

**Consolidated Financial Results
for the Three Months Ended June 30, 2018
[Japanese GAAP]**



August 2, 2018

Company name: TOA Corporation
 Stock exchange listing: Tokyo Stock Exchange
 Code number: 6809
 URL: <http://www.toa.co.jp/>
 Representative: Kazuhiro Takeuchi, President, CEO
 Contact: Keigo Yoshida, General Manager of Accounting & Financial Department
 Scheduled date of filing quarterly securities report: August 8, 2018
 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, 2018 (April 1, 2018 to June 30, 2018)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended June 30, 2018	8,788	8.0	40	-	146	-	(38)	-
June 30, 2017	8,135	(0.1)	(246)	-	(217)	-	(290)	-

(Note) Comprehensive income: Three months ended June 30, 2018: ¥(249) million [-%]

Three months ended June 30, 2017: ¥(477) million [-%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2018	(1.13)	-
June 30, 2017	(8.58)	-

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of June 30, 2018	56,184	45,019	76.2
As of March 31, 2018	57,824	45,786	75.2

(Reference) Equity: As of June 30, 2018: ¥42,820 million

As of March 31, 2018: ¥43,502 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended March 31, 2018	yen	yen	yen	yen	yen
Fiscal year ending March 31, 2019	-	10.00	-	13.00	23.00
Fiscal year ending March 31, 2019 (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, 2018: Stable dividend ¥20, Performance-based dividend ¥3

Dividends for the fiscal year ending March 31, 2019 (Forecast) will be determined by taking into account the performances on stable dividend of ¥20, aiming at a consolidated dividend payout ratio of 35%, as announced in “Consolidated Financial Results for the Fiscal Year Ended March 31, 2018” on May 2, 2018.

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2019 (April 1, 2018 to March 31, 2019)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half (Cumulative)	21,000	8.9	750	(12.2)	800	(13.1)	350	(18.0)	10.34
Full year	47,000	6.4	3,400	(3.2)	3,500	(1.7)	2,150	0.5	63.49

(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: No

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, 2018: 34,536,635 shares

March 31, 2018: 34,536,635 shares

2) Total number of treasury shares at the end of the period:

June 30, 2018: 674,320 shares

March 31, 2018: 674,280 shares

3) Average number of shares during the period:

Three months ended June 30, 2018: 33,862,341 shares

Three months ended June 30, 2017: 33,862,554 shares

* These quarterly financial results are outside the scope of quarterly review by a certified public accountant or an audit corporation.

* 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, 2018, while the Japanese economy continued its moderate recovery trend backed by improvements in corporate earnings and employment situation, and the U.S. and Europe's economies also continued a recovery overseas, the overall global economic outlook remains uncertain, partly due to concerns over trade friction from the U.S.

In such an environment, we have newly launched our "medium-term management plan" from the fiscal year ending March 31, 2019 in order to realize our corporate value "Smiles for the Public." We will further strengthen our "connection with our customers" and advance businesses which always create and provide optimal solutions. Furthermore, we are continuing on strengthening marketing functions within each region and accelerating product development that meets each market needs, as well as enhancing sales channel.

Net sales during the three months ended June 30, 2018 amounted to ¥8,788 million (up ¥652 million, or 8.0%, year on year). As for profits, although selling, general and administrative expenses increased, operating profit amounted to ¥40 million (up ¥286 million year on year), ordinary profit to ¥146 million (up ¥364 million year on year), and profit attributable to owners of parent to ¥(38) million (up ¥252 million year on year).

Performance by segment is as follows.

(Japan)

Net sales amounted to ¥4,898 million (up ¥409 million, or 9.1%, year on year), and segment profit (operating profit) to ¥541 million (up ¥133 million, or 32.7%, year on year).

In addition to increase in sales for commercial facilities and in transportation infrastructure market, new product delivery which was launched in the previous fiscal year progressed, leading to an increase in sales of video equipment, etc. With the increase of net sales, segment profit increased.

