	0
Changes in items other than treasury stock during consolidated fiscal year (Net amount)					
Total amount of changes during consolidated fiscal year (million yen)		0	1,145	(155)	990
Balance as of March 31, 2007 (million yen)	6,855	6,468	12,077	(911)	24,490

	Unrealized gain (loss) on securities and equity adjustment from currency translation, etc.			Minority interests	Total net assets
	Unrealized gain (loss) on securities	Equity adjustment from foreign currency translation	Total unrealized gain (loss) on securities and equity adjustment from currency translation, etc.		
Balance as of March 31, 2006 (million yen)	3,699	7	3,707	205	27,413
Change in amount during consolidated fiscal year					
Dividend payment from retained earnings (Note)					(447)
Bonuses to directors and corporate auditors (Note)					(27)
Net income					1,619
Purchases of treasury stock					(155)
Disposal of treasury stock					0
Changes in items other than treasury stock during consolidated fiscal year (Net amount)	(1,074)	8	(1,066)	3	(1,062)
Total amount of changes during consolidated fiscal year (million yen)	(1,074)	8	(1,066)	3	(72)
Balance as of March 31, 2007 (million yen)	2,624	16	2,640	209	27,340

Note: Items for appropriation of income approved at the regular general meeting of shareholders held in June 2006

(5) Consolidated Statements of Cash Flows

Item	Note number	Previous consolidated fiscal year (From April 1, 2005 until March 31, 2006) Amount (million yen)	Current consolidated fiscal year (From April 1, 2006 until March 31, 2007) Amount (million yen)	Change Amount (million yen)
I Cash flows from operating activities				
Income before income taxes		3,175	2,019	(1,155)
Depreciation and amortization		1,859	1,777	(81)
Impairment loss		147	—	(147)
Loss on disposal of fixed assets		31	43	12
Gain or loss on sale of fixed assets (brackets denote a gain)		(367)	(1)	365
Gain on sale of investment securities		(351)	(264)	87
Write-down of investment securities		2	84	82
Change in allowance for doubtful receivables (brackets denote a decrease)		(20)	(257)	(237)
Change in reserve for retirement allowance (brackets denote a decrease)		(351)	(491)	(139)
Change in reserve for severance indemnities to directors and corporate auditors (brackets denote a decrease)		33	30	(2)
Goodwill amortization		—	30	30
Amortization of consolidation adjustments		122	—	(122)
Equity in earnings or loss of subsidiary or affiliated company (brackets denote a gain)		(17)	(29)	(11)
Interest and dividend income		(44)	(77)	(32)
Interest expense		193	173	(19)
Compensation for delay in new system operations		(241)	—	241
Surcharge		267	—	(267)
Change in trade receivables (brackets denote an increase)		(908)	(1,639)	(730)
Change in inventories (brackets denote an increase)		(152)	(1,321)	(1,168)
Change in trade payables (brackets denote a decrease)		483	2,270	1,786
Other		91	1,256	1,164
Sub total		3,951	3,604	(346)
Interest and dividend received		40	77	36
Interest paid		(192)	(170)	22
Income from compensation for delay in new system operations		241	—	(241)
Surcharge paid		—	(267)	(267)
Income taxes paid		(843)	(1,741)	(898)
Cash flows from operating activities		3,196	1,501	(1,694)
II Cash flows from investing activities				
Payments into time deposits (over three months)		(0)	(110)	(109)
Payments from time deposits (over three months)		—	1	1
Acquisition of tangible fixed assets		(710)	(770)	(60)
Proceeds of tangible fixed assets		718	53	(665)
Acquisition of intangible fixed assets		(500)	(582)	(82)
Acquisition of investment securities		(97)	(126)	(28)
Proceeds from sale of investment securities		489	407	(81)
Increase in loans		(690)	(431)	259
Income from loan collection		738	596	(141)
Proceeds from acquisition of stock of new consolidated subsidiary		—	54	54
Other		(122)	123	245
Cash flows from investing activities		(174)	(784)	(609)
III Cash flows from financing activities				
Net repayment in short-term borrowings		(1,197)	(525)	672
Extension of long-term debt		2,000	2,900	900
Repayment of long-term debt		(3,182)	(2,663)	518
Redemption of convertible bond		—	(500)	(500)
Proceeds and payments from sale and acquisition of treasury stock		(381)	(155)	226
Payment for acquisition of subsidiary stock from minority shareholders		(5)	—	5
Income from payment by minority shareholders		—	10	10
Dividends paid		(323)	(447)	(123)
Dividends, etc. paid to minority shareholders		(1)	(1)	—
Cash flows from financing activities		(3,092)	(1,382)	1,710
IV Change in cash and cash equivalents		(70)	(664)	(593)
V Cash and cash equivalents at beginning of year		5,133	5,062	(70)
VI Cash and cash equivalents at end of year		5,062	4,398	(664)

