

TOYO TIRES
driven to perform

Annual Report 2011

Year Ended March 31, 2011



Profile

TOYO TIRES Group's primary business is the manufacture and sale of automotive tires, industrial rubber, soft and rigid urethane products, and automotive anti-vibration rubber. Since our founding in 1945, we have continually pioneered new markets through the creation of innovative technologies and products. Today, our business operations span over 100 countries and regions.

In April 2011, we introduced "Vision 2020," which sets forth our ideas for the kind of company we want to be in 2020 when the Group will mark the 75th anniversary of its establishment. We also announced at that time our "2011 Mid-Term Business Plan," which is our road map for the first five years leading to the "Vision 2020." The Group is now vigorously pursuing the realization of these business plans.

Brand Statement

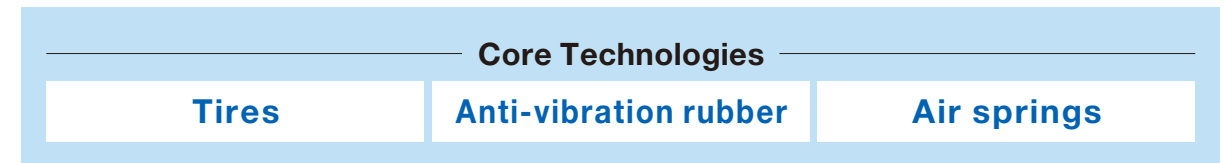
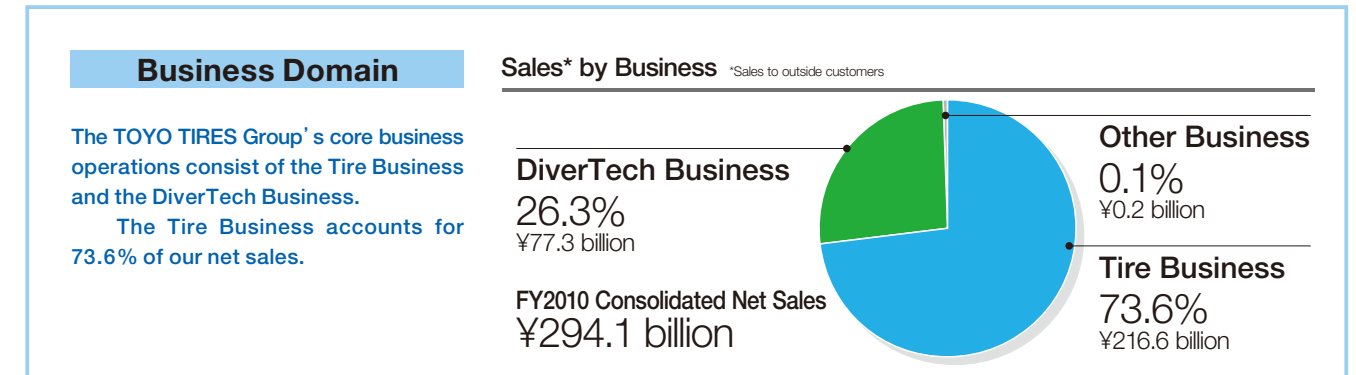
driven to perform

"Driven to Perform" is our brand statement. It expresses the determination of each of our employees to excel at what they do, so that we can continue to be a company that is publicly recognized for our high-performance and high-quality products and services.

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TOYO TIRES Group at a Glance



Tire Business

Our Tire Business unit manufactures and sells tires for passenger cars, trucks/buses, and construction vehicles.

We have two core tire brands, "TOYO TIRES" and "NITTO." We are developing two distinct branding strategies for the future growth of each brand.

Our TOYO TIRES brand products, centered around the PROXES series of ultra-high-performance tires, are marketed and sold globally. TOYO TIRES products are developed through research attuned to market demands, and are known for drawing out the full performance potential of each vehicle to which they are fitted.

The NITTO brand boasts unique and highly innovative products that are extremely popular in niche markets in North America and elsewhere.



DiverTech Business

The DiverTech Business unit manufactures and sells a variety of products that utilize our excellent rubber and vibration control technologies, centering anti-vibration rubber and air springs, followed by seismic isolation rubber for buildings, road materials, thermal insulation materials and OA equipment parts.

In particular, we have a strong track record of supplying automotive anti-vibration rubber products and railway air springs to automakers and railroad-related manufacturers around the world. We have earned a high level of trust from our customers.

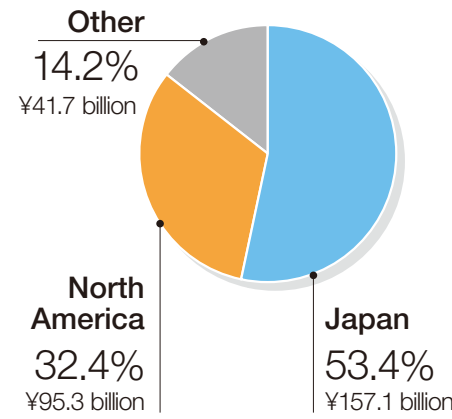
The DiverTech Business aims to offer the best solutions in response to the needs of society.



Regional Presence

Overseas sales have grown to account for as much as 46.6% of total net sales. The Tire Business has performed particularly well in North America.

Sales by Region



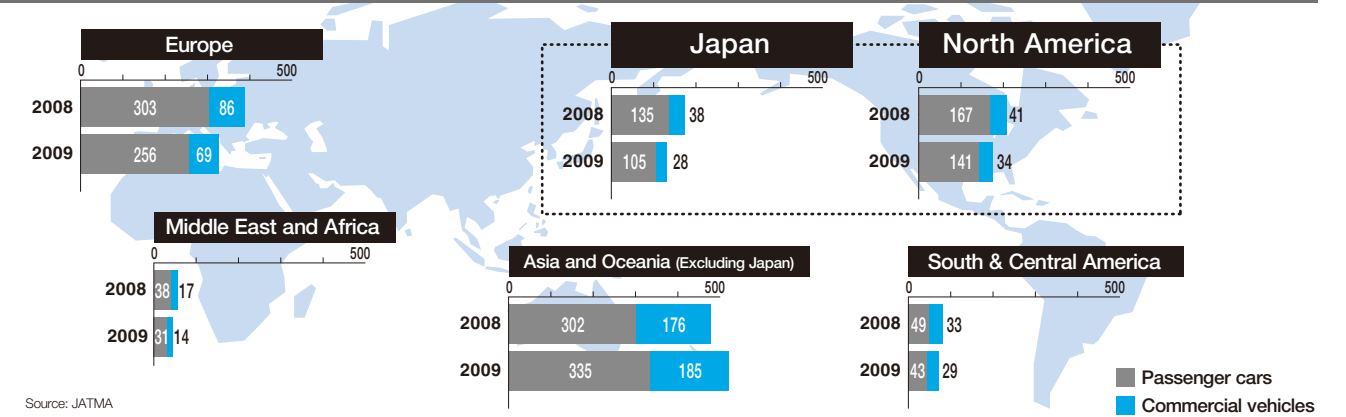
2010 U.S. Tire Market Share by Brand (%)

Passenger Tires		Light Truck Tires		Med/Heavy Truck Tires	
1 Goodyear	15.0	1 Goodyear	12.5	1 Goodyear	20.0
2 Michelin	8.5	2 BFGoodrich	9.0	2 Michelin	19.5
3 Bridgestone	7.5	3 Bridgestone	8.0	3 Bridgestone	18.0
4 Firestone	7.5	4 Michelin	7.0	4 Firestone	7.5
5 BFGoodrich	5.0	5 Firestone	6.5	5 Yokohama	7.0
6 Cooper	5.0	6 Cooper	6.0	6 Continental	4.0
7 Hankook	4.5	7 Multi-Mile	4.5	7 General	3.5
8 General	3.5	8 General	4.0	8 Hankook	3.0
9 Falken	3.0	9 TOYO TIRES	4.0	9 Double Coin	2.5
10 Kumho	3.0	10 Yokohama	4.0	10 TOYO TIRES	2.5
11 Uniroyal	3.0	11 Hankook	3.5	11 BFGoodrich	2.0
12 Yokohama	3.0	12 Kumho	3.0	12 Hercules	2.0
13 Nexen	2.5	13 Uniroyal	2.5	13 Roadmaster	2.0
14 TOYO TIRES	2.5	14 Cordovan	2.0	14 Dunlop	1.5
15 Continental	2.0	15 Falken	2.0	15 Dynatrac	1.5
16 Dayton	2.0	16 Mastercraft	2.0	16 Gladiator	1.0
17 Dunlop	2.0	17 Nexen	2.0	17 Kumho	1.0
18 Hercules	2.0	18 Pirelli	2.0	18 Sumitomo	1.0
19 Multi-Mile	2.0	19 Continental	1.5	Others	3.0
20 Pirelli	2.0	20 Dayton	1.5		
21 Cordovan	1.5	21 Hercules	1.5		
22 Mastercraft	1.5	22 Kelly	1.5		
23 Sigma	1.5	23 Maxxis	1.5		
24 Big O	1.0	24 Big O	1.0		
25 Delta	1.0	25 Delta	1.0		
26 Fuzion	1.0	26 Dunlop	1.0		
27 Kelly	1.0	27 Laramie	1.0		
28 NITTO	1.0	28 Sigma	1.0		
29 Sears	1.0	Others	5.5		
30 Sumitomo	1.0				
Others	6.0				

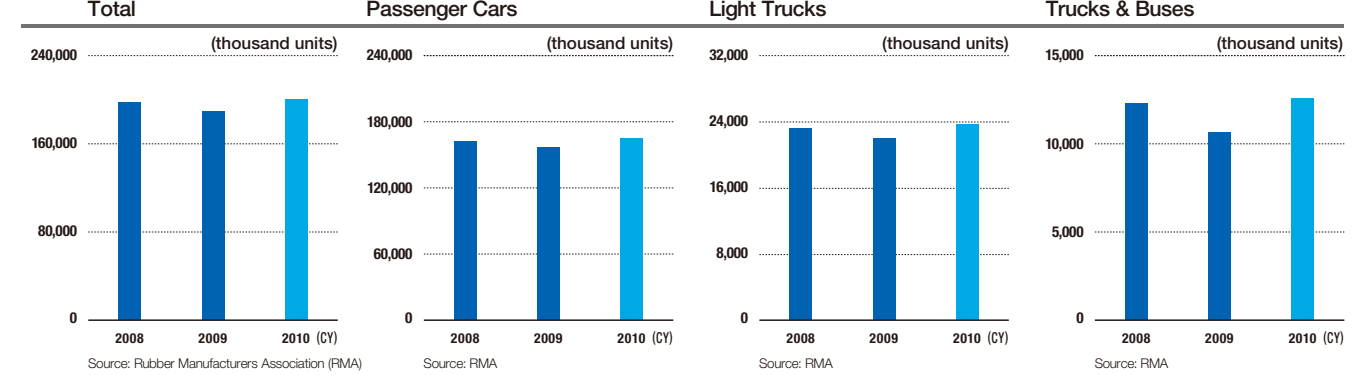
Source: Modern Tire Dealer

[Global Tire Industry Data]

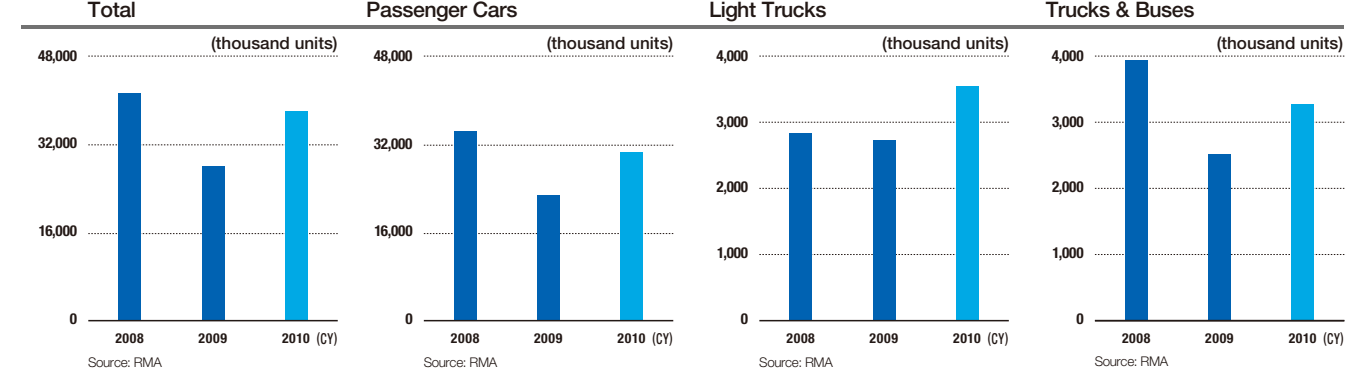
Tire Production Worldwide (million units)



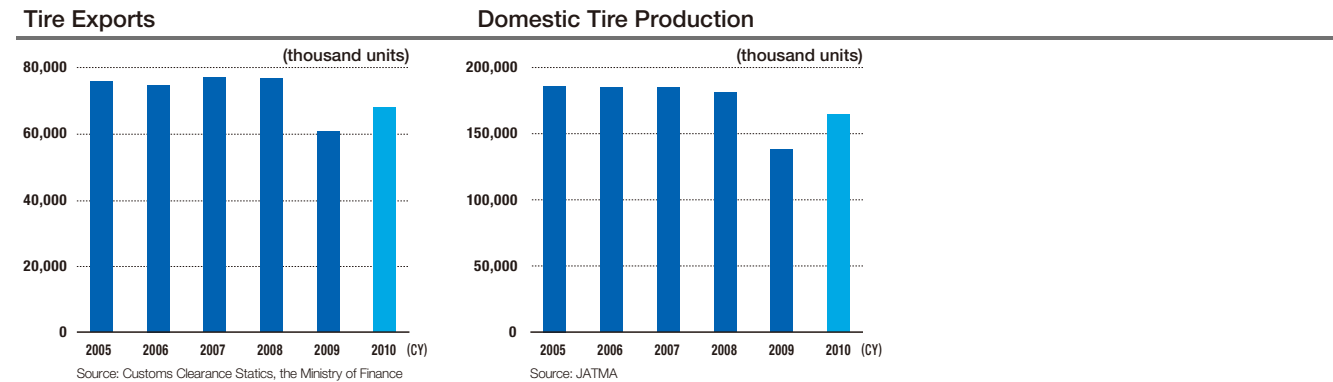
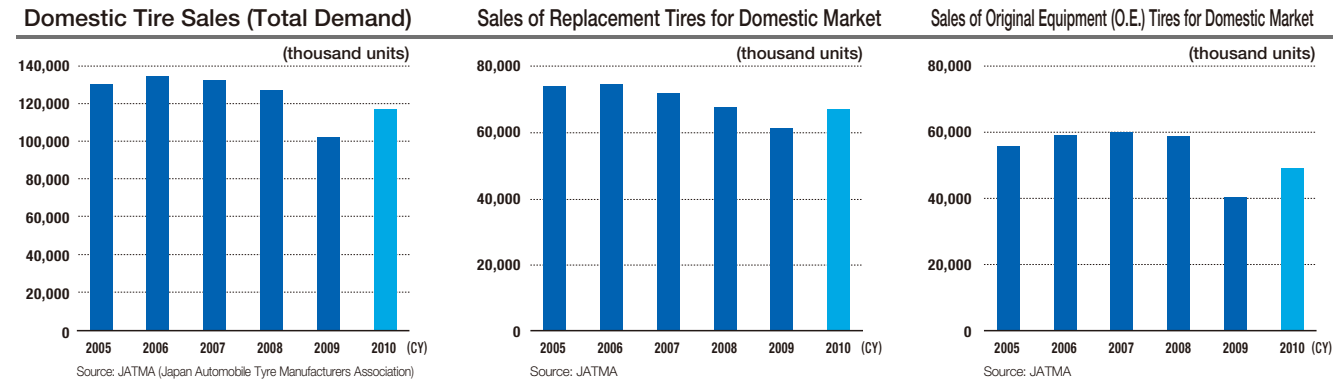
Shipments of Replacement Tires to the U.S. Market



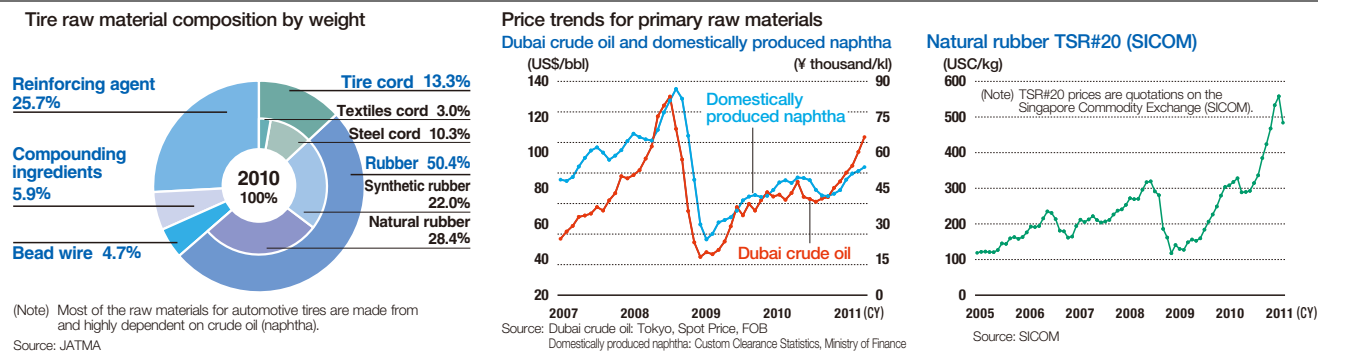
Shipments of O.E. Tires to the U.S. Market



Tire Industry Market Data [Japan Tire Industry Data]



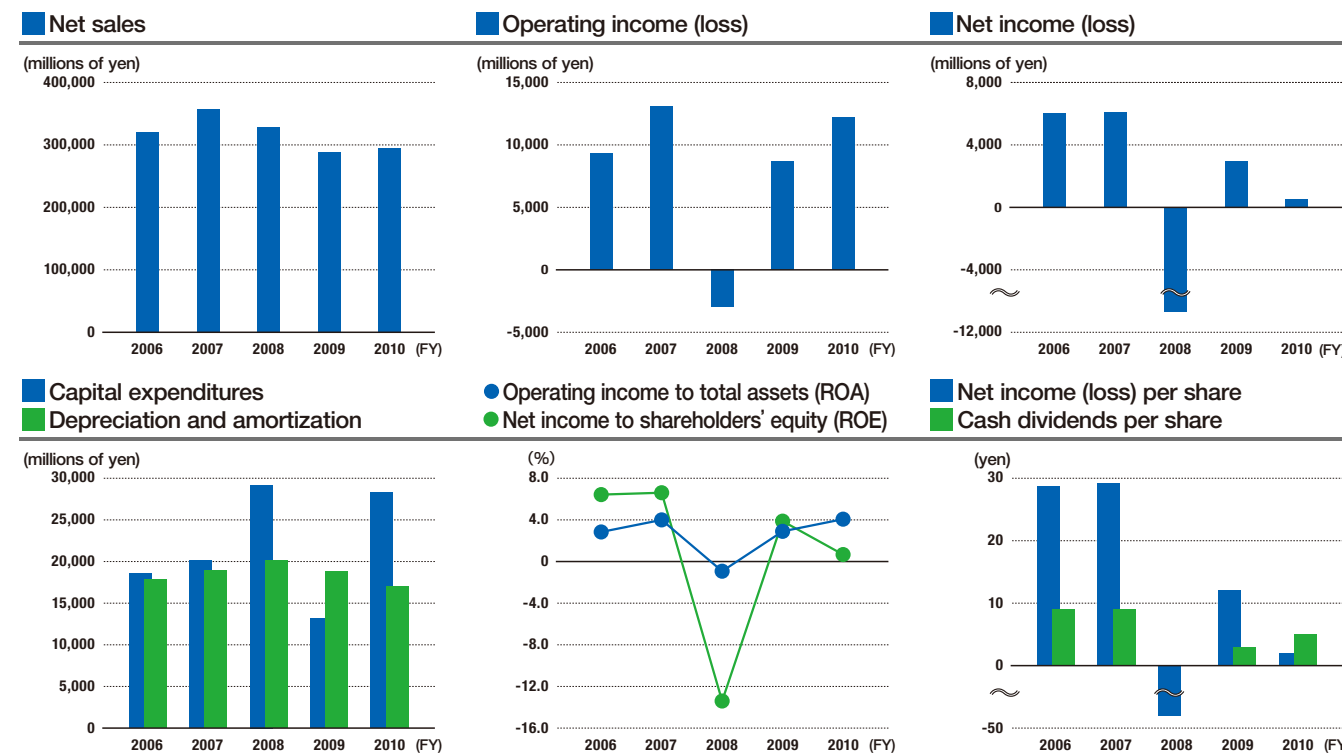
Major Indicators for Raw Materials



Consolidated Financial Highlights

Toyo Tire & Rubber Co., Ltd. and Consolidated Subsidiaries

(FY)	millions of yen				
	2006	2007	2008	2009	2010
For the Year:					
Net sales	320,427	357,233	328,371	287,726	294,093
Operating income (loss)	9,369	13,168	(2,964)	8,665	12,182
Net income (loss)	6,015	6,137	(10,722)	2,958	521
Depreciation and amortization	17,881	18,937	20,093	18,840	16,961
Capital expenditures	18,610	20,153	29,221	13,215	28,325
R&D expenditures	9,608	9,619	8,763	8,316	8,556
At the Year-end:					
Total assets	335,263	333,893	304,769	293,208	305,290
Net assets	97,446	92,605	71,356	85,024	79,607
Interest-bearing debt	99,113	96,265	138,113	109,820	118,130
Number of employees (persons)					
	7,033	7,248	6,972	6,862	8,536
Number of shares outstanding (thousands shares)					
	209,284	209,284	229,284	254,358	254,358
Per Share Data (¥):					
Net income (loss)	28.77	29.36	(48.96)	12.14	2.05
Net assets	455.83	432.04	304.30	325.83	305.19
Cash dividends	9.00	9.00	—	3.00	5.00
Ratios (%):					
Operating margin	2.92	3.69	(0.90)	3.01	4.14
Net income margin	1.88	1.72	(3.27)	1.03	0.18
Net income to shareholders' equity (ROE)	6.43	6.61	(13.40)	3.88	0.67
Operating income to total assets (ROA)	2.84	3.94	(0.93)	2.90	4.07
Capital ratio	28.42	27.04	22.86	28.23	25.40
D/E ratio (times)	1.04	1.07	1.98	1.33	1.52



Message to Stakeholders

I wish to take this opportunity to express my deepest condolences to the people who were affected by the Great East Japan Earthquake of March 2011.

