



Financial Announcement for 2nd Quarter of the Year Ending March 2016 [Japan standard] (consolidated)

November 5, 2015

Company name TOLI Corporation Stock Exchanges: Tokyo Stock Exchange
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 for inquiries Accounting and Finance Department
 Scheduled date for submission of quarterly reports November 11, 2015
 Scheduled date for start of dividend payments —
 Creation of supplementary explanatory materials for the quarterly financial announcements : None
 Holding of a briefing on the quarterly results : None

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

1. Consolidated results for 2nd quarter of the year ending March 2016 (April 1, 2015 to September 30, 2015)

(1) Consolidated results (cumulative)

(% indicates change for the quarter against the same quarter in the previous year)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
2nd quarter for year ending March 2016	42,473	1.3	983	79.4	1,088	69.0	621	76.5
2nd quarter for year ended March 2015	41,917	3.7	548	141.0	644	127.9	352	173.8

(Note) Comprehensive income 2nd quarter for year ending March 2016 681 million yen (-0.8%)
 2nd quarter for year ended March 2015 687 million yen (70.4%)

	Net quarterly profit per share	Diluted quarterly net profit per share after adjustment
	Yen	Yen
2nd quarter for year ending March 2016	10.07	-
2nd quarter for year ended March 2015	5.71	-

(2) Consolidated financial state

	Total assets	Net assets	Capital-to-asset ratio
	Million yen	Million yen	%
2nd quarter for year ending March 2016	68,260	28,928	42.3
Year ended March 2015	72,049	28,681	39.6

(Reference) Equity capital 2nd quarter for year ending March 2016 28,846 million yen Year ended March 2015 28,561 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 2015	-	0.00	-	7.00	7.00
Year ending March 2016	-	0.00			
Year ending March 2016 (forecast)			-	7.00	7.00

(Note) Adjustment from most recently published dividend forecast: none

3. Consolidated forecasts for year ending March 2016 (April 1, 2015 to March 31, 2016)

(% indicates rate of change from previous term)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net profit per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full term	92,000	1.3	3,450	9.4	3,550	8.2	2,230	12.7	36.14

(Note) Adjustment from most recently published performance projections: none

* Notes

- (1) Significant changes to subsidiaries during the consolidated cumulative term for this quarter (changes for a specified subsidiary entailing a change in the scope of consolidation): None
- (2) Application of specific accounting procedure for creation of quarterly consolidated financial statements: none
- (3) Changes in accounting policies, changes in accounting estimates, representation of amendments
- [1] Changes in accounting policies accompanying revisions to accounting standards : Yes
- [2] Changes in accounting policies other than [1] : None
- [3] Changes in accounting estimates : None
- [4] Representation of amendments : None

(Note) For details, refer to "2. Notes regarding Summary Information (notes) (3) Changes in accounting policies, changes in accounting estimates, representation of amendments" on page 2 of the supplementary material.

Number of outstanding shares (ordinary shares)

[1] Term-end number of shares outstanding (including treasury stock)	Q2 for year ending March 2016	66,829,249 shares	Year ended March 2015	66,829,249 shares
[2] Number of shares in treasury stock at end of year	Q2 for year ending March 2016	5,131,973 shares	Year ended March 2015	5,127,520 shares
[3] Average number of shares during the term (quarterly cumulative)	Q2 for year ending March 2016	61,699,440 shares	Q2 for year ended March 2015	61,709,749 shares

* Statement concerning the implementation of quarterly review procedures

This quarterly financial announcement is not subject to the quarterly review procedures based on the Financial Instruments and Exchange Act and at the point the quarterly financial announcement was disclosed, the review procedures for quarterly financial statements based on the Financial Instruments and Exchange Act were not completed.

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

Descriptions related to the future described in this material, such as performance projections, are based on certain presumptions considering information currently obtained and reasonably judged, and do not constitute a promise from us related to their achievement. Further, the actual results may differ greatly due to a wide variety of factors.

