

# Consolidated Financial Results for the Nine Months Ended September 30, 2017 [IFRS]



November 8, 2017

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 9, 2017  
 Scheduled date of commencing dividend payments : -  
 Supplementary documents for quarterly financial results : Yes  
 Quarterly financial results briefing session : Yes (for institutional investors and analysts)

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

## 1. Consolidated Financial Results for Nine Months Ended September 30, 2017 (January 1, 2017 to September 30, 2017)

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

	Sales revenue		Business profit		Operating profit		Profit attributable to owners of parent		Comprehensive income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended September 30, 2017	618,311	15.7	30,272	(28.2)	30,039	(27.9)	16,985	(38.1)	22,775	-
September 30, 2016	534,441	-	42,165	-	41,652	-	27,439	-	(30,751)	-

(Note) "Business profit" is "Sales revenue" subtracted by "Cost of sales" and "Selling, general and administrative expenses."

	Basic profit per share	Diluted profit per share	Business profit to sales revenue ratio
Nine months ended	Yen	Yen	%
September 30, 2017	64.81	-	4.9
September 30, 2016	104.60	-	7.9

## (2) Consolidated Financial Position

	Total assets	Total equity	Total equity attributable to owners of parent	Ratio of equity attributable to owners of parent	Equity attributable to owners of parent per share
As of	Million yen	Million yen	Million yen	%	Yen
September 30, 2017	990,036	464,291	432,978	43.7	1,665.52
December 31, 2016	897,634	459,541	429,316	47.8	1,636.63

## (3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents as of 3rd quarter-end
Nine months ended	Million yen	Million yen	Million yen	Million yen
September 30, 2017	29,475	(82,801)	53,332	66,791
September 30, 2016	76,547	(28,616)	(28,442)	64,125

## 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, 2016	-	30.00	-	25.00	55.00
December 31, 2017	-	25.00	-		
Fiscal year ending December 31, 2017 (Forecast)				30.00	55.00

(Note) Revision to the financial results forecast announced most recently: None

## 3. Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2017 (January 1, 2017 to December 31, 2017)

(% indicates changes from the previous corresponding period.)

	Sales revenue		Business profit		Operating profit		Profit attributable to owners of parent		Basic profit per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	860,000	13.7	63,000	(15.9)	63,000	(14.0)	41,000	(0.9)	157.35

(Note) Revision to the financial results forecast announced most recently: None

**Notes:**

- (1) Changes in Significant Subsidiaries during the Nine Months Ended September 30, 2017  
(changes in specified subsidiaries resulting in changes in scope of consolidation) : None
- (2) Changes in accounting policies and changes in accounting estimates
- 1) Changes in accounting policies required by IFRS : None
  - 2) Changes in accounting policies other than 1) : None
  - 3) Changes in accounting estimates : None
- (3) Total number of issued shares (common stock)
- 1) Total number of issued shares at the end of the period (including treasury stock)
    - September 30, 2017 : 263,043,057 shares
    - December 31, 2016 : 263,043,057 shares
  - 2) Total number of treasury stock at the end of the period
    - September 30, 2017 : 3,077,603 shares
    - December 31, 2016 : 726,168 shares
  - 3) Average number of shares during the period
    - Nine months ended September 30, 2017 : 262,080,739 shares
    - Nine months ended September 30, 2016 : 262,318,221 shares

\* Interim financial statements are outside the scope of the quarterly review procedures under the Financial Instruments and Exchange Act

\* 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 do not constitute any promises by the Company that they will be realized. 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 of 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) Operating Results

	For the nine months ended September 30, 2016	For the nine months ended September 30, 2017	Change in ratio
	Millions of yen	Millions of yen	%
Sales revenue	534,441	618,311	15.7
Tires	455,180	530,656	16.6
Sports	54,297	58,743	8.2
Industrial and Other Products	24,964	28,912	15.8
Business profit	42,165	30,272	(28.2)
Tires	37,397	24,267	(35.1)
Sports	3,202	3,016	(5.8)
Industrial and Other Products	1,550	2,950	90.3
Adjustments	16	39	-
Operating profit	41,652	30,039	(27.9)
Profit attributable to owners of parent	27,439	16,985	(38.1)

(Note) “Business profit” is “Sales revenue” subtracted by “Cost of sales” and “Selling, general and administrative expenses.”

