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Bridgestone Corporation Announces First-Half Business and Financial Results for Fiscal 2004

Tokyo (August 10, 2004)—Bridgestone Corporation today announced its consolidated business and financial results for January 1 to June 30, 2004, the first half of the present fiscal year (January 1 to December 31, 2004). These results are for Bridgestone Corporation and its consolidated subsidiaries, collectively referred to below as the “Companies.” Here is a summary of those results and of management’s projections for the Companies’ sales and earnings performance for the full fiscal year. Solely for the convenience of readers, the dollar figures have been calculated at US\$1 = ¥108.43, the exchange rate on June 30, the end of the first half of the fiscal year.

I. Summary of Business and Financial Performance

A. Overall results

1. Sales and earnings

| | Jan.–June 2004 | Jan.–June 2003 | Increase (decrease) | |
|--------------------|-------------------|-------------------|---------------------|---------|
| | | | Yen | Percent |
| | ¥ million | ¥ million | ¥ million | |
| Net sales | ¥1,153,294 | ¥1,112,169 | ¥41,125 | 4% |
| Operating income | ¥91,948 | ¥71,314 | ¥20,634 | 29% |
| Ordinary income | ¥86,818 | ¥65,895 | ¥20,923 | 32% |
| Interim net income | ¥52,292 | ¥31,960 | ¥20,332 | 64% |

Generally positive trends characterized the business environment during the first half of 2004. Economic recovery appears to have taken hold in Japan as private-sector capital spending rose, supported by improved corporate earnings, and as exports increased. The strong economic recovery in the United States gained further momentum as capital spending grew and as the employment picture improved. Signs of economic recovery appeared in Europe. In Asian nations besides Japan, economic expansion continued in

China, and economic recovery is under way in other nations.

During the first half of 2004, the Companies continued working to improve their overall results by introducing appealing new products and by moving aggressively in manufacturing and marketing to address the shift in demand toward larger sizes and high-performance specifications in passenger car tires. The Companies also worked to raise productivity and to make the most of their leadership in research and technology.

Net sales in the interim period ended June 30, 2004, increased 4% over the same period of the previous year, to ¥1,153,294 million [\$10,636 million]. Operating income increased 29% over the same period of the previous year, to ¥91,948 million [\$848 million], ordinary income increased 32%, to ¥86,818 million [\$801 million], and net income increased 64%, to ¥52,292million [\$482 million].

2. Segment information

a. By industry segment

Notes:

- i. The figures for segment sales include intersegment transactions.
- ii. The totals reflect eliminations for intersegment transactions and corporate items.

| | | Jan.–June 2004 | Jan.–June 2003 | Increase (decrease) | |
|---------------------------|------------------|-----------------------|-----------------------|----------------------|---------|
| | | | | Yen | Percent |
| Tires | Sales | ¥ million ¥918,331 | ¥ million ¥884,269 | ¥ million ¥34,062 | 4% |
| | Operating income | ¥73,644 | ¥54,894 | ¥18,750 | 34% |
| Diversified Products * | Sales | ¥246,974 | ¥240,068 | ¥6,906 | 3% |
| | Operating income | ¥18,041 | ¥16,384 | ¥1,657 | 10% |
| Total | Net sales | ¥1,153,294 | ¥1,112,169 | ¥41,125 | 4% |
| | Operating income | ¥91,948 | ¥71,314 | ¥20,634 | 29% |

*As of the first half of 2004, the Companies have changed the segment designation “Other” to “Diversified Products.” This change is entirely a matter of wording; the range of products and services included in each of the Companies’ industry segments is unchanged.

In the tire segment, the Companies’ sales increased 4% over the same period of the previous year, to ¥918,331 million [\$8,469 million], mainly on the strength of strong demand in markets outside Japan. Operating income in the tire segment increased 34%, to ¥73,644 million [\$679 million], despite the adverse effect of rising prices for raw materials on earnings.

