

Consolidated Financial Results for the Three Months Ended June 30, 2017 [Japanese GAAP]



August 2, 2017

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 10, 2017
 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, 2017 (April 1, 2017 to June 30, 2017)

(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, 2017	8,135	(0.1)	(246)	-	(217)	-	(290)	-
June 30, 2016	8,142	(9.9)	(289)	-	(346)	-	(400)	-

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

Three months ended June 30, 2016: ¥(1,005) million [-%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2017	(8.58)	-
June 30, 2016	(11.82)	-

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of June 30, 2017	51,246	41,357	76.8
As of March 31, 2017	54,294	42,307	74.1

(Reference) Equity: As of June 30, 2017: ¥39,349 million

As of March 31, 2017: ¥40,242 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended March 31, 2017	yen -	yen 10.00	yen -	yen 12.00	yen 22.00
Fiscal year ending March 31, 2018	-	-	-	-	-
Fiscal year ending March 31, 2018 (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, 2017: Stable dividend ¥20, Commemorative dividend ¥2

Dividends for the fiscal year ending March 31, 2018 (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, 2017” on May 2, 2017.

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2018 (April 1, 2017 to March 31, 2018)

(% 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)	20,300	4.5	750	0.8	800	18.6	350	51.6	10.34
Full year	47,000	10.6	3,600	22.6	3,700	21.7	2,250	28.5	66.45

(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, 2017: 34,536,635 shares
 - March 31, 2017: 34,536,635 shares
 - 2) Total number of treasury shares at the end of the period:
 - June 30, 2017: 674,075 shares
 - March 31, 2017: 674,135 shares
 - 3) Average number of shares during the period:
 - Three months ended June 30, 2017: 33,862,554 shares
 - Three months ended June 30, 2016: 33,862,657 shares

* These quarterly financial results are outside the scope of quarterly review.

* 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.

Table of Contents

1. Qualitative Information on Quarterly Financial Results for the Period under Review.....	4
(1) Explanation of Operating Results.....	4
(2) Explanation of Financial Position	5
(3) Explanation of Consolidated Financial Results Forecast and Other Forward-Looking Information	5
2. Quarterly Consolidated Financial Statements and Primary Notes.....	6
(1) Quarterly Consolidated Balance Sheets	6
(2) Quarterly Consolidated Statements of Income and Comprehensive Income	7
Quarterly Consolidated Statements of Income.....	7
Quarterly Consolidated Statements of Comprehensive Income.....	8
(3) Notes to the Quarterly Consolidated Financial Statements	9
(Notes on going concern assumption).....	9
(Notes in the case of significant changes in shareholders' equity)	9
(Accounting policies adopted specially for the preparation of quarterly consolidated financial statements)	9
(Segment information)	10

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

(1) Explanation of Operating Results

During the three months ended June 30, 2017, while the Japanese economy continued its moderate recovery trend backed by improvements in corporate earnings and employment situation, the economic outlook remains uncertain due to factors such as political risks in Europe and the U.S. and growing geopolitical risks in Asia.

In such an environment, we have focused on creating products and services that contribute to security and safety in the society in order to realize our corporate value “Smiles for the Public.” In the domestic market, we are expanding our product lineup by launching the multi-lingual broadcasting service for traffic and commercial facilities. In addition, we will strive to expand our business by continuing to promote development, production and sales in each overseas region.

Net sales during the three months ended June 30, 2017 amounted to ¥8,135 million (down ¥7 million, or 0.1%, year on year). As for profits, although selling, general and administrative expenses decreased, operating profit amounted to ¥(246) million (up ¥42 million year on year), ordinary profit to ¥(217) million (up ¥128 million year on year), and profit attributable to owners of parent to ¥(290) million (up ¥109 million year on year).

Performance by segments is as follows.

(Japan)

Net sales amounted to ¥4,488 million (down ¥57 million, or 1.3%, year on year), and segment profit (operating profit) to ¥408 million (up ¥175 million, or 75.2%, year on year).

While sales of Slim Speaker for Disaster Prevention to the municipalities grew, sales of security products decreased and caused net sales to decrease. However, segment profit increased due to a decrease in selling, general and administrative expenses.

(The Americas)

Net sales amounted to ¥905 million (up ¥25 million, or 2.8%, year on year), and segment profit (operating profit) to ¥18 million (down ¥15 million, or 45.5% year on year).

Net sales of broadcasting systems to commercial facilities increased in the U.S. and sales were also robust for railway cars, however, segment profit decreased due to a rise in cost ratio.

(Europe, Middle East & Africa)

Net sales amounted to ¥1,094 million (up ¥18 million, or 1.7%, year on year), and segment profit (operating profit) to ¥73 million (up ¥10 million, or 16.4%, year on year).

Although net sales decreased due to effects of the appreciation of yen, net sales and segment profit increased due to robust sales in Europe and Africa.

(Asia & Pacific)

Net sales amounted to ¥1,408 million (up ¥113 million, or 8.8%, year on year), and segment profit (operating profit) to ¥114 million (up ¥11 million, or 10.8%, year on year).

Net sales and segment profit increased due to robust sales of local products in Indonesia, Thailand and Vietnam, as well as an increase in net sales for commercial facilities in Malaysia.

