



## Financial Announcement for Year Ended March 31, 2017 [Japan standard] (Consolidated)

May 9, 2017

Company name TOLI Corporation Stock Exchanges: Tokyo Stock Exchange  
 Code number 7971 URL <http://www.toli.co.jp>  
 Representative (Position) President and Representative Director (Name) Motohiro Nagashima  
 Official responsible (Position) Executive Officer (Name) Yoza Araki TEL 06-6494-6691  
 for inquiries General Manager, Accounting and Finance Department

Scheduled date for ordinary general meeting of shareholders June 21, 2017 Scheduled date for start of dividend payments June 22, 2017  
 Scheduled date for submission of financial statements June 21, 2017

Preparation of supplementary explanatory materials for the financial announcement: Yes  
 Holding of a briefing on the financial announcement: Yes (for securities analysts)

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

### 1. Consolidated results for year ended March 2017 (April 1, 2016 to March 31, 2017)

(1) Consolidated results (% shows change from previous term)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended March 2017	91,466	(0.4)	4,249	11.1	4,367	11.8	3,031	25.2
Year ended March 2016	91,840	1.1	3,825	21.3	3,907	19.1	2,420	22.3

(Note) Comprehensive income Year ended March 2017 3,913 million yen (88.3%) Year ended March 2016 2,078 million yen (-31.9%)

	Profit per share	Profit per share - diluted	Return on equity capital	Return on total assets	Operating income on sales
	Yen	Yen	%	%	%
Year ended March 2017	49.14	-	9.5	5.9	4.6
Year ended March 2016	39.23	-	8.2	5.4	4.2

(Reference) Investment gain or loss under equity method Year ended March 2017 13 million yen Year ended March 2016 20 million yen

### (2) Consolidated assets

	Total assets	Net assets	Capital-to-asset ratio	Net asset per share
	Million yen	Million yen	%	Yen
Year ended March 2017	75,498	33,555	44.2	541.03
Year ended March 2016	72,923	30,323	41.4	488.92

(Reference) Equity capital Year ended March 2017 33,376 million yen Year ended March 2016 30,162 million yen

### (3) State of consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Term-end balance of cash and cash equivalents
	Million yen	Million yen	Million yen	Million yen
Year ended March 2017	5,187	(2,254)	(1,547)	10,353
Year ended March 2016	4,426	(2,571)	(1,145)	8,955

### 2. Dividend payments

	Annual dividend					Dividend payments (total)	Dividend payout ratio (consolidated)	Dividend ratio to net assets (consolidated)
	End 1st quarter	End 2nd quarter	End 3rd quarter	End of year	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Year ended March 2016	-	0.00	-	9.00	9.00	555	22.9	1.9
Year ended March 2017	-	2.00	-	8.00	10.00	616	20.4	1.9
Year ending March 2018 (forecast)	-	2.00	-	8.00	10.00		23.3	

### 3. Consolidated forecasts for year ending March 2018 (April 1, 2017 to March 31, 2018)

(% shows the change for the full term against the previous full term and change for the quarter against the same quarter of the previous year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Profit per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
2nd quarter (cumulative)	43,500	2.0	1,100	(6.7)	1,200	(1.0)	750	(3.6)	12.16
Full term	94,000	2.8	3,900	(8.2)	4,000	(8.4)	2,650	(12.6)	42.96

\* Notes

- (1) Significant changes to subsidiaries during the current term (changes for a specified subsidiary entailing a change in the scope of consolidation): None
- (2) Changes in accounting policies, changes in accounting estimates, representation of amendments
- [1] Changes in accounting policies accompanying revisions to accounting standards: Yes
- [2] Changes to accounting policies other than [1]: None
- [3] Changes in accounting estimates: None
- [4] Representation of amendments: None

(Note) For details, please see "3. Consolidated financial statements (5) Notes on consolidated financial statements" on page 13 of the supplementary material.

