

# Consolidated Financial Statements for the First Quarter of the Fiscal Year Ending December 31, 2014

May 9, 2014

These financial statements, prepared in accordance with accounting principles generally accepted in Japan, have been translated for reference only from the original Japanese-language document "KESSAN TANSHIN." The entire format is pursuant to the requirements or guidance of Tokyo Stock Exchange. As for the contents, if there are any differences or discrepancies between the original Japanese-language and the English translation, the original Japanese-language supersedes this English translation.

## Bridgestone Corporation

Stock exchange listings: Tokyo, Nagoya, Fukuoka

Code number:5108

URL:<http://www.bridgestone.co.jp>

Representative: Masaaki Tsuya, CEO and Representative Board Member, Concurrently Chairman of the Board

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Scheduled date of quarterly securities report submission:

May 14, 2014

Scheduled date of dividend payment commencement:

-

Supplementary information for the quarterly financial statements to be prepared:

Yes

Meeting to explain for the quarterly financial statements to be held:

Yes

(for institutional investors and analysts)

(All amounts are rounded down to the nearest million yen)

## 1. Consolidated Results for the First Quarter of Fiscal 2014 (January 1, 2014 - March 31, 2014)

(1) Consolidated Operating Results (Percentage figures represent changes from the same period of previous year)

	Net sales		Operating income		Ordinary income		Net income	
	Yen in millions	%	Yen in millions	%	Yen in millions	%	Yen in millions	%
Three months ended March 31, 2014	863,631	8.7	116,377	56.3	113,881	62.3	71,966	66.9
Three months ended March 31, 2013	794,583	9.4	74,451	18.1	70,149	13.6	43,111	2.2

(Note) Comprehensive Income: Three months ended March 31, 2014 ¥25,537 million [(83.2%)]  
Three months ended March 31, 2013 ¥152,151 million [7.5%]

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended March 31, 2014	91.90	91.81
Three months ended March 31, 2013	55.08	55.03

## (2) Consolidated Financial Position

	Total assets	Net assets	Ratio of total equity to total assets
	Yen in millions	Yen in millions	%
As of March 31, 2014	3,441,135	1,863,287	52.5
As of December 31, 2013	3,577,045	1,862,963	50.5

(Reference) Total equity As of March 31, 2014 ¥1,805,336 million  
As of December 31, 2013 ¥1,805,285 million

## 2. Dividends

	Annual Dividend				
	1st quarter end	2nd quarter end	3rd quarter end	Year -end	Total
	Yen	Yen	Yen	Yen	Yen
FY 2013	—	27.00	—	30.00	57.00
FY 2014	—				
FY 2014 (Projection)		40.00	—	40.00	80.00

(Note) Changes from the latest forecasts released: No

## 3. Consolidated Projected Results for Fiscal 2014 (January 1, 2014 - December 31, 2014)

(Percentage figures represent changes from the same period of previous year)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Yen in millions	%	Yen in millions	%	Yen in millions	%	Yen in millions	%	Yen
First half year FY 2014	1,790,000	5.0	210,000	10.3	201,000	8.7	127,000	8.5	162.18
	3,800,000	6.5	460,000	5.0	442,000	1.7	285,000	41.1	363.96

(Note) Changes from the latest forecasts released: No

\* Notes

- (1) Changes in principal subsidiaries during the three months ended March 31, 2014 : No  
(Changes in specified subsidiaries involving change in consolidation scope)
- (2) Application of special accounting treatments for consolidated quarterly financial statements: Yes
- (3) Changes in accounting policies, changes in accounting estimates, and restatements
- |  |      |
|--|------|
| 1) Changes due to revisions of accounting policies, etc. | : No |
| 2) Changes in accounting policy other than 1)            | : No |
| 3) Changes in accounting estimates                       | : No |
| 4) Restatements  | : No |
- (4) Outstanding number of shares (common stock)
- |   |                    |
|---|--------------------|
| 1) Outstanding number of shares at period end (including treasury stock): |                    |
| March 31, 2014  | 813,102,321 shares |
| December 31, 2013   | 813,102,321 shares |
| 2) Number of shares of treasury stock at period end                       |                    |
| March 31, 2014  | 29,980,553 shares  |
| December 31, 2013   | 30,115,568 shares  |
| 3) Average outstanding number of shares (during the first quarter)        |                    |
| First Quarter ended March 31, 2014  | 783,063,190 shares |
| First Quarter ended March 31, 2013  | 782,715,140 shares |

\* Implementation status about the quarterly review

Although these financial statements are exempt from quarterly review procedures as required by the Financial Instruments and Exchange Act, a part of quarterly review based on Financial Instruments and Exchange Act were completed at the time of the disclosure of these financial statements.