(6) Basis of presenting consolidated financial statements

Previous consolidated fiscal year (From April 1, 2005 until March 31, 2006)	Current consolidated fiscal year (From April 1, 2006 until March 31, 2007)
1 Matters related to the scope of consolidation (1) The number of consolidated subsidiaries is 12. LIC Co. Ltd, Shiga TOLI Carpet Co., Ltd., KIRONY Co., Ltd., HOKKAIDO TOLI Corporation, Toli Warehouse and Distribution Company, Limited, TECHNO KAMEI CORPORATION., Hiroka TOLI Floor Co., Ltd., Otsuka TOLI Carpet Co., Ltd., Santen TOLI Co., Ltd. and others	1 Matters related to the scope of consolidation (1) The number of consolidated subsidiaries is 14. (For the names of consolidated subsidiaries, please refer to "The TORI Group" on page 6.)
(2) Names of main non-consolidated subsidiaries, etc. Main non-consolidated subsidiaries GRACE CARPET LIMITED, Japan Reform System Co., Ltd., HOKKAIDO TOLI Sewing Co., Ltd., Interior System Support Co., Ltd. (Reason for their exclusion from consolidation) These non-consolidated subsidiaries have been excluded from consolidation because they have no material effect on the consolidated financial statements due to the small size of their operations, in light of their total assets, net sales and net profit or loss (the amount corresponding to equity), etc.	(2) Names of main non-consolidated subsidiaries, etc. Main non-consolidated subsidiaries Same as information at left (The reason for the exclusion from consolidation) Same as information at left
2 Matters concerning the application of equity method (1) Number of non-consolidated subsidiaries with equity method applied: two companies Company name: GRACE CARPET LIMITED, Works Co., Ltd. (2) Number of affiliated companies with equity method applied: two Company name: True Heart Co., Ltd. CHANGZHOU LIBERTY TOLI BUILDING MATERIAL COMPANY, LIMITED (3) Non-consolidated subsidiaries not under the equity method (Japan Reform System Co., Ltd., HOKKAIDO TOLI Sewing Co., Ltd., and others) and affiliated companies (Naigai Carpet Kako Co., Ltd., TOLI Hiroshima Sewing Co., Ltd. and others) have been excluded from the scope of application of the equity method, because of their negligible effects on net profit or loss (the amount corresponding to equity) and retained earnings (the amount corresponding to equity), and because they have no material effect on the overall results.	2 Matters concerning the application of equity method (1) Number of non-consolidated subsidiaries with equity method applied: two Same as information at left (2) Number of affiliated companies with equity method applied: two Same as information at left (3) Same as information at left
3 Matter pertaining to the fiscal years of consolidated subsidiaries The closing date of the fiscal year of each of the consolidated subsidiaries matches the consolidated closing date of the fiscal year.	3 Matter pertaining to the fiscal years of consolidated subsidiaries Same as information at left
4 Accounting policies (1) Valuation standards and method for important assets Inventories: Mainly periodic average cost method Securities Other securities Securities with market value: Market value method based on the market price on the last day of the consolidated fiscal year, etc. (variance from valuation is processed as a component of shareholders' equity, and the cost of securities sold is calculated using the moving average method.) Securities without market value: Moving average cost method Derivatives: Market value method	4 Accounting policies (1) Valuation standards and method for important assets Inventories: Same as information at left Securities Other Securities Securities with market value: Market value method based on the market price on the last day of the consolidated fiscal year, etc. (variance from valuation is processed as a component of net assets, and cost of securities sold is calculated using the moving average method.) Securities without market value: Same as information at left Derivatives: Same as information at left

Previous consolidated fiscal year (From April 1, 2005 until March 31, 2006)	Current consolidated fiscal year (From April 1, 2006 until March 31, 2007)
(2) Depreciation method for important depreciable assets Tangible fixed assets: Mainly fixed rate method However, for buildings acquired after April 1, 1998 (excluding equipment attached to buildings), the fixed amount method is applied. The effective lives of buildings and structures are three to 65 years. The effective lives for machinery and vehicles are seven to 15 years.	(2) Depreciation method for important depreciable assets Tangible fixed assets Same as information at left
Intangible assets: fixed amount method However, for software (used by the Company), the fixed amount method based on an estimated useful life of five years is applied.	Intangible assets Same as information at left
(3) Basis for calculating allowances Allowance for doubtful receivables In anticipation of potential loan losses, the Company posts non-recoverable amounts based on the loan loss ratio for general debts and in consideration of the collectability of specific debts including possible bad debts. Allowances for doubtful receivables related to the offsetting of debts and credits among consolidated companies are deleted.	(3) Basis for calculating allowances Allowance for doubtful receivables Same as information at left
Reserve for bonuses payable A reserve for bonuses payable is recorded based on the estimated amount of bonuses to employees. A reserve for bonuses payable was included in accrued expenses until the previous fiscal year, but beginning the fiscal year under review, it is recorded as a separate item. The amount of the reserve for bonuses payable included in accrued expenses for the previous fiscal year was 667 million.	Reserve for bonus payable A reserve for bonuses payable is recorded based on the estimated amount of bonuses to employees.
———	Reserve for bonuses payable to directors and corporate auditors A reserve for bonuses payable to directors and corporate auditors is recorded based on an estimated amount of bonuses to the board members and corporate auditors.
Reserve for retirement allowance A reserve for retirement allowance is recorded based on the estimated retirement benefit obligations and pension assets at the end of the fiscal year. Past service liabilities and actuarial differences are recorded as expenses based on the fixed amount method for certain years within the employees' average remaining periods (mainly 10 years) at the time of the occurrence from the current fiscal year and following fiscal year respectively.	Reserve for retirement allowance Same as information at left
Reserve for severance indemnities to directors and corporate auditors The submitting company and certain consolidated subsidiaries (LIC Co. Ltd, HOKKAIDO TOLI Corporation, TECHNO KAMEI CORPORATION., and KIRONY Co., Ltd.) record the amounts required at the term end under internal regulations in anticipation of severance indemnities.	Reserve for severance indemnities to directors and corporate auditors The submitting company and some consolidated subsidiaries (LIC Co. Ltd, Shiga TOLI Carpet Co., Ltd., HOKKAIDO TOLI Corporation, and TECHNO KAMEI CORPORATION.) record the amounts required at the term end under internal regulations in anticipation of severance indemnities.

