

Summary Report of Consolidated Business Results  
for the First Quarter of Fiscal Year 2017  
(January 1, 2017 –March 31, 2017)

OSAKA, JAPAN – May 12, 2017 - TOYO TIRE & RUBBER CO., LTD. (“the Company”; President: Takashi Shimizu) announces its Consolidated Business Results for the First Quarter of Fiscal Year 2017 (January 1, 2017 through March 31, 2017) as follows:

Qualitative information about the quarter financial results

(1) Business Results

●Net Sales	: 98,078 million yen (an increase of 2,748 million yen or 2.9% from the same period of for FY2016)
●Operating Income	: 12,105 million yen (an increase of 137 million yen or 1.1% from the same period of for FY2016)
●Ordinary Income	: 10,046 million yen (an increase of 252 million yen or 2.6% from the same period for FY2016)
●Profit attributable to owners of parent	: 5,880 million yen (an increase of 5,818 million yen from the same period for FY2016)

(2) Results by Business Units

The tire business unit posted net sales of 78,825 million yen (an increase of 2,639 million yen or 3.5% from the same period for FY2016) and operating income of 11,774 million yen (an increase of 592 million yen or 5.3% from the same period for FY2016).

The DiverTech units posted net sales of 19,239 million yen (an increase of 113 million yen or 0.6% from the same period for FY2016) and an operating income of 309 million yen (a decrease of 363 million yen or 54.0% from the same period for FY2016).

(3) Status of provision of reserve for product warranties and allowance for product reparations pertaining to the company's seismic isolation rubber issue

In the fiscal year ended December 2015, some products shipped by the company did not conform to certification performance standards of the Ministry of Land, Infrastructure, Transport and Tourism, and when applying for ministry certification for seismic isolation rubber for construction, in some cases the certification was based on applications lacking technical grounds.

In the financial results for the first quarter results, as the circumstances have progressed and the amounts can be reasonably estimated, the company posted an extraordinary loss of 918 million yen (852 million yen for the cost of measures for after-care of products and 65 million yen for provision of reserve for product warranties) as a result of posting 444 million yen for compensations, etc.; and 473 million yen for miscellaneous expenses (mainly in payroll for the seismic isolation rubber task force).

Depending upon progress from the next quarter's consolidated accounting period, if future costs that arise (mainly, business compensations and reparations of damages such as delayed damages, expenses, etc.; when the amount of repair work expenses found additionally exceed the provision of reserve), additional posting of a provision of reserve for product warranties may be posted, but at the present time it is difficult to reasonably estimate the amount.

(4) Explanation of financial condition

Total assets for the end of the first quarter of consolidated accounting term were 473,911 million yen, a decrease of 17,176 million yen compared to the end of the prior consolidated accounting period.

Liabilities were 328,816 million yen, a decrease of 16,650 million yen compared to the previous consolidated year-end accounting term.

The interest-bearing liabilities were 136,223 million yen, an increase of 3,293 million yen compared to the previous consolidated year-end accounting terms.

Net assets as of the end of the first quarter of consolidated accounting term were 145,095 million yen, a decrease of 526 million yen compared to the end of the prior consolidated accounting period.

As a results, the capital ratio increased 0.9% compared with the previous consolidated year-end accounting term, to 29.7%.

(5) Explanation of future forecast information such as consolidated earnings forecast

There is no change from the earnings forecast announced on February 15, 2017 regarding the second quarter consolidated cumulative period or the full-year earnings forecast.

## Consolidated Balance Sheets

(Unit: Millions of yen)

	End of previous fiscal year December 31, 2016	End of current fiscal year March 31, 2017
<b>Assets</b>		
<b>Current Assets</b>		
Cash and deposits	37,772	37,115
Notes and accounts receivable – trade	84,878	75,947
Merchandise and finished goods	50,446	50,235
Work in process	3,153	3,081
Raw materials and supplies	11,979	12,789
Other	25,478	26,193
Allowance for doubtful accounts	(492)	(474)
<b>Total current assets</b>	<b>213,216</b>	<b>204,889</b>
<b>Fixed Assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures, net	56,424	54,653
Machinery, equipment and vehicles, net	105,555	101,214
Other, net	40,507	40,122
<b>Total property, plant and equipment</b>	<b>202,487</b>	<b>195,989</b>
<b>Intangible Assets</b>		
Goodwill	1,650	1,571
Other	5,606	5,291
<b>Total intangible assets</b>	<b>7,257</b>	<b>6,863</b>
<b>Investments and other assets</b>		
Investment securities	49,007	47,945
Other	19,293	18,400
Allowance for doubtful accounts	(173)	(177)
<b>Total investments and other assets</b>	<b>68,127</b>	<b>66,168</b>
<b>Total fixed assets</b>	<b>277,871</b>	<b>269,022</b>
<b>Total assets</b>	<b>491,088</b>	<b>473,911</b>

