

Consolidated Financial Statements for the Fiscal Year Ended December 31, 2017

February 16, 2018

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

Code number: 5108

Representative: Masaaki Tsuya,

Member of the Board

CEO and Representative Executive Officer

Concurrently Chairman of the Board

Contact: Satoshi Nakamura, General Manager, Investor Relations

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Scheduled date of annual shareholders' meeting:

March 23, 2018

Scheduled date of securities report submission:

March 23, 2018

Scheduled date of dividend payment commencement:

March 26, 2018

Supplementary information for the financial statements to be prepared:

Yes

Meeting to explain the financial statements to be held:

Yes

Stock exchange listings: Tokyo, Nagoya, Fukuoka

URL: <http://www.bridgestone.com/>

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

1. Consolidated Results for Fiscal 2017 (January 1, 2017 - December 31, 2017)

(1) Consolidated Operating Results

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Yen in millions	%	Yen in millions	%	Yen in millions	%	Yen in millions	%
Fiscal 2017	3,643,427	9.2	419,047	(6.8)	400,564	(7.4)	288,275	8.6
Fiscal 2016	3,337,017	(12.0)	449,548	(13.1)	432,534	(14.7)	265,550	(6.6)

(Reference) Comprehensive Income: Fiscal 2017 ¥325,654 million [70.4%] Fiscal 2016 ¥191,112 million [(23.8%)]

	Net income per share	Diluted net income per share	Net return on Total equity	Ordinary income / Total assets	Operating income margin
	Yen	Yen	%	%	%
Fiscal 2017	375.67	375.01	12.5	10.4	11.5
Fiscal 2016	339.04	338.52	11.8	11.5	13.5

(Reference) Equity in earnings of affiliates: Fiscal 2017 ¥51 million Fiscal 2016 ¥231 million

(2) Consolidated Financial Position

	Total assets	Net assets	Ratio of total equity to total assets	Total equity per share
	Yen in millions	Yen in millions	%	Yen
Fiscal 2017	3,959,038	2,402,738	59.2	3,115.69
Fiscal 2016	3,716,030	2,345,899	61.5	2,915.85

(Reference) Total equity: Fiscal 2017 ¥2,342,147 million Fiscal 2016 ¥2,283,860 million

(3) Consolidated Cash Flows

	Net cash provided by operating activities	Net cash used in investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of year
	Yen in millions	Yen in millions	Yen in millions	Yen in millions
Fiscal 2017	418,109	(200,777)	(190,069)	501,797
Fiscal 2016	444,535	(178,276)	(216,404)	471,741

2. Dividends

	Dividend per share					Total dividends	Dividends Pay-out ratio (Consolidated)	Ratio of dividends to total equity (Consolidated)
	1st quarter end	2nd quarter end	3rd quarter end	Year - end	Total			
	Yen	Yen	Yen	Yen	Yen	Yen in millions	%	%
Fiscal 2016	—	70.00	—	70.00	140.00	109,655	41.3	4.9
Fiscal 2017	—	70.00	—	80.00	150.00	113,773	39.9	5.0
Fiscal 2018 (Projection)	—	80.00	—	80.00	160.00		39.1	

3. Consolidated Projected Results for Fiscal 2018 (January 1, 2018 - December 31, 2018)

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Yen in millions	%	Yen in millions	%	Yen in millions	%	Yen in millions	%	Yen
First half year	1,810,000	3.9	196,000	(3.1)	184,000	(6.0)	129,000	(2.2)	171.60
Fiscal 2018	3,800,000	4.3	463,000	10.5	439,000	9.6	308,000	6.8	409.72

*** Notes**

(1) Changes in principal subsidiaries during fiscal 2017 : No
(Changes in specified subsidiaries involving change in consolidation scope)

(2) Changes in accounting policy, changes in accounting estimates, and restatements

- 1) Changes due to revisions of accounting standards, etc. : No
- 2) Changes in accounting policy other than 1) : Yes
- 3) Changes in accounting estimates : No
- 4) Restatements : No

* For further details, please see page 21, "Changes in accounting policy."

(3) Outstanding number of shares (common stock)

1) Outstanding number of shares at period end (including treasury stock):

December 31, 2017	813,102,321 shares
December 31, 2016	813,102,321 shares

2) Number of shares of treasury stock at period end

December 31, 2017	61,375,611 shares
December 31, 2016	29,844,837 shares

3) Average outstanding number of shares

Fiscal 2017 year ended December 31, 2017	767,356,481 shares
Fiscal 2016 year ended December 31, 2016	783,240,607 shares

**(Reference) Summary of Non-consolidated Results
(January 1, 2017 - December 31, 2017)**

(1) Non-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	%
Fiscal 2017	858,081	7.5	138,322	0.4	249,871	34.6	180,194	28.0
Fiscal 2016	797,866	(12.6)	137,787	(27.2)	185,587	(18.2)	140,784	(17.7)

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal 2017	234.82	234.41
Fiscal 2016	179.74	179.47

(2) Non-consolidated Financial Position

	Total assets	Net assets	Ratio of total equity to total assets	Total equity per share
	Yen in millions	Yen in millions	%	Yen
Fiscal 2017	2,053,696	1,441,733	70.0	1,913.06
Fiscal 2016	1,969,425	1,500,153	76.0	1,911.47

(Reference) Total equity: Fiscal 2017 ¥1,438,103 million Fiscal 2016 ¥1,497,177 million

* These financial statements are exempt from audit procedures

* 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. For further details, please see page 4, "Projections for fiscal 2018."

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1. Operating Results

The Bridgestone Corporation is referred to as the “Company”, and the Company and its subsidiaries are referred to as the “Group”.

(1) Analysis of Operating Results

[Operating results for fiscal 2017]

1) Sales and earnings

	Fiscal 2017	Fiscal 2016	Increase (Decrease)	
	Yen in billions	Yen in billions	Yen in billions	%
Net sales	3,643.4	3,337.0	306.4	9
Operating income	419.0	449.5	(30.5)	(7)
Ordinary income	400.5	432.5	(31.9)	(7)
Profit attributable to owners of parent	288.2	265.5	22.7	9

During the fiscal year of 2017 (January 1, 2017 to December 31, 2017), the Group’s operating environment showed signs of gradual recovery in the domestic economy. However, due to the rising uncertainty of overseas economies, the future outlook is difficult to predict. The U.S. economy continued on a solid recovery path. The European economy continued to show gradual recovery but remained unstable as a result of the United Kingdom’s decision to withdrawal from the European Union (EU) and related issues. In Asia, the Chinese economic growth had shown the signs of recovery. Overall, many overseas economies showed gradual recovery in the midst of continued political and economic instability. In addition, tire demand in the mining industry increased along with rising commodity prices.

Under these operating conditions, the Group continued to focus on three priority issues to realize the ultimate goal of becoming “a truly global company” and achieving “Dan-Totsu in all aspects of its business.” The first priority issue is “cultivating global corporate culture.” Bridgestone Corporation has focused on promoting brand strategies through sponsorship and supporting activities for the Olympic and Paralympic Games Tokyo 2020. The Group also expanded sales of highly competitive products and services in global markets, while building and enhancing a solutions business that extends beyond the sales of products, to accelerate technology and business model innovation. In regard to the second and third priority issues, “developing human resources capable of global management” and “upgrading the global management structure,” the Group continuously strives to implement various measures, aimed at nurturing diverse human resources and reforming governance structure, by investing appropriate costs.

As a result, net sales in fiscal 2017 were ¥3,643.4 billion, an increase of 9% from fiscal 2016; due in part to increasing raw material costs: operating income was ¥419.0 billion, a decrease of 7%, ordinary income was ¥400.5 billion, a decrease of 7%; and profit attributable to owners of parent was ¥288.2 billion, an increase of 9%.

2) Segment Information

		Fiscal 2017	Fiscal 2016	Increase (Decrease)	
		Yen in billions	Yen in billions	Yen in billions	%
Tires	Net Sales	3,031.1	2,765.7	265.3	10
	Operating income	387.1	414.7	(27.5)	(7)
Diversified Products	Net Sales	627.8	585.7	42.1	7
	Operating income	31.8	34.8	(2.9)	(8)
Consolidated Results	Net Sales	3,643.4	3,337.0	306.4	9
	Operating income	419.0	449.5	(30.5)	(7)

In the tire segment, the Group worked to maximize sales momentum by introducing desirable products and services globally, reinforcing fundamental competencies, and responding swiftly to demand fluctuation in each region. In addition, the Group implemented price increases appropriately to respond to the rising prices of raw materials, which had persisted since the previous year.

In Japan, unit sales of tires for passenger cars and light trucks, and unit sales of tires for trucks and buses increased steadily compared to fiscal 2016. In the Americas, unit sales of tires for passenger cars and light trucks in North America decreased, but unit sales of tires for trucks and buses increased strongly, compared to fiscal 2016. In Europe, unit sales of tires for passenger cars and light trucks, and unit sales of tires for trucks and buses increased steadily, compared to fiscal 2016. In China and Asia Pacific, unit sales of tires for passenger cars and light trucks increased steadily, and unit sales of tires for trucks and buses increased substantially, compared to fiscal 2016. In the specialty tire business, sales of large and ultra-large off-the-road radial tires for construction and mining vehicles increased substantially compared to fiscal 2016.

