



## Second Quarter Results for Fiscal Year Ending March 31, 2012 [Japanese standard]

(Consolidated)

November 2, 2011

Company name **TOLI Corporation**

Stock Exchanges: Tokyo, Osaka

Code number 7971

URL <http://www.toli.co.jp>

Representative of Company (Position) President and Representative Director (Name) Kenji Kashihara

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Date scheduled for submission of quarterly report November 11, 2011

Scheduled date for start of dividend payments -

Preparation of supplementary explanatory materials for the quarterly results: : None

Holding of a briefing on the quarterly results: : None

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

### 1. Consolidated performance for the second quarter of the term ending March 31, 2012 (April 1, 2011 - September 30, 2011)

#### (1) Consolidated results (cumulative) (% shows change from the same quarter of the previous year)

	Net sales		Operating profit		Ordinary profit		Quarterly net profit	
	million yen	%	million yen	%	million yen	%	million yen	%
Second quarter of the term ending March 31, 2012	36,878	0.2	(454)	-	(473)	-	(344)	-
Second quarter of the term ending March 31, 2011	36,814	(4.5)	(434)	-	(407)	-	(403)	-

(Note) Total comprehensive income 2nd quarter of the term ending March 31, 2012 (513 million yen) (\_\_) 2nd quarter of the term ending March 31, 2011 (633 million yen) (\_\_)

	Quarterly net income per share	Diluted quarterly net income per share
Second quarter of the term ending March 31, 2012	yen (5.54)	yen -
Second quarter of the term ending March 31, 2011	(6.38)	-

#### (2) Consolidated assets

	Total assets		Net assets		Capital-to-asset ratio	
	million yen		million yen		%	
Second quarter of the term ending March 31, 2012	60,223		23,714		39.0	
Year ended March 2011	64,152		24,542		37.9	

(For reference) Shareholders' equity 2nd quarter of the term ending March 31, 2012 23,469 million yen  
Year ended March 2011 24,299 million yen

### 2. Dividend payments

	Annual dividend				
	End 1st quarter	End 2nd quarter	End 3rd quarter	End of year	Total
Year ended March 2011	yen -	yen 0.00	yen -	yen 5.00	yen 5.00
Year ended March 2012	-	0.00	-	5.00	5.00
Year ended March 2012 (projection)	-	-	-	5.00	5.00

(Note) Correction since most recently announced dividend forecast: None

### 3. Consolidated performance forecasts for year ending March 2012 (April 1, 2011 - March 31, 2012)

(% shows change from previous term)

	Net sales		Operating profit		Ordinary profit		Current term net profit		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Full term	82,000	3.0	900	(2.1)	800	(7.8)	400	46.0	6.43

(Note) Correction since most recently announced results forecast: None

4. Others

- (1) Significant changes to subsidiaries during the current quarterly cumulative consolidated period (transfers of specified subsidiaries entailing a change in the scope of consolidation): None
- (2) Application of special accounting procedures during the preparation of quarterly consolidated financial statements: None
- (3) Changes in accounting policy/ changes in accounting estimates/ correction and representation
- 1) Changes in accounting policy associated with a revision of accounting standards, etc. : None
  - 2) Changes in accounting policy other than 1) : None
  - 3) Changes in accounting estimates : None
  - 4) Correction and representation : None

(4) Number of outstanding shares (common shares)

1) Number of outstanding shares at end of year (including treasury stock)	2nd quarter, term ending March 31, 2012	66,829,249 shares	Year ended March 2011	66,829,249 shares
2) Number of shares in treasury stock at end of year	2nd quarter, term ending March 31, 2012	4,605,567 shares	Year ended March 2011	4,603,721 shares
3) Average number of common stock shares during the period (quarterly cumulative)	2nd quarter, term ending March 31, 2012	62,224,654 shares	2nd quarter, term ending March 31, 2011	63,203,768 shares

\* Presentation of the state of implementation of quarterly review procedures

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

\* Explanation and other special instructions concerning the appropriate use of performance projections

These performance projections were prepared based on the information available as of the time of presentation, and actual business performance figures may differ from the projections due to various factors.