(3) Number of outstanding shares (ordinary shares)

[1] Number of outstanding shares at end of year (including treasury shares)	Year ended March 2017	66,829,249 shares	Year ended March 2016	66,829,249 shares
[2] Number of shares in treasury shares at end of year	Year ended March 2017	5,138,586 shares	Year ended March 2016	5,136,563 shares
[3] Average number of shares during the term	Year ended March 2017	61,691,645 shares	Year ended March 2016	61,696,975 shares

(Reference) Outline of Non-Consolidated business performance

Non-consolidated business performance for year ended March 2017 (April 1, 2016 to March 31, 2017)

(1) Non-consolidated management performance

(% shows change from previous term)

	Net sales		Operating income		Ordinary income		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended March 2017	55,387	(2.0)	3,042	19.3	3,307	20.5	2,403	37.6
Year ended March 2016	56,535	0.9	2,550	32.8	2,744	26.3	1,746	25.5

	Profit per share		Profit per share - diluted	
	Yen	Yen	Yen	Yen
Year ended March 2017	38.95	-	-	-
Year ended March 2016	28.31	-	-	-

(2) Non-consolidated financial state

	Total assets		Net assets		Capital-to-asset ratio	Net asset per share
	Million yen	Million yen	Million yen	Million yen	%	Yen
Year ended March 2017	63,417	25,764	25,764	40.6	417.64	
Year ended March 2016	62,022	23,394	23,394	37.7	379.21	

(Reference) Equity capital Year ended March 2017 25,764 million yen Year ended March 2016 23,394 million yen

<Reason for the difference between non-consolidated results and the performance for the previous period>Efforts to expand sales of high value-added products and reduce production costs have contributed to an increase in profit, resulting in a noticeable difference from the actual values for the previous period.

\* This document is out of the scope of Audit by the Independent Auditor

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

The financial forecasts and other descriptions related to future events presented in this document are based on information currently available and certain assumptions judged as reasonable. As such, the financial forecasts and future descriptions are not considered to ensure the fulfillment thereof. Actual financial performance may vary significantly due to various factors. For details, such as assumptions of financial forecast and cautions when using the financial forecast, please refer to "1. Overview of Financial Results, etc. - (4) Financial Forecast" on page 3 of the attachment.

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## 1. Overview of the Management Performance, etc.

### (1) Overview of the Management Performance

During the current consolidated fiscal year, domestic economy continued to show a modest recovery due to steady improvements in the employment and income environments, although some weaknesses were seen in personal consumption. However, uncertainty about the global economy has been heightened as a result of the exit from the European Union of the UK and U.S. political trends after the presidential election, and the outlook remains uncertain. In the interior industry, signs of recovery were observed in the number of new housing starts in the housing sector, while new construction demand for medical and welfare facilities and stores, etc. was weak in the non-housing sector, the market environment was undeniably sluggish. Amid these circumstances, the TOLI Group has worked to improve profitability by promoting development of its unique products and proposal sales with the focus on creating new demand, while actively expanding sales of high value-added products and reducing production costs.

As a result, on a consolidated basis, the Group achieved net sales of 91,466 million yen (a decrease of 0.4% against the previous period), operating income of 4,249 million yen (an increase of 11.1% against the previous period), ordinary income of 4,367 million yen (an increase of 11.8% against the previous period), and profit attributable to owners of parent of 3,031 million yen (an increase of 25.2% against the previous period).

Business performance by segment for each business area was as follows. This information includes business between segments.

#### <Product business>

For vinyl flooring, while the “NW Series,” which does not require waxing maintenance over a long period of time, including such products as “MATURE NW, and “BATHNA Series” vinyl flooring sheet for bathrooms continued to perform favorably, demand from medical and welfare facilities and stores was sluggish. For carpets, sales of “Fabric Floor” carpet tiles for housing performed steadily. Among wallpaper materials, sales of the “Power 1000” vinyl wallpaper series and the general-purpose material “VS” grew strongly. Regarding curtains, although the Group tried to expand sales of “PLUS BONHEUR 2016-2019,” which was released in June 2016, the sales of curtains decreased from the previous term due to the slow recovery in the demanding for housing. The result of this was that net sales for the product business were 55,538 million yen (decrease of 2.0% compared to the previous term), and the segment income was 3,416 million yen (increase of 19.5% compared to the previous term).