Previous consolidated fiscal year (From April 1, 2005 until March 31, 2006)	Current consolidated fiscal year (From April 1, 2006 until March 31, 2007)
(4) Standards for translating assets or liabilities in foreign currencies into yen-denominated assets and liabilities Monetary assets and liabilities denominated in foreign currencies are translated into yen-denominated assets and liabilities based on the spot exchange rate at the closing day. Translation differences are recorded as gains or losses.	(4) Standards for translating assets or liabilities in foreign currencies into yen-denominated assets and liabilities Same as information at left
(5) Accounting of lease transactions The same accounting method applied to ordinary lease transactions is applied to finance lease transactions except those where the ownership of property is considered to be transferred to the lessee.	(5) Accounting of lease transactions Same as information at left
(6) Hedge accounting method 1) Hedge accounting method Deferred hedge accounting is applied. Preferential procedures are employed for interest swap transactions satisfying requirements for preferential procedures.	(6) Hedge accounting method 1) Hedge accounting method Same as information at left
2) Hedging instruments and hedging targets (Hedging instruments) — (Hedging targets) Interest rate swap — Borrowing interest Commodities Derivatives — Raw materials	2) Hedging instruments and hedging targets Same as information at left
3) Hedging policy The Company hedges interest rate risks and raw material price fluctuation risks under the Derivatives Management Regulations. The Company has a policy of not engaging in derivatives transactions for the purpose of trading or speculation.	3) Hedging policy Same as information at left
4) Method of evaluating the effectiveness of hedging The Company evaluates the relationships between price fluctuations of the hedging targets and market fluctuations of hedging instruments and the effectiveness of hedging by using statistical methods including regression analysis. Since interest rate swaps meet the requirements for preferential procedures, the Company omits the evaluation of their effectiveness.	4) Method of valuating the effectiveness of hedging Same as information at left
(7) Other important matters in preparing consolidated financial statements Accounting of consumption tax etc. The tax exclusion method is employed.	(7) Other important matters in preparing consolidated financial statements Accounting of consumption tax etc. Same as information at left
5 Matters related to the evaluation of consolidated subsidiaries' assets and liabilities The Company evaluates the fair values of the whole assets and liabilities of the consolidated subsidiaries.	5 Matters related to the evaluation of consolidated subsidiaries' assets and liabilities Same as information at left
6 Matters concerning the amortization of consolidated adjustment account The consolidated adjustment account is amortized equally over five years.	6 ———
7 ———	7 Matters pertaining to the amortization of goodwill Goodwill is amortized equally over five years.
8 Matters relating to profit distribution The profits of the consolidated subsidiaries are distributed based on profit distribution determined during the consolidated fiscal year.	8 ———
9 Scope of funds in consolidated statements of cash flows Funds consist of cash on hand, deposits that can be withdrawn as needed, and easily convertible short-term investments that mature within three months of the trading day for which there are only small risks of price fluctuations.	9 Scope of funds in consolidated statements of cash flows Same as information at left

(7) Change in the basis of presenting consolidated financial statements
(Change in accounting)

Previous consolidated fiscal year (From April 1, 2005 until March 31, 2006)	Current consolidated fiscal year (From April 1, 2006 until March 31, 2007)
(Accounting standard for impairment loss on fixed assets) Beginning the fiscal year under review, the Accounting Standard for Impairment Loss on Fixed Assets (Opinion on the Setting of Accounting Standard for Impairment Loss on Fixed Assets issued by the Business Accounting Council on August 9, 2002) and the Implementation Guidance on the Accounting Standard for Impairment Loss on Fixed Assets (Accounting Standards Board of Japan Implementation Guidance No. 6 issued on October 31, 2003) are applied. Following the change, the Company recorded an impairment loss of 147 million yen as an extraordinary loss. Since the Company sold before the end of the fiscal year part of the assets for which an impairment loss was recorded, income before income taxes declined 72 million yen when the influence of the loss on sale of fixed assets is taken into consideration. An impact on segment information is described the segment information section.	―――
―――	(Accounting standard for bonuses payable to directors and corporate auditors) Starting the consolidated fiscal year under review, the Accounting Standard for Directors' Bonus (Accounting Standards Board of Japan Statement No. 4 issued on November 29, 2005) is applied. Consequently, operating income, ordinary income and income before income taxes fell 14 million yen from those calculated according to the former accounting standard.
―――	(Accounting standard for presentation of net assets in the balance sheet, etc.) From the consolidated fiscal year, the Accounting Standard for Presentation of Net Assets in the Balance Sheet (ASBJ Statement No. 5 issued on December 9, 2005) and the Implementation Guidance on the Accounting Standard for Presentation of Net Assets in the Balance Sheet (ASBJ Guidance No. 8 issued on December 9, 2005) are applied. The change does not have any influence on profit or loss. The amount of total assets calculated according to the former standard is 27,131 million yen. The consolidated financial statements for the term under review are prepared under the revised regulations for consolidated financial statements.

