

Consolidated Financial Results for the Nine Months Ended September 30, 2015 [Japanese GAAP]



November 5, 2015

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 : November 6, 2015
 Scheduled date of commencing dividend payments : -
 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 Nine Months Ended September 30, 2015 (January 1, 2015 to September 30, 2015)

(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	%
Nine months ended								
September 30, 2015	590,057	2.5	42,503	(13.4)	43,559	(15.6)	38,729	22.1
September 30, 2014	575,832	8.2	49,068	14.2	51,627	27.2	31,728	28.2

(Note) Comprehensive income: Nine months ended September 30, 2015 : ¥ 5,854 million (decrease of 86.2%)
 Nine months ended September 30, 2014 : ¥ 42,285 million (decrease of 27.4%)

	Net income per share	Diluted net income per share
Nine months ended	Yen	Yen
September 30, 2015	147.64	-
September 30, 2014	120.95	-

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
September 30, 2015	935,740	431,872	42.7	1,522.82
December 31, 2014	973,587	446,960	42.5	1,575.82

(Reference) Equity: As of September 30, 2015 : ¥ 399,464 million
 As of December 31, 2014 : ¥ 413,374 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, 2014	-	20.00	-	30.00	50.00
December 31, 2015	-	25.00	-		
Fiscal year ending December 31, 2015 (Forecast)				25.00	50.00

(Note) Revision to the forecast for dividends announced most recently: None

3. Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2015 (January 1, 2015 to December 31, 2015)

(% 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	850,000	1.5	78,000	(9.6)	78,000	(11.3)	58,000	9.0	221.10

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

Notes:

- (1) Changes in Significant Subsidiaries during the Nine Months Ended September 30, 2015
(changes in specified subsidiaries resulting in changes in scope of consolidation) : None
- (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 : Yes
 - 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):

September 30, 2015	: 263,043,057 shares
December 31, 2014	: 263,043,057 shares
 - 2) Total number of treasury stock at the end of the period:

September 30, 2015	: 723,771 shares
December 31, 2014	: 720,365 shares
 - 3) Average number of shares during the period:

Nine months ended September 30, 2015	: 262,320,760 shares
Nine months ended September 30, 2014	: 262,325,841 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.”

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

(1) Explanation of Operating Results

	For the nine months ended September 30, 2015	For the nine months ended September 30, 2014	Increase (Decrease)
	Millions of yen	Millions of yen	%
Net sales	590,057	575,832	2.5
Tires	505,925	500,701	1.0
Sports	56,118	49,554	13.2
Industrial and Other Products	28,014	25,577	9.5
Operating income	42,503	49,068	(13.4)
Tires	40,905	44,138	(7.3)
Sports	438	1,827	(76.0)
Industrial and Other Products	1,151	3,091	(62.8)
Adjustments	9	12	-
Ordinary income	43,559	51,627	(15.6)
Net income	38,729	31,728	22.1

Foreign exchange rates applied

	For the nine months ended September 30, 2015	For the nine months ended September 30, 2014	Increase (Decrease)
	Yen	Yen	Yen
Yen / U.S. Dollar	121	103	18
Yen / Euro	135	140	(5)

During the nine months ended September 30, 2015, the overall global economy was weak as a whole. The U.S. economy saw continued expansion on a moderate pace, and an economic recovery trend was seen in the European economies as well. Meanwhile, there was a further slowdown in economic growth of China, and economic stagnation became apparent in many emerging markets, including Russia and Brazil.

The Japanese economy was weak overall as well, amid factors including stagnant exports due to declining demand in China and the Asia region, despite continued improvement in corporate earnings due to sustained yen depreciation.

Looking at the business environment surrounding the Sumitomo Rubber Group, despite prices in the natural rubber market remaining at low levels and improvements in the export environment due to yen depreciation, business conditions remained severe due to factors such as intensified competition with our competitors in the overseas replacement market and weakening market conditions in many countries and regions.

Under these circumstances, the Group pursued various group-wide initiatives to achieve its long-term “VISION 2020” targets for fiscal 2020 aimed at driving business growth and improving profitability. However, sales volume fell below the level of the same period of the previous fiscal year in our leading tire business due to the deteriorating sales environment mainly in emerging markets.

