

Summary Report of Consolidated Business Results
for the First Half of Fiscal Year 2014
(January 1, 2014 – June 30, 2014)

OSAKA, JAPAN – August 11, 2014 - TOYO TIRE & RUBBER CO., LTD. (“the Company”; President and CEO: Akira Nobuki) announces its Consolidated Business Results for the First Half of Fiscal Year 2014 (January 1, 2014 through June 30, 2014) as follows:

(1) Business Results

●Net Sales	: 187,322 million yen (an increase of 14,242 million yen or 8.2% from the same period for FY2013)
●Operating Income	: 21,502 million yen (an increase of 7,700 million yen or 55.8% from the same period for FY2013)
●Ordinary Income	: 19,518 million yen (an increase of 5,800 million yen or 42.3% from the same period for FY2013)
●Net Income	: 15,269 million yen (an increase of 6,235 million yen or 69.0% from the same period for FY2013)

Results by Business Units were as follows:

1. Tire Business Unit

The tire business unit posted net sales of 147,245 million yen (an increase of 12,981 million yen or 9.7% from the same period for FY2013) and operating income of 19,910 million yen (an increase of 8,137 million yen or 69.1% from the same period for FY2013).

- A Original Equipment Tires: for the Japanese Domestic Market
Automobile production volume in Japan increased, but due to a shift in production to car models not equipped with Company tires, unit sales declined compared with the same period the previous year. However, thanks to an increase of high-value-added tire sales, net sales remained at the same level compared with the same period the previous year.

- B Replacement Tires: for the Japanese Domestic Market
Unit sales and net sales increased compared with the same period the previous year as a result of strong sales of “TRANPATH” series minivan tires released as new products and rush demand in advance of the consumption tax hike.

- C Replacement Tires: for Overseas Markets
In the North American market, unit sales and net sales increased compared with the same period the previous year as a result of strong sales of high-value-added SUV tires. In Europe, unit sales and net sales increased compared with the same period the previous year as a result of acquiring new customers in Russia. In China, unit sales exceeded those for the same period the previous year, but due to a drop in market prices net sales remained at the same level compared with the same period the previous year.

As a result, unit sales and net sales increased compared with the same period the previous year for the overseas markets as a whole.

2. DiverTech Business Units (Non-Tire Business Units)

The DiverTech units posted net sales of 40,046 million yen (an increase of 1,253 million yen or 3.2% from the same period for FY2013) and an operating income of 895 million yen (a decrease of 638 million yen or 41.6% from the same period for FY2013).

A Transportation

Net sales of anti-vibration rubber and seat cushions for automobiles remained same level compared with the same period the previous year. Net sales of air springs and anti-vibration rubber for railway cars increased compared with the same period the previous year as a result of receiving orders for the new railway car market overseas as well as strong sales to the maintenance and repair market in Japan.

B Thermal Insulation & Waterproof Materials

In the thermal insulation materials segment, net sales increased compared with the same period the previous year on healthy sales of component liquid for rigid polyurethane to building material manufacturers and materials to the agricultural sector. In the waterproofing materials segment, net sales remained same level compared with the same period the previous year from the impact of a reactionary drop in sales from April despite last-minute demand in advance of the consumption tax hike.

C Industrial & Building Materials

In the industrial & building materials segment, sales of hoses used in the building industry increased, but because of sluggish sales of anti-vibration rubber for building construction, net sales decreased compared with the same period the previous year.

(2) Qualitative data on consolidated financial position

Total assets as of the end of the first half consolidated accounting term were 425,160 million yen, a decrease of 8,166 million yen compared to the previous consolidated year-end accounting term. This was owed primarily to a decrease in notes & accounts receivable while there was an increase in merchandise and finished goods and machinery, equipment and vehicles.

Liabilities were 276,188 million yen, a decrease of 15,629 million yen compared to the previous consolidated year-end accounting term. This was attributed mainly to an increase of long-term loans payable while there was a decrease in reserve allowances for antitrust litigation and short-term loans payable.

Interest-bearing debt was 130,189 million yen, an increase of 340 million yen compared to the previous consolidated year-end accounting term.

Net assets as of the end of the first half consolidated accounting term were 148,972 million

yen, an increase of 7,462 million yen compared to the previous consolidated year-end accounting term. This was mainly due to decreases in valuation difference on available-for-sale securities and foreign currency translation adjustment while there was an increase in retained earnings.

