

# FLASH REPORT

**Consolidated Interim Financial Results for the period from January 1 to June 30, 2010**

*Sumitomo Rubber Industries, Ltd. announced its consolidated interim financial results for the period from January 1 to June 30, 2010*

*(The following financial information is prepared in accordance with the accounting principles and practices generally accepted in Japan.)*

**CONSOLIDATED FIGURES (Half year ended June 30, 2010)****OPERATING RESULTS**

	6 months ended		Year ended
	Jun. 30, 2010	Jun. 30, 2009	Dec. 31, 2009
Net sales (million yen)	<b>280,797</b>	229,738	524,534
Operating income (million yen)	<b>20,342</b>	(620)	28,738
Ordinary income* (million yen)	<b>18,780</b>	(7,624)	20,029
Net income (million yen)	<b>10,438</b>	(6,892)	9,093
Net income per share (yen)	<b>39.78</b>	(26.27)	34.66
Diluted net income per share (yen)	-	-	-

\*Before extraordinary profit and loss and income taxes.

**FINANCIAL POSITION**

	Jun. 30, 2010	Jun. 30, 2009	Dec. 31, 2009
Total assets (million yen)	<b>580,476</b>	595,788	613,230
Owners' equity (million yen)	<b>207,220</b>	200,446	209,052
Owners' equity ratio	<b>31.8%</b>	30.1%	30.5%
Owners' equity per share (yen)	<b>703.01</b>	682.80	712.91

- Notes (1) Figures of less than 1 million yen are omitted.  
(2) The number of consolidated subsidiaries: 70  
(3) The number of non-consolidated subsidiaries: 17  
(4) The number of affiliates: 15

# Balance Sheet

	(millions of yen)		
	<u>Jun. 30, 2010</u>	<u>Dec. 31, 2009</u>	<u>Jun. 30, 2009</u>
<b>Assets</b>			
<b>Current assets:</b>			
Cash and time deposits	24,314	28,221	25,810
Notes and accounts receivable - trade	102,448	126,346	85,648
Inventories	85,376	74,444	87,231
Securities	-	200	-
Deferred tax assets	8,412	9,082	8,216
Short-term loans	311	364	374
Other	14,662	18,614	19,414
Allowance for doubtful accounts	(1,650)	(1,900)	(1,520)
<b>Total current assets</b>	<b>233,875</b>	<b>255,373</b>	<b>225,175</b>
<b>Fixed assets:</b>			
<b>Property, plant and equipment</b>			
Buildings and structures	68,157	69,396	67,319
Machinery, equipment and vehicles	103,460	115,956	108,858
Land	35,794	35,876	36,307
Other	21,021	12,743	30,434
<b>Total property, plant and equipment</b>	<b>228,434</b>	<b>233,972</b>	<b>242,919</b>
<b>Intangible fixed assets</b>			
Goodwill	8,581	7,500	7,798
Trademarks and other	7,725	7,835	7,960
<b>Total intangible fixed assets</b>	<b>16,306</b>	<b>15,335</b>	<b>15,758</b>
<b>Investments and other assets</b>			
Investments in securities	55,144	61,327	62,667
Long-term loans	3,198	3,253	3,326
Deferred tax assets	5,702	5,415	5,846
Prepaid pension expenses	26,838	26,800	27,238
Other	12,326	13,151	14,455
Allowance for doubtful accounts	(1,350)	(1,400)	(1,600)
<b>Total investments and other assets</b>	<b>101,859</b>	<b>108,547</b>	<b>111,934</b>
<b>Total assets</b>	<b>580,476</b>	<b>613,230</b>	<b>595,788</b>

## Balance Sheet

	(millions of yen)		
	<u>Jun. 30, 20010</u>	<u>Dec. 31, 2009</u>	<u>Jun. 30, 2009</u>
<b>Liabilities and Shareholders' Equity</b>			
<b>Current liabilities:</b>			
Notes and accounts payable - trade	57,804	60,495	46,234
Bonds	-	10,000	30,000
Commercial paper	14,000	12,000	16,000
Short-term borrowings	63,187	65,259	81,556
Accounts payable - other and accrued expenses	28,938	37,200	25,246
Accrued income taxes	4,326	4,195	1,727
Accrued bonuses	2,550	2,513	2,532
Other	7,567	8,418	7,728
<b>Total current liabilities</b>	<b>178,373</b>	<b>200,083</b>	<b>211,025</b>
<b>Long-term liabilities:</b>			
Bonds	75,000	75,000	75,000
Long-term debt	88,663	97,400	78,354
Deferred tax liabilities	9,673	10,791	11,470
Accrued retirement and severance benefits	11,238	10,988	10,491
Other	10,305	9,913	8,999
<b>Total long-term liabilities</b>	<b>194,881</b>	<b>204,094</b>	<b>184,316</b>
<b>Total liabilities</b>	<b>373,255</b>	<b>404,178</b>	<b>395,341</b>