### Foreign exchange rates applied

	For the nine months ended September 30, 2016	For the nine months ended September 30, 2017	Increase (Decrease)
	Yen	Yen	Yen
Yen / U.S. Dollar	109	112	3
Yen / Euro	121	125	4

During the nine months ended September 30, 2017, the U.S. economy continued to expand steadily and the European economy remained on a gradual recovery trend. Continued economic expansion was seen in China, thanks to various economic policies and an indication of economic recovery was also seen in emerging countries except for some countries and regions. The overall global economy showed solid growth.

The Japanese economy showed a relatively steady growth, as seen in the sustained recovery of capital investment, employment and income, as well as the improvement of corporate earnings and employment conditions.

Looking at the business environment surrounding the Sumitomo Rubber Group, the prices of natural rubber and petroleum-based materials, which were soaring from the end of the previous year to the beginning of this year, subsequently turned into a downward trend. On the other hand, the foreign exchange market was relatively stable. Competition with our competitors in the market continued to intensify, but mostly within our expectations.

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.

As a result, sales revenue of the Group increased 15.7% from the same period of the previous fiscal year to ¥618,311 million, business profit decreased 28.2% to ¥30,272 million, operating profit decreased 27.9% to ¥30,039 million and profit attributable to owners of parent decreased 38.1% to ¥16,985 million. Revenue increased from the same period of the previous fiscal year, driven by a solid growth of sales in the Group’s mainstay tire business against the backdrop of a recovering global economy; however, profit decreased in each profit item, affected primarily by soaring prices of raw materials.

Business performance by business segment was as follows.

### **Tire Business**

Sales revenue in the tire business increased 16.6% from the same period of the previous fiscal year to ¥530,656 million, and business profit decreased 35.1% to ¥24,267 million.

In the domestic replacement market, sales revenue exceeded the level of the same period of the previous fiscal year. Under the DUNLOP brand, we endeavored to expand sales of high-value-added products, mainly focusing on the new product “LE MANS V” as well as to early launch “WINTER MAXX 02” studless tires, which provide the best on-ice performance in DUNLOP history. We also expanded sales of high-performance tires including our premium product “AZENIS FK453” while making efforts to enhance brand awareness, such as through co-sponsoring “Red Bull Air Race Chiba 2017” under the FALKEN brand.

In the domestic original equipment market, sales volume and sales revenue exceeded the level of the same period of the previous fiscal year, as a result of higher automobile production volume compared to the same period of the previous fiscal year, as well as efforts to expand the models of automobiles to which our tires are delivered by promoting the sales of high-value-added tires, particularly fuel-efficient tires.

In the overseas replacement market, sales volume and sales revenue exceeded the level of the same period of the previous fiscal year, mainly as a result of an increase in sales in North America, where economic expansion continues, and in many other countries and regions including Europe and Asia, as well as the acquisition of the British tire sales company Micheldever Group Ltd. in the three months ended March 31, 2017.

In the overseas original equipment market, sales volume and sales revenue exceeded the level of the same period of the previous fiscal year due to expanded delivery in China, Brazil and Turkey, as well as increased sales in Europe.

As a result, sales revenue in the tire business increased from the same period of the previous fiscal year; however, profit decreased due mainly to the effect of soaring raw material prices.

### **Sports Business**

Sales revenue in the sports business increased 8.2% from the same period of the previous fiscal year to ¥58,743 million, and business profit decreased 5.8% to ¥3,016 million.

In the golf goods market in Japan, the number of golf course visitors increased slightly. However, sales revenue fell below the level of the same period of the previous fiscal year, due mainly to sluggish sales of golf clubs amid increasingly fierce competition with other companies’ products and the influence of market conditions.

In overseas golf goods markets, we made aggressive efforts to globally expand sales of our brands “SRIXON,” “XXIO” and “Cleveland Golf.” Sales revenue exceeded the level of the same period of the previous fiscal year, due mainly to sales expansion of “SRIXON” golf balls in the U.S.

Furthermore, the sports and licensing businesses acquired from Sports Direct International plc in the three months ended June 30, 2017 contributed to an increase in revenue.