As a result, the capital ratio increased 2.4% compared to the previous consolidated year-end accounting term, to 34.2%.

(3) Qualitative data on consolidated business results forecast

For the outlook for full-year consolidated business results for FY2014, due to an improved tire sales structure and a decrease in raw material prices, the previously announced forecasts (February 14, 2014) for operating income, ordinary income and net income will be adjusted upward.

The Company expects an exchange rate of 1 US dollar = 100 yen and 1 euro = 135 yen for the second half of FY2014.

For details, please refer to "Revision of the Consolidated Financial Results Forecast and Year-End Dividend (Upward) Forecast for FY2014" that was announced today.

Notable Litigation

On November 26, 2013 (U.S. time), the Company agreed with the U.S. Department of Justice to pay a \$120 million fine in connection with a breach of U.S. antitrust law pertaining to prices of anti-vibration rubber and joint boot components sold in the United States and elsewhere, and on February 6, 2014 (U.S. time), the Company received the court judgment and paid the required fine.

This matter was a class-action lawsuit in the U.S. and Canada brought against the Company and its subsidiaries, which as a result may have an impact on the Company's operating results. However, at this stage it is difficult to make a reasonable prediction of the result of such impact.

Consolidated Balance Sheets

(Unit: Millions of yen)

	End of previous fiscal year December 31, 2013	End of current fiscal year June 30, 2014
Assets		
Current Assets		
Cash and deposits	36,356	33,619
Notes and accounts receivable – trade	81,446	73,123
Merchandise and finished goods	42,441	45,853
Work in process	3,124	3,352
Raw materials and supplies	11,988	12,242
Other	16,687	17,961
Allowance for doubtful accounts	(195)	(117)
Total current assets	191,848	186,034
Fixed Assets		
Property, plant and equipment		
Buildings and structures, net	54,117	51,583
Machinery, equipment and vehicles, net	73,496	77,147
Other, net	40,982	41,010
Total property, plant and equipment	168,596	169,741
Intangible Assets		
Goodwill	3,010	2,826
Other	5,710	5,973
Total intangible assets	8,720	8,800
Investments and other assets		
Investment securities	53,365	50,439
Other	11,016	10,361
Allowance for doubtful accounts	(220)	(216)
Total investments and other assets	64,161	60,584
Total fixed assets	241,479	239,125
Total assets	433,327	425,160

Consolidated Balance Sheets

(Unit: Millions of yen)

	End of previous fiscal year December 31, 2013	End of current fiscal year June 30, 2014
Liabilities		
Current liabilities		
Notes and accounts payable – trade	66,214	65,233
Short-term loans payable	26,416	24,572
Current portion of bonds	8,000	8,000
Income taxes payable	10,195	8,539
Accounts payable – other	17,350	15,903
Provision for alleged U.S. anti-trust law violation	12,646	—
Other	20,635	23,116
Total current liabilities	161,459	145,365
Noncurrent liabilities		
Bonds payable	20,000	20,000
Long-term loans payable	74,804	76,798
Provision for retirement benefits	13,230	13,223
Other provision	91	71
Other	22,231	20,728
Total noncurrent liabilities	130,357	130,822
Total liabilities	291,817	276,188
Net assets		
Shareholders' equity		
Common stock	30,484	30,484
Capital surplus	28,507	28,507
Retained earnings	48,210	60,432
Treasury stock	(117)	(124)
Total shareholders' equity	107,085	119,299
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	22,230	20,242
Deferred gains or losses on hedges	(106)	0
Foreign currency translation adjustments	8,507	5,741
Total accumulated other comprehensive income	30,631	25,985
Minority interests	3,793	3,687
Total net assets	141,510	148,972
Total liabilities and net assets	433,327	425,160

Consolidated Statements of Income

(Unit: Millions of yen)