## Consolidated Balance Sheets

(Unit: Millions of yen)

	End of previous fiscal year December 31, 2016	End of current fiscal year March 31, 2017
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable – trade	66,514	58,846
Short-term loans payable	53,138	62,513
Current portion of bonds	5,000	5,000
Accounts payable – other	20,058	14,304
Income taxes payable	2,698	2,668
Provision for product compensation	33,700	28,400
Other	21,601	20,858
<b>Total current liabilities</b>	<b>202,712</b>	<b>192,590</b>
<b>Non-current liabilities</b>		
Bonds payable	5,000	5,000
Long-term loans payable	69,343	63,297
Net defined benefit liability	10,045	10,102
Provision for product compensation	42,200	42,200
Other provision	49	52
Other	16,115	15,573
<b>Total non-current liabilities</b>	<b>142,754</b>	<b>136,226</b>
<b>Total liabilities</b>	<b>345,466</b>	<b>328,816</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Common stock	30,484	30,484
Capital surplus	28,507	28,507
Retained earnings	53,279	55,985
Treasury stock	(143)	(144)
<b>Total shareholders' equity</b>	<b>112,128</b>	<b>114,832</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	22,435	21,685
Deferred gains or losses on hedges	(119)	5
Foreign currency translation adjustments	6,843	3,862
Remeasurements of defined benefit plans	290	299
<b>Total accumulated other comprehensive income</b>	<b>29,450</b>	<b>25,853</b>
<b>Non-controlling interests</b>	<b>4,043</b>	<b>4,409</b>
<b>Total net assets</b>	<b>145,621</b>	<b>145,095</b>
<b>Total liabilities and net assets</b>	<b>491,088</b>	<b>473,911</b>

## Consolidated Statements of Income

(Unit: Millions of yen)

	Previous fiscal year	Current fiscal year
	FY2016 (From January 1, 2016 to March 31, 2016)	FY2017 (From January 1, 2017 to March 31, 2017)
Net sales	95,329	98,078
Cost of sales	61,572	64,365
Gross profit	33,757	33,712
Selling, general and administrative expenses	21,788	21,607
Operating income	11,968	12,105
Non-operating income		
Interest income	93	119
Dividends income	309	287
Equity in earnings of affiliates	33	67
Other	495	342
Total non-operating income	931	817
Non-operating expenses		
Interest expenses	777	658
Foreign exchange losses	1,593	666
Financing expenses	—	700
Other	735	851
Total non-operating expenses	3,106	2,876
Ordinary income	9,793	10,046
Extraordinary income		
Gain on sales of investment securities	—	220
Total extraordinary income	—	220
Extraordinary loss		
Loss on retirement of non-current assets	157	206
Loss on product compensation	2,033	852
Loss on provision for product compensation	7,185	65
Total extraordinary loss	9,376	1,125
Profit before income taxes	417	9,140
Income taxes	123	2,865
Profit	293	6,275
Profit attributable to non-controlling interests	232	394
Profit attributable to owners of parent	61	5,880

## Consolidated Statements of comprehensive income

(Unit: Millions of yen)

	Previous fiscal year	Current fiscal year
	FY2016 (From January 1, 2016 to March 31, 2016)	FY2017 (From January 1, 2017 to March 31, 2017)
Profit	293	6,275
Other comprehensive income		
Valuation difference on available-for-sale securities	(3,569)	(749)
Deferred gains or losses on hedges	(39)	125
Foreign currency translation adjustment	(3,678)	(2,985)
Remeasurements of defined benefit plans, net of tax	86	8
Share of other comprehensive income of associates accounted for using equity method	(103)	(24)
Total other comprehensive income	(7,305)	(3,625)
Comprehensive income	(7,011)	2,649
(Comprehensive income attributable to)		
Owners of the parent	(7,166)	2,283
Comprehensive income attributable to non-controlling interests	154	365