



Second Quarter Results for Fiscal Year Ending March 31, 2014 [Japanese standard] (Consolidated)

November 5, 2013

Company name TOLI Corporation Stock Exchanges: TSE
 Code number 7971 URL <http://www.toli.co.jp>
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 Date scheduled for submission of quarterly report November 12, 2013
 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, 2014 (April 1, 2013 - September 30, 2013)

(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, 2014	40,436	2.1	227	(27.8)	282	(12.5)	128	82.4
Second quarter of the term ending March 31, 2013	39,620	7.4	314	-	322	-	70	-

(Note) Total comprehensive income 2nd quarter of the term ending March 31, 2014 403 million yen (-%)
 2nd quarter of the term ending March 31, 2013 (79) million yen (-%)

	Quarterly net income per share	Diluted quarterly net income per share
	yen	yen
Second quarter of the term ending March 31, 2014	2.07	-
Second quarter of the term ending March 31, 2013	1.13	-

(2) Consolidated assets

	Total assets	Net assets	Capital-to-asset ratio
	million yen	million yen	%
Second quarter of the term ending March 31, 2014	63,206	25,666	40.3
Year ended March 2013	66,947	25,575	37.9

(For reference) 2nd quarter of the term ending March 31, 2014 25,456 million yen
 Shareholders' equity Year ended March 2013 25,369 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 2013	-	0.00	-	5.00	5.00
Year ended March 2014	-	0.00	-	-	-
Year ended March 2014 (projection)	-	-	-	5.00	5.00

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

3. Consolidated performance forecasts for year ending March 2014 (April 1, 2013 - March 31, 2014)

(% 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	87,500	3.0	1,950	1.0	1,950	1.4	1,050	1.1	16.88

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

* Notes

- (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, 2014	66,829,249 shares	Year ended March 2013	66,829,249 shares
2) Number of shares in treasury stock at end of year	2nd quarter, term ending March 31, 2014	4,615,632 shares	Year ended March 2013	4,613,800 shares
3) Average number of common stock shares during the period (quarterly cumulative)	2nd quarter, term ending March 31, 2014	62,214,751 shares	2nd quarter, term ending March 31, 2013	62,219,936 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) Explanation of management performance

In addition to the recovery of facility investment and personal consumption in the Japanese economy during the 2nd quarter under review, the movement towards economic recovery strengthened, including deflation improving mildly, etc. In the interior decoration industry, while the upward momentum of construction starts continued and demand for interior materials trended steadily, the management environment became difficult in terms of profits because raw material costs and energy costs increased.

In such circumstances, based on the medium term business plan "Innovation and Growth 2014," the TOLI Group focused on the creation of demand through the development of original products and positive proposal-based sales, and made efforts to increase profitability. As a result, net sales during the 2nd quarter under review were 40,436 million yen (2.1% increase YoY), operating profit was 227 million yen (27.8% decrease YoY), ordinary profit was 282 million yen (12.5% decrease YoY), and quarterly net profit was 128 million yen (82.4% increase YoY).

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

< Product business >

In vinyl flooring, sales of the vinyl sheet product "Hospileum NW" for medical and welfare facilities increased and the "Nonwaxleum Series," vinyl sheet with excellent durability, and the vinyl sheet "Bathna Series" for bathrooms trended steadily. In the carpet area, sales of the "Exchrome Series" of high grade print tile carpet products with excellent design characteristics and the "Fabric Floor" tile carpet products for residential use increased. As a result, the net sales of the Product Business finished at 24,673 million yen (1.5% increase YoY) for a segment profit of 96 million yen (219.9% increase YoY).

< Interior wholesaling and installation business >

In addition to sales of interior hardware such as blinds, etc., and purchases of construction materials and equipment-related products at sales subsidiaries increasing, installation sales also trended well. However, because of things like the profit ratio of installation business falling compared to the same period last year, the sales of the interior wholesaling and installation business finished at 26,448 million yen (0.2% increase YoY) for a segment profit of 261 million yen (22.8% decrease YoY).