(Change in presentation)

Previous consolidated fiscal year (From April 1, 2005 until March 31, 2006)	Current consolidated fiscal year (From April 1, 2006 until March 31, 2007)
―――	(Consolidated balance sheets) The consolidated adjustment account is presented as goodwill from the fiscal year under review.
―――	(Consolidated statements of cash flows) Amortization in the consolidated adjustment account is presented as goodwill amortization from the fiscal year under review.

(8) Notes related to consolidated financial statements
(Notes related to consolidated balance sheets)

Previous consolidated fiscal year (March 31, 2006)	Current consolidated fiscal year (March 31, 2007)
*1 Pledged assets Pledged assets Buildings and structures 1,535 million yen (1,535 million yen) Machinery and vehicles 1,461 million yen (1,461 million yen) Land 68 million yen (68 million yen) Investment securities 6 million yen Total 3,071 million yen (3,065 million yen) Liabilities corresponding to the above assets Short-term borrowings 240 million yen (240 million yen) Long-term debt 180 million yen (180 million yen) Accounts payable 2 million yen Total 422 million yen (420 million yen) Figures in brackets show the value of the pledged assets of the factory foundation and the corresponding liabilities. In addition to the above assets, consolidated subsidiaries' land (book value of 266 million yen at the term end) and buildings (book value of 131 million yen at the term end) are pledged as a joint mortgage of 26 companies of the Mishima Sawazi Industrial Park Cooperative for borrowings of 856 million yen of the cooperative.	*1 Pledged assets Consolidated subsidiaries' land (book value of 266 million yen at the term end) and buildings (book value of 123 million yen at the term end) are pledged as a joint mortgage of 26 companies of the Mishima Sawazi Industrial Park Cooperative for borrowings of 700 million yen of the cooperative.
*2 Investment securities and other investments in non-consolidated subsidiaries and affiliates are as follows: Investment securities (shares) 597 million yen Other (investments) 181 million yen	*2 Investment securities and other investments in non-consolidated subsidiaries and affiliates are as follows: Investment securities (shares) 641 million yen Other (investments) 190 million yen
*3 Number of shares of treasury stock held by consolidated companies Consolidated companies hold the following number of shares of the treasury stock of the Company that submitted financial statements: Common stock 2,953,000 shares The number of the Company's shares issued is 66,829,000 common stock shares.	*3 ———
4 Debt guarantee (1) The Company guarantees the following liabilities on purchases of the following company: Kyushu KIRONY Co., Ltd. 2 million yen (2) The Company guarantees the following lease obligations of the following company: M.I.D Co., Ltd. 2 million yen In addition to the above, consolidated subsidiaries co-sign a loan of 600 million yen owed by the Mishima Sawazi Industrial Park Cooperative jointly with 26 companies of the cooperative.	4 Debt guarantee (1) The Company guarantees the following liabilities on purchases of the following company: Kyushu KIRONY Co., Ltd. 1 million yen (2) The Company guarantees the following lease obligations of the following company: Kingrun M.I.D Co., Ltd. 1 million yen In addition to the above, consolidated subsidiaries co-sign a loan of 600 million yen owed by the Mishima Sawazi Industrial Park Cooperative jointly with 26 companies of the cooperative.
5 ———	5 Obligation to buy back in association of liquidation of loans 650 million yen
6 Discounted notes receivable Discounted notes receivable 208 million yen	6 Discounted notes receivable Discounted notes receivable 44 million yen
*7 ———	*7 Notes due at the end of the fiscal year Notes due at the end of the fiscal year are settled on the date of bill clearing. Since the last day of the fiscal year fell on a bank holiday, the following notes due at the end of the fiscal year are included in the term-end balance: Notes receivable 1,002 million yen Notes payable 512 million yen

(Notes on the consolidated statements of income)