#### <Interior Wholesaling and Installation Business>

For the interior wholesale business, purchase sales of interior hardware centering on blinds, etc., continued to increase from the previous period. On the other hand, sales of the installation business declined because orders for large-scale properties decreased. The results were net sales of 59,391 million yen (up 0.0% from the previous term) in the interior wholesaling and installation business, with segment income of 1,090 million yen (down 5.0% from the previous term), which was affected primarily by an increase in selling, general and administrative expenses.

### (2) Overview of Financial Situation

#### <Assets>

Current assets amounted to 48,059 million yen, an increase of 1,262 million yen from the end of the previous fiscal year. This is the result of an increase of 2,114 million yen in cash and deposits, due mainly to redemptions of investment securities. Non-current assets amounted to 27,438 million yen, an increase of 1,312 million yen from the end of the previous fiscal year. This is the result of an increase of 1,088 million yen in investment securities, due mainly to the rise in the market prices of shareholdings.

As a result, total assets amounted to 75,498 million yen, an increase of 2,574 million yen from the end of the previous fiscal year.

#### <Liabilities>

Current liabilities amounted to 29,886 million yen, a decrease of 714 million yen from the end of the previous fiscal year. This is due mainly to a decrease of 542 million yen in notes payable – trade (related to facilities). Non-current liabilities amounted to 12,056 million yen, an increase of 57 million yen from the end of the previous fiscal year. This is due mainly to an increase of 112 million yen in long-term guarantee deposited.

As a result, total liabilities amounted to 41,943 million yen, a decrease of 657 million yen from the end of the previous fiscal year.

## &lt;Net assets&gt;

Consolidated net assets amounted to 33,555 million yen, an increase of 3,232 million yen from the end of the previous fiscal year. This is due mainly to an increase of 2,352 million yen in retained earnings and an increase of 740 million yen in the valuation difference on available-for-sale securities.

## (3) Overview of Cash Flows

Cash and cash equivalents during the current consolidated fiscal year increased 1,397 million yen compared to the end of the previous year to finish at 10,353 million yen (8,955 million yen at the end of the previous term).

The respective cash flows for the current consolidated fiscal year and their causes are as shown below.

Cash flows from operating activities ended with income of 5,187 million yen (income of 4,426 million yen for the previous term). Income increased compared to the previous term, due to an increase in income before income taxes.

Cash flows from investing activities ended with outgoings of 2,254 million yen (outgoings of 2,571 million yen for the previous term). With the decrease in expenditure on the purchase of property, plant and equipment, expenditure decreased compared to the previous term.

Cash flows from financing activities ended with outgoings of 1,547 million yen (outgoings of 1,145 million yen during the previous year). With the increase in expenditure on the cash dividends paid and repayments of long-term loans payable, expenditure increased compared to the previous term.

Cash flow indices for the Group are shown below.

	Period ended March 2014	Period ended March 2015	Period ended March 2016	Period ended March 2017
Capital-to-asset ratio (%)	37.7	39.6	41.4	44.2
Capital-to-asset ratio on market value basis (%)	18.4	23.6	24.3	31.0
Cash flow-to-interest-bearing debt ratio (years)	2.5	2.8	2.1	1.7
Interest coverage ratio	32.9	29.3	41.3	57.4

(Notes)Capital-to-asset ratio: Equity capital/total assets

Capital-to-asset ratio on market value basis: Market capitalization for stock/total assets

Cash flow-to-interest-bearing debt ratio: Interest-bearing debts/cash flows from operating activities

Interest coverage ratio: Cash flows from operating activities/interest payments

1. The indices above were calculated based on the financial data on a consolidated basis.
2. Market capitalization for stock was calculated as follows: Term-end closing price for shares x Term-end number of shares outstanding (after deduction for treasury shares).
3. For the cash flows from operating activities, the data for cash flows from operating activities as stated in the consolidated statements of cash flows was used. Interest bearing debt covers all types of debt with interest payment among the debt stated in the consolidated balance sheet. For interest payments, the data for interest expenses paid shown in the consolidated statements of cash flows was used.

