

January 26, 2017

Attention: All concerned parties

Toyo Tanso Co., Ltd.

5-7-12 Takeshima, Nishiyodogawa-ku, Osaka 555-0011, Japan
 (Stock Exchange Code: 5310, 1st Section, Tokyo Stock Exchange)

Notification of transfer of equity in consolidated subsidiary (transfer of subsidiary), dissolution of joint venture contract and generation of extraordinary income

At the Board of Directors meeting held on January 26, 2017, the Company decided to transfer all of its equity in its consolidated subsidiary Jiaxiang Toyo Tanso Co., Ltd. (hereafter, JTT) to Jiaxiang Zhengda Carbon Product Co., Ltd. (hereafter, ZCP) and to dissolve the joint venture contract. This is expected to result in extraordinary income, and thus the details are provided below.

Particulars

1. Reasons for dissolution of joint venture contract

In April 2005, the Company and ZCP established JTT to address the growing demand for graphite in China. The company processed and sold graphite products, primarily for solar cell applications. However, profitability has deteriorated in recent years as the market has contracted and competition over prices has intensified. In light of market trends and the business environment, as well as conservative estimates of the future profitability of this consolidated subsidiary, the Company decided to dissolve the joint venture contract.

2. Description of dissolution of joint venture contract

All of the equity that the Company holds in JTT (55.0% of all equity) will be transferred to ZCP and the joint venture contract will be dissolved. As a result, JTT will no longer be a consolidated subsidiary of the Company.

3. Overview of joint venture company

(1) Name	Jiaxiang Toyo Tanso Co., Ltd.
(2) Location	Jining City, Shandong Province, China
(3) Name and position of representative	Zhan GuoBin, President
(4) Business	Processing and sale of graphite and carbon products
(5) Capital	RMB 35,949,000
(6) Date of establishment	April 2005

(7) Major shareholders and shareholding ratio	Company (55.0%), ZCP (45.0%)		
(8) Relationship between listed company and said company	Capital relationship	The Company has a 55.0% equity stake.	
	Personal relationship	One Company executive serves as president, one Company executive and one Company employee serve as directors, and one Company employee serves as general manager.	
	Business relationship	The company sells materials (half-finished goods) from the Company.	
(9) Financial conditions and results of operations over the past three years (Unit: millions of yen)	Fiscal year ended December 31, 2013	Fiscal year ended December 31, 2014	Fiscal year ended December 31, 2015
Net assets	2,757	2,545	1,256
Total assets	3,068	2,687	1,558
Net sales	654	676	500
Operating income	(136)	(237)	(91)
Ordinary income	(93)	(212)	(71)
Net income	(95)	(212)	(71)

4. Overview of company to which equity will be transferred and with which joint venture contract will be dissolved

(1) Name	Jiaxiang Zhengda Carbon Product Co., Ltd.
(2) Location	Jining City, Shangdong Province, China
(3) Name of representative	Zhao FengXiu
(4) Business	Manufacture, processing, and sale of single-crystal silicon products and graphite products for semiconductor manufacturing
(5) Capital	RMB 621,000
(6) Date of establishment	May 1997
(7) Net assets and total assets at end of previous business year	This could not be ascertained as the counterparty in the transfer does not disclose this information.
(8) Major shareholders and shareholding ratio	This could not be ascertained as the counterparty in the transfer does not disclose this information.

(9) Relationship between listed company said company	Capital relationship	45.0% equity stake in Company's consolidated subsidiary, JTT
	Personal relationship	Not applicable
	Business relationship	Not applicable
	Relevant conditions with related parties	Not applicable

5. Equity to be transferred and transfer price

(1) Equity held prior to transfer	55.0%
(2) Transferred equity	55.0%
(3) Transfer price (tentative)	RMB 30,000,000 (502 million yen)
(4) Equity held after transfer	0%

6. Schedule

Date of decision at Board of Directors Meeting: January 26, 2017

Date of equity transfer: 2017 (provisional)

Date of dissolution of joint venture: 2017 (provisional)

✂The joint venture will be dissolved on the day that the equity transfer is completed.

7. Extraordinary income and outlook

The dissolution of this joint venture is expected to result in extraordinary income totaling 170 million yen for the fiscal year ending December 31, 2017, but the impact is currently being examined, and will be factored into the consolidated forecasts for this period to be announced on February 14, 2017. The impact on consolidated earnings in the fiscal year ended December 31, 2016 is negligible.

Please direct inquiries regarding the current situation to:

Toyo Tanso Co., Ltd. Publicity & Investor Relations E-mail: info@toyotanso.co.jp
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