The disaster also claimed the precious lives of some of our employees, and caused damage to our production, logistics and marketing bases.

Even as we faced these severe circumstances, we worked quickly towards resuming supply of our products to our anxiously-waiting customers. Each of our employees gave careful thought to what they could do to help with the recovery, and took action.

After approximately eight weeks, we were able to restore production to pre-disaster levels. This result could not have been possible without the hard work and energetic efforts of our employees. I feel great pride in what our employees accomplished.

In April 2011, we launched the new long-term vision, the "Vision 2020," and the new mid-term business plan, "2011 Mid-Term Business Plan." The "Vision 2020" expresses details of the kind of company we aim to be in 2020. The "2011 Mid-Term Business Plan" is our intermediate milestone for realizing that vision.

As we work towards the goals set out in these mid- and long-term business plans, we will further strengthen our business structure and corporate balance sheet, take dynamic steps to quickly expand business in growth markets, and develop high value-added and environmentally-friendly products.

FY2011 will be a critical year for us to take steps towards those goals. With your support, we look forward to meeting those expectations.



September 2011
President and Chief Executive Officer

Kenji Nakakura
Kenji Nakakura

Interview with the President and CEO



President and Chief Executive Officer
Kenji Nakakura

Q1 How much damage did the TOYO TIRES Group suffer from the March 2011 Great East Japan Earthquake, and what has been the impact to business?

The Great East Japan Earthquake impacted a number of our operations and subsidiary companies. A total of three production facilities were affected: Sendai Plant (Miyagi Prefecture); Fukushima Rubber Co., Ltd. (Fukushima Prefecture); and the Soflan Wiz Co., Ltd. Iwaki Plant (Fukushima Prefecture) (see map below for further details). In addition, the marketing facilities of Toyo Chemical/Industrial Products Sales Corporation and Toyo Tire Japan Co., Ltd. were also damaged. Although the damage to structures and equipment at our production plants was relatively minor, power outages forced the temporary stoppage of all operations. While we were able to restart production activities in the short term, the impact of the damage to the logistics infrastructure in the Tohoku region, coupled with restrictions on the supply of raw materials and fuel, meant that it took approximately eight weeks to resume normal operations.

The tsunami caused tremendous damage, washing away the majority of our inventory of export tires, as well as raw materials and fuel, all of which had been stored at the Port of Sendai and

nearby warehouses. Although our automotive parts plants were not directly damaged by the disaster, their production significantly declined impacted by the scaled-back operations at customer car manufacturers.

The damage to the Port of Sendai, which serves as the major logistics hub in the region, caused disruption to the normal flow of container traffic. However, swift measures to prioritize customer supply enabled us to minimize the impact to operations. These measures included the transfer of some production from the Sendai Plant to the Kuwana Plant in Mie Prefecture.

Ensuring operational continuity and restoring them to above pre-disaster levels will not only help our company, but contribute to the revitalization and reconstruction of the disaster-affected region. We are committed to continuing our efforts towards that goal.

The financial impact from the disaster for the fiscal year ended March 31, 2011 was a loss on disaster of ¥4.8 billion. However, we were still able to report a net profit.

Q2 Despite significant damage caused by the earthquake and tsunami, the Company still earned a net profit. What is the business outlook for the fiscal year under review?

During the year ended March 31, 2011, business expansion in emerging economies brought a moderate economic recovery. However, a stronger yen and a surge in the price of natural rubber made the business climate severe.

In the Tire Business, we still made progress with efforts to create a foundation for growth, working to expand our business in overseas markets, including the expansion of our tire plant in North America, the establishment of a tire plant in China, and the acquisition of a Malaysia-based tire manufacturer. In addition, we launched the SUPER ECO WALKER, the first tire to achieve the AAA grade for the lowest rolling resistance coefficient under the new tire labeling system for fuel-efficient tires introduced in January 2010.

In the DiverTech Business, efforts to boost production efficiency resulted in improvements to our profit structure, including achieving profitability at our North America automobile parts plant. Furthermore, this business unit engaged in efforts aimed at achieving operational innovation, helping to further strengthen our management structure.

As a result of these various efforts, we recorded for the first time in two years an increase in total net sales which rose to ¥294,093 million. Operating income was also up 40.6% over the previous period, at ¥12,182 million. As I noted earlier, we posted a loss on disaster due to the Great East Japan Earthquake, which resulted in an 82.4% decrease in net income to ¥521 million.

Q3 The Mid-Term Business Plan implemented in FY2008 has now concluded. What were the results?

The "2008 Mid-Term Business Plan" that was announced in May 2008 was launched under the slogan "Global Growth" with the goal of increasing corporate value through an accelerated implementation of our growth strategy.

In the Tire Business, the strategy was to establish a global sales and supply infrastructure. This was to support our goal of further expanding sales in North America, strengthening our sales base in fast-growing China, building a business foundation in Europe, and reforming our domestic business. Under this plan, we devised plans for a third-phase capacity expansion at our North American plant, and additional manufacturing facilities in emerging countries in Asia.

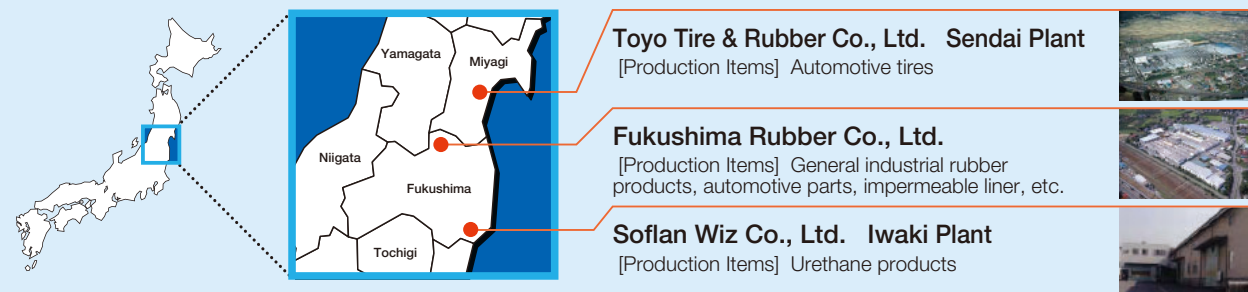
In the DiverTech Business, our strategy was to concentrate thoroughly on our core business, implement business restructuring, administer our core domestic base of anti-vibration rubber business, and establish a global infrastructure.

However, in response to sudden changes in the business

climate in the second half of 2008, we announced in May 2009 a revision of our basic strategy. The main points of this revision were to prioritize promotion of structural reform and operational innovation to strengthen the corporate foundation, to pare down our growth strategy, and to launch seven priority projects as the drivers for structural reform and operational innovation. By responding swiftly and with urgency, to complete these projects, and through efforts to improve income and profitability, we were able to avoid a crisis situation.

As a result of the deterioration in business climate, including such factors as increased raw materials prices and the stronger yen, we fell slightly below our sales target in the "2008 Mid-Term Business Plan." However, we managed to surpass the targets for operating income and operating margin. The results reflect our efforts at structural reform that have both defensive and offensive elements. We will continue with our structural reforms so that we may realize the targets of our new mid-term business plan.

Group production facilities affected by the Great East Japan Earthquake



Efforts to assist with the reconstructions of the disaster-affected areas



The conference on assistance measures (Headquarters, March 12, 2011)



Delivery of relief supplies to the disaster-affected area (Tire Technical Center, March 15, 2011)



The first shipment of tires since the disaster (Sendai Plant, March 24, 2011)

Q4 New mid- and long-term business plans were launched in May 2011. What are the specific elements of the plans?

In creating the new mid-term business plan, we set out a long-term vision based upon the TOYO TIRES Group's spirit as set forth in our mission statement and corporate philosophy. The "Vision 2020" is that long-term vision, expressing the kind of company we want to be in 2020. The "2011 Mid-Term Business Plan" is a five-year plan with specific targets through FY2015. The "2011 Mid-Term Business Plan" is a mid-term milestone towards realization of the "Vision 2020."

We have set out three ideals for the kind of company we want to be in 2020:

- A company that has strong presence with a distinctive technology and marketing strategy, which sees things from the customer's perspective
- A company earning public confidence, with each employee fulfilling CSR
- A company overflowing with energy and vitality, rich with imaginative freedom and the spirit to take on challenges

We have also set targets for our various businesses. Our vision for the Tire Business is to:

- Implement a global business operations based on the 3-point supply chain structure in Asia, Japan and North America.
- Establish a strong market presence through the global deployment of our 2-top brands, TOYO TIRES and NITTO.

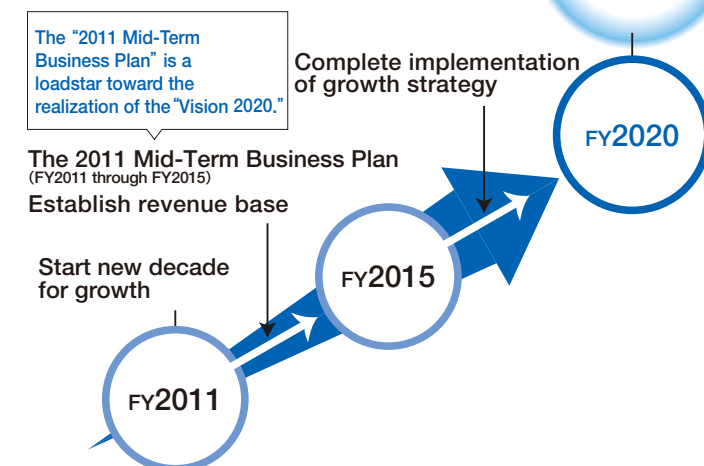
In the DiverTech Business, our goal is to:

- Establish a global supply chain for our automotive parts, polyurethane, and railway car parts business.
- Within the four business areas of energy and environment, transportation and mobility, life sciences, and food, water and agriculture, we aim to create new businesses that will form a third pillar to our corporate activities, joining our existing businesses in anti-vibration rubber and air springs.

Our slogan for the "2011 Mid-Term Business Plan" is "Charge our Dreams." Our management targets for the final year of the plan ending in March 2016 are to achieve sales of ¥400 billion, operating income of ¥30 billion, and an operating margin of 7.5%. We are also planning aggressive, and growth-oriented capital expenditures, which are expected to amount to ¥150 billion over the course of five years (see p.10-11 "New Mid-Term Business Plan" for further details).

2011 is the start of our new mid-term business plan as we pursue our goals for the "Vision 2020." This will be a critical year as we embark on our path towards future growth, and the entire company is committed to making a sprinting start towards those goals.

Achieving Mid- to Long-Term Growth



In this market environment, we will rapidly expand our business in the growth markets, and make strong efforts to develop high value-added and environmentally-friendly products. Our specific priorities are to make fully operational our Asia-centric global supply infrastructure, and to enter markets with superior products using our proprietary technology. We will work further to reduce costs and enhance our sales capability as we continue to work towards the creation of a lean and strong corporate structure.

The effects of the earthquake and tsunami disaster are expected to reduce the operational level of automakers. We will seek to minimize the impact by, among other measures, adjusting our production and supply structure.



In the year ending March 31, 2012, the third-phase expansion at our North American tire factory is scheduled to be completed, and by the end of 2011, we expect our new tire factory in China to be operational. Furthermore, with the addition to our consolidated earnings of Silverstone Berhad (Malaysia), which became a wholly-owned subsidiary in December 2010, we expect production and sales volume to increase dramatically. On the other hand, the higher price of raw materials, such as natural rubber and naphtha, will have a downward impact on profits. However, we plan to ensure profitability through appropriate price increases and expanded sales of our high value-added products.

Q5 Could you tell us your business projections for the year ending March 31, 2012?

The business climate for the fiscal year ending March 31, 2012 is expected to be affected by a continuation of high raw material costs and a strong yen. Furthermore, the impact of the Great East Japan Earthquake can be expected to linger, particularly in the automobile industry. At the same time, however, the global tire market is showing signs of increasing demand following a general recovery in the global economy. We can expect increased demand in emerging countries, led by China.

Although increased demand in emerging markets can be

expected to lead to the emergence of local tire manufacturers, we will respond by differentiating our products using our unique, proprietary technologies. By producing high value-added products using advances in manufacturing technology, we will ensure that our products are not easily copied or imitated. Furthermore, in global markets, and developed markets in particular, the rate of market penetration of environmentally-friendly products is expected to accelerate. This is an area where we are well-positioned to swiftly respond, leveraging our advanced technologies.

Q6 What is your message to investors?

The Company will continue to hold to the basic policy of paying out appropriate dividends based on a long-term, stable earnings structure. The decision on profit allocation will take into account the dual needs of strengthening the management foundation, and replenishing internal reserves to prepare for future business expansion. Under this policy, we paid out a dividend of ¥5 per share for FY2010.

The Company established the "Vision 2020" as its new long-term vision for FY2020, which will also mark the Company's 75th

anniversary.

Following our new mid-term business plan, we will work towards building a foundation for robust global growth by implementing appropriate structural reforms, technological innovation and brand enhancement. Furthermore, we will continue to strive to be a company that is needed by our stakeholders and general public. Towards this end, we will maintain our management focus on fulfilling our Corporate Social Responsibilities.

Comparison of targets and actual results (FY2010) under the 2008 Mid-Term Business Plan

	Final targets under the 2008 Mid-Term Business Plan	Actual results (FY2010)
Net sales	¥300 billion	¥294.1 billion
Operating income	¥11 billion	¥12.2 billion
Operating margin	3.7%	4.1%
Investment amount (Three-year total)	¥54 billion	¥68.8 billion
Foreign exchange rates	\$1 = ¥95 €1 = ¥125	\$1 = ¥86 €1 = ¥113

The Long-Term Vision "Vision 2020"

Management targets under the "Vision 2020"

[Net sales]
¥600 billion

[Operating margin]
10.0%



- A company that has strong presence with a distinctive technology and marketing strategy, which sees things through the customer's perspective
- A company earning public confidence, with each employee fulfilling CSR
- A company overflowing with energy and vitality, rich with imaginative freedom and the spirit to take on challenges

Tire Business Vision

- Establish a strong market presence with the "2-Top Brands" strategy
- Implement global business operations based on the 3-point supply chain structure

DiverTech Business Vision

- Establish a global supply chain for strategic businesses
- Launch new business as a third core business

New Mid-Term Business Plan

The final year of our "2011 Mid-Term Business Plan," the year ending March 31, 2016 (FY2015), will coincide with the midway point for the "Vision 2020," our long-term vision of the kind of company we want to be in 2020. Our slogan for the business plan is "Charge our Dreams." It represents our determination to forge ahead towards realizing those dreams outlined in the "Vision 2020." The entire TOYO TIRES Group is committed to realizing the objective of continuous global growth.

The slogan **Charge our Dreams**

Basic Policy

- Transparent management
- Technology-oriented management
- Speedy global growth

Basic Strategy

- Focus management resources on growing markets and strategic businesses
- Establish business model for increasing profitability
- Create new demand with unique technology
- Continue to make corporate renovation

Target of the 2011 Mid-Term Business Plan

	FY2010 Actual Results	FY2015 Targets
Net sales	¥294.1 billion	¥400 billion
Operating income	¥12.2 billion	¥30 billion
Operating margin	4.1%	7.5%
ROA (Operating income to total assets)	4.1%	Over 7.5%
Investment amount	(Three-year total) ¥68.8 billion	(Five-year total) ¥150 billion

Tire Business Strategy

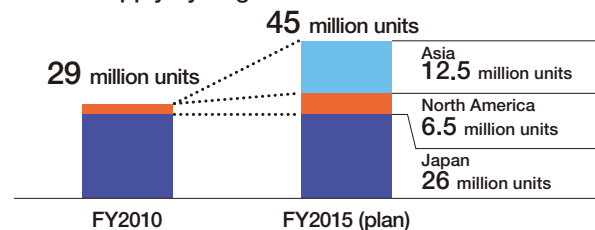
Tire Business

1 Build an Optimal Supply Chain Structure

Our goal is to establish a supply infrastructure to produce 45 million units in the final year of our business plan, an increase of 55% over FY2010. By region, we will have established manufacturing bases for the annual supply of 26 million units in Japan, and 6.5 million units in North America. In Asia as a whole, we plan to annually supply 12.5 million units, expanding production capacity in China and Malaysia.

North America	The third-phase capacity expansion at our U.S. tire plant will be completed by 2011-end, increasing total annual production capacity to 6.5 million units.
China	Construction of a new automotive tire plant is scheduled for completion by 2011-end, with scheduled production of 2 million units in FY2012.
Malaysia	Production of TOYO TIRES brand tires has commenced, and production of SILVERSTONE brand tires have increased. Production of TOYO TIRES brand tires will also be increased at the existing plant.

Tire Supply by Region



*Total number of truck and bus tires, light truck tires and passenger car tires (PCR), excluding JV-consignment.
*Partial converted to PCR

2 Establish a Distinctive Brand Strategy

We will establish distinctive branding strategies for the TOYO TIRES and NITTO brands under the "Building 2-Top Brands" strategy of the "Vision 2020."

We will market TOYO TIRES as a technology-based, reliable, full-line brand. NITTO, on the other hand, will focus on select product categories, and be marketed as a free-spirited brand developed through the fusion of innovation and creativity.

We will steadily develop the SILVERSTONE brand with a focus on existing customers.

Establish Our Brand Portfolio

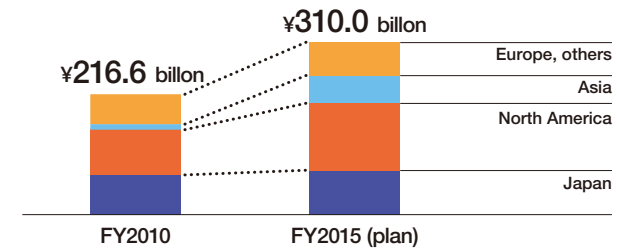
TOYO TIRES	● Full lineup "Reliability"
NITTO	● Elite lineup "Free Spirit"
SILVERSTONE <i>The science of full contact</i>	● Focusing mainly on existing customers "Good Value"

3 Renew Market/Customer Strategy

I. Shift to growth/profitable markets

While there is no change to our strategy of positioning North America as our primary market, we will seek to expand sales in Asia, centered on China. Our goal is to improve profitability by pursuing sales strategies that best match local market characteristics, and by optimizing the geographic and product mix.