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## 1. Qualitative information concerning the quarterly results

### (1) Qualitative information concerning consolidated results

Although improvement from the economic downturn due to the impact of the Great East Japan Earthquake was apparent in the Japanese economy during the second quarter under review, the sense of uncertainty over the future of the employment environment and corporate results strengthened further due to persistent price decreases, the strong yen and low share prices, and the nationwide shortage of electricity associated with the cessation of operation of nuclear power stations, etc. In the interior decoration industry, the management environment was difficult because raw material costs were at high levels and interior finishing work trends weakened due to the impact of the earthquake disaster.

It was in such circumstances that the TOLI Group made efforts to generate demand and improve the profitability of the business based on the medium term business plan Change & Challenge 2011. As a result, sales during the second quarter under review were 36,878 million yen (0.2 % increase YoY), ordinary loss was 473 million yen (ordinary loss of 407 million yen for the same period of the previous year) and net loss was 344 million yen (net loss of 403 million yen for the same period of the previous year).

Segment performance was as follows. This information includes business between segments.

#### < Product business >

In vinyl chloride flooring, sales of highly functional products such as NS TOWARE, a slip-preventing flooring sheet for use in toilets that does not require wax maintenance and has a flat surface, etc., increased. In the carpet area, TOLI FABRIC FLOOR SMIFEEL, a tiled carpet product for homes that received the 2011 Good Design Award, was warmly received due to its design characteristics and comfort, etc., and sales performed steadily. However, due to factors such as the weakness of office construction starts, etc., sales of general purpose tile carpet products were below sales for the previous year, with Product business sales finishing at 22,341 million yen (1.6 % decrease YoY) for a segment loss of 448 million yen (segment loss of 238 million yen for the same period of the previous year).

#### < Interior wholesaling and installation business >

Interior hardware and construction/ equipment-related products such as blinds and curtain rails, etc., performed steadily at sales subsidiaries, etc., and the sales of those products stabilized, with sales in Interior wholesaling and installation business finishing at 24,756 million yen (0.0 % decrease YoY) for a segment loss of 9 million yen (segment loss of 155 million yen for the same period of the previous year).

### (2) Qualitative information concerning consolidated assets

Total assets at the end of the second quarter consolidated accounting period under review decreased 3,928 million yen in comparison to the end of the previous term to 60,223 million yen due to a decrease in receivables in association with seasonal fluctuations, etc.

Liabilities decreased 3,101 million yen in comparison to the end of the previous term to 36,508 million yen due to a decrease in accounts payable, etc.

Net assets decreased 827 million yen in comparison to the end of the previous term to 23,714 million yen, due to a decrease in the earned surplus arising from the payment of dividends, and a decrease in the valuation differences of other securities arising from the decline of stock prices.

### (3) Qualitative information concerning consolidated performance projections

There have been no changes from the consolidated performance projection figures announced publicly on May 10, 2011.

## 2. Matters concerning summary information (others)

### (1) Significant changes to subsidiaries during the current quarterly cumulative consolidated period

No corresponding item exists.

### (2) Application of special accounting procedures during the preparation of quarterly consolidated financial statements

No corresponding item exists.

### (3) Changes in accounting policies/ changes in accounting estimates/ correction and representation

No corresponding item exists.

3. Quarterly consolidated financial statements

(1) Quarterly consolidated balance sheets

(Unit: million yen)

	Previous consolidated fiscal year (March 31, 2011)	2nd quarter consolidated accounting period under review (September 30, 2011)
Assets		
Current assets		
Cash and deposits	5,132	5,843
Notes and accounts receivable	24,838	20,068
Securities	714	715
Goods and products	5,946	6,264
Work-in-progress	808	844
Raw materials and stored goods	1,249	1,383
Deferred tax assets	490	729
Others	861	1,049
Allowance for doubtful receivables	(283)	(285)
Total current assets	39,759	36,611
Fixed assets		
Tangible fixed assets		
Buildings and structures (Net amount)	5,599	5,428
Machinery and vehicles (Net amount)	1,835	1,614
Equipment (Net amount)	158	132
Land	8,672	8,672
Lease assets (net)	137	116
Construction in progress	102	182
Total tangible fixed assets	16,506	16,147
Intangible assets		
Goodwill	78	43
Software	470	431
Lease assets	165	139
Others	78	62
Total intangible assets	792	676
Investments and other assets		
Investment securities	3,332	3,046
Long-term loans receivable	174	157
Deferred tax assets	1,824	1,903
Others	2,092	2,003
Allowance for doubtful receivables	(331)	(323)
Total investments and other assets	7,093	6,787
Total fixed assets	24,393	23,611
Total assets	64,152	60,223

