

February 9, 2015

## **Notice of Recording the Non-Operating Profit (Foreign Exchange Gain)**

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Because we recorded non-operating profit (foreign exchange gain) in the third quarter connected total period for March, 2015 period (from April 1, 2014 to December 31, 2014), we herein notify it as follows:

### 1. Declaration of non-operating profit

We have recorded 715 million yen obtained by the change of foreign exchange rate in the third-quarter as connection total period for March, 2015 period as non-operating profit.

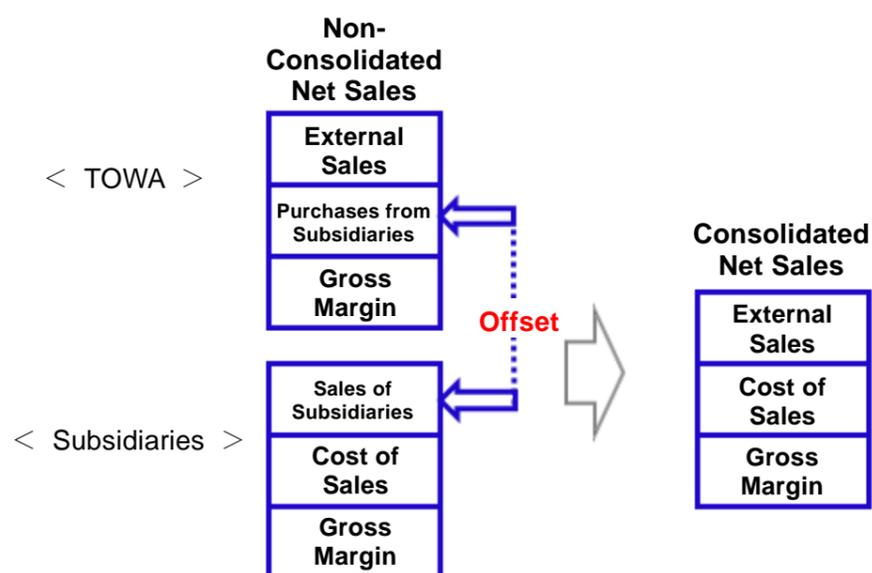
This result is mainly caused by reappraisal of foreign currency assets (162 million yen) and by the influence of the exchange conversion at the time of the overseas subsidiary connection (553 million yen).

### 2. Influence on achievement

As for the influence on achievement by this matter, please refer to "FY2014 Third Quarter Consolidated Financial Results" announced today. The amount of the foreign exchange gain for the full fiscal year will fluctuate according to the future situation of the rate of foreign exchange.

Meanwhile, the influence (553 million yen) by the exchange conversion at the time of the overseas subsidiary connection mentioned above was generated by consolidated accounts processing, and the profit and the loss of our group during the period were not affected directly by this matter. (Please refer to Attached Fig.1 and 2)

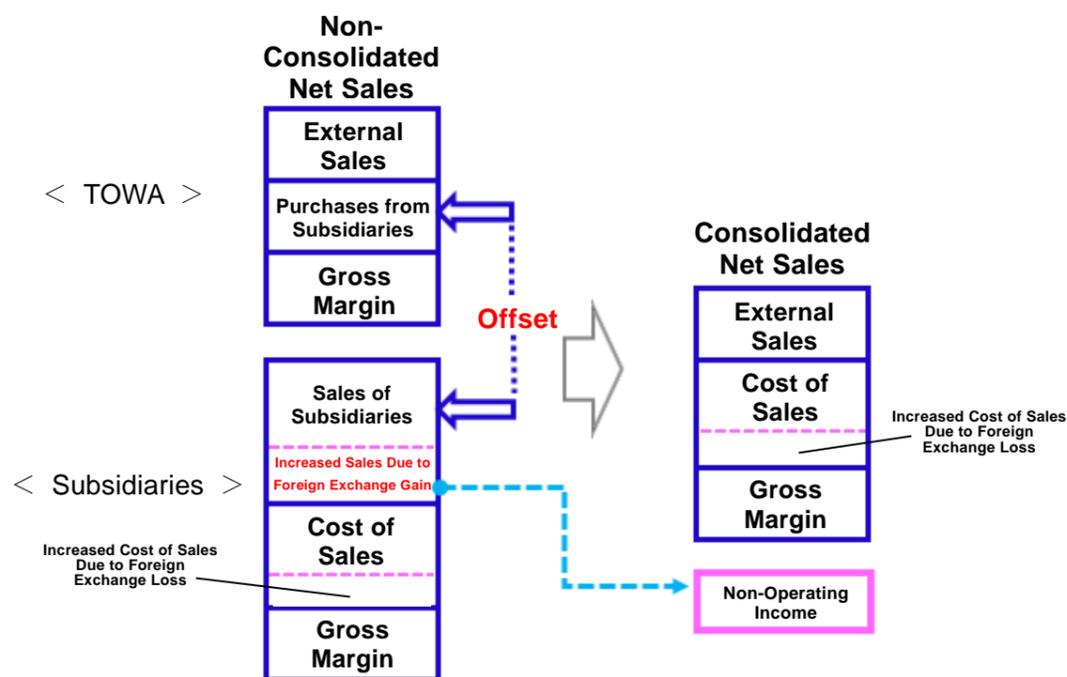
Fig. 1 "Offsetting of Sales of Subsidiaries in Consolidated Settlement of Accounts"



In the product line of our company(TOWA Corporation), there are many products that were purchased from the overseas subsidiary as half-finished products (sales of the subsidiary) and the outside sales of the completed products are recorded as our company.

In the consolidated accounts, the sales of the overseas subsidiaries are balanced with our stocking to calculate the sales amount, cost of goods sold and each stage profit of our company total.

Fig. 2 "Recording the Non-Operating Profit (Foreign Exchange Gain) Due to Exchange Fluctuation (Weak Yen)"



Because we convert the profit and expense of the overseas subsidiary by a rate on the settling day, the balance amount is generated caused by an exchange fluctuation (weak yen) between a yen basis sales of the overseas subsidiary and a yen basis stocking of our company.

553 million yen out of this period's foreign exchange gain was obtained as the result that we have processed the relevant balance as the non-operating profit in accordance with the accounting process standards of foreign currency basis transaction (3).

Therefore, the non-operating profit (foreign exchange gain) concerned was caused by consolidated accounts processing, and the profit and loss of our group of this period were not directly affected by it. In addition, there is no influence of the consolidated accounts processing mentioned above with the ordinary profit, and the amount of original profit is reflected.