In the diversified products sector, sales increased 3% over the same period of the previous year, to ¥246,974 million [\$2,278 million], led by growth in automotive products and, in the United States, in building materials. Operating income increased 10%, to ¥18,041 million [\$166 million].

b. By geographic segment

Notes:

- i. The figures for segment sales include intersegment transactions.
- ii. The totals reflect eliminations for intersegment transactions and corporate items.

| | | Jan.–June 2004 | Jan.–June 2003 | Increase (decrease) | |
|--------------|------------------|-----------------------|-----------------------|---------------------|---------|
| | | | | Yen | Percent |
| Japan | Sales | ¥ million ¥510,676 | ¥ million ¥507,350 | ¥ million ¥3,326 | 1% |
| | Operating income | ¥57,602 | ¥56,965 | ¥637 | 1% |
| The Americas | Sales | ¥485,657 | ¥477,725 | ¥7,932 | 2% |
| | Operating income | ¥15,521 | ¥2,239 | ¥13,282 | 593% |
| Europe | Sales | ¥156,428 | ¥142,132 | ¥14,296 | 10% |
| | Operating income | ¥8,570 | ¥6,455 | ¥2,115 | 33% |
| Other | Sales | ¥194,246 | ¥170,907 | ¥23,339 | 14% |
| | Operating income | ¥9,860 | ¥13,006 | ¥(3,146) | (24)% |
| Total | Net sales | ¥1,153,294 | ¥1,112,169 | ¥41,125 | 4% |
| | Operating income | ¥91,948 | ¥71,314 | ¥20,634 | 29% |

In Japan, sales increased 1% over the same period of the previous year, to ¥510,676 million [\$4,710 million], and operating income increased 1%, to ¥57,602 million [\$531 million]. The Companies worked to cope with limitations on production capacity by optimizing inventories and by raising productivity in some business units. Unit shipments of tires to export markets declined, but unit sales in Japan increased in original equipment tires and in replacement tires. The increase in operating income occurred despite increases in raw material costs and included a contribution from improved profitability at subsidiaries.

In the Americas, sales increased 2% over the same period of the previous year, to ¥485,657 million [\$4,479 million], and operating income climbed 593%, to ¥15,521 million [\$143 million]. Unit sales of passenger car and light truck tires increased in the replacement market and in the original equipment market, and overall unit sales of truck and bus tires increased strongly. Business in the Americas also benefited from strong growth in Latin American operations and in diversified operations. Diminishing the yen-denominated growth in sales and earnings somewhat was the weakening of the dollar against the yen. Although operating income rose over the same period of the previous year, it reflected the adverse effect of the continuing increase in raw material costs.

In Europe, sales increased 10% over the same period of the previous year, to ¥156,428 million [\$1,443 million], and operating income increased 33%, to ¥8,570 million [\$79 million]. The Companies posted unit sales gains in passenger car tires in the replacement market and in the original equipment market. They also recorded unit sales growth in truck and bus tires, led by growth in the replacement market.

In other regions, sales increased 14% over the same period of the previous year, to ¥194,246 million [\$1,791 million], and operating income declined 24%, to ¥9,860 million [\$91 million]. The decline in operating income reflected rising raw material costs and start-up costs at new and expanded operations.

B. Dividends

At its meeting on August 10, 2004, the Board of Directors declared interim dividends of ¥8 [\$0.07] per share, including an ordinary dividend of ¥6 [\$0.06] and a special dividend of ¥2 [\$0.02], with dividend payments to begin on September 1, 2004.