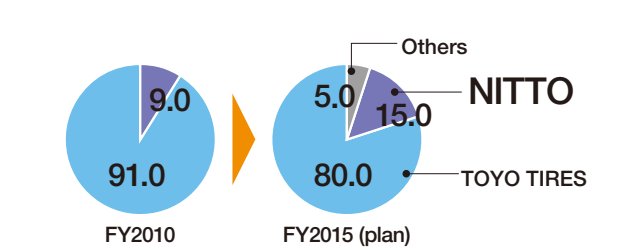
Sales by Region



II. Expand NITTO brand globally

Our plan is to increase the proportion of NITTO brand tire sales to 15% of total Group net sales. We seek to do this by expanding sales in our primary North American market, and by globally deploying the NITTO brand, starting with Asian markets. By increasing sales of NITTO brand products, we will raise the sales ratio of large diameter tires, which should in turn improve profitability.

Sales by Brand (%)



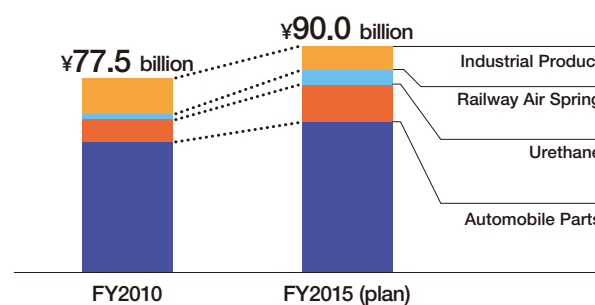
4 Develop the World's Best Embodiment of Environmentally-Conscious Technology

We will focus on structural design, material development and analysis technology to further enhance our environmentally-conscious technologies so that we can create products that are both eco-friendly and comfortable.

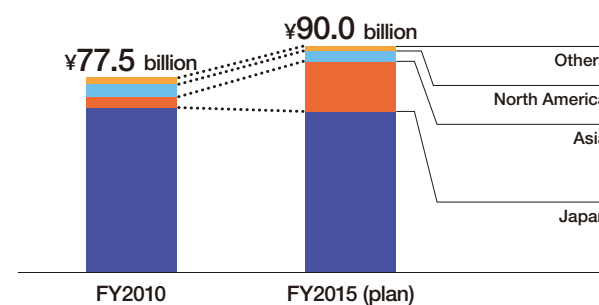
DiverTech Business Strategy

DiverTech Business

Sales by Product



Sales by Region



We will pursue global expansion in each segment of the DiverTech Business. We seek to expand sales in emerging markets with the goal of increasing sales in the Asian markets by ¥10.0 billion in FY2015. We will improve and develop our supply bases in preparation for the next phase of growth.

1 Expand the Automobile Parts Business

Automobile parts business is a core part of our business. In China, we will expand our existing plant and construct a new facility to respond to the significantly increasing local demand.

2 Expand the Urethane Business in Asia Market

Within the urethane division, we will expand our thermal insulation materials business in Asia, where environmental awareness is rising, by leveraging our strong technological competence nurtured in the Japanese domestic market.

3 Expand the Railway Car Parts Business Globally

Focusing on collaborations with local companies in each region where we operate, we have plans for an early expansion of the railway car parts business to respond to increased demand associated with a global modal shift in transportation.

4 Developing the World's Best Environmentally-conscious Technology

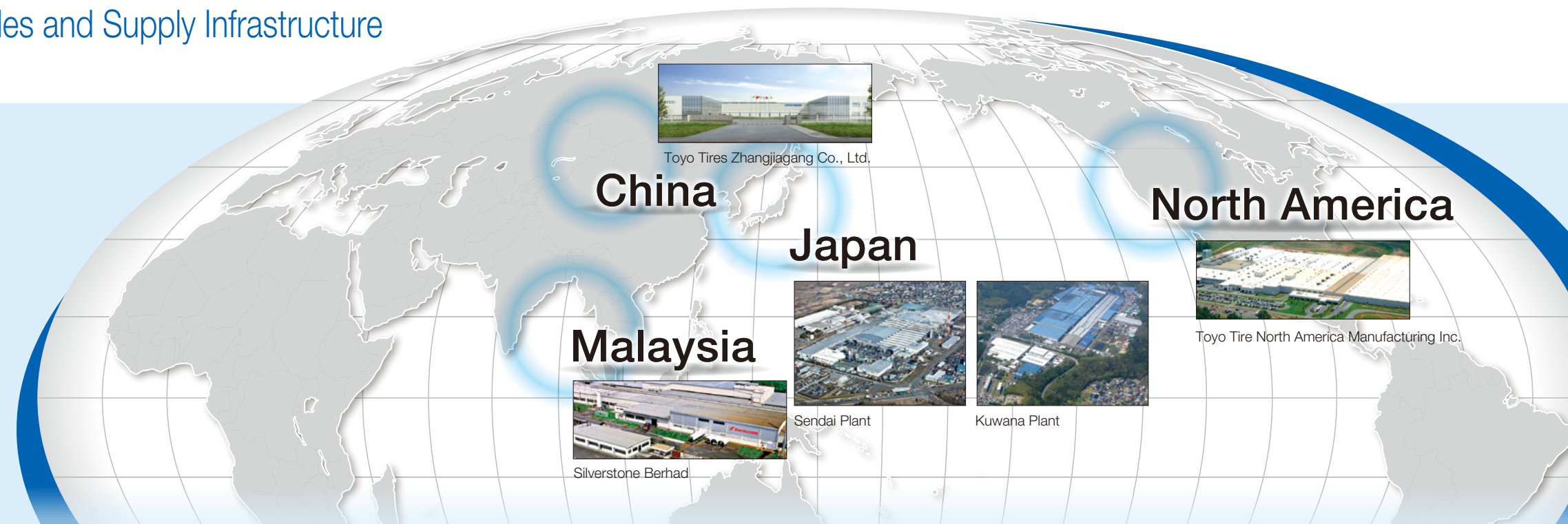
To secure global growth in strategic businesses, we have plans to develop environmentally-conscious technologies and products in various segments. For example, in the automobile parts division, we have initiatives to develop new lighter and smaller products for eco-friendly vehicles.

Special Feature: Expansion of the Global Sales and Supply Infrastructure

With competition intensifying globally in the tire industry, the expansion of global sales and supply infrastructure will be a key factor for our mid- and long-term growth.

Under the previous mid-term business plan, we steadily made strategic moves toward realizing the TOYO TIRES Group's immediate goal of "expanding the supply capacity to respond to demand" under the slogan of "Global Growth." Our work included the expansion of TNA in North America, commencement of construction of a new tire factory in China, and the acquisition of Silverstone in Malaysia. Under the "2011 Mid-Term Business Plan," we will force ahead with efforts to survive global competition, positioning "speedy global growth" as one of our top management priorities.

In this special feature, we describe the outline and respective strategic positions of our production bases in North America, Japan, China and Malaysia.



North America | Top Earnings Base; TNA's Third-Phase Production Capacity Expansion to Be Completed in 2011

The third-phase of production capacity expansion at Toyo Tire North America Manufacturing Inc. (TNA, Georgia, the United States) is designed to expand production capacity 1.8 times on current levels by establishing new production lines. With the phase completed, production is expected to reach 4.30 million units in FY2011.

In the latest expansion of production capacity, we focused on facilities for producing light truck tires.

TNA began operations in March 2006 as a production factory of passenger car tires and light truck tires. It is a state-of-the-art plant that uses new original manufacturing method, A.T.O.M. (Advanced Tire Operation Module).^{*} We completed the second-phase of production capacity expansion in 2009, and began the third-phase of production capacity expansion to respond to robust demand in the North American market and prepare for further business expansion in the future.

The North American market is positioned as the most important market for both TOYO TIRES and NITTO brand tires. The deliveries by TNA of high-quality premium tires to tire dealers and consumers in North America helps enhance our brand value and is also of great

significance for our mid- and long-term global strategy. We should be able to expand production to the order of 6.50 million units in FY2011, allowing us to achieve the production structure envisioned for FY2015 under the "2011 Mid-Term Business Plan" sooner than expected.

^{*} A.T.O.M.: Toyo Tire's new automated manufacturing method, characterized by the high-quality of products it creates, the space it save, and its ability to create a wide variety of products in even small quantities. This method can allow production plans the flexibility to adjust to market demand trends. For example, light truck tires made with this method are better-balanced than the products of competitors, have a largely reduced weight, lower levels of noise and vibration, and offer substantially enhanced ease of mounting.

Company name	Toyo Tire North America Manufacturing Inc.
Location	Georgia, the United States
Establishment	June 2004
Production items	Passenger car tires and light truck tires
Production capacity	6.5 million units annually
Number of employees	687 (As of December 31, 2010)

Japan | Developing State-of-the Art Technologies as Mother Factory

The Sendai Plant and the Kuwana Plant are the TOYO TIRES Group's key production bases for the Tire Business in Japan. The Sendai Plant produces mainly passenger car tires, while the Kuwana Plant produces passenger car tires, light truck tires, and trucks and bus tires. While maintaining a combined production capacity of 26 million units at the two factories, we are making a shift to high-quality and high value-added products that can be differentiated in global markets.

Our factories in Japan are of great significance for our all-out efforts toward the globalization of business operations and for the securing of mid- and long-term growth through technology-driven differentiation that enables us to avoid price-cutting competition. Going forward, we plan to further evolve our manufacturing

technologies, proceeding with plans to fuse product and production technology improvements. In this area, for our central factories in Japan, we will seek to develop state-of-the-art production technologies in order to maintain competitive superiority. The distribution of products made with Japan-developed manufacturing methods from our production bases around the world will allow us to overcome global competition.

We will seek to enhance production efficiency on a global basis through flexible production shifts, including the transfer of products in value zones to overseas bases, and the manufacturing of high value-added products in Japan.

China | A New Tire Factory Expected to Be Completed at the End of 2011

Demand for tires is growing sharply in China, reflecting the rapid progress of motorization in the country. In order to make the potentially great Chinese market our next earnings base after North America, we concluded it was essential to create a stable supply structure backed by a wholly-owned production base and established a tire-manufacturing subsidiary, Toyo Tires Zhangjiagang Co., Ltd., in April 2011. The new factory under construction is expected to begin working by the end of 2011, and will initially produce about 2 million of passenger car tires and light truck tires a year. We plan to gradually boost the factory's production capacity in line with developments in the domestic Chinese market, which is growing very large. For the time being, we will sell tires from the new factory as replacement tires for domestic sales in China, but we also plan to supply them to local automakers in the future.

China has rapidly grown into the core of the global economy and is gaining in importance ever since the late 2000s global financial crisis. Anticipating the further evolution of markets in China and other Asian countries going forward, at the new factory in China, we will seek to produce tires offering enhanced fuel efficiency and other high-quality products that can be differentiated from products of competitors, rather than low-cost products.

Company name	Toyo Tires Zhangjiagang Co., Ltd.
Location	Zhangjiagang City, Jiangsu Province, China
Establishment	April 19, 2010
Production items	Passenger car tires and light truck tires
Production capacity	2 million units annually (plan)
Number of employees	Approximately 500

Malaysia | Acquisition of Silverstone Marks Full Entry into Southeast Asia

In order to expand the volume of supply to the Asian market that is likely to grow further, we made Silverstone Berhad of Malaysia into a subsidiary in December 2010. Silverstone has an annual production capacity of 3 million units with the second largest market share in Malaysia, and also ranks 63rd in global tire sales (in 2009 sales). Silverstone not only sells its tires in Malaysia, but also exports and sells them to Southeast Asian countries. Taking the company under the umbrella of the TOYO TIRES Group made it possible for us to secure supply capacity for basic size tires and to make a full-scale entry into the growing Southeast Asian market. The acquisition of Silverstone provided the TOYO TIRES Group with a major foothold for our global expansion.

We will seek to prepare Silverstone to commence production of both TOYO TIRES and NITTO brand tires as early as possible, thereby establishing a structure for expanding sales in overseas markets, centering on Asia. We will also try to further enhance the quality and expand sales of SILVERSTONE brand tires to solidify the

basis of the Tire Business in the Asian region. Through this, we will seek to establish a growth path for the TOYO TIRES Group, support our cost competitiveness and further enhance our enterprise value.

Company name	Silverstone Berhad
Location	Taiping, Perak, Malaysia
Establishment	12 July, 1986
Production items	Radial tires for passenger cars and trucks, bias tires for trucks and light trucks
Production capacity	Approximately 3 million units annually (plan)
Number of employees	Approximately 1,400

Tire Business

The enhancement of global sales and supply infrastructure to respond to globally growing tire demand is a key factor for the achievement of our mid- and long-term growth.

Under the "2008 Mid-Term Business Plan," which adopted the slogan of "Global Growth," we steadily made strategic moves toward realizing the "expansion of supply capacity responsive to demand" through steps that included the enhancement of our North American factory, the commencement of construction work for a new tire factory in China, and the acquisition of Silverstone in Malaysia.

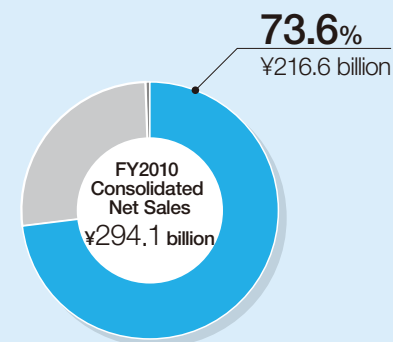
Beginning in FY2011, under the new growth strategy of the "2011 Mid-Term Business Plan," which adopts the slogan of "Charge our Dreams," we will strive to remain fiscally sound by concentrating our management resources on growth markets and strategic businesses amid intensifying global competition.

The following is an overview of our Tire Business at home and abroad. It includes an overview of each major market, and the respective strategic positions being employed in North America, Europe, and Asia centering on China.

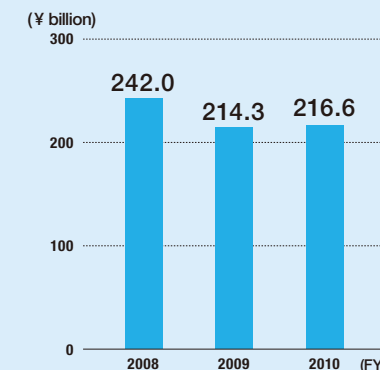


Director, Senior Corporate Officer
Group Executive Officer,
Tire Business
Akira Nobuki

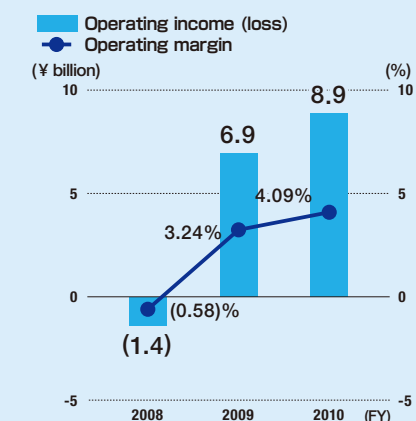
Percentage of Tire Business Sales
within Overall Net Sales



Net Sales of Tire Business



Operating Income (Loss)/
Operating Margin of Tire Business



TOYO TIRES



PROXES 1 PROXES T1 SPORT VERSADO ECO OPEN COUNTRY A/T TRANPATH mpF

Overview for the year ended March 2011

Net sales in the Tire Business came to ¥216,578 million, an increase of ¥ 2,286 million, or 1.1%, from the previous fiscal year. The business recorded an operating income of ¥8,864 million, an increase of ¥1,931 million, or 27.9%, from the previous fiscal year.

【 O.E. Tires for domestic sales 】

Sales fared well in the first half of the fiscal year ended March 31, 2011, thanks to rush demand before the end of the government subsidy scheme for environmentally-friendly vehicles ("Eco-car Subsidy") and an increase in exports of vehicles. In the second half, however, domestic vehicle production decreased due to the end of Eco-car Subsidy scheme and the impact of the Great East Japan Earthquake. As a result, sales volume fell short of the previous fiscal year, but net sales increased year on year thanks to an expansion of sales of high value-added products.

【 Replacement tires for domestic sales 】

We launched the fuel-efficient tire SUPER ECO WALKER, the first tire in Japan to ever receive a rolling resistance coefficient

grade of AAA. For minivan tires, we launched the environmentally-conscious tire TRANPATH mpF as the fifth-generation tire of the TRANPATH series, which offers enhanced fuel efficiency performance while also allowing for comfortable driving. In terms of replacement tires for domestic sales overall, sales volume increased over the previous fiscal year thanks to an increase in tire demand associated with a recovery trend of the domestic market, an increase in sales volume of tires for use in snowy conditions, and rush demand before price increases. However, net sales leveled off partly because affordable products drew stronger demand in the passenger car tire market.

【 Replacement tires for overseas sales 】

In the North American market, we launched the environmentally-conscious tire VERSADO LX II, a popular TOYO TIRES brand luxury vehicle-use tire which offers the same excellent fuel efficiency and antiwear performance as the previous model in its series, the VERSADO LX. We also launched the PROXES 1, a flagship tire with superior dry performance suitable for high-powered vehicles. For the NITTO brand, we focused our efforts on expanding the



GARIT G5

NITTO



INVO NITTO INVO NT05 TRAIL GRAPPLER M/T

sales of such tires as the TRAIL GRAPPLER M/T, the large-caliber, high value-added tire for light trucks; and the INVO, the ultra-high-performance (UHP) tire for luxury vehicles. As a result of these efforts, while the sales volume in the North American market as a whole remained unchanged compared to the previous fiscal year, both net sales and an operating income increased substantially over the previous year's levels.

In the European market, we launched the PROXES T1 SPORT as a new flagship tire for Europe. We also launched the SNOW PROX S953, a tire for use in winter that has high dry-wet performance on top of its excellent cold weather performance. Sales volume increased from the previous fiscal year for the European market as a whole as demand began to improve, though by a varying degree among countries. However, net sales stayed flat.

As a result, for the entire overseas markets, both sales volume and net sales remained in line with the previous fiscal year.

Outlook for the year ending March 2012

(Announced May 10, 2011)

For the year ending March 2012 (FY2011), we expect net sales for the Tire Business of ¥252.8 billion, an increase of 16.7% over FY2010, and an operating income of ¥6.8 billion, a decrease of 23.3%.

Despite heightened profits thanks to several trends including recovery in global demand, increased production at the U.S. tire factory (TNA), and an improved mix of products expected to push up net sales as a result of increased product and sales volume stemming mainly by the acquisition of the equity interests of Silverstone's factories in Malaysia and China, we expect to see a lower operating income under the impact of the sharp rise in the prices of raw materials, centering on natural rubber and petrochemical raw materials.

As the primary strategy for FY2011, we will first try to reinforce our sales bases in China and other Asian countries in a bid to increase sales in the Asian region as the priority market paralleling North America and Europe. We will also expand production at overseas factories, especially those in North America, China and Malaysia, and expand sales of high value-added products.

DiverTech Business

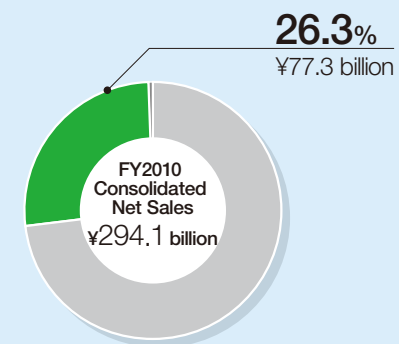
For the DiverTech Business, we aim for further growth with the basic visions of "proactive globalization focusing on core businesses" and "the development of next-generation products for higher profitability;" both of which were set forth under the "2011 Mid-Term Business Plan" and the "Vision 2020."

For the mid-term challenge of a "thorough concentration on core businesses" set in the "2008 Mid-Term Business Plan," we will actively pursue the restructuring of the domestic anti-vibration rubber business and the reorganization of other businesses. In order to proceed with the further concentration on core businesses under the "2011 Mid-Term Business Plan," we will concentrate management resources on the three segments of automobile parts, urethane and railway car parts, and pursue proactive globalization of operations as well as development of high value-added and environmentally-conscious products leveraging our original technologies.