As a result, sales revenue in the sports business exceeded the level of the same period of the previous fiscal year; however, business profit decreased due mainly to the effect of soaring raw material prices.

In addition, as announced on August 29, 2017, the Company’s consolidated subsidiaries Dunlop Sports Co., Ltd. and Dunlop International Co. Ltd. will be merged into the Company on January 1, 2018.

### **Industrial and Other Products Business**

Sales revenue in the industrial and other products business increased 15.8% from the same period of the previous fiscal year to ¥28,912 million, and business profit increased 90.3% to ¥2,950 million.

Business of precision rubber parts for medical use and vibration control dampers remained favorable, and sales of precision rubber parts for office machines increased following the recovery of manufacturers’ production. Sales of products for infrastructure including civil works and marine facilities also remained favorable. Consequently, sales revenue in the industrial and other products business exceeded the level of the same period of the previous fiscal year, and business profit also increased.

## (2) Financial Position

	As of December 31, 2016	As of September 30, 2017	Increase (Decrease)
	Millions of yen	Millions of yen	Millions of yen
Total assets	897,634	990,036	92,402
Total equity	459,541	464,291	4,750
Total equity attributable to owners of parent	429,316	432,978	3,662
Total equity attributable to owners of parent ratio (%)	47.8	43.7	(4.1)
Equity attributable to owners of parent per share	1,636.63 yen	1,665.52 yen	28.89 yen

The financial position of the Group for the nine months ended September 30, 2017 was as follows.

Total assets increased ¥92,402 million from the end of the previous fiscal year to ¥990,036 million mainly as a result of an increase in inventories due to seasonal factors and soaring raw material prices as well as an increase in goodwill and intangible assets associated with the acquisition of the British tire sales company Micheldever Group Ltd. and its subsidiaries, and the acquisition of the trademark rights of the DUNLOP brand overseas and the sporting goods and licensing businesses of the DUNLOP brand.

Total liabilities increased ¥87,652 million from the end of the previous fiscal year to ¥525,745 million. This was mainly as a result of an increase in interest-bearing debt associated with the acquisition of treasury stocks for the purpose of allotting the shares to the non-controlling shareholders of the Company's consolidated subsidiary Dunlop Sports Co. Ltd., which will be merged into the Company, in addition to acquisitions of a British tire sales company, the trademark rights of the DUNLOP brand and the sports business.

Total equity as of September 30, 2017 amounted to ¥464,291 million, of which equity attributable to owners of parent was ¥432,978 million. Equity attributable to owners of parent ratio was 43.7%, and equity attributable to owners of parent per share was ¥1,665.52.

(3) Consolidated Financial Results Forecast and Other Future Forecast

No revisions have been made to the full year financial results forecast in the Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2017, which we announced on August 8, 2017.

Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2017 (January 1, 2017 to December 31, 2017)

	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
Sales revenue	860,000	860,000	-	-	756,696
Tires	741,000	741,000	-	-	648,445
Sports	80,000	80,000	-	-	72,772
Industrial and Other Products	39,000	39,000	-	-	35,479
Business profit	63,000	63,000	-	-	74,916
Tires	56,000	56,000	-	-	67,924
Sports	3,500	3,500	-	-	4,303
Industrial and Other Products	3,500	3,500	-	-	2,673
Adjustments	-	-	-	-	16
Operating profit	63,000	63,000	-	-	73,284
Profit attributable to owners of parent	41,000	41,000	-	-	41,364

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	111	111	-	109
Yen / Euro	126	123	3	120

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. Condensed Interim Consolidated Financial Statements and Primary Notes

### (1) Condensed Interim Consolidated Statement of Financial Position

(Millions of yen)

	As of December 31, 2016	As of September 30, 2017
<b>Assets</b>		
Current assets		
Cash and cash equivalents	66,492	66,791
Trade and other receivables	182,855	185,085
Other financial assets	3,821	3,827
Inventories	138,993	170,477
Other current assets	20,398	29,974
Total current assets	412,559	456,154
Non-current assets		
Property, plant and equipment	363,293	368,878
Goodwill	15,351	46,721
Intangible assets	21,445	34,288
Investments accounted for using equity method	4,071	4,123
Other financial assets	41,239	40,744
Net defined benefit asset	20,635	20,545
Deferred tax assets	13,888	13,580
Other non-current assets	5,153	5,003
Total non-current assets	485,075	533,882
Total assets	897,634	990,036