<table>
<tr><th>Previous consolidated fiscal year
(From April 1, 2005
until March 31, 2006)</th><th>Current consolidated fiscal year
(From April 1, 2006
until March 31, 2007)</th></tr>
<tr><td>*1 The gain on sale of fixed assets is gain on sale of land.</td><td>*1 The gain on sale of fixed assets consists of a gain on sale of land of 2 million yen and a gain on sale of machinery and vehicles of 1 million yen.</td></tr>
<tr><td>*2 The loss on sale of fixed assets includes a loss on sale of buildings and structures of 99 million yen and a loss on sale of land etc. of 54 million yen.</td><td>*2 The loss on sale of fixed assets is a loss on sale of machinery and vehicles of 2 million yen.</td></tr>
<tr><td>*3 The loss on disposal of fixed assets includes a loss on disposal of buildings and structures of 16 million yen and a loss on disposal of machinery and vehicles of 15 million yen.</td><td>*3 The loss on disposal of fixed assets includes a loss on disposal of machinery and vehicles of 29 million yen and a loss on disposal of tools and equipment of 14 million yen.</td></tr>
<tr><td>*4 The Group recorded an impairment loss on the following four assets for the fiscal year under review:
<table>
<tr><th>Location</th><th>Type</th><th>Use</th></tr>
<tr><td>Kasuga, Fukuoka Prefecture</td><td>Land</td><td>Idle assets</td></tr>
<tr><td>Minami Tsuru-gun, Yamanashi Prefecture</td><td>Land</td><td>Idle assets</td></tr>
<tr><td>Sapporo, Hokkaido</td><td>Land</td><td>Idle assets</td></tr>
<tr><td>Nanto, Toyama Prefecture</td><td>Land</td><td>Idle assets</td></tr>
</table>
The Group classifies assets into groups based on business segments. In each segment, which is a grouping unit, there was no sign of impairment. However, since idle land prices fell, the Group reduced book values to recoverable amounts and recorded the reduction as an impairment loss (147 million yen) in under extraordinary loss.
The recoverable amount was measured based on the net sale value. For land, it was calculated on the basis of the land price for real-estate tax etc.</td><td>*4 ―――</td></tr>
<tr><td>*5 Loss on business restructuring in association with the restructuring of KIRONY Co., Ltd.</td><td>*5 The loss on business restructuring is a loss on disposal of inventory assets associated with the liquidation of KIRONY Co., Ltd. (Minato-ku, Tokyo) and a loss from the restructuring of TECHNO KAMEI CORPORATION.</td></tr>
<tr><td>*6 surcharge was imposed under the Antimonopoly Law.</td><td>*6 ―――</td></tr>
</table>

(Matters related to the Statement of Changes in Shareholders' Equity)

Current consolidated fiscal year (From April 1, 2006 until March 31, 2007)

1 Matters pertaining to the type and total number of stocks issued, and the type and number of treasury stocks

Type of stock	Number of shares at the end of previous consolidated fiscal year (shares)	Increase in the number of shares during current consolidated fiscal year (shares)	Decrease in the number of shares during current consolidated fiscal year (shares)	Number of shares at the end of current consolidated fiscal year (shares)
Stock issued				
Common stock	66,829,249	—	—	66,829,249
Total	66,829,249	—	—	66,829,249
Treasury stock				
Common stock	2,953,450	503,205	1,876	3,454,779
Total	2,953,450	503,205	1,876	3,454,779

Note: Breakdown of the increase or decrease in the number of treasury stocks:

Increase due to acquisition in the market based on resolution of the Board of Directors 487,000 shares

Increase due to request for acquisition of shares less than unit stock 16,205 shares

Decrease due to request for further purchase of shares less than unit stock 1,876 shares

2 Matters pertaining to equity warrant and treasury stock equity warrant

No corresponding item exists.

3 Matters pertaining to dividends

(1) Dividend payment

Relevant resolution	Type of stock	Total dividends (million yen)	Dividend per share (yen)	Date of record	Effective from
Regular general meeting of shareholders held on June 29, 2006	Common stock	447	7.00	March 31, 2006	June 30, 2006

(2) The dividends for which the date of record falls in current consolidated fiscal year, but for which the date on which the relevant resolution takes effect is in the next consolidated fiscal year

Relevant resolution	Type of stock	Dividend funds	Total dividends (million yen)	Dividend per share (yen)	Date of record	Effective from
Regular general meeting of shareholders held on June 28, 2007	Common stock	Retained earnings	443	7.00	March 31, 2007	June 29, 2007

(Matters related to the Consolidated Statements of Cash Flows)

Previous consolidated fiscal year (From April 1, 2005 until March 31, 2006)		Current consolidated fiscal year (From April 1, 2006 until March 31, 2007)	
The relationship between cash and cash equivalents at the end of term and the itemized amount stated in Consolidated Balance Sheets		The relationship between cash and cash equivalents at the end of term and the itemized amount stated in Consolidated Balance Sheets	
Cash and deposit accounts	3,409 million yen	Cash and deposit accounts	3,651 million yen
Time deposits over 3 months	(3 million yen)	Time deposits over 3 months	(112 million yen)
Securities accounts (MMF, etc.)	1,657 million yen	Securities accounts (MMF, etc.)	858 million yen
Cash and cash equivalents	5,062 million yen	Cash and cash equivalents	4,398 million yen

(Omission of disclosure)

Notes concerning lease transactions, related party transactions, tax effect accounting, securities, derivative transactions and retirement allowance are not disclosed because it is believed that there is little need for such disclosure in a Financial announcement document.

(Segment Information)

1 Business segment information

Previous consolidated fiscal year (from April 1, 2005 to March 31, 2006)

	Vinyl chloride products (million yen)	Textile products business (million yen)	Other businesses (million yen)	Total (million yen)	Elimination or Group-wide businesses (million yen)	Consolidated (million yen)
I Net sales						
(1) Net sales to external customers	33,164	28,014	35,196	96,375	—	96,375
(2) Internal sales or transfers among segments	—	—	—	—	(—)	—
Total net sales	33,164	28,014	35,196	96,375	(—)	96,375
Operating expenses	29,384	27,455	34,995	91,836	1,543	93,379
Operating income or loss	3,780	558	200	4,539	(1,543)	2,995
II Assets, depreciation, impairment loss and capital expenditures						
Assets	23,274	20,120	17,142	60,537	17,000	77,537
Depreciation	723	277	319	1,319	539	1,859
Impairment loss	56	45	45	147	—	147
Capital expenditures	421	138	85	645	440	1,086

Notes: 1 Business segments are determined based on units for sales aggregation.