As a result, net sales in the tires segment during fiscal 2017 were ¥3,031.1 billion, an increase of 10% from fiscal 2016; operating income was ¥387.1 billion, a decrease of 7%, due to increasing raw material costs.

In the diversified products segment, net sales were ¥627.8 billion, an increase of 7% from fiscal 2016; while operating income was ¥31.8 billion, a decrease of 8% due to a decrease in the profit of domestic business.

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

[Projections for fiscal 2018]

The Group's operating environment will continue to require careful attention due to such factors as fluctuations in exchange rates and the prices of raw materials and feedstocks, an ongoing lack of clarity in the global economic situation and international political conditions that remain unstable.

Amid such a challenging business environment, the Group projects the following results through the implementation of Mid-Term Management Plan initiatives.

		Fiscal 2018 projections	Fiscal 2017	Increase (Decrease)	
		Yen in billions	Yen in billions	Yen in billions	%
First half	Net sales	1,810.0	1,742.8	67.1	4
	Operating income	196.0	202.3	(6.3)	(3)
	Ordinary income	184.0	195.8	(11.8)	(6)
	Profit attributable to owners of parent	129.0	131.8	(2.8)	(2)
Full-year	Net sales	3,800.0	3,643.4	156.5	4
	Operating income	463.0	419.0	43.9	10
	Ordinary income	439.0	400.5	38.4	10
	Profit attributable to owners of parent	308.0	288.2	19.7	7
Exchange Rate	First half	Yen	Yen	—	%
		yen/dollar	108		112
	yen/euro	132	122		8
	Full-year	yen/dollar	108		112
yen/euro		132	127	4	

Forward-Looking Statements

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 statement are not guarantees of future business performance.

(2) Analysis of Financial Position

1) Cash flows

	Fiscal 2017	Fiscal 2016	Increase (Decrease)
	Yen in billions	Yen in billions	Yen in billions
Net cash provided by operating activities	418.1	444.5	(26.4)
Net cash used in investing activities	(200.7)	(178.2)	(22.5)
Net cash used in financing activities	(190.0)	(216.4)	26.3
Effect of exchange rate changes on cash and cash equivalents	2.7	(4.8)	7.6
Net increase (decrease) in cash and cash equivalents	30.0	45.0	(14.9)
Cash and cash equivalents at beginning of year	471.7	426.7	45.0
Cash and cash equivalents at end of year	501.7	471.7	30.0

The Group's cash and cash equivalents increased ¥30.0 billion during fiscal 2017, to ¥501.7 billion, compared with an increase of ¥45.0 billion during the previous year.

(Cash flows from operating activities)

Net cash provided by operating activities decreased ¥26.4 billion compared with the previous year, to ¥418.1 billion. The principal contributors in that cash provided included income before income taxes and non-controlling interests of ¥420.4 billion, compared with ¥421.5 billion during the previous year, depreciation and amortization of ¥200.3 billion, compared with ¥188.0 billion during the previous year. These contributors offset income taxes paid of ¥67.2 billion, compared with ¥128.7 billion during the previous year.

(Cash flows from investing activities)

Net cash used in investing activities increased ¥22.5 billion compared with the previous year, to ¥200.7 billion. The principal contributor in that cash used included payments of ¥198.2 billion for purchase of tangible fixed assets, compared with payments of ¥186.8 billion during the previous year. The contributor offsets proceeds from sales of investments in securities of ¥31.8 billion, compared with ¥14.4 billion during the previous year.

(Cash flows from financing activities)

Net cash used in financing activities decreased ¥26.3 billion compared with the previous year, to ¥190.0 billion. The principal contributors in that cash used included repayments of long-term borrowings of ¥131.8 billion, compared with ¥68.3 billion during the previous year, a purchase of treasury shares of ¥150.0 billion, compared with ¥4 million during the previous year, cash dividends paid of ¥108.6 billion, compared with ¥109.3 billion during the previous year, and cash dividends paid to non-controlling interests of ¥11.0 billion, compared with ¥19.2 billion during the previous year. These contributors offset a net increase in short-term borrowings and commercial paper of ¥25.6 billion, compared with a net decrease of ¥8.1 billion during the previous year, proceeds from long-term borrowings of 37.1 billion, compared with ¥19.4 billion during the previous year, and proceeds from issuance of bonds of ¥150.0 billion (not applicable during the previous year).

2) Trends in cash flow indicators

	Fiscal 2015	Fiscal 2016	Fiscal 2017
Ratio of total equity to total assets (%)	58.2	61.5	59.2
Total equity ratio on market value basis (%)	86.1	88.8	99.5
Interest-bearing debt / cash flow ratio (years)	0.8	0.8	1.1
Interest coverage ratio(times)	44.4	44.2	34.6

(Note) *Ratio of total equity to total assets: Total equity / total assets*
Total equity ratio on market value basis: Market capitalization / total assets
Interest-bearing debt / cash flow ratio: Interest-bearing debt / cash flow
Interest coverage ratio: cash flow / interest payments

- * All indices are calculated using consolidated financial figures.
- * Market capitalization is calculated as closing share price at the end of period × number of shares outstanding at the end of period (excluding treasury stock).
- * For cash flow, the figure for net cash provided by operating activities in the consolidated statements of cash flows is used. For interest-bearing debt, the sum for all liabilities in the consolidated balance sheets for which interest is paid is used. For interest payments, the figure for interest paid in the consolidated statements of cash flows is used.

(3) Basic Policy for the Appropriation of Profits and Dividends for the Fiscal 2017 and 2018

Regarding the interests of shareholders as an important management priority, the Company follows a basic policy of strengthening our management base in preparation for future business developments while working to improve business results. In regard to distributing profits to shareholders, the Company conducts shareholder returns while maintaining an appropriate financial position and securing the internal revenues necessary for future growth investments. In determining dividend payments, the Company comprehensively evaluates factors including business results, financial condition for the relevant fiscal period, medium-term earnings forecasts, investment plans, and cash flows. Based on these considerations, the Company strives to live up to expectations of shareholders by issuing stable dividend payments targeting a consolidated payout ratio of 20%-40%.

The Company pays dividends twice a year, comprising year-end and interim cash dividends. Year-end cash dividends are subject to approval by a resolution of the annual shareholders' meeting, while interim cash dividends are subject to approval by a resolution of the Board of Directors.

Further, the Company strives to strengthen the long-term stability of our management base by using retained earnings to improve and expand production and sales systems and advance R&D activities in Japan and overseas.

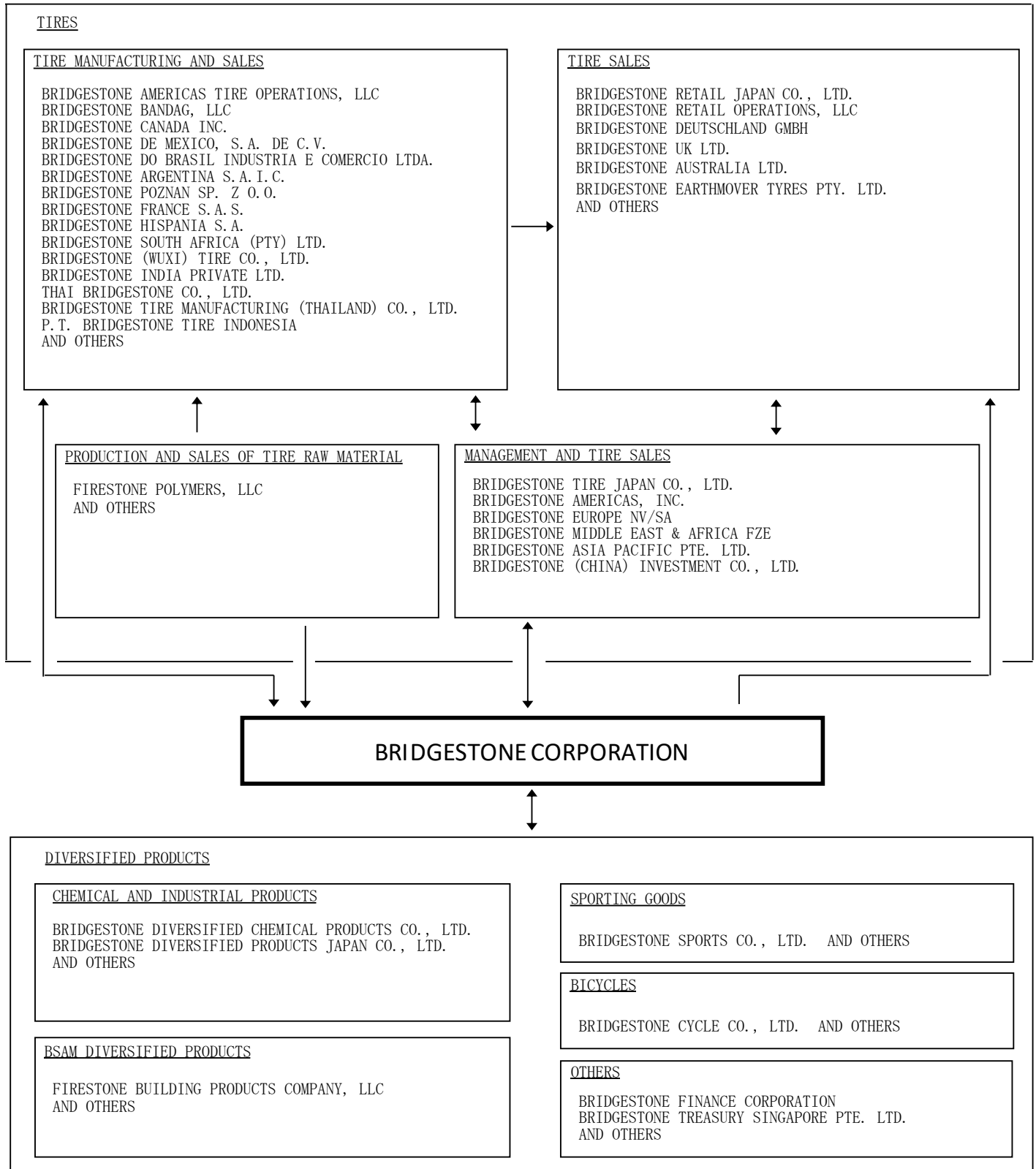
For the fiscal 2017, the Company plans to pay a cash dividend of ¥150 per share, comprising a year-end cash dividend of ¥80 per share and an interim cash dividend of ¥70 per share.

