

Second Quarter Results for Fiscal Year Ending March 31, 2011 [Japanese standard] (Consolidated)



November 2, 2010

Name	TOLI Corporation	Stock Exchange	Tokyo Stock Exchange and Osaka Securities Exchange	
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 submission of quarterly report	November 11, 2010			
Scheduled dividend payment start date				
Presence or absence of the creation of supplementary briefing materials for the quarterly results:	Absent			
Presence or absence of the holding of a briefing meeting for the quarterly results:	Absent			

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

1. Consolidated performance for second quarter of the term ending March 31, 2011 (April 1, 2010 - September 30, 2010)

(1) Consolidated results (cumulative totals) (% shows change from same quarter in previous year.)

	Net sales		Operating income		Ordinary income		Quarterly net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Second quarter of the term ending March 31, 2011	36,814	(4.5)	(434)	-	(407)	-	(403)	-
Second quarter of the term ending March 31, 2010	38,553	(13.2)	(226)	-	(266)	-	(214)	-

	Quarterly net income per share	Quarterly diluted net income per share
	yen	yen
Second quarter of the term ending March 31, 2011	(6.38)	-
Second quarter of the term ending March 31, 2010	(3.44)	-

(2) Consolidated assets

	Total assets	Net assets	Capital-to-asset ratio	Net asset per share
	million yen	million yen	%	yen
Second quarter of the term ending March 31, 2011	62,199	23,976	38.2	375.55
Year ended March 2010	64,961	24,930	38.0	390.52

(For reference)	Shareholders' equity	Second quarter of the term ending March 31, 2011	23,734 million yen
		Year ended March 2010	24,683 million yen

2. Dividend payments

(Date of record)	Annual dividends				
	End of first quarter	End of 2nd quarter	End of 3rd quarter	End of year	For the year
	yen	yen	yen	yen	yen
Year ended March 2010	-	0.00	-	5.00	5.00
Year ended March 2011	-	0.00	-	-	-
Year ended March 2011 (projection)	-	-	-	5.00	5.00

Note: Presence or absence of revisions to the forecast dividend payments in the quarter under review: absent

3. Consolidated performance forecasts for year ending March 2011 (April 1, 2010 - March 31, 2011)

(% shows change from previous year.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Full-year results	80,000	(1.6)	600	(47.6)	400	(63.5)	120	(76.3)	1.90

Note: Presence or absence of results forecast revisions in the quarter under review: Absent

4. Other matters (For details, please refer to "Other information" on page 3 of the "Supplementary Data".)

(1) Significant changes to subsidiaries during the current term: None

New: - companies (Company names:), Excluded: - companies (Company names:)

Note: This means whether or not there have been any changes in specified subsidiaries entailing a change in the scope of consolidation during the quarterly accounting period under review.

(2) Application of simplified accounting treatment or unique accounting treatment: Yes

Note: This means whether or not there has been any application of simplified accounting treatment or accounting treatment unique to the presentation of consolidated quarterly financial statements.

(3) Changes in accounting principles, procedures or statement methods, etc.

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

2) Changes other than 1) above: None

Note: This means whether or not there were any changes in accounting principles, procedures, or statement methods, etc., pertaining to the presentation of consolidated quarterly financial statements reported under the heading "Changes in the Significant Accounting Policies for the Preparation of Quarterly Consolidated Financial Statements".

(4) Number of shares outstanding (Ordinary stock)

1) Number of shares outstanding at end of year (including treasury stock)

Second quarter of the term ending March 31, 2011 66,829,249 shares

Year ended March 2010 66,829,249 shares

2) Number of treasury stock at end of year

Second quarter of the term ending March 31, 2011 3,630,020 shares

Year ended March 2010 3,621,054 shares

3) Average quantity of stock during term (Quarterly cumulative total)

Second quarter of the term ending March 31, 2011 63,203,768 shares

Second quarter of the term ended March 31, 2010 62,327,300 shares

* Presentation of matters regarding the state of implementation of quarterly review procedures

This presentation of quarterly results is not subject to the quarterly review procedures based on the Financial Instruments and Exchange Act and the review procedures for quarterly financial statements based on the Financial Instruments and Exchange Act have not been completed at the time of disclosure of this presentation of quarterly results.