2 Main products in each segment

(1) Vinyl chloride products segment: Vinyl-chloride tiles and vinyl chloride sheets

(2) Textile products business: Carpets, curtains

(3) Other businesses: Wallpaper, adhesives, blinds, etc.

3 Of operating expenses for the fiscal year under review, unallocatable operating expenses included in the segment of elimination or Group-wide businesses were 1,543 million yen. They were mainly consisted of expenses related to the General Affairs and Personnel Department, the Accounting Department, etc. of the head office of the submitting company.

4 Of assets for the fiscal year, Group-wide assets included in the elimination or Group-wide segment were 17,000 million yen. The main assets included excess funds (cash and securities), long-term investment funds (investment securities, etc.), and assets related to the administrative division of the submitting company.

Consolidated fiscal year under review (from April 1, 2006 to March 31, 2007)

	Vinyl chloride products (million yen)	Textile products business (million yen)	Other businesses (million yen)	Total (million yen)	Elimination or Group-wide businesses (million yen)	Consolidated (million yen)
I Net sales						
(1) Net sales to external customers	34,684	31,715	34,536	100,936	—	100,936
(2) Internal sales or transfers among segments	—	—	—	—	(—)	—
Total net sales	34,684	31,715	34,536	100,936	(—)	100,936
Operating expenses	31,594	31,461	34,106	97,161	1,574	98,736
Operating income or loss	3,089	254	430	3,774	(1,574)	2,200
II Assets, depreciation, impairment loss and capital expenditures						
Assets	23,107	24,123	17,004	64,235	13,798	78,034
Depreciation	671	342	235	1,248	559	1,807
Capital expenditures	609	482	177	1,270	17	1,287

Notes:
1 Business segments are determined based on units for sales aggregation.
2 Main products in each segment
   (1) Vinyl chloride products segment: Vinyl-chloride tiles and vinyl chloride sheets
   (2) Textile products business: Carpets, curtains
   (3) Other businesses: Wallpaper, adhesives, blinds, etc.
3 Of operating expenses for the fiscal year under review, unallocatable operating expenses included in the segment of elimination or Group-wide businesses were 1,574 million yen. They were mainly consisted of expenses related to the General Affairs and Personnel Department, the Accounting Department, etc. of the head office of the submitting company.
4 Of assets for the fiscal year, Group-wide assets included in the elimination or Group-wide segment were 13,798 million yen. The main assets included excess funds (cash and securities), long-term investment funds (investment securities, etc.), and assets related to the administrative division of the submitting company.

2. Geographical segment information

Previous consolidated fiscal year (from April 1, 2005 to March 31, 2006)

Not applicable, since the submitting company did not have overseas branches or consolidated subsidiaries.

Consolidated fiscal year under review (from April 1, 2006 to March 31, 2007)

Not applicable, since the submitting company did not have overseas branches or consolidated subsidiaries.

3. Overseas sales

Previous consolidated fiscal year (from April 1, 2005 to March 31, 2006)

Description of overseas sales is omitted because they were less than 10% of consolidated sales.

Consolidated fiscal year under review (from April 1, 2006 to March 31, 2007)

Description of overseas sales is omitted because they were less than 10% of consolidated sales.

(Per-share data)

Previous consolidated fiscal year (From April 1, 2005 until March 31, 2006)		Current consolidated fiscal year (From April 1, 2006 until March 31, 2007)	
Net assets per share	425.52 yen	Net assets per share	428.12 yen
Net income per share	23.78 yen	Net income per share	25.44 yen

Notes: 1 Diluted net income per share is omitted because there was no potential dilution.
2 The basis for calculation of net income per share is as follows.

	Previous consolidated fiscal year (From April 1, 2005 until March 31, 2006)	Current consolidated fiscal year (From April 1, 2006 until March 31, 2007)
Net income per share		
Net income as stated in the Consolidated Statements of Income (million yen)	1,565	1,619
Net income pertaining to common stock (million yen)	1,538	1,619
Amount not belonging to common stockholders (million yen) Appropriation of income for bonuses to directors and corporate auditors	27 27	— —
Average number of common stock shares during the period (thousands of shares)	64,675	63,683