(Asia & Pacific)

Net sales amounted to ¥1,540 million (up ¥132 million, or 9.4%, year on year), and segment profit (operating profit) to ¥208 million (up ¥94 million, or 82.7%, year on year).

Net sales and segment profit increased due mainly to robust sales in Indonesia and Malaysia, and increase of net sales for government sectors such as educational market in Vietnam.

(Europe, Middle East & Africa)

Net sales amounted to ¥1,217 million (up ¥122 million, or 11.2%, year on year), and segment profit (operating profit) to ¥107 million (up ¥33 million, or 46.4%, year on year).

Net sales and segment profit increased, due to robust sales in Europe as well as increase of net sales due to effects of the depreciation of yen.

(The Americas)

Net sales amounted to ¥778 million (down ¥126 million, or 14.0%, year on year), and segment profit (operating profit) to ¥11 million (down ¥6 million, or 34.1%, year on year).

Net sales decreased due to lower sales for railway cars in the U.S. Due to a decrease of net sales and an increase in selling, general and administrative expenses, segment profit decreased.

(China & East Asia)

Net sales amounted to ¥353 million (up ¥115 million, or 48.5%, year on year), and segment profit (operating profit) to ¥16 million (down ¥38 million, or 70.2%, year on year).

Although net sales increased mainly due to large transactions for airports and new distribution

expansion in China, segment profit decreased due to an increase of operating expenses.

(2) Explanation of Financial Position

Total assets at the end of the three months ended June 30, 2018 decreased ¥1,640 million from the end of the previous fiscal year to ¥56,184 million. Assets decreased due mainly to a decrease in notes and accounts receivable – trade. Decrease 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 dividends paid.

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

The financial results forecast for the six months ending September 30, 2018 and the fiscal year ending March 31, 2019 have not been revised from the initial forecast announced in “Consolidated Financial Results for the Fiscal Year Ended March 31, 2018.”

2. Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly Consolidated Balance Sheets

(Million yen)

	As of March 31, 2018	As of June 30, 2018
Assets		
Current assets		
Cash and deposits	16,958	16,230
Notes and accounts receivable - trade	10,759	7,802
Securities	3,500	3,500
Merchandise and finished goods	5,607	6,358
Work in process	818	969
Raw materials and supplies	2,658	2,767
Other	666	1,170
Allowance for doubtful accounts	(93)	(68)
Total current assets	40,875	38,730
Non-current assets		
Property, plant and equipment	6,519	6,427
Intangible assets		
Goodwill	306	568
Other	1,329	1,281
Total intangible assets	1,635	1,849
Investments and other assets		
Investment securities	7,577	7,955
Investments and other assets, gross	1,219	1,223
Allowance for doubtful accounts	(3)	(3)
Total investments and other assets	8,794	9,176
Total non-current assets	16,949	17,453
Total assets	57,824	56,184
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,906	3,224
Short-term loans payable	852	808
Income taxes payable	468	179
Provision	197	164
Other	2,238	2,160
Total current liabilities	7,663	6,537
Non-current liabilities		
Net defined benefit liability	2,704	2,720
Other	1,669	1,906
Total non-current liabilities	4,374	4,626
Total liabilities	12,037	11,164

(Million yen)

	As of March 31, 2018	As of June 30, 2018
Net assets		
Shareholders' equity		
Capital stock	5,279	5,279
Capital surplus	6,866	6,866
Retained earnings	27,324	26,846
Treasury shares	(393)	(393)
Total shareholders' equity	39,077	38,598
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,668	4,934
Foreign currency translation adjustment	(253)	(716)
Remeasurements of defined benefit plans	11	4
Total accumulated other comprehensive income	4,425	4,221
Non-controlling interests	2,283	2,199
Total net assets	45,786	45,019
Total liabilities and net assets	57,824	56,184