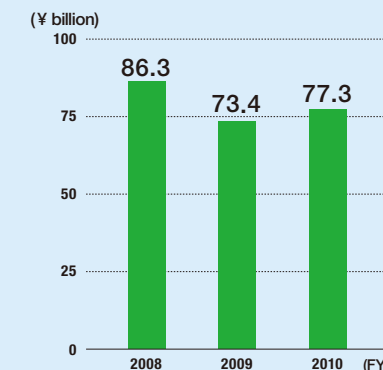


Director, Senior Corporate Officer
Group Executive Officer,
DiverTech Business
Takafumi Ichikawa

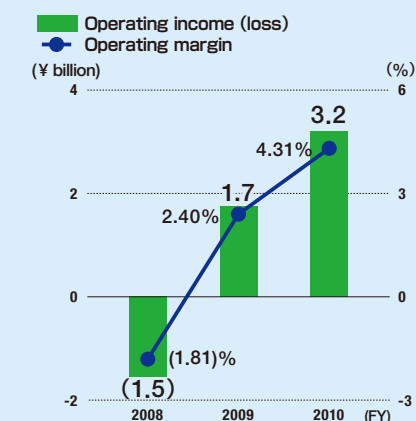
Percentage of DiverTech Business Sales within Overall Sales



Net Sales of DiverTech Business



Operating Income (Loss)/ Operating Margin of DiverTech Business



Coupling



Constant velocity universal joint boots (C.V.J. Boots)



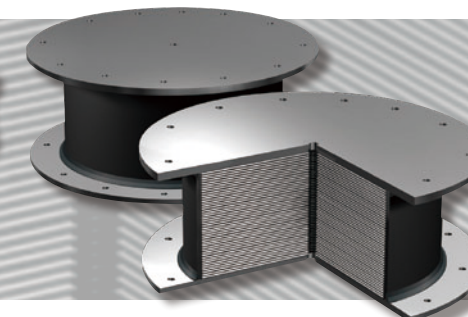
Hydraulic engine mounts



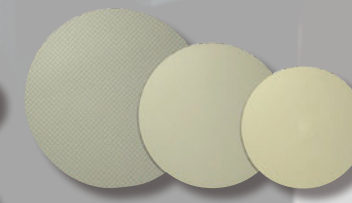
Air springs for railway cars



Conical shaft springs for railway cars



Seismic isolation rubber



CMP pad

Overview of the year ended March 2011

Net sales in the DiverTech Business came to ¥77,314 million, an increase of ¥3,956 million, or 5.4%, from the previous fiscal year. Operating income stood at ¥3,198 million, an increase of ¥1,500 million, or 88.3% from the previous fiscal year.

【 Transportation equipment segment 】

● Automobile parts business

Although we were forced to reduce production of anti-vibration rubber for automobiles due to the impact of the Great East Japan Earthquake, net sales exceeded the previous year's level as exports of vehicle models mounted with our tires stayed strong throughout the year. However, net sales of automobile seat cushions fell far short of the previous fiscal year as sales of car models mounted with our products were sluggish in the second half, centering on hybrid and other environmentally-friendly vehicles due to the end of the government subsidy scheme for the purchase of said vehicles.

● Railway car parts business

Net sales of air springs and anti-vibration rubber for railway cars were comparable to sales during the previous fiscal year, supported by orders for replacement parts in the domestic market.

【 Thermal insulation and waterproof materials segment 】

In the thermal insulation materials segment, net sales of rigid urethane undiluted solution exceeded the previous fiscal year's level thanks to active sales-promotion activities for use in condominiums, and also due to the strong demand of eco-point system for housing. Net sales of farming sheds and livestock barns panels declined from the previous year as order receipts stayed stagnant due in part to the impact of foot-and-mouth disease. Net sales in the waterproof materials segment increased over the previous year as a result of active sales-promotion activities amid the sluggish market conditions.

【 Industrial and construction materials segment 】

In the industrial materials segment, net sales of standard anti-vibration rubber were kept in line with the previous fiscal year due in part thanks to moderate market recovery, while net sales of hoses increased on last year as a result of active sales-promotion activities, despite the lagging recovery of some fields and applications. In the construction materials segment, net sales of seismic isolation rubber for buildings fell substantially short of the previous fiscal year, affected by the postponement, freezing, and suspension of construction projects.

Outlook for the year ending March 2012

(Announced May 10, 2011)

For the year ending March 2012, we expect net sales for the DiverTech Business of ¥69.0 billion, a decrease of 10.8% over FY2010, and an operating income of ¥0.6 billion, a decrease of 81.2%.

We expect lower net sales, particularly in the first half, largely affected by lower production on the part of automakers. We also expect to see lower operating income as a result of the anticipated

impact of sharp rises in the prices of raw materials throughout the year, centering on natural rubber and petrochemical raw materials.

As our priority strategy for our core anti-vibration rubber and air springs business, we will concentrate management resources on manufacturing these products, promote global strategy and cost reduction, and build up efficient supply structure. For our urethane business, we will push ahead with globalization, and proactively promote development of the next-generation products.



A signing ceremony for the establishment of a railway car parts joint venture in China

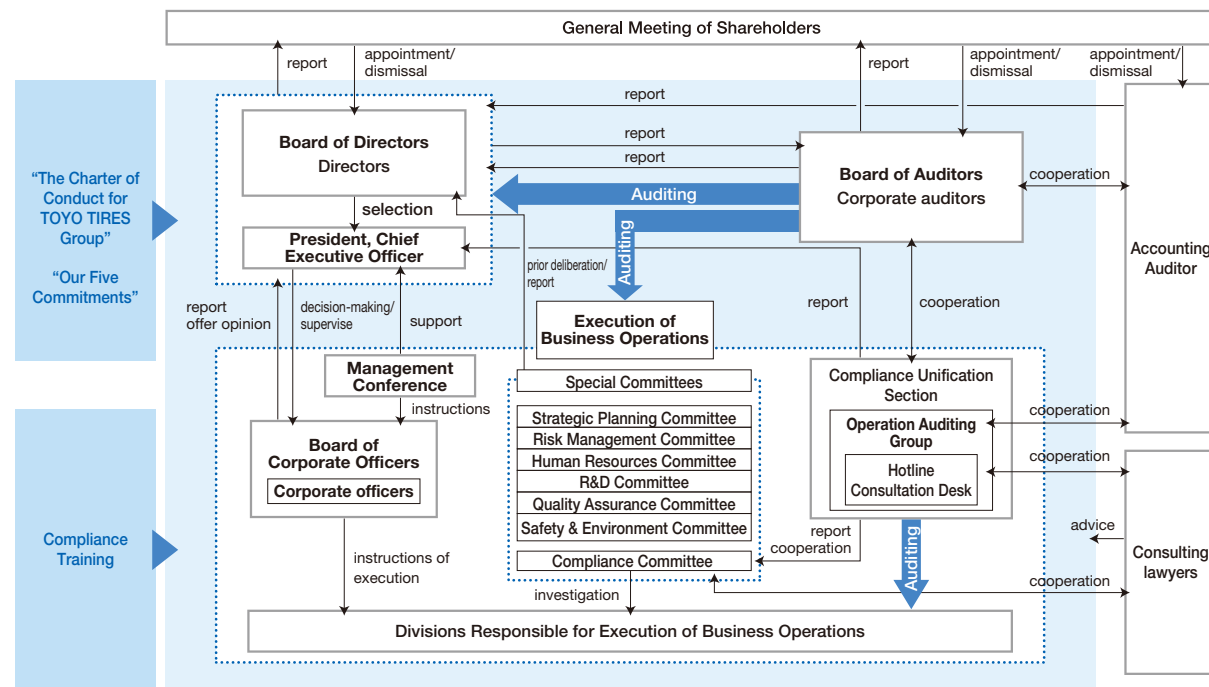
(July 5, 2011)

Corporate Governance

The Company's management framework consists of the Board of Corporate Officers, which is responsible for the execution of business operations, the special committees, which act as deliberative bodies for their respective sectors, the Board of Directors, which supervises the execution of business operations, and the Board of Auditors, which supervises and audits the performance of the Board of Directors and overall business execution.

The seven-member Board of Directors makes decisions

on important matters, such as management policies, goals and strategies, and supervises business operations. The TOYO TIRES Group employs an auditor system. The corporate auditors attend important meetings, including meetings of the Board of Directors and special committee meetings, in order to audit the performance of business operations. The TOYO TIRES Group is also reinforcing and renewing internal control systems based on the Companies Act and the Financial Instruments and Exchange Act.



Risk Management System

The TOYO TIRES Group has been striving to reinforce and improve the risk management system by appointing the director in charge of supervising risk management as the person responsible for corporate-wide risk management and establishing the Risk Management Committee under the fundamental risk management principles. We have also established a number of special committees and consultative bodies to deliberate on and respond to individual risks.

Emergency (company-wide emergency situation) response system



Environmental Communication

Publication of CSR Reports

The TOYO TIRES Group started publishing Environmental Reports in FY2000. Subsequently, as we expanded the scope of our activities beyond the environment to cover a wide range of areas, such as quality enhancement and social contributions, we renamed the publication "CSR Report," and have been working to enhance its content. Going forward, we will continue to further enhance the content of our reports to more vividly describe individual activities by incorporating the opinions of our readers.



2000 - 2010 CSR Report

Web page for information on the Group's efforts on the environment, quality, and society

We also provide information about our efforts on the environment, quality, and society on our web site. You can download our past environmental reports and view announcements about our environment- and quality-related initiatives, information about the TOYO TIRES Group Environmental Protection Fund, and other environmental news.

<http://www.toyo-rubber.co.jp/english/eco/index.html>

TOYO TIRES Group Environmental Protection Fund

Employees and the Company Cooperate for the Fund

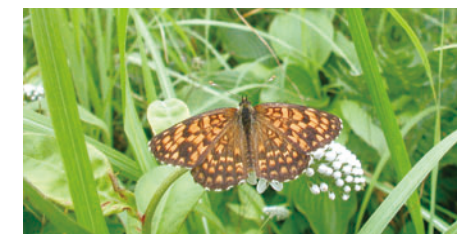
The TOYO TIRES Group established the TOYO Environmental Protection Fund in 1993, and has continued its activities even after renaming the fund as the TOYO TIRES Group Environmental Protection Fund in recognition of the involvement of our group as a whole. Since the inception of the fund, we have adopted a matching gift system in which we donate amounts equal to the contributions of our employees and companies to support nonprofit organizations

engaged in global environmental protection activities.

We have already decided to distribute a total of ¥28.2 million to 57 organizations in FY2011. Since 1993, we have donated over ¥350 million to a total of 597 organizations. Going forward, we will continue to expand the fund and extend its use in Japan and abroad.

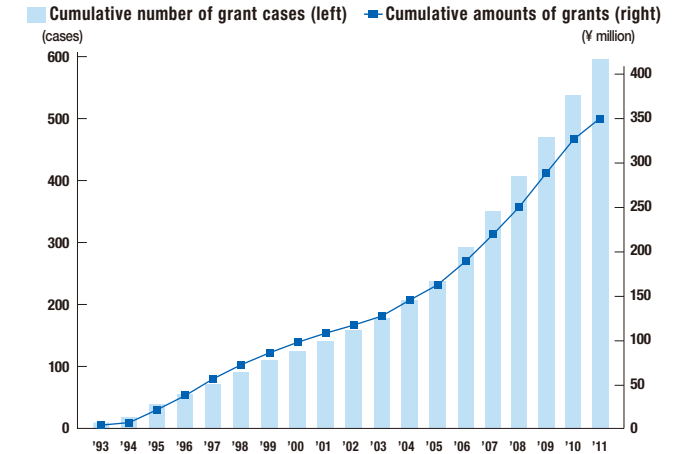


The Kumano Hyakkan Valley Nature School (Wakayama Prefecture) Experiences in mountain villages and nature through plant vegetation



The Hyogo Society for the Protection of Melitaea protomeia (Hyogo Prefecture) Undertake activities to protect Melitaea protomeia, an endangered species

Amounts of Grants and Number of Grant Cases



In the 19 years since the fund's establishment, grants have been distributed to a total of 597 organizations for a cumulative amount of about ¥350 million.



The Society to Make Use of Mt. Rokko (Hyogo Prefecture) Rediscover the attractions of Mt. Rokko through environmental education



One Family Sendai (Miyagi Prefecture) Preserve the natural environment by making use of logged trees



The Omori Komori Tenkomori Festival Planning Committee (Aichi Prefecture) Provide environmental education to children through old-fashioned papermaking

Management's Discussion & Analysis

Business Environment

Although a move towards gradual economic recovery can be observed in some areas of the management environment surrounding the TOYO TIRES Group due to factors such as the effects of economic policies taken in various countries and the tremendous demand coming from emerging economies such as China, the situation will continue as before to be challenging due to soaring raw material costs, the continued high yen and other factors. In such circumstances, the Great East Japan Earthquake which struck in March 2011 has had a serious impact on the foundations underpinning society, including shortages of electric power and chaos in distribution networks.

Under this environment, the TOYO TIRES Group has implemented various measures to achieve the final year's objectives of our three-year "2008 Mid-Term Business Plan." Specifically, the Group worked on building its supply structure inside and outside Japan, developing environmentally-friendly products, bolstering the sales infrastructure in new emerging and other important markets, and further streamlining of production.

As a result, net sales this year have reached ¥294,093 million (up ¥6,367 million, or 2.2% year on year) while operating income has reached ¥12,182 million (up ¥3,517 million, or 40.6% year on year). However, due to the Group's posting a loss on disaster of ¥4,827 million caused by the Great East Japan Earthquake, net income for this year stood at ¥521 million (up ¥2,437 million, or 82.4% year on year).

In terms of the impacts of the Great East Japan Earthquake, although there was only slight damage to the buildings and facilities of the TOYO TIRES' Sendai Plant (Miyagi Prefecture), at the production subsidiary Fukushima Rubber Co., Ltd. (Fukushima Prefecture) and Soflan Wiz Co., Ltd. Iwaki Plant (Fukushima Prefecture), operations were temporarily brought to a full halt. Although operations were soon restarted, they did not reach normal status due to the damage to distribution infrastructure in the Tohoku region and the restricted supply of raw materials, fuel and the like. In addition, the tsunami caused tremendous damage, washing away the majority of our inventory of tires for export, as well as raw materials and fuel, which had been stored at the Port of Sendai and warehouses in the vicinity. Although our automotive parts plants were not directly damaged by the disaster, their production significantly declined impacted by the scaled-back operations at customer car manufacturers.

Segment Information by Business

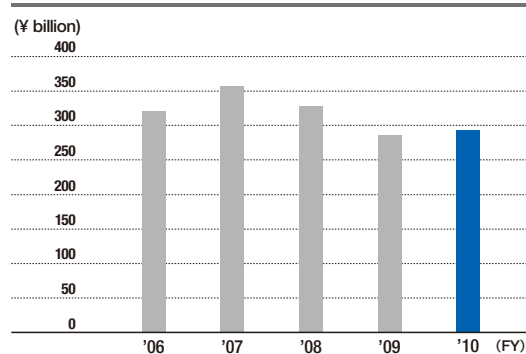
(Net sales include intersegment sales or transfers)

● Tire Business

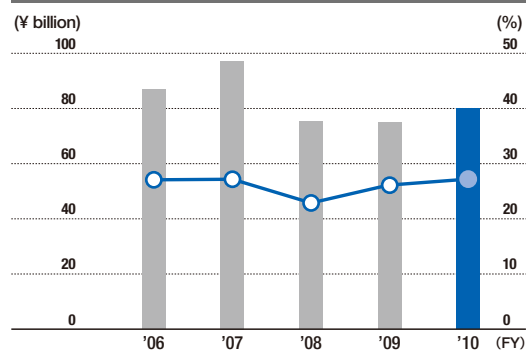
Net sales of the Tire Business, which makes up 73.6% of total net sales, stood at ¥216,597 million, an increase of ¥2,288 million from the previous year, while operating income stood at ¥8,864 million, an increase of ¥1,931 million from the previous year.

With regard to original equipment tires for domestic sales, sales showed favorable trends in the first half of the year due to rush demand before the termination of the government subsidy scheme for environmentally-friendly vehicles ("Eco-car Subsidy"), the increase in automobile exports and other factors; however, in the second half of the year domestic vehicle production declined due to the rebound following the termination of the subsidy scheme and the impact of the Great East Japan Earthquake. As a result, the sales volume fell short of the previous year; however, net sales exceeded the previous year due to expansion of sales of high value-added products.

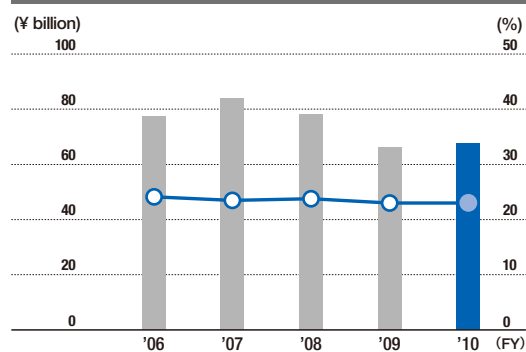
Net Sales



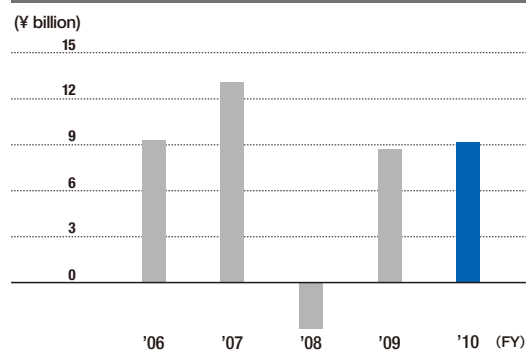
Gross Profit and Gross Profit Margin



SG&A Expenses and SG&A Margin



Operating Income (Loss)



The domestic sales volume of replacement tires exceeded the previous year due to an increase in tire demand accompanying the recovery in the domestic market, the increase in sales volume of winter-use tires due to snowfall and rush demand prior to price increases. However, due to a shift towards more affordable products among the bestselling products for passenger cars, net sales were approximately the same level as those of the previous year.

Looking at replacement tires for overseas sales, although sales of imported tires in the North American market declined due to the impact of the U.S. invocation of special safeguard measures against tires manufactured in China, sales volume was approximately the same as the previous year, while net sales exceeded those of the previous year due to the expansion of sales of large diameter /high value-added products. In the European market, despite variation seen between individual countries, sales volume exceeded the previous year due to favorable trends in demand, but net sales were approximately the same as the previous year. As a result of this, sales volume and net sales were approximately the same as the previous year across the overseas markets as a whole.

● DiverTech Business

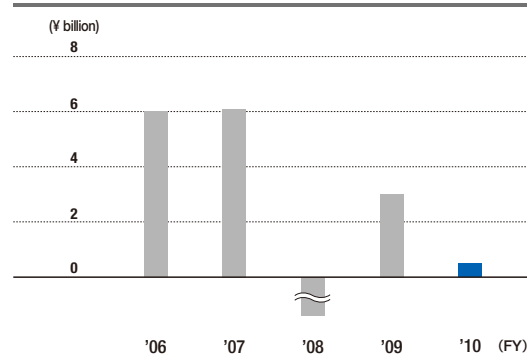
Net sales of the DiverTech Business, which made up 26.3% of total net sales, stood at ¥77,462 million, an increase of ¥4,081 million from the previous year, while operating income stood at ¥3,198 million, an increase of ¥1,500 million from the previous year.

In the transportation equipment segment, net sales of automotive anti-vibration rubbers, a key product, exceeded the previous year due to favorable exports throughout the year of automobile models mounted with the Group's products, although major cuts in production were unavoidable due to the impact of the Great East Japan Earthquake. Net sales of automobile seat cushions fell below the previous year due to sluggish sales in the second half of the year of automobile models mounted with the Group's products, especially orders for environmentally-friendly vehicles such as hybrids, a decline caused by the termination of the Eco-car Subsidy Scheme. Net sales of air springs and anti-vibration rubber for railway cars stood at approximately the same level as the previous year, supported by a firm level of orders from the domestic maintenance and repair market.

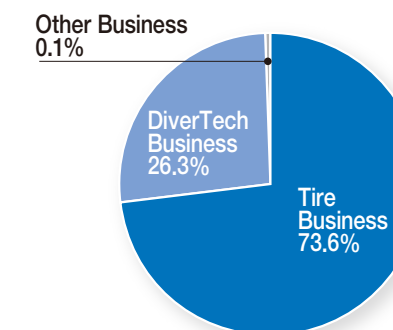
Turning to the thermal insulation and waterproof materials segment, net sales of rigid urethane undiluted solution in the thermal insulation material segment exceeded the previous year due to the development of proactive sales promotion activities aimed at condominium applications and also due to the boost given by the eco-point system for housing. Sales of farming sheds and livestock barn panels fell below the previous year because of the sluggish state of orders due to the effects of foot-and-mouth disease and other factors. As a result of active sales promotion activities that were carried out, net sales in the waterproof materials segment exceeded the previous year amidst a market that was generally sluggish.

In the industrial and construction materials segment, the Group achieved net sales of standard anti-vibration rubber in industrial materials at approximately the same level as the previous year due to a gradual recovery in the market, while net sales in the hose group exceeded the previous year due to proactive sales promotion activities. In the construction materials segment, net sales of seismic isolation rubber for building fell substantially short over the previous year, affected by the postponement, freezing, and suspension of construction projects.