## (4) Financial Forecast

In terms of future prospects, although the domestic economy is expected to show a modest recovery, the outlook is expected to remain uncertain due to the impacts of overseas developments including U.S. policy management and Europe's political situation. The uptick of oil prices since the autumn last year and an upward trend of raw material prices and cost of energy are leading to an adverse earnings environment. Amidst such circumstances, with an emphasis on key strategy targets of the medium-term business plan "SHINKA-100", the TOLI Group is striving to enhance profitability and ensure growth and progress with the objective of further raising corporate value in the long term, and improve operational efficiency.

Taking the above factors into consideration, we expect consolidated net sales of 94,000 million yen, consolidated operating income of 3,900 million yen, consolidated ordinary income of 4,000 million yen, and consolidated profit attributable to owners of parent of 2,650 million yen for the fiscal year ending March 2018 (full term).

\*The earnings forecasts provided above were 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.

2. Basic thinking concerning selection of accounting standards

The TOLI Group, in consideration of the potential for comparing periods and the potential for comparison between companies on the consolidated financial statements, aim to create consolidated financial statements according to the Japan standard for the time being.

Moving forward, we aim to investigate the application of international accounting standards, in consideration of domestic and international circumstances

## 3. Consolidated financial statements and Major notes

## (1) Consolidated balance sheets

(Million yen)

	Previous consolidated fiscal year (March 31, 2016)	Current consolidated fiscal year (March 31, 2017)
<b>Assets</b>		
Current assets		
Cash and deposits	8,299	10,413
Notes and accounts receivable - trade	27,288	27,046
Securities	716	-
Merchandise and finished goods	6,895	6,933
Work in process	1,164	1,108
Raw materials and supplies	1,425	1,443
Deferred tax assets	479	475
Other	790	863
Allowance for doubtful accounts	(261)	(224)
Total current assets	46,797	48,059
Non-current assets		
Property, plant and equipment		
Buildings and structures	20,170	20,432
Accumulated depreciation	(14,028)	(14,284)
Buildings and structures, net	6,141	6,148
Machinery, equipment and vehicles	23,645	23,503
Accumulated depreciation	(21,332)	(21,388)
Machinery, equipment and vehicles, net	2,313	2,115
Tools, furniture and fixtures	2,169	2,163
Accumulated depreciation	(1,952)	(1,927)
Tools, furniture and fixtures, net	216	235
Land	9,073	9,075
Construction in progress	290	696
Other	126	124
Accumulated depreciation	(41)	(56)
Other, net	84	67
Total property, plant and equipment	18,120	18,339
Intangible assets		
Software	318	234
Other	66	494
Total intangible assets	384	728
Investments and other assets		
Investment securities	4,604	5,693
Long-term loans receivable	83	64
Deferred tax assets	753	435
Net defined benefit asset	283	351
Other	2,046	1,956
Allowance for doubtful accounts	(150)	(130)
Total investment and other assets	7,621	8,370
Total non-current assets	26,126	27,438
Total assets	72,923	75,498

(Million yen)

	Previous consolidated fiscal year (March 31, 2016)	Current consolidated fiscal year (March 31, 2017)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	22,911	22,809
Short-term loans payable	1,980	1,550
Income taxes payable	873	933
Accrued expenses	1,593	1,580
Provision for bonuses	750	797
Provision for directors' bonuses	15	10
Provision for environmental measures	-	3
Other	2,477	2,201
<b>Total current liabilities</b>	<b>30,601</b>	<b>29,886</b>
Non-current liabilities		
Long-term loans payable	5,300	5,305
Provision for environmental measures	-	27
Net defined benefit liability	4,082	4,094
Asset retirement obligations	102	110
Long-term guarantee deposited	1,950	2,062
Other	564	455
<b>Total non-current liabilities</b>	<b>11,999</b>	<b>12,056</b>
<b>Total liabilities</b>	<b>42,600</b>	<b>41,943</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	6,855	6,855
Capital surplus	6,423	6,423
Retained earnings	17,024	19,377
Treasury shares	(1,120)	(1,121)
<b>Total shareholders' equity</b>	<b>29,182</b>	<b>31,534</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,288	2,029
Remeasurements of defined benefit plans	(308)	(187)
<b>Total accumulated other comprehensive income</b>	<b>979</b>	<b>1,841</b>
Non-controlling interests	160	178
<b>Total net assets</b>	<b>30,323</b>	<b>33,555</b>
<b>Total liabilities and net assets</b>	<b>72,923</b>	<b>75,498</b>



