

**Consolidated Financial Results
for the Six Months Ended June 30, 2014
[Japanese GAAP]**



August 7, 2014

Company name : Sumitomo Rubber Industries, Ltd.
 Stock exchange listing : Tokyo Stock Exchange
 Code number : 5110
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 Scheduled date of filing quarterly securities report : August 8, 2014
 Scheduled date of commencing dividend payments : September 5, 2014
 Supplementary documents for quarterly financial results : Yes
 Quarterly financial results briefing session : Yes (for institutional investors)

(Amounts of less than one million yen are rounded to the nearest unit.)

1. Consolidated Financial Results for the Six Months Ended June 30, 2014 (January 1, 2014 to June 30, 2014)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended June 30, 2014	378,618	9.5	35,091	18.0	35,052	26.5	21,845	41.1
June 30, 2013	345,886	3.6	29,729	(7.9)	27,716	(8.6)	15,479	(5.7)

(Note) Comprehensive income: Six months ended June 30, 2014 : ¥13,584 million (decrease of 71.9%)
 Six months ended June 30, 2013 : ¥48,300 million (increase of 135.0%)

	Net income per share	Diluted net income per share
Six months ended	Yen	Yen
June 30, 2014	83.28	-
June 30, 2013	59.01	-

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
June 30, 2014	831,431	364,064	40.4	1,279.34
December 31, 2013	867,464	358,844	38.0	1,257.26

(Reference) Equity: As of June 30, 2014 : ¥335,603 million
 As of December 31, 2013 : ¥329,813 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended	Yen	Yen	Yen	Yen	Yen
December 31, 2013	-	15.00	-	25.00	40.00
December 31, 2014	-	20.00			
Fiscal year ending December 31, 2014 (Forecast)			-	20.00	40.00

3. Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2014 (January 1, 2014 to December 31, 2014)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	840,000	7.6	84,000	9.0	81,000	8.6	49,000	9.4	186.79

(Note) Revision to the financial results forecast announced most recently: Yes

Notes:

- (1) Changes in Significant Subsidiaries during the Six Months Ended June 30, 2014
(changes in specified subsidiaries resulting in changes in scope of consolidation) : Yes
 Newly consolidated: 1 company
 (Company name: Sumitomo Rubber AKO Lastik Sanayi ve Ticaret A.Ş.)
 Excluded from the scope of consolidation: - companies (Company names: -)
- (2) Adoption of Accounting Methods Specific to Preparation of Quarterly Consolidated Financial Statements : None
- (3) Changes in accounting policies, changes in accounting estimates and retrospective restatement
 - 1) Changes in accounting policies due to the revision of accounting standards : None
 - 2) Changes in accounting policies other than 1) : None
 - 3) Changes in accounting estimates : None
 - 4) Retrospective restatement : None
- (4) Total number of issued shares (common stock)
 - 1) Total number of issued shares at the end of the period (including treasury stock)

June 30, 2014	: 263,043,057 shares
December 31, 2013	: 263,043,057 shares
 - 2) Total number of treasury stock at the end of the period

June 30, 2014	: 717,942 shares
December 31, 2013	: 715,318 shares
 - 3) Average number of shares during the period

Six months ended June 30, 2014	: 262,326,467 shares
Six months ended June 30, 2013	: 262,331,659 shares

* Presentation regarding the implementation status of the quarterly review procedures

These quarterly financial results are outside the scope of quarterly review procedures under the Financial Instruments and Exchange Act. At the time of disclosure of these quarterly financial results, review procedures for the quarterly financial statements under the Financial Instruments and Exchange Act have not been completed.

* Explanation of the proper use of financial results forecast and other notes

The earnings projections and other forward-looking statements herein are based on certain assumptions made in light of the information currently available to Sumitomo Rubber Industries, Ltd. (the “Company”) and its group companies (collectively, the “Group”) and include potential risks and uncertainty. Actual results could differ significantly from these forecasts due to changes in various factors surrounding the businesses of the Company and the Group.