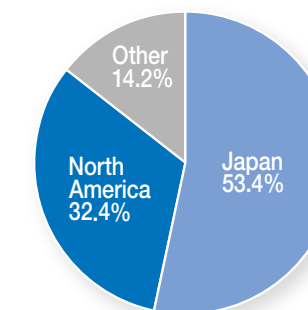
Net Income (Loss)



Sales by Business



Sales by Region



Segment Information by Region

Net sales in Japan stood at ¥157,108 million, a decrease of ¥2,801 million from the previous year, while operating income stood at ¥5,662 million, an increase of ¥1,197 million from the previous year. Sales of original equipment tires for domestic sales and automotive anti-vibration rubber show the impact of the market rebound following the termination of the Eco-car Subsidy scheme, the decline in the domestic market for new automobiles and the halting of operations at finished car manufacturers in the wake of the Great East Japan Earthquake.

Net sales in North America stood at ¥95,307 million, an increase of ¥8,948 million from the previous year, while operating income stood at ¥4,315 million, an increase of ¥1,354 million from the previous year. Although in the North American market sales of imported tires declined due to the impact of the US invocation of special safeguard measures against tires manufactured in China, sales volume was approximately the same as the previous year, while net sales exceeded the previous year due to the expansion of sales of large-diameter and value-added products.

Net sales in other regions stood at ¥41,678 million, an increase of ¥219 million from the previous year, while operating income stood at ¥1,889 million, an increase of ¥201 million from the previous year.

Financial Position

Total assets at the end of the year stood at ¥305,290 million, an increase of ¥12,082 million from the end of the previous year, mainly due to an increase in inventories such as products, and in property, plant and equipment.

Liabilities stood at ¥225,683 million, an increase of ¥17,499 million from the end of the previous year. This primarily reflects the increase in notes and accounts payable and long-term debt.

Net assets at the end of the year stood at ¥79,607 million, a decrease of ¥5,417 million from the end of the previous year. This primarily resulted from the decrease in the foreign currency translation adjustments. As a result, the capital ratio stood at 25.4%, a decrease of 2.8% from the end of the previous year.

Capital Expenditures

Capital expenditures for the year under review stood at ¥28,325 million, an increase of ¥15,110 million from the end of the previous year.

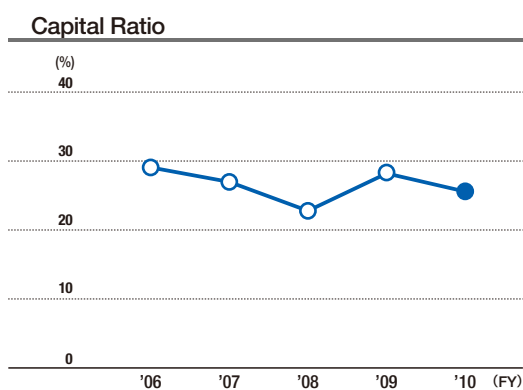
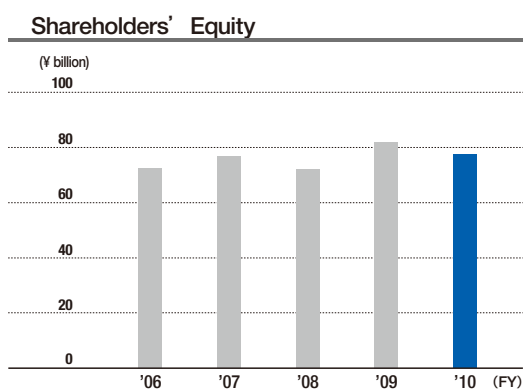
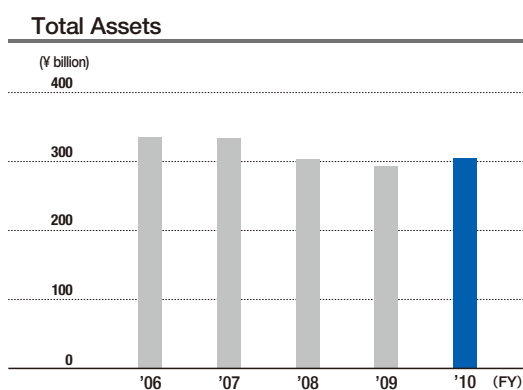
Of this, capital expenditures for the Tire Business came to ¥26,299 million, centering on the third-phase capacity expansion plan for our North American tire plant and the construction of a new tire plant in China, while capital expenditures for the DiverTech Business totaled ¥1,815 million, centering on streamlining and raising product quality, in addition to ¥211 million in capital expenditures for other business.

Interest-bearing Debt

Interest-bearing debt stood at ¥118,130 million, an increase of ¥8,310 million from the previous year, in spite of the repayment of long-term debt and amortization of corporate bond, due to the proceeds from long-term debt and issuance of bonds.

Cash Flows

Cash flows from operating activities amounted to an inflow of ¥23,977 million, with decreasing factors such as increases in inventories more than offset by increasing factors such as depreciation and amortization and an increase in notes and accounts payable.



Cash flows from investing activities amounted to an outflow of ¥36,364 million, due to the outflow from the additions to property, plant and equipment accompanying capital expenditures and from the purchase of investments in subsidiaries.

Cash flows from financial activities amounted to an inflow of ¥9,857 million, in spite of the payments of amortization of corporate bond and payments of long-term debt, due to funds raised through the proceeds from long-term debt and issuance of bonds.

Combining increases and decreases in cash flows described above with an increase in foreign exchange translation difference, cash and cash equivalents at end of the year stood at ¥28,071 million, a decrease of ¥2,506 million from the end of the previous year.

Dividends

The Company, while holding fast to the basic policy of paying out appropriate dividends based on the stable earnings structure from a long-term perspective, intends to decide on profit allocation taking into account the need to strengthen the management foundation and to replenish internal reserves in preparation for business expansion in the future.

For profit allocation during the fiscal year ended March 31, 2011, the Company paid out a dividend of ¥5 per share based on the abovementioned basic policy and the full-year earnings results.

Outlook for the Year Ending March 2012

(Announced May 10, 2011)

Turning to the business environment for the year ending March 2012 (FY2011), although it is forecast that the emerging economies in Asia and elsewhere will see robust growth and that gradual economic recovery will continue, there are nevertheless concerns about the impact of the Great East Japan Earthquake.

Based on such circumstances, the TOYO TIRES Group will push forward proactive expansion of the business from FY2011 onwards as the first fiscal year of the five-year 2011 Mid-Term Business Plan while striving to minimize the impact of the Great East Japan Earthquake.

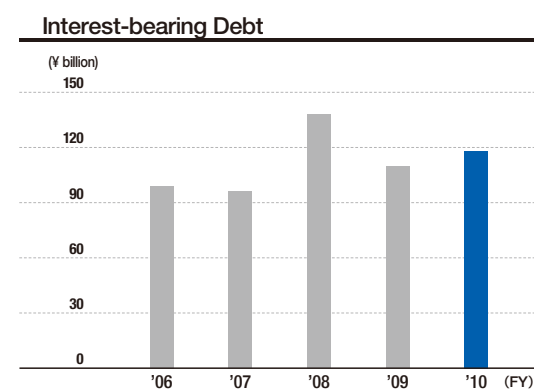
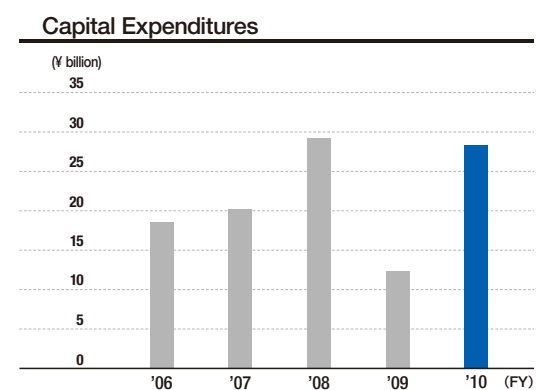
In the Tire Business, we will work to reinforce our sales base in China and other Asian countries in a bid to increase sales in the Asian region as a priority market paralleling North America and the Europe. We are also striving to expand production at the same time as increasing sales of high value-added products through undertaking the third-phase capacity expansion plan at our North American tire factory, starting production at our factory in China, and acquired 100% of the equity interests of Silverstone's factories in Malaysia and China.

In the DiverTech business, we will concentrate our management resources on anti-vibration rubber and air springs as its core businesses while pushing forward its global strategy and striving to respond to the need for cost-cutting and a streamlined supply structure. In addition, we will promote a global strategy for the urethane business, and make proactive efforts to develop the next-generation products.

The consolidated performance outlook for the fiscal year ending March 2012 is as follows.

Net sales	¥ 322.0 billion	(up 9.5%, year-on-year)
Operating income	¥ 7.7 billion	(down 36.8%, year-on-year)
Net income	¥ 2.0 billion	(up 283.9%, year-on-year)

The above is based on an assumed exchange rate of US\$1.00=83 yen, 1 euro=117 yen.



Consolidated Balance Sheets

Toyo Tire & Rubber Co., Ltd. and Consolidated Subsidiaries
March 31, 2011 and 2010

ASSETS	Millions of yen		Thousands of U.S. dollars (Note 1)
	2011	2010	2011
Current assets:			
Cash and time deposits	¥ 28,074	¥ 30,580	\$ 337,631
Notes and accounts receivable:			
Trade	54,431	60,043	654,612
Other	4,399	3,580	52,904
Allowance for doubtful receivables	(312)	(293)	(3,752)
	<u>58,518</u>	<u>63,330</u>	<u>703,764</u>
Inventories (Note 6)	41,411	35,879	498,028
Deferred tax assets (Note 13)	3,540	3,261	42,574
Other current assets	3,611	2,816	43,427
Total current assets	135,154	135,866	1,625,424
Property, plant and equipment (Note 10):			
Land	21,129	21,510	254,107
Buildings and structures	76,683	76,519	922,225
Machinery and equipment	262,760	244,138	3,160,072
Construction in progress	8,060	2,877	96,933
	<u>368,632</u>	<u>345,044</u>	<u>4,433,337</u>
Accumulated depreciation	(245,846)	(232,953)	(2,956,657)
Lease assets	1,847	1,850	22,214
Accumulated depreciation	(893)	(640)	(10,740)
Total property, plant and equipment	123,740	113,301	1,488,154
Intangible assets			
Goodwill	4,508	325	54,215
Other assets	2,066	2,220	24,846
Total intangible assets	6,574	2,545	79,061
Investments and other assets:			
Investment in securities (Notes 8 and 10)	30,315	31,781	364,582
Investments in unconsolidated subsidiaries and affiliates	2,491	3,147	29,958
Long-term loans receivable	562	628	6,759
Deferred tax assets (Note 13)	2,442	2,598	29,369
Other assets	4,517	3,889	54,323
Allowance for doubtful receivables	(505)	(547)	(6,073)
Total investments and other assets	39,822	41,496	478,918
Total assets	¥ 305,290	¥ 293,208	\$ 3,671,557

See the accompanying notes to the consolidated financial statements

LIABILITIES AND NET ASSETS	Millions of yen		Thousands of U.S. dollars (Note 1)
	2011	2010	2011
Current liabilities:			
Short-term bank loans (Note 11)	¥ 25,323	¥ 26,251	\$ 304,546
Current portion of long-term debt (Notes 10 and 11)	17,796	17,719	214,023
Notes and accounts payable:			
Trade	59,578	52,699	716,512
Other	12,730	11,971	153,097
	<u>72,308</u>	<u>64,670</u>	<u>869,609</u>
Accrued expenses	8,533	8,785	102,622
Income and enterprise taxes payable	916	1,201	11,016
Customers' deposits	1,430	1,566	17,198
Provision for product compensation	224	497	2,694
Provision for loss on disaster	974	-	11,714
Other current liabilities	2,633	2,861	31,665
Total current liabilities	130,137	123,550	1,565,087
Long-term liabilities:			
Long-term debt due after one year (Notes 10 and 11)	73,993	64,561	889,874
Severance and retirement benefits (Note 12)	13,279	13,035	159,699
Provision for environmental remediation	135	130	1,624
Deferred tax liabilities (Note 13)	7,091	5,645	85,280
Other long-term liabilities	1,048	1,263	12,603
Total long-term liabilities	95,546	84,634	1,149,080
Contingent liabilities (Note 15)			
Net assets (Note 16):			
Shareholders' equity			
Common stock			
Authorized - 400,000,000 shares			
Issued - 254,358,146 shares	30,485	30,485	366,627
Capital surplus	28,507	28,507	342,838
Retained earnings	21,007	21,248	252,640
Treasury stock, at cost			
2010 - 297,935 shares			
2011 - 307,234 shares	(105)	(103)	(1,264)
	<u>79,894</u>	<u>80,137</u>	<u>960,841</u>
Accumulated other comprehensive income			
Net unrealized holding gains on securities	6,786	7,747	81,612
Unrealized gains (losses) on hedging derivatives	(171)	(54)	(2,057)
Foreign currency translation adjustments	(8,975)	(5,050)	(107,937)
	<u>(2,360)</u>	<u>2,643</u>	<u>(28,382)</u>
Minority interests	2,073	2,244	24,931
Total net assets	79,607	85,024	957,390
Total liabilities and net assets	¥ 305,290	¥ 293,208	\$ 3,671,557

Consolidated Statements of Income

Toyo Tire & Rubber Co., Ltd. and Consolidated Subsidiaries
Years ended March 31, 2011 and 2010

	Millions of yen		Thousands of U.S. dollars
	2011	2010	(Note 1)
	2011	2010	2011
Net sales	¥ 294,093	¥ 287,726	\$ 3,536,897
Cost of sales	214,230	212,666	2,576,428
Gross profit	79,863	75,060	960,469
Selling, general and administrative expenses	67,681	66,395	813,963
Operating income (loss)	12,182	8,665	146,506
Other income (expenses):			
Interest and dividend income	664	651	7,986
Interest expense	(2,185)	(2,368)	(26,278)
Gain on sale of investment securities	-	125	-
Gain (loss) on sale and disposal of property, plant and equipment	416	(489)	5,003
Loss on valuation of investment securities	-	(166)	-
Loss on impairment of fixed assets (Note 17)	(171)	-	(2,057)
Equity in net income of unconsolidated subsidiaries and affiliates	304	1,997	3,656
Foreign exchange gain	-	642	-
Foreign exchange loss	(822)	-	(9,886)
Structure improvement expenses	-	(484)	-
Loss on litigation	(424)	-	(5,099)
Loss on disaster (Note 20)	(4,827)	-	(58,052)
Other net	(949)	(608)	(11,412)
Income (loss) before income taxes and minority interests	4,188	7,965	50,367
Income taxes (Note 13):			
Current	1,594	1,324	19,170
Deferred	1,840	3,236	22,129
	3,434	4,560	41,299
Income before minority interests	754	-	9,068
Minority interests in net loss (income) of consolidated subsidiaries	(233)	(447)	(2,802)
Net income (loss)	¥ 521	¥ 2,958	\$ 6,266
			U.S. dollars (Note 1)
	Yen		
	2011	2010	2011
Net income (loss) per share	¥ 2.05	¥ 12.14	\$ 0.02
Diluted net income per share	-	11.94	-
Dividends per share	5.00	3.00	0.06

Note: Diluted net income per share is not presented for year ended March 31, 2011 since there are no dilutive shares to be issued.
See the accompanying notes to the consolidated financial statements.

Consolidated Statements of Comprehensive Income

Toyo Tire & Rubber Co., Ltd. and Consolidated Subsidiaries
Years ended March 31, 2011 and 2010

	Millions of yen		Thousands of U.S. dollars
	2011	2010	(Note 1)
	2011	2010	2011
Income before minority interests	¥ 754	¥ -	\$ 9,068
Other comprehensive income			
Valuation difference on available-for-sale securities	(962)	-	(11,570)
Unrealized gains (losses) on hedging derivatives	(116)	-	(1,395)
Foreign currency translation adjustments	(4,000)	-	(48,106)
Share of other comprehensive income of affiliates accounted for using equity method	(86)	-	(1,034)
Total other comprehensive income	(5,164)	-	(62,105)
Comprehensive income	¥ (4,410)	¥ -	\$ (53,037)
Comprehensive income attributable to			
Comprehensive income attributable to owners of the parent	¥ (4,481)	¥ -	\$ (53,891)
Comprehensive income attributable to minority interests	71	-	854

Consolidated Statements of Changes in Net Assets

Toyo Tire & Rubber Co., Ltd. and Consolidated Subsidiaries
Years ended March 31, 2011 and 2010

	Number of shares of common stock (thousands)	Millions of yen								Total net assets
		Common stock	Capital surplus	Retained earnings	Treasury stock	Net unrealized holding gains on securities	Unrealized gains (losses) on hedging derivatives	Foreign currency translation adjustments	Minority interests	
		2011	2010	2011	2010	2011	2010	2011	2010	
Balance at March 31, 2009	229,285	¥ 27,985	¥ 26,007	¥ 18,237	¥ (101)	¥ 4,519	¥ (236)	¥ (6,726)	¥ 1,671	¥ 71,356
Issuance of new shares -										
exercise of subscription rights to shares	25,073	2,500	2,500	-	-	-	-	-	-	5,000
Cash dividends	-	-	-	-	-	-	-	-	-	-
Net income (loss)	-	-	-	2,958	-	-	-	-	-	2,958
Purchases of treasury stock	-	-	-	-	(2)	-	-	-	-	(2)
Disposal of treasury stock	-	-	-	(0)	0	-	-	-	-	0
Increase by merger	-	-	-	78	-	-	-	-	-	78
Change in scope of consolidation	-	-	-	(25)	-	-	-	-	-	(25)
Net changes in items other than shareholders' equity	-	-	-	-	-	3,228	182	1,676	573	5,659
Balance at March 31, 2010	254,358	¥ 30,485	¥ 28,507	¥ 21,248	¥ (103)	¥ 7,747	¥ (54)	¥ (5,050)	¥ 2,244	¥ 85,024
Cash dividends	-	-	-	(762)	-	-	-	-	-	(762)
Net income (loss)	-	-	-	521	-	-	-	-	-	521
Purchases of treasury stock	-	-	-	-	(2)	-	-	-	-	(2)
Disposal of treasury stock	-	-	-	(0)	0	-	-	-	-	0
Net changes in items other than shareholders' equity	-	-	-	-	-	(961)	(117)	(3,925)	(171)	(5,174)
Balance at March 31, 2011	254,358	¥ 30,485	¥ 28,507	¥ 21,007	¥ (105)	¥ 6,786	¥ (171)	¥ (8,975)	¥ 2,073	¥ 79,607

	Thousands of U.S. dollars (Note 1)								Total net assets
	Common stock	Capital surplus	Retained earnings	Treasury stock	Net unrealized holding gains on securities	Unrealized gains (losses) on hedging derivatives	Foreign currency translation adjustments	Minority interests	
	2011	2010	2011	2010	2011	2010	2011	2010	
Balance at March 31, 2010	\$ 366,627	\$ 342,838	\$ 255,540	\$ (1,245)	\$ 93,169	\$ (649)	\$ (60,734)	\$ 26,987	\$ 1,022,533
Cash dividends	-	-	(9,164)	-	-	-	-	-	(9,164)
Net income (loss)	-	-	6,266	-	-	-	-	-	6,266
Purchases of treasury stock	-	-	-	(24)	-	-	-	-	(24)
Disposal of treasury stock	-	-	(2)	5	-	-	-	-	3
Net changes in items other than shareholders' equity	-	-	-	-	(11,557)	(1,408)	(47,203)	(2,056)	(62,224)
Balance at March 31, 2011	\$ 366,627	\$ 342,838	\$ 252,640	\$ (1,264)	\$ 81,612	\$ (2,057)	\$ (107,937)	\$ 24,931	\$ 957,390

See the accompanying notes to the consolidated financial statements.