(Unit: million yen)

	Previous consolidated fiscal year (March 31, 2011)	2nd quarter consolidated accounting period under review (September 30, 2011)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable	20,660	18,141
Short-term borrowings	3,317	3,213
Accrued corporation taxes	302	71
Accrued expenses	1,326	1,208
Reserve for bonus payable	499	458
Reserve for disaster losses	13	28
Others	1,133	1,357
<b>Total current liabilities</b>	<b>27,252</b>	<b>24,478</b>
<b>Fixed liabilities</b>		
Long-term borrowings	5,800	5,600
Reserve for retirement allowance	4,052	4,083
Others	2,505	2,346
<b>Total fixed liabilities</b>	<b>12,357</b>	<b>12,030</b>
<b>Total liabilities</b>	<b>39,610</b>	<b>36,508</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital	6,855	6,855
Capital surplus	6,423	6,423
Earned surplus	11,738	11,082
Treasury stock	(1,015)	(1,016)
<b>Total shareholders' equity</b>	<b>24,001</b>	<b>23,345</b>
<b>Accumulated other comprehensive income</b>		
Unrealized gain (loss) on securities	298	124
<b>Total accumulated other comprehensive income</b>	<b>298</b>	<b>124</b>
<b>Minority interests</b>	<b>242</b>	<b>244</b>
<b>Total net assets</b>	<b>24,542</b>	<b>23,714</b>
<b>Total liabilities and net assets</b>	<b>64,152</b>	<b>60,223</b>

(2) Quarterly consolidated statement of income and quarterly consolidated statement of comprehensive income  
 (Quarterly consolidated statement of income)  
 (2nd quarter consolidated cumulative period)

(Unit: million yen)

	Previous 2nd quarter consolidated cumulative period (From April 1, 2010 to September 30, 2010)	2nd quarter consolidated cumulative period under review (From April 1, 2011 to September 30, 2011)
Net sales	36,814	36,878
Cost of sales	26,693	27,290
Gross profit	10,120	9,587
Selling and general administrative expenses	10,555	10,041
Operating profit (loss)	(434)	(454)
Non-operating income		
Interest income	5	5
Dividends income	34	35
Purchase discount	34	34
Investment return on equity method investment	2	9
Others	135	99
Total non-operating income	212	184
Non-operating expenses		
Interest expense	102	93
Sales discounts	50	52
Others	32	57
Total non-operating expense	185	203
Ordinary profit (loss)	(407)	(473)
Extraordinary income		
Gain on sale of investment securities	8	-
Adjustment for allowance for doubtful receivables	32	-
Total extraordinary income	40	-
Extraordinary loss		
Loss on disposal of fixed assets	27	4
Impairment losses	16	-
Write-down of memberships	-	5
Effect of application of Accounting Standard for Asset Retirement Obligations	82	-
Losses due to disaster	-	17
Others	1	0
Total extraordinary loss	127	27
Quarterly net income (loss) before income taxes and others	(495)	(501)
Corporation tax, local inhabitants taxes, and enterprise taxes	64	35
Deferred corporation tax	(154)	(197)
Total corporation and other taxes	(90)	(162)
Profit (loss) before minority interests	(404)	(339)
Minority interests or minority (losses)	(1)	5
Quarterly net income (loss)	(403)	(344)

(Quarterly consolidated statement of comprehensive income)  
(2nd quarter consolidated cumulative period)

(Unit: million yen)

	Previous 2nd quarter consolidated cumulative period (From April 1, 2010 to September 30, 2010)	2nd quarter consolidated cumulative period under review (From April 1, 2011 to September 30, 2011)
Profit (loss) before minority interests	(404)	(339)
Other comprehensive income		
Unrealized gain (loss) on securities	(228)	(173)
Total other comprehensive income	(228)	(173)
Quarterly comprehensive income	(633)	(513)
(Breakdown)		
Quarterly comprehensive income related to shareholders of the parent company	(631)	(518)
Quarterly comprehensive income related to minority shareholders	(1)	5



