

February 12, 2016

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 Differences between Consolidated Earnings Forecasts and Actual Results and Posting of Reversal of Deferred Tax Assets and Extraordinary Income

The consolidated earnings forecasts announced on August 10, 2015 for the fiscal year ended December 31, 2015 (January 1, 2015 – December 31, 2015) differ from the actual results announced today, as noted below.

Particulars

1. Differences between consolidated earnings forecasts and actual results for the fiscal year ended December 31, 2015 (January 1, 2015 – December 31, 2015)

	Net sales	Operating income	Ordinary income	Net income	Net income per share
	(million yen)	(million yen)	(million yen)	(million yen)	(yen)
Previous forecast (A)	36,000	1,100	1,100	700	33.76
Actual results (B)	35,558	790	917	402	19.40
Amount of increase/decrease (B-A)	(441)	(309)	(182)	(297)	—
Percentage of increase/decrease (%)	(1.2)	(28.2)	(16.6)	(42.5)	—
(Ref.) Results for the previous fiscal year (fiscal year ended December 31, 2014)	34,066	1,140	1,501	1,327	64.02

2. Reasons for differences

Net sales generally trended in line with previous forecasts, however operating income and ordinary income fell short of previous forecasts due to a reduction in inventory valuation at fiscal year-end and lower profit margins resulting from price reductions attributable to harsher competition. We posted ¥1,219 million in extraordinary income due to subsidy income resulting from the transfer of a subsidiary, but we also posted a ¥976 million extraordinary loss due to a ¥421 million loss on disposal of fixed asset resulting from the transfer of a subsidiary, costs involved in the transfer of a subsidiary of ¥224 million, and a ¥290 million impairment loss on some manufacturing facilities at the Takuma Division and our consolidated subsidiary TOYO TANSO USA, Inc. In addition, we posted a ¥186 million income taxes - deferred due to the reversal of deferred tax assets. As a result of these factors, net income came in below previous forecasts.

3. Reversal of deferred tax assets

After careful consideration of the recoverability of deferred tax assets, we decided to reverse deferred tax assets in the fiscal year ended December 31, 2015 and posted ¥186 million in income taxes - deferred.

4. Posting of extraordinary income

We posted extraordinary income on ¥1,131 million in subsidy income resulting from the transfer of a subsidiary in the fiscal year ended December 31, 2015.

Please direct inquiries regarding the current situation to:

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