C. Financial Position

1. Cash flow

| | | Jan.–June 2004 | Jan.–June 2003 | Increase (decrease) Yen |
|--|-------------------|-----------------------|----------------------|-------------------------------|
| Net cash provided by operating activities | | ¥ million ¥116,178 | ¥ million ¥99,788 | ¥ million ¥16,390 |
| Net cash used in investing activities | | ¥(86,086) | ¥(73,930) | ¥(12,156) |
| Net cash provided by (used in) financing activities | | ¥(44,623) | ¥49,623 | ¥(94,246) |
| Effect of exchange rate changes on cash and cash equivalents | | ¥(2,246) | ¥7,021 | ¥(9,267) |
| Net increase (decrease) in cash and cash equivalents | | ¥(16,778) | ¥82,503 | ¥(99,281) |
| Cash and cash equivalents | Beginning balance | ¥298,264 | ¥206,520 | ¥91,744 |
| | Ending balance | ¥281,486 | ¥289,023 | ¥(7,537) |

The Companies' cash and cash equivalents decreased ¥16,778 million [\$155 million] during the first half of 2004, to ¥281,486 million [\$2,596 million]. That decrease compares with an increase of ¥82,503 million in the same period of the previous year.

Net cash provided by operating activities increased ¥16,390 million [\$151 million], over the same period of the previous year to ¥116,178 million [\$1,071 million]. The principal contributors to that increase were income before income taxes and minority interests of ¥83,572 million [\$771million], compared with ¥65,895 million the same period of the previous year, and depreciation and amortization of ¥53,760 million [\$496 million], compared with ¥52,516 in the same period of the previous year. Those contributors offset the effects of income tax payments of ¥17,009 million [\$157 million], compared with ¥8,044 million in the same period of the previous year; an increase in inventories of ¥13,084 million [\$121 million], compared with an increase of ¥36,176 million in the same period of the previous year; and a decrease in notes and accounts payable of ¥12,491 million [\$115 million], compared with decrease of ¥29,287 million in the same period of the previous year.

Net cash used in investing activities decreased ¥12,156 million [\$112 million] from the same period of the previous year, to ¥86,086 million [\$794 million]. Expenditures centered on payments of ¥82,274 million [\$759 million] for purchases of property, plant and equipment, compared with payments of ¥61,848 million in the same period of the previous year.

Net cash used in financing activities decreased ¥94,246 million [\$869million] from the same period of the previous year, to ¥44,623 million [\$412 million]. Repayments of long-term debt totaled ¥72,360 million [\$667 million], compared with ¥4,730 million in the same period of the previous year; payments for repurchases of stock totaled ¥37,254 million [\$344 million], compared with ¥43 million in the same period of the previous year; and payments for the retirement of bonds totaled ¥12,465 million [\$115 million], compared with ¥17,591million in the same period of the previous year. Those expenditures offset contributions of ¥72,642 million [\$670 million] in proceeds from long-term debt, compared with ¥8,673 million in the same period of the previous year, and ¥14,457 million [\$133 million] in proceeds from the issuance of bonds, compared with ¥95,751 million in the same period of the previous year.

2. Cash flow indicators

| | Jan.–June 2002 | Jan.–Dec. 2002 | Jan.–June 2003 | Jan.–Dec. 2003 | Jan.–June 2004 |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| Shareholders' equity/total assets (%) | 38.0 | 37.1 | 37.9 | 40.0 | 40.0 |
| Market capitalization*/total assets (%) | 65.7 | 59.0 | 62.2 | 54.5 | 75.2 |
| Interest-bearing debt/net cash provided by operating activities (years) | 1.8 | 1.7 | 2.7 | 1.9 | 2.1 |
| Net cash provided by operating activities/interest payments** (times) | 19.6 | 17.0 | 16.4 | 20.0 | 22.7 |

* Share price on last trading day of June times number of shares outstanding

** Interest payments as listed on Statements of Cash Flows

II. Projections

Management expects the business environment to remain challenging overall during the remainder of the fiscal year. Although the world economy continues to recover, prices for natural rubber and other raw materials are tending persistently upward, and management expects this trend to continue.

In Japan, management expects the Companies' overall unit sales of tires in the domestic market to increase in 2004, led by growth in replacement tires. They project a decline in unit exports from Japan, partly because of limitations on Japanese production capacity.