* Explanations pertaining to adequate use of business performance projections and other special instructions

The business performance projections were established based on the information available as of the announcement date, and actual business performance figures may differ from the projections due to various factors.

○Supplementary data content

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1. Qualitative information on consolidated results and the like for the quarter under review

(1) Qualitative information on consolidated results

During the consolidated cumulative second quarter under review, trends towards economic recovery were apparent in the Japanese economy, including the improvement of corporate income and a rally in personal consumption, but concerns of a decline in domestic economic indicators rose sharply due to the advance of the strong yen. In the interior decoration industry, signs of the bottoming out of construction starts emerged, but demand for interior finishing work remained weak and the economic environment continued to be severe.

In this environment, the TOLI Group focused on sales activities connecting to the creation of demand and made efforts to improve business profitability based on "CHANGE AND CHALLENGE 2011", the Group's medium-term business plan. As a result, consolidated net sales for the cumulative second quarter under review came to 36,814 million yen (down 4.5% in comparison to the same period of the previous year), ordinary loss was 407 million yen (ordinary loss of 266 million yen for the same period of the previous year), and the consolidated quarterly net loss was 403 million yen (consolidated quarterly net loss of 214 million yen for the same period of the previous year). As for segment results, consolidated net sales in Product Business were 22,710 million yen while the segment loss was 238 million yen, and consolidated net sales in Interior Wholesaling and Installation Business were 24,764 million yen while the segment loss was 155 million yen.

In regard to sales trends, in the area of vinyl chloride flooring materials, sales of the "Royal Wood" and "Royal Stone" lines of highly designed vinyl floor tiles, which include a large number of Eco-Mark accredited products increased greatly at the same time as their launch. In the area of carpets, "Textile Floor TX-1000" (recipient of the 2010 Good Design award), a new fiber flooring material that fuses tile carpet backing technology with traditional flat woven surfaces, has received a high evaluation and is performing well. Furthermore, among purchased products, sales of interior metal goods such as blinds and curtain rails, etc., increased. However, the recovery of demand in the apartment block market has been delayed and sales of items such as slip-resistant vinyl sheet flooring for open corridors were lower than during the same period of the previous year.

In regard to the third quarter onwards, we are making our aim to further strengthen the development of business focused unerringly on market needs, centered on environmental responsiveness. In particular, the "GA-8800EM" tile carpet (recipient of the 2010 Good Design award) launched in August this year is attracting attention due to efforts to use recycled fiber from automobile airbags, while in the area of "contract curtains" for various types of facilities such as those involved in medicine, welfare and education, we are doing things like starting a new system that will recycle used curtains into curtain raw materials, and plan to increase profits while contributing to the formation of a recycling-oriented society.

- Notes: 1. Because we changed the segment classifications from the first quarter consolidated accounting period, no monetary comparisons with the same period of the previous year have been included in this section for each segment.
2. Segment results are presented including inter-segment transactions.

(2) Qualitative information on consolidated assets

Total assets at the end of the consolidated second quarter under review fell by 2,762 million yen from the end of the previous term to 62,199 million yen, owing to factors including a fall in cash and deposits associated with the compression of cash reserves, etc.

Liabilities decreased by 1,808 million yen from the end of the previous term to 38,222 million yen due to factors including declines in trade payables.

Net assets shrank by 954 million yen from the end of the previous term to 23,976 million yen as a result of developments including a reduction in retained earnings due to dividend payments and decreases in the valuation difference of other marketable securities, etc. due to declines in market prices for stocks.

(3) Qualitative information on consolidated forecasts

No changes have been made to the consolidated performance forecasts from the forecasts announced on April 30, 2010.

2. Other information

(1) Summary of significant changes to subsidiaries

No corresponding item exists.