For the fiscal 2018, the Company plans to pay a cash dividend of ¥160 per share, comprising a year-end cash dividend of ¥80 per share and an interim cash dividend of ¥80 per share.

2. BRIDGESTONE Group’s Major Subsidiaries and Business Relation Flowchart

AS OF DECEMBER 31, 2017

→ Flow of products and services



All of the above-mentioned companies are our consolidated subsidiaries.

* Renaming of subsidiary in Australia

As of January 1, 2018, BRIDGESTONE EARTHMOVER TYRES PTY. LTD. was renamed BRIDGESTONE MINING SOLUTIONS AUSTRALIA PTY. LTD.

3. Management Policies

(1) Basic Management Policies

The Group follows a corporate philosophy that consists of the mission “Serving Society with Superior Quality.” The four foundations for fulfilling this mission are: “*Seijitsu-Kyocho* [Integrity and Teamwork];” “*Shinshu-Dokuso* [Creative Pioneering];” “*Genbutsu-Genba* [Decision-Making Based on Verified, On-Site Observations];” and “*Jukuryo-Danko* [Decisive Action after Thorough Planning],” as well as the Safety Mission Statement, the Quality Mission Statement, and the Environmental Mission Statement. Based on this corporate philosophy, the Group will pursue its ultimate goal of becoming “a truly global company” and achieving “Dan-Totsu in all aspects of our business.” Further, as a responsible global company, the Group respects the social culture and values, complies with laws and statutory regulations, protects the global environment, and contributes through socially responsible activities in the countries in which the Group conducts business activities.

(2) Management Strategies and Tasks

The Group's operating environment is undergoing substantial change in a wide range of areas, including international relations, politics, economics, environmental issues, and technological innovation. Social structures and consumer attitudes are also changing significantly.

In this setting, to achieve the goals outlined above, the Group remains firmly committed to the principles of “Lean & Strategic” and “Optimize on a Group and Global basis.” In other words, the Group maintains an optimum balance between short-term and mid- to long-term management measures, with a focus on “Lean” in the short-term and “Strategic” in the mid- to long-term. At the same time, the Group continues to implement management reforms, giving the highest priority to optimization on a Group and Global basis. The Group also aims to ensure the targets to be consistently delivered: “Growth: Exceed the industry average,” “Overall: ROA 6%, OP 10%, ROE 12%,” and “Each SBU: OP 10% (Respectively),” in the Mid-Term Management Plan (announced in October 2017).

In accordance with this fundamental approach, the Group makes full use of “the Strategic Business Unit (SBU) organization” and “the Mid-Term Management Plan (MTP)” as tools to continue to focus on three priority issues: “cultivating global corporate culture;” “developing human resources capable of global management;” and “upgrading the global management structure,” helping to improve the quality and the speed of management reforms.

In regard to the first priority issue, “cultivating global corporate culture,” the Group ensures group and global consistency, promoting the brand strategy as a part of a fully-integrated marketing strategy. In addition, as being one of just 13 Worldwide Olympic Partners and a Tokyo 2020 Paralympic Games Gold Partner, Bridgestone Corporation continues to strengthen its global brand through these partnerships. With the theme of “CHASE YOUR DREAM,” Bridgestone Corporation launched “Team Bridgestone.” This team consists of athlete ambassadors and contract athletes who are striving to be the very best, as well as those people who support them through their challenges. Furthermore, the Group tries to accelerate innovation through the use of information and communication technology (ICT) and company-wide value chains in an operating environment undergoing significant changes. The Group is striving to optimize global R&D structures and promote innovations in both technology and business models to globally expand the Group's highly competitive products and services and strengthen and develop business solutions. The Group will also continue making efforts to improve all aspects of its management. By taking these measures, the Group creates value for the customer and ensures its competitive advantage.

To achieve the second issue, “developing human resources capable of global management,” the Group will implement measures, such as programs to develop global leaders. Further, the Group is enhancing the development of a work environment and human resources structure that allows diverse team members to demonstrate their full potential. To attain this objective, the Group has designated English as the official company language in international

meetings, including for the Global Executive Committee (Global EXCO), the highest body of global business execution.

In regard to the third issue, “upgrading the global management structure,” the Group is focused on enhancing governance systems and expanding the diversified product business. To enhance governance systems, the Group has shifted to the “Company with Nominating Committee, etc.” model of corporate governance in March 2016, to further improve its internal control systems and speed of decision-making. Aiming to evolve both the efficiency and effectiveness of management and business execution, the Group will continue to develop the global management system, such as clarifying authority and responsibility, optimizing allocation of decision-making authority, and reviewing the SBU organization structure. To expand the diversified products business, the Group works to ensure further growth and improvements of the diversified products business by expanding the Diversified Products Businesses on a global basis, developing the next-generation bicycle components with its innovative technology, and promoting Sports and Health class in the Sports Business. The Group will further strengthen its business solutions, including services, beyond the mere combination of various products, including tires.

In addition, the Group will increase efforts to enhance systems that support the fulfillment of its responsibilities to stakeholders. As for internal control, the Group will conduct reviews of its policy, when necessary, for the development of internal control systems to ensure the appropriateness of operations. In regard to corporate social responsibility (CSR), the Group formulated a CSR commitment, “Our Way to Serve,” as a measures to build a sustainable society and strive to help address social issues in March 2017. The Group has clarified three Priority Areas: Mobility, People and Environment, and six Management Fundamentals expected of any responsible company, and the Group will utilize each of them as the wheels in order to improve the way people move, live, work, and play.

4. Basic Policy on the Selection of Accounting Standard

The Group prepares and discloses our Consolidated Financial Statements in accordance with “Japanese Generally Accepted Accounting Principles”. With respect to International Financial Reporting Standards (IFRS), the Group has the plan for voluntary adoption of IFRS in the future. The time of adoption is under consideration.

5. Consolidated Financial Statements and Primary Notes**(1) Consolidated Balance Sheet**

(Yen in millions)

	FY 2016 (As of December 31, 2016)	FY 2017 (As of December 31, 2017)
Assets		
Current Assets		
Cash and deposits	483,006	511,895
Notes and accounts receivable	455,218	503,412
Short-term investments	167,697	221,680
Merchandise and finished products	377,412	397,253
Work in process	35,469	36,787
Raw materials and supplies	144,527	156,142
Deferred tax assets	69,657	59,854
Other	105,340	117,071
Allowance for doubtful accounts	(16,179)	(17,062)
Total Current Assets	<i>(Note2)</i> 1,822,150	<i>(Note2)</i> 1,987,036
Fixed Assets		
Tangible fixed assets		
Buildings and structures, net	526,688	555,770
Machinery, equipment and vehicles, net	505,685	517,639
Land	167,296	163,452
Construction in progress	160,752	146,160
Other, net	88,703	90,023
Total Tangible Fixed Assets	<i>(Note1)</i> 1,449,126	<i>(Note1)</i> 1,473,046
Intangible fixed assets		
Goodwill	22,935	43,781
Other	51,208	61,248
Total Intangible fixed assets	74,144	105,029
Investments and other assets		
Investments in securities	<i>(Note3)</i> 263,549	<i>(Note3)</i> 278,802
Long-term loans receivable	5,071	6,141
Deferred tax assets	37,172	40,578
Net defined benefit assets	2,039	1,345
Other	64,507	68,649
Allowance for doubtful accounts	(1,730)	(1,591)
Total Investments and Other Assets	370,609	393,925
Total Fixed Assets	<i>(Note2)</i> 1,893,880	<i>(Note2)</i> 1,972,002
Total Assets	3,716,030	3,959,038