As a result, for the nine months ended September 30, 2015, consolidated net sales of the Group

increased 2.5% from the same period of the previous fiscal year to ¥590,057 million and consolidated operating income decreased 13.4% to ¥42,503 million, resulting in an increase in income mainly due to the effect of yen depreciation but a decrease in operating income. Consolidated ordinary income decreased 15.6% from the same period of the previous fiscal year to ¥43,559 million, but due to a decrease in income taxes because of a recording of deferred tax assets from the dissolution of the alliance agreement and joint ventures with The Goodyear Tire & Rubber Company, consolidated net income increased 22.1% to ¥38,729 million.

Business performance by business segment was as follows.

Tire Business

Net sales in the tire business increased 1.0% from the same period of the previous fiscal year to ¥505,925 million, and operating income decreased 7.3% to ¥40,905 million.

In the domestic replacement market, although we made efforts to expand sales centering on the “ENASAVE” series, long-lasting fuel-efficient tires under the Dunlop brand, sales and sales volume fell below the level of the same period of the previous fiscal year due to low consumption in the wake of increase in the consumption tax rate in the previous fiscal year.

In the domestic original equipment market, sales and sales volume fell below the level of the same period of the previous fiscal year due to automobile production volume falling below the level of the same period of the previous fiscal year, despite our continued efforts to expand the volume delivered of high-value-added tires mainly focusing on fuel-efficient tires.

In the overseas replacement market, sales exceeded the level of the same period of the previous fiscal year due to factors including the effect of yen depreciation in addition to the substantial increase in sales volume from expansion of the U.S. economy, despite low consumption in markets such as Russia, Brazil and Indonesia and severe market condition due to the effect of the depreciation of local currencies, in addition to weakened consumer sentiment in China due to the slowdown in economic growth.

In the overseas original equipment market, sales exceeded the level of the same period of the previous fiscal year due to factors including the effect of yen depreciation. However, sales volume decreased as a whole due to stagnant automobile sales stemming from factors such as rising gasoline prices in Indonesia in addition to production adjustment by automakers in China, despite continued expansion of new volume delivered in the U.S. and an increase in sales volume in Thailand due to strong sales for automobile models for which we have a high share of volume delivered.

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 increased 13.2% from the same period of the previous fiscal year to ¥56,118 million, and operating income decreased 76.0% to ¥438 million.

In the domestic market, sales increased from the same period of the previous fiscal year due to strong performance in the golf equipment market, exceeding the same period of the previous fiscal year in which performance had stagnated in the wake of increase in the consumption tax, mainly attributable to the effect of successful performances of contracted professional golfers including Mr. Hideki Matsuyama.

In overseas golf equipment markets, although sales exceeded the level of the same period of the previous fiscal year in the U.S. on a value basis, sales were sluggish in China and South East Asia mainly due to a slowdown of the economies. Under these circumstances, we actively promoted our flagship “XXIO 8” golf clubs to various countries, but sales decreased from the same period of the previous fiscal year on a local currency basis.

In addition, the wellness business we entered in the fourth quarter of fiscal 2014 contributed to the increase in sales.

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

Industrial and Other Products Business

Net sales in the industrial and other products business increased 9.5% from the same period of the previous fiscal year to ¥28,014 million, and operating income decreased 62.8% to ¥1,151 million.

In addition to business expansion following the acquisition of a Swiss medical rubber parts company as a subsidiary in January 2015, and a steady increase in sales of precision rubber parts for printers and photocopiers mainly in overseas markets, yen depreciation also contributed to the increase in income.

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) Explanation of Financial Position

	As of September 30, 2015	As of December 31, 2014	Increase (Decrease)
	Millions of yen	Millions of yen	Millions of yen
Total assets	935,740	973,587	(37,847)
Net assets	431,872	446,960	(15,088)
[excluding minority interests]	[399,464]	[413,374]	[(13,910)]
Equity ratio (%)	42.7	42.5	0.2
Net assets per share	1,522.82yen	1,575.82yen	(53.00)yen

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

Total assets decreased ¥37,847 million from the end of the previous fiscal year to ¥935,740million as a result of a decrease in notes and accounts receivable - trade due to seasonal factors, etc.

Total liabilities decreased ¥22,759 million from the end of the previous fiscal year to ¥503,868 million mainly due to a decrease in notes and accounts payable - trade.

