

# Consolidated Financial Results for the Three Months Ended June 30, 2015 [Japanese GAAP]



August 3, 2015

Company name: TOA Corporation  
 Stock exchange listing: Tokyo Stock Exchange  
 Code number: 6809  
 URL: <http://www.toa.co.jp/>  
 Representative: Kenji Itani, Chairman and CEO  
 Scheduled date of filing quarterly securities report: August 10, 2015  
 Scheduled date of commencing dividend payments: —  
 Availability of supplementary briefing material on quarterly financial results: No  
 Schedule of quarterly financial results briefing session: No

(Amounts of less than one million yen are rounded down.)

## 1. Consolidated Financial Results for the Three Months Ended June 30, 2015 (April 1, 2015 to June 30, 2015)

### (1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended June 30, 2015	9,036	13.3	(19)	-	28	107.8	(56)	-
June 30, 2014	7,977	4.4	(23)	-	13	(95.5)	(88)	-

(Note) Comprehensive income: Three months ended June 30, 2015: ¥(200) million [-%]

Three months ended June 30, 2014: ¥86 million [(89.2%)]

	Net income per share	Diluted net income per share
Three months ended June 30, 2015	Yen (1.67)	Yen -
June 30, 2014	(2.62)	-

### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of June 30, 2015	51,364	40,387	75.2
As of March 31, 2015	54,371	41,371	72.7

(Reference) Equity: As of June 30, 2015: ¥38,623 million

As of March 31, 2015: ¥39,514 million

## 2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended March 31, 2015	Yen -	Yen 10.00	Yen -	Yen 21.00	Yen 31.00
Fiscal year ending March 31, 2016	-	-	-	-	-
Fiscal year ending March 31, 2016 (Forecast)	-	10.00	-	10.00	20.00

(Note) Revision to the forecast for dividends announced most recently: No  
 Breakdown of the dividends for the fiscal year ended March 31, 2015: Stable dividend ¥20, Performance based dividend ¥11  
 Dividends for the fiscal year ending March 31, 2016 (forecast), as announced in “Consolidated Financial Results for the Fiscal Year Ended March 31, 2015” on May 7, 2015, will be determined by taking into account the performances on stable dividend of ¥20, aiming at a consolidated dividend payout ratio of 35%.

### 3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2016 (April 1, 2015 to March 31, 2016)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	21,200	12.0	1,300	10.6	1,400	1.1	800	(3.8)	23.62
Full year	49,500	9.6	4,700	10.9	4,800	1.6	3,050	3.5	90.07

(Note) Revision to the financial results forecast announced most recently: No

#### \* Notes:

- (1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No
- (2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies, changes in accounting estimates and retrospective restatement
  - 1) Changes in accounting policies due to the revision of accounting standards: Yes
  - 2) Changes in accounting policies other than 1) above: No
  - 3) Changes in accounting estimates: No
  - 4) Retrospective restatement: No
- (4) Total number of issued shares (common shares)
  - 1) Total number of issued shares at the end of the period (including treasury shares):
    - June 30, 2015: 34,536,635 shares
    - March 31, 2015: 34,536,635 shares
  - 2) Total number of treasury shares at the end of the period:
    - June 30, 2015: 673,172 shares
    - March 31, 2015: 673,077 shares
  - 3) Average number of shares during the period:
    - Three months ended June 30, 2015: 33,863,513 shares
    - Three months ended June 30, 2014: 33,865,635 shares

#### \* Presentation regarding the implementation status of the quarterly review procedures

These quarterly financial results are outside the scope of quarterly review procedures under the Financial Instruments and Exchange Act. At the time of disclosure of these quarterly financial results, review procedures for the quarterly financial statements under the Financial Instruments and Exchange Act have not been completed.

#### \* Explanation of the proper use of financial results forecast and other notes

Forecasts presented herein are the current prospects based on information currently available and contain elements of uncertainty. Actual results may therefore differ from the above forecasts due to subsequent changes in the circumstances.

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## 1. Qualitative Information on Quarterly Financial Results for the Period under Review

### (1) Explanation of Operating Results

During the three months ended June 30, 2015, there was a moderate recovery trend in the environment surrounding the Group, backed by factors such as improvement in corporate earnings and a pickup in personal consumption in Japan. Looking overseas, although the U.S. economy continued on a recovery track, there were signs of an economic slowdown in China and uncertainty about the economic outlook in Europe is increasing.

In such an environment, we are striving to expand our businesses by enhancing our solution-based business that not only provides fine products but also adds elements such as supplementary software and services in order to realize “Smiles for the Public,” which is our corporate value. Furthermore, we have strengthened our marketing function in order to accelerate the “local production, local consumption” business model in each of the five global regions.