In the Americas, management expects demand for tires in 2004 to remain strong, and they expect unit sales of tires by the Companies' operations in the Americas to increase in 2004. Those operations are promoting sales growth in passenger car and light truck tires through stepped-up marketing activities. They are also promoting sales growth in truck and bus tires, where original equipment demand is growing strongly, through product introductions and other measures.

In Europe, management expects demand for tires in 2004 to be firm. They expect vigorous marketing efforts by the Companies' European operations to produce an increase in unit sales, including gains in passenger car and light truck tires and in truck and bus tires.

Below is a summary of management's projections for sales and earnings in the full year, January to December 2004.

| | | Projection for Jan.–Dec. 2004 | Results for Jan.–Dec. 2003 | Increase (decrease) | |
|--|----------------------|----------------------------------|-------------------------------|---------------------|---------|
| | | | | Yen | Percent |
| | | ¥ million | ¥ million | ¥ million | |
| Net sales | | ¥2,370,000 | ¥2,303,917 | ¥66,083 | 3% |
| Operating income | | ¥185,000 | ¥183,293 | ¥1,707 | 1% |
| Ordinary income | | ¥170,000 | ¥167,296 | ¥2,704 | 2% |
| Net income | | ¥104,000 | ¥88,719 | ¥15,281 | 17% |
| ¥/\$ exchange rate (actual or assumed) | Interim average | ¥108 | ¥119 | | (9)% |
| | Full-year average | ¥107 | ¥116 | | (8)% |
| ¥/euro exchange rate (actual or assumed) | Interim average | ¥133 | ¥132 | | 1% |
| | Full-year average | ¥127 | ¥131 | | (3)% |

Management expects the dividends for the full year of 2004 to total ¥16 per share. They have declared interim dividends of ¥8 per share, including an ordinary dividend of ¥6 and a special dividend of ¥2, and they expect to propose identical amounts for the year-end dividends.

Forward-Looking Statements

The preceding descriptions of projections and plans are "forward-looking statements," which involve known and unknown risks and uncertainties. Those variables could cause the Companies' actual performance and results to differ from management's projections and plans.

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Consolidated Financial Statements

Consolidated Balance Sheet

| | FY2003 1H (As of 30 June 2003) | | FY2004 1H (As of 30 June 2004) | | FY2003 (As of 31 December 2003) | | Increase (decrease) |
|---------------------------------------|-----------------------------------|---------|-----------------------------------|---------|------------------------------------|---------|------------------------|
| | Yen in million | % | Yen in million | % | Yen in million | % | Yen in million |
| Assets | | | | | | | |
| Current Assets: | | | | | | | |
| Cash | 269,916 | | 268,247 | | 279,366 | | (11,119) |
| Notes and accounts receivable - trade | 425,597 | | 413,039 | | 417,728 | | (4,689) |
| Short-term investments | 10,418 | | 5,000 | | 10,000 | | (5,000) |
| Inventories | 372,566 | | 361,834 | | 349,555 | | 12,279 |
| Deferred income taxes | 94,186 | | 56,510 | | 66,916 | | (10,406) |
| Other | 54,792 | | 66,194 | | 58,465 | | 7,729 |
| Allowance for doubtful accounts | (17,882) | | (18,623) | | (17,470) | | (1,153) |
| Total Current Assets | 1,209,595 | 53.6 | 1,152,203 | 51.7 | 1,164,563 | 52.4 | (12,360) |
| Fixed Assets: | | | | | | | |
| Tangible assets | | | | | | | |
| Building and structures | 227,778 | | 221,979 | | 218,076 | | |
| Machinery and equipment | 221,314 | | 236,889 | | 221,504 | | |
| Land | 125,025 | | 122,959 | | 122,492 | | |
| Construction in progress | 42,601 | | 58,926 | | 59,421 | | |
| Other | 42,068 | 658,789 | 45,701 | 686,456 | 42,650 | 664,144 | 22,312 |
| Total Tangible Assets | 658,789 | 29.2 | 686,456 | 30.8 | 664,144 | 29.9 | |
| Intangible assets | 18,527 | 0.8 | 12,510 | 0.5 | 13,334 | 0.6 | (824) |
| Investments and Other Assets | | | | | | | |
| Investments in securities | 151,036 | | 211,371 | | 208,059 | | |
| Long-term loans receivable | 17,993 | | 17,586 | | 19,590 | | |
| Deferred income taxes | 116,043 | | 88,577 | | 86,240 | | |
| Other | 83,941 | | 63,009 | | 65,844 | | |
| Allowance for doubtful accounts | (995) | 368,020 | (1,433) | 379,111 | (1,164) | 378,570 | 541 |
| Total Fixed Assets | 1,045,337 | 46.4 | 1,078,077 | 48.3 | 1,056,049 | 47.6 | 22,028 |
| Total | 2,254,932 | 100.0 | 2,230,280 | 100.0 | 2,220,612 | 100.0 | 9,668 |