## (3) Quarterly consolidated statements of cash flows

(Unit: million yen)

	Previous 2nd quarter consolidated cumulative period (From April 1, 2010 to September 30, 2010)	2nd quarter consolidated cumulative period under review (From April 1, 2011 to September 30, 2011)
Cash flows from operating activities		
Quarterly net income (loss) before income taxes and others	(495)	(501)
Depreciation	774	679
Impairment losses	16	-
Loss on disposal of fixed assets	27	4
Gain or loss on sale of investment securities (brackets denote a gain)	(8)	-
Change in allowance for doubtful receivables (brackets denote a decrease)	2	(6)
Change in reserve for retirement allowance (brackets denote a decrease)	31	31
Interest and dividend income	(40)	(40)
Interest expense	102	93
Change in trade receivables (brackets denote an increase)	1,636	4,769
Change in value of inventory assets (brackets denote an increase)	(1,097)	(486)
Change in trade payables (brackets denote a decrease)	(1,658)	(2,521)
Others	(324)	137
Sub total	(1,033)	2,158
Interest and dividend received	40	45
Interest paid	(101)	(95)
Corporation taxes, etc., paid	(47)	(241)
Cash flows from operating activities	(1,141)	1,867
Cash flows from investing activities		
Expenditure on the acquisition of securities	(99)	-
Expenditure on the acquisition of tangible fixed assets	(275)	(205)
Expenditure on the acquisition of intangible fixed assets	(53)	(33)
Expenditure on the acquisition of investment securities	(44)	(1)
Income from the sale of investment securities	36	-
Expenditure on loans	(54)	(174)
Income from the return of loans receivable	23	142
Others	87	24
Cash flows from investing activities	(380)	(248)
Cash flows from financing activities		
Net repayment in short-term borrowings (brackets denote a decrease)	(50)	95
Extension of long-term borrowings	900	1,400
Repayment of long-term borrowings	(1,000)	(1,800)
Dividends paid	(316)	(311)
Others	(246)	(290)
Cash flows from financing activities	(712)	(906)
Effect of exchange rate changes on cash and cash equivalents	-	(0)
Change in cash and cash equivalents (brackets denote a decrease)	(2,233)	711
Cash and cash equivalents at beginning of year	8,041	5,784
Cash and cash equivalents at end of quarter	5,807	6,496

(4) Notes on the assumption of the company as a going concern

No corresponding item exists.

(5) Segment information, etc.

Information on the sales and income/ loss of each reporting segment

Previous 2nd quarter consolidated cumulative period (from April 1, 2010 to September 30, 2010)

(Unit: million yen)

	Reporting segment			Adjustment (Note) 1	Quarterly consolidated statements of income posted value (Note) 2
	Product business	Interior wholesaling and instllation business	Total		
Net sales					
Sales to external customers	12,207	24,606	36,814	-	36,814
Internal sales between segments or transfers	10,503	157	10,661	(10,661)	-
Total	22,710	24,764	47,475	(10,661)	36,814
Segment income (loss)	(238)	(155)	(393)	(14)	(407)

(Note) 1. The segment loss adjustment of (14 million yen) is due to the cancellation of transactions between segments.

2. Segment loss has been adjusted with the ordinary loss of the quarterly consolidated statement of income.

2nd quarter consolidated cumulative period under review (from April 1, 2011 to September 30, 2011)

(Unit: million yen)

	Reporting segment			Adjustment (Note) 1	Quarterly consolidated statements of income posted value (Note) 2
	Product business	Interior wholesaling and instllation business	Total		
Net sales					
Sales to external customers	12,257	24,620	36,878	-	36,878
Internal sales between segments or transfers	10,084	136	10,220	(10,220)	-
Total	22,341	24,756	47,098	(10,220)	36,878
Segment income (loss)	(448)	(9)	(458)	(15)	(473)

(Note) 1. The segment loss adjustment of (15 million yen) is due to the cancellation of transactions between segments.

2. Segment loss has been adjusted with the ordinary loss of the quarterly consolidated statement of income.

(6) Special notes in the event of significant changes in the value of shareholders' equity

No corresponding item exists.