(Millions of yen)

As of December 31, 2016 As of September 30, 2017

	As of December 31, 2016	As of September 30, 2017
<b>Liabilities and equity</b>		
<b>Liabilities</b>		
Current liabilities		
Bonds and loans payable	77,056	156,334
Trade and other payables	120,236	122,754
Other financial liabilities	2,624	1,900
Income tax payable	9,960	3,551
Provisions	7,350	4,488
Other current liabilities	34,777	39,348
Total current liabilities	252,003	328,375
Non-current liabilities		
Bonds and loans payable	121,556	127,635
Other financial liabilities	4,577	3,940
Net defined benefit liability	22,188	22,901
Provisions	1,197	1,173
Deferred tax liabilities	12,154	16,690
Other non-current liabilities	24,418	25,031
Total non-current liabilities	186,090	197,370
Total liabilities	438,093	525,745
<b>Equity</b>		
Capital stock	42,658	42,658
Capital surplus	37,937	37,938
Retained earnings	389,970	393,875
Treasury stock	(570)	(5,166)
Other components of equity	(40,679)	(36,327)
Total equity attributable to owners of parent	429,316	432,978
Non-controlling interest	30,225	31,313
Total equity	459,541	464,291
Total liabilities and equity	897,634	990,036

(2) Condensed Interim Consolidated Statements of Income and Comprehensive Income  
Condensed Interim Consolidated Statements of Income

(Millions of yen)

	For the nine months ended September 30, 2016	For the nine months ended September 30, 2017
Sales revenue	534,441	618,311
Cost of sales	(359,183)	(441,680)
Gross profit	175,258	176,631
Selling, general and administrative expenses	(133,093)	(146,359)
Business profit	42,165	30,272
Other income	3,037	1,819
Other expenses	(3,550)	(2,052)
Operating profit	41,652	30,039
Financial income	4,764	2,755
Financial expenses	(8,374)	(3,571)
Equity in earnings of affiliates	61	56
Profit before tax	38,103	29,279
Income tax expenses	(10,192)	(10,408)
Profit	27,911	18,871
Profit attributable to:		
Owners of parent	27,439	16,985
Non-controlling interests	472	1,886
Profit	27,911	18,871
Profit per share		
Basic profit per share (Yen)	104.60	64.81

Condensed Interim Consolidated Statements of Comprehensive Income

(Millions of yen)

	For the nine months ended September 30, 2016	For the nine months ended September 30, 2017
Profit	27,911	18,871
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	(1,890)	1,650
Items that may be reclassified subsequently to profit or loss		
Cash flow hedges	(1,129)	(531)
Currency translation differences of foreign operations	(55,643)	2,785
Other comprehensive income, net of tax	(58,662)	3,904
Comprehensive income	(30,751)	22,775
Comprehensive income attributable to:		
Owners of parent	(28,062)	21,093
Non-controlling interests	(2,689)	1,682
Comprehensive income	(30,751)	22,775

(3) Condensed Interim Consolidated Statements of Changes in Equity  
For the nine months ended September 30, 2016

(Millions of yen)

	Equity attributable to owners of parent					
	Capital Stock	Capital surplus	Retained earnings	Treasury stock	Other components of equity	
					Currency translation differences of foreign operations	Cash flow hedges
Balance as of January 1, 2016	42,658	37,916	360,143	(567)	(32,266)	(578)
Profit			27,439			
Other comprehensive income					(52,511)	(1,129)
Total comprehensive income	-	-	27,439	-	(52,511)	(1,129)
Purchase of treasury stock				(2)		
Disposal of treasury stock		0		0		
Dividends			(15,739)			
Changes in ownership interests in subsidiaries that do not result in loss of control		16				
Changes in scope of consolidation						
Transfer to retained earnings			5,737			
Other increase and decrease						445
Total transactions with owners	-	16	(10,002)	(2)	-	445
Balance as of September 30, 2016	42,658	37,932	377,580	(569)	(84,777)	(1,262)