(2) Consolidated statement of income and consolidated statement of comprehensive income  
(Consolidated statement of income)

(Million yen)

	Previous consolidated fiscal year (April 1, 2015 - March 31, 2016)	Current consolidated fiscal year (April 1, 2016 - March 31, 2017)
Net sales	91,840	91,466
Cost of sales	66,036	65,031
Gross profit	25,804	26,434
Selling, general and administrative expenses	21,978	22,184
Operating income	3,825	4,249
Non-operating income		
Interest income	4	2
Dividend income	145	126
Purchase discounts	81	80
Share of profit of entities accounted for using equity method	20	13
Real estate rent	63	64
Dividend income of insurance	46	58
Other	68	73
Total non-operating income	431	422
Non-operating expenses		
Interest expenses	104	90
Sales discounts	139	137
Provision for environmental measures	-	31
Foreign exchange losses	46	-
Other	59	44
Total non-operating expenses	349	304
Ordinary income	3,907	4,367
Extraordinary income		
Gain on sales of non-current assets	-	2
Total extraordinary income	-	2
Extraordinary losses		
Loss on retirement of non-current assets	111	22
Loss on sales of non-current assets	11	-
Loss on valuation of investment securities	107	-
Total extraordinary losses	230	22
Profit before income taxes	3,677	4,348
Income taxes - current	1,237	1,354
Income taxes - deferred	(22)	(57)
Total income taxes	1,214	1,297
Profit	2,462	3,050
Profit attributable to non-controlling interests	41	19
Profit attributable to owners of parent	2,420	3,031

(Consolidated statement of comprehensive income)

(Million yen)

	Previous consolidated fiscal year (April 1, 2015 - March 31, 2016)	Current consolidated fiscal year (April 1, 2016 - March 31, 2017)
Profit	2,462	3,050
Other comprehensive income		
Valuation difference on available-for-sale securities	(307)	741
Remeasurements of defined benefit plans, net of tax	(76)	120
Total other comprehensive income	(384)	862
Comprehensive income	2,078	3,913
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	2,036	3,893
Comprehensive income attributable to non-controlling interests	42	19

## (3) Consolidated statement of changes in equity

Previous consolidated fiscal year (April 1, 2015 - March 31, 2016)

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at start of current term	6,855	6,423	15,035	(1,118)	27,196
Changes of items during period					
Dividends of surplus			(431)		(431)
Profit attributable to owners of parent			2,420		2,420
Purchase of treasury shares				(2)	(2)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	1,988	(2)	1,985
Balance at end of current term	6,855	6,423	17,024	(1,120)	29,182

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at start of current term	1,596	(231)	1,364	119	28,681
Changes of items during period					
Dividends of surplus					(431)
Profit attributable to owners of parent					2,420
Purchase of treasury shares					(2)
Net changes of items other than shareholders' equity	(307)	(76)	(384)	40	(343)
Total changes of items during period	(307)	(76)	(384)	40	1,641
Balance at end of current term	1,288	(308)	979	160	30,323

Current consolidated fiscal year (April 1, 2016 - March 31, 2017)

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at start of current term	6,855	6,423	17,024	(1,120)	29,182
Changes of items during period					
Dividends of surplus			(678)		(678)
Profit attributable to owners of parent			3,031		3,031
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		0		0	0
Net changes of items other than shareholders' equity					
Total changes of items during period	-	0	2,352	(0)	2,352
Balance at end of current term	6,855	6,423	19,377	(1,121)	31,534

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at start of current term	1,288	(308)	979	160	30,323
Changes of items during period					
Dividends of surplus					(678)
Profit attributable to owners of parent					3,031
Purchase of treasury shares					(0)
Disposal of treasury shares					0
Net changes of items other than shareholders' equity	740	120	861	18	880
Total changes of items during period	740	120	861	18	3,232
Balance at end of current term	2,029	(187)	1,841	178	33,555

