

Summary Report of Consolidated Business Results
for the First Half of Fiscal Year 2015
(January 1, 2015 – June 30, 2015)

OSAKA, JAPAN – August 10, 2015 - TOYO TIRE & RUBBER CO., LTD. (“the Company”; President: Takuji Yamamoto) announces its Consolidated Business Results for the First Half of Fiscal Year 2015 (January 1, 2015 through June 30, 2015) as follows:

Qualitative information about the quarter financial result

1. Business Results

- Net Sales : 194,402 million yen (an increase of 7,080 million yen or 3.8% from the same period of for FY2014)
- Operating Income : 29,126 million yen (an increase of 7,624 million yen or 35.5% from the same period of for FY2014)
- Ordinary Income : 26,670 million yen (an increase of 7,151 million yen or 36.6% from the same period for FY2014)
- Net Loss : 4,156 million yen (15,269 million yen profit in the same period for FY2014)

Results by Business Units were as follows:

(1) Tire Business Unit

The tire business unit posted net sales of 154,223 million yen (an increase of 6,977 million yen or 4.7% from the same period for FY2014) and operating income of 26,615 million yen (an increase of 6,705 million yen or 33.7% from the same period for FY2014)

(Original Equipment Tires)

While domestic sales were sluggish due to a decline in the number of automobiles produced in Japan caused by a rebound drop following rush demand prior to the consumption tax increase, overseas sales expanded steadily thanks to the acquisition of new business. As a result, unit sales remained at the same level as the year-ago period, but due to a decline in the composition ratio of high-value-added products, net sales declined compared with the same period last year.

(Replacement Tires: for the Japanese Domestic Market)

Due to a rebound drop following rush demand prior to the consumption tax increase and other factors, both unit sales and net sales declined compared with the same period last year.

(Replacement Tires: for Overseas Markets)

In North America, unit sales remain unchanged compared with the same period a year ago, but as a result of healthy sales in the high-value-added SUV product category, net sales increased compared with the same period last year. In Europe, unit sales and net sales declined compared with the previous same period from due to the influence of slipping economy. As a result, compared with the same period a year ago unit sales declined while net sales increased for the overseas markets as a whole.

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

The DiverTech units posted net sales of 40,000 million yen (a decrease of 45 million yen or 0.1 % from the same period for FY2014) and an operating income of 1,764 million yen (an increase of 868 million yen or 97.0% from the same period for FY2014).

(Transportation)

While domestic sales of anti-vibration rubber and seat cushions for automobiles were sluggish due to a decline in the number of automobiles produced in Japan caused by a rebound drop following rush demand prior to the consumption tax increase, net sales exceeded compared with the same period a year ago as a whole.

Net sales of air springs and anti-vibration rubber for railway cars increased compared to the same period last year as a result of robust sales to the maintenance and repair market in Japan.

(Thermal Insulation & Waterproof Materials)

In the thermal insulation materials segment, net sales declined year on year due to sluggish sales of rigid polyurethane products to insulation material manufacturers while unit sales of materials to the agricultural sector has been healthy grown. In the waterproofing materials segment, due to a drop in building work net sales declined compared with the same period last year.

(Industrial & Building Materials)

In the industrial & building materials segment, due to stagnant sales of hoses and industrial-use rubber-coated fabric, net sales declined compared with the same period a year ago.

(3) Qualitative data on consolidated financial position

Total assets for the end of the first half consolidated accounting term were 502,886 million yen, an increase of 20,920 million yen compared to the end of the prior consolidated accounting period.

Liabilities were 321,403 million yen, an increase of 24,076 million yen compared to the previous consolidated year-end accounting term. And the interest-bearing liabilities were 146,797 million yen, an increase of 15,017 million yen compared to the previous consolidated year-end accounting terms.

Net assets as of the end of the first half consolidated accounting term were 181,482 million yen, a decrease of 3,156 million yen compared to the previous consolidated year-end accounting term.

As a results, the capital ratio decreased 2.1 % compared with the previous consolidated year-end accounting term, to 35.4 %.