With regard to the matters related to the underlying assumptions for the above forecasts, please refer to page 5 of the attached documents to the Consolidated Financial Results for the Period under Review, “1. Qualitative Information on Quarterly Financial Results for the Period under Review, (3) Consolidated Financial Results Forecast and Other Future Forecast.”

With regard to the amounts posted in the accounting items in the Company’s consolidated financial statements and other sections, amounts less than the indicated unit used to be rounded down. However, from the consolidated fiscal year under review, amounts less than a unit have been rounded to the nearest unit. For easier comparison, all the amounts for the previous consolidated fiscal year have also been presented likewise.

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1. Qualitative Information on Quarterly Financial Results for the Period under Review

(1) Operating Results

	For the six months ended June 30, 2014	For the six months ended June 30, 2013	Increase (Decrease)
	Millions of yen	Millions of yen	%
Net sales	378,618	345,886	9.5
Tires	329,078	297,787	10.5
Sports	32,692	32,731	(0.1)
Industrial and Other Products	16,848	15,368	9.6
Operating income	35,091	29,729	18.0
Tires	31,578	26,329	19.9
Sports	1,419	2,345	(39.5)
Industrial and Other Products	2,086	1,048	99.1
Adjustments	8	7	-
Ordinary income	35,052	27,716	26.5
Net income	21,845	15,479	41.1

Foreign exchange rates applied

	For the six months ended June 30, 2014	For the six months ended June 30, 2013	Increase (Decrease)
	Yen	Yen	Yen
Yen / U.S. Dollar	102	96	6
Yen / Euro	140	126	14

During the six months ended June 30, 2014, the overall global economy continued to show a moderate recovery trend. A gradual recovery continued in the U.S. economy, and European economies also saw a continued recovery. Steady economic growth continued in emerging countries in general, mainly in China, where moderate growth continued, despite regional weakness in some areas such as the ASEAN countries and India.

The Japanese economy also showed a continuing moderate recovery, despite a reactionary decline in demand from the temporary rise in demand accompanying the increase in the consumption tax rate that occurred in April 2014, the impact of which is gradually fading.

As for the environment surrounding the Group, despite prices in the natural rubber market remaining at low levels and improvements in the export environment due to yen depreciation, the environment continued to be severe due to factors such as intensified competition in overseas tire replacement markets.

Under these circumstances, aiming to realize its long-term vision "VISION 2020" with 2020 as the target year, the Group undertook various measures in the pursuit of business growth and enhanced profitability.

As a result, for the six months ended June 30, 2014, consolidated net sales of the Group increased 9.5% from the same period of the previous fiscal year to ¥378,618 million, consolidated operating income increased 18.0% to ¥35,091 million, consolidated ordinary income advanced 26.5% to ¥35,052 million and consolidated net income increased 41.1% to ¥21,845 million.

Business performance by business segment was as follows.

Tire Business

Net sales in the tire business increased 10.5% from the same period of the previous fiscal year to ¥329,078 million, and operating income increased 19.9% to ¥31,578 million.

In the domestic replacement market, net sales exceeded the level of the same period of the previous fiscal year. Sales advanced by absorbing the temporary rise in demand accompanying the increase in the consumption tax rate, which pushed up demand in the entire industry above the level of the same period of the previous fiscal year. We also strove to improve product portfolios, including sales of the “ENASAVE EC203” series under the Dunlop brand—our second-generation standard fuel-efficient tires that provide the new added value of durability—of which sales expanded steadily.

In the domestic original equipment market, net sales exceeded the level of the same period of the previous fiscal year due to an increase in sales volume of our tires in line with the expansion of the volume delivered of high-value-added products mainly focusing on fuel-efficient tires, given a continued increase in sales volume of domestically produced automobiles even after the rise in the consumption tax rate.

In the overseas replacement market, net sales exceeded the level of the same period of the previous fiscal year due to yen depreciation and improved sales in each country’s market despite the tough product pricing situation due to intensifying price competition.

In the overseas original equipment market, net sales exceeded the level of the same period of the previous fiscal year due to significant growth in sales in the Chinese market, which has seen continued expansion, despite the decrease in sales volume due to the deteriorating economy in Thailand, where we possess manufacturing bases, because of political uncertainty and other issues.

