



## Second Quarter Results for Fiscal Year Ending March 31, 2013 [Japanese standard]

(Consolidated)

November 5, 2012

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) Motohiro Nagashima

Official responsible for inquiries

(Position) Executive Officer and General Manager of Accounting and Finance Department

(Name) Jun Suzuki

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Date scheduled for submission of quarterly report

November 13, 2012

Scheduled date for start of dividend payment

-

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, 2013 (April 1, 2012 - September 30, 2012)

(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, 2013	39,620	7.4	314	-	322	-	70	-
Second quarter of the term ending March 31, 2012	36,878	0.2	(454)	-	(473)	-	(344)	-

(Note) Total comprehensive income 2nd quarter of the term ending March 31, 2013 (79 million yen) (\_\_\_%) 2nd quarter of the term ending March 31, 2012 (513 million yen) (\_\_\_%)

	Quarterly net income per share	Diluted quarterly net income per share
	yen	yen
Second quarter of the term ending March 31, 2013	1.13	-
Second quarter of the term ending March 31, 2012	(5.54)	-

(2) Consolidated assets

	Total assets	Net assets	Capital-to-asset ratio
	million yen	million yen	%
Second quarter of the term ending March 31, 2013	63,102	24,116	37.9
Year ended March 2012	65,373	24,509	37.2

(For reference) Shareholders' equity

2nd quarter of the term ending March 31, 2013

23,915 million yen

Year ended March 2012

24,311 million yen

2. Dividend payments

	Annual dividend				
	End 1st quarter	End 2nd quarter	End 3rd quarter	End of year	Total
	yen	yen	yen	yen	yen
Year ended March 2012	-	0.00	-	5.00	5.00
Year ended March 2013	-	0.00			
Year ended March 2013 (projection)			-	5.00	5.00

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

3. Consolidated performance forecasts for year ending March 2013 (April 1, 2012 - March 31, 2013)

(% 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	84,500	4.5	1,900	63.6	1,750	68.7	850	200.2	13.66

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

\* Note

(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. | : Yes  |
| 2) Changes in accounting policy other than 1)  | : None |
| 3) Changes in accounting estimates   | : Yes  |
| 4) Correction and representation   | : None |

(Note) For details, please refer to "2. Matters related to summary information (notes) (3) Changes in accounting policies/ changes in accounting estimates/ correction and representation" on page 2 of the supplementary material.

(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, 2013	66,829,249 shares	Year ended March 2012	66,829,249 shares
2) Number of shares in treasury stock at end of year	2nd quarter, term ending March 31, 2013	4,611,156 shares	Year ended March 2012	4,607,412 shares
3) Average number of common stock shares during the period (quarterly cumulative)	2nd quarter, term ending March 31, 2013	62,219,936 shares	2nd quarter, term ending March 31, 2012	62,224,654 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

Any statements concerning the future such as the results forecasts, etc., included in these materials are based on the information available to the company at the present time and on fixed assumptions judged to be reasonable, and the company in no way promises their achievement. Furthermore, it is possible that actual results, etc., could differ greatly due to various factors.

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1. Qualitative information concerning the quarterly results

(1) Qualitative information concerning consolidated results

Although a mild recovery was apparent in personal consumption and facility investment in the Japanese economy during the 2nd quarter under review, the economy grew weaker due to the impact of the global economic slowdown. In the interior decoration industry, raw material costs trended at high levels, but construction starts improved, albeit mildly, and demand for interior materials tended to increase.

In such circumstances, the TOLI Group focused on the creation of demand through the development of original products and positive proposal-based sales, promoted cost reductions and made efforts to increase profitability. As a result, net sales during the 2nd quarter under review were 39,620 million yen (7.4% increase YoY), operating profit was 314 million yen (operating loss of 454 million yen for the same period of the previous year), ordinary profit was 322 million yen (ordinary loss of 473 million yen for the same period of the previous year), and quarterly net profit was 70 million yen (net loss of 344 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, demand at medical and welfare facilities was steady and sales of the vinyl flooring sheet products "Hospileum" and "SF Floor" grew. In addition, sales of "NS800" slip-preventing flooring sheet for open corridors in apartment blocks and "NS Step 800" flooring material for stairways also performed well. In the carpet area, the "GX Series" and "Vary Series" of medium to high grade tile carpet products with good design characteristics performed well in association with the recovery of office demand. As a result, the net sales of the Product Business finished at 24,297 million yen (8.8% increase YoY) for a segment profit of 30 million yen (segment loss of 448 million yen for the same period of the previous year).

< Interior wholesaling and installation business >

In addition to sales of the company's products trending strongly at sales subsidiaries, construction/ equipment-related products also increased sales and with construction work performing strongly with the recovery of the market, the net sales of the interior wholesaling and installation business finished at 26,406 million yen (6.7% increase YoY) for a segment profit of 338 million yen (segment loss of 9 million yen for the same period of the previous year).