Net assets decreased ¥15,088 million from the end of the previous fiscal year to ¥431,872million as a result of factors including cash dividends paid and a decrease in foreign currency translation adjustment despite recording of ¥38,729 million in net income. As a result, equity ratio was 42.7%, an increase of 0.2% from the end of the previous fiscal year.

(3) Consolidated Financial Results Forecast and Other Future Forecast

On October 1, 2015, the Company finalized the proceedings to dissolve the alliance agreement and joint ventures with The Goodyear Tire & Rubber Company and received consideration of US\$271 million in cash. To reflect the impact of changes in equity interest ratio in the four joint venture companies from October 1 onward and of currently weak market conditions, the Company has revised the full year financial results forecast, which remained unchanged at the time when it announced the Consolidated Financial Results for the Six Months Ended June 30, 2015, on August 5, 2015, as follows.

Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2015 (January 1, 2015 to December 31, 2015)

	Revised forecast	Previous forecast	Increase (Decrease)	Change in ratio	(Reference) Results for the same period of the previous year
	Millions of yen	Millions of yen	Millions of yen	%	Millions of yen
Net sales	850,000	900,000	(50,000)	(5.6)	837,647
Tires	730,000	780,000	(50,000)	(6.4)	731,245
Sports	78,000	78,000	-	-	70,462
Industrial and Other Products	42,000	42,000	-	-	35,940
Operating income	78,000	90,000	(12,000)	(13.3)	86,251
Tires	73,000	85,000	(12,000)	(14.1)	78,416
Sports	2,000	2,000	-	-	3,170
Industrial and Other Products	3,000	3,000	-	-	4,648
Adjustments	-	-	-	-	17
Ordinary income	78,000	88,000	(10,000)	(11.4)	87,968
Net income	58,000	55,000	3,000	5.5	53,206

Foreign exchange rates applied

	Revised forecast	Previous forecast	Increase (Decrease)	(Reference) Rate applied for the same period of the previous year
	Yen	Yen	Yen	Yen
Yen / U.S. Dollar	121	120	1	106
Yen / Euro	135	132	3	140

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 Nine Months Ended September 30, 2015

None

(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 (Changes in Accounting Policies)

Effective from the first quarter of the consolidated fiscal year under review, the Company has applied the Accounting Standard for Retirement Benefits (ASBJ Statement No. 26, May 17, 2012, hereinafter the “Accounting Standard”) and the Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25, March 26, 2015, hereinafter the “Guidance”) with respect to the provisions stated in the main clause of Article 35 of the Accounting Standard and the main clause of Article 67 of the Guidance, whereby the method of calculating retirement benefit obligations and service cost has been reviewed, and the method of attributing expected retirement benefit to periods has been changed from the straight-line basis to benefit formula basis, while the method of determining discount rates has been changed to the method using a single-weighted average discount rate reflecting the period up to the expected timing of retirement benefits payment, as well as the amount of retirement benefits payment for each period.

For the application of the Accounting Standard and other standards, in accordance with the transitional treatment stipulated by Article 37 of the Accounting Standard, effect of the change in the method of calculating retirement benefit obligation and service cost is reflected to retained earnings at the beginning of the third quarter of the consolidated fiscal year under review.

As a result, net defined benefit liability increased ¥1,110 million, net defined benefit asset (including “Other” of Investments and other assets) decreased ¥7,777 million, and retained earnings decreased ¥5,570 million at the beginning of the third quarter of the consolidated fiscal year under review. The impact on operating income, ordinary income and income before income taxes and minority interests for the nine months ended September 30, 2015 was immaterial.

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

(Millions of yen)

	As of December 31, 2014	As of September 30, 2015
Assets		
Current assets		
Cash and deposits	54,476	39,087
Notes and accounts receivable-trade	210,027	162,576
Merchandise and finished goods	87,901	110,312
Work in process	6,240	6,443
Raw materials and supplies	47,902	46,596
Other	35,770	64,732
Allowance for doubtful accounts	(2,020)	(1,970)
Total current assets	440,296	427,776
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	102,677	97,534
Machinery, equipment and vehicles, net	145,715	142,181
Other, net	111,563	103,803
Total property, plant and equipment	359,955	343,518
Intangible assets		
Goodwill	10,465	14,001
Other	20,185	21,300
Total intangible assets	30,650	35,301
Investments and other assets		
Investment securities	81,430	79,508
Other	62,181	50,557
Allowance for doubtful accounts	(925)	(920)
Total investments and other assets	142,686	129,145
Total noncurrent assets	533,291	507,964
Total assets	973,587	935,740