(Yen in millions)

	FY 2016 (As of December 31, 2016)	FY 2017 (As of December 31, 2017)
Liabilities		
Current Liabilities		
Notes and accounts payable	195,603	232,698
Short-term borrowings	174,678	124,606
Current portion of bonds	—	20,000
Lease obligations	1,017	14,117
Income taxes payable	22,722	66,453
Deferred tax liabilities	2,144	4,817
Provision for sales returns	3,471	3,603
Accounts payable-other	168,714	169,144
Accrued expenses	221,738	223,777
Other	59,744	51,328
Total Current Liabilities	849,834	910,545
Long-term Liabilities		
Bonds	90,000	220,000
Long-term borrowings	70,458	51,728
Lease obligations	6,616	28,576
Deferred tax liabilities	50,214	53,344
Warranty reserve	27,620	28,419
Provision for environmental remediation	2,018	1,696
Provision for reorganization of R&D and manufacturing base	13,951	8,322
Net defined benefit liability	215,072	202,864
Other	44,345	50,803
Total Long-term Liabilities	520,296	645,754
Total Liabilities	1,370,130	1,556,300
Net Assets		
Shareholders' Equity		
Common stock	126,354	126,354
Capital surplus	123,005	122,984
Retained earnings	2,163,115	2,342,822
Treasury stock-at cost	(56,151)	(206,052)
Total Shareholders' Equity	2,356,323	2,386,108
Accumulated Other Comprehensive Income		
Net unrealized gain(loss) on available-for-sale securities	174,197	176,686
Deferred gain(loss) on derivative instruments	(1,720)	(55)
Foreign currency translation adjustments	(107,242)	(93,479)
Remeasurements of defined benefit plans	(137,698)	(127,112)
Total Accumulated Other Comprehensive Income	(72,463)	(43,960)
Stock Acquisition Rights	2,975	3,629
Non-controlling Interests	59,063	56,961
Total Net Assets	2,345,899	2,402,738
Total Liabilities and Net Assets	3,716,030	3,959,038

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

(Consolidated Statement of Income)

(Yen in millions)

	Previous Year (Year ended December 31, 2016)	Current Year (Year ended December 31, 2017)
Net Sales	3,337,017	3,643,427
Cost of Sales	1,972,475	2,262,589
Gross Profit	1,364,541	1,380,838
Selling, General and Administrative Expenses		
Goods freightage expenses	147,502	170,686
Advertising and promotion expenses	121,228	119,148
Salaries, allowances and bonuses	246,347	258,942
Retirement benefit expenses	19,672	24,198
Depreciation	31,374	33,628
Research and development expenses	(Note1) 95,403	(Note1) 99,791
Other	253,462	255,393
Total Selling, General and Administrative Expenses	914,992	961,791
Operating Income	449,548	419,047
Non-operating Income		
Interest income	5,030	6,336
Dividend income	8,135	7,803
Other	13,375	15,225
Total Non-operating Income	26,541	29,366
Non-operating Expenses		
Interest expense	10,169	12,104
Foreign currency exchange loss	7,802	8,508
Other	25,585	27,236
Total Non-operating Expenses	43,556	47,849
Ordinary Income	432,534	400,564
Extraordinary Income		
Gain on sales of investment securities	11,117	28,595
Gain on sales of shares of subsidiaries and associates	—	10,616
Total Extraordinary Income	11,117	39,211
Extraordinary Loss		
Impairment loss	(Note2) 4,414	(Note2) 10,122
Expenses related to relocation of head office of Americas Operations	—	(Note3) 4,745
Loss related to civil litigation in the Americas	—	(Note4) 4,484
Loss related to reorganization of R&D and manufacturing base	(Note5) 17,649	—
Total Extraordinary Loss	22,063	19,353
Income before Income Taxes and Non-controlling Interests	421,588	420,422
Income Taxes - Current	113,488	124,708
Income Taxes - Deferred	32,661	(1,702)
Total Income Taxes	146,150	123,006
Income before Non-Controlling Interests	275,438	297,416
Profit Attributable to Non-controlling Interests	9,887	9,140
Profit Attributable to Owners of Parent	265,550	288,275

(Consolidated Statement of Comprehensive Income)

(Yen in millions)

	Previous Year (Year ended December 31, 2016)	Current Year (Year ended December 31, 2017)
Income before Non-controlling Interests	275,438	297,416
Other Comprehensive Income (loss)		
Unrealized gain (loss) on available-for-sale securities	(18,109)	2,471
Deferred gain (loss) on derivative instruments	(1,069)	1,560
Foreign currency translation adjustments	(59,702)	14,722
Remeasurements of defined benefit plans	(3,375)	10,073
Share of other comprehensive income in affiliates	(2,068)	(590)
Total Other Comprehensive Income	(84,325)	28,237
Comprehensive Income	191,112	325,654
Comprehensive income attributable to:		
Owners of parent	183,959	316,778
Non-controlling interests	7,153	8,875

(3) Consolidated Statement of Changes in Net Assets

Previous Year (Year ended December 31, 2016)

(Yen in millions)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock-at cost	Total
Beginning balance	126,354	123,025	2,014,497	(56,212)	2,207,664
Cumulative effects of changes in accounting policies			(7,280)		(7,280)
Restated balance	126,354	123,025	2,007,216	(56,212)	2,200,383
(Changes in the year)					
Cash dividends			(109,652)		(109,652)
Profit attributable to owners of parent			265,550		265,550
Purchase of treasury stock				(4)	(4)
Disposal of treasury stock		(18)		65	46
Purchase of shares of consolidated subsidiaries		(0)			(0)
Net changes in the year					
Total changes in the year	—	(19)	155,898	61	155,940
Ending balance	126,354	123,005	2,163,115	(56,151)	2,356,323

	Accumulated other comprehensive income				Stock acquisition rights	Non-controlling interests
	Net unrealized gain (loss) on available-for-sale securities	Deferred gain (loss) on derivative instruments	Foreign currency translation adjustments	Remeasurements of defined benefit plans		
Beginning balance	192,324	(776)	(55,406)	(134,736)	2,469	70,473
Cumulative effects of changes in accounting policies			7,667	55		
Restated balance	192,324	(776)	(47,739)	(134,680)	2,469	70,473
(Changes in the year)						
Cash dividends						
Profit attributable to owners of parent						
Purchase of treasury stock						
Disposal of treasury stock						
Purchase of shares of consolidated subsidiaries						
Net changes in the year	(18,126)	(944)	(59,503)	(3,017)	506	(11,409)
Total changes in the year	(18,126)	(944)	(59,503)	(3,017)	506	(11,409)
Ending balance	174,197	(1,720)	(107,242)	(137,698)	2,975	59,063

Current Year (Year ended December 31, 2017)

(Yen in millions)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock-at cost	Total
Beginning balance	126,354	123,005	2,163,115	(56,151)	2,356,323
(Changes in the year)					
Cash dividends			(108,463)		(108,463)
Profit attributable to owners of parent			288,275		288,275
Purchase of treasury stock				(150,012)	(150,012)
Disposal of treasury stock		(21)		111	90
Purchase of shares of consolidated subsidiaries			(105)		(105)
Net changes in the year					
Total changes in the year	—	(21)	179,707	(149,901)	29,784
Ending balance	126,354	122,984	2,342,822	(206,052)	2,386,108

	Accumulated other comprehensive income				Stock acquisition rights	Non-controlling interests
	Net unrealized gain (loss) on available-for-sale securities	Deferred gain (loss) on derivative instruments	Foreign currency translation adjustments	Remeasurements of defined benefit plans		
Beginning balance	174,197	(1,720)	(107,242)	(137,698)	2,975	59,063
(Changes in the year)						
Cash dividends						
Profit attributable to owners of parent						
Purchase of treasury stock						
Disposal of treasury stock						
Purchase of shares of consolidated subsidiaries						
Net changes in the year	2,489	1,665	13,762	10,585	653	(2,102)
Total changes in the year	2,489	1,665	13,762	10,585	653	(2,102)
Ending balance	176,686	(55)	(93,479)	(127,112)	3,629	56,961

(4) Consolidated Statement of Cash Flows

(Yen in millions)