(2) Summary of simplified accounting treatment and unique accounting treatment

1) Simplified accounting treatment

Calculation methods for corporate tax, deferred tax assets and deferred tax liabilities

Corporate tax amounts for payment are calculated in the method of limiting addition items, subtraction items and tax credit items to important ones.

Recoverability of deferred tax assets is determined with the use of forecasts for the future and tax planning used in the previous consolidated fiscal year because no significant change is recognized to have occurred in business conditions and the state of accrual concerning temporary differences since the end of the previous consolidated fiscal year.

2) Unique accounting treatment

No corresponding item existed.

(3) Summary of changes in accounting principles, procedures, or statement methods, etc.

(Application of the “Accounting Standard for Asset Retirement Obligations”)

TOLI Corporation has applied the “Accounting Standard for Asset Retirement Obligations” (Accounting Standards Board of Japan (ASBJ) Statement No.18, March 31, 2008) and the “Guidance on Accounting Standard for Asset Retirement Obligations” (ASBJ Guidance No.21, March 31, 2008) since the first quarter consolidated accounting period.

By doing so, operating loss and ordinary loss have each increased by 1 million yen and quarterly net loss before tax and other adjustments has increased by 84 million yen. The amount of change in asset retirement obligation through starting application of the Accounting Standard for Asset Retirement Obligations, etc. was 88 million yen.

(Application of the “Accounting Standard for Equity Method of Accounting for Investments” and the “Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method”)

TOLI Corporation has applied the “Accounting Standard for Equity Method of Accounting for Investments” (ASBJ Statement No.16, March 10, 2008) and the “Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method” (ASBJ PITF No.24, March 10, 2008) since the first quarter consolidated accounting period.

The impact exerted on profit and loss by doing so is minor.

3. Consolidated quarterly financial statements
 (1) Consolidated quarterly balance sheets

(Unit: million yen)

	End of consolidated second quarter of current fiscal year (September 30, 2010)	Condensed consolidated balance sheets as of the end of previous fiscal year (March 31, 2010)
Assets		
Current assets		
Cash and deposits	5,155	7,389
Notes and accounts receivable	20,891	22,542
Securities	814	714
Commodities and manufactured goods	6,527	5,596
Goods in process	899	776
Raw materials and stored goods	1,371	1,328
Deferred tax assets	556	412
Other current assets	1,346	814
Allowance for doubtful receivables	(246)	(254)
Total current assets	37,316	39,320
Fixed assets		
Tangible fixed assets		
Buildings and structures (Net amount)	5,864	6,034
Machinery and vehicles (Net amount)	2,092	2,270
Equipment (Net amount)	198	217
Land	8,672	8,685
Lease assets (Net amount)	158	153
Construction in progress	112	142
Total tangible fixed assets	17,099	17,504
Intangible assets		
Goodwill	115	150
Software	430	537
Lease assets	191	200
Other intangible assets	187	147
Total intangible assets	924	1,034
Investments and other assets		
Marketable securities and other investment securities	2,823	3,177
Long-term loans receivable	186	200
Deferred tax assets	2,060	1,894
Other assets	2,214	2,244
Allowance for doubtful receivables	(425)	(414)
Total investments and other assets	6,859	7,102
Total fixed assets	24,883	25,641
Total assets	62,199	64,961

(Unit: million yen)

	End of consolidated second quarter of current fiscal year (September 30, 2010)	Condensed consolidated balance sheets as of the end of previous fiscal year (March 31, 2010)
Liabilities		
Current liabilities		
Notes and accounts payable	18,838	20,487
Short-term borrowings	3,200	2,450
Accrued corporation taxes	106	113
Accrued expenses	1,174	1,202
Reserve for bonus payable	463	487
Other current liabilities	1,144	1,319
Total current liabilities	24,927	26,061
Fixed liabilities		
Long-term borrowings	6,600	7,500
Reserve for retirement allowance	4,098	4,066
Other fixed liabilities	2,597	2,402
Total fixed liabilities	13,295	13,969
Total liabilities	38,222	40,030
Net assets		
Shareholders' equity		
Paid in Capital	6,855	6,855
Capital surplus	6,423	6,423
Earned Surplus	11,060	11,780
Treasury stock	(855)	(853)
Total shareholders' equity	23,484	24,205
Unrealized gain (loss) and translation gain (loss)		
Unrealized gain (loss) on securities	249	478
Total unrealized gain (loss) and translation gain (loss)	249	478
Minority interests in consolidated subsidiaries	242	246
Total net assets	23,976	24,930
Total liabilities and net assets	62,199	64,961