## (4) Consolidated statements of cash flows

(Million yen)

	Previous consolidated fiscal year (April 1, 2015 - March 31, 2016)	Current consolidated fiscal year (April 1, 2016 - March 31, 2017)
<b>Cash flows from operating activities</b>		
Profit before income taxes	3,677	4,348
Depreciation	1,276	1,302
Amortization of long-term prepaid expenses	469	468
Loss on retirement of non-current assets	111	22
Loss (gain) on sales of non-current assets	11	(2)
Loss (gain) on valuation of investment securities	107	-
Increase (decrease) in allowance for doubtful accounts	(36)	(57)
Increase (decrease) in net defined benefit liability	(44)	(61)
Share of (profit) loss of entities accounted for using equity method	(20)	(13)
Interest and dividend income	(150)	(131)
Interest expenses	104	90
Foreign exchange losses (gains)	30	(11)
Decrease (increase) in notes and accounts receivable - trade	329	257
Decrease (increase) in inventories	240	(0)
Increase (decrease) in notes and accounts payable - trade	(764)	(102)
Other, net	190	418
Subtotal	5,531	6,528
Interest and dividend income received	150	131
Interest expenses paid	(107)	(90)
Income taxes (paid) refund	(1,148)	(1,381)
Cash flows from operating activities	4,426	5,187
<b>Cash flows from investing activities</b>		
Payments into time deposits	(60)	(60)
Proceeds from withdrawal of time deposits	60	60
Purchase of property, plant and equipment	(2,324)	(1,838)
Proceeds from sales of property, plant and equipment	8	2
Purchase of intangible assets	(44)	(478)
Purchase of investment securities	(4)	(8)
Payments of loans receivable	(22)	(8)
Collection of loans receivable	39	36
Other, net	(222)	40
Cash flows from investing activities	(2,571)	(2,254)

(Million yen)

	Previous consolidated fiscal year (April 1, 2015 - March 31, 2016)	Current consolidated fiscal year (April 1, 2016 - March 31, 2017)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	(120)	(30)
Proceeds from long-term loans payable	1,450	1,405
Repayments of long-term loans payable	(1,600)	(1,800)
Repayments of lease obligations	(23)	(26)
Payments for long-term accounts payable - other	(415)	(415)
Purchase of treasury shares	(2)	(0)
Cash dividends paid	(431)	(678)
Dividends paid to non-controlling interests	(1)	(1)
Other, net	-	0
<b>Cash flows from financing activities</b>	<b>(1,145)</b>	<b>(1,547)</b>
Effect of exchange rate change on cash and cash equivalents	(30)	11
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>679</b>	<b>1,397</b>
Cash and cash equivalents at beginning of year	8,276	8,955
<b>Cash and cash equivalents at end of year</b>	<b>8,955</b>	<b>10,353</b>

(5) Notes on consolidated financial statements

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

No corresponding item exists.

(Changes in accounting policies)

(Change of depreciation method)

For the fiscal year under review, the Company applied “Practical Solution on Depreciation Method Change Relating to Fiscal 2016 Tax Regime Revision” (ASBJ Practical Solution Report No. 32, June 17, 2016) in response to a revision made to the Corporation Tax Act, and the Company’s depreciation method for buildings and structures acquired on or after April 1, 2016 was changed from the declining-balance method to the straight-line method.

This resulted to an increase of 15 million yen in consolidated operating income, and an increase of 16 million yen in consolidated ordinary income and consolidated income profit before income taxes, respectively, for the fiscal year under review.

(Segment information, etc.)

1. Outline of reporting segments

The Company’s reporting segments are those of the TOLI Group’s constituent units for which segregated financial information can be obtained and are subject to the Board of Directors conducting regular investigations in order to determine the allocation of management resources and evaluate performance.

The TOLI Group manufactures, purchases, sells and installs interior products centered on interior decoration materials, and also performs interior-related decoration work, and has 2 reporting segments: “Product business” and “Interior wholesaling and installation business.”