○ Contents of the supplementary materials

1. Qualitative information regarding quarterly results	2
(1) Explanation of the management performance	2
(2) Explanation of the financial situation	2
(3) Explanation concerning future predictive information, such as consolidated forecasts	2
2. Items regarding summary information (notes)	3
(1) Changes in important subsidiaries during consolidated cumulative term for this quarter.....	3
(2) Application of specific accounting procedure for creation of quarterly consolidated financial statements	3
(3) Changes in accounting policies, changes in accounting estimates, representation of amendments	3
3. Quarterly consolidated financial statements.....	4
(1) Quarterly consolidated balance sheet.....	4
(2) Quarterly consolidated statement of income and consolidated statement of comprehensive income	6
Quarterly consolidated statement of income	
2nd quarter consolidated cumulative period	6
Quarterly consolidated statement of comprehensive income	
2nd quarter consolidated cumulative period	7
(3) Quarterly consolidated statements of cash flows	8
(4) Notes on quarterly consolidated financial statements	9
(Notes on the assumption of the company as a going concern)	9
(Notes when there is significant changes in amounts of equity)	9
(Segment information, etc.)	9

1. Qualitative information regarding quarterly results

(1) Explanation of the management performance

In our national economy in the 2nd quarter consolidated cumulative period, the gentle recovery continued, with improvements in the employment and income environments against the background of strong corporate results. In the interior industry, the residential market remained in the doldrums due to factors such as the impact of the decrease in the number of housing starts in the previous period, but demand for new construction and renewal was strong in the non-housing market such as offices and stores.

Within this situation, TOLI group has strived to develop original products and promote high value-added products, and the result has been net sales during the 2nd quarter consolidated cumulative period of 42,473 million yen (1.3% increase against the same quarter in the previous year). On the profit side, as a result of the bottoming out of the sales price carried out from the previous term and factors such as the fluctuation in raw material prices, operating profit were 983 million yen (increase of 79.4% against the same quarter in the previous year), ordinary profit were 1,088 million yen (increase of 69.0% against the same quarter in the previous year) and profit attributable to owners of parent was 621 million yen (increase of 76.5% against the same quarter in the previous year).

The results for the segment were as follows: This information includes business between segments.

<Product Business>

For vinyl flooring, vinyl tiles “ROYAL WOOD” and “ROYAL STONE” that express the essence of wood and stone in a real way, continued to be strong. In terms of carpets, sales of the medium to high grade “GX series” carpet tiles increased, and “GA-100 series” carpet tiles, in recognition of the high esteem that they had been held in by customers over many years, received the 2015 Good Design - Long Life Design Award. Sales increased for wallpaper, mainly in the generic grade items. Sales of curtains, feeling the effects of the slump in residential housing, were down from the same quarter in the previous year. The result of this was that net sales for the product business were 26,389 million yen (increase of 1.8% against the same quarter in the previous year), and the segment profit was 808 million yen (increase of 58.2% against the same quarter in the previous year).

<Interior Wholesaling and Installation Business>

With the interior wholesaling business, residence-based materials such as curtain rails and blinds were weak, but sale of own brand products and construction sales for offices and hospitals, etc. were strong. The result of this was that net sales for the interior wholesaling and installation business were 27,350 million yen (increase of 1.1% against the same quarter in the previous year), and the segment profit was 395 million yen (increase of 59.7% against the same quarter in the previous year).

(2) Explanation of the financial situation

Total assets by the end of the 2nd quarter consolidated accounting period, with the reduction in accounts receivables due to seasonal changes, was down by 3,788 million yen compared to the end of the previous term, to 68,260 million yen.

Liabilities, with the decrease in trade payable, decreased by 4,036 million yen in comparison to the end of the previous term to 39,332 million yen.

Net assets, with the increase in retained earnings, increased 247 million yen in comparison to the end of the previous term to 28,928 million yen.

(3) Explanation concerning future predictive information, such as consolidated forecasts

In terms of future outlook, there is a lack of clarity in the business environment moving forward, with factors such as the reduction in construction starts in medical and welfare facilities, and the fluctuation in main raw material costs/energy costs. Within this situation, TOLI group is promoting its “SHINKA-100” medium term business plan, improving its product power and technology level, development capabilities, strengthening its sales force and expanding its overseas business.

The consolidated forecasts are unchanged from the performance projections published on October 27, 2015.

2. Items regarding summary information (notes)

(1) Changes in important subsidiaries during consolidated cumulative term for this quarter

There are no relevant items.

(2) Application of specific accounting procedure for creation of quarterly consolidated financial statements

There are no relevant items.