(Millions of yen)

	As of December 31, 2014	As of September 30, 2015
Liabilities		
Current liabilities		
Notes and accounts payable-trade	74,990	59,365
Current portion of bonds	-	10,000
Commercial papers	1,000	35,000
Short-term loans payable	82,008	91,389
Current portion of long-term loans payable	28,812	33,949
Income taxes payable	12,714	2,946
Provision	7,568	12,046
Other	85,213	68,997
Total current liabilities	292,305	313,692
Noncurrent liabilities		
Bonds payable	65,000	55,000
Long-term loans payable	113,184	82,141
Net defined benefit liability	17,018	17,966
Other provision	115	114
Other	39,005	34,955
Total noncurrent liabilities	234,322	190,176
Total liabilities	526,627	503,868
Net assets		
Shareholders' equity		
Capital stock	42,658	42,658
Capital surplus	38,661	38,661
Retained earnings	265,997	284,610
Treasury stock	(559)	(566)
Total shareholders' equity	346,757	365,363
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	14,246	13,296
Deferred gains or losses on hedges	507	(263)
Foreign currency translation adjustment	62,913	28,475
Remeasurements of defined benefit plans	(11,049)	(7,407)
Total accumulated other comprehensive income	66,617	34,101
Minority interests	33,586	32,408
Total net assets	446,960	431,872
Total liabilities and net assets	973,587	935,740

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
 Quarterly Consolidated Statements of Income
 Nine Months Ended September 30

(Millions of yen)

	For the nine months ended September 30, 2014	For the nine months ended September 30, 2015
Net sales	575,832	590,057
Cost of sales	358,592	365,650
Gross profit	217,240	224,407
Selling, general and administrative expenses	168,172	181,904
Operating income	49,068	42,503
Non-operating income		
Interest income	1,121	1,193
Dividends income	402	623
Equity in earnings of affiliates	5,119	5,131
Other	3,401	2,949
Total non-operating income	10,043	9,896
Non-operating expenses		
Interest expenses	3,465	2,922
Foreign exchange losses	2,512	4,395
Other	1,507	1,523
Total non-operating expenses	7,484	8,840
Ordinary income	51,627	43,559
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	530	388
Impairment loss	22	119
Total extraordinary losses	552	507
Income before income taxes and minority interests	51,075	43,052
Income taxes	16,814	3,211
Income before minority interests	34,261	39,841
Minority interests in income	2,533	1,112
Net income	31,728	38,729

Quarterly Consolidated Statements of Comprehensive Income

Nine Months Ended September 30

(Millions of yen)

	For the nine months ended September 30, 2014	For the nine months ended September 30, 2015
Income before minority interests	34,261	39,841
Other comprehensive income		
Valuation difference on available-for-sale securities	561	(949)
Deferred gains or losses on hedges	41	(770)
Foreign currency translation adjustment	7,052	(31,480)
Pension liability adjustments in affiliated foreign companies	43	-
Remeasurements of defined benefit plans	-	170
Share of other comprehensive income of entities accounted for using equity method	327	(958)
Total other comprehensive income	8,024	(33,987)
Comprehensive income	42,285	5,854
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	39,552	6,213
Comprehensive income attributable to minority interests	2,733	(359)

(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 nine months ended September 30, 2014 (January 1, 2014 to September 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	500,701	49,554	25,577	575,832	-	575,832
Inter-segment net sales or transfers	12	202	12	226	(226)	-
Total	500,713	49,756	25,589	576,058	(226)	575,832
Segment income	44,138	1,827	3,091	49,056	12	49,068

(Notes)

1. The adjustment for segment income of ¥12 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 nine months ended September 30, 2015 (January 1, 2015 to September 30, 2015)

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	505,925	56,118	28,014	590,057	-	590,057
Inter-segment net sales or transfers	7	222	21	250	(250)	-
Total	505,932	56,340	28,035	590,307	(250)	590,057
Segment income	40,905	438	1,151	42,494	9	42,503

(Notes)

1. The adjustment for segment income of ¥9 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

(Significant impairment loss of noncurrent assets)

Information is omitted since it is immaterial.