(2) Consolidated quarterly statements of income
(for consolidated cumulative second quarter)

(Unit: million yen)

	Consolidated cumulative second quarter of previous fiscal year (From April 1, 2009 until September 30, 2009)	Consolidated cumulative second quarter of current fiscal year (From April 1, 2010 until September 30, 2010)
Net sales	38,553	36,814
Cost of sales	27,739	26,693
Gross profit	10,813	10,120
Selling and administrative expenses		
Freight and packing expenses	2,339	2,295
Advertising expenses	888	953
Provision for allowance for doubtful receivables	0	39
Salaries and bonuses	2,796	2,752
Provision for allowance for bonuses	409	321
Retirement allowance expenses	377	325
Depreciation and amortization	529	382
Other expenses	3,698	3,484
Total selling and administrative expenses	11,040	10,555
Operating loss	(226)	(434)
Non-operating income		
Interest income	6	5
Dividend income	29	34
Purchase discount	35	34
Profit on equity method investment	-	2
Other income	94	135
Total non-operating income	166	212
Non-operating expenses		
Interest expense	104	102
Sales discount	52	50
Loss on equity method investment	3	-
Other expenses	45	32
Total non-operating expense	206	185
Ordinary loss	(266)	(407)

(Unit: million yen)

	Consolidated cumulative second quarter of previous fiscal year (From April 1, 2009 until September 30, 2009)	Consolidated cumulative second quarter of current fiscal year (From April 1, 2010 until September 30, 2010)
Extraordinary income		
Gain on sale of investment securities	-	8
Adjustment for allowance for doubtful receivables	36	32
Total extraordinary income	36	40
Extraordinary loss		
Loss on disposal of fixed assets	-	0
Loss on retirement of fixed assets	30	27
Impairment loss	-	16
Loss on sale of investment securities	1	-
Write-down of investment securities	14	0
Value of impact associated with the application of the "Accounting Standard for Asset Retirement Obligations"	-	82
Total extraordinary loss	46	127
Quarterly net loss before tax and other adjustments	(277)	(495)
Corporation tax, local inhabitants taxes, and enterprise taxes	104	64
Deferred corporation tax	(166)	(154)
Total corporation and other taxes	(61)	(90)
Quarterly net loss prior to adjustment for minority interests loss	-	(404)
Minority interests loss	(1)	(1)
Quarterly net loss	(214)	(403)

(3) Consolidated quarterly statements of cash flows

(Unit: million yen)

	Consolidated cumulative second quarter of previous fiscal year (From April 1, 2009 until September 30, 2009)	Consolidated cumulative second quarter of current fiscal year (From April 1, 2010 until September 30, 2010)
Cash flows from operating activities		
Quarterly net loss before tax and other adjustments	(277)	(495)
Depreciation and amortization	951	774
Impairment loss	-	16
Loss on disposal of fixed assets	30	27
Profit or loss of disposal of investment securities (brackets denote a profit)	-	(8)
Profit or loss on revaluation of investment securities (brackets denote a profit)	14	0
Change in allowance for doubtful receivables (brackets denote a decrease)	(66)	2
Change in reserve for retirement allowance (brackets denote a decrease)	(46)	31
Interest and dividend income	(36)	(40)
Interest expense	104	102
Change in trade receivables (brackets denote an increase)	5,293	1,636
Change in inventories (brackets denote an increase)	435	(1,097)
Change in trade payables (brackets denote a decrease)	(3,925)	(1,658)
Other	21	(325)
Sub total	2,500	(1,033)
Interest and dividend received	36	40
Interest paid	(104)	(101)
Income taxes paid	(166)	(47)
Cash flows from operating activities	2,266	(1,141)
Cash flows from investing activities		
Expenditure for acquisition of investment securities	-	(99)
Expenditure for acquisition of tangible fixed assets	(787)	(275)
Expenditure for acquisition of intangible fixed assets	(243)	(53)
Expenditure for acquisition of investment securities	(41)	(44)
Proceeds from sale of investment securities	0	36
Increase in loans	(63)	(54)
Income from loan collection	24	23
Other	(103)	87
Cash flows from investing activities	(1,214)	(380)
Cash flows from financing activities		
Net repayment in short-term borrowings (brackets denote a decrease)	(300)	(50)
Extension of long-term debt	300	900
Repayment of long-term debt	(400)	(1,000)
Dividends paid	(436)	(316)
Other	(141)	(246)
Cash flows from financing activities	(977)	(712)