	Previous Year (Year ended December 31, 2016)	Current Year (Year ended December 31, 2017)
Cash Flows from Operating Activities		
Income before income taxes and non-controlling interests	421,588	420,422
Depreciation and amortization	188,062	200,377
Amortization of goodwill	1,998	4,560
Increase (decrease) in net defined benefit liability	(45,185)	1,192
Interest and dividend income	(13,166)	(14,140)
Interest expense	10,169	12,104
Foreign currency exchange loss (gain)	(6,178)	3,982
Loss (gain) on sales of investment in securities	(11,117)	(28,595)
Loss (gain) on sales of shares of subsidiaries and associates	—	(10,616)
Impairment loss	4,414	10,122
Expenses related to relocation of head office of Americas Operations	—	4,745
Loss related to civil litigation in the Americas	—	4,484
Loss related to reorganization of R&D and manufacturing base	17,649	—
Decrease (increase) in notes and accounts receivable	9,600	(93,946)
Decrease (increase) in inventories	(16,047)	(26,123)
Increase (decrease) in notes and accounts payable	22,699	35,096
Other	(14,336)	(27,690)
Subtotal	<u>570,151</u>	<u>495,978</u>
Interest and dividends received	13,173	14,115
Interest paid	(10,051)	(12,078)
Payments related to relocation of head office of Americas Operations	—	(4,786)
Payments related to civil litigation in the Americas	—	(4,546)
Payments related to reorganization of R&D and manufacturing base	—	(3,321)
Income taxes paid	(128,737)	(67,252)
Net Cash Provided by Operating Activities	<u>444,535</u>	<u>418,109</u>
Cash Flows from Investing Activities		
Payments for purchase of tangible fixed assets	(186,814)	(198,259)
Proceeds from sales of tangible fixed assets	4,792	8,628
Payments for purchase of intangible assets	(5,900)	(6,295)
Payments for purchase of investment in securities	(1,289)	(4,841)
Proceeds from sales of investments in securities	14,433	31,831
Payments of long-term loans receivable	(3,401)	(2,394)
Other	(97)	(29,447)
Net Cash Used in Investing Activities	<u>(178,276)</u>	<u>(200,777)</u>

(Yen in millions)

	Previous Year (Year ended December 31, 2016)	Current Year (Year ended December 31, 2017)
Cash Flows from Financing Activities		
Net increase (decrease) in short-term borrowings and commercial paper	(8,174)	25,607
Proceeds from long-term borrowings	19,463	37,164
Repayments of long-term borrowings	(68,395)	(131,848)
Proceeds from issuance of bonds	—	150,000
Payments for redemption of bonds	(30,000)	—
Purchase of treasury shares	(4)	(150,012)
Cash dividends paid	(109,386)	(108,654)
Cash dividends paid to non-controlling interests	(19,267)	(11,015)
Other	(639)	(1,310)
Net Cash Used in Financing Activities	(216,404)	(190,069)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(4,840)	2,794
Net Increase (Decrease) in Cash and Cash Equivalents	45,014	30,056
Cash and Cash Equivalents at Beginning of Year	426,727	471,741
Cash and Cash Equivalents at End of Year	<i>(Note1)</i> 471,741	<i>(Note1)</i> 501,797

(5) Notes to the Consolidated Financial Statements
(Notes regarding going concern assumption)

Not applicable

(Basic important matters for preparation of consolidated financial statements)

1. Scope of consolidation

1) Number of consolidated subsidiaries: 288 companies

Names of principal companies:

Refer to "2. BRIDGESTONE Group's Major Subsidiaries and Business Relation Flowchart"

Changes in the scope of consolidation:

Additions: 15 companies (mainly, increased by acquisition)

Deletions: 21 companies (mainly, decreased by disposal)

2) There are no non-consolidated subsidiaries.

2. Scope of application of equity-method accounting

1) Number of equity-method affiliates: 147 companies

Name of principal company

BRISA BRIDGESTONE SABANCI LASTIK SANAYI VE TICARET A.S.

Changes in the scope of equity-method accounting

Additions: 2 companies (increased by investment)

Deletions: 3 companies (mainly, decreased by disposal)

2) There are no non-consolidated subsidiaries or affiliates to which equity-method accounting is not applied.

3. Fiscal year of consolidated subsidiaries

BRIDGESTONE INDIA PRIVATE Ltd.'s fiscal year ends on March 31. Its financial statements are prepared on the basis of a provisional settlement of account conforming to the accounts settlement performed as of the date of the consolidated financial statements.

4. Summary of significant accounting policies

1) Valuation policies and methods for investments in securities

Available-for-sale-securities

With market value — Fair value based on the market price, etc., at the fiscal year end.

(Unrealized gain and loss, net of tax are recorded in net assets, and the moving-average method is used to calculate the cost of securities sold.)

Without market value — Primarily the moving-average cost method.

2) Valuation policies and methods for derivatives

In principle, fair value.

3) Valuation policies and methods for inventories

Inventories are principally stated at lower of cost determined by the moving-average method or net selling value. Meanwhile, inventories held by subsidiaries in the Americas are substantially stated at the lower of cost, which is determined principally by the last-in, first-out method.

4) Depreciation method for fixed assets

For tangible fixed assets, the declining-balance method is used at BRIDGESTONE CORPORATION (the "Company") and its domestic subsidiaries, and the straight-line method is used at its overseas subsidiaries. For intangible fixed assets, the straight-line method is used.

5) Accounting policies for reserves and allowances

a) Allowance for doubtful accounts

In order to reserve for loss from the nonpayment of claims, the actual credit loss rate is used to calculate the amount to be recorded for general claims and for designated claims for which there is a concern of nonpayment, an amount based on the evaluation of potential loss in the receivables outstanding is recorded.

b) Provision for sales returns

Principally, in order to provide for future losses on the return of snow tires, historical losses are used to estimate the amount of future losses, and that amount is recorded.

c) Warranty reserve

Warranty reserve, included in other liabilities, is estimated and recorded at the time of sale to provide for future potential costs, such as costs related to after-sales services, in amounts considered to be appropriate based on past experience of the Company and its subsidiaries (collectively, the "Group").

d) Provision for environmental remediation

In order to reserve for outlays for legally required removal and disposal of polychlorinated biphenyl ("PCB") and other, the estimated amount of future obligations is recorded.

e) Provision for reorganization of R&D and manufacturing base

In order to reserve for outlays related to reorganization of R&D and manufacturing base, the estimated amount of future obligations is recorded.

6) Accounting policies for retirement benefit

a) Method of attributing projected benefit to periods

To attribute projected benefit to periods of service up to the end of the current fiscal year, the Company, its domestic subsidiaries, and certain overseas subsidiaries attribute the benefit under the benefit formula basis. In addition, at certain overseas subsidiaries, an estimated total amount of expenses for postretirement benefits except for pensions is allotted based on the number of years of service provided by the employees.

b) Method of recognizing unrecognized actuarial gain/loss and past service costs

Past service costs are treated as expenses using the straight-line method over a fixed number of years based on the average remaining years of service of the employees in the year in which the past service costs occurred (10 years for the Company and its domestic subsidiaries, 3 to 12 years for its overseas subsidiaries).

Actuarial gain/loss for the Company and its domestic subsidiaries is treated as an expense using the straight-line method over a fixed number of years (10 years) based on the average remaining years of service of the employees in the year in which the gain/loss occurs, recorded from the following fiscal year. For certain of its overseas subsidiaries, unrecognized actuarial gain/loss at the beginning of the fiscal year that exceeds 10% of the larger of retirement benefit obligations or pension plan assets is treated as an expense using the straight-line method over a fixed number of years (8 to 12 years) based on the average remaining years of service of the employees.

7) Accounting policies for the translation of foreign currency-denominated assets and liabilities into Japanese yen
 Monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rate at the consolidated balance sheet date. The foreign currency exchange gain and loss from translation are recognized in income.

Assets and liabilities of the Company's overseas subsidiaries are translated into Japanese yen at the current exchange rate at the consolidated balance sheet date. Revenue and expense accounts of the Company's overseas subsidiaries are translated into Japanese yen at the average annual exchange rate. Differences arising from such translation are shown as foreign currency translation adjustments and non-controlling interests in a separate component of net assets.

8) Hedge accounting

a) Hedge accounting method

Deferred hedge accounting is applied. Designation accounting is used for forward foreign exchange and foreign currency swaps that meet the requirements for designation accounting, and exceptional accounting is used for interest rate swaps that meet the requirements for exceptional accounting.

b) Hedging instrument and items covered

<u>Instruments</u>	<u>Items covered</u>
Forward foreign exchange contracts	Foreign currency-denominated monetary claims and obligations, and forecasted foreign currency-denominated transactions
Foreign currency swaps	Borrowings and bonds
Interest rate swaps	Borrowings
Commodity swaps	Raw materials

c) Hedging policy

Forward foreign exchange transactions are used only to cover actual foreign exchange needs, and foreign exchange swaps are made to match the principal amount and term of the hedged foreign currency-denominated obligation. Interest rate swaps are entered into for the amount of borrowings only. Commodity swaps are entered into for the trade amount of raw materials. It is the Group's policy not to use any derivative transactions for speculative purposes.

d) Method for evaluating the effectiveness of hedges

The validity of hedges is evaluated based on a comparison of total fluctuations in the cash flow or fluctuations in the market value of the hedged item with the total fluctuations in the cash flow or fluctuations in the market value of the hedging instrument. However, for items covered by designation or exceptional accounting, the validity of the hedge is not evaluated.