(2) Explanation of the financial situation

Total assets at the end of the 2nd quarter consolidated accounting period under review decreased 3,741 million yen in comparison to the end of the previous term to 63,206 million yen due to a decrease in receivables in association with seasonal fluctuations, etc.

Liabilities decreased 3,831 million yen in comparison to the end of the previous term to 37,540 million yen due to a decrease in accounts payable, etc.

Net assets increased 90 million yen in comparison to the end of the previous term to 25,666 million yen, due to an increase in the valuation differences of other securities caused by the rise in stock prices, etc., even though there was a decrease in the earned surplus arising from the payment of dividends, etc.

(3) Explanation of future prediction information such as consolidated performance forecasts

There have been no changes from the consolidated performance forecast figures announced publicly on October 29, 2013.

2. Matters concerning summary information (notes)

(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

No corresponding item exists.

3. Quarterly consolidated financial statements

(1) Quarterly consolidated balance sheets

(Unit: million yen)

	Previous consolidated fiscal year (March 31, 2013)	2nd quarter consolidated accounting period under review (September 30, 2013)
Assets		
Current assets		
Cash and deposits	5,565	6,405
Notes and accounts receivable	26,134	21,179
Securities	715	716
Goods and products	7,154	7,118
Work-in-progress	1,196	975
Raw materials and stored goods	1,528	1,473
Deferred tax assets	491	532
Others	992	1,266
Allowance for doubtful receivables	(353)	(345)
Total current assets	43,424	39,323
Fixed assets		
Tangible fixed assets		
Buildings and structures (Net amount)	4,985	4,883
Machinery and vehicles (Net amount)	1,717	1,736
Equipment (Net amount)	205	180
Land	8,625	8,625
Lease assets (net)	83	59
Construction in progress	225	313
Total tangible fixed assets	15,841	15,799
Intangible assets		
Goodwill	18	10
Software	325	271
Lease assets	60	34
Others	178	230
Total intangible assets	582	548
Investments and other assets		
Investment securities	3,746	4,185
Long-term loans receivable	146	144
Deferred tax assets	1,077	878
Others	2,459	2,646
Allowance for doubtful receivables	(331)	(318)
Total investments and other assets	7,098	7,536
Total fixed assets	23,523	23,883
Total assets	66,947	63,206

(Unit: million yen)

	Previous consolidated fiscal year (March 31, 2013)	2nd quarter consolidated accounting period under review (September 30, 2013)
Liabilities		
Current liabilities		
Notes and accounts payable	22,680	19,522
Short-term borrowings	1,610	611
Accrued corporation taxes	546	167
Accrued expenses	1,498	1,382
Reserve for bonus payable	583	600
Others	1,521	1,438
Total current liabilities	28,439	23,723
Fixed liabilities		
Long-term borrowings	6,610	7,410
Reserve for retirement allowance	4,002	4,004
Others	2,319	2,402
Total fixed liabilities	12,932	13,816
Total liabilities	41,372	37,540
Net assets		
Shareholders' equity		
Capital	6,855	6,855
Capital surplus	6,423	6,423
Earned surplus	12,437	12,255
Treasury stock	(1,017)	(1,017)
Total shareholders' equity	24,699	24,516
Accumulated other comprehensive income		
Unrealized gain (loss) on securities	670	939
Total accumulated other comprehensive income	670	939
Minority interests	205	210
Total net assets	25,575	25,666
Total liabilities and net assets	66,947	63,206