5 Company-specific financial statements

(1) Balance Sheets

Item	142nd term (March 31, 2006) Amount (million yen)	Ratio (%)	143rd term (March 31, 2007) Amount (million yen)	Ratio (%)	Change Amount (million yen)
Assets					
I Current assets					
1 Cash and deposits	1,946		1,729		(217)
2 Notes receivable	4,367		5,098		730
3 Accounts receivable	16,805		18,164		1,358
4 Securities	1,657		858		(798)
5 Inventories	6,680		7,844		1,164
6 Prepaid expenses	27		28		0
7 Accounts receivable	2,330		3,332		1,002
8 Short-term loans receivable	1,264		1,399		135
9 Deferred tax assets	298		501		202
10 Other current assets	597		47		(550)
Allowance for doubtful receivables	(92)		(93)		(0)
Total current assets	35,884	57.8	38,913	61.3	3,028
II Fixed assets					
(1) Tangible fixed assets					
1 Buildings	4,605		4,417		(187)
2 Structures	250		250		0
3 Machinery and vehicles	2,253		2,052		(201)
4 Equipment	401		340		(60)
5 Land	6,075		6,075		—
6 Construction in progress	38		57		18
(Total tangible fixed assets)	13,624	22.0	13,193	20.8	(430)
(2) Intangible assets					
1 Software	1,301		1,173		(127)
2 Goodwill	—		233		233
3 Other intangible assets	43		14		(28)
(Total intangible assets)	1,344	2.2	1,422	2.3	77
(3) Investments and other assets					
1 Investment securities	8,866		7,162		(1,704)
2 Long-term loans receivable	1,780		1,221		(558)
3 Long-term prepaid expenses	117		78		(38)
4 Deferred tax assets	406		332		(73)
5 Other investments	1,429		1,247		(182)
Allowance for doubtful receivables	(1,419)		(121)		1,298
(Total investments and other assets)	11,181	18.0	9,921	15.6	(1,259)
Total fixed assets	26,150	42.2	24,537	38.7	(1,613)
Total assets	62,035	100.0	63,450	100.0	1,415

Item	142nd term (March 31, 2006)			143rd term (March 31, 2007)			Change	
	Amount (million yen)		Ratio (%)	Amount (million yen)		Ratio (%)	Amount (million yen)	
Liabilities								
I Current liabilities								
1 Notes payable		4,168			3,431			(737)
2 Accounts payable		11,462			15,070			3,607
3 Short-term borrowings		700			600			(100)
4 Current portion of long-term debt		2,652			3,145			493
5 Bonds for redemption within current year		500			1,000			500
6 Arrears		335			393			58
7 Accrued income taxes		846			40			(806)
8 Accrued expenses		1,750			1,566			(183)
9 Allowance for bonus payable		344			347			2
10 Reserve for bonuses to directors and corporate auditors		—			11			11
11 Other current liabilities		1,946			2,956			1,010
Total current liabilities		24,706	39.8		28,562	45.0		3,856
II Fixed liabilities								
1 Bonds		1,000			—			(1,000)
2 Long-term debt		6,445			6,200			(245)
3 Reserve for retirement allowance		4,357			3,870			(487)
4 Reserve for severance indemnities to directors and corporate auditors		212			252			40
5 Allowance for loss from investments		—			27			27
6 Guarantee deposits received		1,540			1,563			23
Total fixed liabilities		13,555	21.9		11,913	18.8		(1,641)
Total liabilities		38,262	61.7		40,476	63.8		2,214
Shareholders' equity								
I Common stock		6,855	11.1		—	—		—
II Capital surplus								
1 Additional paid-in capital		1,789			—			—
2 Other capital surplus								
(1) Profit from additional paid-in capital reduction	4,612			—			—	
(2) Profit from treasury stock disposal	66	4,678		—	—		—	—
Total capital surplus		6,468	10.4		—	—		—
III Retained earnings								
1 Voluntary reserve								
General reserve	5,800	5,800		—	—		—	—
2 Undistributed profit for the term		2,024			—			—
Total retained earnings		7,824	12.6		—	—		—
IV Unrealized gain (loss) on securities		3,380	5.4		—	—		—
V Treasury stock		(756)	(1.2)		—	—		—
Total shareholders' equity		23,773	38.3		—	—		—
Total liabilities and shareholders' equity		62,035	100.0		—	—		—

	142nd term (March 31, 2006)			143rd term (March 31, 2007)			Change	
Item	Amount (million yen)		Ratio (%)	Amount (million yen)		Ratio (%)	Amount (million yen)	
Net assets								
I Shareholders' equity								
(1) Common stock		—	—		6,855	10.8		—
(2) Capital surplus								
1 Additional paid-in capital	—			1,789			—	
2 Other capital surplus	—			4,679			—	
Total capital surplus		—	—		6,468	10.2		—
(3) Retained earnings								
Other retained earnings								
General reserve	—			6,300			—	
Retained earnings carried forward	—			1,860			—	
Total retained earnings		—	—		8,160	12.9		—
(4) Treasury stock		—	—		(911)	(1.5)		—
Total shareholders' equity		—	—		20,573	32.4		—
II Unrealized gain (loss) and equity adjustment from currency translation								
Unrealized gain (loss) on securities		—	—		2,400	3.8		—
Total unrealized gain (loss) and equity adjustment from foreign currency translation		—	—		2,400	3.8		—
Total net assets		—	—		22,974	36.2		—
Total liabilities and net assets		—	—		63,450	100.0		—