(Significant changes in amount of goodwill)

In the “Industrial and Other Products” segment, following the acquisition of Lonstroff Holding AG, this company and Lonstroff AG, its wholly owned subsidiary, has been included in the scope of consolidation. The increased amount of goodwill resulting from the relevant event was ¥4,812 million for the nine months ended September 30, 2015.

4. Significant Subsequent Events

1. Dissolution of the alliance agreement and joint ventures with The Goodyear Tire & Rubber Company

The Company entered into an agreement for the dissolution of the alliance agreement and joint ventures with The Goodyear Tire & Rubber Company as of June 4, 2015, and the entire procedure in this regard has been completed on October 1, 2015. The Company and The Goodyear Tire & Rubber Company had owned four manufacturing and sales joint venture companies in North America, Europe and Japan. As a result of the dissolution of the alliance agreement and joint ventures, Goodyear Dunlop Tires North America, Ltd., the Company's affiliate accounted for using equity method, and Dunlop Goodyear Tires Ltd., the Company's consolidated subsidiary, became wholly owned consolidated subsidiaries of the Company. Furthermore, Goodyear Dunlop Tires Europe B.V., the Company's affiliate accounted for using equity method, and Goodyear Japan Ltd., the Company's consolidated subsidiary, are now excluded from the scope of the Company's affiliates accounted for using equity method and the scope of the Company's consolidated subsidiaries, respectively.

(1) Conversion of affiliates accounted for using equity method into consolidated subsidiaries

1) Overview of the business combination

a. Name of acquiring company/ Name and business of acquired company

Name of acquiring company : SRI America, Inc. (wholly owned consolidated subsidiary of the Company)

Name of acquired company : Goodyear Dunlop Tires North America, Ltd.

Main business : Manufacturing and sale of tires in North America

b. Purpose of business combination

Enhancing competitiveness by promoting Dunlop-brand original equipment tires sales for vehicles and motorcycles manufactured by Japanese automakers in the North American region, and also by securing the Company's own regional bases for production, research and development, etc.

c. Date of the business combination

October 1, 2015

d. Legal form of business combination

Acquisition of shares in exchange for cash payment

e. Name of acquired company after business combination

Goodyear Dunlop Tires North America, Ltd.

(Company name is scheduled to be changed to Sumitomo Rubber USA, LLC during fiscal 2016)

f. Ratio of voting rights acquired

Voting right ratio before acquisition : 30% (equity interest ratio: 25%)

Voting right ratio after acquisition : 100% (equity interest ratio: 100%)

g. Main basis behind the determination of the acquiring company

The Company acquired all shares of Goodyear Dunlop Tires North America, Ltd., and acquired 100% portion of voting rights.

h. Other matters concerning the summary of transactions

The Company additionally acquired 75% of shares of Goodyear Dunlop Tires North America, Ltd., and 25% of its shares are held by SRI USA, Inc., the Company's consolidated subsidiary. Consequently, the Group's ratio of voting rights in Goodyear Dunlop Tires North America, Ltd. accounts for 100%.

2) Acquisition cost and its details

Acquisition cost is in the process of being calculated.

As a result of a series of transactions associated with the dissolution of the alliance agreement and joint ventures, the Company received ¥32,509 million (US\$271 million) in cash as consideration.

- 3) Amount of goodwill recognized, reason for recognition, amortization method and amortization period
 - a. Amount of goodwill recognized
The amount is undetermined as the allocation of the acquisition cost has not been completed at the present time.
 - b. Amortization method and amortization period
Yet to be determined at the present time.
- 4) Assets acquired and liabilities assumed on the date of the business combination and its details
Yet to be determined at the present time.

(2) Additional acquisition of shares of consolidated subsidiary

1) Summary of the transaction

a. Name of concerned company/ Name and business of concerned company

Name of the concerned company : Dunlop Goodyear Tires Ltd.

Main business : Sales of original equipment tires in Japan

b. Date of the business combination

October 1, 2015

c. Legal form of business combination

Acquisition of shares in exchange for cash payment

d. Name of concerned company after business combination

Dunlop Goodyear Tires Ltd. (Scheduled to be merged by the Company by an absorption-type merger and to be dissolved as of January 1, 2016)

e. Other matters concerning the summary of transactions

The Company additionally acquired 25% of shares of Dunlop Goodyear Tires Ltd., and it became a wholly owned consolidated subsidiary of the Company.