	(millions of yen)		
	<u>Jun. 30, 20010</u>	<u>Dec. 31, 2009</u>	<u>Jun. 30, 2009</u>
<b>Net Assets</b>			
<b>Shareholder's equity</b>			
Common Stock	42,658	42,658	42,658
Capital surplus	38,661	38,661	38,661
Retained Earnings	117,511	109,348	99,747
Treasury stock, at cost	(534)	(533)	(532)
<b>Total shareholder's equity</b>	<b>198,295</b>	<b>190,134</b>	<b>180,534</b>
<b>Valuation and Translation Adjustments</b>			
Unrealized gains on available-for-sale securities	2,779	4,401	3,467
Deferred gains and losses on hedges	(3)	(31)	(234)
Currency translation adjustments	(16,640)	(7,476)	(4,636)
<b>Total valuation and translation adjustment</b>	<b>(13,864)</b>	<b>(3,106)</b>	<b>(1,404)</b>
<b>Minority interests in consolidated subsidiaries</b>	<b>22,789</b>	<b>22,024</b>	<b>21,316</b>
<b>Total net assets</b>	<b>207,220</b>	<b>209,052</b>	<b>200,446</b>
<b>Total liabilities and net assets</b>	<b>580,476</b>	<b>613,230</b>	<b>595,788</b>

## Statement of Income

	(millions of yen)		
	<u>6 months ended</u>		<u>Year ended</u>
	<u>Jun. 30, 2010</u>	<u>Jun. 30, 2009</u>	<u>Dec. 31, 2009</u>
Net Sales	280,797	229,738	524,534
Cost of sales	178,974	153,805	334,249
<b>Gross Profit</b>	<b>101,822</b>	<b>75,932</b>	<b>190,285</b>
Selling, general and administrative expenses	81,480	76,552	161,546
<b>Operating income</b>	<b>20,342</b>	<b>(620)</b>	<b>28,738</b>
Non-operating income:			
Interest and dividend income	488	646	1,156
Other	2,798	2,226	2,970
	3,287	2,873	4,126
Non-operating expenses:			
Interest expenses	2,138	2,333	4,722
Other	2,710	7,543	8,113
	4,848	9,877	12,836
<b>Ordinary income</b>	<b>18,780</b>	<b>(7,624)</b>	<b>20,029</b>
Extraordinary income	-	-	-
Extraordinary loss	361	485	2,733
<b>Income before income taxes</b>	<b>18,418</b>	<b>(8,109)</b>	<b>17,296</b>
Income taxes-current	5,933	(1,461)	8,321
Income taxes-deferred	450	(136)	(2,043)
Minority interests in consolidated subsidiaries	1,596	381	1,925
<b>Net income</b>	<b>10,438</b>	<b>(6,892)</b>	<b>9,093</b>

## Consolidated Statement of Cash Flows

	(Millions of yen)		
	6 months ended		Year ended
	Jun. 30, 2010	Jun. 30, 2009	Dec. 31, 2009
<b>Cash flows from operating activities:</b>			
Income before income taxes	18,418	(8,109)	17,296
Depreciation and amortization	18,399	18,480	37,424
Equity (earnings) loss of unconsolidated subsidiaries and affiliates	(1,673)	5,415	3,518
Interest expenses	2,138	2,333	4,722
Decrease (Increase) in notes and accounts receivable	22,635	36,108	(5,224)
(Increase) Decrease in inventories	(12,367)	11,258	21,312
Decrease in notes and accounts payable	(2,602)	(35,688)	(20,850)
Other	(3,950)	(5,047)	11,111
Subtotal	40,998	24,751	69,311
Interest and dividend received	472	585	1,177
Interest paid	(2,137)	(2,422)	(4,867)
Income taxes paid	(5,189)	2,492	(1,096)
<b>Net cash provided by operating activities</b>	<b>34,144</b>	<b>25,407</b>	<b>64,524</b>
<b>Cash flows from investing activities:</b>			
Capital expenditures	(16,211)	(21,658)	(35,112)
Other	(826)	1,108	852
<b>Net cash used in investing activities</b>	<b>(17,038)</b>	<b>(20,549)</b>	<b>(34,259)</b>
<b>Cash flows from financing activities:</b>			
Net increase (decrease) in short-term borrowings	5,096	(18,032)	(20,652)
Proceeds from long-term debt and newly issued bonds	-	28,000	47,503
Repayments of long-term debt and redemption of bonds	(23,205)	(6,327)	(43,577)
Dividends paid	(2,098)	(2,098)	(4,722)
Other	(851)	(799)	(1,332)
<b>Net cash (used in) provided by financing activities</b>	<b>(21,059)</b>	<b>741</b>	<b>(22,781)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>(1,009)</b>	<b>503</b>	<b>59</b>
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(4,962)</b>	<b>6,103</b>	<b>7,543</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>27,527</b>	<b>18,525</b>	<b>18,525</b>
<b>Increase in cash and cash equivalents due to change in reporting entities</b>	<b>474</b>	<b>618</b>	<b>1,458</b>
<b>Cash and cash equivalents at end of year</b>	<b>23,039</b>	<b>25,247</b>	<b>27,527</b>