	Equity attributable to owners of parent				Non-controlling interests	Total Equity
	Other components of equity			Total		
	Financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plan	Total			
Balance as of January 1, 2016	14,981	-	(17,863)	422,287	29,550	451,837
Profit			-	27,439	472	27,911
Other comprehensive income	(1,861)		(55,501)	(55,501)	(3,161)	(58,662)
Total comprehensive income	(1,861)	-	(55,501)	(28,062)	(2,689)	(30,751)
Purchase of treasury stock			-	(2)		(2)
Disposal of treasury stock			-	0		0
Dividends			-	(15,739)	(603)	(16,342)
Changes in ownership interests in subsidiaries that do not result in loss of control			-	16	2,183	2,199
Changes in scope of consolidation			-	-	272	272
Transfer to retained earnings	(5,737)		(5,737)	-		-
Other increase and decrease			445	445		445
Total transactions with owners	(5,737)	-	(5,292)	(15,280)	1,852	(13,428)
Balance as of September 30, 2016	7,383	-	(78,656)	378,945	28,713	407,658

For the nine months ended September 30, 2017

(Millions of yen)

	Equity attributable to owners of parent					
	Capital Stock	Capital surplus	Retained earnings	Treasury stock	Other components of equity	
					Currency translation differences of foreign operations	Cash flow hedges
Balance as of January 1, 2017	42,658	37,937	389,970	(570)	(49,657)	(185)
Profit			16,985			
Other comprehensive income					2,976	(543)
Total comprehensive income	-	-	16,985	-	2,976	(543)
Purchase of treasury stock				(4,596)		
Disposal of treasury stock		1		0		
Dividends			(13,116)			
Changes in ownership interests in subsidiaries that do not result in loss of control						
Change in scope of consolidation						
Transfer to retained earnings			36			
Other increase and decrease						280
Total transactions with owners	-	1	(13,080)	(4,596)	-	280
Balance as of September 30, 2017	42,658	37,938	393,875	(5,166)	(46,681)	(448)

	Equity attributable to owners of parent				Non-controlling interests	Total Equity
	Other components of equity			Total		
	Financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plan	Total			
Balance as of January 1, 2017	9,163	-	(40,679)	429,316	30,225	459,541
Profit			-	16,985	1,886	18,871
Other comprehensive income	1,675		4,108	4,108	(204)	3,904
Total comprehensive income	1,675	-	4,108	21,093	1,682	22,775
Purchase of treasury stock			-	(4,596)		(4,596)
Disposal of treasury stock			-	1		1
Dividends			-	(13,116)	(1,201)	(14,317)
Changes in ownership interests in subsidiaries that do not result in loss of control			-	-	607	607
Change in scope of consolidation			-	-		-
Transfer to retained earnings	(36)		(36)	-		-
Other increase and decrease			280	280		280
Total transactions with owners	(36)	-	244	(17,431)	(594)	(18,025)
Balance as of September 30, 2017	10,802	-	(36,327)	432,978	31,313	464,291

## (4) Condensed Interim Consolidated Statements of Cash Flows

(Millions of yen)

	For the nine months ended September 30, 2016	For the nine months ended September 30, 2017
Cash flows from operating activities		
Profit before tax	38,103	29,279
Depreciation and amortization	37,386	41,559
Interest and dividends income	(1,592)	(1,874)
Interest expenses	3,220	3,570
Share of (profit) loss of entities accounted for using equity method	(61)	(56)
Decrease (increase) in inventories	(11,307)	(22,927)
Decrease (increase) in trade and other receivables	30,444	7,123
Increase (decrease) in trade and other payables	(22,915)	(6,725)
Other, net	8,951	2,826
Subtotal	82,229	52,775
Interest received	1,153	1,496
Dividend income received	442	368
Interest expenses paid	(2,670)	(3,129)
Income taxes paid	(4,607)	(22,035)
Net cash provided by (used in) operating activities	76,547	29,475
Cash flows from investing activities		
Purchase of property, plant and equipment	(35,880)	(45,338)
Proceeds from sales of property, plants and equipment	310	575
Purchase of intangible assets	(3,619)	(2,854)
Proceeds from sales of investment securities	10,311	265
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	120	-
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(34,827)
Payment for transfer of business	-	(690)
Other, net	142	68
Net cash provided by (used in) investing activities	(28,616)	(82,801)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	11,119	64,203
Proceeds from long-term debt and newly issued bonds	14,609	30,838
Repayments of long-term debt and redemption of bonds	(38,319)	(21,386)
Proceeds from contributions of non-controlling interests	2,217	607
Cash dividends paid	(15,739)	(13,116)
Cash dividends paid to non-controlling interests	(603)	(1,201)
Purchase of treasury stocks	(2)	(4,596)
Other, net	(1,724)	(2,017)
Net cash provided by (used in) financing activities	(28,442)	53,332
Effect of exchange rate change on cash and cash equivalents	(8,920)	293
Net increase (decrease) in cash and cash equivalents	10,569	299
Cash and cash equivalents at the beginning of current period	53,556	66,492
Cash and cash equivalents at the end of current period	64,125	66,791