As a result, net sales in the tire business exceeded the level of the same period of the previous fiscal year.

Sports Business

Net sales in the sports business decreased 0.1% from the same period of the previous fiscal year to ¥32,692 million, and operating income decreased 39.5% to ¥1,419 million.

In the domestic markets, the situation was severe given deteriorated market conditions with the impact of harsh climate such as snowfalls in February 2014, the increase in the consumption tax rate that occurred in April 2014 and other factors. The overseas market situation was also severe. In the U.S. markets, net sales decreased from the same period of the previous fiscal year as a result of unfavorable weather and other factors, and in Asia, stagnation spread throughout the markets of Southeast Asia and South Korea.

In these circumstances, in the domestic markets, sales of our flagship golf club, “XXIO 8,” which was launched in December 2013, progressed steadily and sales of golf shoes made by ASICS Corporation, with which we entered into a business alliance contract during the previous year, were strong, resulting in an increase in overall domestic sales from the same period of the previous fiscal year.

In overseas markets, overall overseas net sales declined from the level of the same period of the previous fiscal year due to the sluggish global economy although we strove to expand sales by starting to sell our flagship golf club, “XXIO 8,” in the United States as well.

As a result, net sales in the sports business remained unchanged from the same period of the previous fiscal year.

Industrial and Other Products Business

Net sales in the industrial and other products business increased 9.6% from the same period of the previous fiscal year to ¥16,848 million, and operating income increased 99.1% to ¥2,086 million.

We expanded sales of the MIRAIE brand vibration control units for housing. In addition, sales of products such as “Hibrid-Turf,” a long-pile artificial turf for sporting use, increased.

As a result, net sales in the industrial and other products business exceeded the level of the same period of the previous fiscal year.

(2) Financial Position

	As of June 30, 2014	As of December 31, 2013	Increase (Decrease)
	Millions of yen	Millions of yen	Millions of yen
Total assets	831,431	867,464	(36,033)
Net assets	364,064	358,844	5,220
[excluding minority interests]	[335,603]	[329,813]	[5,790]
Equity ratio	40.4%	38.0%	2.4%
Net assets per share	1,279.34 yen	1,257.26 yen	22.08 yen

The financial position of the Group at the end of the second quarter of the consolidated fiscal year under review was as follows.

Total assets decreased ¥36,033 million from the end of the previous fiscal year to ¥831,431 million as a result of a decrease in trade receivables due to seasonal factors, etc. despite an increase in property, plant and equipment accompanying capital expenditures.

Total liabilities decreased ¥41,253 million from the end of the previous fiscal year to ¥467,367 million mainly due to a decrease in trade payables and interest-bearing debt.

Net assets increased ¥5,220 million from the end of the previous fiscal year to ¥364,064 million as a result of the recording of ¥21,845 million in net income and other factors despite cash dividends paid and a decrease in foreign currency translation adjustment due to yen appreciation. As a result, equity ratio was 40.4%, an increase of 2.4% from the end of the previous fiscal year.

(3) Consolidated Financial Results Forecast and Other Future Forecast

As the Group's consolidated business results for the six months ended June 30, 2014 exceeded our forecasts due to fluctuations in raw materials prices and other factors, we reviewed our financial results forecast for the second half, which was not reviewed when we announced the Consolidated Financial Results for the Three Months Ended March 31, 2014 on May 8, 2014, and made the following revisions to our full-year financial results forecast.

Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2014 (January 1, 2014 to December 31, 2014)

	Revised forecast	Previous forecast	Increase (Decrease)	Change in ratio	(Reference) Results for the same period of the previous fiscal year
	Millions of yen	Millions of yen	Millions of yen	%	Millions of yen
Net sales	840,000	840,000	-	-	780,609
Tires	735,000	735,000	-	-	681,100
Sports	67,000	67,000	-	-	66,260
Industrial and Other Products	38,000	38,000	-	-	33,249
Operating income	84,000	83,000	1,000	1.2	77,055
Tires	75,500	74,500	1,000	1.3	69,850
Sports	4,500	4,500	-	-	3,992
Industrial and Other Products	4,000	4,000	-	-	3,205
Adjustments	-	-	-	-	8
Ordinary income	81,000	78,000	3,000	3.8	74,582
Net income	49,000	47,000	2,000	4.3	44,794

Foreign exchange rates applied

	Revised forecast	Previous forecast	Increase (Decrease)	(Reference) Rate applied for the same period of the previous fiscal year
	Yen	Yen	Yen	Yen
Yen / U.S. Dollar	101	101	-	98
Yen / Euro	138	136	2	130

The results forecast and other forward-looking statements herein are based on certain assumptions made in light of the information currently available to the Company and the Group as of the date of the release of this document and include potential risks and uncertainty. Please note that actual results may differ significantly from these forecasts due to changes in various factors surrounding the businesses of the Company and the Group.

2. Matters Concerning Summary Information (Notes)

(1) Changes in Significant Subsidiaries during the Six Months Ended June 30, 2014

Sumitomo Rubber AKO Lastik Sanayi ve Ticaret A.Ş. became a specified subsidiary due to capital increase during the three months ended March 31, 2014.

(2) Adoption of Accounting Methods Specific to Preparation of Quarterly Consolidated Financial Statements

None

(3) Changes in Accounting Policies, Changes in Accounting Estimates and Retrospective Restatement

None

3. Quarterly Consolidated Financial Statements
 (1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of December 31, 2013	As of June 30, 2014
Assets		
Current assets		
Cash and deposits	42,441	43,535
Notes and accounts receivable-trade	198,189	157,333
Merchandise and finished goods	79,834	93,835
Work in process	6,159	6,569
Raw materials and supplies	44,433	41,063
Other	38,372	30,956
Allowance for doubtful accounts	(1,945)	(1,740)
Total current assets	407,483	371,551
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	89,855	90,902
Machinery, equipment and vehicles, net	132,242	129,935
Other, net	94,878	99,076
Total property, plant and equipment	316,975	319,913
Intangible assets		
Goodwill	8,827	8,001
Other	18,056	18,060
Total intangible assets	26,883	26,061
Investments and other assets		
Investment securities	69,589	68,278
Other	47,499	46,593
Allowance for doubtful accounts	(965)	(965)
Total investments and other assets	116,123	113,906
Total noncurrent assets	459,981	459,880
Total assets	867,464	831,431

(Millions of yen)

	As of December 31, 2013	As of June 30, 2014
Liabilities		
Current liabilities		
Notes and accounts payable-trade	76,741	63,978
Current portion of bonds	20,000	-
Commercial papers	11,000	-
Short-term loans payable	78,719	73,685
Current portion of long-term loans payable	37,339	30,800
Income taxes payable	10,437	6,718
Provision	7,581	5,752
Other	71,369	56,767
Total current liabilities	313,186	237,700
Noncurrent liabilities		
Bonds payable	45,000	65,000
Long-term loans payable	104,588	118,518
Provision for retirement benefits	13,959	14,068
Other provision	112	118
Other	31,775	31,963
Total noncurrent liabilities	195,434	229,667
Total liabilities	508,620	467,367
Net assets		
Shareholders' equity		
Capital stock	42,658	42,658
Capital surplus	38,661	38,661
Retained earnings	224,681	239,880
Treasury stock	(551)	(555)
Total shareholders' equity	305,449	320,644
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	11,521	11,937
Deferred gains or losses on hedges	164	43
Foreign currency translation adjustment	31,677	20,124
Pension liability adjustments in affiliated foreign companies	(18,998)	(17,145)
Total accumulated other comprehensive income	24,364	14,959
Minority interests	29,031	28,461
Total net assets	358,844	364,064
Total liabilities and net assets	867,464	831,431

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
Quarterly Consolidated Statements of Income
Six Months Ended June 30

(Millions of yen)