## Segment Information

### (1) Information by industry segment

(millions of yen)			
	<u>6 months ended</u>		<u>Year ended</u>
	<u>Jun. 30, 2010</u>	<u>Jun. 30, 2009</u>	<u>Dec. 31, 2009</u>
<b>Net sales:</b>			
Tires-			
Sales to unaffiliated customers	234,310	186,262	433,411
Intersegment sales and transfers	12	44	60
	234,323	186,307	433,472
Sports-			
Sales to unaffiliated customers	33,235	31,365	65,219
Intersegment sales and transfers	177	164	345
	33,413	31,530	65,565
Industrial Products (beds, marine fenders, etc)-			
Sales to unaffiliated customers	13,251	12,110	25,903
Intersegment sales and transfers	19	261	670
	13,270	12,371	26,574
Adjustments and eliminations	(210)	(471)	(1,076)
	<b>280,797</b>	<b>229,738</b>	<b>524,534</b>
<b>Operating income:</b>			
Tires	15,361	(2,394)	22,518
Sports	4,103	1,197	4,734
Industrial Products	873	488	1,418
	20,338	(708)	28,671
Adjustments and eliminations	3	88	67
	<b>20,342</b>	<b>(620)</b>	<b>28,738</b>

### (2) Information by geographic area

	<u>6 months ended</u>		<u>Year ended</u>
	<u>Jun. 30, 2010</u>	<u>Jun. 30, 2009</u>	<u>Dec. 31, 2009</u>
<b>Net sales:</b>			
Japan-			
Sales to unaffiliated customers	188,750	168,664	395,245
Sales between geographic areas	46,625	29,822	59,202
	235,376	198,487	454,448
Asia-			
Sales to unaffiliated customers	37,068	21,177	53,782
Sales between geographic areas	25,808	24,135	45,208
	62,876	45,312	98,990
Other areas-			
Sales to unaffiliated customers	54,979	39,896	75,507
Sales between geographic areas	747	848	1,171
	55,727	40,744	76,678
Adjustments and eliminations	(73,182)	(54,805)	(105,582)
	<b>280,797</b>	<b>229,738</b>	<b>524,534</b>
<b>Operating income:</b>			
Japan	13,189	(3,725)	20,278
Asia	3,469	2,784	8,897
Other areas	3,549	126	(95)
	20,207	(815)	29,080
Adjustments and eliminations	134	195	(341)
	<b>20,342</b>	<b>(620)</b>	<b>28,738</b>

## Segment Information

### (3) Sales outside Japan by the Company and its consolidated subsidiaries

	(millions of yen)		
	<u>6 months ended</u>		<u>Year ended</u>
	<u>Jun. 30, 2010</u>	<u>Jun. 30, 2009</u>	<u>Dec. 31, 2009</u>
<b>Net sales</b>			
North America	46,036	37,073	74,545
Europe	16,962	11,820	23,739
Asia	43,533	26,782	65,356
Other areas	39,950	31,939	70,314
<b>Total</b>	<b>146,481</b>	<b>107,615</b>	<b>233,955</b>
<b>Percentage of such sales in consolidated net sales</b>		(Percentage)	
	<u>Jun. 30, 2010</u>	<u>Jun. 30, 2009</u>	<u>Dec. 31, 2009</u>
North America	16.4%	16.1%	14.2%
Europe	6.0%	5.1%	4.5%
Asia	15.5%	11.7%	12.5%
Other areas	14.2%	13.9%	13.4%
<b>Total</b>	<b>52.2%</b>	<b>46.8%</b>	<b>44.6%</b>