9) Amortization of goodwill

Goodwill is amortized using the straight-line method over the period for which it is deemed to have effect, but not to exceed 20 years.

10) Definition of cash and cash equivalents for Consolidated Statement of Cash Flow

Cash and cash equivalents included in the consolidated statement of cash flows consists of cash on hand, deposits that can be withdrawn at any time or are easily convertible, and short-term investments maturing within three months from the date of acquisition and for which the risk from price movements is deemed negligible.

11) Other significant items related to the preparation of consolidated financial statements

Accounting treatment of consumption tax

Consumption tax and local consumption taxes are excluded.

(Changes in accounting policy)

(Application of International Financial Reporting Standards (IFRS) to Foreign Subsidiaries)

BRIDGESTONE EUROPE NV/SA (BSEU) has applied IFRS from fiscal 2017, formerly "Generally Accepted Accounting Principles (US GAAP)". In determining initial application of IFRS in BSEU, the Company comprehensively evaluates factors including accounting trends and the plan for voluntary application of IFRS as the Group.

As BSEU applied the revision in this policy retrospectively and the cumulative effect of the revision was reflected on the net assets at the beginning of fiscal 2016, the consolidated financial statements for the previous fiscal year changed. The main changes were as follows: retained earnings at the beginning of previous fiscal year decreased ¥7,280 million and foreign currency translation adjustments increased ¥7,667 million.

(Changes in presentation)**(Consolidated Balance Sheet)**

“Goodwill” was included in “Intangible fixed assets” at the end of fiscal 2016. “Goodwill” is presented separately since it has exceeded 1% of amount of total assets at the end of fiscal 2017. To reflect this change in method of presentation, the Consolidated Financial Statements for the previous fiscal year have been restated.

As a result, the ¥74,144 million that had been previously presented in “Intangible fixed assets” in the Consolidated Balance Sheet for the previous fiscal year have been restated as the ¥22,935 million in “Goodwill” and the ¥51,208 million in “Other”.

(Consolidated Statement of Cash Flows)

- 1) “Amortization of goodwill”, “Increase (decrease) in allowance for doubtful accounts” and “Share of (profit) loss of entities accounted for using equity method”

In the Cash Flows from Operating Activities section, “Amortization of goodwill” included in “Other” during fiscal 2016 is presented separately since the materiality of the amount has increased during fiscal 2017. “Increase (decrease) in allowance for doubtful accounts” and “Share of (profit) loss of entities accounted for using equity method” presented separately during fiscal 2016, are included in “Other” since the materiality of the amount has decreased during fiscal 2017. To reflect these changes in method of presentation, the Consolidated Financial Statements for the previous fiscal year have been restated.

As a result, in the Cash Flows from Operating Activities section, the (¥16,340) million that had been previously presented as “Increase (decrease) in allowance for doubtful accounts”, the ¥2,726 million that had been previously presented as “Share of (profit) loss of entities accounted for using equity method” and the ¥1,276 million that had been previously presented as “Other” in the Consolidated Statement of Cash Flows for the previous fiscal year, have been restated as “Amortization of goodwill” of the ¥1,998 million and “Other” of the (¥14,336) million.

- 2) “Payments for purchase of investment in securities” and “Proceeds from collection of long-term loans receivable”

In the Cash Flows from Investing Activities section, “Payments for purchase of investment in securities” included in “Other” during fiscal 2016 is presented separately since the materiality of the amount has increased during fiscal 2017. “Proceeds from collection of long-term loans receivable” presented separately during fiscal 2016 is included in “Other” since the materiality of the amount has decreased during fiscal 2017. To reflect these changes in method of presentation, the Consolidated Financial Statements for the previous fiscal year have been restated.

As a result, in the Cash Flows from Investing Activities section, the ¥2,063 million that had been previously presented as “Proceeds from collection of long-term loans receivable” and the (¥3,449) million that had been previously presented as “Other” in the Consolidated Statement of Cash Flows for the previous fiscal year have been restated as “Payments for purchase of investment in securities” of the (¥1,289) million and “Other” of the (¥97) million.

- 3) “Purchase of treasury shares”

In the Cash Flows from Financing Activities section, “Purchase of treasury shares” included in “Other” during fiscal 2016 is presented separately since the materiality of the amount has increased during fiscal 2017. To reflect this changes in method of presentation, the Consolidated Financial Statements for the previous fiscal year have been restated.

As a result, in the Cash Flows from Financing Activities section, the (¥643) million that had been previously presented as “Other” in the Consolidated Statement of Cash Flows for the previous fiscal year have been restated as “Purchase of treasury shares” of the (¥4) million and “Other” of the (¥639) million.

(Consolidated balance sheet)

Note 1 Accumulated depreciation of tangible fixed asset

	Previous Year (As of December 31, 2016)	Current Year (As of December 31, 2017)
	¥2,579,882 million	¥2,718,181 million

Note 2 Assets pledged as collateral

	Previous Year (As of December 31, 2016)	Current Year (As of December 31, 2017)
	¥843 million	¥513 million

Obligations corresponding to the preceding

	Previous Year (As of December 31, 2016)	Current Year (As of December 31, 2017)
Short-term borrowings	¥37 million	¥17 million
Long-term borrowings	¥74	—

Note 3 Assets or liabilities related to non-consolidated subsidiaries and affiliates

	Previous Year (As of December 31, 2016)	Current Year (As of December 31, 2017)
Investments in securities	¥14,177 million	¥16,610 million

Note 4 Balance of trade notes discounted

	Previous Year (As of December 31, 2016)	Current Year (As of December 31, 2017)
	¥221 million	¥212 million

(Consolidated statement of income)

Note 1 Research and development expenses

	Previous Year (Year ended December 31, 2016)	Current Year (Year ended December 31, 2017)
General and administrative expenses	¥95,403 million	¥99,791 million

Note 2 Impairment loss

Previous Year (Year ended December 31, 2016)

The Group groups their assets for businesses in accordance with the classifications used for internal management. Assets to be disposed (assets that the Group plans to dispose of through scrapping or sale) and idle assets are grouped on an individual basis.

In the previous period, for assets for business whose profitability has declined, assets to be disposed through planned scrapping or sale, and idle assets that are not expected to be used in the future, the carrying amounts were reduced to their recoverable amounts. As a result, the Group recognized an impairment loss of ¥6,830 million as extraordinary loss. The loss consists of ¥4,538 million for buildings and structures, ¥2,115 million for machinery, equipment and vehicles, and ¥175 million for others.

Note that ¥2,415 million of the total impairment loss of ¥6,830 million was recorded as a “loss related to reorganization of R&D and manufacturing base” under the extraordinary loss.

Use	Classification	Location	Amount (Yen in millions)
Assets for business	Buildings and structures, Machinery, equipment and vehicles, and others	Indonesia, Japan and others	2,940
Assets to be disposed	Buildings and structures, Machinery, equipment and vehicles, and others	Japan, China and others	3,853
Idle assets	Land	Japan	35

The recoverable amounts of assets for business are principally measured by value in use, which is calculated by discounting future cash flows at a discount rate of 3.7% to 15.0%. The recoverable amounts of assets to be disposed and idle assets are measured at the net selling price. Assets to be scrapped are evaluated at memorandum value, and assets to be sold and idle assets are evaluated at the estimated selling price and other.

Current Year (Year ended December 31, 2017)

The Group groups their assets for businesses in accordance with the classifications used for internal management. Assets to be disposed (assets that the Group plans to dispose of through scrapping or sale) and idle assets are grouped on an individual basis.

In the current period, for assets for business whose profitability has declined, assets to be disposed through planned scrapping or sale, and idle assets that are not expected to be used in the future, the carrying amounts were reduced to their recoverable amounts. As a result, the Group recognized an impairment loss of ¥10,122 million as extraordinary loss. The loss consists of ¥4,625 million for other intangible fixed assets, ¥2,416 million for machinery, equipment and vehicles, ¥1,218 million for buildings and structures, ¥973 million for land, and ¥888 million for others.

Use	Classification	Location	Amount (Yen in millions)
Assets for business	Machinery, equipment and vehicles, Buildings and structures, Land and others	Thailand, Japan, Mexico and others	3,771
Assets to be disposed	Other tangible fixed assets, Land and others	Japan and others	6,307
Idle assets	Land	Japan	43

The recoverable amounts of assets for business are principally measured by value in use, which is calculated by discounting future cash flows at a discount rate of 3.5% to 9.0%. The recoverable amounts of assets to be disposed and idle assets are measured at the net selling price. Assets to be scrapped are evaluated at memorandum value, and assets to be sold and idle assets are evaluated at the estimated selling price and other.

Notes 3 Expenses related to relocation of head office of Americas Operations

Current Year (Year ended December 31, 2017)

Relevant expenses are recognized in relation to relocation of head office of BRIDGESTONE AMERICAS, INC., corporate headquarter in Americas, and aggregation of its operation sites in the United States.