Consolidated Statements of Cash Flows

Toyo Tire & Rubber Co., Ltd. and Consolidated Subsidiaries
Years ended March 31, 2011 and 2010

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2011	2010	2011
Cash flows from operating activities:			
Income before income taxes and minority interests	¥ 4,188	¥ 7,965	\$ 50,367
Adjustments to reconcile income (loss) before income taxes to net cash provided by operating activities:			
Depreciation and amortization	16,961	18,840	203,981
Loss on impairment of fixed assets	171	-	2,057
Equity in net income of unconsolidated subsidiaries and affiliates	(304)	(1,997)	(3,656)
Foreign exchange gain	(253)	(805)	(3,043)
Increase (decrease) in accrued retirement benefits for employees	268	(1,194)	3,223
Increase (decrease) in provision for product compensation	(273)	(373)	(3,283)
Increase (decrease) in provision for disaster	974	-	11,714
Interest and dividend income	(664)	(651)	(7,986)
Interest expense	2,185	2,368	26,278
Gain (loss) on sale and disposal of property, plant and equipment	666	489	8,010
Loss (gain) on transfer of business	(1,082)	-	(13,013)
Loss (gain) on valuation of investment securities	-	166	-
Gain (loss) on sale of investment securities	-	(1,223)	-
Gain (loss) on sale of investments in a subsidiary	-	198	-
Gain (loss) on sale of investments in unconsolidated affiliates	-	900	-
Decrease (increase) in notes and accounts receivable	3,450	(9,222)	41,491
Decrease (increase) in inventories	(6,148)	14,398	(73,939)
Decrease (increase) in notes and accounts payable	9,155	3,079	110,102
Other, net	(2,578)	5,831	(31,004)
Interest and dividends received	686	2,370	8,250
Interest paid	(2,254)	(2,694)	(27,108)
Income taxes paid	(1,171)	(1,606)	(14,083)
Net cash provided by (used in) operating activities	23,977	36,839	288,358
Cash flows from investing activities:			
Additions to property, plant and equipment	(26,079)	(13,759)	(313,638)
Additions to intangible assets	(501)	(711)	(6,025)
Proceeds from sales of property, plant and equipment	1,709	282	20,553
Proceeds from sales of intangible assets	2	2	24
Proceeds from sales and redemption of investment securities	3	2,461	36
Additions to investments in securities	(211)	(215)	(2,538)
Proceeds from sale of unconsolidated affiliates	-	8,584	-
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation (*1)	(11,291)	-	(135,791)
Additions to unconsolidated affiliates	-	(9)	-
Other, net	4	71	49
Net cash used in investing activities	(36,364)	(3,294)	(437,330)
Cash flows from financial activities:			
Proceeds from long-term debt	26,180	15,854	314,853
Payments of long-term debt	(19,791)	(7,205)	(238,016)
Payments of amortization of corporate bond	(8,000)	(5,000)	(96,212)
Net increase (decrease) in short-term bank loans	(86)	(31,519)	(1,034)
Proceeds from issuance of bonds	12,936	-	155,574
Proceeds from issuance of bonds with subscription warrants	-	4,991	-
Dividends paid	(762)	-	(9,164)
Dividends paid to minority shareholders	(253)	(42)	(3,043)
Other, net	(367)	(366)	(4,413)
Net cash provided by (used in) financing activities	9,857	(23,287)	118,545
Effect of foreign exchange on cash and cash equivalents	24	1,504	289
Net increase (decrease) in cash and cash equivalents	(2,506)	11,762	(30,138)
Cash and cash equivalents at beginning of the year	30,577	18,815	367,733
Cash and cash equivalents at end of the year (Note 5)	¥ 28,071	¥ 30,577	\$ 337,595

See the accompanying notes to the consolidated financial statements.

Notes to Consolidated Financial Statements

Toyo Tire & Rubber Co., Ltd. and Consolidated Subsidiaries

1. Basis of Presenting Consolidated Financial Statements

The accompanying consolidated financial statements of Toyo Tire & Rubber Co., Ltd. (the "Company") and its consolidated subsidiaries have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Law and its related accounting regulations and in conformity with accounting principles generally accepted in Japan (Japanese GAAP), which are different in certain respects as to application and disclosure requirements from International Financial Reporting Standards.

Prior to the year ended March 31, 2008, the accounts of the consolidated overseas subsidiaries were based on their accounting records maintained in conformity with generally accepted accounting principles prevailing in the respective countries of domicile. The accounts of consolidated overseas subsidiaries for the year ended March 31, 2011 were prepared in accordance with either International Financial Reporting Standards or U.S. Generally Accepted Accounting Principles, with adjustments for the specified six items as applicable. The accompanying consolidated financial statements have been reformatted and translated into English with some expanded descriptions from the consolidated financial statements of the Company prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Financial Instruments and Exchange Law. Certain supplementary information included in the statutory Japanese language consolidated financial statements, but not required for fair presentation, is not presented in the accompanying consolidated financial statements.

The translations of the Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan using the prevailing exchange rate at March 31, 2011, which was ¥83.15 to U.S. \$1.00. The translations should not be construed as representations that the Japanese yen amounts have been, could have been or could in the future be converted into U.S. dollars at this or any other rate of exchange.

2. Summary of Significant Accounting Policies

Consolidation and investments in affiliates

The accompanying consolidated financial statements include the accounts of the Company and significant subsidiaries (together, the "Companies") over which the Company has power of control through majority voting rights or the existence of certain other conditions evidencing control. Investments in affiliates over which the Company has the ability to exercise significant influence over operating and financial policies are accounted for by the equity method.

The consolidated financial statements include the accounts of the Company and its 38 significant majority owned subsidiaries (34 in the year ended March 31, 2010). The main factor in the increase in the number of consolidated subsidiaries was the acquisition of stock of companies. All significant intercompany transactions and accounts have been eliminated in consolidation. Investments in 6 affiliates (6 in the year ended March 31, 2010) are accounted for by the equity method.

Significant differences between the cost of investments in consolidated subsidiaries and the equity in the net assets at the date of acquisition are, with minor exceptions, amortized over five years.

In the elimination of investments in subsidiaries, the assets and liabilities of the subsidiaries, including the portion attributable to minority shareholders, are evaluated using the fair value at the time the Company acquired control of the respective subsidiary.

Of the Company's subsidiaries, 23 (19 in the year ended March 31, 2010) are consolidated using a fiscal period ending December 31. Significant transactions occurring from January 1 to March 31, the Company's fiscal year-end, are adjusted for in the consolidated financial statements.

Cash and cash equivalents

In preparing the consolidated statements of cash flows, cash on hand, readily available deposits and short-term highly liquid investments with maturities not exceeding three months at the time of purchase are considered to be cash and cash equivalents.

Allowance for doubtful receivables

Allowance for doubtful receivables is provided to cover possible losses on collection. With respect to normal trade accounts receivable, it is stated at an amount based upon the actual rate of historical bad debts, and for certain doubtful receivables, the uncollectible amount has been individually estimated.

Inventories

Inventories of the Company and its consolidated domestic subsidiaries (the "Domestic Companies") are stated principally at the lower of weighted average cost or net realizable value.

Inventories of consolidated overseas subsidiaries are stated principally at the lower of weighted average cost or market.

Property, plant and equipment (except lease assets)

Property, plant and equipment are stated at cost. Depreciation of buildings and certain tools and equipment of the Domestic Companies are computed by the straight-line method over the estimated useful life of the asset. The declining balance method is applied to the remaining assets. Consolidated overseas subsidiaries compute depreciation principally by the straight-line method over the estimated useful life of the asset.

Expenditures for maintenance and repairs, including minor replacements and betterments, are charged to income as incurred.

The estimated useful lives of assets range as follows:

Buildings and structures 3 - 50 years

Machinery and equipment 2 - 17 years

Software costs (except lease assets)

Software costs are included in intangible assets and depreciated by the straight-line method over the estimated useful life of five years.

Lease assets

Property, plant and equipment capitalized under finance lease arrangements are depreciated over the estimated useful life of the respective asset or the lease term.

The Domestic Companies account for finance leases that commenced prior to April 1, 2008 and that do not transfer the ownership of the leased property to the lessee as operating leases, with disclosures of certain "as if capitalized" information. The Domestic Companies have adopted a new accounting standard and capitalize finance leases which commence after March 31, 2008, except for certain immaterial or short-term finance leases accounted for as operating leases.

Goodwill

Goodwill is amortized by the straight-line method over the period it is expected to have an effect, except minor goodwill which is expensed as incurred for the consolidated domestic subsidiaries.

Securities

The Company classifies securities as (a) debt securities intended to be held to maturity (hereafter, "held-to-maturity debt securities"), (b) equity securities issued by subsidiaries and affiliated companies, and (c) all other securities that are not classified in any of the above categories (hereafter, "available-for-sale securities"). The Companies have no securities held for trading purposes.

Held-to-maturity debt securities are stated at amortized cost. Equity securities issued by subsidiaries and affiliated companies which are not consolidated or accounted for using the equity method are stated at moving average cost. Available-for-sale securities with available fair market values are stated at fair market value. Securities with no available fair market value are stated at moving average cost. Unrealized gains and unrealized losses on these securities are reported, net of applicable income taxes, as a separate component of net assets. Realized gains and losses on the sale of such securities are computed using moving average cost.

If the fair market value of these securities declines significantly, such securities are stated at fair market value and the difference between the fair market value and the carrying amount is recognized as loss in the period of the decline. In this event, the fair market value will be the carrying amount of the securities at the beginning of the next year.

Derivatives and hedge accounting

The Companies state derivative financial instruments at fair value and recognize changes in the fair value as gain or loss unless the derivative financial instruments are used for hedging purposes. If derivative financial instruments are used as hedges and meet certain hedging criteria, the Companies defer recognition of gain or loss resulting from changes in the fair value of the derivative financial instrument until the related loss or gain on the hedged item is recognized. However, when forward foreign exchange contracts are used as hedges and meet certain hedging criteria, the foreign currency receivables or payables are translated at the contracted rate. Also, if interest rate swap contracts are used as hedges and meet certain hedging criteria, the net amount to be paid or received under the interest rate swap contract is added to or deducted from the interest on the asset or liability for which the swap contract was executed.

Provision for product compensation

The provision for product compensation is based on the estimated expenses for product deficiencies at the end of fiscal year. As background, in 1992, the Company's industrial products division submitted to Japan's regulatory authorities the test results of sample construction materials that differed from those that were sold to commercial building contractors. The test samples contained ingredients that enhanced the heat and fire resistant capacity of these materials. In this manner, the industrial products division subsequently obtained government type approval for several models of the construction materials. The Company has now determined that these materials were incapable of meeting the government code.

Provision for environmental remediation

The provision for environmental remediation is estimated and recorded to provide for potential future costs such as costs related to the removal and disposal of PCB waste.

Provision for loss on disaster

The provision for loss on disaster is estimated and recorded to provide for potential future costs such as restoration costs related to Tohoku Region Pacific Coast Earthquake.

Severance and retirement benefits

1) Employees

The Companies provide two types of post-employment benefit plans, unfunded lump-sum payment plans and funded noncontributory pension plans, under which all eligible employees are entitled to benefits based on the level of wages and salaries at the time of retirement or termination, length of service and certain other factors. The Companies provide for employees' severance and retirement benefits based on the estimated amounts of projected benefit obligation and the fair value of plan assets at the end of the year. Actuarial gains and losses are recognized in income and expenses using the straight-line method over a period that is within the average of the estimated remaining service years of employees (mainly 15 years) commencing with the following period. Past service liabilities are amortized in expenses using the straight-line method over a period that is within the average of the estimated remaining service years of employees (15 years).

2) Directors and statutory auditors

In accordance with their internal rules, certain consolidated subsidiaries have included at their fiscal year-end amounts that will be necessary for the payment of retirement benefits to directors and statutory auditors. Included in the liability for severance and retirement benefits at March 31, 2011 and 2010 were ¥36 million (\$433 thousand) and ¥57 million, respectively.

Research and development expenses

Research and development expenses are charged to income as incurred. Such expenses for the years ended March 31, 2011 and 2010 were ¥8,556 million (\$102,898 thousand) and ¥8,316 million, respectively.

Income taxes

The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

Net income per share

Computations of basic net income per share of common stock are based on the weighted average number of shares outstanding during each financial period.

Diluted net income per share was not disclosed because there were no dilutive common stock equivalents.

Dividends per share

The declaration of dividends and the appropriation of unappropriated retained earnings are approved at the annual shareholders' meeting held after the end of the fiscal year. Therefore, cash dividends per share shown in the consolidated statements of income reflect the final dividends approved after the end of the relevant fiscal year.

Translation of foreign currencies

Receivables and payables denominated in foreign currencies are translated into Japanese yen at year-end rates.

Balance sheet accounts of consolidated overseas subsidiaries and affiliates are translated into Japanese yen at year-end rates, except for net assets accounts, which are translated at historical rates. Revenue and expense accounts of consolidated overseas subsidiaries and affiliates are translated at average exchange rates for the year, except for transactions with the Company which are translated at the rates used by the Company.

(Additional information)

Effective from the fiscal year ended March 31, 2011, the Company adopted the "Accounting Standard for Presentation of Comprehensive Income (ASBJ Statement No. 25, issued on June 30, 2010)". The amounts reported in "Accumulated other comprehensive income" for the year ended March 31, 2010 were reported in last year's financial statements as "Valuation and translation adjustments".

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation. These changes had no impact on previously reported results of operations or net assets.

3. Accounting Changes

A. Adoption of the "Partial Amendments to Accounting Standard for Retirement Benefits (Part 3)"

Effective from the fiscal year ended March 31, 2010, the Company and its consolidated domestic subsidiaries have adopted the "Partial Amendments to Accounting Standard for Retirement Benefits (Part 3)" (Accounting Standards Board of Japan ("ASBJ") Statement No. 19, issued on July 31, 2008). The new accounting standard requires domestic companies to use the rate of return on long-term government or gilt-edged bonds as of the end of the fiscal year for calculating the projected benefit obligation of a defined-benefit plan. Previously, domestic companies were allowed to use a discount rate determined with consideration for fluctuations in the yield of long-term government and gilt-edged bonds over a certain period. This change had no material impact on the consolidated financial statements for the year ended March 31, 2010.

B. New Accounting Standards for Equity Method of Accounting for Investments.

Effective from the fiscal year ended March 31, 2011, the Company and its consolidated domestic subsidiaries have adopted the "Accounting Standard for Equity Method of Accounting for Investments" (ASBJ Statement No. 16, issued on March 10, 2008) and the "Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method" (Practical Issues Task Force ("PITF") No. 24, issued on March 10, 2008). The effects of adopting the new standards on profit and loss were immaterial.

C. New Accounting Standards for Asset Retirement Obligations

Effective from the fiscal year ended March 31, 2011, the Company and its consolidated domestic subsidiaries have adopted the "Accounting Standard for Asset Retirement Obligations" (ASBJ Statement No. 18, issued on March 31, 2008) and the "Guidance on Accounting Standard for Asset Retirement Obligations" (ASBJ Guidance No. 21, issued on March 31, 2008). As a result of adopting these standards, operating income and income before income taxes and minority interests were ¥9 million and ¥77 million less, respectively, than the amounts that would have been reported without the change.

D. New Accounting Standards for Business Combinations

Effective from the fiscal year ended March 31, 2011, the Company and its consolidated domestic subsidiaries have adopted the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, issued on December 26, 2008), the "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, issued on December 26, 2008), the "Partial Amendments to Accounting Standard for Research and Development Costs" (ASBJ Statement No. 23, issued on December 26, 2008), the "Revised Accounting Standard for Business Divestitures" (ASBJ Statement No. 7, issued on December 26, 2008), the "Revised Accounting Standard for Equity Method of Accounting for Investments" (ASBJ Statement No. 16, issued on December 26, 2008) and the "Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, issued on December 26, 2008).

4. Comprehensive income

For the year ended March 31, 2011

	Millions of yen	
	2010	
1. Comprehensive income in the previous fiscal year		
Attributable to owners of the parent	¥	7,272
Attributable to minority interests		751
Total	¥	8,023
2. Other comprehensive income in the previous fiscal year		
Valuation difference on available-for-sale securities	¥	3,228
Unrealized gains (losses) on hedging derivatives		182
Foreign currency translation adjustments		1,201
Share of other comprehensive income of affiliates accounted for using the equity method		7
Total	¥	4,618

5. Cash Flow Statements

1) Cash and cash equivalents in the consolidated statements of cash flow and cash and cash time deposits in the consolidated balance sheets at March 31, 2011 and 2010 were reconciled as follows:

	Millions of yen		Thousands of U.S. dollars	
	2011	2010	2011	
Cash and time deposits	¥ 28,074	¥ 30,580	\$ 337,631	
Less time deposits with maturities exceeding three months	(3)	(3)	(36)	
Cash and cash equivalents	¥ 28,071	¥ 30,577	\$ 337,595	

2) Breakdown of assets and liabilities of newly consolidated company by acquisition of shares.

Assets and liabilities of newly consolidated subsidiary Silverstone Berhad and its two subsidiaries have been newly consolidated due to the acquisition of shares on December 10, 2010. Accordingly, the following table shows the breakdown of assets and liabilities that existed at the time of consolidation and the relationship between the acquisition cost of the shares and the expense (net amount) required for the acquisition of the subsidiaries.

	Millions of yen		Thousands of U.S. dollars	
	2011	2011	2011	
Current assets	¥ 5,301	\$ 63,752		
Fixed assets	5,387	64,787		
Goodwill	4,362	52,459		
Current liabilities	(1,810)	(21,768)		
Long-term liabilities	(207)	(2,489)		
Foreign currency translation adjustments	296	3,560		
Acquisition price of shares	13,329	160,301		
Accounts payable - other	(521)	(6,266)		
Cash and cash equivalents	(1,517)	(18,244)		
Balance: Expenditures of investments in subsidiaries	¥ 11,291	\$ 135,791		

There was no significant newly consolidated company by acquisition of shares for the year ended March 31, 2010.

3) Significant noncash transactions for the year ended March 31, 2010 were follows:

	Millions of yen	
	2010	
Issuance of new stock by execution of stock acquisition rights:		
Credited to common stock	¥	2,500
Credited to capital surplus		2,500
Decrease in convertible bonds due 2010	¥	5,000

There were no significant noncash transactions for the year ended March 31, 2011.

6. Inventories

(1) Inventories at March 31, 2011 and 2010 consisted of the following:

	Millions of yen		Thousands of U.S. dollars	
	2011	2010	2011	
Finished goods	¥ 28,789	¥ 26,951	\$ 346,230	
Work-in-process	2,633	2,283	31,666	
Raw materials and supplies	9,989	6,645	120,132	
	¥ 41,411	¥ 35,879	\$ 498,028	

(2) The write-down of book values for inventories held for sale in the ordinary course of business due to decreased profitability for the years ended March 31, 2011 and 2010 was as follows:

	Millions of yen		Thousands of U.S. dollars	
	2011	2010	2011	
Cost of sales	¥ (103)	¥ 264	\$ (1,239)	
	¥ (103)	¥ 264	\$ (1,239)	

7. Financial Instruments

A. Status of financial instruments

(1) Policies for using financial instruments

The Toyo Group engages primarily in the manufacture and sale of automotive tires, industrial and construction materials, transportation equipment and others and procures the capital required under plans of investment in plant and equipment primarily from bank loans and bond issues. The Toyo Group manages surplus capital using financial instruments that carry little or no risk and procures the short-term working capital from bank loans. The Toyo Group uses derivatives to mitigate the risks that are described below and, as a matter of policy, does not use derivatives for speculative transactions.

(2) Financial instruments and exposures to risk

Notes and accounts receivable expose the Toyo Group to customer credit risk. In addition, receivables denominated in foreign currencies, which arise as the result of doing business globally, expose the Toyo Group to the risk of exchange rate fluctuations. In principle, the Toyo Group hedges the risks with forward foreign exchange contracts to the net position of deducted notes and accounts payable denominated in foreign currencies. Investments in securities consist primarily of investments in companies with whom the Toyo Group does business or capital alliances and expose the Toyo Group to the risk of changes in market prices.

Almost all notes and accounts payable are due within one year. The Toyo Group procures the capital required for its investment in plant and equipment generally through bank loans and bond issues with maturities not exceeding 9 years and incurs lease liabilities for lease transactions. Although exposure to the risk of interest rate fluctuations may arise, the Toyo Group hedges the risk with derivatives transactions (interest rate swaps).

The Toyo Group uses derivatives transactions, including forward foreign exchange contracts, to hedge the risk of exchange rate fluctuations associated with receivables denominated in foreign currencies and interest rate swaps to hedge the risk of interest rate fluctuations associated with loans. "Derivatives and hedge accounting" in Note 2, "Summary of Significant Accounting Policies" explains hedge accounting issues, including methods, hedging policies, hedged items and recognition of gain or loss on hedged positions.

(3) Policies and processes for managing risk

a) Credit risk management (counterparty risk)

The Company monitors the financial status of counterparties and manages amounts and settlement dates under internal procedures for receivables. The Company works to quickly identify and mitigate payment risk that may result from situations such as the

deterioration of the financial condition of a counterparty. Consolidated subsidiaries are subject to the same risk management rules.

In using derivatives transactions, the Company mitigates counterparty risk by conducting transactions with highly creditworthy financial institutions. The maximum credit risk as of March 31, 2011 is presented on the balance sheet as the carrying value of financial assets exposed to credit risk.

b) Managing market risk (risk of exchange rate and interest rate fluctuations)

For receivables denominated in foreign currencies, the Company uses principally forward foreign exchange contracts to hedge the risk of exchange rate fluctuations on a currency-by-currency basis evaluated monthly. In addition, the Company uses interest rate swaps to mitigate the risk of interest rate fluctuations associated with loans.

