

# Consolidated Financial Results for the Six Months Ended September 30, 2017 [Japanese GAAP]



November 2, 2017

Company name: TOA Corporation  
 Stock exchange listing: Tokyo Stock Exchange  
 Code number: 6809  
 URL: <http://www.toa.co.jp/>  
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 Scheduled date of filing quarterly securities report: November 14, 2017  
 Scheduled date of commencing dividend payments: December 4, 2017  
 Availability of supplementary briefing material on quarterly financial results: Yes  
 Schedule of quarterly financial results briefing session: Yes (for institutional investors)

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

## 1. Consolidated Financial Results for the Six Months Ended September 30, 2017 (April 1, 2017 to September 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	%
Six months ended September 30, 2017	19,281	(0.8)	853	14.7	921	36.5	426	84.8
September 30, 2016	19,432	(7.5)	744	(38.1)	674	(46.8)	230	(66.8)

(Note) Comprehensive income: Six months ended September 30, 2017: ¥846 million [-%]

Six months ended September 30, 2016: ¥(1,077) million [-%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2017	12.60	-
September 30, 2016	6.82	-

## (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of September 30, 2017	53,381	42,597	76.0
As of March 31, 2017	54,294	42,307	74.1

(Reference) Equity: As of September 30, 2017: ¥40,546 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	-	10.00	-	-	-
Fiscal year ending March 31, 2018 (Forecast)	-	-	-	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
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):
    - September 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:
    - September 30, 2017: 674,242 shares
    - March 31, 2017: 674,135 shares
  - 3) Average number of shares during the period:
    - Six months ended September 30, 2017: 33,862,504 shares
    - Six months ended September 30, 2016: 33,862,630 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.

The Company plans to hold a financial results briefing session for institutional investors on Tuesday, November 21, 2017. The materials that will be distributed at the briefing are scheduled to be posted on our website promptly after the session.

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

### (1) Explanation of Operating Results

During the six months ended September 30, 2017, while the Japanese economy continued its moderate recovery backed by favorable corporate earnings and an improvement in employment situation, the economic outlook remains uncertain due to concerns over overseas political and economic situations.

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 recorded favorable sales in the disaster reduction and prevention market, and we are making continuous efforts to expand our product lineup. In addition, we are continuously promoting development, production and sales in each overseas region.

Net sales during the six months ended September 30, 2017 amounted to ¥19,281 million (down ¥151 million, or 0.8%, year on year). As for profits, due to a decrease in selling, general and administrative expenses, operating profit amounted to ¥853 million (up ¥109 million, or 14.7%, year on year), ordinary profit to ¥921 million (up ¥246 million, or 36.5%, year on year), and profit attributable to owners of parent to ¥426 million (up ¥195 million, or 84.8%, year on year).

Performance by segment is as follows.

#### (Japan)

Net sales amounted to ¥11,268 million (down ¥456 million, or 3.9%, year on year), and segment profit (operating profit) to ¥1,926 million (up ¥247 million, or 14.7%, year on year).

Net sales decreased due to a decrease in sales of security products, despite increases in sales of Slim Line Array Speaker for Disaster Prevention to the municipalities and broadcasting systems to commercial facilities. However, segment profit increased due to an improvement in cost ratio.

#### (The Americas)

Net sales amounted to ¥1,804 million (up ¥198 million, or 12.4%, year on year), and segment profit (operating profit) to ¥31 million (up ¥6 million, or 26.6% year on year).

Net sales and segment profit increased due mainly to robust sales of broadcasting systems to commercial facilities and robust sales for railway cars in the U.S.

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

Net sales amounted to ¥2,293 million (up ¥45 million, or 2.0%, year on year), and segment profit (operating profit) to ¥164 million (up ¥13 million, or 9.1%, year on year).

Net sales and segment profit increased, despite a decrease in net sales due to effects of the appreciation of yen, thanks to robust sales of emergency broadcasting systems in Europe and robust sales for airports and power plants in South Africa.

#### (Asia & Pacific)

Net sales amounted to ¥3,289 million (up ¥203 million, or 6.6%, year on year), and segment profit (operating profit) to ¥341 million (up ¥2 million, or 0.7%, year on year).