(China & East Asia)

Net sales amounted to ¥238 million (down ¥106 million, or 30.9%, year on year), and segment profit (operating profit) to ¥55 million (down ¥56 million, or 50.7%, year on year).

Net sales and segment profit decreased due to a decrease in net sales in China and Hong Kong,

despite robust sales for plants and offices in Taiwan.

(2) Explanation of Financial Position

Total assets at the end of the three months ended June 30, 2017 decreased by ¥3,048 million from the end of the previous fiscal year to ¥51,246 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, 2017 and the fiscal year ending March 31, 2018 have not been revised from the initial forecast announced in “Consolidated Financial Results for the Fiscal Year Ended March 31, 2017.”

2. Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly Consolidated Balance Sheets

(Million yen)

	As of March 31, 2017	As of June 30, 2017
Assets		
Current assets		
Cash and deposits	16,500	15,596
Notes and accounts receivable - trade	9,941	7,027
Securities	3,500	3,500
Merchandise and finished goods	5,547	5,932
Work in process	842	919
Raw materials and supplies	2,438	2,327
Other	1,237	1,615
Allowance for doubtful accounts	(76)	(63)
Total current assets	39,932	36,855
Non-current assets		
Property, plant and equipment	6,276	6,198
Intangible assets	1,510	1,501
Investments and other assets		
Investment securities	5,631	5,692
Investments and other assets, gross	962	1,013
Allowance for doubtful accounts	(18)	(14)
Total investments and other assets	6,575	6,691
Total non-current assets	14,362	14,391
Total assets	54,294	51,246
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,926	3,004
Short-term loans payable	1,292	768
Income taxes payable	514	116
Provision	167	139
Other	1,984	1,669
Total current liabilities	7,885	5,698
Non-current liabilities		
Net defined benefit liability	2,739	2,807
Other	1,362	1,382
Total non-current liabilities	4,102	4,190
Total liabilities	11,987	9,889
Net assets		
Shareholders' equity		
Capital stock	5,279	5,279
Capital surplus	6,866	6,866
Retained earnings	25,930	25,234
Treasury shares	(393)	(393)
Total shareholders' equity	37,683	36,986
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,308	3,349
Deferred gains or losses on hedges	0	-
Foreign currency translation adjustment	(683)	(907)
Remeasurements of defined benefit plans	(66)	(79)
Total accumulated other comprehensive income	2,558	2,362
Non-controlling interests	2,065	2,007
Total net assets	42,307	41,357
Total liabilities and net assets	54,294	51,246

(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, 2016	For the three months ended June 30, 2017
Net sales	8,142	8,135
Cost of sales	4,542	4,574
Gross profit	3,600	3,561
Selling, general and administrative expenses	3,889	3,807
Operating loss	(289)	(246)
Non-operating income		
Interest income	6	6
Dividend income	34	37
Other	15	17
Total non-operating income	56	61
Non-operating expenses		
Interest expenses	6	7
Foreign exchange losses	102	23
Other	4	1
Total non-operating expenses	113	32
Ordinary loss	(346)	(217)
Loss before income taxes	(346)	(217)
Income taxes	(6)	38
Loss	(340)	(256)
Profit attributable to non-controlling interests	60	33
Loss attributable to owners of parent	(400)	(290)

Quarterly Consolidated Statements of Comprehensive Income

Three Months Ended June 30

(Million yen)

	For the three months ended June 30, 2016	For the three months ended June 30, 2017
Loss	(340)	(256)
Other comprehensive income		
Valuation difference on available-for-sale securities	(88)	40
Deferred gains or losses on hedges	-	(0)
Foreign currency translation adjustment	(556)	(242)
Remeasurements of defined benefit plans, net of tax	(19)	(19)
Total other comprehensive income	(665)	(220)
Comprehensive income	(1,005)	(477)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(966)	(486)
Comprehensive income attributable to non-controlling interests	(38)	9

(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.

(Segment information)

[Segment information]

I. For the three months ended June 30, 2016

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

	Reportable segment						Adjustment (Note) 1	(Million yen)
	Japan	The Americas	Europe, Middle East & Africa	Asia & Pacific	China & East Asia	Total		Amount recorded in Quarterly Consolidated Financial Statements (Note) 2
Net sales								
Net sales to outside customers	4,546	880	1,076	1,294	345	8,142	-	8,142
Inter-segment net sales or transfers	1,350	7	2	966	1,058	3,385	(3,385)	-
Total	5,896	887	1,079	2,260	1,403	11,528	(3,385)	8,142
Segment profit	232	33	62	103	111	544	(833)	(289)

(Notes) 1. The adjustment for segment profit of negative ¥833 million includes elimination of inter-segment transactions of ¥58 million and corporate expenses in the amount of negative ¥892 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, 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	The Americas	Europe, Middle East & Africa	Asia & Pacific	China & East Asia	Total		
Net sales								
Net sales to outside customers	4,488	905	1,094	1,408	238	8,135	-	8,135
Inter-segment net sales or transfers	1,464	14	0	866	1,032	3,378	(3,378)	-
Total	5,953	919	1,095	2,274	1,271	11,513	(3,378)	8,135
Segment profit	408	18	73	114	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.