(2) Qualitative information concerning consolidated assets

Total assets at the end of the 2nd quarter consolidated accounting period under review decreased 2,271 million yen in comparison to the end of the previous term to 63,102 million yen due to a decrease in receivables in association with seasonal fluctuations.

Liabilities decreased 1,879 million yen in comparison to the end of the previous term to 38,985 million yen due to a decrease in accounts payable, etc.

Net assets decreased 392 million yen in comparison to the end of the previous term to 24,116 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 forecast figures announced publicly on September 19, 2012.

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 policy/ changes in accounting estimates/ correction and representation

(Changes in accounting policy that are difficult to distinguish from changes in accounting estimates)

The company and its consolidated subsidiaries changed to a depreciation method based on the amended Corporation Tax Act for tangible fixed assets acquired on or after April 1, 2012 from the first quarter of the current consolidated accounting period in association with the amendment of that act.

The impact on the profit and loss for the 2nd quarter consolidated cumulative period under review due to this change is minor.

3. Quarterly consolidated financial statements

(1) Quarterly consolidated balance sheets

(Unit: million yen)

	Previous consolidated fiscal year (March 31, 2012)	2nd quarter consolidated accounting period under review (September 30, 2012)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	5,319	6,625
Notes and accounts receivable	26,114	21,806
Securities	715	715
Goods and products	6,589	7,125
Work-in-progress	819	1,141
Raw materials and stored goods	1,273	1,414
Deferred tax assets	409	616
Others	987	1,163
Allowance for doubtful receivables	(368)	(369)
<b>Total current assets</b>	<b>41,860</b>	<b>40,241</b>
<b>Fixed assets</b>		
<b>Tangible fixed assets</b>		
Buildings and structures (Net amount)	5,256	5,119
Machinery and vehicles (Net amount)	1,588	1,639
Equipment (Net amount)	142	178
Land	8,672	8,672
Lease assets (net)	110	98
Construction in progress	122	269
<b>Total tangible fixed assets</b>	<b>15,892</b>	<b>15,977</b>
<b>Intangible assets</b>		
Goodwill	33	25
Software	383	359
Lease assets	113	87
Others	75	49
<b>Total intangible assets</b>	<b>605</b>	<b>521</b>
<b>Investments and other assets</b>		
Investment securities	3,616	2,859
Long-term loans receivable	132	126
Deferred tax assets	1,548	1,525
Others	2,067	2,191
Allowance for doubtful receivables	(349)	(342)
<b>Total investments and other assets</b>	<b>7,014</b>	<b>6,361</b>
<b>Total fixed assets</b>	<b>23,513</b>	<b>22,861</b>
<b>Total assets</b>	<b>65,373</b>	<b>63,102</b>

(Unit: million yen)

	Previous consolidated fiscal year (March 31, 2012)	2nd quarter consolidated accounting period under review (September 30, 2012)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable	22,734	20,939
Short-term borrowings	3,209	3,010
Accrued corporation taxes	296	232
Accrued expenses	1,485	1,338
Reserve for bonus payable	479	545
Others	1,328	1,332
<b>Total current liabilities</b>	<b>29,534</b>	<b>27,398</b>
<b>Fixed liabilities</b>		
Long-term borrowings	5,010	5,210
Reserve for retirement allowance	4,089	4,099
Others	2,229	2,277
<b>Total fixed liabilities</b>	<b>11,329</b>	<b>11,586</b>
<b>Total liabilities</b>	<b>40,864</b>	<b>38,985</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital	6,855	6,855
Capital surplus	6,423	6,423
Earned surplus	11,710	11,469
Treasury stock	(1,016)	(1,016)
<b>Total shareholders' equity</b>	<b>23,972</b>	<b>23,731</b>
<b>Accumulated other comprehensive income</b>		
Unrealized gain (loss) on securities	338	183
<b>Total accumulated other comprehensive income</b>	<b>338</b>	<b>183</b>
<b>Minority interests</b>	<b>198</b>	<b>201</b>
<b>Total net assets</b>	<b>24,509</b>	<b>24,116</b>
<b>Total liabilities and net assets</b>	<b>65,373</b>	<b>63,102</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, 2011 to September 30, 2011)	2nd quarter consolidated cumulative period under review (From April 1, 2012 to September 30, 2012)
Net sales	36,878	39,620
Cost of sales	27,290	28,933
Gross profit	9,587	10,686
Selling and general administrative expenses	10,041	10,371
Operating profit or operating (loss)	(454)	314
Non-operating income		
Interest income	5	5
Dividends income	35	42
Purchase discount	34	37
Investment return on equity method investment	9	14
Others	99	89
Total non-operating income	184	190
Non-operating expenses		
Interest expense	93	75
Sales discounts	52	57
Others	57	49
Total non-operating expense	203	182
Ordinary profit or ordinary (loss)	(473)	322
Extraordinary loss		
Loss on disposal of fixed assets	4	12
Loss on appraisal of investment securities	-	130
Losses due to disaster	17	-
Others	6	5
Total extraordinary loss	27	148
Quarterly net profit before income taxes and others or quarterly net (loss) before income taxes and others	(501)	174
Corporation tax, local inhabitants taxes, and enterprise taxes	35	196
Deferred corporation tax	(197)	(97)
Total corporation and other taxes	(162)	98
Profit before minority interests or (loss) before minority interests	(339)	75
Minority interest	5	5
Quarterly net profit or quarterly net (loss)	(344)	70