(Financial information is prepared in accordance with accounting principles generally accepted in Japan)

| | FY2003 1H (As of 30 June 2003) | | FY2004 1H (As of 30 June 2004) | | FY2003 (As of 31 December 2003) | | Increase (decrease) |
|---|-----------------------------------|-------|-----------------------------------|-------|------------------------------------|-------|------------------------|
| | Yen in million | % | Yen in million | % | Yen in million | % | Yen in million |
| Liabilities | | | | | | | |
| Current Liabilities: | | | | | | | |
| Notes and accounts payable - trade | 153,109 | | 153,212 | | 151,837 | | 1,375 |
| Short-term borrowings | 301,672 | | 158,647 | | 76,960 | | 81,687 |
| Commercial paper | 342 | | 1,258 | | - | | 1,258 |
| Current portion of straight bonds | 12,429 | | 9,906 | | 10,927 | | (1,021) |
| Current portion of convertible bonds | 2,480 | | - | | - | | - |
| Income taxes payable | 11,411 | | 19,300 | | 11,168 | | 8,132 |
| Deferred income taxes | 2,283 | | 1,205 | | 1,661 | | (456) |
| Provision for voluntary tire recall | 23,881 | | 13,524 | | 14,965 | | (1,441) |
| Accounts payable - other | 85,292 | | 100,179 | | 117,040 | | (16,861) |
| Accrued expenses | 161,995 | | 153,871 | | 143,811 | | 10,060 |
| Other | 43,407 | | 41,877 | | 38,269 | | 3,608 |
| Total Current Liabilities | 798,305 | 35.4 | 652,983 | 29.3 | 566,642 | 25.5 | 86,341 |
| Long-term Liabilities: | | | | | | | |
| Straight bonds | 130,000 | | 132,911 | | 130,000 | | 2,911 |
| Long-term borrowings | 89,413 | | 186,106 | | 269,350 | | (83,244) |
| Deferred income taxes | 22,776 | | 18,485 | | 23,265 | | (4,780) |
| Accrued pension and liability for retirement benefits | 280,825 | | 271,574 | | 269,538 | | 2,036 |
| Warranty reserve | 18,686 | | 16,547 | | 16,268 | | 279 |
| Other | 23,259 | | 26,155 | | 21,020 | | 5,135 |
| Total Long-term Liabilities | 564,961 | 25.0 | 651,781 | 29.2 | 729,444 | 32.9 | (77,663) |
| Total Liabilities | 1,363,266 | 60.4 | 1,304,764 | 58.5 | 1,296,086 | 58.4 | 8,678 |
| Minority Interests | | | | | | | |
| Minority Interests | 37,493 | 1.7 | 32,913 | 1.5 | 36,539 | 1.6 | (3,626) |
| Shareholders' Equity | | | | | | | |
| Common stock | 125,120 | 5.5 | 126,354 | 5.7 | 126,354 | 5.7 | - |
| Capital Surplus | 120,845 | 5.4 | 122,080 | 5.5 | 122,079 | 5.5 | 1 |
| Retained earnings | 686,574 | 30.5 | 785,090 | 35.2 | 740,187 | 33.3 | 44,903 |
| Net unrealized gains on securities | 49,505 | 2.2 | 89,258 | 4.0 | 84,496 | 3.8 | 4,762 |
| Foreign currency translation adjustments | (126,567) | (5.6) | (159,289) | (7.2) | (151,475) | (6.8) | (7,814) |
| Treasury stock, at cost | (1,304) | (0.1) | (70,891) | (3.2) | (33,654) | (1.5) | (37,237) |
| Total Shareholders' Equity | 854,173 | 37.9 | 892,602 | 40.0 | 887,986 | 40.0 | 4,616 |
| Total | 2,254,932 | 100.0 | 2,230,280 | 100.0 | 2,220,612 | 100.0 | 9,668 |