\* Statement regarding appropriate use of forward-looking statements and other notes

The preceding descriptions of projections and plans are "forward-looking statements," which involve known and unknown risks and uncertainties. These variables could cause the Bridgestone Group's actual performance and results to differ substantially from management's projections and plans, and the statements are not guarantees of future business performance.

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## 1. Qualitative Information for the First Quarter of Fiscal 2014

The Bridgestone Corporation is referred to as the "Company," and the Company and its subsidiaries are referred to as the "Companies."

### (1) Explanation of Consolidated Operating Results

#### 1) Sales and earnings

	FY 2014 1Q (Three months ended March 31, 2014)	FY 2013 1Q (Three months ended March 31, 2013)	Increase (Decrease)	
	Yen in billions	Yen in billions	Yen in billions	%
Net sales	863.6	794.5	69.0	9
Operating income	116.3	74.4	41.9	56
Ordinary income	113.8	70.1	43.7	62
Net income	71.9	43.1	28.8	67

In the first quarter of fiscal 2014 (January 1 to March 31, 2014), the Companies' operating environment was as follows. The domestic economy showed signs of gradual recovery due to last-minute demand associated with the consumption tax rate increase and the effectiveness of economic and monetary policies with maintaining the correction of the appreciated Japanese yen. The United States economy continues gradual recovery due to an increase in consumer spending. The European economy has shown signs of recovery. The Asian economic expansion continues to slow down, particularly in China and India. In addition, economic stagnation was shown in Thailand. Overall, recovery by many overseas economies was continuously weak.

Under these operating conditions, the Companies continued working to realize the ultimate goal of becoming "a truly global company" and achieving "Dan-Totsu in all aspects of our business." Stepping up our efforts on a global scale, the Companies were trying to anticipate market trends and competitors' movements, enhance technology and promoting innovation to increase the sales of highly competitive products and services, and construction and enhancing business models that will extend beyond the mere sales of products. Moreover, the Companies were striving to rapidly implement a range of initiatives to increase the sales of strategic products, strengthen supply capacity, improve manufacturing productivity, effectively utilize our management resources, and develop eco-friendly products and businesses.

As a result, net sales in the first quarter of fiscal 2014 were ¥863.6 billion, an increase of 9% from the first quarter of fiscal 2013; operating income was ¥116.3 billion, an increase of 56%; ordinary income was ¥113.8 billion, an increase of 62%; and net income was ¥71.9 billion, an increase of 67%.

## 2) Segment Information

		FY 2014 1Q (Three months ended March 31, 2014)	FY 2013 1Q (Three months ended March 31, 2013)	Increase (Decrease)	
		Yen in billions	Yen in billions	Yen in billions	%
Tires	Net Sales	727.0	675.3	51.7	8
	Operating income	105.8	67.9	37.9	56
Diversified Products	Net Sales	140.2	122.4	17.7	15
	Operating income	10.4	6.4	4.0	62
Consolidated Results	Net Sales	863.6	794.5	69.0	9
	Operating income	116.3	74.4	41.9	56

In the tires segment, the Companies worked to maximize sales momentum by introducing appealing new products globally, enhancing strategic products and reinforcing fundamental competencies such as specification optimization, and responding promptly to demand fluctuation in each region.

In Japan, total unit sales of tires for passenger cars and light trucks exceeded sales of the first quarter of fiscal 2013 as well as tires for trucks and buses due to last-minute demand associated with the consumption tax rate increase. In the Americas, the unit sales of tires for passenger cars and light trucks in North America increased firmly compared to the first quarter of fiscal 2013. The unit sales of tires for trucks and buses increased strongly compared to the first quarter of fiscal 2013. In Europe, the unit sales of tires for passenger cars and light trucks increased strongly compared to the first quarter of fiscal 2013 as well as tires for trucks and buses. In Asia Pacific, the unit sales of tires for passenger cars and light trucks remained unchanged from the first quarter of fiscal 2013. The unit sales of tires for trucks and buses decreased compared to the first quarter of fiscal 2013. In China, the unit sales of tires for passenger cars and light trucks increased substantially compared to the first quarter of fiscal 2013. The unit sales of tires for truck and buses decreased compared to the first quarter of fiscal 2013. In the specialty tire business, the sales volume of off-the-road radial tires for construction and mining vehicles decreased substantially compared to the first quarter of fiscal 2013 due to a decline in the demand of tires for mining vehicles.

As a result, net sales and operating income in the tires segment in the first quarter of fiscal 2014 totaled ¥727.0 billion and ¥105.8 billion, an increase of 8% and an increase of 56% from the first quarter of fiscal 2013, respectively.