Notes 4 Loss related to civil litigation in the Americas

Current Year (Year ended December 31, 2017)

Relevant loss are recognized in relation to civil litigation in respect of automotive components sales in Americas.

Note 5 Loss related to reorganization of R&D and manufacturing base

Previous Year (Year ended December 31, 2016)

In order to reorganize the research and development, and manufacturing base in Kodaira city in Tokyo, relevant expenses are recognized in relation to relocation and aggregation of the production of radial tires for passenger cars and small trucks in the Tokyo plants to other domestic plants and the expansion of the research and development facilities.

(Consolidated statement of changes in net assets)

Previous Year (Year ended 31 December 2016)

1. Type and total number of shares issued / Type and number of treasury stock

	As of January 1, 2016	Increase	Decrease	As of December 31, 2016
Number of shares issued Common stock (Thousands of shares)	813,102	—	—	813,102
Treasury stock Common stock (Thousands of shares) (see notes 1 & 2)	29,878	1	34	29,844

Notes 1: The increase of treasury stock consists of the purchase of 1 thousand shares according to the requests from the shareholders who have odd-lot shares.

2: The decrease of treasury stock consists of 34 thousand shares used for the exercise of stock options and other.

2. Stock acquisition rights

	Details	Type of shares to be used as stock acquisition rights	Number of shares to be used for Stock acquisition rights				Outstanding amount as of fiscal year end (yen in millions)
			As of January 1, 2016	Increase	Decrease	As of December 31, 2016	
Filing company	Stock acquisition rights as stock options	—	—	—	—	—	2,975
Total		—	—	—	—	—	2,975

3. Dividends

(1) Dividend payments

Resolution	Type	Total dividends (yen in millions)	Dividend per share	Record date	Effective date
Annual Shareholders' Meeting, March 24, 2016	Common Stock	54,825	¥70	December 31, 2015	March 25, 2016
Board of Directors, August 9, 2016	Common Stock	54,826	¥70	June 30, 2016	September 1, 2016

(2) Dividends whose record date is in the current year and effective date is in the following fiscal year

Resolution	Type	Total dividends (yen in millions)	Source	Dividend per share	Record date	Effective date
Annual Shareholders' Meeting, March 24, 2017	Common Stock	54,828	Retained earnings	¥70	December 31, 2016	March 27, 2017

Current Year (Year ended 31 December 2017)

1. Type and total number of shares issued / Type and number of treasury stock

	As of January 1, 2017	Increase	Decrease	As of December 31, 2017
Number of shares issued Common stock (Thousands of shares)	813,102	—	—	813,102
Treasury stock Common stock (Thousands of shares) (see notes 1, 2 & 3)	29,844	31,568	37	61,375

Notes 1: The increase of treasury stock consists of the acquisition of Treasury Stock of 31,565 thousand shares pursuant to the resolution the Board of Directors meeting, and the purchase of 2 thousand shares according to the requests from the shareholders who have odd-lot shares.

2: The decrease of treasury stock consists of 37 thousand shares used for the exercise of stock options and other.

3: At the Board of Directors meeting held on February 17, 2017, the Company resolved to cancel its treasury stock in accordance with Article 178 of the Companies Act. However, the cancellation of the following treasury stock, as resolved at the Board of Directors meeting, was not completed as of December 31, 2017.

- 1) Carrying Amount: ¥173,126 million
 2) Class of shares: Common stock of Bridgestone Corporation
 3) Number of shares: 51,565,900 shares

The cancellation of the treasury stock above was completed on January 19, 2018.

2. Stock acquisition rights

	Details	Type of shares to be used as stock acquisition rights	Number of shares to be used for Stock acquisition rights				Outstanding amount as of fiscal year end (yen in millions)
			As of January 1, 2017	Increase	Decrease	As of December 31, 2017	
Filing company	Stock acquisition rights as stock options	—	—	—	—	—	3,629
Total		—	—	—	—	—	3,629

3. Dividends

(1) Dividend payments

Resolution	Type	Total dividends (yen in millions)	Dividend per share	Record date	Effective date
Annual Shareholders' Meeting, March 24, 2017	Common Stock	54,828	¥70	December 31, 2016	March 27, 2017
Board of Directors, August 9, 2017	Common Stock	53,634	¥70	June 30, 2017	September 1, 2017

(2) Dividends whose record date is in the current year and effective date is in the following fiscal year

Resolution	Type	Total dividends (yen in millions)	Source	Dividend per share	Record date	Effective date
Annual Shareholders' Meeting, March 23, 2018	Common Stock	60,138	Retained earnings	¥80	December 31, 2017	March 26, 2018

(Consolidated statement of cash flows)

(Note 1) Reconciliation between cash and cash equivalents at the fiscal year end and the amount shown in the Consolidated Balance Sheet

(Yen in millions)

	Previous Year (Year ended December 31, 2016)	Current Year (Year ended December 31, 2017)
	(As of December 31, 2016)	(As of December 31, 2017)
Cash and deposits	483,006	511,895
Short-term investments	167,697	221,680
Total	650,703	733,575
Time deposits, bonds, etc. with terms of more than three months	(178,961)	(231,778)
Cash and cash equivalents	471,741	501,797

(Segment information)

1. Overview of reporting segments

The Group's reporting segments are components of the Group whose separate financial information is obtainable, and the Board of Directors and the Management Committee regularly consider these segments in order to decide the allocation of business resources and evaluate business performance.

The Group's reporting segments consist mainly of Tire business including the production and sale of tires and tubes, sale of wheels and accessories, the production and sale of retread material and services, auto maintenance, and Diversified products business including Chemical and Industrial Products, BSAM Diversified Products (Note), sporting goods, bicycles, etc. Thus, the Group has two reporting segments: Tires and Diversified products.

(Note) BSAM Diversified Products: A business under BRIDGESTONE AMERICAS, INC. supplying commercial roofing materials etc.

2. Methods of calculating amounts for Sales and Income (Loss), assets and other items by reporting segment

The accounting treatment methods for each reported business segment are broadly similar to those outlined in "Basic important matters for preparation of consolidated financial statements". Reporting segment income figures are on an operating income basis. Internal sales and transfers between segments are mainly based on prices for third-party transactions and manufacturing cost.

3. Information regarding Sales and Income (Loss), assets and other items by reporting segment

Consolidated Results for Fiscal 2016 (January 1, 2016 - December 31, 2016)

(Yen in millions)

	Tires	Diversified Products	Total	Adjustments (notes)	Consolidated
Net sales:					
External customers	2,759,274	577,742	3,337,017	—	3,337,017
Inter-segment	6,500	7,968	14,468	(14,468)	—
Total	2,765,775	585,711	3,351,486	(14,468)	3,337,017
Segment income (Operating income)	414,711	34,819	449,530	18	449,548
Segment assets	3,308,732	409,100	3,717,833	(1,802)	3,716,030
Other					
Depreciation and amortization	168,295	19,766	188,062	—	188,062
Amortization of goodwill	1,153	845	1,998	—	1,998
Investment for equity-method affiliates	13,873	309	14,182	(4)	14,177
Increase in tangible and intangible fixed assets	183,264	16,073	199,338	—	199,338

Notes: The adjustments are as follows.

(Note1) Adjustments of segment income refer to elimination of inter-segment transactions.

(Note2) Adjustments of segment assets refer to elimination of inter-segment receivables and payables.

Consolidated Results for Fiscal 2017 (January 1, 2017 - December 31, 2017)

(Yen in millions)

	Tires	Diversified Products	Total	Adjustments (notes)	Consolidated
Net sales:					
External customers	3,021,000	622,427	3,643,427	—	3,643,427
Inter-segment	10,155	5,420	15,576	(15,576)	—
Total	3,031,156	627,848	3,659,004	(15,576)	3,643,427
Segment income (Operating income)	387,158	31,879	419,038	9	419,047
Segment assets	3,513,679	447,760	3,961,439	(2,401)	3,959,038
Other					
Depreciation and Amortization	179,790	20,587	200,377	—	200,377
Amortization of goodwill	2,702	1,858	4,560	—	4,560
Investment for equity-method affiliates	16,195	418	16,613	(3)	16,610
Increase in tangible and intangible fixed assets	225,975	33,782	259,757	—	259,757

Notes: The adjustments are as follows.

(Note1) Adjustments of segment income refer to elimination of inter-segment transactions.

(Note2) Adjustments of segment assets refer to elimination of inter-segment receivables and payables.