(Financial information is prepared in accordance with accounting principles generally accepted in Japan)

Consolidated Statements of Income

| | FY2003 1H (Six months ended 30 June 2003) | | FY2004 1H (Six months ended 30 June 2004) | | Increase (decrease) | | FY2003 (Year ended 31 December 2003) | | | | |
|--|---|-----------|---|--------|------------------------|-------|--|-------|--------|-----------|-------|
| | Yen in million | % | Yen in million | % | Yen in million | % | Yen in million | % | | | |
| Net Sales | | 1,112,169 | 100.0 | | 1,153,294 | 100.0 | 41,125 | - | | 2,303,917 | 100.0 |
| Cost of Sales | | 704,621 | 63.4 | | 729,705 | 63.3 | 25,084 | (0.1) | | 1,441,638 | 62.6 |
| Gross profit | | 407,547 | 36.6 | | 423,589 | 36.7 | 16,042 | 0.1 | | 862,278 | 37.4 |
| Selling, General and Administrative Expenses | | 336,232 | 30.2 | | 331,640 | 28.7 | (4,592) | (1.5) | | 678,984 | 29.4 |
| Operating income | | 71,314 | 6.4 | | 91,948 | 8.0 | 20,634 | 1.6 | | 183,293 | 8.0 |
| Non-operating Income | | | | | | | | | | | |
| Interest income | 1,941 | | | 1,463 | | | | | 4,340 | | |
| Dividend income | 582 | | | 1,162 | | | | | 1,015 | | |
| Gain on sales of tangible assets | 1,011 | | | - | | | | | - | | |
| Other | 5,132 | 8,667 | 0.8 | 8,877 | 11,503 | 0.9 | 2,836 | 0.1 | 17,420 | 22,776 | 1.0 |
| Non-operating Expenses | | | | | | | | | | | |
| Interest expense | 5,957 | | | 5,289 | | | | | 11,962 | | |
| Foreign currency exchange loss | 1,207 | | | 695 | | | | | 4,403 | | |
| Other | 6,921 | 14,086 | 1.3 | 10,649 | 16,634 | 1.4 | 2,548 | 0.1 | 22,408 | 38,773 | 1.7 |
| Ordinary income | | 65,895 | 5.9 | | 86,818 | 7.5 | 20,923 | 1.6 | | 167,296 | 7.3 |
| Extraordinary Income | | | | | | | | | | | |
| Gain on insurance claims | - | - | - | - | - | - | - | - | 4,339 | 4,339 | 0.2 |
| Extraordinary Loss | | | | | | | | | | | |
| Impairment losses on assets | - | | | - | | | | | 5,767 | | |
| Loss on fire incident | - | | | - | | | | | 3,833 | | |
| Loss on voluntary tire replacement(*) | - | - | - | 3,246 | 3,246 | 0.3 | 3,246 | 0.3 | - | 9,600 | 0.5 |
| Income (loss) before income taxes and minority interests | | 65,895 | 5.9 | | 83,572 | 7.2 | 17,677 | 1.3 | | 162,035 | 7.0 |
| Income taxes - current | 11,324 | | | 25,335 | | | | | 20,911 | | |
| Income taxes - deferred | 20,052 | 31,377 | 2.8 | 3,612 | 28,947 | 2.5 | (2,430) | (0.3) | 47,815 | 68,727 | 2.9 |
| Minority Interests | | 2,557 | 0.2 | | 2,332 | 0.2 | (225) | (0.0) | | 4,588 | 0.2 |
| Net Income | | 31,960 | 2.9 | | 52,292 | 4.5 | 20,332 | 1.6 | | 88,719 | 3.9 |