For investment in securities, the Toyo Group periodically examines the fair value of the securities and the financial condition of the issuing entity.

For derivatives transactions, the Financial Department handles the transactions, books them and makes reconciliations in accordance with the basic policy approved by the Board of Directors, on the basis of established internal control procedures for financial risk. In addition, the Financial Department reports the monthly amounts to finance officers and the Board of Directors.

c) Management of liquidity risk associated with capital procurement (payment default risk)

The Company manages liquidity risk by creating and updating a capital deployment plan based on reports from each division.

(4) Supplemental information on fair values

The contractual amounts of the derivatives transactions discussed in "Derivative Financial Instruments and Hedging Transactions" below do not reflect the market risk associated with the derivatives transactions themselves.

B. Fair values of financial instruments

The amounts for financial instruments presented in the consolidated balance sheets, their fair values and any differences as of March 31, 2011 and 2010 are in the tables below. Items whose fair market value was considered to be very difficult to assess are not presented in the tables below.

Note 1. Marketable securities, derivatives transactions and methods for estimating fair value of financial instruments

Asset

Cash and time deposits

Because cash and time deposits are highly liquid, their fair value is similar to their book value. Consequently, the fair value of cash and time deposits is based on book value.

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Amounts presented in the consolidated balance sheets	¥ 28,074	¥ 30,580	\$ 337,631
Fair value	27,074	30,580	337,631
Differences	-	-	-

Notes and accounts receivable - trade

Because notes and accounts receivable - trade are highly liquid, their fair value is similar to their book value. Consequently, the fair value of notes and accounts receivable - trade is based on book value.

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Amounts presented in the consolidated balance sheets	¥ 54,431	¥ 60,043	\$ 654,612
Fair value	54,431	60,043	654,612
Differences	-	-	-

Investment securities

The fair value of shares, etc. is based on prices established on exchanges. In addition, Note 8, "Securities" provides information on marketable securities by the intent for which they are held.

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Amounts presented in the consolidated balance sheets	¥ 29,645	¥ 31,074	\$ 356,524
Fair value	29,645	31,074	356,524
Differences	-	-	-

Liabilities

Notes and accounts payable - trade

Because notes and accounts payable - trade are highly liquid, their fair value is similar to their book value. Consequently, the fair value of notes and accounts payable - trade is based on book value.

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Amounts presented in the consolidated balance sheets	¥ 59,578	¥ 52,699	\$ 716,512
Fair value	59,578	52,699	716,512
Differences	-	-	-

Short-term bank loans

Because short-term bank loans are highly liquid, their fair value is similar to their book value. Consequently, the fair value of short-term bank loans is based on book value.

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Amounts presented in the consolidated balance sheets	¥ 25,323	¥ 26,251	\$ 304,546
Fair value	25,323	26,251	304,546
Differences	-	-	-

Bonds payable (including current portion of bonds)

The fair value of bonds payable is based on the price provided by counterparty financial institutions.

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Amounts presented in the consolidated balance sheets	¥ 28,000	¥ 23,000	\$ 336,741
Fair value	28,164	23,121	338,713
Differences	164	121	1,972

Long-term bank loans (including current portion of long-term bank loans)

Fair value of these long-term bank loans is estimated as the discounted present value of the total principal and interest using the assumed interest rates for equivalent new loans. Interest rate swaps subject to special treatment are used for long-term, floating-rate loans. Principal and interest of the loans in which these interest rate swaps are embedded are discounted using an estimate of the interest rate on the loan at the time of issue.

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Amounts presented in the consolidated balance sheets	¥ 63,789	¥ 59,280	\$ 767,156
Fair value	64,628	60,282	777,246
Differences	839	1,002	10,090

Derivatives transactions

Fair value of these derivatives transactions is stated at the price presented by counterparty financial institutions.

Derivatives transactions using interest rate swap contracts that meet specified conditions and receivables denominated in foreign currencies that meet specified conditions are treated with hedge items. The fair value of these derivatives transactions is included in the applicable accounts payable item and stated accordingly. Net asset or liability which results from derivatives transactions except for these show the net amount.

As a result, if this account balance is a debt, it is indicated by parenthesis ().

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Amounts presented in the consolidated balance sheets	¥ (294)	¥ (227)	\$ (3,536)
Fair value	(294)	(227)	(3,536)
Differences	-	-	-

Note 2. Financial instruments for which determining fair value is difficult

Financial instruments for which fair value is considered to be very difficult to determine are shown below. These financial instruments do not

have a fair market value, and it was considered very difficult to determine because their future cash flows cannot be estimated. For these reasons, these financial instruments are not included among investment securities above.

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Non-listed equity securities	¥ 2,387	¥ 3,044	\$ 28,707

Note 3. The redemption schedule for receivables and marketable securities after the close of the fiscal year

(Notes and accounts receivable - trade)	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Within 1 year	¥ 54,431	¥ 60,043	\$ 654,612
From 1 year to 5 years	-	-	-
From 5 years to 10 years	-	-	-
Over 10 years	-	-	-

Note 4. The redemption schedule for bonds payable and long-term loans payable after the close of the fiscal year

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Within 1 year			
Bonds payable	¥ 10,000	¥ 8,000	\$ 120,265
Long-term bank loans	7,796	9,719	93,758
Lease obligations	340	341	4,089
	¥ 18,136	¥ 18,060	\$ 218,112
From 1 year to 2 years			
Bonds payable	¥ 5,000	¥ 10,000	\$ 60,132
Long-term bank loans	16,849	6,598	202,634
Lease obligations	288	331	3,464
	¥ 22,137	¥ 16,929	\$ 266,230
From 2 years to 3 years			
Bonds payable	¥ -	¥ 5,000	\$ -
Long-term bank loans	13,725	14,937	165,063
Lease obligations	230	258	2,766
	¥ 13,955	¥ 20,195	\$ 167,829
From 3 years to 4 years			
Bonds payable	¥ 8,000	¥ -	\$ 96,212
Long-term bank loans	7,479	12,095	89,946
Lease obligations	117	219	1,407
	¥ 15,596	¥ 12,314	\$ 187,565
From 4 years to 5 years			
Bonds payable	¥ -	¥ -	\$ -
Long-term bank loans	16,706	5,296	200,914
Lease obligations	38	138	457
	¥ 16,744	¥ 5,434	\$ 201,371

Over 5 years			
Bonds payable	¥ 5,000	¥ -	\$ 60,132
Long-term bank loans	1,268	10,697	15,250
Lease obligations	5	2	60
	¥ 6,273	¥ 10,699	\$ 75,442

(Additional Information)

Effective from the fiscal year ended March 31, 2010, the Company has adopted the revised accounting standard, "Accounting Standard for Financial Instruments" (Accounting Standards Board of Japan ("ASBJ") Statement No. 10, revised on March 10, 2008) and the "Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No. 19, revised on March 10, 2008).

8. Securities

A. The following tables summarize acquisition costs and book values (fair values) of securities with available fair values as of March 31, 2011 and 2010:

Available-for-sale securities with available fair values exceeding acquisition costs

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Acquisition cost:			
Equity securities	¥ 8,028	¥ 8,290	\$ 96,548
Bonds	-	-	-
Other	-	-	-
	¥ 8,028	¥ 8,290	\$ 96,548
Book value:			
Equity securities	¥ 21,095	¥ 23,355	\$ 253,698
Bonds	-	-	-
Other	-	-	-
	¥ 21,095	¥ 23,355	\$ 253,698
Difference:			
Equity securities	¥ 13,067	¥ 15,065	\$ 157,150
Bonds	-	-	-
Other	-	-	-
	¥ 13,067	¥ 15,065	\$ 157,150

Available-for-sale securities with available fair values not exceeding acquisition costs

	Millions of yen		Thousands of U.S. dollars	
	2011	2010	2011	
Acquisition cost:				
Equity securities	¥ 10,188	¥ 9,733	\$ 122,526	
Bonds	-	-	-	
Other	-	-	-	
	¥ 10,188	¥ 9,733	\$ 122,526	
Book value:				
Equity securities	¥ 8,550	¥ 7,720	\$ 102,826	
Bonds	-	-	-	
Other	-	-	-	
	¥ 8,550	¥ 7,720	\$ 102,826	
Difference:				
Equity securities	¥ (1,638)	¥ (2,013)	\$ (19,700)	
Bonds	-	-	-	
Other	-	-	-	
	¥ (1,638)	¥ (2,013)	\$ (19,700)	

B. The following table summarizes book values of securities for which determining fair value as of March 31, 2011 and 2010 was difficult.

	Millions of yen		Thousands of U.S. dollars	
	2011	2010	2011	
Available-for-sale securities:				
Non-listed equity securities	¥ 2,387	¥ 3,044	\$ 28,707	

9. Derivative Financial Instruments and Hedging Transactions

Year ended March 31, 2010

A. Derivatives transactions for which hedge accounting does not apply

(1) Currency related
None

(2) Interest rate related

Classification	Type	Millions of yen			Recognized gain (loss)
		Contact amount	Portion over 1 year	Fair value	
Non-market transaction	Receivable floating interest rate / Payable fixed rate swaps	¥ 1,842	¥ 1,842	¥ (173)	¥ 31

Classification	Type	Thousands of U.S. dollars			Recognized gain (loss)
		Contact amount	Portion over 1 year	Fair value	
Non-market transaction	Receivable floating interest rate / Payable fixed rate swaps	\$ 19,798	\$ 19,798	\$ (1,859)	\$ 333

Note: Fair values were based on prices provided by relevant financial institutions.

B. Derivatives transactions for which hedge accounting applies

(1) Currency related

Hedge accounting method	Type of transaction	Hedge item	Millions of yen		
			Contract amount	Portion over 1 year	Fair value
Basic treatment	Forward foreign exchange contracts				
	Selling: USD	Accounts receivable - trade	¥ 2,797	-	¥ (39)
	Selling: EUR		727	-	39
	Selling: CAD		2,420	-	(43)
	Selling: AUD		1,161	-	(12)
Gain (loss) resulting from forward foreign exchange contracts is allocated over the applicable period	Forward foreign exchange contracts				
	Selling: USD		¥ 687	-	(See margin note 2.)
	Selling: EUR	Accounts receivable - trade	330	-	(See margin note 2.)
	Selling: CAD		357	-	(See margin note 2.)
	Selling: AUD		210	-	(See margin note 2.)

Hedge accounting method	Type of transaction	Hedge item	Thousands of U.S. dollars		
			Contract amount	Portion over 1 year	Fair value
Basic treatment	Forward foreign exchange contracts				
	Selling: USD	Accounts receivable - trade	\$ 30,062	-	\$ (419)
	Selling: EUR		7,814	-	419
	Selling: CAD		26,010	-	(462)
	Selling: AUD		12,479	-	(129)
Gain (loss) resulting from forward foreign exchange contracts is allocated over the applicable period	Forward foreign exchange contracts				
	Selling: USD		\$ 7,384	-	(See margin note 2.)
	Selling: EUR	Accounts receivable - trade	3,547	-	(See margin note 2.)
	Selling: CAD		3,837	-	(See margin note 2.)
	Selling: AUD		2,257	-	(See margin note 2.)

Notes: 1. Fair values were based on prices provided by relevant financial institutions.

2. The fair value of gain or loss resulting from foreign exchange contracts embedded in receivable subject to hedging is included in the fair value of corresponding receivable.

(2) Interest rate related

Hedge accounting method	Type of transaction	Hedge item	Millions of yen		
			Contract amount	Portion over 1 year	Fair value
Special treatment of interest rate swaps	Receivable floating interest rate / Payable fixed rate swaps	Long-term loans payable	¥ 21,027	¥ 20,227	(See margin note.)

Hedge accounting method	Type of transaction	Hedge item	Thousands of U.S. dollars		
			Contract amount	Portion over 1 year	Fair value
Special treatment of interest rate swaps	Receivable floating interest rate / Payable fixed rate swaps	Long-term loans payable	\$ 226,000	\$ 217,401	(See margin note.)

Note: The fair value of interest rate swaps subject to special treatment embedded in long-term loans subject to hedging is included in the fair

value of the corresponding long-term loans.

Year ended March 31, 2011

A. Derivatives transactions for which hedge accounting does not apply

(1) Currency related

None

(2) Interest rate related

Classification	Type	Millions of yen			
		Contact amount	Portion over 1 year	Fair value	Recognized gain (loss)
Non-market transaction	Receivable floating interest rate / Payable fixed rate swaps	¥ 1,629	¥ 1,629	¥ (123)	¥ 39

Classification	Type	Thousands of U.S. dollars			
		Contact amount	Portion over 1 year	Fair value	Recognized gain (loss)
Non-market transaction	Receivable floating interest rate / Payable fixed rate swaps	\$ 19,591	\$ 19,591	\$ (1,479)	\$ 469

Note: Fair values were based on prices provided by relevant financial institutions.

B. Derivatives transactions for which hedge accounting applies

(1) Currency related

Hedge accounting method	Type of transaction	Hedge item	Millions of yen		
			Contract amount	Portion over 1 year	Fair value
Basic treatment	Forward foreign exchange contracts				
	Selling: USD	Accounts receivable - trade	¥ 246	-	¥ (3)
	Selling: EUR		2,075	-	(96)
	Selling: CAD		1,698	-	(56)
	Selling: AUD		328	-	(15)
Gain (loss) resulting from forward foreign exchange contracts is allocated over the applicable period	Forward foreign exchange contracts				
	Selling: USD	Accounts receivable - trade	¥ 288	-	(See margin note 2.)
	Selling: EUR		558	-	(See margin note 2.)
	Selling: CAD		497	-	(See margin note 2.)
	Selling: AUD		205	-	(See margin note 2.)

Hedge accounting method	Type of transaction	Hedge item	Thousands of U.S. dollars		
			Contract amount	Portion over 1 year	Fair value
Basic treatment	Forward foreign exchange contracts				
	Selling: USD	Accounts receivable - trade	\$ 2,959	-	\$ (36)
	Selling: EUR		24,955	-	(1,155)
	Selling: CAD		20,421	-	(673)
	Selling: AUD		3,945	-	(180)
Gain (loss) resulting from forward foreign exchange contracts is allocated over the applicable period	Forward foreign exchange contracts				
	Selling: USD	Accounts receivable - trade	\$ 3,464	-	(See margin note 2.)
	Selling: EUR		6,711	-	(See margin note 2.)
	Selling: CAD		5,977	-	(See margin note 2.)
	Selling: AUD		2,465	-	(See margin note 2.)

Notes: 1. Fair values were based on prices provided by relevant financial institutions.

2. The fair value of gain or loss resulting from foreign exchange contracts embedded in receivable subject to hedging is included in the fair value of corresponding receivable.

(2) Interest rate related

Hedge accounting method	Type of transaction	Hedge item	Millions of yen		
			Contract amount	Portion over 1 year	Fair value
Special treatment of interest rate swaps	Receivable floating interest rate / Payable fixed rate swaps	Long-term loans payable	¥ 23,120	¥ 23,070	(See margin note.)

Hedge accounting method	Type of transaction	Hedge item	Thousands of U.S. dollars		
			Contract amount	Portion over 1 year	Fair value
Special treatment of interest rate swaps	Receivable floating interest rate / Payable fixed rate swaps	Long-term loans payable	\$ 278,052	\$ 277,450	(See margin note.)

Note: The fair value of interest rate swaps subject to special treatment embedded in long-term loans subject to hedging is included in the fair value of the corresponding long-term loans.

10. Pledged Assets

At March 31, 2011, the following assets were pledged as collateral for long-term debt of ¥5,554 million (\$66,795 thousand).

	Millions of yen	Thousands of U.S. dollars
Investment in securities	¥ 5,790	\$ 69,633
Property, plant and equipment - net of accumulated depreciation	22,725	273,301
	¥ 28,515	\$ 342,934

11. Short-term Bank Loans and Long-term Debt

Short-term bank loans at March 31, 2011 and 2010 consisted of short-term notes, generally for 365 days, bearing interest at the average rate of 1.1%. In the past, these loans have been renewed as required.

Long-term debt at March 31, 2011 and 2010 consisted of the following:

Long-term loans include syndicate loan agreements with financial covenants concluded at March 31, 2010.

The covenants consist of the following:

1) On March 31 and September 30 of each year, the amount of total net assets in the consolidated and non consolidated balance sheets should be more than both 75% of the level at previous periods, ¥540 million (US\$6,494 thousand) on the consolidated basis and ¥475 million (US\$5,713 thousand) on the nonconsolidated basis.

2) Ordinary income recorded in the consolidated and nonconsolidated statements of income should not be negative for two consecutive fiscal years.

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Secured	¥ 5,554	¥ 7,149	\$ 66,795
Unsecured	58,235	52,131	700,361
0.41% bonds, due in 2010	-	3,000	-
1.63% bonds, due in 2010	-	5,000	-
1.21% bonds, due in 2012	5,000	5,000	60,132

1.88% bonds, due in 2011	10,000	10,000	120,265
0.98% bonds, due in 2014	8,000	-	96,212
1.36% bonds, due in 2016	5,000	-	60,132
	91,789	82,280	1,103,897
Less amounts due within one year	(17,796)	(17,719)	(214,023)
	¥ 73,993	¥ 64,561	\$ 889,874

Annual maturities of long-term debt at March 31, 2011 were as follows:

Years ended March 31,	Millions of yen	Thousands of U.S. dollars
2012	¥ 17,796	\$ 214,023
2013	21,849	262,766
2014	13,726	165,075
2015	15,479	186,158
2016 and thereafter	22,939	275,875
	¥ 91,789	\$ 1,103,897

12. Severance and Retirement Benefits

The liability for severance and retirement benefits included in the consolidated balance sheets as of March 31, 2011 and 2010 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Employees' retirement benefits			
Projected benefit obligation	¥ 31,450	¥ 31,514	\$ 378,232
Unrecognized actuarial differences	(5,089)	(4,869)	(61,203)
Less fair value of pension assets	(13,851)	(14,545)	(166,578)
Less unrecognized past service liabilities	15	16	180
Prepaid pension cost	718	862	8,635
Directors' and statutory auditors' retirement benefits	36	57	433
Liability for severance and retirement benefits	¥ 13,279	¥ 13,035	\$ 159,699

Severance and retirement benefits, except for directors' and statutory auditors' benefits, for the years ended March 31, 2011 and 2010, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Service costs – benefits earned during the year	¥ 1,782	¥ 1,499	\$ 21,431
Interest cost on projected benefit obligation	622	652	7,480
Expected return on plan assets	(67)	(66)	(806)
Amortization of actuarial differences	520	653	6,254
Amortization of past service liabilities	(1)	(1)	(12)
Severance and retirement benefit expenses	¥ 2,856	¥ 2,737	\$ 34,348

The discount rate and the rate of expected return on plan assets used by the Company for the year ended March 31, 2011 were 2.0% and 1.0%, respectively (2.0% and 1.0% for the year ended March 31, 2010).

The estimated amount of all retirement benefits to be paid at future retirement dates is allocated equally to each service year using the estimated total number of service years. Actuarial differences are recognized in the income statement using the straight-line method mainly over fifteen years. Past service liabilities are recognized in the income statement using the straight-line method over fifteen years.

13. Income Taxes

The Company and its domestic subsidiaries are subject to corporate, inhabitants and enterprise taxes, which, in the aggregate, resulted in a

statutory tax rate of approximately 40.6% for both 2011 and 2010.