	For the six months ended June 30, 2013	For the six months ended June 30, 2014
Net sales	345,886	378,618
Cost of sales	217,766	234,587
Gross profit	128,120	144,031
Selling, general and administrative expenses	98,391	108,940
Operating income	29,729	35,091
Non-operating income		
Interest income	438	746
Dividends income	269	345
Equity in earnings of affiliates	-	1,919
Gain on valuation of derivatives	2,085	-
Other	980	1,226
Total non-operating income	3,772	4,236
Non-operating expenses		
Interest expenses	2,466	2,318
Foreign exchange losses	1,174	399
Equity in losses of affiliates	1,208	-
Other	937	1,558
Total non-operating expenses	5,785	4,275
Ordinary income	27,716	35,052
Extraordinary income		
Gain on sales of noncurrent assets	579	-
Total extraordinary income	579	-
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	293	304
Impairment loss	51	21
Total extraordinary losses	344	325
Income before income taxes and minority interests	27,951	34,727
Income taxes	10,361	11,236
Income before minority interests	17,590	23,491
Minority interests in income	2,111	1,646
Net income	15,479	21,845

Quarterly Consolidated Statements of Comprehensive Income

Six Months Ended June 30

(Millions of yen)

	For the six months ended June 30, 2013	For the six months ended June 30, 2014
Income before minority interests	17,590	23,491
Other comprehensive income		
Valuation difference on available-for-sale securities	3,596	410
Deferred gains or losses on hedges	(336)	(121)
Foreign currency translation adjustment	23,901	(10,121)
Pension liability adjustments in affiliated foreign companies	29	37
Share of other comprehensive income of entities accounted for using equity method	3,520	(112)
Total other comprehensive income	30,710	(9,907)
Comprehensive income	48,300	13,584
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	45,057	12,440
Comprehensive income attributable to minority interests	3,243	1,144

(3) Notes on Quarterly Consolidated Financial Statements
 (Notes on Going Concern Assumption)
 None

(Notes in the Case of Significant Changes in Shareholders' Equity)
 None

(Segment Information, etc.)

Segment Information

I. For the six months ended June 30, 2013 (January 1, 2013 to June 30, 2013)

1. Information on net sales and the amounts of income by reportable segment

(Millions of yen)

	Reportable segment				Adjustments (Note 1)	Amount recorded in Quarterly Consolidated Statements of Income (Note 2)
	Tires	Sports	Industrial and Other Products	Total		
Net sales						
Net sales to outside customers	297,787	32,731	15,368	345,886	-	345,886
Inter-segment net sales or transfers	6	170	55	231	(231)	-
Total	297,793	32,901	15,423	346,117	(231)	345,886
Segment income	26,329	2,345	1,048	29,722	7	29,729

(Notes)

1. The adjustment for segment income of ¥7 million includes the amounts that offset inter-segment transactions.
2. For the calculation of segment income, necessary adjustments were made to the operating income that is posted in the Quarterly Consolidated Statements of Income.

2. Information on impairment loss of noncurrent assets or goodwill, etc. by reportable segment
 Information is omitted since it is immaterial.

II. For the six months ended June 30, 2014 (January 1, 2014 to June 30, 2014)

1. Information on net sales and the amounts of income by reportable segment

(Millions of yen)

	Reportable segment				Adjustments (Note 1)	Amount recorded in Quarterly Consolidated Statements of Income (Note 2)
	Tires	Sports	Industrial and Other Products	Total		
Net sales						
Net sales to outside customers	329,078	32,692	16,848	378,618	-	378,618
Inter-segment net sales or transfers	6	190	7	203	(203)	-
Total	329,084	32,882	16,855	378,821	(203)	378,618
Segment income	31,578	1,419	2,086	35,083	8	35,091

(Notes)

1. The adjustment for segment income of ¥8 million includes the amounts that offset inter-segment transactions.
2. For the calculation of segment income, necessary adjustments were made to the operating income that is posted in the Quarterly Consolidated Statements of Income.

2. Information on impairment loss of noncurrent assets or goodwill, etc. by reportable segment
 Information is omitted since it is immaterial.