(3) Changes in accounting policies, changes in accounting estimates, representation of amendments

Changes in accounting policies

(Application of accounting standards, etc. regarding business combinations)

Apply “Accounting Standards regarding Business Combinations” (Corporate Accounting Standards No. 21 September 13, 2013), “Accounting Standards related to Consolidated Financial Statements” (Corporate Accounting Standards No. 22 September 13, 2013) and “Accounting Standards related to Divestitures” (Corporate Accounting Standards No. 7 September 13, 2013) from the 1st quarter consolidated accounting period and change display of net profit for this quarter and change display from minority interests to non-controlling interests. In order to reflect this change in display, we have reclassified the quarterly consolidated financial statement and consolidated financial statements for the previous 2nd quarter consolidated cumulative period and previous consolidated fiscal year.

3. Quarterly consolidated financial statements

(1) Quarterly consolidated balance sheet

(Unit: Million yen)

	Previous consolidated fiscal year (March 31, 2015)	2nd quarter consolidated accounting period (September 30, 2015)
Assets		
Current assets		
Cash and deposits	7,619	7,876
Notes and accounts receivable-trade	27,597	22,601
Securities	716	716
Merchandise and finished goods	7,299	7,300
Work in process	991	1,231
Raw materials and supplies	1,434	1,449
Deferred tax assets	448	431
Other	853	1,088
Allowance for doubtful accounts	(263)	(252)
Total current assets	46,698	42,444
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,707	5,158
Machinery, equipment and vehicles, net	1,833	2,098
Tools, furniture and fixtures, net	229	235
Land	9,089	9,091
Construction in progress	1,044	792
Other, net	55	54
Total property, plant and equipment	16,958	17,430
Intangible assets		
Software	422	377
Other	70	72
Total intangible assets	493	449
Investments and other assets		
Investment securities	5,185	5,169
Deferred tax assets	545	494
Other	2,354	2,444
Allowance for doubtful accounts	(185)	(171)
Total investments and other assets	7,899	7,936
Total non-current assets	25,351	25,816
Total assets	72,049	68,260

(Unit: Million yen)

	Previous consolidated fiscal year (March 31, 2015)	2nd quarter consolidated accounting period (September 30, 2015)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	23,675	20,405
Short-term loans payable	1,900	2,600
Income taxes payable	751	343
Accrued expenses	1,571	1,486
Provision for bonuses	678	710
Other	2,594	2,278
Total current liabilities	31,171	27,825
Non-current liabilities		
Long-term loans payable	5,650	4,950
Net defined benefit liability	4,147	4,077
Other	2,398	2,479
Total non-current liabilities	12,196	11,507
Total liabilities	43,368	39,332
Net assets		
Shareholders' equity		
Capital stock	6,855	6,855
Capital surplus	6,423	6,423
Retained earnings	15,035	15,225
Treasury stock	(1,118)	(1,119)
Total shareholders' equity	27,196	27,385
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,596	1,642
Remeasurements of defined benefit plans	(231)	(180)
Total accumulated other comprehensive income	1,364	1,461
Non-controlling interests	119	81
Total net assets	28,681	28,928
Total liabilities and net assets	72,049	68,260

- (2) Quarterly consolidated statement of income and 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, 2014 to September 30, 2014)	2nd quarter consolidated cumulative period (From April 1, 2015 to September 30, 2015)
Net sales	41,917	42,473
Cost of sales	30,600	30,756
Gross profit	11,316	11,717
Selling, general and administrative expenses	10,768	10,733
Operating profit	548	983
Non-operating income		
Interest income	3	2
Dividend income	54	92
Purchase discount	38	40
Other	158	124
Total non-operating income	255	258
Non-operating expenses		
Interest expenses	57	53
Sales discounts	66	65
Other	35	34
Total non-operating expenses	159	153
Ordinary profit	644	1,088
Extraordinary losses		
Loss on retirement of non-current assets	14	55
Loss on valuation of investment securities	12	94
Total extraordinary loss	27	150
Net quarterly profit before taxes and other adjustments	617	938
Income taxes-current	285	331
Income taxes-deferred	(26)	21
Total corporation and other taxes	259	353
Net profit for this quarter	357	584
Profit (loss) attributable to non-controlling interests	5	(36)
Profit attributable to owners of parent	352	621

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

(Unit: Million yen)