Significant components of deferred tax assets and liabilities as of March 31, 2011 and 2010 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Current deferred tax assets			
Unrealized profits	¥ 782	¥ 1,030	\$ 9,405
Accrued bonuses	1,484	1,485	17,847
Accrued expenses	427	531	5,135
Loss carryforwards	433	117	5,207
Provision for product compensation	91	202	1,094
Other	1,434	1,297	17,247
Valuation allowance	(1,109)	(1,391)	(13,337)
Total current deferred tax assets	3,542	3,271	42,598
Offset of deferred tax liabilities	(2)	(10)	(24)
Net current deferred tax assets	3,540	3,261	42,574

Current deferred tax liabilities			
Adjustment of allowance for doubtful receivables	¥ (2)	¥ (10)	\$ (24)
Other	-	(18)	-
Total current deferred tax liabilities	(2)	(28)	(24)
Offset of deferred tax assets	2	10	24
Net current deferred tax liabilities	¥ -	¥ (18)	\$ -

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Noncurrent deferred tax assets			
Excess severance and retirement benefits	¥ 4,833	¥ 4,811	\$ 58,124
Unrealized profits	1,201	1,359	14,444
Loss on write-down of investment securities	213	185	2,562
Loss on set up of employee retirement benefit trust	566	566	6,807
Loss carryforwards	5,265	3,725	63,319
Loss on write-down of golf club memberships	120	123	1,443
Loss on impairment of fixed assets	188	159	2,261
Other	5,056	3,025	60,806
Valuation allowance	(10,811)	(8,553)	(130,018)
Total noncurrent deferred tax assets	6,631	5,400	79,748
Offset of deferred tax liabilities	(4,189)	(2,802)	(50,379)
Net noncurrent deferred tax assets	¥ 2,442	¥ 2,598	\$ 29,369

Noncurrent deferred tax liabilities			
Accelerated depreciation of foreign consolidated subsidiaries	¥ (5,103)	¥ (2,468)	\$ (61,371)
Net unrealized gains on securities	(4,648)	(5,307)	(55,899)
Undistributed profit of foreign subsidiaries	(644)	(492)	(7,745)
Other	(885)	(180)	(10,644)
Total noncurrent deferred tax liabilities	(11,280)	(8,447)	(135,659)
Offset of deferred tax assets	4,189	2,802	50,379
Net noncurrent deferred tax liabilities	¥ (7,091)	¥ (5,645)	\$ (85,280)

Significant items in the reconciliation of the statutory tax rate and the effective rate were as follows:

	2011		2010	
Statutory tax rate	40.6	%	40.6	%
Valuation allowance	47.2	%	2.8	%
Undistributed profit of foreign subsidiaries	3.6	%	(3.7)	%
Equity in net income of unconsolidated subsidiaries and affiliates	(3.0)	%	(10.2)	%
Adjustment on sale of investments in subsidiaries and affiliated companies	-	%	23.8	%
Difference in statutory tax rates of subsidiaries	(8.3)	%	(2.9)	%
Other	1.9	%	6.9	%
Effective tax rate	82.0	%	57.3	%

14. Leases

A. Finance leases, as lessee

Information at March 31, 2011 and 2010 for finance leases which do not transfer ownership of the leased property to the lessee and which were commenced prior to April 1, 2008 was as follows:

	Millions of yen		Thousands of U.S. dollars	
	2011	2010	2011	
Original lease obligations, including finance charges, for machinery, equipment and other	¥ 1,390	¥ 2,281	\$ 16,717	
Payments made	815	1,419	9,802	
Balance remaining	¥ 575	¥ 862	\$ 6,915	

	Millions of yen		Thousands of U.S. dollars	
	2011	2010	2010	
Future minimum payments				
Payments due within one year	¥ 124	¥ 275	\$ 1,491	
Payments due after one year	451	587	5,424	
	¥ 575	¥ 862	\$ 6,915	

Rental expenses under noncapitalized finance leases for the years ended March 31, 2011 and 2010 were ¥268 million (\$3,223 thousand) and ¥470 million, respectively.

B. Operating leases, as lessee

Lease obligations under operating leases at March 31, 2011 and 2010 were as follows:

	Millions of yen		Thousands of U.S. dollars	
	2011	2010	2011	
Future minimum payments				
Payments due within one year	¥ 1,410	¥ 1,514	\$ 16,957	
Payments due after one year	7,180	8,787	86,350	
	¥ 8,590	¥ 10,301	\$ 103,307	

15. Contingent Liabilities

Contingent liabilities at March 31, 2011 were as follows:

	Millions of yen		Thousands of U.S. dollars	
	Loan guarantees:			
TOYO RETREAD CO.,LTD., an equity method affiliate	¥ 119		\$ 1,431	
TOYO SOFLANTEC CO.,LTD., an equity method affiliate	52		626	
	¥ 171		\$ 2,057	

16. Net Assets

The Japanese Corporate Law ("the Law") became effective on May 1, 2006 and replaced the Japanese Commercial Code ("the Code"). The Law is generally applicable to events and transactions occurring after April 30, 2006 and for fiscal years ending after that date.

Under Japanese laws and regulations, the entire amount paid for new shares is required to be designated as common stock. However, a company may, by a resolution of the Board of Directors, designate an amount not exceeding one half of the price of the new shares as additional paid-in capital, which is included in capital surplus.

Under the Law, in cases where a dividend distribution of surplus is made, the smaller of an amount equal to 10% of the dividend or the excess, if any, of 25% of common stock over the total of additional paid-in capital and legal earnings reserve must be set aside as additional paid-in capital or legal earnings reserve. Legal earnings reserve is included in retained earnings in the accompanying consolidated balance sheets.

Under the Code, companies were required to set aside an amount equal to at least 10% of the aggregate amount of cash dividends and other cash appropriations as legal earnings reserve until the total of legal earnings reserve and additional paid-in capital equaled 25% of common stock.

Under the Code, legal earnings reserve and additional paid-in capital could be used to eliminate or reduce a deficit by a resolution of the shareholders' meeting or could be capitalized by a resolution of the Board of Directors. Under the Law, both of these appropriations generally require a resolution of the shareholders' meeting.

Additional paid-in capital and legal earnings reserve may not be distributed as dividends. Under the Code, however, on condition that the total amount of legal earnings reserve and additional paid-in capital remained equal to or greater than 25% of common stock, they were available for distribution by resolution of the shareholders' meeting. Under the Law, all additional paid-in capital and all legal earnings reserve may be transferred to other capital surplus and retained earnings, which are potentially available for dividends.

The maximum amount that the Company can distribute as dividends is calculated based on the nonconsolidated financial statements of the Company in accordance with Japanese laws and regulations.

At the annual shareholders' meeting held on June 29, 2011, the shareholders approved cash dividends amounting to ¥1,270million (\$15,274 thousand). These appropriations have not been accrued in the Consolidated Financial Statements as of March 31, 2011. Such appropriations are recognized in the period in which they are approved by the shareholders.

17. Loss on Impairment of Fixed Assets

The Company and its consolidated subsidiaries recognized impairment losses for the following groups of assets in the year ended March 31, 2011.

The Company

Use	Type of asset	Location	Millions of yen	Thousands of U.S.dollars
Idle assets	Land and buildings	Hakodate, Hokkaido Pref.	¥ 119	\$ 1,431
Idle assets	Land	Kyoto, Hyogo Pref.	1	12
Total			120	1,443

Circumstances

Because of a significant decrease in the value of the land and buildings for which there were no current plans for future use, the Company recognized impairment losses and reduced the book values of these fixed assets.

Grouping method

For the purpose of identifying fixed assets that are impaired, the Company considered each industry segment, individual assets designated for disposal and individual idle property for which there was no planned use as independent cash generating units.

Calculation method for recoverable amounts

Recoverable amounts are net realizable values made in accordance with real estate valuation standards.

Domestic consolidated subsidiary

Use	Type of asset	Location	Millions of yen	Thousands of U.S.dollars
Asset for rent	Land	Odawara, Kanagawa Pref.	¥ 51	\$ 614

Circumstances

Because of the impairment related to assets for rent, the Domestic consolidated subsidiary recognized impairment losses and reduced the book values of land.

The recoverable amounts are measured based on use values, and future cash flows are discounted by 1.8 percent.

Grouping method

To identify fixed assets that are impaired, the domestic consolidated subsidiary considered each industry segment, assets for rent, individual assets designated for disposal and individual idle property for which there was no planned use as independent cash generating units.

18. Related Party Transactions

For the year ended March 31, 2011

A description is omitted because there were no material related party transactions.

For the year ended March 31, 2010

A. Transactions with related party

A description is omitted because there were no material related party transactions.

B. Notes relating to the parent company and major affiliate

Summarized financial information of major affiliate

CHENG SHIN-TOYO TIRE & RUBBER (CHINA) CO., LTD. (CSTC) was a major affiliate of the Company until the Company sold all shares to CSTC for the year ended March 31, 2010.

Summarized CSTC's financial information for the period CSTC had been related party is shown below.

	Millions of yen	Thousands of U.S. dollars
	2010	2010
Total current assets	¥ 15,118	\$ 162,489
Total fixed assets	42,018	451,612
Total current liabilities	21,556	231,685
Total long-term liabilities	6,063	65,166
Total net assets	29,517	317,251
Sales	23,608	253,740
Income before income taxes and minority interests	5,466	58,749
Net income	4,666	50,150

19. Business Combinations

Year ended March 31, 2010

A description is omitted because there were no material business combinations.

Year ended March 31, 2011

Business Combinations by acquisition

A. Overview of Business Combination

1) Name and business of acquired company

Silverstone Berhad
Manufacture and sale of automotive tires

2) Main reasons for the business combination

The Company plans to expand tires sales throughout Asia and to strengthen the foundation of its tire business to establish growth and improve cost competitiveness. In this way, the Company aims to increase its corporate value.

3) Date of the business combination

December 10, 2010

4) Legal form of the business combination

Acquisition of stock

5) Name of the combined company

Silverstone Berhad

6) Percentage of voting rights acquired 100%

7) Main basis of acquiring company

Cash offer for all shares outstanding of Silverstone Berhad

B. Earnings period of acquired company included in consolidated financial statements

Since the Company regards the acquisition date as December 31, 2010, the earnings of Silverstone Berhad are not included in consolidated financial statements.

C. Acquisition cost and breakdown

	Millions of yen	Thousands of U.S. dollars
	2011	2011
Acquisition price: Fair value of common stock of Silverston Berhad as of the combination date	¥ 12,267	\$ 155,947
Cost that requires it directly for acquisition : Advisory cost	362	4,354
Acquisition cost	¥ 13,329	\$ 160,301

D. Amount of goodwill accrued, reasons for accrual of goodwill, goodwill amortization method

	Millions of yen	Thousands of U.S. dollars
	2011	2011
1) Amount of goodwill	¥ 4,362	\$ 52,459
2) Reasons for accrual of goodwill		
Since the acquisition cost exceeded the net value of acquired assets and liabilities, the difference has been recorded as goodwill.		
3) Goodwill amortization method and period		
Goodwill will be amortized equally over the period it is expected to have an effect. The amortization period is to be calculated.		
4) Amount of goodwill has been calculated provisionally because the acquisition cost allocation has not been completed.		

E. Assets and liabilities received on date of the business combination and broad breakdown

	Millions of yen	Thousands of U.S. dollars
	2011	2011
Current assets	¥ 5,301	\$ 63,752
Fixed assets	¥ 5,387	\$ 64,787
Total assets	¥ 10,688	\$ 128,539
Current liabilities	¥ 1,810	\$ 21,768
Long-term liabilities	¥ 207	\$ 2,489
Total liabilities	¥ 2,017	\$ 24,257

F. Estimated impact on consolidated profit and loss statement of the business combination completed on the first day of fiscal 2011 and method of calculating it

	Millions of yen	Thousands of U.S. dollars
	2011	2011
Sales	¥ 8,849	\$ 106,422
Ordinary income	¥ 1,545	\$ 18,581
Net income	¥ 1,161	\$ 13,963

Method of calculating estimated amount

The estimated amounts were calculated according to the difference between information on sales and income calculated on the assumption that the business combination was concluded on April 1, 2010 and information on sales and income contained in the consolidated statement on income of the acquiring company.

The estimated impact has not been subject to a certification of audit.

20. Loss on disaster

Loss on disaster related to Tohoku Region Pacific Coast Earthquake consisted of the following:

	Millions of yen		Thousands of U.S. dollars	
	2011		2011	
Extinguishment of inventories and other	¥	2,478	\$	29,802
Fixed cost during the suspension of operations		977		11,750
Expenses for a restoration of buildings, equipment and other		767		9,224
Donations		150		1,804
Other costs for restoration		455		5,472
Total	¥	4,827	\$	58,052

21. Segment Information

(1) General information about reportable segments

The Company's reportable segments are the units for which separate financial information is available and which are periodically reviewed by the Board of Directors for the purposes of deciding the allocation of management resources and evaluating business performance.

The Company has two divisions on the basis of operational headquarters of the Tires business and the Divertech business. Each division formulates comprehensive strategies for both domestic and overseas markets and develops business activities.

Therefore, the Company identifies "Tires" and "Divertech" as reportable segments.

The Tires segment includes the manufacture and sale of a range of autos, buses and other vehicles and equipment.

The Divertech segment includes the manufacture and sale of rubber vibration isolators, waterproof sheets, automobile cushion seats and other products.

(2) Measuring reportable segment profit or loss, segment assets and other material items

The accounting policies for business segments reported are generally the same as those described in "Significant Accounting Policies in the Preparation of Consolidated Financial Statements".

Figures for reportable segment income are based on operating income.

(3) Reportable segment profit or loss, segment assets and other material items

For the year ended March 31, 2010

	Reportable Segments			Other (Note1)	Total	Adjustments Note2 Note3	Amount reported on consolidated statement of income
	Tires	Divertech	Subtotal				
Net sales							
Sales to outside customers	214,292	73,358	287,650	76	287,726	—	287,726
Intersegment sales and transfers	17	23	40	268	308	(308)	—
Total	214,309	73,381	287,690	344	288,034	(308)	287,726
Segment profit (Operating profit)	6,933	1,698	8,631	103	8,734	(69)	8,665
Segment assets	172,979	52,205	225,184	19,944	245,128	48,080	293,208
Other items							
Depreciation and amortization	14,590	3,487	18,077	763	18,840	(0)	18,840
Increase in property, plant and equipment and intangible assets	10,843	1,820	12,663	552	13,215	—	13,215

For the year ended March 31, 2011

	Reportable Segments			Other (Note1)	Total	Adjustments Note2 Note3	Amount reported on consolidated statement of income
	Tires	Divertech	Subtotal				
Net sales							
Sales to outside customers	216,578	77,314	293,892	201	294,093	—	294,093
Intersegment sales and transfers	19	148	167	225	392	(392)	—
Total	216,597	77,462	294,059	426	294,485	(392)	294,093
Segment profit (Operating profit)	8,864	3,198	12,062	147	12,209	(27)	12,182
Segment assets	194,894	49,251	244,145	22,093	266,238	39,052	305,290
Other items							
Depreciation and amortization	13,431	2,934	16,365	596	16,961	(0)	16,961
Increase in property, plant and equipment and intangible assets	26,299	1,815	28,114	211	28,325	—	28,325

For the year ended March 31, 2011

	Reportable Segments			Other (Note1)	Total	Adjustments Note2 Note3	Amount reported on consolidated statement of income
	Tires	Divertech	Subtotal				
Net sales							
Sales to outside customers	2,604,666	929,814	3,534,480	2,417	3,536,897	—	3,536,897
Intersegment sales and transfers	229	1,779	2,008	2,706	4,714	(4,714)	—
Total	2,604,895	931,593	3,586,488	5,123	3,541,611	(4,714)	3,536,897
Segment profit (Operating profit)	106,602	38,461	145,063	1,768	146,831	(325)	146,506
Segment assets	2,343,885	592,315	2,936,200	265,700	3,201,900	469,657	3,671,557
Other items							
Depreciation and amortization	161,527	35,286	196,813	7,168	203,981	0	203,981
Increase in property, plant and equipment and intangible assets	316,284	21,828	338,112	2,537	340,649	—	340,649

(Note1) "Other" is not included in reportable segments. It includes finance loans and purchasing credits to domestic affiliates and real-estate businesses and other.

(Note2) "Adjustments" in segment profit of ¥ (27) million and ¥ (69) million at March 31, 2011 and 2010, respectively, comprised Elimination of intersegment transactions.

(Note3) "Adjustments" in segment assets of ¥48,954 million and ¥57,086 million at March 31, 2011 and 2010, respectively, comprised mainly cash and cash equivalents and investment securities of the Company.

(Additional information)

Effective from the fiscal year ended March 31, 2011, the Company has adopted the "Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ statement No. 17 on March 27, 2009) and "Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Guidance No. 20, issued on March 21, 2008).

Relative information

For the year ended March 31, 2011

Information about products and services

This was omitted because the same information was disclosed in the Segment Information.

Information about geographic areas
Net sales

Millions of yen			
Japan	North America	Other	Total
135,185	95,307	63,601	294,093

(Note) Based on customer's location, net sales are classified into countries and regions.

Thousands of U.S. dollars			
Japan	North America	Other	Total
1,625,797	1,146,206	764,894	3,536,897

Property, plant and equipment

Millions of yen			
Japan	North America	Other	Total
76,856	35,788	11,096	123,740

Thousands of U.S. dollars			
Japan	North America	Other	Total
924,305	430,403	133,446	1,488,154

Information about major customers

This was omitted because there were no outside customers who consists and over 10% of net sales.

Information on impairment loss in noncurrent assets by reportable segment

For the year ended March 31, 2011

Millions of yen						
	Reportable Segments			Other	Eliminations and corporate assets	Total
	Tires	Divertech	Subtotal			
Impairment loss	171	—	171	—	—	171

Thousands of U.S. dollars						
	Reportable Segments			Other	Eliminations and corporate assets	Total
	Tires	Divertech	Subtotal			
Impairment loss	2,057	—	2,057	—	—	2,057

Information on amortization of goodwill and unamortized balance by reportable segment

For the year ended March 31, 2011

Millions of yen						
	Reportable Segments			Other	Eliminations and corporate assets	Total
	Tires	Divertech	Subtotal			
Amortization of goodwill	116	—	116	—	—	116
Balance at end of period	4,508	—	4,508	—	—	4,508

Thousands of U.S. dollars

	Reportable Segments			Other	Eliminations and corporate assets	Total
	Tires	Divertech	Subtotal			
Amortization of goodwill	1,395	—	1,395	—	—	1,395
Balance at end of period	54,215	—	54,215	—	—	54,215

Information on negative goodwill by reportable segment

For the year ended March 31, 2011

Nothing to be noted.

22. Subsequent events

NONE

Independent Auditors' Report

To the Board of Directors of Toyo Tire & Rubber Co., Ltd.:

We have audited the accompanying consolidated balance sheets of Toyo Tire & Rubber Co., Ltd. ("the Company") and consolidated subsidiaries as of March 31, 2011 and 2010, the related consolidated statements of income and comprehensive income for the year ended March 31, 2011, statement of income for the year ended March 31, 2010, and statements of changes in net assets and cash flows for each of the years then ended expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to independently express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company and subsidiaries as of March 31, 2011 and 2010, and the results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2011 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

KPMG AZSA LLC

Osaka, Japan
June 29, 2011

■ **Directors and Corporate Auditors**

Representative Director and President
Kenji Nakakura

Representative Director
Kazunari Maeda

Directors
Susumu Nishihata
Takafumi Ichikawa
Akira Nobuki
Mitsuru Hitotsuyanagi
Hidenori Fukutomi

Corporate Auditors (standing)
Yasutaka Hosoi *1
Hiroyasu Uejima
Toshiro Fujita *1

Corporate Auditor
Kazumasa Kawaki *1

■ **Corporate Officers**

President and Chief Executive Officer
Kenji Nakakura *2

Executive Corporate Officer
Kazunari Maeda *2

Senior Corporate Officers
Susumu Nishihata *2
Takafumi Ichikawa *2
Akira Nobuki *2
Mitsuru Hitotsuyanagi *2
Hidenori Fukutomi *2
Hiroshi Shibata
Kenkichi Matsumoto

Corporate Officers
Hidehiko Takahashi
James L. Hawk
Tetsuya Kuze
Koichi Ono
Sadao Ichihara
Takuji Yamamoto
Kazuyuki Ito
Michihiro Kawada
Tomoshige Mizutani

■ **Executive Emeritus**

Junji Tsumura

*1: The outside auditors specified in 2-16 of the Japanese Corporate Law
*2: Concurrent with directorial position

Corporate Data (As of March 31, 2011)

Head Office	1-17-18 Edobori, Nishi-ku, Osaka 550-8661, Japan Phone: +81-6-6441-8801 Fax: +81-6-6445-2225
Consolidated Subsidiaries	38 (Japan: 15 Overseas: 23)
Establishment	August 1, 1945
Common Stock Listings	Osaka (May 1949) Tokyo (May 1955) Nagoya (September 1961) * * Toyo Tires was delisted from the Nagoya Stock Exchange on June 28, 2011.
Paid-in Capital	¥30,484 million
Number of Shareholders	13,319
Number of Shares Outstanding	254,358,146 shares
Number of Employees	Consolidated: 8,536 Non-consolidated: 3,125
Transfer Agent	Mitsubishi UFJ Trust and Banking Corporation 1-4-5, Marunouchi, Chiyoda-ku, Tokyo 100-8212, Japan
Independent Auditors	KPMG AZSA & Co.
Website	http://www.toyo-rubber.co.jp/english/



TOYO TIRE & RUBBER CO., LTD.

Planning Division, Corporate Communications Planning Dept.

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<http://www.toyo-rubber.co.jp/english/>

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