

FLASH REPORT

Consolidated Financial Results for Fiscal Year Ended December 31, 2012

Sumitomo Rubber Industries, Ltd. announced its consolidated financial results for the period from January 1 to December 31, 2012

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

CONSOLIDATED FIGURES (Year ended December 31, 2012)

OPERATING RESULTS

	2011	2012
Net sales (million yen)	676,903	710,246
Operating income (million yen)	53,924	69,722
Ordinary income* (million yen)	49,927	67,351
Net income (million yen)	28,386	35,451
Net income per share (yen)	108.20	135.13
Diluted net income per share (yen)	-	-

*Before extraordinary profit and loss and income taxes.

FINANCIAL POSITION

	2011	2012
Total assets (million yen)	671,610	737,528
Owners' equity (million yen)	222,174	271,102
Owners' equity ratio	29.4%	33.1%
Owners' equity per share (yen)	753.46	930.74

Notes (1) Figures of less than 1 million yen are omitted.

(2) The number of consolidated subsidiaries: 65

(3) The number of non-consolidated subsidiaries: 12

(4) The number of affiliates: 15

Balance Sheet

(millions of yen)
Dec 31, 2011 Dec. 31, 2012

Assets

Current assets:

Cash and time deposits	29,191	33,514
Notes and accounts receivable - trade	150,224	162,925
Inventories	115,523	122,909
Deferred tax assets	11,056	12,651
Other	21,191	25,713
Allowance for doubtful accounts	(1,760)	(1,540)
Total current assets	325,428	356,174

Fixed assets:

Property, plant and equipment

Buildings and structures	64,455	74,871
Machinery, equipment and vehicles	105,553	125,870
Land	36,474	36,706
Other	26,490	33,376
Total property, plant and equipment	232,974	270,824

Intangible fixed assets

Goodwill	7,312	6,413
Trademarks and other	10,903	12,704
Total intangible fixed assets	18,215	19,118

Investments and other assets

Investments in securities	51,706	47,905
Long-term loans	3,101	3,052
Deferred tax assets	6,214	6,472
Prepaid pension costs	23,070	21,817
Other	12,039	13,151
Allowance for doubtful accounts	(1,140)	(990)
Total investments and other assets	94,992	91,410

Total assets	671,610	737,528
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Balance Sheet

	(millions of yen)	
	<u>Dec 31, 2011</u>	<u>Dec. 31, 2012</u>
Liabilities and Net Assets		
Current liabilities:		
Notes and accounts payable - trade	77,422	72,806
Current portion of bonds	-	10,000
Commercial paper	-	3,000
Short-term borrowings	97,127	82,497
Accounts payable - other and accrued expenses	37,397	42,242
Accrued income taxes	5,308	15,642
Accrued bonus	3,132	3,475
Other	21,746	23,007
Total current liabilities	242,135	252,671
Long-term liabilities:		
Bonds	75,000	65,000
Long-term debt	97,504	110,142
Deferred tax liabilities	8,295	10,266
Accrued retirement and severance benefits	12,148	12,777
Other	14,351	15,566
Total long-term liabilities	207,300	213,753
Total liabilities	449,435	466,425
(millions of yen)		
	<u>Dec 31, 2011</u>	<u>Dec. 31, 2012</u>
Net Assets		
Shareholder's equity		
Common Stock	42,658	42,658
Capital surplus	38,661	38,661
Retained Earnings	159,826	188,699
Treasury stock, at cost	(539)	(542)
Total shareholder's equity	240,605	269,476
Accumulated other comprehensive income		
Net unrealized gains and losses on available-for-sale securities	2,815	4,736
Deffered gains and losses on hedges	(29)	158
Currency translation adjustments	(29,761)	(8,736)
Adjustments for retirement obligation of foreign affiliates	(15,970)	(21,470)
Total accumulated other comprehensive income	(42,945)	(25,311)
Minority interests	24,514	26,938
Total net assets	222,174	271,102
Total liabilities and net assets	671,610	737,528

Statement of Income

	(millions of yen)	
	<u>Year ended</u>	
	<u>Dec. 31, 2011</u>	<u>Dec. 31, 2012</u>
Net sales	676,903	710,246
Cost of sales	445,426	450,225
Gross profit	231,477	260,021
Selling, general and administrative expenses	177,553	190,298
Operating income	53,924	69,722
Non-operating income:		
Interest and dividend income	793	1,169
Other	4,686	4,555
	5,479	5,725
Non-operating expenses:		
Interest expenses	4,787	4,644
Other	4,688	3,452
	9,476	8,096
Ordinary income	49,927	67,351
Extraordinary income	-	500
Extraordinary losses	6,148	3,788
Income before income taxes	43,779	64,062
Income taxes-current	12,882	25,071
Income taxes-deferred	(892)	(948)
Income before minority interests	31,789	39,940
Minority interests in income	3,403	4,488
Net income	28,386	35,451