Net sales during the three months ended June 30, 2015, amounted to ¥9,036 million (up ¥1,058 million, or 13.3%, year on year). With regard to profit, despite the increase in net sales, a rising cost ratio and an increase in selling, general and administrative expenses led to an operating income of negative ¥19 million (up ¥3 million year on year), ordinary income of ¥28 million (up ¥14 million, or 107.8%, year on year), and net income attributable to owners of parent of negative ¥56 million (up ¥32 million year on year).

Performance by segments is as follows.

#### (Japan)

Net sales amounted to ¥5,200 million (up ¥407 million, or 8.5%, year on year), and segment income (operating income) to ¥625 million (up ¥163 million, or 35.4%, year on year).

Net sales and segment income increased due mainly to expanded sales in the transportation market including station buildings and railway cars and robust sales in the disaster mitigation and prevention related market.

#### (The Americas)

Net sales amounted to ¥983 million (up ¥471 million, or 92.2%, year on year), and segment income (operating income) to ¥40 million (up ¥63 million, year on year).

Net sales and segment income increased due mainly to increased sales for railway cars and government sectors in the United States.

#### (Europe, Middle East & Africa)

Net sales amounted to ¥1,219 million (up ¥56 million, or 4.8%, year on year), and segment income (operating income) to ¥139 million (up ¥4 million, or 3.0%, year on year).

Despite sluggish sales in Europe, net sales and segment income increased due mainly to sales expansion of voice alarm system in the Middle East and South Africa.

#### (Asia & Pacific)

Net sales amounted to ¥1,211 million (up ¥42 million, or 3.7%, year on year), and segment income (operating income) to ¥90 million (down ¥40 million, or 30.7%, year on year).

Despite the impact of the delay in government budget execution in Indonesia, net sales increased due to robust sales in Thailand and Vietnam and the weakening of the yen. Segment income decreased due to an increase in selling, general and administrative expenses.

#### (China & East Asia)

Net sales amounted to ¥420 million (up ¥80 million, or 23.7%, year on year), and segment income (operating income) to ¥86 million (up ¥49 million, or 133.2%, year on year).

Net sales and segment income increased due to robust sales in the Taiwan and Hong Kong region, along

with increased sales due to weakening of the yen.

## (2) Explanation of Financial Position

Total assets at the end of the three months ended June 30, 2015 decreased ¥3,006 million from the end of the previous fiscal year to ¥51,364 million. The decrease in assets is mainly due to a decrease in notes and accounts receivable - trade. The decreases in liabilities and net assets are mainly attributable to a decrease in notes and accounts payable - trade and a decrease in retained earnings due to cash dividend payments.

## (3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information

For the full year financial results forecast for the fiscal year ending March 31, 2016, no revisions have been made to the initial forecast announced in the “Consolidated Financial Results for the Fiscal Year Ended March 31, 2015.”

## 2. Matters Concerning Summary Information (Notes)

### (1) Changes in Significant Subsidiaries during the Three Months ended June 30, 2015

There is no relevant information.

### (2) Accounting Policies Adopted Specially for the Preparation of Quarterly Consolidated Financial Statements

#### - Calculation of tax expense

The Company calculates tax expenses by multiplying income before income taxes and minority interests by an effective tax rate that was reasonably estimated by applying tax effect accounting to income before income taxes and minority interests for the fiscal year under review.

### (3) Changes in Accounting Policies, Changes in Accounting Estimates and Retrospective Restatement

#### (Changes in Accounting Policies)

Effective from the period under review, the Company adopted the Accounting Standard for Business Combinations (Accounting Standards Board of Japan [ASBJ] Statement No. 21, September 13, 2013), the Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22, September 13, 2013), and the Accounting Standard for Business Divestitures (ASBJ Statement No.7, September 13, 2013) and others during the three months ended June 30, 2015, and has changed the presentation of net income and other related items, and the presentation of minority interests to non-controlling interests accordingly. To reflect this change in presentation, the reclassification of accounts has been made to the consolidated financial statements and the non-consolidated financial statements for the three months ended June 30, 2014 and the fiscal year ended March 31, 2015.

### 3. Quarterly Consolidated Financial Statements

#### (1) Quarterly Consolidated Balance Sheets

(Million yen)

	As of March 31, 2015	As of June 30, 2015
<b>Assets</b>		
Current assets		
Cash and deposits	16,034	14,870
Notes and accounts receivable - trade	11,170	7,464
Securities	2,300	2,300
Merchandise and finished goods	5,869	6,728
Work in process	750	981
Raw materials and supplies	2,536	2,462
Other	1,262	1,623
Allowance for doubtful accounts	(138)	(110)
Total current assets	39,785	36,319
Non-current assets		
Property, plant and equipment	6,682	6,613
Intangible assets	1,427	1,414
Investments and other assets		
Investment securities	5,714	6,208
Investments and other assets, gross	772	818
Allowance for doubtful accounts	(10)	(10)
Total investments and other assets	6,476	7,016
Total non-current assets	14,585	15,044
Total assets	54,371	51,364
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	4,478	3,383
Short-term loans payable	1,011	1,072
Income taxes payable	611	211
Provision	344	249
Other	2,405	1,798
Total current liabilities	8,851	6,716
Non-current liabilities		
Net defined benefit liability	2,633	2,569
Other	1,514	1,691
Total non-current liabilities	4,148	4,260
Total liabilities	12,999	10,977
<b>Net assets</b>		
Shareholders' equity		
Capital stock	5,279	5,279
Capital surplus	6,866	6,866
Retained earnings	23,881	23,113
Treasury shares	(392)	(392)
Total shareholders' equity	35,635	34,867
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,301	3,629
Foreign currency translation adjustment	559	85
Remeasurements of defined benefit plans	17	40
Total accumulated other comprehensive income	3,879	3,755
Non-controlling interests	1,857	1,764
Total net assets	41,371	40,387
Total liabilities and net assets	54,371	51,364