Net sales increased due to robust sales of local products in Indonesia, Thailand and Vietnam and also robust sales for commercial facilities in Malaysia. However, segment profit increased slightly due to an increase in selling, general and administrative expenses.

#### (China & East Asia)

Net sales amounted to ¥624 million (down ¥143 million, or 18.6%, year on year), and segment profit (operating profit) to ¥107 million (down ¥36 million, or 25.6%, year on year).

Although sales in markets including the transportation market were robust, a decrease in large-scale transactions resulted in lower net sales in China. Segment profit also decreased due to a decrease in net sales.

(2) Explanation of Financial Position

(i) Assets, Liabilities and Net Assets

Total assets at the end of the six months ended September 30, 2017 decreased ¥913 million from the end of the previous fiscal year to ¥53,381 million. Assets decreased due mainly to a decrease in notes and accounts receivable - trade. Decreases in liabilities and net assets are mainly attributable to decreases in notes and accounts payable - trade and short-term loans payable.

(ii) Cash Flows

Cash and cash equivalents at the end of the six months ended September 30, 2017 (hereinafter “cash”) increased ¥29 million from the end of the previous fiscal year to ¥19,191 million. The status of cash flows and their contributing factors during the period under review are as follows:

(Cash flows from operating activities)

Net cash provided by operating activities amounted to ¥1,277 million. This was mainly attributable to ¥921 million of profit before income taxes, depreciation of ¥430 million, a decrease of ¥1,851 million in notes and accounts receivable - trade, an increase of ¥610 million in inventories, and a decrease of ¥432 million in notes and accounts payable - trade, as well as ¥533 million of income taxes paid.

(Cash flows from investing activities)

Net cash used in investing activities amounted to ¥366 million. This was mainly attributable to a decrease of ¥404 million in cash due to the purchase of manufacturing equipment and information equipment.

(Cash flows from financing activities)

Net cash used in financing activities amounted to ¥909 million. This was mainly attributable to ¥405 million of cash dividends paid and ¥453 million of short-term loans payable repaid.

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

The financial results forecast for 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 September 30, 2017
<b>Assets</b>		
Current assets		
Cash and deposits	16,500	16,457
Notes and accounts receivable - trade	9,941	8,084
Securities	3,500	3,500
Merchandise and finished goods	5,547	6,076
Work in process	842	830
Raw materials and supplies	2,438	2,493
Other	1,237	1,259
Allowance for doubtful accounts	(76)	(54)
Total current assets	39,932	38,648
Non-current assets		
Property, plant and equipment	6,276	6,194
Intangible assets	1,510	1,498
Investments and other assets		
Investment securities	5,631	6,030
Investments and other assets, gross	962	1,012
Allowance for doubtful accounts	(18)	(3)
Total investments and other assets	6,575	7,039
Total non-current assets	14,362	14,732
Total assets	54,294	53,381
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	3,926	3,465
Short-term loans payable	1,292	801
Income taxes payable	514	278
Provision	167	180
Other	1,984	1,688
Total current liabilities	7,885	6,414
Non-current liabilities		
Net defined benefit liability	2,739	2,862
Other	1,362	1,506
Total non-current liabilities	4,102	4,368
Total liabilities	11,987	10,783
<b>Net assets</b>		
Shareholders' equity		
Capital stock	5,279	5,279
Capital surplus	6,866	6,866
Retained earnings	25,930	25,951
Treasury shares	(393)	(393)
Total shareholders' equity	37,683	37,703
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,308	3,585
Deferred gains or losses on hedges	0	-
Foreign currency translation adjustment	(683)	(644)
Remeasurements of defined benefit plans	(66)	(98)
Total accumulated other comprehensive income	2,558	2,843
Non-controlling interests	2,065	2,050
Total net assets	42,307	42,597
Total liabilities and net assets	54,294	53,381

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

Six Months Ended September 30

(Million yen)

	For the six months ended September 30, 2016	For the six months ended September 30, 2017
Net sales	19,432	19,281
Cost of sales	11,040	10,954
Gross profit	8,392	8,326
Selling, general and administrative expenses	7,647	7,472
Operating profit	744	853
Non-operating income		
Interest income	15	18
Dividend income	35	37
Insurance and dividend income	25	26
Other	40	31
Total non-operating income	116	114
Non-operating expenses		
Interest expenses	12	14
Foreign exchange losses	166	22
Other	7	9
Total non-operating expenses	186	46
Ordinary profit	674	921
Profit before income taxes	674	921
Income taxes	263	340
Profit	410	580
Profit attributable to non-controlling interests	179	153
Profit attributable to owners of parent	230	426