(4) Qualitative data on forecasted consolidated results

In the second quarter cumulative period, due to raw material prices dropping to a lower level than anticipated and a cheaper-than-expected yen, operating income and ordinary income exceeded the previously announced forecast (May 12, 2015). However, due to an additional posting of a provision of reserve for product warranties as an extraordinary loss, net income

for the quarter underperformed the previously announced forecast.

Regarding the full-year results forecast, for the same reasons the previously announced forecast (May 12, 2015) will be adjusted upward for operating income and ordinary income, while net income for the current quarter will be adjusted downward.

The projected exchange rate for the second half will be 1 US dollar = 120 yen, and 1 euro = 130 yen. For details, please refer to “Announcement of difference between consolidated results forecast and finalized figures for the first half of fiscal year ending December 2015 and adjustment of full-year consolidated results forecast” announced today.

2. Matters Concerning Summary Data (Notes)

Change of Accounting Policy and Re-indication of Accounting Estimate Change & Adjustment
Change of accounting policy

“Accounting Standards concerning Retirement Allowance Reserves” will be applied from the first quarter consolidated accounting term, with the calculation method for retirement benefit obligations and service costs revised so that the period attribution method for expected retirement benefits is changed from the fixed amount standard to a benefit calculation formula standard. Also, the obligation period which serves as the basis for discount rate determination was changed from using the number of years approximate to the employee’s average remaining service years to a method that uses a single weighted average discount rate that reflects the amount for each expected retirement benefit payment term and expected payment term.

For application of the retirement benefits calculation standard, the Company has adjusted for the impact on retained earnings accompanying the change of calculation method for retirement benefit obligations and service costs at the beginning of the first quarter consolidated accounting term.

As a result, assets pertaining to retirement benefits at the beginning of the first half consolidated accounting term have been increased 688 million yen, liabilities pertaining to retirement benefits decreased 1,447 million yen, and retained earnings increased 2,135 million yen (prior to tax-effect adjustment). The impact on operating income, ordinary income and quarterly net income before taxes for the first quarter consolidated accounting term will be minimal.

3. Important Matters as the Basis for Preparation of Consolidated Financial Statements

Matters related to accounting standards

Posting standard for major reserves

Provision for product warranties

An amount that can be reasonably estimated for the cost of measures such as for repair work for Company products was posted at the end of the first half consolidated accounting term.

4. Notes on consolidated financial statements

(Note on consolidated balance sheet)

Contingency liabilities

(1) The Company had been manufacturing and selling seismic isolation rubber itself and through its subsidiary Toyo Chemical Industrial Products, Ltd. that was certified by

Japan's Ministry of Land, Infrastructure, Transport and Tourism. However, it was discovered that some delivered products did not conform to ministry certification performance standards, and on March 12, 2015, the Company voluntarily reported this fact to the ministry. Additionally, several times in the past the Company had received ministry certification for seismic isolation rubber, but it was also discovered that in some cases, the certification was based on applications lacking technical grounds. With respect to this matter, the company has envisaged every possibility and considered future handling and measures, and as a policy has decided in principal to replace all units of the concerned products with products that conform to the performance standards required in the initial design phase provided there is no objection from the concerned parties including owners, tenants, clients and construction firms.

Furthermore, on April 21, 2015, it was discovered that in addition to the cases reported in March 2015, there were additional buildings to which non-conforming seismic isolation rubber was shipped (678 units in 90 structures. For 177 units in nine structures, it has not been determined if they are conforming with ministry performance standards.), and that in addition to the buildings for which ministry certification as already revoked in May 2015, among 17 other certifications there may have been other applications lacking technical grounds. For these newly discovered non-conforming buildings as well, upon verifying structural safety the Company will promptly contact building owners, residents, and other concerned parties and plans to replace or repair the products as necessary so that they fulfill the originally required performance standards.

Based on the aforementioned incident, a provision for product warranties was posted in the first half consolidated accounting term for an amount that can be reasonably estimated for the cost of repair work and other measures. Depending upon the progress status from the second half consolidated accounting term, the Company's consolidated business results may be impacted by posting additional allowances, but it is difficult to make a reasonable estimate at this point in time.