(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, 2017	For the three months ended June 30, 2018
Net sales	8,135	8,788
Cost of sales	4,574	4,863
Gross profit	3,561	3,924
Selling, general and administrative expenses	3,807	3,884
Operating profit (loss)	(246)	40
Non-operating income		
Interest income	6	7
Dividend income	37	44
Foreign exchange gains	-	22
Other	17	42
Total non-operating income	61	117
Non-operating expenses		
Interest expenses	7	8
Foreign exchange losses	23	-
Other	1	2
Total non-operating expenses	32	10
Ordinary profit (loss)	(217)	146
Profit (loss) before income taxes	(217)	146
Income taxes	38	83
Profit (loss)	(256)	63
Profit attributable to non-controlling interests	33	101
Loss attributable to owners of parent	(290)	(38)

Quarterly Consolidated Statements of Comprehensive Income

Three Months Ended June 30

(Million yen)

	For the three months ended June 30, 2017	For the three months ended June 30, 2018
Profit (loss)	(256)	63
Other comprehensive income		
Valuation difference on available-for-sale securities	40	265
Deferred gains or losses on hedges	(0)	-
Foreign currency translation adjustment	(242)	(573)
Remeasurements of defined benefit plans, net of tax	(19)	(4)
Total other comprehensive income	(220)	(312)
Comprehensive income	(477)	(249)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(486)	(242)
Comprehensive income attributable to non-controlling interests	9	(6)

(3) Notes to the 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.

(Accounting policies adopted specially for the preparation of quarterly consolidated financial statements)

- Calculation of tax expense

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

(Additional information)

(Adoption of "Partial Amendments to Accounting Standard for Tax Effect Accounting," etc.)

Following the application of the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018), etc. from the beginning of the first quarter of the fiscal year, deferred tax assets are presented in investments and other assets, while deferred tax liabilities are presented in non-current liabilities.

(Segment information)

[Segment information]

From the first quarter of the fiscal year, presentation order of the reportable segment has changed. Accordingly, presentation order of the reportable segment for the first quarter of the previous fiscal year has changed as well.

I. For the three months ended June 30, 2017

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

(Million yen)

	Reportable segment						Adjustment (Note) 1	Amount recorded in Quarterly Consolidated Financial Statements (Note) 2
	Japan	Asia & Pacific	Europe, Middle East & Africa	The Americas	China & East Asia	Total		
Net sales								
Net sales to outside customers	4,488	1,408	1,094	905	238	8,135	-	8,135
Inter-segment net sales or transfers	1,464	866	0	14	1,032	3,378	(3,378)	-
Total	5,953	2,274	1,095	919	1,271	11,513	(3,378)	8,135
Segment profit	408	114	73	18	55	669	(915)	(246)

(Notes) 1. The adjustment for segment profit of negative ¥915 million includes elimination of inter-segment transactions of negative ¥55 million and corporate expenses in the amount of negative ¥859 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.

2. Segment profit has been adjusted with operating loss in quarterly consolidated financial statements.

II. For the three months ended June 30, 2018

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

(Million yen)

	Reportable segment						Adjustment (Note) 1	Amount recorded in Quarterly Consolidated Financial Statements (Note) 2
	Japan	Asia & Pacific	Europe, Middle East & Africa	The Americas	China & East Asia	Total		
Net sales								
Net sales to outside customers	4,898	1,540	1,217	778	353	8,788	-	8,788
Inter-segment net sales or transfers	1,583	953	1	9	890	3,438	(3,438)	-
Total	6,481	2,493	1,218	787	1,244	12,226	(3,438)	8,788
Segment profit	541	208	107	11	16	886	(846)	40

(Notes) 1. The adjustment for segment profit of negative ¥846 million includes elimination of inter-segment transactions of ¥51 million and corporate expenses in the amount of negative ¥897 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.

2. Segment profit has been adjusted with operating profit in quarterly consolidated financial statements.