Consolidated Statements of Comprehensive Income

	(millions of yen)	
	<u>Year ended</u>	
	<u>Dec. 31, 2011</u>	<u>Dec. 31, 2012</u>
Income before minority interests	31,789	39,940
Other comprehensive income		
Net unrealized gains and losses on available-for-sale securities	(615)	1,943
Deferred gains and losses on hedges	107	188
Currency translation adjustments	(6,020)	18,573
Adjustments for retirement obligation of foreign affiliates	(34)	(14)
Share of other comprehensive income of affiliates under equity method	(1,362)	(2,041)
	(7,926)	18,648
Comprehensive income	23,863	58,589
Comprehensive income attributed to:		
Owners of the Company	20,893	53,085
Minority interests	2,969	5,503

Consolidated Statement of Cash Flows

	(Millions of yen)	
	2011	2012
Cash flows from operating activities:		
Income before income taxes	43,779	64,062
Adjustments to reconcile income before income taxes to net cash provided by operating activities –		
Depreciation and amortization	37,606	36,278
Loss on asset impairment	162	1,737
Loss on sales or disposal of property, plant and equipment, net	773	867
Equity in (earnings) losses of affiliates	-	900
Equity in gains (losses) of unconsolidated subsidiaries and affiliates	(2,311)	1,091
(Decrease) increase in allowance for doubtful accounts	194	(285)
Provision for accrued retirement benefits, net	268	294
Decrease in prepaid pension costs, net of payment	938	1,253
Interest and dividend income	(793)	(1,169)
Interest expenses	4,787	4,644
Increase in notes and accounts receivable	(21,802)	(7,195)
Increase in inventories	(32,927)	657
Increase in notes and accounts payable	5,099	(6,326)
Increase in accounts payable-other	2,926	1,060
Other	693	(3,313)
Subtotal	39,396	94,557
Interest and dividend received	797	1,445
Interest paid	(4,689)	(4,387)
Income taxes paid	(16,559)	(14,972)
Net cash provided by operating activities	18,945	76,643
Cash flows from investing activities:		
Capital expenditures	(48,006)	(58,922)
Proceeds from sales of property, plant and equipment, net of proceeds from sales of noncurrent assets	542	340
Acquisition of the stocks of subsidiaries	(367)	(2,827)
Purchase of treasury stocks of subsidiaries in consolidation	-	(501)
Acquisition of investments securities	(151)	(14)
Other	(3,587)	(240)
Net cash used in investing activities	(51,570)	(62,167)
Cash flows from financing activities:		
Net (decrease) increase in short-term borrowings	27,148	(9,337)
Proceeds from long-term debt and newly issued bonds	43,868	22,415
Repayments of long-term debt and bonds	(35,718)	(19,513)
Dividends paid	(5,246)	(6,558)
Dividends paid to minority shareholders	(1,450)	(1,614)
Payments for purchases of treasury stock, net	(2)	(3)
Other	(589)	(1,223)
Net cash (used in) provided by financing activities	28,009	(15,834)
Effect of exchange rate changes on cash and cash equivalents	(1,210)	2,628
Net increase in cash and cash equivalents	(5,826)	1,269
Cash and cash equivalents at beginning of year	34,157	28,511
Increase in cash and cash equivalents due to change in reporting entities	179	3,095
Cash and cash equivalents at end of year	28,511	32,876

Segment Information

Information by industry segment

	(millions of yen)	
	<u>Year ended</u>	
	<u>2011</u>	<u>2012</u>
Net sales:		
Tires-		
Sales to unaffiliated customers	591,045	619,361
Intersegment sales and transfers	20	12
	<hr/> 591,065	<hr/> 619,374
Sports-		
Sales to unaffiliated customers	58,365	61,345
Intersegment sales and transfers	251	331
	<hr/> 58,616	<hr/> 61,677
Industrial and other products		
Sales to unaffiliated customers	27,493	29,539
Intersegment sales and transfers	67	50
	<hr/> 27,561	<hr/> 29,589
Adjustments and eliminations	(339)	(394)
	<hr/> 676,903	<hr/> 710,246
Operating income:		
Tires	48,819	63,089
Sports	3,640	4,464
Industrial and other products	1,460	2,139
	<hr/> 53,920	<hr/> 69,694
Adjustments and eliminations	4	28
	<hr/> 53,924	<hr/> 69,722
Identifiable assets:		
Tires	588,912	642,412
Sports	52,320	54,940
Industrial and other products	23,118	25,204
	<hr/> 664,351	<hr/> 722,558
Corporate assets and eliminations	7,259	14,970
	<hr/> 671,610	<hr/> 737,528
Depreciation and amortization:		
Tires	34,614	34,005
Sports	1,776	1,514
Industrial and other products	1,215	757
	<hr/> 37,606	<hr/> 36,278
Amortization of goodwill:		
Tires	310	474
Sports	761	832
Industrial and other products	-	-
	<hr/> 1,072	<hr/> 1,306
Investment in affiliated company accounted for by the equity-method:		
Tires	31,605	28,579
Sports	170	184
Industrial and other products	-	-
	<hr/> 31,775	<hr/> 28,763
Capital expenditures:		
Tires	51,105	58,659
Sports	2,294	2,807
Industrial and other products	879	936
	<hr/> 54,279	<hr/> 62,404