(Financial information is prepared in accordance with accounting principles generally accepted in Japan)

(*) Expenses of tire replacement for the voluntary safety campaign by Bridgestone/Firestone North American Tire, LLC announced in February 2004 (The figure includes reasonably estimated amount as of 30 June, 2004.)

Consolidated Statements of Cash Flows

| | FY2003 1H (Six months ended 30 June 2003) | FY2004 1H (Six months ended 30 June 2004) | Increase (decrease) | FY2003 (Year ended 31 December 2003) |
|--|---|---|------------------------|--|
| | Yen in million | Yen in million | Yen in million | Yen in million |
| Cash Flows from Operating Activities | | | | |
| Income (loss) before income taxes and minority interests | 65,895 | 83,572 | 17,677 | 162,035 |
| Depreciation and amortization | 52,516 | 53,760 | 1,244 | 104,383 |
| Increase (decrease) in accrued pension and liability for retirement benefits | 4,792 | 1,556 | (3,236) | 3,710 |
| Interest and dividend income | (2,523) | (2,625) | (102) | (5,356) |
| Interest expense | 5,957 | 5,289 | (668) | 11,962 |
| Foreign currency exchange loss (gain) | 561 | (974) | (1,535) | 0 |
| Gain on sales of tangible assets | (1,011) | (619) | 392 | (2,046) |
| Gain on sales of investments in securities | (133) | (67) | 66 | (284) |
| Gain on insurance claims | - | - | - | (4,339) |
| Impairment losses on assets | - | - | - | 5,767 |
| Loss on fire incident | - | - | - | 3,833 |
| Loss on voluntary tire replacement | - | 3,246 | 3,246 | - |
| (Increase) decrease in notes and accounts receivable | 47,112 | 3,513 | (43,599) | 37,940 |
| (Increase) decrease in inventories | (36,176) | (13,084) | 23,092 | (35,885) |
| Increase (decrease) in notes and accounts payable | (29,287) | (12,491) | 16,796 | (2,628) |
| Other | 14,915 | 16,423 | 1,508 | 14,207 |
| Subtotal | 122,619 | 137,497 | 14,878 | 293,299 |
| Interest and dividends received | 2,194 | 3,334 | 1,140 | 4,945 |
| Interest paid | (6,067) | (5,124) | 943 | (12,934) |
| Payment for North American plant restructuring | (701) | - | 701 | (989) |
| Payment for voluntary tire recall | (10,212) | (1,294) | 8,918 | (11,088) |
| Insurance claims received | - | - | - | 4,339 |
| Payment for fire incident | - | (1,226) | (1,226) | (170) |
| Income taxes received (paid) | (8,044) | (17,009) | (8,965) | (19,276) |
| Net Cash Provided by Operating Activities | 99,788 | 116,178 | 16,390 | 258,125 |
| Cash Flows from Investing Activities | | | | |
| Payments for purchase of tangible assets | (61,848) | (82,274) | (20,426) | (141,606) |
| Proceeds from sales of tangible assets | 4,090 | 2,868 | (1,222) | 3,409 |
| Payments for purchase of intangible assets | (212) | (110) | 102 | (273) |
| Payments for investments in securities | (17,650) | (13,944) | 3,706 | (20,049) |
| Proceeds from sales of investments in securities | 717 | 5,118 | 4,401 | 3,935 |
| Other | 973 | 2,255 | 1,282 | 7,626 |
| Net Cash Used in Investing Activities | (73,930) | (86,086) | (12,156) | (146,958) |
| Cash Flows from Financing Activities | | | | |
| Net increase (decrease) in short-term borrowings | (19,310) | (7,547) | 11,763 | (27,444) |
| Proceeds from long-term borrowings | 8,673 | 72,642 | 63,969 | 52,253 |
| Repayments of long-term borrowings | (4,730) | (72,360) | (67,630) | (65,807) |
| Proceeds from issuance of bonds | 95,751 | 14,457 | (81,294) | 107,163 |
| Payments for redemption of bonds | (17,591) | (12,465) | 5,126 | (29,714) |
| Payments for purchase of treasury stock | (43) | (37,254) | (37,211) | (32,376) |
| Proceeds from sale of assets on sale-leaseback | - | 12,245 | 12,245 | - |
| Payment for repurchase of assets on sale-leaseback | - | (3,411) | (3,411) | - |
| Cash dividends paid | (6,880) | (6,713) | 167 | (13,493) |
| Other | (6,244) | (4,216) | 2,028 | (9,407) |
| Net Cash Provided by (Used in) Financing Activities | 49,623 | (44,623) | (94,246) | (18,826) |
| Effect of Exchange Rate Changes on Cash and Cash Equivalents | 7,021 | (2,246) | (9,267) | (596) |
| Net Increase (Decrease) in Cash and Cash Equivalents | 82,503 | (16,778) | (99,281) | 91,744 |
| Cash and Cash Equivalents at Beginning of Year | 206,520 | 298,264 | 91,744 | 206,520 |
| Cash and Cash Equivalents at End of Year | 289,023 | 281,486 | (7,537) | 298,264 |