In regard to “Product business,” apart from the Company, related companies under the control of the Company’s Manufacturing Headquarters manufacture interior products such as vinyl flooring and carpets, etc., and carry out services related to that such as interior decoration material maintenance, product warehouse management and distribution, etc.

In regard to “Interior wholesaling and installation business,” related companies that manage sales and marketing operations purchase and sell interior-related materials, and carry out interior decoration-related work, etc.

2. Method of calculating amount of net sales, profit, assets and other items for each reporting segment

The method of accounting for the reported business segment is a method that conforms to the accounting principles and procedures adopted in order to create the consolidated financial statements.

Reporting segment income is a figure based on ordinary income.

The internal revenue and transfers within the segment are based on the market price.

3. Information on net sales, profit or loss, assets and other items for each reporting segment.  
Previous consolidated fiscal year (April 1, 2015 - March 31, 2016)

(Million yen)

	Reporting segment			Adjustment (Note) 1	Value posted in the consolidated financial statements (Note) 2
	Product business	Interior wholesaling and installation business	Subtotal		
Net sales					
Sales to external customers	32,894	58,945	91,840	-	91,840
Internal sales or transfers among segments	23,770	415	24,186	(24,186)	-
Subtotal	56,664	59,361	116,026	(24,186)	91,840
Segment income	2,859	1,148	4,007	(100)	3,907
Segment assets	63,158	27,460	90,618	(17,694)	72,923
Other items					
Depreciation	1,227	48	1,276	-	1,276
Interest income	3	41	44	(39)	4
Interest expenses	139	4	144	(39)	104
Investment income on equity method	19	-	19	1	20
Value of investment in equity method affiliates	221	-	221	-	221
Increase in property, plant and equipment, and intangible assets	2,363	37	2,400	-	2,400

- (Notes) 1 The adjustment of segment income of -100 million yen and the adjustment of segment assets of -17,694 million yen are due to the elimination of transactions between segments
- 2 Segment income has been adjusted with ordinary income in the consolidated statement of income.



Current consolidated fiscal year (April 1, 2016 - March 31, 2017)

(Million yen)

	Reporting segment			Adjustment (Note) 1	Value posted in the consolidated financial statements (Note) 2
	Product business	Interior wholesaling and installation business	Subtotal		
Net sales					
Sales to external customers	32,495	58,970	91,466	-	91,466
Internal sales or transfers among segments	23,043	420	23,464	(23,464)	-
Subtotal	55,538	59,391	114,930	(23,464)	91,466
Segment income	3,416	1,090	4,506	(138)	4,367
Segment assets	64,787	27,381	92,168	(16,669)	75,498
Other items					
Depreciation	1,260	42	1,302	-	1,302
Interest income	3	15	19	(14)	5
Interest expenses	103	1	104	(14)	90
Investment income on equity method	13	-	13	-	13
Value of investment in equity method affiliates	233	-	233	-	233
Increase in property, plant and equipment, and intangible assets	1,863	15	1,879	-	1,879

(Notes) 1 The adjustment of segment income of -138 million yen and the adjustment of segment assets of -16,669 million yen are due to the elimination of transactions between segments.

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

(Per-share data)

Previous consolidated fiscal year (April 1, 2015 - March 31, 2016)		Current consolidated fiscal year (April 1, 2016 - March 31, 2017)	
Net assets per share	488.92 yen	Net assets per share	541.03 yen
Profit per share	39.23 yen	Profit per share	49.14 yen

(Notes) 1 Profit per share – diluted is omitted because there was no potential dilution.

2 The basis for calculation of profit per share is as follows.

	Previous consolidated fiscal year (April 1, 2015 - March 31, 2016)	Current consolidated fiscal year (April 1, 2016 - March 31, 2017)
Profit per share		
Profit attributable to owners of parent (million yen)	2,420	3,031
Amount not attributable to common stockholders (million yen)	-	-
Profit attributable to owners of parent pertaining to common stock (million yen)	2,420	3,031
Average number of common stock shares during the period (1,000 shares)	61,696	61,691

(Important post-balance sheet events)

No corresponding item exists.