2) Summary of the accounting treatment

In accordance with the “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, December 26, 2008) and the “Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10, December 26, 2008), the Company plans to treat the transaction in common control transactions.

3) Matters concerning the additional acquisition of shares of subsidiaries

a. Acquisition cost and its details

Acquisition cost is in the process of being calculated.

As a result of a series of transactions associated with the dissolution of the alliance agreement and joint ventures, the Company received ¥32,509 million (US\$271 million) in cash as consideration.

b. Amount of goodwill recognized, reason for recognition, amortization method and amortization period

The amount is undetermined as the allocation of the acquisition cost has not been completed at the present time. Method and period of amortization are yet to be determined at the present time.

(3) Sale of shares of consolidated subsidiaries

1) Purpose for the sale

The purpose for the sale is associated with the alliance dissolution agreement to dissolve the alliance agreement and joint ventures with The Goodyear Tire & Rubber Company.

2) Name of the purchaser

Affiliated company of The Goodyear Tire & Rubber Company

3) Date of the sale
October 1, 2015

4) Name of concerned subsidiary/ Name and business of concerned company

- a. Name of the concerned subsidiary
Goodyear Japan Ltd.
- b. Main business
Sales of Goodyear-brand replacement tires in Japan, etc.
- c. Description of transactions with the Company
Goodyear Japan Ltd. purchases tires from the Company.

5) Sale price of shares, gain/loss on sale, and the equity interest ratio after the sale

- a. Equity interest ratio before the sale : 75%
- b. Equity interest ratio after the sale : 0%
- c. Sale price and gain/loss on sale

As a result of a series of transactions associated with the dissolution of the alliance agreement and joint ventures, the Company received ¥32,509 million (US\$271 million) in cash as consideration. Gain/loss arising from the sale is in the process of being calculated.

(4) Sale of shares of affiliates accounted for using equity method

1) Purpose for the sale

The purpose for the sale is associated with the alliance dissolution agreement to dissolve the alliance agreement and joint ventures with The Goodyear Tire & Rubber Company.

2) Name of the purchaser

The Goodyear Tire & Rubber Company

3) Date of the sale

October 1, 2015

4) Name and business description of the concerned affiliate, and description of transactions with the Company

- a. Name of the concerned affiliate
Goodyear Dunlop Tires Europe B.V.
- b. Main business
Manufacturing and sale of tires in Europe
- c. Description of transactions with the Company
Goodyear Dunlop Tires Europe B.V. purchases tires from the Company.

5) Sale price of shares, gain/loss on sale, and the equity interest ratio after the sale

- a. Equity interest ratio before the sale : 25%
- b. Equity interest ratio after the sale : 0%
- c. Sale price and gain/loss on sale

As a result of a series of transactions associated with the dissolution of the alliance agreement and joint ventures, the Company received ¥32,509 million (US\$271 million) in cash as consideration. Gain/loss arising from the sale is in the process of being calculated.

2. Absorption-type merger of consolidated subsidiaries

The Company resolved at the meeting of the Board of Directors held on November 5, 2015 to merge with Dunlop Goodyear Tires Ltd., the Company's consolidated subsidiary, by an absorption-type merger.

(1) Summary of the transaction

1) Name and business description of the concerned company subject to the business combination

Name of the acquiring company	: Sumitomo Rubber Industries, Ltd.
Main business	: Manufacturing and sales of tires, etc.
Name of the acquired company	: Dunlop Goodyear Tires Ltd.
Main business	: Sales of original equipment tires in Japan

2) Date of the business combination

January 1, 2016 (Scheduled)

3) Legal form of the business combination

Absorption-type merger in which the Company will be a surviving company, Dunlop Goodyear Tires Ltd. will be dissolved.

4) Name of the company after the business combination

Sumitomo Rubber Industries, Ltd.

(2) Purpose for the transaction

Dunlop Goodyear Tires Ltd. is engaged in the sales of domestic original equipment tires of our Group. The Company decided to merge with the said company by an absorption-type merger to enhance management efficiency and further reinforce the business operational structure by concentrating the allocation of management resources.

(3) Summary of the accounting treatment

In accordance with the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, December 26, 2008) and the "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, December 26, 2008), the Company plans to treat the transaction in common control transactions.