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

(Unit: million yen)

	Previous 2nd quarter consolidated cumulative period (From April 1, 2011 to September 30, 2011)	2nd quarter consolidated cumulative period under review (From April 1, 2012 to September 30, 2012)
Profit before minority interests or (loss) before minority interests	(339)	75
Other comprehensive income		
Unrealized gain (loss) on securities	(173)	(155)
Total other comprehensive income	(173)	(155)
Quarterly comprehensive income	(513)	(79)
(Breakdown)		
Quarterly comprehensive income related to shareholders of the parent company	(518)	(84)
Quarterly comprehensive income related to minority shareholders	5	5



## (3) Quarterly consolidated statements of cash flows

(Unit: million yen)

	Previous 2nd quarter consolidated cumulative period (From April 1, 2011 to September 30, 2011)	2nd quarter consolidated cumulative period under review (From April 1, 2012 to September 30, 2012)
Cash flows from operating activities		
Quarterly net profit before income taxes and others or quarterly net (loss) before income taxes and others	(501)	174
Depreciation	679	595
Loss on disposal of fixed assets	4	12
Profit or loss on valuation of investment securities (brackets denote a gain)	-	130
Change in allowance for doubtful receivables (brackets denote a decrease)	(6)	(7)
Change in reserve for retirement allowance (brackets denote a decrease)	31	9
Interest and dividend income	(40)	(48)
Interest expense	93	75
Change in trade receivables (brackets denote an increase)	4,769	4,333
Change in value of inventory assets (brackets denote an increase)	(486)	(999)
Change in trade payables (brackets denote a decrease)	(2,521)	(1,872)
Others	137	(179)
Sub total	2,158	2,224
Interest and dividend received	45	53
Interest paid	(95)	(76)
Corporation taxes, etc., paid	(241)	(256)
Cash flows from operating activities	1,867	1,945
Cash flows from investing activities		
Expenditure on the acquisition of tangible fixed assets	(205)	(391)
Expenditure on the acquisition of intangible fixed assets	(33)	(27)
Expenditure on the acquisition of investment securities	(1)	(2)
Income from the redemption of investment securities	-	400
Expenditure on loans	(174)	(1,166)
Income from the return of loans receivable	142	1,138
Others	24	(102)
Cash flows from investing activities	(248)	(151)
Cash flows from financing activities		
Net repayment in short-term borrowings (brackets denote a decrease)	95	100
Extension of long-term borrowings	1,400	1,500
Repayment of long-term borrowings	(1,800)	(1,600)
Dividends paid	(311)	(311)
Others	(290)	(268)
Cash flows from financing activities	(906)	(579)
Effect of exchange rate changes on cash and cash equivalents	(0)	(8)
Change in cash and cash equivalents (brackets denote a decrease)	711	1,206
Cash and cash equivalents at beginning of year	5,784	5,972
Cash and cash equivalents at end of quarter	6,496	7,178

- (4) Notes on the assumption of the company as a going concern  
No corresponding item exists.
- (5) Special notes in the event of significant changes in the value of shareholders' equity  
No corresponding item exists.
- (6) Segment information, etc.

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

Previous 2nd quarter consolidated cumulative period (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 installation business	Total		
Net sales					
Sales to external customers	12,257	24,620	36,878	-	36,878
Internal net sales or transfers between segments	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.

2nd quarter consolidated cumulative period under review (from April 1, 2012 to September 30, 2012)

(Unit: million yen)

	Reporting segment			Adjustment (Note) 1	Quarterly consolidated statements of income posted value (Note) 2
	Product business	Interior wholesaling and installation business	Total		
Net sales					
Sales to external customers	13,409	26,211	39,620	-	39,620
Internal net sales or transfers between segments	10,887	195	11,083	(11,083)	-
Total	24,297	26,406	50,703	(11,083)	39,620
Segment profit	30	338	368	(45)	322

- (Note) 1 The segment profit adjustment of (45 million yen) is due to the cancellation of transactions between segments.  
2 Segment profit has been adjusted with the ordinary profit of the quarterly consolidated statement of income.