In the diversified products segment, net sales totaled ¥140.2 billion, an increase of 15% from the first quarter of fiscal 2013, and operating income was ¥10.4 billion, an increase of 62% from the first quarter of fiscal 2013 due to an increase in the profit of domestic business.

*(Note) The amounts for segment results include inter-segment transactions that are eliminated in calculating the consolidated results.*

## **(2) Explanation of Consolidated Financial Position**

Assets, Liabilities, and Net assets positions at the end of the first quarter of fiscal 2014 were as follows.

### **(Assets)**

In assets, while merchandise and finished products increased ¥9.1 billion, notes and accounts receivable, short-term investments and investment securities each decreased ¥30.4 billion, ¥43.0 billion and ¥35.0 billion respectively. As a result, assets decreased ¥135.9 billion compared with the end of the previous fiscal year, to ¥3,441.1 billion.

### **(Liabilities)**

In liabilities, while short-term borrowings increased ¥30.3 billion, accounts payable-other, other current liabilities and long-term borrowings each decreased ¥45.9 billion, ¥31.0 billion and ¥39.2 billion respectively. As a result, liabilities decreased ¥136.2 billion compared with the end of the previous fiscal year, to ¥1,577.8 billion.

### **(Net assets)**

In net assets, cash dividends paid were ¥23.4 billion, net unrealized gain on available-for-sale securities and foreign currency translation adjustments each decreased ¥27.2 billion and ¥25.9 billion respectively, while net income was ¥71.9 billion. As a result, net assets increased ¥0.3 billion compared with the end of the previous fiscal year, to ¥1,863.2 billion.

Consequently, the ratio of total equity to total assets increased 2.0% compared with the end of the previous fiscal year, to 52.5%.

## **(3) Explanation of Projections of Consolidated Results**

There are no changes in consolidated projections announced on February 18, 2014.

## **2. Other Information (Notes)**

### **(1) Application of special accounting treatments for consolidated quarterly financial statements**

(Calculation for income tax expense)

Income tax expense was calculated based upon an estimated effective tax rate for fiscal 2014.

**3. Consolidated Quarterly Financial Statements****(1) Consolidated Balance Sheet**

(Yen in millions)

	FY 2013 (As of December 31, 2013)	FY 2014 1Q (As of March 31, 2014)
<b>Assets</b>		
<b>Current Assets</b>		
Cash and deposits	286,558	290,794
Notes and accounts receivable	528,465	497,976
Short-term investments	152,161	109,079
Merchandise and finished products	354,370	363,492
Work in process	37,353	40,771
Raw materials and supplies	165,379	166,990
Other	204,965	185,712
Allowance for doubtful accounts	(11,871)	(11,087)
<b>Total Current Assets</b>	<b>1,717,383</b>	<b>1,643,729</b>
<b>Fixed Assets</b>		
<b>Tangible assets</b>		
Buildings and structures, net	414,442	435,061
Machinery, equipment and vehicles, net	454,423	451,104
Other, net	466,193	429,902
<b>Total tangible assets</b>	<b>1,335,060</b>	<b>1,316,069</b>
Intangible assets	46,826	45,264
<b>Investments and other assets</b>		
Investments in securities	320,954	285,875
Other	162,399	155,874
Allowance for doubtful accounts	(5,578)	(5,678)
<b>Total investments and other assets</b>	<b>477,774</b>	<b>436,071</b>
<b>Total Fixed Assets</b>	<b>1,859,661</b>	<b>1,797,405</b>
<b>Total</b>	<b>3,577,045</b>	<b>3,441,135</b>

(Yen in millions)

	FY 2013 (As of December 31,2013)	FY 2014 1Q (As of March 31,2014)
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Notes and accounts payable	188,693	182,827
Short-term borrowings	216,660	247,013
Current portion of bonds	63,794	63,705
Lease obligations	1,093	1,033
Income taxes payable	54,571	41,429
Provision for loss related to US antitrust laws	44,790	43,741
Provision for recall	21,132	18,207
Provision for plant restructuring in Japan	8,582	7,994
Accounts payable-other	170,235	124,239
Other	289,731	258,641
<b>Total Current Liabilities</b>	<b>1,059,285</b>	<b>988,832</b>
<b>Long-term Liabilities</b>		
Bonds	50,000	50,000
Long-term borrowings	221,384	182,147
Lease obligations	11,342	10,989
Accrued pension and liability for retirement benefits	236,747	223,244
Other	135,321	122,633
<b>Total Long-term Liabilities</b>	<b>654,795</b>	<b>589,015</b>
<b>Total Liabilities</b>	<b>1,714,081</b>	<b>1,577,848</b>
<b>Net Assets</b>		
<b>Shareholders' Equity</b>		
Common stock	126,354	126,354
Capital surplus	122,865	123,001
Retained earnings	1,597,140	1,645,616
Treasury stock - at cost	(56,644)	(56,391)
<b>Total Shareholders' equity</b>	<b>1,789,714</b>	<b>1,838,580</b>
<b>Accumulated Other Comprehensive Income</b>		
Net unrealized gain(loss) on available-for-sale securities	200,703	173,464
Deferred gain(loss) on derivative instruments	(1,092)	(871)
Foreign currency translation adjustments	(86,177)	(112,080)
Post retirement liability adjustment for foreign consolidated companies	(97,863)	(93,756)
<b>Total accumulated other comprehensive income</b>	<b>15,570</b>	<b>(33,243)</b>
<b>Stock Acquisition Rights</b>	<b>1,621</b>	<b>1,538</b>
<b>Minority Interests</b>	<b>56,057</b>	<b>56,412</b>
<b>Total Net Assets</b>	<b>1,862,963</b>	<b>1,863,287</b>
<b>Total</b>	<b>3,577,045</b>	<b>3,441,135</b>