(2) Statements of Income

	Item	142nd term (From April 1, 2005 until March 31, 2006) Amount (million yen)		Ratio (%)	143rd term (From April 1, 2006 until March 31, 2007) Amount (million yen)		Ratio (%)	Change Amount (million yen)	
I	Net sales		55,804	100.0		58,905	100.0		3,101
II	Cost of sales		37,698	67.6		41,222	70.0		3,524
	Gross profit		18,106	32.4		17,683	30.0		(423)
III	Selling and administrative expenses		15,935	28.5		16,479	28.0		543
	Operating income		2,170	3.9		1,203	2.0		(967)
IV	Non-operating income								
	Interest income	29			39			10	
	Dividend income	117			164			47	
	Other non-operating income	340	486	0.9	326	530	0.9	(14)	43
V	Non-operating expenses								
	Interest expense	186			174			(11)	
	Other non-operating expenses	401	587	1.1	345	519	0.8	(56)	(67)
	Ordinary income		2,070	3.7		1,214	2.1		(856)
VI	Extraordinary income								
	Gain on sale of fixed assets	512			1			(511)	
	Gain on sale of investment securities	303			264			(39)	
	Adjustment for allowance for doubtful receivables	35			39			4	
	Compensation for delay in new system operations	197	1,048	1.9	—	304	0.5	(197)	(743)
VII	Extraordinary loss								
	Loss on sale of fixed assets	50			—			(50)	
	Loss on disposal of fixed assets	13			29			15	
	Impairment loss	74			—			(74)	
	Write-down of investment securities	2			82			80	
	Write-down of membership, etc.	4			21			17	
	Loss from bad debts	—			22			22	
	Loss from assistance for reorganization of affiliated company	—			53			53	
	Adjustment for allowance for doubtful receivables	497			—			(497)	
	Surcharge	267	909	1.6	—	209	0.4	(267)	(700)
	Income before income taxes		2,209	4.0		1,309	2.2		(899)
	Corporation tax, local inhabitants taxes, and enterprise taxes	1,047			40			(1,007)	
	Prior period adjustment	—			(70)			(70)	
	Deferred corporation tax	(69)	977	1.8	538	508	0.8	608	(468)
	Net income		1,231	2.2		801	1.4		(430)
	Surplus brought forward from previous term		792			—			—
	Undistributed profit for the term		2,024			—			—

(3) Statement of Changes in Shareholders' Equity, etc.
143rd term (from April 1, 2006 to March 31, 2007)

	Shareholders' equity						
	Common stock	Capital surplus		Retained earnings		Treasury stock	Total shareholders' equity
		Additional paid-in capital	Other capital surplus	Other retained earnings			
				General reserve	Retained earnings carried forward		
Balance as of March 31, 2006 (million yen)	6,855	1,789	4,678	5,800	2,024	(756)	20,392
Change in amount during consolidated fiscal year							
Dividend payment from retained earnings (Note)					(447)		(447)
Bonuses to directors and corporate auditors (Note)					(18)		(18)
General reserve aggregate (Note)				500	(500)		
Net income					801		801
Purchases of treasury stock						(155)	(155)
Disposal of treasury stock			0			0	0
Changes in items other than treasury stock during consolidated fiscal year (Net amount)							
Total amount of changes during consolidated fiscal year (million yen)	—	—	0	500	(164)	(155)	180
Balance as of March 31, 2007 (million yen)	6,855	1,789	4,679	6,300	1,860	(911)	20,573

	Unrealized gain (loss) and equity adjustment from currency translation, etc.		Total net assets
	Unrealized gain (loss) on securities	Total of unrealized gain (loss) and equity adjustment from currency translation	
Balance as of March 31, 2006 (million yen)	3,380	3,380	23,773
Change in amount during consolidated fiscal year			
Dividend payment from retained earnings (Note)			(447)
Bonuses to directors and corporate auditors (Note)			(18)
General reserve aggregate (Note)			
Net income			801
Purchases of treasury stock			(155)
Disposal of treasury stock			0
Changes in items other than treasury stock during consolidated fiscal year (Net amount)	(980)	(980)	(980)
Total amount of changes during consolidated fiscal year (million yen)	(980)	(980)	(799)
Balance as of March 31, 2007 (million yen)	2,400	2,400	22,974

Note: Items for appropriation of income approved at the regular general meeting of shareholders held in June 2006

6 Other matters

1 Changes of officers (as of June 28, 2007)

(1) Change of representatives of the Company
Not applicable.

(2) Changes of other directors
1) Retiring directors
Shinsuke Okada (Current position: Director and Senior Advisor)
To become Senior Advisor
Takashi Fukuoka (Current position: Managing Director)
To become Standing Auditor

2) Candidate for auditor
Takashi Fukuoka, Standing Auditor
(Current position: Managing Director)

3) Retiring auditor
Hisashi Ohyama
(Current position: Outside Auditor)

4) Promotion of directors

Senior Managing Director Executive Officer Chief Director of Manufacturing Headquarters	Yuji Fujita	(Current position: Managing Director Executive Officer Chief Director of Manufacturing Headquarters)
Senior Managing Director Executive Officer Chief Director of Sales Headquarters	Masataka Oda	(Current position: Managing Director Executive Officer Chief Director of Sales Headquarters)
Managing Director Executive Officer Chief Director of Administration Headquarters	Tadashige Yoshimori	(Current position: Director Executive Officer Chief Director of Administration Headquarters)

2 Changes of employees (As of June 28, 2007)

(1) Assumption of the office of executive officer

Executive Officer General Manager of Management Planning Department General Manager of General Affairs and Personnel Department	Motohiro Nagashima	(Current position: General Manager of Management Planning Department General Manager of General Affairs and Personnel Department)

(2) Changes of other employees
Not applicable.