(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, 2012 to September 30, 2012)	2nd quarter consolidated cumulative period under review (From April 1, 2013 to September 30, 2013)
Net sales	39,620	40,436
Cost of sales	28,933	29,820
Gross profit	10,686	10,615
Selling and general administrative expenses	10,371	10,388
Operating profit	314	227
Non-operating income		
Interest income	5	5
Dividends income	42	46
Purchase discount	37	39
Others	104	115
Total non-operating income	190	206
Non-operating expenses		
Interest expense	75	63
Sales discounts	57	57
Others	49	29
Total non-operating expense	182	151
Ordinary profit	322	282
Extraordinary loss		
Loss on disposal of fixed assets	12	7
Write-down of investment securities	130	-
Others	5	-
Total extraordinary loss	148	7
Quarterly net profit before income taxes and others	174	275
Corporation tax, local inhabitants taxes, and enterprise taxes	196	132
Deferred corporation tax	(97)	8
Total corporation and other taxes	98	140
Quarterly net profit before minority interests	75	134
Minority interest	5	5
Quarterly net profit	70	128

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

(Unit: million yen)

	Previous 2nd quarter consolidated cumulative period (From April 1, 2012 to September 30, 2012)	2nd quarter consolidated cumulative period under review (From April 1, 2013 to September 30, 2013)
Quarterly net profit before minority interests	75	134
Other comprehensive income		
Unrealized gain (loss) on securities	(155)	268
Total other comprehensive income	(155)	268
Quarterly comprehensive income	(79)	403
(Breakdown)		
Quarterly comprehensive income related to shareholders of the parent company	(84)	397
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, 2012 to September 30, 2012)	2nd quarter consolidated cumulative period under review (From April 1, 2013 to September 30, 2013)
Cash flows from operating activities		
Quarterly net profit before income taxes and others	174	275
Depreciation	595	584
Loss on disposal of fixed assets	12	7
Gain or loss on appraisal of investment securities (brackets denote a gain)	130	-
Change in allowance for doubtful receivables (brackets denote a decrease)	(7)	(20)
Change in reserve for retirement allowance (brackets denote a decrease)	9	2
Interest and dividend income	(48)	(51)
Interest expense	75	63
Change in trade receivables (brackets denote an increase)	4,333	4,970
Change in value of inventory assets (brackets denote an increase)	(999)	311
Change in trade payables (brackets denote a decrease)	(1,872)	(3,149)
Others	(179)	(257)
Sub total	<u>2,224</u>	<u>2,735</u>
Interest and dividend received	53	51
Interest paid	(76)	(63)
Corporation taxes, etc., paid	(256)	(517)
Cash flows from operating activities	<u>1,945</u>	<u>2,205</u>
Cash flows from investing activities		
Expenditure on the acquisition of tangible fixed assets	(391)	(453)
Expenditure on the acquisition of intangible fixed assets	(27)	(175)
Expenditure on the acquisition of investment securities	(2)	(13)
Income from the redemption of investment securities	400	-
Expenditure on loans	(1,166)	(436)
Income from the return of loans receivable	1,138	494
Others	(102)	15
Cash flows from investing activities	<u>(151)</u>	<u>(568)</u>
Cash flows from financing activities		
Net repayment in short-term borrowings (brackets denote a decrease)	100	1
Extension of long-term borrowings	1,500	1,100
Repayment of long-term borrowings	(1,600)	(1,300)
Dividends paid	(311)	(311)
Others	(268)	(289)
Cash flows from financing activities	<u>(579)</u>	<u>(799)</u>
Effect of exchange rate changes on cash and cash equivalents	(8)	2
Change in cash and cash equivalent (brackets denote a decrease)	1,206	840
Cash and cash equivalents at beginning of year	<u>5,972</u>	<u>6,218</u>
Cash and cash equivalents at end of quarter	<u>7,178</u>	<u>7,059</u>

(4) Notes on quarterly consolidated financial statements

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

No corresponding item exists.

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

No corresponding item exists.

(Segment information, etc.)

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

Previous 2nd quarter consolidated cumulative period (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 sales between segments or transfers	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.

2nd quarter consolidated cumulative period under review (from April 1, 2013 to September 30, 2013)

(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	14,171	26,264	40,436	-	40,436
Internal sales between segments or transfers	10,501	183	10,685	(10,685)	-
Total	24,673	26,448	51,121	(10,685)	40,436
Segment profit	96	261	357	(75)	282

(Note) 1. The segment profit adjustment of (75 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.