(2) 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.

In addition to a class-action lawsuit in the U.S. and Canada brought against the Company and its subsidiaries, there have been negotiations on damages with some auto manufacturers, 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.

5. Notes on Consolidated Income Statement

Provision of reserve for product warranties

The Company had been manufacturing and selling seismic isolation rubber itself and through its subsidiary Toyo Chemical Industrial Products, Ltd. that was certified by Japan's Ministry of Land, Infrastructure, Transport and Tourism. However, because it was discovered that some

delivered products did not conform to ministry certification performance standards, and that in some cases, ministry certification was received based on applications lacking technical justification, the company posted an extraordinary loss for provision of reserve for product warranties based on an estimate for the cost of repair work and other measures.

6. Other

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.

In addition to a class-action lawsuit in the U.S. and Canada brought against the Company and its subsidiaries, there have been negotiations on damages with some auto manufacturers 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.

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Consolidated Balance Sheets

(Unit: Millions of yen)

	End of previous fiscal year December 31, 2014	End of current fiscal year June 30, 2015
Assets		
Current Assets		
Cash and deposits	32,403	32,381
Notes and accounts receivable – trade	91,239	77,260
Merchandise and finished goods	49,362	56,788
Work in process	3,358	3,446
Raw materials and supplies	12,681	13,248
Other	17,670	20,357
Allowance for doubtful accounts	(165)	(253)
Total current assets	206,550	203,229
Fixed Assets		
Property, plant and equipment		
Buildings and structures, net	55,509	62,489
Machinery, equipment and vehicles, net	87,871	91,748
Other, net	52,363	56,372
Total property, plant and equipment	195,744	210,610
Intangible Assets		
Goodwill	2,924	2,653
Other	6,528	6,274
Total intangible assets	9,453	8,928
Investments and other assets		
Investment securities	58,562	66,271
Other	11,866	14,024
Allowance for doubtful accounts	(212)	(178)
Total investments and other assets	70,217	80,117
Total fixed assets	275,415	299,656
Total assets	481,966	502,886

Consolidated Balance Sheets

(Unit: Millions of yen)

	End of previous fiscal year December 31, 2014	End of current fiscal year June 30, 2015
Liabilities		
Current liabilities		
Notes and accounts payable – trade	72,035	67,362
Short-term loans payable	39,884	50,005
Income taxes payable	10,578	695
Accounts payable – other	20,675	17,331
Provision for product compensation	—	29,000
Other	23,685	22,935
Total current liabilities	166,861	187,330
Noncurrent liabilities		
Bonds payable	20,000	20,000
Long-term loans payable	71,527	75,349
Net defined benefit liability	9,829	8,218
Other provision	59	55
Other	29,049	30,448
Total noncurrent liabilities	130,466	134,073
Total liabilities	297,327	321,403
Net assets		
Shareholders' equity		
Common stock	30,484	30,484
Capital surplus	28,507	28,507
Retained earnings	76,389	67,963
Treasury stock	(130)	(136)
Total shareholders' equity	135,249	126,818
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	25,372	31,810
Deferred gains or losses on hedges	(29)	(4)
Foreign currency translation adjustments	18,011	17,232
Remeasurements of defined benefit plans	1,971	2,120
Total accumulated other comprehensive income	45,326	51,159
Minority interests	4,062	3,504
Total net assets	184,638	181,482
Total liabilities and net assets	481,966	502,886

Consolidated Statements of Income

(Unit: Millions of yen)