(5) Notes on Condensed Interim Consolidated Financial Statements  
 (Notes on Going Concern Assumption)  
 None

(Segment Information)

1. Information by reportable segment

Reportable segments of the Group are the units for which separate financial information is available and periodically reviewed by the Board of Directors as the highest decision-making body for the purposes of deciding the allocation of management resources and evaluating business performance.

The Group has three divisions based on operations in Tires, Sports and Industrial and Other Products. Each division formulates comprehensive strategies for both domestic and overseas markets and develops business activities.

Therefore, the Group identifies “Tires”, “Sports”, and “Industrial and Other Products” as reportable segments.

Major products and services or details of business that belong to each reportable segment are as follows:

Reportable segment	Major products and services or detail of business
Tires	Tires and tubes (for automobiles, construction vehicles, industrial vehicles, automotive races and rallies, motorcycles, etc.) Automotive system business (instant mobility systems, deflation warning systems, etc.)
Sports	Sporting goods (golf clubs, golf balls and other golf goods, tennis goods, etc.) Operation of golf tournaments Operation of golf and tennis schools Fitness business, and others
Industrial and Other Products	High-performance rubber products (vibration control dampers, precision rubber parts for office machines, precision rubber parts for medical use, etc.) Daily life supplies (rubber gloves for cooking and other operations, ramps for wheelchair use, etc.) Products for infrastructure (marine dock fenders, flooring materials for factories and sports facilities, etc.)

2. Reportable segment sales revenues and profit or loss

Inter-segment sales revenue are stated at wholesale prices based on current market values.

Figures for reportable segment are based on business profit.

Information for the reportable segments for the previous fiscal year and the current fiscal year is as follows.



For the nine months ended September 30, 2016 (January 1, 2016 to September 30, 2016)

(Millions of yen)

	Reportable segment			Total	Adjustments (Note 2)	Amounts recorded in Condensed Interim Consolidated Statements of Income
	Tires	Sports	Industrial and Other Products			
Sales revenue from external customers	455,180	54,297	24,964	534,441	-	534,441
Inter-segment sales revenue	7	221	12	240	(240)	-
Total	455,187	54,518	24,976	534,681	(240)	534,441
Segment profit (Business profit) (Note 1)	37,397	3,202	1,550	42,149	16	42,165
Other income and expenses						(513)
Operating profit						41,652

(Notes)

1. “Segment profit (Business profit)” is “Sales revenue” subtracted by “Cost of sales” and “Selling, general and administrative expenses.”
2. Segment profit included in “Adjustment” comprised elimination of inter-segment transactions.

For the nine months ended September 30, 2017 (January 1, 2017 to September 30, 2017)

(Millions of yen)

	Reportable segment			Total	Adjustments (Note 2)	Amounts recorded in Condensed Interim Consolidated Statements of Income
	Tires	Sports	Industrial and Other Products			
Sales revenue from external customers	530,656	58,743	28,912	618,311	-	618,311
Inter-segment sales revenue	25	181	548	754	(754)	-
Total	530,681	58,924	29,460	619,065	(754)	618,311
Segment profit (Business profit) (Note 1)	24,267	3,016	2,950	30,233	39	30,272
Other income and expenses						(233)
Operating profit						30,039

(Notes)

1. “Segment profit (Business profit)” is “Sales revenue” subtracted by “Cost of sales” and “Selling, general and administrative expenses.”
2. Segment profit included in “Adjustment” comprised elimination of inter-segment transactions.

(Significant Subsequent Events)

None