(2) Quarterly Consolidated Statements of Income and Comprehensive Income  
Quarterly Consolidated Statements of Income  
Three Months Ended June 30

(Million yen)

	For the three months ended June 30, 2014	For the three months ended June 30, 2015
Net sales	7,977	9,036
Cost of sales	4,429	5,284
Gross profit	3,548	3,751
Selling, general and administrative expenses	3,571	3,771
Operating loss	(23)	(19)
Non-operating income		
Interest income	4	8
Dividend income	36	34
Other	29	24
Total non-operating income	70	67
Non-operating expenses		
Interest expenses	4	6
Foreign exchange losses	22	10
Other	7	1
Total non-operating expenses	34	19
Ordinary income	13	28
Extraordinary income		
Gain on sales of non-current assets	42	-
Total extraordinary income	42	-
Income before income taxes and minority interests	56	28
Income taxes	84	96
Loss	(28)	(68)
Profit (loss) attributable to non-controlling interests	59	(12)
Loss attributable to owners of parent	(88)	(56)

Quarterly Consolidated Statements of Comprehensive Income

Three Months Ended June 30

(Million yen)

	For the three months ended June 30, 2014	For the three months ended June 30, 2015
Loss	(28)	(68)
Other comprehensive income		
Valuation difference on available-for-sale securities	249	328
Foreign currency translation adjustment	(265)	(483)
Remeasurements of defined benefit plans, net of tax	131	23
Total other comprehensive income	115	(132)
Comprehensive income	86	(200)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(4)	(179)
Comprehensive income attributable to non-controlling interests	90	(20)

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

There is no relevant information.

(Notes in the case of significant changes in shareholders' equity)

There is no relevant information.

(Segment information)

I. For the three months ended June 30, 2014

Information on net sales and income (loss) by reportable segment

(Million yen)

	Reportable segment						Adjustment (Note)	Amount recorded in Quarterly Consolidated Financial Statements
	Japan	The Americas	Europe, Middle East & Africa	Asia & Pacific	China & East Asia	Total		
Net sales								
Net sales to outside customers	4,793	511	1,163	1,169	340	7,977	-	7,977
Inter-segment net sales or transfers	1,253	2	1	982	697	2,937	(2,937)	-
Total	6,046	514	1,165	2,151	1,037	10,914	(2,937)	7,977
Segment income (loss) (Operating income (loss))	462	(22)	135	130	36	742	(765)	(23)

(Note) The adjustment for segment income of negative ¥765 million includes elimination of inter-segment transactions of negative ¥14 million and corporate expenses in the amount of negative ¥750 million not previously allocated to the reportable segments. The relevant corporate expenses are mainly costs relating to the Company's Administration Division which is not attributable to the reportable segment.

II. For the three months ended June 30, 2015

Information on net sales and income (loss) by reportable segment

(Million yen)

	Reportable segment						Adjustment (Note 1)	Amount recorded in Quarterly Consolidated Financial Statements
	Japan	The Americas	Europe, Middle East & Africa (Note 2)	Asia & Pacific	China & East Asia	Total		
Net sales								
Net sales to outside customers	5,200	983	1,219	1,211	420	9,036	-	9,036
Inter-segment net sales or transfers	1,617	5	1	1,080	886	3,591	(3,591)	-
Total	6,817	988	1,220	2,292	1,307	12,627	(3,591)	9,036
Segment income (loss) (Operating income (loss))	625	40	139	90	86	982	(1,002)	(19)

- (Notes) 1. The adjustment for segment income of negative ¥1,002 million includes elimination of inter-segment transactions of negative ¥145 million and corporate expenses in the amount of negative ¥856 million not previously allocated to the reportable segments. The relevant corporate expenses are mainly costs relating to the Company's Administration Division which is not attributable to reportable segment.
2. From the three months ended June 30, 2015, the Company has changed the previous segment name of "Europe & Russia" to "Europe, Middle East & Africa." This change in segment name has no impact on segment information. In conjunction with this change, "Europe, Middle East and Africa" is also used for the three months ended June 30, 2014 as for the three months ended June 30, 2015.