	Previous fiscal year	Current fiscal year
	FY2014 (From January 1, 2014 to June 30, 2014)	FY2015 (From January 1, 2015 to June 30, 2015)
Net sales	187,322	194,402
Cost of sales	124,890	122,797
Gross profit	62,431	71,604
Selling, general and administrative expenses	40,928	42,477
Operating income	21,502	29,126
Non-operating income		
Interest income	214	240
Dividends income	647	846
Equity in earnings of affiliates	176	115
Other	577	463
Total non-operating income	1,615	1,666
Non-operating expenses		
Interest expenses	1,383	1,566
Foreign exchange losses	1,146	902
Other	1,068	1,654
Total non-operating expenses	3,598	4,123
Ordinary income	19,518	26,670
Extraordinary income		
Gain on sales of noncurrent assets	4,654	—
Total extraordinary income	4,654	—
Extraordinary loss		
Loss on retirement of noncurrent assets	300	257
Loss on product compensation	—	1,386
Loss on provision for product compensation	—	29,000
Total extraordinary loss	300	30,644
Income (loss) before income taxes	23,872	(3,973)
Income taxes	8,373	202
Income (loss) before minority interests	15,499	(4,176)
Minority interests in income (loss)	229	(19)
Net income (loss)	15,269	(4,156)

Consolidated Statements of comprehensive income

(Unit: Millions of yen)

	Previous fiscal year	Current fiscal year
	FY2014 (From January 1, 2014 to June 30, 2014)	FY2015 (From January 1, 2015 to June 30, 2015)
Income (loss) before minority interests	15,499	(4,176)
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,987)	6,438
Deferred gains or losses on hedges	107	25
Foreign currency translation adjustment	(2,768)	(1,000)
Remeasurements of defined benefit plans, net of tax	—	149
Share of other comprehensive income of associates accounted for using equity method	(87)	52
Total other comprehensive income	(4,737)	5,664
Comprehensive income	10,761	1,487
(Comprehensive income attributable to)		
Owners of the parent	10,623	1,676
Minority interests	138	(188)

Consolidated Statements of Cash Flows

(Unit: Millions of yen)

	Previous fiscal year	Current fiscal year
	FY2014 (From January 1, 2014 to June 30, 2014)	FY2015 (From January 1, 2015 to June 30, 2015)
Cash flows from operating activities		
Income (loss) before income taxes and minority interests	23,872	(3,973)
Depreciation and amortization	10,519	12,156
Increase (decrease) in provision for retirement benefits	(3)	—
Increase (decrease) in net defined benefit liability	—	(2,156)
Increase (decrease) in provision for product compensation	—	29,000
Interest and dividends income	(861)	(1,087)
Interest expenses	1,383	1,566
Foreign exchange losses (gains)	181	(8)
Equity in (earnings) losses of affiliates	(176)	(115)
Loss on retirement of noncurrent assets	300	257
Loss (gain) on sales of noncurrent assets	(4,654)	—
Decrease (increase) in notes and accounts receivable-trade	6,865	13,638
Decrease (increase) in inventories	(5,270)	(8,051)
Increase (decrease) in notes and accounts payable-trade	103	(4,482)
Other, net	3,325	(650)
Sub-total	35,583	36,091
Interest and dividends income received	1,013	1,402
Interest expenses paid	(1,246)	(1,779)
Payments of alleged U.S. anti-trust law violation	(12,272)	—
Income taxes paid	(10,815)	(11,705)
Net cash provided by (used in) operating activities	12,263	24,009
Cash flows from investing activities		
Additions to property, plant and equipment	(15,281)	(27,195)
Proceeds from sales of property, plant and equipment	6,051	84
Additions to intangible assets	(768)	(373)
Additions to investments in securities	(255)	(206)
Proceeds from sales and redemption of investment securities	3	—
Other, net	(19)	23
Net cash provided by (used in) investing activities	(10,270)	(27,666)
Cash flows from financing activities		
Net increase (decrease) in short-term bank loans	(5,446)	14,333
Payments for installment payables-property and equipment	(1,064)	(3,789)
Proceeds from long-term debt	12,091	12,013
Payments of long-term debt	(6,149)	(12,117)
Cash dividends paid	(3,039)	(5,704)
Dividends paid to minority shareholders	(244)	(369)
Other, net	(191)	(115)
Net cash provided by (used in) financing activities	(4,045)	4,250
Effect of exchange rate change on cash and cash equivalents	(760)	(640)
Net Increase (decrease) in cash and cash equivalents	(2,813)	(47)
Cash and cash equivalents at beginning of the year	36,352	32,395
Cash and cash equivalents at end of the period	33,538	32,348