(Per share information)

(Yen)

Items	Previous Year (Year ended December 31, 2016)	Current Year (Year ended December 31, 2017)
Total equity per share	2,915.85	3,115.69
Net income per share	339.04	375.67
Diluted net income per share	338.52	375.01

Note: Total equity per share and diluted net income per share are calculated based on the following:

	Previous Year (Year ended December 31, 2016)	Current Year (Year ended December 31, 2017)
Net income per share	(Yen in millions)	(Yen in millions)
Profit attributable to owners of parent	265,550	288,275
Amount not belonging to common shareholders	—	—
Profit attributable to owners of parent corresponding to common shareholders	265,550	288,275
Average number of shares held by common shareholders during term	(Thousands of shares) 783,240	(Thousands of shares) 767,356
Diluted net income per share	(Thousands of shares)	(Thousands of shares)
Adjustments of profit attributable to owners of parent	—	—
Increase of common stock (stock option portion included in the above)	1,197 (1,197)	1,355 (1,355)
Summary of residual shares with no dilution effect and therefore not included in calculation of diluted net income per share	_____	_____

(Significant subsequent events)

Not applicable

6. Other**(1) Senior Management Changes****1) New Members of the Board of Directors** Current occupation in parentheses

To be assumed after approval at the Company's Annual Shareholders' Meeting on March 23, 2018

Member of the Board	Yojiro Shiba	[Director, Vice Chairman, AMUSE INC.]
Member of the Board	Yoko Suzuki	[Partner of Suzuki Sogo Law Office]

* Mr. Yojiro Shiba and Ms. Yoko Suzuki are candidates for outside directors as set forth in Article 2(xv) of the Companies Act.

2) Resigning Member of the Board of Directors Plan after resignation in parentheses

Effective March 23, 2018

Member of the Board	Sakie Tachibana Fukushima	[—]
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3) Re-elected Members of the Board of Directors Current occupation in parentheses

To be assumed after approval at the Company's Annual Shareholders' Meeting on March 23, 2018

Member of the Board CEO and Representative Executive Officer Concurrently Chairman of the Board	Masaaki Tsuya	[Member of the Board CEO and Representative Executive Officer Concurrently Chairman of the Board]
Member of the Board COO and Representative Executive Officer Concurrently Chief Technology Officer Responsible for Technology	Kazuhisa Nishigai	[Member of the Board COO and Representative Executive Officer Concurrently Chief Technology Officer Responsible for Technology]
Member of the Board	Narumi Zaitzu	[Member of the Board]

Member of the Board	Kenichi Togami	[Member of the Board]
Member of the Board	Scott Trevor Davis	[Member of the Board]
Member of the Board	Yuri Okina	[Member of the Board]
Member of the Board	Kenichi Masuda	[Member of the Board]
Member of the Board	Kenzo Yamamoto	[Member of the Board]
Member of the Board	Keikou Terui	[Member of the Board]
Member of the Board	Seiichi Sasa	[Member of the Board]

* Mr. Scott Trevor Davis, Ms. Yuri Okina, Mr. Kenichi Masuda, Mr. Kenzo Yamamoto, Mr. Keikou Terui and Mr. Seiichi Sasa are candidates for outside directors as set forth in Article 2(xv) of the Companies Act.

4) Members of the Nominating Committee Current occupation in parentheses

To be assumed after approval at the Board Meeting on March 23, 2018

Member of the Board	Scott Trevor Davis	[Member of the Board]
Member of the Board	Yuri Okina	[Member of the Board]
Member of the Board	Kenichi Masuda	[Member of the Board]

* Mr. Scott Trevor Davis, Ms. Yuri Okina and Mr. Kenichi Masuda are candidates for outside directors as set forth in Article 2(xv) of the Companies Act.

5) Members of the Audit Committee Current occupation in parentheses

To be assumed after approval at the Board Meeting on March 23, 2018

Member of the Board	Kenzo Yamamoto	[Member of the Board]
Member of the Board	Keikou Terui	[Member of the Board]
Member of the Board	Seiichi Sasa	[Member of the Board]
Member of the Board	Yojiro Shiba	[Member of the Board]

Member of the Board	Yoko Suzuki	[Member of the Board]
Member of the Board	Narumi Zaitso	[Member of the Board]
Member of the Board	Kenichi Togami	[Member of the Board]

* Mr. Kenzo Yamamoto, Mr. Keikou Terui, Mr. Seiichi Sasa, Mr. Yojiro Shiba and Ms. Yoko Suzuki are candidates for outside directors as set forth in Article 2(xv) of the Companies Act.

6) Members of the Compensation Committee Current occupation in parentheses

To be assumed after approval at the Board Meeting on March 23, 2018

Member of the Board	Scott Trevor Davis	[Member of the Board]
Member of the Board	Yuri Okina	[Member of the Board]
Member of the Board	Kenichi Masuda	[Member of the Board]

* Mr. Scott Trevor Davis, Ms. Yuri Okina and Mr. Kenichi Masuda are candidates for outside directors as set forth in Article 2(xv) of the Companies Act.

7) Re-elected Members of Executive Officers Current occupation in parentheses

To be assumed after approval at the Board Meeting on March 23, 2018

Member of the Board CEO and Representative Executive Officer Concurrently Chairman of the Board	Masaaki Tsuya	[Member of the Board CEO and Representative Executive Officer Concurrently Chairman of the Board]
Member of the Board COO and Representative Executive Officer Concurrently Chief Technology Officer Responsible for Technology	Kazuhisa Nishigai	[Member of the Board COO and Representative Executive Officer Concurrently Chief Technology Officer Responsible for Technology]

<p>Executive Vice President and Executive Officer Chief Quality Management Officer Responsible for Quality Management and CSR; Concurrently responsible for Global Original Equipment and Global Business Strategy; Concurrently responsible for Global Solutions Business and Diversified Products; Concurrently Chair, Global Mining and Agricultural Solutions in-house Company; Concurrently Chair, Diversified Products Solutions in-house Company Concurrently responsible for Global Solutions Business; Concurrently CEO, Global Mining and Agricultural Solutions in-house Company</p>	<p>Shuichi Ishibashi</p>	<p>[Executive Vice President and Executive Officer Chief Quality Management Officer Responsible for Quality Management and CSR; Concurrently responsible for Global Original Equipment and Global Business Strategy; Concurrently responsible for Global Solutions Business and Diversified Products; Concurrently Chair, Global Mining and Agricultural Solutions in-house Company; Concurrently Chair, Diversified Products Solutions in-house Company Concurrently responsible for Global Solutions Business; Concurrently CEO, Global Mining and Agricultural Solutions in-house Company]</p>
<p>Executive Vice President and Executive Officer Responsible for Japan Tire SBU; Concurrently Chair, Japan Tire SBU; Concurrently responsible for Group Strategy Planning Chief Financial Officer Finance</p>	<p>Akihiro Eto</p>	<p>[Executive Vice President and Executive Officer Responsible for Japan Tire SBU; Concurrently Chair, Japan Tire SBU; Concurrently responsible for Group Strategy Planning Chief Financial Officer Finance]</p>
<p>Executive Vice President and Executive Officer Responsible for Olympic and Paralympic Concurrently responsible for Diversified Products, Sports and Cycle Business; Concurrently Chairman of Bridgestone Sports Co., Ltd.; Concurrently Chairman of Bridgestone Cycle Co., Ltd.</p>	<p>Asahiko Nishiyama</p>	<p>[Executive Vice President and Executive Officer Responsible for Olympic and Paralympic Concurrently responsible for Diversified Products, Sports and Cycle Business; Concurrently Chairman of Bridgestone Sports Co., Ltd.; Concurrently Chairman of Bridgestone Cycle Co., Ltd.]</p>

Senior Vice President and Executive Officer of Bridgestone Corporation
Member of the Board, CEO and President of Bridgestone Americas, Inc.

Gordon Knapp

[Senior Vice President and Executive Officer of Bridgestone Corporation
Member of the Board, CEO and President of Bridgestone Americas, Inc.]

Senior Vice President and Executive Officer of Bridgestone Corporation
Member of the Board, CEO and President, concurrently Chief Operating Officer of Bridgestone Europe NV/SA
Chairman of Bridgestone Americas, Inc.

Paolo Ferrari

[Senior Vice President and Executive Officer of Bridgestone Corporation
Member of the Board, CEO and President, concurrently Chief Operating Officer of Bridgestone Europe NV/SA
Chairman of Bridgestone Americas, Inc.]

8) New Member of Corporate Officers

Current occupation in parentheses

Effective March 23, 2018

Vice President and Officer Consumer Tire Development; Concurrently Director, Tire Development Division II; Concurrently General Manager, Advanced Tire Development Department

Akio Kusano

[Director, Tire Development Division II; Concurrently General Manager, Advanced Tire Development Department]

9) Promotion of Corporate Officers

Current occupation in parentheses

Effective March 23, 2018

Vice President and Senior
Officer
Responsible for Japan Tire
Sales;
Concurrently Vice Chair, Japan
Tire SBU;
Concurrently Chairman of
Bridgestone Tire Japan Co., Ltd.

Masahiro Isobe

[Vice President and Officer
Original Equipment Tire Sales
Japan;
Concurrently Director, O.E.
Tire Sales Japan Division I ;
Concurrently Assistant to Vice
President and Senior Officer,
Global Original Equipment
Strategy]