	Consolidated cumulative second quarter of previous fiscal year (From April 1, 2009 until September 30, 2009)	Consolidated cumulative second quarter of current fiscal year (From April 1, 2010 until September 30, 2010)
Change in cash and cash equivalents (brackets denote a decrease)	73	(2,233)
Cash and cash equivalents at beginning of year	6,155	8,041
Cash and cash equivalents at end of quarter	6,228	5,807

- (4) Notes on going concern assumption
No corresponding item existed.

(5) Segment information

1. Summary of reporting segment

The Company's reporting segments consist of the constituent units of the TOLI Group, which can be obtained separate financial information and are subject to the regular investigation of the Board of Directors to determine results of the distribution of management resources and evaluate performances.

The TOLI Group conducts operations from the manufacturer and purchase of interior products centered on interior decoration materials, to their sale and installation, and is composed of the two segments "Product Business" and "Interior Wholesaling and Installation Business".

In "Product Business", apart from TOLI Corporation, affiliated companies under the control of the Company's Manufacturing Headquarters manufacture interior decoration products such as vinyl chloride flooring materials and carpets, etc., and carry out maintenance on interior decoration materials related to that, as well as services such as product inventory control and delivery, etc. In "Interior Wholesaling and Installation Business", affiliated companies that manage sales operations carry out work such as the purchase and sale of interior decoration-related materials and installation, etc.

2. Information on the values of net sales and profit or loss by each reporting segment

Consolidated cumulative second quarter of current fiscal year (From April 1, 2010 until September 30, 2010)

(Unit: million yen)

	Reporting segment			Adjusted value Note 1	Value posted on the quarterly consolidated profit and loss statement Note 2
	Product Business	Interior Wholesaling and Installation Business	Total		
Net sales					
Net sales to external customers	12,207	24,606	36,814	-	36,814
Internal sales or transfers among segments	10,503	157	10,661	(10,661)	-
Total net sales	22,710	24,764	47,475	(10,661)	36,814
Segment loss	(238)	(155)	(393)	(14)	(407)

Notes: 1 The adjusted value of 14 million yen for segment loss is due to the inter-segment transaction cancellation method.

2 Adjustments are made with ordinary loss in the quarterly consolidated profit and loss statement for segment loss.

3. Information on fixed asset impairment losses and goodwill, etc. for each reporting segment

(Significant impairment losses related to fixed assets)

In Interior Wholesaling and Installation Business, the decline of market prices was marked for some real estate for rent and the recovery of the value of investment is forecast to be difficult. Consequently, book values were reduced to the recoverable values and the values of the reductions in question were posted under extraordinary loss as an impairment loss. Moreover, the posted value of the impairment loss in question was 16 million yen in the second quarter consolidated cumulative accounting period under review, which breaks down into 12 million yen for land and 3 million yen for buildings and structures.

(Additional information)

TOLI Corporation has applied the "Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Statement No.17, Revised March 27, 2009) and the "Guidance on the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Guidance No.20, March 21, 2008) since the first quarter consolidated accounting period.

- (6) Notes on significant changes in shareholders' equity

No corresponding item exists.