	Previous fiscal year	Current fiscal year
	FY2013 (From January 1, 2013 to June 30, 2013)	FY2014 (From January 1, 2014 to June 30, 2014)
Net sales	173,079	187,322
Cost of sales	121,894	124,890
Gross profit	51,184	62,431
Selling, general and administrative expenses	37,382	40,928
Operating income	13,801	21,502
Non-operating income		
Interest income	108	214
Dividends income	425	647
Foreign exchange gains	1,034	—
Equity in earnings of affiliates	140	176
Other	1,045	577
Total non-operating income	2,753	1,615
Non-operating expenses		
Interest expenses	1,367	1,383
Foreign exchange losses	—	1,146
Other	1,469	1,068
Total non-operating expenses	2,836	3,598
Ordinary income	13,718	19,518
Extraordinary income		
Gain on sales of noncurrent assets	—	4,654
Total extraordinary income	—	4,654
Extraordinary loss		
Loss on retirement of noncurrent assets	244	300
Total extraordinary loss	244	300
Income before income taxes	13,474	23,872
Income taxes	4,571	8,373
Income before minority interests	8,902	15,499
Minority interests in income (loss)	(131)	229
Net income	9,034	15,269

Consolidated Statements of comprehensive income

(Unit: Millions of yen)

	Previous fiscal year	Current fiscal year
	FY2013 (From January 1, 2013 to June 30, 2013)	FY2014 (From January 1, 2014 to June 30, 2014)
Income (loss) before minority interests	8,902	15,499
Other comprehensive income		
Valuation difference on available-for-sale securities	8,016	(1,987)
Deferred gains or losses on hedges	244	107
Foreign currency translation adjustment	7,999	(2,768)
Share of other comprehensive income of associates accounted for using equity method	189	(87)
Total other comprehensive income	16,450	(4,737)
Comprehensive income	25,352	10,761
(Comprehensive income attributable to)		
Owners of the parent	25,297	10,623
Minority interests	55	138

Consolidated Statements of Cash Flows

(Unit: Millions of yen)

	Previous fiscal year	Current fiscal year
	FY2013 (From January 1, 2013 to June 30, 2013)	FY2014 (From January 1, 2014 to June 30, 2014)
Cash flows from operating activities		
Income before income taxes and minority interests	13,474	23,872
Depreciation and amortization	9,456	10,519
Increase (decrease) in provision for retirement benefits	(83)	(3)
Interest and dividends income	(534)	(861)
Interest expenses	1,367	1,383
Foreign exchange losses (gains)	675	181
Equity in (earnings) losses of affiliates	(140)	(176)
Loss on retirement of noncurrent assets	244	300
Loss (gain) on sales of noncurrent assets	—	(4,654)
Decrease (increase) in notes and accounts receivable-trade	7,452	6,865
Decrease (increase) in inventories	(1,588)	(5,270)
Increase (decrease) in notes and accounts payable-trade	388	103
Other, net	(8,172)	3,325
Sub-total	22,540	35,583
Interest and dividends income received	504	1,013
Interest expenses paid	(1,292)	(1,246)
Payments of alleged U.S. anti-trust law violation	—	(12,272)
Income taxes paid	(2,691)	(10,815)
Net cash provided by (used in) operating activities	19,061	12,263
Cash flows from investing activities		
Additions to property, plant and equipment	(13,190)	(15,281)
Proceeds from sales of property, plant and equipment	543	6,051
Additions to intangible assets	(223)	(768)
Additions to investments in securities	(6)	(255)
Proceeds from sales and redemption of investment securities	42	3
Payments for additions to investments in subsidiaries resulting in change in scope of consolidation	(607)	—
Other, net	13	(19)
Net cash provided by (used in) investing activities	(13,429)	(10,270)
Cash flows from financing activities		
Net increase (decrease) in short-term bank loans	(709)	(5,446)
Payments for installment payables-property and equipment	—	(1,064)
Proceeds from long-term debt	7,115	12,091
Payments of long-term debt	(4,431)	(6,149)
Cash dividends paid	(1,769)	(3,039)
Dividends paid to minority shareholders	(23)	(244)
Proceeds from stock issuance to minority shareholders	251	—
Other, net	(181)	(191)
Net cash provided by (used in) financing activities	250	(4,045)
Effect of exchange rate change on cash and cash equivalents	1,048	(760)
Net Increase (decrease) in cash and cash equivalents	6,931	(2,813)
Cash and cash equivalents at beginning of the year	19,573	36,352
Increase in cash and cash equivalents from newly consolidated subsidiary	149	—
Cash and cash equivalents at end of the period	26,654	33,538