(Financial information is prepared in accordance with accounting principles generally accepted in Japan)

Nonconsolidated Financial Highlights (Parent Company)

| | FY2003 1H (Six months ended 30 June 2003) | | FY2004 1H (Six months ended 30 June 2004) | | Increase (decrease) | | FY2003 (Year ended 31 December 2003) | |
|-----------------------------|---|-------|---|-------|------------------------|-------|--|-------|
| | Yen in million | % | Yen in million | % | Yen in million | % | Yen in million | % |
| Statements of income | | | | | | | | |
| Net sales | 373,416 | 100.0 | 375,498 | 100.0 | 2,082 | - | 765,638 | 100.0 |
| Operating income | 52,001 | 13.9 | 51,178 | 13.6 | (823) | (0.3) | 105,580 | 13.8 |
| Ordinary income | 56,396 | 15.1 | 63,220 | 16.8 | 6,824 | 1.7 | 107,529 | 14.0 |
| Net income | 32,077 | 8.6 | 44,339 | 11.8 | 12,262 | 3.2 | 63,088 | 8.2 |
| Per Share Data | Yen | | Yen | | Yen | % | Yen | |
| Net income | | | | | | | | |
| Basic | 37.29 | | 53.53 | | 16.24 | 43.6 | 73.48 | |
| Cash dividends | 8.00 | | 8.00 | | - | - | 16.00 | |

| | FY2003 1H (As of 30 June 2003) | FY2004 1H (As of 30 June 2004) | FY2003 (As of 31 December 2003) | Increase (decrease) | |
|--|-----------------------------------|-----------------------------------|------------------------------------|------------------------|-------|
| | Yen in million | Yen in million | Yen in million | Yen in million | % |
| Total assets | 1,465,603 | 1,497,050 | 1,494,145 | 2,905 | 0.2 |
| Shareholders' equity | 915,366 | 940,060 | 940,406 | (346) | (0.0) |
| | Shares in thousand | Shares in thousand | Shares in thousand | Shares in thousand | % |
| Common stock issued and outstanding | 860,323 | 817,740 | 839,836 | (22,096) | (2.6) |

(Financial information is prepared in accordance with accounting principles generally accepted in Japan)