	Previous 2nd quarter consolidated cumulative period (From April 1, 2014 to September 30, 2014)	2nd quarter consolidated cumulative period (From April 1, 2015 to September 30, 2015)
Net profit for this quarter	357	584
Other comprehensive income		
Valuation difference on available-for-sale securities	281	46
Remeasurements of defined benefit plans, net of tax	47	51
Total other comprehensive income	329	97
Quarterly comprehensive income	687	681
(Breakdown)		
Quarterly comprehensive income attributable to owners of parent	681	718
Quarterly comprehensive income related to non-controlling shareholders	5	(36)

(3) Quarterly consolidated statements of cash flows

(Unit: Million yen)

	Previous 2nd quarter consolidated cumulative period (From April 1, 2014 to September 30, 2014)	2nd quarter consolidated cumulative period (From April 1, 2015 to September 30, 2015)
Cash flows from operating activities		
Net quarterly profit before taxes and other adjustments	617	938
Depreciation	590	605
Loss on retirement of non-current assets	14	55
Loss (gain) on valuation of investment securities	12	94
Increase (decrease) in allowance for doubtful accounts	1	(24)
Increase (decrease) in net defined benefit liability	(25)	(70)
Interest and dividend income	(57)	(94)
Interest expenses	57	53
Decrease (increase) in notes and accounts receivable- trade	5,194	5,000
Decrease (increase) in inventories	(931)	(256)
Increase (decrease) in notes and accounts payable- trade	(2,687)	(3,270)
Other, net	(97)	(165)
Subtotal	2,687	2,867
Interest and dividend income received	57	94
Interest expenses paid	(57)	(56)
Income taxes paid	(681)	(744)
Net cash provided by (used in) operating activities	2,006	2,161
Cash flows from investing activities		
Purchase of property, plant and equipment	(538)	(1,180)
Purchase of intangible assets	(16)	(38)
Purchase of investment securities	(2)	(2)
Payments of loans receivable	(2)	(3)
Collection of loans receivable	15	25
Other, net	34	(67)
Net cash provided by (used in) investing activities	(509)	(1,267)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(9)	-
Proceeds from long-term loans payable	200	1,000
Repayments of long-term loans payable	(300)	(1,000)
Cash dividends paid	(308)	(431)
Other, net	(212)	(203)
Net cash provided by (used in) financing activities	(630)	(635)
Effect of exchange rate changes on cash and cash equivalents	12	(1)
Net increase (decrease) in cash and cash equivalents	878	256
Cash and cash equivalents at beginning of year	7,792	8,276
Cash and cash equivalents at end of quarter	8,671	8,532

(4) Notes on quarterly consolidated financial statements

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

There are no relevant items.

(Notes when there is significant changes in amounts of equity)

There are no relevant items.

(Segment information, etc.)

Disclosure of sales and profit (loss) for each reportable segment

Previous 2nd quarter consolidated cumulative period (April 1, 2014 - September 30, 2014)

(Unit: Million yen)

	Reporting segment			Adjustment (Note) 1	Quarterly consolidated statement of profits (Note) 2
	Product business	Interior wholesaling and installation business	Total		
Net sales					
Sales to external customers	15,036	26,880	41,917	-	41,917
Transactions with other segments	10,874	174	11,049	(11,049)	-
Total	25,911	27,055	52,966	(11,049)	41,917
Segment profit	511	247	758	(114)	644

(Note) 1 The adjustment of segment profit of -114 million yen is due to the elimination of transactions between segments.

2 Segment profit has been adjusted with ordinary profit in the quarterly consolidated statement of profit.

2nd quarter consolidated cumulative period (April 1, 2015 - September 30, 2015)

(Unit: Million yen)

	Reporting segment			Adjustment (Note) 1	Quarterly consolidated statement of profits (Note) 2
	Product business	Interior wholesaling and installation business	Total		
Net sales					
Sales to external customers	15,315	27,157	42,473	-	42,473
Transactions with other segments	11,073	192	11,266	(11,266)	-
Total	26,389	27,350	53,739	(11,266)	42,473
Segment profit	808	395	1,204	(115)	1,088

(Note) 1 The adjustment of segment profit of -115 million yen is due to the elimination of transactions between segments.

2 Segment profit has been adjusted with ordinary profit in the quarterly consolidated statement of profit.