Quarterly Consolidated Statements of Comprehensive Income

Six Months Ended September 30

(Million yen)

	For the six months ended September 30, 2016	For the six months ended September 30, 2017
Profit	410	580
Other comprehensive income		
Valuation difference on available-for-sale securities	166	276
Deferred gains or losses on hedges	-	(0)
Foreign currency translation adjustment	(1,692)	26
Remeasurements of defined benefit plans, net of tax	37	(37)
Total other comprehensive income	(1,487)	265
Comprehensive income	(1,077)	846
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(969)	710
Comprehensive income attributable to non-controlling interests	(108)	135



## (3) Quarterly Consolidated Statements of Cash Flows

(Million yen)

	For the six months ended September 30, 2016	For the six months ended September 30, 2017
<b>Cash flows from operating activities</b>		
Profit before income taxes	674	921
Depreciation	434	430
Increase (decrease) in net defined benefit liability	20	76
Interest and dividend income	(51)	(55)
Foreign exchange losses (gains)	136	11
Interest expenses	12	14
Decrease (increase) in notes and accounts receivable - trade	1,820	1,851
Decrease (increase) in inventories	(748)	(610)
Increase (decrease) in notes and accounts payable - trade	(446)	(432)
Increase (decrease) in accounts payable - other	(243)	(232)
Other, net	(306)	(204)
<b>Subtotal</b>	<b>1,301</b>	<b>1,769</b>
Interest and dividend income received	50	56
Interest expenses paid	(11)	(14)
Income taxes (paid) refund	(343)	(533)
<b>Net cash provided by (used in) operating activities</b>	<b>997</b>	<b>1,277</b>
<b>Cash flows from investing activities</b>		
Payments into time deposits	(366)	(387)
Proceeds from withdrawal of time deposits	362	442
Purchase of property, plant and equipment	(149)	(183)
Proceeds from sales of property, plant and equipment	3	-
Purchase of intangible assets	(204)	(221)
Collection of loans receivable	0	0
Other, net	(15)	(17)
<b>Net cash provided by (used in) investing activities</b>	<b>(370)</b>	<b>(366)</b>
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	206	(453)
Purchase of treasury shares	(0)	(0)
Proceeds from sales of treasury shares	0	0
Repayments of finance lease obligations	(39)	(0)
Cash dividends paid	(406)	(405)
Dividends paid to non-controlling interests	(57)	(48)
<b>Net cash provided by (used in) financing activities</b>	<b>(296)</b>	<b>(909)</b>
Effect of exchange rate change on cash and cash equivalents	(952)	27
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(621)</b>	<b>29</b>
Cash and cash equivalents at beginning of period	17,913	19,161
Cash and cash equivalents at end of period	17,291	19,191

#### (4) 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 six months ended September 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	11,725	1,605	2,247	3,086	767	19,432	-	19,432
Inter-segment net sales or transfers	2,853	13	4	1,933	1,824	6,629	(6,629)	-
Total	14,578	1,619	2,252	5,019	2,592	26,062	(6,629)	19,432
Segment profit	1,679	24	151	339	144	2,338	(1,594)	744

(Notes) 1. The adjustment for segment profit of negative ¥1,594 million includes elimination of inter-segment transactions of ¥105 million and corporate expenses in the amount of negative ¥1,700 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.

II. For the six months ended September 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	11,268	1,804	2,293	3,289	624	19,281	-	19,281
Inter-segment net sales or transfers	3,039	26	1	1,719	1,808	6,595	(6,595)	-
Total	14,308	1,831	2,294	5,008	2,433	25,876	(6,595)	19,281
Segment profit	1,926	31	164	341	107	2,571	(1,718)	853

(Notes) 1. The adjustment for segment profit of negative ¥1,718 million includes elimination of inter-segment transactions of negative ¥54 million and corporate expenses in the amount of negative ¥1,663 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.