**(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income**

Consolidated Statement of Income First Quarter	(Yen in millions)	
	FY 2013 1Q (Three months ended March 31, 2013)	FY 2014 1Q (Three months ended March 31, 2014)
Net Sales	794,583	863,631
Cost of Sales	524,585	534,367
Gross Profit	269,998	329,263
Selling, General and Administrative Expenses		
Goods freightage expenses	34,498	35,597
Advertising and promotion expenses	22,928	25,869
Salaries, allowances and bonuses	52,986	56,852
Retirement benefit expenses	4,634	4,622
Depreciation	6,649	7,184
Research and development expenses	21,112	21,604
Other	52,736	61,154
Total selling, general and administrative expenses	195,546	212,886
Operating Income	74,451	116,377
Non-operating Income		
Interest income	1,307	1,266
Dividend income	184	394
Other	4,724	8,688
Total non-operating income	6,216	10,349
Non-operating expenses		
Interest expense	3,877	3,533
Foreign currency exchange losses	3,768	5,142
Other	2,871	4,170
Total non-operating expenses	10,518	12,845
Ordinary Income	70,149	113,881
Extraordinary Income		
Gain on sales of tangible assets	—	3,565
Total extraordinary income	—	3,565
Income before Income Taxes and Minority Interests	70,149	117,446
Income taxes	23,369	43,141
Income before minority interests	46,779	74,305
Minority Interests	3,668	2,339
Net Income	43,111	71,966

Consolidated Statement of Comprehensive Income  
First Quarter

(Yen in millions)

	FY 2013 1Q (Three months ended March 31, 2013)	FY 2014 1Q (Three months ended March 31, 2014)
Income before Minority Interests	46,779	74,305
Other Comprehensive Income (loss)		
Unrealized gain (loss) on available-for-sale securities	34,640	(27,239)
Deferred gain (loss) on derivative instruments	19	336
Foreign currency translation adjustments	78,602	(25,194)
Postretirement liability adjustment for foreign consolidated companies	(8,771)	4,101
Share of other comprehensive income in affiliates	881	(771)
Total other comprehensive income	105,371	(48,767)
Comprehensive Income	152,151	25,537
Comprehensive income attribute to:		
Shareholders of Bridgestone Corporation	143,739	23,152
Minority Interests	8,411	2,385

**(3) Notes to the Consolidated Financial Statements**

(Notes regarding going concern assumption)

Not applicable

(Notes regarding significant changes in the amount of shareholders' equity)

Not applicable

(Segment Information)

Information about Sales and Income (Loss) by reportable segment

FY 2013 First Quarter (Three months ended March 31, 2013)

(Yen in millions)

	Tires	Diversified Products	Total	Adjustments (Note)	Consolidated
Net sales:					
External customers	674,690	119,893	794,583	—	794,583
Inter-segment	698	2,523	3,222	(3,222)	—
Total	675,388	122,417	797,806	(3,222)	794,583
Segment income (Operating income)	67,937	6,493	74,431	20	74,451

(Note) Adjustments of segment income refer to elimination of intersegment transactions.

FY 2014 First Quarter (Three months ended March 31, 2014)

(Yen in millions)

	Tires	Diversified Products	Total	Adjustments (Note)	Consolidated
Net sales:					
External customers	726,233	137,397	863,631	—	863,631
Inter-segment	861	2,818	3,679	(3,679)	—
Total	727,094	140,216	867,310	(3,679)	863,631
Segment income (Operating income)	105,896	10,499	116,396	(18)	116,377

(Note) Adjustments of segment income refer to elimination of intersegment transactions.